

## **Report by the Chairman of the Board at FirstFarms' annual general meeting 27 April 2021**

Dear shareholders,

I am pleased to welcome you to this year's annual general meeting at FirstFarms.

Due to the COVID-19 situation, the general meeting will - as last year - will be held virtually.

Thank you for watching.

I and CEO Anders Nørgaard will present our 2020 result. We will get around our expectations for the current year and we will look a little further into the future.

### **COVID-19**

By the time of my report last year, the COVID-19 seriousness had dawned upon all of us.

Fortunately, I was able to report that we so far had been able to deliver crops, milk, piglets and slaughter pigs to our customers. My hope was that we would maintain this despite considerable uncertainty in the market and an unclear future.

As a responsible company, we adapted to the new reality, which meant, among other things, that I had to announce that the Board of Directors had decided that no dividends would be distributed for 2019, even though this was the plan.

That was then.

Just over a month ago, we were able to announce that it was recommended by the Board of Directors that dividends would be distributed for 2020.

This is of course due to the belief we had a year ago, that FirstFarms would overcome the challenges of the rest of 2020, came true. Challenges that also included African Swine Fever in Germany, unusually low pig prices in the second half of the year and severe drought in parts of Romania.

But fortunately, we are in 4 countries and have 4 business areas, which means good risk diversification, as we are not separately dependent on the prices of pigs, milk, grain or land.

And that's why FirstFarms came out of 2020 with the best result ever - despite the many challenges.

### **The year 2020**

In 2020, FirstFarms realised a turnover of 313 mDKK, an EBITDA of 100 mDKK and an EBIT of 54 mDKK, which is a growth of 3 percentage point in EBITDA margin and 2.6 percentage point in EBIT margin.

Result before tax is 31 mDKK, which is improved by 2 mDKK compared to 2019.

This is a satisfactory result, which we on the Board of Directors are proud of.

We came out of 2020 with a good result primarily as a result of five factors:

- 1) Our business model with risk diversification.  
The model has now proven its worth by proving to be resistant to setbacks in individual business areas. At the same time, it is a strength that we only operate within the EU – in Central Europe, where we know both the framework and the rules of the game.
- 2) We achieved a very high degree of efficiency in our production.  
We are located in the best quartiles in crop, milk and pig production.
- 3) We carried out successful land transactions.  
In 2020, FirstFarms entered into agreements to sell 1,675 hectares of land, purchase 2,430 hectares and lease 1,400 hectares. The portfolio of agricultural land now constitutes 21,900 hectares. The sales price of sold land is 51,000 DKK per hectare, corresponding to a profit of 25,000 DKK per hectare or a stand-alone return of 8 percent annually on the capital invested.  
  
We acquired the north-west Romanian company AISM Srl with 2,430 hectares of agricultural land, a modern silo plant, storage and administration facilities.
- 4) Last but not least – dedicated, skilled employees.

2020 was also the year we reinvented ourselves.

The Board of Directors and the management sat down together, reviewed and revised our vision and mission to become even sharper on the journey we are on.

Sharp on the origins of the journey, sharp on the elements of the journey - and not least sharp on the goal of the journey - a place among Europe's best operated and most profitable companies in the areas of agriculture and food products.

Anders H. Nørgaard will shortly tell you more about the 2020 result.

Instead, I would like to take this opportunity to articulate the development of the FirstFarms-share.

### **The FirstFarms-share**

The price on the FirstFarms share decreased in 2020 with 2.5 percent from 66.50 at the beginning of the year to 66.50 at the end of the year.

The turnover in the share per business day in 2020 was in average 264,795 DKK, which is a little lower than in 2019, where it constituted 281,382 DKK per business day.

I am happy for the stable turnover in the share and the share price.

In 2020, we started to narrate more about our share history as well as the value creation in the company.

We have quarterly online presentations with dialogue. Overall, we hope that this will increase awareness of the share and increase understanding for and interest in FirstFarms, and hopefully that it will mean greater turnover in the long run.

FirstFarms is in a really good condition.

We have a solid foundation, a healthy economy, a business model that holds water, and we create value for our shareholders.

We have left the year 2020 so well, that we have not had to change our strategy, ambitions and goals.

FirstFarms anno 27 April 2021 is thus a positive story about a company that is well equipped – and we in the Board of Directors have positive expectations to the future – both in the short and long term.

Let me add a few words to the expectations.

### **Expectation to 2021**

We expect a stable 2021 with acceptable earnings.

The recent food price increases have given us faith in the result, and we hope this trend continues.

We expect an EBITDA in the level of 85-115 mDKK, and an EBIT in the level of 35-65 mDKK.

As you know, we have an ambitious growth plan. We want controlled growth – and preferable every year. It is therefore to be expected that there will also be growth organically or through acquisitions and divestments this year. We have project back with interesting topics that we are constantly evaluating.

Karina Boldsen and Bendt Wedell joined the board last year. This added new competences, new knowledge and experience, and therefore it is also natural that one of the things we are looking at is expanding our operations with chicken production. This will support both our business model about risk diversification and the growth plan. We are currently analysing the possibilities in depth.

In 2021, we will certainly make investments in our existing facilities, buildings and machinery, just as we also this year will have a strong focus on investments that increase biosecurity – not least in pig production.

All investments contribute to the continued modernisation and efficiency of our company and the individual units, and the investments contribute to the work of continuously creating a more sustainable production.

FirstFarms is ready to take advantage of the opportunities that present itself within the existing business, and we are not least ready to seize new opportunities.

We have a changeable and hungry organisation, and we have the financial flexibility to act on new opportunities – opportunities that create additional value for our shareholders.

On the journey towards achieving our ambitious goal to be among the best in Europe, we must exceed our own and other's expectations, but it will never be at the expense of sound business management.

We want to create value for our shareholders by ensuring attractive returns on operating and value added. This will be done through continued risk minimisation, professional management and best practice in everything we do.

Basically, it's about three things:

- 1) to focus on constantly getting even better at what we are good at already – optimisation, efficiency, professional development

- 2) to have the skills and the finance to identify and tap into the opportunities for growth within our existing operations, when the right – and only the right – opportunities arise
- 3) to have the skills to see and act on completely new opportunities that create value for the business and our shareholders.

### **Remuneration**

Before I give the floor to Anders, I would like to conclude by saying that FirstFarms' General guidelines for incentive payment of the management were approved at the company's general meeting in 2019. These guidelines are now replaced by the Remuneration Policy.

The bonus awarded to the company's CEO and the allocated warrants are within the framework of the company's general guidelines for incentive pay.

The Board of Directors receives a fixed remuneration, which is stated in both the annual report and the remuneration report.

### **Conclusion**

I would like to express my sincere thanks to FirstFarms' shareholders and other stakeholders for the trust, support and commitment you show the company.

Also, thanks to the rest of the Board of Directors for a good cooperation.

Finally, a special thanks are due from the entire Board of Directors to the Executive Board and all the employees of FirstFarms for the extraordinary efforts made in 2020 under extremely difficult conditions.

Thank you for your attention.