

# Interim financial report for 1 January – 31 March 2023 for FirstFarms A/S



# CONTENT

<b>SATISFACTORY START TO 2023 .....</b>	<b>4</b>
<b>FINANCIAL HIGHLIGHTS AND KEY RATIOS .....</b>	<b>6</b>
<b>EXPECTATIONS .....</b>	<b>7</b>
<b>MANAGEMENT STATEMENT .....</b>	<b>8</b>
<b>INCOME STATEMENT AND TOTAL INCOME STATEMENT .....</b>	<b>10</b>
<b>BALANCE SHEET ASSETS.....</b>	<b>11</b>
<b>BALANCE SHEET EQUITY AND LIABILITIES .....</b>	<b>12</b>
<b>EQUITY STATEMENT .....</b>	<b>13</b>
<b>CASH FLOW STATEMENT .....</b>	<b>14</b>
<b>INVESTOR INFORMATION.....</b>	<b>17</b>

*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:**

*"FirstFarms has had a satisfactory start to 2023 with a Q1 result that offers progress on the most important key figures compared to the same period last year.*

*I am pleased with the result but expect the rest of the year to be characterised by unpredictable and volatile markets in several branches of operation.*

*In recent years, we have proven that we are capable of navigating in troubled waters. We are focused on doing it again. We therefore expect a satisfactory 2023 result.*

*The ambition remains to develop FirstFarms into one of Europe's best operated and most profitable companies in the area of agriculture and food."*



# SATISFACTORY START TO 2023

FirstFarms continues the good development from 2022 in Q1 2023.

It is primarily the combination of reasonable prices for milk and crops as well as record high prices for pigs that underlies the satisfactory result.

Milk prices are falling but are still higher than in Q1 2022 and at the same time productivity continues to increase. The milk production in FirstFarms is characterised by high efficiency.

The crop prices have also decreased in Q1, but from a high to a reasonable level. The growing season has gotten off to a sensible start with more rainfall than last year.

The sunshine story in Q1 is the pig prices, which have increased throughout the quarter and are now at a record high level. FirstFarms expects prices to continue at a high level for some time to come. The timing of the recent inauguration of the pig production in Hungary is good.

## Key figures Q1

In the accounting period Q1 2023, FirstFarms has realised the following:

- A net turnover of 109 mDKK (2022: 68 mDKK)
- An EBITDA of 33 mDKK (2022: 30 mDKK)
- An EBIT of 22 mDKK (2022: 19 mDKK)
- A pre-tax result of 20 mDKK (2022: 17 mDKK)

The notably increase in revenue is primarily due to significantly higher milk and pig prices compared to Q1 2022, as well as the sale of crops.

EBITDA and EBIT have improved by 3 mDKK compared to the same period last year.

FirstFarms considers agricultural land an inflation-safe real asset; the company's agricultural land constitutes one third of the balance sheet.

## Expectations for 2023

FirstFarms would like to emphasize that progress in Q1 is not an indicator of a new record result for the year, as the development of the markets and the nature of the weather is a significant unknown. The Group expects an unpredictable price formation in several branches of operation for the rest of the year.

It is expected that the Group will be challenged by a generally high level of costs compared to 2022.

However, FirstFarms is experiencing a beginning of normalisation in several areas.

At the same time, the result is to a lesser extent affected by the start-up costs of the expansion of the pig production in Hungary. The production is expected to be fully operational by the end of 2023.

FirstFarms emphasizes the importance of delivering efficiency equivalent to the high 2022 level throughout the operation. The Group therefore has an unchanged focus on creating the most possible value in the circular operation and in the value chains surrounding the company's products.

FirstFarms maintains the announced expectations for 2023 of an EBITDA in the level of 90-120 mDKK and an EBIT of 45-75 mDKK compared to a realised EBITDA of 147 mDKK and an EBIT of 96 mDKK in 2022.

### **Equity**

The equity is in the period increased by 26 mDKK, and besides the result of the year, FirstFarms has a negative adjustment on the interest rate hedge instrument of 1 mDKK.

In Q1, there has been a positive development in the Hungarian currency, which has entailed an impact on the total income of 8 mDKK.

### **Milk**

In Q1, the milk price has decreased compared to the high price level at the end of 2022, but it is still higher than in Q1 last year (3.65 DKK/kg compared to 2.86 DKK/kg). The efficiency and productivity in the milk production is still at a high level.

Overall, this has meant an additional turnover in the milk production of 7 mDKK in Q1 2023 compared to Q1 last year.

FirstFarms expects the price of milk to fall further in 2023.

### **Pigs**

The turnover for piglets and slaughter pigs is in Q1 2023 significantly higher compared to same period last year. In Q1 2023, the piglet price was 643

DKK/pcs. compared to 307 DKK/pcs. in Q1 2022, and slaughter pig price was 16.20 DKK/kg compared to 10.70 DKK/kg.

The prices have been increasing throughout Q1. The increasing pig prices have thus entailed a positive value adjustment of the herd of 8 mDKK. On the other hand, FirstFarms has also looked into significantly higher feed costs as a result of the high crop prices in 2022.

The construction of FirstFarms' new pig production in Hungary took off in Q1 and was inaugurated in mid-April. One facility must accommodate 2,000 sows, the other facility must annually deliver approx. 75,000 piglets.

### **Crops**

The crop prices started to decrease at the end of 2022 but are still at a reasonable level. FirstFarms expects a continued decline but has secured sales and a reasonable price for a significant part of the sales crops from the coming harvest by having entered into short- and long-term contracts.

The growing conditions have been favorable with more rainfall than last year, but it is too early to estimate a harvest yield. Last year, parts of Romania

in particular were hit by a long drought, which significantly reduced yields.

### **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](http://www.firstfarms.com).

### **Accounting policies**

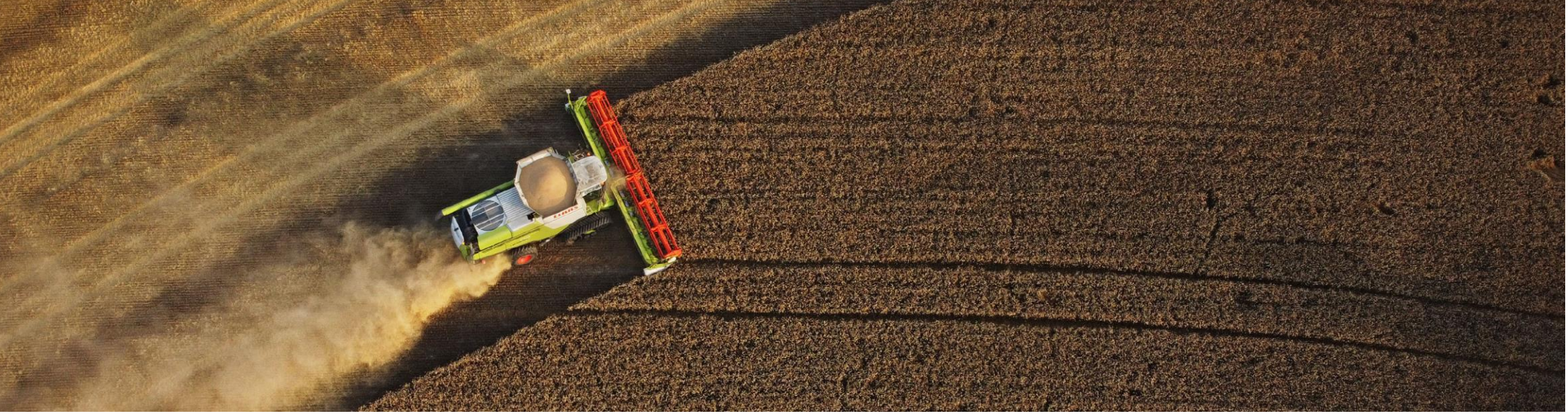
The interim financial report is prepared in accordance with IAS 34 "Presentation of interim financial reports" as adopted by the EU and Danish disclosure requirements for listed companies.

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 2023	The Group Q1 2022	The Group 2022
<b>Net turnover</b>	109.4	67.8	418.4
Gross profit/loss	53.1	47.1	226.9
<b>Result before depreciations (EBITDA)</b>	33.1	30.2	146.6
<b>Profit/loss from primary operations (EBIT)</b>	21.5	19.0	95.9
Net financial items	-1.7	-2.0	-12.4
<b>Profit before tax</b>	19.8	17.0	65.5
Net profit	15.8	13.6	9.0
Non-current assets	1,114.4	853.9	1,048.7
Current assets	322.2	271.4	292.8
<b>Total assets</b>	<b>1,436.6</b>	<b>1,125.3</b>	<b>1,341.5</b>
Share capital	94.6	78.6	94.6
Equity	<b>709.5</b>	<b>546.5</b>	<b>683.1</b>
Non-current liabilities	430.8	341.3	404.3
Current liabilities	296.3	237.5	254.1
<b>Net interest bearing debt</b>	<b>524.1</b>	<b>426.6</b>	<b>501.7</b>
<b>Cash flow from primary operations</b>	<b>47.4</b>	<b>-6.6</b>	<b>89.7</b>
Cash flow from operating activities	45.5	-10.1	69.8
Cash flow from investment activities, net	-60.7	-23.6	-245.4
Of which for investment in tangible assets	-42.5	-25.6	-213.4
Cash flow from financing activities	20.7	-6.6	120.0
<b>Total cash flow</b>	<b>5.6</b>	<b>-40.3</b>	<b>-55.6</b>
<b>Key ratios</b>			
Gross margin	48.5	69.5	52.2
<b>EBITDA margin</b>	<b>30.3</b>	<b>44.5</b>	<b>35.0</b>
Operating margin	19.7	28.0	22.9
Solvency ratio	49	49	51
<b>Earnings per share, DKK</b>	<b>1.67</b>	<b>1.09</b>	<b>7.56</b>
Diluted earnings per share, DKK	1.59	0.97	6.60
Dividend per share, DKK	0.00	0.00	0.95
NIBD/EBITDA	4.06	3.53	3.40
Return on shareholders' equity	9.1	7.0	11.2
Average number of employees	337	321	328





# EXPECTATIONS

FirstFarms maintains the announced expectations of an EBITDA in the level of 90-120 mDKK, and an EBIT of 45-75 mDKK.

Announced expectations 2023 mDKK	EBITDA	EBIT
24 March 2023 (company announcement no. 2)	90-120	45-75

# 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 – 31 March 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 at 31 March 2023 and of the results of the Group’s operations and cash flows for the period 1 January – 31 March 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, 17 May 2023

## Management

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Anders H. Nørgaard  
CEO

## Board of directors

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Henrik Hougaard,  
Chairman

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Jens Bolding Jensen

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Bendt Wedell

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Asbjørn Børsting  
Vice Chairman

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Karina Boldsen

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Claus Ewers





# INCOME STATEMENT AND TOTAL INCOME STATEMENT

## INCOMESTATEMENT tDKK

	The Group Q1 2023	The Group Q1 2022	The Group 2022
Net turnover	109,437	67,847	418,389
Production subsidies	14,286	12,202	71,562
Othe operating income	1,255	2,081	3,904
Value adjustment of biological assets	7,443	15,748	47,138
<b>Total income</b>	<b>132,421</b>	<b>97,878</b>	<b>540,993</b>
Cost of sales	-63,330	-34,974	-233,359
Other external costs	-16,964	-15,797	-80,750
<b>Gross profit/loss</b>	<b>53,127</b>	<b>47,107</b>	<b>226,884</b>
Administratation costs	-19,979	-16,920	-80,263
<b>EBITDA</b>	<b>33,148</b>	<b>30,187</b>	<b>146,621</b>
Depreciations	-11,639	-11,188	-50,687
<b>EBIT</b>	<b>21,509</b>	<b>18,999</b>	<b>95,934</b>
Financial income	2,894	2,853	7,044
Financial costs	-4,568	-4,812	-19,409
<b>Pre-tax result</b>	<b>19,835</b>	<b>17,040</b>	<b>83,569</b>
Tax on net profit	-4,029	-3,409	-18,103
<b>Net profit</b>	<b>15,806</b>	<b>13,631</b>	<b>65,466</b>
Earnings per share	1.67	1.80	7.56
Diluted earnings per share	1.59	1.52	6.60

## TOTAL INCOME STATEMENT tDKK

	The Group Q1 2023	The Group Q1 2022	The Group 2022
Net profit	15,806	13,631	65,466
<b>Other total income</b>			
Items that can be reclassified to teh income statement:			
- Exchange rate adjustments by conversion of foreign units	10,884	370	-725
Hedging instruments			
- Value adjustment for the period	-718	2,927	8,646
- Value adjustment of reclassified to financial items	404	-225	-435
- Tax of other total income	66	-340	-1,519
<b>Other total income after tax</b>	<b>10,636</b>	<b>2,732</b>	<b>5,967</b>
<b>Total income</b>	<b>26,442</b>	<b>16,363</b>	<b>71,433</b>

# BALANCE SHEET ASSETS

BALANCE tDKK	The Group Q1 2023	The Group Q1 2022	The Group 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Goodwill	16,083	16,083	16,083
<b>Total intangible assets</b>	<b>16,083</b>	<b>16,083</b>	<b>16,083</b>
<b>Tangible assets</b>			
Land	468,462	437,036	465,506
Buildings	213,369	205,450	212,734
Plant and machinery	130,103	83,686	125,469
Fixtures and fittings, tools and equipment	10,209	6,115	11,922
Assets under construction and prepayment	178,445	58,290	142,705
<b>Total tangible assets</b>	<b>1,000,588</b>	<b>790,577</b>	<b>958,336</b>
<b>Biological assets</b>			
Basic herd	51,305	44,232	47,792
<b>Total biological assets</b>	<b>51,305</b>	<b>44,232</b>	<b>47,792</b>
<b>Other non-current assets</b>			
Other capital shares	45,128	0	24,197
Deferred tax assets	1,277	3,002	2,255
<b>Total other non-current assets</b>	<b>46,405</b>	<b>3,002</b>	<b>26,452</b>
<b>Total non-current assets</b>	<b>1,114,381</b>	<b>853,894</b>	<b>1,048,663</b>
<b>Current assets</b>			
Inventories	93,332	80,474	124,978
Biological assets – breeding and crops	125,329	105,052	84,482
Receiveables from sale	33,397	20,944	26,140
Other receivables	40,344	24,529	33,132
Accruals and deferred expenses	2,381	3,157	2,232
Cast at bank and in hand	27,422	37,264	21,860
<b>Total current assets</b>	<b>322,205</b>	<b>271,420</b>	<b>292,824</b>
<b>TOTAL ASSETS</b>	<b>1,436,586</b>	<b>1,125,314</b>	<b>1,341,487</b>



# BALANCE SHEET EQUITY AND LIABILITIES

BALANCE tDKK	The Group Q1 2023	The Group Q1 2022	The Group 2022
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	94,603	78,610	94,603
Reserve for exchange rate adjustment	-27,449	-37,608	-38,333
Reserve for cash flow hedge	4,402	-1,421	5,271
Transferred result	628,960	500,233	612,533
Proposed dividend	8,987	6,682	8,987
<b>Total equity</b>	<b>709,503</b>	<b>546,496</b>	<b>683,061</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax	42,233	35,796	40,911
Credit institutions	342,236	251,008	327,815
Convertible bonds	0	22,855	0
Other debts	11,115	22,695	13,229
Accruals and deferred income	35,220	8,956	22,391
<b>Total non-current liabilities</b>	<b>430,804</b>	<b>341,310</b>	<b>404,346</b>
<b>Current liabilities</b>			
Credit institutions	166,868	71,573	149,850
Convertible bonds	22,351	84,368	22,351
Trade payables and other payables	97,006	77,307	74,437
Corporation tax	5,772	697	4,819
Accruals and deferred income	4,282	3,563	2,623
<b>Total current liabilities</b>	<b>296,279</b>	<b>237,508</b>	<b>254,080</b>
<b>Total liabilities</b>	<b>727,083</b>	<b>578,818</b>	<b>658,426</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,436,586</b>	<b>1,125,314</b>	<b>1,341,487</b>

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

Equity 1 January	683,061	530,133
Result of the period	15,806	13,631
Other total income	10,636	2,732
Total income for the period	26,442	16,363
<b>Equity 31 March</b>	<b>709,503</b>	<b>546,496</b>

# CASH FLOW STATEMENT

CASH FLOW STATEMENT tDKK	The Group Q1 2023	The Group Q1 2022
Pre-tax result	19,835	17,040
Adjustments for non -monetary operating items etc.:		
Depreciation/amortisation	11,639	11,198
Reversal of profit, sale of non -current assets and badw	-638	-1,389
Value adjustment of biological assets	-7,443	-15,748
Financial income	-2,894	-2,853
Financial costs	4,568	4,812
Sharebased remuneration	250	0
<b>Cash flow generated from operation before change in working capital</b>	<b>25,317</b>	<b>13,060</b>
Change in working capital	22,091	-19,651
<b>Cash flow from main activities</b>	<b>47,408</b>	<b>-6,591</b>
Interest received	2,894	2,853
Interest paid	-4,164	-4,812
Paid corporation tax	-608	-1,551
<b>Cash flow from operating activities</b>	<b>45,530</b>	<b>-10,101</b>
Acquisition of financial assets	-20,866	0
Sale of tangible assets	2,660	2,032
Acquisition of tangible assets	-42,508	-25,647
<b>Cash flow from investing activities</b>	<b>-60,714</b>	<b>-23,615</b>
Proceeds from loans	41,100	19,117
Loan repayment	-16,807	-22,231
Repayment on other debts	-3,547	-3,442
<b>Cash flow from financing activities</b>	<b>20,746</b>	<b>-6,556</b>
<b>Cash flow of the period</b>	<b>5,562</b>	<b>-40,272</b>
Available, at the beginning	21,860	77,472
Exchange rate adjustment of available	0	64
<b>Available, at closing</b>	<b>27,422</b>	<b>37,264</b>



SEGMENT INFORMATION Q1 2023 tDKK	Romanian activities	Slovakian activities	Hungarian activities	Czech activities	Others/ Non-allocated	Intercompany elimination	Total
<b>Total segment turnover</b>	<b>2,815</b>	<b>70,024</b>	<b>16,652</b>	<b>25,510</b>	<b>2,529</b>	<b>-8,093</b>	<b>109,437</b>
Grants	2,740	9,535	510	1,501	0	0	14,286
Value adjustment of biological assets	0	3,563	2,824	1,056	0	0	7,443
<b>Result before depreciations (EBITDA)</b>	<b>802</b>	<b>24,037</b>	<b>6,376</b>	<b>4,524</b>	<b>-2,591</b>	<b>0</b>	<b>33,148</b>
Depreciations	2,233	7,074	1,263	1,056	13	0	11,639
<b>Profit/los from primary operation (EBIT)</b>	<b>-1,431</b>	<b>16,963</b>	<b>5,113</b>	<b>3,468</b>	<b>-2,604</b>	<b>0</b>	<b>21,509</b>
Financial income	156	555	0	16	6,362	-4,195	2,894
Financial costs	-1,521	-3,440	-1,757	-864	-1,181	4,195	-4,568
Result before tax	-2,796	14,078	3,356	2,620	2,577	0	19,835
<b>Assets</b>	<b>229,648</b>	<b>693,504</b>	<b>322,046</b>	<b>196,559</b>	<b>381,737</b>	<b>-386,908</b>	<b>1,436,586</b>
Non-current assets	189,356	507,192	270,270	148,251	327,184	-327,872	1,114,381
Plant investments *)	2,825	11,658	27,119	906	0	0	42,508
Liabilities	143,489	396,767	306,298	70,090	195,050	-386,111	725,583

SEGMENT INFORMATION Q1 2022 tDKK	Romanian activities	Slovakian activities	Hungarian activities	Czech activities	Others/ Non-allocated	Intercompany elimination	Total
<b>Total segment turnover</b>	<b>1,918</b>	<b>44,826</b>	<b>7,703</b>	<b>17,329</b>	<b>0</b>	<b>-3,929</b>	<b>67,847</b>
Grants	2,942	8,319	491	450	0	0	12,202
Value adjustment of biological assets	200	7,716	4,617	3,215	0	0	15,748
<b>Result before depreciations (EBITDA)</b>	<b>2,226</b>	<b>20,971</b>	<b>3,539</b>	<b>6,124</b>	<b>-2,673</b>	<b>0</b>	<b>30,187</b>
Depreciations	1,949	7,569	640	1,016	13	0	11,187
<b>Profit/los from primary operation (EBIT)</b>	<b>277</b>	<b>13,402</b>	<b>2,899</b>	<b>5,107</b>	<b>-2,686</b>	<b>0</b>	<b>18,999</b>
Financial income	58	197	271	53	2,392	-118	2,853
Financial costs	-139	-1,242	-423	-508	-2,618	118	-4,812
Result before tax	196	12,357	2,747	4,652	-2,912	0	17,040
<b>Assets</b>	<b>208,954</b>	<b>643,563</b>	<b>119,475</b>	<b>178,413</b>	<b>275,667</b>	<b>-300,758</b>	<b>1,125,314</b>
Non-current assets	169,553	488,319	80,901	141,828	253,596	-280,303	853,894
Plant investments *)	2,190	11,996	10,402	1,059	0	0	25,647
Liabilities	119,201	399,033	108,844	73,351	179,147	-300,758	578,818

\*) 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 2023	Romania Q1 2022	Slovakia Q1 2023	Slovakia Q1 2022	Hungary Q1 2023	Hungary Q1 2022	Czech Q1 2023	Czech Q1 2022
Milk	0	0	31,395	24,601	0	0	0	0
Cows and calves	0	0	3,201	2,810	0	0	0	0
Piglets and slaughter pigs	0	0	17,534	11,892	15,046	7,693	24,159	15,944
Crops	2,776	1,487	17,582	2,412	9	0	0	0
Other turnover	39	431	312	3,111	1,597	10	1,351	1,385
<b>Total</b>	<b>2,815</b>	<b>1,918</b>	<b>70,024</b>	<b>44,826</b>	<b>16,652</b>	<b>7,703</b>	<b>25,510</b>	<b>17,329</b>

*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 2023	The Group Q1 2022
Milk	31,395	24,601
Cows and calves	3,201	2,810
Piglets and slaughter pigs	51,815	32,539
Crops	18,602	2,923
Other turnover	4,424	4,973
<b>Total</b>	<b>109,437</b>	<b>67,846</b>

# 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](http://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.

