ANNUAL REPORT 2020

FirstFarms

FirstFarms A/S
Majsmarken 1
DK-7190 Billund

CVR: 28 31 25 04
Registered office: Billund

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This annual report is composed in Danish and English. In case of doubt, in relation to interpretation, the Danish version takes precedence.

FirstFarms A/S

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CVR no.: 28 31 25 04
Established: 22 December 2004
Registered office: Billund
ISIN code: DK0060056166
Short name: FFARMS
Sector: Consumer staples

Financial year: 1 Jan. – 31 Dec.

Auditors

PricewaterhouseCoopers

Platanvej 4
DK-7400 Herning
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About FirstFarms

FirstFarms was established in 2006, as a small agricultural company with activities in a single Eastern European country and headquarter in Denmark. Since then, the company has been through an exciting journey and has developed into a modern listed agricultural Group. Based on professional management and best practice, we acquire, develop and operate business in the area of agriculture and food products. We ensure attractive return on the operation and increase in value for our investors and have focus on risk diversification of products and branches of operations. FirstFarms employs more than 300 employees and has subsidiaries in 4 countries and production spread over 16 sites.

We operate FirstFarms with responsibility for the surrounding communities, and we deliver highest quality which is primarily sold locally. FirstFarms acts on new opportunities, that create value for our investors and for the surroundings.

Our vision is to be one of Europe’s best operated and most profitable companies in the area of agriculture and food products.

Every day, we work on creating a more sustainable company. Our CSR-work is focused on supporting and contribute to UN's sustainable development goals, and we use ESG (Environmental, Social and Governance) to communicate our sustainability strategy.

FirstFarms’ business areas

Land in operation 21.900 hectares
Land in ownership 11.100 hectares

Harvested crops 2020
165,000 tons

Board of directors
Henrik Hougaard (Chairman)
Asbjørn Børsting (Vice chairman)
Jens Bolding Jensen
Karina Boldsen
Bendt Wedell

Management
Anders Holger Nørgaard

Letter from the management

Dear shareholders and other stakeholders,

It is with great pleasure, that we can look back at an exciting year, where FirstFarms has delivered the best result ever.

We are proud of the result – not least on behalf of our more than 300 skilled employees, but also on behalf of our 2,700 shareholders, who in the past 5 years have experienced an ever-increasing top and bottom line.

The year has been characterised by three major challenges, but our business model with risk diversification has proven to be very resistant to setbacks within a single or two business areas.

The challenges: Severe drought in the eastern part of Romania, low pig prices in Q3 and Q4 and consequences of COVID-19 and ASF[1] have been compensated for by a very high efficiency in the production, a successful, planned, ongoing sale of land and an acquisition, that has strengthened both the result as well as the share capital.

Land creates great value

A large part of FirstFarms' value creation, since its foundation in 2006, has been buying up small land parcels at low prices, which have subsequently been systematically developed into larger, compacted and well-run areas, which thus have a larger value than many small ones.

This value creation also consists in the convergence of the EU subsidies between the old and the new EU-countries. This will result in a more objective pricing on land, which depends on conditions like reliability of cultivation, field size, soil quality, precipitation conditions and distance to the world market.

Over the years, FirstFarms has achieved great expertise in these matters and has today 11 employees employed exclusively to handle lease, compactation and trade of land.

Value creation is only fully expressed when the land is sold, as we have chosen not to revaluate our land in accordance with IFRS accounting principles. Thus, we build up value every year, which is not stated in the accounts, and which, in addition to the ongoing, improved operation, is only expressed when we sell the land again as part of our business model.

Throughout the years, FirstFarms has, as a listed company, acquired land and has in more cases also sold of land in areas from where it has been natural to withdraw from. Acquisitions are made at very different prices depending on the year of acquisition, location, size of the plots etc.

In 2020, we entered a contract about the sale of 1,675 hectares, corresponding to 14% of our total, owned agricultural land of 11,100 hectares or 8% of our total land portfolio of land under administration. The sales price is 51,000 DKK per hectare, corresponding to a profit of 25,000 DKK per hectare. In 2020, we expanded with 2,430 hectares of owned land with an acquisition price of DKK 41,000 per hectare. Therefore, despite a divestment, we have expanded our land portfolio.

A goal to sell owned areas of land each year

If we sell all our land, we believe, based on an external assessment, that we can achieve an additional price of 200 MDKK after tax in relation to booked value and thus a supplement to our booked equity of 484 mDKK.

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[1] African swine fewer

However, we do not intent to do so, as we believe that an allocation between owned and leased land in our operations is the most appropriate.

We have a goal to sell and buy a smaller part of the owned areas each year to make the value creation visible, that takes place within this business area. At the same time, also to emphasise the possibility of making the land holding liquid, if this may be appropriate.

Respect for our surroundings
In FirstFarms we take responsibility for everything we do, and with respect for our consumers, we strive to meet their demands. We are very much aware that the consumers are placing ever higher demands on us and other food producers. Every day, we work on creating a more sustainable company. We have implemented a number of activities, and we will implement further activities in 2021 with the purpose of constantly improving our results in this area.

We must grow
In FirstFarms, we continue to have ambitions for growth. It will be by expanding the production within the existing business model, just as we are continuously investigating opportunities for expansion of the business model. We see entering in strategic partnerships as an opportunity that will support the growth of FirstFarms.

We will continue to focus on risk diversification on products and operation branches. It is the business model that has ensured that we close 2020 with a historically good result.

We mean it when we say that we want to be one of Europe's best operated and most profitable companies in the area of agriculture and food products.

Thank you for your support. Thank you for the trust.

Henrik Hougaard
Chairman

Anders H. Nørgaard
CEO

FirstFarms – The investment case

Leading company with agriculture and food products
We are one of Europe's leading companies in agriculture and food products. We deliver the highest quality, which is primarily sold locally.

To further strengthen the earning capacity, we have accelerated the investment program both organic and acquisitive.

There is a balanced allocation in our 4 business areas with a circular mindset.

We expect growth in volume and turnover, a robust EBITDA margin and significant positive cash flows.

A significant part of the Group’s equity is placed in agricultural land, which is a cyclically robust asset that over time protects the inflation.

We are agile, willing to change and have the financial flexibility to act on new opportunities, that create value for our investors and surroundings.

The investment case

- Leading in the sector in terms of productivity and profitability, which is reflected in significant positive cash flows.
- One of Europe’s few listed companies in agriculture and food products with a solid experience in acquisition and divestment of agricultural related assets.
- Risk-balanced business model for both operations and asset classes, which enables us to scale and adapt our activities to market growth and demand.
- Organic and acquisitive growth driven by both efficiency improvements and continuous added value on real assets.
- Experienced management team.

Robust business model
Balanced business model which is divided into 4 heavy areas without immediate correlation. The value creation takes place on basis of development of the portfolio of agricultural land, crop, milk and pig production. The division is by country, geography and product. Everything within the EU.

Strong cash flow
Our business is capital-heavy on long-term assets in the form of land, buildings and operating assets, and still, we create solid positive cash flows from the underlying production. Our goal is free cash flows[2] of +50 mDKK annually.

Capital allocation and dividend policy

Capital structure:	Repayment of net interest-bearing debt during periods when the economic gearing is higher than the objective. Net interest-bearing debt /EBITDA > 6
Acquisitions / divestments:	Carefully selected acquisitions in accordance with Vision 2025. Divestment of fully developed land or activities. Value-creating investments in development of the existing business.
Distribution policy:	Distribution to shareholders in the form of dividends and share buy-back. FirstFarms aims for an annual distribution of 0.5-1.0 DKK per share.
Other shareholder return:	Cyclically robust real assets behind the investment.

[2] Cash flows from operations attributed sale of land

Summary 2020 – historically good result under difficult market conditions

- FirstFarms realised a turnover of 312.6 mDKK, and EBITDA of 100.2 mDKK and EBIT of 54.2 mDKK, which is a growth of 3 percentage point in EBITDA-margin and 2.6 percentage point in EBIT-margin. The progress and stability are based on the company's high efficiency in the production. In 2020, there has been a circular utilisation of own production that was previously sold. The turnover is slightly decreasing based on that and due to decreasing pig prices and low harvest yield in a single operation centre.

- Result before tax is 31.4 mDKK, which is improved by 2.4 mDKK compared to 2019. Acquisition and sale of land in Romania has contributed significantly to the satisfactory result. Adjustment in the stock of pigs affects the result negatively with 20 mDKK, due to lower prices.

- In 2020, a profit after tax of 25 mDKK is realised, which is considered satisfactory.

- The Board of Directors recommends, that dividend is resumed and distribute 5.675 mDKK (0.75 DKK per share) in dividend.

- During the financial year, a farm was acquired in Romania with 2,430 hectares of cultivated agricultural land, a modern silo plant with 6,000 tons of storage capacity, feed mill and storage- and administration facilities. In connection with the calculation of the value in the company, an added value of 19.7 mDKK has been realised compared to the acquisition price (see page 87). This surplus value is recognised in the income statement.

- In addition, there has also been acquired or entered agreement about acquisition of 1,400 hectares rent contracts, with 1,000 hectares in Slovakia and 400 hectares in Romania.

- We have implemented a number of activities to contribute to the creation of a more sustainable company, and we will implement further projects with the purpose to improve our results in the area. We have focus on ESG[3].

- FirstFarms has a land portfolio of 11,100 hectares of owned agricultural land and 10,800 hectares of rent contracts – totally 21,900 hectares of agricultural land in operation.

- All owned land is booked at purchase prices and not market prices. A large part of the land has been in our ownership for several years. FirstFarms assesses that there is added value regarding the land for 200 mDKK after tax in addition to the booked equity of 484 mDKK.

- In 2020, FirstFarms has significantly strengthened its liquidity preparedness, which proves basis of the future growth frames.

- COVID-19 has so far only had minor direct economic impact on production. However, the production has to some extent been affected by dramatic price changes for slaughter pigs and piglets as a direct result of COVID-19 and ASF. Milk and crop production has only had a minor impact.

[3] To illustrate the work with a sustainable development, we make use of Nasdaq's recommendation for reporting – ESG-data (Environmental, Social Governance).

Financial highlights and key ratios

Financial highlights for the Group tDKK	**2020**	**2019**	**2018*)**	**2017*)**	**2016*)**
Net turnover	312,616	328,072	248,876	190,666	130,257
Gross profit/loss	24,619	65,293	36,664	28,176	7,330
Result before depreciations (EBITDA)	100,204	95,551	57,499	43,748	24,520
Profit/loss from primary operations (EBIT)	54,240	48,400	25,863	17,100	-2,771
Net financial items	-22,838	-19,429	-14,344	-12,106	-9,750
Pre-tax result	31,402	28,971	11,519	4,994	-12,521
Net profit	24,794	22,425	8,131	3,359	-12,957
Proposed dividend	5,675	0	3,264	0	0
Non-current assets	954,069	849,274	596,488	475,165	396,403
Current assets	187,886	222,845	178,044	141,426	119,112
Total assets	1,141,955	1.072,119	774,532	616,591	515,515
Share capital	75,666	63,181	61,594	51,376	47,122
Equity	483,477	392,315	370,118	315,073	292,823
Non-current liabilities	461,134	433,085	289,870	187,184	95,059
Current liabilities	197,344	246,719	114,544	114,334	127,633
Net interest-bearing debt **)	520,393	546,861	557,076	243,033	178,295
Cash flow from primary operation	79,572	100,958	24,307	25,813	12.275
Cash flow from operating activities	47,172	78,127	9,269	12,580	2,040
Cash flow from investment, net	-13,217	-85,761	-40,157	-30,103	-18,817
Of which for investment in tangible assets	-93,561	-89,463	-42,458	-45,757	-23,057
Cash flow from financing	-29,259	7,062	2,830	20,881	9,943
Total cash flow	4.696	-572	-2,529	3,358	-6,834
Key ratios for the Group					
Gross margin	7.9	19.9	14.7	14.8	5.6
EBITDA margin	32.1	29.1	23.1	22.9	18.8
Operating margin	17.4	14.8	10.4	9.0	-2.1
Solvency ratio	42	37	48	51	57
Earnings per share, DKK	3.57	3.55	1.32	0.65	-2.75
Diluted earnings per share, DKK	3.36	3.33	1.32	0.65	-2.75
Dividend per share	0.75	0.0	0.5	0.0	0.0
NIBD/EBITDA	5.2	5.7	9.7	5.6	7.3
Return on shareholders' equity	5.7	5.9	2.2	1.1	-4.3
Average number of employees	334	309	279	257	214

*) Financial highlights and key ratios for the period 2016-2018 are not adjusted in relation to IFRS 16.

**) Interest-bearing debt minus cash and cash equivalents.

Key ratios for the Group

Earnings per share (EPS) and diluted earnings per share (EPS-D) are calculated in accordance with IAS 33. Other financial ratios are calculated in accordance with the Danish Finance Society's "Recommendations and Financial Ratios

The financial ratios stated in the consolidated financial statements and in the annual report have been calculated as follows:

Gross margin	(Gross profit/loss x 100) / Turnover
EBITDA margin	(EBITDA x 100) / Turnover
Operating margin	(Profit/loss from primary operation x 100) / Turnover
Solvency ratio	(Equity x 100) / Total assets
Result per share	Net profit / Number of shares
Diluted result per share	Net profit ex. minority interests / Diluted number of shares
Dividend per share	Proposed dividend / Number of shares
NIBD/EBITDA	Net interest-bearing debt/EBITDA
Return on equity	(Net profit x 100) / Average equity
EBITDA	Profit/loss from primary operation (EBIT) added depreciations

Expectations 2021

The year 2020 became a record year for FirstFarms. In 2021, FirstFarms expects a slight increase in the EBITDA to the level of 85-115 mDKK and in EBIT to the level of 35-65 mDKK. In 2020, and EBITDA of 100 mDKK and EBIT of 54 mDKK was realised.

Highlights for the Group mDKK	**2021** Expectations	**2020**	**2019**	**2018**	**2017**
Result before depreciations (EBITDA)	85-115	100	95	57	44
Result of primary operation (EBIT)	35-65	54	48	26	17

We expect 2021 to be an acceptable and stable year regarding earnings with less growth in our profit creation. For all production branches, a robust year with unchanged prices on par with the average prices achieved in 2020 is expected. The efficiency of our production is at a high level in all areas and is expected to be maintained with potential for improvement in several areas.

FirstFarms takes COVID-19 very seriously and is constantly following the development. Our first priority will also in 2021 be to keep all our employees healthy and well. At the same time, we want to secure our animals and production to be able to produce feed for the animals and food for our consumers. We follow instructions and restrictions from the local authorities and take the necessary precautions on an ongoing basis.

Possible direct and indirect financial consequences as a result of COVID-19 have not been taken into account in the expectations.

External threats are conditions we live with and which we must be able to navigate and deal with without getting a serious impact on our ability to create results. Therefore, in 2021 we will continue to have a balanced risk spread both geographically and in operation branches. FirstFarms has always had - and will always have - a high focus on biosecurity.

Milk and pig production and prices
In 2021, we expect to deliver DKK 32 million kg of milk at a milk price of 2.45 DKK per kg. (See figure 12). Milk production per cow will be at a satisfactory and increasing level and with an increasing number of cows. During 2021, the stable will be fully utilised with 2,950 dairy cows and 2,250 young stock.

In FirstFarms' pig production, we expect to produce 165,000 piglets from 4,800 sows and 100,000 slaughter pigs. We expect a price of 11.20 DKK per kg pork and a basic piglet price (27 kg) of 410 DKK per piglet. (See figure 13)

Crop production and prices
In 2020, a sales-purchase agreement (SPA) was entered for the sale of our operating centre in Western Romania with 1,675 hectares. The profit on the total sale is expected to affect EBIT by 40 mDKK. The sale will take place in tranches, half of which is completed in 2020. The remaining sale is therefore expected to affect EBIT by 20 mDKK in 2021. The turnover in Western Romania accounted for 5% of FirstFarms' total turnover in 2020.

At the same time, FirstFarms has acquired the North-West Romanian company AISM Srl., which owns 2,430 hectares of cultivated agricultural land in Romania, a modern silo plant with 6,000 tons of storage capacity, feed mill and storage- and administration facilities. The soil is in a very fertile area of Romania with the potential for high yields on crops. The existing management in Western Romania has taken over responsibility for the new operation centre and will make the best possible use of FirstFarms' know-how in 2021.

There has also been acquired and entered agreement to acquire rent contracts and land in Slovakia of 1,000 hectares in Slovakia and 400 hectares in Romania, which will be fully operation for 2021.

The crop production is expected to be stable with 21,900 hectares of land in operation - of which 11,100 hectares are owned - via the conclusion of new rent contracts or owned land which corresponds to the sale of 1,675 hectares of land in Western Romania.

In 2020, we expanded our storage facilities to accommodate 32,000 tons for crops in Slovakia and Romania. By using these facilities, we thus optimise the value of a larger part of the sales and fodder crops.

We expect the crop prices to be on par with FirstFarms' realised prices for 2020. (See figure 9;10;11).

The settlement prices for grain (wheat, rye, maize and barley), we expect to be in the level of 90-120 DKK per 100 kg – depending on the product and whether it is sold in Slovakia, Czech Republic or Romania. The settlement prices for oilseed, we expect to be in the level of 270-275 DKK per 100 kg.

Investments and cash flow

In 2021, we will make investments in the existing plants, buildings and machinery as well as investments and initiatives that support the risk diversification of the production.

Investments aimed at increasing biosecurity in pig production will constitute a major focus. At the same time, we will continue with investments that improve our silo and storage capacity for sales crops and fodder in line with our production expansions, so there is harmony in our operation.

All investments contribute to minimising feed and energy waste and thus creating a continued more sustainable production.

Group strategy – visions, why and mission

Our company is growing and ever-increasing uncertainty in the environment places demands on us and the development of the organization. Therefore, in 2020 we have had focus on reassessing and adapting our group strategy “Vision 2025” as well as our management model and strategy. This to be able to continue to run an increasingly profitable business and achieve our goals.

Figure 1 – Vision – Why - Mission

The strategy is adapted to the challenges and opportunities we are facing in both local and remote environment.

Figure 2 – Vision 2025

”Vision 2025” contains four defined areas, which we will focus on in our strategic work in the coming years:

<u>Development of organisation</u>: Based on professional management and best practice, we acquire, develop and operate business in the area of agriculture and food products. Our employees are our most vital asset; their knowledge and competences play a crucial role in FirstFarms' development. We will therefore to a larger extent focus on developing our employees' competences, which will support FirstFarms development. At the same time, we will continue to work on offering them a safe and attractive workplace.

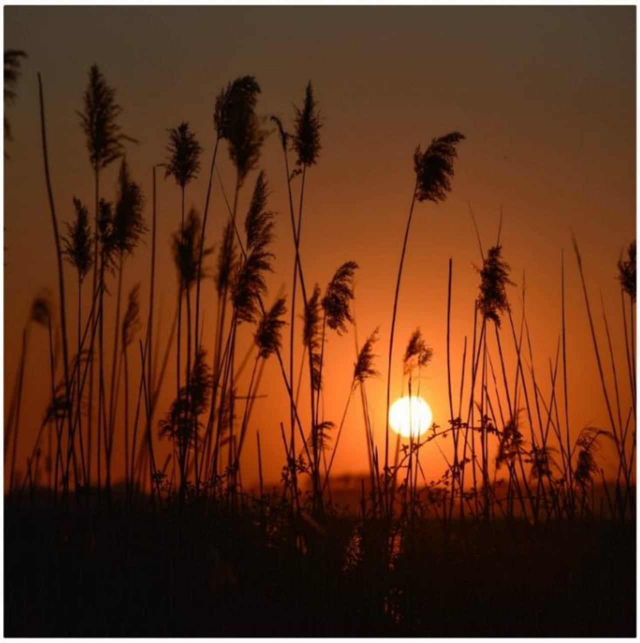
Business development: In the long term, FirstFarms will continue the growth ambitions, both by expanding the production within the existing business model and by investigating possibilities for expansion of the business model. We see entering strategic partnerships as an important parameter, that will support FirstFarms' growth. We act on new opportunities, that create value for our investors and for the surroundings.

Sustainability: We are very much aware that the consumers have even greater demands to us and other food producers. At FirstFarms, we take responsibility for everything we do, and with respect for our consumers, we will strive to meet their demands. Every day, we work on creating a more sustainable company. We have initiated a range of activities, and we will initiate further activities with the purpose to improve our results in this area.

Improvement of efficiency: FirstFarms' employees possess unique knowledge, which we will make sure to share across in the Group and it will contribute to make our company even more efficient. In general, utilisation of synergies will be in focus the coming years. Implementation of our strategy and achievement of goals along with the ability to make the right decisions in a larger Group, is dependent on reliable data. Data management and use of digital solutions will be prioritised in the Group.

We are looking towards 2021 based on a robust business model and a historically good result.

Financial review – historically good result under difficult market conditions

FirstFarms continues to grow despite difficult market conditions and are thus carrying out our ambitious growth strategy. As shown in figure 3, since 2017 we have added 6 new production units and thus growth and earnings. Risk diversification has been strengthened in both geography and operations branches. FirstFarms' production is divided on 16 sites in four countries, where 316 talented and engaged employees worked at the end of 2020.

Figure 3 – Acquisitions since 2017 – a controlled journey of growth

March 2017

- Purchase of pig production in **Hungary**
- 2,200 sows and yearly sale of 70,000 piglets and 5,000 slaughter pigs.
- Assets: 81.9 mDKK

May 2018

- Purchase of crop and pig production in **Czech Republic**
- Yearly production of 72,000 slaughter pigs and crop production on 1,150 hectares.
- Assets: 139.7 mDKK

July 2019

- Purchase of crop and pig production in **Slovakia**
- 2,300 sows with a yearly production of 45,000 piglets and 30,000 slaughter pigs and crop production of 1,500 hectares.
- Assets: 223.4 mDKK

June 2020

- Purchase of company with agricultural land in **Northwest Romania**
- 2.430 hectares of leased agricultural land, modern silo plant with 6,000 tons storage capacity.
- Assets: 114.4 mDKK

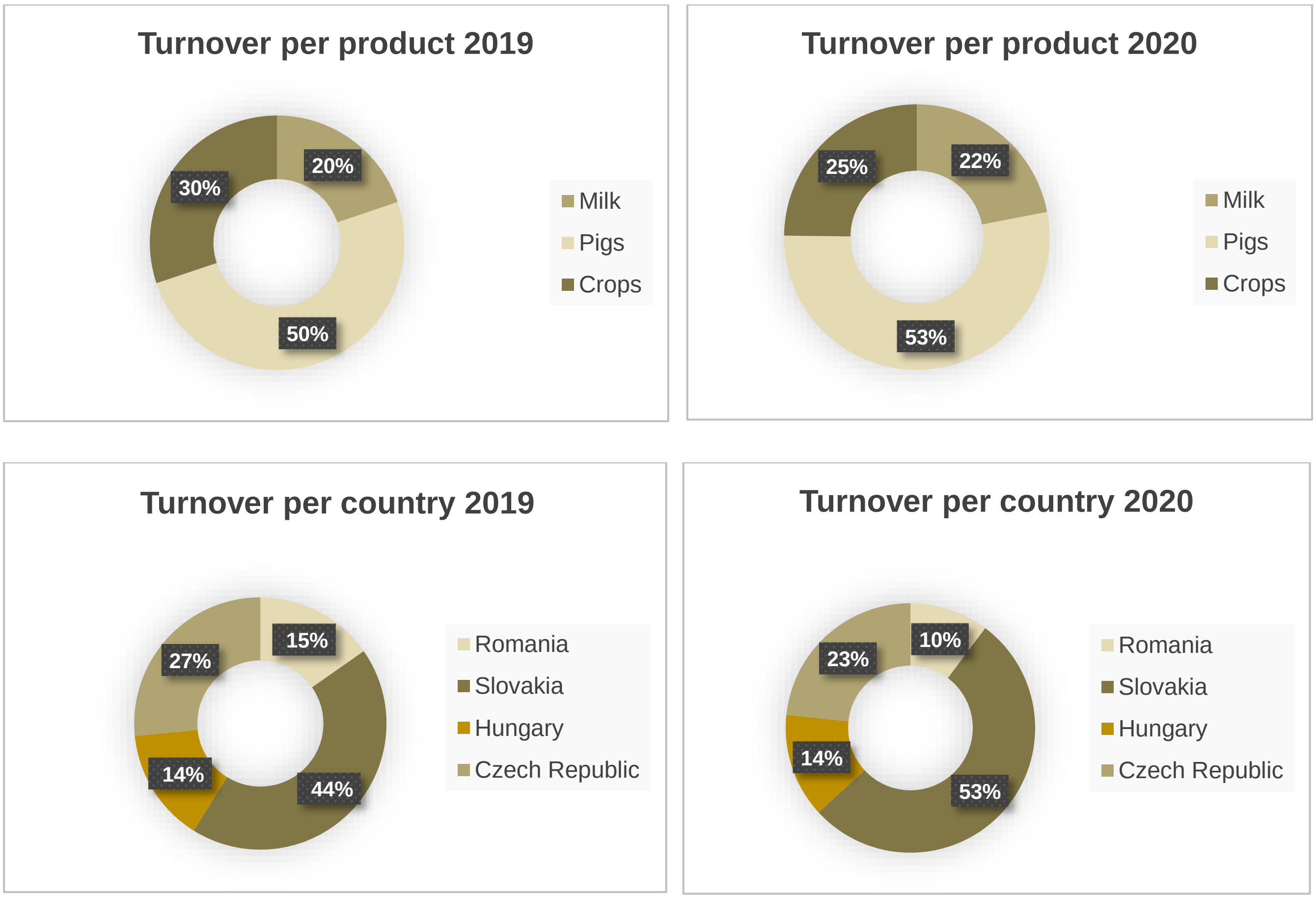
August 2020

- Purchase of rent contracts and agricultural land in **Slovakia**
- 1,100 hectares
- Assets: 11.5 mDKK

Dec. 2020

- Entered agreement about purchase of rent contracts and agricultural land in **East Romania**
- 400 hectares
- Assets: 2.5 mDKK

Figure 4 – Segments – development from 2019 to 2020



In 2020, we carried out acquisition of operation units in Slovakia and Romania and sale of land in Romania.

We can achieve significant synergies between our production units and avoid long transports to the inconvenience for both animals and environment. This journey of synergy continued in 2020.

Satisfactory result and turnover

In 2020, FirstFarms originally expected an EBITDA in the level of 80-105 mDKK and EBIT of 30-35 mDKK. Despite the very low pig prices, FirstFarms still delivers a satisfactory result above the originally expected levels, due to a high efficiency in the production, profit at acquisition and sale of land and acquisition of operating centre in Northwest Romania.

Announced expectations 2020:

mDKK	EBITDA	EBIT
31 March 2020 (company announcement no. 4)	80-105	30-55
9 June 2020 (company announcement no. 15)	95-120	45-70
11 June 2020 (company announcement no. 16)	110-135	60-85
25 November 2020 (company announcement no. 29)	95-110	45-60

We delivered a satisfactory result in 2020. We have realized a turnover of 312,6 mDKK (2019: 328,1 mDKK), an EBITDA of 100.2 mDKK (2019: 95.6 mDKK), an EBIT of 54.2 mDKK (2019: 48.4 mDKK) and a result before tax of 31.4 mDKK (2019: 29.0 mDKK).

Growth of 3 %-points in the EBITDA margin has been achieved. The progress and stability have been based on the company's risk diversification and high efficiency in the production and acquisition and sale of land. In 2020, there was circular utilisation of own products, which were previously sold. The turnover is slightly decreasing on basis of that and due to decreasing pig prices and low harvest yield in a single operation centre. Based on the very low pig prices, there has been a negative value adjustment in 2020 on the herd of pigs of 20 mDKK against a positive value adjustment in 2019 of 10 mDKK, a total difference of -30 mDKK. This is offset by income recognition of a badwill of 19.7 mDKK relating to the acquisition of AISM Srl and profit on sale of land in West Romania of 31 mDKK.

Result of year indicates an effective production in a favourable market, a persistent focus on costs and favourable market conditions for pork at the beginning of the year and sale of a developed land portfolio and acquisition of a new operating centre in Northwest Romania at the end of the year.

FirstFarms' operation branches as in total delivered above budgeted before value adjustment of the biological assets, but even though the Group's individual farms have not been directly affected by COVID-19, there has been an indirect impact due to COIVD 19 outbreaks on several European slaughterhouses and outbreak of ASF in Germany. This has given rise to unrest in the market for pigs and milk, and as a result, the prices of mainly pigs have decreased significantly compared to the same period last year.

Pig prices below budget
The price of piglets and slaughter pigs has been above budget in Q1 and Q2, 2020, but the price has decreased significantly below budget throughout the rest of the year. This is due to indirect effects of COVID-19 and ASF outbreak in Germany. Overall, the average price of pigs has been below budget.

The significant decrease in the prices of pigs affects the result, partly through lower prices for the pigs we sell in 2020, and partly through a significant negative fair value adjustment of the herd from the beginning to the end of the year.

A stable crop production
The result is overall on a budget. 2020 was the year we saw the value of our geographical diversification. Our crop production in Eastern Romania was in 2020 challenged by very low rainfall. This was compensated by satisfactory production in our other centres and could thus partially compensate for the very large loss of yield in Eastern Romania.

The milk prices slightly below budget
The milk price has been lower than budgeted, while the milk production was on a par with the budgeted. In 2020, we worked on expanding production capacity within the existing framework, where we began several renovation projects to utilise the production capacity as well as improve storage and logistics conditions.

Solid foundation in our land portfolio as basis for growth and stable operation
In our growth strategy, we are constantly looking for opportunities to strengthen our business, for example through construction, acquisitions, mergers or operational optimisations. In 2020, FirstFarms again had success with acquisitions.

FirstFarms' investment strategy is characterised by timely care and we think strategically long-term. That is why we take pride in continuously increasing the value of our agricultural land. This is done through structured efforts through purchase of land parcels, compactation of our soil, cleaning of channels and drainage and professional soil management that increases value of the land portfolio. The land portfolio has over 11,000 hectares of registered land with a booked value of 488 mDKK. All owned land has been booked at purchase prices and not market prices. It is the assessment that FirstFarms has added value regarding the land for 200 mDKK after tax in addition to booked equity of 484 mDKK.

FirstFarms – sustainable development
We are very much aware that the consumers have even greater demands to us and other food producers. At FirstFarms, we take responsibility for everything we do, and with respect for our consumers, we will strive to meet their demands. Every day, we work on creating a more sustainable company. We have initiated a range of activities, and we will initiate further activities with the purpose to improve our results in this area.

We are aware that our operations have impact on climate and nature and it is our goal to continuously reduce this impact. We are thus ambitiously and persistently working with:

- Environmental impact
- Animal welfare
- Development of employees and good conditions of employment
- Social responsibility

We take care of our land and our environment and strive for the most efficient use of resources, recycling and waste minimisation. Our products are sold and consumed locally. We aim for a circular economy. We also strive to minimise the use of antibiotics in our animal production. In the crop production, we are working on minimising the use of chemicals and fertiliser and utilisation of manure.

We are fully aware of the great responsibility, it is to run a modern production of food products. Thus, we are constantly working to increase the animal welfare and the bio security. We are of course complying with both local and EU-requirements regarding production, medication and transport of our animals.

Efficient production and reduction of feed waste is essential to reduce the environmental impact. We are therefore continuously working to improve our processes, procedures and to measure the effect of our efforts and the impact our activities have on the environment and the nature.

We support, and contribute to, United Nations 2030 agenda and the 17 Sustainable Development Goals, and we are thus systematically working with activities, that support the Sustainable Development Goals.

To illustrate the work with sustainable development, we use Nasdaq's recommendation for reporting – ESG-data (Environment, Social, Governance). ESG-data contains standardised key figures and ratios about the company's work with Environment, Social areas and Governance. To provide reliable ESG-data, we have in 2020 worked on creating a data foundation of high quality and data availability across FirstFarms.

In addition, we have worked with the activities presented in FirstFarms Corporate Social Responsibility report. Some of them have been carried out, others we will continue to work with in 2021 and new activities for the coming year are defined.

National and EU-subsidies
FirstFarms continuously seeks to optimise the production within the framework of national and EU legislation with focus on efficiency and sustainability.

A new agricultural reform is expected to be adopted during 2021 with full entry into force from 2023.

There is an expectation that the world's food production will double before 2050 to ensure food for a growing population and consider new diets. Food production is challenged by the impact of climate changes on biodiversity, soil and water quality and on the demand on the global market.

EU's agricultural policy has undergone significant changes over the recent decades to help agricultures meet these challenges and deal with shifting attitudes and expectations. EU's agricultural policy covers a wide range of areas such as food quality, traceability, trade and promotion of EU's agricultural products. EU supports the agricultures economically and encourage a sustainable and environmentally friendly practice, while investing in rural development.

FirstFarms receives subsidies for cultivation of the land, for the milk production and the pig production. We have also received grant for investments from EU' structural funds, which are recognised as income on an ongoing basis, as the assets are depreciated.

I 2020, the total public subsidies constituted 53.0 mDKK. In 2019, the total subsidy was 54.4 mDKK. At the end of the year, we had a receivable subsidy of 8.1 mDKK compared to 14.6 mDKK at the end of 2019.

Investments

Investments have been made in the portfolio in all branches of operation – pigs, milk and crop production – which has been crucial for risk balancing on geography and branches of operation. We have invested a net of 77 mDKK in connection with the acquisition of AISM srl. The acquisition price has been paid by issuing shares in FirstFarms A/S

Furthermore, FirstFarms has like previous years, beside land acquisitions, mainly carried out maintenance- and profitability improving investments in our existing operating plants, including an investment in maintaining replacement of our machine park. We have also acquired agricultural land and rent contracts in our operating areas. In total, investments in material assets constituted 78 mDKK – of which 38 mDKK was in land and buildings.

Interest-bearing debt and exchange rate adjustment

In 2020, we have extended existing framework agreements with our financing partners and prolonged our issued convertible bonds. This has entailed that the debt structure has a satisfactory share on long-term debt I relation to the total debt.

FirstFarms operates in Slovakia, Romania, Hungary and Czech Republic, and we are therefore influenced by fluctuations in the exchanges rate on EUR, RON, HUF and CZK. The uncertainty on EUR is considered limited, as Denmark has a fixed exchange rate policy in correlation to EUR, the DKK will only fluctuate within a fixed spread.

During 2020, the EUR has decreased with 0.4 percent, RON decreased with 2.2 percent, HUF decreased with 9.6 percent and CZK decreased with 3.4 percent.

The net interest-bearing debt in FirstFarms is 520 mDKK, which corresponds to 109 percent of the equity and 46 percent of the balance sum.

Balance and cash flow

In 2020, the return on FirstFarms' equity was 5.7 percent compared to 5.9 percent in 2019.

Cash flow from primary operation constituted 80 mDKK in 2020 compared to 101 mDKK in 2019.

Business model

FirstFarms is a listed agricultural company. We create value for our shareholders by producing high quality with respect for our surroundings. Our business consists of four operation branches, which are crop production, milk production, pig production and development of the land portfolio. FirstFarms operates within Central European EU countries, which are characterised by the favourable market conditions, that form the basis for our company's constant development and growth. Market conditions are presented in table 1.

Table 1 – Market conditions in Central European EU countries

- ✓ Need for consolidation
- ✓ Wish for development locally
- ✓ Good framework conditions
- ✓ Local market
- ✓ Increasing demand
- ✓ Lack of know-how
- ✓ Weak capital structure/model

Source: FirstFarms

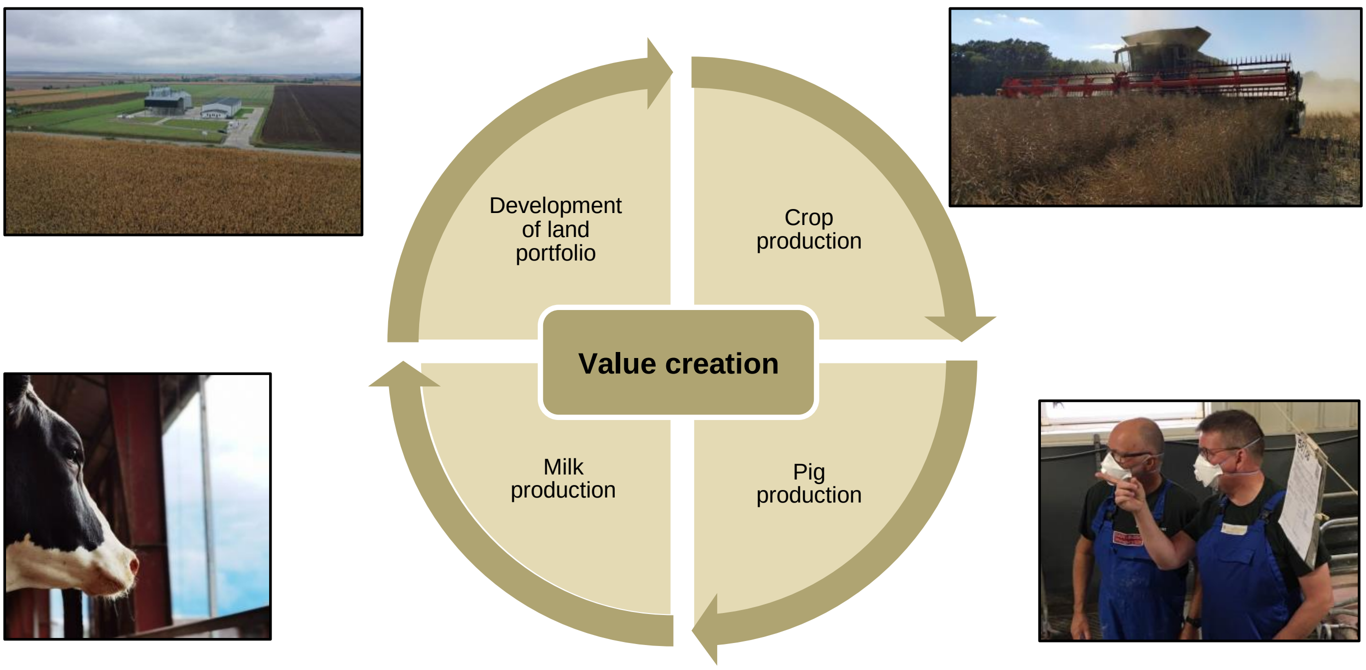
Based on professional management and best practice, we acquire and operate business of agriculture and food products in Central Europe with responsibility for the surrounding communities. We develop the individual farms to more modern businesses, that deliver highest quality, primarily to the local food product companies.

FirstFarms approves the development towards a more sustainable agriculture, and we work every day on creating a more sustainable company.

We ensure attractive return on the operation and increase in value for our investors and have focus on risk diversification of products and branches of operation. We also act on new opportunities, that create value for our investors and for the surroundings.

FirstFarms' value creation is presented in figure 5.

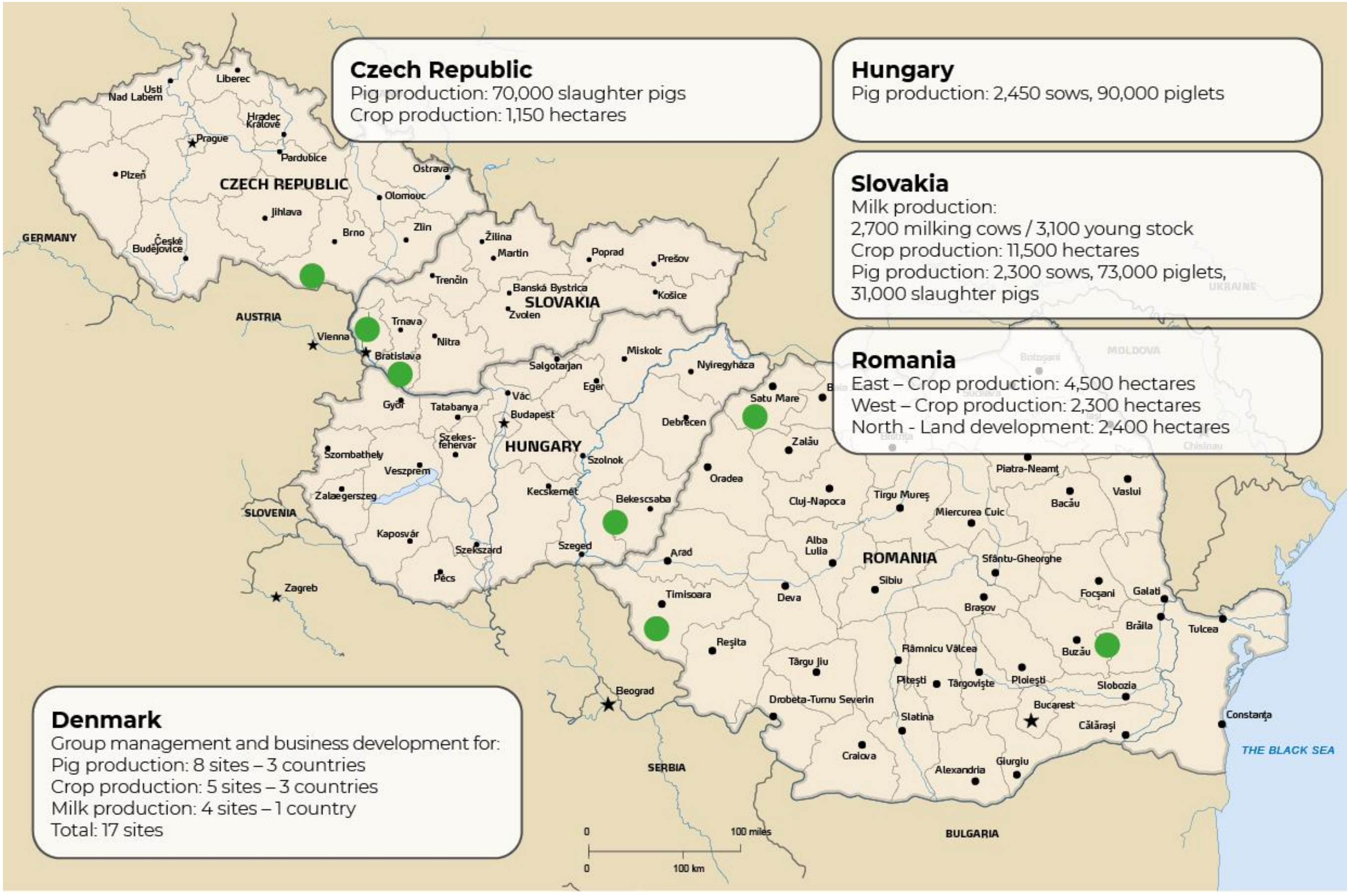
Figure 5 – Value creation



The synergy between our operation branches is a high priority and is supported by purchasing and operating agricultures with a reasonable distance between each other. It allows us to cooperate across the units. Although some of the subsidiaries are geographically close to each other, there are still so large distances between the crop production units, that it provides a risk diversification, as it is quite unlikely that all units will be affected by drought or flooding at the same time. The geographically location of the subsidiaries is illustrated in figure 6.

In the long term, FirstFarms will continue its growth ambitions both by expanding the production within the existing business model and by exploring opportunities of expansion of the business model. We see strategic partnerships as an important parameter that will support FirstFarms' growth.

Figure 6 – Core activities in 2020 and geographical location



Land portfolio

One of the most essential foundations of the operation is the agricultural land, which is in ownership or rented. The land is purchased or on rent contracts, which are continuously renewed. The operating value is continuously increased significantly. This value add on land is not included in FirstFarms' balance sheet.

Trend in land prices

There are no official statistics for acquisition and sale of agricultural land in our operating areas, and there is no official evaluation of the land. It is therefore difficult to obtain confident comparable information about the land prices and the development in the land prices.

Our assessment of market prices is based on knowledge of actual land transactions and official independent valuations. The valuation is influenced by several parameters, of which the most important are field size, quality and transaction size.

Table 2 – Value of acquired agricultural land

Booked value of purchased agricultural land	2020		Market prices	2019		Market prices	2018		Market prices	2017		2016	
	Hectares	mDKK	mDKK	Hectares	mDKK	mDKK	Hectares	mDKK	mDKK	Hectares	mDKK	Hectares	mDKK
Slovakia	2,622	183	216	2,332	135	163	739	18	47	716	18	638	16
Romania	7,560	224	428	5,939	136	377	5,563	109	350	5,460	103	5,263	101
Czech Republic	961	81	92	929	75	75	929	75	75	-	-	-	-
Group total	11,143	488	736	9,200	346	615	7,231	202	472	6,176	120	5,901	117

Source: FirstFarms

It is FirstFarms' assessment, that the land prices in 2020 have been slightly increasing despite the turbulent surroundings. Acquisition of land in 2020 has been at prices, which are on level with estimated market prices on land.

The land in the Group is booked at 44 tDKK per hectare compared to an estimated market price of 66 tDKK per hectare. Values of more than 11,000 hectares rent contracts are not included in the calculation.

FirstFarms owns a total of 11,100 hectares and rents 10,800 hectares. 63 hectares of agricultural land and 1,400 hectares of rent contracts have been acquired in 2020. The total estimated value of owned land is 736 mDKK compared to a booked value of 488 mDKK. FirstFarms assesses the equity on basis of estimated land prices to 736 mDKK compared to the booked equity of 484 mDKK.

Development in the land portfolio

FirstFarms has a total land portfolio of 21,900 hectares of agricultural land in operation: of which 11,100 hectares are owned land and 10,800 hectares of land on rent contracts. In 2020, we have had a satisfactory growth in the total area of 18 percent and 27 percent in the owned area compared to 2019.

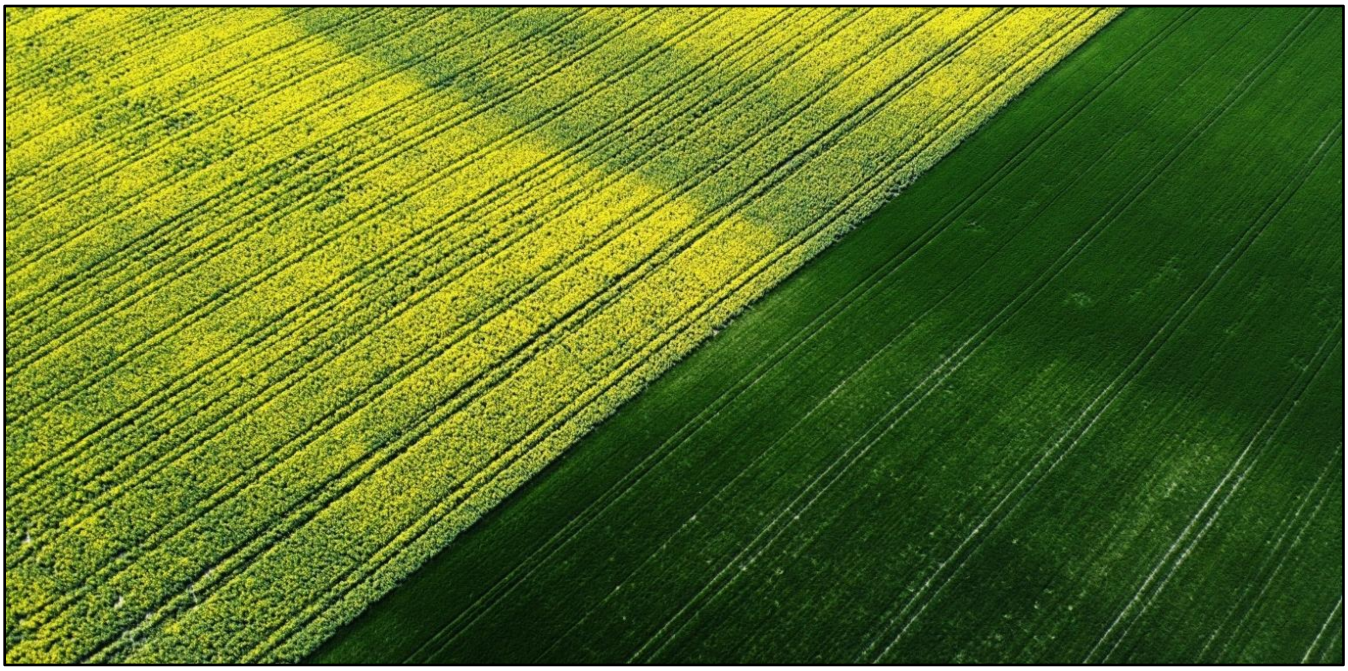
Table 3 – Overview of agricultural land, hectares

	Slovakia		Romania		Czech Republic		Total	
	In operation	Owned	In operation	Owned	In operation	Owned	In operation	Owned
2020	11,525	2,622	9,230	7,560	1,151	961	21,906	11,143
2019	10,554	2,332	7,597	5,939	1,151	929	19,302	9,200
2018	9,219	739	8,236	5,563	1,150	929	18,605	7,231
2017	9,209	716	7,698	5,460	-	-	16,907	6,176
2016	9,249	638	7,289	5,263	-	-	16,538	5,901

FirstFarms' land overview includes land in operation as well as owned land. Land in operation is land, where we have cultivated our crops during 2020, or which is part of FirstFarms' land portfolio without crop production. Owned land is land, that is in FirstFarms' ownership and registered in land book. Source: FirstFarms

FirstFarms develops agricultural land with focus on operation, rent or sale. We always focus on land improvements and compactation of the land in present areas and expansion in areas with potential good compactation and high-quality land close to present operation centres. The costs for this process are paid over the operation. FirstFarms has great focus on joint operation of adjacent land. There is positive operating economy in increasing the field size and compacted location of fields. The latest purchase and sale of land in 2020 contribute positively to this process.

The main part of the cultivated land in Slovakia is leased land, and the lease periods are between 1 and 15 years. FirstFarms has approx. 11,000 lease contracts with pre-emptive rights in Slovakia, which are renewed on an on-going basis. They are divided on approx. 30,000 land plots. The lease fee in Slovakia is at a relatively low level of approx. 500-1,000 DKK per hectare and thus it is still more beneficial to lease the land than to buy it. A part of the land is administrated by the state through a land fund. It is considered that, over time, this land will be offered for sale with pre-emptive rights for the users of the land. In 2019, FirstFarms has implemented IFRS 16, and the value of the land lease contracts is hereafter also recognised in the balance sheet from 2019.



In 2020, FirstFarms has also worked on compacting the owned land in the cultivation areas. At the same time, we are constantly working on registered ownership in land book. Only a marginal part of the land is not registered in land book.

Crop production

Land or renting contracts are bought, when it improves our operating economy and compacting of our land and benefits FirstFarms' future possibilities for development.

We use 40-60 percent of our own produced crops in the animal production. This ensures both quality, but also a flexibility in sale and feed production, so the economy can always be optimised.

In 2020, the prices on grain products remained on a low level until the end of the year. FirstFarms had according to the recognised policies chosen to sell a minor part of the harvest for 2020 on contracts at budgeted prices during 2019. At the end of 2020, the prices on crops increased. At the end of the year, crops are sold at prices which are significantly above budget. During 2020 part of the sales crops for the harvest 2021 has been sold, thus securing a part of the budget prices.

Overall, FirstFarms achieved an acceptable result in crop production. In 4 out of 5 operating centres, production and result was above budget, while the centre in Eastern Romania realised a very unsatisfactory yield and thus result. This was due to extremely poor growth conditions due to lack of rainfall throughout the growth season. The loss is partly compensated by public subsidies, which have covered approx. 25 percent of the loss.

For the growth season 2020/2021, all winter crops are well-established, and there have been satisfactory amounts of rain until the end of 2020. The foundation is expected to be satisfactory for the yield in the crop production in 2020, if average amount of rain comes until harvest.

There are ongoing improvements on storage capacity in all centres, as this minimises sale of crops in harvest, where the prices historically are lowest. We have in 2020 started to use the new silo facilities in East Romania and ill in 2021 focus on planning and initiation of expansions in Czech Republic and Slovakia. In West Romania, we have sold land, so there will be no operation in this centre in 2021.

There are also ongoing improvements and maintenance of the operational area. This is done through cleaning and establishing channels, compactation of fields and also cutting and trimming of bushes and trees in field boundaries. All costs are paid continuously as maintenance and are not activated in the company's balance sheet.

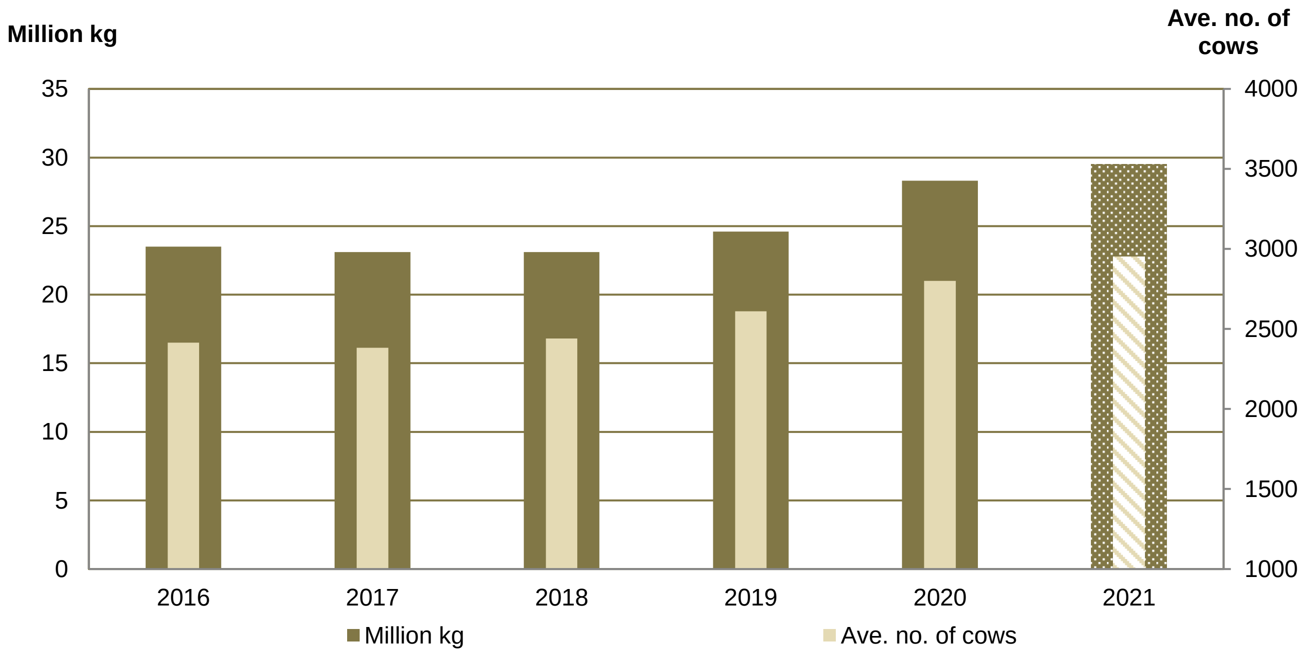
Milk production

In 2020, FirstFarms has delivered 28.3 million kg of milk, which is an increase of 15 percent compared to 2019 (Figure 7). The production has in 2020 been increasing compared to 2019 to 33 kg sold milk per milking cows daily or 10,500 kg annually per cow.

During the year, the milk price has constantly been at a low level with an average price of 2.23 DKK to 2.67 DKK. From 2019 to 2019, the milk price has been in the range of 1.71-2.52 DKK. The break-even in the milk production is 2.31 DKK – at the end of 2020, the milk price is above break-even.

The production per cow and number of milking cows was increasing in 2020. At the end of 2020, the herd constitutes a combination of 2,700 milking cows and 3,100 young stock.

Figure 7 – Development in FirstFarms' sale of milk in Slovakia



Source: FirstFarms

It is the strategy, that the milk production is continuously expanded to 3,000 cows, which can be done without investments in the current frames. An unchanged maintenance strategy is kept, where investments are made to improve the productivity with focus on animal welfare and utilisation of capacity.

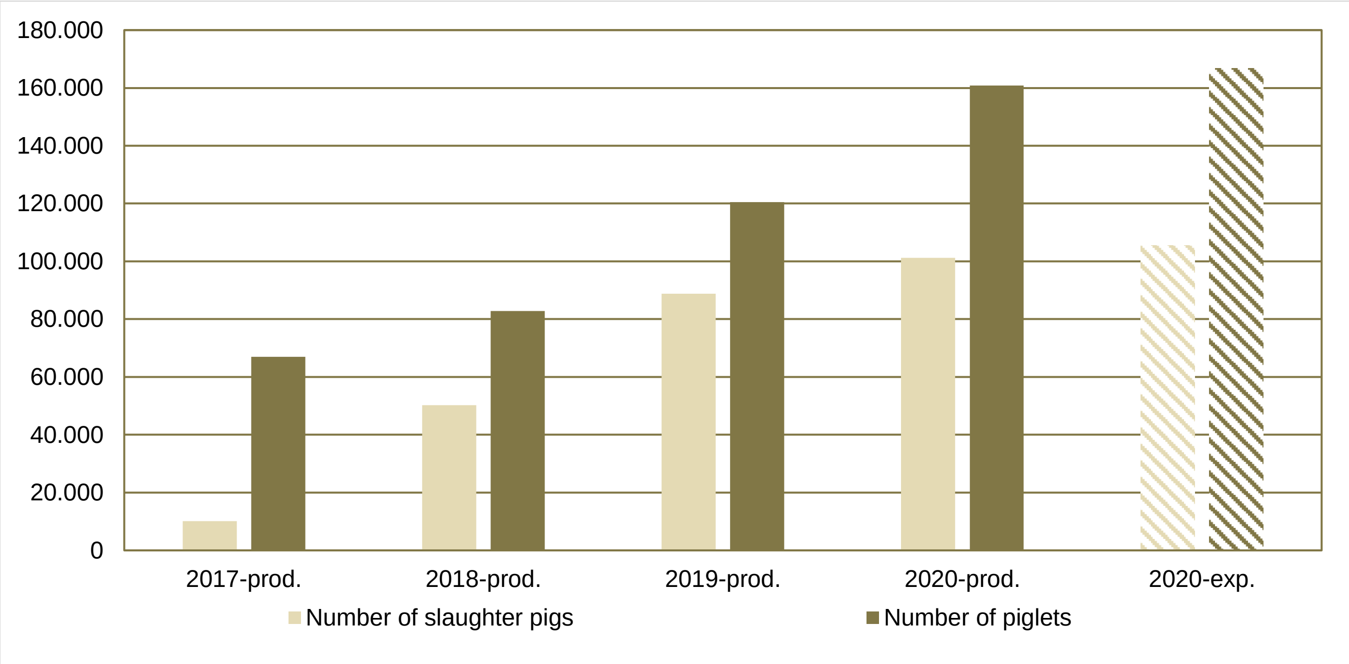
In 2020, investments have been made in 14,000 tons expansion of storage capacity for silage at the dairy cows. An optimal placement of feed for the animals has thus been achieved. Therefore, in 2021, there will no longer be internal transport of feed between properties. This provides optimal utilization of feed and logistics - for the benefit of both the environment and animals.

Pig production

FirstFarms' pig production is based on 4,750 sows with a yearly production of 163,000 piglets, of which 60,000 are used in owned slaughter pig production. The remaining piglets are sold on the regional market. In the Czech Republic, 40,000 piglets have been purchased locally for slaughter pig production, so FirstFarms produces a total of 101,000 slaughter pigs.

The production is divided on 8 units in three countries and thus ensuring a risk minimisation n more areas.

Figure 8 – Development in FirstFarms' production of slaughter pigs and piglets



Source: FirstFarms

In 2020, there has been 2,450 sows in the herd in Hungary, which produced 90,000 piglets. In Czech Republic, 70,000 slaughter pigs have been produced, and in Slovakia, there has been 2,300 sows, which produced 73,000 piglets and 31,000 slaughter pigs.

In 2021, in Slovakia, the Czech Republic and Hungary, 165,000 piglets are expected to be produced from 4,800 sows and 100,000 slaughter pigs.

The efficiency of pig production is increasing and increased in 2020 from 37 to 38 weaned piglets per sow in Hungary and was unchanged at 33 weaned piglets per sow in Slovakia. In 2020, breeding animals have been purchased to improve efficiency in Slovakia.

In terms of price, 2020 has been very volatile due to COVID-19 and ASF in Germany. The price spread of 25 kg piglets has been from 160-620 DKK and for slaughter pigs 8.9-15 DKK per kg carcass weight. (See figure 13)

FirstFarms operates agriculture in countries, where there is generally a shortage of locally produced food. The majority of our production is sold regionally, and FirstFarms is thus in general not dependent on export. The best sales price can be achieved on the local market. Thus, the produced piglets are sold on the local market and correspondingly, the piglets for the slaughter pig production are also purchased locally.

Environmental- and building permission has been obtained for an expansion of the production with 4,000 sows and production of 130,000 piglets in Hungary and yearly production of 10,000 slaughter pigs in Czech Republic. No definitive decision has been taken on implementation of the projects.

In 2020, massive investments have been made in biosecurity of the farms, and health-promoting measures have been launched on an ongoing basis, which have contributed positively to productivity on several parameters.

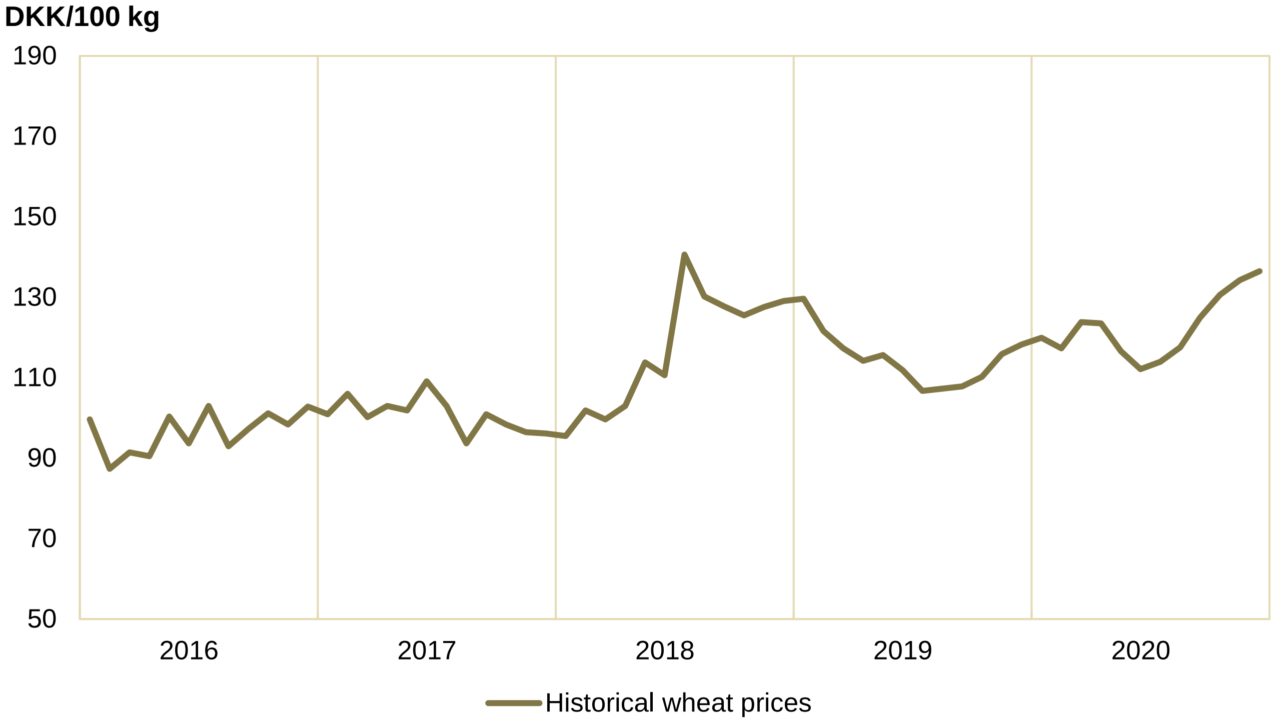
FirstFarms' primary production is in an area, where the wild boar population and the number of backyard pigs are relatively low. We are in countries where intensive control has been introduced from the veterinary authorities of all agricultural production – especially pig production. We continuously evaluate new security measures and existing procedures to identify possibilities for further initiatives. The threat assessment and need for traceability is changing constantly, so something can always be improved. Our pig herds are insured and at the same time covered by national schemes.

External threats, as ASF, are conditions we live with, and which we must be able to navigate in and handle without having serious impact on our ability to generate results. Therefore, we continue to have a balanced risk diversification, both geographically and in branches of operation. FirstFarms has always had – and will always have – a high focus on biosecurity.

Water pit for incoming vehicles

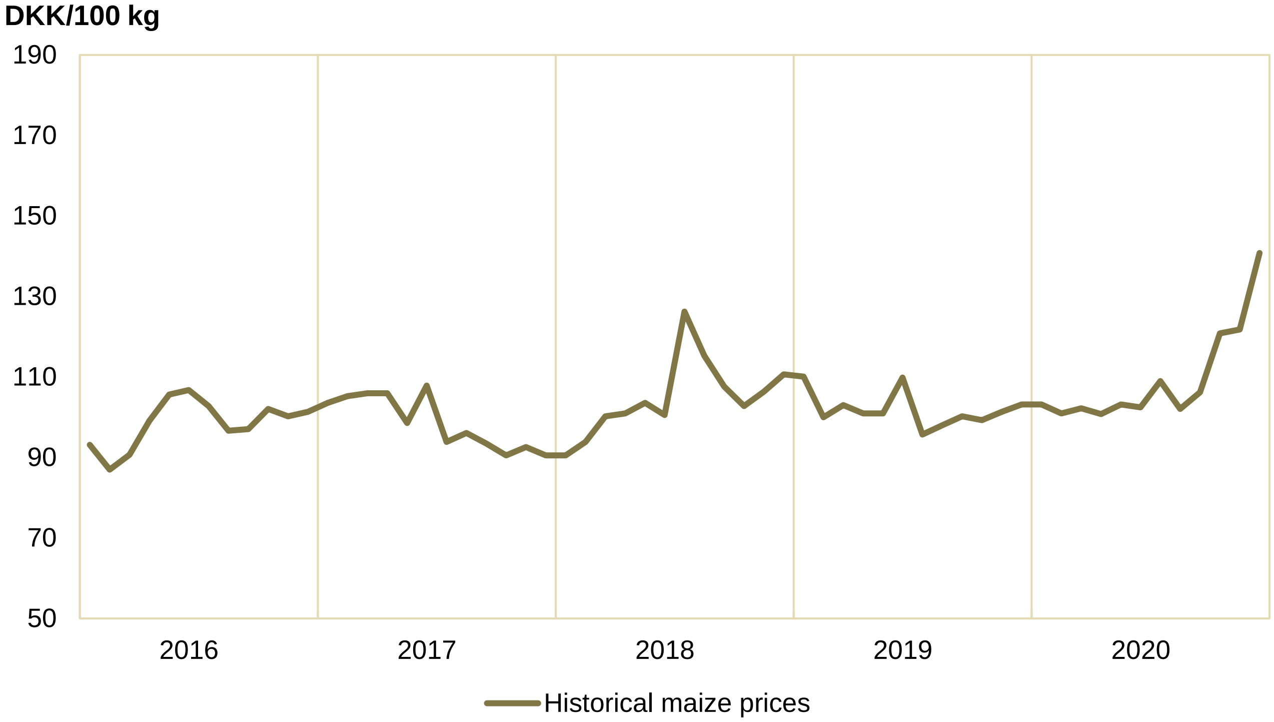
Development in the prices of FirstFarms' main products

Figure 9 – Development in wheat price



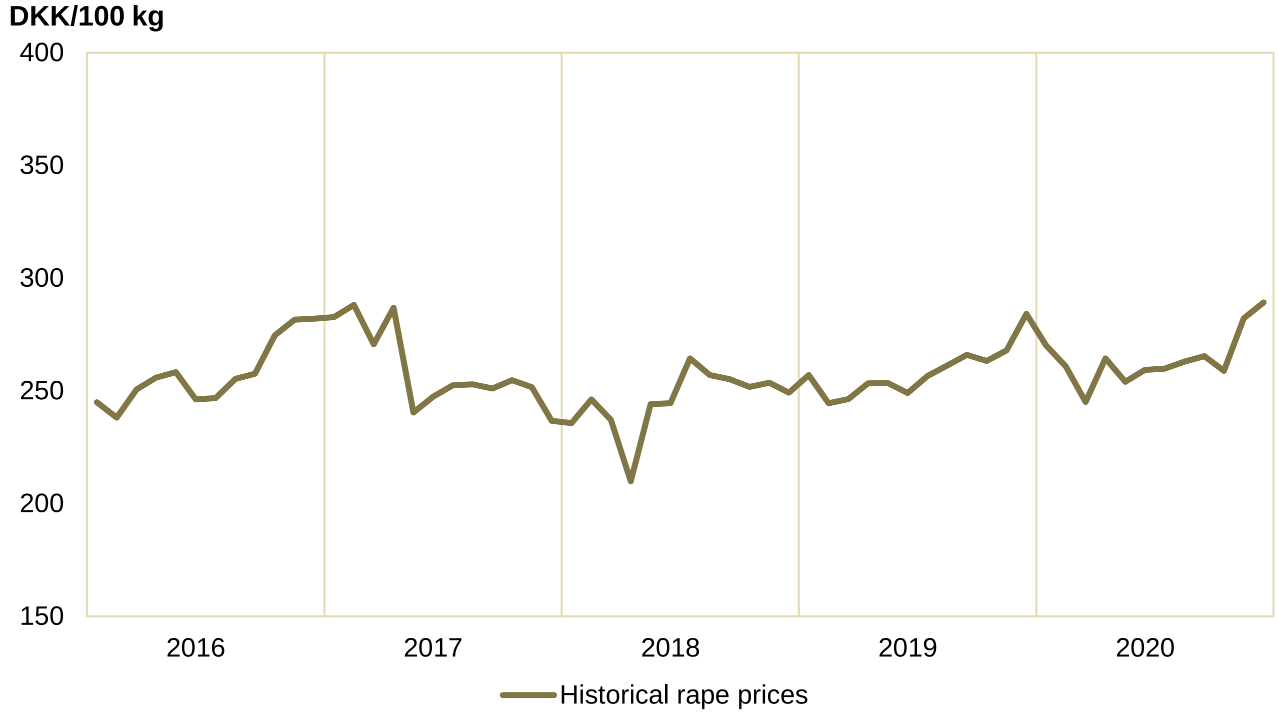
Source: Matif (adjusted to local market conditions)

Figure 10 – Development in maize price



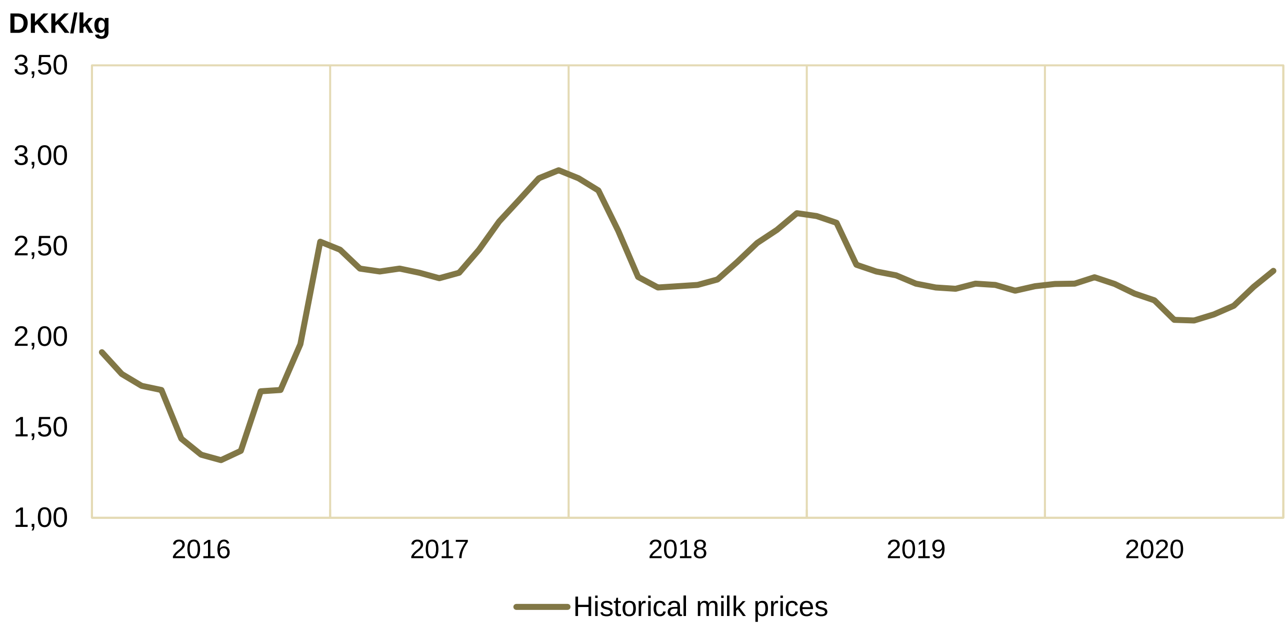
Source: Matif (adjusted to local market conditions)

Figure 11 – Development in rape price



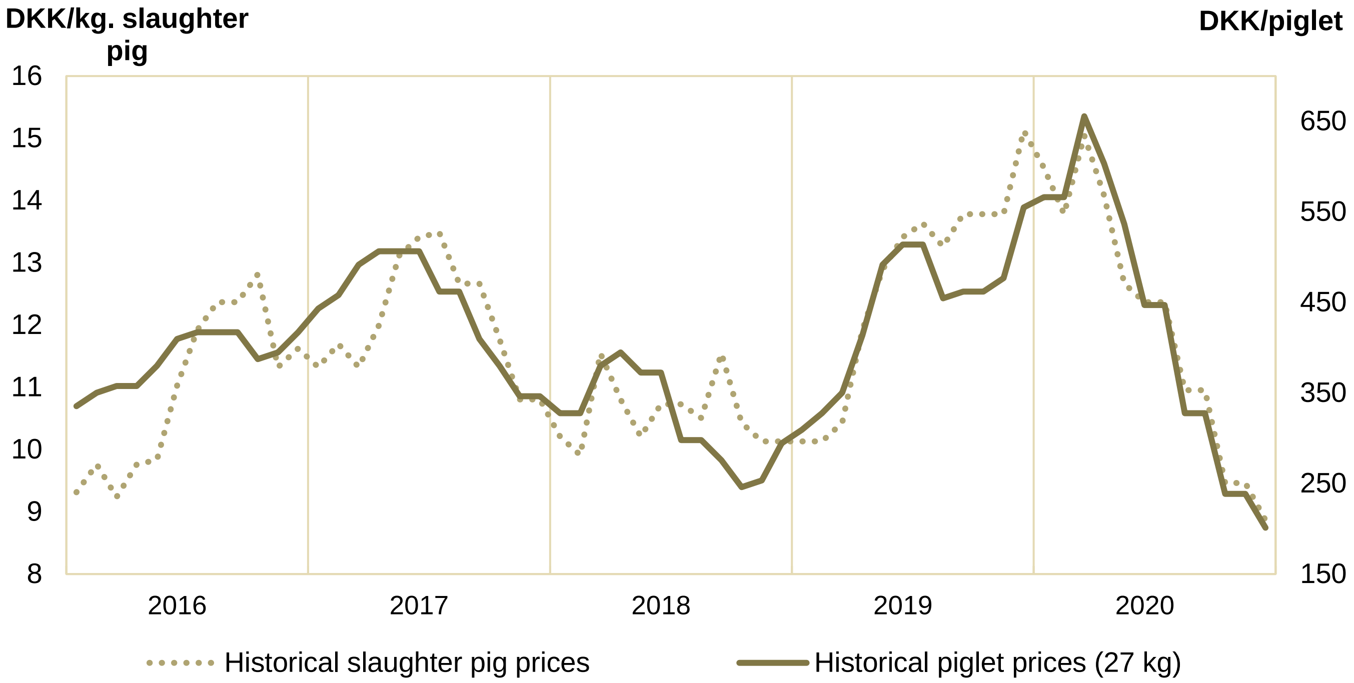
Source: Matif (adjusted to local market conditions)

Figure 12 – Development in milk price



Source: FirstFarms

Figure 13 – Development in price of slaughter pigs and piglets



Source: FirstFarms

Risk management

Market conditions

FirstFarms is depending on the terms of trade, i.e. the condition between settlement prices in the agriculture (grain, oilseed, milk, cattle, piglets and slaughter pigs) and the company's operating costs (feed, salaries, fuel, energy and fertiliser). The prices are affected by factors outside FirstFarms' control including global and local supply and demand conditions, storage volume and speculation in commodities. FirstFarms seeks to a certain extent to counteract these risks by freezing settlement prices and operating costs through entering contracts of longer duration and internally to secure agreements of crops for feed.

If the terms of trade are deteriorated, FirstFarms' earnings will be under pressure.

Farm operation, including demand and prices on commodities and meat, is exposed to the economic development in the countries where FirstFarms operates and also towards the development in the global economy. Economic decline or recession can therefore influence the demand for the company's products.

Disease and virus in humans, animals and crops

Disease and virus in crops or livestock make up potential risks for FirstFarms, as the company has a considerable herd of cattle and pigs and a large crop production. FirstFarms always complies with the veterinary rules. The animals in the herds are on a daily basis inspected by either a veterinary or production manager.

Virus, including COVID-19, can have a direct or indirect impact on the production. A virus can affect animals, crops and our daily work to some extent. We always comply with recommended restrictions and make sure to protect our employees and production in the best possible way.

African swine fever is a contagious viral disease, that possesses a major risk for FirstFarms pig herds. FirstFarms has pig production in Hungary, Czech Republic and Slovakia. Cases of African swine fever have been found in more countries within EU. The threat assessment is constantly changing, and we must be able to navigate in a treat assessment as ASF without having serious impact on our ability to generate results. Thus, FirstFarms has always focus on optimal and high biosecurity in our pig production. We are constantly assessing new security measures and existing procedures to identify possibilities for further actions.

Besides diseases in the company's own livestock, FirstFarms may also be affected by diseases from farms nearby. According to EU's "Zoonoses Directive", diseases in livestock nearby FirstFarms' facilities can entail that the company can be subject to zone restrictions, which have the purpose to dike the disease which among other things could cause slaughtering of FirstFarms' livestock.

FirstFarms has insurances covering animals affected by disease. However, the insurance does not cover operating losses resulting from diseases in the livestock and consequent stop of operation for a period. To minimise the risk best possible, the company has prepared infection protection plans for the livestock.

FirstFarms is also exposed to diseases in the crops, including fungus and pests. The company seeks to minimise the risk for diseases in the crops through an active and good management of the field production with consideration to special conditions in each individual country and using the correct adjuvant. No insurance has been written on diseases in the crops.

Climate

The company operates in several climatic zones, and FirstFarms can, as an agricultural company, be influenced by the weather conditions in Slovakia, Czech Republic, East and West Romania and Hungary, respectively. Conversely, the distribution on several geographically distinct cultivation zones gives a certain risk balance. Periods with drought, large precipitations or other unfavourable weather conditions can affect the crops in both the growth season and harvest period. This risk is larger in Central Europe than in i.e. Denmark. Bad or unusual weather conditions can result in lower quantity of crops produced or that specific areas cannot be harvested. Bad weather conditions can also have a negative impact on the productivity in the animal production as cattle i.e. can get heat stress, for which reason a lower quantity of milk is produced. It is assessed that the production of pigs in Hungary, Slovakia and Czech Republic only to a smaller extent is affected by the weather conditions.

Purchase of agriculture and land

Changes in legislation
In Slovakia, a considerable part of the agricultural land is owned by institutions such as churches, municipalities and SPF; a Slovakian land foundation who administrates land with unknown owners. These institutions rent land to a range of agricultural companies, including FirstFarms, as they are not allowed to sell their land. There is a political wish to change the present legislation so it among other things will be possible for the institutions/landowners to sell their land. When this happens there will, without doubt, arise a more transparent and liquid market but at the same time there is a possibility that an oversupply of land will occur, which can contribute to lower pricing on land. In case the legislation is changed, FirstFarms expects to get pre-emptive right to the rented land, and FirstFarms wants to utilise this.

FirstFarms owns a large part of the land, which the company cultivates in Romania and Czech Republic. Through a number of years, considerable purchases of agricultural land have been made, also by many foreign investors.

In more countries, changes have been made in the legislation regarding purchase of land, so that the land shall be office with pre-emptive rights, which can complicate acquisitions for both local and foreign buyers.

Lease of land
All land not owned by FirstFarms is cultivated based on land lease contracts (leasehold). In Slovakia, the company has leased approx. 9,200 hectares of land, whereas approx. 2,000 hectares of land is leased in Romania. The lease contracts have a life of 1-15 years and are entered over a number of years. It is the company's assessment, that there is limited risk, that the land cannot be re-rented or alternatively bought as a result of the limited alternatives to the present owners.

Development in land prices
FirstFarms owns 2,622 hectares of agricultural land in Slovakia, in Czech Republic 961 hectares of agricultural land and in Romania the company owns 7,560 hectares of agricultural land. The value of the purchased land is today estimated to be significantly higher than the accounting value, which is 488 mDKK. The development in the price of land is affected by a number of factors including supply, demand, loan possibilities, land reforms and national measures which are all outside FirstFarms' control. (see table 2; 3)

Environment

FirstFarms' activities, including agricultural operation, storage of fertilisers and chemicals and delivery and use of fertilisers and chemicals, are subject to a number of environmental legislations and rules. The company has taken out insurances on environmental pollution and runs agricultural operation according to rules in force in

EU and at national level. As a result of the company's activities within agricultural operations, and even though FirstFarms observes legislation and rules in force, there is no absolute guarantee that land and buildings are not/will not be polluted.

Before takeover of new agricultural companies, and in connection with preparation and implementation of environmental plans of actions, FirstFarms enters into dialogue with the relevant authorities, which contribute to limit the risk of environmental affairs before the plan of action is carried out. It can involve a risk to the company, if changes in the respective countries are made in environmental requirements to production or operation and demands for animal welfare. Changes or tightening of the environmental requirements can i.e. involve a need for change of operations to invest in environmental improvements.

Support schemes

EU's agricultural support schemes
FirstFarms applies for and has continuously received EU grants, which includes direct grants given in proportion to objective criteria (including hectare subsidy) as well as discretionary support schemes (structural grants) which typically are distributed by the national authorities. No guarantee can be given that grants from the discretionary support schemes can be obtained, just as an obligation to pay the grant back is normally attached to these, if the company does not fulfil a number of conditions.

Legal conditions

Romania, Slovakia, Czech Republic and Hungary are all members of EU and the countries are therefore subject to the same risks as any other agricultural production in EU. However, the legal systems in these countries are on several areas quite different and less developed than in i.e. Denmark and other Western European countries. FirstFarms is therefore exposed to legal risks in Romania, Slovakia, Czech Republic and Hungary, also in connection with purchase, investments, rent of land and entering purchase and sales contracts. There is thus a risk of delays in implementation of EU directives, which can create uncertainty concerning law in force, especially by interaction with local authorities. Furthermore, lack of land registers and weak administrative systems in general means that uncertainty concerning ownership of or rights to land areas can occur. Contracts entered in connection with purchases and investments are typically subject to local legislation and the contracts are often entered in local language. FirstFarms is thus very dependent on its local advisors.

Political conditions

The political systems in Romania, Slovakia, Czech Republic and Hungary are considerably different than i.e. Denmark and other Western European countries. Foreign companies operating in these countries are exposed to political interventions, initiatives and actions that can influence their operation and business concept. Also, conditions like disturbances in the labour market and political unrest can affect companies operating in Central Eastern European countries. So far FirstFarms has not been affected by political measures.

Exchange rate

By investment in and operation of agricultural companies in Central Europe, FirstFarms is exposed in foreign currency. To minimise this exposure, the company takes out loans to a certain extent in the currency used in the country of investment.

There is exchange rate risk attached to sale of - and dividend from - the Central European subsidiaries, as the exchange rates are fluctuating. The exchange rate risk is lowest in Slovakia, where the exchange is EUR, whereas a relative larger risk is attached to the exchange rate in Romania, Hungary and Czech Republic. The need for hedging of this risk is assessed on an ongoing basis.

The business environment and risk characteristics are shortly described in figure 14.

Figure 14 – Business environment and risk characteristics

Production of milk, animals and crops	• Yields (weather fluctuations/feed efficiency/genetics) • Price fluctuations on agricultural products • Diseases or virus in the animals and crops
Arable land and production authorisations	• Availability • Changes in legislation • Increase in land prices, rental costs or taxes
Workforce	• Availability, costs and competences
Other	• Saturated markets or changed consumer behaviour • Currency • Language/culture – with English as the corporate language • Politial impact

Interest rate hedging

FirstFarms has hedged a significant part of the interest risk in Slovakia. At the end of 2020, SWAP-agreements are entered for loan of 120 mDKK with up to 10 years fixed interest. At the end of 2020, the fair value of these SWAP-agreements is -3.9 mDKK.

The Group's risk management

The Board of Directors and the Management have the overall responsibility for the Group's risk management and internal control in connection with the process of presentation of the accounts including the compliance with the relevant legislation and other regulation in relation to the presentation of the accounts.

The Group's risk management and internal controls in connection with the process of presentation of the accounts has been adjusted for the Group's limited staff in the finance department and can only generate fair, but not absolute, certainty that misappropriation of assets, loss or considerable errors or defects in connection with the process of presentation of the accounts is avoided.

Control environment
At least once a year, the Board of Directors evaluates the Group's organisational structure and staff on essential areas.

The Board of Directors has adopted politics and procedures within essential areas in connection with presentation of the accounts. The procedures are communicated to the subsidiaries to secure the compliance of the guidelines and policies.

Risk assessment

At least once a year, the Board of Directors and the Management carry out an overall risk assessment in connection with the process of presentation of the accounts.

As part of the risk assessment, the Board of Directors and the Management commit themselves once a year to the risk of frauds and to the measures to be taken regarding reducing or eliminating these risks. At significant acquisitions, an overall risk analysis is carried out for the newly purchased company. Immediately after the takeover the most significant procedures and internal controls in connection with the presentation of the accounts in the newly purchased companies are examined.

Control activities

The control activities have their basis in the risk assessment. The goal of the Group's control activities is to secure that the defined goals, policies and procedures outlined by the Management are fulfilled and in time so that any errors, deviations and defects can be discovered and remedied. The control activities include manual and physical controls and general IT-controls and automatic application controls in the applied IT-systems etc.

There are minimum requirements for proper protection of assets and to reconciliations and analytic financial audit including continuous evaluation of goal achievement.

The Management has established a formal process of Group reporting which includes continuous reporting. Besides income statement and balance sheet the reporting also includes notes and additional information. Information for the use of fulfilment of any note requirements and other information requirements is gathered continuously.

FirstFarms' CEO is managing director or chairman of the Board of Directors in the subsidiaries. Thus, FirstFarms also hereby closely follows up on the activities in the subsidiaries, where the Group's operations are.

Information and communication

The Board of Directors has adopted a policy, which, among other things, overall determines the demands for the presentation of the accounts and to the external financial reporting in accordance with the legislation and the regulations for this. One of the goals with the Board of Director's adopted policy is to secure that present information obligations are followed, and that the submitted information is adequate, complete and precise.

The Board of Directors emphasises that within the frames that applies to listed companies, there is an open communication in the company and that the individual employee knows his/her role in the internal control in the company.

Supervision

Every risk management and internal control system shall continuously be supervised, controlled and quality assured to safeguard that it is effective. The supervision takes place continuously. The extent and the frequency of the periodical evaluations depend primarily on the risk assessment for this and the efficiency of the ongoing controls. Any weak points are reported to the Management. Essential circumstances are also reported to the Board of Directors.

The auditors elected on the annual general meeting report essential weak circumstances in the Group's internal control system in connection with the process of presentation of the accounts in the long-form audit report to the Board of Directors. The Board of Directors supervises that the Management reacts efficiently on any weak points or defects and takes care that agreed initiatives in relation to strengthening risk management and internal controls in relation to the process of presentation of the accounts are implemented as planned.

Composition of the Group's management bodies, their committees and duties
Information about the company's Board of Directors and management is found from page 43. Furthermore, reference is made to statutory corporate governance, which can be seen or downloaded on the company's website cf. page 46.

Shareholder information

Share capital

FirstFarms' shares are listed at Nasdaq Copenhagen A/S, and the share capital is nominally 75,666,420 DKK.

Basic data	
Stock exchange	Nasdaq Copenhagen A/S
Index	SmallCap
Sector	Consume staples
ISIN code	DK0060056166
Short name	FFARMS
Share capital	75,666,420 DKK
Nominal denomination	10 DKK
Number of shares	7,566,642
Negotiable securities	Yes
Voting right restriction	No
Share classes	One

Shareholder composition

As per 31 December 2020, FirstFarms had 2,689 shareholders. The majority is Danish investors, whereas 68 shareholders are registered outside Denmark. As per 31 December 2020, the name register share in the company's owner book was 97.31 percent. 3 shareholders own more than 5 percent of the share capital.

Shareholders	No. of shares (pcs.)	Capital (%)
Bendt Wedell	1,359,064	18.4
Henrik Hougaard	1,093,796	14.5
Olav W. Hansen	1,053,367	13.9
Other registered shareholders	3,879,775	50.8
Non-registered shareholders	180,640	2.4
Own shares	0	0.0
Total	**7,566,642**	**100.0**

Capital structure

The company's Management reviews FirstFarms' ownership and capital structure on an on-going basis. The company does not hold any of its own shares and the percentage of negotiable FirstFarms shares, the free float is thus 100 percent. On the ordinary general meeting on 28 April 2020, authority was given to the company to acquire up to 10 percent of own shares. The authority was not used in 2020. At the end of 2020, a total of 172,000 warrants are issued to the company's Management and to employees in Denmark and abroad. In 2020, 50,000 warrants are utilised and a total of 102,000 warrants are issued in 2020.

Furthermore, the Board of Directors is authorised to until 26 April 2021, in one or more stages, to issue up to 1,500,000 shares corresponding to nominal DKK 15,000,000 through cash payment, by contribution of assets other than cash (non-cash contribution) or conversion of debt or through a combination thereof. The capital increase shall be at market price – with or without pre-emption rights for the Company's shareholders. The Board of Directors has also authorisation until 24 April 2024, in one or more stages, to issue up to 1,000,000 shares for nominal DKK 10,000,000 through cash payment, by contribution of assets other than cash (non-cash contribution) or conversion of debt or through a combination thereof. The capital increase shall be at market price – with or without pre-emption rights for the Company's shareholders.

FirstFarms utilised the authorisation in 2017 to issue 203,678 shares at a nominal value of 2,036,780 DKK to purchase shares in FirstFarms Hungary A/S, in 2018 to issue 404,328 shares at a nominal value of 4,043,280 DKK to purchase of shares in FirstFarms Czech A/S and in 2020 to issue 1,198,500 shares at a nominal value of 4,043,280 DKK to purchase of share in AISM srl. A total of 1,806,506 shares corresponding to a nominal value of 18,065,060 DKK have therefore been utilised, and there is thus authorisation to issue additional 693,494 shares.

In March 2017, FirstFarms issued convertible bonds for a total of 13.2 mDKK, in connection with repayment of debt to former shareholders in FirstFarms Hungary A/S, with expiry 15 December 2020, of these 8.6 mDKK has been prolonged to 2021 and 2023. In December 2017, the company issued bonds for 72.25 mDKK, which run up to and including 15 December 2022. Bonds for 21.5 mDKK issued in 2016, with expiry 15 December 2021 and 15 December 2023, remain unpaid. In May 2018, FirstFarms issued convertible bonds for 19.9 mDKK in connection with the purchase of FirstFarms Czech A/S with expiry 15 December 2022.

Convertible bonds of nominally 7.8 mDKK were converted in 2019, and in 2020 3.2 mDKK has been repaid in connection with expiry.

If all present bond owners choose to convert their bonds, it will correspond to issuance of 2,295,036 shares. This corresponds to 30 percent of the share capital at the end of 2020.

Shareholdings and convertible bonds for Board of Directors and Management

As per 31 December 2020, the Board of Directors and Management of FirstFarms A/S held, direct or indirect, nominally 2,585,618 shares, which are divided as follows:

Name	No. of shares
Bendt Wedell	1,359,064
Henrik Hougaard	1,093,796
Asbjørn Børsting	14,575
Jens Bolding Jensen	10,097
Karina Boldsen	2,899
Anders H. Nørgaard	105,187

Furthermore, Board of Directors and Management in FirstFarms A/S, or closely related to, has as per 31 December 2020 the following convertible bonds:

Name	Closely related to	Convertible bonds for
Thoraso ApS	Chairman Henrik Hougaard	49,234,983 DKK
Thoraso Holding ApS	Chairman Henrik Hougaard	6,127,118 DKK
NKB Invest ApS	Vice chairman Asbjørn Børsting	1,000,000 DKK
Vice chairman Asbjørn Børsting		816.949 DKK
CEO Anders H. Nørgaard		750.000 DKK

Dividend

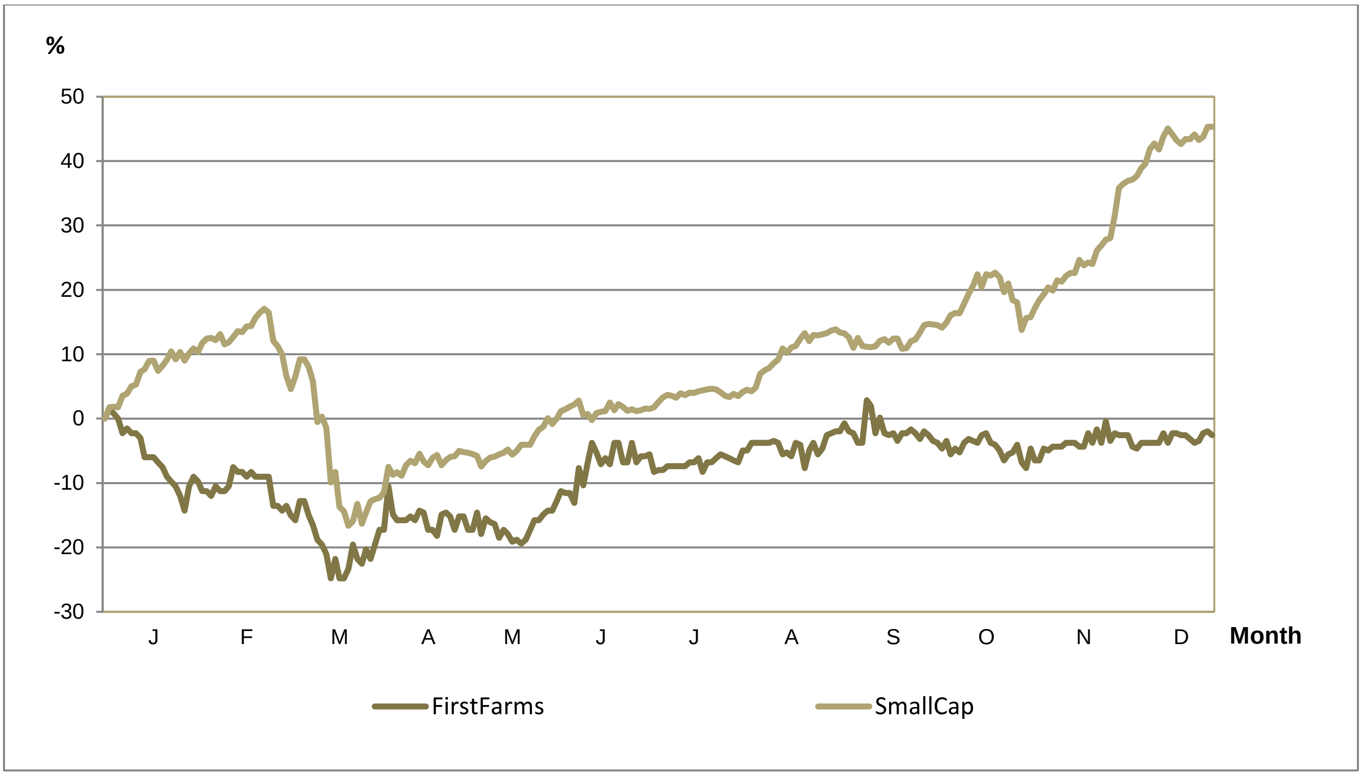
It is FirstFarms' goal to secure the necessary equity and liquidity to finance the organic and acquisitive growth of the company. Yearly, in combination with presentation of the accounts, an evaluation of potential dividend is made. FirstFarms alludes for and annual distribution of 0.5-1.0 DKK per share.

The shareholders shall have a return on their investments in the form of share price increases and dividends.

The FirstFarms share

As per 1 January 2020, the share price was 66.50 and the FirstFarms' share closed at price 64.80 at 30 December 2020. At the end of the year, the market value was DKK 490 million and the share price deceased by 2.5 percent, whereas the Danish smallcap-index, which the FirstFarms share is part of, in the same period increased by 45.3 percent. In 2020, the average share turnover was 264,795 DKK per business day.

Figure 15 – Share price development 220



Source: Nasdaq Copenhagen A/S

Insider register

In accordance with the Market Abuse Regulation and other rules and regulations that apply to listed companies at Nasdaq Copenhagen A/S, FirstFarms keeps an insider register of persons who have access to internal knowledge regarding the company. The insider register comprises the Board of Directors, Management and other key staff in Denmark and in foreign subsidiaries, as well as advisors in the FirstFarms Group. These persons are subject to internal rules which, among other things, specify that they are only allowed to trade FirstFarms shares for a period of four weeks after the publication of company announcements on the company's accounts, provided that they do not have any knowledge of confident information that could have influence on the price of the company's shares (open window).

Financial calendar for 2021	
25 March 2021	Annual report 2020
27 April 2021	Annual general meeting
26 May 2021	Interim financial report 1 January – 31 March 2021
25 August 2021	Interim financial report 1 January – 30 June 2021
24 November 2021	Interim financial report 1 January – 30 September 2021

Annual general meeting

FirstFarms' annual general meeting is held on Tuesday 27 April 2021 at 2.00 p.m. at SAGRO, Majsmarken 1, DK-7190 Billund.

As it is not possible to have a physical general meeting due to COVID-19, the company will transmit the general meeting digitally through the company's shareholder portal. If the situation with COVID-19 changes before the end of April 2021, based on recommendations and rules from the government regarding assemblies, we will inform you again.

The notice will be forwarded to all registered shareholders, who have given their e-mail address to the company. Furthermore, the notice will be forwarded to those who have signed up for FirstFarms news service, just as the notice will be available on the company's website **www.firstfarms.com**.

Investor Relations

FirstFarms' goal is to maintain an open, continuous and service oriented dialogue with current shareholders, potential investors, analysts, the media and other stakeholders. Through this dialogue and by passing on open and relevant information, FirstFarms tries to secure the best possible conditions for correct pricing of the share. The company's website is an important tool and FirstFarms thus urges its investors and other stake holders to visit the company's website **www.firstfarms.com** where shareholders' portal, company announcements, financial calendar and other investor-related information, but also information about FirstFarms' history, organisation, values and objectives can be found.

Dialogue and contact

Visit the company's website **www.firstfarms.com** under the section "Investor Relations", which contains information to shareholders and other stakeholders, or sign up for the company's news service on **www.firstfarms.com/investor-relations/news-service/**. If any questions, comments or inquiries regarding Investor Relations, please contact Group CFO Michael Hyldgaard via **mih@firstfarms.com** or on telephone +45 75 86 87 87.

Company announcements from FirstFarms A/S

Published company announcements in 2020

Date	Number	Announcement
27 January 2020	1	FirstFarms A/S signs Letter of Intent about purchase of the share capital in AIC A/S (Agricultural Invest Company)
27 March 2020	2	FirstFarms A/S signs conditional agreement about purchase of the share capital in AISM srl.
30 March 2020	3	Allocation of warrants to management in FirstFarms A/S
31 March 2020	4	Annual report 2019 for FirstFarms A/S
3 April 2020	5	Notice to convene the annual general meeting in FirstFarms A/S
3 April 2020	6	Report on insider's trade with convertible bonds in FirstFarms A/S
23 April 2020	7	FirstFarms A/S offers prolongation of convertible bonds
28 April 2020	8	Progress of annual general meeting in FirstFarms A/S
30 April 2020	9	FirstFarms A/S signs Head of Terms about sale of 1,675 hectares of land in West Romania
13 May 2020	10	Prolongation of convertible bonds
28 May 2020	11	Interim financial report for 1 January – 31 March 2020 for FirstFarms A/S
2 June 2020	12	Report on insider's trade with FirstFarms A/S' shares
4 June 2020	13	Report on insider's trade with FirstFarms A/S' shares
9 June 2020	14	Report on insider's trade with FirstFarms A/S' shares
9 June 2020	15	FirstFarms A/S sells 1,675 hectares of land and adjusts the expectations upwards by DKK 20 million
11 June 2020	16	FirstFarms A/S purchases company and adjusts the expectations upwards by DKK 15 million.
11 June 2020	17	Capital increase at issuance of shares
11 June 2020	18	Correction of price in company announcement no. 17/2020
16 June 2020	19	Major shareholder announcement – Henrik Hougaard
16 June 2020	20	Major shareholder announcement – Bendt Wedell
21 August 2020	21	FirstFarms A/S purchases 1,010 hectares rent contracts and agricultural land
26 August 2020	22	Interim financial report for 1 January – 31 March 2020 for FirstFarms A/S
15 September 2020	23	Capital increase by issuing shares for utilization of warrants
15 September 2020	24	Report on insider's trade with FirstFarms A/S' shares
24 September 2020	25	Report on insider's trade with FirstFarms A/S' shares
2 October 2020	26	FirstFarms A/S rewards great effort and secures future commitment
5 October 2020	27	FirstFarms A/S strengthens the management
12 October 2020	28	FirstFarms A/S completes sale 618 hectares and strengthens liquidity
25 November 2020	29	Interim financial report for 1 January – 30 September 2020 for FirstFarms A/S
3 December 2020	30	Financial calendar 2021 for FirstFarms A/S
15 December 2020	31	FirstFarms A/S sells 238 hectares for DKK 12 million
29 December 2020	32	FirstFarms A/S purchases 400 hectares rent contracts in East Romania

Published company announcements in 2021

Date	Number	Announcement
27 January 2021	1	FirstFarms A/S completes tranche no. 3 of land sale
17 March 2021	2	FirstFarms A/S meets the expectation to result of the year
17 March 2021	3	Correction of the expectation in company announcement no. 2/2021
25. marts 2021	2	Annual report 2020

Expected company announcements in 2021

Date	Announcement
27 April 2021	Annual general meeting
26 May 2021	Interim financial report 1 January – 31 March 2021
25 August 2021	Interim financial report 1 January – 30 June 2021
24 November 2021	Interim financial report 1 January – 30 September 2021

Board of Directors and Management

The Board of Directors in FirstFarms has held 14 board meetings in 2020
All board members are up for election every year
CH = Chairman of the Board / VC = Vice chairman of the Board

Henrik Hougaard
Chairman

Born 1958 (m), Entered 2004
Not independent with respect to the recommendations

Management functions:
Henrik Hougaard Invest ApS

Board functions:
Scandinavian Farms Invest A/S *(CH)*
Fortin Madrejon A/S *(CH)*
Thoraso ApS *(CH)*
Tolne Skov ApS *(CH)*
Skaarupgaard ApS *(CH)*
Eskjær Hovedgaard ApS *(CH)*
Skovselskabet Rumænien A/S

Competences:
Strategic international management experience
Purchase, sale and merger of companies
Purchase and development of agriculture worldwide

Asbjørn Børsting
Vice chairman of the Board and chairman of the nomination and remuneration committee

Born 1955 (m), Entered 2014
Independent with respect to the recommendations

Management functions:
DAKOFO-Dansk Korn og Foder
Danske Sortsejere

Board functions:
Den Europæiske Foderorganisation FEFAC *(CH)*
Det Nationale Bioøkonomipanel *(CH)*
Wefri A/S *(CH)*
Crop Innovation Denmark *(CH)*
Danæg Holding A/S
Danæg amba
Karl Pedersen og Hustrus Industrifond
Promilleafgiftsfonden for Landbrug
Danhatch Special A/S

Competences:
Strategic international management experience
Purchase, sale and merger of companies
Agricultural expertise

Jens Bolding Jensen
Board member and chairman of the audit committee

Born 1963 (m), Entered 2013
Independent with respect to the recommendations

Management functions:
Jørgen Schou Holding A/S
Schou Republic A/S
Taagerup Holding /S
Schou Ejendomme A/S
Vision Properties A/S
(and affiliated subsidiareies)
Viscop Holding A/S
Viscop Ejendomme A/S
(og tilknyttede datterselskaber)
Schou Holding A/S, Schou Holding II A/S
Ejendommen Himmerlandsgade 88 APS
Østerlund Holding ApS
SFI Kredit A/S

Board functions:
Jørgen Schou Holding A/S
Schou Republic A/S
Taagerup Holding A/S
Schou Family Invest A/S
Schou Absolute Horses A/S
Schou Absolute Cars A/S
Schou Company A/S *(CH)*
(and affiliated subsidiareies)
Schou Holding A/S
Schou Holding II A/S
Schou Invest Kolding A/S
SFI Kredit A/S

Competences:
Strategic international management experience
Purchase, sale and merger of companies
Strategic financial management

Karina Boldsen
Board member

Born 1968 (k), Entered 2020
Independent with respect to the recommendations

Management functions:
Rådgivningsvirksomheden Karina+

Board functions:
Aarhus Business College *(CH)*
Campfire & co. *(CH)*
Himmerlandskød A/S
Søren Østergaard A/S
Otto Mønsted Kollegiet
Erhverv Aarhus
Radio LOUD
YOUR AGE *(CH)*
Smægt & Slægt *(CH)*
Fumac
SH Installation
Badgeland
OneVision *(CH)*
DKPU *(CH)*

Competences:
Strategy, development of organisation, management and HR. Digitalisation and business development. External communication and branding

Bendt Wedell
Board member

Born 1975 (m), Entered 2020
Independent with respect to the recommendations

Management functions:
Wefri A/S, Wefri Holding ApS, Wefri Ny Holding ApS
Frijs ApS
VICUS Ejendomme ApS, VICUS Slovakiet ApS
VICUS M ApS, Vicus Øko ApS,
VICUS Invest ApS
Equity ApS
NITRA ApS
VICUS Biogas ApS,
VICUS D5G ApS
VICUS Green ApS
Weko Equity ApS
Grevindeskoven ApS
PBTHIW ApS
Frijsenborg & Wedellsborg Skovbrug v/Bendt Wedell
TCEW

Board functions:
AIC A/S *(BF)*
Lensgreve Karl Wedells og Comtesse Agnes' stiftelse (*CH*)
Patriotisk Selskab *(VC)*
Danhatch Special A/S *(VC)*
W-W ApS
Dansk Skovforening
WekoAgro Machinery
Special Car Leasing A/S

Competences:
Purchase and sale of companies
Agricultural expertise

Anders Holger Nørgaard
Group CEO

Born 1967 (m), Joined 2012

Background:
Previously board member in a number of companies

Previous positions:
Eskelund – Group CFO
Nordea Bank A/S
- Senior Relationship Manager VP

Educations:
AMP from INSEAD
MBA and BA from Aarhus BSS
Bachelor of Business Administration (BBA)
HDU

Board functions:
FirstFarms Hungary A/S *(CH)*
FirstFarms Czech A/S *(CH)*
FirstFarms Slovakia A/S *(CH)*
Anders Holger Invest ApS
JAS 2020 ApS

Statutory Report on Corporate Social Responsibility

cf. Danish Financial Statements Act § 99a

The company’s report on Corporate Social Responsibility can be downloaded from the company’s website:

https://www.firstfarms.dk/en/investor-relations/corporate-social-responsibility/2021-annual-report-2020

Statutory Report for the underrepresented sex and diversity

cf. Danish Financial Statements Act § 99b and cf. Danish Financial Statements Act § 107 d

FirstFarms strives to create an organisation, where employees pose different educational backgrounds and experiences, nationality, and gender. We believe that it is a fundamental principal for reaching our goals and ambitions.

FirstFarms strives to compose Board of Directors and Executive Management of members, who have an adequate diversity in terms of qualifications and competencies. It is prerequisite that members of the Board of Directors and Executive Management have sufficient collective knowledge, professional competence and experience to be able to understand the company's activities and associated risks.

There have been changes in the composition of FirstFarms A/S’ Board of Directors in 2020. During the recruiting of the new members, there was a major focus on diversity among FirstFarms’ Board of Directors. FirstFarms has a target that at least 25 percent or at least one member of the company’s Board of Directors shall be of the underrepresented gender before 2023. In 2020, FirstFarms achieved that target, as two new members entered FirstFarms’ Board of Directors and one of them being female.

Even without setting a new, higher target for the underrepresented gender, the company will strive to increase the proportion of the underrepresented gender in the Board of Directors.

FirstFarms has chosen only to outline companies in Denmark, and as there are below 50 employees in Denmark, no policies have been stated about increasing the proportion of the underrepresented gender in other managerial positions, and no targets have been set.

FirstFarms’ diversity and inclusion policy can be downloaded from the company’s website: **https://www.firstfarms.dk/en/about-us/our-policies**

Statutory Report on Corporate Governance

cf. Danish Financial Statements Act § 107 b

The complete report for corporate governance can be downloaded from the company’s website:

https://www.firstfarms.dk/en/investor-relations/corporate-governance/2021-annual-report-2020

Statements

Management statement

Today the Board of Directors and the Management have discussed and approved the annual report for 2020 of FirstFarms A/S.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act.

We consider the accounting policies used to be appropriate. Accordingly, the annual report gives a true and fair view of the Group's and the parent company's financial position at 31 December 2020 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January – 31 December 2020.

Further, in our opinion the Management's review gives a fair review of the development in the Group's and the parent company's operations and financial matters, the results of the Group's and the parent company's operations and financial position as a whole and describes the significant risks and uncertainties pertaining to the Group and the parent company.

We recommend the annual report to be approved at the annual general meeting.

Billund, 25 March 2021

Management

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Anders H. Nørgaard
CEO

Board of Directors

Henrik Hougaard Chairman	*Asbjørn Børsting* Vice chairman
Jens Bolding Jensen	*Karina Boldsen*
Bendt Wedell	

Independent Auditor's Report
To the Shareholders of FirstFarms A/S

Our opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2020 and of the results of the Group's and Parent Company's operations and cash flows for the financial year 1 January - 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and Board of Directors.

What we have audited
The Consolidated Financial Statements and the Parent Company Financial Statements of FirstFarms A/S for the financial year 1 January - 31 December 2020 comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including summary of significant accounting policies, for the Group as well as for the Parent Company. Collectively referred to as the "Financial Statements".

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's responsibilities for the audit of the Financial Statements* section of our Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with the IEASBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment
We were first appointed auditors of FirstFarms A/S on 25 April 2017 for the financial year 2017. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of four years including the financial year 2020.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2020. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	*How our audit addressed the key audit matter*
Valuation of goodwill Management tests the recognised value of goodwill on an annual basis with a view to ensuring that the value does not exceed the recoverable amount. The recoverable amount is calculated based on a discounted cash flow model which includes assessments and estimates related to future cash flows and the discounting of such cash flows. We focused on this area as the calculation of the recoverable amount is complex and based on a number of assessments and estimates related to the development in the prices of milk and crops as well as crop yield and the discount rate. We refer to notes 2 and 14 in the Consolidated Financial Statements.	We assessed whether the accounting policies and method applied for the valuation of goodwill are in accordance with the relevant accounting standards. We tested the calculation of the recoverable amount and assessed whether the assumptions applied for the calculation are reasonable, including particularly the expected development in the prices of milk and crops as well as crop yield. In connection with our assessment, we compared the price assumptions with the market expectations and performed sensitivity analyses of the assumptions. We drew on our internal specialist for an assessment of the discount rate applied by Management. We assessed whether the information was adequate on an overall basis.
Valuation of biological assets Long-term and short-term biological assets are measured at fair value less costs to sell. The fair value is based on known transactions and the general pricing in the market as well as an estimate of the biological transformation and quality of the livestock. We focused on this area as the statement of fair values is complex as there are no objective market prices for crops, pigs and cattle under transformation, and assessments and estimates are involved in the statement. We refer to notes 2 and 5 in the Consolidated Financial Statements.	We assessed whether the accounting policies and method applied for the recognition and measurement of biological assets are in accordance with the relevant accounting standards. We assessed the basis and assumptions for the measurement of biological assets at fair value, including the estimated biological transformation and quality of the livestock. In connection with our assessment, we compared the fair values applied with externally available prices for transformed biological assets.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's

report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Herning, 25 March 2021
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 3377 1231

H.C. Krogh
State Authorised Public Accountant
mne9693

Henrik Skjøtt Sørensen
State Authorised Public Accountant
mne26807

Income statement

tDKK	Note	Group 2020	Group 2019	Parent company 2020	Parent company 2019
Net turnover	3,4	312,616	328,072	2,767	250
Value adjustments of biological assets	5	-25,186	4,714	0	0
Production costs	6	-315,792	-321,856	0	0
Grants	7	52,981	54,363	0	0
Gross profit/loss		**24,619**	**65,293**	**2,510**	**250**
Other operating income	8	54,857	6,203	0	0
Administration costs	6	-25,236	-22,632	-12,563	-9,637
Other operating costs	9	0	-464	0	0
EBIT-result		**54,240**	**48,400**	**-10,053**	**-9,387**
Share of profit after tax in subsidiaries		0	0	42,106	32,046
Financial income	10	939	2,367	3,116	6,943
Financial costs	11	-23,777	-21,796	-10,375	-8,372
Pre-tax result		**31,402**	**28,971**	**24,794**	**21,230**
Tax on net profit	12	-6,608	-6,546	0,000	1,195
Net profit		**24,794**	**22,425**	**24,794**	**22,425**

Earnings per share	13	3.57	3.55	-	-
Diluted earnings per share	13	3.36	3.33	-	-

Total income statement

tDKK	Group 2020	Group 2019	Parent company 2020	Parent company 2019
Net profit	24,794	22,425	24,794	22,425
Other total income				
Items that can be reclassified to the income statement: - Exchange rate adjustments by conversion of foreign units	-9,112	-2,844	-9,112	-2,844
Hedging instruments				
- Value adjustment of the year	-2,175	-2,633	-2,175	0
- Value adjustment of reclassified to financial items	900	0	900	-2,633
- Tax of other total income	267	553	267	553
Other total income after tax	**-10,120**	**-4,924**	**-10,120**	**-4,924**
Total income	**14,674**	**17,501**	**14,674**	**17,501**

Balance sheet

tDKK	Note	Group 2020	Group 2019	Parent company 2020	Parent company 2019
ASSETS					
Non-current assets					
Intangible assets	14				
Goodwill		16,083	16,083	0	0
Total intangible assets		**16,083**	**16,083**	**0**	**0**
Tangible assets	15				
Land		536,744	430,618	0	0
Buildings		227,371	211,543	0	0
Plant and machinery		95,996	103,856	0	0
Fixtures and fittings, tools and equipment		5,682	4,260	105	150
Assets under construction and prepayments		27,061	29,991	0	0
Total tangible assets		**892,854**	**780,268**	**105**	**150**
Biological assets	5				
Basic herd		39,734	42,870	0	0
Total biological assets		**39,734**	**42,870**	**0**	**0**
Other non-current assets					
Investments in subsidiaries	16	0	0	483,960	375,277
Amount owed by affiliated companies	18	0	0	186,733	230,764
Deferred tax asset	20	5,398	10,053	0	0
Total other non-current assets		**5,398**	**10,053**	**670,693**	**606,041**
Total non-current assets		**954,069**	**849,274**	**670,798**	**606,191**
Current assets					
Inventories	17	76,404	77,419	0	0
Biological assets - breeding and crops	5	64,593	82,288	0	0
Receivables from sale	18	18,770	22,297	0	0
Other receivables	7, 18	18,125	28,458	422	491
Accruals and deferred expenses		2,241	9,326	0	3
Cash at bank and in hand		7,753	3,057	130	0
Total current assets		**187,886**	**222,845**	**552**	**494**
TOTAL ASSETS		**1,141,955**	**1,072,119**	**671,350**	**606,685**

tDKK	Note	Group 2020	Group 2019	Parent company 2020	Parent company 2019
EQUITY AND LIABILITIES					
Equity					
Share capital	19	75,666	63,181	75,666	63,181
Reserve for exchange rate adjust-ment		-37,469	-28,357	0	0
Reserve for cash flow hedge		-3,088	-2,080	0	0
Transferred result		442,693	359,571	402,136	329,134
Proposed dividend		5,675	0	5,675	0
Total equity		**483,477**	**392,315**	**483,477**	**392,315**
Liabilities					
Non-current liabilities					
Deferred tax	20	43,618	37,233	0	0
Debt to affiliated companies		0	0	0	10,218
Credit institutions	22	251,967	252,739	0	0
Convertible bonds	21	112,946	88,895	112,946	88,895
Other debts		52,603	54,218	37,515	51,030
Total non-current liabilities		**461,134**	**433,085**	**150,461**	**150,143**
Current liabilities					
Credit institutions	22	105,852	121,055	8,517	14
Convertible bonds	21	6,350	33,322	6,350	33,322
Trade payables and other payables	23	70,300	75,269	22,510	17,173
Corporation tax	24	0	1,790	0	0
Accruals and deferred income	7	14,842	15,283	35	0
Total current liabilities		**197,344**	**246,719**	**37,412**	**64,227**
Total liabilities		**658,478**	**679,804**	**187,873**	**214,370**
TOTAL EQUITY AND LIABILITIES		**1,141,955**	**1,072,119**	**671,350**	**606,685**

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Equity statement

Group tDKK	Share capital	Reserve for exchange rate adjust-ment	Reserve for hedg-ing trans-actions	Trans-ferred result	Pro-posed dividend	Total
Equity 1 January 2019	**61,594**	**-25,513**	**0,000**	**330,773**	**3,264**	**370,118**
Total income 2019						
Net profit	0	0	0	22,425	0	22,425
Other total income						
Exchange rate adjustment re. con-version of foreign currency	0	-2,844	0	0	0	-2,844
Adjustment of hedging instrument	0	0	-2.633	0	0	-2,633
Tax of other total income	0	0	553	0	0	553
Other total income	**0**	**-2,844**	**-2,080**	**0**	**0**	**-4,924**
Total income	**0**	**-2,844**	**-2,080**	**22,425**	**0**	**17,501**
Transactions with owners						
Issuance of shares						
-Payment of dividend	0	0	0	0	-3,264	-3,264
-Conversion of bonds	1,587	0	0	6,224	0	7,811
Share based remuneration	0	0	0	149	0	149
Total transactions with owners	**1,587**	**0**	**0**	**6,373**	**-3,264**	**4,696**
Equity 31 December 2019	**63,181**	**-28,357**	**-2,080**	**359,571**	**0**	**392,315**
Equity 1 January 2020	**63,181**	**-28,357**	**-2,080**	**359,571**	**0**	**392,315**
Total income 2020						
Net profit	0	0	0	19,119	5,675	24,794
Other total income						
Exchange rate adjustment re. con-version of foreign currency	0	-9,112	0	0	0	-9,112
Adjustment of hedging instrument	0	0	-1,275	0	0	-1,275
Tax of other total income	0	0	267	0	0	267
Other total income	**0**	**-9,112**	**-1,008**	**0**	**0**	**-10,120**
Total income	**0**	**-9,112**	**-1,008**	**19,119**	**6**	**14,674**
Transactions with owners						
Issuance of convertible bonds						
-Fair value of conversion right	0	0	0	0	0	0
-Tax of transaction with owners	0	0	0	0	0	0
Issuance of shares						
-Payment of dividend	0	0	0	0	0	0
-Acquisition AISM	11,985	0	0	61,603	0	73,588
-Conversion of bonds	0	0	0	0	0	0
-Warrants	500	0	0	2,162	0	2,662
Share based remuneration	0	0	0	238	0	238
Total transactions with owners	**12,485**	**0**	**0**	**64,003**	**0**	**76,488**
Equity 31 December 2020	**75,666**	**-37,469**	**-3,088**	**442,693**	**5,675**	**483,477**

Parent company tDKK	**Share capital**	**Transferred result**	**Proposed Dividend**	**Total**
Equity 1 January 2019	**61,594**	**305,260**	**3.264**	**370,118**
Total income 2019				
Net profit	0	22.425	0	22,425
Exchange rate adjustment of subsidiaries	0	-2,844	0	-2,844
Other total income	0	-2,633	0	-2,633
Total income	**0**	**17.501**	**0**	**17,501**
Transactions with owners				
Issuance of shares				
-Payment of divided	0	0	-3.264	-3,264
-Conversion of bonds	1,587	6,224	0	7,811
Share based remuneration	0	149	0	149
Total transactions with owners	**1,587**	**6,373**	**-3.264**	**4,696**
Equity 31 December 2019	**63,181**	**329,134**	**0**	**392,315**
Equity 1 January 2020	**63,181**	**329,134**	**0**	**392,315**
Total income 2020				
Net profit	0	19,119	6	24,794
Exchange rate adjustment of subsidiaries	0	-9,112	0	-9,112
Other total income	0	-1,275	0	-1,275
Tax of other total income	0	267	0	267
Total income	**0**	**8,999**	**6**	**14,674**
Transactions with owners				
Issuance of shares				
-Payment of dividend	0	0	0	0
-Acquisition of AISM	11,985	61,603	0	73,588
-Conversion of bonds	0	0	0	0
-Warrants	500	2,162	0	2,662
Share based remuneration	0	238	0	238
Total transactions with owners	**12,485**	**64,003**	**0**	**76,488**
Equity 31 December 2020	**75,666**	**402,136**	**5,675**	**483,477**

Cash flow statement

tDKK.	Note	Group 2020	Group 2019	Parent company 2020	Parent company 2019
Pre-tax result (In the parent company ex. result of subsidiaries)		31,402	28,971	-17,312	-10,816
Adjustments for non-monetary operating items etc.					
Depreciation/amortisation and impairment	6	45,964	47,163	45	46
Reversal of profit, sale of non-current assets and badwill	8,9	-53,152	-3,044	0	0
Value adjustment of biological assets	5	25,186	-18,421	0	0
Financial income	10	-939	-2,367	-3,116	-6,943
Financial costs	11	23,777	21,796	10,375	8,372
Share based remuneration		238	149	238	149
Cash generated from operations (operating activities) before changes in working capital		**72,476**	**74,247**	**-9,770**	**-9,192**
Changes in working capital	26	7,096	26,711	5,444	390
Cash flow from main activities		**79,572**	**100,958**	**-4,326**	**-8,802**
Interest received		0,939	2,342	3,116	2,036
Interest paid		-23,685	-20,914	-10,375	-8,059
Paid corporation tax	24	-9,654	-4,259	0	0
Cash flow from operating activities		**47,172**	**78,127**	**-11,585**	**-14,825**
Additions, purchase of company – assets taken over	16	0	7,842	0	0
Purchase of company (-)		0	-27,980	0	-27,980
Purchase of young pigs		0	-7,572	0	0
Disposal of material assets, paid		68,227	5,970	0	0
Acquisition of tangible assets	27	-81,444	-64,021	0	0
Cash flow from investing activities		**-13,217**	**-85,761**	**0**	**-27,980**
Paid dividend		0	-3,264	0	-3,264
Utilisation of warrants		2,662	0	2,662	0
Issuance of convertible bonds	27	0	0	0	0
Conversion of convertible bonds	27	-3	0	-3	0
Proceeds from loans		32,929	82,441	-5,215	13,735
Loan repayment		-61,929	-72,115	-13,515	-6
Loan to affiliated businesses		0	0	33,813	37,741
Cash flow from financing activities		**-29,259**	**7,062**	**14,824**	**42,424**
Cash flow of the year		**4,696**	**-572**	**3,239**	**-381**
Available, at the beginning		3,057	3,628	0	0
Exchange rate adjustment of available		0	1	-5	0
Available at closing		**7,753**	**3,057**	**3,234**	**0**

2020

With the purchase AISM srl. no cash and cash equivalent were provided. The total purchase price was paid by issuing shares in FirstFarms A/S.

2019

At purchasing of FirstFarms Slovakia A/S, a net amount of 7.8 mDKK was added cash resource, which is included under investment activity. A cash amount of 25.5 mDKK has been paid to the former shareholders in connection with the trade. The remaining part of the payment was made by raising of loan.

Notes for consolidated annual accounts

1. Accounting policies

FirstFarms A/S is a public limited company domiciled in Denmark. The annual report for 2020 comprises both the consolidated financial statement of FirstFarms A/S and its subsidiaries for the period 1 January – 31 December 2019 and separate parent company financial statements. The annual report of FirstFarms A/S has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional requirements in the Danish Financial Statements.

Basis for preparation

The annual report has been presented in DKK, rounded to the nearest tDKK. The annual report has been prepared on the historical cost basis except for biological assets and financial instruments which are measured at fair value. The accounting policy set out below has been used consistently in respect of the financial year and to comparative figures.

Consolidated financial statements

Consolidated financial statements comprise the parent company FirstFarms A/S and subsidiaries in which FirstFarms A/S has control.

The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. In evaluating if the group has control, de facto control and potential voting rights are considered, which on the balance sheet day are real and have substance.

Entities over which the group has significant influence but not control or joint control are classified as associates. This is generally the case where the group holds between 20% and 50% of the voting rights. In evaluating if the group has control, potential voting rights are considered, which on the balance sheet day can be used.

The consolidated financial statement is prepared as a summary of the parent company and subsidiaries annual reports after the Groups accounting policies eliminated for group internal income and costs, shareholdings, intercompany balances, dividends and realised and unrealised gains on transactions between consolidated entities.

Business combinations

In connection with acquisition of businesses it is considered whether it is acquisition of a company or acquisition of assets under IFRS 3. If it is considered acquisition of a business the following accounting method is used. If it is considered acquisition of assets and comply with the conditions, then the assets are recognised at cost price according to accounting policies for this and are allocated according to the agreement.

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The acquired business' identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. Identifiable immaterial assets are recognised, if they can be separated or are from a contractual right. Deferred taxes are recognised.

At acquisition the difference between cost price and equity value after assets and liabilities are measured at fair value. Equity value over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

The acquisition date is the time when the Group acquires control over the business.

Goodwill and bargain purchase, can by change in recognition and measurement, be adjusted in up to 12 months after purchase. These adjustments will change the value of Goodwill or bargain purchase.

Foreign currency translation
For each of the reporting enterprises in the Group, a functional currency is determined. The functional currency is the currency used in the primary economic environment in which the reporting enterprise operates. Transactions in currencies other than the functional currency are transactions in foreign currencies.

On initial recognition, transactions denominated in foreign currencies are translated to the functional currency at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated to the functional currency at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised in the income statement as financial income or financial expenses.

On recognition in the consolidated financial statements of enterprises with another functional currency than Danish kroner, the income statements are translated at the exchange rates at the transaction date and the balance sheet items are translated at the exchange rates at the balance sheet date. An average exchange rate for the month is used as the exchange rate at the transaction date to the extent that this does not significantly distort the presentation of the underlying transactions.

Foreign exchange differences, arising on translation of the opening balance of equity of such enterprises at the exchange rates at the balance sheet date, and on translation of the income statements from the exchange rates at the transaction date to the exchange rates at the balance sheet date, are recognised in other total income in a separate reserve for exchange rate adjustment. Foreign exchange adjustment of balances which are considered part of the investment in enterprises with another functional currency than Danish kroner are recognised in the consolidated financial statements directly in equity under a separate exchange rate adjustment reserve. Correspondingly, foreign exchange gains and losses on the part of loans and derivative financial instruments which are designated as hedges of investments in such enterprises and efficiently hedge against corresponding foreign exchange gains and losses on the investment in the enterprise are also recognised in other total income in a separate reserve for exchange rate adjustment.

On disposal of 100 percent owned foreign operations, the exchange rate adjustments accumulated in the equity through other total income, and which can be assigned to the unit, are reclassified from “Reserve for exchange rate adjustment” to the income statement together with any profit or loss at the disposal.

Repayment of debts, considered to be a part of the net investment, is not itself considered to be partial disposal of the subsidiary.

The income statement

Net turnover
Net turnover from the sale of commodities and finished products, comprising crops, animals and related products, is recognised in the income statement, when the control is passed on to the buyer at delivery ab farm. This is considered to have occurred, when delivery and transfer of risk to the buyer has taken place before year end and if the income can be reliably measured and is expected to be received. Revenue is measured ex. VAT and taxes charged on behalf of third party. All forms of discounts granted are recognised in revenue.

Government grants
Government grants include:

Hectare grants are recognised on a regular basis in the income statement concurrently as the right of grants is obtained. Until the grants have been received, typically at the end of the financial year or in the beginning of the subsequent financial year, these are recognised as other receivables in the balance sheet.

Grants for milk production are recognised on a regular basis in the income statement concurrently as the right of grants is obtained. Until the grants have been received, during the financial year, these are recognised as other receivables in the balance sheet.

Grants for pig production consist of various grants in Hungary and Czech Republic. The grants are recognised concurrently as the right of grant is obtained. Until the grants have been received, during the financial year, these are recognised as other receivables in the balance sheet.

Grants for investments/acquisition of assets are recognised in the balance sheet as deferred income (liabilities) and transferred to public grants in the income statement as the assets for which grants were awarded are amortised.

Value adjustment of biological assets
Value adjustments of biological assets comprise value adjustment at fair value less point-of-sale costs.

Value adjustments are made for both livestock (non-current assets) and breeding and crops (current assets).

Production costs
Production costs comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries, rent and leases, depreciation and impairment of production buildings and plants.

Administrative expenses
Administrative expenses comprise expenses incurred during the year for management and administration, including expenses for administrative staff, office premises and office expenses, and depreciation and impairment losses.

Other operating income and costs
Other operating income and costs comprise items secondary to the principal activities of the enterprises, including gains and losses on on-going disposal and replacement of intangible assets and property, plant and equipment. Gains and losses on disposal of intangible assets and property, plant and equipment are determined as the sales price less selling costs and the carrying amount at the selling date.

Result of investments in subsidiaries
In the parent company's income statement, the proportionate share of each individual subsidiary's net profit/loss after tax is recognised after full elimination of internal profit/loss.

Financial income and expenses
Financial income and expenses comprise interest income and expense, gains and losses on securities and impairment of securities, payables and transactions denominated in foreign currencies, amortization of financial assets and liabilities, as well as surcharges and refunds under the on-account tax scheme. Borrowing costs are activated as part of larger investments.

Derived financial instruments
Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other liabilities" respectively.

Changes in the fair value of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is classified as and meets the criteria for accounting hedging, cf. below.

Accounting hedging
Changes in the fair value of financial instruments that are classified as and meet the criteria for hedging the fair value of a recognised asset or liability are recognised in the income statement together with the changes in the fair value of the hedged asset or liability attributable to the risk that is insured.

Changes in the fair value of financial instruments, that are classified as and fulfil the conditions for hedging if expected future transactions are recognised in equity under retained earnings for the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or liability, the amount deferred under equity is transferred from equity and recognised in the cost of the asset or liability, respectively. If the hedged transaction results in an income or expense, the amount deferred under equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair value of financial instruments, classified as and meeting the criteria for hedging net investments in independent foreign subsidiaries or associates, are recognised directly in equity for the effective portion of the hedge, while the ineffective portion is recognised in the income statement.

Tax for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity. Taxes, which are recognised in profit and loss, are classified as either tax of ordinary or other taxes.

Change in deferred taxes due to change in tax percentages are recognised in profit and loss.

The Company is jointly taxed with wholly owned Danish subsidiaries. Foreign subsidiaries are not a part of joint taxation. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes. The jointly taxed entities are part of the tax prepayment scheme.

The balance sheet

Intangible assets
Goodwill
Goodwill is initially recognised in the balance sheet at cost price.

Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortized. The carrying amount of goodwill is allocated to the Group's cash-generating units at the acquisition date. Identification of cash-generating units is based on the management structure and internal financial control.

Tangible assets
Land, sites and buildings, production plants and machinery and fixtures and fittings, other plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The loan costs are activated.

The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub suppliers, and wages and salaries. The present value of estimated liabilities related to dismantling and removing the asset and restoring the site on which the asset is located are added to the cost of self-constructed assets. Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately. The cost of assets held under finance leases is stated at the lower of fair value of the assets or the present value of the future minimum lease payments. For the calculation of the net present value, the interest rate implicit in the lease or an approximation thereof is used as discount rate.

Subsequent costs, e.g. in connection with replacement of components of property, plant and equipment, are recognised in the carrying amount of the asset if it is probable that the costs will result in future economic benefits for the Group. The replaced components are de-recognised in the balance sheet and recognised as an expense in the income statement. Other costs incurred for ordinary repairs and maintenance is recognised in the income statement as incurred.

Values according to rent and leasing contracts, calculated in accordance to IFRS 16, are depreciated over the term of the contracts.

Depreciation of tangible assets is provided on a straight-line basis over the expected useful lives of the assets/components:

Buildings	15-30 years
Plant and machinery	5-10 years
Fixtures and fittings, other plants and equipment	3-7 years

Soil and land are not depreciated. However, assets recognised under land in accordance to rent contracts under IFRS 16 are depreciated.

The depreciation basis is calculated taking into account the asset's scrap value and is reduced by any write-downs.

The residual value is determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued. When changing the depreciation period of the residual value, the effect on the depreciation is recognised prospectively as a change in accounting estimates. Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses to the extent that the depreciation is not included in the cost of self-constructed assets.

Biological assets – non-current assets
Biological assets comprise basic herd of animals and are recognised as non-current assets measured at fair value less point-of-sale costs.

Investments in subsidiaries
Investments in subsidiaries are recognised using the equity method.

Investments in subsidiaries are measured at the proportionate share of the equity value of subsidiaries calculated using the Group's accounting policy deducting or adding unrealised intercompany gains and losses and with adding og deduction the remaining value of positive or negative goodwill calculated using the purchase method.

Investments in subsidiaries with negative net asset value are measured at DKK 0, and any receivables from these subsidiaries are written down to the extent that the amount owed is irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries is shown as reserve for net revaluation under the equity method in equity to the extent that the carrying amount exceeds the cost. Dividends from subsidiaries that are expected to be adopted before the approval of the annual report for FirstFarms A/S are not recognised in the reserve for net revaluation according to the equity method.

At acquisitions of subsidiaries the purchase method is used, cp. description above under the consolidated accounts.

Impairment of non-current assets
Goodwill is subject to annual impairment tests, initially before the end of the acquisition year. The carrying amount of goodwill is tested for impairment together with the other non-current assets in the cash generating unit to which goodwill is allocated and written down to the recoverable amount over the income statement if the carrying amount is higher. The recoverable amount is generally computed as the present value of the expected future net cash flows from the enterprise or activity (cash generating unit) to which goodwill is allocated. Impairment of goodwill is recognised in a separate line item in the income statement. Deferred tax assets are subject to annual impairment tests and are recognised only to the extent that it is probable that the assets will be utilised.

The carrying amount of other non-current assets is tested annually for indications of impairment. When there is an indication that assets may be impaired, the recoverable amount of the asset is determined. The recoverable amount is the higher of an asset's fair value less expected costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or the cash-generating unit to which the asset belongs.

An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit, respectively, exceeds the recoverable amount of the asset or the cash-generating unit. Impairment losses are recognised in the income statement under production costs and administrative expenses, respectively.

Impairment of goodwill is not reversed. Impairment of other assets is reversed only to the extent of changes in the assumptions and estimates underlying the impairment calculation. Impairment is only reversed to the extent that the asset's new carrying amount does not exceed the carrying amount of the asset after amortization had the asset not been impaired.

Inventories
Inventories are measured at the lower of cost in accordance with the FIFO-method and the net realizable value. Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs. Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected sales price.

The value of inventories is measured at cost with the addition of indirect production overheads. At the harvest date, crops are transferred from biological assets to inventories at fair value less selling cost, which then reflect cost.

Biological assets – current assets
Biological assets comprising animals held for stock and crops recognised as current assets are measured at fair value less point-of-sale costs.

Receivables
Receivables are measured at amortised cost. Write-down is made for expected credit loss on individual basis, using the simplified model for receivables from sale.

Accruals
Accruals, recognised under assets, comprise costs incurred concerning subsequent financial years and are measured at cost.

Equity

Reserve for exchange rate adjustment
The reserve for exchange rate adjustment in the financial statements comprises part of the shareholders of the parent company’s foreign exchange differences arising from exchange rate adjustment of financial statements of foreign entities from their functional currencies into the presentation currency used by the FirstFarms Group (Danish kroner). The reserve is distributable.

Dividend
Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity. Interim dividends are recognised as a liability at the date when the decision to pay interim dividends is made.

Own shares
Cost of acquisition, consideration received and dividends received from own shares are recognised directly as retained earnings in equity. Capital reductions from the cancellation of own shares are deducted from the share capital in an amount corresponding to the nominal value of the shares. Proceeds from the sale of own shares and issue of shares, respectively, in FirstFarms A/S in connection with the exercise of share options or employee shares are recognised directly in equity.

Employee benefits

Pension obligations
The Group has entered into pension schemes with some of the Group’s employees. The Group has no defined benefit plans. Contributions to defined contribution plans where the Group currently pays fixed

pension payments to independent pension funds are recognised in the income statement in the period to which they relate and any contributions outstanding are recognised in the balance sheet as other payables.

Warrant programme
The value of services received in exchange for granted warrants is measured at the fair value of the warrants granted.

FirstFarms A/S only has equity-settled programmes for which the warrants are measured at the fair value at the grant date and recognised in the income statement under staff costs over the vesting period. The set-off item is recognised directly in equity. On initial recognition of the warrants, the company estimates the number of warrants expected to vest. That estimate is subsequently revised for changes in the number of warrants expected to vest. Accordingly, recognition is based on the number of warrants ultimately vested. The fair value of granted warrants is estimated using a warrant pricing model, taking into account the terms and conditions upon which the warrants were granted.

Corporation tax and deferred tax

Current tax payable and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account. Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences - apart from business combinations - arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management’s planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognised under other non-current assets at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses. Deferred tax is measured on the basis of the tax rules and the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to be realised as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

Provisions

Provisions are recognised when, as a result of events arising before or at the balance sheet date, the Group has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

On measurement of provisions, the costs required to settle the liability are discounted if the effect is material to the measurement of the liability. A pre-tax discount factor is used that reflects the current market interest rate level plus risks specific to the liability. Changes in present values during the year are recognised as financial expenses. The amount recognised as a provision is Management’s best estimate of the expenses required to settle the obligation. A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting its obligations under the contract. When the Group has a legal obligation to dismantle or remove an asset or restore the site on which the asset is located, a provision is recognised corresponding to the present value of estimated future costs.

Convertible bonds

Convertible bonds are issued with a fixed conversion price and are regarded as combined instruments consisting of a financial obligation measured at amortised cost price and an equity instrument in form of the integrated right to convert. At the date of issuance, the fair value of the financial obligation is determined by use of a market interest corresponding to a similar non-convertible debt instrument. The difference between the proceeds at issuance of the convertible bond and the fair value of the financial obligation, corresponding to the integrated option to convert the obligation to equity, is recognised directly on the equity. The fair value of the financial obligation is recognised as long-term debt and afterwards measured at amortised cost price.

When extending convertible bonds, a calculation is made at amortised cost in relation to the extension, a possible difference is recognized in the income statement.

Financial liabilities

Amounts owed to mortgage credit institutions etc. are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using ”the effective interest method”. Accordingly, the difference between the proceeds and the nominal value is recognised under financial expenses over the term of the loan.

Financial liabilities also include the capitalised residual obligation on finance leases. The value of hedging instruments is also included to hedge the Group's future interest obligations.

Other liabilities are measured at net realisable value.

Leasing

A leasing asset and a lease obligation is recognised in the balance sheet, when the Group is made available under a leasing contract for a specific identifiable asset under a leasing period, and when the Group obtains the right to virtually all the economic benefits from the use of the identified asset and the right to decide on the use of the identified asset.

On initial recognition, the lease asset is measured at cost, this is equivalent to the lease obligation corrected for prepaid leases plus direct related costs.

Subsequently, the asset is measured at cost deducted accumulated amortisation and impairment losses. The lease asset is depreciated over the shorter of the lease term and the useful life of the lease asset. Depreciation is recognised on a straight-line basis in the income statement.

On initial recognition, the lease obligation is measured at the present value of future lease payments discounted at an alternative loan rate. The following lease payments are recognised as part of the lease obligation:

- Fixed payments
- Variable payments that change with changes in an index or an interest rate, based on the current index or interest rate
- Payments due under outstanding debt guarantee
- The exercise price for call options that management most likely expects to exercise
- Payments covered by an extension option, which the Group is highly likely to exercise
- Penalty related to a termination option, unless the Group in all probability does not expect to exercise the option

The lease obligation is measured at amortised cost using the effective interest method. The lease obligation is recalculated if the Group changes its assessment of whether an extension or termination option is reasonably likely to be exercised.

The Group presents the leasing asset under the respective types of assets and the lease obligation under debt to credit institutions (leasing debt).

Deferred income

Deferred income comprises payments received concerning income in subsequent years, mostly concerning grants.

Fair value measurement

FirstFarms uses the fair value concept for recognition of biological assets and for recognition of the value of financial instruments.

The fair value is defined as the price that can be obtained by selling an asset or payable for transferring a liability in an ordinary transaction on a market with independent parties. Fair value is based on a primary market.

There are three levels of the fair value hierarchy for estimating the value:

1. Statement from fair value in a similar market
2. Statement by accepted valuation methods based on observable market information
3. Statement from generally accepted valuation methods and reasonable estimates.

Cash flow statement

The cash flow statement shows the cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year. The cash flow effect of acquisitions and disposals of enterprises is shown separately in cash flows from investing activities. Cash flows from acquisitions of enterprises are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of enterprises are recognised up until the date of disposal.

Cash flow from operating activities
Cash flows from operating activities are calculated after the indirect method as the profit/loss before tax adjusted for non-cash operating items, changes in working capital, interests, dividends and corporation tax paid.

Cash flow from investing activities
Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and other non-current assets as well as acquisition and disposal of securities not recognised as cash and cash equivalents.

Cash flow from financing activities
Cash flows from financing activities comprise changes in the size or composition of the share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, acquisition and disposal of own shares and payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash resources. Cash flows in other currencies than the functional currency is translated at average exchange rates unless they deviate materially from the exchange rates at the transaction date.

Segment information

Information is provided on business segments, which also represent the Group's primary reporting format, and geographical markets. Segment information is based on the Group's risks, management and internal financial management.

Segment information is provided in accordance with the Group's accounting policies. Segment revenue and costs and segment assets and liabilities comprise items which are directly attributable to the individual segment and the items which can be allocated to the individual segment on a reliable basis. Unallocated items primarily comprise assets and liabilities and income and costs related to the Group's administrative functions, financing conditions, income taxes, etc.

Non-current segment assets comprise non-current assets used directly in the operating activities of the segment, including intangible assets, property, plant and equipment. Segment liabilities comprise liabilities resulting from the operating activities of the segment, including bank debt, debt to parent company, trade payables and other payables.

2. Accounting estimates

Determining the carrying value of certain assets and liabilities requires judgments, estimates and assumptions about future events. The estimates and assumptions carried out are i.e. based on historical experiences and other factors which the management assesses to be reliable but which inherently are uncertain and unpredictable. The assumptions may be unpredictable or inaccurate, and unexpected events or circumstances may occur. As a result of the risks and uncertainties that the Group is subject to, actual results may differ from these estimates. It may be necessary to change previous estimates as a result of changes in the factors underlying these estimates due to new information or as a result of subsequent events.

Estimations, which are specific essential for the presentation of the financial statements for FirstFarms, is carried out by recognition of goodwill and recognition of biological assets.

Impairment test for goodwill

By an impairment test of intangible assets, including goodwill, an estimation is made of how the parts of the business, which the goodwill relates to, will be able to generate sufficient cash flow in future to support the value of goodwill and other net assets.

Due to the nature of the business, estimation of expected cash flow must be made many years into the future, leading to some uncertainty. This uncertainty is reflected in the discount rate.

The most essential assumptions used for the impairment test carried out are shown in note 14.

Measurement of biological assets

The biological assets, herds, breeding and crops are valued at fair value with deduction of realisation costs. The total value of the biological assets constituted 104.3 mDKK as per 31 December 2020 (2019: 125.2 mDKK).

Completely comparable markets do not exist in Slovakia for cows with the yielding capacity that FirstFarms' cows achieve. Due to this, the Management has chosen to value the cattle in the light of the prices on the

European market, also cp. note 5. Information is collected from market participants in Denmark to get the basis for the assessments.

The valuation of pigs is based on the German quotation for pigs. The fair value of the herd is calculated based on average weight etc. in the various categories of the sales herd. The fair value of the sows is also calculated on the basis of cost price/production price, replacement in herd etc.

3. Segment information

2020 tDKK	Romanian activities	Slovakian activities	Hungarian activities	Czech activities	Total report compulsory segments
Total segment turnover	30,964	175,098	44,776	77,121	327,959
Grants	16,771	30,814	2,017	3,379	52,981
Value adjustments of biological assets	-7,851	-10,211	-7,816	692	-25,186
EBIT result	47,809	10,541	153	5,79	64,293
Financial income	96	2.479	22	643	3.240
Financial costs	-6,220	-10,284	-3,011	-1,606	-21,121
Depreciations and impairments	10,635	28,946	2,816	3,567	45,964
Segment result before tax	41,685	2,737	-2,836	4,827	46,413
Segment assets	332,804	718,259	80,288	150,395	1,281,746
Plant investments *)	19,779	66,003	2,911	4,868	93,561
Segment liabilities	180,069	496,962	61,439	59,349	797,819

*) Plant investments are investments in machinery, land and buildings.

2019 tDKK	Romanian activities	Slovakian activities **)	Hungarian activities	Czech activities	Total report compulsory segments
Total segment turnover	50,438	143,766	48,064	87,704	329,972
Grants	14,785	33,433	3,807	4,605	56,630
Value adjustments of biological assets	-5,523	1,428	4,754	4,055	4,714
EBIT result	-1,896	24,019	17,492	18,171	57,786
Financial income	95	295	23	122	535
Financial costs	-7,661	-7,362	-3,690	-1,704	-20,417
Depreciations and impairments	13,159	27,118	2,87	3,958	47,105
Segment result before tax	-9,462	16,952	13,826	16,588	37,904
Segment assets	243,640	583,590	95,755	162,383	1,085,368
Plant investments **)	51,555	30,050	6,047	1,811	89,463
Segment liabilities	204,495	361,821	70,600	73,727	710,643

*) Plant investments are investments in machinery, land and buildings.
**) Only included with 6 months regarding the purchase of FirstFarms Gabcikovo.

FirstFarms' report compulsory segments are constituted by the business units in Slovakia, Romania, Hungary and Czech Republic. Slovakia operates within pig-, cattle- and crop production, Romania operates only within crop production, Hungary only within pig production and Czech Republic within pig- and crop production. The four business units are operated independently, as each unit has different management, activities and customers.

The report compulsory segments are identified without aggregation of operation segments.

In the EBIT for the new Romanian activities is entered badwill of 19.7 mDKK (2019: Slovak activities 0.2 mDKK)

Products
FirstFarms' turnover primary concerns cattle, pigs and crops.

The turnover is specified as:

	Romania		Slovakia		Hungary		Czech Republic	
tDKK	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Cattle	0	0	63,183	58,325	0	0	0	0
Cows and calves	0	0	5,829	4,956	0	0	0	0
Pigs	0	0	50,577	31,432*)	44,499	46,681	72,048	81,736
Crops	28,420	48,816	46,952	44,374	0	0	2,974	3,064
Other	2,544	1,622	8,557	4,679	277	1,383	2,099	2,904
Total	**30,964**	**50,438**	**175,098**	**143,766**	**44,776**	**48,064**	**77,121**	**87,704**

*) Turnover on pigs in Slovakia is only for the last 6 months.

Geographical information
FirstFarms operates in Romania, Slovakia, Hungary and Czech Republic. Services from the parent company to the subsidiaries are of a limited extent. Financing of the subsidiaries primary consists of loans from the parent company. At presentation of the information regarding geographical areas, information about the turnovers allocation on geographical segments is constituted based on the geographical location, whereas information about the assets allocation on geographical segments is constituted based on the asset's physical location.

Turnover and non-current assets are specified as:

	2020		2019	
tDKK	**Turnover**	**Non-current assets**	**Turnover**	**Non-current assets**
Denmark	2.767	105	250	151
Slovakia *)	175,098	476,793	143,766	462,399
Romania	30,964	295,140	50,438	202,284
Hungary	44,776	73,107	48,064	80,039
Czech Republic	77,121	110,057	87,704	118,293
Elimination	-18,110	-1,133	-2,150	-13,892
Total	**312,616**	**954,069**	**328,072**	**849,274**

**) Turnover of pigs in Slovakia is only for the last 6 months in 2019.*

Reconciliation of report compulsory segments turnover, result, assets, liabilities and other essential items

tDKK	2020	2019
Turnover		
Segment turnover for report compulsory segments	327,959	329,972
Group function	2.767	250
Elimination of internal turnover	-18,110	-2,150
Total turnover, cp. income statement	**312,616**	**328,072**
Result		
Segment result before tax for report compulsory segments	46,413	37,904
Non-allocated result, Group function	-15,011	-8,933
Result before tax, cp. income statement	**31,402**	**28,971**
Assets		
Total assets for report compulsory segments	1,281,746	1,085,368
Other non-allocated	-139,791	-13,249
Total assets, cp. balance sheet	**1,141,955**	**1,072,119**
Liabilities		
Total liabilities for report compulsory segments	797,819	710,643
Elimination of debt to parent company	-326,434	-230,764
Other non-allocated liabilities	187,093	199,925
Total liabilities, cp. balance sheet	**658,478**	**679,804**

4. Turnover

	Group		Parent company	
tDKK	**2020**	**2019**	**2020**	**2019**
Milk	63,183	58,324	0	0
Cows and calves	5,829	4,956	0	0
Piglets and slaughter pigs	151,803	159,849	0	0
Crops	78,325	94,355	0	0
Other turnover	13,476	10,588	2,767	250
Total	**312,616**	**328,072**	**2,767**	**250**

Crops harvested in 2019 have been sold in 2020, and there are also crops, harvested in 2020, on stock at the end of 2020.

The sale of milk (19 percent of the total turnover) is for one customer. (2019: 18 percent of the total turnover)

5. Value adjustment of biological assets

Group 2020 tDKK	**Basic herd cows** [1]	**Breeding cows** [2]	**Basic herd pigs** [1]	**Sales herd pigs** [2]	**Crops** [2]	**Total**
Opening	26,853	17,557	16,017	34,779	29,952	125,158
Addition, purchase of company	0	0	0	0	3,370	3,370
Addition	0	9,314	3,822	161,492	113,770	288,398
Value adjustment of the year recognised in the income statement	-8,723	7,986	-6,073	-13,471	-4,905	-25,186
Transfer	13,158	-13,158	2,135	-2,135	0	0
Disposal	-3,606	-2,211	-3,022	-162,628	-113,917	-285,384
Exchange rate adjustment	-68	-73	-759	-741	-388	-2,029
Accounting value 31 December 2020	**27,614**	**19,415**	**12,120**	**17,296**	**27,882**	**104,327**

[1] *Non-current assets* [2] *Current assets*

Non-current assets consist of a herd of 2,668 cows at the end of 2020. Breeding consists of 3,039 heifers and calves. The basic herd of pigs consists of 6,207 sows and gilts, whereas the sales herd is piglets and slaughter pigs.

Crops are the value of the sowed fields. At the end of 2020, the sowed fields mainly consist of 1,500 hectares of alfalfa/grass, 1,500 hectares of wheat, 1,200 hectares of barley and 1,000 hectares of rape in Slovakia. In At the end of 2020, the fields in Romania consisted of 3,000 hectares of wheat and 150 hectares of barley, and in Czech Republic the fields consisted of 550 hectares of wheat, 300 hectares of barley and 300 hectares of rape. The land itself is valued at cost price under tangible assets as far as the land is not leased, cp. note 15.

The fair value for basic herd and breeding is estimated with basis in what similar animals are traded for at the European market. By estimation of the fair value of cows a valuation of the cows' performance, age composition etc. is carried out. By estimation of breeding; age, quality etc. is accounted for.

The fair value of crops is estimated on basis of the cost price for seeding, fertiliser etc. attributed changes due to the biological transformation, from the time of seeding to 31 December 2020. As the biological change for crops seeded in the autumn is limited, the fair value corresponds in all essential to the costs incurred for seeding etc. Furthermore, it is reviewed whether the crops are satisfactory compared to the season.

The fair value of biological assets enters level 3 in the fair value hierarchy.

Group 2019 tDKK	Basic herd cows 1)	Breeding cows 2)	Basic herd pigs 1)	Sales herd pigs 2)	Crops 2)	Total
Opening	25,225	15,288	7,828	13,572	33,233	95,146
Addition, purchase of FirstFarms Slovakia A/S	0	0	5,192	9,672	9,700	24,564
Addition	0	13,531	2,478	140,665	111,927	268,601
Value adjustment of the year recognised in the income statement	-6,473	1,796	2,920	7,612	-1,141	4,714
Transfer	11,162	-11,162	1,277	-1,277	0	0
Disposal	-3,061	-1,896	-3,671	-135,456	-123,489	-267,573
Exchange rate adjustment	0	0	-7	-9	-278	-294
Accounting value 31 December 2019	**26,853**	**17,557**	**16,017**	**34,779**	**29,952**	**125,158**

1) Non-current assets *2) Current assets*

Non-current assets consist of a herd of 2,582 cows at the end of 2019. Breeding consists of 2,772 heifers and calves. The basic herd of pigs consists of 5,976 sows and gilts, whereas the sales herd is piglets and slaughter pigs.

Crops are the value of the sowed fields. At the end of 2019, the sowed fields mainly consist of 800 hectares of alfalfa/grass, 2,200 hectares of wheat, 200 hectares of rye, 800 hectares of barley and 1,400 hectares of rape in Slovakia. In Romania, the fields consisted of 2,900 hectares of wheat and 200 hectares of barley, and in Czech Republic the fields consisted of 550 hectares of wheat, 300 hectares of barley and 300 hectares of rape. The land itself is valued at cost price under tangible assets as far as the land is not leased, cp. note 15.

The fair value for basic herd and breeding is estimated with basis in what similar animals are traded for at the European market. By estimation of the fair value of cows a valuation of the cows' performance, age composition etc. is carried out. By estimation of breeding; age, quality etc. is accounted for.

The fair value of crops is estimated on basis of the cost price for seeding, fertiliser etc. attributed changes due to the biological transformation, from the time of seeding to 31 December 2019. As the biological change for crops seeded in the autumn is limited, the fair value corresponds in all essential to the costs incurred for seeding etc. Furthermore, it is reviewed whether the crops are satisfactory compared to the season.

The fair value of biological assets enters level 3 in the fair value hierarchy.

6. Costs

	Group		Parent company	
tDKK	**2020**	**2019**	**2020**	**2019**
Cost of sales for the period	173,162	149,224	0	0
Reversed write-down on inventories	0	0	0	0

At transition, in connection with harvest, the stock of crops is valuated at market value less point-of-sale costs. By a subsequent decrease in the value, the amount is credited in production costs.

tDKK	Group 2020	Group 2019	Parent company 2020	Parent company 2019
Staff costs				
Fees to the Board of Directors in the parent company	573	360	573	360
Wages and salaries	50,604	43,395	5,488	5,327
Share based remuneration	238	149	238	149
Defined contribution plans	409	365	409	365
Other social security costs	12,908	10,748	43	48
Other staff costs	3,281	3,833	422	1,039
Total staff costs	**68,013**	**58,850**	**7,173**	**7,288**
Staff costs:				
Production	49,952	45,178	0	0
Administration	18,061	13,672	7,173	7,288
Total	**68,013**	**58,850**	**7,173**	**7,288**
Average number of employees	334	309	6	6

At the end of the year, the number of employees was 316, of which 6 are employed at the headquarter in Denmark, 193 in Slovakia, 50 in Romania, 46 in Hungary and 20 in Czech Republic.

Executive Board remuneration of the parent company

tDKK	2020 Board of Directors	2020 Management	2019 Board of Directors	2019 Management
Wages and salaries	573	2,025	360	1,936
Defined contribution plans	0	156	0	120
Share based remuneration	0	154	0	130
Wages and salaries	**573**	**2,335**	**360**	**2,186**

No special redundancy payment has been made for Board of Directors and Management in FirstFarms A/S.

Warrant programme 2020

Number of warrants	Manage-ment	Other employees	Total	Utilisa-tion price	Fair value per option DKK	Fair value in total (tDKK)
Allotted 1 January 2020						
Type 2 (utilised during the year)	50,000	0	50,000	53.23	6,.65	333
Type 3	50,000	20,000	70,000	48.71	3.77	264
Type 4	40,000	0	40,000	56.12	5.80	232
Type 5	10,000	52,000	62,000	55.76	13.79	855
Utilised during the year (type 2)	-50,000	0	-50,000	53.23	6.65	-333
Allotted 31 December 2020	**100,000**	**72,000**	**172,000**	**-**	**-**	**1,351**

102,000 warrants are allotted in 2020. Each warrant gives the warrant owner right to purchase one share of nominal 10 DKK. In 2020, 50,000 warrants are utilised at price 53.23 (type 2).

The outstanding warrants correspond to 2.3 percent of the share capital, if all warrants are utilised. None of the outstanding warrants can be utilised on the balance sheet day.

The utilisation price for the warrants allotted in 2018 (type 3) is 48.71 and the warrant programme runs till 2022, where the warrants can be utilised in a period of 4 weeks from the company's announcement of the interim financial report for the period 1 January – 30 September 2022. Continued employment is a condition for the utilisation of warrants.

The utilisation price for the warrants allotted in 2020 (type 4) is 56.12 and the warrant programme runs till 2024, where the warrants can be utilised in a period of 4 weeks from the company's announcement of the interim financial report for the period 1 January – 31 March 2024. Continued employment is a condition for the utilisation of warrants.

The utilisation price for the warrants allotted in 2020 (type 5) is 55.76 and the warrant programme runs till 2024, where the warrants can be utilised in a period of 4 weeks from the company's announcement of the interim financial report for the period 1 January – 31 March 2024. Continued employment is a condition for the utilisation of warrants.

Warrant programme 2019

Number of warrants	**Manage-ment**	**Other employees**	**Total**	**Utilisa-tion price**	**Fair value per option DKK**	**Fair value in total (tDKK)**
Allotted 1 January 2019:						
Type 1	0	0	0			
Type 2	50,000	0	50,000	53.23	6.65	333
Type 3	50,000	20,000	70,000	48.71	3.77	264
Expired during the year	0	0	0			
Allotted 31 December 2019	**100,000**	**20,000**	**120,000**	**-**	**-**	**597**

No warrants are allotted in 2019. Each warrant gives the warrant owner right to purchase one share of nominal 10 DKK.

The outstanding warrants correspond to 1.9 percent of the share capital, if all warrants are utilised.

The utilisation price for the warrants allotted in 2016 (type 2) is 53.23 and the warrant programme runs till 2020, where the warrants can be utilised in a period of 4 weeks from the company's announcement of the interim financial report for the period 1 January – 30 June 2020. Continued employment is a condition for the utilisation of warrants.

The utilisation price for the warrants allotted in 2018 (type 3) is 48.71 and the warrant programme runs till 2022, where the warrants can be utilised in a period of 4 weeks from the company's announcement of the interim financial report for the period 1 January – 30 September 2022. Continued employment is a condition for the utilisation of warrants.

Depreciations and impairments

tDKK	Group		Parent company	
	2020	2019	2020	2019
Depreciations, intangible assets	0	0	0	0
Depreciations, tangible assets	45,964	47,151	45	46
Impairments, tangible assets	0	0	0	0
Total depreciations and impairments	**45,964**	**47,151**	**45**	**46**
Depreciations and impairments are recognised as follows:				
Production	43,080	46,230	0	0
Administration	2,884	921	45	46
Total	**45,964**	**47,151**	**45**	**46**

Fee to the auditors appointed at the general meeting

Total fee to PwC	Group		Parent company	
tDKK	2020	2019	2020	2019
Audit	1,181	847	463	380
Other declarations with security	25	0	25	0
Tax and VAT services	0	59	0	59
Other non-audit services	168	128	165	128
Total	**1,374**	**1,034**	**653**	**567**

The fee of other services relates to XBRL-filing of interim reports, discussion about new IFRS standards, service about principles and methods of statement of allocation of purchase price in connection with purchase of AISM srl.

Fee to other auditors	Group		Parent company	
tDKK	2020	2019	2020	2019
Audit	426	354	0	0
Other declarations with security	0	0	0	0
Tax and VAT services	0	0	0	0
Other non-audit services	102	260	0	239
I alt	**528**	**614**	**0**	**239**
Total fees for auditors	**1,902**	**1,648**	**653**	**806**

7. Public grants

tDKK	Group		Parent company	
	2020	2019	2020	2019
Grant for investments	1,724	1,413	0	0
EU hectare subsidy	34,157	34,006	0	0
Grant for milk production	6,952	7,187	0	0
Various grants pig production	3,729	4,320	0	0
Government grant etc.	6,419	7,437	0	0
Total	**52,981**	**54,363**	**0**	**0**

Investment grants can be applied for from EU. Investment grants are given under the condition that the assets are kept in the company for at least 5 years. Otherwise, there are no specific conditions attached to the grants. The subsidy is credited concurrently as the assets are depreciated. EU hectare subsidy is a yearly subsidy, which is given to operation of farming. The cattle subsidy is a subsidy to milk production, which is permanent every year. Furthermore, there are some old subsidies from the Slovakian government that is credited concurrently as the assets are depreciated.

Also, various grants are provided to the pig production.

Subsidies form an essential part of the accruals and other receivables. Different subsidy schemes and calculations are shown below.

2020 tDKK	**Hectare grant**	**Milk grant**	**Pig grant**	**Government grant**	**Investment grant etc.**	**Total**
Grants calculated in accruals	0	0	0	0	14,842	14,842
Period of crediting	Continuously	Continuously	Continuously	Continuously	Concurrently as the asset is depreciated	-
Grants calculated in ”Other receivables”	5,697	2,418	0	0	0	8,115

2020 tDKK	**Hectare grant**	**Milk grant**	**Pig grant**	**Government grant**	**Investment grant etc.**	**Total**
Grants calculated in accruals	0	0	0	0	15,283	15,283
Period of crediting	Continuously	Continuously	Continuously	Continuously	Concurrently as the asset is depreciated	-
Grants calculated in ”Other receivables”	12,682	1,884	0	0	0	14,566

8. Other operating income

	Group		Parent company	
tDKK	**2020**	**2019**	**2020**	**2019**
Profit from sale of tangible assets	33,416	5,211	0	0
Recognition at purchase company cp. note 16	19,736	0	0	0
Other secondary income	1,705	800	0	0
Total	**54,857**	**6,203**	**0**	**0**

Profit from sale of tangible fixed assets consist mainly of profit from sale of 925 hectares of land in West Romania.

9. Other operating costs

	Group		Parent company	
tDKK	**2020**	**2019**	**2020**	**2019**
Loss from sale of tangible assets	0	0	0	0
Other secondary costs	0	464	0	0
Total	**0**	**464**	**0**	**0**

10. Financial income

tDKK	Group 2020	Group 2019	Parent company 2020	Parent company 2019
Interest, cash at bank and in hand	103	0	0	0
Interest income from affiliated companies	0	0	2,975	4,882
Other financial income	836	2,367	141	2,061
Total	**939**	**2,367**	**3,116**	**6,943**

11. Financial costs

tDKK	Group 2020	Group 2019	Parent company 2020	Parent company 2019
Interest, bank loans	9,169	7,888	447	175
Interest cost from affiliated companies	0	0	365	0
Interest, convertible bonds	6,773	7,130	6,773	7,130
Other financial costs	7,835	6,778	2,790	1,067
Total	**23,777**	**21,796**	**10,375**	**8,372**

12. Tax on net profit/loss

tDKK	Group 2020	Group 2019	Parent company 2020	Parent company 2019
Tax on net profit/loss	-6,608	-6,546	0	1,195
Tax on other total income	267	553	0	0
Total	**-6,341**	**-5,993**	**0**	**1,195**
Tax on net profit/loss is specified as:				
Current tax	-7,864	-6,007	0	0
Deferred tax	1,523	14	0	1,195
Total	**-6,341**	**-5,993**	**0**	**1,195**
Tax on net profit/loss can be explained as:				
Calculated tax of net profit/loss before tax (22 %) (In parent company ex. capital shares)	-6,908	-6,373	3,809	2,380
Reduction in tax rate	0	0	0	0
Recognition when acquiring a company	4,342	0	0	0
Liquidation proceeds, re-taxation liability	0	5,288	0	5,288
Write down / unrecognised tax assets	-3,809	-5,461	-3,809	-6,473
Other adjustments, net	-232	0	0	0
Total	**-6,608**	**-6,546**	**0**	**1,195**
Effective tax rate	21	23	0	11

13. Earnings per share

Group tDKK	2020	2019
Net profit	24,794	22,425
Interest at conversion of bonds	6,773	7,130
Profit of the year for calculating earnings per share (EPS-D)	31,567	29,555
Number of shares	7,566,642	6,318,142
Average diluted effect of outstanding warrants and convertible bonds	2,467,036	2,464,781
Diluted number of shares in circulation	10,033,678	8,782,923
Earnings per share (EPS)	3.57	3.55
Diluted earnings per share (EPS-D)	3.36	3.33

14. Intangible assets

Group 2020 tDKK	Goodwill	Lease contracts	Total
Cost price 1 January	16,083	0	16,083
Addition	0	0	0
Disposal - transfer to land cp. IFRS 16	0	0	0
Exchange rate adjustment	0	0	0
Cost price 31 December	**16,083**	**0**	**16,083**
Depreciations and impairments 1 January	0	0	0
Depreciations	0	0	0
Disposal - transfer to land cp. IFRS 16	0	0	0
Exchange rate adjustment	0	0	0
Depreciations and impairments 31 December	**0**	**0**	**0**
Accounting value 31 December	**16,083**	**0**	**16,083**

FirstFarms' Management has at the end of 2020 carried out impairment test of the accounting value of goodwill in Slovakia. The recoverable amount is based on the capital value (the value in use), which is determined based on expectations to the future cash flow in the coming 5 years. Significant assumptions worked in the impairment test is a growth in the terminal period of 1.5 percent, a return (WACC) of 8.0 percent after tax (before tax 10.1 percent) and milk price of 2.45 DKK per kg in 2021 and milk price of 2.60 DKK per kg as of 2024. There is also estimated a smaller increase in the yield per cow and an efficiency improvement in the fields. The estimation for future milk prices is based on external ratings and own estimations. SEGES' recommendation for the coming years for the price of milk is approx. 2.60 DKK per kg. In the impairment test carried out normal harvest yield and settlement prices for 2021 are assumed. The crop prices in the coming years are assumed higher compared to the budget for 2021, due to the present market conditions.

From 2022, 3,050 cows are assumed.

Reinvestments of the asset mass is recognised in the calculation.

The impairment test carried out on the activities in Slovakia has shown that the capital value of the activities is above the accounting value of the assets (including intangible assets).

The Group has assessed that a change in the key assumptions could entail impairment. Provided that other variables are unchanged, a reduction in the milk price in the region of 0.05 DKK per kg will entail that the recoverable amount corresponds to the accounting value.

The parent company has no intangible assets included.

Group 2019 tDKK	**Goodwill**	**Lease contracts**	**Total**
Cost price 1 January	16,078	7,401	23,479
Addition	0	0	0
Disposal - transfer to land cp. IFRS 16	0	-7,401	-7,401
Exchange rate adjustment	5	0	5
Cost price 31 December	**16,083**	**0**	**16,083**
Depreciations and impairments 1 January	0	-6,156	-6,156
Depreciations	0	0	0
Disposal - transfer to land cp. IFRS 16	0	6	6,156
Exchange rate adjustment	0	0	0
Depreciations and impairments 31 December	**0**	**0**	**0**
Accounting value 31 December	**16,083**	**0**	**16,083**

FirstFarms' Management has at the end of 2019 carried out impairment test of the accounting value of goodwill in Slovakia. The recoverable amount is based on the capital value (the value in use), which is determined based on expectations to the future cash flow in the coming 5 years. Significant assumptions worked in the impairment test is a growth in the terminal period of 1.5 percent, a return (WACC) of 8.5 percent after tax (before tax 10.4 percent) and milk price of 2.53 DKK per kg in 2019 and milk prices of 2.60 DKK per kg as of 2023. There is also estimated a smaller increase in the yield per cow and an efficiency improvement in the fields. The estimation for future milk prices is based on external ratings and own estimations. SEGES' recommendation for the coming years for the price for milk is approx. 2.60 DKK per kg. In the impairment test carried out normal harvest yield and settlement prices for 2019 are assumed. The crop prices in the coming year are assumed to be on par with the budget for 2020.

From 2022, 3,050 cows are assumed and 10,300 hectares of land in the period is assumed from 2021.

Reinvestments of the asset mass is recognised in the calculation.

The impairment test carried out on the activities in Slovakia has shown that the capital value of the activities is above the accounting value of the assets (including intangible assets).

The Group has assessed that a change in the key assumptions could entail impairment. Provided that other variables are unchanged, a reduction in the milk prices in the region of 0.15 DKK per kg will entail that the recoverable amount corresponds to the accounting value.

The parent company has no intangible assets included.

15. Tangible assets

Group 2020 tDKK	Land	Buildings	Plant and machin-ery	Fixtures and fittings, tools and equip-ment	Con-struction work under execu-tion and prepay-ments	Total
Cost price 1 January 2020	439,446	294,279	202,035	8,533	29,991	974,284
Addition, purchase of company	100,568	11,031	2,300	53	0	113,952
Addition	29,604	22,262	22,451	2,501	16,743	93,561
Transfer between categories	3,122	5,596	2,263	357	-11,338	0
Disposal	-19,356	-1,005	-21,814	-732	-7,470	-50,377
Exchange rate adjustment	-5,262	-7,680	-3,133	-503	-865	-17,443
Cost price 31 December 2020	**548,122**	**324,483**	**204,102**	**10,209**	**27,061**	**1,113,977**
Depreciations and impairments 1 January 2020	-8,828	-82,736	-98,179	-4,273	0	-194,016
Depreciations	-5,832	-14,804	-23,544	-1,176	0	-45,356
Impairment	0	0	0	0	0	0
Disposal	3,277	-535	12,119	705	0	15,566
Transfer between categories	0	0	0	0	0	0
Exchange rate adjustment	5	963	1,498	217	0	2,683
Depreciations and impair-ments 31 December 2020	**-11,378**	**-97,112**	**-108,106**	**-4,527**	**0**	**-221,123**
Accounting value 31 December 2020	**536,744**	**227,371**	**95,996**	**5,682**	**27,061**	**892,854**
- assets held under finance lease	41,150	0	63,319	0	0	104,469
Depreciation period (years)	*	15-30	5-10	3-7	-	-
- depreciations on leased as-sets	5,832	0	5,853	0	0	11,685

* Leasing assets under land are depreciated over the lease period, which is from 3-15 years.

For the bank debt in Slovakia, Romania, Czech Republic and Hungary of 292.5 mDKK (2019: 300.8 mDKK), security has been given in fixed assets. Furthermore, there is security in EU-grants in Slovakia.

Referring to note 22 for information on the leasing obligation on leased assets.

Group 2019 tDKK	Land	Buildings	Plant and machin-ery	Fixtures and fittings, tools and equip-ment	Con-struction work under execu-tion and prepay-ments	Total
Cost price 1 January 2019	240,971	263,649	163,363	7,829	11,108	686,920
IFRS 16 adjustment	29,756	0	5,525	0	0	35,281
New cost prices 1 January 2019	270,727	263,649	168,888	7,829	11,108	722,201
Addition, purchase of company	141,809	29,861	5,837	0	1,314	178,821
Addition	29,847	1,938	30,374	1,541	25,763	89,463
Transfer between categories	1,099	4,439	1,030	0	-6,568	0
Disposal	-2,157	-3,550	-2,673	-741	-1,395	-10,516
Exchange rate adjustment	-1,879	-2,058	-1,421	-96	-231	-5,685
Cost price 31 December 2019	**439,446**	**294,279**	**202,035**	**8,533**	**29,991**	**974,284**
Depreciations and impairments 1 January 2019	0	-70,580	-75,466	-3,950	0	-149,996
Depreciations	-8,828	-12,396	-24,871	-1,068	0	-47,163
Impairment	0	0	0	0	0	0
Disposal	0	151	1,491	718	0	2,360
Transfer between categories	0	0	0	0	0	0
Exchange rate adjustment	0	89	667	27	0	783
Depreciations and impair-ments 31 December 2019	**-8,828**	**-82,736**	**-98,179**	**-4,273**	**0**	**-194,016**
Accounting value 31 December 2019	**430,618**	**211,543**	**103,856**	**4,260**	**29,991**	**780,268**
- assets held under finance lease	24,627	0	57,055	0	0	81,682
Depreciation period (years)	*	15-30	5-10	3-7	-	-
- depreciations on leased as-sets	8,828	0	7,087	0	0	15,915

* Leasing assets under land are depreciated over the lease period, which is from 3-15 years.

For the bank debt in Slovakia, Romania, Czech Republic and Hungary of 300.8 mDKK (2018: 178.4 mDKK), security has been given in fixed assets. Furthermore, there is security in EU-grants in Slovakia.

Referring to note 22 for information on the leasing obligation on leased assets.

Parent company 2020 tDKK	Fixtures and fittings, tools and equipment
Cost price 1 January 2020	468
Addition	0
Disposal	0
Cost price 31 December 2020	**468**
Depreciations and impairments 1 January 2020	-318
Depreciations	-45
Disposal	0
Depreciations and impairments 31 December 2020	**-363**
Accounting value 31 December 2020	**105**
- assets held under finance lease	105
Depreciation period	3-7 years

Parent company 2019 tDKK	Fixtures and fittings, tools and equipment
Cost price 1 January 2019	468
Addition	0
Disposal	0
Cost price 31 December 2019	**468**
Depreciations and impairments 1 January 2019	-272
Depreciations	0
Disposal	-46
Depreciations and impairments 31 December 2019	**-318**
Accounting value 31 December 2019	**150**
- assets held under finance lease	0
Depreciation period	3-7 years

16. Capital shares in subsidiaries

Parent company tDKK	2020	2019
Cost price 1 January	466,201	370,782
Addition in the year-purchase of company	76,658	95,419
Cost price 31 December	**542,859**	**466,201**
Value adjustment 1 January	-90,924	-118,046
Share of the result of the year	42,106	32,046
Exchange rate adjustments	-9,073	-2,844
Hedging instruments	-1,008	-2,080
Adjustment 31 December	**-58,899**	**-90,924**
Accounting value 31 December	**483,960**	**375,277**

2020
FirstFarms A/S has, cp. company announcement no. 16 of 11 June 2020, acquired the Northwest Romanian company AISM Srl.

With the acquisition FirstFarms has taken over 2,430 hectares of cultivated agricultural land, a modern silo plant with 6,000 tons storage capacity, feed mill and storage- and office facilities.

Registration of the ownership of all the land in Romania is not yet been completed. This is standard in Romania due to the Romanian registration system. As a natural part of the transfer, FirstFarms is, together with a range of other initiatives, working on hedging the extent of this work and any problems connected therewith. It is done in close and good cooperation with the seller, who in the transfer agreement has assumed the usual guarantees for ownership to the land and any other conditions regarding AISM Srl. It is currently assessed not to result in adjustment of the acquisition price. Any future adjustment is not expected to have affect the badwill.

The sellers of AISM Srl. acquired 16.5 percent of the shares in FirstFarms A/S, as a result of the transaction, provided that shares are delivered in full for the remaining receivable. FirstFarms equity is strengthened by 96 mDKK – corresponding to fair value of the acquired assets.

The acquisition price for the shares in AISM Srl. is calculated as 1,248,500 shares of DKK 61.40 per share, corresponding to 76.7 mDKK. The shares in AISM are paid with shares in FirstFarms, of which 50,000 shares are not issued, corresponding to 3.1 mDKK, as they form part of the seller's guarantees.

The allocation of the acquisition price of the net assets is shown in the table below (tDKK):

Land	100,568
Buildings	11,031
Machines + other plants	2,359
Inventories	83
Receivables	359
Cash at bank and in hand	4
Deferred tax	-12,574
Other payables	-675
Limited subsidies	-4,761
Net assets taken over	**96,394**
Total acquisition prices	**76,658**
Badwill – recognised in other operating income	**19,736**

The transaction is carried out by payment with shares. Negotiation of price is thus made from the parties' valuation of the two companies.

The revaluation of assets and liabilities in the company taken over, compared with the payment for the company calculated on basis of the share price at the time of the take-over, results in a badwill.

At the transaction, the seller has replaced a local potentially illiquid asst in a Romania company with a liquid asset in a listed company. FirstFarms has gathered more experience working with land development in Romania that seller of the company.

In connection with due diligence or later, there has not been identified need for provision to other conditions, including environmental obligations, which indicates that the badwill can be assigned to unrecognised contingent liabilities.

The allocation of the purchase price is preliminary.

Recognised transaction costs of 1.0 mDKK have incurred in connection with the transaction.

Result before tax for AISM Srl. for the recognised period is 0.6 mDKK excluding recognition of badwill. If the whole year of 2020 had been recognised, the result before tax for AISM would be 0.1 mDKK

The turnover for the recognised period is 1.0 mDKK. If the whole year of 2020 had been recognised the turnover would be 1.2 mDKK.

2019

FirstFarms has on 17 July 2019 purchased 100 percent of the shares in FirstFarms Slovakia A/S, which through a subsidiary in Slovakia includes crop and pig production in Slovakia. Thus, FirstFarms is supplemented in the pig production with an implemented production plant producing piglets and slaughter pigs.

The purchase price for the company is 95.4 mDKK, which is paid by own means and by obtaining loan.

The allocation of the purchase price at the time of takeover is shown in the table below (tDKK):

Land	141,809
Buildings, machines, inventory etc.	37,034
Biological assets	24,564
Inventories	4,314
Receivables	7,797
Cash at bank and in hand	7,842
Credit institutions	-93,336
Deferred tax	-19,982
Trade payables	-5,912
Other payables	-8,518
Net assets taken over	**95,611**
Total acquisition price	**95,419**
Badwill – recognised in other operating income	**192**

In connection with due diligence or later, no need is identified for provisions of other matters, including environmental obligations, which indicates, that the badwill can be attributed to non-recognised contingent liabilities.

The purchase price allocation is preliminary.

Recognised transaction costs of 1.5 mDKK under administration costs are held in connection with the purchase.

Cash effect of the purchase 2019 constitutes the following (tDKK):

Cash payment	-25,480
Cash taken over	7,842
Cash effect	**-17,638**

The remaining part of the purchase price is financed by loan. The terms are 5-year annuity with an interest rate of 3 percent p.a. Security for the loan has been provided in the shares in FirstFarms Slovakia A/S.

The pre-tax result for FirstFarms Slovakia A/S for the recognised period is 18.8 mDKK, without recognition of badwill. If the whole year of 2019 had been recognised, the pre-tax result for FirstFarms Slovakia A/S would be 24.1 mDKK.

The turnover for the recognised period is 36.4 mDKK. If the whole year of 2019 had been recognised, the turnover would have been 66.1 mDKK.

Subsidiaries in FirstFarms A/S **Name**	**Domicile**
FirstFarms s.r.o.	Slovakia
FirstFarms Agra M. s.r.o.	Slovakia
FirstFarms Mast Stupava AS	Slovakia
FirstFarms Mlyn Zahorie AS	Slovakia
Morava Agro s.r.o.	Slovakia
Obilná s.r.o.	Romania
AISM srl.	Romania
FirstFarms s.r.l.	Romania
FirstFarms Agro East s.r.l.	Romania
FirstFarms Hungary A/S	Denmark
FirstFarms Hungary Kft.	Hungary
FirstFarms Czech A/S	Denmark
FirstFarms Granero s.r.o.	Czech Republic
FirstFarms Slovakia A/S	Denmark
FirstFarms Gabcikovo s.r.o.	Romania
Gabcikovo Cityland s.r.o.	Romania

All subsidiaries are 100 percent owned by the FirstFarms Group.

17. Inventories

	Group		**Parent company**	
tDKK	**2020**	**2019**	**2020**	**2019**
Raw materials and other materials	28,937	23,755	0	0
Manufactured goods and commodities, grain, fodder etc.	47,467	53,664	0	0
Total	**76,404**	**77,419**	**0**	**0**
Accounting value of inventories included at fair value	47,467	53,664	0	0
Write-downs	0	0	0	0
Reversed write-downs	0	0	0	0

At transition, in connection with harvest, the stock of crops is valuated at fair value less point-of-sale costs. By a subsequent decrease in the value, the amount is included in production costs. Inventories recognised as cost of sale in the period can be seen in note 6.

18. Receivables

	Group		**Parent company**	
tDKK	**2020**	**2019**	**2020**	**2019**
Receivables from sales	18,770	22,297	0	0
Other receivables	18,125	28,458	422	491
Receivables from associated companies	0	0	186,733	230,764
Total	**36,895**	**50,755**	**187,155**	**231,255**

In 2020 and 2019, there is taken out debtor insurance for the most significant part (approx. 80-90 percent) of the company's receivables from sale. All write-downs relate to receivables with more than 90 days maturity.

Receivables, which per 31 December were due, but not impaired, can be see below.

tDKK	**2020**	**2019**
Period of decadence:		
Up to 30 days	3,304	2,599
Between 30 and 90 days	642	508
Over 90 days	752	61
Total	**4,698**	**3,168**

The Group sells milk, meat and crops o dairies and slaughterhouses etc. Historically, there has not been significant losses on receivables from sales for the Group. On basis of this, no provisions have been made for losses on the normal receivables from sales.

19. Share capital

Issued shares	**Amount (pcs.)**		**Nominal value (DKK)**	
	2020	**2019**	**2020**	**2019**
1 January	6,318,142	6,159,404	63,181,420	61,594,040
Issued in connection with purchase of company	1,198,500	0	11,985,000	0
Utilisation of warrants	50,000	0	500,000	0
Issued at conversion of bonds	0	158,738	0	1,587,380
31. december	**7,566,642**	**6,318,142**	**75,666,420**	**63,181,420**

At the end of 2020, the share capital consisted of 7,566,642 shares at nominal 10 DKK. No shares are attributed special rights.

From the Groups and parent company's result of 24.8 mDKK, it is proposed to distribute 5.7 mDKK as dividend and transfer 19.1 mDKK to next year.

Capital management

The capital structure in FirstFarms is evaluated continuously. To see the Groups' policies on profit distribution, debt finance etc., see p. 39 concerning dividend and p. 31 for risk management.

The realised return on equity for 2020 was 5.7 percent (2019: 5.9 percent)

Capital structure

The company's Management reviews FirstFarms' ownership and capital structure on an on-going basis. The company does not hold any of its own shares and the percentage of negotiable FirstFarms shares, the free float is thus 100 percent. On the ordinary general meeting on 28 April 2020, authority was given to the company to acquire up to 10 percent of own shares. The authority was not used in 2020. At the end of 2020, a total of 172,000 warrants are issued to the company's Management and to employees in Denmark and abroad. In 2020, 50,000 warrants are utilised and a total of 102,000 warrants are issued in 2020.

Furthermore, the Board of Directors is authorised to until 26 April 2021, in one or more stages, to issue up to 1,500,000 shares corresponding to nominal DKK 15,000,000 through cash payment, by contribution of assets other than cash (non-cash contribution) or conversion of debt or through a combination thereof. The capital increase shall be at market price – with or without pre-emption rights for the Company's shareholders. The Board of Directors has also authorisation until 24 April 2024, in one or more stages, to issue up to 1,000,000 shares for nominal DKK 10,000,000 through cash payment, by contribution of assets other than cash (non-cash contribution) or conversion of debt or through a combination thereof. The capital increase shall be at market price – with or without pre-emption rights for the Company's shareholders.

FirstFarms utilised the authorisation in 2017 to issue 203,678 shares at a nominal value of 2,036,780 DKK to purchase shares in FirstFarms Hungary A/S, in 2018 to issue 404,328 shares at a nominal value of 4,043,280 DKK to purchase of shares in FirstFarms Czech A/S and in 2020 to issue 1,198,500 shares at a nominal value of 4,043,280 DKK to purchase of share in AISM srl. A total of 1,806,506 shares corresponding to a nominal value of 18,065,060 DKK have therefore been utilised, and there is thus authorisation to issue additional 693,494 shares.

In March 2017, FirstFarms issued convertible bonds for a total of 13.2 mDKK, in connection with repayment of debt to former shareholders in FirstFarms Hungary A/S, with expiry 15 December 2020, of these 8.6 mDKK has been prolonged to 2021 and 2023. In December 2017, the company issued bonds for 72.25 mDKK, which run up to and including 15 December 2022. Bonds for 21.5 mDKK issued in 2016, with expiry 15 December 2021 and 15 December 2023, remain unpaid. In May 2018, FirstFarms issued convertible bonds for 19.9 mDKK in connection with the purchase of FirstFarms Czech A/S with expiry 15 December 2022.

Convertible bonds of nominally 7.8 mDKK were converted in 2019, and in 2020 3.2 mDKK has been repaid in connection with expiry.

If all present bond owners choose to convert their bonds, it will correspond to issuance of 2,295,036 shares. This corresponds to 30 percent of the share capital at the end of 2020.

Dividend

It is FirstFarms' goal to secure the necessary equity and liquidity to finance the organic and acquisitive growth of the company. Yearly, in combination with presentation of the accounts, an evaluation of potential dividend is made. FirstFarms alludes for and annual distribution of 0.5-1.0 DKK per share.

The shareholders shall have a return on their investments in the form of share price increases and dividends.

20. Deferred tax

Group tDKK	2020	2019
Deferred tax 1 January	27,180	7,457
Addition, purchase of business	12,574	19,982
Tax recognised in the equity	-267	-618
Exchange rate adjustment	0	-38
Deferred tax of the year calculated in net profit/loss	-1,267	397
Deferred tax 31 December	**38,220**	**27,180**
How deferred tax is calculated in the balance sheet:		
Deferred tax (asset)	-5,398	-10,053
Deferred tax (liability)	43,618	37,233
Deferred tax 31 December, net	**38,220**	**27,180**
Deferred tax concerns:		
Tangible assets	43,956	31,633
Biological assets	2,748	5,287
Other accounting items	-7,706	-4,333
Deficits with right to put forward	-778	-5,407
Total	**38,220**	**27,180**

The fiscal deficits concern mostly the Group's foreign activities and are included in the assumption that positive taxable income will be obtained within a period of approx. 5 years. There is an unrecognised deferred tax asset relating to losses in the parent company of 8 mDKK.

Change in interim differences in 2020

tDKK	Balance 1/1-2020	Addition, purchase of company	Included in net profit/loss, net	Recognition the equity	Exchange rate adjustments	Balance 31/12-2020
Tangible assets	31,633	12,574	-231	0	-20	43,956
Biological assets	5,287	0	-2,538	0	-1	2,748
Other accounting items	-4,333	0	-3,116	-267	10	-7,706
Deficits with to put forward	-5,407	0	4,629	0	0	-778
Total	**27,180**	**12,574**	**-1.256**	**-267**	**-11**	**38,220**

Change in interim differences in 2020

tDKK	Balance 1/1-2019	Addition, purchase of company	Included in net profit/loss, net	Recognition the equity	Exchange rate adjustments	Balance 31/12-2019
Tangible assets	14,519	17,425	-278	0	-33	31,633
Biological assets	1,797	1,567	1,922	0	1	5,287
Other accounting items	-5,986	1,455	761	-553	-10	-4,333
Deficits with to put forward	-8,161	-465	3,215	0	4	-5,407
Re-taxation balance	5,288	0	-5,288	0	0	0
Total	**7,457**	**19,982**	**332**	**-553**	**-38**	**27,180**

Parent company tDKK	2020	2019
Deferred tax 1 January	0	1,195
Deferred tax of the year calculated in net profit/loss	0	-1,195
Tax recognised in the equity	0	0
Deferred tax 31 December	**0**	**0**
How deferred tax is calculated in the balance sheet:		
Deferred tax (asset)	0	0
Deferred tax (liability)	0	0
Deferred tax 31 December, net	**0**	**0**

21. Convertible bonds

	Group		Parent company	
tDKK	**2020**	**2019**	**2020**	**2019**
Proceeds from issuance of convertible bonds, primo	122,869	130,680	122,869	130,680
Proceeds from issuance of new convertible bonds in the year	0	0	0	0
Converted in the year	0	-7,811	0	-7,811
Settled in the year	-3,230	0	-3,230	0
Proceeds from issuance of convertible bonds, end of period	**119,639**	**122,869**	**119,639**	**122,869**
Fair value of right to convert at date of issuance recognised in the equity, primo	-2,042	-2,042	-2,042	-2,042
Fair value of right to convert at date of issuance of new convertible bonds in the year	0	0	0	0
Fair value of financial obligation at the date of issuance	**117,597**	**120,827**	**117,597**	**120,827**
Amortisation 1 January	1,389	1,096	1,389	1,096
Amortisation for the year	310	293	310	293
Amortisation 31 December	**1,699**	**1,389**	**1,699**	**1,389**
Accounting value of financial obligation 31 December	**119,296**	**122,216**	**119,296**	**122,216**

The following convertible bonds are outstanding (tDKK):

2020 **Issued**	**Beg.**	**Repaid**	**Conv.**	**End**	**Interest**	**Effective interest**	**Expiry 2021**	**2022**	**2023**	**Total**
2016	21,500	0	0	21,500	6.0%	6.4%	750		20,750	21,500
2017-1	69,650	0	0	69,650	5.0%	5.2%		69,650		69,650
2017-2	11,823	-3,230	0	8,593	6.0%	6.2%	5,600		2,993	8,593
2018	19,896	0	0	19,896	5.0%	5.2%		19,896		19,896
Total	**122,869**	**-3,230**	**0**	**119,639**			**6,350**	**89,546**	**23,743**	**119,639**

2019						Effective	Expiry			
Issued	Beg.	Repaid	Conv.	End	Inter-est	interest	2020	2021	2022	Total
2016	26,250	-4,750	0	21,500	6.0%	6.4%	21,500	0	0	21,500
2017-1	72,250	-2,600	0	69,650	5.0%	5.2%	0	0	69,650	69,650
2017-2	12,284	-461	0	11,823	6.0%	6.2%	11,823	0	0	11,823
2018	19,896	0	0	19,896	5.0%	5.2%	0	0	19,896	19,896
Total	**130,680**	**-7,811**	**0**	**122,869**			**33,323**	**0**	**89,546**	**122,869**

In 2020, the convertible bonds from 2016 and 2017-2 are offered prolonged for 1 or 3 years. A total of 30.1 mDKK of a total of 33.4 mDKK was prolonged; of this 23.8 mDKK was prolonged for 3 years.

The value of the financial obligation is at the date of issuance calculated using a market interest corresponding to the interest for a similar non-convertible debt instrument. The difference between the proceeds at issuance of the convertible bonds and the fair value of the financial obligation constitutes the fair value of the right to convert at the date of issuance which is recognised directly in the equity (level 3 in the fair value hierarchy).

The fair value of the outstanding bonds at the end of 2020 is calculated to 120.3 mDKK. There is assumed an interest of discounting for bonds of 5 percent.

The fair value of the convertible bonds is recognised at level 3 in the fair value hierarchy.

22. Debt to credit institutions

Liabilities are recognised in the balance as follows:

	Group		Parent company	
tDKK	**2020**	**2019**	**2020**	**2019**
Non-current liabilities	251,966	252,739	0	0
Short-term part of long-term liabilities	88,961	67,088	0	0
Total	**340,927**	**319,827**	**0**	**0**
Bank overdrafts	16,892	53,967	8,517	13,732
Total	**357,819**	**373,794**	**8,517**	**13,732**
Fair value	357,819	373,794	0	0
Nominal value	357,819	373,794	0	0
- of this fixed interest	160,90755	134,976	0	0

A change in the interest with 1 percentage point will, incl. other loans, entail a change in the interest expenses of 2.2 mDKK (2019: 2.4 mDKK).
When entering larger loans with variable interest rates, the interest rate on these agreements is secured by entering into a swap agreement. Quotations from more than one financial institution are obtained before an agreement is made.

FirstFarms has entered two SWAP agreements to secure the company against interest rate increases. These SWAP agreements have a value of -3,9 mDKK at the end of 2020. They were entered into for loans in Slovakia, which at the end of 2020 has an outstanding debt of 120 mDKK. The value of SWAP agreements is calculated on a quarterly basis, where statement is received from the bank. The value is calculated based on current interest rates and future payments regarding SWAP.

Two loans of a total of 120 mDKK have been secured. The interest rate hedging follows the principal on the underlying loans. The interest rate is hedged so that 81.5 mDKK until 2026 has an interest rate of 0.14 percent and 38.5 mDKK until 2028 has an interest rate of 0.58 percent.

There is a 1: 1 correlation between the hedge and the underlying debt.

If the interest rate changes by 0.1 percent, equity will be affected by approx. 0.8 mDKK.

Current maturity:	**2020**	**2019**
Within 1 year	105,852	121,055
1-5 years	165,160	140,455
> 5 years	86,807	112,284
Total accounting value	**357,819**	**373,794**

The debt in Slovakia is taken out in EUR, and there is an average interest rate at the end of 2020 at 3-4 percent (2019: 3-4 percent). In Romania, the majority of the debt is taken out in the local currency or EUR, and the interest here is 3-5 percent (2019: 3-6 percent).

In Hungary, the debt is taken out in HUF, and carries interest with 3-5 percent (2019: 3-5 percent), and in Czech Republic the debt is taken out in CZK and carries interest with 3-5 percent (2019: 3-5 %)

In both 2020 and 2019, the fair value is calculated as present value of expected future repayments and interest payments. No specific terms or conditions are attached to the Group's loan including leasing obligations. The Group's debts to credit institutions are carried with variable interests and estimated in EUR.

Development in loan in credit institutes

Group tDKK	**2020**	**2019**
Loan in credit institutes etc., beginning	373,794	211,846
Addition at purchase of company	3,540	93,336
IFRS 16 - leasing obligations	0	34,041
Addition	32,929	82,441
Repayments	-61,929	-72,115
Change in hedging instruments	1,275	2,633
Leasing set off under investment activity	12,117	21,612
Loan in credit institutes etc., end	**361,726**	**373,794**

Leasing

Liabilities regarding financial leased assets are included in debts to credit institutions:

Group 2020 tDKK	**Minimum contribution**	**Interest etc.**	**Repayment of liabilities**
0-1 year	13,496	1,884	11,612
1-5 years	44,380	3,356	41,023
> 5 years	4,763	582	4,181
Total	**62,639**	**5,822**	**56,817**

The total payments regarding leasing in 2020 is 20.0 mDKK, of which interest payments are 2.0 mDKK.

There are no variable payment leases, and there are no low value leases.

See note 15 for information on the carrying amount of leased assets.

Group 2019*) tDKK	**Minimum contribution**	**Interest etc.**	**Repayment of liabilities**
0-1 year	19,458	1,653	17,805
1-5 years	39,749	2,887	36,862
> 5 years	2,158	151	2,007
Total	**61,365**	**4,691**	**56,674**

*) Numbers include incorporation of IFRS 16.

The total payments regarding leasing in 2019 is 21.8 mDKK, of which interest payments are 2.0 mDKK.

There are no variable payment leases, and there are no low value leases.

See note 15 for information on the carrying amount of leased assets.

23. Supplier debts and other debt obligations

	Group		**Parent company**	
tDKK	**2020**	**2019**	**2020**	**2019**
Supplier debts	16,650	26,645	469	258
Other debt obligations	53,650	48,624	22,041	16,915
Total	**70,300**	**75,269**	**22,510**	**17,173**

24. Corporation tax

	Group		**Parent company**	
tDKK	**2020**	**2019**	**2020**	**2019**
Corporation tax 1 January	-1.790	-42	0	0
Current tax of the year	-7,864	-6,007	0	0
Paid corporation tax	9,654	4,259	0	0
Corporation tax 31 December	**0**	**-1,790**	0	0

25. Contingent liabilities, contingent assets and securities

Contingent liabilities
The Group is involved in a few pending disputes. It is the Management's assessment that clarification will not have significant influence for the Group's financial position.

Securities
For the bank debt in Slovakia, Romania, Hungary and Czech Republic of 292.5 mDKK, security has been given fixed assets, where the booked value constitutes 624 mDKK (2019: 646 mDKK)

The parent company has guaranteed for the subsidiaries' debt in credit institutions in Slovakia, Romania and Hungary with an accounting value of 161.8 mDKK. (2019: 277.4 mDKK).

Security has been given for other liabilities in the parent company with a booked value of 51,0 mDKK in the shares in FirstFarms Slovakia A/S.

26. Change in working capital

tDKK	Group		Parent company	
	2020	2019	2020	2019
Change in biological assets and inventories	-5,369	2,068	0	0
Change in receivables etc.	20,945	8,253	72	-52
Change in supplier debts, other debt obligations and accruals	-8,480	16,390	5,372	442
Total	**7,096**	**26,711**	**5,444**	**390**

27. Non-cash transactions

tDKK	2020	2019
Acquisition of tangible assets, cp. note 15	93,561	85,639
Of this, financial leased assets	-12,117	-21,618
Paid regarding acquisition of tangible assets	**81,444**	**64,021**
Proceeds at raising financial debt liabilities	-16,883	31,944
Of this leasing debt	-12,117	-21,618
Received at raising financial debt liabilities	**-29,000**	**10,326**

28. Financial assets and liabilities

Booked value of financial assets and liabilities.

tDKK	Group		Parent company	
	2020	2019	2020	2019
Financial assets at amortised cost				
- Trade receivables	18,770	22	0	0
- Other receivables	20,366	38	422	494
- Cash and cash equivalents	7,753	3	130	0
Total	**46,889**	**63**	**552**	**494**

tDKK	Group		Parent company	
	2020	2019	2020	2019
Financial liabilities at amortised cost				
- Trade payables and other debt	133,837	142,137	60,060	68,203
- Debt for credit institutions and leasing	357,819	373,794	8,517	13,732
- Convertible bonds	119,296	122,217	119,296	122,217
Financial liability at fair value				
Hedging instruments (fair value)				
Hedging (interests)	3,908	2,633	0	0
Total	**614,860**	**640,781**	**187,873**	**204,152**

29. Risk management

The Group's risk management policy
Due to the fact that FirstFarms operates, invests and finances abroad, the company is exposed to fluctuations in exchange rates and interest rates. FirstFarms' policy is not to make speculation. The financial control of the Group is made to control the financial risks, which are a consequence of the Group's operations and finance.

To a large extent FirstFarms' foreign companies are not affected of exchange rate fluctuations because both revenues and costs are settled in domestic currency. The income statement in the Group accounts will therefore mainly be affected by conversion of the subsidiaries' result to DKK.

In the following, the consequences of changes in interest rates, exchange rates and other important factors are given to assess the company's expectations for 2021.

FirstFarms' activities are placed in Slovakia, Romania, Hungary and Czech Republic. A change in the Romanian RON of 1 percent will - all things being equal - affect EBIT with approx. 0.1 mDKK. (2019: 0.1 mDKK). Furthermore, a direct effect on the equity will show due to a changed conversion of assets and liabilities.

A change in the Hungarian HUF of 1 percent will - all things being equal - affect EBIT with approx. 0.2 mDKK. (2019: 0.2 mDKK) Furthermore, a direct effect on the equity will show due to a changed conversion of assets and liabilities.

A change in the Czech CZK of 1 percent will – all things being equal – affect EBIT with approx. 0.1 mDKK. (2019: 0.1 mDKK). Furthermore, a direct effect on the equity will show due to a changed conversion of assets and liabilities.

An increase in the interest of 1 percent will – all things being equal – entail a change in the financial expenses of 0.8 mDKK. (2019: 24 mDKK) The convertible bonds have a fixed interest and are thus not affected, and there is hedging for changes in interest for a significant part of the bank debt in Slovakia. As a result of the hedging of the interest rates in Slovakia, equity will be affected by 7-8 mDKK at an interest rate change of 1 percent.

FirstFarms' result will mainly be affected by changes in the milk price, where a change in the milk price of 1 percent will – all things being equal - cause a change in the EBIT of 0.7 mDKK. (2019: 0.6 mDKK). In addition to this, a value adjustment may occur on biological assets (the value of stock) as a result of changes in the milk price.

A 1 percent change in the price of piglets and slaughter pigs will – all things being equal – entail a change in the EBIT of 1.7 mDKK. (2019: 1.7 mDKK). In addition to this, there will be a value adjustment of the biological assets.

A 1 percent change in the price or quantity of sales crops will – all things being equal - entail a change in the EBIT of 0.8 mDKK. (2019: 1.0 mDKK)

Regarding credit risk, reference is made to note 18 regarding receivables.

Liquid funds
FirstFarms has entered agreements with banks in Denmark, Slovakia, Romania, Hungary and Czech Republic regarding credit lines, which, together with the present financing in the company, is assessed to cover the company's cash needs in 2021.

The Groups liabilities fall due as follows:

2020 tDKK	**Accounting value**	**Contractual cash flows**	**Within 1 year**	**1 to 5 years**	**After 5 years**
Non-derivative financial instruments					
Credit institutions and banks	301,003	339,463	108,074	142,469	88,920
Financial leasing liabilities	56,817	62,639	13,496	44,380	4,763
Trade payables	16,650	16,650	16,650	0	0
Convertible bonds *)	119,291	130,089	12,736	117,353	0
Other interest-bearing debt	51,031	53,907	14,844	39,063	0
Other debt	51,314	51,314	36,226	15,088	0
Derivative financial instruments	3,908	3,908	651	2,605	651
31 December	**600,014**	**657,970**	**202,677**	**360,958**	**94,334**

All of the parent company's main liabilities are convertible bonds and other debt obtained in connection with purchase of the shares in FirstFarms Slovakia A/S. For the group the short term part of debt to credit institutions consists of drawn credit lines and revolving credits regarding grains and subsidies of 40 mDKK which is prolonged on an ongoing basis.

2019 tDKK	**Accounting value**	**Contractual cash flows**	**Within 1 year**	**1 to 5 years**	**After 5 years**
Non-derivative financial instruments					
Credit institutions and banks	314,486	349,474	110,914	121,098	117,462
Financial leasing liabilities	56,674	61,365	19,458	39,749	2,158
Trade payables	26,645	26,645	26,645	0	0
Convertible bonds *)	122,217	138,035	38,718	99,317	0
Other interest-bearing debt	64,149	68,752	14,846	53,906	0
Other debt	38,693	38,693	38,693	0	0
Derivative financial instruments	2,633	2,633	376	1,504	753
31 December	**625,497**	**685,597**	**249,650**	**315,574**	**120,373**

All of the parent company's main liabilities are convertible bonds and other debt obtained in connection with purchase of the shares in FirstFarms Slovakia A/S.

30. Related parties

FirstFarms A/S do not have shareholders with determinative influence on FirstFarms A/S.

FirstFarms A/S' related parties with determinative influence include the management and the Board of Directors of the company. Related parties also include the company where the above-mentioned persons have considerable interests. Besides remuneration, cp. note 6, no transactions with the Board of Directors and Management have been made in 2020.

For a description of receivables at related companies, see the balance sheet of the parent company and note 10 and 11 as regards to returns on accounts.

In 2020, FirstFarms A/S has invoiced group contributions etc. of 2,7 mDKK. (2019: 0,3 mDKK).

2020

Name	Closely related to	Convertible bonds for
Thoraso ApS	Chairman Henrik Hougaard	49,234,983 DKK
Thoraso Holding ApS	Chairman Henrik Hougaard	6,127,118 DKK
NKB Invest ApS	Vice chairman Asbjørn Børsting	1,000,000 DKK
Vice chairman Asbjørn Børsting		816,949 DKK
CEO Anders H. Nørgaard		750,000 DKK

2019

Name	Closely related to	Convertible bonds for
Thoraso ApS	Chairman Henrik Hougaard	46,234,983 DKK
Thoraso Holding ApS	Chairman Henrik Hougaard	6,127,118 DKK
Board member Bent Juul Jensen		5,584,745 DKK
NKB Invest ApS	Vice chairman Asbjørn Børsting	1,000,000 DKK
Vice chairman Asbjørn Børsting		816,949 DKK
CEO Anders H. Nørgaard		750,000 DKK

31. Subsequent events

After the balance day 31 December 2020, no essential events, beside the above, for the Group's and the company's position have occurred.

32. New accounting regulations

With effect from 1 January 2020, the Group has implemented the following amended standards and interpretations:

- Amendments to Reference to the Conceptual Framework in IFRS about the conceptual framework for IFRS
- Amendments to IFRS 3 about definition of a company transfer
- Amendments to IAS 1 and IAS 8 about definition of material
- Amendments to IFRS 9, IAS 39 and IFRS 7 about IBOR-reform
- Amendments to IFRS 16 about rent concessions due to COVID-19

None of the above standards has had an impact on recognition and measurement in the annual report.

The following new or amended accounting standards and interpretations that may be relevant to FirstFarms A/S have been adopted by the IASB. The standards are not mandatory for FirstFarms A/S, when preparing the annual report for 2020.

- IFRS 17 Insurance Contracts including amendments to IFRS 17
- Amendments to IAS 1: Classification of liabilities as current or non-current
- Amendments to IFRS 3 Business combinations: Reference to Conceptual Framework
- Amendments to IFRS 16 PPE: Proceeds before Intended use
- Amendments to IAS 37 Provisions, Contingent liabilities and Contingent assets: Onerous Contracts – Costs Fulfilling a Contract
- Annual Improvements 2018-2020
- Amendments to IFRS 4 Insurance contracts – deferral of IFRS 9
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2

FirstFarms does not expect implementation of the amended standards to have a material impact on the financial reporting.