

27 August 2019**Interim financial report for 1 January – 30 June 2019 for FirstFarms A/S**

Summary

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

FirstFarms increases turnover and result concurrently with upward adjustment of the expectations for the result of the year

- FirstFarms has in the accounting period realised a turnover of DKK 108.5 million compared to DKK 85.3 million in the same period in 2018, an EBITDA of DKK 47.2 million and an EBIT of DKK 22.9 million. EBIT is improved with DKK 10.8 million compared to same period last year.
- The price on piglets and slaughter pigs has been below budget in Q1, 2019 but significantly above in Q2, 2019. This has together with increased production efficiency contributed to a satisfactory result for the first half year. Higher pig prices in the rest of 2019 are expected.
- The yields for the winter crops have only been marginally under budget despite a dry autumn. Yields for the spring crops are expected on par with the budget.
- In the first half year, the milk price has been marginal lower than budget. A milk price is expected on the same level for second half year. The milk production has been on par with the budget in the first half year.
- The take-over, according to company announcement no. 10/2019, of the company Hospoda Invest A/S will not have effect before second half year of 2019. The company owns and operates 1,500 hectares and has 2,300 sows with production of piglets and slaughter pigs.
- FirstFarms adjust upwards the announced expectations to an EBITDA of DKK 80-85 million and an EBIT of DKK 33-38 million, compared to previously DKK 75-80 million and DKK 30-35 million. In 2018, an EBITDA of DKK 57 million and an EBIT of DKK 26 million was realised.

Anders H. Nørgaard from FirstFarms A/S says: “It is going well in FirstFarms. Our three operation branches milk, pigs and crops have all made progress in first half year. We expect a good result for 2019 and thus adjust upwards our expectations. We now see the effect of our ambitious and sustainable growth strategy.”

Best regards,
FirstFarms A/S

For further information:

Please visit our website 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 table.

Main and key ratios

	The Group Q1+Q2 2019	The Group Q1+Q2 2018	The Group Q2 2019	The Group Q2 2018	The Group 2018
DKK 1,000					

Main figures

Turnover	108,480	85,317	52,915	49,903	248,876
Gross profit/loss	31,939	15,577	4,127	2,881	36,664
Result before depreciations (EBITDA)	47,223	24,932	23,838	12,396	41,211
Profit/loss of primary operations (EBIT)	22,922	12,063	11,012	3,131	25,863
Net financial items	-7,097	-6,429	-4,104	-3,773	-14,344
Pre-tax result	15,825	5,634	6,908	-642	11,519
Net profit	12,759	5,655	5,469	433	8,131

Non-current assets	635,520	590,725	635,520	590,725	596,488
Current assets	228,324	195,214	228,324	195,214	178,044
Total assets	863,844	785,939	863,844	785,939	774,532
Share capital	61,594	55,419	61,594	55,419	61,594
Equity	377,737	337,840	377,737	337,840	370,118
Non-current liabilities	305,492	260,270	305,492	260,270	289,870
Current liabilities	180,615	187,829	180,615	187,829	114,544

Cash flow from primary operations	19,028	5,634	23,795	8,115	24,307
Cash flow from operations	12,895	1,712	12,993	2,627	9,269
Cash flow for investment, net	-11,791	-26,829	-7,638	-21,034	-40,158
Of which for investment in tangible assets	-29,303	-10,498	-18,883	-4,806	-42,458
Cash flow from financing	9,042	27,825	5,923	32,672	28,360
Total cash flow	10,146	2,708	11,278	14,265	-2,529

Key figures

Gross margin	29.4	18.3	7.8	5.8	14.7
EBITDA margin	43.5	29.2	45.0	24.8	16.6
Operating margin	21.1	14.1	20.8	6.3	10.4
Solvency ratio	44	43	44	43	48
Earnings per share, DKK	2.07	1.20	0.89	0.09	1.32
Diluted earnings per share, DKK	1.86	1.02	0.83	0.08	1.32
Return on shareholders' equity	6.8	2.2	5.8	-2.8	2.4

Average number of employees	284	271	284	275	279
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EBITDA = EBIT added depreciations of the period.

Management report for the period 1 January – 30 June 2019

FirstFarms has in the accounting period realised a turnover of DKK 108.5 million compared to DKK 85.3 million in the same period in 2018, an EBITDA of DKK 47.2 million and an EBIT of DKK 22.9 million. EBIT is improved with DKK 10.8 million compared to same period last year.

In the first half year, the equity is increased with DKK 7,6 million, in consequence of a result of DKK 12.8 million, an exchange rate adjustment of DKK -1.9 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 signification above in Q2, 2019. This has together with increased production efficiency contributed to a satisfactory result for the first half year. Higher pig prices in the rest of 2019 are expected.

The yields for the winter crops have only been marginally under budget despite a dry autumn. Yields for the spring crops are expected on par with the budget.

In the first half year, the milk price has been marginal lower than budget. A milk price is expected on the same level for second half year. The milk production has been on par with the budget in the first half year.

The take-over, according to company announcement no. 10/2019, of the company Hospoda Invest A/S will not have effect before second half year of 2019. 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.

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	01.01.2019	30.06.2019
Land	27,536	23,821

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FirstFarms A/S

Machines	6,896	4,689
Short term debt to credit institutions	11,341	11,341
Long term debt to credit institutions	23,091	17,420
EBITDA (depreciations increased)		5,924
EBIT		406
Pre-tax result		-252
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
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

FirstFarms adjust upwards the announced expectations to an EBITDA of DKK 80-85 million and an EBIT of DKK 33-38 million, compared to previously DKK 75-80 million and DKK 30-35 million. In 2018, an EBITDA of DKK 57 million and an EBIT of DKK 26 million was realised.

Financial calendar for 2019

26 November 2019 Interim financial report 1 January – 30 September 2019

Management statement

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 June 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 June 2019 and of the results of the Group’s operations and cash flows for the period 1 January – 30 June 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, 27 August 2019

Management

Anders H. Nørgaard
CEO

Board of directors

Henrik Hougaard
Chairman

Asbjørn Børsting
Vice Chairman

Jens Bolding Jensen

Bent Juul Jensen

Income statement

	The Group Q1+Q2 2019	The Group Q1+Q2 2018 ^{*)}	The Group Q2 2019	The Group Q2 2018 ^{*)}	The Group 2018 ^{*)}
DKK 1,000					
Turnover	108,480	85,317	52,915	49,903	248,876
Value adjustment of biological assets	15,078	26,108	4,127	8,257	9,676
Production costs	-113,955	-117,723	-52,690	-66,080	-271,345
Grants	22,336	21,875	11,143	10,801	49,457
Gross profit/loss	31,939	15,577	15,495	2,881	36,664
Other operating income	2,064	5,324	1,053	5,263	6,502
Administration costs	-11,081	-8,838	-5,570	-5,020	-16,817
Other operating costs	0	0	34	7	-486
EBIT result	22,922	12,063	11,012	3,131	25,863
Financial income	1,711	73	438	39	490
Financial costs	-8,808	-6,502	-4,542	-3,812	-14,834
Pre-tax result	15,825	5,634	6,908	-642	11,519
Tax on net profit	-3,066	21	-1,439	1,075	-3,388
Net profit	12,759	5,655	5,469	433	8,131
Earnings per share, DKK	2.07	1.02	0.89	0.08	1.32
Diluted earnings per share, DKK	1.86	1.02	0.89	0.08	1.32

Total income statement

	The Group Q1+Q2 2019	The Group Q1+Q2 2018 ^{*)}	The Group Q2 2019	The Group Q2 2018 ^{*)}	The Group 2018 ^{*)}
DKK 1,000					
Net profit	12,759	5,655	5,469	433	8,131
Other total income					
Items, which can be re-classified to the income statement:					
- Exchange rate adjustments by conversion of foreign units	-1,876	-3,104	-1,222	-2,450	-
- Tax of other total income	0	0	0	0	0
Other total income after tax	-1,876	-3,104	-1,222	-2,450	0
Total income	10,883	2,551	4,247	-2,017	8,131

^{*)} Without correction for IFRS 16.

Balance

DKK 1,000	The Group Q1+Q2 2019	The Group Q1+Q2 2018 ^{*)}	The Group 2018 ^{*)}
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	16,070	16,046	16,078
Land lease contracts	0	1,818	1,245
Total intangible assets	16,070	17,864	17,323
Tangible assets			
Land	266,945	233,613	240,971
Buildings	192,639	197,165	193,069
Plant and machinery	101,539	82,494	87,897
Fixtures and fittings, tools and equipment	4,345	4,278	3,879
Fixed assets under construction	11,489	13,385	11,108
Total tangible assets	576,957	530,935	536,924
Biological assets			
Basic herd	33,307	31,810	33,053
Total biological assets	33,307	31,810	33,053
Other non-current assets			
Deferred tax asset	9,186	10,116	9,188
Total other non-current assets	9,186	10,116	9,188
Total non-currents assets	635,520	590,725	596,488
Current assets			
Inventories	28,435	26,579	60,652
Biological assets - breeding and crops	128,576	107,815	62,093
Receivables	18,191	18,046	22,632
Other receivables	30,047	33,289	23,967
Accruals and deferred expenses	9,300	3,980	5,072
Cash at bank and in hand	13,775	5,505	3,628
Total current assets	228,324	195,214	178,044
TOTAL ASSETS	863,844	785,939	774,532

^{*)} Without correction for IFRS 16.

DKK 1,000	The Group Q1+Q2 2019	The Group Q1+Q2 2018 ^{*)}	The Group 2018 ^{*)}
EQUITY AND LIABILITIES			
Equity			
Share capital	61,594	55,419	61,594
Reserve for exchange rate adjustment	-27,389	-28,617	-25,513
Transferred result	343,532	311,038	330,773
Proposed dividend	0	0	3,264
Total equity	377,737	337,840	370,118
Liabilities			
Non-current liabilities			
Deferred tax	19,636	16,393	16,645
Credit institutions	155,976	112,998	143,490
Convertible bonds	129,880	130,879	129,735
Other non-current debt	0	0	0
Total non-current assets	305,492	260,270	289,870
Current liabilities			
Credit institutions	109,829	87,217	68,356
Convertible bonds	0	27	0
Trade payables and other payables	60,368	62,253	35,319
Corporation tax	0	0	42
Accruals and deferred income	10,418	11,194	10,827
Total current liabilities	180,615	187,829	114,544
Total liabilities	486,107	448,099	404,414
TOTAL EQUITY AND LIABILITIES	863,844	785,939	774,532

^{*)} Without correction for IFRS 16.

Equity statement (Condensed)

DKK 1,000	The Group Q1+Q2 2019	The Group Q1+Q2 2018
EQUITY STATEMENT		
Equity 1 January	370,118	315,073
Result of the period	12,759	5,655
Other total income	-1,876	-3,104
Issuance of shares	0	20,216
Dividend	-3,264	0
Total income for the period	7,619	22,767
Equity 30 June	377,737	337,840

Cash flow statement (Condensed)

DKK 1,000	The Group Q1+Q2 2019	The Group Q1+Q2 2018
Pre-tax result	15,825	5,634
Cash generated from operating activities before changes in working capital	26,527	20,112
Cash flow from primary activities	19,028	8,881
Cash flow from operating activities	12,895	1,712
Cash flow from investing activities	-11,791	-26,829
- Hereof purchase of Tjekkiet Invest ¹⁾	-	-
Cash flow from financing activities	9,042	27,825
Total cash flow	10,146	2,708
Available, at the beginning	3,628	2,793
Exchange rate adjustment of available	1	4
Available at closing	13,775	5,505

¹⁾ In connection with the purchase of Tjekkiet Invest A/S, only a net of DKK 17.5 million was paid in first half year of 2018, 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

Q1+Q2 2019 DKK 1,000	Romanian activities	Slovakian activities	Hungarian activities	Czech activities	Total report compulsory segments
Total segment turnover	8,315	40,805	21,594	37,765	108,479
Grants	8,030	11,419	1,974	912	22,335
Value adjustment of biological assets	0	8,011	2,927	4,140	15,078
Financial income	62	0	7	0	69
Financial costs	-4,071	1,795	-636	-851	-3,763
Depreciations	8,530	11,803	1,521	2424	24,278
Segment result before tax	-556	5,695	6,775	6,846	18,760
Segment assets	248,925	372,508	92,825	149,863	864,121
Plant investments *)	14,554	10,847	2,507	1395	29,303
Segment liabilities	202,114	251,535	73,260	69,175	596,084

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

Q1+Q2 2018¹⁾ DKK 1,000	Romanian activities	Slovakian activities	Hungarian activities	Czech activities	Total report compulsory segments
Total segment turnover	12,887	44,285	21,331	6,814	85,317
Grants	7,493	11,987	2,244	151	21,875
Value adjustment of biological assets	0	7,547	17,346	1,215	26,108
Financial income	54	0	16	3	73
Financial costs	-1,012	-2,191	-874	-131	-4,208
Depreciations	3,403	7,248	1,812	383	12,846
Segment result before tax	-618	5,802	1,591	5,905	12,680
Segment assets	219,105	336,742	88,503	140,131	784,481
Plant investments **)	14,428	8,620	2,280	0	25,328
Segment liabilities	175,357	221,268	72,886	74,533	544,044

¹⁾ Without correction for IFRS 16.

²⁾ Plant investments are investments in machinery, land and buildings.

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

Reconciliation of report compulsory segments result

DKK 1,000	Q1+Q2 2019	Q1+Q2 2018
Segment result before tax for report compulsory segments	18,760	12,680
Non-allocated result, Group function	-2,935	-7,046
Result of continued operations before tax, cp. income statement	15,825	5,634

Turnover

DKK 1,000	Q1+Q2 2019	Q1+Q2 2018
Sale of milk	30,285	30,173
Sale of cows and calves	2,298	4,279
Sales of piglets and slaughter pigs	58,622	25,799
Sale of corn etc.	15,552	21,266
Other turnover	1,723	3,800
Total	108,480	85,317

Company take-over after balance sheet date

FirstFarms has, cf. company announcement no. 10 of 17 July 2019, purchased a larger agriculture in Slovakia, Hospoda Invest A/S, who owns 100 percent of the Slovakia 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 grain, rape and maize.

The total payment for full take-over of Hospoda Invest A/S constitutes DKK 185.7 million.