

**Interim financial report for 1 January – 31 March 2020 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 2020.

**Growth in the turnover and stable result, despite unstable market conditions.**

- FirstFarms has in the accounting period realised a turnover of DKK 82.6 million, an EBITDA result of DKK 26.2 million, an EBIT result of DKK 14.2 million and a pre-tax result of DKK 6.9 million. EBITDA and EBIT are improved by DKK 2.8 million and DKK 2.2 million, respectively, compared to same period last year.
- In Q1, the milk price has been lower than budget, whereas the milk production has been higher.
- The prices for piglets and slaughter pigs have been higher than budget in first quarter. The prices have however decreased significantly after the end of the quarter.
- In the first part of the growth season, we have had minimal rain. The crops are negatively impacted by this, and parts of the harvest yields are expected below budget. The geographically spread of the land reduces the negative impact.
- FirstFarms maintains the announced expectations for 2020. The result will depend on the price development of milk, meat and crops for the rest of 2020. There is expected an EBITDA result in the level of DKK 80-105 million and an EBIT result of DKK 30-55 million. In 2019, an EBITDA of DKK 96 million and EBIT of DKK 48 million was realised.
- The due diligence process regarding purchase of land and silo plant in Northwest Romania (AISM) runs as planned and is expected finished in Q2, 2020 (company announcement no. 2/2020).
- The sale of land in West Romania also runs as planned and is expected carried out in tranches over the next 8-11 months (company announcement no. 9/2020)
- The operation and sales have to a minor extent been affected by consequences of COVID-19 or restrictions hereof.

Anders H. Nørgaard from FirstFarms A/S says: "The result for the first quarter is satisfactory. There is uncertainty and nervousness on the markets at the moment. We still expect a stable result and a normalisation of prices and sale of our products."

Best regards,  
**FirstFarms A/S**

For further information:

Please visit our website [www.firstfarms.com](http://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 operation 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

DKK 1,000	The Group Q1 2020	The Group Q1 2019	The Group 2019
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### Main figures

Turnover	82,563	55,565	328,072
Gross profit/loss	19,837	16,444	65,293
Result before depreciations (EBITDA)	26,234	23,383	95,551
Profit/loss of primary operations (EBIT)	14,157	11,910	48,400
Net financial items	-5,474	-2,993	-19,429
Pre-tax result	8,683	8,917	28,971
Net profit	6,886	7,290	22,425

Non-current assets	840,474	473,178	849,274
Current assets	237,073	159,291	222,845
Total assets	1,077,547	632,469	1072,119
Share capital	63,181	51,376	63,181
Equity	390,292	319,641	392,315
Non-current liabilities	440,476	187,807	433,085
Current liabilities	246,779	127,021	249,719

Cash flow from primary operations	25,317	-2,481	100,958
Cash flow from operations	19,545	-915	78,127
Cash flow for investment, net	-8,691	-5,795	-85,761
Of which for investment in tangible assets	-12,279	-5,692	-89,463
Cash flow from financing	-4,879	-4,847	7,062
Total cash flow	5,975	-11,557	-572

### Key figures

Gross margin	24.0	29.6	19.9
EBITDA margin	31.8	42.1	29.1
Operating margin	17.1	21.4	14.8
Solvency ratio	36	51	37
Earnings per share, DKK	1.09	1.81	3.55
Diluted earnings per share, DKK	0.97	1.03	3.33
Return on shareholders' equity	7.0	7.6	5.9

Average number of employees	317	284	309
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## **Management report for the period 1 January – 31 March 2020**

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FirstFarms has in the accounting period realised a turnover of DKK 82.6 million, an EBITDA result of DKK 26.2 million, an EBIT result of DKK 14.2 million and a pre-tax result of DKK 6.9 million. EBITDA and EBIT are improved by DKK 2.8 million and DKK 2.2 million, respectively, compared to same period last year.

In Q1, the equity is reduced by DKK 2.0 million, due to a result of DKK 6.9 million and an exchange rate correction of DKK -8.5 million and a negative correction in hedging instrument of DKK -0.4 million.

In Q1, the milk price has been lower than budget, whereas the milk production has been higher.

The prices for piglets and slaughter pigs have been higher than budget in first quarter. The prices are however decreased significantly after the end of the quarter.

In the first part of the growth season, we have had minimal rain. The crops are negatively impacted by this, and parts of the harvest yields are expected below budget. The geographically spread of the land reduces the negative impact.

The due diligence process regarding purchase of land and silo plant in Northwest Romania (AISM) runs as planned and is expected finished in Q2, 2020 (company announcement no. 2/2020).

The sale of land in West Romania also runs as planned and is expected carried out in tranches over the next 8-11 months (company announcement no. 9/2020)

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](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 2019, to which is referred.

## **Expectations for 2020**

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FirstFarms maintains the announced expectations. The result will depend on the price development of milk, meat and crops for the rest of 2020. There is expected an EBITDA result in the level of DKK 80-105 million and an EBIT result of DKK 30-55 million.

## **Financial calendar for 2020**

26 August 2020	Interim financial report 1 January – 30 June 2020
25 November 2020	Interim financial report 1 January – 30 September 2020

## **Management statement**

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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 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 31 March 2020 and of the results of the Group’s operations and cash flows for the period 1 January – 31 March 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, 28 May 2020

### **Management**

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Anders H. Nørgaard  
CEO

### **Board of directors**

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Henrik Hougaard  
Chairman

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Asbjørn Børsting  
Vice Chairman

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Jens Bolding Jensen

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Karina Boldsen

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Bendt Wedell

## Income statement

DKK 1,000	The Group Q1 2020	The Group Q1 2019	The Group 2019
Turnover	82,563	55,565	328,072
Value adjustment of biological assets	2,757	10,951	4,714
Production costs	-77,050	-61,265	-321,856
Grants	11,567	11,193	54,363
<b>Gross profit/loss</b>	<b>19,837</b>	<b>16,444</b>	<b>65,293</b>
Other operating income	2	1,011	6,203
Administration costs	-5,682	-5,511	-22,632
Other operating costs	0	-34	-464
<b>EBIT result</b>	<b>14,157</b>	<b>11,910</b>	<b>48,400</b>
Financial income	18	1,273	2,367
Financial costs	-5,492	-4,266	-21,796
<b>Pre-tax result</b>	<b>8,683</b>	<b>8,917</b>	<b>28,971</b>
Tax on net profit	-1,797	-1,627	-6,546
<b>Net profit</b>	<b>6,886</b>	<b>7,290</b>	<b>22,425</b>
Earnings per share, DKK	1.09	1.18	3.55
Diluted earnings per share, DKK	0.97	1.03	3.33

## Total income statement

DKK 1,000	The Group Q1 2020	The Group Q1 2019	The Group 2019
Net profit	6,886	7,290	22,425
<b>Other total income</b>			
Items, which can be re-classified to the income statement:			
- Exchange rate adjustments by conversion of foreign units	-8,547	-3,094	-2,284
- Recognition of hedging instrument on equity	-458	0	-2,633
- Tax of other total income	96	0	553
<b>Other total income after tax</b>	<b>-8,909</b>	<b>-3,094</b>	<b>-4,924</b>
<b>Total income</b>	<b>-2,023</b>	<b>4,196</b>	<b>17,501</b>

## Balance

DKK 1,000	The Group Q1 2020	The Group Q1 2019	The Group 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Goodwill	16,078	16,073	16,083
Land lease contracts	0	0	0
<b>Total intangible assets</b>	<b>16,078</b>	<b>16,073</b>	<b>16,083</b>
<b>Tangible assets</b>			
Land	425,448	271,594	430,618
Buildings	216,376	186,306	211,543
Plant and machinery	103,020	97,350	103,856
Fixtures and fittings, tools and equipment	4,174	2,520	4,260
Fixed assets under construction	22,163	9,921	29,991
<b>Total tangible assets</b>	<b>771,181</b>	<b>567,691</b>	<b>780,268</b>
<b>Biological assets</b>			
Basic herd	43,422	32,520	42,870
<b>Total biological assets</b>	<b>43,422</b>	<b>32,520</b>	<b>42,870</b>
<b>Other non-current assets</b>			
Deferred tax asset	9,793	9,187	10,053
<b>Total other non-current assets</b>	<b>9,793</b>	<b>9,187</b>	<b>10,053</b>
<b>Total non-currents assets</b>	<b>840,474</b>	<b>625,471</b>	<b>849,274</b>
<b>Current assets</b>			
Inventories	67,566	43,950	77,419
Biological assets - breeding and crops	100,973	96,247	82,288
Receivables	23,367	16,439	22,297
Other receivables	27,166	38,845	28,458
Accruals and deferred expenses	9,118	7,176	9,326
Cash at bank and in hand	8,883	2,495	3,057
<b>Total current assets</b>	<b>237,073</b>	<b>205,152</b>	<b>222,845</b>
<b>TOTAL ASSETS</b>	<b>1,077,547</b>	<b>830,623</b>	<b>1,072,119</b>

	The Group	The Group	The Group
DKK 1,000	Q1 2020	Q1 2019	2019
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	63,181	61,594	63,181
Reserve for exchange rate adjustment	-36,904	-28,607	-28,357
Transferred result	364,015	338,063	357,491
Proposed dividend	0	3,264	0
<b>Total equity</b>	<b>390,292</b>	<b>374,314</b>	<b>392,315</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax	37,433	18,181	37,233
Credit institutions	246,708	165,774	252,739
Convertible bonds	88,895	129,735	88,895
Other non-current debts	67,440	0	54,218
<b>Total non-current assets</b>	<b>440,476</b>	<b>313,690</b>	<b>433,085</b>
<b>Current liabilities</b>			
Credit institutions	112,320	81,739	121,055
Convertible bonds	33,322	0	33,322
Trade payables and other payables	84,811	49,779	75,269
Corporation tax	1,492	489	1,790
Accruals and deferred income	14,834	10,612	15,283
<b>Total current liabilities</b>	<b>246,779</b>	<b>142,619</b>	<b>246,719</b>
<b>Total liabilities</b>	<b>687,255</b>	<b>456,309</b>	<b>679,804</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,077,547</b>	<b>830,623</b>	<b>1,072,119</b>



## Equity statement (Condensed)

DKK 1,000	The Group Q1 2020	The Group Q1 2019
<b>EQUITY STATEMENT</b>		
Equity 1 January	392.315	370,118
Result of the period	6.886	7,290
Other total income	-8.909	-3,094
Issuance of shares	-	-
Total income for the period	-2.023	4,196
<b>Equity 31 March</b>	<b>390.292</b>	<b>374,314</b>

## Cash flow statement

DKK 1,000	The Group Q1 2020	The Group Q1 2019
<b>Pre-tax result</b>	8,683	7,785
<b>Cash generated from operating activities before changes in working capital</b>	23,504	8,402
<b>Cash flow from primary activities</b>	25,317	-4,767
<b>Cash flow from operating activities</b>	19,545	-98
<b>Cash flow from investing activities</b>	-8,691	-4,153
<b>Cash flow from financing activities</b>	-4,879	3,119
<b>Total cash flow</b>	<b>5,975</b>	<b>-1,132</b>
Available, at the beginning	3,057	3,628
Exchange rate adjustment of available	-149	-1
<b>Available at closing</b>	<b>8,883</b>	<b>2,495</b>

## Segment information

<b>Q1 2020</b>	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.

<b>Q1 2019</b>	Romanian activities	Slovakian activities	Hungarian activities	Czech activities	Total report compulsory segments
DKK 1,000					
Total segment turnover	7,731	22,560	8,777	16,497	55,565
Grants	3,690	5,598	1,056	848	11,192
Value adjustment of biological assets	700	4,931	802	4,518	10,951
Financial income	7	0	6	0	13
Financial costs	-3,783	-1,067	-308	-347	-5,505
Depreciations	3,453	5,850	1,007	1,154	11,464
Segment result before tax	-2,118	4,654	863	4,927	8,326
Segment assets	234,063	354,209	89,713	150,869	828,854
Plant investments *)	5,584	2,008	1,634	1,194	10,420
Segment liabilities	188,732	234,036	75,293	72,254	570,315

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

## Reconciliation of report compulsory segments result

DKK 1,000	Q1 2020	Q1 2019
Segment result before tax for report compulsory segments	12,194	0
Non-allocated result, Group function	-4,256	-591
<b>Result of continued operations before tax, cp. income statement</b>	<b>7,938</b>	<b>591</b>

**Turnover**

DKK 1,000	Q1 2020	Q1 2019
Sale of milk	16,154	16,001
Sale of cows and calves	1,568	1,349
Sales of piglets and slaughter pigs	47,801	24,736
Sale of corn etc.	15,228	12,202
Other turnover	1,812	1,277
<b>Total</b>	<b>82,563</b>	<b>55,565</b>