

Interim financial report for 1 January – 30 June 2021 for FirstFarms A/S

High prices on crops and upward adjustment

FirstFarms A/S has in the first half year of 2021 realised the highest prices on crops in history but has also experienced significantly lower pig prices compared to first half year 2020. As FirstFarms is not dependent on individual branches of operation, the company can still present a satisfactory result for first half year of 2021 and adjust the expectations upwards.

The Board of Directors and Management of FirstFarms A/S have today reviewed and adopted the unaudited interim financial accounts for the period 1 January – 30 June 2021.

FirstFarms has in the accounting period realised:

- A turnover of 143 mDKK
- An EBITDA of 57 mDKK
- An EBIT of 36 mDKK
- A pre-tax result of 25 mDKK

The high crop prices have had a knock-on effect on the sale of crops from the 2020 harvest, as well as on the value adjustment of inventories from the 2021 harvest. Overall, there is as of 30 June 2021 a value adjustment on inventories of 18 mDKK against 9 mDKK in 2020.

However, a lower EBITDA was realised compared to the same period last year (56.9 mDKK against 65.3 mDKK in 2020). The most significant reasons are revenue recognition of a negative goodwill of 19.7 mDKK in 2020 when acquiring an agricultural company in Northwest Romania and significantly lower pig prices in first half year of 2021 compared to first half year of 2020.

The turnover on pigs is 22 mDKK lower compared to first half year 2020, production and efficiency is however at the same level as previous period. The value adjustment on pigs is positive with 5.5 mDKK against a negative value adjustment in first half year 2020 of 8.5 mDKK, which can be attributed to the fact that the value at the end of 2020 was very low.

Thus, the net effect on the pig production on turnover and value adjustment is negative with 8 mDKK compared the first half year 2020.

"As part of our strategy of risk diversification, FirstFarms' turnover and earnings are divided on four branches of operation; crops, milk, pigs and land development. We are therefore not dependent on individual branches of operation, which is crucial for us to be able present a satisfactory result for first half year 2021," says CEO Anders H. Nørgaard and continues:

"Our business model is robust and stable in a market that has been very volatile over the past 18 months. Thus, the very low pig prices in first half year 2021 are set off by high crop prices and stable yield. In 2020, we experienced very high pig prices in first half year, while experiencing drought in individual areas. This way, stable results emerge as the individual business areas are not directly coherent".

Branches of operations

- The milk price has been on par with the budget, while the efficiency and production have been better than both expected and same period last year.
- The prices for piglets and slaughter pigs have increased during first half year from a historically low level. The herd is adjusted with 5.5 mDKK against -8.5 mDKK in the same period last year.
- Overall, the harvest of the autumn crops has been better than budgeted and significantly above 2020. The spring crops are satisfactory at this stage.

Overall a satisfactory half year, and an expected sale of activities in Romania the next 4-8 months and an expectation of slightly higher prices for pigs, means that FirstFarms adjusts the expectations upwards for 2021:

- An EBITDA in the level of 100-120 mDKK
- An EBIT of 50-70 mDKK

In 2020, an EBITDA of 100 mDKK and an EBIT of 54 mDKK was realised, which was historically good. If the expectations for this year are met, 2021 will be better than the result for 2020.

"FirstFarms' journey of growth continues. We continue to develop and operate agriculture with respect for the surrounding communities, and we will continue to deliver products of the highest quality, which are primarily sold and consumed locally. Last but not least, we continue to develop towards more sustainable agriculture while executing on new opportunities that also create value for the consumers and our investors," says Anders H. Nørgaard.

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

	The Group Q1+Q2 2021	The Group Q1+Q2 2020	The Group Q2 2021	The Group Q2 2020	The Group 2020
tDKK					

Main figures

Turnover	143,384	151,845	67,186	69,282	312,616
Gross profit/loss	45,716	31,029	10,652	11,192	24,916
Result before depreciations (EBITDA)	56,854	65,422	33,469	42,037	100,204
Profit/loss of primary operations (EBIT)	35,911	39,759	19,788	25,602	54,240
Net financial items	-10,597	-10,926	-5,047	-5,452	-22,838
Pre-tax result	25,314	28,833	14,741	20,150	31,402
Net profit	18,788	25,892	11,044	19,006	24,794

Non-current assets	948,503	961,835	948,503	961,835	954,069
Current assets	233,163	235,436	233,163	235,436	187,886
Total assets	1,181,666	1,197,271	1,181,666	1,197,271	1,141,955
Share capital	76,540	75,167	76,540	75,167	75,666
Equity	503,906	482,566	503,906	482,566	483,477
Non-current liabilities	463,553	491,099	463,553	491,099	461,134
Current liabilities	214,207	223,606	214,207	223,606	197,344

Cash flow from primary operations	13,168	47,298	-12,149	-25,317	79,572
Cash flow from operations	1,434	32,129	-18,111	-19,545	47,172
Cash flow for investment, net	-10,399	-28,435	-1,708	8,691	-13,217
Of which for investment in tangible assets	-15,343	32,779	-3,064	12,279	-93,561
Cash flow from financing	4,996	216	9,875	4,879	-29,259
Total cash flow	-3,968	3,910	-9,943	-5,975	4,696

Key figures

Gross margin	31.9	20.4	15.9	16.2	7.9
EBITDA margin	39.7	43.1	49.8	60.7	32.1
Operating margin	25.0	26.2	29.5	37.0	17.4
Solvency ratio	42.6	40.3	42.6	40.3	42.0
Earnings per share, DKK	2.5	3.4	1.4	2.5	3.6
Diluted earnings per share, DKK	2.2	2.9	1.3	2.1	3.4
Return on shareholders' equity	7.6	11.8	8.9	17.4	5.7

Average number of employees	310	318	312	318	334
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EBITDA = EBIT added depreciations of the period.

Management report for the period 1 January – 30 June 2021

FirstFarms has in the accounting period realised a turnover of 143 mDKK, an EBITDA of 57 mDKK, an EBIT of 36 mDKK and pre-tax result of 25 mDKK.

EBITDA and EBIT have decreased with 9 mDKK and 4 mDKK, respectively, compared to the same period last year. This is mainly due to the income in first half year 2020 of 20 mDKK on the acquisition of a West Romanian land company.

In the first half year, the equity has increased by 20.5 mDKK, due to early conversion of bonds for 5.0 mDKK, a result of 18.8 mDKK, an exchange rate adjustment of 1.3 mDKK, adjustment of hedging instrument of 1.0 mDKK and payment of dividends of 5.6 mDKK.

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

The prices on piglets and slaughter pigs have in average been lower than budgeted in the first half year but ended at budgeted level. The prices have afterwards decreased a little, but FirstFarms expects an increase again in the coming months.

The harvest of autumn crops is finished. In total, the result has been higher than budgeted, contemporary with the prices being very beneficial. Currently, the spring crops look satisfactory, there is however large differences due to the geographical spread. In the places, where the crops are less satisfactory are due to large periods without rain.

The sale of activities in Romania runs as planned and is expected to be carried out over the next 4-8 months.

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 adjusts upward the announced expectations to 2021, to an EBITDA in the level of 100-120 mDKK and an EBIT of 50-70 mDKK.

Announced expectations 2021

mDKK	EBITDA	EBIT
25 August 2021 (company announcement no. 15)	100-120	50-70
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

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 – 30 June 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 30 June 2021 and of the results of the Group’s operations and cash flows for the period 1 January – 30 June 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, 25 August 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

	<u>The Group</u> Q1+Q2 2021	<u>The Group</u> Q1+Q2 2020	<u>The Group</u> Q2 2021	<u>The Group</u> Q2 2020	<u>The Group</u> 2020
tDKK					
Turnover	143,384	151,845	67,186	69,282	312,616
Value adjustment of biological assets	23,659	1,851	10,652	-906	-25,186
Production costs	-148,091	-144,906	-67,293	-67,856	-315,792
Grants	26,764	22,239	14,575	10,672	52,981
Gross profit/loss	45,716	31,029	25,120	11,192	24,619
Other operating income	2,132	20,235	804	20,233	54,857
Administration costs	-11,937	-11,505	-6,136	-5,823	-25,236
EBIT result	35,911	39,759	19,788	25,602	54,240
Financial income	379	126	204	108	939
Financial costs	-10,976	-11,052	-5,251	-5,560	-23,777
Pre-tax result	25,314	28,833	14,741	20,150	31,402
Tax on net profit	-6,526	-2,941	-3,697	-1,144	-6,608
Net profit	18,788	25,892	11,044	19,006	24,794
Earnings per share, DKK	2.45	3.44	1.44	2.53	3.57
Diluted earnings per share, DKK	2.19	2.91	1.26	2.06	3.36

Total income statement

	<u>The Group</u> Q1+Q2 2021	<u>The Group</u> Q1+Q2 2020	<u>The Group</u> Q2 Q2 2021	<u>The Group</u> Q2 Q2 2020	<u>The Group</u> 2020
tDKK					
Net profit	18.788	25.892	11.044	19.006	24.794
Other total income					
Items, which can be re-classified to the income statement:					
- Exchange rate adjustments by conversion of foreign units	1,298	-8,540	3,176	7	-9,112
Hedging instruments					
- Value adjustment of the year	1,531	-386	445	-111	-2,175
- Value adjustment re-classified to financial items	-243	-487	3	-304	900
- Tax of other total income	-270	184	-94	88	267
Other total income after tax	2,316	-9,229	3,530	-320	-10,120
Total income	21,104	16,663	14,574	18,686	14,674

Balance

tDKK	The Group Q1+Q2 2021	The Group Q1+Q2 2020	The Group 2020
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	16,083	16,047	16,083
Total intangible assets	16,083	16,047	16,083
Tangible assets			
Land	528,546	526,918	536,744
Buildings	233,225	228,291	227,371
Plant and machinery	90,140	105,240	95,996
Fixtures and fittings, tools and equipment	5,301	5,020	5,682
Fixed assets under construction	27,107	28,506	27,061
Total tangible assets	884,319	893,975	892,854
Biological assets			
Basic herd	42,705	42,028	39,734
Total biological assets	42,705	42,028	39,734
Other non-current assets			
Deferred tax asset	5,396	9,785	5,398
Total other non-current assets	5,396	9,785	5,398
Total non-currents assets	948,503	961,835	954,069
Current assets			
Inventories	39,212	34,962	76,404
Biological assets - breeding and crops	137,937	137,200	64,593
Receivables	18,900	26,833	18,770
Other receivables	31,103	26,949	18,125
Accruals and deferred expenses	2,226	2,678	2,241
Cash at bank and in hand	3,785	6,814	7,753
Total current assets	233,163	235,436	187,886
TOTAL ASSETS	1,181,666	1,197,271	1,141,955

tDKK	The Group Q1+Q2 2021	The Group Q1+Q2 2020	The Group 2020
EQUITY AND LIABILITIES			
Equity			
Share capital	76,540	75,167	75,666
Reserve for exchange rate adjustment	-36,171	-36,897	-37,469
Transferred result	463,537	444,296	439,605
Proposed dividend	0	0	5,675
Total equity	503,906	482,566	483,477
Liabilities			
Non-current liabilities			
Deferred tax	49,055	49,594	43,618
Credit institutions	257,114	250,934	251,967
Convertible bonds	107,941	118,988	112,946
Other non-current debt	49,443	71,583	52,603
Total non-current assets	463,553	491,099	461,134
Current liabilities			
Credit institutions	111,376	118,075	105,852
Convertible bonds	6,350	3,229	6,350
Trade payables and other payables	82,060	83,111	70,300
Corporation tax	223	0	0
Accruals and deferred income	14,198	19,191	14,842
Total current liabilities	214,207	223,606	197,344
Total liabilities	677,760	714,705	658,478
TOTAL EQUITY AND LIABILITIES	1,181,666	1,197,271	1,141,955

Equity statement (Condensed)

tDKK	The Group Q1+Q2 2021	The Group Q1+Q2 2020
EQUITY STATEMENT		
Equity 1 January	483,477	392,315
Result of the period	18,788	25,892
Other total income	2,316	-9,229
Conversion of bonds and issuance of shares	5,000	73,588
Dividend	-5,675	0
Total income for the period	20,429	90,251
Equity 30 June	503,906	482,566

Cash flow statement

tDKK	The Group Q1+Q2 2021	The Group Q1+Q2 2020
Pre-tax result	25,314	28,833
Adjustment of non-cash items	7,201	5,927
Change in working capital	-19,347	12,538
Cash flow from primary activities	13,168	47,298
Cash from ordinary operations and paid taxes	-11,734	-15,169
Cash flow from operating activities	1,434	32,129
Cash flow from investing activities	-10,399	-28,435
Cash flow from financing activities	4,996	216
Cash flow in the period	-3,968	3,910
Available, at the beginning	7,753	3,057
Exchange rate adjustment of available	0	-153
Available at closing	3,785	6,814

Segment information

Q1+Q2 2021 tDKK	Romanian activities	Slovakian activities	Hungarian activities	Czech activities	Total report compulsory segments
Total segment turnover	10.255	83.615	19.331	36.395	149.596
Grants	5.257	16.553	976	3.978	26.764
Value adjustment of biological assets	10.000	10.028	2.712	919	23.659
Financial income	29	1.762	24	36	1.851
Financial costs	-399	-4.712	-587	-622	-6.320
Depreciations	-2.486	-14.903	-1.349	-2.205	-20.943
Segment result before tax	9.407	17.971	3.452	4.935	35.765
Segment assets	332.111	665.468	87.834	163.931	1.249.344
Plant investments *)	859	8.428	5.863	193	15.343
Segment liabilities	172.584	428.059	64.292	68.935	733.870

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

Q1+Q2 2020 tDKK	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.

Reconciliation of report compulsory segments result

tDKK	Q1+Q2 2021	Q1+Q2 2020
Segment result before tax for report compulsory segments	35,765	35,574
Non-allocated result, Group function	-10,451	-6,741
Result of continued operations before tax, cp. income statement	25,314	28,833

Turnover

tDKK	Q1+Q2 2021	Q1+Q2 2020
Sale of milk	37,166	32,652
Sale of cows and calves	1,915	2,596
Sales of piglets and slaughter pigs	66,314	88,293
Sale of corn etc.	30,574	24,382
Other turnover	7,416	3,922
Total	143,384	151,845