

26 August 2020**Interim financial report for 1 January – 30 June 2020 for FirstFarms A/S****Reasonable half year still gives expectations of a record result for 2020**

In the first half year of 2020, FirstFarms A/S has improved EBITDA by 39 percent compared to same period last year.

The increase is primarily due to the company in June 2020 acquiring the company AISM srl. (Now FirstFarms Agro North srl.) in Northwest Romania.

FirstFarms' operations have overall delivered slightly above budget before correcting for changes in the livestock, and although the individual farms in general have not been directly affected by COVID-19, the result is reasonable in light of the situation in which the farms have operated.

All in all, a satisfactory half-year, which with the acquisition in Northern Romania, expected sale of land in Western Romania over the next 7-10 months and an expectation of slightly higher prices for pigs and crops, means that FirstFarms maintains its expectations for 2020;

- o An EBITDA result in the level of DKK 110-135 million
- o An EBIT result of DKK 60-85 million

In 2019, an EBITDA of DKK 96 million an EBIT of DKK 48 million were realised, which was historically good. If the expectations for this year are met, 2020 becomes another record year for FirstFarms.

"Our ambition is develop into one of Europe's most well-run and attractive farms. It requires skilled and committed employees, an ambitious board of directors and a group of shareholders, who show confidence and support. And we have that," says CEO of FirstFarms, Anders H. Nørgaard, who are willing to reveal the formula for continued growth in the company:

"Based on Danish agricultural management, we must continue to acquire, develop and run agriculture with respect for the surrounding communities. We must continue to deliver products of the highest quality, which are primarily sold and consumed locally. Last but not least, we must continue to contribute to the development towards more sustainable agriculture and execute on new opportunities that create value for consumers and our investors. "

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 – 30 June 2020.

- FirstFarms has in the accounting period realised:
 - A turnover of DKK 151.8 million
 - An EBITDA result of DKK 65.4 million
 - An EBIT result of DKK 39.8 million
 - A pre-tax result of DKK 28.8 million

- EBITDA and EBIT are improved with DKK 18.2 million and DKK 16.8 million, respectively, compared to same period last year.

- FirstFarms has in June 2020 purchased AISM srl. (Now FirstFarms Agro North srl.)
 - FirstFarms Agro North owns 2,430 hectares of cultivated, leased agricultural land in Romania, a modern silo plant with 6,000 tons storage capacity, feed mill and storage- and office facilities.
 - In connection with the calculation of the values in the company, an added value of DKK 19.7 million has been realised compared to the purchase price. This surplus value is recognised in the income statement (see page 12-13).

- Operation branches
 - The milk price has been lower than budgeted, whereas efficiency and production has been better than expected.
 - The prices for piglets and slaughter pigs have decreased during the first half year, but FirstFarms expects that the prices will increase again in second half year. In the first half year of 2020, there is a negative adjustment of the stock with DKK 9 million, compared to a positive adjustment in the first half year in 2019 of DKK 5.6 million.
 - The harvest of autumn crops has all in all been lower than budgeted. Currently, the spring crops look satisfactory.

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, which purchases and operates agriculture in Eastern Europe. We develop the individual farms to modern businesses that deliver milk, meat and grains of the highest quality to the local food processing companies. FirstFarms contributes to, and approves, the development towards a more sustainable agriculture.

Main and key ratios

	The Group Q1+Q2 2020	The Group Q1+Q2 2019	The Group Q2 2019	The Group Q2 201	The Group 2019
DKK 1,000					

Main figures

Turnover	151,845	108,480	69,282	52,915	328,072
Gross profit/loss	31,029	31,939	-906	15,495	65,293
Result before depreciations (EBITDA)	65,422	47,223	42,037	34,687	95,551
Profit/loss of primary operations (EBIT)	39,759	22,922	25,602	11,012	48,400
Net financial items	-10,926	-7,097	-5,452	-4,104	-19,429
Pre-tax result	28,833	15,825	20,150	6,908	28,971
Net profit	25,892	12,759	19,006	5,469	22,425

Non-current assets	961,835	635,520	961,835	635,520	849,274
Current assets	235,436	228,324	235,436	228,324	222,845
Total assets	1,197,271	863,844	1,197,271	863,844	1,072,119
Share capital	75,167	61,594	75,167	61,594	63,181
Equity	482,566	377,737	482,566	377,737	392,315
Non-current liabilities	491,099	305,492	491,099	305,492	433,085
Current liabilities	223,606	180,615	223,606	180,615	249,719

Cash flow from primary operations	44,845	19,028	19,528	23,795	100,958
Cash flow from operations	32,129	12,895	12,584	12,993	78,127
Cash flow for investment, net	-28,435	-11,791	-19,744	-7,638	-85,761
Of which for investment in tangible assets	-32,779	29,303	-20,500	-18,883	-89,463
Cash flow from financing	216	9,042	5,095	5,923	7,062
Total cash flow	3,910	10,146	-2,065	11,278	-572

Key figures

Gross margin	20.4	29.4	-1.3	29.3	19.9
EBITDA margin	43.1	43.5	60.7	65.6	29.1
Operating margin	26.2	21.1	37.0	20.8	14.8
Solvency ratio	40	44	40	44	37
Earnings per share, DKK	3.44	2.07	2.53	0.89	3.55
Diluted earnings per share, DKK	2.91	1.86	2.06	0.83	3.33
Return on shareholders' equity	11.8	6.8	17.4	5.8	5.9

Average number of employees	318	284	318	284	309
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EBITDA = EBIT added depreciations of the period.

Management report for the period 1 January – 30 June 2020

FirstFarms has in the accounting period realised a turnover of DKK 151.8 million, an EBITDA result of DKK 65.4 million, an EBIT result of DKK 39.8 million and a pre-tax result of DKK 28.8 million. EBITDA and EBIT have improved with DKK 18.2 and DKK 16.8 million, respectively, compared to same period last year.

In June 2020, FirstFarms purchased the company FirstFarms Agro North srl. (AISM srl.). In connection with the calculation of the values in the company, an added value of DKK 19.7 million has been realised compared to the purchase price. This surplus value is recognised in the income statement.

FirstFarms Agro North owns 2,430 hectares of cultivated, leased agricultural land in Romania, a modern silo plant with 6,000 tons storage capacity, feed mill and storage- and office facilities. Registration of 900 hectares of land in the company is pending.

In the first half year, the equity has increased by DKK 90.3 million, due to issuance of shares of DKK 73.6 million, a result of DKK 25.9 million, an exchange rate adjustment of DKK -8.5 million and adjustment of hedging instrument of DKK -0.7 million.

In the first half year, the milk price has been lower than budgeted, whereas the efficiency and production has been better than expected.

The prices on piglets and slaughter pigs have been higher than budgeted in Q1, but lower than budgeted in Q2, but in total above budget for the first half year. The prices seem to have stabilised on a lower level, and FirstFarms expects they will increase a little the coming months.

The harvest of autumn crops is finished. In total, the result has been lower than budgeted, but there are large differences between the company's geographical areas. The geographical spread of the land limits the negative influence. Currently, the spring crops look satisfactory.

The sale of the land in West Romania runs as planned and is expected carried out in tranches over the next 7-10 months (Company announcement no. 15/2020).

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 2019 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 2019, to which is referred.

Expectations for 2020

FirstFarms maintains the announced expectations to 2020, latest adjusted upwards by company announcement no. 16 of 11 June 2020. The result will depend on the price development of milk, meat and grain for the rest of 2020. An EBITDA result in the level of DKK 110-135 million and at EBIT result of DKK 60-85 million is expected. In 2019, an EBITDA of DKK 96 million and EBIT of DKK 48 million was realised.

Financial calendar for 2020

25 November 2020 Interim financial report 1 January – 30 September 2020

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 – 30 June 2020

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 30 June 2020 and of the results of the Group’s operations and cash flows for the period 1 January – 30 June 2020.

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 August 2020

Management

Anders H. Nørgaard
CEO

Board of directors

Henrik Hougaard
Chairman

Asbjørn Børsting
Vice Chairman

Jens Bolding Jensen

Karina Boldsen

Bendt Wedell

Income statement

	The Group Q1+Q2 2020	The Group Q1+Q2 2019	The Group Q2 2020	The Group Q2 2019	The Group 2019
DKK 1,000					
Turnover	151,845	108,480	69,282	52,915	328,072
Value adjustment of biological assets	1,851	15,078	-906	4,127	4,714
Production costs	-144,906	-113,955	-67,856	-52,690	-321,856
Grants	22,239	22,336	10,672	11,143	54,363
Gross profit/loss	31,029	31,939	11,192	15,495	65,293
Other operating income	20,235	2,064	20,233	1,053	6,203
Administration costs	-11,505	-11,081	-5,823	-5,570	-22,632
Other operating costs	0	0	0	34	-464
EBIT result	39,759	22,922	25,602	11,012	48,400
Financial income	126	1,711	108	438	2,367
Financial costs	-11,052	-8,808	-5,560	-4,542	-21,796
Pre-tax result	28,833	15,825	20,150	6,908	28,971
Tax on net profit	-2,941	-3,066	-1,144	-1,439	-6,546
Net profit	25,892	12,759	19,006	5,469	22,425
Earnings per share, DKK	3.44	2.07	2.53	0.89	3.55
Diluted earnings per share, DKK	2.91	1.86	2.06	0.83	3.33

Total income statement

	The Group Q1+Q2 2020	The Group Q1+Q2 2019	The Group Q2 Q2 2020	The Group Q2 Q2 2019	The Group 2019
DKK 1,000					
Net profit	25,892	12,759	19,006	5,469	22,425
Other total income					
Items, which can be re-classified to the income statement:					
- Exchange rate adjustments by conversion of foreign units	-8,540	-1,876	7	-1,222	-2,844
- Recognition of hedging instrument on equity	-873	0	-415	0	-2,633
- Tax of other total income	184	0	88	0	553
Other total income after tax	-9,229	-1,876	-320	-1,222	-4,924
Total income	16,663	10,883	18,686	4,247	17,501

Balance

DKK 1,000	The Group Q1+Q2 2020	The Group Q1+Q2 2019	The Group 2019
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	16,047	16,070	16,083
Land lease contracts	0	0	0
Total intangible assets	16,047	16,070	16,083
Tangible assets			
Land	526,918	266,945	430,618
Buildings	228,291	192,639	211,543
Plant and machinery	105,240	101,539	103,856
Fixtures and fittings, tools and equipment	5,020	4,345	4,260
Fixed assets under construction	28,506	11,489	29,991
Total tangible assets	893,975	576,957	780,268
Biological assets			
Basic herd	42,028	33,307	42,870
Total biological assets	42,028	33,307	42,870
Other non-current assets			
Deferred tax asset	9,785	9,186	10,053
Total other non-current assets	9,785	9,186	10,053
Total non-currents assets	961,835	635,520	849,274
Current assets			
Inventories	34,962	28,435	77,419
Biological assets - breeding and crops	137,200	128,576	82,288
Receivables	26,833	18,191	22,297
Other receivables	26,949	30,047	28,458
Accruals and deferred expenses	2,678	9,300	9,326
Cash at bank and in hand	6,814	13,775	3,057
Total current assets	235,436	228,324	222,845
TOTAL ASSETS	1,197,271	863,844	1,072,119

DKK 1,000	The Group Q1+Q2 2020	The Group Q1+Q2 2019	The Group 2019
EQUITY AND LIABILITIES			
Equity			
Share capital	75,167	61,594	63,181
Reserve for exchange rate adjustment	-36,897	-27,389	-28,357
Transferred result	444,296	343,532	357,491
Proposed dividend	0	0	0
Total equity	482,566	377,737	392,315
Liabilities			
Non-current liabilities			
Deferred tax	49,594	19,636	37,233
Credit institutions	250,934	155,976	252,739
Convertible bonds	118,988	129,880	88,895
Other non-current debt	71,583	0	54,218
Total non-current assets	491,099	305,492	433,085
Current liabilities			
Credit institutions	118,075	109,829	121,055
Convertible bonds	3,229	0	33,322
Trade payables and other payables	83,111	60,368	75,269
Corporation tax	0	0	1,790
Accruals and deferred income	19,191	10,418	15,283
Total current liabilities	223,606	180,615	246,719
Total liabilities	714,705	486,107	679,804
TOTAL EQUITY AND LIABILITIES	1,197,271	863,844	1,072,119

Equity statement (Condensed)

DKK 1,000	The Group Q1+Q2 2020	The Group Q1+Q2 2019
EQUITY STATEMENT		
Equity 1 January	392,315	370,118
Result of the period	25,892	12,759
Other total income	-9,229	-1,876
Issuance of shares	73,588	0
Dividend	0	-3,264
Total income for the period	90,251	7,619
Equity 30 June	482,566	377,737

Cash flow statement

DKK 1,000	The Group Q1+Q2 2020	The Group Q1+Q2 2019
Pre-tax result	28,833	15,825
Cash generated from operating activities before changes in working capital	38,405	26,527
Cash flow from primary activities	44,845	19,028
Cash flow from operating activities	32,129	12,895
Cash flow from investing activities	-28,435	-11,791
Cash flow from financing activities	216	9,042
Total cash flow	3,910	10,146
Available, at the beginning	3,057	3,628
Exchange rate adjustment of available	-153	1
Available at closing	6,814	13,775

Segment information

Q1+Q2 2020 DKK 1,000	Romanian activities	Slovakian activities	Hungarian activities	Czech activities	Total report compulsory segments
Total segment turnover	9,380	83,079	28,637	41,191	162,287
Grants	6,099	13,878	1,026	1236	22,239
Value adjustment of biological assets	-4,400	7,883	-2,437	805	1,851
Financial income	10	73	11	32	126
Financial costs	-2,758	-3,867	-1,461	-794	-8,880
Depreciations	7,136	15,178	1,417	1,909	25,640
Segment result before tax	11,002	16,845	6,573	1,154	35,574
Segment assets	362,318	601,282	93,991	144,287	1201,878
Plant investments *)	12,279	17,799	1,761	940	32,779
Segment liabilities	234,636	367,250	66,471	57,046	725,403

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

Q1+Q2 2019 DKK 1,000	Romanian activities	Slovakian activities	Hungarian activities	Czech activities	Total report compulsory segments
Total segment turnover	8,315	40,805	21,594	37,765	108,479
Grants	8,030	11,419	1,974	912	22,335
Value adjustment of biological assets	0	8,011	2,927	4,140	15,078
Financial income	62	0	7	0	69
Financial costs	-4,071	1,795	-636	-851	-3,763
Depreciations	8,530	11,803	1,521	2424	24,278
Segment result before tax	-556	5,695	6,775	6,846	18,760
Segment assets	248,925	372,508	92,825	149,863	864,121
Plant investments *)	14,554	10,847	2,507	1395	29,303
Segment liabilities	202,114	251,535	73,260	69,175	596,084

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

Reconciliation of report compulsory segments result

DKK 1,000	Q1+Q2 2020	Q1+Q2 2019
Segment result before tax for report compulsory segments	35,574	18,760
Non-allocated result, Group function	-6,741	-2,935
Result of continued operations before tax, cp. income statement	28,833	15,825

Turnover

DKK 1,000	Q1+Q2 2020	Q1+Q2 2019
Sale of milk	32,652	30,285
Sale of cows and calves	2,596	2,298
Sales of piglets and slaughter pigs	88,293	58,622
Sale of corn etc.	24,382	15,552
Other turnover	3,922	1,723
Total	151,845	108,480

Purchase of AISM srl.

FirstFarms A/S has, cp. company announcement no. 16 of 11 June 2020, purchased the Northwest Romanian company AISM Srl.

AISM Srl. owns 2,430 hectares of cultivated, leased agricultural land in Romania, a modern silo plant with 6,000 tons storage capacity, feed mill and storage- and office facilities.

Registration of the ownership of all the land in Romania is not yet been completed. This is standard in Romania due to the Romanian registration system. As a natural part of the transfer, FirstFarms is, together with a range of other initiatives, working on hedging the extent of this work and any problems connected therewith. It is done in close and good cooperation with the seller, who in the transfer agreement has assumed the usual guarantees for ownership to the land and any other conditions regarding AISM Srl. It is currently assessed not to result in adjustment of the purchase price. Any future adjustment will not affect the negative goodwill.

The sellers of AISM Srl. acquires 16.5 percent of the shares in FirstFarms A/S, as a result of the transaction, provided that shares are delivered in full for the contingent receivable. FirstFarms equity is strengthened with DKK 96 million – corresponding to fair value of the purchased assets.

The purchase price for the shares in AISM Srl. is calculated as 1,248,500 shares of DKK 71.40 per share, corresponding to DKK 76.7 million. The shares in AISM are paid with shares in FirstFarms, of which 50,000 shares are not issued, as they form part of the seller's guarantees.

The allocation of the purchase price of the net assets is shown in the table below:

DKK 1,000	Recognised value at take-over date
Land	100,568
Buildings	11,031
Machines + other plants	2,359
Inventories	83
Receivables	359
Cash at bank and in hand	4
Deferred tax	-12,574
Other payables	-675
Limited subsidies	-4,761
Net assets taken over	96,394
Total acquisition price	76,658
Negative goodwill	19,736

In connection with due diligence or later, there has not been identified need for provision to other conditions, including environmental obligations, which indicates that the negative goodwill can be assigned to unrecognised contingent liabilities.

The allocation of the purchase price is preliminary.

Recognised transaction costs of DKK 1.0 million have incurred in connection with the transaction.

Result before tax for AISM Srl. for the recognised period is DKK -0.1 million excluding recognition of negative goodwill. If all first half year of 2020 had been recognised, the result before tax for AISM would be DKK -0.8 million.