



**GOODVALLEY**

Since  1994

Home of Quality

# Annual report 2019

*“We continued to invest in our sustainable production platform and strengthen our food brand in Poland through marketing campaigns and expansion of the product range in 2019.”*

**Hans Henrik Pedersen**  
CEO



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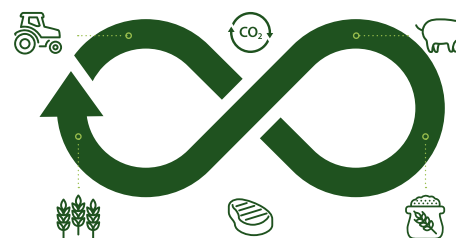


## Letter from the Executive Board

Goodvalley continued to strengthen the business and improved financial and operational performance in a volatile 2019 while building a strong food brand.

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## Business model



Our vertically integrated business model ensures our position as a carbon neutral company and sustainability from field to fork based on more than 25 years of experience and strong value chain control.

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## African swine fever (ASF)

African swine fever (ASF) is Goodvalley's most material risk, and mitigation efforts intensified in 2019 by means of continued investments in infrastructure, processes, contingency planning and education of our skilled workforce at all sites.

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2019

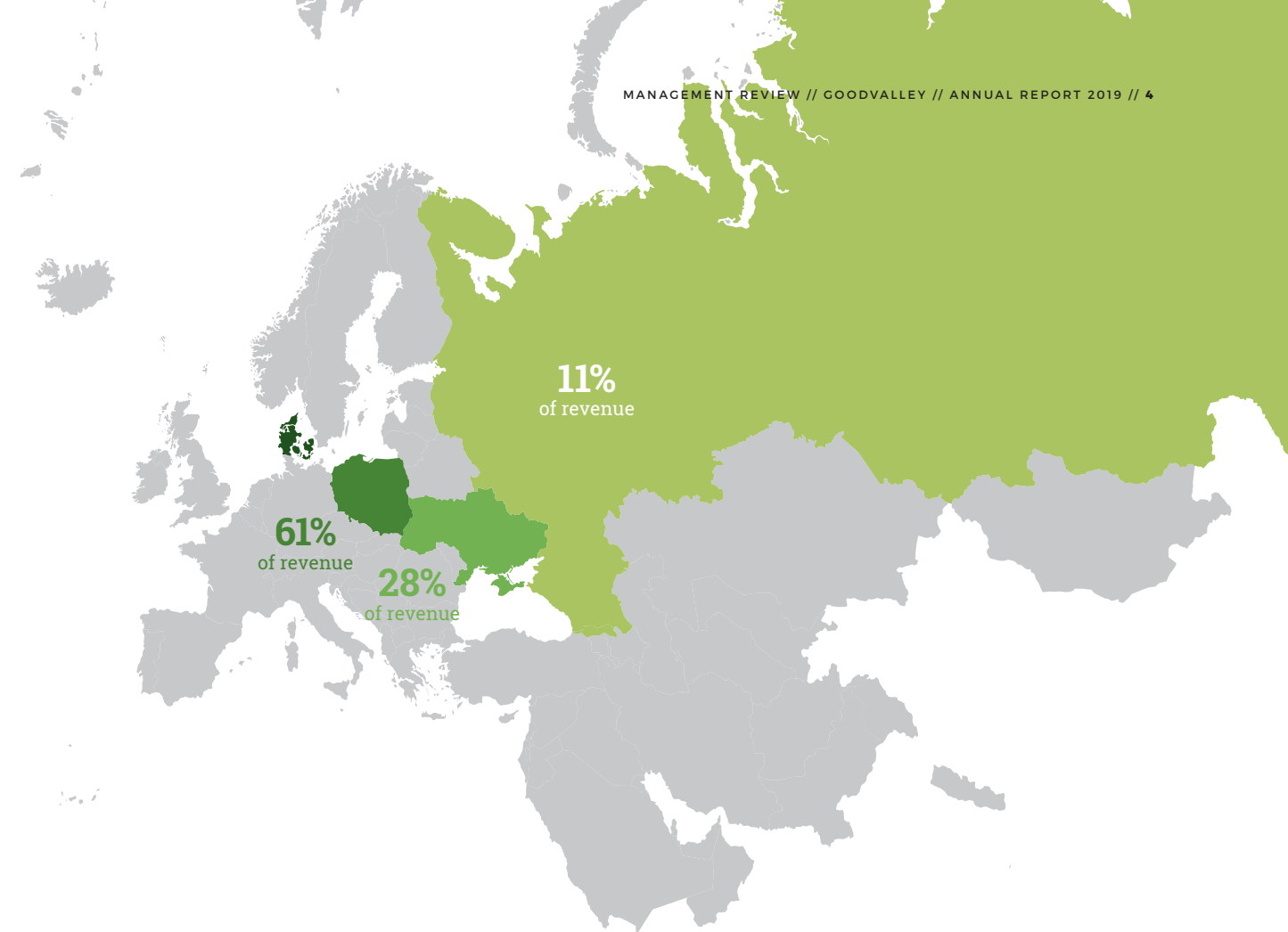
# Goodvalley at a glance

Goodvalley is a vertically integrated pork producer and food brand founded on sustainable farming principles ensuring a carbon neutral production.

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

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

Goodvalley produces sustainable meat for a better tomorrow.



## Denmark Headquarters

Copenhagen



## Poland #2 pig producer

Fully integrated



[GO TO POLAND](#)  
PAGE 10

## Ukraine #2 pig producer

Partly integrated



[GO TO UKRAINE](#)  
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## Russia Solid platform

Partly integrated

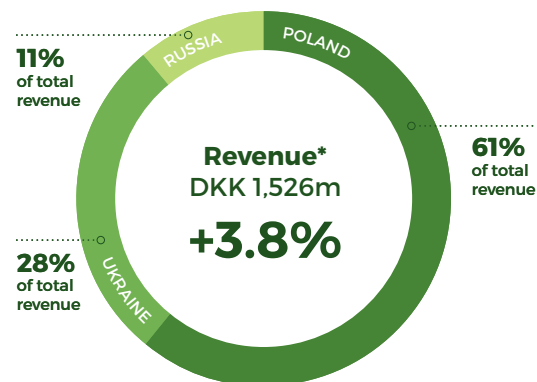


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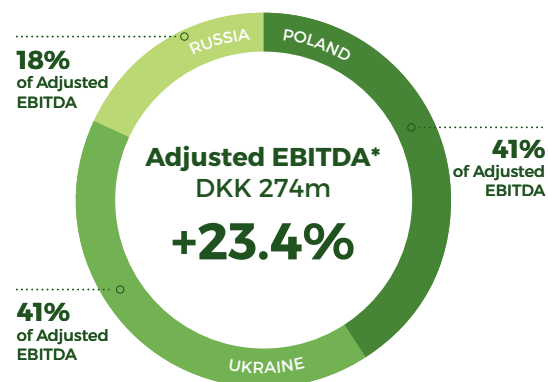
2019

# Facts and figures

## Total results



Revenue grew by 4% due to higher live pig prices and volume growth.



Adjusted EBITDA increased driven by live pig sales despite low profitability from pork sales and weak arable yields.

\* In this report, Adjusted EBITDA refers to EBITDA adjusted for herd price changes and non-recurring items, cf. page 75



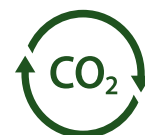
## 2,269 employees

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



## 34 farms

We continuously invest in our well-diversified production network comprised of 34 farms, 1 slaughterhouse and 9 biogas plants in Poland, Ukraine and Russia.



## Climate friendly

Goodvalley was certified as a carbon neutral company again in 2019 based on our vertically integrated business model.



## 38,300 hectares

Goodvalley's arable land bank increased by 700 hectares in 2019 to a total of 38,300 hectares of land.



## 9 branded products

We are building a strong food brand in Poland where we now offer 9 branded products to consumers in 3,900 stores across the country.



## SDGs

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

## LETTER FROM THE EXECUTIVE BOARD

# Goodvalley improved performance in volatile 2019

We continued to strengthen the business in 2019 as we improved operational and financial performance while investing in our sustainable production platform, our food brand in Poland and the efforts to mitigate increasing exposure to African swine fever.

2019 was a year of significant fluctuations in Goodvalley's markets and across Europe in general. The first part of the year was marked by elevated feed prices following challenging weather conditions and low arable yields in 2018 as well as a general oversupply of pork. At the same time, we saw a sharp increase in the average price for live pigs as African swine fever (ASF) spread at a rapid pace across the important Chinese market entailing a surge in demand in Europe.

ASF is the most material risk faced by Goodvalley today, and we intensified our work to mitigate this risk in 2019 through continued and sizeable investments in infrastructure, processes, contingency planning and education of our skilled workforce at all sites. We have made substantial progress already, and while the size and geographical diversification of our business alleviate the operational and financial impact of a potential outbreak, we will continue to strengthen our biosecurity measures with a view to avoid infection altogether.

As live pig prices soared during the year, we leveraged the investments made in operational improvements, capacity expansion and stable upgrades in recent years to boost revenue and earnings from the Group's pig production. The market development and our long-term investments were fundamental to ensuring a 4% increase in Group revenue to DKK 1,526 million and an Adjusted EBITDA of DKK 274 million. While we were pleased to deliver on the financial guidance for the year, our performance was adversely affected by low pork meat prices driven by overcapacity in the Polish bulk market and a negative effect of cases of stomach ulcers in the herd in Ukraine as well as very low crop yields resulting from difficult regional weather conditions in Ukraine.

We will continue the perpetual efforts to improve efficiency while working hard to establish Goodvalley as a strong food brand in Poland. Our marketing campaigns and continued expansion of the product range and distribution network to 3,900 stores in Poland were well-received by consumers as we boosted sales of our branded products by more than four times to 940 tonnes from a small base during the year. The strengthening of our climate friendly branded products will improve our margins and reduce Goodvalley's exposure to pork price fluctuations over time, allowing us to build an even more resilient business poised for further success.

**Hans Henrik Pedersen**  
CEO

**Kristian Brokop Jakobsen**  
Vice CEO

*“We generated good results in 2019 while continuing to build a strong food brand.”*

**Hans Henrik Pedersen**  
CEO



# Key figures and financial ratios

DKK million	2019	2018	2017	2016 <sup>1</sup>	2015 <sup>1</sup>
<b>Income statement</b>					
Revenue	1,526	1,473	1,620	1,405	1,275
Total income	1,644	1,493	1,653	1,485	1,370
Gross profit	474	333	511	411	465
EBITDA	354	212	426	347	284
<i>Adjusted EBITDA<sup>2</sup></i>	<i>274</i>	<i>222</i>	<i>431</i>	<i>299</i>	-
EBIT	207	91	304	244	193
Financial items, net	(18)	(65)	(135)	(70)	(118)
Profit for the period	188	18	169	174	41
<i>Adjusted profit<sup>3</sup></i>	<i>59</i>	<i>36</i>	<i>246</i>	-	-
<b>Cash flow</b>					
Operating activity	205	194	274	227	162
Investing activity	(83)	(269)	(143)	(139)	(254)
Free cash flow	121	(75)	131	88	(92)
Financing activity	(97)	(28)	(31)	(71)	66
<b>Balance sheet</b>					
Non current assets	2,105	1,927	1,833	1,825	1,832
Net working capital	585	475	532	491	438
Invested capital	2,690	2,402	2,365	2,343	2,269
Total assets	2,929	2,630	2,751	2,655	2,557
Equity	1,568	1,230	1,265	1,232	1,105
Net interest-bearing debt	1,122	1,171	1,100	1,185	1,250

1) Years 2015 - 2016 have been restated in accordance with new accounting principles introduced in 2017.

2) In this report, Adjusted EBITDA refers to earnings before interest, tax, depreciation and amortisation (EBITDA) excluding price regulation of herd value., cf. page 78.

3) 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.

4) Bond Obligor Group consists of: Goodvalley A/S, Finansax ApS, Goodvalley Agro SA, Goodvalley Sp. Z o.o. and Goodvalley Ukraine LLC.

5) 2019 figures are calculated including effect of IFRS 16 (Leases)

DKK million	2019	2018	2017	2016	2015 <sup>1</sup>
<b>Share ratios</b>					
Earnings per share, DKK	3.5	0.3	3.1	3.3	0.8
<b>Key Financials Group</b>					
Gross margin	31.0%	22.6%	31.5%	29.3%	36.5%
EBITDA margin	23.2%	14.4%	26.3%	24.7%	22.3%
<i>Adjusted EBITDA margin</i>	<i>17.9%</i>	<i>15.1%</i>	<i>26.6%</i>	<i>21.3%</i>	
EBIT margin	13.5%	6.2%	18.8%	17.4%	15.1%
Free cash flow / Revenue	7.9%	(5.1%)	8.1%	6.3%	(7.2%)
Cash conversion	58.6%	87.4%	43.1%	36.1%	(56.5%)
Investments in property, plant and equipment	100	257	141	76	107
NIBD/Adjusted EBITDA LTM <sup>5</sup>	4.1	5.3	2.6	4.0	-
Equity ratio	53.6%	46.8%	46.0%	46.4%	43.2%
ROIC	4.9%	3.9%	13.2%	8.5%	8.9%
FTE year end	2,269	2,327	2,232	2,350	2,423
<b>Bond Obligor Group<sup>4</sup></b>					
Revenue	1,359	1,305	1,460		
Total income	1,479	1,323	1,495		
EBITDA	306	144	375		
<i>Adjusted EBITDA</i>	<i>223</i>	<i>153</i>	<i>374</i>		
Interest-bearing debt	1,155	1,223	1,189		
Net interest-bearing debt	1,082	1,177	1,081		
Adjusted EBITDA LTM	223	153	374		
NIBD/Adjusted EBITDA LTM	4.9	7.7	2.9		

An aerial photograph showing a dense green forest on the left and a large, plowed agricultural field on the right. The field has distinct curved tracks from heavy machinery. The boundary between the forest and the field is a sharp, diagonal line.

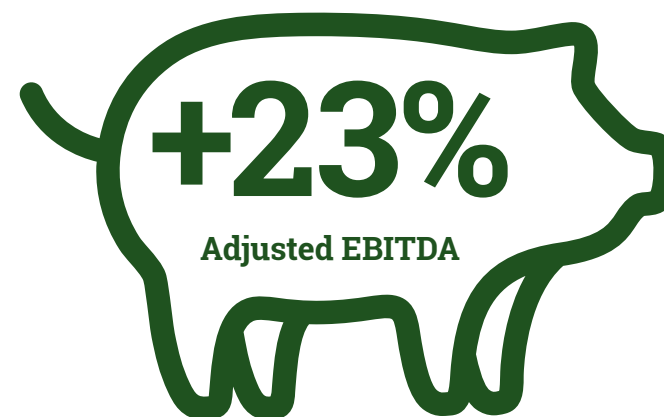
*“We have taken recently acquired arable land in Ukraine and Russia into rotation, and we continuously assess potential expansion opportunities.”*

**Kristian Brokop Jakobsen**  
Vice CEO

## BUSINESS

# Segment overview

Goodvalley has established a solid land bank of 38,300 hectares and a well-diversified production network of 34 farms resulting in strong market positions in Poland and Ukraine as well as a solid platform in Russia.



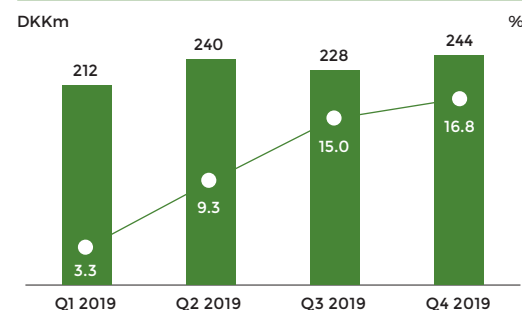
## POLAND

We sharpened our consumer focus in 2019 to build a strong food brand

## 3,900

stores across Poland sold Goodvalley's branded products

Revenue and Adjusted EBITDA margin



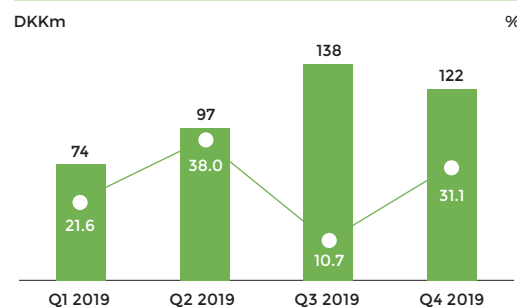
## UKRAINE

Optimisation was crucial to alleviate impact of tough external conditions

## LEAN

contributed to countering efficiency challenges in 2019

Revenue and Adjusted EBITDA margin



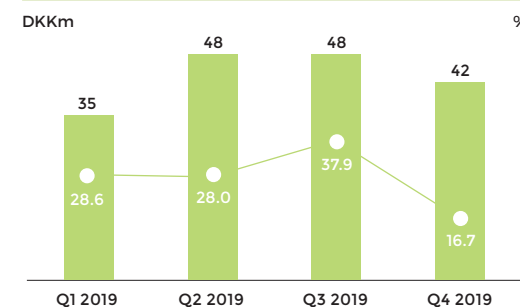
## RUSSIA

We increased production and prepared for further expansion

## +4%

growth in live pigs sales volume

Revenue and Adjusted EBITDA margin





# Financial performance

DKK million	2019	2018	Q4 2019	Q4 2018
Revenue	925	907	244	220
Change in fair value	81	(10)	(5)	(35)
Other income	24	25	7	9
<b>Total income</b>	<b>1,030</b>	<b>922</b>	<b>246</b>	<b>194</b>
<b>EBITDA</b>	<b>190</b>	<b>38</b>	<b>61</b>	<b>(24)</b>
<b>Adjusted EBITDA</b>	<b>112</b>	<b>45</b>	<b>41</b>	<b>(12)</b>
Adjusted EBITDA margin	12.1%	5.0%	16.8%	(5.5%)

The Polish segment grew revenue and earnings based on higher average prices for live pigs, which also drove a sharp decline in the contribution from sales of pork meat products.

Goodvalley reduced the number of pigs slaughtered due to the higher live pig prices in 2019, entailing a marked drop in pork meat sales to 39.0 thousand tonnes (2018: 51.3 thousand tonnes). Despite a nominal decline in volume, the Group increased the re-

lative share of value added products to 46% (2018: 39%) with a higher margin during the year, while reducing the share of deboned meat to 54% (2018: 61%) of pork sales. Sales of Goodvalley's branded products are included in the value-added category and increased from a low base of 210 tons in 2018 to 940 tons in 2019 supported by nationwide TV campaigns, online marketing and expanded distribution in 3,900 stores across Poland.

The Polish business increased its sales of live pigs to 58.0 thousand tonnes (2018: 56.7 thousand tonnes) at a significantly higher

# 25

## 25 farms producing climate friendly meat

The Polish business is comprised of production and sales of pork products from Goodvalley's slaughterhouse, live pigs from 25 production facilities and crops from 15,200 hectares of land as well as energy from eight biogas plants.



● FARMS ■ SLAUGHTERHOUSE



average pig price of DKK 11.91 per kilo (2018: DKK 10.44 per kilo).

Segment revenue grew to DKK 925 million (2018: DKK 907 million) in 2019 following the significant pig price increase and higher live pig volumes sold, which outweighed the lower sales of pork meat products. The Polish business accounted for 61% of Group revenue, and segment revenue was comprised of 71% from pork products, 22% from external sales of live pigs and 7% from external sales of crops and energy.

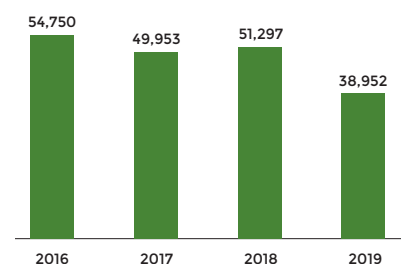
The segment's total income increased to DKK 1,030 million (2018: DKK 922 million) in 2019 including fair value adjustments of DKK 81 million (2018: DKK -10 million).

Goodvalley's Polish activities grew Adjusted EBITDA significantly to DKK 112 million (2018: DKK 45 million), resulting in a strong improvement of the Adjusted EBITDA margin to 12.1% (2018: 5.0%) driven by the higher live pig prices. Efficiency improved slightly as pigs sold per sow increased to 30.7 (2018: 30.3) and the feed conversion ratio improved to a level of 2.76 (2018: 2.82). The positive developments were driven by

organisational and management changes as well as streamlining of production planning and processes. Still, the Polish business unit's efficiency level leaves room for improvement, and additional initiatives will be implemented to ensure knowledge sharing and transfer of best practice from Goodvalley's other segments to optimise the performance of the Polish organisation and ageing infrastructure. The feed price stabilised at a high level of DKK 1.78 per kilo (2018: DKK 1.74 per kilo). EBITDA increased to DKK 190 million (2018: DKK 38 million) in 2019.

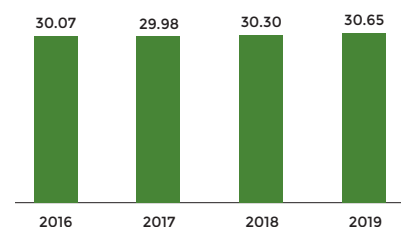
#### Sale of pork (slaughtered), thousand tonnes

Thousand tonnes



#### Pigs sold per sow, heads

Heads



In Q4 2019, pork volume declined to 8.4 thousand tonnes (Q4 2019: 13.3 thousand tonnes), and sales of live pigs was stable at 14.9 thousand tonnes (Q4 2018: 14.9 thousand tonnes). Revenue increased to DKK 244 million (Q4 2018: DKK 220 million), accounting for 57% of Group revenue, with Adjusted EBITDA amounting to DKK 41 million (Q4 2018: DKK -12 million) and EBITDA standing at DKK 61 million (Q4 2018: DKK -24 million).

#### Pig price, DKK/kg, and meat to feed ratio

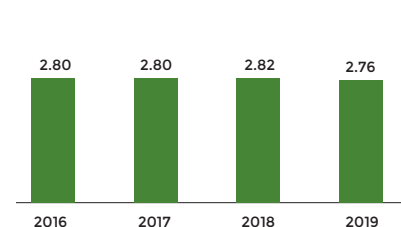
DKK/kilo

Ratio



#### Feed conversion ratio, kg (whole herd)

Kilo



## Food division

### Building a strong food brand

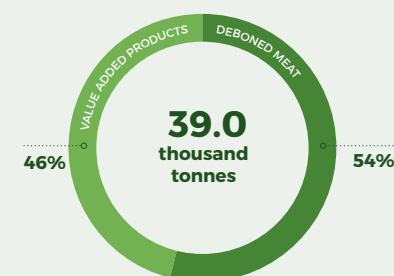
Goodvalley manufactured and sold 39,0 thousand tonnes of pork meat products in Poland in 2019 comprised of deboned meat (54%) and value added products (46%) including private label products and Goodvalley's branded premium products.

Since the launch of the Goodvalley branded products in Q3 2018, the group has grown sales of this category with a view to improve profitability in the food production business and reduce Goodvalley's exposure to pork price fluctuations over time.

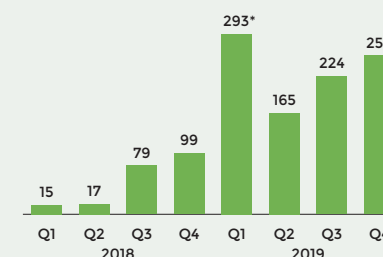
In 2019, Goodvalley sold 940 tons of branded products compared to 210 tonnes in 2018. The strong growth is expected to continue in 2020 as Goodvalley expects to sell at least 1,500 tonnes of branded products during the year. Distribution was expanded to 3,900 stores in 2019 from 640 stores in 2018 – and 6,000 stores are expected to sell Goodvalley's branded products at the end of 2020.

While the branded products will continue to comprise a limited part of Goodvalley's total food production in the foreseeable future, sales of these products have a notable positive effect on the gross margin in the food business.

### Food product portfolio



### Sales of branded products, tonnes



\* Impact incl. one-off effect from in-out promotions.



GO TO BRANDED PRODUCT  
OVERVIEW - PAGE 19



UKRAINE

# Financial performance

DKK million	2019	2018	Q4 2019	Q4 2018
Revenue	429	393	122	102
Change in fair value	13	5	4	(20)
Other income	5	1	4	1
<b>Total income</b>	<b>447</b>	<b>399</b>	<b>130</b>	<b>83</b>
<b>EBITDA</b>	<b>118</b>	<b>110</b>	<b>43</b>	<b>9</b>
<b>Adjusted EBITDA</b>	<b>113</b>	<b>112</b>	<b>38</b>	<b>17</b>
Adjusted EBITDA margin	26.3%	28.5%	31.1%	16.7%

The Ukrainian business lifted revenue as live pig prices and volumes grew, whereas profitability declined due to unsatisfactory results in the arable business.

Sales of live pigs increased to 39.8 thousand tonnes (2018: 38.5 thousand tonnes) at a significantly higher average sales price of DKK 12.56 per kilo (2018: DKK 11.34 per kilo) in 2019.

The positive development in the pig production business drove an increase in segment revenue to DKK 429 million (2018:

DKK 393 million), which was comprised of 93% from external sales of live pigs and 7% from external sales of crops and energy. The Ukrainian segment accounted for 28% of Group revenue in 2019.

Total income for the segment increased to DKK 447 million (2018: DKK 399 million) in 2019 with fair value adjustments of DKK 13 million (2018: DKK 5 million).

The Ukrainian segment's Adjusted EBITDA was stable at DKK 113 million (2018: DKK 112 million) in 2019, corresponding to an Adjusted EBITDA margin of 26.3% (2018: 28.5%). Adjusted EBITDA was affected by significant investments in soil improvement and

7



## Farms

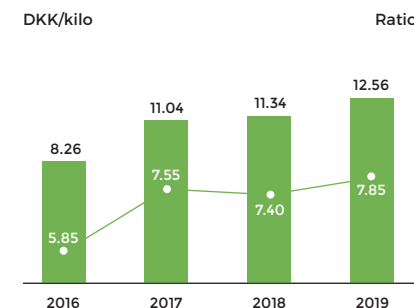
Our Ukrainian segment is comprised of production and sales of live pigs from 7 production facilities and crops from 18,500 hectares of land as well as energy from one biogas plant.



crop rotation on recently added land and a subsequent decline in the average crop yield to 4.2 tonnes per hectare (2018: 5.7 tonnes per hectare) due to unfavourable weather conditions. Pig production efficiency improved slightly as pigs sold per sow reached 33.3 (2018: 32.8) despite cases of stomach ulcers in the herd impacting efficiency. The feed conversion ratio increased to a level of 2.71 (2018: 2.65), and the feed price increased to DKK 1.60 per kilo (2018: DKK 1.53 per kilo). EBITDA came to DKK 118 million (2018: DKK 110 million).

In Q4 2019, the Ukrainian segment's live pig sales grew to 11.2 thousand tonnes (Q4 2018: 10.3 thousand tonnes), resulting in revenue of DKK 122 million (Q4 2018: DKK 102 million), accounting for 25% of group revenue. Adjusted EBITDA came to DKK 38 million (Q4 2018: DKK 17 million), and EBITDA was DKK 43 million (Q4 2018: DKK 9 million) in Q4 2019.

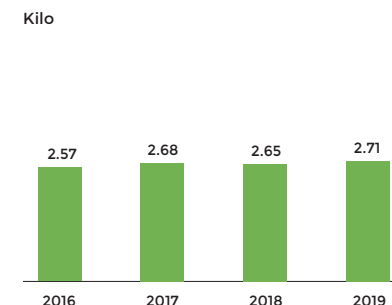
### Pig price, DKK/Kg, and meat to feed ratio



### Pigs sold per sow, heads



### Feed conversion ratio, Kg (whole herd)





RUSSIA

# Financial performance

DKK million	2019	2018	Q4 2019	Q4 2018
Revenue	172	174	42	48
Change in fair value	(3)	1	(2)	(9)
Other income	2	-	-	-
<b>Total income</b>	<b>171</b>	<b>175</b>	<b>40</b>	<b>39</b>
EBITDA	46	68	9	5
Adjusted EBITDA	49	69	7	17
Adjusted EBITDA margin	28.5%	39.9%	16.7%	35.4%

Revenue was stable in Goodvalley's Russian business, but profitability declined sharply as both pig and arable production were impacted by tough external conditions.

The Russian business increased sales of live pigs to 19.2 thousand tonnes (2018: 18.2 thousand tonnes) in 2019, and the average sales price declined sharply to DKK 11.58 per kilo (2018: DKK 12.42 per kilo).

Revenue was stable at DKK 172 million (2018: DKK 174 million) for the Russian business,

which accounted in total for 11% of group revenue.

Total income for the Russian activities was stable at DKK 171 million (2018: DKK 175 million).

The segment's Adjusted EBITDA fell to DKK 49 million (2018: DKK 69 million), corresponding to an Adjusted EBITDA margin of 28.5% (2018: 39.9%) in 2019. The negative development was attributable to a marked increase in feed prices to DKK 1.63 per kilo (2018: DKK 1.37 per kilo), which could not be compensated by cost control measures and improved production efficiency, which resulted in a moderate increase in the number

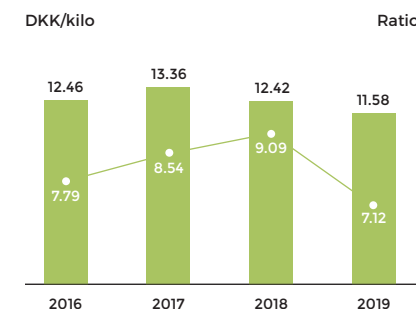


## Farms

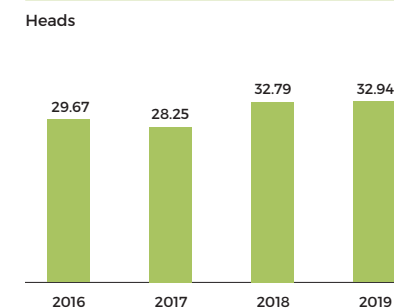
Goodvalley's Russian activities includes production and sales of live pigs from 2 production facilities and crops from 4,600 hectares of land.



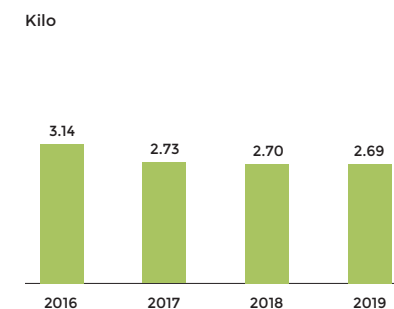
### Pig price, DKK/Kg, and meat to feed ratio



### Pigs sold per sow, heads



### Feed conversion ratio, Kg (whole herd)



of pigs sold per sow to 32.9 (2018: 32.8). The negative development in earnings was exacerbated by investments in recently added arable land that did not yield the expected results due to harsh weather conditions. EBITDA declined to DKK 47 million (2018: DKK 68 million) in 2019.

In Q4 2019, the Russian segment grew its live pig sales volume to 5.2 thousand tonnes (Q4 2018: 5.1 thousand tonnes), while revenue declined to DKK 42 million (Q4 2018: DKK 48 million), accounting for 10% of group revenue. Adjusted EBITDA was DKK 7 million (Q4 2018: DKK 17 million), and EBITDA came to DKK 9 million (Q4 2018: DKK 5 million) in Q4 2019.

## GUIDANCE

# Outlook for 2020

To provide the most accurate perspective on Goodvalley's expected financial performance in an industry characterised by fluctuating prices on live pigs, the earnings outlook for 2020 is presented at fixed herd price in terms of Adjusted EBITDA.

This approach serves to reduce fluctuations in guidance and better align operational and financial performance with a view to provide capital markets with the optimum conditions for assessing Goodvalley's operational efficiency and performance specifically and in isolation from fluctuations in market prices for live pigs, potentially entailing material fair value adjustments of the Group's biological assets on the balance sheet date.

In 2020, Goodvalley expects to generate revenue of DKK 1,600 - 1,750 million and an Adjusted EBITDA of 320-380 million. Progress is expected to be driven by continued high live pig prices and improved production efficiency as well as higher arable yields compared to the 2019 level. The pig production business is expected to be negatively impacted by continued high salary inflation in all three countries. At the same time, high live pig prices are expected to result in continued high input costs in the Group's Polish food busi-

ness, and pork meat prices are seen to remain low relative to the prices on live pigs due to continued overcapacity in the Polish bulk market. The food business' contribution to revenue and earnings in Poland is expected to be negatively impacted by these effects despite forecasted growth in sales of Goodvalley branded products yielding a higher margin.

## Assumptions

The outlook for 2020 is based on an average market price for live pigs of DKK 12.90 per kilo slaughter pig (2019 reported: DKK 12.09 per kilo slaughter pig) and a feed price of DKK 1.65 per kilo (2019 reported: DKK 1.69 per kilo) in the pig division and the prevailing economic situation in Goodvalley's markets. The outlook is furthermore based on exchange rates for the Group's key currencies remaining at the closing rates on December 2019 for the full year.

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

DKK million	2019 actuals	2020 outlook
Revenue	1,526	1,600 - 1,750
Adjusted EBITDA	274	320-380



- High live pig prices
- Improved production efficiency
- Higher arable yields
- Significant impact of salary inflation in all three countries
- Overcapacity in the Polish bulk market for pork meat
- High input costs in the food production



## 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, 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.

## BUSINESS MODEL

# Sustainability from field to fork

## Resources

### People

We base our business on the efforts and skill of 2,269 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 GLOBAL G.A.P. producer, a carbon neutral Group and 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 have established a carbon neutral operation by constantly pursuing initiatives to lower our impact on the climate and the environment.

### 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 and bondholders 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  
A CARBON NEUTRAL  
FOOTPRINT

SUPERIOR MARGINS ON  
GMO FREE,  
RWA PRODUCTS  
AND OWN BRANDS

# Strategy update

Goodvalley continues to target the substantial growth opportunities in the Group's three existing home markets with a particular focus on boosting the Goodvalley food brand in Poland while ensuring continuous sustainability and efficiency improvements.



## Optimisation

Our efforts to optimise Goodvalley's operations and expand capacity are closely interlinked as we constantly strive to balance efficiency and growth at existing and new sites with a view to ensure strong operational and financial performance under attractive and challenging market conditions alike.

The optimisation initiatives are rooted in our strategic focus on continuous education of employees and managers at the Goodvalley Academy and knowledge sharing across our three markets as well as constant performance measurement and benchmarking internally and against best practice production units in Denmark.



## Capacity expansion

Based on our perpetual optimisation work, Goodvalley's production capacity is continuously expanded throughout the value chain to leverage our scalable production setup in markets with strong local demand for pork meat.

We carefully consider all expansion opportunities' contribution to Goodvalley's carbon neutral footprint and our vertically integrated business model. Investments in arable land boost crop growing capacity, which drives expansion of feed mills to boost live pig and pork meat production as well as increasing energy production at the Group's biogas plants.



## Consumer focus

We are building a strong food brand providing value added premium products tailored to local market trends and consumer preferences and demands. Our branded products are sold in Poland and address an attractive and steadily increasing consumer segment focused on quality, food safety, animal welfare and climate friendly production, enabling us to fully exploit our sustainable business model.

We cooperate with the majority of retail chains in Poland to whom we also sell private label products and deboned meat, which continue to comprise the majority of Goodvalley's total sales of pork meat.



## New geographies

We continuously evaluate expansion opportunities in new geographies somewhat comparable with our existing markets in terms of consumers' preference for pork meat, an undersupply of domestically produced meat, local production capabilities and an oversupply of grain and feed production.

Eastern Europe remains Goodvalley's main focus area for potential diversification through acquisitions or greenfield expansion in new markets.



## STRATEGY UPDATE

# 2019 milestones and 2020 key initiatives



## 2019 milestones

- We maintained carbon neutrality at Group level through continued optimisation efforts and stable operations at our nine biogas plants.
- Efficiency improved as we increased the number of pigs sold per sow to 31.9 despite cases of stomach ulcers in the Ukrainian herd.
- We worked to ensure superior efficiency standards within production, marketing and sales across the Group by introducing functional responsibilities, introducing LEAN initiatives and implementing best practice across segments.
- We took recently acquired arable land in Ukraine and Russia into rotation for seeding and harvest.
- New capacity was commissioned at a range of farms in Poland and Ukraine after completion of stable upgrades in 2018.
- We built up the Group's pig herd to an all-time high following investments in improved and upgraded stables.
- Goodvalley introduced another three branded products in 2019, and the product range now consists of nine products sold in 3,900 stores across Poland.
- We aired two commercial campaigns in the main Polish TV channels supported by digital marketing and recorded strong consumer feedback and a surge in sales of branded products.
- Efforts continued to build a stronger food brand as our sales of branded products entail higher margins, greater consumer loyalty and serve to reduce Goodvalley's exposure to fluctuations in bulk pork prices.
- We maintained an opportunistic approach to potential geographical expansion and consolidation following the challenging conditions in the industry in 2018.
- Diversification remained an important strategic strength and driver for potential geographical expansion as ASF impacted several markets.
- We carefully assessed potential acquisitions and market entries based on diligent evaluation of operational, financial and political risk perspectives.

## 2020 key initiatives

- Continue to improve efficiency especially in Poland by sharing best practice across business units
- Maintain strong cost control to alleviate impact of salary inflation in all three markets
- Reduce costs in the Group's arable production
- Obtain construction permits from relevant authorities
- Build additional production capacity in Russia
- Prepare addition of production capacity in Ukraine
- Increase sales of branded products from 940 tonnes to 1,500 tonnes in Poland
- Grow Polish distribution network from 3,900 stores to 6,000 stores and continue TV advertising and digital marketing
- Assess feasibility of expansion into adjacent markets to diversify risk related to ASF outbreaks
- Consider enquiries regarding relevant merger and acquisition opportunities

# Markets and products

Goodvalley operates in Poland, Ukraine and Russia focusing mainly on serving local demand for pork, while a 18% share of the Group's food products was exported to other markets in 2019. The geographical diversification reduces exposure to input costs and conditions in single markets.

## Strong megatrends and fundamentals for local production

Goodvalley's markets are characterised by favourable megatrends such as long-term population growth and increasing wealth, which drive growth in pork consumption globally and locally. In addition, consumers in Poland, Ukraine and Russia have a strong preference for pork meat and are expected to increase consumption and gradually request higher-quality products as the standard of living improves. Demand is further bolstered by increasing global consumption of pork meat and fluctuations in global supply due to ASF outbreaks and other disruptions of the industry's operations.

The positive market drivers are supplemented by strong fundamentals for local production in Goodvalley's markets, which offer high-quality arable land at reasonable prices, an oversupply of crops and a large potential for improving efficiency in the pig production industry. The Polish and Ukrainian markets are particularly fragmented, and all three markets hold strong potential for further professionalisation and consolidation.

## High-quality product offering

Based on a comprehensive arable production on 38,300 hectares of land, Goodvalley has established feed and pig production enabling the Group to supply live pigs externally and to its own slaughterhouse in Poland from where high-quality pork meat products are distributed to a range of retail chains across the country including Biedronka, Netto, Carrefour, ALDI, Tesco and Auchan.

The Group's food product range is comprised of deboned meat and the value added category, which includes private label products and Goodvalley's branded premium products. 2019 revenue from sales of food products was comprised of 54% from deboned meat and 46% from value added products of which the branded premium product range made up a small but rapidly increasing share.

Goodvalley's branded premium products were introduced in the second half of 2018 to offer consumers sustainable quality products as a unique supplement to ordinary private label products. These premium products are sold under the Goodvalley brand to ensure differentiation from other products in the market with a view to limiting the exposure to fluctuations in bulk prices and enable higher margins. The product range offers meat from climate-friendly production of pigs raised with non-GMO feed and without antibiotics, and three new products were launched in 2019 based on consumers' positive reception of the brand and good sales performance. Goodvalley is continuously working to establish stronger relations with consumers by leveraging the branded premium product range's unique selling points, and in first half of 2020 the products' sustainable profile will be further augmented when Goodvalley introduces new 100% recyclable packaging made from 100% recycled material as the first meat producer in Poland.



## POLAND

- Food products from own slaughterhouse
- Highly fragmented market dominated by small local farms
- 41.0 kilo pork consumption per capita

# 3.6%

expected 2020 GDP growth



## UKRAINE

- Fragmented market divided between large producers and household farms
- 12.5 kilo pork consumption per capita

# 3.4%

expected 2020 GDP growth



## RUSSIA

- Somewhat fragmented market with few large players
- 19.6 kilo pork consumption per capita

# 1.8%

expected 2020 GDP growth

Pork consumption per capita is presented as carcass weight. The EU average was 35.5 kilo per capita in 2019  
Source: <https://data.oecd.org/agroutput/meat-consumption.htm>.

Source: World Bank, Global Economic Prospects, June 2019. Real growth calculated using constant 2010 USD.

## MARKETS AND PRODUCTS

# Branded product overview



NON GMO FEED



RWA



CLIMATE FRIENDLY

Climate-friendly quality meat from pigs raised without antibiotics (RWA) and fed with non-GMO feed. To be delivered in new 100% recyclable and recycled packaging in the first half of 2020.

## Pork chops

Our pork chops are precise cut of neck provided in even chops



## Minced meat from shoulder

Our minced meat from shoulder is grinded on a 5mm plate to ensure the best texture



## Minced meat from ham

Our minced meat from ham comes from pure ham which makes it lean and juicy



## Goulasch

This meat comes from pure topside where you get even and juicy pieces suitable for Goulash



## Loin chops

Our chops are made from the finest part of the loin – meat without any neck muscle



## Tenderloin

Our tenderloin is produced without any fat or membrane for the best culinary effect



## Sausages

Our sausages are free from preservatives, with a 100% meat content

Launched in  
**2019**  
Free from  
preservatives



## Hot dogs

Our hot dogs are free from preservatives, with a 100% meat content

Launched in  
**2019**  
Free from  
preservatives



## Ham

Our ham is free from preservatives, with a 100% meat content

Launched in  
**2019**  
Free from  
preservatives





*“We introduced new premium branded products as well as greener packaging and expanded our distribution to 3,900 stores across Poland in 2019.”*

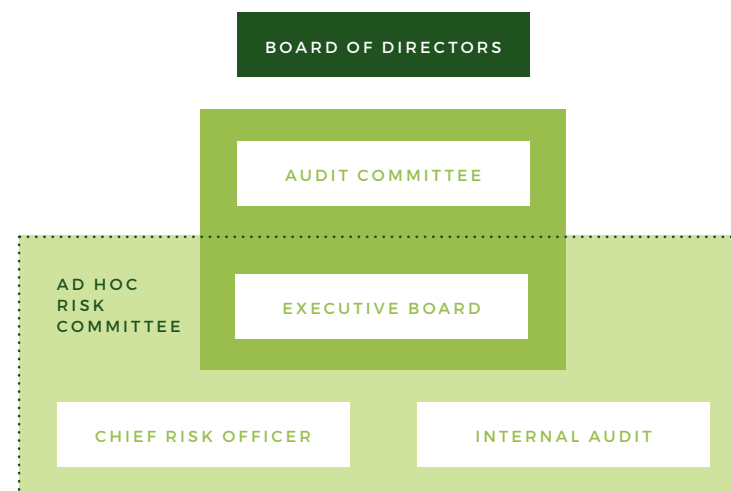
**Hans Henrik Pedersen**  
CEO

# Risk management

Goodvalley's risk management efforts aim to reduce Goodvalley's 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, which has appointed the Audit Committee to assist in establishing and monitoring an efficient Group risk management process together with the Executive Board. The Executive Board convenes with the Group's Chief Risk Officer and the internal audit function in an ad hoc Risk Committee.

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. A quarterly follow-up on the status of risks and mitigation efforts is conducted by the Chief Risk Officer and the Group's internal audit function. Results are presented to the Audit Committee, which reports on the status of material risks to the Board of Directors.



African swine fever (ASF) is Goodvalley's most material risk, and strict procedures are in place to reduce the risk and potential impact of contamination. Read more about ASF and our countermeasures on page 25.

## RISK MANAGEMENT

## Key risks

	African swine fever (ASF)	Political instability and corruption	Renewal of leasing terms
Risk	African swine fever (ASF) outbreaks have been recorded in Goodvalley's production countries, and an instance of ASF at one or more of the Group's farms may entail serious operational and financial consequences.	The Russian and Ukrainian markets in which the Group operates are to some extent characterised by risks related to political instability and corruption.	The Group's production at selected farms in Poland is dependent on renewal of leasing terms that will expire in 2024. Furthermore, the production in Ukraine is located on leased land.
Monitoring and mitigation	<p>All production sites operate according to Goodvalley's biosecurity policy and standard procedures to minimise infection risk and maintain a high level of biosecurity at all times. Goodvalley's internal audit team performs quarterly audits of the biosecurity status across the Group. Production sites are located apart and in remote areas to contain potential instances of ASF.</p> <p>Each production unit has a contingency plan in place describing steps to be taken and defining responsibilities in case of an ASF outbreak.</p> <p>Local veterinary authorities conduct epidemiological tests to identify the source of outbreaks, and national emergency plans are in place and being developed regularly. Developments are monitored closely by the European Commission.</p>	<p>To mitigate these risks and reduce dependency on one single market, Goodvalley has established a diversified production and sales setup across several countries.</p> <p>Moreover, the Group acts as a good corporate citizen to maintain professional relationships with relevant authorities and local stakeholders. Goodvalley takes an active role in developing the local community and provides information and education to stakeholders about Danish farming principles, applied technologies, practices and the nature of the work performed at the Group's local production sites.</p> <p>To mitigate potential corruption risks, Goodvalley has implemented and enforces a strict code of conduct combined with an IT-based whistleblower platform reporting directly to the Audit Committee Chairman who handles all incoming cases together with the General Counsel who is also the Chief Risk Officer. In 2019, there was one corruption-related instance reported through the whistleblower platform and subsequently handled by local management.</p>	<p>Goodvalley maintains an ongoing dialogue with lessors concerning negotiation of terms for leased farms in Poland and potential acquisition of farms that are currently leased. Furthermore, Goodvalley is actively seeking new land to replace existing land leases that may not be prolonged. Also, Goodvalley is actively furthering the interests of foreign investors in agriculture with the Polish authorities and relevant decision makers.</p> <p>In Ukraine, a moratorium on the sale of agricultural land has been in force since 2001, de facto preventing foreign as well as domestic investors from owning and trading agricultural land. However, it is likely that the moratorium will be lifted in 2020 and Goodvalley monitors this development closely. To fortify its position to continue leasing or purchase the leased land, should this become possible, Goodvalley maintains a close dialogue with land owners as well as local communities and sponsors investments in developing local farming and education to uphold good relationships with landowners and authorities. Furthermore, Goodvalley has right of preemption to the leased land.</p>

## RISK MANAGEMENT

## Key risks

	Reputational damage	Employees	Pig and crop prices
Risk	Reputational damage may entail serious operational and financial consequences or scrutiny by authorities and animal welfare organisations etc.	Goodvalley may not be able to attract and retain key personnel and qualified employees in markets where demand for labour is high.	Pig and crop prices are impacted by market conditions, which may significantly affect Goodvalley's revenue and earnings.
Monitoring and mitigation	<p>Goodvalley has obtained a GLOBAL G.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 GMO-free, Raised Without Antibiotics (RWA) and carbon neutral.</p> <p>The Group's production facilities are regularly monitored by the internal audit department and external parties and experts to ensure compliance with GLOBAL G.A.P. and internal guidelines and principles for animal welfare. 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 of great importance to Goodvalley. The Group has strengthened and continues to professionalise its organisational set-up and management structure to mitigate this risk and reduce dependency of individuals.</p> <p>Goodvalley conducts regular employee satisfaction monitoring and invests in HR, employee development and education. All employees are trained and educated in their line of work within the framework of the Goodvalley Agriculture and Management Academy. Top 75 managers across departments and production countries are included in Goodvalley's incentive program.</p>	<p>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.</p> <p>Goodvalley's vertically integrated business model mitigates the impact of price fluctuations through production chain-control as the Group's own feed and pig production reduce this exposure to external pricing and volatile input costs to some extent. The vertically integrated business model is fully implemented in Poland and partly implemented in Ukraine and Russia.</p> <p>Furthermore, branded products are marketed to ensure differentiation from bulk products by means of emphasis on carbon neutral production, pigs Raised Without Antibiotics (RWA) and feed free from GMO.</p>

## RISK MANAGEMENT

# African swine fever

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

## ASF facts

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

## Potential impact

### Operational

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

### Financial

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

## ASF outbreak – standard procedures

3-5 months depending on scope and national regulation

### Culling the herd

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

### Cleaning the stables

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

### Quarantine

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

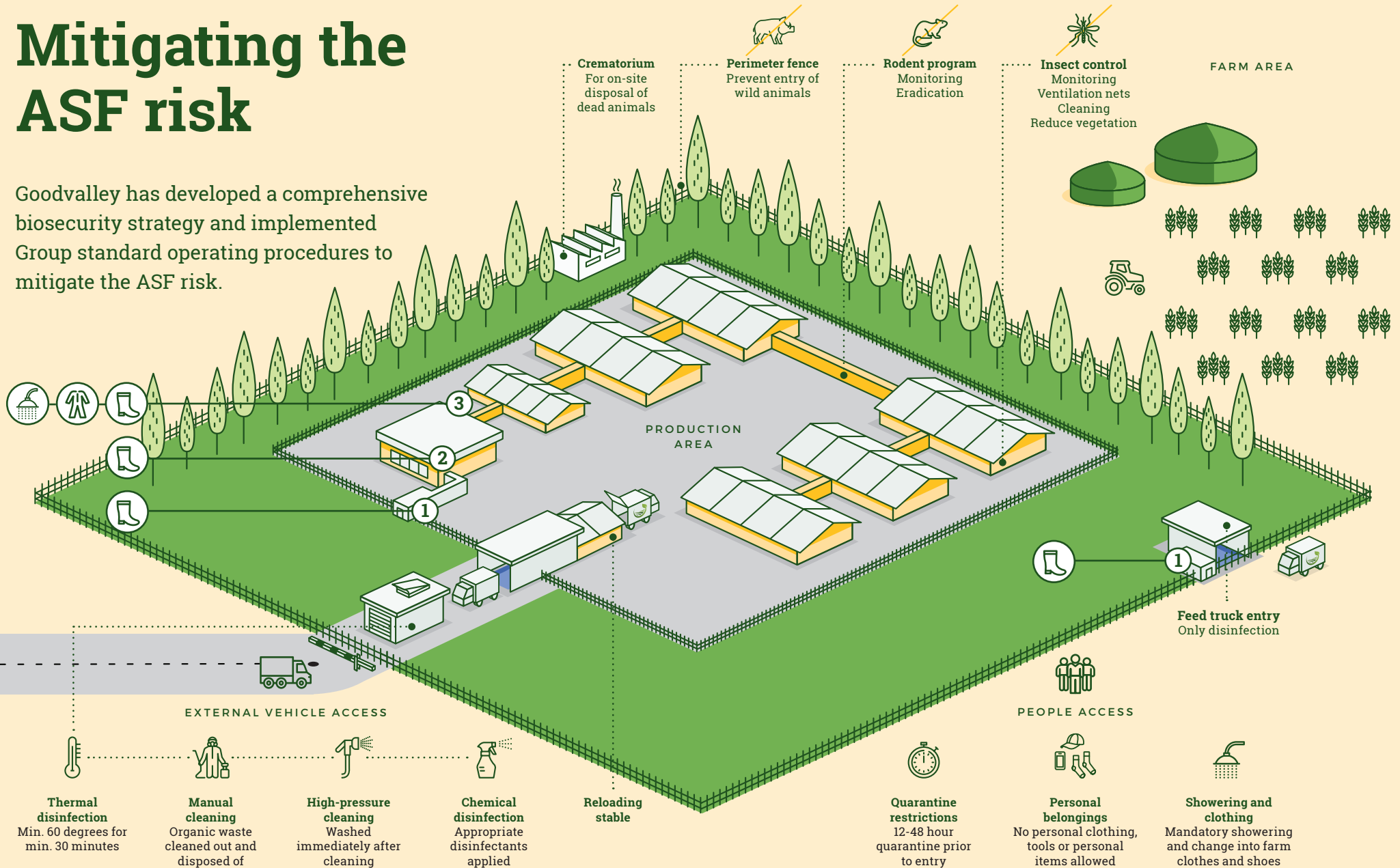
### After expiry of the quarantine

The farm is populated with a test herd. If the test is successful the farm can be fully repopulated.

## RISK MANAGEMENT

# Mitigating the ASF risk

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



# Sustainability

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



We have introduced an updated sustainability strategy focusing 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 representatives and the Executive Board. The four pillars of Goodvalley's sustainability strategy are built on the foundation of selected Sustainable Development Goals, emphasizing 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. The goals have played an integral part of developing Goodvalley's CSR strategy and in 2019 we added goal number 17 underlining our commitment to work together with other companies and nations to drive sustainable development.



## – with special emphasis on targets: 2.4 + 2.a\*

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



## – with special emphasis on targets: 12.3, 4, 5 & 6\*

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



## – with special emphasis on targets: 13.2\*

In Goodvalley we produce our products with a carbon neutral footprint and we consider it both a business as well as a societal goal to promote and work for the development of more green energy solutions in favor of the climate.



## – with special emphasis on targets: 17.16 + 17.17\*

To meet the targets within the SDGs, sustainable and meaningful partnerships can and should play a big part. We seek to engage in and promote partnerships that can help drive both local, regional and national sustainable development of agriculture and food production where we work.

\*Read about the specific targets here: <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

# Working together with our stakeholders

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



## Customers

We will develop and offer sustainable and climate friendly pork products and live pigs to retail chains, consumers and slaughterhouses to contribute positively to the idea of climate friendly production and drive an increase in consumer demand for sustainable meat products.



## Employees

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



## Investors

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



## Suppliers and partners

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



## Communities

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



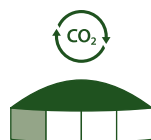
## Authorities

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

## SUSTAINABILITY

# Highlights 2019

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



## CLIMATE

- Carbon neutral
- Resources
- Nature



## FOOD

- Consumer safety
- Animal welfare



## WORK

- Work safety
- Rights
- Employee development



## FAIR PLAY

- Community
- Anti-corruption

## 2019 highlights

- 100% recyclable packaging
- 58.6 GW green energy produced
- Certified carbon neutral company
- Increased availability of carbon neutral products from 640 to 3900 Polish stores



- Implemented Global Gap Animal Welfare add on
- Introduced 3 new products free from any preservatives



- Work related accidents improved from 38 to 35
- 89% of our employees feel proud to work for Goodvalley
- 30% women (25 % in 2018) in management positions



- Supplier code of conduct implemented in 2019
- EUR 364 thousand non-political donations
- 409 projects supported



## Full sustainability report 2019

Goodvalley's policies, activities, risks and results in relation to Corporate Social Responsibility (CSR) and our Diversity Policy are described in accordance with sections 99 a and 99 b of the Danish Financial Statements Act in our statutory CSR (Sustainability) report 2019, which is available at

 [www.goodvalley.com/media/1697/csr19.pdf](http://www.goodvalley.com/media/1697/csr19.pdf)

- in accordance with sections 99 a and 99 b of the Danish Financial Statements Act.

The report includes an evaluation of Goodvalley's CSR efforts and achievements in 2019 based on 19 parameters in four key commitment areas:

- Climate
- Food
- Work
- Fair Play

In 2019, Goodvalley recorded improvements on 16 of the 19 CSR parameters, while 2 parameters were unchanged and 1 parameters saw an adverse development

A young girl with long brown hair, wearing a blue sleeveless dress with a white lace collar and hem, is running through a field of tall grass. She is smiling and looking down. Behind her, a young boy in a green and white checkered shirt is also running and smiling. The background is a soft-focus landscape with trees and a bright sky, suggesting a sunset or sunrise. The overall mood is joyful and carefree.

*“It remains a major priority for Goodvalley to actively participate in the development of the local communities where we are present. This is done through active and economic support to a number of projects within social development, sports and health and environment and climate. ”*

Jens Peter Aabyen  
VP, Group Sustainability Officer

# Corporate governance

Goodvalley's statutory report on corporate governance for 2019 is available at the Group's website in accordance with section 107 b of the Danish Financial Statements Act.

The statutory report describes Goodvalley's management structure, the main elements of the Group's internal control and risk management systems related to financial reporting and an overview of Goodvalley's position on the recommendations of the Danish Committee on Corporate Governance. In 2019, Goodvalley complied with all recommendations.

## Management structure

The shareholders of Goodvalley exercise their rights at the general meeting and elect the Board of Directors, which appoints and supervises the Executive Board.

The Board of Directors is responsible for the overall management of the company and resolves matters relating to Goodvalley's strategic development, budgets, risk factors, acquisitions and divestments as well as major development and investment projects. Board members are nominated for election at the general meeting on the basis of an overall assessment of individual competencies and their contribution to an appropriate composition of the shared competencies and the profile of the Board of Directors. Priority is given to ensuring that the Board of Directors possesses skills in the areas of farming, finance and accounting,

international management, marketing and brand-building of food sector businesses.

The board work is governed by a charter, which has been prepared in accordance with the provisions of the Danish Companies Act and is subject to annual review. In 2019, the Board of Directors held seven meetings, which were attended by all Board members.

An Audit Committee has been established to assist the Board of Directors within the fields of risk management, monitoring the process for preparation of financial statements, financial reporting and internal controls as well as monitoring of and communications with the auditor appointed by the shareholders. The Committee has two members who are both members of the Board of Directors and meet quarterly.

In 2019, the Committee held five meetings attended by both members.

Furthermore, the Board has established a Nomination Committee and a Remuneration Committee, both consisting of three members who are all members of the Board of directors and meet at least twice a year. In 2019, the Nomination Committee held two meetings attended by all members and the Remuneration Committee held two meetings attended by all members.

The Executive Board of Goodvalley is appointed by the Board of Directors and is responsible for the company's day-to-day management, including the development and results of the company's operations, as well as the company's internal development. The Executive Board is responsible for implementing Goodvalley's strategy and the overall resolutions approved by the Board of Directors.

## Meetings of the Board of Directors and committees

	Board	Meetings	Audit	Meetings	Nomination	Meetings	Remuneration	Meetings
Anders Christen Obel	Chairman	●●●●●●	Member	●●●●●	Member	●●	Chairman	●●
Niels Rauff Hansen	Vice Chairman	●●●●●●			Chairman	●●	Member	●●
Anders Bundgaard	Member	●●●●●●						
Erling Bech Poulsen	Member	●●●●●●						
Helle Okholm	Member	●●●●●●	Chairman	●●●●●	Member	●●	Member	●●
Leif Stig Hansen	Member	●●●●●●						

● Attendance ○ Non-attendance

## Changes in 2019

In 2019, Jens Jørgen Nielsen was replaced by Leif Stig Hansen on the Board of Directors.



See and download the report here:  
[www.goodvalley.com/media/1696/cgr19.pdf](http://www.goodvalley.com/media/1696/cgr19.pdf)

# Board of Directors



**Anders Christen Obel**



**Niels Rauff Hansen**



**Helle Okholm**

	<b>Chairman</b>	<b>Vice Chairman</b>	<b>Board member</b>
<b>Position</b>	<b>Chairman</b>	<b>Vice Chairman</b>	<b>Board member</b>
<b>Work experience</b>	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 Sjørup Svinefarm (incl. 2 subsidiaries) and Søvang Svineproduktion A/S and Søvang Gods A/S.	Professional board member and former CFO and state authorized public accountant. Formerly Partner at KPMG, CFO of Bluegarden Holding A/S, Foss A/S and ISS Denmark A/S and group finance management position at Chr. Hansen A/S.
<b>Special expertise</b>	Special expertise in property and land investments, general management of industrial companies and corporate finance. Experience from other companies listed on Nasdaq, BSc in Economics and Business Administration from Copenhagen Business School.	Special expertise in international agricultural management and pig farming as well as investments in agriculture in Eastern Europe and Russia. Agricultural education from Asmildkloster Agricultural College.	Special expertise in accounting, corporate finance, risk management, international management and experience from other companies listed on Nasdaq, MSc in Business Administration and Auditing from Copenhagen Business School.
<b>Securities and changes</b>	0	0	0
<b>Polen Invest A/S <sup>3)</sup></b>	65,786 <sup>4)</sup>	287,573	0
<b>Independence</b>	Yes	No <sup>2)</sup>	Yes
<b>First election</b>	2013	2002	2017
<b>Nationality</b>	Danish	Danish	Danish
<b>Gender</b>	Male	Male	Female
<b>Birth year</b>	1960	1964	1965
<b>Other directorships</b>	<b>Chairman:</b> C.W. Obel Ejendomme A/S, Semco Maritime A/S, Semco Maritime Holding A/S, Obel-LFI Ejendomme A/S and C.W. Obel Bolig A/S. <b>Vice chairman:</b> Skandinavisk Holding A/S, Fritz Hansen A/S. <b>Member:</b> Scandinavian Tobacco Group A/S, Erhvervsinvest Management A/S, Minkpapir A/S, PAL-CUT A/S, Kilsmark A/S, REXHOLM A/S, Woodmancott Fonden, Fonden Det Obelske Jubilæumskollegium, C.W. Obels Fond, Danmark-Amerika Fondet, Høvdingsgaard Fonden, Skjørringefonden, Mullerupgaard- og Gl. Estrupfonden and Scandinavian Tobacco Group's Gavefond. <b>Alternate:</b> Polen Invest A/S. <b>Fully responsible stakeholder:</b> Haxholm v/Anders Christen Obel.	<b>Chairman:</b> Agri Consult ApS, Dan-Slovakia Agrar A/S, Søvang Gods A/S, Trummersgård A/S and Polen Invest A/S. <b>Member:</b> Agrocola s.r.o. (Slovakia), Agro Korn s.r.o. (Slovakia), Agro Support s.r.o. (Slovakia), Avgas ApS, Danrus Agro ApS, Sevel Slagteri A/S, Sjørup Svinefarm A/S and Søvang Svineproduktion A/S, Viborg F.F. Prof. Fodbold A/S and Leki A/S. <b>Fully responsible stakeholder:</b> General Partnership Randrup Hovedgaard I/S.	<b>Member:</b> Basisbank A/S, Jeudan A/S and Lokaltog A/S. <b>Fully responsible stakeholder:</b> HC Okholm I/S.

# Board of Directors



**Anders Bundgaard**



**Leif Stig Hansen**



**Erling Bech Poulsen**

Position	Board member	Board member	Board member
<b>Work experience</b>	Farmer, pig producer and CEO at AB Vadsholt Holding ApS (incl. 2 subsidiaries), Sdr. Badsbjerg A/S, Bella Vista Nibe ApS and Rosenhaven Dronninglund ApS.	CEO of Scandi Standard AB Formerly Bisca A/S, Findus A/S, Nestlé and ESS-FOOD.	Farmer, pig producer and CEO at Kølhede Svineproduktion I/S, Kølhede Holding ApS, Kølhede Invest A/S, Kildenberg Invest A/S, Majbritt Poulsen Holding ApS, Malene Poulsen Holding ApS and Morten Poulsen Holding ApS.
<b>Special expertise</b>	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 agricultural management and pig production. Agricultural education from Bygholm Agricultural College. Agricultural training and experience in advanced farming in New Zealand and Canada.
<b>Securities and changes</b>	0	0	0
<b>Polen Invest A/S <sup>3)</sup></b>	561,837	0	95,450
<b>Independence</b>	No <sup>2)</sup>	Yes	No
<b>First election</b>	2002 <sup>1)</sup>	2019	2009 <sup>1)</sup>
<b>Nationality</b>	Danish	Danish	Danish
<b>Gender</b>	Male	Male	Male
<b>Birth year</b>	1944	1966	1955
<b>Other directorships</b>	<b>Chairman:</b> Avgas ApS and Danrus Agro ApS. <b>Vice chairman:</b> Polen Invest A/S. <b>Member:</b> 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 and Klitgaard Agro A/S. <b>Fully responsible stakeholder:</b> General Partnership ABJ I/S.	Board member of Danpo A/S, Farmfood A/S and Iconovo AB.	<b>Chairman:</b> Østifterne f.m.b.a. and Østifterne Administration f.m.b.a. <b>Member:</b> Agrovakia A/S, Kølhede Invest A/S, Polen Invest A/S and Amstrup Sø Plantage og Rimmerhøj Søndre Plantage K/S

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

<sup>1)</sup> Served as board members in the Group prior to 2002.

<sup>2)</sup> 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.

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

<sup>4)</sup> Including 61,969 shares held by C.W. Obel A/S

# Executive Board



**Hans Henrik Pauk Pedersen**



**Kristian Brokop Jakobsen**

Position	CEO	Vice CEO
Work experience	Was appointed CEO in 2019 after joining Goodvalley as CFO in 2016. Has previously worked as Group Vice President, Head of Group Business Development at Falck Group, and held corporate finance and investment banking positions at Carnegie Investment Bank, Atrium Partners and Danske Bank. MSc in Economics and Business Administration at the University of Southern Denmark. He is a member of the executive board of Finansax ApS.	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 Cyldensteen Gods. Diploma in agricultural management from Dalum Agricultural College.
Securities and changes	0	685,976 shares
Polen Invest A/S <sup>3)</sup>	0	2,000
Employed since	2016	2006
Nationality	Danish	Danish
Gender	Male	Male
Birth year	1981	1980

# Investor information

Goodvalley provides capital markets with information about matters deemed relevant to ensuring regular trading in as well as efficient and fair pricing of the Group's securities listed on Nasdaq Copenhagen, while observing applicable rules and legislation.

The Executive Board maintains an on-going relationship with capital markets participants primarily through meetings, seminars and conference calls, which are available at <https://www.goodvalley.com/en/investor/investor/> along with additional relevant financial information.

## Ownership

Goodvalley A/S' share capital is divided into 53,797,824 shares of nominally DKK 10 and equal voting and dividend rights.

At the end of 2019, Goodvalley A/S was owned by 86 registered shareholders in total, and the shareholder base was comprised of individuals and holding companies with significant industry insight. The following shareholders held more than 5% of the share capital:

- Polen Invest A/S, Herning, Denmark: 83.6%
- International Finance Corporation (World Bank Group), Washington DC, USA: 6.9%

Goodvalley A/S' majority shareholder, Polen Invest A/S, is held by 97 shareholders

including member of the Goodvalley Group's Executive Board, Vice CEO Kristian Brokop Jakobsen, and Founder Tom Axelgaard. Board of Directors members Niels Rauff Hansen and Anders Bundgaard as well as Tom Axelgaard controlled more than 5% of the share capital in Goodvalley A/S at year-end each through their ownership of securities in Polen Invest A/S and Goodvalley A/S. No single shareholder controls Polen Invest A/S.

## Investor relations

Following the listing of a EUR 135 million corporate bond issue on Nasdaq Copenhagen, Goodvalley has disclosed company announcements and quarterly reports. Additional information is available in note 4.1 to the financial statements and at [www.goodvalley.com/investor](http://www.goodvalley.com/investor).

CEO Hans Henrik Pedersen is responsible for Investor Relations supported by Vice CEO Kristian Brokop Jakobsen while day-to-day tasks are handled by Anne Axelgaard, Communications. Goodvalley continuously works to strengthen the dialogue with financial stakeholders in accordance with

its own policies and the provisions for companies with bonds listed on Nasdaq Copenhagen.

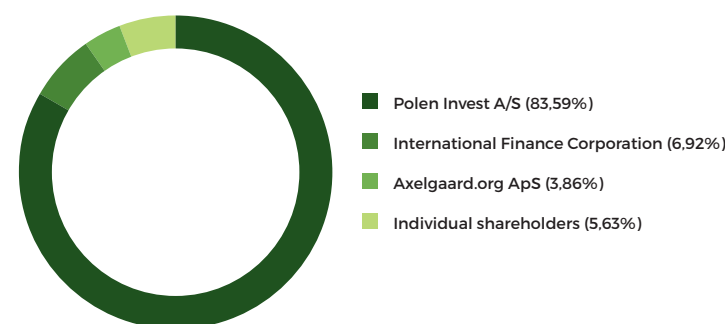
## Dividends and capital structure

The Board of Directors will not propose distribution of dividends at the annual general meeting to be held on 23 April 2020.

## Financial calendar

23 April 2020: Annual general meeting  
28 May 2020: Interim report Q1 2020  
21 August 2020: Interim report Q2 2020  
26 November 2020: Interim Report Q3 2020

## Ownership at 31 December 2019



Link: [www.goodvalley.com/en/investor/investor/](https://www.goodvalley.com/en/investor/investor/)

# Consolidated Financial Statements



## INCOME STATEMENT

# Sales and earnings

## Revenue

Group revenue increased by 4% to DKK 1,526 million (2018: DKK 1,473 million) in 2019, which is within our most recent guidance for the year of DKK 1,450-1,550 million. The increase was mainly driven by a higher average live pig price of DKK 12.09 per kilo (2018: DKK 11.09 per kilo) in 2019 following ASF outbreaks in several Asian countries.

Total income came to DKK 1,644 million (2018: DKK 1,493 million) including fair value adjustments of DKK 91 million (2018: DKK -3 million).

## Cost of goods sold

Cost of goods sold increased by 1% to DKK 1,170 million (2018: DKK 1,160 million) in 2019 following an increase in the Group's cost level primarily attributable higher feed prices and salary inflation. Cost in percentage of revenue improved to 77% (2018: 79%) due to improved sales prices and efficiency.

## SG&A

The Group's sales, general and administrative expenses were stable at DKK 120 million (2018: DKK 121 million) in 2019. Sales and branding expenses relating to the launch of the Group's branded premium products in Poland amounted to approximately DKK 20 million in 2019 (2018: DKK 15 million).

## Adjusted EBITDA and EBITDA

Adjusted EBITDA increased to DKK 274 million (2018: DKK 222 million) in 2019, corresponding to an Adjusted EBITDA margin of 17.9% (2018: 15.1%). The Group's earnings were thus

within the most recent guidance of Adjusted EBITDA in the DKK 250-280 million range. EBITDA increased to DKK 354 million (2018: DKK 212 million), corresponding to an EBITDA margin of 23.2% (2018: 14.4%). from herd prices changes of DKK 80 million in 2019 (2018: DKK -10 million)

## EBIT

EBIT increased to DKK 207 million (2018: DKK 91 million) in 2019, corresponding to an EBIT margin of 13.5% (2018: 6.2%).

## Net financials

Net financials were an expense of DKK 18 million (2018: an expense of DKK 65 million). The net financials for the year were positively affected by foreign exchange adjustments of DKK 49 million.

## Adjusted profit and net profit

Adjusted profit came to DKK 59 million (2018: DKK 36 million) in 2019, corresponding to an Adjusted profit margin of 3.9% (2018: 2.6%). Net profit increased to DKK 188 million (2018: DKK 18 million) in 2019.

## Comprehensive income

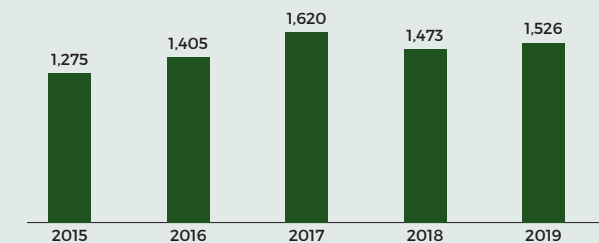
Comprehensive income was DKK 338 million in 2019 (2018: DKK -35 million) comprising the profit for the year and foreign exchange adjustments of subsidiaries of DKK 150 million (2018: DKK -57 million) from significant increase in the Ukrainian UAH towards Danish Kroner.

## Earnings per share

Earnings per share (diluted) were DKK 3.50 in 2019 compared to DKK 0.33 in 2018.

## Revenue

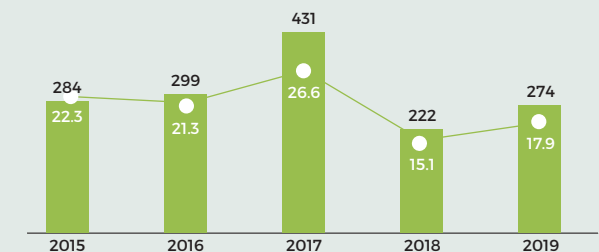
DKKm



## Adjusted EBITDA and margin

DKKm

%



# Consolidated Income Statement

## Income Statement, 1 January - 31 December

DKK million	Note	2019	2018
<b>Revenue</b>	<b>2.1</b>	<b>1,526</b>	<b>1,473</b>
Change in fair value of biological assets	2.2	91	(3)
Grants and other income	2.3	27	23
<b>Total Income</b>		<b>1,644</b>	<b>1,493</b>
Cost of goods sold (COGS)	2.1	(1,170)	(1,160)
<b>Gross profit/loss</b>		<b>474</b>	<b>333</b>
SG&A	2.4	(120)	(121)
<b>EBITDA</b>		<b>354</b>	<b>212</b>
Depreciation, amortization and impairment losses	3.1, 3.2	(147)	(121)
<b>Profit before financial expenses and tax</b>		<b>207</b>	<b>91</b>
Financial income	4.5	4	6
Financial expenses	4.5	(71)	(72)
Exchange rate adjustments	4.5	49	1
<b>Profit before tax</b>		<b>189</b>	<b>26</b>
Corporation tax	2.6	(1)	(8)
<b>Profit of continuing operations</b>		<b>188</b>	<b>18</b>
Profit for the year of discontinued operations	5.6	-	4
<b>Net profit</b>		<b>188</b>	<b>22</b>
Net profit is attributable to:			
Owners		188	22
<b>TOTAL</b>		<b>188</b>	<b>22</b>
<b>Earnings per share</b>			
Earnings per share (DKK)		3.50	0.33
Diluted earnings per share (DKK)		3.50	0.33

## Statement of comprehensive income, 1 January - 31 December

DKK million	Note	2019	2018
Profit for the year		188	22
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange adjustments of foreign enterprises		150	(57)
<b>Total comprehensive income</b>		<b>338</b>	<b>(35)</b>
<i>Comprehensive income is attributable to:</i>			
Owners		338	(35)
<b>Total</b>		<b>338</b>	<b>(35)</b>

## BALANCE SHEET

# Financial position

## Total assets

Total assets amounted to a total of DKK 2,929 million (2018: DKK 2,630 million) at 31 December 2019. The increase was primarily driven by higher volumes and pig prices for the pigs in stables as well as an effect of currency adjustments for non-current assets from a strengthened Ukrainian UAH towards the Danish Krone

## Net working capital

Net working capital was DKK 585 million (2018: DKK 475 million) at year-end including 115 thousand tonnes (2018: 102 thousand tonnes) of grain and other feed components.

## Invested capital

Invested capital was DKK 2,690 million (2018: DKK 2,402 million) and return on invested capital (ROIC) increased to

4.9% (2018: 3.9%) mainly driven by currency adjustments for non-current assets in 2019, driving up invested capital.

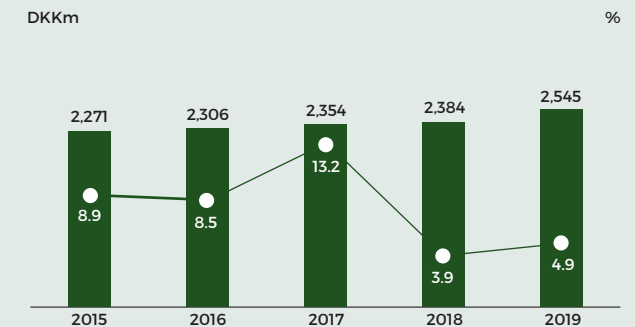
## Net interest-bearing debt

At 31 December 2019, Goodvalley's net interest-bearing debt was DKK 1,122 million (2018: DKK 1,171 million) including an effect of IFRS 16 of DKK 65 million (2018: DKK 0) included in 2019.

## Net interest-bearing debt to adjusted EBITDA

Net interest-bearing debt to adjusted EBITDA came to 4.1 adjusted for the effect of IFRS 16 compared to 5.3 in 2018.

## Average invested capital and ROIC



## NIBD/Adjusted EBITDA



# Consolidated Balance Sheet

## Balance Sheet, 31 December

DKK million	Note	2019	2018
<b>Assets</b>			
Goodwill	3.1	94	84
Leasehold rights	3.1	25	24
<b>Intangible assets</b>		<b>119</b>	<b>108</b>
Land and buildings		1,160	1,051
Leasehold improvements		112	117
Plant and machinery		309	276
Other fixtures and fittings, tools and equipment		124	120
Property, plant and equipment in progress		73	142
Right-of-use assets	3.3	62	-
<b>Property, plant and equipment</b>	<b>3.2</b>	<b>1,840</b>	<b>1,706</b>
Non-current asset investment	4.4	4	4
<b>Financial asset investments</b>		<b>4</b>	<b>4</b>
Biological assets - basic herd	3.4	142	109
<b>Biological assets</b>		<b>142</b>	<b>109</b>
<b>Non-current assets</b>		<b>2,105</b>	<b>1,927</b>
Biological assets - sales herd	3.4	275	184
Biological assets - arable, crop production	3.4	72	66
Inventories	3.5	270	260
<b>Biological assets and inventories</b>		<b>617</b>	<b>510</b>
Trade receivables	3.6	61	73
Receivables from associates		7	7
Other receivables	3.6	34	35
Deferred tax asset	2.5	-	-
Prepayments		14	15
<b>Receivables</b>		<b>116</b>	<b>130</b>
Cash at bank and in hand		91	63
<b>Current assets</b>		<b>824</b>	<b>703</b>
<b>Assets</b>		<b>2,929</b>	<b>2,630</b>

## Balance Sheet, 31 December

DKK million	Note	2019	2018
<b>Liabilities and equity</b>			
Share capital	4.6	538	538
Reserve for exchange adjustments		(398)	(548)
Retained earnings		1,428	1,240
<b>Capital and reserves attributable to owners</b>		<b>1,568</b>	<b>1,230</b>
<b>Total Equity</b>		<b>1,568</b>	<b>1,230</b>
Bond debt	4.1	968	970
Provision for deferred tax	2.5	2	4
Other provisions	3.7	4	4
Credit institutions	4.1	27	39
Subordinated loan from Polen Invest A/S	4.1	50	70
Deferred income	3.8	7	8
Lease liabilities	3.3	59	-
<b>Long-term liabilities</b>		<b>1,117</b>	<b>1,095</b>
Credit institutions	4.1	74	131
Subordinated loan from Polen Invest A/S	4.1	28	24
Trade payables		65	93
Other provisions	3.7	2	1
Lease liabilities		6	-
Other payables		67	53
Deferred income	3.8	2	3
<b>Short-term liabilities</b>		<b>244</b>	<b>305</b>
<b>Liabilities</b>		<b>1,361</b>	<b>1,400</b>
<b>Liabilities and equity</b>		<b>2,929</b>	<b>2,630</b>

## 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 205 million (2018: an inflow of DKK 194 million) in 2019 and were positively impacted by higher operating profit offset by changes in net working capital from higher volumes and pig prices for the pigs in stables.

## Cash flows from investing activities

Cash flows from investing activities were a net outflow of DKK 83 million (2018: an outflow of DKK 269 million). The moderate investment level in 2019 followed significant investments and challenging conditions in 2018.

## Free cash flows

The Group's free cash flows amounted to an inflow of DKK 122 million (2018: an outflow of DKK 75 million) in 2019. The increase was driven by lower net investment and higher cash flows from operations in 2019.

## Financing activities

Cash flows from financing activities were an outflow of DKK 97 million (2018: an outflow of DKK 28 million) in 2019. The increase was mainly driven by repayment of debt.

## Cash position

Cash and cash equivalent at 31 December 2019 amounted to DKK 91 million against DKK 63 million at 31 December 2018. Undrawn committed credit facilities were DKK 79 million at 31 December 2019 (2018: DKK 42 million).

## Shareholders equity

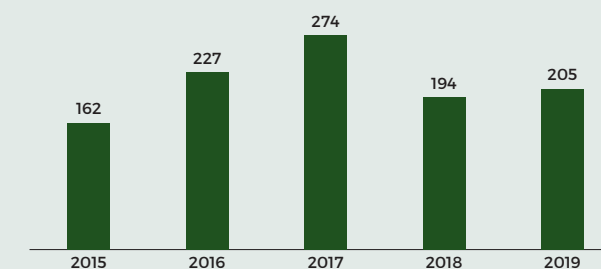
Equity stood at DKK 1,568 million at 31 December 2019 up from DKK 1,230 million as of 31 December 2018. The increase is attributable to the profit for the year and exchange rate gains following translation of foreign subsidiaries.

## Equity ratio

Equity represented 54% of the total balance sheet as of 31 December 2019 up from 47% at 31 December 2018 driven by strong earnings and currency translation gains during the year.

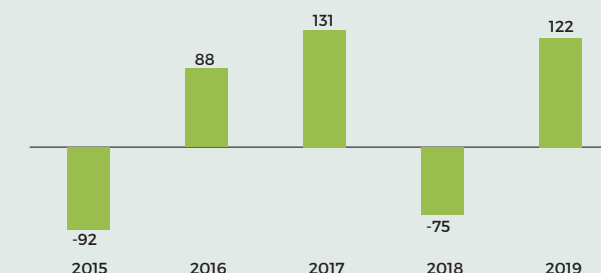
## Operating cash flows

DKKm



## Free cash flows

DKKm



## Consolidated statement of changes in equity

DKK million	Share capital	Reserve for exchange adjust-ments	Retained earnings	Equity owners	Total Equity
<b>Equity at 1 January 2018</b>	<b>538</b>	<b>(491)</b>	<b>1,218</b>	<b>1,265</b>	<b>1,265</b>
Net profit for the year	-	-	22	22	22
Other comprehensive income	-	(57)	-	(57)	(57)
<b>Comprehensive income for the year 2018</b>		<b>(57)</b>	<b>22</b>	<b>(35)</b>	<b>(35)</b>
<b>Equity at 31 December 2018</b>	<b>538</b>	<b>(548)</b>	<b>1,240</b>	<b>1,230</b>	<b>1,230</b>
Net profit for the year	-	-	188	188	188
Other comprehensive income	-	150	-	150	150
<b>Comprehensive income for the year 2019</b>		<b>150</b>	<b>188</b>	<b>338</b>	<b>338</b>
<b>Equity at 31 December 2019</b>	<b>538</b>	<b>(398)</b>	<b>1,428</b>	<b>1,568</b>	<b>1,568</b>

## Consolidated statement of cash flows

DKK million	2019	2018
<b>Net profit</b>	<b>188</b>	<b>22</b>
Financial income and expenses	67	66
Currency losses	(49)	(1)
Depreciation and amortisation	147	121
Tax on the profit for the year	(1)	8
Other adjustments	48	(6)
Change in working capital	(144)	52
<b>Cash flows from operating activities before interests receipt and paid</b>	<b>257</b>	<b>260</b>
Interest receipts	4	6
Interest payments	(57)	(72)
<b>Cash flows from ordinary activities</b>	<b>204</b>	<b>194</b>
Corporate income tax paid	1	0
<b>Cash flows from operating activities</b>	<b>205</b>	<b>194</b>
Purchase intangible assets	-	(27)
Purchase property, plant and equipment	(90)	(256)
Sale of property, plant and equipment	6	10
Sale of fixed asset investments	1	4
<b>Cash flows from investing activities</b>	<b>(83)</b>	<b>(269)</b>
Proceeds from borrowings	32	103
Repayments of borrowings	(129)	(131)
<b>Cash flows from financing activities</b>	<b>(97)</b>	<b>(28)</b>
<b>Change in cash and cash equivalents</b>	<b>24</b>	<b>(103)</b>
Cash and cash equivalents at 1 January	63	171
Exchange rate adjustment, cash and cash equivalents at 1 January	4	(5)
<b>Cash and cash equivalents at 31 december</b>	<b>91</b>	<b>63</b>

# 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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## 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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## Section 3

### Operating assets and liabilities

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## Section 4

### Capital structure and financing items

Encompasses notes related to capital structure and financing items

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## Section 5

### Other disclosures

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

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# Notes to the consolidated financial statements

## Note 1.1

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 for listed companies.

### IMPACT OF NEW ACCOUNTING STANDARDS

Management has assessed the impact of new or amended and revised accounting standards and interpretations (IFRSs) issued by the (IASB) and IFRSs endorsed by the European Union.

As of 1 January 2019, the Group applied, for the first time, IFRS 16 'Leases'.

#### IFRS 16

IFRS 16 replaces IAS 17 Leases and sets out the principles for the recognition, measurement, presentation and disclosure of leases. Adoption of IFRS 16 has resulted in almost all leases being recognised on the balance sheet by Goodvalley, as the distinction between operating and finance leases is removed. Under this new standard, an asset (the right to use the leased item) and a financial liability to make lease payments are recognized for all leases with a term of more than 12 months unless the leased asset is of low value. Accordingly, the Group's leases were recognised in the balance sheet at 1 January 2019 in the form of right of use assets and lease liabilities.

Goodvalley's lease portfolio is primarily comprised of leased land in Poland, Ukraine and Russia that are used to grow crops, which are used for pig feed. The leases are entered into usually for a fixed term or with Goodvalley having the option to extend the lease period. The annual lease payments are adjusted according with the price of wheat.

The recognition of lease assets and lease liabilities, respectively, resulted in an increase of the Group's total assets and liabilities of DKK 59 million at 1 January 2019.

Goodvalley has applied the Group's incremental borrowing rate to discount payments to net present value. The incremental borrowing rate reflects the rate of interest that Goodvalley will have to pay to borrow over a similar term, and with similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment.

In 2019, the current lease composition resulted in an increase in EBITDA of DKK 15 million from replacing the annual lease expense with depreciation of DKK 11 million and interest of DKK 5 million. Implementation has thus increased EBITDA with DKK 15 million and decreased pre-tax profit by DKK 2 million for the full financial year.

The Group's key figures and financial ratios are also affected by capitalisation of leases under IFRS 16. Invested capital and net interest-bearing debt both increased by DKK 59 million at 1 January 2019 and by DKK 65 by 31 December 2019 from remeasurement and additions, and based on the current composition of leases, implementation reduced the return on invested capital (ROIC) by about 0.2 percentage points, the equity ratio by about 1.1 percentage points and improved the NIBD/ Adjusted EBITDA LTM by around 0.1.

All new leases entered into in 2019, except for short-term and low value leases, have been recognised as additions of right of use assets and lease liabilities, respectively, which will enhance the effect on the above-mentioned accounting items and ratios in 2019.

The standard has been applied by using the simple modified retrospective transition approach, with the effect of application recognized in the opening equity 1 January 2019 without restatement of comparatives.

#### Other standards

Other new standards and interpretations effective 1 January 2019 have not had a material impact on the Consolidated Financial Statements in 2019.

Further, Management does not anticipate any significant impact on future periods from the adoption of these new standards and interpretations.

#### NEW IFRS STANDARDS ISSUED, BUT NOT YET EFFECTIVE

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

#### RECOGNITION AND MEASUREMENT

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

DKK is the Group's presentation currency.

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

<b>Lease liabilities disclosed in the annual report 2018 as contingent liabilities</b>	<b>163</b>
Short-term leases (less than 12 months)	(38)
Leases of a low value	(15)
Discounting	(51)
<b>Lease liabilities recognised 1. January 2019</b>	<b>59</b>

# Notes to the consolidated financial statements

## Note 1.1, continued

### 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.

In some circumstances a change in the estimates may be necessary because of changes in the underlying assumptions.

### 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:

- Biological assets (note 3.4)
- Inventories (note 3.5)

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

### 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.

# Notes to the consolidated financial statements

## Note 1.1, continued

### 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.

### TRANSLATION POLICIES

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

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

The Group used the following exchange rates for the translation into DKK at 31 December 2019 and 2018:

PLN: - Balance sheet items 2019: 1.75407 (31 December 2018: 1.73658) - Income statement 2019: 1.73688 (income statement 2018: 1.74925)

UAH: - Balance sheet items 2019: 0.28271 (31 December 2018: 0.23546) - Income statement 2019: 0.25877 (income statement 2018: 0.23214)

RUB: - Balance sheet items 2019: 0.10772 (31 December 2018: 0.09397) - Income statement 2019: 0.10316 (income statement 2018: 0.10091)

EUR: - Balance sheet items 2019: 7.46970 (31 December 2018: 7.46730) - Income statement 2019: 7.46605 (income statement 2018: 7.45300)

### 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 (Danish kroner). On full or partial realisation of the net investment, the foreign exchange adjustments are recognised in the income statement.

### CASH FLOW STATEMENT

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

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

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

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

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

### COST OF GOODS SOLD

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

# Notes to the consolidated financial statements

## 2.1 Segment Information

DKK million	Poland	Ukraine	Russia	Other/Not allocated	Inter-company eliminations	Total
<b>2019</b>						
Revenue	925	429	172	35	(35)	1,526
Change in fair value of biological Assets	81	13	(3)	-	-	91
Grants and other income	24	5	2	-	(4)	27
<b>Total Income</b>	<b>1,030</b>	<b>447</b>	<b>171</b>	<b>35</b>	<b>(39)</b>	<b>1,644</b>
Cost of goods sold (COGS)	(768)	(293)	(110)	1		(1,170)
<b>Gross profit/loss</b>	<b>262</b>	<b>154</b>	<b>61</b>	<b>36</b>	<b>(39)</b>	<b>474</b>
SG&A	(72)	(36)	(15)	(36)	39	(120)
<b>EBITDA</b>	<b>190</b>	<b>118</b>	<b>46</b>	<b>-</b>	<b>-</b>	<b>354</b>
<i>Adjusted EBITDA</i>	<i>112</i>	<i>113</i>	<i>49</i>	<i>-</i>	<i>-</i>	<i>274</i>
Depreciation on non-curent assets and impairment losses	(87)	(45)	(15)	-	-	(147)
<b>EBIT</b>	<b>103</b>	<b>73</b>	<b>31</b>	<b>-</b>	<b>-</b>	<b>207</b>
Net financials				(67)	-	(67)
Exchange rate adjustments				49	-	49
<b>Profit before tax</b>	<b>103</b>	<b>73</b>	<b>31</b>	<b>(18)</b>	<b>-</b>	<b>189</b>

DKK million	Poland	Ukraine	Russia	Other/Not allocated	Inter-company eliminations	Total
<b>2018</b>						
Revenue	907	393	174	35	(35)	1,473
Change in fair value of biological Assets	(10)	5	1	-	-	(3)
Grants and other income	25	1	-	-	(3)	23
<b>Total Income</b>	<b>922</b>	<b>399</b>	<b>175</b>	<b>35</b>	<b>(38)</b>	<b>1,493</b>
Cost of goods sold (COGS)	(815)	(254)	(91)	-	-	(1,160)
<b>Gross profit/loss</b>	<b>107</b>	<b>145</b>	<b>84</b>	<b>35</b>	<b>(38)</b>	<b>333</b>
SG&A	(69)	(35)	(16)	(39)	38	(121)
<b>EBITDA</b>	<b>8</b>	<b>110</b>	<b>68</b>	<b>(4)</b>	<b>-</b>	<b>212</b>
<i>Adjusted EBITDA</i>	<i>45</i>	<i>112</i>	<i>69</i>	<i>(4)</i>	<i>-</i>	<i>222</i>
Depreciation on non-curent assets and impairment losses	(76)	(30)	(14)	-	-	(121)
<b>EBIT</b>	<b>(38)</b>	<b>80</b>	<b>53</b>	<b>(4)</b>	<b>-</b>	<b>91</b>
Net financials				88	(154)	(66)
Exchange rate adjustments				(38)	39	1
<b>Profit before tax</b>	<b>(38)</b>	<b>80</b>	<b>53</b>	<b>46</b>	<b>(115)</b>	<b>26</b>

# Notes to the consolidated financial statements

## 2.1 Segment Information, continued

DKK million	Revenue		Assets	
Geography:	2019	2018	2019	2018
Poland	807	768	1,076	1,115
Ukraine	429	393	499	419
Russia	172	174	322	279
Rest of world	118	139	-	-
<b>Total</b>	<b>1,526</b>	<b>1,474</b>	<b>1,897</b>	<b>1,813</b>

In 2019, Goodvalley announced the new financial reporting structure by introducing the geographical segments Poland, Ukraine and Russia to replace the historical business segments. The revised external reporting structure is a consequence of the launch of one Group identity in 2018 and the introduction of a country-based organisational structure and internal management reporting setup. The changes in the reporting structures has not had any effect on the consolidated financial figures. The comparison figures for 2018 have changed accordingly.

### 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 consist of elimination between segments.

### 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 groups integrated setup. No individual customer accounts for more than 10% of revenue.

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

### Revenue:

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

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

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

- Sales of biological assets: The Group primarily sells pigs for slaughterhouses. Revenue from the sales of pigs is recognised when delivery has taken place.
- Sales of finished goods and consumables from slaughterhouses: Revenue from finished goods and consumables from slaughterhouses is recognised when delivery has taken place.
- Sales of green energy and CO<sub>2</sub> 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 Company 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 disclosure 2.4

# Notes to the consolidated financial statements

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

DKK million	2019	2018
<b>Current biological assets</b>		
Sales herd of pigs:		
- Due to volume	11	(5)
- Due to Prices	59	(3)
Arable - Crop production	(2)	13
<b>Non-current biological assets</b>		
Basic herd of pigs:		
- Due to volume	2	(1)
- Due to Prices	21	(7)
<b>Total</b>	<b>91</b>	<b>(3)</b>

### ! Significant accounting estimates

Please see the main accounting estimates and judgments in Note 3.4 Biological assets. At initial recognition in purchase of boars and gilts a loss of DKK 2 million were recognised in the period.

### § 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	2019	2018
EU hectare support	12	9
Biogas	1	1
Ukrainian VAT grant	-	1
Other income	14	12
<b>Total</b>	<b>27</b>	<b>23</b>

Grants consist of Agricultural grant schemes in EU and in Ukraine, where the Group receives grants for possessing and producing arable activities. In 2019, no funds were distributed under the Ukrainian VAT grant. Other income includes sale of machinery and other sales not directly attributable to the Groups 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.

# Notes to the consolidated financial statements

## 2.4 Staff costs

DKK million	2019	2018
<b>Staff costs</b>		
Wages and salaries	227	210
Pensions	4	3
Other social security expenses, social funds etc.	32	27
Staff costs capitalised as part of cost of property, plant and equipment	(3)	(4)
<b>Total</b>	<b>260</b>	<b>236</b>
Included in the income statement:		
Staff costs related to COGS	201	185
Staff costs related to SG&A	59	51
<b>Staff costs</b>	<b>260</b>	<b>236</b>
Average number of employees	2,203	2,363
Employees at end of year	2,269	2,327
<b>Remuneration to the Executive Board</b>		
Salary, pension and bonus	8.1	8.6
Share-based payments	-	-
Social security cost	-	-
Members of the Executive Board	2	3

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 2.5 million in 2019 (2018: DKK 2.5 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.

# Notes to the consolidated financial statements

## 2.5 Income and deferred income taxes

DKK million	2019	2018
<b>Tax in the income statement</b>		
Tax payable on net profit	1	-
Change in deferred tax	-	8
Revaluation of deferred tax due to change in corporate tax rate	(2)	-
Adjustment for previous years	2	-
<b>Tax in the income statement</b>	<b>1</b>	<b>8</b>
Recognized as follows:		
Tax on profit for the year of continuing operations	1	8
Tax on other comprehensive income	-	-
<b>Tax for the year</b>	<b>1</b>	<b>8</b>
<b>Calculation of effective tax rate:</b>		
Corporate tax rate in Denmark	41	6
Non-taxable income less non-deductible expenses	(38)	(6)
Difference in foreign tax rates	-	-
Revaluation of deferred tax due to changes in corporate tax rates	(2)	8
Other adjustments	-	-
<b>Effective tax rate</b>	<b>1</b>	<b>8</b>
<b>Net tax payables at 1 January</b>	<b>-</b>	<b>-</b>
Tax payable on profit for the year	1	-
Tax paid during the year	1	-
Foreign currency translation adjustments, etc.	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
Recognized as follows:		
Tax receivable	-	-
Tax payable	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

DKK million	Deferred tax assets		Deferred tax liabilities	
	2019	2018	2019	2018
<b>Deferred tax</b>				
Intangible assets and property, plant and equipment	-	-	2	4
Inventories	-	-	-	-
Tax loss carry-forwards	-	-	-	-
Other	-	-	-	-
Offsetting items	-	-	-	-
<b>Deferred tax at December 31</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Provision for deferred tax</b>				
Provision at 1 January	-	-	4	(3)
Foreign currency translation adjustments, etc	-	-	-	(1)
Change in deferred tax on profit for the year	-	-	(2)	-
Changes in deferred tax from prior years	-	-	-	8
<b>Provision for deferred tax 31 December</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>4</b>
Recognised as follows:				
Deferred tax assets			-	-
Deferred tax liabilities			2	4
<b>Provision for deferred tax</b>			<b>2</b>	<b>4</b>

The tax value of the unrecognized share of tax loss carry-forwards, tax credits, etc. that do not expire amounted to DKK 38 million (2018: DKK 28 million).

# Notes to the consolidated financial statements

## 2.5 Income and deferred income taxes, continued

### Accounting policies

#### Tax on profit/loss for the year

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

#### Deferred tax asset and liabilities

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

### Accounting estimates and judgments

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

# Notes to the consolidated financial statements

## 3.1 Intangible assets

DKK million	Goodwill	Leasehold rights	Total
<b>2019</b>			
Cost at 1 January	84	27	110
Additions for the year	-	-	-
Exchange adjustment at balance sheet date rates	10	5	15
<b>Cost at 31 December</b>	<b>94</b>	<b>32</b>	<b>125</b>
Amortisation at 1 January		3	2
Amortisation for the year	-	4	4
Amortisation at 31 December	-	7	6
<b>Carrying amount at 31 December</b>	<b>94</b>	<b>25</b>	<b>119</b>
<b>2018</b>			
Cost at 1 January	94	-	94
Additions for the year	-	27	27
Exchange adjustment at balance sheet date rates	(10)	-	(11)
<b>Cost at 31 December</b>	<b>84</b>	<b>27</b>	<b>110</b>
Amortisation at 1 January	-	-	-
Amortization at 31 December	-	3	2
<b>Carrying amount at 31 December</b>	<b>84</b>	<b>24</b>	<b>108</b>

The carrying amount of goodwill is specified as follows:

	2019	2018
Goodvalley Russia LLC	76	67
Goodvalley Agro S.A.	14	14
Goodvalley Ukraine LLC	4	3
<b>Total carrying amount</b>	<b>94</b>	<b>84</b>

Goodwill relates to Goodvalley Agro S.A., Goodvalley Ukraine LLC. and Goodvalley Russia LLC. For all companies, an impairment test in respect of goodwill has been carried out at 31 December 2019 based on the calculation of value in use. The impairment test was performed through calculation of value based on a DCF model. The DCF model used as basis for impairment has 5 years (2020-2024) as budget periods. There is no growth in the terminal period. Instead it has been set as the same as budget year 2024. There is no general growth in the budget and prognosis period, which instead is based on the approved and actual budget for 2020 and approved prognosis by Management for 2021-2024. The assessment is based on expectations for continued high prices for live pigs in Goodvalley's markets driven by the world market prices as African Swine Fever continues to support demand from Chinese markets, as well as an assumption for continued growth in the Goodvalley branded product category. The calculation is sensitive towards the discount rates applied. For Goodvalley Agro S.A., the applied discount rate before tax was 8.5% (2018: 8.5%); For Goodvalley Ukraine LLC., the applied discount rate before tax was 14.75% (2018: 14.25%); For Goodvalley Russia LLC, the applied discount rate before tax was 11% (2018: 11%). The applied discount rate and budgets are exclusive of inflation. The applied discount rates are based on the risks in the markets in which the Group operates.

### ! Accounting estimates and judgments

Risk of impairment of the Group's intangible assets is 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 expected revenue and the rates used to discount the cash flows.

The CGUs are Goodvalley Russia LLC, Goodvalley Ukraine LLC., Goodvalley SP.Z.O.O. and Goodvalley Agro S.A. CGUs identified and used for allocation of goodwill and impairment testing is based on countries as the countries are considered the smallest cash flow generating units. 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 Management thus considers them two separate CGUs. The activity of Goodvalley SP.Z.O.O. is slaughtering while Goodvalley Agro's primary activity is the production of pigs.

### § 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 amortised 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 impairment losses.

# Notes to the consolidated financial statements

## 3.2 Property, plant and equipment

DKK million	Land and buildings	Leasehold improvements	Plant and machinery	Other fixtures and fittings tools and equipment	Property, plant and equipment under construction	Right-of-use assets	Total
<b>2019</b>							
Cost at 1 January	1,300	187	598	313	142	59	2,599
Exchange adjustment at balance sheet date rates	90	2	34	27	9	8	170
Additions for the year	32	-	12	17	93	6	161
Disposals for the year	(11)	-	(1)	(9)	(1)	-	(22)
Reclassification	45	1	52	12	(171)	-	(61)
<b>Cost at 31 December</b>	<b>1,456</b>	<b>190</b>	<b>694</b>	<b>361</b>	<b>73</b>	<b>73</b>	<b>2,848</b>
Depreciation and impairment losses at 1 January	248	71	322	193	-	-	834
Exchange adjustment at balance sheet date rates	15	1	14	17	-	-	47
Depreciation for the year	40	7	51	35	-	11	144
Depreciation disposals for the year	(8)	-	(1)	(7)	-	-	(16)
Reclassification	-	-	-	-	-	-	0
<b>Depreciation at 31 December</b>	<b>296</b>	<b>79</b>	<b>385</b>	<b>237</b>	<b>-</b>	<b>11</b>	<b>1,008</b>
<b>Carrying amount at 31 December</b>	<b>1,160</b>	<b>112</b>	<b>309</b>	<b>124</b>	<b>73</b>	<b>62</b>	<b>1,840</b>
Assets provided as security for debt	404	0	81	2	-	-	
Right of use assets	61	-	1	-	-	-	

# Notes to the consolidated financial statements

## 3.2 Property, plant and equipment

DKK million	Land and buildings	Leasehold improvements	Plant and machinery	Other fixtures and fittings tools and equipment	Property, plant and equipment under construction	Total
<b>2018</b>						
Cost at 1 January	1,227	187	548	283	116	2,361
Exchange adjustment at balance sheet date rates	(34)	(5)	(17)	(3)	-	(59)
Additions for the year	20	-	-	3	234	257
Disposals for the year	(1)	-	-	(17)	-	(18)
Reclassification	88	4	69	45	(208)	-
<b>Cost at 31 December</b>	<b>1,300</b>	<b>187</b>	<b>598</b>	<b>313</b>	<b>142</b>	<b>2,541</b>
Depreciation and impairment losses at 1 January	216	64	291	172	-	743
Exchange adjustment at balance sheet date rates	(6)	(2)	(7)	(2)	-	(16)
Depreciation for the year	38	8	40	32	-	118
Disposals for the year	-	-	-	(11)	-	(11)
<b>Depreciation and impairment losses at 31 December</b>	<b>248</b>	<b>71</b>	<b>322</b>	<b>193</b>	<b>-</b>	<b>834</b>
<b>Carrying amount at 31 December</b>	<b>1,051</b>	<b>117</b>	<b>276</b>	<b>120</b>	<b>142</b>	<b>1,706</b>
Interests capitalised for the year calculated at an interest rate 4,5%	2					2
Assets provided as security for debt	433		41		1	475

# Notes to the consolidated financial statements

## 3.2 Property, plant and equipment, continued

For investment in the slaughterhouse in Poland, an impairment test has been carried out at 31 December 2019 based on the calculation of value in use. The impairment test was performed through calculation of value based on a DCF model. The test is based on the approved budget for Goodvalley SP.Z.O.O and the significant investment in the Goodvalley branded products. No impairments has been recognised.

### 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	2019
Land and buildings	61
Plant and machinery	1
Other equipment	0
<b>Carrying amount of lease assets</b>	<b>62</b>
<b>Lease liabilities</b>	
Less than 1 year	6
Between 1 and 5 years	23
More than 5 years	36
<b>Lease liabilities at 31 December</b>	<b>65</b>
<b>Amount recognised in the income statement</b>	
Interest on lease liabilities	7
Expenses relating to short-term leases	38
Expenses relating to low-value leases	15
<b>Depreciation of lease assets per asset class</b>	
Land and buildings	7
Plant and machinery	4
Other equipment	0
<b>Depreciation of lease assets</b>	<b>11</b>

# Notes to the consolidated financial statements

## 3.3 Leases, continued

### Accounting policies

#### Lease assets

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

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

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

#### Lease liabilities

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

## 3.4 Biological assets

	Basic Herd	Sales Herd	Total herd
<b>2019</b>			
<b>Balance at 1 January</b>	<b>109</b>	<b>184</b>	<b>293</b>
Movements:			
Acquisitions	3	-	3
Produced piglets, cattles	-	692	692
Gain/loss from change in fair value	25	587	612
Sales	(41)	(1,170)	(1,211)
Transfer between groups	36	(36)	0
Exchange adjustments	10	18	28
<b>Balance at 31 December</b>	<b>142</b>	<b>275</b>	<b>417</b>
<b>2018</b>			
<b>Balance at 1 January</b>	<b>118</b>	<b>196</b>	<b>314</b>
Movements:			
Acquisitions	6	-	6
Produced piglets, cattles	-	546	546
Gain/loss from change in fair value	(9)	455	446
Sales	(30)	(985)	(1,015)
Transfer between groups	25	(25)	-
Exchange adjustments	(1)	(3)	(4)
<b>Balance at 31 December</b>	<b>109</b>	<b>184</b>	<b>293</b>

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

Gain on changes in fair value comprises changes as a consequence of biological growth 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 50 million at 31 December 2019 (2018: DKK 46 million).

# Notes to the consolidated financial statements

## 3.4 Biological assets, continued

DKK million	2019	2018
<b>Crop production</b>		
<b>Balance at 1 January</b>	<b>66</b>	<b>53</b>
Acquisitions	213	140
Gain/loss from change in fair value	(50)	42
Harvest	(165)	-169
Exchange adjustments	8	0
<b>Balance at 31 December</b>	<b>72</b>	<b>66</b>
Numbers of hectares harvested	31,693	30,627
Numbers of hectares seeded as of closing balance	16,527	18,243

### ! 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 kg live weight at 31 December on the local existing markets, and all finishers are valued at this price per kg 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. Valuation model includes market inputs from official prices and actual own sales prices on local market. 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's general approach is estimation that there was not 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 has changed, additional adjustments to the fair value are made at the end of each reporting date till the end of harvesting.

Biological assets were measured at a total of DKK 489 million at 31 December 2019 (DKK 359 million at 31 December 2018).

### \$ Accounting policies

Biological assets of the Group consist of unharvested crops and pigs 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 are based on observable market prices and quotations. .

# Notes to the consolidated financial statements

## 3.5 Inventories

DKK million	2019	2018
<b>Inventories</b>		
Agriculture produce (stocks of own produced grain ect)	114	141
Raw materials, medicine etc, bought feed	127	87
Work in progress	4	3
Finished goods and goods for resale	25	29
<b>Total inventory</b>	<b>270</b>	<b>260</b>
Borrowings are secured on following inventories:		
Grops and raw materials/Agricultural stocks	2	2
<b>Total</b>	<b>2</b>	<b>2</b>

### Accounting policies

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

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

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

### Accounting estimates and judgments

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

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

# Notes to the consolidated financial statements

## 3.6 Receivables

DKK million	2019	2018
<b>Receivables</b>		
Trade receivables, gross	64	73
Allowance for expected credit losses	(3)	-
<b>Trade receivables, net</b>	<b>61</b>	<b>73</b>
Other receivables, gross	37	38
Allowance for expected credit losses	(2)	(3)
<b>Other receivables, net</b>	<b>34</b>	<b>35</b>
Aging of trade receivables, gross	-	-
Up to 30 days	60	72
Between 30 and 90 days	-	-
More than 90 days	4	1
<b>Trade receivables, gross, at December 31</b>	<b>64</b>	<b>73</b>
Allowance for expected credit losses at 1 January	3	3
Exchange adjustment	1	-
Additions for the year	3	-
Disposals for the year:	(1)	-
- Applied	0	-
- Reversed	(1)	-
<b>Allowance for expected credit losses at 31 december</b>	<b>5</b>	<b>3</b>

### § 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

# Notes to the consolidated financial statements

## 3.7 Other provisions

DKK million	2019	2018
Staff obligations:		
Balance at 1 January	5	4
Exchange adjustment at balance sheet date rates	-	-
Provision for the year	1	2
Utilised provisions	-	(1)
Reversal of unutilised provision	-	-
<b>Balance at 31 December</b>	<b>6</b>	<b>5</b>
Provisions are recognised in the balance sheet as follows:		
Long-term	4	4
Short-term	2	1
<b>Total provisions</b>	<b>6</b>	<b>5</b>

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	2019	2018
<b>Deferred income</b>		
Short term	2	3
Long term	7	8
<b>Total deferred income</b>	<b>9</b>	<b>11</b>

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

### Accounting policies

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

# Notes to the consolidated financial statements

## 4.1 Financial Institutions

DKK million	2019	2018
<b>Bond debt</b>		
Payable between 1 and 5 years	968	970
<b>Debt to credit institutions</b>		
Payable after 5 years	-	-
Payable between 2 and 5 years	27	39
Lease liabilities	59	-
<b>Long-term debt</b>	<b>1,054</b>	<b>1,009</b>
Credit institutions - short term	74	131
Lease liabilities - short term	6	-
<b>Total financial debt</b>	<b>1,134</b>	<b>1,140</b>
<b>Subordinated loan capital</b>		
Payable after 5 years	-	-
Payable between 1 and 5 years	50	70
<b>Long-term debt</b>	<b>50</b>	<b>70</b>
Short-term debt	28	24
<b>Total</b>	<b>78</b>	<b>94</b>

In 2017, the Group issued a 4-year "senior secured" bond of EUR 135 million maturing in 2021. The bond is listed for trading on Nasdaq Copenhagen. The bond has a variable interest rate based on EURIBOR 3M with a spread of 450 basis points. At 31 December 2019 the fair value of the bond were EUR 133.7 million (2018: EUR 125.7 million) measured in level 2 of the fair value hierarchy at a listed rate of 93.125 on Nasdaq Copenhagen. For additional information on terms and conditions, refer to the schedule below. There are no planned repayments in the bond before the bond matures in 2021. However, the Group is permitted to use surplus liquidity to repurchase bonds. In 2017, the Group repurchased bonds for an amount of EUR 5.5 million.

Refer to note 5.7 for separate financial disclosures for obligor group.

## Reconciliation of financing activities

		Non-cash changes				2019
		2018	Cash Flows	Acqui- sitions	Foreign exchange movement	Fair value changes
Bond debt	970	-	-	(2)	-	968
Subordinated loan long term	70	(20)	-	-	-	50
Subordinated loan short term	24	4	-	-	-	28
Leases	59	(8)	6	8	-	65
Long term credit institutions	39	(12)	-	-	-	27
Short term credit institutions	131	(57)	-	-	-	74
<b>Total liabilities from financing activities</b>	<b>1,293</b>	<b>(93)</b>	<b>6</b>	<b>6</b>	<b>-</b>	<b>1,212</b>

		Non-cash changes				2018
		2017	Cash Flows	Acqui- sitions	Foreign exchange movement	Fair value changes
Bond debt	964	-	-	6	-	970
Subordinated loan long term	90	(20)	-	-	-	70
Subordinated loan short term	24	-	-	-	-	24
Long term credit institutions	68	(29)	-	-	-	39
Short term credit institutions	125	7	-	-	-	131
<b>Total liabilities from financing activities</b>	<b>1,271</b>	<b>(42)</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>1,235</b>

Subordinated loan capital from Polen Invest A/S, DKK 78 million including accrued interest, is repaid according to the financial position of the Company, and up until 2019 with a maximum of DKK 20 million per year plus interest. The Company has intention to repay the loan entirely or partly during 2020 if the financial position of the Company allows it.

# Notes to the consolidated financial statements

## 4.1 Financial Institutions, continued

	Carrying amount	Interest period binding months	Average effective interest in %
<b>Loans with fixed interest:</b>			
RUB	25	12-52 months	13.0
UAH			
EUR			
<b>Loans with variable interest:</b>			
EUR	-	30	2.3
EUR	968	41	4.5
PLN	27	30	4.6
DKK	41	30	2.3
RUB	8	30	13.8
UAH	-	-	-

For more information on exposure to interest rate, foreign currency risk and information on financial risk, we refer to note 4.2.

### Bond terms:

<b>Issuer</b>	Goodvalley A/S
<b>Security package:</b>	First ranking security over material assets and share pledges
<b>Original Guarantors:</b>	Goodvalley Agro SA., Goodvalley Ukraine LLC., Goodvalley SP. Z.O.O., Finansax APS.
<b>Status of the bond:</b>	Senior secured
<b>Currency:</b>	EUR
<b>Initial debt amount:</b>	EUR 135 million
<b>Total framework:</b>	EUR 270 million
<b>Other facilities:</b>	Super senior RCF up to DKK 125 million, governed under an inter-creditor agreement with bondholders. Basket of DKK 80 million for factoring.
<b>Tenor:</b>	4 years
<b>Pricing:</b>	3m EURIBOR + 450bps p.a., quarterly interest payments, EURIBOR floor of 0.0 %
<b>Rating:</b>	Unrated
<b>Call options:</b>	Non call during the first 24 months, then 50/25/0 % of initial coupon after 24/36/42, month respectively.
<b>Incurrence test:</b>	NIBD/EBITDA LTM fixed herd price (net leverage) of < 2.75x for any additional debt raised.
<b>Restricted payments:</b>	Dividends or cash contributions to Restricted Subsidiaries are payable up to Net Leverage of < 2.75x
<b>Information covenant:</b>	Annual audited statements, quarterly unaudited reports.
<b>General undertakings:</b>	Inter alia restrictions on distributions, mergers, demergers, acquisitions, disposals, financial indebtedness, negative pledge, financial support, subsidiary distribution customary for a HY bond.
<b>Change of control:</b>	Investor put at 101 %
<b>Equity claw:</b>	35%
<b>Listing of bonds:</b>	Nasdaq Copenhagen.
<b>Trustee:</b>	Nordic Trustee.
<b>Governing law:</b>	Danish law.

# Notes to the consolidated financial statements

## 4.1 Financial Institutions, continued

### 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.

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 EUR 1 500 or less.

### Accounting estimates and judgments

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

- 1) The contracts are often attached to the price for grain (often specifically wheat). In Ukraine, the land owners can decide whether they would get the payment in either crop or money. Crops are paid in the 2nd half of the year (after harvest) and of chosen money, 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 Central Bank's deposit and credit rates.

The low value contracts were excluded for the calculation purposes (covering phones and laptops).

## 4.2 Financial risks

### Credit risks

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

Outstanding receivables are followed-up upon on a current basis in accordance with Group procedures. Expected losses are measured at 12 months expected losses or lifetime expected losses based on individual assessment of each customer

### 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.

# Notes to the consolidated financial statements

## 4.2 Financial risks, continued

Maturity analysis at 31 December 2019 excluding future interest payments:

Measured at amortised cost:	<1 year	1-5 year	>5 year	Without agreed settlement	Total	Carrying amount	Fair Value
<b>2019</b>							
Credit institutions	74	27	-	-	101	101	101
Bond obligation	-	968	-	-	968	968	958
Credit institutions – covenants breach			-	-	-	-	-
Payables to group companies	28	50	-	-	78	78	78
Trade payables	65	-	-	-	65	65	65
Other short-term payables	65	-	-	-	65	65	65
<b>Financial liabilities</b>	<b>233</b>	<b>1,045</b>	<b>-</b>	<b>-</b>	<b>1,278</b>	<b>1,278</b>	<b>1,268</b>
<b>Receivables:</b>							
Receivables from related companies	7	-	-	-	7	7	7
Trade receivables	61	-	-	-	61	61	61
Other receivables	34	-	-	-	34	34	34
Cash at bank and in hand	91	-	-	-	91	91	91
<b>Financial assets</b>	<b>193</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>193</b>	<b>193</b>	<b>193</b>
<b>Net Cash Outflow</b>	<b>(40)</b>	<b>(1,045)</b>	<b>-</b>	<b>-</b>	<b>1,085</b>	<b>1,085</b>	<b>1,075</b>

# Notes to the consolidated financial statements

## 4.2 Financial risks, continued

Measured at amortised cost:	<1 year	1-5 year	>5 year	Without agreed settlement	Total	Carrying amount	Fair Value
<b>2018</b>							
Credit institutions	131	39	-	-	170	170	170
Bond obligation	-	970	-	-	970	970	965
Payables to group companies	24	70	-	-	94	94	94
Trade payables	93	-	-	-	93	93	93
Other short-term payables	53	-	-	-	53	53	53
<b>Financial liabilities</b>	<b>301</b>	<b>1,079</b>	<b>-</b>	<b>-</b>	<b>1,380</b>	<b>1,380</b>	<b>1,375</b>
<b>Receivables:</b>							
Receivables from related companies	7	-	-	-	7	7	7
Trade receivables	73	-	-	-	73	73	73
Other receivables	35	-	-	-	35	35	35
Cash at bank and in hand	63	-	-	-	63	63	63
<b>Financial assets</b>	<b>178</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>178</b>	<b>178</b>	<b>178</b>
<b>Net Cash Outflow</b>	<b>(123)</b>	<b>(1,079)</b>	<b>0</b>	<b>0</b>	<b>(1,202)</b>	<b>(1,202)</b>	<b>(1,197)</b>

# Notes to the consolidated financial statements

## 4.2 Financial risks, continued

### Market risk

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

Based on interest-bearing debt at the balance sheet date, an increase in the market rate of 1% would affect profit for the year before tax by approximately DKK 11 million (2018: DKK 11 million). The Group's settlement currencies are primarily PLN, RUB and UAH. No financial instruments are used to hedge positions in foreign currencies.

Currency exposure at 31 December:

Currency	Payment maturity	Receivables	Payables	Bank and credit institutions	Payables to group companies	Net position 2019	Net position 2018
USD	< 1 year	4	(2)	-		1	8
	> 1 year	-	-	-		-	-
EUR	< 1 year	7	(10)	(3)	-	(6)	(977)
	> 1 year	-	-	(971)	-	(971)	(6)
PLN	< 1 year	26	(25)	(16)	-	(16)	8
	> 1 year	-	-	(4)	-	(4)	(5)
UAH	< 1 year	26	(6)	-	-	20	22
	> 1 year	-	-	-	-	-	-
DKK	< 1 year	6	-	(41)	(21)	(56)	(103)
	> 1 year	-	-	-	(50)	(50)	(90)
RUB	< 1 year	3	(5)	(14)	-	(16)	(31)
	> 1 year	-	-	(18)	-	(18)	(56)
		72	(50)	(1,069)	(71)	(1,118)	(1,231)

# Notes to the consolidated financial statements

## 4.2 Financial risks, continued

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 risk of significant influence due to changes in the EUR rate.

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

A 5% increase/decrease in the PLN, UAH and RUB rate versus DKK would impact net earnings before tax positively/negatively by DKK 11 million and impact other comprehensive income positively/negatively by DKK 11 million arising from financial assets and liabilities. The sensitivity analysis does not include financial assets and liabilities in the functional currency of the Group's subsidiaries and translation risk from consolidation of income statement.

The most significant effect on the Group's earnings is attributable to changes in the price of pig meat and price changes relating to pig feed, which makes up 2/3 of the pig production costs. Goodvalley is engaged in large-scale agricultural activities, which makes it possible to use the pig slurry. Moreover, this provides considerable hedging of the risk of changes in feed prices. A change of the pig meat price of 10% will, on an isolated basis, affect profit for the year before tax relating to the pig production by approximately DKK 116 million (2018: approx. DKK 101 million). A 10% change in the feed price will, on an isolated basis, affect profit for the year before tax relating to the pig production by approximately DKK 41 million (2018: approx. DKK 49 million).

### Capital management

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

## 4.3 Change in working capital

	2019	2018
Change in receivables and inventories	4	22
Change in biological assets	(130)	3
Change in other short-term debt	(14)	28
Part of currency losses / gains - other	(3)	(1)
<b>Total</b>	<b>(144)</b>	<b>52</b>

# Notes to the consolidated financial statements

## 4.4 Non-current investments

	Other non-current receivables	Associates	Total
<b>2019</b>			
Cost at 1 January	2	1	3
Exchange adjustment at balance sheet date rates	0		0
Additions	1		1
Disposal	0		0
<b>Cost at 31 December</b>	<b>3</b>	<b>1</b>	<b>4</b>
<b>2018</b>			
Cost at 1 January	2	1	3
<b>Cost at 31 December</b>	<b>2</b>	<b>1</b>	<b>3</b>
	<b>2019</b>	<b>2018</b>	
The carrying amounts of investments in associates are specified as follows:			
Sevel Slagteri A/S, Denmark	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

	2019	2018
<b>Financial income</b>		
Interest income	4	6
<b>Financial income</b>	<b>4</b>	<b>6</b>
<b>Financial expenses</b>		
Interest expenses	71	65
Pre-IPO related costs	-	9
Capitalized interests	-	(2)
<b>Financial expenses</b>	<b>71</b>	<b>72</b>
Exchange rate adjustments		
Intra-group loans	42	5
Other	7	(4)
<b>Exchange rate adjustments</b>	<b>49</b>	<b>1</b>

### 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.

# Notes to the consolidated financial statements

## 4.6 Share capital, dividend and earnings per share

### Development in share capital:

Total shares 31 December 2013	53,111,848
Number of shares issued 2014-2018	685,976
Number of shares issued 2019	0
<b>Total shares</b>	<b>53,797,824</b>

The share capital consists of 53,797,824 shares of a nominal value of DKK 10. No shares carry any special rights.

### Net cash distribution to shareholders (dividend):

	2019	2018
Ordinary dividend	-	-
Extraordinary dividend	-	-
<b>Total dividend</b>	<b>-</b>	<b>-</b>
Dividend per share (DKK)	0.0	0.0
<b>Earnings pr share:</b>		
Earnings per share (DKK)	3.5	0.33
Diluted earnings per share (DKK)	3.5	0.33
Earnings per share (DKK) - including discontinued operations	3.5	0.41

### Accounting policies

Dividend is recognised as a liability at the time of resolution at the general meeting. Dividends expected to be paid for the year are disclosed as a separate equity item.

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 Danish kroner. On realisation of the net investment, exchange adjustments are recognised in the income statement.

## 4.7 Net interest-bearing debt

	2019	2018
Liabilities to credit institutions, bond facilities and leasing	1,213	1,234
Cash	91	63
<b>Net interest-bearing debt</b>	<b>1,122</b>	<b>1,171</b>

# Notes to the consolidated financial statements

## 5.1 Cash flow adjustments

	2019	2018
Other adjustments:		
Reversed impairment on assets held for sale	-	(4)
Provisions	-	-
Other adjustments	(48)	(2)
<b>Total other adjustments</b>	<b>(48)</b>	<b>(6)</b>

## 5.2 Contingent liabilities

	2018
Lease and rent obligations in the period of non-terminability	
Within 1 year	38
Between 2-5 years	42
After 5 years	83
	<b>163</b>

Goodvalley A/S is jointly taxed with its parent, Polen Invest A/S, which acts as administration company, and has joint and several liability together with other jointly taxed group entities for the payment of income tax for the income year 2013 onwards as well as for withholding taxes on interest, royalties and dividends falling due for payment on or after 1 July 2012. Tax payable for the joint taxation amounts to DKK 0 at 31 December 2019 (DKK 0 at 31 December 2018).

The Group is on a recurring basis involved in ongoing lawsuits as both applicant and defendant with partners and tax authorities. At the closing of the annual report for 2019 the group is part of a VAT case in Ukraine (2018: two cases). The cases were won by the Group and is now appealed by the Tax authorities. Moreover tax audits are ongoing 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.

## 5.3 Related-party transactions

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

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

### Other related parties

Hans Henrik Pauk Pedersen, Agnesvej 14, DK-2800 Kgs. Lyngby	CEO
Kristian Brokop Jakobsen, Skovgårdsparken 12, DK-5462 Morud	Vice CEO
Tom Axelgaard, Gyldenrisvej 11, DK-6854 Henne	Former CEO (till 30 June 2019)
Anders Christen Obel, Haxholmvej 80, DK-8870 Langå	Chairman of the Board of Directors
Niels Rauff Hansen, Søbyvej 40, DK-7840 Højslev	Vice Chairman of the Board of Directors
Helle Okholm, Bolbrovej 6A, DK-2960 Rungsted Kyst	Member of the Board of Directors
Anders Bundgaard, Rørholtvej 76, DK-9370 Hals	Member of the Board of Directors
Jens Jørgen Nielsen, Annasmindevej 26, DK-8700 Horsens	Member of the Board of Directors
Leif Stig Hansen, Skodsborg Strandvej 63, DK-2942 Skodsborg	Member of the Board of Directors
Erling Bech Poulsen, Høvsørevej 41, DK-7650 Bøvlingbjerg	Member of the Board of Directors
Goodvalley Agro S.A., Poland	Group company
Goodvalley Sp. z o.o., Poland	Group company
Goodvalley Ukraine Ltd., Ukraine	Group company
Goodvalley Russia LLC, Russia	Group company
Finansax ApS, Denmark	Group company
Sevel Slagteri A/S. Søgårdsvej 28, DK-7830 Vinderup	Associated company

# Notes to the consolidated financial statements

## 5.3 Related-party transactions, continued

### Transactions

The Group has obtained a subordinate loan from the Parent company; Polen Invest A/S, with a balance of DKK 70 million at 31 December 2019 (balance at 31 December 2018: DKK 90 millions). The loan is repaid according to the financial position of the Company, with a maximum repayment of DKK 20 million per year, though as stated in note 4.2, the Company has intention to repay the loan entirely or partly during 2020 if the financial position of the Company allows it. The loan carries interest, and the interest for 2019 amounts to DKK 4 million (2018: DKK 4 million).

Remuneration of the Executive Board and the Board of Directors is specified in note 2.4. Furthermore, in 2019 rent of conference centre from founder Tom Axelgaard amounts to DKK 0.3 million (2018: DKK 0.3 million).

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 (83.6%) Goodvalley A/S and subsidiaries are included in the consolidated financial statements for Polen Invest A/S.

The following controls more than 5% of the shares: Polen Invest A/S, Copenhagen V, Denmark (83.6%)

International Finance Corporation (World Bank Group), Washington DC, USA (6.9%)

## 5.4 Events after the reporting period

The Group has not experienced any significant events after 31 December 2019 which have an impact on the annual report.

## 5.5 Fee to statutory auditor

### Audit fee

	Deloitte	Others
<b>2019</b>		
Audit fees	1.0	0.4
Other assurance services	-	-
Tax advisory services	-	0.1
Other non-audit services	0.1	0.1
	<b>1.1</b>	<b>0.6</b>
<b>2018</b>		
Audit fees	1.3	0.4
Other assurance services	0.1	-
Tax advisory services	-	-
Other non-audit services	1.5	-
	<b>2.9</b>	<b>0.4</b>

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

The fee for non-audit services provided to the Group in 2019 by Deloitte Statsautoriseret Revisionspartnerselskab, Denmark, amounted to DKK 0.1 million and consisted of commenting on policies and financial processes.

In 2018, the non-audit services amounted to DKK 1.6 million and consisted mainly of pre-IPO services.

# Notes to the consolidated financial statements

## 5.6 Obligor Group - Income Statement 1. January - 31. December

	2019	2018
Revenue	1,359	1,305
Change in fair value of biological Assets	94	(4)
Grants and other income	26	23
<b>Total Income</b>	<b>1,479</b>	<b>1,323</b>
Cost of goods sold (COGS)	(1,063)	(1,069)
<b>Gross profit/loss</b>	<b>416</b>	<b>254</b>
SG&A	(110)	(110)
<b>EBITDA</b>	<b>306</b>	<b>144</b>
Depreciation, amortization and impairment losses	(131)	(106)
<b>Profit before financial expenses and tax</b>	<b>175</b>	<b>37</b>
Financial income	11	19
Financial expenses	(67)	(65)
Exchange rate adjustments	52	5
<b>Profit/(loss) before tax</b>	<b>171</b>	<b>(3)</b>
Corporation tax	1	(8)
<b>Profit/ (loss)</b>	<b>172</b>	<b>(11)</b>
Profit is attributable to:		
Owners	172	(11)
<b>Profit/ (loss)</b>	<b>172</b>	<b>(11)</b>

## 5.6 Obligor Group - Statement of comprehensive income 1 January - 31 December

	2019	2018
Profit for the year	172	(11)
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Add if any when consolidating - non expected as no hedgning		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange adjustments of foreign enterprises	99	(15)
<b>Total comprehensive income</b>	<b>271</b>	<b>(26)</b>
<i>Comprehensive income is attributable to:</i>		
Owners	271	(26)
<b>Total comprehensive income</b>	<b>271</b>	<b>(26)</b>

# Notes to the consolidated financial statements

## 5.6 Obligor Group - Balance Sheet 31. December

DKK million	Note	2019	2018
<b>Assets</b>			
Goodwill		18	18
Leasehold rights		25	24
<b>Intangible assets</b>		<b>43</b>	<b>41</b>
Land and buildings		983	898
Leasehold improvements		112	117
Plant and machinery		251	225
Other fixtures and fittings, tools and equipment		117	112
Property, plant and equipment in progress		68	142
Right-of-use assets		61	-
<b>Property, plant and equipment</b>		<b>1,592</b>	<b>1,493</b>
Non-current asset investment		306	306
<b>Financial asset investments</b>		<b>306</b>	<b>306</b>
Biological assets - basic herd		121	93
<b>Biological assets</b>		<b>121</b>	<b>93</b>
<b>Non-current assets</b>		<b>2,062</b>	<b>1,934</b>
Biological assets - sales herd		245	153
Biological assets - Arable, crop production		68	62
Inventories		230	228
<b>Biological assets and inventories</b>		<b>543</b>	<b>443</b>
Trade receivables		61	73
Receivables from associates		7	7
Other receivables		240	234
Prepayments		13	13
<b>Receivables</b>		<b>321</b>	<b>327</b>
Cash at bank and in hand		73	46
<b>Current assets</b>		<b>936</b>	<b>816</b>
<b>Assets</b>		<b>2,998</b>	<b>2,750</b>

DKK million	Note	2019	2018
<b>Liabilities and equity</b>			
Share capital		538	538
Other reserves		0	0
Reserve for exchange adjustments		(322)	-421
Retained earnings		1,424	1,252
<b>Total Equity</b>		<b>1,640</b>	<b>1,369</b>
Borrowings		1,008	1,008
Provision for deferred tax		2	4
Other provisions		4	4
Credit institutions		8	10
Subordinated loan from Polen Invest A/S		50	70
Lease liabilities		57	-
Deferred income		6	7
<b>Long-term liabilities</b>		<b>1,135</b>	<b>1,103</b>
Credit institutions		60	110
Subordinated loan from Polen Invest A/S		28	24
Trade payables		61	90
Other provisions		2	1
Lease liabilities		6	1
Other payables		64	49
Deferred income		2	3
<b>Short-term liabilities</b>		<b>223</b>	<b>278</b>
<b>Liabilities</b>		<b>1,358</b>	<b>1,381</b>
<b>Liabilities and equity</b>		<b>2,998</b>	<b>2,750</b>

# Notes to the consolidated financial statements

## 5.6 Obligor Group - Statement of changes in equity

DKK million	Share capital	Reserve for Other reserves	exchange adjustments	Retained earnings	Equity owners	Total Equity
Equity at 31 December 2018	538	0	(421)	1,252	1369	1369
Equity at 1 January 2019						
Net profit/loss for the year	-	-	-	172	172	172
Other comprehensive income	-	-	99	-	99	99
Comprehensive income for the year 2019			99	172	271	274
Equity at 31 December 2019	538	0	(322)	1,424	1,640	1,640

# Notes to the consolidated financial statements

## 5.6 Obligor - Statement of cash flows

	2019	2018
<b>Profit/loss</b>	<b>175</b>	<b>(11)</b>
Adjustments:		
Financial income and expenses	50	46
Currency (gains)/ losses	(45)	(7)
Depreciation of property, plant and equipment	125	106
Tax on the profit/loss for the year	1	(8)
Other adjustments	(2)	7
Change in working capital	(90)	86
<b>Cash flows from operating activities before interest receipts and payments</b>	<b>214</b>	<b>219</b>
Interest receipts	11	19
Interest payments	(61)	(65)
<b>Cash flows from ordinary activities</b>	<b>164</b>	<b>173</b>
Corporation Income tax paid	(1)	-
<b>Cash flows from operating activities</b>	<b>163</b>	<b>173</b>
Purchase intangible assets	0	(27)
Purchase property, plant and equipment	(70)	(226)
Sale of property, plant and equipment	5	8
Change of financial investments	0	40
Sale of fixed asset investments	(8)	(28)
<b>Cash flows from investing activities</b>	<b>(72)</b>	<b>(233)</b>

	2019	2018
Proceeds from borrowings	32	102
Repayments of borrowings	(97)	(107)
<b>Cash flows from financing activities</b>	<b>(65)</b>	<b>(5)</b>
<b>Change in cash and cash equivalents</b>	<b>25</b>	<b>(64)</b>
Cash and cash equivalents at 1 January	46	107
Exchange adjustment, beginning, cash and cash equivalents (Group purpose)	1	3
<b>Cash and cash equivalents at 31 december</b>	<b>72</b>	<b>46</b>

# Notes to the consolidated financial statements

## 5.7 Income Statement classified by function

	2019	2018
Revenue	1,644	1,493
Cost of goods sold including depreciation and amortisation	(1,299)	(1,274)
<b>Gross profit</b>	<b>345</b>	<b>219</b>
SG&A, including depreciation and amortisation	(127)	(128)
<b>EBIT</b>	<b>218</b>	<b>91</b>
Depreciation and amortisation consist of:		
Amortisation of intangible assets	(3)	(3)
Depreciation of tangible assets	(144)	(118)
	<b>(147)</b>	<b>(121)</b>
Depreciation and amortisation are divided into:		
Cost of goods sold	(140)	(114)
SG/A costs	(7)	(7)
	<b>(147)</b>	<b>(121)</b>

# Notes to the consolidated financial statements

## 5.8 Entities in Goodvalley

Name	Country of incorporation	%	Principal activities				
			Farming	Energy	Slaughter-house	Food	Administration
<b>Goodvalley A/S</b>	<b>Denmark</b>						+
<b>Finansax ApS</b>	<b>Denmark</b>	<b>100%</b>					+
<b>Goodvalley Agro S.A.</b>	<b>Poland</b>	<b>100%</b>	+	+			+
<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%	+				+
<b>Goodvalley Sp. z o.o</b>	<b>Poland</b>	<b>100%</b>			+	+	+
<b>Goodvalley Ukraine LLC</b>	<b>Ukraine</b>	<b>100%</b>	+	+			+
<i>Subsidiaries</i>							
Daryna Food LLC	Ukraine	100%	+				
Galytski Agrarni Investysii PE	Ukraine	100%	+				
<b>OOO Goodvalley</b>	<b>Russia</b>	<b>100%</b>					+
<i>Subsidiaries:</i>							
OOO RASK	Russia	100%	+				
<i>Associates</i>							
<b>Sevel Slagteri A/S</b>	<b>Denmark</b>	<b>40%</b>			+		

# Notes to the consolidated financial statements

## 5.9 Explanation of financial ratios

### FINANCIAL

#### Cash conversion

Free cash flow divided by earnings before interest and taxes (EBIT).

#### Adjusted EBITDA

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

#### NIBD/Adjusted EBITDA LTM

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

<b>EBITDA</b>	=	EBIT + depreciation, amortisation and impairments
<b>Adjusted EBITDA</b>	=	EBIT before depreciation, amortisation and impairments adjusted for price effect on herd valuation and any non-recurring items
<b>Free cash flow</b>	=	Cash flow before financing activities
<b>Net working capital</b>	=	Biological assets + inventories + receivables - long- and short-term payables
<b>Invested capital</b>	=	Non-current assets + net working capital
<b>Net interest-bearing debt</b>	=	Current and non-current liabilities to credit institutions and lease debt - cash and cash equivalents. (NIBD)

<b>Gross margin (%)</b>	=	$\frac{\text{Gross profit}}{\text{Revenue}}$
<b>EBITDA margin (%)</b>	=	$\frac{\text{Operating profit before depreciation, amortisation and impairments}}{\text{Revenue}}$
<b>EBIT margin (%)</b>	=	$\frac{\text{Operating profit}}{\text{Revenue}}$
<b>Free cash flow / Revenue</b>	=	$\frac{\text{Free cash flow}}{\text{Revenue}}$
<b>Cash conversion</b>	=	$\frac{\text{Free cash flow}}{\text{Operating profit (EBIT)}}$
<b>EBITDA LTM</b>	=	Operating profit before depreciation, amortisation and impairment 12 month trailing
<b>NIBD/Adjusted EBITDA LTM</b>	=	$\frac{\text{Net interest bearing debt}}{\text{Adjusted operating profit before depreciation, amortisation and impairment 12 month trailing}}$
<b>Equity ratio</b>	=	$\frac{\text{Equity year-end}}{\text{Total assets year-end}}$
<b>ROIC</b>	=	$\frac{\text{EBIT-taxes}}{\text{Average invested capital}}$
<b>FTE year end</b>	=	$\frac{\text{Total hours worked year-end}}{\text{Standard work hours per week}}$
<b>Earnings per share</b>	=	$\frac{\text{Profit attributable to shareholders of the Parent Company}}{\text{Average number of shares excluding treasury shares}}$

# Financial statements Parent Company

# Income Statement

## Income Statement

DKK million	Note	2019	2018
<b>Revenue</b>	2	35	35
Other external expenses		(5)	(10)
<b>Gross profit/loss</b>		30	25
SG&A	3	(31)	(29)
<b>EBITDA</b>		(1)	(4)
Income from investments in subsidiaries		-	154
Financial income	4	44	48
Financial expenses	5	(55)	(67)
<b>Profit/loss before tax</b>		(11)	131
Corporate income tax	6	-	-
<b>Profit/loss</b>		(11)	131
<b>Distribution profit for the year</b>			
Owners		(11)	131

## Statement of comprehensive income

DKK million	Note	2019	2018
Profit/(Loss) for the year		(11)	131
<b>Total comprehensive income</b>		(11)	131

# Balance Sheet

## Balance Sheet, 31 December

DKK million	Note	2019	2018
<b>Assets</b>			
Investments in associates	7	1	1
Investment in subsidiaries	8	1,372	1,372
Receivables from group companies		684	729
Other receivables		2	2
<b>Financial asset investments</b>		<b>2,059</b>	<b>2,104</b>
<b>Non-current assets</b>		<b>2,059</b>	<b>2,104</b>
Receivables from group companies		128	106
Receivables from associates		7	7
Other receivables		7	6
<b>Receivables</b>		<b>142</b>	<b>119</b>
Cash at bank and in hand		5	14
<b>Current assets</b>		<b>147</b>	<b>133</b>
<b>Assets</b>		<b>2,206</b>	<b>2,237</b>

## Balance Sheet, 31 December

DKK million	Note	2019	2018
<b>Liabilities and equity</b>			
Share capital		538	538
Retained earnings		548	559
<b>Total Equity</b>	<b>10</b>	<b>1,086</b>	<b>1,097</b>
Borrowings		1,008	1,008
Subordinated loan capital		50	70
<b>Long-term liabilities</b>		<b>1,058</b>	<b>1,078</b>
Credit institutions - short term		20	28
Interest bearing payables to group enterprise		28	24
Other payables		14	10
<b>Short-term liabilities</b>		<b>62</b>	<b>62</b>
<b>Liabilities</b>		<b>1,120</b>	<b>1,140</b>
<b>Liabilities and equity</b>		<b>2,206</b>	<b>2,237</b>

# Statement of changes in equity

DKK million	Share capital	Retained earnings	Total Equity
<b>Equity at 1 January 2018</b>	<b>538</b>	<b>428</b>	<b>966</b>
Net profit/loss for the year		131	131
<b>Comprehensive income for the year 2018</b>		<b>131</b>	<b>131</b>
<b>Equity at 31 December 2018</b>	<b>538</b>	<b>559</b>	<b>1,097</b>
<b>Equity at 1 January 2019</b>	<b>538</b>	<b>559</b>	<b>1,097</b>
Net profit/loss for the year		(11)	(11)
<b>Comprehensive income for the year 2019</b>		<b>(11)</b>	<b>(11)</b>
<b>Equity at 31 December 2019</b>	<b>538</b>	<b>548</b>	<b>1,086</b>

# Statement of cash flows

DKK million	2019	2018
<b>Profit/loss</b>	<b>(11)</b>	<b>131</b>
Adjustment for non-cash items and interest, etc.	14	(135)
Change in working capital	6	(4)
<b>Cash flows from operating activities before financial income and expenses</b>	<b>9</b>	<b>(8)</b>
Interest receipt	40	49
Interest paid	(55)	(61)
<b>Cash flows from ordinary activities</b>	<b>(6)</b>	<b>(20)</b>
Corporation Income tax paid	-	-
<b>Cash flows from operating activities</b>	<b>(6)</b>	<b>(20)</b>
Change of financial investments	23	(55)
Dividend from subsidiaries	-	154
<b>Cash flows from investing activities</b>	<b>23</b>	<b>99</b>

DKK million	2019	2018
Repayments of borrowings	(4)	(58)
Repayment of subordinated loan from parent	(20)	(20)
<b>Cash flows from financing activities</b>	<b>(24)</b>	<b>(78)</b>
<b>Change in cash and cash equivalents</b>	<b>(6)</b>	<b>1</b>
Cash and cash equivalents at 1 January	14	13
<b>Cash and cash equivalents at 31 december</b>	<b>8</b>	<b>14</b>

# Notes to Parent Company Financial Statements

## 1. Significant accounting estimates and assessments

Investments in subsidiaries constitute a significant part of Goodvalley A/S's total assets. Impairment tests of subsidiaries are carried out where events or changed conditions indicate that the carrying amount may not be recoverable. There has been no indication of impairment.

## 2. Revenue

	2019	2018
Services	35	35
	<b>35</b>	<b>35</b>

## 3. Staff costs

	2019	2018
Wages and salaries	23	19

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

## 4. Financial income

	2019	2018
Loans and receivables	40	47
Exchange rate adjustments	3	0
	<b>44</b>	<b>47</b>

## 5. Financial expenses

	2019	2018
Borrowings	51	51
Other costs related to financing	4	10
Exchange rate adjustments	-	5
	<b>55</b>	<b>67</b>

## 6. Tax on profit for the year

	2019	2018
<b>Corporation tax</b>		
Current tax for the year	0	0
Deferred tax for the year	0	0
	<b>0</b>	<b>0</b>

Tax on profit for the year is specified as follows:

Calculated 22% tax on profit for the year before tax	(2)	29
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Tax effect of:

Zero-tax agriculture	0	0
Non tax deductible cost and income	2	(29)
	<b>0</b>	<b>0</b>

<b>Effective tax rate for the year</b>	<b>0%</b>	<b>0%</b>
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# Notes to Parent Company Financial Statements

## 7. Investments in associates

	2019	2018
<b>Cost at 1 January</b>	<b>1</b>	<b>1</b>
Additions for the year		
Disposals for the year		
<b>Cost at 31 december</b>	<b>1</b>	<b>1</b>

Investment in associates are specified as follows:

Name	office	Currency
Sevel Slagteri A/S	Denmark	DKK

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

<b>TDKK</b>	<b>2019</b>
Sevel Slagteri A/S	1

## 8. Investments in subsidiaries

	2019	2018
Cost at 1 January	1,372	1,122
Additions for the year	-	250
Disposals for the year	-	
<b>Cost at 31 december</b>	<b>1,372</b>	<b>1,372</b>

Investments in subsidiaries are specified as follows:

Name	office	Currency	Share Capital	Ownership
GOODVALLEY AGRO S.A	Poland	PLN	11,601	100%
GOODVALLEY SP. Z.O.O.	Poland	PLN	20,852	100%
GOODVALLEY RUSSIA LLC	Ukraine	UAH	232,532	100%
GOODVALLEY UKRAINE LLC	Russia	RUB	362,328	100%
Finansax ApS	Danmark	DKK	50,000	100%

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

<b>TDKK</b>	<b>2019</b>	<b>2018</b>
GOODVALLEY AGRO S.A	1,103	921
GOODVALLEY SP. Z.O.O.	(55)	20
GOODVALLEY RUSSIA LLC	221	88
GOODVALLEY UKRAINE LLC	580	387
Finansax ApS	-	-

# Notes to Parent Company Financial Statements

## 9. Deferred tax

	2019	2018
Deferred tax at 1 January	0	0
<b>Deferred tax at 31 December</b>	<b>0</b>	<b>0</b>
Tax loss carry forward	21	19
Write down to estimated value	(21)	(19)
<b>Deferred tax at 31 December</b>	<b>0</b>	<b>0</b>

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

## 10. Share capital

The share capital consists of 53,797,824 shares of a nominal amount of DKK 10. No shares carry any special rights.

## 11. Audit fees

	2019	2018
Audit fees	0.5	0.5
Other assurance services		0.1
Tax advisory services	-	0.0
Other non-audit services	0.1	1.5
	<b>0.6</b>	<b>2.1</b>

## 12. 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 inter-company accounts. Total loans to the subsidiaries amount to DKK 826 million at 31 December 2019 (2018: DKK 835 million). Interest income on loans and intercompany accounts for 2019 amounts to DKK 41 million (2018: DKK 49 million). Management fee to subsidiaries amounts to DKK 35 million (2018: DKK 35 million).

Subordinated loan from the Parent company; Polen Invest A/S, equal DKK 70 million at 31 December 2019 (balance at 31 December 2018: DKK 90 million), refer to Note 5.3. The loan carries interest, and the interest for 2019 amounts to DKK 3.8 million (2018: DKK 3.8 million). At balance sheet date accrued interest stand at DKK 8 million.

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

## 13. 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 2019 is presented in DKK million. The accounting policies applied by the Parent Company are the same as those applied by the Group except for the below-mentioned additions. Reference is made to the Consolidated Financial Statements for a description of the accounting policies applied by the Group.

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

# Glossary

## GENERAL

### Group

Consists of Goodvalley A/S, Goodvalley Agro SA, Goodvalley Sp. Z.O.O, Goodvalley Ltd, OOO Goodvalley LLC and Finansax 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).

### 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.

### 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 consist of piglets, weaners and slaughter pigs.

### Carcass weight

Weight of the pig in kilos of meat after slaughtering and deboning.

### 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).

## ICONOGRAPHY



Arable



Distribution



Energy



Feed mill



Feed storage



Food



Group



Pig

# 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 2019.

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 2019 and of the results of their operations and cash flows for the financial year 1 January - 31 December 2019.

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, 27 February 2020

## Executive Board

Hans Henrik Pauk Pedersen  
Chief Executive Officer

Kristian Brokop Jakobsen  
Vice Chief Executive Officer

## Board of Directors

Anders Christen Obel  
Chairman

Niels Rauff Hansen  
Vice Chairman

Helle Okholm

Anders Bundgaard

Leif Stig Hansen

Erling Bech Poulsen

# 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 2019, 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 2019, and of the results of their operations and cash flows for the financial year 1 January – 31 December 2019 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Our opinion is consistent with our audit book comments issued to the Audit Committee and the Board of Directors.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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.

To the best of our knowledge and belief, we have not provided any prohibited non-audit services as referred to in Article 5(1) of Regulation (EU) No 537/2014.

In May 2017, Goodvalley A/S completed a 4-year senior secured bonds issue. The bonds were listed on Nasdaq OMX Copenhagen on 10 November 2017, from which date Goodvalley A/S became a Public Interest Entity. We have been reappointed annually by decision of the General Meeting for a total of 2 times since the listing up to and including the financial year 2019.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements and the parent financial statements for the financial year 1 January – 31 December 2019. These matters were addressed in the context of our au-

dit of the consolidated financial statements and the parent financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Fair value of basic herd and sales herd

In accordance with IAS 41 "Agriculture", the Group's biological assets in terms of basic herd and sales herd are measured at fair value less estimated costs to sell at each balance sheet date, with any changes in fair value recognised in profit or loss.

At 31 December 2019, the fair value of the Group's herds amount to DKK 417 million (2018: DKK 293 million).

The Group's model applied for determining the fair values is complex and involves significant judgements, as there are not local prices available in all relevant markets for all stages in the production from piglet to slaughter pig (sales herd) and from young females to sows (basic herd). The model includes information, quotations and prices from other known markets with the necessary adjustments appropriate for each local market. Due to the degree of judgement involved in the valuation of basic and sales herds, this was an area of significant audit focus.

We refer to notes 2.2 and 3.4 in the consolidated financial statements.

**How the matter was addressed in our audit**

We have evaluated and tested the appropriateness of the Group's model for determining the fair value of basic herd and sales herd throughout all stages of production. We obtained the data input used by the Group and tested them against independent data on a sample basis in term of external quotations and prices based on age, breed and genetic heritage.

In cases where the external information supporting the model input was limited and the judgement of Management was required, we challenged Management's assumptions applied in the models with reference to historical or other relevant benchmark data.

In the context of the inherent uncertainties in the valuation, determined with reference to the assumptions applied, we considered the reasonableness of possible outcomes and compared such outcomes to the data applied in the valuation model.

We tested the valuation models for consistency with previous years.

We evaluated the appropriateness of the related disclosures provided in relation to the basic and sales herds valuation.

**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 man-

agement 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, 27 February 2020

#### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Business Registration No 33 96 35 56

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# GOODVALLEY

Since  1994

## Home of Quality

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