

## The CEO's review of the accounts at FirstFarms' annual general meeting on 26 April 2022

Thanks for giving the word to me, Henrik, and thanks for the attendance.

It is nice to be able to be together again, and it is a pleasure to look you in the eye, rather than talking into a screen.

I have been looking forward to taking you through 2021 and to elaborate on our expectations for 2022.

Here is a brief overview.

2021 gave a solid profit before tax of 46 mDKK - in a troubled market for food.

2021 also gave new strategic initiatives and investments and, not least, historically high prices for crops, and correspondingly *incredibly* low pig prices.

I am proud that we have secured another record-breaking result.

Our competent leaders throughout the organisation succeeded in motivating and involving each and every employee for an effort focused on improving cost efficiency. Do what needs to be done and make it ever smarter and more efficient and still with more and more focus on sustainability.

Very high efficiency in all four operating branches was thus given a decisive role in the 2021 result.

Let me give some examples:

- We got the optimum out of our crops.  
60% were sold externally at prices that were between 50 and 75 % higher than in 2020, which was significantly above the expectations. We use 40% of the self-produced crops for our animal, which ensures both high quality, efficiency in our feed production and cost control.
- Conversely, pig prices were far lower than expected – in fact, historically low.  
Turnover on pigs decreased by 25 mDKK compared to 2020 – but the efficiency of production increased. This meant that we limited the loss on the pigs as much as possible.

The milk was our stable engine in 2021. The prices increased throughout the year to a satisfactory level, and efficiency and production were high and constantly increasing. This ensured a good result and cash flow and therefore the milk also contributed to the good 2021 result.

We came out of the year with a balance of 1.1 bnDKK and an equity of 530 mDKK. This gives an overall solvency ratio of 48% - which is an improvement of 6 percentage points.

Our capital preparedness is historically strong.

We released more than 100 mDKK in 2021, so today we have approx. 150 mDKK free resources to use in investments in the continued growth.

- Our land business is developing well.  
We acquire or lease land, develop and compact the land to larger fields, that make the fields more efficient and thus creating added value. Parallel, we sell developed land, that is not part of our primary operations with significant profit margins.
- Our land business realised a profit of 15 mDKK in 2021.
- In 2021, we sold our Romanian company in northwest, AISM with 2,400 hectares. AISM brought in over 100 mDKK in free capital for growth of the business.

FF is developing rapidly and on an ambitious growth journey.

I would therefore like to highlight a few of the initiatives and investments we made in 2021 that will be of great importance to us, and thus to you shareholders in the future.

2021 was the year when we started using a new silo plant in Czech Republic and got full utilisation of our new silo in Romania.

In 2021, we also started the construction of a 12,000-tonne big and very modern silo plant in Slovakia. The plant will be of great importance for our value adding and thus earnings on crops in the future. The construction is expected to be completed for harvest this year.

2021 was also the year when a final commitment was made for grants to invest in expansion of our pig production in Hungary, and a few months ago we started the construction of two large separate pig productions.

One plant will accommodate 2,000 sows, while the other plant will produce 70,000 piglets annually.

The work will be completed by the end of 2023.

We have also already permission for a further expansion of production with 2,000 sows and 70,000 piglets.

"It was challenging to invest in pig production when the price of pigs was so low," some might think.

But because our economy is so healthy, it is possible to invest in a pig production at a time when the prices of pigs were very low.

This allows us to be even stronger and more efficient in the market when the prices go up again, which is part of normal business cycles.

Food prices have always been volatile – and we have to and can handle that.

Last but not least, in 2021 we also focused on creating an increasingly sustainable agriculture and an even more responsible company.

In 2021, we had a special focus on increased data collection and data processing from our 16 locations. This means, among other things, that we can now publish our carbon footprint from Scope 1 and 2, which revolves around our energy consumption in 2020 and 2021.

I can also inform you that since 2007 we have reduced our carbon footprint by about 50% in our milk production, which we find satisfactory.

I am now jumping to 2022 and to the expectations we have for a year that has started so violently with war in Ukraine.

We are focused on improving our performance per unit produced in 2022.

We expect to deliver stable earnings and operations with an EBITDA of 80-120 mDKK and EBIT of 35-75 mDKK.

The big spread is precisely due to the uncertainty in which we are moving. There are circumstances that are out of our hands. Security of supply and value chains impacted by war and the aftermath of COVID.

We are in control of our risks, but do not know all the economic effects before the year of cultivation and summer is well underway.

But having said that, we are seeing positive winds in the form of milk and pig prices. Crop prices are similarly record high.

We sell 60% of our crop production and at the same time we have secured the largest part of our feed costs for 2022, as we have a very high degree of self-sufficiency.

Pig prices have started to increase, and our expectation is that after a low Q1 level, prices will now increase to an acceptable level. Until now, however, the price increases have not fully compensated for the high costs. We expect an average price of 11 DKK per kg of pork. This is 1.25 DKK more per kilo than last year.

The price of milk has also begun to increase, and this is to a satisfactory level. Milk production per cow is also expected to increase. So will the number of cows, so we have good expectations for this year's result in the milk production. We expect to deliver 33 million kg of milk.

At the same time, crop prices have continued to increase, so we expect another year of breeding and prices on par with those we realised in 2021.

So, the conclusion is that it all sounds very good and can point towards another record result - BUT - we also face a number of challenges, and an unknown: the development of the war in Ukraine and the impact the development will have in the markets.

Our cost levels are expected to be squeezed by inflation, increasing prices in general, scarcity of goods and uncertainty regarding the supply situation.

However, we have purchased a significant part of our consumables for 2022, so that we ensure the production in the best possible way.

Despite several challenges, acquisitions of new farms and the trade in land remain a crucial element of our growth strategy and we will seize the opportunity when we can create value by complementing or expanding our business model – also in 2022.

Of course, this also means that we continue to have full focus on – and invest in – biosecurity.

We must, can and will continue to live with external disease threats such as African Swine Fever. It's in our neighbourhood.

We do what we can so that African Swine Fever does not get near and into our stables. But unfortunately, this is not a guarantee.

This is one of the reasons why geographic risk diversification is part of our strategy along with responsible insurance coverage.

The work towards more sustainable agriculture is increasing this year.

Henrik presented our thoughts on investing in a 5th business leg - green energy - but also in the current daily operations there will be focus on environmental improvements.

For example, we aim to further increase CO2 neutral energy production.

Green energy is very much about permits in the individual countries in which we operate. Therefore, we apply where we can, as we have the framework, but it also requires that national legislation has or creates the necessary framework conditions. We're ready.

Over the past 6 years, FirstFarms has been on a growth journey that has led to a revenue increase of almost 200%.

We continue the journey, and we are glad that you – our shareholders – are with us on the journey.

With this I will conclude my review. I hope it provided a broad insight into the 2021 result, our expectations for the current year, and our plans and ambitions for the future.

Thank you for your attention.

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