

Interim financial report for 1 January – 30 September 2023 for FirstFarms A/S



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This report is composed in Danish and English. In case of doubt, in relation to interpretation, the Danish version takes precedence.



CEO in FirstFarms
Anders H. Nørgaard:

"We expect to deliver a result at the lower end of the previously announced expectations for 2023 with an EBITDA of 90-120 mDKK and an EBIT of 45-75 mDKK..

The results we create are generated despite high inflation on costs and great pressure on sales prices, and in the first three quarters we succeeded to create a turnover increase of 19% compared to the same period last year.

Risk diversification is part of our DNA and gives us the resilience necessary for a satisfactory result generation in a challenging market.

In addition to our normal operations, our increases in value on agricultural land provide protection against inflation, which can create unrest in many companies during these times. Right now, we have an off-the-books net reserve of over 200 mDKK, which stabilises our foundation even more".

STABLE OPERATION FOR THE FIRST THREE QUARTERS OF 2023:

FIRSTFARMS DELIVERS SATISFACTORY IN CHALLENGING MARKET

FirstFarms A/S maintains the announced expectations for 2023. However, with an EBITDA in the lower end of the level of 90-120 mDKK and an EBIT correspondingly in the lower end of the level of 45-75 mDKK.

Production and result generation are satisfactory based on the challenging conditions FirstFarms has operated under during the first three quarters of the year.

The result is achieved due to a stable, efficient, circular operation and the risk diversification, which is an important and positive characteristic of the Group.

The prices have stabilised

The general cost level has been higher in the period compared to the same period last year, and as expected the higher prices of pigs and crops began to decrease in the first half of the year. However, the price decrease has been larger than expected but has now stabilised. For the pigs at an acceptable level. For the crops at too low a level. However, the crops from 2023 have been sold at

higher prices than the current market prices. The milk prices are at a reasonably high level.

In addition to the stable operations, added value on agricultural land and buildings provides protection against inflation. There are net over 200 mDKK off-the-books reserves on the land, which can be added to the value of FirstFarms.

FirstFarms has in the accounting period realised:

- Turnover: 345 mDKK (2022: 291 mDKK)
- EBITDA: 79 mDKK (2022: 121 mDKK)
- EBIT: 42 mDKK (2022: 89 mDKK)
- Result before tax: 28 mDKK (2022: 77 mDKK)

Risk diversification again shows its value

FirstFarms' strength continues to be the risk diversification, where the negative impact from the low crop prices and yield was partially offset by reasonable pig and milk prices. Animal production was the stable factor in the period, but with high feed prices due to high crop prices in 2022.

Risk diversification is a part of FirstFarms' DNA and provides the resilience that leads to the stable result generation that characterises the Group.

Growth in the pig production

The Group's two new pig production facilities in Hungary are in full production with a capacity for 2,000 sows and piglets. The first piglets will be delivered in Q4, 2023. The start-up costs for 2023 amount to 10 mDKK, which affects the year's result negatively.

Overall, FirstFarms now has 6,500 sows on productions in Hungary and Slovakia.

Market prices are still at an acceptable level despite a decrease. At the end of the period, the market price for piglets was DKK 577 (+DKK 122 compared to the end of the period in 2022) and DKK 16.77/kg for fattening pigs (+DKK 1.87/kg).

Year-to-date, the turnover of piglets and slaughter pigs has increased by 36 mDKK compared to the same period last year. There is a positive value adjustment of 7 mDKK on the herd in the first three quarters against 15 mDKK in the same period in 2022.

Milk price is stable

In the first three quarters, milk production has been at the same level as the same period in 2022. The milk price has stabilised at a reasonably high level (DKK 3.16/kg) and has year to date been DKK 3.56/kg on average against 3.23 DKK/kg in 2022. In total, this has resulted in a turnover from milk production of 91 mDKK in 2023 against 83 mDKK in 2022.

Decreasing crop prices are not fully reflected

The harvest is almost completed and with an overall acceptable yield. However, there have been large geographical differences in quality and yield because of the weather. Romania has been affected by drought this year. The same applies to parts of Slovakia. In Romania, a large irrigation project has been launched to stem the negative consequences of drought going forward.

The input costs of crop production have increased, and the price of crops has dropped more than expected compared to 2022, which saw historically high crop prices. However, it has been possible to sell crops at prices that are higher than the current market price, and therefore the current market prices do not fully reflect on the outcome.

The total yield sold in crop production is 5% below expectations, while actual prices for sales crops are 20% below expectations. Market prices from harvest 2022 to current prices with Q3, 2023, have dropped by approximately 30% for grains and oilseeds.

Crop prices have decreased significantly in Q3 2023. The valuation adjustment of biological assets in Q3 2023 is negatively affected by 16 mDKK due to the development in the value of harvested crops, compared to +16 mDKK in Q3 2022. The impact in Q3 2022 is a combination of lower yields and lower prices.

The turnover has increased

The turnover has increased by 54 mDKK in the first three quarters compared to the same period last year, equivalent to 19%. This is primarily due to the reasonable pig and milk prices.

EBITDA

In the first three quarters of 2023, the group has realised an EBITDA of 78.9 mDKK compared to 120.7 mDKK in the same period in 2022.

EBITDA is negatively impacted by increased input costs for crops, which have increased significantly compared to 2022.

EBITDA for the period is also negatively impacted by significantly lower crop prices compared to 2022.

In combination with the decrease in sales prices on crops, this means that the results from field do not meet expectations.

Hedging of crop prices is recorded as financial items, which generated an income of 8 mDKK in the first three quarters. Value adjustment of other biological assets amounts to -12 mDKK.

Financial items

Net financial items are at the same level as in 2022. This is mainly due to the recognition of profit on crop futures. Financial costs have increased by 1 mDKK due to the expansion in Hungary and a generally higher interest rate level in 2023 compared to 2022.

Result for the period

The result for the period is 23.3 mDKK compared to 59.8 mDKK for the same period in 2022.

The balance sheet

The total assets for the Group per 30 September 2023 amount to 1,468 mDKK, which is an increase of 163 mDKK compared to the same period last year and 127 mDKK compared to 31 December 2022. The main reason is the project with 2,000 sows in Hungary. Biological assets have also increased because of commissioning the herd in Hungary.

Equity

Equity has increased by 32 mDKK since 31 December 2022. In addition to the year's result and payment of dividends, there is a positive exchange rate adjustment on foreign units of 5 mDKK and converted bonds for 23 mDKK.

The exchange rate adjustment relates primarily to the strengthening of the Hungarian currency.

Cash flows

Cash flows from operations amount to 69 mDKK. This is positively influenced by investment subsidies received for the project in Hungary with 40 mDKK. Adjusted for this, cash flows from operations amount to 29 mDKK. Cash flows from investment activity is 125 mDKK, of which investment subsidies of 40 mDKK have been received.

In the cash flow statement, investment subsidies, as mentioned above, are recognised under changes in working capital.

Expectations are maintained despite great pressure on sales prices

FirstFarms clarifies the announced expectations for 2023 of an EBITDA in the lower end of the level of 90-120 mDKK and an EBIT correspondingly in the lower end of the level of 45-75 mDKK.

The clarification is based on current daily prices for the rest of 2023 for milk and pigs. There are historically large fluctuations in these prices and therefore the range is not narrowed.

Events after the balance sheet date

No events have occurred after the balance sheet date that are significant for the Group's position as per 30 September 2023.

Risk assessment

FirstFarms has in the annual report of 2022 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 2022, 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 depreciation (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 clarifies the announced expectations for 2023 of an EBITDA in the lower end of the level of 90-120 mDKK and an EBIT correspondingly in the lower end of the level of 45-75 mDKK.

The clarification is based on current daily prices for the rest of 2023 for milk and pigs. There are historically large fluctuations in these prices and therefore the range is not narrowed.

In the record year 2022, an EBITDA of 148 mDKK and EBIT of 96 mDKK was realised.

Announced expectations 2023 mDKK	EBITDA	EBIT
24 March 2023 (company announcement no. 23)	90-120	45-75

MANAGEMENT STATEMENT

The Board of directors and the management of FirstFarms A/S have today discussed and approved the interim financial report for the period 1 January – 30 September 2023.

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 2023 and of the results of the Group’s operations and cash flows for the period 1 January – 30 September 2023.

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, 29 November 2023

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 2023	The Group Q1-Q3 2022	The Group Q3 2023	The Group Q3 2022	The Group 2022
Net turnover	344,816	290,749	141,674	136,037	418,389
Production subsidies	47,428	47,840	15,981	16,525	71,562
Other operating income	5,350	5,988	3,109	832	3,904
Value adjustment of biological assets	-5,331	40,523	-20,227	20,995	47,138
Total income	392,263	385,100	140,537	174,389	540,993
Cost of sales	-183,408	-140,677	-79,005	-68,664	-233,359
Other external costs	-62,794	-67,401	-25,224	-30,759	-80,750
Gross profit/loss	146,061	177,022	36,308	74,966	226,884
Staff costs	-67,113	-56,309	-23,937	-20,551	-80,263
EBITDA	78,948	120,713	12,371	54,415	146,621
Depreciation	-37,030	-31,270	-12,791	-10,213	-50,687
EBIT	41,918	89,443	-420	44,202	95,934
Financial income	11,963	4,252	2,217	249	7,044
Financial costs	-25,602	-16,872	-12,138	-8,544	-19,409
Pre-tax result	28,279	76,823	-10,341	35,907	83,569
Tax on net profit	-5,011	-17,053	2,219	-8,919	-18,103
Net profit	23,268	59,770	-8,122	26,988	65,466
Earnings per share	2.87	7.36	-0.99	3.30	7.56
Diluted earnings per share	2.54	6.10	-0.71	2.72	6.60
TOTAL INCOME STATEMENT tDKK	The Group Q1-Q3 2023	The Group Q1-Q3 2022	The Group Q3 2023	The Group Q3 2022	The Group 2022
Net profit	23,268	59,770	-8,122	26,988	65,466
Other total income					
Items that can be reclassified to the income statement:					
- Exchange rate adjustments by conversion of foreign units	5,465	-9,207	-3,604	-5,621	-1,567
- Warrants	847	517	98	325	842
Hedging instruments					
- Value adjustment for the period	-932	8,102	-580	2,439	8,646
- Value adjustment of reclassified to financial items	1,790	-547	953	-127	-435
- Tax of other total income	-180	-1,587	-78	-486	-1,519
Other total income after tax	6,990	-2,722	-3,012	-3,470	5,967
Total income	30,258	57,048	-11,134	23,518	71,433

BALANCE SHEET ASSETS

BALANCE tDKK	The Group Q3 2023	The Group Q3 2022	The Group 2022
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	468,115	452,558	465,506
Buildings	312,350	220,114	212,734
Plant and machinery	140,602	89,945	125,469
Fixtures and fittings, tools and equipment	13,316	6,650	11,922
Assets under construction and prepayment	101,575	132,611	142,705
Total tangible assets	1,035,958	901,878	958,336
Biological assets			
Basic herd	59,341	45,619	47,792
Total biological assets	59,341	45,619	47,792
Other non-current assets			
Other capital shares	45,063	8,563	24,197
Other receivables	8,356	0	0
Deferred tax assets	3,152	5,647	2,255
Total other non-current assets	56,571	14,210	26,452
Total non-current assets	1,167,953	977,790	1,048,663
Current assets			
Inventories	110,125	137,715	124,978
Biological assets – breeding and crops	99,781	84,039	84,482
Receiveables from sale	22,454	25,566	26,140
Other receivables	59,569	47,874	33,132
Accruals and deferred expenses	6,697	3,447	2,232
Cash at bank and in hand	2,117	28,423	21,860
Total current assets	300,443	327,064	292,824
TOTAL ASSETS	1,468,396	1,304,854	1,341,487

BALANCE SHEET EQUITY AND LIABILITIES

BALANCE tDKK	The Group Q3 2023	The Group Q3 2022	The Group 2022
EQUITY AND LIABILITIES			
Equity			
Share capital	99,463	93,923	94,603
Reserve for exchange rate adjustment	-32,868	-47,023	-38,333
Reserve for cash flow hedge	4,339	6,515	5,271
Transferred result	655,675	611,109	612,533
Proposed dividend	0	0	8,987
Total equity	726,609	664,524	683,061
Liabilities			
Non-current liabilities			
Deferred tax	42,034	40,426	40,911
Credit institutions	383,037	319,454	327,815
Convertible bonds	0	22,351	0
Other debts	6,539	0	13,229
Accruals and deferred expenses	49,071	15,714	22,391
Total non-current liabilities	480,681	397,945	404,346
Current liabilities			
Credit institutions	172,355	123,154	149,850
Convertible bonds	0	0	22,351
Trade payables and other payables	83,728	97,933	74,437
Corporation tax	2,478	8,565	4,819
Accruals and deferred income	2,545	12,733	2,623
Total current liabilities	261,106	242,385	254,080
Total liabilities	741,787	640,330	658,426
TOTAL EQUITY AND LIABILITIES	1,468,396	1,304,854	1,341,487

EQUITY STATEMENT (condensed)
tDKK**The Group**
Q1-Q3 2023**The Group**
Q1-Q3 2022

Equity 1 January	683,061	530,133
Result of the period	23,268	59,770
Warrants	847	517
Other total income	6,143	-3,239
Conversion of bonds and issuance of shares	22,351	84,296
Dividend	-8,987	-6,953
Total income for the period	51,906	134,391
Equity 30 September	726,683	664,524

CASH FLOW STATEMENT

CASH FLOW STATEMENT tDKK	The Group Q1-Q3 2023	The Group Q1-Q3 2022
Pre-tax result (Int the parent company ex. result of subsidiaries)	28,279	76,823
Adjustments for non -monetary operating items etc.:		
Depreciation/amortisation	37,030	31,270
Reversal of profit, sale of non -current assets and badwill	-1,789	-3,387
Value adjustment of biological assets	5,331	-40,523
Financial income	-11,963	-4,252
Financial costs	25,602	16,872
Sharebased remuneration	847	516
Cash flow generated from operations before change in working capital	83,337	77,319
Change in working capital	-14,524	-40,238
Cash flow from main activities	68,813	37,081
Interest received	11,963	4,252
Interest paid	-23,812	-17,419
Paid corporation tax	-8,830	-6,673
Cash flow from operating activities	48,134	17,241
Acquisition of shares in Try-Beta Kft.	0	-27,168
Acquisition of other capital shares	-20,876	-8,563
Disposal of material assets, paid	3,100	5,187
Acquisition of tangible assets	-108,122	-148,276
Cash flow from investing activities	-125,898	-178,820
Paid dividend	-8,987	-6,953
Repayment of other debts	-10,719	0
Proceeds from loans	112,962	159,903
Loan repayment	-35,235	-40,415
Cash flow from financing activities	58,021	112,535
Cash flow of the period	-19,743	-49,044
Available, at the beginning	21,860	77,467
Exchange rate adjustment of available	0	0
Available, at closing	2,117	28,423

SEGMENT INFORMATION Q1-Q3 2023 tDKK	Romanian activities	Slovakian activities	Hungarian activities	Czech activities	Others/ Non-allocated	Intercompany elimination	Total
Total turnover	23,286	207,485	51,094	83,968	7,887	-28,904	344,816
Production subsidies	10,909	30,002	1,788	4,729	0	0	47,428
Value adjustment of biological assets	-750	-6,437	1,757	98	0	0	-5,332
Result before depreciation (EBITDA)	5,764	52,835	13,376	11,688	-4,715	0	78,948
Depreciation	-6,781	-21,693	-5,402	-3,117	-37	0	-37,030
Profit/loss from primary operations (EBIT)	-1,017	31,142	7,974	8,571	-4,752	0	41,918
Financial income	1,660	1,516	268	1,489	19,575	-12,545	11,963
Financial costs	-6,803	-11,228	-9,766	-2,038	-8,312	12,545	-25,602
Result before tax	-6,160	21,430	-1,524	8,022	6,511	0	28,279
Assets	259,958	707,119	322,596	209,380	427,137	-457,794	1,468,396
Investments *)	19,492	33,533	53,481	1,616	0	0	108,122
Liabilities	178,445	402,467	317,412	78,153	222,555	-457,245	741,787

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
Production subsidies	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 depreciation (EBITDA)	12,574	79,786	7,091	25,211	-3,947	0	120,715
Depreciation	-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	-7,629	4,464	-16,874
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

*) 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 2023	Romania Q1-Q3 2022	Slovakia Q1-Q3 2023	Slovakia Q1-Q3 2023	Hungary Q1-Q3 2023	Hungary Q1-Q3 2022	Czech Q1-Q3 2023	Czech Q1-Q3 2022
Milk	0	0	90,518	83,072	0	0	0	0
Cows and calves	0	0	9,136	9,861	0	0	0	0
Piglets and slaughter pigs	0	0	52,539	30,632	48,379	26,931	78,581	48,832
Crops	22,497	31,920	52,267	43,440	0	0	1,358	2,597
Other turnover	789	2,790	3,025	-28,775	2,715	33	4,029	5,195
Total	23,286	34,710	207,485	138,231	51,094	26,964	83,968	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 2023	The Group Q1-Q3 2022
Milk	90,518	83,072
Cows and calves	9,136	9,861
Piglets and slaughter pigs	161,499	125,352
Crops	73,390	64,150
Other turnover	10,273	8,313
Total	344,816	290,748

INVESTOR INFORMATION

Basic data

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

Contact us:

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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.

