

# REMUNERATION REPORT 2020



**FirstFarms**

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## 1.LETTER FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

On behalf of FirstFarms' Board of Directors, I will present the remuneration report for 2020.

The remuneration report has been prepared in accordance with section 139b of the Danish Companies Act and recommendation 4.2.3. of the Recommendations for good Corporate Governance (the "Recommendations") issued by the Committee for good Corporate Governance.

This remuneration report (the "Remuneration Report") provides an overview of the total remuneration received by each member of the Board of Directors ("Board of Directors") and the Executive Management ("Executive Management") of FirstFarms A/S, CVR No. 28312504, (the "Company") during the financial year 2020 compared to the previous two financial years. The Executive Management includes the members of the Company's Executive Management, who is registered with the Danish Business Authority.

Our purpose with the report is to present a transparent and in-depth statement to our shareholders and other stakeholders of the remuneration of FirstFarms' Board of Directors and Executive Management. In addition, we will highlight how the remuneration is linked to achieved results and FirstFarms' strategy.

In 2020, FirstFarms has delivered the best result ever despite three major challenges, such as severe drought in eastern Romania, record low pig prices as well as the diverted effects of COVID-19 and ASF. Our business model with risk diversification has proven to be very resistant to setbacks in one or two business areas.

Furthermore, as part of our strategy, we have achieved a very high efficiency in production and successful land sales and an acquisition in 2020. That is why we are one step closer to achieve our strategic objectives and be one of Europe's best operated and most profitable companies in the area of agriculture and food products.

The remuneration of FirstFarms' CEO in 2020 reflects the achievement of the strong financial results and progress in strategic development that contributes to long-term value creation. CEO has obtained a cash bonus of 33.33% of the fixed remuneration excl. pension contribution and usual accessory benefits. In addition, warrants were allocated - 50,000 pcs.

The remuneration of the Board of Directors and the Executive Management in the closed financial year has been granted in accordance with the Company's guidelines, which was approved at the annual general meeting on 24 April 2019. The document "General guidelines for incentive payment of management in FirstFarms " is available at the Company's website <https://www.firstfarms.dk/en/investor-relations/annual-general-meetings/annual-general-meeting-2019>. The Board of Directors believes that a combination of a fixed and performance-based salary for the Executive Management helps to ensure that the Company can attract and retain key people, while encouraging these persons to both short- and long-term value creation for the benefit of shareholders.

The information contained in the Remuneration Report is derived from the audited annual report of the Company for financial year 2020, which is available on the Company's website <https://www.firstfarms.dk/en/investor-relations/financial-informations/annual-reports>. All amounts are expressed in DKK.

The remuneration report provides an overall overview provides an explanation of how the total remuneration is consistent with the agreed "General guidelines for incentive payment of management in FirstFarms", including how the remuneration contributes to the business strategy, long-term interests, sustainability and value creation in the Company by supporting the Company's long-term and short-term goals.

Henrik Hougaard

Chairman of the Board of Directors

## 2.REMUNERATION OF THE BOARD OF DIRECTORS

The Board of Directors is paid a fixed fee, which is approved by the general meeting. No agreements on incentive pay and severance arrangements are concluded with the Board of Directors. The amount of the fee is determined on the basis of a comparison with the level of board remuneration at other comparable companies, taking into account the required competencies, performance and the volume of work of board members.

### 2.1 BOARD FEE FOR 2020

Fixed annual fee for in 2019 was for chairman 100,000 DKK, and for a board members work was 80,000 DKK. At the general meeting on 24 April 2020, the new fixed fee for the chairman of 240,000 DKK and to other board members 100,000 DKK was adopted along with a supplement of 20,000 DKK to vice chairman and committee chairman. As from 24 April 2020, the Chairman of the Board of Directors receives 2.4 times fixed annual fee. The vice chairman of the Board of Directors receives 1.2 times fixed annual feed. Board member, who is also chairman of the audit committee, receives 1.2 times fixed annual fee, as a fee for committee work. Only one chairman and vice chairman fee can be received. Travel allowance is settled according to the state's tariffs.

At the annual general meeting on 24 April 2020, two new members were elected to FirstFarms' Board of Directors. A member of the Board of Directors did not run for re-election. Cp. note 6 of the Annual Report 2020, the Board of Directors' annual fee amounts to 573,333 DKK of the total amount of staff costs for the financial year 2020 and can be specified as follows:

The remuneration of the Board of Directors for the latest 3 years are shown in the table below:

tDKK	2020	2019	2018
Henrik Hougaard, chairman of the Board	200	120	120
Asbjørn Børsting, vice chairman	107	80	80
Jens Bolding Jensen, board member	107	80	80
Karina Boldsen, board member (entered in April 2020)	66		
Bendt Wedell, board member (entered in April 2020)	66		
Bent Juul Jensen, board member (withdrew in April 2020)	27	80	80
In total	573	360	360
Increase in remuneration to the Board of Directors	59%	0%	-

The remuneration of the Board of Directors from 1 May 2020, which as adopted at the ordinary annual general meeting in 2020, can be specified as follows:

tDKK	2020			Total
	Fixed annual fee	Audit committee	Nomination and remuneration committee	
Henrik Hougaard, chairman of the Board	240	-	-	240
Asbjørn Børsting, vice chairman	120	-	-	120
Jens Bolding Jensen, board member	100	20	-	120
Karina Boldsen, board member (entered in April 2020)	100	-	-	100
Bendt Wedell, board member (entered in April 2020)	100	-	-	100
Bent Juul Jensen, board member (withdrew in April 2020)		-	-	0
In total	660	20	-	680

### 3.REMUNERATION OF THE EXECUTIVE MANAGEMENT

The remuneration of the Executive Management is composed based on and in accordance with General guidelines for incentive payment of the management of FirstFarms. The remuneration of the Executive Management is assessed annually. The Company's nomination and remuneration committee makes proposals to the Board of Directors for remuneration to the Executive Management, which must be approved by the Board of Directors.

The remuneration of the Executive Management consists of fixed and variable parts. The combination of a fixed and a variable remuneration is intended to ensure that the Executive Management supports the Company's strategy and reward their efforts for the creation of good financial results in the short term and sustainable value creation in the long term for the benefit of the Company's shareholders.

#### 3.1 COMPOSITION OF THE REMUNERATION OF THE EXECUTIVE MANAGEMENT

The fixed part of the Executive Managements remuneration consists of remuneration components, such as fixed cash salary, pension contribution, usual accessory benefits such as company car, insurance, telephone, etc.

The variable part consists of short-term and long-term incentive pay.

A cash bonus scheme is part of the short-term variable remuneration that the Company's Executive Management may receive depending on the achievement of specific objectives set by the Board of Directors. The purpose of the cash bonus scheme is to motivate the Executive Management to achieve certain short-term financial objectives. The cash bonus, that can be obtained within a financial year, may for the member of the Executive Management, represent 33.33 % of the fixed remuneration, including pension contribution and excluding usual accessory benefits.

Allocation of warrants is part of the long-term variable remuneration. The purpose of granting warrants is to maintain the Executive Management and to encourage long-term value creation and sustainability for the benefit of shareholders. The long-term value creation could be risk diversification, result per share, business development. The value of warrants allocated within a financial year must not exceed 30 % of the fixed remuneration of the member of the Executive Board, excluding pension contribution and usual accessory benefits, for a period corresponding to the period from the date of allocation to the date of utilisation.

### 3.2 REMUNERATION OF THE EXECUTIVE MANAGEMENT IN 2020

In 2020, the Remuneration of the Executive Management is paid based on and in accordance with General guidelines for incentive payment of the management of FirstFarms.

Despite major challenges in 2020, FirstFarms has delivered the best result ever.

FirstFarms realised an EBITDA of 100 mDKK and EBIT of 54 mDKK, which is an increase compared to 2019. The increase is based on the company's high efficiency in the production as well as the sale and acquisition of land.

The long-term value creation and the sustainability work was supported by the expansion of our land portfolio with 2,430 hectares of cultivated agricultural land in Romania. 1,400 hectares of lease contracts have also been acquired, divided with 1,000 hectares in Slovakia and 400 hectares in Romania. In 2019, we have acquired a pig production in Slovakia, which was fully integrated in 2020. Thus, strengthening our risk diversification further.

The realised accomplishments resulted in the allocation of the variable remuneration to FirstFarms' CEO Anders H. Nørgaard. The financial results obtained are equal to the fixed level of the financial KPI's such as EBITDA, EBIT, profit after tax and result per share, thus generating the cash bonus to the Executive Management.

The company has not used the possibility of demanding the variable remuneration back.

The breakdown between fixed and variable remuneration, which is divided into cash bonus and the carrying amount of warrants, is shown in the figure below.

The total remuneration including value of employee benefits to FirstFarms' CEO Anders H. Nørgaard amounts to 2,335 tDKK in the financial year 2020 and was composed as follows:

tDKK	Fixed annual remuneration			Variable remuneration		Total
	Fixed cash salary	Pension contribution	Accessory benefits	Cash bonus	Warrants	
2020 Remuneration in the annual report	1.428	156	69	528	154	2.335
2019 Remuneration in the annual report	1.360	120	88	488	130	2.186

FirstFarms' CEO Anders H. Nørgaard was allocated 40,000 and 10,000 warrants in 2020. The estimated present value of the allocated warrants is determined in accordance with the principles of recognition in the Company's annual report in accordance with the accounting principles in force at any time, including Black Scholes. The estimated present value of the allocated warrants was 370 tDKK. When allocating warrants, the utilisation date shall be no earlier than 2 years and no later than 5 years after the allocation date. The utilisation price for the warrants allocated in 2020 is 56.12 and 55.76, respectively. The allocated warrants can be utilised in a period of 4 weeks from the Company's announcement of the interim report for the period 1 January 2024 – 31 March 2024.

The utilisation price for the warrants allocated in 2018 is 48.71, and the allocated warrants can be utilised in a period of 4 weeks from the Company's announcement of the interim report for the period 1 January 2022 – 30 September 2022.

The utilisation price is determined by the Board of Directors.

The number of allocated warrants in 2020 and its value are shown in the following table:

2020	No. of allocated warrants	Total value	Part of the total remuneration
Anders H. Nørgaard, CEO	50,000	370	16%

Overview of the Executive Managements holdings of warrants in 2020:

2020	Warrants, start	Utilised	Allocated	Warrants, end	Value outstanding warrants, tDKK.	Value utilised warrants, tDKK
Anders H. Nørgaard, CEO						
Allocated in 2016	50,000	50,000	0	0	0	333
Allocated in 2018	50,000	0	0	50,000	188	0
Allocated in 2020	0	0	40,000	40,000	232	0
Allocated in 2020	0	0	10,000	10,000	138	0
<b>In total</b>	<b>100,000</b>	<b>50,000</b>	<b>50,000</b>	<b>100,000</b>	<b>558</b>	<b>333</b>

### 3.3 ANNUAL CHANGES IN THE REMUNERATION OF THE EXECUTIVE MANAGEMENT

tDKK	2020	Annual change	2019	Annual change	2018
Anders H. Nørgaard, CEO	2,335	149	2,186	584	1,602
<b>Results of The Group</b>					
Net turnover	312,616	-15,456	328,072	79,196	248,876
Result before depreciations (EBITDA)	100,204	4,653	95,551	38,052	57,499
Profit/loss from primary operations (EBIT)	54,240	5,840	48,400	22,537	25,863
Net profit	24,794	2,369	22,425	14,294	8,131
Result per share, DKK	3.57	0.02	3.55	2.23	1.32
<b>Average remuneration of employees based on FTE</b>					
Group employees	203,632	13,179	190,453	9,855	180,599

## 4. STATEMENT BY THE BOARD OF DIRECTORS

The Board of Directors has discussed and approved the remuneration report for the financial year 2020 for FirstFarms A/S.

The remuneration report is presented in accordance with Section 139b of the Danish Companies Act. The remuneration report is recommended for an indicative vote at the general meeting.

Billund, 25 March 2021

### The Board of Directors

Henrik Hougaard  
Chairman of the Board

Asbjørn Børsting  
Vice chairman

Jens Bolding Jensen  
Board member

Karina Boldsen  
Board member

Bendt Wedell  
Board member