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Annual report 2020 for FirstFarms A/S

FirstFarms presents the best result ever

FirstFarms realised a turnover of 313 mDKK, an EBITDA of 100 mDKK and EBIT of 54 mDKK, which is a growth of 3 percentage points in EBITDA margin and 2.6 percentage points in EBIT. Thus, FirstFarms presents the best result since the company was listed in 2006.

2020 was characterised by difficult market conditions with regional drought, low pig prices in Q3 and Q4, and effects of COVID-19 and ASF. However, FirstFarms set off these challenges by, among other things, performing a very high efficiency in production, by a successful, planned land sale and through an acquisition in Romania, which strengthened both the result and the equity, along with a dedicated effort from the employees.

"FirstFarms is proud of the result, which is an improvement on the historic 2019 result, and I would like to highlight the extraordinary efforts contributed by our more than 300 employees. This has been a significant reason why we have been able to perform so satisfactorily in a very difficult and unpredictable year," says CEO of FirstFarms Anders H. Nørgaard.

FirstFarms aims to become one of Europe's best operated and most profitable companies in the area of agriculture and food production, and the ambition is continued growth.

"FirstFarms will, among other things, expand the production within the existing business model and investigate opportunities for a local expansion of the model. FirstFarms intends to act on new opportunities if they create value for our investors," says Anders H. Nørgaard, and underlines:

"FirstFarms will continue to focus on risk diversification both geographically and on the individual operation branches. It is the business model that has ensured that we close 2020 with a historically good result."

Summary

The Board of Directors and Management of FirstFarms A/S has today reviewed and adopted the annual report for 2020.

2020: Historically good result under difficult market conditions

- FirstFarms realised a turnover of 313 mDKK, an EBITDA of 100 mDKK and an EBIT of 54 mDKK, which is a growth of 3 percentage point in EBITDA margin and 2.6 percentage point in EBIT margin. The progress is based on the company's high efficiency in the production and sale and acquisition of land.
- Result before tax is 31 mDKK, which is improved by 2 mDKK compared to 2019.
- Acquisition and sale of land in Romania has contributed significantly to the satisfactory result. Valueadjustment in the stock of pigs affects the result negatively with 20 mDKK, due to lower prices.
- In 2020, a profit after tax of 25 mDKK is realised, which is considered satisfactory.
- The Board of Directors recommends, that dividend is resumed and distribute 5.675 mDKK (0.75 DKK per share) in dividend.
- During the financial year, a farm was acquired in Romania with 2,430 hectares of cultivated agricultural land, a modern silo plant with 6,000 tons of storage capacity, feed mill and storage- and administration

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facilities. In connection with the calculation of the value in the company, an added value of 19.7 mDKK has been realised compared to the acquisition price (see page 86). This surplus value is recognised in the income statement.

- In addition, there has also been acquired or entered agreement about acquisition of 1,400 hectares rent contracts, with 1,000 hectares in Slovakia and 400 hectares in Romania.
- FirstFarms has implemented a number of activities to contribute to the creation of a more sustainable company, and we will implement further projects with the purpose to improve our results in the area. We have great focus on ESG. <https://www.firstfarms.dk/en/investor-relations/corporate-social-responsibility/2021-annual-report-2020>.
- FirstFarms has a land portfolio of 11,100 hectares of owned agricultural land and 10.800 hectares of rent contracts – totally 21,900 hectares of agricultural land in operation.
- All owned land is booked at purchase prices and not market prices. We have owned a large part of the land for several years. FirstFarms assesses that there is added value regarding the land for 200 mDKK after tax in addition to the booked equity of 484 mDKK.
- In 2020, FirstFarms has significantly strengthened its liquidity preparedness, which proves basis for future growth.
- COVID-19 has so far had only minor direct economic impact on production. However, the production has to some extent been affected by dramatic prices changes for slaughter pigs and piglets as a direct result of COVID-19 and ASF. Milk and crop production has had only a minor impact.

Expectations to 2021

In 2021, FirstFarms expects a slight increase in EBITDA to the level of 85-115 mDKK and in EBIT to the level of 35-65 mDKK. In 2020, and EBITDA of 100 mDKK and EBIT of 54 mDKK was realised. We expect 2021 to be an acceptable and stable year regarding earnings with less growth in our profit creation. For all production branches, a robust year with unchanged prices on par with the average prices achieved in 2020 is expected. The efficiency of our production is expected to be maintained with potential for improvement in several areas.

FirstFarms is very much aware of the surroundings, and not least the consumers, who are increasingly demanding more sustainable development in the area of agriculture and food products. FirstFarms has continuously implemented activities that contribute to the creation of a more sustainable business, and further activities will be implemented in 2021 with the aim of continuously improving FirstFarms' results on this area.

FirstFarms' annual report can be seen in its full length in the attached document/link (100 pages).

Best regards,
FirstFarms A/S

For further information:

Please visit our website www.firstfarms.com or contact CEO Anders H. Nørgaard on telephone +45 75 86 87 87.

About FirstFarms:

FirstFarms is a Danish stock exchange listed company. We operate FirstFarms with responsibility for the surrounding communities, and we deliver highest quality which is primarily sold locally. We act on new opportunities, that create value for our investors and for the surroundings. Every day, we work on creating a more sustainable company.