

REMUNERATION REPORT 2022



FirstFarms

CONTENT

1. LETTER FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS.....	3
2. REMUNERATION OF THE BOARD OF DIRECTORS	4
2.1 BOARD FEE FOR 2022	4
3. REMUNERATION OF THE EXECUTIVE MANAGEMENT.....	5
3.1 COMPOSITION OF THE REMUNERATION OF THE EXECUTIVE MANAGEMENT	5
3.2 REMUNERATION OF THE EXECUTIVE MANAGEMENT IN 2022	6
3.3 ANNUAL CHANGES IN THE REMUNERATION OF THE EXECUTIVE MANAGEMENT	7
4. STATEMENT BY THE BOARD OF DIRECTORS.....	8

1. LETTER FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS

On behalf of FirstFarms' Board of Directors, I will present the remuneration report for 2022.

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 2022 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 2022, FirstFarms delivered the best result ever.

The favourable prices we received for our products were supported by a very, very high efficiency in all branches of operations, and managers and employees contributed with an extraordinary amount of effort and commitment.

The business model with risk diversification again proved its great value, and challenging elements such as unpredictable market conditions, extreme weather conditions and high inflation were well managed.

2022 was a year where FirstFarms took another step towards achieving the strategic goal of developing into one of Europe's best operated and most profitable companies in the area of agriculture and food products.

The remuneration of FirstFarms' CEO in 2022 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 2021. 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 2022, 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 2022

At the general meeting on 26 April 2022, 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 26 April 2022, all five previous members were re-elected, and a new member was elected to FirstFarms' Board of Directors. Cp. note 7 of the Annual Report 2022, the Board of Directors' fee for 2022 amounts to 747,000 DKK of the total amount of staff costs for the financial year 2022 and can be specified as follows:

tDKK	2022	2021	2020
Henrik Hougaard, Chairman of the Board	240	240	200
Asbjørn Børsting, Vice Chairman, Chairman of the Remuneration and Nomination Committee	120	120	107
Jens Bolding Jensen, board member, Chairman Audit Committee	120	120	107
Karina Boldsen, board member (entered in April 2020)	100	100	66
Bendt Wedell, board member (entered in April 2020)	100	100	66
Claus Ewers, board member (entered in April 2022)	67	0	0
Bent Juul Jensen, board member (withdrew in April 2020)	0	0	27
In total	747	680	573
Increase in remuneration to the Board of Directors	10%	19%	59%

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

tDKK	2022			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
Claus Ewers, board member (entered in April 2022)	67	-	-	67
In total	727	20	-	747

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 2022

In 2022, the remuneration of the Executive Management is paid based on and in accordance with FirstFarms' Remuneration policy.

FirstFarms delivered a 2022 result far better than expected at the beginning of the year.

The Group's pre-tax result is 66 mDKK, which is an improvement of 31 mDKK compared to 2021. EBITDA and EBIT end at 147 mDKK (2021: 114 mDKK) and 96 mDKK (2021: 70 mDKK), respectively. At the beginning of 2022, the EBITDA and EBIT expectations were 80-120 mDKK and 35-75 mDKK, respectively. The significantly improved result is driven by high crop prices, historically high milk prices – a milk price that has increased steadily throughout the year.

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%	Fulfilled

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 3,468 tDKK in the financial year 2022 and was composed as follows:

tDKK	Fixed annual remuneration			Variable remuneration		Total
	Fixed cash salary	Pension contribution	Accessory benefits	Cash bonus	Warrants	
2022 Remuneration in the annual report	1.988	153	165	808	354	3.468
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

FirstFarms' CEO Anders H. Nørgaard was granted 50,000 warrants in 2022. 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 1,279 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 2022 is 68.82. 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 2025 – 31 December 2025.

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 is determined by the Board of Directors.

The number of allocated warrants in 2022 and its value are shown in the following table:

2022	No. of allocated warrants	Total value	Part of the total remuneration
Anders H. Nørgaard, CEO	50,000	1,279	16%

Overview of the Executive Managements holdings of warrants in 2022:

2022	Warrants, start	Utilised	Allocated	Warrants, end	Value outstanding warrants, tDKK.	Value utilised warrants, tDKK
Anders H. Nørgaard, CEO						
Allocated in 2018	50,000	50,000	0	0	0	188
Allocated in 2020	40,000	0	0	40,000	232	0
Allocated in 2020	10,000	0	0	10,000	138	0
Allocated in 2022	0	0	50,000	50,000	1279	0
In total	100,000	50,000	50,000	100,000	1,649	188

3.3 ANNUAL CHANGES IN THE REMUNERATION OF THE EXECUTIVE MANAGEMENT

tDKK	2022	Annual change	2021	Annual change	2020
Anders H. Nørgaard, CEO	3,468	743	2,725	390	2,335
Results of The Group					
Net turnover	401,351	31,868	369,483	56,867	312,616
Result before depreciations (EBITDA)	146,621	32,943	113,678	13,474	100,204
Profit/loss from primary operations (EBIT)	95,934	26,002	69,932	15,692	54,240
Net profit	70,380	35,625	34,755	9,961	24,794
Result per share, DKK	7.56	3.05	4.51	0.94	3.57
Average remuneration of employees based on FTE					
Group employees	244,704	22,909	221,796	18,164	203,632

4. STATEMENT BY THE BOARD OF DIRECTORS

The Board of Directors has discussed and approved the remuneration report for the financial year 2022 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, 24 March 2023

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

Claus Ewers
Board member