

25 November 2020**Interim financial report for 1 January – 30 September 2020 for FirstFarms A/S****Continued expectation of a strong result:
FirstFarms delivers a satisfactory result in a challenged market**

FirstFarms has in the first 3 quarters of 2020 increased the turnover by 8 percent and improved EBITDA by 4 percent compared to same period last year. The profit for the year to date is DKK 17.7 million before tax, which, despite of COVID-19 and latest ASF¹ in Germany, is only 12 percent lower than last year's profit for same period.

The result year to date is therefore considered satisfactory taken into account the market which FirstFarms and the whole industry has operated in.

FirstFarms' operations have overall delivered above budget before value adjustments of the biological assets, but although the individual farms have not been directly affected by COVID-19, there has been an indirect impact due to COVID-19 outbreak on several European slaughter houses and outbreak of ASF in Germany. This has caused disturbance on the pig market, and as a consequence hereof the prices on pigs have decreased significantly compared to the same period last year.

The significant decrease in the pig prices impacts the result partly through lower prices of the pigs we sell in 2020 and partly through a significant negative adjustment of the stock from the beginning to end based on fair value. The adjustment of the stock alone is expected to entail DKK -20 million with the current prices of pigs.

Therefore, the company adjusts downward the expectation to EBITDA to DKK 95-100 million and EBIT to DKK 45-60 million. Despite the very low pig prices, FirstFarms still delivers a strong result due to high efficiency in the operation and profits on acquisition and sale of land.

"The agricultural industry is currently being challenged. In particular, COVID-19 is making its mark. Nevertheless, FirstFarms can present a satisfactory result for the year to date, and we maintain the expectation to another strong year. We can primarily attribute this to our strategy of risk diversification on products and branches of operation. I am therefore pleased that we limit the risk, that we – and thus our investors – run," says CEO of FirstFarms Anders H. Nørgaard.

¹ ASF: African swine fever

FirstFarms' goal is to be one of Europe's best operated and most profitable companies in the area of agriculture and food products.

“It must be based on professional management and best practice, where we continue to acquire, develop and operate business in the areas of agriculture and food products. We shall ensure attractive return on operation and increase in value for our investors, continue to focus on risk diversification, and we must everyday work on creating a more sustainable company, “says Anders H. Nørgaard.

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 – 30 September 2020.

- FirstFarms has in the accounting period realised:
 - A turnover of DKK 221.0 million
 - An EBITDA result of DKK 72.8 million
 - An EBIT result of DKK 36.1 million
 - A pre-tax result of DKK 17.1 million

- EBITDA and EBIT have improved with DKK 2.8 million and DKK 3.6 million, respectively, compared to same period last year. This is despite that in 2020 there has been a negative value adjustment on biological assets of DKK -11 million compared to a positive value adjustment in 2019 of DKK 18 million; a total difference of DKK -29 million. However, this is partially offset by recognition of badwill of DKK 19.7 million regarding the acquisition of AISM srl.

- 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 (see page 13-14). This surplus value is recognised in the income statement.

- Operation branches
 - Milk: The milk price has been lower than budgeted, whereas efficiency and production has been better than expected, overall, however, milk production is below the expectations.
 - Pigs: The prices for piglets and slaughter pigs have decreased significantly during the first three quarters. This has entailed in 2020, that there is a negative adjustment of the stock with DKK 17 million, compared to a positive adjustment in 2019 of DKK 7 million. Overall, the result for 2020 is negatively influenced by DKK 24 million compared to same period in 2019.
 - Crops: The harvest has all in all been lower than budgeted, primarily due to drought in East Romania.

- Land
 - One of the most essential foundations for the operation is the agricultural land, but also ownership or lease of land. The land has been acquired or is on lease, which is extended on an ongoing basis. The operating value is and will therefore continuously be significantly increased. The value added is not included in FirstFarms asset statements on land. The value added is realised on an ongoing basis in form of sales, that support the current operation, and which support the framework of growth.

FirstFarms has entered agreement about sale of 1,675 hectares of land, of which the first 618 hectares have been transferred and paid in October, cp. company announcement no. 28/2020. The completed sale amounts to DKK 31 million. The total sales price is DKK 85 million and is expected to affect EBIT by DKK 40 million in 2020 and 2021.

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-Q3 2020	The Group Q1-Q3 2019	The Group Q3 2020	The Group Q3 2019	The Group 2019
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Main figures

Turnover	220,977	204,013	69,132	95,533	328,072
Gross profit/loss	33,788	48,221	2,759	16,282	65,293
Profit/loss before depreciations (EBITDA)	72,838	70,057	7,439	22,830	95,551
Profit/loss of primary operations (EBIT)	36,102	32,458	-3,657	9,536	48,400
Net financial items	-18,361	-12,297	-7,435	-5,200	-19,429
Pre-tax result	17,741	20,161	-11,092	4,336	28,971
Net profit	15,760	15,779	-10,132	3,020	22,425

Non-current assets	968,518	826,645	968,518	826,645	849,274
Current assets	235,757	266,647	235,757	266,647	222,845
Total assets	1,204,275	1,093,292	1,204,275	1,093,292	1,702,119
Share capital	75,666	61,594	75,666	61,594	63,181
Equity	479,655	379,102	479,655	379,102	392,315
Non-current liabilities	482,153	460,185	482,153	460,185	433,085
Current liabilities	242,467	254,005	242,467	254,005	246,719

Cash flow from primary operations	57,086	20,285	12,241	11,404	100,958
Cash flow from operations	36,935	7,238	4,806	8,950	78,127
Cash flow for investment, net	-35,496	-38,870	-7,061	-12,044	-85,761
Of which for investment in tangible assets	-40,794	-50,667	-8,015	-25,339	-89,463
Cash flow from financing	4,524	30,392	4,308	26,703	7,062
Total cash flow	5,963	-1,240	2,053	20,288	-572

Key figures

Gross margin	15.3	23.6	4.0	17.0	19.9
EBITDA margin	33.0	34.3	10.8	23.9	29.1
Operating margin	16.3	15.9	-5.3	10.0	37
Solvency ratio	40,0	35	40	35	37
Earnings per share, DKK	2.08	2.56	-1.34	0.49	3.55
Diluted earnings per share, DKK	2.06	2.39	-0.85	0.49	3.33
Return on shareholders' equity	4.8	4.2	-8.4	3.2	2.9

Average number of employees	317	299	315	310	309
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EBITDA = EBIT added depreciations of the period.

Management report for the period 1 January – 30 September 2020

FirstFarms has in the accounting period realised a turnover of DKK 221.0 million compared to DKK 204.0 in the same period in 2019, an EBITDA of DKK 72.8 million and an EBIT of DKK 36.1 million. EBITDA and EBIT are improved by DKK 2.8 million and DKK 3.6 million, respectively compared to the same period last year.

In the first 9 months, the equity is increased by DKK 87.3 million, in consequence of a result of DKK 15.8 million, an exchange rate adjustment of DKK -4.7 million and issuance of share of DKK 76.2 million, mainly in connection with the acquisition of AISM.

The price on piglets and slaughter pigs has been above budget in Q1, 2020 but hereafter the price has decreased significantly. There has been a satisfactory efficiency in the pig production, which is on par with the expectations.

The harvest yields have been below budget, due to a very dry year in East Romania, whereas the harvest in the other areas has been satisfactory. This has in total entailed that the harvest yield is below the budget.

The milk price has been lower than budget. A milk price is expected on the current level for rest of the year. The milk production has been higher than the budget, the total yield from the milk production has year to date been below budget.

The take-over of AISM srl., according to company announcement no. 16/2020, is included in the figures from 11 June 2020 and onwards. The company owns and leases out 2,430 hectares of land in the Northwest Romania. Badwill of DKK 19.7 million has been recognised as income in connection with the acquisition.

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 clarifies and adjusts downwards the announced expectations to 2020, latest adjusted upwards by company announcement no. 16 of 11 June 2020. An EBITDA result in the level of DKK 95-110 million and a EBIT result of DKK 45-60 million is expected. In 2019, an EBITDA of DKK 96 million and EBIT of DKK 48 million was realised.

Announced expectations 2020:

DKK million	EBITDA	EBIT
31 March 2020 (company announcement no. 4)	80-105	30-55
9 June 2020 (company announcement no. 15)	95-120	45-70
11 June 2020 (company announcement no. 16)	110-135	60-85
25 November 2020 (company announcement no. 29)	95-110	45-60

Financial calendar for 2021

25 March 2021	Annual report 2020
27 April 2021	Annual general meeting
26 May 2021	Interim financial report 1 January – 31 March 2021
26 August 2021	Interim financial report 1 January – 30 June 2021
21 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 September 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 September 2020 and of the results of the Group’s operations and cash flows for the period 1 January – 30 September 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, 25 November 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	The Group	The Group	The Group	The Group
DKK 1,000	Q1-Q3 2020	Q1-Q3 2019	Q3 2020	Q3 2019	2019
Turnover	220,977	204,013	69,132	95,533	328,072
Value adjustment of biological assets	-10,879	17,998	-12,730	2,920	4,714
Production costs	-214,762	-212,281	-69,856	-98,326	-321,856
Grants	38,452	38,491	16,213	16,155	54,363
Gross profit/loss	33,788	48,221	2,759	16,282	65,293
Other operating income	22,733	2,095	2,498	31	6,203
Administration costs	-20,401	-17,836	-8,896	-6,755	-22,632
Other operating costs	-18	-22	-18	-22	-464
EBIT result	36,102	32,458	-3,657	9,536	48,400
Financial income	742	2,651	616	940	2,367
Financial costs	-19,103	-14,948	-8,051	-6,140	-21,796
Pre-tax result	17,741	20,161	-11,092	4,336	28,971
Tax on net profit	-1,981	-4,382	960	-1,316	-6,546
Net profit	15,760	15,779	-10,132	3,020	22,425
Earnings per share, DKK	2.08	2.56	-1.34	0.49	3.55
Diluted earnings per share, DKK	2.06	2.39	-0.85	0.49	3.33

Total income statement

	The Group	The Group	The Group	The Group	The Group
DKK 1,000	Q1-Q3 2020	Q1-Q3 2019	Q3 2020	Q3 2019	2019
Net profit	15,760	15,779	-10,132	3,020	22,425
Other total income					
Items, which can be re-classified to the income statement:					
- Exchange rate adjustments by conversion of foreign units	-3,965	-1,695	4,575	1,409	-2,844
- Recognition of hedging instrument on equity	-889	0	-16	0	-2,633
- Tax of other total income	188	0	4	0	553
Other total income after tax	-4,666	-1,695	4,563	1,409	-4,924
Total income	11,094	14,084	-5,569	4,429	17,501

Balance

	The Group	The Group	The Group
DKK 1,000	Q3 2020	Q3 2019	2019
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	16,033	16,076	16,083
Land lease contracts	0	0	0
Total intangible assets	16,033	16,076	16,083
Tangible assets			
Land	541,033	406,315	430,618
Buildings	223,661	221,880	211,543
Plant and machinery	101,813	107,462	103,856
Fixtures and fittings, tools and equipment	5,846	2,650	4,260
Fixed assets under construction	30,016	22,689	29,991
Total tangible assets	902,369	760,996	780,268
Biological assets			
Basic herd	40,334	40,302	42,870
Total biological assets	40,334	40,302	42,870
Other non-current assets			
Deferred tax asset	9,782	9,271	10,053
Total other non-current assets	9,782	9,271	10,053
Total non-currents assets	968,518	826,645	849,274
Current assets			
Inventories	71,443	88,183	77,419
Biological assets - breeding and crops	91,108	83,705	82,288
Receivables	15,205	30,609	22,297
Other receivables	46,203	52,254	28,458
Accruals and deferred expenses	2,813	9,507	9,326
Cash at bank and in hand	8,985	2,389	3,057
Total current assets	235,757	266,647	222,845
TOTAL ASSETS	1,204,275	1,093,292	1,072,119

DKK 1,000	The Group Q3 2020	The Group Q3 2019	The Group 2019
EQUITY AND LIABILITIES			
Equity			
Share capital	75,666	61,594	63,181
Reserve for exchange rate adjustment	-32,322	-29,044	-28,357
Transferred result	436,311	346,552	357,491
Proposed dividend	0	0	0
Total equity	479,655	379,102	392,315
Liabilities			
Non-current liabilities			
Deferred tax	48,534	42,588	37,233
Credit institutions	262,090	235,667	252,739
Convertible bonds	118,988	129,735	88,895
Other non-current debt	52,541	52,195	54,218
Total non-current assets	482,153	460,185	433,085
Current liabilities			
Credit institutions	123,527	148,043	121,055
Convertible bonds	3,229	0	33,322
Trade payables and other payables	96,703	89,756	75,269
Corporation tax	0	0	1,790
Accruals and deferred income	19,008	16,206	15,283
Total current liabilities	242,467	254,005	246,719
Total liabilities	724,620	714,190	679,804
TOTAL EQUITY AND LIABILITIES	1,204,275	1,093,292	1,072,119

Equity statement (Condensed)

DKK 1,000	The Group Q1+Q3 2020	The Group Q1+Q3 2019
EQUITY STATEMENT		
Equity 1 January	392,315	370,118
Result of the period	15,760	15,779
Other total income	-4,666	-3,531
Issuance of shares	76,246	0
Dividend	0	-3,264
Total development for the period	87,340	8,984
Equity 30 September	479,655	379,102

Cash flow statement (Condensed)

DKK 1,000	The Group Q1-Q3 2020	The Group Q1-Q3 2019
Pre-tax result	17,741	20,161
Cash generated from operations (operating activities) before changes in working capital	38,400	40,021
Cash flow from primary activities	57,086	20,285
Cash flow from operating activities	36,935	7,238
Cash flow from investing activities	-35,496	-38,870
- hereof purchase of Hospoda Invest ¹⁾	0	-17,539
Cash flow from financing activities	4,524	30,392
Total cash flow	5,963	-1,240
Available, at the beginning	3,057	3,628
Exchange rate adjustment of available	-35	1
Available at closing	8,985	2,389

¹⁾ In connection with the purchase of Hospoda Invest in 2019, DKK 21.9 million was paid in Q3, 2019.

Segment information

Q1-Q3 2020	Romanian	Slovakian	Hungarian	Czech	Total report
DKK 1,000	activities	activities	activities	activities	compulsory segments
Total segment turnover	17,075	121,075	37,952	68,966	245,068
Grants	11,729	23,541	1,519	1,663	38,452
Value adjustment of biological assets	-4,153	-438	-6,276	-12	-10,879
Financial income	23	174	17	528	742
Financial costs	-5,351	-5,829	-2,372	-1,579	-15,131
Depreciations	-9,827	-21,574	-2,081	-3,218	-36,700
Segment result before tax	10,238	12,506	1,653	4,261	28,658
Segment assets	368,545	718,412	83,498	148,276	1318,731
Plant investments *)	12,001	23,944	2,048	2,801	40,794
Segment liabilities	237,106	487,813	61,685	59,587	846,191

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

Q1-Q3 2019	Romanian	Slovakian	Hungarian	Czech	Total report
DKK 1,000	activities	activities	activities	activities	compulsory segments
Total segment turnover	27,410	79,108	34,345	63,151	204,014
Grants	22,857	11,070	2,887	1,678	38,492
Value adjustment of biological assets	3,500	7,426	3,872	3,200	17,998
Financial income	0	186	6	0	192
Financial costs	-6,390	-5,158	-945	-1,137	-13,630
Depreciations	-10,534	-21,312	-2,159	-3,567	-37,572
Segment result before tax	-7,444	12,795	10,657	10,092	26,100
Segment assets	246,274	606,527	90,925	149,942	1.093,668
Plant investments *)	23,872	21,052	4,020	1,723	50,667
Segment liabilities	204,559	384,132	69,428	67,670	725,789

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

Reconciliation of report compulsory segments result	Q1-Q3	Q1-Q3
DKK 1,000	2020	2019
Segment result before tax for report compulsory segments	28,658	26,100
Non-allocated result, Group function	-10,917	-5,939
Result of continued operations before tax, cp. income statement	17,741	20,161

Turnover

DKK 1,000	Q1-Q3	Q1-Q3
	2020	2019
Sale of milk	47,507	44,147
Sale of cows and calves	4,093	3,708
Sale of piglets and slaughter pigs	129,717	104,446
Sale of corn etc.	33,802	43,879
Other turnover	5,858	7,833
Total	220,977	204,013

Acquisition of AISM srl.

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

With the acquisition FirstFarms has taken over 2,430 hectares of cultivated, leased agricultural land, 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 acquisition price. Any future adjustment is not expected to have affect the negative goodwill.

The sellers of AISM Srl. acquired 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 by DKK 96 million – corresponding to fair value of the acquired assets.

The acquisition price for the shares in AISM Srl. is calculated as 1,248,500 shares of DKK 61.40 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 acquisition 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

The transaction is carried out by payment with shares by exchange of shares. Negotiation of price is thus made from the parties' valuation of the two companies.

The revaluation of assets and liabilities in the company taken over, compared with the payment for the company calculated on basis of the share price at the time of the take-over, results in a badwill.

At the transaction the seller has replaced a local illiquid asset in a Romania company with a liquid asset in a listed company. FirstFarms has gathered more experience working with land development in Romania that seller of the company.

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 the whole period Q1-Q3 in 2020 had been recognised, the result before tax for AISM would be DKK -0.6 million.