

**26 November 2019****Interim financial report for 1 January – 30 September 2019 for FirstFarms A/S****Summary**

The Board of Directors and Management of FirstFarms A/S have today reviewed and adopted the unaudited interim financial accounts for the period 1 January – 30 September 2019.

**FirstFarms increases turnover and result significantly based on growth in the pig production**

FirstFarms has in the accounting period realised a turnover of DKK 204.0 million compared to DKK 168.4 in the same period in 2018, an EBITDA of DKK 70.0 million and an EBIT of DKK 32.5 million. EBITDA and EBIT are improved with DKK 27.2 million and DKK 11.4 million, respectively compared to the same period last year.

- The price on piglets and slaughter pigs has been below budget in Q1, 2019 but significantly above in Q2 and Q3, 2019. Together with increased efficiency in production, this has contributed to a satisfactory result for the first 9 months of 2019. Satisfactory pig prices are still expected for the rest of 2019.
- The harvest yields have been marginal below budget, due to a very dry year; especially in Romania.
- The milk price has been lower than budget. A milk price is expected on the current level for rest of the year. The milk production has been on par with the budgeted.
- The take-over of Hospoda Invest A/S, according to company announcement no. 10/2019, is included in the figures from 17 July 2019 and onwards. The company owns and operates 1,500 hectares and has 2,300 sows with production of piglets and slaughter pigs.
- FirstFarms maintains the upward adjusted expectations, as published in company announcement no. 13 of 20 October 2019, of an EBITDA of DKK 90-95 million and an EBIT of DKK 43-48 million. In 2018, there is realised an EBITDA of DKK 57 million and an EBIT of DKK 26 million.

Anders H. Nørgaard from FirstFarms A/S says: “It is going well in FirstFarms. Our purchase of companies the last 3 years has generated the expected growth. We now see the effect of our ambitious and sustainable growth strategy, and we expect a solid result for 2019.”

Best regards,  
**FirstFarms A/S**



For further information:

Please visit our website [www.firstfarms.com](http://www.firstfarms.com) or contact CEO Anders H. Nørgaard on telephone +45 75 86 87 87.

About FirstFarms:

*FirstFarms is a Danish stock exchange listed company, which purchases and operates agriculture in Eastern Europe. We develop the individual farms to modern and sustainable businesses that deliver milk, meat and grains of the highest quality to the consumer's dinner tables.*

## Main and key ratios

| DKK 1,000 | The Group<br>Q1-Q3<br>2019 | The Group<br>Q1-Q3<br>2018 | The Group<br>Q3<br>2019 | The Group<br>Q3<br>2018 | The Group<br>2018 |
|-----------|----------------------------|----------------------------|-------------------------|-------------------------|-------------------|
|-----------|----------------------------|----------------------------|-------------------------|-------------------------|-------------------|

### Main figures

|   |         |         |        |        |         |
|---|---------|---------|--------|--------|---------|
| Turnover                                  | 204,013 | 168,431 | 95,533 | 82,114 | 248,876 |
| Gross profit/loss                         | 48,221  | 28,036  | 16,282 | 11,459 | 36,664  |
| Profit/loss before depreciations (EBITDA) | 70,030  | 42,786  | 22,830 | 16,850 | 57,499  |
| Profit/loss of primary operations (EBIT)  | 32,458  | 21,025  | 9,536  | 7,962  | 25,863  |
| Net financial items                       | -12,297 | -10,061 | -5,200 | -3,632 | -14,344 |
| Pre-tax result                            | 20,161  | 10,964  | 4,336  | 4,330  | 11,519  |
| Net profit                                | 15,779  | 9,868   | 3,020  | 3,213  | 8,131   |

|                         |           |         |           |         |         |
|-------------------------|-----------|---------|-----------|---------|---------|
| Non-current assets      | 826,645   | 595,818 | 826,645   | 595,818 | 596,488 |
| Current assets          | 266,647   | 214,113 | 266,647   | 214,113 | 178,044 |
| Total assets            | 1,093,292 | 809,931 | 1,093,292 | 809,931 | 774,532 |
| Share capital           | 61,594    | 61,594  | 61,594    | 61,594  | 61,594  |
| Equity                  | 379,102   | 369,875 | 379,102   | 369,875 | 370,118 |
| Non-current liabilities | 460,185   | 272,096 | 460,185   | 272,096 | 289,870 |
| Current liabilities     | 254,005   | 167,960 | 254,005   | 167,960 | 114,544 |

|  |         |         |         |         |         |
|--|---------|---------|---------|---------|---------|
| Cash flow from primary operations          | 20,285  | 6,732   | 11,404  | 4,923   | 24,307  |
| Cash flow from operations                  | 7,238   | -1,510  | 8,950   | 2,095   | 9,269   |
| Cash flow for investment, net              | -38,870 | -27,771 | -12,044 | -12,353 | -40,158 |
| Of which for investment in tangible assets | -50,667 | -29,807 | -25,339 | -12,351 | -42,458 |
| Cash flow from financing                   | 30,392  | 28,031  | 26,703  | 3,812   | 28,360  |
| Total cash flow                            | -1,240  | 2,216   | 20,288  | -2,980  | -2,529  |

### Key figures

|                                 |      |      |      |       |      |
|---------------------------------|------|------|------|-------|------|
| Gross margin                    | 23.6 | 16.6 | 17.0 | 14.0  | 14.7 |
| EBITDA margin                   | 34.3 | 25.4 | 23.9 | 20.5  | 16.6 |
| Operating margin                | 15.9 | 12.5 | 10.0 | 9.9   | 10.4 |
| Solvency ratio                  | 35,0 | 46   | 35   | 46    | 48   |
| Earnings per share, DKK         | 2.56 | 0.43 | 0.49 | -0.21 | 1.32 |
| Diluted earnings per share, DKK | 2.39 | 0.43 | 0.49 | -0.21 | 1.32 |
| Return on shareholders' equity  | 4.2  | 3.8  | 3.2  | 3.7   | 2.4  |

|                             |     |     |     |     |     |
|-----------------------------|-----|-----|-----|-----|-----|
| Average number of employees | 299 | 273 | 310 | 275 | 279 |
|-----------------------------|-----|-----|-----|-----|-----|

EBITDA = EBIT added depreciations of the period.

## **Management report for the period 1 January – 30 September 2019**

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FirstFarms has in the accounting period realised a turnover of DKK 204.0 million compared to DKK 168.4 in the same period in 2018, an EBITDA of DKK 70.0 million and an EBIT of DKK 32.5 million. EBITDA and EBIT are improved with DKK 27.2 million and DKK 11.4 million, respectively compared to the same period last year.

In the first 9 months, the equity is increased with DKK 9.0 million, in consequence of a result of DKK 15.8 million and an exchange rate adjustment of DKK -3.5 million and payment of dividend of DKK 3.3 million.

The price on piglets and slaughter pigs has been below budget in Q1, 2019 but significantly above in Q2 and Q3, 2019. Together with increased efficiency in production, this has contributed to a satisfactory result for the first 9 months of 2019. Satisfactory pig prices are still expected for the rest of 2019.

The harvest yields have been marginal below budget, due to a very dry year; especially in Romania.

The milk price has been lower than budget. A milk price is expected on the current level for rest of the year. The milk production has been on par with the budgeted.

The take-over of Hospoda Invest A/S, according to company announcement no. 10/2019, is included in the figures from 17 July 2019 and onwards. The company owns and operates 1,500 hectares and has 2,300 sows with production of piglets and slaughter pigs.

### **Risk assessment**

FirstFarms has in the annual report for 2018 described the most essential risks for the company, and it is the management's opinion that this description is still adequate. The annual report and the risk assessment can be found on the company's website [www.firstfarms.com](http://www.firstfarms.com).

### **Accounting policies**

The interim financial report is prepared in accordance with IAS 34 "Presentation of interim financial reports" as adopted by the EU and Danish disclosure requirements for listed companies.

Accounting policies are, except for the below mentioned, unchanged compared to the consolidated financial statement and annual report for 2018, to which is referred.

FirstFarms A/S has implemented the standards and interpretations, which become effective for 2019. IFRS 16 has had a significant impact for the interim financial report for 2019. The new regulation entails, that values of rent contracts and operational leasing shall be recognised.

A leasing asset and a leasing liability is recognised in the balance sheet, when the Group according to an entered leasing contract, regarding a specific identified asset, gets the leasing assets available in a leasing period, and when the Group obtains right to almost all the economic advantages from use of the identified asset and the right to decide on the use of the identified asset.

The leasing asset is at initial recognition measured at cost price, which corresponds to the value of the leasing liability.

Subsequently, the asset is measured at cost price deducted accumulated depreciations. The leasing asset is depreciated over the shortest of the leasing period and the leasing life. The depreciations are recognised on a straight-line basis in the income statement.

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

- Fixed payments
- Payments covered by an extension option, which the Group most likely expects to utilise

The lease liability is measured at amortised cost price under the effective interest method. The lease liability is recalculated, if the Group changes its assessment of whether an extension or termination option is reasonably expected to be utilised.

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

### **Significant accounting estimates, assumptions and assessments**

#### *The lease period*

The lease period contains the leasing contract's non-terminable period, periods covered by an extension option, which the Group reasonably expects to utilise, and period covered by a termination option, which the Group reasonably expects not to exercise.

A large part of the Group's land contracts in Slovakia can be terminated by both FirstFarms and the lessor once a year. It is the company's assessment, that due to the special circumstances that arise from the landlords' perspective, there are significant financial barriers to terminate the agreements. Based on the company's experience, that a significant part of the leases is prolonged, the management has assessed, that a lease period of 5 years for these lease contracts is more likely.

FirstFarms has chosen the simple model of recognition.

The consequence for assets and liabilities and the income statement are shown in the table below:

| DKK 1,000                              | <u>01.01.2019</u> | <u>30.06.2019</u> |
|--|-------------------|-------------------|
| Land                                   | 27,536            | 21,963            |
| Machines                               | 6,896             | 3,585             |
| Short term debt to credit institutions | 11,341            | 11,098            |
| Long term debt to credit institutions  | 23,091            | 14,829            |
| EBITDA (depreciations increased)       |                   | 8,886             |
| EBIT                                   |                   | 609               |
| Pre-tax result                         |                   | -378              |

|  |        |
|--|--------|
| DKK 1,000  |        |
| Operational leasing liabilities 31 December 2018         | 30,198 |
| Discounted value incl. assumed prolongation of contracts | 4,235  |
| Financial leasing liabilities 31 December 2018           | 28,437 |
| Leasing liabilities 1 January 2019                       | 62,870 |
| <br>   |        |
| Current liabilities                                      | 20,482 |
| Non-current liabilities                                  | 42,388 |

The consolidated financial statement and annual report for 2018 contains, except the abovementioned, the full description of accounting policies.

## **Expectations for 2019**

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FirstFarms maintains the upward adjusted expectations, as published in company announcement no. 13 of 20 October 2019, of an EBITDA of DKK 90-95 million and an EBIT of DKK 43-48 million. In 2018, there is realised an EBITDA of DKK 57 million and an EBIT of DKK 26 million.

## **Financial calendar for 2020**

|                  |  |
|------------------|--|
| 31 March 2020    | Annual report 2019                                     |
| 28 April 2020    | Annual general meeting                                 |
| 28 May 2020      | Interim financial report 1 January – 31 March 2020     |
| 26 August 2020   | Interim financial report 1 January – 30 June 2020      |
| 25 November 2020 | Interim financial report 1 January – 30 September 2020 |

## **Management statement**

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The Management and Board of Directors of FirstFarms have today discussed and approved the interim financial report of FirstFarms A/S for the period 1 January – 30 September 2019.

The interim financial accounts, which has not been audited or reviewed by the independent auditors of the Company, has been prepared in accordance with IAS 34 – “Interim Financial Reporting” as adopted by the EU and additional Danish disclosure requirements for interim reports of listed companies.

In our opinion, the interim financial accounts give a true and fair view of the Group’s assets, liabilities and financial position at 30 September 2019 and of the results of the Group’s operations and cash flows for the period 1 January – 30 September 2019.

Further, in our opinion the Management’s review gives a true and fair overview of the development in the Group’s operations and financial matters, the results of the Group’s operations and the Group’s financial position as a whole.

Billund, 26 November 2019

## **Management**

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Anders H. Nørgaard  
CEO

## **Board of directors**

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Henrik Hougaard  
Chairman

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Asbjørn Børsting  
Vice Chairman

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Jens Bolding Jensen

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Bent Juul Jensen

## Income statement

|                                       | <u>The Group</u> | <u>The Group</u> | <u>The Group</u> | <u>The Group</u> | <u>The Group</u> |
|---------------------------------------|------------------|------------------|------------------|------------------|------------------|
| DKK 1,000                             | Q1-Q3<br>2019    | Q1-Q3<br>2018 *) | Q3 2019          | Q3 2018 *)       | 2018 *)          |
| Turnover                              | 204,013          | 168,431          | 95,533           | 82,114           | 248,876          |
| Value adjustment of biological assets | 17,998           | 33,507           | 2,920            | 7,399            | 9,676            |
| Production costs                      | -212,281         | -208,173         | -98,326          | -90,450          | -271,345         |
| Grants                                | 38,491           | 34,271           | 16,155           | 12,396           | 49,457           |
| <b>Gross profit/loss</b>              | <b>48,221</b>    | <b>28,036</b>    | <b>16,282</b>    | <b>11,459</b>    | <b>36,664</b>    |
| Other operating income                | 2,095            | 5,596            | 31               | 272              | 6,502            |
| Administration costs                  | -17,836          | -12,607          | -6,755           | -3,769           | -16,817          |
| Other operating costs                 | -22              | 0                | -22              | 0                | -486             |
| <b>EBIT result</b>                    | <b>32,458</b>    | <b>21,025</b>    | <b>9,536</b>     | <b>7,962</b>     | <b>25,863</b>    |
| Financial income                      | 2,651            | 161              | 940              | 88               | 490              |
| Financial costs                       | -14,948          | -10,222          | -6,140           | -3,720           | -14,834          |
| <b>Pre-tax result</b>                 | <b>20,161</b>    | <b>10,964</b>    | <b>4,336</b>     | <b>4,330</b>     | <b>11,519</b>    |
| Tax on net profit                     | -4,382           | -1,096           | -1,316           | -1,117           | -3,388           |
| <b>Net profit</b>                     | <b>15,779</b>    | <b>9,868</b>     | <b>3,020</b>     | <b>3,213</b>     | <b>8,131</b>     |
| Earnings per share, DKK               | 2.56             | 1.78             | 0.49             | -0.21            | 1.32             |
| Diluted earnings per share, DKK       | 2.39             | 1.78             | 0.49             | -0.21            | 1.32             |

## Total income statement

|  | <u>The Group</u> | <u>The Group</u> | <u>The Group</u> | <u>The Group</u> | <u>The Group</u> |
|--|------------------|------------------|------------------|------------------|------------------|
| DKK 1,000  | Q1-Q3<br>2019    | Q1-Q3<br>2018 *) | Q3<br>2019       | Q3<br>2018       | 2018*)           |
| Net profit   | 15,779           | 9,868            | 3                | 3,213            | 8,131            |
| <b>Other total income</b>                                  |                  |                  |                  |                  |                  |
| Items, which can be re-classified to the income statement: |                  |                  |                  |                  |                  |
| - Exchange rate adjustments by conversion of foreign units | -3,531           | -1,695           | -1,655           | 1,409            | 0                |
| - Tax of other total income                                | 0                | 0                | 0                | 0                | 0                |
| <b>Other total income after tax</b>                        | <b>-3,531</b>    | <b>-1,695</b>    | <b>-1,655</b>    | <b>1,409</b>     | <b>0</b>         |
| <b>Total income</b>  | <b>12,248</b>    | <b>8,173</b>     | <b>1,365</b>     | <b>4,622</b>     | <b>8,131</b>     |

\*) Without correction for IFRS 16.



## Balance

| DKK 1,000                                  | The Group<br>Q3 2019 | The Group<br>Q3 2018 *) | The Group<br>2018 *) |
|--|----------------------|-------------------------|----------------------|
| <b>ASSETS</b>                              |                      |                         |                      |
| <b>Non-current assets</b>                  |                      |                         |                      |
| <b>Intangible assets</b>                   | 16,076               | 16,055                  | 16,078               |
| Goodwill                                   | 0                    | 1,530                   | 1,245                |
| Land lease contracts                       | <b>16,076</b>        | <b>17,585</b>           | <b>17,323</b>        |
| <b>Total intangible assets</b>             |                      |                         |                      |
| <b>Tangible assets</b>                     | 406,315              | 239,353                 | 240,971              |
| Land and buildings                         | 221,880              | 191,507                 | 193,069              |
| Plant and machinery                        | 107,462              | 85,465                  | 87,897               |
| Fixtures and fittings, tools and equipment | 2,650                | 4,139                   | 3,879                |
| Fixed assets under construction            | 22,689               | 16,635                  | 11,108               |
| <b>Total tangible assets</b>               | <b>760,996</b>       | <b>537,099</b>          | <b>536,924</b>       |
| <b>Biological assets</b>                   |                      |                         |                      |
| Basic herd                                 | 40,302               | 31,016                  | 33,053               |
| <b>Total biological assets</b>             | <b>40,302</b>        | <b>31,016</b>           | <b>33,053</b>        |
| <b>Other non-current assets</b>            |                      |                         |                      |
| Deferred tax asset                         | 9,271                | 10,118                  | 9,188                |
| <b>Total other non-current assets</b>      | <b>9,271</b>         | <b>10,118</b>           | <b>9,188</b>         |
| <b>Total non-currents assets</b>           | <b>826,645</b>       | <b>595,818</b>          | <b>596,488</b>       |
| <b>Current assets</b>                      |                      |                         |                      |
| Inventories                                | 88,183               | 88,808                  | 60,652               |
| Biological assets - breeding and crops     | 83,705               | 55,331                  | 62,093               |
| Receivables                                | 30,609               | 15,746                  | 22,632               |
| Other receivables                          | 52,254               | 45,722                  | 23,967               |
| Accruals and deferred expenses             | 9,507                | 3,493                   | 5,072                |
| Cash at bank and in hand                   | 2,389                | 5,013                   | 3,628                |
| <b>Total current assets</b>                | <b>266,647</b>       | <b>214,113</b>          | <b>178,044</b>       |
| <b>TOTAL ASSETS</b>                        | <b>1,093,292</b>     | <b>809,931</b>          | <b>774,532</b>       |

\*) Without correction for IFRS 16.

| DKK 1,000                            | The Group<br>Q3 2019 | The Group<br>Q3 2018 *) | The Group<br>2018 *) |
|--------------------------------------|----------------------|-------------------------|----------------------|
| <b>EQUITY AND LIABILITIES</b>        |                      |                         |                      |
| <b>Equity</b>                        |                      |                         |                      |
| Share capital                        | 61,594               | 61,594                  | 61,594               |
| Reserve for exchange rate adjustment | -29,044              | -27,208                 | -25,513              |
| Transferred result                   | 346,552              | 335,489                 | 330,773              |
| Proposed dividend                    | 0                    | 0                       | 3,264                |
| <b>Total equity</b>                  | <b>379,102</b>       | <b>369,875</b>          | <b>370,118</b>       |
| <b>Liabilities</b>                   |                      |                         |                      |
| <b>Non-current liabilities</b>       |                      |                         |                      |
| Deferred tax                         | 42,588               | 17,522                  | 16,645               |
| Credit institutions                  | 235,667              | 118,097                 | 143,490              |
| Convertible bonds                    | 129,735              | 129,945                 | 129,735              |
| Other non-current debt               | 52,195               | 6,532                   | 0                    |
| <b>Total non-current assets</b>      | <b>460,185</b>       | <b>272,096</b>          | <b>289,870</b>       |
| <b>Current liabilities</b>           |                      |                         |                      |
| Credit institutions                  | 148,043              | 98,782                  | 68,356               |
| Convertible bonds                    | 0                    | 1                       | 0                    |
| Trade payables and other payables    | 89,756               | 57,041                  | 35,319               |
| Corporation tax                      | 0                    | 379                     | 42                   |
| Accruals and deferred income         | 16,206               | 11,008                  | 10,827               |
| <b>Total current liabilities</b>     | <b>254,005</b>       | <b>167,960</b>          | <b>114,544</b>       |
| <b>Total liabilities</b>             | <b>714,190</b>       | <b>440,056</b>          | <b>404,414</b>       |
| <b>TOTAL EQUITY AND LIABILITIES</b>  | <b>1,093,292</b>     | <b>809,931</b>          | <b>774,532</b>       |

\*) Without correction for IFRS 16.

## Equity statement (Condensed)

| DKK 1,000                        | The Group<br>Q1+Q3 2018 | The Group<br>Q1+Q3 2017 |
|----------------------------------|-------------------------|-------------------------|
| <b>EQUITY STATEMENT</b>          |                         |                         |
| Equity 1 January                 | 370,118                 | 315,073                 |
| Result of the period             | 15,779                  | 9,866                   |
| Other total income               | -3,531                  | -1,695                  |
| Issuance of shares               | 0                       | 46,631                  |
| Dividend                         | -3,264                  | 0                       |
| Total development for the period | 8,984                   | 54,802                  |
| <b>Equity 30 September</b>       | <b>379,102</b>          | <b>369,875</b>          |

## Cash flow statement (Condensed)

| DKK 1,000   | The Group<br>Q1-Q3 2018 | The Group<br>Q1-Q3 2017 |
|---|-------------------------|-------------------------|
| Pre-tax result  | 20,161                  | 10,964                  |
| Cash generated from operations (operating activities) before changes in working capital | 40,021                  | 32,662                  |
| Cash flow from primary activities   | 20,285                  | 9,229                   |
| Cash flow from operating activities   | 7,238                   | -1,572                  |
| Cash flow from investing activities   | -38,870                 | -4,648                  |
| - hereof purchase of Hospoda Invest and Tjekkiet Invest <sup>1)</sup>                   | -21,933                 | -17,539                 |
| Cash flow from financing activities   | 30,392                  | 8,436                   |
| <b>Total cash flow</b>  | <b>-1,240</b>           | <b>2,216</b>            |
| Available, at the beginning   | 3,628                   | 2,793                   |
| Exchange rate adjustment of available   | 1                       | 4                       |
| <b>Available at closing</b>   | <b>2,389</b>            | <b>5,013</b>            |

<sup>1)</sup> In connection with the purchase of Hospoda Invest in 2019, DKK 21.9 million was paid in Q3, 2019. In connection with the purchase of Tjekkiet Invest A/S, only a net of DKK 17.5 million was paid, as the remaining DKK 2.5 million is paid later on. There has also been issued convertible bonds for DKK 19.9 million and issued share for DKK 20.2 million.

## Segment information

| <b>Q1-Q3 2019</b><br>DKK 1,000           | Romanian<br>activities | Slovakian<br>activities | Hungarian<br>activities | Czech<br>activities | Total report<br>compulsory<br>segments |
|--|------------------------|-------------------------|-------------------------|---------------------|--|
| Total segment turnover                   | 27,410                 | 79,108                  | 34,345                  | 63,151              | 204,014                                |
| Grants                                   | 22,857                 | 11,070                  | 2,887                   | 1,678               | 38,492                                 |
| Value adjustment of<br>biological assets | 3,500                  | 7,426                   | 3,872                   | 3,200               | 17,998                                 |
| Financial income                         | 0                      | 186                     | 6                       | 0                   | 192                                    |
| Financial costs                          | -6,390                 | -5,158                  | -945                    | -1,137              | -13,630                                |
| Depreciations                            | -10,534                | -21,312                 | -2,159                  | -3,567              | -37,572                                |
| Segment result before<br>tax             | -7,444                 | 12,795                  | 10,657                  | 10,092              | 26,100                                 |
| Segment assets                           | 246,274                | 606,527                 | 90,925                  | 149,942             | 1,093,668                              |
| Plant investments *)                     | 23,872                 | 21,052                  | 4,020                   | 1,723               | 50,667                                 |
| Segment liabilities                      | 204,559                | 384,132                 | 69,428                  | 67,670              | 725,789                                |

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

| <b>Q1-Q3 2018 *)</b><br>DKK 1,000        | Romanian<br>activities | Slovakian<br>activities | Hungarian<br>activities | Czech<br>activities | Total report<br>compulsory<br>segments |
|--|------------------------|-------------------------|-------------------------|---------------------|--|
| Total segment turnover                   | 39,907                 | 71,025                  | 30,652                  | 26,847              | 168,431                                |
| Grants                                   | 11,203                 | 17,712                  | 3,243                   | 2,112               | 34,270                                 |
| Value adjustment of<br>biological assets | 8                      | 9,369                   | 15,120                  | 1,518               | 33,507                                 |
| Financial income                         | 128                    | 0                       | 19                      | 14                  | 161                                    |
| Financial costs                          | -1,566                 | -3,149                  | -1,289                  | -484                | -6,488                                 |
| Depreciations                            | -5,773                 | -11,879                 | -2,801                  | -1,281              | -21,734                                |
| Segment result before<br>tax             | 4,709                  | 6,093                   | -920                    | 11,707              | 21,589                                 |
| Segment assets                           | 223,062                | 353,256                 | 86,537                  | 146,723             | 809,578                                |
| Plant investments **)                    | 15,883                 | 11,644                  | 3,233                   | 425                 | 31,185                                 |
| Segment liabilities                      | 176,034                | 236,702                 | 72,680                  | 75,930              | 561,346                                |

\*) Without correction for IFRS 16.

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

The result for Czech Republic covers only the period June to September 2018, and negative goodwill of DKK 4.9 million is recognised from the opening balance.

| <b>Reconciliation of report compulsory segments result</b>             | Q1-Q3         | Q1-Q3         |
|--|---------------|---------------|
| DKK 1,000  | 2018          | 2017          |
| Segment result before tax for report compulsory segments               | 26,100        | 21,589        |
| Non-allocated result, Group function                                   | -5,939        | -10,625       |
| <b>Result of continued operations before tax, cp. income statement</b> | <b>20,161</b> | <b>10,964</b> |

  

| <b>Turnover</b>                    | Q1-Q3          | Q1-Q3          |
|------------------------------------|----------------|----------------|
| DKK 1,000                          | 2019           | 2018           |
| Sale of milk                       | 44,147         | 42,791         |
| Sale of cows and calves            | 3,708          | 6,270          |
| Sale of piglets and slaughter pigs | 104,446        | 55,249         |
| Sale of corn etc.                  | 43,879         | 60,368         |
| Other turnover                     | 7,833          | 3,753          |
| <b>Total</b>                       | <b>204,013</b> | <b>168,431</b> |

### **Purchase of subsidiary**

FirstFarms has, cp. company announcement no. 10 of 17 July 2019, purchased Hospoda Invest A/S, who owns 100 percent of the Slovak company JK Gabcikovo s.r.o., which includes crop and pig production in Slovakia.

There are 2,300 sows with a yearly production of 75,000 pigs, of which 40-45,000 are sold as piglets and 30- 35,000 as slaughter pigs. The production plants are of high quality, and the production results have been very satisfactory for a number of years.

The production foundation for the crop production is 1,500 hectares of arable land of high quality. Crop rotation is varied, mostly consisting of wheat, rape and maize.

The purchase price for the shares in Hospoda Invest A/S (now FirstFarms Slovakia A/S) can incl. adjustments be calculated to DKK 191.6 million for the company, and the shares were paid with DKK 95.4 million, added debt.

The allocation of the purchase price of the net assets is shown in the table below:

| <b>DKK 1,000</b>  | <b>Recognised value at take-over date</b> |
|---|---|
| Land  | 141,809                                   |
| Buildings, machines, tools and equipment                        | 37,034                                    |
| Biological assets   | 24,564                                    |
| Inventories   | 4,314                                     |
| Receivables   | 8,263                                     |
| Cash at bank and in hand  | 7,842                                     |
| Credit institutions   | -93,336                                   |
| Deferred tax  | -20,448                                   |
| Trade payables  | 5,912                                     |
| Other payables  | 8,518                                     |
| <b>Net assets taken over</b>                                    | <b>95,611</b>                             |
| <b>Total acquisition price</b>                                  | <b>95,419</b>                             |
| <b>Negative goodwill - recognised in other operating income</b> | <b>192</b>                                |

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 negative goodwill can be assigned to unrecognised contingent liabilities.

The allocation of the purchase price is preliminary.

Recognised transaction costs of DKK 1.5 million are incurred in connection with the transaction.

The liquidity effect of the purchase in Q3 2019 entails the following (DKK 1,000):

|   |               |
|---|---------------|
| Cash payment                                  | 25,480        |
| Hereof for settlement after 30 September 2019 | 3,547         |
| Taken over liquidities                        | 7,842         |
| <b>Liquidity effect</b>                       | <b>14,091</b> |

The remaining part of the purchase price is financed by loans.

Result before tax for FirstFarms Slovakia for the recognised period is DKK 4.3 million excluding recognition of negative goodwill. If the whole period Q1-Q3 in 2019 had been recognised, the result before tax for FirstFarms Slovakia A/S would be DKK 8.5 million.

The turnover for the recognised period is DKK 18.5 million. If the whole period Q1-Q3 in 2019 had been recognised, the turnover would be DKK 46.0 million.