

# REMUNERATION REPORT 2021



**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 2021.

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 2021 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 2021, FirstFarms has delivered the best result ever despite still very low pig prices as well as the diverted effects of COVID-19. Conversely, FirstFarms' result has been positively affected by high crop prices. Our business model with risk diversification has again 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. 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 2021 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.

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 Remuneration policy, which was approved at the annual general meeting on 27 April 20210. The Remuneration policy is available at the Company's website <https://www.firstfarms.dk/en/about-us/our-policies>. 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 2021, 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 Remuneration policy, 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 2021

At the general meeting on 27 April 2021, it was adopted to maintain the 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. 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 fee. 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 27 April 2021, all five members were re-elected to FirstFarms' Board of Directors. Cp. note 7 of the Annual Report 2021, the Board of Directors' fee for 2021 amounts to 680,000 DKK of the total amount of staff costs for the financial year 2021 and can be specified as follows:

tDKK	2021	2020	2019
Henrik Hougaard, Chairman of the Board	240	200	120
Asbjørn Børsting, Vice Chairman, Chairman of the Remuneration and Nomination Committee	120	107	80
Jens Bolding Jensen, board member, Chairman Audit Committee	120	107	80
Karina Boldsen, board member (entered in April 2020)	100	66	
Bendt Wedell, board member (entered in April 2020)	100	66	
Bent Juul Jensen, board member (withdrew in April 2020)	0	27	80
In total	680	573	360
Increase in remuneration to the Board of Directors	19%	59%	0%

The remuneration of the Board of Directors can be specified as follows:

tDKK	2021			Total
	Fixed annual fee	Audit committee	Nomination and remuneration committee	
Henrik Hougaard, chairman of the Board	240	-	-	240
Asbjørn Børsting, vice chairman, Chairman of the Remuneration and Nomination Committee	120	-	-	120
Jens Bolding Jensen, board member, Chairman Audit Committee	100	20	-	120
Karina Boldsen, board member (entered in April 2020)	100	-	-	100
Bendt Wedell, board member (entered in April 2020)	100	-	-	100
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 FirstFarms' Remuneration Policy. The remuneration of the Executive Management is assessed annually. The Company's remuneration and nomination 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 2021

In 2021, the remuneration of the Executive Management is paid based on and in accordance with FirstFarms' Remuneration policy.

Despite major challenges in 2021, FirstFarms has delivered the best result ever.

FirstFarms realised an EBITDA of 114 mDKK and EBIT of 70 mDKK, which is an increase compared to 2020. The increase is based on the company's high efficiency in the production as well as the sale of land.

A high level of efficiency has been ensured in all business areas and at all locations, thus we have increased earnings and met our own requirements for the result and the basis for continued growth. The risk diversification by countries and industries has improved. The work with a focus on sustainability has been intensified, and new initiatives have been launched for continued improvement.

The realised accomplishments resulted in the allocation of the variable remuneration to FirstFarms' CEO Anders H. Nørgaard. The financial results obtained are above the fixed level of the financial KPI's such as EBITDA, net profit, earnings per share and preparation of CO2 inventory thus generating the cash bonus to the Executive Management.

KPI	Weighting	Realised
EBITDA	25%	Above
Net profit	25%	Above
Earnings per share	25%	Above
Preparation of CO2 inventory	25%	Equals

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 2,725 tDKK in the financial year 2021 and was composed as follows:

tDKK	Fixed annual remuneration			Variable remuneration		Total
	Fixed cash salary	Pension contribution	Accessory benefits	Cash bonus	Warrants	
2021 Remuneration in the annual report	1.661	204	89	628	143	2.725
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

No warrants were granted to FirstFarms' CEO Anders H. Nørgaard in 2021.

FirstFarms' CEO Anders H. Nørgaard was granted 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	2021	Annual change	2020	Annual change	2019
Anders H. Nørgaard, CEO	2,275	390	2,335	149	2,186
<b>Results of The Group</b>					
Net turnover	369,483	56,867	312,616	-15,456	328,072
Result before depreciations (EBITDA)	113,678	13,474	100,204	4,653	95,551
Profit/loss from primary operations (EBIT)	69,932	15,692	54,240	5,840	48,400
Net profit	34,755	9,961	24,794	2,369	22,425
Result per share, DKK	4.51	0.94	3.57	0.02	3.55
<b>Average remuneration of employees based on FTE</b>					
Group employees	221,796	18,164	203,632	13,179	190,453

## 4. STATEMENT BY THE BOARD OF DIRECTORS

The Board of Directors has discussed and approved the remuneration report for the financial year 2021 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, 23 March 2022

### 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