

CEO review

at FirstFarms' annual general meeting on 16 April 2024

Thank you.

I, too, have been looking forward to this year's general meeting and to presenting my report.

I will go a little deeper into the 2023 result and will highlight additional initiatives that left an impact in 2023.

I will cover everything that is happening right now, and there is a lot going on. It is spring and we are busy at all our 20 production units.

There is also a lot going on at the cooperation front, and I look forward to introducing you to our new partnership with Dutch Interfood. A collaboration on our milk to ensure a more sustainable distribution and to give us access to some of the world's leading food producers.

The market in 2023

Let me start by deepening the 2023 outcome.

The market for milk and pigs was with us in 2023. We cannot say the same about the market for crops.

Livestock production was the stable factor in 2023 and the negative impact of low sales crop prices and uneven crop yields was offset by good and stable pig and milk prices.

Our pigs

The turnover from piglets and slaughter pigs increased by 40 mDKK compared to 2022, primarily due to higher prices. Also positive is the high efficiency and that feed and energy costs were lower than the record high level we saw in 2022.

The Group's two new pig productions in Hungary were in full production by the end of 2023, and the first piglets were delivered at the beginning of 2024.

The new units will contribute with 72,000 piglets annually with full effect in 2024. Start-up costs for 2023 amount to 10 mDKK, which negatively affects the result for the year.

Our milk

FirstFarms matched the record year 2022 in dairy production in 2023. The cows have proven to be the group's stable engine.

Over the past two years, efficiency, productivity and milk prices have been lifted to a new record level. FirstFarms delivered 33.7 million kg of milk in 2023 compared to 33.4 million kg in 2022, although the quality of the feed was affected by lack of rainfall in 2022.

I am very pleased with that.

Our crops

The challenge in 2023 was the crops.

Crop yields were negatively impacted by minimal rainfall in Romania and parts of Slovakia, while field input costs were generally significantly higher in 2023 than in 2022.

Along with low yields and higher costs, prices dropped as expected compared to record prices in 2022. However, we did not expect such a large price drop, and we note with regret that the fall in crop prices has continued into 2024.

But there are also bright spots in crop production in 2023.

The immediate negative impact was partly offset by two positive factors:

1. Realised sales crop prices are 20% below expectations, while market prices have decreased by over 30% for grains and oilseeds. The 2023 harvest was sold at more than current prices at harvest time due to sales contracts concluded.

- and then; FirstFarms' strength; risk diversification - both geographically and by type of branches of operation. I mention it every year and I repeat with pleasure; Risk diversification is a crucial factor, for the stable results we have created in recent years, will create this year, next year and in 10 years.

Our land

In the land business, we made several investments both directly and indirectly.

In the spring of 2023, we made additional land investments through acquisitions in Agri Invest A/S. We acquired the first shares of the company in July 2022.

FirstFarms' ownership share is currently 10.2%.

Agri Invest operates 12,700 hectares of land and owns 10,500 hectares in 3 production units in Romania.

All in all, 2023 was a year of many activities. Henrik mentioned a few of them, and I would like to add a few more.

The first is a direct continuation of Henrik's presentation of our Strategy 2028 and our ambitious goal of strong growth.

Our organisation

Last year, we made a number of organisational changes and a broader division of responsibilities to ensure that we are geared to execute optimally on the strategy. This means, among other things, that we have two-part production management, so we ensure the necessary 100 percent focus on both production and business development.

We have also organised ourselves into a number of cross-border business support units, each of which is responsible for executing and delivering results on elements of the strategy.

At FirstFarms, all 398 employees know where we as a group are headed, what goals we have, what they as individuals and teams must contribute with, and how important their efforts are for us to achieve our goals.

Sustainability

The second activity I want to mention is the large part of the work on sustainability, which is less visible. It is a complex, demanding, challenging, exciting and demanding task.

In 2023, we focused on several ESG initiatives such as mapping greenhouse gas emissions as well as developing sustainability plans for individual production units.

Everything leads us towards full implementation of CSRD from the 2025 accounts.

The Corporate Sustainability Reporting Directive (CSRD) is a comprehensive and complex directive from the EU that sets strict requirements for corporate sustainability reporting.

For us, sustainability is part of our "licence to produce".

Irrigation project

I also want to talk about our irrigation project in Romania, which really took off in 2023.

We have put approximately 1,400 hectares of 6,400 possible hectares in Romania under irrigation. This is happening because of the fluctuating rainfall we have received in recent years, which has affected crop yields tremendously.

It has been a huge construction work, most of which was done in 2023. It might get a little nerdy, but I want to give you an insight into the scope.

The irrigation consists of 22 pivot plants with a length from 150 to 650 meters.

The largest plant irrigates an area of just over 130 hectares.

We have built three large pumping stations at canals leading water in from the Danube, 100 km away. Canals that have been built before the fall of the wall and are now restored.

The pumping stations lead the water out to the fields via 12 kilometres of main pipes, which we have laid down.

From the main pipes are further laid down 11 kilometres of side pipes that bring the water out to the pivots. We have also laid fibre networks and power cables for all pivots.

Later this year, the plan is to connect solar cells to the electricity supply.

At the beginning of June, we are ready to take the irrigation into use. We look forward to it.

And the return on investment? Let's take maize as an example.

We expect to harvest 15 tonnes of maize per hectare under irrigation this year. Last year we harvested 4 tonnes of maize per hectare – against 8-10 tonnes in a normal year.

Partnership agreement

In my review of selected 2023 activities, I have last but not least looked forward to sharing with you the meaning of the partnership agreement with Interfood, which we announced 2 weeks ago.

[Interfood](#), from the Netherlands, is a supplier of dairy solutions and dairy ingredients to food manufacturers all over the world. Their turnover in 2022 was 3.6 billion EUR.

In 2023, we were in close dialogue and negotiations with Interfood. This gave rise to the partnership agreement.

The agreement means, among other things, that FirstFarms will now build its own dairy in connection with our dairy production in Malacky, Slovakia. Here we must concentrate milk, which via Interfood, is to be sold and distributed to leading food producers who use milk components.

It is no coincidence that FirstFarms will deliver via Interfood. We have been chosen by Interfood because of our work to find sustainable solutions.

The partnership will lead to the reduction of carbon emissions in the global value chain by minimising the amount of transport due to the extraction of water from milk. The extracted water is reused in production.

I am incredibly proud of this partnership. This aligns with our vision of a more sustainable future and our commitment to providing high-quality products.

Our collaboration with Interfood is part of Strategy 2028 and therefore of significant importance for FirstFarms' continued development and growth.

The collaboration is also fully in line with our Mission: We act on new opportunities that create value for our investors and for the surroundings.

When we start producing and selling from our own dairy, we take our business to a new level in European food production.

Specifically, we are now in the process of negotiating the final agreements concerning the construction of the dairy and the technical solutions. We expect to cut the first sod this summer and expect to start production in 2025.

With the review of the Interfood partnership, we set out from 2023 and into 2024.

Here you get a brief status of the operation today.

Milk

2024 has started with a slight increase in the price of milk. Feed costs have fallen slightly, and all other costs are more or less stable.

We have a high health status in the herd. The focus is partly on maintaining the high productivity and efficiency of operations. And partly on the dairy project.

Pigs

Prices remain reasonable. We are confident that this will continue, and if it happens, pig production will contribute significantly to the result creation in 2024. This year, we will fully benefit from our investment in the two new pig productions in Hungary. This will be reflected in operating income.

We are focusing on the construction of 210 new farrowing pens in Gabčíkovo, Slovakia, which will increase production on the farm by 10,000 piglets and 14,000 slaughter pigs. Construction will begin this summer.

Crops

As mentioned earlier - continued decreasing prices. Crop prices will also be our Achilles heel this year. It goes up and down in field farming. It has been less than two years since crop prices were the highest ever. We can be pleased that we expect to have a higher harvest yield and better quality due to irrigation in Romania.

Green transition and reduction of emissions will continue in 2024.

New initiatives that contribute to a better climate will be launched, and it will probably be in 2024 that we decide whether to start producing biogas.

I would like to take this opportunity to say thank you to all employees at FirstFarms for the great commitment they put into their work – every day.

On the one hand, we operate daily in highly volatile and unpredictable market conditions. At the same time, we operate in a time of turbulent geopolitics, war, climate challenges and more.

It requires special precautions and responsible actions and operation. For the sake of ourselves, our shareholders and the outside world.

At the same time, we are on an ambitious journey of growth with many new projects and initiatives. It requires very competent employees and managers. We have that.

End

My report is coming to an end.

FirstFarms has been on a journey of growth over the past 8 years.

With Strategy 2028 and the ambitious goals we have set for the company, we accelerate our growth in the coming years.

We have the foundation for strong growth in place and we are pleased that you – our shareholders – are with us on the journey.

With your support and the great efforts of our managers and employees, we have the best conditions to fulfil our ambitions and create additional value.

Thank you for your attention.