

Interim financial report for 1 January – 30 September 2022 for FirstFarms A/S



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CEO in FirstFarms
Anders H. Nørgaard:

“FirstFarms has delivered improved results on all significant financial parameters in the first three quarters of 2022, and we can therefore present a satisfactory interim result.

We have delivered in a turbulent time with unpredictable market conditions and many challenges, over which we have no control. But we can control how we run our business, and we succeeded in that. Focus on the cost level, high efficiency and productivity in all branches of the operation, control of the value chains and good sales prices of crops and milk are the basis for the good result.

I am happy and proud that we will probably deliver another record result, when the year is over. We do not expect the difficult market conditions and the external threats to diminish in the near future – on the contrary. Therefore, we are also prepared to navigate in troubled waters, and we continue to invest, develop and grow our company, just as we continue the development towards a more sustainable agriculture.”

HIGH SETTLEMENT PRICES ENSURE GOOD INTERIM RESULT

2022 has been favoured by high milk prices and at the same time the efficiency in the milk production is at a very satisfactory level. The settlement prices of crops continue to be historically high, but crop production is characterised by large fluctuations, both in prices, quality and in yields geographically. It is therefore uncertain how the market for crops will develop.

The pig prices are still too low compared to the cost level, but a high level of efficiency and productivity means that it has been possible to maintain a satisfactory result in the operating branch year to date. The world market for pigs is characterised by great uncertainty and continues to be affected by ASF in Germany and China.

High level of activity

The third quarter has been characterised by great activity. Among other things, FirstFarms has completed the acquisition of the company Try-Béta Kft. in Hungary, acquired shares in Agri Invest A/S

and taken into use a large newly built silo facility in Slovakia. The group has also initiated a large and ongoing investment in green energy production. Initially with a view to becoming as energy independent as possible in relation to external factors.

On 30 September 2022, bonds for a total of 66 mDKK were converted into FirstFarms shares.

The equity is now 665 mDKK, corresponding to a solvency ratio of 51%. This is a major strengthening of the capital and an underlining of the company's robust and healthy financial foundation, which must ensure resilience in difficult times and securing future growth and the necessary investments.

FirstFarms has in the accounting period realised:

- A net turnover of 291 mDKK compared to 248 mDKK in the same period last year

- An EBITDA of 121 mDKK compared to 74 mDKK in the same period last year
- An EBIT of 89 mDKK compared to 44 mDKK in the same period last year
- A pre-tax result of 77 mDKK compared to 24 mDKK in the same period last year

Expectations

FirstFarms maintains the announced 2022-expectations of an EBITDA of 110-140 mDKK and an EBIT of 65-95 mDKK as stated in company announcement no. 22/2022, which means that the company still expects, that the 2022-result to be the best in the company's history.



Strengthened equity

Equity has increased by 135 mDKK in the period. In addition to the result for the year, bonds for 66 mDKK have been converted and FirstFarms has a positive adjustment on the interest hedging instrument of 8 mDKK. A dividend of 7 mDKK has been paid. During the period, there has been a negative impact from exchange rates relating to subsidiaries with a total of 8 mDKK.

Good milk production

The yield per cow is still improving. Production is 10% higher compared to the same period last year. In the first three quarters, the milk price has been significantly higher compared to the same period last year. (3.24 DKK/kg against 2.38 DKK/kg). Altogether, this has resulted in an additional revenue for milk production of 27 mDKK. It is expected that the high price of milk will last the rest of the year.

Trade ratio between pigs and crops is a challenge

FirstFarms is constantly working on optimising the efficiency of pig production and the circular

operation with a view to continued reasonable earnings from the pigs. In the first three quarters of 2022, the turnover of piglets and slaughter pigs has increased by 28 mDKK compared to the same period last year. In the first three quarters of 2022, the price of piglets was 396 DKK /pcs. against 362 DKK in the same period last year, and for slaughter pigs 12.93 DKK/kg against 9.64 DKK/kg. The prices are higher at the end of September 2022 than they were in December 2021, and there is thus a positive value adjustment of 15 mDKK on the herd compared to minus 0.5 mDKK in the same period last year.

High prices of crops

The harvest yields have been negatively affected by extreme weather conditions such as severe drought in Romania. However, the high prices of crops continue to partially compensate for the lower harvest yield. FirstFarms expects to operate under increasingly extreme weather conditions in the future. Therefore, the Group is constantly investigating the possibility of measures to counteract the negative effects of extreme weather.

Risk assessment

FirstFarms has in the annual report of 2021 described the most essential risks for the company, and it is the management's opinion that this description is still adequate.

The annual report and the risk assessment can be found on the company's website www.firstfarms.com.

Accounting policies

The interim financial report is prepared in accordance with IAS 34 "Presentation of interim financial reports" as adopted by the EU and Danish disclosure requirements for listed companies.

Accounting policies are unchanged compared to the consolidated financial statement and annual report for 2021, to which is referred.

FINANCIAL HIGHLIGHTS AND KEY RATIOS

Financial highlights mDKK	The Group Q1-Q3 2022	The Group Q1-Q3 2021	The Group Q3 2022	The Group Q3 2021	The Group 2021
Net turnover	290.7	247.9	136.0	104.6	369.5
Gross profit/loss	177.0	122.0	75.0	34.8	184.2
Result before depreciations (EBITDA)	120.7	74.0	54.4	17.1	113.7
Profit/loss from primary operations (EBIT)	89.4	43.5	44.2	7.6	69.9
Net financial items	-12.6	-19.4	-8.3	-8.8	-24.0
Profit before tax	76.8	24.2	35.9	-1.1	45.9
Net profit	59.8	16.5	27.0	-2.3	34.8
Non-current assets	977.8	950.7	977.8	950.7	834.7
Current assets	327.1	247.0	327.1	247.0	263.8
Total assets	1,304.9	1,197.7	1,304.9	1,197.7	1,098.5
Share capital	93.9	78.6	93.9	78.6	78.6
Equity	664.5	510.6	664.5	510.6	530.1
Non-current liabilities	397.9	461.5	397.9	461.5	327.7
Current liabilities	242.4	225.6	242.4	225.6	240.7
Net interest bearing debt	463.6	525.0	463.6	525.0	390.4
Cash flow from primary operations	37.1	21.2	13.1	-23.7	77.7
Cash flow from operating activities	17.2	0.6	2.3	-31.5	46.3
Cash flow from investment activities, net	-178.8	-21.8	-106.9	6.7	109.7
Of which for investment in tangible assets	-148.3	-27.7	-71.2	5.1	-72.8
Cash flow from financing activities	112.5	16.7	73.6	16.5	-86.2
Total cash flow	-49.0	-4.5	-30.9	-8.4	69.7
Gross margin	60.9	49.2	55.1	33.3	49.9
EBITDA margin	41.5	29.8	40.0	16.3	30.8
Operating margin	30.8	17.6	32.5	7.3	18.9
Solvency ratio	50.9	42.6	50.9	42.6	48
Earnings per share, DKK	7.4	2.1	3.3	-0.3	4.5
Diluted earnings per share, DKK	6.1	2.1	2.7	-0.1	4.1
NIBD/EBITDA	2.9	5.3	2.1	7.7	3.4
Return on shareholders' equity	13.3	4.4	18.1	-1.9	6.9
Average number of employees	323	311	345	314	318



EXPECTATIONS

FirstFarms maintains the announced expectations of an EBITDA in the level of 110-140 mDKK, and an EBIT of 65-95 mDKK.

Announced expectations 2022 mDKK	EBITDA	EBIT
2 November 2022 (company announcement no. 24)	110-140	65-95
24 August 2022 (company announcement no. 15)	90-130	45-85
23 March 2022 (company announcement no. 3)	80-120	35-75

MANAGEMENT STATEMENT

The Board of directors and the management of i FirstFarms A/S have today discussed and approved the interim financial report for the period 1 January – 30 September 2022.

The interim financial accounts, which has not been audited or reviewed by the independent auditors of the Company, has been 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.

In our opinion the interim financial accounts give a true and fair view of the Group’s assets, liabilities and financial position on 30 September 2022 and of the results of the Group’s operations and cash flows for the period 1 January – 30 September 2022.

Further, in our opinion the Management’s review gives a true and fair overview of the development in the Group’s operations and financial matters, the results of the Group’s operations and the Group’s financial position as a whole.

Billund, 23 November 2022

Management

Anders H. Nørgaard
CEO

Board of directors

Henrik Hougaard
Chairman

Jens Bolding Jensen

Bendt Wedell

Asbjørn Børsting
Vice Chairman

Karina Boldsen

Claus Ewers



INCOME STATEMENT AND TOTAL INCOME STATEMENT

INCOMESTATEMENT tDKK	The Group Q1-Q3 2022	The Group Q1-Q3 2021	The Group Q3 2021	The Group Q3 2021	The Group 2021
Net turnover	290,749	247,936	136,037	104,552	369,483
Public subsidies	47,840	39,106	16,525	12,342	53,436
Other operating income	5,988	6,018	832	3,886	27,279
Value adjustment of biological assets	40,523	27,985	20,995	4,326	6,008
Total income	385,100	321,045	174,389	125,106	456,206
Cost of sales	-140,677	-141,908	-68,664	-68,459	-197,604
Other external costs	-67,401	-57,118	-30,759	-21,858	-74,393
Gross profit/loss	177,022	122,019	74,966	34,789	184,209
Staff costs	-56,309	-48,037	-20,551	-17,711	-70,531
EBITDA	120,713	73,982	54,415	17,078	113,678
Depreciations	-31,270	-30,444	-10,213	-9,451	-43,746
EBIT	89,443	43,538	44,202	7,627	69,932
Financial income	4,252	551	249	172	2,327
Financial costs	-16,872	-19,906	-8,544	-8,930	-26,345
Pre-tax result	76,823	24,183	35,907	-1,131	45,914
Tax on net profit	-17,053	-7,698	-8,919	-1,172	-11,159
Net profit	59,770	16,485	26,988	-2,303	34,755
Earnings per share	7.83	2.10	3.57	-0.30	4.51
Diluted earnings per share	6.19	2.10	3.36	-0.07	4.06
TOTAL INCOME STATEMENT tDKK	The Group Q1-Q3 2022	The Group Q1-Q3 2021	The Group Q3 2021	The Group Q3 2021	The Group 2021
Net profit	59,770	16,485	26,988	-2,303	34,755
Other total income					
Items that can be reclassified to the income statement:					
- Exchange rate adjustments by conversion of foreign units	-8,690	2,768	-5,296	1,470	-139
Hedging instruments					
- Value adjustment for the period	8,102	3,010	2,439	1,479	1,526
- Value adjustment of reclassified to financial items	-547	-242	-127	1	962
- Tax of other total income	-1,587	-350	-486	-80	-821
Other total income after tax	-2,722	5,186	-3,470	2,870	1,528
Total income	57,048	21,671	23,518	567	36,283

BALANCE SHEET ASSETS

BALANCE tDKK	The Group Q3 2022	The Group Q3 2021	The Group 2021
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	16,083	16,083	16,083
Total intangible assets	16,083	16,083	16,083
Tangible assets			
Land	452,558	526,980	436,474
Buildings	220,114	230,947	208,393
Plant and machinery	89,945	86,445	87,417
Fixtures and fittings, tools and equipment	6,650	5,111	5,505
Assets under construction and prepayment	132,611	38,583	37,488
Total tangible assets	901,878	888,066	775,277
Biological assets			
Basic herd	45,619	41,230	40,944
Total biological assets	45,619	41,230	40,944
Other non-current assets			
Other capital shares	8,563	0	0
Deferred tax assets	5,647	5,312	2,398
Total other non-current assets	14,210	5,312	2,398
Total non-current assets	977,790	950,691	834,702
Current assets			
Inventories	137,715	98,555	83,560
Biological assets – breeding and crops	84,039	81,255	64,611
Receiveables from sale	25,566	22,619	20,946
Other receivables	47,874	38,794	14,896
Accruals and deferred expenses	3,447	2,481	2,359
Cash at bank and in hand	28,423	3,287	77,467
Total current assets	327,064	246,991	263,839
TOTAL ASSETS	1,304,854	1,197,682	1,098,541

BALANCE SHEET EQUITY AND LIABILITIES

BALANCE tDKK	The Group Q3 2022	The Group Q3 2021	The Group 2021
EQUITY AND LIABILITIES			
Equity			
Share capital	93,923	78,610	78,610
Reserve for exchange rate adjustment	-46,298	-33,403	-37,608
Reserve for cash flow hedge	6,515	-1,770	-1,421
Transferred result	610,384	467,178	483,870
Proposed dividend	0	0	6,682
Total equity	664,524	510,615	530,133
Liabilities			
Non-current liabilities			
Deferred tax	40,426	49,801	31,846
Credit institutions	319,454	256,646	246,931
Convertible bonds	22,351	107,050	22,855
Other debts	15,714	48,010	26,083
Total non-current liabilities	397,945	461,507	327,715
Current liabilities			
Credit institutions	123,154	123,546	76,189
Convertible bonds	0	0	84,368
Trade payables and other payables	97,933	87,586	67,690
Corporation tax	8,565	259	766
Accruals and deferred income	12,733	14,169	11,680
Total current liabilities	242,385	225,560	240,693
Total liabilities	640,330	687,067	568,408
TOTAL EQUITY AND LIABILITIES	1,304,854	1,197,682	1,098,541

EQUITY STATEMENT (condensed)
tDKK

The Group
Q1-Q3 2022

The Group
Q1-Q3 2021

Equity 1 January	530.133	483.477
Result of the period	59.770	16.485
Other total income	-2.722	4.086
Conversion of bonds and issuance of shares	84.296	12.242
Dividend	-6.953	-5.675
Total income for the period	134.391	27.138
Equity 30 June	664,524	510.615

CASH FLOW STATEMENT

CASH FLOW STATEMENT tDKK	The Group Q1-Q3 2022	The Group Q1-Q3 2021
Pre-tax result (Int the parent company ex. result of subsidiaries)	76,823	24,183
Adjustments for non -monetary operating items etc.:		
Depreciation/amortisation	31,270	30,444
Reversal of profit, sale of non -current assets and badwill	-3,387	-1,632
Value adjustment of biological assets	-40,523	-21,714
Financial income	-4,252	-551
Financial costs	16,872	19,906
Sharebased remuneration	516	0
Cash flow generated from operations before change in working capital	77,319	50,635
Change in working capital	-40,238	-29,455
Cash flow from main activities	37,081	21,180
Interest received	4,252	551
Interest paid	-17,419	-19,906
Paid corporation tax	-6,673	-1,217
Cash flow from operating activities	17,241	608
Acquisition of shares in Try-Beta Kft.	-27,168	0
Acquisition of other capital shares	-8,563	0
Disposal of material assets, paid	5,187	5,891
Acquisition of tangible assets	-148,276	-27,663
Cash flow from investing activities	-178,820	-21,772
Paid dividend	-6,953	-5,675
Proceeds from loans	159,903	39,560
Loan repayment	-40,415	-17,187
Cash flow from financing activities	112,535	16,698
Cash flow of the period	-49,044	-4,466
Available, at the beginning	77,467	7,753
Exchange rate adjustment of available	0	0
Available, at closing	28,423	3,287

SEGMENT INFORMATION Q1-Q3 2022 tDKK	Romanian activities	Slovakian activities	Hungarian activities	Czech activities	Others/ Non-allocated	Intercompany elimination	Total
Total turnover	21,532	185,450	29,493	64,273	6,941	-16,940	290,749
Grants	8,156	31,215	1,967	6,502	0	0	47,840
Value adjustment of biological assets	3,537	28,031	6,015	2,940	0	0	40,523
Result before depreciations (EBITDA)	12,574	79,786	7,091	25,211	-3,947	0	120,715
Depreciations	-5,843	-20,530	-1,818	-3,029	-50	0	-31,270
Profit/loss from primary operations (EBIT)	6,731	59,256	5,273	22,182	-3,997	0	89,445
Financial income	76	1,665	806	99	6,070	-4,464	4,252
Financial costs	-2,031	-8,264	-1,706	-1,708	-8,174	4,464	-17,419
Result before tax	4,776	52,657	4,373	20,573	-5,556	0	76,823
Assets	235,029	697,433	224,945	189,739	746,151	-788,443	1,304,854
Investments *)	16,857	33,209	95,789	2,176	245	0	148,276
Liabilities	145,721	416,943	221,846	70,225	144,261	-357,669	641,327

SEGMENT INFORMATION Q1-Q3 2021 tDKK	Romanian activities	Slovakian activities	Hungarian activities	Czech activities	Others/ Non-allocated	Intercompany elimination	Total
Total turnover	34,710	138,231	26,964	56,624	1,677	-10,270	247,936
Grants	7,560	24,095	1,467	5,984	0	0	39,106
Value adjustment of biological assets	17,029	8,057	-678	3,577	0	0	27,985
Result before depreciations (EBITDA)	29,278	40,018	-45	12,049	-7,318	0	73,982
Depreciations	-3,635	-21,465	-2,043	-3,301	0	0	-30,444
Profit/loss from primary operations (EBIT)	25,643	18,553	-2,088	8,748	-7,318	0	43,538
Financial income	35	1,316	27	42	0	-869	551
Financial costs	-2,589	-6,622	-892	-946	-9,726	869	-19,906
Result before tax	23,089	13,247	-2,953	7,844	-17,044	0	24,183
Assets	347,848	671,068	81,356	165,087	673,403	-741,080	1,197,682
Investments *)	1,273	18,890	2,170	5,330	0	0	27,663
Liabilities	177,072	437,719	64,659	68,943	196,965	-258,291	687,067

*) Investments include investments in machinery, land and buildings. FirstFarms' report compulsory segments are constituted by the business units in Slovakia, Romania, Hungary and the Czech Republic.

In Slovakia, we operate within pig, milk and crop production. In Romania, we operate within crop production. In Hungary we operate within pig production and in the Czech Republic within pig and crop production.

The four business units are operated independently, as each unit has different management, activities and customers. The report compulsory segments are identified without aggregation of operation segments.

Products

FirstFarms' turnover primarily concerns milk, pigs and crops. The turnover is specified:

tDKK	Romania Q1-Q3 2022	Romania Q1-Q3 2021	Slovakia Q1-Q3 2022	Slovakia Q1-Q3 2021	Hungary Q1-Q3 2022	Hungary Q1-Q3 2021	Czech Q1-Q3 2022	Czech Q1-Q3 2021
Milk	0	0	83,072	55,745	0	0	0	0
Cows and calves	0	0	9,861	5,824	0	0	0	0
Piglets and slaughter pigs	0	0	41,344	30,632	29,461	26,931	58,891	48,832
Crops	18,742	31,820	49,364	43,440	0	0	1,398	2,597
Other turnover	2,790	2,890	1,809	2,590	32	33	3,984	5,195
Total	21,532	34,710	185,450	138,231	29,493	26,964	64,273	56,624

Geographical information

FirstFarms operates in Romania, Slovakia, Hungary and the Czech Republic. Management and strategic services are provided by the parent company to the subsidiaries.

The subsidiaries are partly financed by loans from the parent company. When presenting information on geographical areas, information on the distribution of turnover by geographic segment is calculated based on the geographical location.

Distribution of assets by geographic segment is based on the physical location of the assets.

Turnover tDKK	The Group Q1-Q3 2022	The Group Q1-Q3 2021
Milk	83,072	55,745
Cows and calves	9,861	5,824
Piglets and slaughter pigs	125,352	96,945
Crops	64,150	78,275
Other turnover	8,314	11,148
Total	290,749	247,937

ACQUISITION OF TRY-BÉTA KFT.

tDKK

Land	8.129
Buildings	13.880
Production plants and machines	8.742
Other fixtures and fittings	635
Inventories	4.148
Biological assets	372
Receivables	5.381
Cash at bank and in hand	408
Deferred tax	-1.175
Other debt	-8.642
Interest bearing debt	-4.302
Net assets taken over	27.576
Total acquisition price	27.576
Goodwill / Badwill	0

FirstFarms A/S has, as stated in company announcement no. 14 of 20 July 2022, acquired the Hungarian company Try-Béta Kft. and are thus expanding the activities in Hungary significantly.

With the purchase, FirstFarms has acquired up to 1,600 hectares of cultivated agricultural land, 6,900 tons of storage and silo capacity and machinery. The acquisition is cementing FirstFarms' development and growth in Hungary and strengthens the circular production. The crops grown in the company will end up as feed for the pig production and the natural fertiliser will be used at the field in Try-Béta.

The purchase price for the shares in Try-Béta Kft. constituted a total of 27.1 mDKK. The shares in Try-Béta Kft. has been paid in cash with 23.8 mDKK. In addition, a net loan of 3.3 mDKK was made to Try-Béta Kft. The allocation of the purchase price of the net assets is shown in the table above.

The allocation of the purchase price is preliminary.

Recognised transaction costs of 0.7 mDKK are incurred in connection with the transaction.

Result before tax for Try-Béta Kft. For the recognised period is 0.0 mDKK. If the whole period Q1-Q3 in 2022 had been recognised, the result before tax for Try-Béta would be 0,2 mDKK. The result for Try-Béta Kft. is affected by drought in 2022, which is why the result for 2022 is 0.2 mDKK.

INVESTOR INFORMATION

Basic data

Stock exchange: Nasdaq Copenhagen A/S
Index: SmallCap
Sector: Consumer staples
ISIN code: DK0060056166
Short name: FFARMS

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Financial calendar

24 March 2023	Annual report 2022
25 April 2023	Annual general meeting
17 May 2023	Interim financial report 1 January – 31 March 2023
30 August 2023	Interim financial report 1 January – 30 June 2023
29 November 2023	Interim financial report 1 January – 30 September 2023

Find more information about FirstFarms here: www.firstfarms.com



LET'S GROW TOGETHER

VISION

We want to be one of Europe's best operated and most profitable companies in the area of agriculture and food products.

PURPOSE

Contribute to a healthier world with food products, which are produced with respect for people, animals, soil and climate.

MISSION

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.

