

23 August 2021

Q2 2021 financial update

Goodvalley grew branded products and delivered record high efficiency in the pig production in Q2 2021 despite continued market volatility, but the Group's financial results were significantly impacted by volatile pig prices and high feed prices in the quarter.

Sales of branded products continued at high sales volumes and grew by 112% reaching 991 tonnes, while production efficiency remained high in all three countries averaging 33.2 pigs sold per sow. During the quarter the foodservice markets opened up and supported prices of weaners and finishers as demand increased across Europe, but the positive effect was to a large extent offset by increasing feed prices from lack of grain and poor outlook for the upcoming harvest across the European markets.

Financial highlights Q2 2021

- Revenue increased to DKK 371 million (Q2 2020: DKK 352 million) driven by higher sales in food and high efficiency in pig production offset by lower pig prices of DKK 11.25 per kilo (Q2 2020: DKK 11.63 per kilo) following the ASF outbreak in Germany in 2020 as well as across our markets.
- Adjusted EBITDA came to DKK 99 million (Q2 2020: DKK 69 million) corresponding to an Adjusted EBITDA margin of 26.8% (Q2 2020: 19.6%) from an increase in sales and higher efficiency but offset by a steep increase in the feed price across all three markets caused by a poor grain harvest in 2020.
- Invested capital was DKK 2,485 million (Q2 2020: DKK 2,520 million), and ROIC LTM came to 4.0% (Q2 2020 ROIC LTM: 8.1%) mainly driven by lower LTM earnings from lower pig prices.
- Net interest-bearing debt decreased to DKK 1,028 million (31 December 2020: DKK 1,042 million). Calculated on a running 12 months' basis, NIBD/Adjusted EBITDA was 4.0.

"The volatile market conditions continued across our markets in the second quarter of 2021 where feed prices kept raising and setting a high cost level. We continued to deliver high sales of branded products and delivered solid pork and live pig volumes as well as strong production efficiency to safeguard profitability. The market outlook is hit by the higher feed cost, but our strong efficiency in the first half of the year makes a solid ground for reacing our guidance for 2021 despite the continued uncertainty under the outbreak of COVID-19," says CEO, Kristian Brokop.

Outlook

Goodvalley maintains the outlook for 2021 and expects revenue and Adjusted EBITDA to reach DKK 1,450 - 1,600 million and DKK 220-280 million, respectively. The outlook is based

on continued market challenges related to COVID-19 and ASF across the European markets and a continued negative effect from low pig prices and high feed prices.

Financial calendar

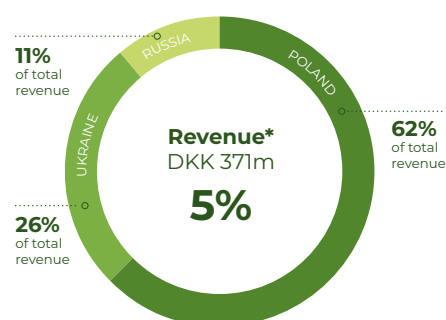
11 November 2021: Interim Report Q3 2021

Further information:

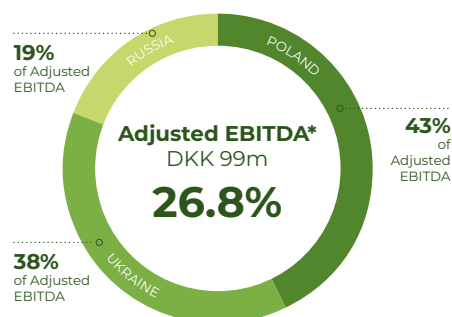
Kristian Brokop, CEO, tel. 76 52 20 00

Jakob Brasted, CFO, tel. 76 52 20 00

Total results



Revenue increased by 5% from high efficiency in the stables and sales of pork meat.



*Adjusted EBITDA increased significantly driven efficiency and pork meat sales.

Financial highlights

DKK million	Q2 2021	Q2 2020	H1 2021	H1 2020
Income statement				
Revenue	371	352	684	751
Total income	485	374	914	860
Gross profit	137	46	279	249
EBITDA	109	15	215	191
Adjusted EBITDA	99	69	142	200
EBIT	72	(22)	142	114
Financial items, net	4	(4)	(28)	(75)
Profit/(loss) for the period	75	(27)	113	39
Adjusted net profit	58	16	27	91
Cash flow				
Operating activity	53	35	50	112
Investing activity	(14)	(51)	21	(90)
Free cash flow	39	(16)	71	22
Financing activity	(34)	22	(44)	13
Balance sheet				
Non-current assets	1,887	1,943	1,887	1,943
Net working capital	598	577	598	577
Invested capital	2,485	2,520	2,485	2,520
Total assets	2,784	2,787	2,784	2,787
Equity	1,350	1,435	1,350	1,435
Net interest-bearing debt	1,028	1,090	1,028	1,090
Share ratios				
Earnings per share, DKK	1.4	(0.5)	2.1	0.7
Key financials Group				
Gross margin	37.0%	12.8%	40.8%	33.1%
EBITDA margin	29.4%	4.2%	31.4%	25.4%
Adjusted EBITDA margin	26.8%	19.6%	20.7%	26.6%
EBIT margin	19.5%	-6.3%	20.7%	15.2%
Free cash flow / Revenue	10.5%	-4.4%	10.4%	2.9%
Cash conversion	53.5%	50.0%	35.0%	56.2%
Capex	16	56	36	81
NIBD/Adjusted EBITDA LTM	4.0	3.0	4.0	3.0
Equity ratio	48.5%	51.5%	48.5%	51.5%
ROIC	4.0%	8.1%	4.0%	8.1%
FTE end of period	2,216	2,318	2,216	2,318

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 in the 2020 annual report.

Financial performance

Segments



Poland

DKK million	Q2 2021	Q2 2020	H1 2021	H1 2020
Revenue	231	214	427	469
Change in fair value	30	(14)	102	26
Other income	13	6	20	11
Total income	273	206	549	506
EBITDA	52	(17)	134	87
Adjusted EBITDA	44	22	74	99
Adjusted EBITDA margin	19.1%	10.5%	17.3%	21.2%

Sales of branded products continued at a high level from recent quarters at 991 tonnes (Q2 2020: 467 tonnes) in Q2 2021 continuing the good trend from the start of the year as an effect of marketing campaigns across various media channels and retailers. Pork meat sales increased to 10.2 thousand tonnes (Q2 2020: 10.0 thousand tonnes). The share of branded products increased to more than 9.7%, while the total share of value-added products declined to 33% (Q2 2020: 37%) mainly due to high competition in the market for private label meat.

The Polish business increased sales of live pigs to 15.8 thousand tonnes (Q2 2020: 13.9 thousand tonnes) on the back of improved efficiency as pigs sold per sow increased to a level of 31.6 in Q2 2021 (Q2 2020: 29.2).

Segment revenue increased to DKK 231 million (Q2 2020: DKK 214 million) driven by relatively high prices for pork meat that outweighed the lower average pig price at DKK 11.28 per kilo (Q2 2020: DKK 11.99 per kilo) in Q2 2021. The Polish business accounted for 62% of Group revenue, and segment revenue was comprised of 76% from pork products, 21% from external sales of live pigs and 3% from external sales of crops and energy.

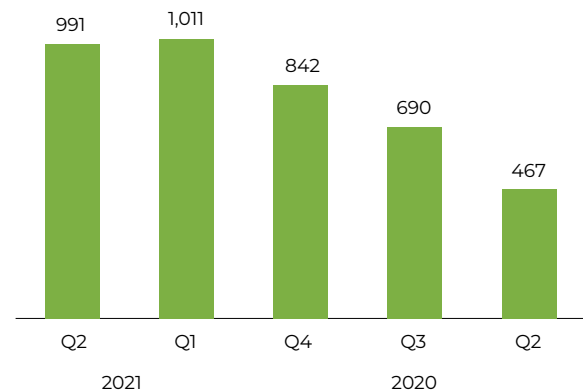
Adjusted EBITDA increased significantly to DKK 44 million (Q1 2020: DKK 22 million), resulting in an increase in the Adjusted EBITDA margin to 19.1% (Q2 2020: 10.5%). The increase was attributable to increased efficiency in the pig production and higher sales margins from the slaughterhouse.

In H1 2021, pork meat sales remained at 20.5 thousand tonnes (H1 2020: 20.1 thousand tonnes), while sales of live pigs increased to 31.3 thousand tonnes (H1 2019: 29.1 thousand tonnes). Revenue decreased to DKK 427 million (H1 2020: DKK 469 million), accounting for 62% of Group revenue. Adjusted EBITDA decreased to DKK 74 million (H1 2020: DKK 99 million).

Food product portfolio



Sales of branded products, tonnes



Financial performance

Segments – continued

Ukraine

DKK million	Q2 2021	Q2 2020	H1 2021	H1 2020
Revenue	98	106	185	214
Change in fair value	59	28	79	56
Other income	0	1	0	1
Total income	157	135	264	270
EBITDA	39	35	56	91
Adjusted EBITDA	39	45	52	94
Adjusted EBITDA margin	39.5%	42.2%	28.2%	43.8%

The Ukrainian business continued to show record high production efficiency and delivered strong volume growth as sales of live pigs increased to 11.0 thousand tonnes (Q2 2020: 10.7 thousand tonnes) driven by the high efficiency as pigs sold per sow increased to 36.6 in Q2 2021 (Q2 2020: 34.9). The average sales price decreased to DKK 10.92 per kilo (Q2 2020: DKK 12.01 per kilo) in Q2 2021. The lower pig prices resulted in a decline in revenue to DKK 98 million (Q2 2020: DKK 106 million) despite the higher efficiency in the stables. In Q2

2021, 98% of segment revenue came from external sales of live pigs and 2% from external sales of crops and energy. The Ukrainian segment accounted for 26% of Group revenue in Q2 2021.

Adjusted EBITDA decreased to DKK 39 million (Q2 2020: DKK 45 million) in Q2 2021, corresponding to an Adjusted EBITDA margin of 39.5% (Q2 2020: 42.2%). The decline was driven by lower revenue and a steep increase in feed prices to DKK 2.10 per kilo (Q2 2020: DKK 1.60 per kilo), and could not be compensated by the high efficiency in the Ukrainian pig production.

In H1 2021, Revenue decreased to DKK 185 million (H1 2020: DKK 214 million), accounting for 27% of Group revenue. Adjusted EBITDA decreased to DKK 52 million (H1 2020: DKK 94 million).

Russia

DKK million	Q2 2021	Q2 2020	H1 2021	H1 2020
Revenue	42	32	72	68
Change in fair value	12	1	28	15
Other income	0	0	1	0
Total income	55	33	101	83
EBITDA	20	2	39	20
Adjusted EBITDA	20	7	30	14
Adjusted EBITDA margin	46.2%	22.8%	41.0%	20.8%

The Russian business unit's sales of live pigs increased to 4.7 thousand tonnes (Q2 2020: 4.2 thousand tonnes) in Q2 2021 from a rebound after the effect of PRRS in mid-2020. The production efficiency is now back at normal levels. The average sales price increased to DKK 11.90 per kilo (Q2 2020: DKK 9.97 per kilo).

Revenue increased to DKK 42 million (Q2 2020: DKK 32 million) from an increase in both prices and volumes. The Russian business' revenue came from external sales of live pigs and accounted in total for 11% of Group revenue.

The segment's Adjusted EBITDA increased to DKK 20 million (Q2 2020: DKK 7 million), corresponding to an Adjusted EBITDA margin of 46.2% (Q2 2020: 22.8%) in Q2 2021. The development was driven by the increase in pig prices and volumes. Production efficiency increased significantly as pigs sold per sow came to 31.6 (Q2 2020: 19.6) from a rebound after the PRRS outbreak in mid-2020. Feed prices increased to DKK 1.70 per kilo (Q2 2020: DKK 1.43 per kilo).

In H1 2021, Revenue increased to DKK 72 million (H1 2020: DKK 68 million), accounting for 11% of Group revenue. Adjusted EBITDA decreased to DKK 30 million (H1 2020: DKK 14 million).

Consolidated production overview

Volume	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Total pigs sold, tonnes (live weight)									
Poland	15,844	15,431	15,775	14,900	13,887	15,183	14,910	14,780	14,281
Ukraine	10,992	10,719	11,308	10,702	10,677	10,353	11,225	10,949	9,453
Russia	4,659	3,670	3,009	4,467	4,164	4,597	5,158	4,801	5,060
Group	31,495	29,820	30,093	30,069	28,728	30,134	31,293	30,529	28,793
Total heads sold									
Weaners	95,655	86,996	79,796	84,370	81,450	74,327	77,552	75,043	71,268
Finishers	238,593	226,489	227,801	229,317	219,231	229,989	242,814	241,069	222,336
Other pigs	9,996	8,947	10,006	22,238	23,221	10,191	10,950	11,549	18,040
Group	344,244	322,432	317,603	335,925	323,902	314,507	331,316	327,661	311,644
Prices	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Pig price 1. class finishers sl. weight									
Poland	11.28	9.00	9.04	10.67	11.99	13.57	13.05	12.60	12.37
Ukraine	10.92	9.99	10.12	11.37	12.01	12.76	13.65	13.28	12.13
Russia	11.90	10.64	9.39	11.22	9.97	10.24	10.57	12.15	12.40
Group	11.25	9.67	9.54	11.04	11.63	12.62	12.79	12.78	12.29
Feed price per kg, all feed									
Poland	1.88	1.75	1.74	1.84	1.77	1.72	1.78	1.81	1.82
Ukraine	2.10	1.95	1.71	1.56	1.60	1.46	1.60	1.62	1.62
Russia	1.70	1.61	1.55	1.41	1.43	1.52	1.63	1.64	1.64
Group	1.93	1.80	1.70	1.64	1.63	1.60	1.69	1.72	1.73
Meat to feed ratio									
Poland	6.01	5.16	5.20	5.79	6.76	7.88	7.34	6.96	6.79
Ukraine	5.21	5.12	5.92	7.28	7.51	8.74	8.54	8.21	7.48
Russia	7.02	6.59	6.04	7.97	6.96	6.72	6.49	7.41	7.55
Group	5.84	5.39	5.60	6.74	7.13	7.89	7.56	7.44	7.12
Efficiency	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Feed conversion ratio, whole herd									
Poland	2.71	2.73	2.68	2.67	2.61	2.73	2.75	2.70	2.78
Ukraine	2.62	2.50	2.62	2.73	2.58	2.69	2.76	2.73	2.66
Russia	2.70	2.67	2.85	3.00	2.80	2.77	2.72	2.73	2.65
Group	2.68	2.64	2.68	2.73	2.62	2.72	2.75	2.72	2.72
Pigs sold per sow per year									
Poland	31.59	31.67	29.80	29.68	29.22	30.20	30.38	30.08	30.02
Ukraine	36.60	37.17	34.61	33.32	34.87	35.19	32.94	32.79	34.11
Russia	31.61	31.20	31.25	21.14	19.56	33.57	33.64	32.45	32.54
Group	33.21	33.37	31.62	29.82	29.88	32.29	31.65	31.30	31.95

Consolidated Income Statement

Income Statement

DKK million	Note	Q2 2021	Q2 2020	H1 2021	H1 2020
Revenue		371	352	684	751
Change in fair value of biological assets		101	15	209	97
Grants and other income		13	7	21	12
Total income		485	374	914	860
Cost of goods sold (COGS)		(348)	(328)	(635)	(611)
Gross profit/loss		137	46	279	249
SG&A		(28)	(31)	(64)	(58)
EBITDA		109	15	215	191
Depreciation, amortization and impairment losses		(37)	(37)	(73)	(77)
Profit/(loss) before financial expenses and tax		72	(22)	142	114
Financial income		0	1	3	2
Financial expenses		(4)	(17)	(44)	(34)
Exchange rate adjustments		7	11	14	(43)
Profit/(loss) before tax		75	(27)	114	39
Income tax		(0)	(0)	(1)	(0)
Profit/(loss)		75	(27)	113	39
Profit/(loss) is attributable to:					
Owners		75	(27)	113	39
Total		75	(27)	113	39

Statement of comprehensive income

DKK million	Note	Q2 2021	Q2 2020	H1 2021	H1 2020
Profit for the period		75	(27)	113	39
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange adjustments of foreign enterprises		50	130	71	(107)
Total comprehensive income		125	103	184	(68)
Comprehensive income is attributable to:					
Owners		125	103	184	(68)
Total		125	103	184	(68)

Consolidated Balance Sheet

Balance Sheet, 30 June

DKK million	Note	H1 2021	H1 2020	2020
Assets				
Goodwill		77	84	74
Other intangible assets		17	21	17
Intangible assets		94	105	91
Land and buildings		1,033	1,076	1,001
Leasehold improvements		77	97	84
Plant and machinery		225	267	230
Other fixtures and fittings, tools and equipment		106	106	104
Property, plant and equipment in progress		115	96	113
Right of use assets		99	58	103
Property, plant and equipment		1,654	1,700	1,635
Non-current asset investment		2	2	3
Financial asset investments		2	2	3
Biological assets - basic herd		136	136	129
Non-current assets		1,887	1,943	1,858
Biological assets - sales herd		253	247	157
Biological assets - arable, crop production		188	157	63
Inventories		176	168	265
Biological assets and inventories		617	572	485
Trade receivables		81	80	69
Receivables from associates		7	7	7
Other receivables		54	47	33
Prepayments		13	25	13
Receivables		155	159	122
Cash at bank and in hand		124	113	99
Current assets		897	844	706
Assets		2,784	2,787	2,564

Consolidated Balance Sheet

Balance Sheet, 30 June

DKK million	Note	H1 2021	H1 2020	2020
Liabilities and equity				
Share capital		538	538	538
Reserve for exchange adjustments		(809)	(505)	(714)
Retained earnings		1,621	1,401	1,342
Total Equity		1,350	1,434	1,166
Provision for deferred tax		0	2	-
Other provisions		4	8	4
Credit institutions		1,053	19	15
Lease Liabilities		99	56	101
Subordinated loan from Polen Invest A/S		10	50	40
Deferred income		6	7	6
Long-term liabilities		1,173	142	166
Bond debt		-	954	952
Credit institutions		81	89	112
Subordinated loan from Polen Invest A/S		7	30	22
Trade payables		81	58	70
Leasing Liabilities		8	6	9
Other provisions		2	1	2
Other payables		80	71	62
Deferred income		2	2	3
Short-term liabilities		261	1,211	1,232
Liabilities		1,433	1,353	1,398
Liabilities and equity		2,784	2,787	2,564

Consolidated statement of changes in equity

DKK million	Share capital	Reserve for exchange adjustments	Retained earnings	Equity owners	Total equity
H1 2021					
Equity at 1 January 2021	538	(714)	1,342	1,166	1,166
Net profit/(loss) for the period			113	113	113
Other comprehensive income		71		71	71
Comprehensive income for the period		71	113	184	184
Equity at 30 June 2021	538	(643)	1,455	1,350	1,350
H1 2020					
Equity at 1 January 2020	538	(398)	1,428	1,568	1,568
Net profit/(loss) for the year			(27)	(27)	(27)
Other comprehensive income		(107)		(107)	(107)
Comprehensive income for the year	-	(107)	(27)	(134)	(134)
Equity at 30 June 2020	538	(505)	1,401	1,434	1,434

Consolidated statement of cash flows

DKK million	Note	Q2 2021	Q2 2020	H1 2021	H1 2020
Profit/loss		75	(27)	113	39
Adjustments:					
Financial income and expenses		3	16	41	32
Currencies losses		(12)	(13)	(19)	44
Depreciation of property, plant and equipment		37	37	73	77
Tax on the profit/loss for the year		0	0	1	0
Other adjustments		(28)	3	20	19
Change in working capital		(19)	35	(139)	(67)
Cash flows from operating activities before financial income and expenses		57	51	91	144
Financial income		0	1	3	2
Financial expenses		(4)	(17)	(44)	(34)
Cash flows from ordinary activities		54	35	50	112
Corporation Income tax paid		(0)	(0)	(1)	(0)
Cash flows from operating activities		53	35	49	112
Purchase intangible assets		-	(0)	-	(13)
Purchase property, plant and equipment		(16)	(53)	(36)	(81)
Sale of property, plant and equipment		1	2	3	7
Change of financial investments		0	-	53	(3)
Sale of fixed asset investments		0	-	1	-
Cash flows from investing activities		(14)	(51)	21	(90)
Proceeds from borrowings		13	34	1,079	69
Repayments of borrowings		(47)	(12)	(1,123)	(56)
Cash flows from financing activities		(34)	22	(44)	13
Change in cash and cash equivalents		3	6	22	32
Cash and cash equivalents at opening		119	106	99	91
Exchange adjustment, beginning, cash and cash equivalents		2	1	3	(10)
Cash and cash equivalents		124	113	124	113