



GOODVALLEY

Since  1994

Home of Quality

**Interim
report
9M 2020**

Q3 2020

Highlights

Despite challenging market conditions in Q3 2020 and a 9% decrease in revenue due to COVID-19 and an outbreak of ASF in Germany, Goodvalley delivered strong operational performance and an Adjusted EBITDA margin of 15.2% based on higher sales of live pigs and pork meat products. Sales of branded products more than tripled, and operations were sustained at the Group's production sites and slaughterhouse despite significant challenges and market volatility.

Poland

The Polish business reported revenue of DKK 209 million (Q3 2019: DKK 228 million) as the live pig price was severely impacted by COVID-19 and the outbreak of ASF in Germany. Adjusted EBITDA was lower at DKK 17 million (Q3 2019: DKK 34 million) as a consequence of the drop in live pig prices and higher feed costs, which could not be outweighed by a strong development in the branded category.

Ukraine

The business in Ukraine reported revenue of DKK 129 million (Q3 2019: DKK 138 million) due to lower pig prices and negative currency effects, but profitability improved with an Adjusted EBITDA of DKK 27 million (Q3 2019: DKK 15 million) due to improved arable yields and continued high efficiency in the pig production.

Russia

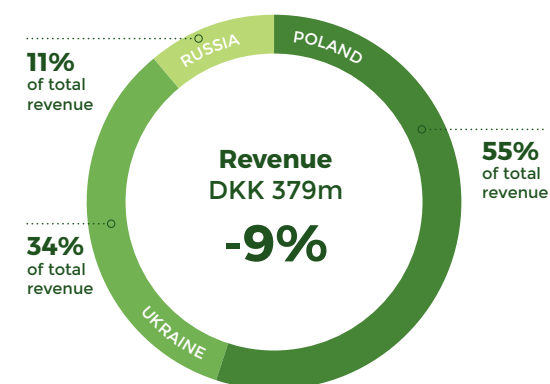
Russian revenue declined to DKK 41 million (Q3 2019: DKK 48 million) after an outbreak of PRRS in the herd earlier this year and a drop in live pig prices caused by COVID-19. Profitability improved on the back of strong arable yields and lower feed costs as Adjusted EBITDA was stable at DKK 18 million (Q3 2019: DKK 18 million).

Outlook

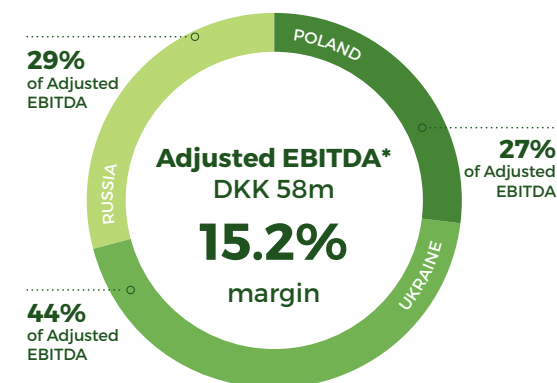
Goodvalley maintains the recently adjusted outlook for 2020 and expects revenue and Adjusted EBITDA to reach DKK 1,450 - 1,550 million and DKK 300-330 million, respectively. The outlook is based on continued market challenges related to COVID-19 and a negative impact on live pig prices due to the outbreak of ASF in Germany in Q3 2020.

Results Q3 2020

Continued COVID-19 effects and an ASF outbreak in Germany put pressure on prices and revenue.



Operational performance was strong, and Goodvalley protected profitability in a tough market.



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

Key figures and financial ratios

DKK million	Q3 2020	Q3 2019	9M 2020	9M 2019
Income statement				
Revenue	379	414	1,130	1,121
Total income	299	338	1,159	1,235
Gross profit	61	90	310	315
EBITDA	33	63	224	240
<i>Adjusted EBITDA</i>	<i>58</i>	<i>71</i>	<i>258</i>	<i>185</i>
EBIT	(6)	26	109	132
Financial items, net	(44)	1	(119)	(9)
Profit/(loss) for the period	(50)	26	(11)	120
<i>Adjusted net profit</i>	<i>3</i>	<i>18</i>	<i>95</i>	<i>26</i>
Cash flow				
Operating activity	64	44	177	131
Investing activity	(48)	(16)	(138)	(52)
Free cash flow	16	28	38	78
Financing activity	(5)	(34)	8	(68)
Balance sheet				
Non-current assets			1,841	2,057
Net working capital			503	636
Invested capital			2,344	2,694
Total assets			2,630	2,866
Equity			1,265	1,468
Net interest-bearing debt			1,081	1,158

DKK million	Q3 2020	Q3 2019	9M 2020	9M 2019
Key financials Group				
Gross margin	16.3%	21.6%	27.5%	28.1%
EBITDA margin	8.8%	15.1%	19.9%	21.4%
<i>Adjusted EBITDA margin</i>	<i>15.2%</i>	<i>17.2%</i>	<i>22.8%</i>	<i>16.5%</i>
EBIT margin	(1.4%)	6.2%	9.6%	11.8%
Free cash flow / Revenue	4.3%	6.9%	3.4%	7.2%
Cash conversion	111.4%	63.4%	68.6%	72.3%
Capex	48	(19)	129	(60)
Adjusted EBITDA LTM			346	217
NIBD/Adjusted EBITDA LTM			3.1	5.4
Equity ratio			48.1%	51.2%
ROIC			7.7%	2.5%
FTE end of period			2,331	2,260
Share ratios				
Earnings per share, DKK	(0.9)	0.5	(0.2)	2.2
Goodvalley Bond Obligor Group*				
Revenue	339	367	1,066	991
Total income	272	300	1,080	1,105
EBITDA	17	50	190	202
<i>Adjusted EBITDA</i>	<i>42</i>	<i>53</i>	<i>230</i>	<i>143</i>
Net interest bearing debt	1,083	1,132	1,083	1,132
Adjusted EBITDA LTM	312	159	312	159
NIBD/Adjusted EBITDA LTM	3.5	7.1	3.5	7.1

* Bond Obligors consist of: Goodvalley A/S, Finansax APS, Goodvalley Agro SA, Goodvalley Sp. Z o.o. and Goodvalley Ukraine LLC.

BUSINESS

Segment overview

Goodvalley secured strong operational performance in Q3 2020 in the face of unprecedented market volatility caused by COVID-19 and the outbreak of ASF in Germany. The Group's geographically diversified production, strong arable yields and growth in branded product sales partially offset the negative impact of market volatility and contributed to ensure satisfactory results in a challenging quarter.

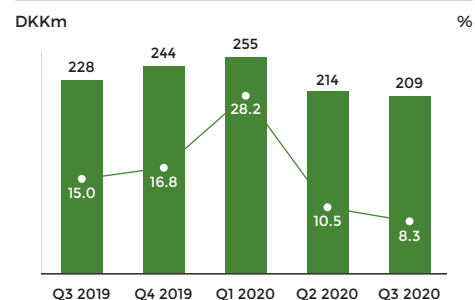
POLAND

Goodvalley tripled sales of branded products during difficult times

+205%

growth in branded product sales volume

Revenue and Adjusted EBITDA margin



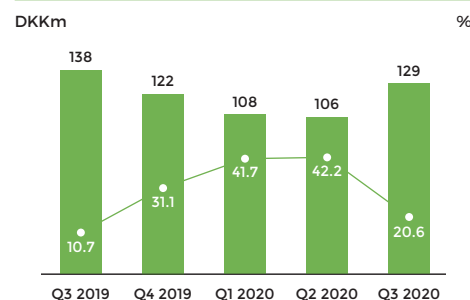
UKRAINE

High efficiency secured strong profitability

+80%

growth in Adjusted EBITDA

Revenue and Adjusted EBITDA margin



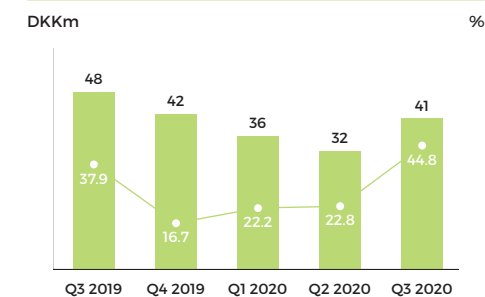
RUSSIA

A strong arable yield partly offset negative effects of PRRS and lower live pig prices

-7%

decline in live pig sales

Revenue and Adjusted EBITDA margin





POLAND

Financial performance

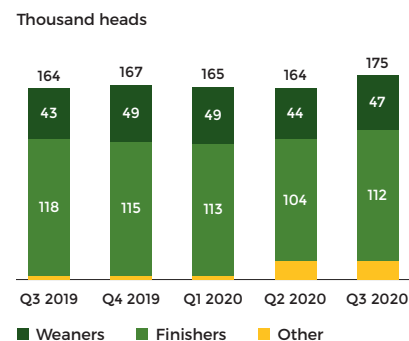
DKK million	Q3 2020	Q3 2019	9M 2020	9M 2019
Revenue	209	228	677	680
Change in fair value	(44)	(16)	(17)	86
Other income	6	6	17	18
Total income	171	218	677	784
EBITDA	(15)	33	73	121
Adjusted EBITDA	17	34	116	63
Adjusted EBITDA margin	8.3%	15.0%	17.2%	9.3%

The Polish business grew sales of pork meat and live pigs, but revenue and earnings were significantly impacted by a substantial drop in pig and pork meat prices due to continued COVID-19 effects and an ASF outbreak in Germany. Goodvalley continued to boost branded product sales.

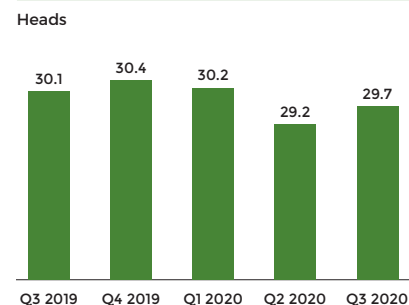
The outbreak of COVID-19 continued to cause unrest across European markets, and the negative effect was further exacerbated by the ASF outbreak in Germany towards the end of the third quarter. The discovery of ASF in Germany entailed bans on German pig meat imports in Asian markets, which led to increasing oversupply of pigs in the European market and a further decrease in prices in the quarter.

Goodvalley increased pork meat sales in Poland significantly to 11.6 thousand tonnes (Q3 2019: 8.5 thousand tonnes) in

Sale of pigs, heads



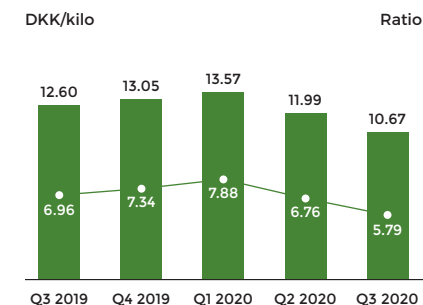
Pigs sold per sow, heads



the third quarter. While the relative share of value-added products decreased to 31% (Q3 2019: 71%), Goodvalley more than tripled sales of branded products with volumes increasing to 683 tonnes (Q3 2019: 224 tonnes) in the quarter.

The Polish business' sales of live pigs increased slightly to 14.9 thousand tonnes (Q3 2019: 14.8 thousand tonnes) and thus remained at a high level driven by continued high productivity in the quarter despite the impact of COVID-19 on operations.

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



Sale of pork (slaughtered), thousand tonnes



The average sales price decreased significantly to DKK 10.67 per kilo (Q3 2019: DKK 12.60 per kilo) in Q3 2020.

Segment revenue declined to DKK 209 million (Q3 2019: DKK 228 million) in Q3 2020 as a consequence of the drop in pig prices. The Polish business accounted for 55% of Group revenue, and segment revenue was comprised of 76% from pork products, 15% from external sales of live pigs and 9% from external sales of crops and energy.

The Polish segment's total income decreased to DKK 171 million (Q3 2019: DKK 218 million) in Q3 2020 including fair value adjustments of DKK -44 million (Q3 2019: DKK -16 million) relating to the decrease in pig prices and completion of the grain harvest.

Profitability dropped in Q3 2020 as Adjusted EBITDA came to DKK 17 million (Q3 2019: DKK 34 million) corresponding to an Adjusted EBITDA margin of 8.3% (Q3 2019: 15.0%). The lower results were caused by the substantial drop in prices due to COVID-19 and oversupply of live pigs in Europe following the discovery of ASF in Germany and subsequent Asian import bans on German pigs and pork meat, entailing a decline in the German live pig price to below DKK 10 per kilo slaughter pig. The negative development was also caused by an increase in feed cost to DKK 1.84 per kilo (Q3 2019: DKK 1.81 per kilo) and lower efficiency as pigs sold

per sow declined temporarily to a level of 29.7 (Q3 2019: 30.1). The decline in efficiency was an expected effect of the acquisition in early June of the Group's new pig farm in Gniewno, which is still being upgraded to Goodvalley's standards from a significantly lower efficiency level. EBITDA decreased to DKK -15 million (Q3 2019: DKK 33 million) in Q3 2020.

In 9M 2020, pork meat sales increased to 31.7 thousand tonnes (9M 2019: 30.5 thousand tonnes), and sales of live pigs grew to 44.0 thousand tonnes (9M 2019: 43.1 thousand tonnes). Revenue was stable at DKK 677 million (9M 2019: DKK 680 million), accounting for 60% of Group revenue. Adjusted EBITDA increased to DKK 116 million (9M 2019: DKK 63 million) following a strong start to the year, and EBITDA declined to DKK 73 million (9M 2019: DKK 121 million).

Food division

Goodvalley boosted sales of pork meat products to 11.6 thousand tonnes in Q3 2020. Deboned meat accounted for 69%, and value-added products accounted for 31% of sales including private label products and Goodvalley's own branded premium products. The price of deboned meat increased slightly at the end of the quarter as a "stamp of origin" was introduced on all products in Poland.

Sales of branded products continued to surge, resulting in 205% growth and a record level of 683 tonnes (Q3 2019: 224 tonnes) sold in Q3 2020 following expanded distribution and higher consumer awareness. The positive development was augmented by the launch of a new nationwide TV marketing campaign supplemented by online and in-store marketing initiatives across Poland.

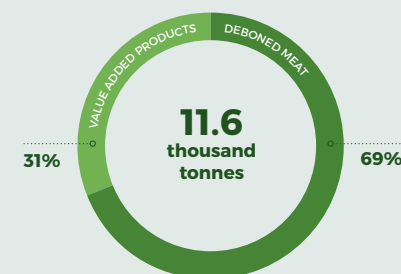
Goodvalley continues to strengthen the branded category and invest in further marketing initiatives to further accelerate sales. In October, the Group lifted ambitions for the branded product category, aiming to sell at least 2,100 tonnes (previously 1,800 tonnes) of branded products across 12,000 stores (previously: 6,000 stores) by the end of 2020. The branded products continue to comprise a limited part of Goodvalley's total food production, but sales of these products now exceed 5% of the total food volume with a notable positive effect on the gross margin in the food business. Goodvalley expects to continue growing sales of branded products to improve profitability and reduce exposure to pork price fluctuations over time.



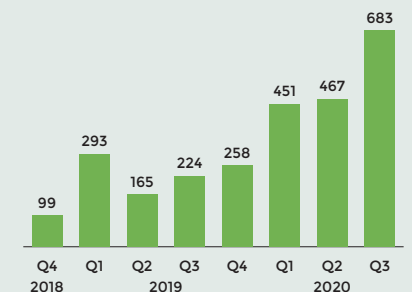
Strong marketing efforts in Poland

Goodvalley continued to grow sales of the Group's branded products in Q3 2020 on the back of a nationwide TV marketing campaign. The new and creative advertisement universe highlights Goodvalley's climate friendly profile and conveys the message that sustainability and meat consumption can go hand in hand.

Food product portfolio



Sales of branded products, tonnes





UKRAINE

Financial performance

DKK million	Q3 2020	Q3 2019	9M 2020	9M 2019
Revenue	129	138	343	310
Change in fair value	(29)	(59)	27	8
Other income	-	3	1	2
Total income	100	82	371	320
EBITDA	34	14	125	69
Adjusted EBITDA	27	15	120	68
Adjusted EBITDA margin	20.6%	10.7%	35.0%	21.9%

The Ukrainian business improved profitability on the back of improved yields in the arable division and continued high efficiency in the stables. The progress in Ukraine was realised despite negative impacts of pig price and currency developments.

The Ukrainian segment delivered stable volumes in Q3 2020 with sales of live pigs of 10.7 thousand tonnes (Q3 2019: 10.9 thousand

tonnes). The average sales price decreased significantly to DKK 11.37 per kilo (Q3 2019: DKK 13.28 per kilo) in Q3 2020 in the wake of a drop in the exchange rate.

Segment revenue came to DKK 129 million (Q3 2019: DKK 138 million). 77% of segment revenue came from external sales of live pigs and 23% from external sales of crops and energy. The Ukrainian segment accounted for 34% of Group revenue in Q3 2020.

The segment's total income increased to DKK 100 million (Q3 2019: DKK 82 million) in Q3 2020 as negative fair value adjustments were lower at DKK -29 million (Q3 2019: DKK

Adjusted EBITDA

27

DKK million
(Q3 2019: 15 DKK million)

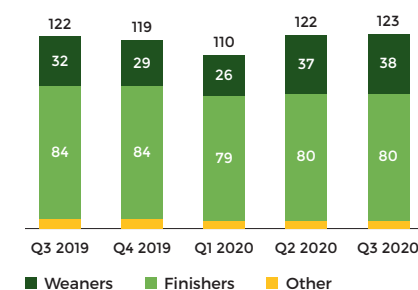
-59 million) in the quarter due to realisation of the ongoing harvest, which yielded better results than in Q3 2019.

Adjusted EBITDA increased to DKK 27 million (Q3 2019: DKK 15 million) in Q3 2020, corresponding to an Adjusted EBITDA margin of 20.6% (Q3 2019: 10.7%). The improvement was a result of a negative effect in Q3 2019 from flooding and low harvest yields as well as continued high efficiency in the Ukrainian pig production in Q3 2020 with 33.3 pigs sold per sow (Q3 2019: 32.8), a stable feed conversion ratio at 2.73 (Q3 2019: 2.73) as well as a lower feed price of DKK 1.56 per kilo (Q3 2019: DKK 1.62 per kilo). EBITDA increased to DKK 34 million (Q3 2019: DKK 14 million).

In 9M 2020, the segment's sales of live pigs increased to 31.7 thousand tonnes (9M 2019: 28.5 thousand tonnes), and revenue increased to DKK 343 million (9M 2019: DKK 310 million), accounting for 30% of Group revenue. Adjusted EBITDA increased to DKK 120 million (9M 2019: DKK 68 million), and EBITDA came to DKK 125 million (9M 2019: DKK 69 million).

Sale of pigs, heads

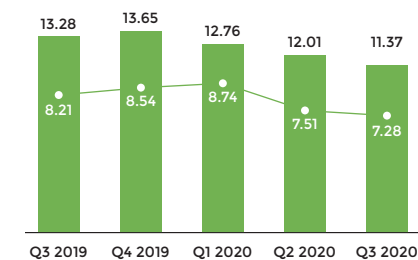
Thousand heads



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

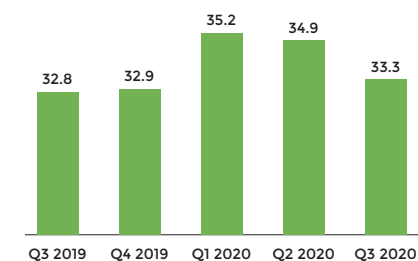
DKK/kilo

Ratio



Pigs sold per sow, heads

Heads





RUSSIA

Financial performance

DKK million	Q3 2020	Q3 2019	9M 2020	9M 2019
Revenue	41	48	109	131
Change in fair value	(13)	(10)	2	(1)
Other income	-	-	1	1
Total income	28	38	112	131
EBITDA	19	13	41	38
Adjusted EBITDA	18	18	35	42
Adjusted EBITDA margin	44.8%	37.9%	32.1%	32.1%

The Russian activities were impacted by the consequences of a PRRS outbreak earlier this year and a drop in live pig prices, whereas a strong arable yield and lower feed prices had a positive effect on profitability in the quarter.

Sales of live pigs in the Russian segment decreased moderately to 4.5 thousand tonnes (Q3 2019: 4.8 thousand tonnes) in Q3 2020 following the PRRS (porcine reproduc-

tive and respiratory syndrome) outbreak in the herd earlier in the year. The outbreak is under control and has been stabilised, and the herd has been vaccinated and will be vaccinated going forward entailing ongoing improvements and an expected normalisation in early 2021. The average sales price decreased to DKK 11.22 per kilo (Q3 2019: DKK 12.15 per kilo) as market volatility continued due to the COVID-19 outbreak and related restrictions.

Revenue declined to DKK 41 million (Q3 2019: DKK 48 million) as a result of lower volumes and prices. The segment's revenue came from external sales of live pigs (92%)

Adjusted EBITDA

18
DKK million
(Q3 2019: 18 DKK million)

and sale of grain (8%) from the realised harvest. Russian revenue accounted in total for 11% of Group revenue.

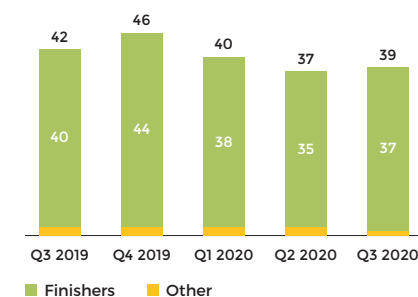
Total income for the Russian activities dropped to DKK 28 million (Q3 2019: DKK 38 million) including fair value adjustments of DKK -13 million (Q3 2019: DKK -10 million).

The Russian business' Adjusted EBITDA was stable at DKK 18 million (Q3 2019: DKK 18 million), corresponding to an improved Adjusted EBITDA margin of 44.8% (Q3 2019: 37.9%) in Q3 2020. The positive effect was driven by record high yields in the arable production and a decrease in the feed price to DKK 1.41 per kilo (Q3 2019: DKK 1.64 per kilo) resulting in a meat to feed ratio of 7.97 (Q3 2019: 7.41). This was offset by a negative development in pig production efficiency caused by the PRRS outbreak and resulting in a sharp decline in pigs sold per sow to 21.1 (Q3 2019: 32.5) and a feed conversion ratio of 3.00 (Q3 2019: 2.73). EBITDA came to DKK 19 million (Q3 2019: DKK 13 million) in Q3 2020.

In 9M 2020, the Russian segment's sales of live pigs came to 13.2 thousand tonnes (9M 2019: 14.0 thousand tonnes). Revenue declined to DKK 109 million (9M 2019: DKK 131 million) and accounted for 10% of Group revenue. Adjusted EBITDA declined to DKK 35 million (9M 2019: DKK 42 million), and EBITDA was DKK 41 million (9M 2019: DKK 38 million) in 9M 2020.

Sale of pigs, heads

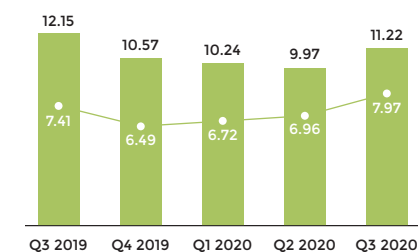
Thousand heads



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

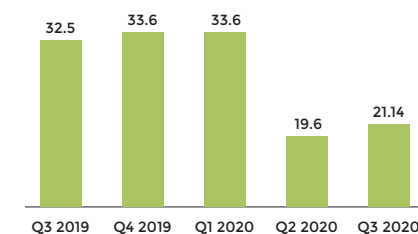
DKK/kilo

Ratio



Pigs sold per sow, heads

Heads



Consolidated production overview

Volume	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Total pigs sold, tonnes (live weight)									
Poland	14,900	13,887	15,183	14,910	14,780	14,281	14,037	14,887	13,548
Ukraine	10,702	10,677	10,353	11,225	10,949	9,453	8,142	10,309	9,374
Russia	4,467	4,164	4,597	5,158	4,801	5,060	4,136	5,055	4,511
Group	30,069	28,728	30,134	31,293	30,529	28,793	26,314	30,250	27,434
Total heads sold									
Weaners	84,370	81,450	74,327	77,552	75,043	71,268	82,752	90,333	95,091
Finishers	229,317	219,231	229,989	242,814	241,069	222,336	198,175	229,332	209,105
Other pigs	22,238	23,221	10,191	10,950	11,549	18,040	23,524	13,203	9,968
Group	335,925	323,902	314,507	331,316	327,661	311,644	304,451	333,244	314,164
Prices	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Pig price 1st class finishers sl. weight									
Poland	10.67	11.99	13.57	13.05	12.60	12.37	9.07	9.99	10.35
Ukraine	11.37	12.01	12.76	13.65	13.28	12.13	10.33	11.08	11.73
Russia	11.22	9.97	10.24	10.57	12.15	12.40	11.19	12.41	13.56
Group	11.04	11.63	12.62	12.79	12.78	12.29	9.96	10.80	11.22
Feed price per kg, all feed									
Poland	1.84	1.77	1.72	1.78	1.81	1.82	1.80	1.74	1.83
Ukraine	1.56	1.60	1.46	1.60	1.62	1.62	1.63	1.53	1.63
Russia	1.41	1.43	1.52	1.63	1.64	1.64	1.63	1.37	1.43
Group	1.64	1.63	1.60	1.69	1.72	1.73	1.72	1.61	1.70
Meat to feed ratio									
Poland	5.79	6.76	7.88	7.34	6.96	6.79	5.03	5.74	5.66
Ukraine	7.28	7.51	8.74	8.54	8.21	7.48	6.33	7.23	7.18
Russia	7.97	6.96	6.72	6.49	7.41	7.55	6.85	9.09	9.50
Group	6.74	7.13	7.89	7.56	7.44	7.12	5.78	6.70	6.60
Efficiency	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Feed conversion ratio, whole herd									
Poland	2.67	2.61	2.73	2.75	2.70	2.78	2.81	2.82	2.85
Ukraine	2.73	2.58	2.69	2.76	2.73	2.66	2.68	2.72	2.58
Russia	3.00	2.80	2.77	2.72	2.73	2.65	2.68	2.67	2.69
Group	2.73	2.62	2.72	2.75	2.72	2.72	2.74	2.76	2.73
Pigs sold per sow per year									
Poland	29.68	29.22	30.20	30.38	30.08	30.02	32.18	29.72	29.69
Ukraine	33.32	34.87	35.19	32.94	32.79	34.11	33.90	32.88	33.23
Russia	21.14	19.56	33.57	33.64	32.45	32.54	33.57	33.06	32.02
Group	29.82	29.88	32.29	31.65	31.30	31.95	32.97	30.99	31.18

GUIDANCE

Outlook

Goodvalley maintains the recently adjusted outlook for 2020 of revenue of DKK 1,450 - 1,550 million and Adjusted EBITDA of DKK 300 - 330 million as announced in company announcement no. 11/2020 on 19 October 2020.

The previously expected rebound in live pig prices in 2020 is not expected to materialise due to continued negative effects of COVID-19 and the discovery of ASF in wild boars in Germany in Q3, resulting in Asian import bans on German pigs and pork meat and leading to an oversupply of live pigs in Europe.

Goodvalley expects the challenging market conditions to continue in the short term. The current pressure on market prices is further exacerbated by closures of slaughterhouses and production plants, very limited export activities as well as supply chain and logistics challenges.

Goodvalley furthermore expects higher feed costs and continued high salary inflation,

which are seen to be partly offset by good production efficiency and higher sales of high-margin branded products as well as improved arable yields compared to the 2019 level.

Assumptions

The outlook for 2020 is still based on an average market price for live pigs of DKK 11.90 per kilo slaughter pig and a feed price of DKK 1.64 per kilo in the pig division. The outlook is furthermore based on prevailing exchange rates for the Group's key currencies. The assumptions are subject to significant uncertainty due to the outbreak of COVID-19.

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 2019 annual report.

DKK million	2019 actuals	Previous outlook (prior to adjustment on 19 October)	2020 outlook
Revenue	1,526	1,600 - 1,750	1,450-1,550
Adjusted EBITDA	274	320-380	300-330

Statement by Management

The Board of Directors and Executive Board have today reviewed and approved the Interim Report of Goodvalley A/S and subsidiaries (“the Group”) for the period 1 January – 30 September 2020. The Interim Report has been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the European Union and additional Danish requirements for listed companies.

Furthermore, the Interim Report has been prepared in accordance with the accounting policies set out in the Group’s Annual Report for 2019. The Interim Report has not been audited or reviewed by the Group’s independent auditor.

In our opinion, the accounting policies used are appropriate and the overall presentation of the interim consolidated financial statements give a true and fair view of the Group’s assets, liabilities and financial position as at 30 September 2020 and of the results of the Group’s operations and cash flows for the period 1 January – 30 September 2020.

We further consider that the Management Commentary (on page 1 – 10) includes a true and fair description of the development and performance of the Group, the results for the period and the financial position, as well as a description of the principal risks and uncertainties that the Group faces in accordance with Danish requirements for listed companies.

Apart from the information set out in the Interim Report, there have been no changes to the Group’s significant risks and uncertainties that have not been disclosed in the Annual Report 2019.

Copenhagen, 20 November 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

Tom Axelgaard

Consolidated financial statements



INCOME STATEMENT

Sales and earnings

Revenue

Group revenue decreased by 9% to DKK 379 million (Q3 2019: DKK 414 million) in Q3 2020. The decrease was mainly driven by a lower average live pig price of DKK 11.04 per kilo (Q3 2019: DKK 12.78 per kilo) in Q3 2020 due to volatile markets during the COVID-19 pandemic and an ASF outbreak in Germany in the quarter, entailing an oversupply of live pigs in Europe. Total income decreased to DKK 299 million (Q3 2019: DKK 338 million) including fair value adjustments of DKK -86 million (Q3 2019: DKK -85 million) following the realisation of the harvest during the quarter. In 9M 2020, revenue increased to DKK 1,130 million (9M 2019: DKK 1,121 million), and total income came to DKK 1,159 million (9M 2019: DKK 1,235 million).

Cost of goods sold

Cost of goods sold decreased by 4% to DKK 238 million (Q3 2019: DKK 248 million) in Q3 2020 following a lower cost for the harvest season 2020 compared to the 2019 season offset by a higher number of pigs slaughtered in the food business. Cost in percentage of revenue increased to 63% (Q3 2019: 60%) following a drop in meat to feed ratio at 6.74 (Q3 2019: 7.44). In 9M 2020, cost of goods sold decreased to DKK 849 million (9M 2019: DKK 920 million).

SG&A

The Group's sales, general and administrative expenses were stable at DKK 28 million (Q3 2019: DKK 27 million). Sales and branding expenses relating to the Group's branded premium products in Poland amounted to approximately DKK 5 million in Q3 2020 (Q3 2019: DKK 5 million). In 9M 2020, sales, general and administrative expenses were DKK 86 million (9M 2019: DKK 75 million) driven by IFRS 16.

Adjusted EBITDA and EBITDA

Adjusted EBITDA decreased to DKK 58 million (Q3 2019: DKK 71 million) in Q3 2020, corresponding to an Adjusted EBITDA margin of 15.2% (Q3 2019: 17.2%). EBITDA decreased to DKK 33 million (Q3 2019: DKK 63 million), corresponding to an EBITDA margin of 8.8% (Q3 2019: 15.1%). In 9M 2020, Goodvalley generated Adjusted EBITDA of DKK 258 million (9M 2019: DKK 185 million) and EBITDA of DKK 224 million (9M 2019: DKK 240 million).

EBIT

EBIT decreased to DKK -5 million (Q3 2019: DKK 26 million) in Q3 2020, corresponding to an EBIT margin of -1.4% (Q3 2019: 6.2%). In 9M 2020, EBIT declined to DKK 109 million (9M 2019: DKK 132 million).

Net financials

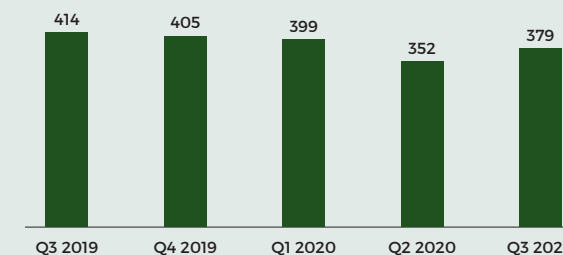
Net financials were an expense of DKK 44 million (Q3 2019: an income of DKK 1 million) in Q3 2020, driven by negative exchange rate adjustments of DKK 29 million. In 9M 2020, net financials were an expense of DKK 119 million (9M 2019: an expense of DKK 9 million) from exchange rate adjustments.

Adjusted profit and net profit

Adjusted profit came to DKK 3 million (Q3 2019: DKK 18 million) in Q3 2020, corresponding to an Adjusted profit margin of 0.9% (Q3 2019: 4.3%). Net profit was DKK -50 million (Q3 2019: DKK 26 million) in Q3 2020. In 9M 2020, the Group realised an Adjusted net profit of DKK 95 million (9M 2019: DKK 26 million) and a net profit of DKK -11 million (9M 2019: DKK 120 million).

Revenue

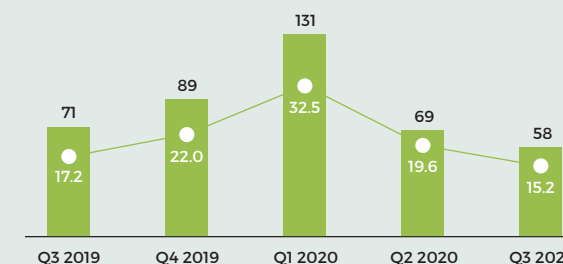
DKKm



Adjusted EBITDA and margin

DKKm

%



Comprehensive income

Comprehensive income was DKK -235 million in Q3 2020 (Q3 2019: DKK -44 million) comprising the loss for the quarter and foreign exchange losses of subsidiaries of DKK -185 million (Q3 2019: DKK -23 million). In 9M 2020, other comprehensive income was a loss of DKK 303 million (9M 2019: a profit of DKK 238 million).

Earnings per share

Earnings per share (diluted) were DKK -0.9 in Q3 2020 compared to DKK 0.5 in Q3 2019.

Consolidated Income Statement

Income Statement, 1 January - 30 September

DKK million	Note	Q3 2020	Q3 2019	9M 2020	9M 2019
Revenue	2	379	414	1,130	1,121
Change in fair value of biological assets	3	(86)	(85)	11	93
Grants and other income		6	9	18	21
Total Income		299	338	1,159	1,235
Cost of goods sold (COGS)		(238)	(248)	(849)	(920)
Gross profit		61	90	310	315
SG&A		(28)	(27)	(86)	(75)
EBITDA		33	63	224	240
Depreciation and amortization		(39)	(37)	(116)	(108)
Profit/(loss) before financial expenses and tax		(6)	26	109	132
Financial income		1	1	3	3
Financial expenses		(16)	(17)	(50)	(51)
Exchange rate adjustments		(29)	17	(72)	39
Profit/(loss) before tax		(50)	27	(11)	123
Income tax		-	(1)	-	(3)
Profit/(loss)		(50)	26	(11)	120
Profit/(loss) is attributable to:					
Owners		(50)	26	(11)	120
Total		(50)	26	(11)	120

Statement of comprehensive income

DKK million	Note	Q3 2020	Q3 2019	9M 2020	9M 2019
Profit/(loss) for the period		(50)	26	(11)	120
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange adjustments of foreign enterprises		(185)	(23)	(292)	118
Total comprehensive income		(235)	(44)	(303)	238
<i>Comprehensive income is attributable to:</i>					
Owners		(235)	(44)	(303)	238
Total		(235)	(44)	(303)	238

BALANCE SHEET

Financial position

Total assets

Total assets amounted to DKK 2,630 million (30 September 2019: DKK 2,866 million) on 30 September 2020. The decrease was primarily attributable to currency adjustments of assets offset by the acquisition of the sow farm in Gniewno in Poland. The book value of the Group's owned land bank in Poland was DKK 239 million, while the fair market value based on external valuation comprised DKK 434 million.

Net working capital

Net working capital was DKK 503 million (30 September 2019: DKK 636 million) at the end of the quarter including 127 thousand tonnes (30 September 2019: 116 thousand tonnes) of grain and other feed components.

Average invested capital and ROIC

Invested capital was DKK 2,344 million (30 September 2019: DKK 2,694 million) and return on invested capital LTM (ROIC LTM) increased to 7.7% (30 September 2019: 2.5%) mainly driven by improved earnings LTM.

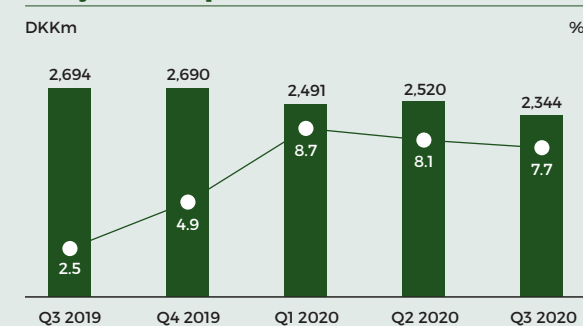
Net interest-bearing debt

Net interest-bearing debt was DKK 1,081 million (30 September 2019: DKK 1,158 million) at the end of Q3 2020. Goodvalley's current financing was established in 2017 under the listed bond arrangement with maturity in May 2021, and the bond debt is therefore presented as short term debt in the balance sheet. Goodvalley is pursuing various refinancing options, including reissuing bonds, to complete the refinancing prior to maturity of the existing debt.

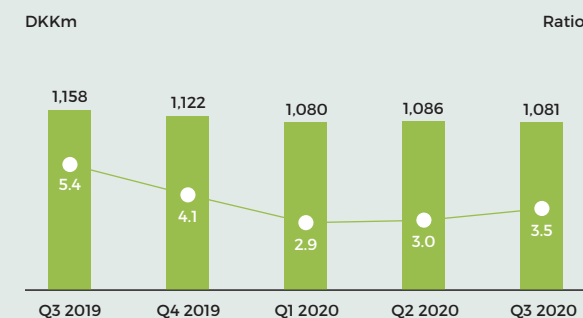
Net interest-bearing debt to adjusted EBITDA LTM

Net interest-bearing debt to adjusted EBITDA LTM came to 3.1 compared to 5.4 in Q3 2019.

Average invested capital and ROIC



NIBD/Adjusted EBITDA



Consolidated Balance Sheet

Balance Sheet, 30 September

DKK million	Note	9M 2020	9M 2019	FY 2019
Assets				
Goodwill		73	92	94
Other intangible assets		18	26	25
Intangible assets		91	118	119
Land and buildings		1,005	1,119	1,160
Leasehold improvements		91	111	112
Plant and machinery		243	302	309
Other fixtures and fittings, tools and equipment		105	128	124
Property, plant and equipment in progress		116	90	73
Right of use assets		56	52	62
Property, plant and equipment		1,616	1,802	1,840
Non-current asset investment		2	4	4
Financial asset investments		2	4	4
Biological assets - basic herd	3	132	133	142
Biological assets		132	133	142
Non-current assets		1,841	2,057	2,105
Biological assets - sales herd	3	196	268	275
Biological assets - arable, crop production	3	96	84	72
Inventories		242	252	270
Biological assets and inventories		534	603	617
Trade receivables		60	58	61
Receivables from associates		7	7	7
Other receivables		47	47	34
Prepayments		26	23	14
Receivables		139	135	116
Cash at bank and in hand		115	70	91
Current assets		788	809	824
Assets		2,630	2,866	2,929

Balance Sheet, 30 September

DKK million	Note	9M 2020	9M 2019	FY 2019
Liabilities and equity				
Share capital		538	538	538
Reserve for exchange adjustments		(690)	(431)	(398)
Retained earnings		1,417	1,361	1,428
Capital and reserves attributable to owners		1,265	1,468	1,568
Non-controlling interests		-	-	-
Total Equity		1,265	1,468	1,568
Bond debt	4	-	968	968
Provision for deferred tax		2	4	2
Other provisions		8	8	4
Credit institutions		17	30	27
Lease Liabilities		54	52	53
Subordinated loan from Polen Invest A/S	7	50	85	50
Deferred income		7	8	7
Long-term liabilities		138	1,154	1,111
Bond debt	4	953	-	-
Credit institutions		85	81	74
Subordinated loan from Polen Invest A/S	7	26	7	28
Lease Liabilities		6	-	6
Trade payables		82	85	65
Other provisions		-	1	2
Other payables		73	69	73
Deferred income		2	2	2
Short-term liabilities		1,227	243	250
Liabilities		1,364	1,398	1,361
Liabilities and equity		2,630	2,866	2,929

STATEMENT OF CHANGES IN EQUITY AND CASH FLOWS

Cash position and shareholder return

Cash flows from operating activities

Goodvalley's cash flows from operating activities increased to an inflow of DKK 64 million (Q3 2019: an inflow of DKK 44 million) in Q3 2020. The development was realised despite the decline in earnings and driven mainly by realised currency losses and changes in working capital. In 9M 2020, cash flows from operating activities increased to an inflow of DKK 176 million (9M 2019: an inflow of DKK 134 million) following the strong performance in the first quarter of 2020.

Cash flows from investing activities

Cash flows from investing activities were a net outflow of DKK 42 million (Q3 2019: an outflow of DKK 19 million) resulting from stable renovations and upgrades. In 9M 2020, cash flows from investing activities increased to an outflow of DKK 138 million (9M 2019: an outflow of DKK 52 million) including the investment in the sow farm in Gniewno in Poland in Q2 2020.

Free cash flows

The Group's free cash flows amounted to an inflow of DKK 16 million (Q3 2019: an inflow of DKK 28 million) in Q3 2020. In 9M 2020, free cash flows came to an inflow of DKK 38 million (9M 2019: an inflow of DKK 78 million).

Financing activities

Cash flows from financing activities were an outflow of DKK 5 million (Q3 2019: an outflow of DKK 34 million) in Q3 2020, mainly driven by repayments of bank overdraft. In 9M 2020, cash flows from financing activities amounted to an inflow of DKK 8 million (9M 2019: an outflow of DKK 68 million).

Cash position

Cash and cash equivalents at the end of the period amounted to DKK 115 million (30 September 2019: DKK 70 million), and undrawn committed credit facilities were DKK 75 million at 30 September 2020 (30 September 2019: DKK 90 million).

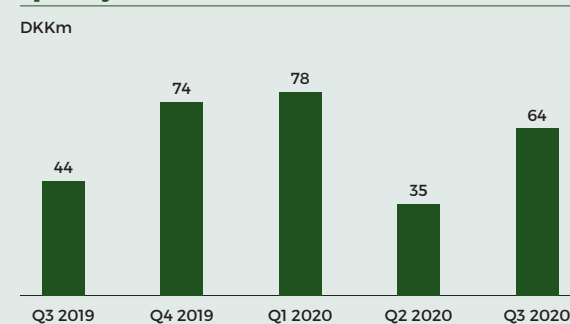
Shareholders equity

Equity decreased to DKK 1,265 million at 30 September 2020 (30 September 2019: DKK 1,468 million) driven by earnings year to date, whereas significant foreign exchange adjustments of subsidiaries had a negative effect on equity.

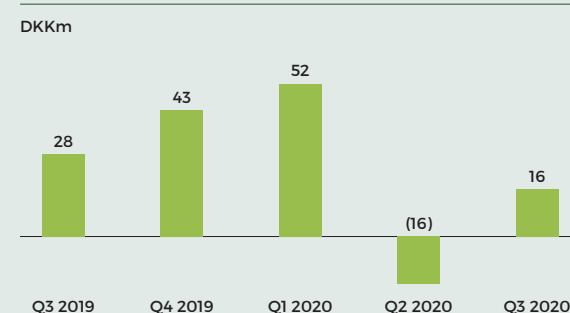
Equity ratio

Equity represented 48% of the total balance sheet as of 30 September 2020 (30 September 2019: 51%).

Operating cash flows



Free cash flows



Consolidated statement of changes in equity

DKK million	Share capital	Reserve for exchange adjustments	Retained earnings	Equity owners	Total Equity
9M 2020					
Equity at 1 January 2020	538	(398)	1,428	1,568	1,568
Net profit/(loss) for the period			(11)	(11)	(11)
Other comprehensive income		(292)		(292)	(292)
Comprehensive income for the period		(292)	(11)	(303)	(303)
Equity at 30 Sept 2020	538	(690)	1,417	1,265	1,265
9M 2019					
Equity at 1 January 2019	538	(549)	1,241	1,230	1,230
Net profit/(loss) for the period			120	120	120
Other comprehensive income		118		118	118
Comprehensive income for the period	-	118	120	238	238
Equity at 30 Sept 2019	538	(431)	1,361	1,468	1,468

Consolidated statement of cash flows

DKK million	Note	Q3 2020	Q3 2019	9M 2020	9M 2019
Profit/loss		(50)	26	(11)	120
Adjustments:					
Financial income and expenses		15	15	47	48
Currencies losses		29	(17)	74	(37)
Depreciation of property, plant and equipment		39	37	116	108
Tax on the profit/loss for the period		-	1	-	3
Other adjustments		(27)	(4)	(84)	6
Change in working capital		74	2	82	(66)
Cash flows from operating activities before financial income and expenses		80	60	224	182
Financial income received		1	1	3	3
Financial expenses paid		(16)	(17)	(50)	(51)
Cash flows from ordinary activities		64	45	177	134
Corporation Income tax paid		-	(1)	-	(3)
Cash flows from operating activities		64	44	176	131
Purchase intangible assets		-	(1)	(13)	-
Purchase property, plant and equipment		(48)	(19)	(129)	(60)
Sale of property, plant and equipment		-	-	6	4
Change of financial investments		-	1	(3)	3
Sale of fixed asset investments		-	-	2	1
Cash flows from investing activities		(48)	(16)	(138)	(52)
Proceeds from borrowings		21	4	90	40
Repayments of borrowings		(26)	(38)	(82)	(107)
Cash flows from financing activities		(5)	(34)	8	(68)
Change in cash and cash equivalents		10	(9)	42	4
Cash and cash equivalents at opening		113	78	91	63
Exchange adjustment, beginning, cash and cash equivalents		(8)	1	(17)	3
Cash and cash equivalents		115	70	115	70

Notes

1. Accounting principles

This interim financial report is prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies.

The accounting policies are unchanged from those applied in the Annual Report for 2019, to which reference is made.

Goodvalley has implemented all new and amended standards (IFRS) and interpretations (IFRIC) as endorsed by the EU and which are effective for the financial year 1 January – 31 December 2020. This implementation had no material effect.

DKK million	9M 2020	9M 2019
Gross profit fully split by nature:		
Gross profit reported	310	315
Staff expenses	143	142
SG&A	(86)	(85)
Gross profit by nature	128	123
Income statement split by functions (depreciations):		
Revenue	1,130	1,121
Cost of goods sold including depreciations and amortisations	(964)	(1,017)
Gross profit	166	104
Other operating items		
SG&A, including depreciations and amortisations	(92)	(90)
EBIT	74	14
Depreciation and amortisation consist of:		
Amortisation of intangible assets	5	4
Depreciation of tangible assets	(105)	(97)
Total depreciation and amortisation	(110)	(101)
Depreciation and amortisation are divided into:		
Cost of goods sold	(105)	(97)
Sales and administrative costs	(5)	(4)
Total depreciation and amortisation	(110)	(101)

Notes

2. Segment information

DKK million	Poland	Ukraine	Russia	Other/Not allocated	Total
Q3 2020					
Revenue	209	129	41	-	379
Change in fair value of biological assets	(44)	(29)	(13)	-	(86)
Grants and other income	6	-	-	-	6
Total Income	171	100	28	-	299
Cost of goods sold (COGS)	(173)	(61)	(7)	3	(238)
Gross profit/loss	(2)	39	21	3	61
SG&A	(13)	(5)	(2)	(8)	(28)
EBITDA	(15)	34	19	(5)	33
<i>EBITDA Adjusted</i>	<i>17</i>	<i>27</i>	<i>18</i>	<i>(5)</i>	<i>58</i>
Depreciation and amortization	(24)	(9)	(3)	(2)	(39)
EBIT	(40)	25	15	(7)	(6)
Net financials				(15)	(15)
Exchange rate adjustments				(29)	(29)
Profit/(loss) before tax	(40)	25	15	(50)	(50)

DKK million	Poland	Ukraine	Russia	Other/Not allocated	Total
Q3 2019					
Revenue	228	138	48	-	414
Change in fair value of biological assets	(16)	(59)	(10)	-	(85)
Grants and other income	6	3	-	-	9
Total Income	218	82	38	-	338
Cost of goods sold (COGS)	(167)	(60)	(21)	-	(248)
Gross profit/loss	51	22	17	-	90
SG&A	(18)	(8)	(5)	3	(28)
EBITDA	33	14	12	3	63
<i>EBITDA Adjusted</i>	<i>34</i>	<i>15</i>	<i>18</i>	<i>3</i>	<i>71</i>
Depreciation and amortization	(19)	(11)	(4)	(3)	(37)
EBIT	14	3	9	-	26
Net financials				(16)	(16)
Exchange rate adjustments				17	17
Profit before tax	14	3	9	1	27

Notes

2. Segment information – continued

DKK million	Poland	Ukraine	Russia	Other/Not allocated	Total
9M 2020					
Revenue	677	343	109	-	1,130
Change in fair value of biological assets	(17)	27	2	-	11
Grants and other income	17	1	1	-	18
Total Income	677	371	112	-	1,159
Cost of goods sold (COGS)	(566)	(230)	(64)	10	(849)
Gross profit/loss	111	141	48	10	310
SG&A	(38)	(17)	(7)	(24)	(86)
EBITDA	73	125	41	(14)	224
<i>EBITDA Adjusted</i>	<i>116</i>	<i>120</i>	<i>35</i>	<i>(14)</i>	<i>258</i>
Depreciation and amortization	(70)	(29)	(11)	(6)	(116)
EBIT	3	96	30	(20)	109
Net financials				(47)	(47)
Exchange rate adjustments				(72)	(72)
Profit before tax	3	96	30	(139)	(11)

DKK million	Poland	Ukraine	Russia	Other/Not allocated	Total
9M 2019					
Revenue	680	310	131	-	1,121
Change in fair value of biological assets	86	8	(1)	-	93
Grants and other income	18	2	1	-	21
Total Income	784	320	131	-	1,235
Cost of goods sold (COGS)	(613)	(225)	(82)	-	(920)
Gross profit/loss	171	95	49	-	315
SG&A	(50)	(26)	(11)	12	(75)
EBITDA	121	69	38	12	240
<i>EBITDA Adjusted</i>	<i>63</i>	<i>68</i>	<i>42</i>	<i>12</i>	<i>185</i>
Depreciation and amortization	(59)	(30)	(11)	(8)	(108)
EBIT	62	39	27	4	132
Net financials				(48)	(48)
Exchange rate adjustments				39	39
Profit before tax	62	39	27	(5)	123

Notes

3. Biological assets

	Basic Herd	Sales Herd	Total herd
9M 2020			
Opening balance as of 1 January	142	275	417
Movements:			
Acquisitions	12	0	12
Produced piglets, cattles	4	475	478
Gain/loss from change in fair value	(8)	366	358
Sales	(27)	(853)	(880)
Transfer between groups	30	(30)	0
Exchange adjustments	(20)	(36)	(56)
Closing balance - Values as of 30 September	132	196	328
9M 2019			
Opening balance as of 1 January	106	184	290
Movements:			
Acquisitions	3	0	3
Produced piglets, cattles	0	485	486
Gain/(loss) from change in fair value	12	442	455
Sales	(28)	(801)	(829)
Transfer between groups	29	(29)	0
Exchange adjustments	10	(14)	(3)
Closing balance - Values as of 30 September	133	268	401

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.

DKK million	9M 2020	9M 2019
Crop production		
Opening balance as of 1 January	72	66
Acquisitions	140	158
Gain/loss from change in fair value	12	(31)
Harvest	(104)	(109)
Exchange adjustments	(23)	-
Closing balance	96	83
Numbers of hectares harvested	20,945	23,762
Numbers of hectares seeded as of closing balance	18,481	15,227

4. Bond debt

Goodvalley's current financing was established in 2017 under the listed bond arrangement with maturity in May 2021, and the bond debt is therefore presented as short term debt in the balance sheet.

Goodvalley is pursuing various refinancing options, including reissuing bonds, to complete the refinancing prior to maturity of the existing debt.

Notes

5. Obligor Group

Bond terms

Issuer	Goodvalley A/S
Security package:	First ranking security over material assets and share pledges
Original Guarantors:	Goodvalley Agro SA, Goodvalley LLC, Goodvalley Sp. z.o.o., Finansax APS.
Status of the bond:	Senior secured
Currency:	EUR
Initial debt amount:	EUR 135 million
Total framework:	EUR 270 million
Other facilities:	Super senior RCF up to DKK 125 million, governed under an inter-creditor agreement with bondholders. Basket of DKK 80 million for factoring.
Tenor:	4 years (May 2021)
Pricing:	3m EURIBOR + 450bps p.a., quarterly interest payments, EURIBOR floor of 0.0 %
Rating:	Unrated
Call options:	Non call during the first 24 months, then 50/25/0 % of initial coupon after 24/36/42, month respectively.
Incurrence test:	NIBD/EBITDA LTM fixed herd price (net leverage) of < 2.75x for any additional debt raised.
Restricted payments:	Dividends or cash contributions to Restricted Subsidiaries are payable up to Net Leverage of < 2.75x
Information covenant:	Annual audited statements, quarterly unaudited reports.
General undertakings:	Inter alia restrictions on distributions, mergers, demergers, acquisitions, disposals, financial indebtedness, negative pledge, financial support, subsidiary distribution customary for a HY bond.
Change of control:	Investor put at 101 %
Equity claw:	35%
Listing of bonds:	Nasdaq Copenhagen.
Trustee:	Nordic Trustee.
Governing law:	Danish law.

6. Seasonality

The Group's financial performance is influenced by seasonal fluctuations relating to the arable production, where the Group's main activities historically are generated in Q3 based on the harvest. Revenue and operating profit before tax thus vary in the various reporting periods for which reason they are not necessarily indicative of future trends. The results of the individual quarters are therefore not reliable sources in terms of projecting the Group's development and full year earnings.

7. Related parties transactions

The Group has obtained a subordinated loan from the Parent company, Polen Invest A/S, with a balance of DKK 76 million at 30 September 2020 (balance at 30 September 2019: DKK 92 million). The loan carries interest in accordance to the agreement between the parties at CIBOR3 + 350 bps. The interest for 9M 2020 amounts to DKK 3 million (9M 2019: DKK 4 million).

The Company intends to repay the loan partly during last quarter of 2020, if the financial position of the Company allows it.

GOODVALLEY

Since



1994

Home of Quality

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