

# EXTRACT OF **ANNUAL REPORT**'21



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# 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.

## WHY

Based on professional management and best practice, we acquire, develop and operate our business in the area of agriculture and food products.

We ensure attractive return on the operation and increase in value for our investors. We are focused on risk diversification of products and branches of operations.

## 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.

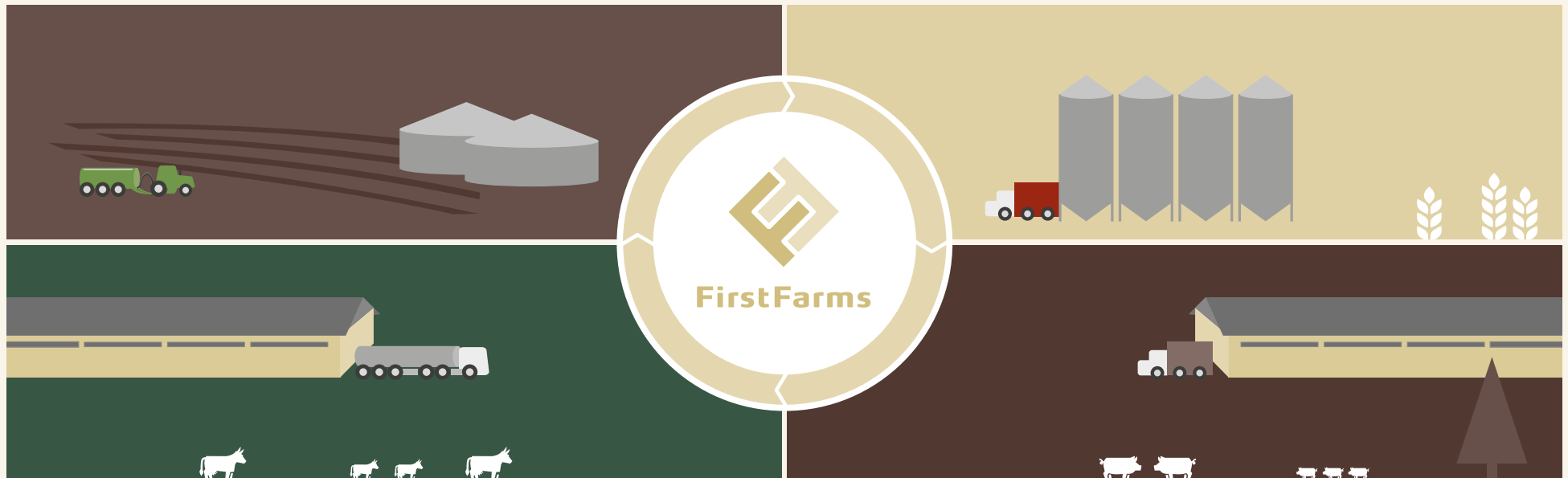
# FIRSTFARMS IN SHORT

## INVESTMENT CASE VALUECREATION



Land in operation: 17,500 hectares  
Hereof owned land: 8,100 hectares

Storage capacity:  
156,800 tons harvested crops  
(incl. silage)



2,800 cows  
2,700 young animals  
32,100 tons milk produced

4,800 sows  
160,000 piglets  
102,500 fattening pigs



# FIRSTFARMS IN SHORT

## PRESENTATION OF SITES

FirstFarms was listed in 2006, with a goal to become one of Europe's leading companies in the area of agriculture and food products. We are more than 300 employees working with four branches of operation on 16 locations in five EU countries. The company is on a journey of growth, based on our group strategy "Vision 2025".

- DENMARK**  
Group management and business development.
- CZECH REPUBLIC**  
Crop production: 1,150 hectares. Pig production: 71,500 slaughter pigs.
- SLOVAKIA**  
Milk production: 2,800 milking cows, 2,700 young stock.  
Crop production: 11,350 hectares.  
Pig production: 2,300 sows, 73,000 piglets, 31,000 slaughter pigs.
- HUNGARY**  
Pig production: 2,500 sows, 87,000 piglets.
- ROMANIA**  
Crop production: 5,000 hectares.



THE MANAGEMENT REPORTS:

## EFFICIENCY AND RISK DIVERSIFICATION ENSURES HISTORICAL PROFIT



2021 was a record year characterised by exceptionally good market conditions for crops and high efficiency in all branches of operation. Pre-tax result is 45,9 mDKK – compared to 31,4 mDKK in 2020.

For 6 years in a row, FirstFarms presents a record result. A result created despite of a nervous market with high pressure on costs. We are very satisfied with the result, but it is the way we have landed the result that gives rise to pride throughout the organisation. 2021 was the year in which our strategic focal points, risk diversification and operational efficiency really showed its value.

It is easier to make money on crops, when the price is record high, as it was in 2021. The trick is to ensure optimal earnings, when the market and the production are under pressure from many factors. Here we have succeeded. Highly efficient operation in the crop production, minimised costs, competent management at the individual sites and skilled craftsmanship of our employees ensured us the best earnings possible in a good year for crops.

High efficiency, competent management and skilled employees are in all our branches of operation. It means that we succeeded in ensuring the necessary cash flow, and, even if limited, an income from milk, despite the prices are consistently low. It means that

we have been able to continue the positive development of our land and create an increase in value – including continued sale of land in Western Romania with a good profit. Although 2021 was a miserable year for pigs with historical low prices and an increasing threat of African Swine Fever, we have minimised the loss as much as possible.

### **Risk diversification creates value for the shareholder**

In 2021, it became particularly clear how crucial positive impact our risk diversification has on our business, and thus for the value creation we have added to secure our nearly 2,600 shareholders.

In a year where many farmers with less branches of operations and locations have been challenged on several fronts - our risk diversification has meant a strengthened business. An even stronger and healthier foundation, which means that we can continue our journey of growth. We want to expand the production within the existing business model, and we act on new opportunities, which can complement the model.

In 2021, we have freed up capital to more than 100 mDKK, and we now have approx. 150 mDKK in free reserves for investments, which we will invest on an ongoing basis. In 2021, we started the construction of a silo plant with a capacity of 4 x 3,000 tons in Malacky, Slovakia. The plant will be completed in the harvest season this year. In Hungary, we will start building stables for 2,000 sows in 2022, which will almost double our production of pigs in Hungary. It characterises a healthy economy, that we are able to invest in an operation, while under pressure, so that we optimise the possibilities for earnings, when the pig prices are going up. It is our expectation, that we will buy up agriculture also during 2022.

### **FirstFarms supports the development towards a more sustainable agriculture**

We are aware that our operations have impact on climate and nature, and it is our goal to continuously reduce this impact, and thus creating a more sustainable business.

At FirstFarms, we take responsibility for everything we do, and every year we strive to expand our dataset

with new data, which are relevant for our company. This also provides our stakeholders an insight into how our company works with sustainable development. In 2021, we have had a particular focus on increased data collection and data processing from all our 16 locations. This means, among other things, that we can now publish our CO<sub>2</sub> emission from Scope 1 and 2 of our energy consumption in 2020 and 2021. We are also pleased to report, that since 2007 we have reduced our CO<sub>2</sub> footprint with approx. 50% in our milk production.

### **Positive expectations for 2022**

2022 has long ago announced its arrival, and again we are again facing a year with challenging market conditions. Again, it is our expectation, that we are capable of acting within this market and eventually generating profit here as well. We expect to deliver stable earnings and operations in 2022, where we have secured a significant part of our costs, but it still requires high prices for crops, stable milk prices, higher pig prices and continued positive development in our land business. Finally, we must become more efficient, utilise our agility and ensure continued good conditions and development opportunities for our skilled managers and employees. The work to reduce our CO<sub>2</sub> footprint naturally continues, and in 2022 we will launch further initiatives, which contribute to a better climate.

Best regards,

Henrik Hougaard  
Chairman

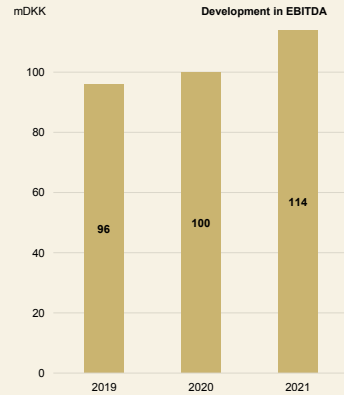
Anders H. Nørgaard  
CEO



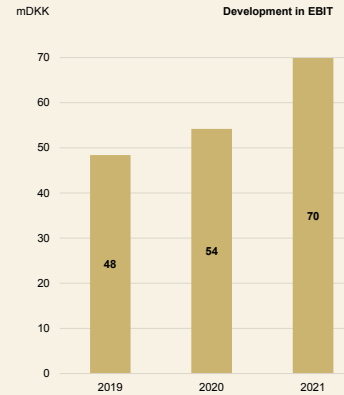
# HIGHLIGHTS'21

2021 was characterised by a sound result in an unpredictable market, new strategic initiatives and record high prices on crops. Here are a number of selected highlights.

↑14 mDKK  
14%



↑16 mDKK  
29%



## NEW SILO PLANT IS TAKING SHAPE

We continuously invest in growth. In 2021, we have completed a silo plant of 4,000 tons in Czech Republic and initiated the construction of a 12,000 tons silo plant in Slovakia, which will have a major impact on our trade of grains.

## BEST RESULT EVER

EBITDA is 113,7 mDKK, which is improved by 13,5 mDKK compared to 2020. In 2021, an EBIT of 69,9 mDKK has been realised, which is considered as a satisfying result. In addition, we have achieved a stable EBITDA margin.

## HISTORICAL CAPITAL PREPAREDNESS SECURED

FirstFarms released more than 100 mDKK when we sold the Northwest Romanian activities in the autumn 2021. We now have 150 mDKK in free reserves to invest in growth of our business.

## GOOD EARNINGS ON THE LAND IN WESTERN ROMANIA

FirstFarms' land business is increasing. The ongoing sale of land in Western Romania has been completed and has brought in a total of 85 mDKK and a profit of 40 mDKK.

## FOCUS ON A MORE SUSTAINABLE AGRICULTURE

In 2021, we decided again to launch a number of new activities, which contributes positive to the environment. We had special focus on increased data collection and data processing, which means that we now publish our CO<sub>2</sub> emissions from Scope 1 and 2 of our energy consumption in 2020 and 2021.

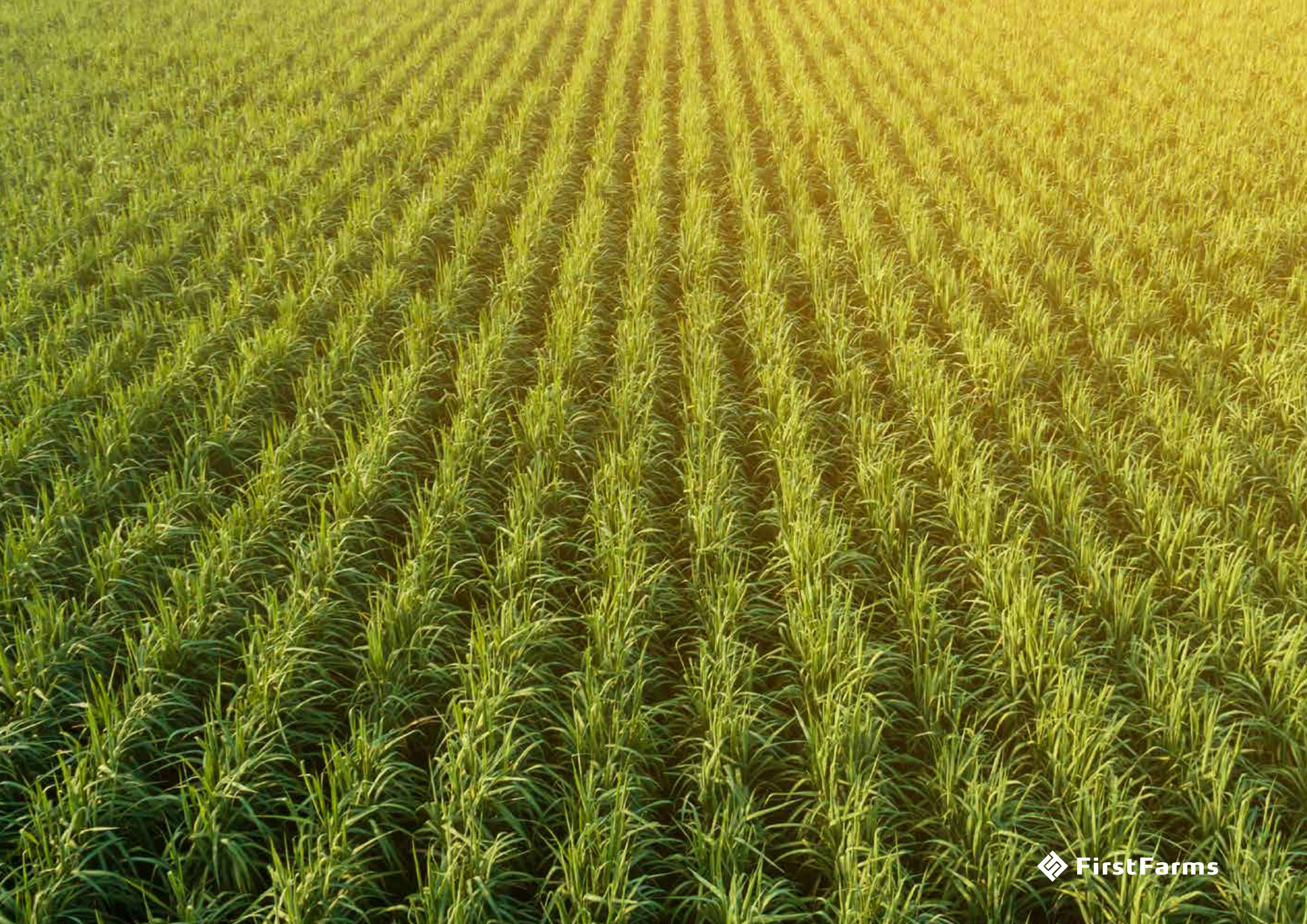
## CROP PRICES CRUCIAL FOR THE RESULT

The crop prices were historically high in 2021, when we experienced increases of 50 - 75% on almost all types of crops. We sold 60% of our crops, which had decisive positive effect on the yearly result.

## WE ARE ABLE TO HOLD ON TO THE EMPLOYEES

Employee circulation was low in 2021. This is an achievement, as the competition for labour is high. The loyalty of the employees has had a major impact on our ability to be efficient and productive.





# FINANCIAL HIGHLIGHTS AND KEY RATIOS

Financial highlights for the Group (mDKK)	2021	2020	2019	2018*)	2017*)
<b>Net turnover</b>	<b>369.5</b>	<b>312.6</b>	<b>328.1</b>	<b>248.9</b>	<b>190.7</b>
Gross profit/loss	184.2	168.2	154.5	107.9	85.6
<b>Result before depreciations (EBITDA)</b>	<b>113.7</b>	<b>100.2</b>	<b>95.6</b>	<b>57.5</b>	<b>43.7</b>
<b>Profit/loss from primary operations (EBIT)</b>	<b>69.9</b>	<b>54.2</b>	<b>48.4</b>	<b>25.9</b>	<b>17.1</b>
Net financial items	-24.0	-22.8	-19.4	-14.3	-12.1
Profit before tax	45.9	31.4	29.0	11.5	5.0
<b>Net profit</b>	<b>34.8</b>	<b>24.8</b>	<b>22.4</b>	<b>8.1</b>	<b>3.4</b>
Proposed dividend	6.7	5.7	0	3.3	0
Non-current assets	834.7	954.1	849.3	596.5	475.2
Current assets	263.8	187.9	222.8	178.0	141.4
<b>Total assets</b>	<b>1.098.5</b>	<b>1.142.0</b>	<b>1.072.1</b>	<b>774.5</b>	<b>616.6</b>
Share capital	78.6	75.7	63.2	61.6	51.4
<b>Equity</b>	<b>530.1</b>	<b>483.5</b>	<b>392.3</b>	<b>370.1</b>	<b>315.1</b>
Non-current liabilities	327.7	465.0	433.1	289.9	187.2
Current liabilities	240.7	193.4	249.7	114.5	114.3
<b>Net interest-bearing debt (**)</b>	<b>390.1</b>	<b>520.4</b>	<b>546.9</b>	<b>557.1</b>	<b>243.0</b>
<b>Cash flow from primary operation</b>	<b>77.7</b>	<b>79.6</b>	<b>101.0</b>	<b>24.3</b>	<b>25.8</b>
Cash flow from operating activities	46.3	47.2	78.1	9.3	12.6
Cash flow from investment activities, net	109.7	-13.2	-85.8	-40.2	-301.0
Of which for investment in tangible assets	-72.8	-93.6	-89.5	-42.5	-45.8
Cash flow from financing activities	-86.2	-29.3	7.1	2.8	20.9
<b>Total cash flow</b>	<b>69.7</b>	<b>4.7</b>	<b>-0.6</b>	<b>-28.1</b>	<b>-267.6</b>
<b>Key ratios for the Group</b>					
Gross margin	49.9	7.9	19.9	14.7	14.8
<b>EBITDA margin</b>	<b>30.8</b>	<b>32.1</b>	<b>29.1</b>	<b>23.1</b>	<b>22.9</b>
Operating margin	18.9	17.4	14.8	10.4	9.0
Solvency ratio	48	42	37	48	51
<b>Earnings per share, DKK</b>	<b>4.51</b>	<b>3.57</b>	<b>3.55</b>	<b>1.32</b>	<b>0.65</b>
Diluted earnings per share, DKK	4.06	3.36	3.33	1.32	0.65
<b>Dividend per share</b>	<b>0.85</b>	<b>0.75</b>	<b>0.0</b>	<b>0.5</b>	<b>0.0</b>
NIBD/EBITDA	3.4	5.2	5.7	9.7	5.6
Return on shareholders' equity	6.9	5.7	5.9	2.2	1.1
Average number of employees	318	334	309	279	257

\*) Financial highlights and key ratios for the period 2017-2018 are not adjusted in relation to IFRS 16 (leasing).

\*\*) Interest-bearing debt minus cash and cash equivalents.

# FINANCIAL HIGHLIGHTS AND KEY RATIOS



## Key ratios for the Group

Earnings per share (EPS) and diluted earnings per share (EPS-D) are calculated in accordance with IAS 33. Other financial ratios are calculated in accordance with the Danish Finance Society's "Recommendations and Financial Ratios. The financial ratios stated in the consolidated financial statements and in the annual report have been calculated as follows:

Gross margin	$(\text{Gross profit/loss} \times 100) / \text{Turnover}$
<b>EBITDA margin</b>	<b><math>(\text{EBITDA} \times 100) / \text{Turnover}</math></b>
Operating margin	$(\text{Profit/loss from primary operation} \times 100) / \text{Turnover}$
Solvency ratio	$(\text{Equity} \times 100) / \text{Total assets}$
<b>Result per share</b>	<b>Net profit / Number of shares</b>
Diluted result per share	Adjusted result / Diluted number of shares
<b>Dividend per share</b>	<b>Proposed dividend / Number of shares</b>
NIBD/EBITDA	Net interest-bearing debt/EBITDA
Return on equity	$(\text{Net profit} \times 100) / \text{Average equity}$
EBITDA	Profit/loss from primary operation (EBIT) added depreciations



*“Every day we work on creating a more sustainable company, improve working conditions and support the local communities.”*

INNA MITLYTSKA, CSR RESPONSIBLE

## WE ARE AWARE OF OUR SOCIAL RESPONSIBILITY

We cannot and will not run our business without taking care of the environment, our employees and the commitment in the local communities. Thus, social responsibility is one of the prioritised strategic areas in FirstFarms.

### UN Sustainable Development Goals

FirstFarms supports and contributes to UN's 2030 agenda and the 17 goals for a more sustainable development. Thus, we are systematically working with activities, that support UN's Sustainable Development Goals, including “Zero hunger”, “Responsible consumption and production”, “Life on land”, “Climate action” and “Decent work and economic growth”.

To highlight our work on a sustainable development, we use Nasdaq's recommendation for report – ESG-data (Environment, Social, Governance).

ESG-data contains standardised main and key figures that cover the company's work with environment and climate, social conditions and corporate governance.

From 2020, the key figures were included in the annual report for social responsibility, and the numbers will give the surroundings insight into our work with sustainable development, and how we perform in this area.



# THE BUSINESS MODEL

## -VALUE CREATION

### FirstFarms is a listed agricultural

Our business consists of four branches of operation: crop production, milk production, pig production and development of the land port folio.

### 1. KEY RESOURCES

#### Human resources

Our 300+ employees are the core of FirstFarms' development and success.

#### Natural resources

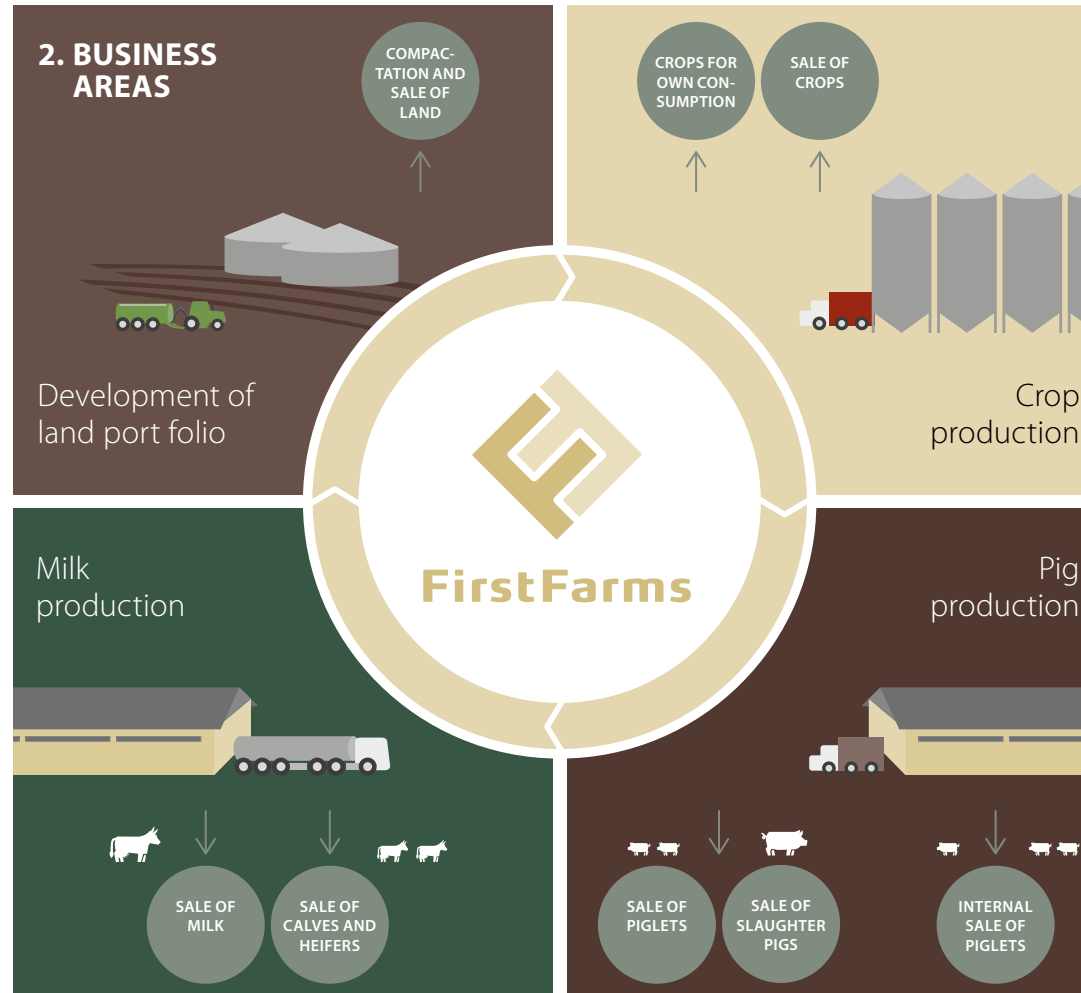
Our company is dependent on natural resources such as land, water and ecosystem.

#### Financially strong

We are a creditworthy company with access to various financing options as well as own financial resources.

#### New technologies and "know-how"

In our production we use the newest technologies and know-how to improve operating results, ensure efficient use of resources and high quality of our products.



### 3. VALUE CREATION

#### Our employees

We strive to improve our working conditions to be able to offer our employees an attractive and safe workplace.

#### Our customers

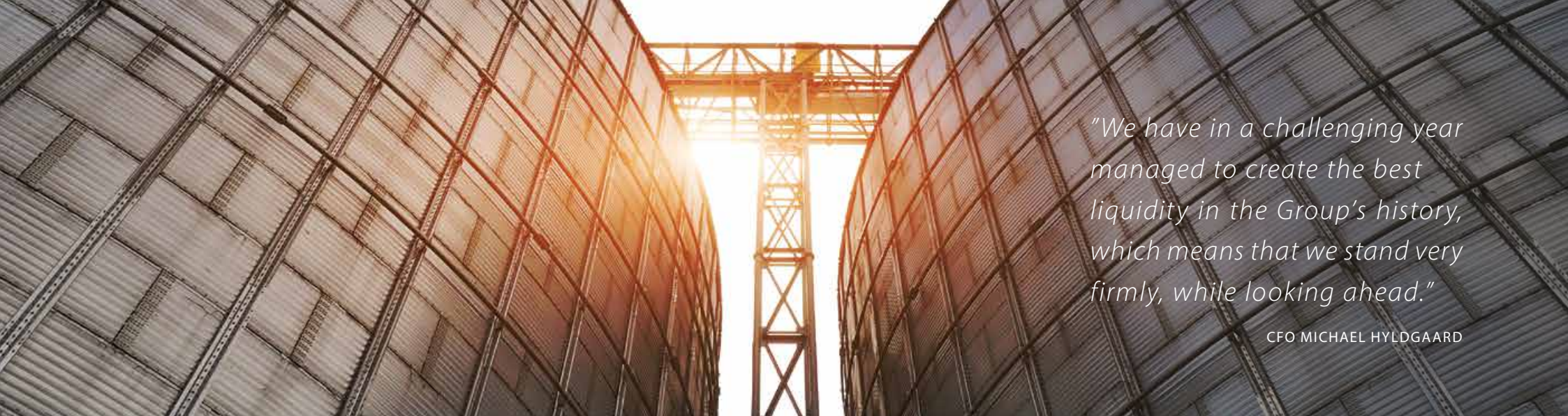
We are close to our customers and deliver high quality products.

#### Community

FirstFarms works every day to create a more sustainable business. Our investments are long-term and based on active ownership. FirstFarms strives to engage in the local communities, create jobs and contribute to local growth.

#### Our shareholders

We ensure our investors attractive return on operations and increase in value, and we have focus on risk diversification on products and branches of operation. We offer investment in agricultural land, which is a cyclically robust real asset.



*"We have in a challenging year managed to create the best liquidity in the Group's history, which means that we stand very firmly, while looking ahead."*

CFO MICHAEL HYLDGAARD

## FINANCIAL REVIEW:

# CONTINUED GROWTH AND CIRCULAR ANCHORING DESPITE DIFFICULT MARKET CONDITIONS

FirstFarms executes on an ambitious growth strategy and thus continues the growth. There is a continuous consolidation as a consequence of the difficult market conditions in which we are operating. In 2021, a historically large amount of free liquidity was created for the development of the group, both organically and through divestments.

Initially, FirstFarms expected an EBITDA of 85-115 mDKK and an EBIT of 35-65 mDKK in 2021, including sale of land in West Romania and an expectation of increasing pig prices. The price increase failed to show, but despite the very low pig prices, FirstFarms continues to deliver a satisfactory result – even above the expected

level. This is partly due to the high level of efficiency and historically high prices on crops. The risk diversification has during the recent years been strengthened both in geography and in branches of operation, and since 2017 the company has added six new production units, which contributes to growth and earnings.



Announced expectations 2021		
mDKK	EBITDA	EBIT
25 August 2021	100-120	50-70
26 May 2021	95-115	45-65
25 March 2021	85-115	35-65

## FINANCIAL REVIEW:

# CONTINUED GROWTH AND CIRCULAR ANCHORING DESPITE DIFFICULT MARKET CONDITIONS

### Prices

Market prices for piglets and slaughter pigs have on average been significantly lower than the expectations for 2021. At the end of 2021, prices were still at a very low level, with a slightly increasing trend.

Overall, the turnover in our crop production has been significantly higher than the expectations. Yield at an expected level for the Group, while prices have been very favourable and realised at a historically high level.

The milk price has been on par with expectations, while efficiency and production have been better than expected. Overall, a satisfying development in the milk production.

Revenue including value adjustments have increased by 57 mDKK compared to 2020. The increase is mainly driven by satisfying yields and historically high prices on crop, as well as increasing efficiency in the milk production. Conversely, revenue is negatively affected by unchanged unsatisfactory pig prices. By the end of 2021, pig prices were on a par with the start of the year.

### Other operating income

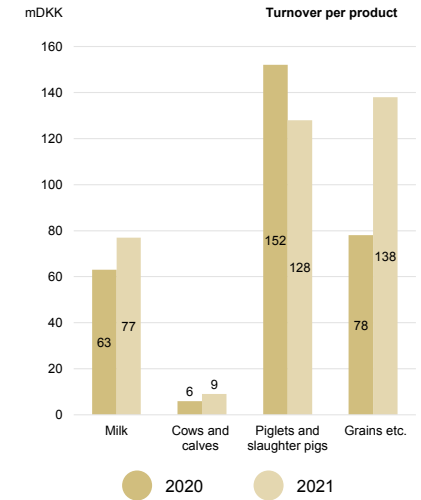
The sale of activities in Northwest Romania has created a historically large free liquidity for the development of the Group, both organically and through divestments.

The sale of 3,960 hectares of land in Western Romania has generated satisfactory profit of 45 mDKK over the last two fiscal years, of this the profit entails 15 mDKK in 2021. The sale has not altered FirstFarms' earnings capacity, as the land has been fully leased in 2021. At the same time, good liquidity has been created and therefore free resources to continued growth.

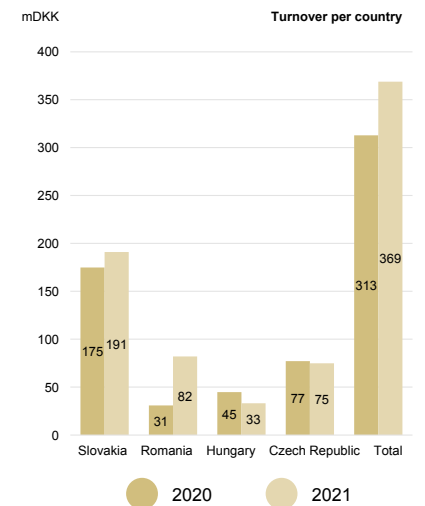
### EBITDA development

The efficiency in our production is high and among the best compared to the companies FirstFarms normally benchmarks with. FirstFarms' EBITDA margin is on par with last financial year, which is satisfying compared to the challenges with pig prices during 2021.

The business model with risk diversification in different branches of operations works, and therefore the



↑ 56 mDKK  
18%



## FINANCIAL REVIEW:

# CONTINUED GROWTH AND CIRCULAR ANCHORING DESPITE DIFFICULT MARKET CONDITIONS

company can keep a stable EBITDA. It is positive that FirstFarms continuously will be able to realise profits on developed land at expected levels. The company therefore considers that it has significant added value in addition to the booked equity.

FirstFarms has seen falling interest rates during the year, which positively impact earnings. Likewise, during Q4, the company has repaid most of the short-term credits, thus, FirstFarms has an extremely strong liquidity.

### Balance sheet

The company's assets are mainly land, which is posted at cost price. Land is 40% of our total assets. FirstFarms considers land to be a value-stable asset hedged against inflation.

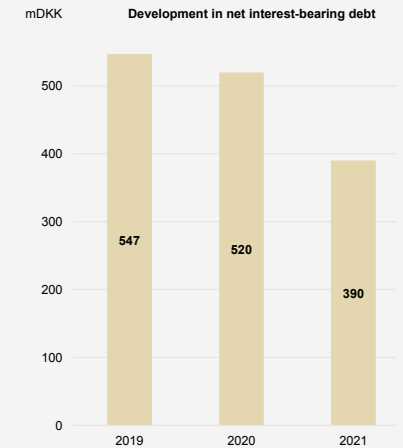
Investments are continuously made in all branches of operations, which is essential for FirstFarms to maintain the risk-balanced model in both branches of operation and geography. Thus, investment has been made for

additional silo capacity in Czech Republic. In addition, FirstFarms has divested the Northwest Romanian activities with 2,400 hectares and a further 600 hectares in Western Romania as part of the strategy.

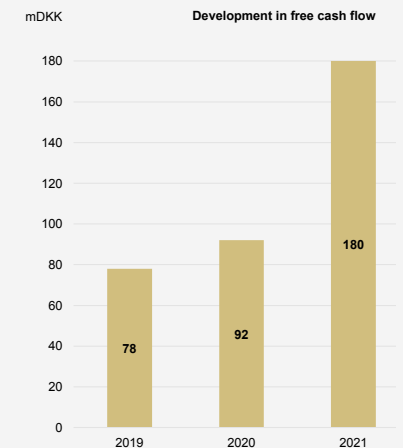
FirstFarms' net interest-bearing debt has been significantly reduced during 2021. It went from 520 mDKK to 390 mDKK - a reduction of 130 mDKK. Therefore, the majority of short-term revolving credits are currently not used.

Equity has increased as a result of the profit for the year as well as the conversion of bonds during the year. Both have led to an increased in solidity from 42 % to 48 %, corresponding to an increase of 6 %-points.

↓ -130 mDKK  
-25%



↑ 88 mDKK  
98%





MILK:

## LOW MILK PRICES BUT HIGH EFFICIENCY

The milk price has been on par with the budgeted in 2021, while efficiency and production has been better than expected, and better than 2020.

FirstFarms marks the milk as the stable engine in the system. The prices are not high, but there are also no major fluctuations.

Throughout 2021, the milk price has remained constant with an average price of 2.43 DKK. From 2016 to 2020, the milk price has been in the range of 1,71 – 2,52 DKK. Break-even in the milk production is 2.31 DKK – at the end of 2021, the milk price is above break-even.

### Efficiency ensures good cash flow

Despite low milk prices, milk contributes significantly to FirstFarms' result. The production and the efficiency are very high and increased continuously, ensuring a good cash flow.

In 2021, FirstFarms has delivered 31.6 million kg of milk, which is an increase of 12% compared to 2020. The production has also been increasing compared to 2020 to 11,271 kg annually per cow.

At the end of 2021, the herd constitutes a combination of 2,830 milking cows and 2,700 young stock.

In 2022, FirstFarms expects to deliver 33 million kg of milk at a milk price of 2.56 DKK per kg.

Milk production per cow will be at a satisfying and increasing level with an increasing number of cows.

### Optimal use of feed and logistics

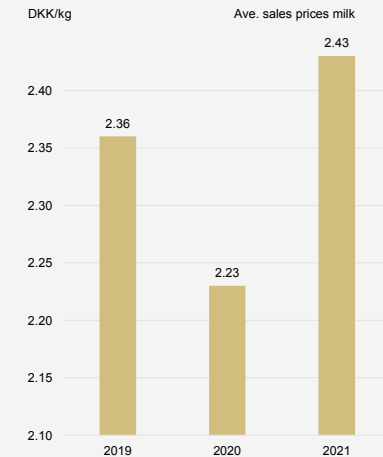
An unchanged maintenance strategy is kept, where investments are made to improve the productivity with focus on animal welfare and utilisation of capacity.



Back in 2020, investments were made in 14,000 tons expansion of storage capacity for own silage at the dairy cows. Thus, an optimal placement of self-produced feed for the animals has been achieved. Therefore, in 2021, there was no longer internal transport of feed between properties. This provided optimal utilisation of feed and logistics - for the benefit of both environment and animals. Milk is therefore an important element in the increasingly circular production that the company strives for.

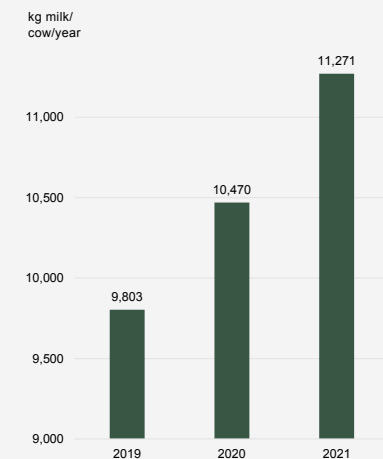
## Development in the milk price

↑ 9%



## Development in the yield

↑ 8%



LAND:

## THE LAND IS OUR CURRENCY

FirstFarms' land business escalates, increases value and today constitutes the foundation and an increasingly more visible part of the business.



FirstFarms' land business is growing, and the strategy is simple. The company continuously buys or rents smaller or larger areas, develops and compacts them into even larger fields, enabling a much more efficient operation taking biodiversity into account. This creates added value together with the general price increases on land. At the same time, developed land, which is not part of the strategy, is sold at a well above acquisition price. This creates cash flow and economic foundation for development and growth of the rest of the business and allows us to consider new land acquisitions.

### Sale of land with good profit

An example, of the ongoing acquisition and sale of land, is the sale of land in Western Romania. As part of FirstFarms' business model, the land portfolio has been increased in value in form of extensive compaction and improvement of soil structure.

The sale has been made in tranches and totally the sale has brought in 85 mDKK with a fine profit of 40 mDKK. Concurrently with the final sale of land in

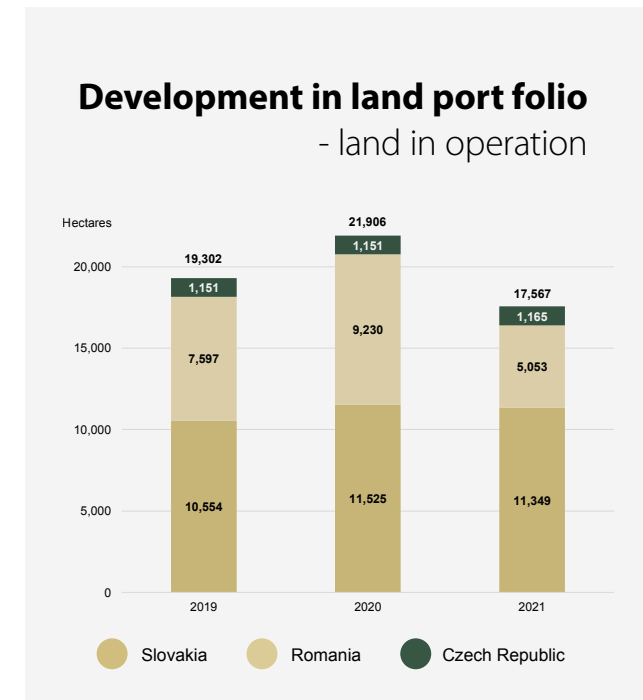
Romania, FirstFarms signed in December 2021 a conditional purchase agreement in Hungary, covering, among other things, 1,600 hectares of land lease contracts and crop production. The land and the operation will be developed and streamlined under FirstFarms' ownership, to ensure value adding and synergies.

### The land is the shareholders' savings

"Land is an increasingly growing industry, and thus land is also becoming more and more important for our shareholders. It is our currency. Land is an inflation-safe investment, and thus is our ongoing land acquisitions and sales also considered as the shareholders' savings," says Group CEO Anders H. Nørgaard.

In 2021, land values constituted approx. 40% of FirstFarms' total assets of 1.1 mDKK. The land is purchased or on rent contracts, which are continuously renewed. The operating value is therefore continuously increased significantly. This value add on land is not included in FirstFarms' land asset statements. FirstFarms has a non-booked surplus value of 235 mDKK before tax.

If these values are added, land constitutes 50% of the company's balance sum.

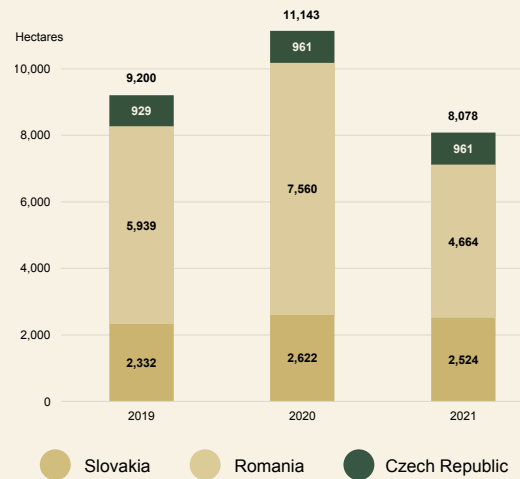


*"A large part of our capital is put in agricultural land. It is our currency and the shareholders' savings."*

ANDERS H. NØRGAARD, CEO

## Development in land portfolio

- land in ownership

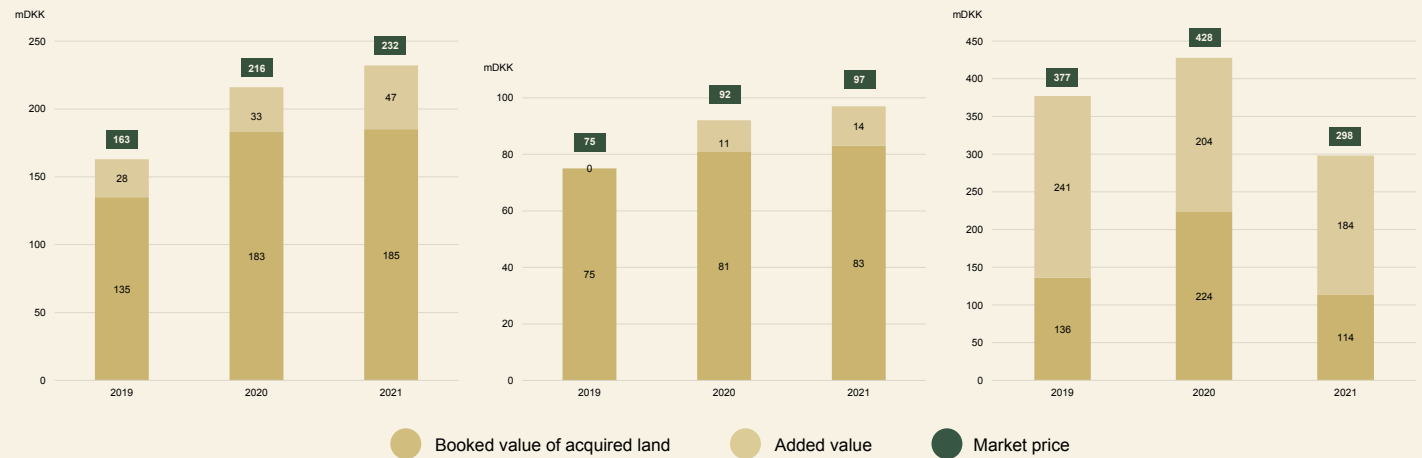


## Development in value of land

Slovakia

Czech Republic

Romania

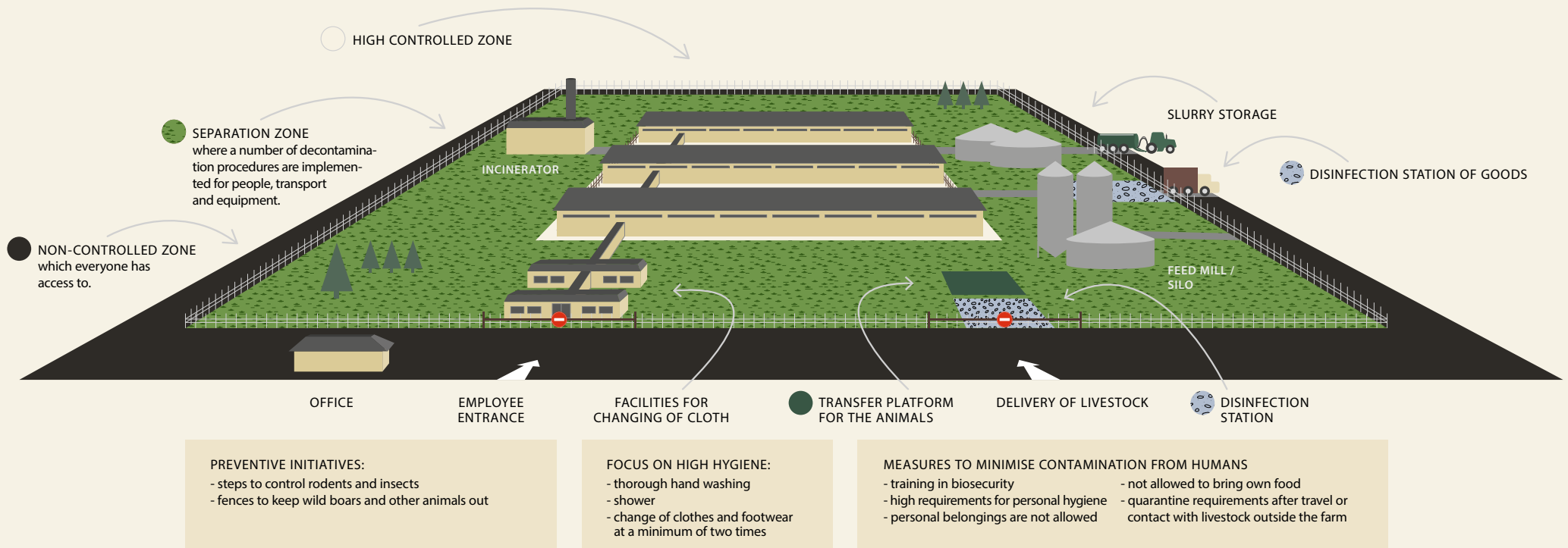


# HOW WE ENSURE HEALTH

FirstFarms must be able to navigate in a threat assessment such as ASF without having a serious impact on our ability to generate results. Therefore, we focus on optimal biosecurity in our pig production and continuously assess and implement new security measures.

Read more about "Risk management" on page 33.

## 3 ZONE BIOSECURITY MODEL



PIGS:

## SIGNIFICANT DECREASE IN SALES PRICES OF PIGS

The prices for piglets and slaughter pigs increased during the first half year of 2021 but fell back in the second half of the year to the same historically low level, that we saw at the beginning of 2021.

The revenue of pigs was 24.4 mDKK lower in comparison to 2020, but the production and the efficiency remained at a very high level in 2021. As FirstFarms, due to its risk diversification, is not relying on high pig prices to deliver a positive overall result, we therefore withstood the historical low prices.

The net effect of the pig production compared to 2020 was negative by 27.4 mDKK including value adjustment.

### Production with minimised risk

FirstFarms' pig production is based on 4,800 sows with a yearly production of 160,000 piglets, of which 60,000 are used in own slaughter pig production. The remaining piglets are sold on the regional market. The production is spread over eight units in three countries and thus ensuring a risk minimisation on several areas.

In Hungary, there has been 2,500 sows in the herd in 2021, which have produced 87,000 piglets. In Czech Republic, 71,500 slaughter pigs have been produced



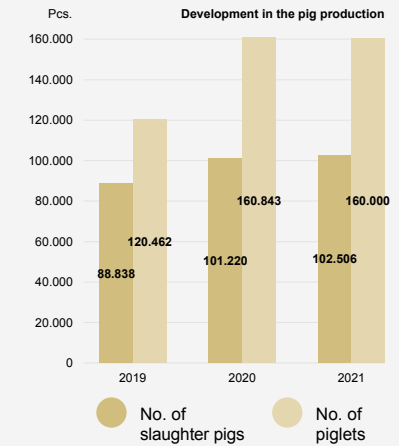
and in Slovakia, there have been 2,300 sows producing 73,000 piglets and 31,000 slaughter pigs.

In terms of prices, 2021 has been very volatile. The price spread of 25 kg piglets has been from 156-417 DKK and for slaughter pigs 8,9-11,4 DKK per kg slaughter weight. In 2022, 166,800 piglets are expected to be produced from 4,800 sows and 105,500 slaughter pigs in Slovakia, Czech Republic and Hungary.

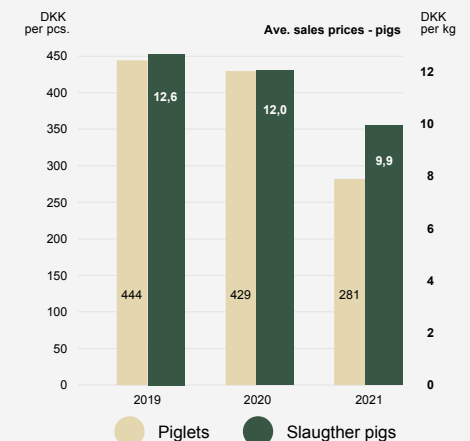
### FirstFarms sells locally

FirstFarms operates in countries, where there is a general shortage of locally produced food. Most of our production is sold regionally, and FirstFarms is therefore in general not dependent on export. The best sales price can be obtained on the local market, and therefore the produced piglets are sold here. Similarly, piglets for the slaughter pig production are also purchased locally.

↑ 1,5%  
↓ -0,2%



↓ -34%  
↓ -17%



CROPS:

## GOOD HARVEST AND **VERY HIGH PRICES**

FirstFarms' harvest of crops has been better than expected and significantly above 2020. At the same time, crops are sold at historically high prices, which is why the crop production is of crucial importance to the result of the year.

With increases of 50-75% on almost all types of crops in virtually all of 2021, the very high crop prices have caused significantly better earnings on the crop production compared to the year before.

FirstFarms has recognised a value adjustment on harvested crops of 9 mDKK in 2021 compared to -5 mDKK in 2020. Thus, 14 mDKK more has been recognised compared to previous financial year. Another positive fact is that the company had a normal harvest yield in Romania in 2021, compared to a low yield the year before due to drought.

### **New silo plan will be of great importance**

FirstFarms uses 46% of self-produced crops in own animal production. This ensures both quality but also flexibility in sale and feed production, so that the economy always can be optimised.

In 2021, the company initiated the construction of a 12,000 tons silo plant in Slovakia. The plant will be completed in 2022 and will have a major impact on the trade with crops going forward and contribute to the possibility of increased earnings on crop production.



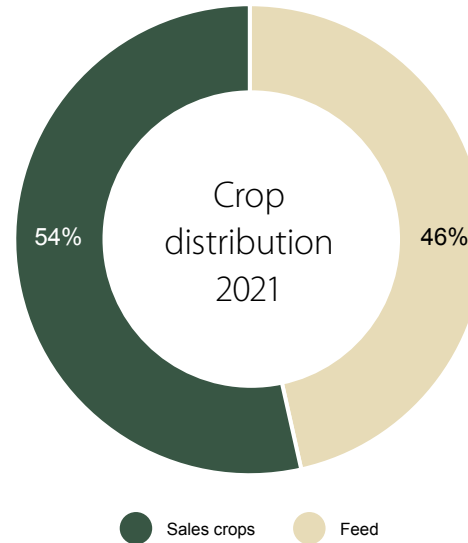
FirstFarms realised a very good result in the crop production in 2021. In all five operating centres, the production and result were above budget. The company sold 54 % of its total crop production.

**Expects high prices to continue**

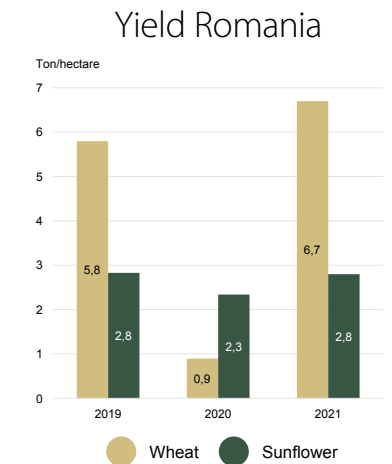
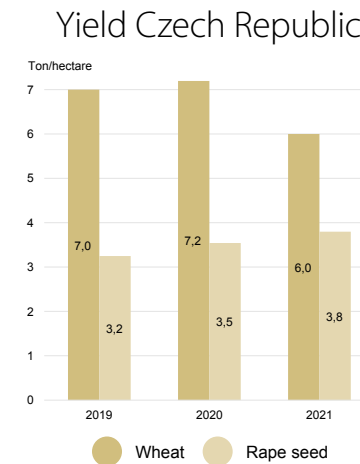
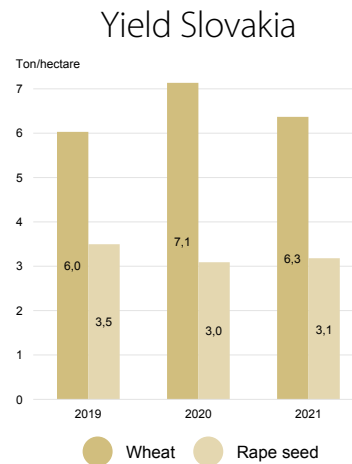
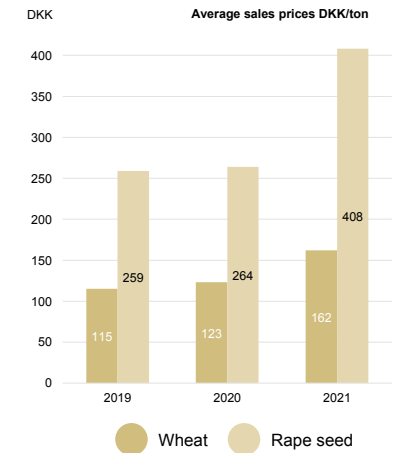
For the growth season 2021/2022, all winter crops are well-established, and there has been satisfactory amounts of rain until the end of 2021. The foundation is expected to be satisfying for the yield in the crop production in 2022, if average amount of rain falls until harvest. Prices are still expected to remain at a high level.

There are ongoing improvements and circular development of all operating areas. This is done by utilising nutrients from animals and plants as well as water resources in the soil. Biodiversity is optimised, which often goes hand in hand with good resource utilisation.

Overall, a circular utilisation of our resources provides optimal efficiency. Resources are utilised and consumed to the largest possible extent in the local environment by our operating units.



↑ 32%  
↑ 55%



# THE MARKETS ARE RETURNING HOME



More and more are produced, sold and consumed regionally for the benefit of FirstFarms.

For many years, the degree of self-sufficiency has been low on primary agricultural products in the central part of Europe, where FirstFarms is operating. COVID-19 has helped to make it visible, that it is a problem when you are dependent on goods from the outside. Security of supply is lagging and prices increasing on some local goods you have to do without. Therefore, it is clear that both the industry and politicians in the region have taken a stand to become more regionally self-sufficient. Past exports and imports are under pressure because individual countries, regions and local areas will produce, sell and consume much more in the immediate area.

## **The development means more local jobs**

FirstFarms benefits from – and contributes to – the development. FirstFarms focuses on circular operations and thus contributes to the desired development in the region, and COO Søren Nielsen therefore welcomes the fact that the markets are returning home.

“This is entirely in line with parts of our mission saying that we operate FirstFarms with responsibility for the surrounding communities, and we deliver highest quality,

which is primarily sold locally. We have an efficient operation, which is a prerequisite for making money, and at the same time we help to create local jobs both at ourselves, but also at our partners – for example in slaughterhouses. Last but not least, climate and the environment benefits from the development and efficiency, which means, among other things, less transport.”

FirstFarms’ focus on circularity means that it is the intention, that the crops produced are increasingly sold and consumed regionally or used for feed for the company’s own cattle and pigs. The animal manure is spread primarily on own fields, just as it is intended that milk is delivered to local dairies if possible, and that the pigs are mainly slaughtered in local slaughterhouses.

## **Money must be made**

“It is important to emphasize, that of course we also have a responsibility for ourselves and towards our shareholders. We have to make money, which is why we do not slaughter locally at any cost. But there is no doubt that in the long term it is beneficial for us that we are part of the local and regional self-sufficiency wheels,” says Søren Nielsen.



*“We are producing in the heart of an area with very high purchasing power.”*

COO SØREN NIELSEN

The vast majority of FirstFarms’ total production takes place in an area with very high purchasing power. In a radius of approx. 300 km from the Slovak capital, Bratislava, are the capitals Prague, Budapest and Vienna. The potential is huge.





*"FirstFarms is one of the largest local taxpayers in the Hungarian Gádoros, and the company tax, which the company pays, contributes significantly to the ongoing operation and development of the municipality.*

*It is of course in our interest, that FirstFarms continues the positive development here in our local community, and we have therefore also a good and close ongoing cooperation, where we among other things have focus on ensuring FirstFarms an effective and correct case review."*



AGRONODR. SZILÁGYI TIBOR,  
MAYOR, GÁDOROS, HUNGARY



# THE GOOD NEIGHBOURLINESS MEANS EVERYTHING

FirstFarms invests heart, time and money in the local communities.

Make an effort and do it with your heart. According to COO Morten Knudsgaard, this is the recipe for the good neighbourliness.

For FirstFarms, it is important to promote collaborations and to be an integrated and respected part of the local communities in which we operate.

"We behave properly, supports locally, lend a hand and treat people with respect, and we do it with pleasure," says Morten Knudsgaard and emphasizes that it is not about getting something back, but like everywhere else in the world, good relationships open doors, creates interest, understanding and responsiveness.

## **Important to be respected**

"We are met by a positive attitude. We are welcome and taken seriously. If we have a challenge or a wish, we are listened to and helped as much as possible. This applies to collaborators, to the local municipal office or "downtown". One should not underestimate the meaning of being respected and integrated locally. For example, it is of great importance in terms of attracting labour,"

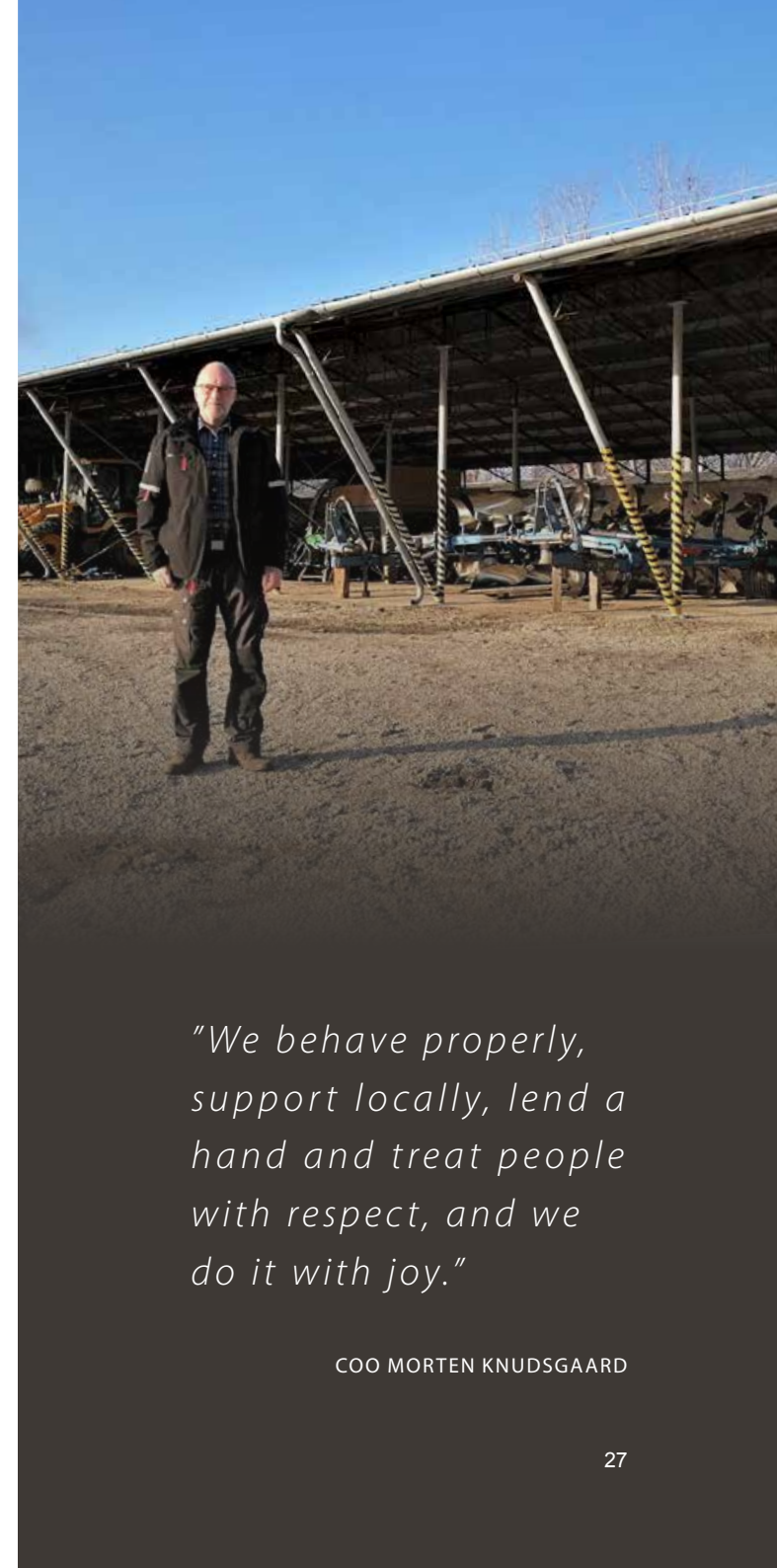
says Morten Knudsgaard and narrates about a restaurant visit, where a local citizen addresses Morten and his guest, because he notices that they are foreigners.

"When we tell him who we are and where we work, he lights up and praises our work place. That it something that warms us and shows, what it means, that we make an effort to be part of the local communities, we are a part of."

## **Help that makes sense**

The local efforts vary from community to community. It can be a financial helping hand for holding of larger or smaller events, sponsorship of defibrillators, help with tree pruning and snow removal, transport and lending of "bits and bobs" or participation in local celebrations and gatherings.

The good neighbourliness is also strengthened by the fact, that FirstFarms has local shareholders and that the company works with circular operation and economy, where many products are sold and consumed locally. It helps to create and maintain local jobs.



*"We behave properly, support locally, lend a hand and treat people with respect, and we do it with joy."*

COO MORTEN KNUDSGAARD

OUR EMPLOYEES:

## IT SHOULD BE A PLEASURE GOING TO WORK

FirstFarms' more than 300 employees are the core of the company's development and the glue to the company's continued success. Year after year, the company strives to create even better working conditions to be able to offer the employees an attractive and safe workplace.

"It should be a pleasure going to work in FirstFarms. We rely on the professionalism of the employees, their knowledge of the company and the markets in which we operate, their commitment, curiosity and job satisfaction. It is therefore important to continuously strengthen their competences and give them opportunities to develop new ones. This, and being together with good colleagues, is crucial for them to be happy to go to work, and job satisfaction is a prerequisite for us to maintain them," says CEO Anders H. Nørgaard.

### **Low employee circulation**

The employee circulation in 2021 was relatively low in FirstFarms, which is a bit of an achievement in the market of agriculture. The low attractiveness and physical hard work of the agricultural sector are some of the reasons causing a generally high level of employee circulation and a general labour shortage.

"We need to be even better at keeping our colleagues. Skilled and satisfied employees and a good work environment also depends on strong leadership. Therefore, we continuously prioritise developing strong leaders at all levels of the organisation, and to ensure that they have the right management tools."

FirstFarms is an international company with employees from different cultures and backgrounds. The company believes and engage in diversity and aims, among other things, to attract more women to the organisation. By 2021, 26 % were women.



*"What characterises a good workplace is, among other things, a good social environment and well-functioning communication at all levels. I have recently experienced a very positive development in the communication in FirstFarms. I am also really pleased with the way we work together in our teams and the way we are able to maintain the connection through regular online meetings. I would like to highlight the international work environment, which gives different and exciting impressions. The very best thing about going to work, however, is knowing that my work creates value and is beneficial to the society."*



MARTIN PAPAŽ,  
AGRONOMIST

*"A good job is a job where there is an opportunity to learn and develop. A job where you value both your own and others' work. The best thing about working for FirstFarms is precisely that it is possible to build on the knowledge you already have. In FirstFarms, we are constantly offered new opportunities that contribute to our professional development. We also work in teams, which means that there is always help available and that we share our knowledge and experience with each other."*



CARMEN VALENTINA BANICA,  
AGRONOMIST



# POSITIVE EXPECTATIONS FOR 2022

We expect 2022 to be a satisfactory year in terms of earnings with a reasonable growth. We expect an EBITDA of 80-120 mDKK and an EBIT of 35-75 mDKK.

## IMPROVEMENT IN CREATION OF PROFIT

We think circular and are therefore focused on improving our result in revenue in 2022. Our cost level is expected under pressure by inflation and shortage of goods. We have purchased a significant part of our materials for 2022, so that we ensure the production in the best possible way.

## INCREASING MILK PRICES

In 2022, we expect to deliver 33 million kg of milk at a milk price of 2.56 DKK per kg. The milk production per cow will be at a satisfactory and increasing level and with an increasing number of cows.

## FOCUS ON BIOSECURITY AND BALANCED RISK DIVERSIFICATION

We live with external threats such as ASF. This is a condition, and we will therefore continue to focus on biosecurity. We must also live with the condition of fluctuating prices, on what we produce, and therefore we also continue with a balanced risk diversification, both geographically and in branches of operation. Focus on biosecurity and a balanced risk diversification ensures that if we are affected locally, regionally or on individual operations, it will not seriously affect the overall business.

## THE LOW PIG PRICES CONTINUES

We are looking into increasing prices, but still far from a satisfying level. We expect a price of 11.20 DKK per kg pork, as well as a base piglet price (27 kg) of 410 DKK per piglet. The production will be approx. 166,800 piglets, 4,800 sows and 105,500 slaughter pigs.

## THE WORK TOWARDS MORE SUSTAINABILITY INCREASES

Also in 2022, a number of initiatives will be launched to contribute to a better environment and climate. Among other things, we will look at how we can further reduce our consumption of diesel. We are also investigating the market for more sustainable forms of energy. Among other things, we look at solar cell systems for stables.

## HIGH LEVEL FOR CROP PRICES

We expect the prices of crops to be at the same high level as in 2021. Crop production is expected to be stable with 17,500 hectares of land in operation - of which 8,100 hectares are owned land.

# POSITIVE EXPECTATIONS FOR 2022

We are looking at 2022 with a sound and strong company and a good 2021 result.

## FOCUS ON ACQUISITIONS AND TRADE OF LAND

Acquisitions of new agricultural activities and land trading in 2022 remains a crucial element of our growth strategy, and we will seize the opportunity, when we can create value by complementing or expanding our business model. We have a large network in the market and follow the developments closely within trade of land, agriculture and food.

## HIGH EFFICIENCY IS NOT A PRETEXT FOR INACTIVENESS

The efficiency of our production is at a high level in all areas and is expected to be maintained with potential for improvement in several areas.

## MANAGERS AND EMPLOYEES MUST BE DEVELOPED

In 2020 and 2021, COVID-19 limited our opportunities to strengthen the competencies of managers and employees. Education, development and general focus on ensuring good conditions for everyone in the organisation will therefore have a high priority in 2022, so that we again this year can keep the employee circulation at a minimum.

## WAR IN UKRAINE

We expect the effects of the war in Ukraine to increase. FirstFarms has no direct trade with Ukraine or Russia. We continue to follow the development closely and follow guidelines and restrictions from authorities. We take ongoing measures, including support where needs arise as a result of refugee flows from Ukraine. We operate in several countries bordering Ukraine.

## WE CARRY OUT THE NECESSARY INVESTMENTS

In 2022, we will make investments in the existing facilities, buildings and machinery, as well as investments and efforts, which supports the risk diversification of the production. Investments aimed at increasing biosecurity in pig production will be a focus area.

# THE INVESTMENT CASE: WE ARE WORTH INVESTING IN



- Leading the sector in terms of productivity and profitability, which is reflected in significant positive cash flows.
- One of Europe's few listed companies in agriculture and food products with solid experience in the acquisition and divestment of agricultural related assets.
- Risk-balanced business model for both operation, geography, countries and asset classes, which enables us to scale and adapt our activities to market growth and demand.
- Organic and acquisitive growth driven by both efficiency improvements and continuous added value on real assets.
- Experienced management team.

## Robust business model

Balanced business model which is divided into 4 heavy areas without immediate correlation. The value creation takes place on basis of development of the portfolio of agricultural land, crop, milk and pig production. The division is by country, geography, productions and branches of operations. Everything is within EU.

## Strong cash flow

Our business is capital-heavy on long-term assets in the form of land, buildings and operating assets, and still we create solid positive cash flows from the underlying production. Our goal is free cash flows of +50 mDKK annually.

## Capital allocation and dividend policy

Capital structure:	Repayment of net interest-bearing debt during periods when the economic gearing is higher than the objective. Net interest-bearing debt / EBITDA >6
Acquisitions and divestments:	Carefully selected acquisitions in accordance with Vision 2025. Divestment of fully developed land or activities. Value-creating investments in development of the existing business.
Distribution policy:	Distribution to shareholders in the form of dividends and share buy-back. FirstFarms aims for an annual distribution of 0.5-1.0 DKK per share.
Other shareholder return:	Cyclically robust real assets behind the investment.



# RISK MANAGEMENT

## **Market conditions**

FirstFarms is depending on the terms of trade, i.e. the condition between settlement prices in agriculture (grain, oilseed, milk, cattle, piglets and slaughter pigs) and the company's operating costs (feed, salaries, fuel, energy and fertiliser). The prices are affected by factors outside FirstFarms' control including global and local supply and demand conditions, storage volume and speculation in commodities. FirstFarms seeks to a certain extent to counteract these risks by freezing settlement prices and operating costs through entering contracts of longer duration and internally to secure agreements of crops for feed.

If the terms of trade deteriorate, FirstFarms' earnings will be under pressure.

Farm operation, including demand and prices on commodities and meat, is exposed to the economic development in the countries where FirstFarms operates and also towards the development in the global economy. Economic decline or recession can therefore influence the demand for the company's products.

## **Disease and virus in humans, animals and crops**

Disease and viruses in crops or livestock make up potential risks for FirstFarms, as the company has

a considerable herd of cattle and pigs and a large crop production. FirstFarms always complies with the veterinary rules. The animals in the herds are on a daily basis inspected by either a veterinary or production manager.

Viruses, including COVID-19, can have a direct or indirect impact on production. A virus can affect animals, crops and our daily work to some extent. We always comply with recommended restrictions and make sure to protect our employees and production in the best possible way.

ASF is a contagious viral disease, that possesses a major risk for FirstFarms pig herds. FirstFarms has pig production in Hungary, the Czech Republic and Slovakia. Cases of ASF have been found in more countries within the EU. The threat assessment is constantly changing, and we must be able to navigate in a threat assessment as ASF without having a serious impact on our ability to generate results. Thus, FirstFarms has always focused on optimal and high biosecurity in our pig production. We are constantly assessing new security measures and existing procedures to identify possibilities for further actions.

Besides diseases in the company's own livestock, FirstFarms may also be affected by diseases from

farms nearby. According to EU's "Zoonoses Directive", diseases in livestock nearby FirstFarms' facilities can entail that the company can be subject to zone restrictions, which have the purpose to dike the disease which among other things could cause slaughtering of FirstFarms' livestock.

FirstFarms has insurances covering animals affected by disease. However, the insurance does not cover operating losses resulting from diseases in the livestock and consequent stop of operation for a period. To minimise the risk best possible, the company has prepared infection protection plans for the livestock.

FirstFarms is also exposed to diseases in the crops, including fungus and pests. The company seeks to minimise the risk for diseases in the crops through active and good management of the field production with consideration to special conditions in each individual country and using the correct adjuvant. No insurance has been written on diseases in the crops.

As a result of the company's activities within agricultural operations, and even though FirstFarms observes legislation and rules in force, there is no absolute guarantee that land and buildings are not/will not be polluted.

## **Climate**

The company operates in several climatic zones, and FirstFarms can, as an agricultural company, be influenced by the weather conditions in Slovakia, Czech Republic, East and West Romania and Hungary, respectively. Conversely, the distribution on several geographically distinct cultivation zones gives a certain risk balance. Periods with drought, large precipitations or other unfavourable weather conditions can affect the crops in both the growth season and harvest period. This risk is larger in Central Europe than in i.e. Denmark. Bad or unusual weather conditions can result in lower quantity of crops produced or that specific areas cannot be harvested. Bad weather conditions can also have a negative impact on the productivity in the animal production as cattle i.e. can get heat stress, for which reason a lower quantity of milk is produced. It is assessed that the production of pigs in Hungary, Slovakia and Czech Republic only to a smaller extent is affected by the weather conditions.

## **Purchase of agriculture and land**

### *Changes in legislation*

In Slovakia, a considerable part of the agricultural land is owned by institutions such as churches, municipalities and SPF; a Slovakian land foundation who administrates land with unknown owners. These institutions rent land to a range of agricultural

companies, including FirstFarms, as they are not allowed to sell their land. There is a political wish to change the present legislation so it among other things will be possible for the institutions /landowners to sell their land. When this happens there will, without doubt, arise a more transparent and liquid market but at the same time there is a possibility that an oversupply of land will occur, which can contribute to lower pricing on land. In case the legislation is changed, FirstFarms expects to get pre-emptive right to the rented land

FirstFarms owns a large part of the land, which the company cultivates in Romania and the Czech Republic. Through a number of years, considerable purchases of agricultural land have been made, also by many foreign investors.

In more countries, changes have been made in the legislation regarding purchase of land, so that the land shall be offered with pre-emptive rights, which can complicate acquisitions for both local and foreign buyers.

### *Lease of land*

All land not owned by FirstFarms is cultivated based on land lease contracts (leasehold). In Slovakia, the company has leased approx. 8,800 hectares of land, whereas approx. 1,100 hectares of land is

leased in Romania. The lease contracts have a life of 1-15 years and are entered over a number of years. It is the company's assessment, that there is limited risk, that the land cannot be re-rented or alternatively bought as a result of the limited alternatives to the present owners.

### *Development in land prices*

FirstFarms owns 2,524 hectares of agricultural land in Slovakia, in the Czech Republic 961 hectares of agricultural land and in Romania, the company owns 4,664 hectares of agricultural land. The value of the purchased land is today estimated to be significantly higher than the accounting value, which is 382 mDKK. The development in the price of land is affected by a number of factors including supply, demand, loan possibilities, land reforms and national measures which are all outside FirstFarms' control. (See page 19).

## **Environment**

FirstFarms' activities, including agricultural operation, storage of fertilisers and chemicals and delivery and use of fertilisers and chemicals, are subject to a number of environmental legislations and rules. The company has taken out insurances on environmental pollution and runs agricultural operation according to rules in force in the EU and at national level.

Before takeover of new agricultural companies, and in connection with preparation and implementation of environmental plans of actions, FirstFarms enters into dialogue with the relevant authorities, which contribute to limit the risk of environmental affairs before the plan of action is carried out. It can involve a risk to the company, if changes in the respective countries are made in environmental requirements to production or operation and demands for animal welfare. Changes or tightening of the environmental requirements can i.e. involve a need for change of operations to invest in environmental improvements.

### **Support schemes**

#### *EU's agricultural support schemes*

FirstFarms applies for and has continuously received EU subsidies, which includes direct subsidies given in proportion to objective criteria (including hectare subsidy) as well as discretionary support schemes (structural subsidies) which typically are distributed by the national authorities. No guarantee can be given that subsidies from the discretionary support schemes can be obtained, just as an obligation to pay the subsidy back is normally attached to these, if the company does not fulfil a number of conditions.

### **Legal conditions**

Romania, Slovakia, the Czech Republic and Hungary are all members of the EU and the countries are therefore subject to the same risks as any other agricultural production in the EU. However, the legal systems in these countries are in several areas quite different and less developed than in i.e. Denmark and other Western European countries. FirstFarms is therefore exposed to legal risks in Romania, Slovakia, Czech Republic and Hungary, also in connection with purchase, investments, rent of land and entering purchase and sales contracts.

There is thus a risk of delays in the implementation of EU directives, which can create uncertainty concerning law in force, especially by interaction with local authorities. Furthermore, lack of land registers and weak administrative systems in general means that uncertainty concerning ownership of or rights to land areas can occur. Contracts entered in connection with purchases and investments are typically subject to local legislation and the contracts are often entered in the local language. FirstFarms is thus very dependent on its local advisors.

### **Political conditions**

The political systems in Romania, Slovakia, the Czech Republic and Hungary are considerably different than i.e. Denmark and other Western European countries. Foreign companies operating in these countries are exposed to political interventions, initiatives and actions that can influence their operation and business concept. Also, conditions like disturbances in the labour market and political unrest can affect companies operating in Central Eastern European countries. So far, FirstFarms has not been affected by disturbances in labour market or political measures.

### **Exchange rate**

By investment in and operation of agricultural companies in Central Europe, FirstFarms is exposed in foreign currency. To minimise this exposure, the company takes out loans to a certain extent in the currency used in the country of investment.

There is exchange rate risk attached to sale of - and dividend from - the Central European subsidiaries, as the exchange rates are fluctuating. The exchange rate risk is lowest in Slovakia, where the exchange is EUR, whereas a relatively larger risk is attached to the exchange rate in Romania, Hungary and the Czech Republic. The need for hedging of this risk is assessed on an ongoing basis.

### **Interest-rate hedging**

FirstFarms has hedged a significant part of the interest risk in Slovakia. At the end of 2021, interest-rate hedging agreements are entered for loans of 106 mDKK with up to 10 years fixed interest. At the end of 2021, the fair value of these interest-rate hedging agreements is -1,4 mDKK.

### **The Group's risk management**

The Board of Directors and the Management have the overall responsibility for the Group's risk management and internal control in connection with the process of presentation of the accounts including the compliance with the relevant legislation and other regulation in relation to the presentation of the accounts. The Group's risk management and internal controls in connection with the process of presentation of the accounts has been adjusted for the Group's limited staff in the finance department and can only generate fair, but not absolute, certainty that misappropriation of assets, loss or considerable errors or defects in connection with the process of presentation of the accounts is avoided.

#### *Control environment*

At least once a year, the Board of Directors evaluates the Group's organisational structure and staff on essential areas.

The Board of Directors has adopted politics and procedures within essential areas in connection with presentation of the accounts. The procedures are communicated to the subsidiaries to secure the compliance of the guidelines and policies.

#### *Risk assessment*

At least once a year, the Board of Directors and the Management carry out an overall risk assessment in connection with the process of presentation of the accounts.

As part of the risk assessment, the Board of Directors and the Management commit themselves once a year to the risk of frauds and to the measures to be taken regarding reducing or eliminating these risks. At significant acquisitions, an overall risk analysis is carried out for the newly purchased company. Immediately after the takeover the most significant procedures and internal controls in connection with the presentation of the accounts in the newly purchased companies are examined.

#### *Control activities*

The control activities have their basis in the risk assessment. The goal of the Group's control activities is to secure that the defined goals, policies and

procedures outlined by the Management are fulfilled and in time so that any errors, deviations and defects can be discovered and remedied. The control activities include manual and physical controls and general IT-controls and automatic application controls in the applied IT-systems etc.

There are minimum requirements for proper protection of assets and to reconciliations and analytic financial audit including continuous evaluation of goal achievement.

The Management has established a formal process of Group reporting which includes continuous reporting. Besides income statement and balance sheet the reporting also includes notes and additional information. Information for the use of fulfilment of any note requirements and other information requirements is gathered continuously.

FirstFarms' CEO is managing director or chairman of the Board of Directors in the subsidiaries. Thus, FirstFarms also hereby closely follows up on the activities in the subsidiaries, where the Group's operations are.

### *Information and communication*

The Board of Directors has adopted a policy, which, among other things, overall determines the demands for the presentation of the accounts and to the external financial reporting in accordance with the legislation and the regulations for this.

One of the goals with the Board of Director's adopted policy is to secure that present information obligations are followed, and that the submitted information is adequate, complete and precise.

The Board of Directors emphasises that within the frames that applies to listed companies, there is an open communication in the company and that the individual employee knows his/her role in the internal control in the company.

### *Supervision*

Every risk management and internal control system shall continuously be supervised, controlled and quality assured to safeguard that it is effective. The supervision takes place continuously. The extent and the frequency of the periodical evaluations depend primarily on the risk assessment for this and the efficiency of the ongoing controls. Any weak points are reported to the Management. Essential circumstances are also reported to the Board of Directors.

The auditors elected on the annual general meeting report essential weak circumstances in the Group's internal control system in connection with the process of presentation of the accounts in the long-form audit report to the Board of Directors. The Board of Directors supervises that the Management reacts efficiently on any weak points or defects and takes care that agreed initiatives in relation to strengthening risk management and internal controls in relation to the process of presentation of the accounts are implemented as planned.

### *Composition of the Group's management bodies, their committees and duties*

Information about the company's Board of Directors and management is found in the annual report. Furthermore, reference is made to statutory corporate governance, which can be seen or downloaded on the company's website.



**Basic data**

Stock exchange	Nasdaq Copenhagen A/S
Index	SmallCap
Sector	Consumables
ISIN code	DK0060056166
Short name	FFARMS
Share capital	78,609,530 DKK
Nominal denomination	10 DKK
Number of shares	7,860,953
Negotiable securities	Yes
Voting right restriction	No
Share classes	One

**Share capital**

FirstFarms' shares are listed at Nasdaq Copenhagen A/S, and the share capital is nominally 78,609,530 DKK.

**Shareholders**

**No. of shares  
(pcs.)**

**Capital (%)**

**Shareholder composition**

Bendt Wedell	1,409,064	17.9
Henrik Hougaard	1,192,068	15.2
Olav W. Hansen	1,107,052	14.1
Other registered shareholders	3,877,636	49.3
Non-registered shareholders	275,133	3.5
Own shares	0	0.0
<b>Total</b>	<b>7,860,953</b>	<b>100.0</b>

As per 31 December 2021, FirstFarms had 2,689 shareholders. The majority are Danish investors, whereas 75 shareholders are registered outside Denmark. As per 31 December 2021, the name register share in the company's owner book was 96.50 %. 3 shareholders own more than 5 % of the share capital.

## SHAREHOLDINGS AND CONVERTIBLE BONDS – FOR BOARD OF DIRECTORS AND MANAGEMENT

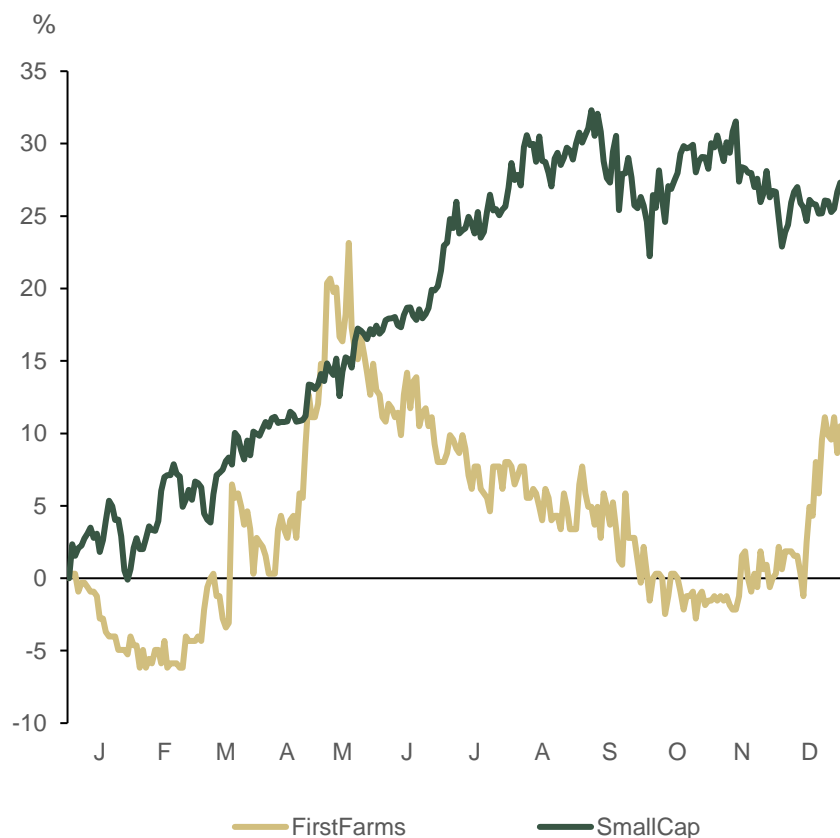
Name	No. of shares pcs.
Bendt Wedell	1,409,064
Henrik Hougaard	1,192,068
Asbjørn Børsting	14,575
Jens Bolding Jensen	10,097
Karina Boldsen	2,899
Anders H. Nørgaard	89,980

As per 31 December 2021, the Board of Directors and Management of FirstFarms A/S held, direct or indirect, nominally 2,718,683 shares.

Name	Closely related to	Convertible bonds for
Thoraso ApS	Chairman Henrik Hougaard	49,234,983 DKK
NKB Invest ApS	Vice chairman Asbjørn Børsting	1,000,000 DKK
Vice chairman Asbjørn Børsting		816,949 DKK
CEO Anders H. Nørgaard		750,000 DKK

Furthermore, the Board of Directors and Management in FirstFarms A/S, or closely related to, has as per 31 December 2021 the shown convertible bonds. Reference is made to note 22 for information about convertible bonds.

## FIRSTFARMS' SHARE



### Share price development 2021

As per 1 January 2021, the share price was 64.80 and the FirstFarms' share closed at price 71.60 at 30 December 2021. At the end of the year, the market value was DKK 563 million and the share price increased by 10.5 %, whereas the Danish smallcap-index, which the FirstFarms share is part of, in the same period increased by 27.3 %. In 2021, the average share turnover was 294,895 DKK per business day. (Source: Nasdaq Copenhagen A/S)

### Insiderregister

In accordance with the Market Abuse Regulation and other rules and regulations that apply to listed companies at Nasdaq Copenhagen A/S, FirstFarms keeps an insider register of persons who have access to internal knowledge regarding the company. The insider register comprises the Board of Directors, Management and other key staff in Denmark and in foreign subsidiaries, as well as advisors in the FirstFarms Group. These persons are subject to internal rules which, among other things, specify that they are only allowed to trade FirstFarms shares for a period of four weeks after the publication of company announcements on the company's accounts, provided that they do not have any knowledge of confident information that could have influence on the price of the company's shares (open window).





*FirstFarms strives to maintain an open, continuous and service oriented dialogue with current shareholders, potential investors, analysts, the media and other stakeholders.*

## **ANNUAL GENERAL MEETING AND FINANCIAL CALENDAR**

FirstFarms' annual general meeting is held on Tuesday 26 April 2022 at 2.00 p.m. at SAGRO, Majsmarken 1, DK-7190 Billund.

The notice will be forwarded to all registered shareholders, who have given their e-mail address to the company. Furthermore, the notice will be forwarded to those who have signed up for FirstFarms news service, just as the notice will be available on the company's website [www.firstfarms.com](http://www.firstfarms.com).

FirstFarms' IR-policy can be found her:  
<https://www.firstfarms.dk/en/about-us/our-policies>

23 March 2022  
26 April 2022  
31 May 2022  
24 August 2022  
23 November 2022

Annual report 2021  
Annual general meeting  
Interim financial report 1 January – 31 March 2022  
Interim financial report 1 January – 30 June 2022  
Interim financial report 1 January – 30 September 2022

# INCOME- AND TOTAL INCOME STATEMENT

INCOME STATEMENT tDKK	Note	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Net turnover	3,4	369,483	312,616	10,151	2,767
Public subsidies	9	53,436	52,981	0	0
Other operating income	10	27,279	54,857	5,736	0
Value adjustment of biological assets	5	6,008	-25,186	0	0
<b>Total income</b>		<b>456,206</b>	<b>395,268</b>	<b>15,887</b>	<b>2,767</b>
Cost of sales	6	-197,604	-159,574	0	0
Other external costs		-74,393	-67,477	-4,930	-4,635
<b>Gross profit/loss</b>		<b>184,209</b>	<b>168,217</b>	<b>10,957</b>	<b>-1,868</b>
Administration costs	7	-70,531	-68,013	-9,548	-8,140
<b>EBITDA</b>		<b>113,678</b>	<b>100,204</b>	<b>1,409</b>	<b>-10,008</b>
Depreciations	8	-43,746	-45,964	-48	-45
<b>EBIT</b>		<b>69,932</b>	<b>54,240</b>	<b>1,361</b>	<b>-10,053</b>
Share of profit after tax in subsidiaries	17	0	0	41,235	42,106
Financial income	11	2,327	939	6,909	3,116
Financial costs	12	-26,345	-23,777	-14,750	-10,375
<b>Pre-tax result</b>		<b>45,914</b>	<b>31,402</b>	<b>34,755</b>	<b>24,794</b>
Tax on net profit	13	-11,159	-6,608	0	0
<b>Net profit</b>		<b>34,755</b>	<b>24,794</b>	<b>34,755</b>	<b>24,794</b>
Earnings per share	14	4.51	3.57	-	-
Diluted earnings per share	14	4.06	3.36	-	-

TOTAL INCOME STATEMENT tDKK	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Net profit	34,755	24,794	34,755	24,794
<b>Other total income</b>				
Items that can be reclassified to the income statement:				
- Exchange rate adjustments by conversion of foreign units	-139	-9,112	-139	-9,112
Hedging instruments				
- Value adjustment of the year	1,526	-2,175	1,526	-2,175
- Value adjustment of reclassified to financial items	962	900	962	900
- Tax of other total income	-821	267	-821	267
<b>Other total income after tax</b>	<b>1,528</b>	<b>-10,120</b>	<b>1,528</b>	<b>-10,120</b>
<b>Total income</b>	<b>36,283</b>	<b>14,674</b>	<b>36,283</b>	<b>14,674</b>

# BALANCE SHEET ASSETS

BALANCE tDKK	Note	Group 2021	Group 2020	Parent company 2021	Parent company 2020
<b>ASSETS</b>					
<b>Non-current assets</b>					
<b>Intangible assets</b>					
Goodwill	14	16,083	16,083	0	0
<b>Total intangible assets</b>		<b>16,083</b>	<b>16,083</b>	<b>0</b>	<b>0</b>
<b>Tangible assets</b>					
Land	15	436,474	536,744	0	0
Buildings		208,393	227,371	0	0
Plants and machinery		87,417	95,996	0	0
Fixtures and fittings, tools and equipment		5,505	5,682	266	105
Assets under construction and prepayments		37,488	27,061	0	0
<b>Total tangible assets</b>		<b>775,277</b>	<b>892,854</b>	<b>266</b>	<b>105</b>
<b>Biological assets</b>					
Basic herd	5	40,944	39,734	0	0
<b>Total biological assets</b>		<b>40,944</b>	<b>39,734</b>	<b>0</b>	<b>0</b>
<b>Other non-current assets</b>					
Investments in subsidiaries	16	0	0	429,314	483,960
Amount owed by affiliated companies	18	0	0	223,056	186,733
Deferred tax asset	20	2,398	5,398	0	0
<b>Total other non-current assets</b>		<b>2,398</b>	<b>5,398</b>	<b>652,370</b>	<b>670,693</b>
<b>Total non-current assets</b>		<b>834,702</b>	<b>954,069</b>	<b>652,636</b>	<b>670,798</b>
<b>Current assets</b>					
Inventories	17	83,560	76,404	0	0
Biological assets - breeding and crops	5	64,611	64,593	0	0
Amount owed by affiliated companies	19	0	0	16,562	0
Receivables from sale	19	20,946	18,770	0	0
Other receivables	9,19	14,896	18,125	312	422
Accruals and deferred expenses		2,359	2,241	0	0
Cash at bank and in hand		77,467	7,753	46,790	130
<b>Total current assets</b>		<b>263,839</b>	<b>187,886</b>	<b>63,664</b>	<b>552</b>
<b>TOTAL ASSETS</b>		<b>1,098,541</b>	<b>1,141,955</b>	<b>716,300</b>	<b>671,350</b>

# BALANCE SHEET EQUITY AND LIABILITIES

BALANCE tDKK	Note	Group 2021	Group 2020	Parent company 2021	Parent company 2020
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	20	78,610	75,666	78,610	75,666
Reserve for exchange rate adjustment		-37,608	-37,469	0	0
Reserve for cash flow hedge		-1,421	-3,088	0	0
Transferred result		483,870	442,693	444,841	402,136
Proposed dividend		6,682	5,675	6,682	5,675
<b>Total equity</b>		<b>530,133</b>	<b>483,477</b>	<b>530,133</b>	<b>483,477</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Deferred tax	21	31,846	43,618	0	0
Debt for affiliated companies		0	0	26,089	0
Credit institutions	23	246,931	255,875	151	0
Convertible bonds	22	22,855	112,946	22,855	112,946
Other debts		26,083	52,603	23,589	37,515
<b>Total non-current liabilities</b>		<b>327,715</b>	<b>465,042</b>	<b>72,684</b>	<b>150,461</b>
<b>Current liabilities</b>					
Credit institutions	23	76,189	105,852	43	8,517
Convertible bonds	22	84,368	6,350	84,368	6,350
Trade payables and other payables	24	67,690	66,392	29,072	22,510
Corporation tax	25	766	0	0	0
Accruals and deferred income	9	11,680	14,842	0	35
<b>Total current liabilities</b>		<b>240,693</b>	<b>193,436</b>	<b>113,483</b>	<b>37,412</b>
<b>Total liabilities</b>		<b>568,408</b>	<b>658,478</b>	<b>186,167</b>	<b>187,873</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,098,541</b>	<b>1,141,955</b>	<b>716,300</b>	<b>671,350</b>
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# EQUITY STATEMENT GROUP

EQUITY STATEMENT GROUP tDKK	Share capital	Reserve for exchange rate adjustment	Reserve for hedging- transactions	Transferred Result	Proposed dividend	Total
<b>Equity 1 January 2021</b>	<b>75,666</b>	<b>-37,469</b>	<b>-3,088</b>	<b>442,693</b>	<b>5,675</b>	<b>483,477</b>
<b>Total income 2021</b>						
Net profit	0	0	0	28,073	6,682	34,755
<b>Other total income</b>						
Exchange rate adjustments	0	-139	0	0	0	-139
Adjustment of hedging instrument	0	0	2,488	0	0	2,488
Tax of other total income	0	0	-821	0	0	-821
<b>Other total income</b>	<b>0</b>	<b>-139</b>	<b>1,667</b>	<b>0</b>	<b>0</b>	<b>1,528</b>
<b>Total income of the year</b>	<b>0</b>	<b>-139</b>	<b>1,667</b>	<b>28,073</b>	<b>6,682</b>	<b>36,283</b>
<b>Transactions with owners</b>						
Proposed dividend	0	0	0	0	-5,675	-5,675
Acquisition of company	500	0	0	2,930	0	3,430
Conversion of bonds	2,444	0	0	9,799	0	12,243
Utilisation of warrants	0	0	0	0	0	0
Share-based remuneration	0	0	0	375	0	375
<b>Total transactions with owners</b>	<b>2,944</b>	<b>0</b>	<b>0</b>	<b>13,104</b>	<b>-5,675</b>	<b>10,373</b>
<b>Equity 31 December 2021</b>	<b>78,610</b>	<b>-37,608</b>	<b>-1,421</b>	<b>483,870</b>	<b>6,682</b>	<b>530,133</b>
<b>Equity 1 January 2020</b>	<b>63,181</b>	<b>-28,357</b>	<b>-2,080</b>	<b>359,571</b>	<b>0</b>	<b>392,315</b>
<b>Total income 2020</b>						
Net profit	0	0	0	19,119	5,675	24,794
<b>Other total income</b>						
Exchange rate adjustments	0	-9,112	0	0	0	-9,112
Adjustment of hedging instrument	0	0	-1,275	0	0	-1,275
Tax of other total income	0	0	267	0	0	267
<b>Other total income</b>	<b>0</b>	<b>-9,112</b>	<b>-1,008</b>	<b>0</b>	<b>0</b>	<b>-10,120</b>
<b>Total income of the year</b>	<b>0</b>	<b>-9,112</b>	<b>-1,008</b>	<b>19,119</b>	<b>5,675</b>	<b>14,674</b>
<b>Transactions with owners</b>						
Proposed dividend	0	0	0	0	0	0
Acquisition of company	11,985	0	0	61,603	0	73,588
Utilisation of warrants	500	0	0	2,162	0	2,662
Share-based remuneration	0	0	0	238	0	238
<b>Total transactions with owners</b>	<b>12,485</b>	<b>0</b>	<b>0</b>	<b>58,328</b>	<b>5,675</b>	<b>76,488</b>
<b>Equity 31 December 2020</b>	<b>75,666</b>	<b>-37,469</b>	<b>-3,088</b>	<b>442,693</b>	<b>5,675</b>	<b>483,477</b>

# EQUITY STATEMENT PARENT COMPANY

EQUITY STATEMENT PARENT COMPANY tDKK	Share capital	Transferred result	Proposed dividend	Total
<b>Equity 1 January 2020</b>	<b>75,666</b>	<b>402,136</b>	<b>5,675</b>	<b>483,477</b>
<b>Total income 2020</b>				
Net profit	0	28,073	6,682	34,755
<b>Other total income</b>				
Exchange rate adjustments of subsidiaries	0	-139	0	-139
Other total income	0	2,488	0	2,488
Tax of other total income	0	-821	0	-821
<b>Other total income</b>	<b>0</b>	<b>1,528</b>	<b>0</b>	<b>1,528</b>
<b>Total income of the year</b>	<b>0</b>	<b>29,601</b>	<b>6,682</b>	<b>36,283</b>
<b>Transactions with owners</b>				
Proposed dividend	0	0	-5,675	-5,675
Acquisition of company by issuance of shares	500	2,930	0	3,430
Conversion of bonds	2,444	9,799	0	12,243
Utilisation of warrants	0	0	0	0
Share-based remuneration	0	375	0	375
<b>Total transactions with owners</b>	<b>2,944</b>	<b>13,104</b>	<b>-5,675</b>	<b>10,373</b>
<b>Equity 31 December 2021</b>	<b>78,610</b>	<b>444,841</b>	<b>6,682</b>	<b>530,133</b>
<b>Equity 1 January 2020</b>	<b>63,181</b>	<b>329,134</b>	<b>0</b>	<b>392,315</b>
<b>Total income 2020</b>				
Net profit	0	19,119	5,675	24,794
<b>Other total income</b>				
Exchange rate adjustments of subsidiaries	0	-9,112	0	-9,112
Adjustment of hedging instrument	0	-1,275	0	-1,275
Tax of other total income	0	267	0	267
<b>Other total income</b>	<b>0</b>	<b>-10,120</b>	<b>0</b>	<b>-10,120</b>
<b>Total income of the year</b>	<b>0</b>	<b>8,999</b>	<b>5,675</b>	<b>14,674</b>
<b>Transactions with owners</b>				
Proposed dividend	0	0	0	0
Acquisition of company by issuance of shares	11,985	61,603	0	73,588
Utilisation of warrants	500	2,162	0	2,662
Share-based remuneration	0	238	0	238
<b>Total transactions with owners</b>	<b>12,485</b>	<b>64,003</b>	<b>0</b>	<b>76,488</b>
<b>Equity 31 December 2020</b>	<b>75,666</b>	<b>402,136</b>	<b>5,675</b>	<b>483,477</b>

# CASH FLOW MANAGEMENT

CASH FLOW MANAGEMENT tDKK	Note	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Pre-tax result (In the parent company ex. result of subsidiaries)		45,914	31,402	-6,480	-17,312
Adjustments for non-monetary operating items etc.:					
Depreciation/amortisation	8	43,746	45,964	48	45
Reversal of profit, sale of non-current assets and badwill	10	-26,456	-53,152	-5,736	0
Value adjustment of biological assets	5	-6,008	25,186	0	0
Financial income	11	-2,327	-939	-6,909	-3,116
Financial costs	12	26,345	23,777	14,750	10,375
Share-based remuneration		375	238	375	238
<b>Cash flow generated from operation before change in working capital</b>		<b>81,589</b>	<b>72,476</b>	<b>-3,952</b>	<b>-9,770</b>
Change in working capital	28	-3,887	7,096	-6,582	2,375
<b>Cash flow from main activities</b>		<b>77,702</b>	<b>79,572</b>	<b>-10,534</b>	<b>7,395</b>
Interest received		2,327	939	6,909	3,116
Interest paid		-26,345	-23,685	-14,581	-10,375
Paid corporation tax	25	-7,412	-9,654	0	0
<b>Cash flow from operating activities</b>		<b>46,272</b>	<b>47,172</b>	<b>-18,206</b>	<b>-14,654</b>
Sale of company	17	102,944	0	103,234	0
Disposal of material assets, paid		61,068	68,227	70	0
Acquisition of tangible assets	29	-54,339	-81,444	0	0
<b>Cash flow from investing activities</b>		<b>109,673</b>	<b>-13,217</b>	<b>103,304</b>	<b>0</b>
Paid dividend		-5,675	0	-5,675	0
Utilisation of warrants		0	2,662	0	2,662
Conversion of convertible bonds	29	0	-2,921	0	-2,921
Proceeds from loans	23	38,460	32,929	0	-5,215
Loan repayment	23	-93,076	-61,929	-9,014	0
Proceeds from other debts		-25,940	0	-13,515	-13,515
Loan to affiliated businesses		0	0	-10,234	33,813
<b>Cash flow from financing activities</b>		<b>-86,231</b>	<b>-29,259</b>	<b>-38,438</b>	<b>14,824</b>
<b>Cash flow of the year</b>		<b>69,714</b>	<b>4,696</b>	<b>46,660</b>	<b>170</b>
Available, at the beginning		7,753	3,057	130	0
Exchange rate adjustment of available		0	0	0	-40
<b>Available, at closing</b>		<b>77,467</b>	<b>7,753</b>	<b>46,790</b>	<b>130</b>

## 2020

With the purchase of AISM srl. No cash and cash equivalent were provided.

The total purchase price was paid by issuing shares in FirstFarms A/S.

# EXTRACT OF NOTES FOR CONSOLIDATED ANNUAL ACCOUNTS

3. SEGMENT INFORMATION 2021 tDKK	Romanian activities	Slovakian activities	Hungarian activities	Czech activities	Others/ Non-allocated	Intercompany elimination	Total
<b>Total segment turnover</b>	<b>81,556</b>	<b>190,873</b>	<b>32,593</b>	<b>75,243</b>	<b>10,151</b>	<b>-20,933</b>	<b>369,483</b>
Grants	10,082	34,820	1,956	6,578	0	0	53,436
Value adjustment of biological assets	1,609	4,321	-1,075	1,153	0	0	6,008
<b>Result before depreciations (EBITDA)</b>	<b>52,411</b>	<b>50,927</b>	<b>-5,551</b>	<b>14,480</b>	<b>1,411</b>	<b>0</b>	<b>113,678</b>
Depreciations	-7,796	-29,408	-2,751	-3,745	-46	0	-43,746
<b>Profit/loss from primary operations (EBIT)</b>	<b>44,615</b>	<b>21,519</b>	<b>-8,302</b>	<b>10,735</b>	<b>1,365</b>	<b>0</b>	<b>69,932</b>
Financial income	1,233	895	414	1,128	6,941	-8,284	2,327
Financial costs	-6,630	-8,448	-3,157	-1,611	-14,783	8,284	-26,345
Result before tax	39,218	13,966	-11,045	10,251	-6,476	0	45,914
<b>Assets</b>	<b>206,875</b>	<b>620,260</b>	<b>79,131</b>	<b>166,358</b>	<b>286,986</b>	<b>-261,069</b>	<b>1,098,541</b>
Non-current assets	169,569	479,731	69,994	134,158	239,883	-258,633	834,702
Plant investments *)	14,900	48,147	2,698	6,812	280	0	72,837
Liabilities	119,029	388,644	71,069	64,571	186,164	-261,069	568,408
3. SEGMENT INFORMATION 2020 tDKK	Romanian activities	Slovakian activities	Hungarian activities	Czech activities	Others/ Non-allocated	Intercompany elimination	Total
<b>Total segment turnover</b>	<b>30,964</b>	<b>175,098</b>	<b>44,776</b>	<b>77,121</b>	<b>2,767</b>	<b>-18,110</b>	<b>312,616</b>
Grants	16,771	30,814	2,017	3,379	0	0	52,981
Value adjustment of biological assets	-7,851	-10,211	-7,816	692	0	0	-25,186
<b>Result before depreciations (EBITDA)</b>	<b>58,444</b>	<b>39,487</b>	<b>2,969</b>	<b>9,312</b>	<b>-10,008</b>	<b>0</b>	<b>100,204</b>
Depreciations	-10,635	-28,946	-2,816	-3,522	-45	0	-45,964
<b>Profit/loss from primary operations (EBIT)</b>	<b>47,809</b>	<b>10,541</b>	<b>153</b>	<b>5,790</b>	<b>-10,053</b>	<b>0</b>	<b>54,240</b>
Financial income	96	2,479	22	643	3,116	-5,419	937
Financial costs	-3,920	-10,284	-3,011	-1,606	-10,375	5,419	-23,777
Result before tax	43,985	2,737	-2,836	4,827	-17,311	0	31,402
<b>Assets</b>	<b>332,804</b>	<b>718,259</b>	<b>80,288</b>	<b>150,395</b>	<b>187,285</b>	<b>-327,076</b>	<b>1,141,955</b>
Non-current assets	295,140	476,793	73,107	110,057	186,838	-187,866	954,069
Plant investments *)	19,779	66,003	2,911	4,868	0	0	93,561
Liabilities	180,069	496,962	61,439	59,349	187,873	-327,214	658,478

\*) Plant investments are 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 only operate with crop production. In Hungary, only 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. In the profit/loss from primary operations (EBIT) for the Romanian activities, a badwill of 19.7 mDKK is recognised in 2020.



### Products

FirstFarms' turnover primarily concerns milk, pigs and crops.

The turnover is specified:

tDKK	Romania 2021	Romania 2020	Slovakia 2021	Slovakia 2020	Hungary 2021	Hungary 2020	Czech Rep. 2021	Czech Rep. 2020
Milk	0	0	76,629	63,183	0	0	0	0
Cows and calves	0	0	8,897	5,829	0	0	0	0
Piglets and slaughter pigs	0	0	40,841	50,577	32,376	44,499	66,007	72,048
Crops	76,938	28,420	58,733	46,952	0	0	2,709	2,974
Other	4,618	2,544	5,773	8,557	217	277	6,527	2,099
<b>Total</b>	<b>81,556</b>	<b>30,964</b>	<b>190,873</b>	<b>175,098</b>	<b>32,593</b>	<b>44,776</b>	<b>75,243</b>	<b>77,121</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, whereas

information on the distribution of assets by geographic segment is calculated based on the physical location of the assets.

### 4. TURNOVER

tDKK	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Milk	76,643	63,183	0	0
Cows and calves	8,898	5,829	0	0
Piglets and slaughter pigs	127,600	151,803	0	0
Crops	138,394	78,325	0	0
Other turnover	17,948	13,476	10,151	2,767
<b>Total</b>	<b>369,483</b>	<b>312,616</b>	<b>10,151</b>	<b>2,767</b>

Crops harvested in 2020 have been sold in 2021, and there are also crops, harvested in 2021, on stock at the end of 2021.

In 2021, no customers account for more than 10% of the total group turnover. (2020: 19% of the total turnover of milk in Slovakia is for one customer).

5. VALUE ADJUSTMENT OF BIOLOGICAL ASSETS GROUP 2021 tDKK	Basic herd cows <sup>1)</sup>	Breeding cows <sup>2)</sup>	Basic herd pigs <sup>1)</sup>	Sales herd pigs <sup>2)</sup>	Crops	Total
Opening	27,614	19,415	12,120	17,296	27,882	104,327
Addition, purchase of company	0	0	0	0	0	0
Addition	0	11,036	3,535	125,937	106,137	246,645
Value adjustment of the year recognised in the income statement	-5,534	5,889	-331	-2,896	8,880	6,008
Transfer	12,694	-12,694	335	-335	0	0
Disposal	-4,462	-6,254	-4,909	-123,993	-112,056	-251,674
Exchange rate adjustment	-7	-9	-111	365	11	249
<b>Accounting value 31 December 2021</b>	<b>30,305</b>	<b>17,383</b>	<b>10,639</b>	<b>16,374</b>	<b>30,854</b>	<b>105,555</b>
No. of animals	2,850	2,690	5,799	59,736	-	71,075
No. of hectares harvested	-	-	-	-	15,935	15,935
No. of hectares seeded in the autumn	-	-	-	-	10,629	10,629
5. VALUE ADJUSTMENT OF BIOLOGICAL ASSETS GROUP 2020 tDKK	Basic herd cows <sup>1)</sup>	Breeding cows <sup>2)</sup>	Basic herd pigs <sup>1)</sup>	Sales herd pigs <sup>2)</sup>	Crops	Total
Opening	26,853	17,557	16,017	34,779	29,952	125,158
Addition, purchase of company	0	0	0	0	3,370	3,370
Addition	0	9,314	3,822	161,492	113,770	288,398
Value adjustment of the year recognised in the income statement	-8,723	7,986	-6,073	-13,471	-4,905	-25,186
Transfer	13,158	-13,158	2,135	-2,135	0	0
Disposal	-3,606	-2,211	-3,022	-162,628	-113,917	-285,384
Exchange rate adjustment	-68	-73	-759	-741	-388	-2,029
<b>Accounting value 31 December 2021</b>	<b>27,614</b>	<b>19,415</b>	<b>12,120</b>	<b>17,296</b>	<b>27,882</b>	<b>104,327</b>
No. of animals	2,668	3,039	6,207	57,579	-	69,493
No. of hectares harvested	-	-	-	-	18,356	18,356
No. of hectares seeded in the autumn	-	-	-	-	11,592	11,592

<sup>1)</sup> Non-current assets

<sup>2)</sup> Current assets

Basic herd cows/breeding:

The fair value of basic herd and breeding is calculated on basis of an assessment of the mating value on the balance sheet date.

Basic herd pigs:

The fair value of the basic herd pigs is estimated based on the cost price for pigs with the same genetics. The valuation is based on a weighted average between the cost price for gilts and the slaughter value for sows.

Sales herd pigs:

The fair value for the sales herd (slaughter pigs) is with a starting point in the actual quotation at balance sheet date. The valuation is calculated based on the average weight of the pigs.

Crops:

The fair value of crops is estimated on basis of the cost price attributed changes due to the biological transformation, from the time of seeding to 31 December 2021. As the biological transformation

Crops seeded in the autumn are limited, the fair value corresponds in all essential to the costs incurred for seeding, etc.

Changes in non-observable inputs will not entail significant changes in the accounting value.

The fair value of biological assets is included at level 3 of the fair value hierarchy.

<b>7. STAFF COSTS</b> tDKK	<b>Group</b> <b>2021</b>	<b>Group</b> <b>2020</b>	<b>Parent company</b> <b>2021</b>	<b>Parent company</b> <b>2020</b>
Fees to the Board of Directors in the parent company	686	573	686	573
Wages and salaries	52,718	50,604	7,518	6,455
Share-based remuneration	375	238	375	238
Defined contribution plans	492	409	492	409
Other social security costs	12,620	12,908	52	43
Other staff costs	3,640	3,281	425	422
<b>Total staff costs</b>	<b>70,531</b>	<b>68,013</b>	<b>9,548</b>	<b>8,140</b>
<b>Staff costs are allocated like this in note 35:</b>				
Production	49,241	49,952	0	0
Administration	21,290	18,061	9,548	8,140
<b>Total</b>	<b>70,531</b>	<b>68,013</b>	<b>9,548</b>	<b>8,140</b>
Average number of employees	318	334	7	6

At the end of the year, the number of employees was 334, of which 7 are employed at the headquarters in Denmark, 209 in Slovakia, 54 in Romania, 41 in Hungary and 24 in the Czech Republic.

<b>Remuneration of Key Management</b> tDKK	<b>Group</b> <b>2021</b>	<b>Group</b> <b>2020</b>	<b>Parent company</b> <b>2021</b>	<b>Parent company</b> <b>2020</b>
Wages and salaries	6,603	5,974	4,576	3,971
Defined contribution plans	685	670	680	666
Share-based remuneration	355	244	290	214
<b>Total</b>	<b>7,643</b>	<b>6,888</b>	<b>5,546</b>	<b>4,851</b>

Wages and salaries and defined contribution plans are short-term employee benefits.

<b>Executive Board remuneration of the parent company</b> tDKK	<b>Board of Directors</b> <b>2021</b>	<b>Board of Directors</b> <b>2020</b>	<b>Management</b> <b>2021</b>	<b>Management</b> <b>2020</b>
Wages and salaries	680	573	2,378	2,025
Defined contribution plans	0	0	204	156
Share-based remuneration	0	0	143	154
<b>Total</b>	<b>680</b>	<b>573</b>	<b>2,725</b>	<b>2,335</b>

No special redundancy payment has been made for the Board of Directors and Management in FirstFarms A/S.

<b>9. PUBLIC SUBSIDIES</b> tDKK	<b>Group</b> <b>2021</b>	<b>Group</b> <b>2020</b>	<b>Parent company</b> <b>2021</b>	<b>Parent company</b> <b>2020</b>
Hectare subsidy	32,390	34,157	0	0
Investment subsidy	2,202	1,724	0	0
Cattle subsidy	8,074	6,952	0	0
Pig subsidy	7,253	3,729	0	0
Government subsidy	3,517	6,419	0	0
<b>Total</b>	<b>53,436</b>	<b>52,981</b>	<b>0</b>	<b>0</b>

Investment subsidy can be applied for from the EU. Investment subsidies are given under the condition that the assets are kept in the company for at least 5 years. Otherwise, there are no specific conditions attached to the subsidies.

The subsidy is credited concurrently as the assets are depreciated. The hectare subsidy is a yearly subsidy, which is given to agricultural areas etc. The cattle subsidy is a subsidy to milk production. Furthermore, there are some old subsidies from the Slovakian government, which are also credited concurrently as the assets are depreciated.

Various subsidies are also provided to pig production.

Subsidies form an essential part of the accruals and other receivables. The following are the various subsidy schemes and their recognition.

<b>2021</b> tDKK	<b>Hectare subsidy</b>	<b>Cattle subsidy</b>	<b>Pig subsidy</b>	<b>Government subsidy</b>	<b>Investment subsidy etc.</b>	<b>Total</b>
Subsidy calculated in accruals	0	0	0	0	11,680	11,680
Period of crediting	Continuously	Continuously	Continuously	Continuously	Concurrently as the asset is depreciated	-
Subsidy calculated in "Other receivables"	5,712	2,804	178	0	0	8,694

<b>2020</b> tDKK	<b>Hectare subsidy</b>	<b>Cattle subsidy</b>	<b>Pig subsidy</b>	<b>Government subsidy</b>	<b>Investment subsidy etc.</b>	<b>Total</b>
Subsidy calculated in accruals	0	0	0	0	14,842	14,842
Period of crediting	Continuously	Continuously	Continuously	Continuously	Concurrently as the asset is depreciated	-
Subsidy calculated in "Other receivables"	5,697	2,418	0	0	0	8,115

<b>10. OTHER OPERATING INCOME</b> tDKK	<b>Group</b> <b>2021</b>	<b>Group</b> <b>2020</b>	<b>Parent company</b> <b>2021</b>	<b>Parent company</b> <b>2020</b>
Profit from sale of tangible assets	20,720	33,416	0	0
Recognition at purchase of company, cp. note 17	0	19,736	0	0
Profit on sale of company	5,736	0	5,736	0
Other secondary income	823	1,705	0	0
<b>Total</b>	<b>27,279</b>	<b>54,857</b>	<b>5,736</b>	<b>0</b>

Profit from the sale of tangible fixed assets in 2021 consists mainly of profit from the sale of 538 hectares of land in West Romania.

At the end of 2021, AISM srl. was divested and profit from the sale of the company consists primarily of the gain from this sale.

<b>14. EARNINGS PER SHARE</b> tDKK	<b>Parent company</b> <b>2021</b>	<b>Parent company</b> <b>2020</b>
Net profit	34,755	24,794
Interests at conversion of bonds	6,094	6,773
Profit of the year for calculating earnings per share (EPS-D)	40,849	31,567
Number of shares	7,860,953	7,566,642
Average diluted effect of outstanding warrants and convertible bonds	2,212,483	2,467,036
Diluted number of shares in circulation	10,073,436	10,033,678
Earnings per share (EPS)	4.51	3.57
Diluted earnings per share (EPS-D)	4.06	3.36

16. TANGIBLE ASSETS - GROUP 2021 tDKK	Land	Buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Construction work under execution and prepayments	Total
Cost price 1 January 2021	548,122	324,483	204,102	10,209	27,061	1,113,977
Disposal by sale of company	-93,402	-10,808	-2,155	-81	158	-106,288
Addition	15,785	5,796	26,026	1,192	24,038	72,837
Transfer between categories	580	1,731	6,490	0	-8,801	0
Disposal	-15,810	-3,346	-27,259	-775	-4,813	-52,003
Exchange rate adjustment	-671	682	-871	189	-155	-826
<b>Cost price 31 December 2021</b>	<b>454,604</b>	<b>318,538</b>	<b>206,333</b>	<b>10,734</b>	<b>37,488</b>	<b>1,027,697</b>
Depreciations and impairments 1 January 2021	-11,378	-97,112	-108,106	-4,527	0	-221,123
Disposal by sale of company	0	1,020	109	122	0	1,251
Depreciations	-6,752	-15,763	-20,011	-1,220	0	-43,746
Disposal	0	2,376	8,758	521	0	11,655
Exchange rate adjustment	0	-666	335	-125	0	-456
<b>Depreciations and impairments 31 December 2021</b>	<b>-18,130</b>	<b>-110,145</b>	<b>-118,916</b>	<b>-5,229</b>	<b>0</b>	<b>-252,420</b>
<b>Accounting value 31 December 2021</b>	<b>436,474</b>	<b>208,393</b>	<b>87,417</b>	<b>5,505</b>	<b>37,488</b>	<b>775,277</b>
- hereof assets held under finance lease	37,262	0	40,251	0	0	77,513
Depreciated over	*)	15-30 years	5-10 years	3-7 years	-	-
- depreciations on leased assets	5,981	0	8,914	0	0	14,895

\*) Leasing assets under land are depreciated over the lease period, which is from 3-15 years.

For the bank debt in Slovakia, Romania, Czech Republic and Hungary of 257.5 mDKK, security has been given in fixed assets. Furthermore, there is security in subsidies in Slovakia.

Referring to note 23 for information on the leasing obligation on leased assets.

**17. CAPITAL SHARES IN SUBSIDIARIES**

tDKK	2021	2020
Cost price 1 January	542,859	466,201
Addition of the year at acquisition of company	0	76,658
Disposal at sale of company	-76,658	0
<b>Cost price 31 December</b>	<b>466,201</b>	<b>542,859</b>
Value adjustment 1 January	-58,899	-90,924
Share of the result of the year	41,235	42,106
Exchange rate adjustments etc.	-139	-9,073
Hedging instruments	1,667	-1,008
Disposal at sale of company	-20,751	0
<b>Value adjustment 31 December</b>	<b>-36,887</b>	<b>-58,899</b>
<b>Accounting value 31 December</b>	<b>429,314</b>	<b>483,960</b>

**2021**

FirstFarms has, as stated in company announcement no. 20 of 23 November 2021, divested the company AISM Srl. The sales price of the company is 103 mDKK, all of which have been received by the end of 2021.

Usual seller guarantees have been provided in connection with the disposal of AISM Srl. Transaction costs of 0.3 mDKK have been recognised in connection with the sale.

**DIVESTED NET ASSETS**

tDKK	2021
Land	93,402
Buildings	9,788
Machines + other plants	1,847
Current assets	10,505
Deferred tax	-12,574
Other payables	-5,760
<b>Divested net assets</b>	<b>97,208</b>
<b>Total sales prices after transaction costs</b>	<b>102,944</b>
<b>Profit on sale</b>	<b>5,736</b>

**Subsidiaries in FirstFarms A/S  
Name****Domicile**

FirstFarms s.r.o.	Slovakia
FirstFarms Agra M. s.r.o.	Slovakia
FirstFarms Mast Stupava AS	Slovakia
FirstFarms Mlyn Zahorie AS	Slovakia
Morava Agro s.r.o.	Slovakia
Obilná s.r.o.	Slovakia
<i>AISM srl. (disposed in 2021)</i>	<i>Romania</i>
FirstFarms s.r.l.	Romania
FirstFarms Agro East s.r.l.	Romania
FirstFarms Hungary A/S	Denmark
FirstFarms Hungary Kft.	Hungary
FirstFarms Czech A/S	Denmark
FirstFarms Granero s.r.o.	Czech Republic
FirstFarms Slovakia A/S	Denmark
FirstFarms Gabcikovo s.r.o.	Slovakia
Gabcikovo Cityland s.r.o.	Slovakia

All subsidiaries are 100% owned by the FirstFarms Group.



**18. INVENTORIES**  
iDKK

	<b>Group 2021</b>	<b>Group 2020</b>	<b>Parent company 2021</b>	<b>Parent company 2020</b>
Raw materials and other materials	36,205	28,937	0	0
Manufactured goods and commodities, grain, fodder, etc.	47,355	47,467	0	0
<b>Total</b>	<b>83,560</b>	<b>76,404</b>	<b>0</b>	<b>0</b>
Accounting value of inventories included at fair value	47,296	47,467	0	0
Write-downs	0	0	0	0
Reversed write-downs	0	0	0	0

At transition, in connection with harvest, the crops on stock are valuated at fair value less point-of-sale costs.

By a subsequent decrease in the value, the amount is recognised in the balance sheet under cost of sales.

