

**31 March 2020****Annual report 2019 for FirstFarms A/S**

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**Historical strong financial report at FirstFarms a/s**

In 2019, FirstFarms realised a growth of 32 percent in turnover and a result of DKK 29.0 million before tax compared to DKK 11.5 million in 2018.

The result of the year is, among other things, an expression of an efficient production in a generally favourable 2019-market, special favourable market conditions for pork and a persisting focus on costs.

“The result is historically good and satisfactory”, says FirstFarms’ CEO Anders H. Nørgaard and points out another significant reason for the result:

“2019 was the year, where we reaped the effect of our ambitious growth strategy. Since 2016, our Group has been expanded with three new companies and thus new production units. Thus, the risk spread has been strengthened both on geography and on branches, just as it is a great strength and certainty that our milk, meat and corn are sold to local food processing companies.”

**Summary**

The Board of Directors and Management of FirstFarms A/S has today reviewed and adopted the annual report for 2019.

**2019: Turnover increased by 32 percent and EBITDA by 47 percent**

- FirstFarms realised a turnover of DKK 328.1 million and an EBITDA of DKK 95.6 million, which is a growth of 32 percent in turnover and 47 percent in EBITDA. The prosperity has happened based on the company’s growth and satisfactory market conditions for the pig production.
- EBIT result is DKK 48.4 million and pre-tax result is DKK 29.0 million. The EBIT result is improved by DKK 22.5 million compared to 2018. The takeover in July 2019 of the pig and crop production in Slovakia has contributed significantly to the very satisfactory result.
- In 2019, FirstFarms realised a result after tax of DKK 22.4 million. Dividend is not distributed in 2019 based on the uncertainty occurred due to COVID-19.
- The result is considered satisfactory.
- In the financial year, a farm is purchased in Slovakia with 2,300 sows with a yearly production of 75,000 pigs, of which 40-45,000 are sold as piglets and 30-35,000 as slaughter pigs. The production foundation for the crop production is 1,500 hectares of arable land of high quality.
- FirstFarms purchases, develops and operates agriculture in Eastern European EU-countries within the operation branches fields, cows and pigs. The farms are located with up to 1,500 kilometres distance in Czech Republic, Slovakia, Hungary and Romania. This contributes to reduce the risks, which an agricultural production can be affected by, including ASF<sup>1</sup>.
- As food manufacturer, we will always be exposed to external threats. Many years ago, FirstFarms took a strategic decision. We must be able to navigate in a threat assessment as ASF without having serious impact on our ability to generate results. This is the reason why we in 2019 have built on the growth

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<sup>1</sup> African swine fever

strategy with balanced risk spread both geographically and in different operation branches. There has been – and is – high focus on biosecurity.

- FirstFarms contributes to, and approves, the development towards a more sustainable agriculture, and we believe in sustainable agricultural production. Thus, we have focus on ESG<sup>2</sup>.
- FirstFarms has a land portfolio of 9,200 hectares of owned land and over 10,500 hectares rent contracts – totally approx. 20,000 hectares of arable land in operation. The value creation is through operation and development of the land portfolio.
- All owned land is booked at purchase prices and not market prices. The main part of the land has been in our ownership for over 10 years. Thus, FirstFarms assesses that there is significant added value regarding the land for DKK 225 million after tax in addition to the booked equity of DKK 392 million.
- In 2019, FirstFarms has improved the cash resources significantly through new long-term financing agreements.
- FirstFarms closely monitors the development and takes COVID-19 very seriously. Our priority number one is to keep all, and especially our colleagues and surroundings safe and healthy, and also secure our animals and the production to be able to produce feed for the animals and food to our consumers. We follow the instructions and restrictions from the local authorities and take all necessary precautions on an ongoing basis. Possible economic consequences, due to COVID-19, have not been taken into account in the expectations.
- It is positive, that FirstFarms so far only has experienced a minor financial impact on the production, as a result of COVID-19. Our daily work including transport, field work and livestock is adapted current precautions due to COVID-19. In future, a shortage of goods for our production may arise, which is why we to a great extent have secured input to large parts of the spring.

### **2020: Expectations**

Following a strong 2019, FirstFarms expects a stable 2020 with an EBITDA result in the level of DKK 80-105 million and an EBIT result in the level of DKK 30-55 million.

We expect, that 2020 will be a lucrative year for the pig production in EU, which can however be volatile. For the crop and milk production, a stable year is expected with unchanged prices on par with 2019. The efficiency in our milk production is expected improved compared to realised in 2019. In 2020, we will consolidate the production within the current business areas.

FirstFarms' annual report can be seen in its full length in the attached document/link (95 pages).

Best regards,  
**FirstFarms A/S**

#### For further information:

Please visit our website [www.firstfarms.com](http://www.firstfarms.com) or contact CEO Anders H. Nørgaard on telephone +45 75 86 87 87.

#### About FirstFarms:

*FirstFarms is a Danish stock exchange listed company, which purchases and operates agriculture in Eastern Europe. We develop the individual farms to modern businesses that deliver milk, meat and grains of the highest quality to the local food processing companies. FirstFarms contributes to, and approves, the development towards a more sustainable agriculture.*

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<sup>2</sup> To illustrate the work with a sustainable development, we make use of Nasdaq's recommendation for reporting - ESG-data (Environmental, Social, Governance). See more on page 14.