

**Interim financial report for 1 January – 31 March 2017 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 2017.

**Significant improvement of the result in Q1 2017 and positive expectations for 2017**

- FirstFarms has in the accounting period achieved a turnover of DKK 32.6 million, an EBIT result of DKK 7.9 and a pre-tax result of DKK 6.1 million. The result is improved by DKK 8.1 million compared to same period last year.
- The purchase of the pig production in Hungary was finally carried out at the end of March 2017, and has thus only small influence on operation. DKK 2.6 million has been booked as income in connection with the take-over.
- In Q1, the milk price as well as the milk production has been on par with the expectations. The milk price has been significantly above realised prices in same quarter 2016.
- The prices on grain products and oilseeds are in total expected on par with the budget.
- In both Slovakia and Romania, the crops are looking satisfactory for the season. Autumn crops are however influenced by low amounts of rain in the spring.
- FirstFarms maintains the announced expectations of an EBIT result of DKK 18-22 million.
- FirstFarms A/S' negotiations with AP Pension regarding land and buildings in Romania are still in progress in a positive dialogue, and it is expected that the final agreement can be ready before the end of first half year 2017. The result effect hereof is not included in the above EBIT expectations.

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.

## Main and key ratios

| DKK 1,000 | The Group<br>Q1 2017 | The Group<br>Q1 2016 | The Group<br>2016 |
|-----------|----------------------|----------------------|-------------------|
|-----------|----------------------|----------------------|-------------------|

### Main figures

|                                   |        |        |         |
|-----------------------------------|--------|--------|---------|
| Turnover                          | 32,616 | 25,415 | 103,257 |
| Gross profit/loss                 | 8,066  | 3,875  | 7,330   |
| Profit/loss of primary operations | 7,887  | 1      | -2,771  |
| Net financial items               | -1,749 | -1,923 | -9,750  |
| Pre-tax result                    | 6,138  | -1,922 | -12,521 |
| Net profit                        | 5,449  | -1,334 | -12,957 |

|                         |         |         |         |
|-------------------------|---------|---------|---------|
| Non-current assets      | 457,431 | 405,604 | 396,403 |
| Current assets          | 153,966 | 127,249 | 119,112 |
| Total assets            | 611,397 | 532,853 | 515,515 |
| Share capital           | 50,071  | 47,122  | 47,122  |
| Equity                  | 311,332 | 304,101 | 292,823 |
| Non-current liabilities | 148,545 | 44,648  | 95,059  |
| Current liabilities     | 151,520 | 184,104 | 127,633 |

|  |        |        |         |
|--|--------|--------|---------|
| Cash flow from primary operations          | 10,012 | 2,511  | 12,275  |
| Cash flow from operations                  | 7,462  | 326    | 2,040   |
| Cash flow for investment, net              | -960   | -6,252 | -18,817 |
| Of which for investment in tangible assets | -2,998 | -7,412 | -23,057 |
| Cash flow from financing                   | 2,679  | 4,128  | 4,792   |
| Total cash flow                            | 9,181  | -1,798 | -11,985 |

### Key figures

|                                 |      |       |       |
|---------------------------------|------|-------|-------|
| Gross margin                    | 24.7 | 15.2  | 5.6   |
| Operating margin                | 24.2 | 0.0   | -2.1  |
| Solvency ratio                  | 51   | 57    | 57    |
| Earnings per share, DKK         | 1.09 | -0.28 | -2.75 |
| Diluted earnings per share, DKK | 0.94 | -0.28 | -2.75 |
| Return on shareholders' equity  | 7.2  | -1.7  | -4.2  |

|                             |     |     |     |
|-----------------------------|-----|-----|-----|
| Average number of employees | 221 | 212 | 214 |
|-----------------------------|-----|-----|-----|

## **Management report for the period 1 January – 31 March 2017**

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FirstFarms has in the accounting period achieved a turnover of DKK 32.6 million, an EBIT result of DKK 7.9 and a pre-tax result of DKK 6.1 million. The result is improved by DKK 8.1 million compared to same period last year.

In Q1, the equity has increased with DKK 18.5 million, which is composed by a result of DKK 5.4 million, an exchange rate correction of DKK -0.2 million, issuance of shares for DKK 9.4 million in connection with the purchase of Dan-Farm Holding A/S and DKK 3.9 million in connection with conversion of bonds to shares.

The purchase of the pig production in Hungary was finally carried out at the end of March 2017, and has thus only small influence on operation. DKK 2.6 million has been booked as income in connection with the take-over, cp. specification last in this announcement.

In Q1, the milk price as well as the milk production has been on par with the expectations. The milk price has been significantly above realised prices in same quarter 2016.

The prices on grain products and oilseeds are in total expected on par with the budget.

In both Slovakia and Romania, the crops are looking satisfactory for the season. Autumn crops are however influenced by low amounts of rain in the spring.

FirstFarms A/S' negotiations with AP Pension regarding land and buildings in Romania are still in progress in a positive dialogue, and it is expected that the final agreement can be ready before the end of first half year 2017. The result effect hereof is not included in the above EBIT expectations.

### **Risk assessment**

FirstFarms has in the annual report for 2016 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 2016, to which is referred.

FirstFarms A/S has implemented the standards and interpretations, which become effective for 2017. None of these standards have affected recognition and measurement in 2017.

The consolidated financial statement and annual report for 2016 contains the full description of accounting policies.

## **Expectations for 2017**

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FirstFarms maintains the announced expectations of an EBIT result of DKK 18-22 million.

## **Financial calendar for 2017**

29 August 2017            Interim financial report 1 January – 30 June 2017

28 November 2017       Interim financial report 1 January – 30 September 2017

## **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 2017.

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 2017 and of the results of the Group’s operations and cash flows for the period 1 January – 31 March 2017.

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, 31 May 2017

### **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

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Jens Bolding Jensen

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Bent Juul Jensen

## Income statement

| DKK 1,000                             | <u>The Group</u><br>Q1 2017 | <u>The Group</u><br>Q1 2016 | <u>The Group</u><br>2016 |
|---------------------------------------|-----------------------------|-----------------------------|--------------------------|
| Turnover                              | 32,616                      | 25,415                      | 130,257                  |
| Value adjustment of biological assets | 5,168                       | 5,733                       | 8,789                    |
| Production costs                      | -38,871                     | -35,585                     | -173,881                 |
| Grants                                | 9,153                       | 8,312                       | 42,165                   |
| <b>Gross profit/loss</b>              | <b>8,066</b>                | <b>3,875</b>                | <b>7,330</b>             |
| Other operating income                | 2,687                       | 32                          | 867                      |
| Administration costs                  | -2,866                      | -3,790                      | -10,461                  |
| Other operating costs                 | 0                           | -116                        | -507                     |
| <b>EBIT result</b>                    | <b>7,887</b>                | <b>1</b>                    | <b>-2,771</b>            |
| Financial income                      | 74                          | 33                          | 269                      |
| Financial costs                       | -1,823                      | -1,956                      | -10,019                  |
| <b>Pre-tax result</b>                 | <b>6,138</b>                | <b>-1,922</b>               | <b>-12,521</b>           |
| Tax on net profit                     | -689                        | 588                         | -436                     |
| <b>Net profit</b>                     | <b>5,449</b>                | <b>-1,334</b>               | <b>-12,957</b>           |
| <br>                                  |                             |                             |                          |
| Earnings per share, DKK               | 1.09                        | -0.28                       | -2.75                    |
| Diluted earnings per share, DKK       | 0.94                        | -0.28                       | -2.75                    |

## Total income statement

| DKK 1,000  | <u>The Group</u><br>Q1 2017 | <u>The Group</u><br>Q1 2016 | <u>The Group</u><br>2016 |
|--|-----------------------------|-----------------------------|--------------------------|
| Net profit   | 5,449                       | -1,334                      | -12,957                  |
| <b>Other total income</b>                                  |                             |                             |                          |
| Items, which can be re-classified to the income statement: |                             |                             |                          |
| - Exchange rate adjustments by conversion of foreign units | -240                        | -738                        | -924                     |
| - Tax of other total income                                |                             | 0                           | 0                        |
| <b>Other total income after tax</b>                        | <b>-240</b>                 | <b>-738</b>                 | <b>-924</b>              |
| <b>Total income</b>  | <b>5,209</b>                | <b>-2,072</b>               | <b>-13,881</b>           |

## Balance

| DKK 1,000                                  | The Group<br>Q1 2017 <sup>1)</sup> | The Group<br>Q1 2016 | The Group<br>2016 |
|--|------------------------------------|----------------------|-------------------|
| <b>ASSETS</b>                              |                                    |                      |                   |
| <b>Non-current assets</b>                  |                                    |                      |                   |
| <b>Intangible assets</b>                   |                                    |                      |                   |
| Goodwill                                   | 16,015                             | 16,043               | 16,007            |
| Land lease contracts                       | 3,256                              | 4,608                | 3,542             |
| <b>Total intangible assets</b>             | <b>19,271</b>                      | <b>20,651</b>        | <b>19,549</b>     |
| <b>Tangible assets</b>                     |                                    |                      |                   |
| Land and buildings                         | 312,457                            | 261,815              | 263,528           |
| Plant and machinery                        | 71,168                             | 72,989               | 66,604            |
| Fixtures and fittings, tools and equipment | 2,057                              | 1,025                | 985               |
| Fixed assets under construction            | 11,497                             | 12,049               | 8,591             |
| <b>Total tangible assets</b>               | <b>397,179</b>                     | <b>347,878</b>       | <b>339,708</b>    |
| <b>Biological assets</b>                   |                                    |                      |                   |
| Basic herd                                 | 29,053                             | 24,818               | 25,220            |
| <b>Total biological assets</b>             | <b>29,053</b>                      | <b>24,818</b>        | <b>25,220</b>     |
| <b>Other non-current assets</b>            |                                    |                      |                   |
| Deferred tax asset                         | 11,928                             | 12,257               | 11,926            |
| <b>Total other non-current assets</b>      | <b>11,928</b>                      | <b>12,257</b>        | <b>11,926</b>     |
| <b>Total non-currents assets</b>           | <b>457,431</b>                     | <b>405,604</b>       | <b>396,403</b>    |
| <b>Current assets</b>                      |                                    |                      |                   |
| Inventories                                | 37,602                             | 32,470               | 47,413            |
| Biological assets - breeding and crops     | 76,718                             | 65,693               | 43,498            |
| Receivables                                | 6,592                              | 4,540                | 4,533             |
| Other receivables                          | 19,034                             | 22,223               | 17,948            |
| Accruals and deferred expenses             | 2,707                              | 1,386                | 2,927             |
| Cash at bank and in hand                   | 11,313                             | 937                  | 2,793             |
| <b>Total current assets</b>                | <b>153,966</b>                     | <b>127,249</b>       | <b>119,112</b>    |
| <b>TOTAL ASSETS</b>                        | <b>611,397</b>                     | <b>532,853</b>       | <b>515,515</b>    |

1) We refer to the opening balance for Dan-Farm on the last page of this announcement.

| DKK 1,000                            | The Group<br>Q1 2017 <sup>1)</sup> | The Group<br>Q1 2016 | The Group<br>2016 |
|--------------------------------------|------------------------------------|----------------------|-------------------|
| <b>EQUITY AND LIABILITIES</b>        |                                    |                      |                   |
| <b>Equity</b>                        |                                    |                      |                   |
| Share capital                        | 50,071                             | 47,122               | 47,122            |
| Reserve for exchange rate adjustment | -23,288                            | -22,973              | -23,048           |
| Transferred result                   | 284,549                            | 279,952              | 268,749           |
| Proposed dividend                    | 0                                  | 0                    | 0                 |
| <b>Total equity</b>                  | <b>311,332</b>                     | <b>304,101</b>       | <b>292,823</b>    |
| <b>Liabilities</b>                   |                                    |                      |                   |
| <b>Non-current liabilities</b>       |                                    |                      |                   |
| Deferred tax                         | 10,402                             | 7,468                | 7,177             |
| Credit institutions                  | 57,364                             | 37,180               | 25,018            |
| Convertible bonds                    | 72,181                             | 0                    | 62,864            |
| Other non-current debts              | 8,598                              | 0                    | 62,864            |
| <b>Total non-current assets</b>      | <b>148,545</b>                     | <b>44,648</b>        | <b>157,923</b>    |
| <b>Current liabilities</b>           |                                    |                      |                   |
| Credit institutions                  | 92,555                             | 81,478               | 93,206            |
| Convertible bonds                    | 0                                  | 31,014               | 0                 |
| Trade payables and other payables    | 47,059                             | 58,388               | 21,512            |
| Corporation tax                      | 0                                  | 381                  | 801               |
| Accruals and deferred income         | 11,906                             | 12,843               | 12,114            |
| <b>Total current liabilities</b>     | <b>151,520</b>                     | <b>184,104</b>       | <b>127,633</b>    |
| <b>Total liabilities</b>             | <b>300,065</b>                     | <b>228,752</b>       | <b>285,556</b>    |
| <b>TOTAL EQUITY AND LIABILITIES</b>  | <b>611,397</b>                     | <b>532,853</b>       | <b>578,379</b>    |

1) We refer to the opening balance for Dan-Farm on the last page of this announcement.

## Equity statement (Condensed)

| DKK 1,000                   | The Group<br>Q1 2017 | The Group<br>Q1 2016 |
|-----------------------------|----------------------|----------------------|
| <b>EQUITY STATEMENT</b>     |                      |                      |
| Equity 1 January            | 292,823              | 306,173              |
| Result of the period        | 5,449                | -738                 |
| Other total income          | -240                 | -1,334               |
| Issuance of shares          | 13,300               | 0                    |
| Total income for the period | 18,509               | -2,072               |
| <b>Equity 31 March</b>      | <b>311,332</b>       | <b>304,101</b>       |

## Cash flow statement

| DKK 1,000  | The Group<br>Q1 2017 | The Group<br>Q1 2016 |
|--|----------------------|----------------------|
| <b>Pre-tax result</b>  | 6,138                | -1,922               |
| <b>Cash generated from operations (operating activities) before changes in working capital</b> | 4,718                | 1,646                |
| <b>Cash flow from primary activities</b>   | 10,012               | 2,511                |
| <b>Cash flow from operating activities</b>   | 7,462                | 326                  |
| <b>Cash flow from investing activities</b>   | -960                 | -6,252               |
| <b>Cash flow from financing activities</b>   | 2,679                | 4,128                |
| <b>Total cash flow</b>   | <b>9,181</b>         | <b>-1,798</b>        |
| Available, at the beginning  | -90,413              | -78,731              |
| Exchange rate adjustment of available  | -10                  | -12                  |
| <b>Available at closing</b>  | <b>-81,242</b>       | <b>-80,541</b>       |
| <b>Available at closing is recognised as follows:</b>  |                      |                      |
| Available funds  | 11,313               | 937                  |
| Current bank debt  | -92,555              | -81,478              |
| Available at closing   | -81,242              | -80,541              |

## Segment information

| <b>Q1 2017</b><br>DKK 1,000              | Romanian<br>activities | Slovakian<br>activities | Hungarian<br>activities | Total report<br>compulsory<br>segments |
|--|------------------------|-------------------------|-------------------------|--|
| Total segment turnover                   | 4,230                  | 27,580                  | 806                     | 32,616                                 |
| Grants                                   | 3,383                  | 5,707                   | 64                      | 9,154                                  |
| Value adjustment of<br>biological assets | 2,200                  | 2,968                   | 0                       | 5,168                                  |
| Financial income                         | 74                     | 0                       | 0                       | 74                                     |
| Financial costs                          | -567                   | -1,144                  | -30                     | -1,741                                 |
| Depreciations                            | 1,765                  | 4,112                   | 56                      | 5,933                                  |
| Segment result before tax                | 973                    | 4,186                   | 2,636                   | 7,795                                  |
| Segment assets                           | 198,236                | 331,026                 | 81,924                  | 611,186                                |
| Plant investments *)                     | 1,370                  | 1,628                   | 0                       | 2,998                                  |
| Segment liabilities                      | 155,548                | 216,706                 | 69,899                  | 442,153                                |

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

| <b>Q1 2016</b><br>DKK 1,000              | Romanian<br>activities | Slovakian<br>activities | Hungarian<br>activities | Total report<br>compulsory<br>segments |
|--|------------------------|-------------------------|-------------------------|--|
| Total segment turnover                   | 5,271                  | 20,144                  | 0                       | 25,415                                 |
| Grants                                   | 2,756                  | 5,556                   | 0                       | 8,312                                  |
| Value adjustment of<br>biological assets | 2,000                  | 3,733                   | 0                       | 5,733                                  |
| Financial income                         | 33                     | 0                       | 0                       | 33                                     |
| Financial costs                          | -579                   | -1,415                  | 0                       | -1,994                                 |
| Depreciations                            | 1,825                  | 4,052                   | 0                       | 5,877                                  |
| Segment result before tax                | -436                   | -121                    | 0                       | -557                                   |
| Segment assets                           | 195,508                | 337,061                 | 0                       | 532,569                                |
| Plant investments *)                     | 4,156                  | 3,256                   | 0                       | 7,412                                  |
| Segment liabilities                      | 148,238                | 223,387                 | 0                       | 371,625                                |

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

## Reconciliation of report compulsory segments result

| DKK 1,000  | Q1 2017      | Q1 2016       |
|--|--------------|---------------|
| Segment result before tax for report compulsory segments               | 7,795        | -557          |
| Non-allocated result, Group function                                   | -1,657       | -1,365        |
| <b>Result of continued operations before tax, cp. income statement</b> | <b>6,138</b> | <b>-1,922</b> |

### Purchase of subsidiary

FirstFarms has in the accounting period purchased the shares in Dan-Farm Holding A/S, who runs pig production in Hungary.

The acquisition price constitutes DKK 9.4 million, and it is paid by issuance of shares in FirstFarms A/S.

The Group has paid the transaction costs of approx. DKK 0.3 million in connection with the trade.

The company is taken over at the end of March 2017, and there is only limited influence of the take-over in the operation of Q1, cp. the segment information above.

The below statement of the net assets is preliminary.

| DKK 1,000  | <u>Recognised value at acquisition date</u> |
|--|---|
| Tangible assets  | 60,696                                      |
| Biological assets  | 10,919                                      |
| Inventories  | 1,611                                       |
| Receivables  | 3,702                                       |
| Cash at bank and in hand                                 | 4,996                                       |
| Credit institutions                                      | -36,634                                     |
| Deferred tax   | -2,546                                      |
| Trade payables   | -4,993                                      |
| Other payables   | -25,771                                     |
| <b>Net assets taken over</b>                             | <b>11,980</b>                               |
| <b>Total acquisition price</b>                           | <b>9,400</b>                                |
| <b>Difference - recognised in other operating income</b> | <b>2,580</b>                                |