

**28 May 2019****Interim financial report for 1 January – 31 March 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 – 31 March 2019.

**Growth in result in the first quarter and positive expectations to pig prices for the rest of the year**

- FirstFarms has in the accounting period realised a turnover of DKK 55.6 million, an EBITDA result of DKK 23.4 million, an EBIT result of DKK 11.9 million and a pre-tax result of DKK 7.3 million. EBITDA and EBIT are improved by DKK 7.5 million and DKK 2.0 million, respectively, compared to same period last year.
- In Q1, the milk price as well as the milk production has been on par with the expectations.
- The price for pigs has been lower than budget in first quarter. The price increased in the end of the quarter, and the increase is expected to continue the coming months.
- The first part of the growth season has lacked rain, but the crops have now got the necessary rain. The crops are looking satisfactory for this time of the year. The market prices on crops are below budget, and the market is very volatile. FirstFarms has hedged a significant part of the sales prices for the year above budgeted prices.
- FirstFarms maintains the announced expectations, however increasing EBITDA as a consequence of IFRS 16. Thus, an EBITDA result in the level of DKK 67-71 million and an EBIT result of DKK 25-30 million is expected. Due to the increasing pig price, FirstFarms expects that the result will be in the top of the announced expectations.
- The due diligence process regarding Hospoda Invest A/S, about the purchase of pig production and crop production in Slovakia, runs as planned and is expected finished in third quarter 2019.

Anders H. Nørgaard from FirstFarms A/S says: "The result in first quarter is satisfactory in the light that there has been low prices on pigs the first months, and with the latest price increases, I look positive at the remaining part of the year. FirstFarms has a strong foundation and a healthy economy. We are in solid progress, has an ambitious growth strategy, runs a responsible business and has a goal to become one of Europe's best agricultures in terms of turnover and efficiency."

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 dinner tables all over the world.*

## Main and key ratios

DKK 1,000	The Group Q1 2019	The Group Q1 2018	The Group 2018
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### Main figures

Turnover	55,565	35,414	248,876
Gross profit/loss	16,444	12,696	36,664
Result before depreciations (EBITDA)	23,385	15,874	57,499
Profit/loss of primary operations (EBIT)	11,910	8,932	25,863
Net financial items	-2,993	-2,656	-14,344
Pre-tax result	8,917	6,276	11,519
Net profit	7,290	5,222	8,131

Non-current assets	625,471	473,178	596,488
Current assets	205,152	159,291	178,044
Total assets	830,623	632,469	774,532
Share capital	61,594	51,376	61,594
Equity	374,314	319,641	370,118
Non-current liabilities	313,690	187,807	289,870
Current liabilities	142,619	127,021	114,544

Cash flow from primary operations	-4,767	-2,481	24,307
Cash flow from operations	-98	-915	9,269
Cash flow for investment, net	-4,153	-5,795	-40,158
Of which for investment in tangible assets	-10,420	-5,692	-42,458
Cash flow from financing	3,119	-4,847	28,360
Total cash flow	-1,132	-11,557	-2,529

### Key figures

Gross margin	29.6	35.9	14.7
EBITDA margin	42.1	44.8	23.1
Operating margin	21.4	25.2	10.4
Solvency ratio	45	51	48
Earnings per share, DKK	1.18	0.81	1.32
Diluted earnings per share, DKK	1.03	0.81	1.32
Return on shareholders' equity	7.8	5.5	2.4

Average number of employees	284	259	279
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## **Management report for the period 1 January – 31 March 2019**

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FirstFarms has in the accounting period realised a turnover of DKK 55.6 million, an EBITDA result of DKK 23.4 million, an EBIT result of DKK 11.9 million and a pre-tax result of DKK 7.3 million. EBITDA and EBIT are improved by DKK 7.5 million and DKK 2.0 million, respectively, compared to same period last year.

In Q1, the equity has increased with DKK 4.2 million, due to a result of DKK 7.3 million and an exchange rate correction of DKK -3.1 million.

In Q1, the milk price as well as the milk production has been on par with the expectations.

The price for pigs has been lower than budget in first quarter. The price increased in the end of the quarter, and the increase is expected to continue the coming months.

The first part of the growth season has lacked rain, but the crops have now got the necessary rain. The crops are looking satisfactory for this time of the year. The market prices on crops are below budget, and the market is very volatile. FirstFarms has hedged a significant part of the sales prices for the year above budgeted prices.

The due diligence process regarding Hospoda Invest A/S, about the purchase of pig production and crop production in Slovakia, runs as planned and is expected finished in third quarter 2019.

### **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 experience that a significant part of the leases is prolonged, and it is thus the management's assessment 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>31.03.2019</u>
Land	27,536	25,678
Machines	6,896	5,793
Short term debt to credit institutions	11,341	11,098
Long term debt to credit institutions	23,091	20,500
EBITDA (depreciations increased)		2,962
EBIT		203
Pre-tax result		-126

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 the full description of accounting policies.

## **Expectations for 2019**

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FirstFarms maintains the announced expectations, however increasing EBITDA as a consequence of IFRS 16. Thus, an EBITDA result in the level of DKK 67-71 million and an EBIT result of DKK 25-30 million is expected. Due to the increasing pig price, FirstFarms expects that the result will be in the top of the announced expectations.

## **Financial calendar for 2019**

27 August 2019	Interim financial report 1 January – 30 June 2019
26 November 2019	Interim financial report 1 January – 30 September 2019

## **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 – 31 March 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 31 March 2019 and of the results of the Group’s operations and cash flows for the period 1 January – 31 March 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, 28 May 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

DKK 1,000	<u>The Group</u> Q1 2019	<u>The Group</u> Q1 2018 <sup>*)</sup>	<u>The Group</u> 2018 <sup>*)</sup>
Turnover	55,565	35,414	248,876
Value adjustment of biological assets	10,951	17,851	9,676
Production costs	-61,265	-51,643	-271,345
Grants	11,193	11,074	49,457
<b>Gross profit/loss</b>	<b>16,444</b>	<b>12,696</b>	<b>36,664</b>
Other operating income	1.011	61	6,502
Administration costs	-5,511	-3,818	-16,817
Other operating costs	-34	-7	-486
<b>EBIT result</b>	<b>11,910</b>	<b>8,932</b>	<b>25,863</b>
Financial income	1.273	34	490
Financial costs	-4,266	-2,690	-14,834
<b>Pre-tax result</b>	<b>8,917</b>	<b>6,276</b>	<b>11,519</b>
Tax on net profit	-1,627	-1,054	-3,388
<b>Net profit</b>	<b>7,290</b>	<b>5,222</b>	<b>8,131</b>
Earnings per share, DKK	1.18	1.02	1.32
Diluted earnings per share, DKK	1.03	1.02	1.32

## Total income statement

DKK 1,000	<u>The Group</u> Q1 2019	<u>The Group</u> Q1 2018 <sup>*)</sup>	<u>The Group</u> 2018 <sup>*)</sup>
Net profit	7,290	5,222	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	-3,094	-654	0
- Tax of other total income	0	0	0
<b>Other total income after tax</b>	<b>-3,094</b>	<b>-654</b>	<b>0</b>
<b>Total income</b>	<b>4,196</b>	<b>4,568</b>	<b>8,131</b>

<sup>\*)</sup> Without correction for IFRS 16.



## Balance

	The Group	The Group	The Group
DKK 1,000	Q1 2019	Q1 2018 <sup>*)</sup>	2018 <sup>*)</sup>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Goodwill	16,073	16,038	16,078
Land lease contracts	0	2,107	1,245
<b>Total intangible assets</b>	<b>16,073</b>	<b>18,145</b>	<b>17,323</b>
<b>Tangible assets</b>			
Land and buildings	271,594	149,863	240,971
Plant and machinery	97,350	70,326	87,897
Fixtures and fittings, tools and equipment	2,520	2,953	3,879
Fixed assets under construction	9,921	10,481	11,108
<b>Total tangible assets</b>	<b>567,691</b>	<b>413,261</b>	<b>536,924</b>
<b>Biological assets</b>			
Basic herd	32,520	33,657	33,053
<b>Total biological assets</b>	<b>32,520</b>	<b>33,657</b>	<b>33,053</b>
<b>Other non-current assets</b>			
Deferred tax asset	9,187	10,115	9,188
<b>Total other non-current assets</b>	<b>9,187</b>	<b>10,115</b>	<b>9,188</b>
<b>Total non-currents assets</b>	<b>625,471</b>	<b>475,178</b>	<b>596,488</b>
<b>Current assets</b>			
Inventories	43,950	42,757	60,652
Biological assets - breeding and crops	96,247	73,380	62,093
Receivables	16,439	7,115	22,632
Other receivables	38,845	29,918	23,967
Accruals and deferred expenses	7,176	3,072	5,072
Cash at bank and in hand	2,495	3,049	3,628
<b>Total current assets</b>	<b>205,152</b>	<b>159,291</b>	<b>178,044</b>
<b>TOTAL ASSETS</b>	<b>830,623</b>	<b>634,469</b>	<b>774,532</b>

<sup>\*)</sup> Without correction for IFRS 16.

DKK 1,000	The Group Q1 2019	The Group Q1 2018 <sup>*)</sup>	The Group 2018 <sup>*)</sup>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	61,594	51,376	61,594
Reserve for exchange rate adjustment	-28,607	-26,167	-25,513
Transferred result	338,063	294,432	330,773
Proposed dividend	3,264	0	3,264
<b>Total equity</b>	<b>374,314</b>	<b>319,641</b>	<b>370,118</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax	18,181	9,674	16,645
Credit institutions	165,774	67,469	143,490
Convertible bonds	129,735	110,664	129,735
Other non-current debts	0	0	0
<b>Total non-current assets</b>	<b>313,690</b>	<b>187,807</b>	<b>289,870</b>
<b>Current liabilities</b>			
Credit institutions	81,739	48,495	68,356
Convertible bonds	0,000	27	0
Trade payables and other payables	49,779	39,905	35,319
Corporation tax	489	0	42
Accruals and deferred income	10,612	11,456	10,827
<b>Total current liabilities</b>	<b>142,619</b>	<b>127,021</b>	<b>114,544</b>
<b>Total liabilities</b>	<b>456,309</b>	<b>314,828</b>	<b>404,414</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>830,623</b>	<b>634,469</b>	<b>774,532</b>

<sup>\*)</sup> Without correction for IFRS 16.

## Equity statement (Condensed)

DKK 1,000	The Group Q1 2019	The Group Q1 2018
<b>EQUITY STATEMENT</b>		
Equity 1 January	370,118	315,073
Result of the period	7,290	5,222
Other total income	-3,094	-654
Issuance of shares	0	0
Total income for the period	4,196	4,568
<b>Equity 31 March</b>	<b>374,314</b>	<b>319,641</b>

## Cash flow statement

DKK 1,000	The Group Q1 2019	The Group Q1 2018
<b>Pre-tax result</b>	7,785	6,276
<b>Cash generated from operating activities before changes in working capital</b>	8,402	8,424
<b>Cash flow from primary activities</b>	-4,767	-2,481
<b>Cash flow from operating activities</b>	-98	-915
<b>Cash flow from investing activities</b>	-4,153	-5,795
<b>Cash flow from financing activities</b>	3,119	3,607
<b>Total cash flow</b>	<b>-1,132</b>	<b>-3,103</b>
Available, at the beginning	3,628	6,153
Exchange rate adjustment of available	-1	-1
<b>Available at closing</b>	<b>2,495</b>	<b>3,049</b>

## Segment information

<b>Q1 2019</b>	Romanian activities	Slovakian activities	Hungarian activities	Czech activities	Total report compulsory segments
DKK 1,000					
Total segment turnover	7,731	22,560	8,777	16,497	55,565
Grants	3,690	5,598	1,056	848	11,192
Value adjustment of biological assets	700	4,931	802	4,518	10,951
Financial income	7	0	6	0	13
Financial costs	-3,783	-1,067	-308	-347	-5,505
Depreciations	3,453	5,850	1,007	1,154	11,464
Segment result before tax	-2,118	4,654	863	4,927	8,326
Segment assets	234,063	354,209	89,713	150,869	828,854
Plant investments *)	5,584	2,008	1,634	1,194	10,420
Segment liabilities	188,732	234,036	75,293	72,254	570,315

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

<b>Q1 2018</b> *)	Romanian activities	Slovakian activities	Hungarian activities	Total report compulsory segments
DKK 1,000				
Total segment turnover	0	25,043	10,371	35,414
Grants	3,947	5,972	1,156	11,075
Value adjustment of biological assets	2,000	6,475	9,376	17,851
Financial income	25	0	9	34
Financial costs	-366	-1,066	-430	-1,862
Depreciations	2,061	3,963	909	6,933
Segment result before tax	1,662	6,117	1,114	8,893
Segment assets	217,142	325,095	93,129	635,366
Plant investments **)	1,550	2,563	1,579	5,692
Segment liabilities	171,526	209,371	88,682	469,579

\*) Without correction for IFRS 16.

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

## Reconciliation of report compulsory segments result

DKK 1,000	Q1 2019	Q1 2018
Segment result before tax for report compulsory segments	8,326	8,893
Non-allocated result, Group function	591	-2,617
<b>Result of continued operations before tax, cp. income statement</b>	<b>8,917</b>	<b>6,276</b>

**Turnover**

DKK 1,000	Q1 2019	Q1 2018
Sale of milk	16,001	16,357
Sale of cows and calves	1,349	1,822
Sales of piglets and slaughter pigs	24,736	9,063
Sale of corn etc.	12,202	5,934
Other turnover	1,277	2,238
<b>Total</b>	<b>55,565</b>	<b>35,414</b>