

Interim financial report for 1 January – 31 March 2021 for FirstFarms A/S

Summary

The Board of Directors and Management of FirstFarms A/S have today reviewed and adopted the un-audited interim financial accounts for the period 1 January – 31 March 2021.

Prosperity despite the volatile market conditions

FirstFarms has in the accounting period realised a turnover of 76.2 mDKK, an EBITDA of 29.2 mDKK, an EBIT of 16.1 mDKK and a pre-tax result of 10.6 mDKK.

EBITDA and EBIT are improved by 3.0 mDKK and 2.0 mDKK, respectively, compared to the same period last year.

- In Q1 2021, the milk price has been marginally higher compared to Q1 2020, while the milk production has been significantly higher.
- The turnover for piglets and slaughter pigs are 16 mDKK less in Q1 2021 compared to same period last year, the reason for this is lower prices during the period. However, the prices have increased towards the end of the quarter, and there is thus a positive value adjustment of 9.0 mDKK on the herd.
- Crop prices have increased significantly in Q1 2021, which has had a positive effect on the result. Crops in the field have a satisfactory development, and compared to 2020, the development is significantly better, as there was minimal rainfall in 2020.
- FirstFarms clarifies the announced expectations for 2021, and an EBITDA in the level of 95-115 mDKK and an EBIT of 45-65 mDKK are now expected. In 2020, an EBITDA of 100 mDKK and EBIT of 54 mDKK was realised.
- The remaining part of the ongoing land sale in West Romania is expected to be completed in tranches by the end of 2021.

"The result for the first quarter and the slight increase compared to the same period last year are satisfactory in view of the continued uncertainty that characterises the markets. However, we are experiencing trends towards a normalisation of prices and sale of our products, which means that we maintain the expectation of a stable 2021 result and clarify the announced expectations. FirstFarms also maintains focus on risk diversification, development and growth, so that we can fulfil our ambition to become one of Europe's best operated and most profitable companies in the area of agriculture and food products," says Anders H. Nørgaard, CEO of FirstFarms.

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.

Main and key ratios

DKK 1,000	The Group Q1 2021	The Group Q1 2020	The Group 2020
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Main figures

Turnover	76,198	82,563	312,616
Gross profit/loss	20,596	19,837	24,916
Result before depreciations (EBITDA)	29,246	26,232	100,204
Profit/loss of primary operations (EBIT)	16,123	14,157	54,240
Net financial items	-5,550	-5,474	-22,838
Pre-tax result	10,573	8,683	31,402
Net profit	7,744	6,886	24,794

Non-current assets	947,617	840,474	954,069
Current assets	209,442	237,073	187,886
Total assets	1,157,059	1,077,547	1,141,955
Share capital	75,666	63,181	75,666
Equity	490,007	390,292	483,477
Non-current liabilities	474,777	440,476	461,134
Current liabilities	192,275	246,779	197,344

Cash flow from primary operations	13,783	25,317	79,572
Cash flow from operations	8,669	19,545	47,172
Cash flow for investment, net	-2,685	-8,691	-13,217
Of which for investment in tangible assets	-6,625	-12,279	-93,561
Cash flow from financing	-4,040	-4,879	-29,259
Total cash flow	1,945	5,975	4,696

Key figures

Gross margin	27.0	24.0	8.0
EBITDA margin	38.4	31.8	32.1
Operating margin	21.2	17.1	17.4
Solvency ratio	42	36	42
Earnings per share, DKK	1.02	1.09	3.57
Diluted earnings per share, DKK	0.93	0.97	3.36
Return on shareholders' equity	6.4	7.0	5.7

Average number of employees	317	284	334
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Management report for the period 1 January – 31 March 2021

FirstFarms has in the accounting period realised a turnover of 76.2 mDKK, an EBITDA of 29.2 mDKK, an EBIT of 16.1 mDKK and a pre-tax result of 10.6 mDKK.

EBITDA and EBIT are improved by 3.0 mDKK and 2.0 mDKK, respectively, compared to the same period last year.

The equity is in Q1 increased with 6.5 mDKK, due to a result of 7.8 mDKK and an exchange rate adjustment of -1.9 mDKK and a positive adjustment of hedging instrument of 0.6 mDKK.

In Q1 2021, the milk price has been marginally higher compared to Q1 2020, while the milk production has been significantly higher, so overall the milk production has had a significantly better start to the year compared to 2020.

The prices for piglets and slaughter pigs have been significantly lower than the same period last year. However, the prices have increased during Q1, and this has entailed a positive value adjustment of 9.0 mDKK on the herd. Overall turnover and value adjustment on pigs is 7 mDKK lower compared to Q1 2021.

Crops in the field have a satisfactory development, and compared to 2020, the development is significantly better, as there was minimal rainfall in some places in 2020.

The sale of the land in West Romania has not been complete, the remaining part of the sale is expected to be completed in tranches by the end of 2021.

The operation and sales have to a minor extent been affected by consequences of COVID-19 or restrictions hereof.

Risk assessment

FirstFarms has in the annual report for 2020 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 2020, to which is referred.

Expectations for 2021

FirstFarms clarifies the spread to the announced expectations and an EBITDA in the level of 95-115 mDKK and an EBIT of 45-65 mDKK is now expected.

Announced expectations 2021

mDKK	EBITDA	EBIT
26 May 2021 (company announcement no. 11)	95-115	45-65
25 March 2021 (company announcement no. 4)	85-115	35-65

Financial calendar for 2021

25 August 2021	Interim financial report 1 January – 30 June 2021
24 November 2021	Interim financial report 1 January – 30 September 2021

Management statement

The Management and Board of Directors of FirstFarms have today discussed and approved the interim financial report of FirstFarms A/S for the period 1 January – 31 March 2021.

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 at 31 March 2021 and of the results of the Group’s operations and cash flows for the period 1 January – 31 March 2021.

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, 26 May 2021

Management

Anders H. Nørgaard
CEO

Board of directors

Henrik Hougaard
Chairman

Asbjørn Børsting
Vice Chairman

Jens Bolding Jensen

Karina Boldsen

Bendt Wedell

Income statement

DKK 1,000	The Group Q1 2021	The Group Q1 2020	The Group 2020
Turnover	76,198	82,563	312,616
Value adjustment of biological assets	13,007	2,757	-25,186
Production costs	-80,798	-77,050	-315,792
Grants	12,189	11,567	52,981
Gross profit/loss	20,596	19,837	24,619
Other operating income	1,328	2	54,857
Administration costs	-5,801	-5,682	-25,236
EBIT result	16,123	14,157	54,240
Financial income	175	18	939
Financial costs	-5,725	-5,492	-23,777
Pre-tax result	10,573	8,683	31,402
Tax on net profit	-2,829	-1,797	-6,608
Net profit	7,744	6,886	24,794
Earnings per share, DKK	1.02	1.18	3.57
Diluted earnings per share, DKK	0.93	1.03	3.36

Total income statement

DKK 1,000	The Group Q1 2021	The Group Q1 2020	The Group 2020
Net profit	7,744	6,886	24,794
Other total income			
Items, which can be re-classified to the income statement:			
- Exchange rate adjustments by conversion of foreign units	-1,878	-8,547	-9,112
Hedging instruments:			
- Value adjustments of the year	1,086	-27	-2,175
- Value adjustments reclassified to financial items	-246	-183	900
- Tax of other total income	-176	96	267
Other total income after tax	-1,214	-8,909	-10,120
Total income	6,530	-2,023	14,674

Balance

DKK 1,000	The Group Q1 2021	The Group Q1 2020	The Group 2020
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	16,083	16,078	16,083
Total intangible assets	16,083	16,078	16,083
Tangible assets			
Land	534,150	425,448	536,744
Buildings	224,934	216,376	227,371
Plant and machinery	86,524	103,020	95,996
Fixtures and fittings, tools and equipment	5,419	4,174	5,682
Fixed assets under construction	32,005	22,163	27,061
Total tangible assets	883,032	771,181	892,854
Biological assets			
Basic herd	43,105	43,422	39,734
Total biological assets	43,105	43,422	39,734
Other non-current assets			
Deferred tax asset	5,397	9,793	5,398
Total other non-current assets	5,397	9,793	5,398
Total non-currents assets	947,617	840,474	954,069
Current assets			
Inventories	50,770	67,566	76,404
Biological assets - breeding and crops	101,807	100,973	64,593
Receivables	25,285	23,367	18,770
Other receivables	20,012	27,166	18,125
Accruals and deferred expenses	1,870	9,118	2,241
Cash at bank and in hand	9,698	8,883	7,753
Total current assets	209,442	237,073	187,886
TOTAL ASSETS	1,157,059	1,077,547	1,141,955

DKK 1,000	The Group Q1 2021	The Group Q1 2020	The Group 2020
EQUITY AND LIABILITIES			
Equity			
Share capital	75,666	63,181	75,666
Reserve for exchange rate adjustment	-39,347	-36,904	-37,469
Transferred result	448,013	364,015	439,605
Proposed dividend	5,675	0	5,675
Total equity	490,007	390,292	483,477
Liabilities			
Non-current liabilities			
Deferred tax	45,708	37,433	43,618
Credit institutions	257,073	246,708	251,967
Convertible bonds	112,941	88,895	112,946
Other non-current debts	59,055	67,440	52,603
Total non-current assets	474,777	440,476	461,134
Current liabilities			
Credit institutions	96,706	112,320	105,852
Convertible bonds	6,350	33,322	6,350
Trade payables and other payables	74,730	84,811	70,300
Corporation tax	303	1,492	0
Accruals and deferred income	14,186	14,834	14,842
Total current liabilities	192,275	246,779	197,344
Total liabilities	667,052	687,255	658,478
TOTAL EQUITY AND LIABILITIES	1,157,059	1,077,547	1,141,955

Equity statement (Condensed)

DKK 1,000	The Group Q1 2021	The Group Q1 2020
EQUITY STATEMENT		
Equity 1 January	483,477	392,315
Result of the period	7,744	6,886
Other total income	-1,214	-8.909
Issuance of shares	0	0
Total income for the period	6,530	-2,023
Equity 31 March	490,007	390,292

Cash flow statement

DKK 1,000	The Group Q1 2021	The Group Q1 2020
Pre-tax result	10,573	8,683
Adjustment of non-cash items	6,495	0,516
Change in working capital	-3,285	16,118
Cash flow from primary activities	13,783	25,317
Cash from ordinary operation and paid taxes	-5,114	5,772
Cash flow from operating activities	8.669	19.545
Cash flow from investing activities	-2,685	-8,691
Cash flow from financing activities	-4,040	-4,879
Total cash flow	1,945	5,975
Available, at the beginning	7,753	3,057
Exchange rate adjustment of available	0	-149
Available at closing	9,698	8,883

Segment information

Q1 2021	Romanian activities	Slovakian activities	Hungarian activities	Czech activities	Total report compulsory segments
DKK 1,000					
Total segment turnover	6,852	45,473	8,465	17,611	78,401
Grants	2,439	6,389	496	1,995	11,319
Value adjustment of biological assets	2,000	7,297	4,617	-907	13,007
Financial income	21	1,011	0	11	1,043
Financial costs	-71	-2,144	-294	-313	-2,822
Depreciations	2,091	9,231	683	1108	13,112
Segment result before tax	1,163	8,996	3,750	2,194	16,103
Segment assets	320,657	742,210	86,734	154,132	1,303,733
Plant investments *)	285	4,095	1,923	322	6,625
Segment liabilities	167,804	514,474	64,294	61,141	807,713

*) Plant investments are investments in machinery, land and buildings.

Q1 2020	Romanian activities	Slovakian activities	Hungarian activities	Czech activities	Total report compulsory segments
DKK 1,000					
Total segment turnover	8,402	43,345	14,925	22,084	88,756
Grants	3,481	6,742	0,523	821	11,567
Value adjustment of biological assets	0	1,775	1,617	-635	2,757
Financial income	3	0	4	11	18
Financial costs	-1,545	-1,906	-736	-449	-4,636
Depreciations	2,618	7,832	709	907	12,066
Segment result before tax	-1,793	5,982	6,889	1,116	12,194
Segment assets	246,998	591,566	95,650	159,333	1,093,547
Plant investments *)	4,531	6,614	1,112	22	12,279
Segment liabilities	210,081	365,289	67,888	72,778	716,036

*) Plant investments are investments in machinery, land and buildings.

Reconciliation of report compulsory segments result

DKK 1,000	Q1 2021	Q1 2020
Segment result before tax for report compulsory segments	16,103	12,194
Non-allocated result, Group function	-5,530	-4,256
Result of continued operations before tax, cp. income statement	10,573	7,938

Turnover

DKK 1,000	Q1 2021	Q1 2020
Sale of milk	18,095	16,154
Sale of cows and calves	2,038	1,568
Sales of piglets and slaughter pigs	31,147	47,801
Sale of corn etc.	19,327	15,228
Other turnover	5,590	1,812
Total	76,198	82,563