

Report by the Chairman of the Board at FirstFarms' annual general meeting 24 April 2018

Dear shareholders,

Welcome to FirstFarms' annual general meeting. I am pleased to see once again a good support to our general meeting here in Billund. We are a total of 76 shareholders present today.

The year

In 2017, FirstFarms realised a turnover of DKK 190.7 million, an EBITDA result of DKK 43.7 million, EBIT result of DKK 17.1 million and a result before tax of DKK 5.0 million.

The result in 2017 is isolated considered satisfactory seen in connection with the challenges, which the dry summer in Eastern Europe has entailed. The milk price in 2017 was on a reasonable level after 2 years with very low milk prices. The milk price increased to a high level at the end of 2017, and the milk price is decreased again at the beginning of 2018.

The harvest of winter crops in 2017 was satisfactory, whereas the yields from the spring crops were significantly impacted by the very dry and hot period in July and August in Slovakia and West Romania.

In 2017, FirstFarms has taken Dan-Farm into the family with production of piglets and to a smaller extent slaughter pigs in Hungary. The implementation has gone well, and the model with payment with FirstFarms shares and convertible bonds has been good. It is the same model, that is expected to be used in connection with the purchase of Tjekkiet Invest A/S, on which we for the moment are carrying out due diligence, cp. our company announcement from March.

In 2017, FirstFarms has continued to purchase land in East Romania and to a smaller extent in Slovakia, and in Hungary we have expanded with extra 300 sows. Furthermore, investments have been made in ongoing replacement of machines, so we ensure that we have a modern and solid machine park to carry out the running operation in a satisfactory way.

In March 2018, FirstFarms and AP Pension has interrupted the negotiations about sale and lease back of approx. 3,000 hectares of land and buildings, as it was not possible to achieve agreement of the price and the distribution key on the profit of sale of the land.

In December 2017, new convertible bonds were subscribed for DKK 72.25 to strengthen liquidity preparedness and to ensure the possibility for new purchases or development of our current business. These bonds expire in December 2022. Our funding structure is compounded satisfactory, and we are well equipped for the future.

Two building sites have been purchased in Hungary, and permission has been applied for a project with 4,000 sows and a project with fattening from 7-30 kg of piglets. Application for establishment of slaughter pig production on 2 locations in West Romania has also been made. It is expected, that we will get environmental and building permissions in 2018.

FirstFarms has a solid land portfolio of 6,176 hectares. The total value of land is conservatively estimated in the level DKK 195 million compared to a booked value of DKK 120 million. It is part of FirstFarms' business strategy to purchase land and carry out swaps of land in preparation for compacting the land to larger units. It will optimize the operation of the land, and thus the value of the land will continue to increase. The land has shown to be an attractive investment both as operating- and fixed asset.

Purchase of Tjekkiet Invest A/S

On 27 March 2018, FirstFarms entered a conditional agreement about purchase of the shares in Tjekkiet Invest A/S, a Danish company, which owns a pig production in the Czech Republic with an annual production of 72,000 slaughter pigs divided on 2 locations. The company also owns approx. 900 hectares of agricultural land and operates 1,150 hectares of land in the area, which is situated south of Brno.

A due diligence has been started, which examines the company closer and shall form basis for a final closing of the agreement.

The payment for the shares of approx. DKK 60 million will be done as a combination of cash payment, issuance of convertible bonds and issuance of shares divided with approx. DKK 20 million of each. The issuance of convertible bonds requires that the change of the Articles of Association about authorisation to the Board of Directors to issue convertible bonds is approved at the general meeting.

It is an important step for FirstFarms to expand the pig production. It will increase the risk spread that this production branch is increased, and the pig production will now include both production of piglets and slaughter pigs.

Furthermore, the company is also relative close to our production in Slovakia and Hungary, with under 100 kilometres to our production in Slovakia and 500 kilometres to our pig production in Hungary. It will for the field production be possible to achieve synergies with our Slovakian field operation and similar for linked operation with our Hungarian pig production.

Development in the agriculture

Seen overall in 2017, the prices on pigs were satisfactory, but they decreased at the end of 2017 to a low level, and 2018 is started on a low level. The milk price has in 2017 been on a reasonable level after 2 years with very low prices.

The prices on grain products were relative low in 2017, and also the prices on oil seed were lower than normal.

2018 looks reasonable at the moment with satisfactory prices for milk, and the pig prices have also started to increase again. It is difficult to estimate the price development, as the prices the recent years have been more fluctuating than previously.

The prices on grain products is at the moment still relatively low. The prices have been low the last couple of years, and there is still not any indication that they will increase significantly. The prices are fixed at the global market, and thus there can be many circumstances that come into play; especially the weather conditions and exchange rates.

The FirstFarms share

In 2017, the price on FirstFarms' share increased with 13.8 percent from 47.90 at the beginning of the year to 54.50 at the end of the year. The total smallcap-index, which FirstFarms is a part of, increased with 6.4 percent in 2017.

The average turnover in the share in 2017 was DKK 159,400 per business day, which is higher than in 2016, where it was DKK 107,850 per business day.

The organisation

The management group in FirstFarms with Anders Nørgaard in front has again in 2017 been stable. Morten Knudsgaard has joined in connection with the purchase of the pig production in Hungary. He is in charge for FirstFarms' total pig production. We have also employed Søren Bredvig as head of business and project development. Søren has a background as officer in the army and has studied to M.Sc. Forestry. He has been employed in Novo and Kirkbi as project manager. Thus, we are well equipped to the continued development of FirstFarms.

In general, there has also been a reasonable level of staff turnover in the production in 2017.

We feel that the demand for work power is increasing at the companies around us, especially in Slovakia. This places great demands on us as employer. It can however be difficult to attract work power to all types of jobs.

The future

In 2018, FirstFarms expects an EBITDA result in the level of DKK 49-53 million and an EBIT result in the level of DKK 22-26 million.

The expectation is based on a milk price of DKK 2.50, a basis price for piglets of DKK 356, a stable piglet and milk production and normal harvest yields. Crop prices are expected to be on par with 2017.

FirstFarms wants to expand the activity further. It can be carried out by expansion of the animal production, by renting new areas, purchase of land or by take-over of or merger with other companies.

I hope, that the next step in this development will be an implementation of the purchase of Tjekki Invest A/S, so the pin with slaughter pigs comes in, and that we expand the cultivated area and our land portfolio significantly.

It is still the ambition that FirstFarms shall grow through mergers or acquisitions, gladly with other Danish agricultural companies, which have invested in our market areas in Eastern Europe. FirstFarms constantly explores the possibilities, and we also experience a larger interest from other parties than earlier. The model with Dan-Farm Holding has shown, how it can be carried out and it is the same model, which is expected to be used in connection with the purchase of Tjekki Invest.

Conclusion

I would like to thank the management and all the employees in the company for the effort in 2017, and my colleagues in the Board for a good cooperation

I will also thank the company's shareholders and other interested parties for the support interest you are showing towards the company.

Thank you for your attention.