

17 November 2021

Q3 2021 financial update

Goodvalley delivers high efficiency in the pig production in Q3 2021 and keeps traction on the branded products. However, the Group's financial results remain affected negatively by very low pig prices in Poland as well as the rising feed costs associated with significant increase in grain prices. However, Goodvalleys fully integrated business model with a high degree of self-sufficiency in grain helped mitigate the situation.

Sales of branded products continued at high volumes rising by 147% compared to Q3 2020 with 1,004 tonnes sold, and production performance remained high for pigs sold per sow keeping the level of 32.4 in all three countries. During the quarter prices of weaners reached a very low level in Poland and Ukraine while high demand in Russia continues to drive prices up to record levels. Additionally Goodvalley have finalised harvest with strong yields across the group.

Financial highlights Q3 2021

- Revenue increased to DKK 385 million (Q3 2020: DKK 379 million) driven by higher volume sold and higher pig prices of DKK 11.36 per kilo (Q3 2020: DKK 11.04 per kilo)
- Adjusted EBITDA reached DKK 76 million (Q3 2020: DKK 58 million) corresponding to an Adjusted EBITDA margin of 19.7% (Q3 2020: 15.2%) from an increase in livestock sales volume and improved harvest yields, however partially absorbed by an increase in the feed price across all three markets.
- Invested capital was DKK 2,512 million (Q3 2020: DKK 2,344 million), and ROIC LTM came to 4.90% (Q3 2020 ROIC LTM: 7.7 %) mainly driven by lower LTM earnings due to lower pig prices.
- Net interest-bearing debt increased to DKK 1,078 million (31 December 2020: DKK 1,042 million). Calculated on a running 12 months' basis, NIBD/Adjusted EBITDA was 3.9.

Goodvalley CEO Kristian Brokop says: "Goodvalley's business concept really proves its worth now. The system of complementary production divisions pays off in times of great volatility in pig prices as well as feed prices which affect the European market today."

Outlook

Goodvalley maintains the outlook for 2021 and expects revenue and Adjusted EBITDA to reach DKK 1,300 - 1,500 million and DKK 220-280 million, respectively. The outlook is based on continued market challenges related to ASF across the European markets, COVID-19 outbreak and a continued negative effect from low pig prices and high feed prices.

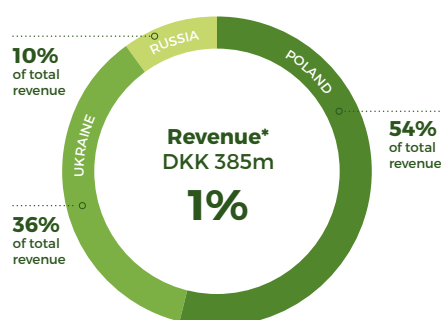
Goodvalley furthermore expects an increase in feed cost and continued inflation to affect costs in many aspects, however partly being covered by good production efficiency.

Further information:

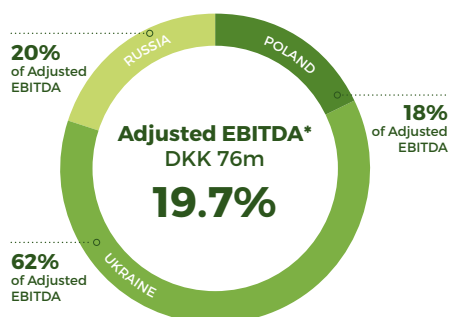
Kristian Brokop, CEO, tel. 76 52 20 00

Jesper Vikelsø Jensen, CFO, tel. 76 52 20 00

Total results



*Revenue increased by 1% from high efficiency in the stables and livestock sales.



*Adjusted EBITDA increased significantly driven by efficiency and live pigs sales.

Financial highlights

DKK million	Q3 2021	Q3 2020	9M 2021	9M 2020
Income statement				
Revenue	385	379	1,069	1,130
Total income	269	299	1,184	1,156
Gross profit	49	61	328	310
EBITDA	17	33	231	224
Adjusted EBITDA	76	58	218	258
EBIT	(20)	(6)	121	109
Financial items, net	(9)	(44)	(36)	(119)
Profit/(loss) for the period	(30)	(50)	84	(11)
Adjusted net profit	24	3	51	95
Cash flow				
Operating activity	(1)	64	49	177
Investing activity	(47)	(48)	(26)	(138)
Free cash flow	(49)	16	23	38
Financing activity	9	(5)	(35)	8
Balance sheet				
Non-current assets			1,880	1,841
Net working capital			632	503
Invested capital			2,512	2,344
Total assets			2,786	2,630
Equity			1,328	1,265
Net interest-bearing debt			1,078	1,081
Share ratios				
Earnings per share, DKK	(0.5)	(0.9)	1.6	(0.2)
Key financials Group				
Gross margin	13%	16%	31%	28%
EBITDA margin	4%	9%	22%	20%
Adjusted EBITDA margin	20%	15%	20%	23%
EBIT margin	-5%	-1%	11%	10%
Free cash flow / Revenue	-13%	4%	2%	3%
Cash conversion	-2%	111%	22%	69%
Capex	48	48	84	129
NIBD/Adjusted EBITDA LTM			3.9	3.1
Equity ratio			48%	48%
ROIC			5%	8%
FTE end of period			2,200	2,331

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	Q3 2021	Q3 2020	9M 2021	9M 2020
Revenue	206	209	633	677
Change in fair value	(69)	(44)	33	(18)
Other income	4	6	24	17
Total income	141	171	690	677
EBITDA	(40)	(15)	94	73
Adjusted EBITDA	17	17	90	116
Adjusted EBITDA margin	8.0%	8.3%	14.3%	17.2%

Sales of branded products continued at a high level from recent quarters and achieved 1,004 tonnes (Q3 2020: 683 tonnes) in Q3 2021 and continuing the good trend, with high efforts put into developing product portfolio as well as brand awareness. Pork meat sales slightly decreased to 10.0 thousand tonnes (Q3 2020: 10.2 thousand tonnes). The share of branded products increased to 10%, while the total share of value-added products declined insignificantly to 30% (Q3 2020: 31%) coming from slight fluctuation in domestic demand.

The Polish business increased sales of live pigs to 15.5 thousand tonnes (Q3 2020: 14.9 thousand tonnes) on the back of improved efficiency as pigs sold per sow increased to a level of 30.8 in Q3 2021 (Q3 2020: 29.7).

Segment revenue decreased to DKK 206 million (Q3 2020: DKK 209 million) caused by drop in pig prices which obtained an average level of DKK 10.30 per kg (Q3 2020: DKK 10.67 per kilo) as well as slightly lower pork meat prices and volume sold. The Polish business accounted for 54% of Group revenue, and segment revenue was comprised of 79% from pork products, 13% from external sales of live pigs and 8% from external sales of crops and energy.

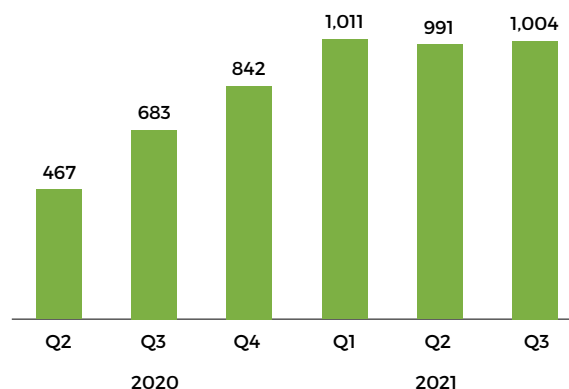
Adjusted EBITDA came in at DKK 16.6 million (Q3 2020: DKK 17.3 million), resulting in a slight decrease in the Adjusted EBITDA margin to 8.0% (Q3 2020: 8.3%). The decline was mainly attributable to low pig prices.

In 9M 2021, pork meat sales remained at a similar level of 30.4 thousand tonnes (9M 2020: 29.9 thousand tonnes), while sales of live pigs increased to 46.7 thousand tonnes (9M 2020: 44 thousand tonnes). Revenue decreased to DKK 633 million (9M 2020: DKK 677 million), accounting for 59% of Group revenue. Adjusted EBITDA decreased to DKK 90 million (9M 2020: DKK 116 million).

Food product portfolio



Sales of branded products, tonnes



Financial performance

Segments – continued

Ukraine

DKK million	Q3 2021	Q3 2020	9M 2021	9M 2020
Revenue	140	129	325	343
Change in fair value	(52)	(29)	27	27
Other income	0	0	1	1
Total income	88	100	352	371
EBITDA	46	34	101	125
Adjusted EBITDA	48	27	100	120
Adjusted EBITDA margin	34.0%	20.6%	30.7%	35.0%

The Ukrainian business runs with high production efficiency and delivered strong volume growth as sales of live pigs increased to 11.3 thousand tonnes (Q3 2020: 10.7 thousand tonnes) driven by the high rate of pigs sold per sow which increased to 35.7 in Q3 2021 (Q3 2020: 33.3). The average sales price increased to DKK 11.88 per kilo (Q3 2020: DKK 11.37 per kilo) in Q3 2021. The higher pig prices resulted in a revenue increase to DKK 140 million (Q3 2020: DKK 129 million) additionally supported by the higher efficiency in the stables. In

Q3 2021, 76% of segment revenue came from external sales of live pigs and, due to high harvest efficiency, 24% from external sale of crops and energy. The Ukrainian segment accounted for 36% of Group revenue in Q3 2021.

Adjusted EBITDA increased to DKK 48 million (Q3 2020: DKK 27 million) in Q3 2021, corresponding to an Adjusted EBITDA margin of 34% (Q3 2020: 20.6%). The increase was driven by higher revenue and an increase in pig prices and a bigger volume of crops sold, but partly absorbed by rising feed price to DKK 2.16 per kilo (Q3 2020: DKK 1.56 per kilo).

In 9M 2021, Revenue decreased to DKK 325 million (9m 2020: DKK 343 million), accounting for 30% of Group revenue. Adjusted EBITDA decreased to DKK 100 million (9M 2020: DKK 120 million).

Russia

DKK million	Q3 2021	Q3 2020	9M 2021	9M 2020
Revenue	38	41	111	109
Change in fair value	0	(13)	28	2
Other income	2	0	2	1
Total income	40	28	141	112
EBITDA	16	19	55	41
Adjusted EBITDA	17	18	46	35
Adjusted EBITDA margin	43.6%	44.8%	41.9%	32.1%

The Russian business unit's sales of live pigs decreased to 3.4 thousand tonnes (Q3 2020: 4.5 thousand tonnes) in Q3 2021 caused by a halt in pig sale experienced at the end of Q3 2021, due to government restrictions in the area where Goodvalley's farms are situated. Restrictions are related to ASF outbreaks, however it is important to stress, that no Goodvalley farm has been infected. At the same time the average sales price increased to DKK 13.09 per kilo (Q3 2020: DKK 11.22 per kilo). No Goodvalley pigs were slaughtered during the halt and sales activities have been resumed as of November.

Revenue decreased to DKK 38 million (Q3 2020: DKK 41 million) coming from less volume sold, however partly compensated by an increase in pig prices. The Russian business' revenue came from external sales of live pigs and accounted in total for 10% of Group revenue.

The segment's Adjusted EBITDA reached DKK 17 million (Q3 2020: DKK 18 million), corresponding to an Adjusted EBITDA margin of 43.6% (Q3 2020: 44.8%) in Q3 2021. The development is still driven by the increase in pig prices. Production efficiency increased and pigs sold per sow came to 31.0 (Q3 2020: 21.14) as a consequence of an efficiency rebound after the PRRS outbreak in mid-2020. Feed prices increased to DKK 1.97 per kilo (Q3 2020: DKK 1.41 per kilo).

In 9M 2021, Revenue amounted to DKK 111 million (9M 2020: DKK 109 million), accounting for 10% of Group revenue. Adjusted EBITDA increased to DKK 46.4 million (9M 2020: DKK 34.9 million).

Consolidated production overview

Volume	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Total pigs sold, tonnes (live weight)									
Poland	15,452	15,844	15,431	15,775	14,900	13,887	15,183	14,910	14,780
Ukraine	11,307	10,992	10,719	11,308	10,702	10,677	10,353	11,225	10,949
Russia	3,396	4,659	3,670	3,009	4,467	4,164	4,597	5,158	4,801
Group	30,155	31,495	29,820	30,093	30,069	28,728	30,134	31,293	30,529
Total heads sold									
Weaners	88,402	95,655	86,996	79,796	84,370	81,450	74,327	77,552	75,043
Finishers	237,634	238,593	226,489	227,801	229,317	219,231	229,989	242,814	241,069
Other pigs	9,983	9,996	8,947	10,006	22,238	23,221	10,191	10,950	11,549
Group	336,019	344,244	322,432	317,603	335,925	323,902	314,507	331,316	327,661
Prices in DKK	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Pig price 1. class finishers sl. weight (Total group)									
Poland	10.30	11.28	9.00	9.04	10.67	11.99	13.57	13.05	12.60
Ukraine	11.88	10.92	9.99	10.12	11.37	12.01	12.76	13.65	13.28
Russia	13.09	11.90	10.64	9.39	11.22	9.97	10.24	10.57	12.15
Group	11.36	11.25	9.67	9.54	11.04	11.63	12.62	12.79	12.78
Feed price per kg, all feed									
Poland	2.01	1.88	1.75	1.74	1.84	1.77	1.72	1.78	1.81
Ukraine	2.16	2.10	1.95	1.71	1.56	1.60	1.46	1.60	1.62
Russia	1.97	1.70	1.61	1.55	1.41	1.43	1.52	1.63	1.64
Group	2.05	1.93	1.80	1.70	1.64	1.63	1.60	1.69	1.72
Meat to feed ratio (Total group)									
Poland	5.13	6.01	5.16	5.20	5.79	6.76	7.88	7.34	6.96
Ukraine	5.49	5.21	5.12	5.92	7.28	7.51	8.74	8.54	8.21
Russia	6.64	7.02	6.59	6.04	7.97	6.96	6.72	6.49	7.41
Group	5.53	5.84	5.39	5.60	6.74	7.13	7.89	7.56	7.44
Efficiency	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Feed conversion ratio, whole herd									
Poland	2.65	2.71	2.73	2.68	2.67	2.61	2.73	2.75	2.70
Ukraine	2.61	2.62	2.50	2.62	2.73	2.58	2.69	2.76	2.73
Russia	2.71	2.70	2.67	2.85	3.00	2.80	2.77	2.72	2.73
Group	2.65	2.68	2.64	2.68	2.73	2.62	2.72	2.75	2.72
Pigs sold per sow per year (Total group)									
Poland	30.78	31.59	31.67	29.80	29.68	29.22	30.20	30.38	30.08
Ukraine	35.66	36.60	37.17	34.61	33.32	34.87	35.19	32.94	32.79
Russia	31.02	31.61	31.20	31.25	21.14	19.56	33.57	33.64	32.45
Group	32.42	33.21	33.37	31.62	29.82	29.88	32.29	31.65	31.30

Consolidated Income Statement

Income Statement

DKK million	Note	Q3 2021	Q3 2020	9M 2021	9M 2020
Revenue		385	379	1,069	1,130
Change in fair value of biological Assets		(121)	(86)	88	11
Grants and other income		6	6	27	18
Total Income		269	299	1,184	1,156
Cost of goods sold (COGS)		(221)	(238)	(856)	(849)
Gross profit/loss		49	61	328	310
SG&A		(32)	(28)	(97)	(86)
EBITDA		17	33	231	224
Depreciation, amortization and impairment losses		(37)	(39)	(110)	(116)
Profit/loss before financial expenses and tax		(20)	(6)	121	109
Financial income		1	1	4	3
Financial expenses		(15)	(16)	(59)	(50)
Exchange rate adjustments		6	(29)	19	(72)
Profit/loss before tax		(29)	(50)	85	(11)
Income tax		(0)	-	(1)	(0)
Profit/loss of continuing operations		(30)	(50)	84	(11)
Profit / loss for the year of discontinued operations		-	-	-	-
Profit/loss		(30)	(50)	84	(11)
Profit / loss is attributable to:					
Owners		(30)	(50)	84	(11)
Total		(30)	(50)	84	(11)

Statement of comprehensive income

DKK million	Note	Q3 2021	Q3 2020	9M 2021	9M 2020
Profit for the period		(30)	(50)	84	(11)
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange adjustments of foreign enterprises		7	(185)	78	(292)
Total comprehensive income		(23)	(235)	162	(303)
Comprehensive income is attributable to:					
Owners		(23)	(235)	162	(303)
Total		(23)	(235)	162	(303)

Consolidated Balance Sheet

Balance Sheet, 30 September

DKK million	Note	9M 2021	9M 2020	2020
Assets				
Goodwill		78	73	74
Other intangible assets		17	18	17
Intangible assets		96	91	91
Land and buildings		1,028	1,005	1,001
Leasehold improvements		70	91	84
Plant and machinery		217	243	230
Other fixtures and fittings, tools and equipment		106	105	104
Property, plant and equipment in progress		146	116	113
Right of use assets		97	56	103
Property, plant and equipment		1,663	1,616	1,635
Non-current asset investment		3	2	3
Financial asset investments		3	2	3
Biological assets - basic herd		119	132	129
Biological assets		119	132	129
Non-current assets		1,880	1,841	1,858
Biological assets - sales herd		220	196	157
Biological assets - Arable, crop production		120	96	63
Inventories		319	242	265
Biological assets and inventories		660	534	485
Trade receivables		79	67	69
Receivables from associates		0	0	7
Other receivables		54	47	33
Prepayments		31	26	13
Receivables		164	139	122
Cash at bank and in hand		82	115	99
Assets held for sale		-	-	-
Current assets		906	788	706
Assets		2,786	2,630	2,564

Consolidated Balance Sheet

Balance Sheet, 30 September

DKK million	Note	9M 2021	9M 2020	2020
Liabilities and equity				
Share capital		538	538	538
Other reserves		-	(0)	-
Reserve for exchange adjustments		(636)	(848)	(714)
Retained earnings		1,426	1,575	1,342
Capital and reserves attributable to owners		1,328	1,265	1,166
Non-controlling interests		-	-	-
Total Equity		1,328	1,265	1,166
Long-term liabilities				
Bond debt		-	953	-
Provision for deferred tax		0	2	-
Other provisions		4	8	4
Credit institutions		1,044	17	15
Lease Liabilities		106	60	101
Subordinated loan from Polen Invest A/S		10	70	40
Deferred income		6	7	6
Long-term liabilities		1,170	1,117	166
Short-term liabilities				
Bond debt		-	-	952
Credit institutions		99	85	112
Subordinated loan from Polen Invest A/S		8	6	22
Trade payables		101	81	70
Leasing Liabilities		-	-	9
Other provisions		2	-	2
Other payables		76	73	62
Deferred income		3	2	3
Short-term liabilities		289	247	1,232
Liabilities of disposal group classified as held for sale		-	-	-
Liabilities		1,458	1,364	1,398
Liabilities and equity		2,786	2,630	2,564

Consolidated statement of changes in equity

DKK million	Share capital	Reserve for exchange adjustments	Retained earnings	Equity owners	Total equity
9M 2021					
Equity at 1 January 2021	538	(714)	1,342	1,166	1,166
Net profit/(loss) for the period			84	84	84
Other comprehensive income		78		78	78
Comprehensive income for the period		78	84	162	162
Payments of dividends					
Equity at 30 June 2021	538	(636)	1,426	1,328	1,328
9M 2020					
Equity at 1 January 2020	538	(398)	1,428	1,568	1,568
Net profit/(loss) for the year			(11)	(11)	(11)
Other comprehensive income		(292)		(292)	(292)
Comprehensive income for the year		(292)	(11)	(303)	(303)
Payments of dividends					
Equity at 30 Sept 2020	538	(690)	1,417	1,265	1,265

Consolidated statement of cash flows

DKK million	Note	Q3 2021	Q3 2020	9M 2021	9M 2020
Profit/loss		(30)	(50)	84	(11)
Adjustments:					
Financial income and expenses		14	15	56	47
Currencies losses		2	29	(17)	74
Depreciation of property, plant and equipment		37	39	110	116
Tax on the profit/loss for the year		0	0	1	0
Other adjustments		22	34	42	53
Change in working capital		(32)	12	(171)	(55)
Cash flows from operating activities before financial income and expenses		14	80	105	224
Financial income		1	1	4	3
Financial expenses		(15)	(16)	(59)	(50)
Cash flows from ordinary activities		(1)	64	49	177
Corporation Income tax paid		(0)	(0)	(1)	(0)
Cash flows from operating activities		(1)	64	48	177
Purchase intangible assets		0	(0)	0	(13)
Purchase property, plant and equipment		(48)	(42)	(84)	(122)
Sale of property, plant and equipment		0	0	3	6
Change of financial investments		(0)	(7)	53	(10)
Sale of fixed asset investments		1	0	1	2
Cash flows from investing activities		(47)	(48)	(26)	(138)
Proceeds from borrowings		45	21	1,124	90
Repayments of borrowings		(36)	(26)	(1,159)	(82)
Cash flows from financing activities		9	(5)	(35)	8
Change in cash and cash equivalents		(42)	10	(20)	42
Cash and cash equivalents at opening		124	113	99	91
Exchange adjustment, beginning, cash and cash equivalents		0	(8)	4	(17)
Cash and cash equivalents		82	115	82	115