

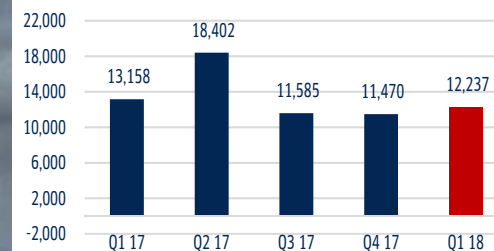


INTERIM REPORT Q1 2018

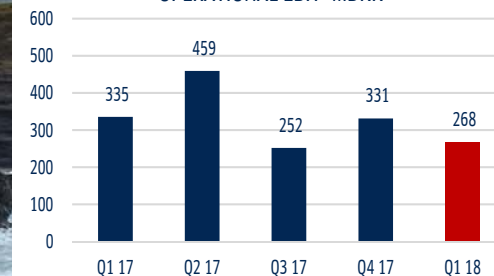
www.bakkafrost.com

Faroese Company Registration No. 1724

HARVEST VOLUME TGW



OPERATIONAL EBIT MDKK



OPERATIONAL EBIT DKK/KG VAP AND FARMING

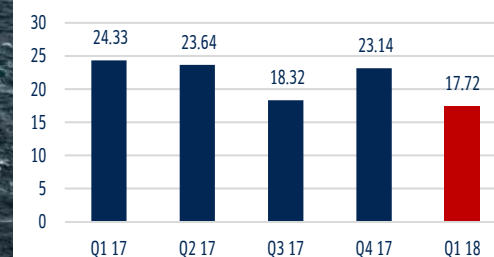


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Highlights

DKK 1,000	Q1 2018	Q1 2017
INCOME STATEMENT		
Group - Operating revenue	851,156	853,681
Group - Operational EBIT*	268,222	335,454
Group - EBIT	351,445	103,049
Group - Profit for the period	272,301	79,030
Operational EBIT* (Farming and VAP) (DKK)	216,827	320,192
Operational EBIT*/kg (Farming and VAP) (DKK)	17.72	24.33
Operational EBIT*/kg (Farming and VAP) (NOK)	22.92	29.40
Farming - Operating revenue	666,655	751,384
Farming - Operational EBIT*	228,443	373,232
Farming - Operational EBIT margin	34%	50%
Farming - Operational EBIT/kg (DKK)	18.67	28.37
Farming - Operational EBIT/kg (NOK)	24.15	34.27
VAP - Operating revenue	92,994	191,543
VAP - Operational EBIT*	-11,616	-53,040
VAP - Operational EBIT margin	-12%	-28%
VAP - Operational EBIT/kg (DKK)	-5.49	-14.59
VAP - Operational EBIT/kg (NOK)	-7.10	-17.62
FOF - Operating revenue	300,359	277,141
FOF - EBITDA	86,433	45,147
FOF - EBITDA margin	28.8%	16.3%
DKK/NOK (average)	77.31	82.78

DKK 1,000	Q1 2018	Q1 2017
FINANCIAL POSITION AND CASH FLOW		
Total Assets***	5,632,039	5,155,516
Equity***	3,891,777	3,626,429
Equity ratio***	69%	70%
Net interest-bearing debt***	102,022	258,070
Cash flow from operations	368,175	365,304
Cash flow from financing	102,106	78,219
PROFITABILITY		
Basic earnings per share (DKK)	5.60	1.63
Diluted earnings per share (DKK)	5.60	1.63
ROCE**	5.7%	6.9%
VOLUMES		
Harvested volumes (tgv)	12,237	13,158
VAP produced volumes (tgv)	2,115	3,636
Sold feed tonnes	13,923	19,827
Internal feed sale tonnes	13,152	18,953
Smolt released thousand (pcs)	3,134	1,395

* Aligned for fair value adjustment of biomass, onerous contracts provisions, income from associates and revenue tax - refer to Note 8

** Return on average capital employed, based on operational EBIT - refer to Note 9

*** Comparing figures from end 2017

Summary Q1 2018

(Figures in parenthesis refer to the same period last year)

The Bakkafrost Group delivered a total operating EBIT of DKK 268.2 million in Q1 2018. Harvested volumes were 12.2 thousand tonnes gutted weight. The combined farming and VAP segments made an operational EBIT of DKK 216.8 million. The farming segment made an operational EBIT of DKK 228.4 million. The salmon spot prices increased in Q1 2018, compared to the previous quarter. The price increase had a positive effect on the operational EBIT in the farming segment. The VAP segment made an operational EBIT of DKK -11.6 million. The EBITDA for the FOF segment was DKK 86.4 million.

The Group made a profit for Q1 2018 of DKK 272.3 million (DKK 79.0 million).

The total volumes harvested in Q1 2018 were 12,237 tonnes gutted weight (13,158 tgw).

3.1 million (1.4 million) smolts were transferred during Q1 2018.

The combined farming and VAP segments made an operational EBIT of DKK 216.8 million (DKK 320.2 million) in Q1 2018. The operational EBIT per kg in Q1 2018 was DKK 17.72 (DKK 24.33), which corresponds

to NOK 22,92 (NOK 29.40) for the combined farming and VAP segments.

The farming segment made an operational EBIT of DKK 228.4 million (DKK 373.2 million) in Q1 2018. The harvested volumes were lower and the average spot price was lower in Q1 2018, compared to Q1 2017.

The VAP segment made an operational EBIT of DKK -11.6 million (DKK -53.0 million) for Q1 2018. The VAP segment has had negative results from Q1 2016 until Q3 2017, when it turned to a surplus. But the salmon spot prices increased again in Q1 2018, resulting in negative margins.

The FOF segment (fishmeal, oil and feed) made an EBITDA of DKK 86.4 million (DKK 45.1 million) for Q1 2018, and the EBITDA margin was 28.8% (16.3%). During Q1 2018 Havsbrún sourced 130,104 tonnes (106,567 tonnes) of raw material.

Bakkafrost aims at giving the shareholders a competitive return on their investment, both through payments of dividends and by securing an increase in the value of the equity through positive operations.

The long-term goal of the Board of Directors is that 30-50% of earnings per share shall be paid out as dividend. The financial position of Bakkafrost is strong with a solid balance sheet, a competitive operation and available credit facilities. The Annual General Meeting, convened on 13 April 2018, decided to pay out a dividend of DKK 10.50, corresponding to NOK 13.66 per share. The total dividend of DKK 513.0 million (NOK 667.0 million) was paid out on 30 April 2018.

The net interest-bearing debt amounted to DKK 102.0 million at the end of Q1 2018 (DKK 258.1 million at year-end 2017). Undrawn credit facilities amounted to DKK 1,379.9 million at the end of Q1 2018.

In January 2018, Bakkafrost made an agreement with its existing lender, Nordea, to refinance its existing DKK 850 million bank facility and its outstanding NOK 500 million bond loan, which had a maturity and was paid on 14 February 2018, with a senior secured five-year EUR 200 million credit facility. The facility includes an accordion increase option, which provides flexibility for the parties to agree an increased size of the facility by further up to EUR 200 million during the term of the facility.

The equity ratio was 69% at 31 March 2018, compared to 70% at the end of 2017.

Financial Review

(Figures in parenthesis refer to the same period last year)

Income Statement

The operating revenue amounted to DKK 851.2 million (DKK 853.7 million) in Q1 2018. The farming segment's harvest was lower, and the achieved prices were lower in Q1 2018, compared to same quarter last year. The VAP segment had lower revenues because of lower volumes, but higher prices in Q1 2018, compared to Q1 2017. The FOF segment had higher external sales, especially of fishmeal in Q1 2018, compared to Q1 2017.

Operational EBIT was DKK 268.2 million (DKK 335.5 million) in Q1 2018. The VAP and FOF segments had improved operational EBIT in Q1 2018, compared to Q1 2017.

The fair value adjustment of the Group's biological assets amounted to DKK 107.1 million (DKK -234.6 million) in Q1 2018. The positive adjustment is due to higher market prices for salmon at the end of the quarter, compared to the beginning of the quarter.

Change in provisions for onerous contracts amounted to DKK 0 million (DKK 30.1 million) in Q1 2018.

In Q1 2018, there was a profit from associated companies amounting to DKK 2.4 million (DKK 2.3 million).

The revenue tax amounted to DKK -26.3 million in Q1 2018 (DKK -30.2 million).

Net interests in Q1 2018 were DKK -18.7 million (DKK -6.3 million) whereof an unrealized exchange rate adjustment of DKK -10.8 million (DKK 3.5 million), relating to the bond loan of NOK 500 million, is posted in Q1 2018.

Net taxes amounted to DKK -60.4 million (DKK -17.7 million) in Q1 2018.

The result for Q1 2018 was DKK 272.3 million (DKK 79.0 million).

Statement of Financial Position

(Figures in parenthesis refer to end last year)

The Group's total assets amounted to DKK 5,632.0 million (DKK 5,155.5 million) at the end of Q1 2018.

Intangible assets are unchanged, compared to the beginning of the year, and amounted to DKK 376.7 million at the end of Q1 2018. Intangible assets primarily comprise the fair value of acquired farming licences. No licences in the North region are recorded with a value in the Bakkafrøst accounts.

Property, plant and equipment amounted to DKK 2,636.1 million (DKK 2,570.4 million) at the end of Q1 2018. In Q1 2018, Bakkafrøst made investments in PP&E amounting to DKK 111.5 million.

Non-current financial assets amounted to DKK 79.1 million (DKK 76.7 million) at the end of Q1 2018.

The carrying amount (fair value) of biological assets amounted to DKK 1,114.7 million (DKK 1,096.7 million) at the end of Q1 2018. Biological assets have increased due to higher fair value adjustment, compared to year end 2017. Included in the carrying amount of the biological assets is a fair value adjustment amounting to DKK 294.1 million (DKK 187.0 million) at the end Q1 of 2018.

Inventories amounted to DKK 428.6 million (DKK 305.8 million) at the end of Q1 2018. The inventories primarily represent Havsbrún's inventory of fishmeal, fish oil and fish feed.

Total receivables amounted to DKK 319.2 million (DKK 419.6 million) at end of Q1 2018.

The Group's equity amounted to DKK 3,891.8 million (DKK 3,626.4 million) at the end of Q1 2018. The change in equity consists primarily of the positive result for Q1 2018.

Total non-current liabilities amounted to DKK 1,309.2 million (DKK 602.1 million) at the end of Q1 2018.

Deferred taxes and other taxes amounted to DKK 538.8 million (DKK 455.4 million) at the end of Q1 2018.

Long-term debt was DKK 770.4 million (DKK 146.7 million) at the end of Q1 2018.

At the end of Q1 2018, the Group's total current liabilities were DKK 431.0 million (DKK 926.9 million). The current liabilities consist of accounts payable and tax payable.

Derivatives under current liabilities amounted to DKK 0.0 million (DKK 127.3 million) at the end of Q1 2018.

Short-term interest-bearing debt amounted to DKK 0.0 million (DKK 378.3 million) at the end of Q1 2018.

The equity ratio was 69% at the end of Q1 2018, compared with 70% at the end of 2017.

Cash Flow

(Figures in parenthesis refer to the same period last year)

The cash flow from operations was DKK 368.2 million (DKK 365.3 million) in Q1 2018. The changes in receivables and current debts had a positive effect on the cash flow from operations, while changes in inventory affected the cash flow from operations negatively in Q1 2018.

The cash flow from investment activities amounted to DKK -111.5 million (DKK -179.3 million) in Q1 2018. The amount relates to investments in property, plant and equipment.

The cash flow from financing activities totalled DKK 102.1 million (DKK 78.2 million) in Q1 2018.

In Q1 2018, net change in cash flow amounted to DKK 358.8 million (DKK 264.2 million).

At the end of Q1 2018, Bakkafrøst had unused credit facilities of DKK 1,379.9 million (DKK 826.4 million).

Farming Segment

The farming segment produces high quality Atlantic salmon from juveniles to harvest size salmon. The salmon is sold to fresh fish markets globally and to the internal VAP production. The farming sites are in the Faroe Islands.

VOLUMES

The total volumes harvested in Q1 2018 were 12,237 tonnes gutted weight (13,158 tgw) – a decrease in volumes of 7%. 2,736 tgw came from the North region and 9,501 tgw from the West region.

3.1 million smolts (1.4 million smolts) were transferred in Q1 2018. This is in line with the smolt transfer plan.

FINANCIAL PERFORMANCE

In Q1 2018, the operating revenue for Bakkafrøst's farming segment was DKK 666.7 million (DKK 751.4 million).

In Q1 2018, the farming segment's EBIT amounted to DKK 309.2 million (DKK 108.4 million).

1,000 DKK	Q1 2018	Q1 2017	Change
Financial			
Total revenue	666,655	751,384	-11%
EBIT	309,247	108,443	182%
Operational EBIT	228,443	373,232	-40%
Farming - Operational EBIT/kg (DKK)	18.67	28.37	-35%
Volumes			
Harvested volumes (tgw)	12,237	13,158	-7%
Harvested volumes Farming North	2,736	9,124	
Harvested volumes Farming West	9,501	4,034	
Smolts released thousand (pcs)	3,134	1,395	125%
Smolt release Farming North thousand (pcs)	262	1,395	
Smolt release Farming West thousand (pcs)	2,872	0	

Operational EBIT amounted to DKK 228.4 million (DKK 373.2 million) in Q1 2018, which corresponds to an operational EBIT margin of 34% (50%).

Operational EBIT/kg for the farming segment was DKK 18.67 (NOK 24.15) in Q1 2018, compared with DKK 28.37 (NOK 34.27) in Q1 2017.

VAP Segment

The VAP (value added products) segment produces skinless and boneless portions of salmon. The main market for the VAP products is Europe with increasing sales in other markets. The VAP products are sold on long-term fixed price contracts.

Volumes

17% (28%) of the total harvested volumes in Q1 2018 went to production of VAP products.

The VAP production in Q1 2018 was 2,115 tonnes gutted weight (3,636 tgw). The decrease in production in Q1 2018 was 42%, compared to Q1 2017. The contract coverage is reduced, compared to the previous year, as some contracts were not renewed in Q4 2017.

Financial performance

The operating revenue for the VAP segment amounted to DKK 93.0 million (DKK 191.5 million) in Q1 2018. The decrease in revenue is due to lower volumes in Q1 2018, compared with Q1 2017.

The VAP segment had an EBIT amounting to DKK -11.6 million (DKK -22.9 million) in Q1 2018. Changes in onerous contracts of DKK 0 million (DKK 30.1 million) had no effect on the segment's EBIT in Q1 2018, but had a positive effect on the comparing figure.

1,000 DKK	Q1 2018	Q1 2017	Change
Financial			
Total revenue	92,994	191,543	-51%
EBIT	-11,616	-22,906	49%
Operational EBIT	-11,616	-53,040	78%
VAP - Operational EBIT/kg (DKK)	-5.49	-14.59	62%
Volumes			
VAP produced volumes (tgw)	2,115	3,636	-42%
Harvested volumes used in VAP production	17%	28%	-37%
Harvested volumes sold fresh/frozen	83%	72%	14%

Operational EBIT amounted to DKK -11.6 million (DKK -53.0 million) in Q1 2018, corresponding to an operational EBIT of DKK -5.49 (NOK -7.10) per kg gutted weight in Q1 2018, compared with DKK -14.59 (NOK -17.62) per kg gutted weight in Q1 2017.

The higher salmon spot prices in Q1 2018 had a negative effect on the VAP segment's margin as the VAP segment buys the raw material at spot prices.

FOF Segment

The FOF (fishmeal, oil and feed) segment produces fishmeal, fish oil and fish feed. Most of the production is used for fish feed, used internally in the farming segment. The quality of the fish feed is important to the quality of the salmon from Bakkafrost. Fishmeal, fish oil and fish feed are also sold externally.

Volumes

Havsbrún received 130,104 tonnes (106,567 tonnes) of raw material for the production of fishmeal and fish oil in Q1 2018. The raw material intake depends on the fishery in the North Atlantic and available species of fish.

The production of fishmeal in Q1 2018 was 27,114 tonnes (23,063 tonnes).

The production of fish oil in Q1 2018 was 3,864 tonnes (3,241 tonnes). The production of fish oil varies, depending on the species of fish sourced for production and the timing of catch.

Sales of feed amounted to 13,923 tonnes (19,827 tonnes) in Q1 2018, of which the farming segment internally used 13,152 tonnes (18,953 tonnes) or 94.5% (95.6%).

Financial performance

The operating revenue for the FOF segment amounted to DKK 300.4 million (DKK 277.1 million) in Q1 2018, of which DKK 126.3 million (DKK 185.9 million) represented sales to Bakkafrost's farming segment, corresponding to 42% (67%).

1,000 DKK	Q1 2018	Q1 2017	Change
Financial			
Total revenue	300,359	277,141	8%
EBIT	81,645	39,360	107%
EBITDA	86,433	45,147	91%
FOF - EBITDA margin	28.8%	16.3%	77%
Volumes			
Feed internal sale (tonnes)	13,152	18,953	-31%
Feed external sale (tonnes)	771	874	-12%
Total Feed sold (tonnes)	13,923	19,827	-30%
Fishmeal external sale (tonnes)	11,399	7,563	51%
Fish oil external sale (tonnes)	2,875	0	0%
Received raw material (tonnes)	130,104	106,567	22%

Total revenue for the FOF segment in Q1 2018 increased 8%, compared to the same quarter last year. The internal revenue has decreased, but external sales have increased significantly. The increase in external revenue is due to higher volumes of fishmeal sold in Q1 2018, compared to Q1 2017.

EBITDA was DKK 86.4 million (DKK 45.1 million) in Q1 2018, and the EBITDA margin was 28.8% (16.3%). Havsbrún sources raw pelagic fish for the fishmeal and fish oil production, which are part of the recipe to produce salmon feed.

Outlook

Market

The average salmon spot price dropped around NOK 6.00 in Q1 2018, compared with Q1 2017, although the price increased during Q1 2018 and decreased during Q1 2017. In late 2017, the salmon spot price dropped heavily, and demand had a positive response, which has driven the good price development in Q1 2018, supported by limited supply.

The latest update from Kontali Analyse estimates that the global supply of Atlantic salmon increased around 10% in Q1 2018, compared to Q1 2017. Going forward, both Norway and Chile will regain similar harvest volumes in 2018 as in 2017, and the global harvest growth is expected to be around 4% in 2018. Rest of the year the harvest growth is expected to be around 2%.

Bakkafrost operates in the main salmon markets, Europe, USA, the Far East and Russia. Variation in sales distribution between the different markets is driven by the change in demand from quarter to quarter in the different regions. Bakkafrost, however, aims to have a balanced market diversification to reduce market risk.

Farming

The outlook for the farming segment is good. The estimates for harvest volumes and smolt releases are dependent on the biological development.

Bakkafrost focuses on reducing biological risk continuously and has made several new investments and procedures to diminish this risk. Bakkafrost focuses on using non-medical methods in treatments against sea lice and has invested in new technology to comply with this strategy.

Bakkafrost expects to harvest 51,000 tonnes gutted weight in 2018.

Bakkafrost expects to release 13.9 million smolts in 2018, compared with 9.9 million smolts in 2017 and 11.7 million smolts released in 2016. The number of smolts released is a key element of predicting Bakkafrost's future production.

Bakkafrost aims at being self-supplied with 500 grams smolts in 2020. The benefits are a shorter production time at sea as well as reduced biological risk. The new hatchery under construction at Strond, Klaksvík is an important part of this plan. The hatchery is expected to start operation during 2018 and to be in full operation from 2020. The capacity growth from this investment program will gradually appear in harvested volumes from 2020.

Bakkafrost now has the full responsibility of the Faroese brood stock program and will continue to develop the program. Bakkafrost will use the next three years to examine the feasibility of the brood stock program and whether investments will be needed in a new brood stock facility. Bakkafrost has the option to get the genome rights in 2021.

VAP (Value added products)

Bakkafrost has signed contracts covering around 13% of the expected harvested volumes for the rest of 2018. The contract coverage is reduced, compared to previous year. The contract share has not changed significantly in Q1 2018. Bakkafrost's long-term strategy is to sell around 40-50% of the harvested volumes of salmon as VAP products at fixed price contracts.

The VAP contracts are at fixed prices, based on the salmon forward prices at the time they are agreed and the expectations for the salmon spot price for the contract period. The contracts last for 6 to 12 months.

FOF (Fishmeal, oil and feed)

The outlook for the production of fishmeal and fish oil is dependent on the availability of raw material. The ICES 2018 recommendation for blue whiting is 1,388 thousand tonnes, compared with 1,342 thousand tonnes in 2017.

The production of fishmeal and fish oil in 2017 was record high because of good availability of raw material. Bakkafrost expects relatively high production volumes of fishmeal and fish oil in 2018.

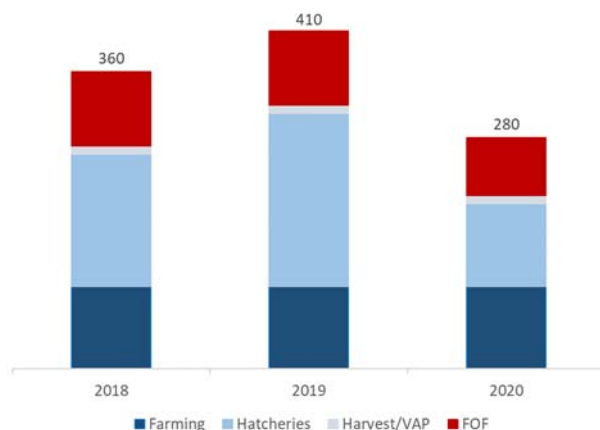
The new salmon meal and salmon oil plant is expected to start operation in Q2 2018 with full production in the second half of 2018. This operation will increase the value of offcuts from salmon harvested and processed in the new harvest/VAP factory at Glyvvar.

The major market for Havsbrún's fish feed is the local Faroese market including Bakkafrost's internal use of fish feed.

Havsbrún's sales of fish feed in 2018 are expected to be at 85,000 tonnes, depending on external sales.

Investments

In June 2016, Bakkafrost announced a five-year investment plan from 2016 to 2020. The total investments for the period are DKK 2.2 billion, including maintenance CAPEX.



Investments of around DKK 130 million in the two service vessels, M/S Martin and M/S Róland during 2016 and 2017, and the upgrading cost of around DKK 40 million during 2017 and 2018 of the harvest operation in Vágur, Suðuroy, are not included in the DKK 2.2 billion from the investment plan from 2016.

The purpose of the investment plan is to continue to have one of the most cost-conscious value chains in the farming industry, to carry out organic growth, increase flexibility and reduce the biological risk to meet the future consumers' trends and to be more end-customer orientated.

Financial

Favourable market balances in the world market for salmon products and cost-conscious production will likely maintain the financial flexibility going forward.

A high equity ratio together with Bakkafrost's bank financing, which was renewed for five years in Q1 2018, makes Bakkafrost's financial situation strong. This enables Bakkafrost to carry out its investment plans to further focus on strengthening the Group, M&A's, organic growth opportunities and to fulfil its dividend policy in the future.

Risks

The Annual Report 2017 is available on request from Bakkafrost and on Bakkafrost's website, www.bakkafrost.com.

Bakkafrost is, as explained in the Annual Report 2017, exposed to the salmon price. Global supply of salmon will increase in 2018 and will influence the salmon price.

Biological risk has been and will be a substantial risk for Bakkafrost. The Annual Report 2017 gives more explanation on the biological risk and Bakkafrost's risk management in this regard.

Reference is made to the Outlook section of this report for other comments to Bakkafrost's risk exposure and to Note 3.

Events after the Date of the Statement of Financial Position

From the date of the statement of financial position until today, no events have occurred which materially influence the information provided by this report.

Statement by the Management and the Board of Directors on the Interim Report

The Management and the Board of Directors have today considered and approved the interim report of P/F Bakkafrost for the period 1 January 2018 to 31 March 2018.

The interim report, which has not been audited or reviewed by the company's independent auditors, has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and Faroese disclosure requirements for listed companies.

Glyvrrar, May 6th, 2018

Management:

Regin Jacobsen
CEO

The Board of Directors of P/F Bakkafrost:

Rúni M. Hansen
Chairman of the Board

Johannes Jensen
Deputy Chairman of the Board

Øystein Sandvik
Board Member

Annika Frederiksberg
Board Member

Teitur Samuelsen
Board Member

In our opinion, the accounting policies used are appropriate, and the interim report gives a true and fair view of the Group's financial positions at 31 March 2018, as well as the results of the Group activities and cash flows for the period 1 January 2018 to 31 March 2018.

In our opinion, the management's review provides a true and fair presentation of the development in the Group operations and financial circumstances of the

results for the period and of the overall financial position of the Group as well as a description of the most significant risks and elements of uncertainty facing the Group.

Over and above the disclosures in the interim report, no changes in the Group's most significant risks and uncertainties have occurred relative to the disclosures in the annual report for 2017.

Consolidated Income Statement

For the period ended 31 March 2018

DKK 1,000	Q1 2018	Q1 2017
Operating revenue	851,156	853,681
Purchase of goods	-289,145	-273,978
Change in inventory and biological assets (at cost)	31,393	82,501
Salary and personnel expenses	-91,183	-95,433
Other operating expenses	-188,224	-189,700
Depreciation	-45,775	-41,617
Operational EBIT *	268,222	335,454
Fair value adjustments of biological assets	107,131	-234,577
Onerous contracts	0	30,132
Income from associates	2,419	2,252
Revenue tax	-26,327	-30,212
Earnings before interest and taxes (EBIT)	351,445	103,049
Net interest revenue	1,001	190
Net interest expenses	-4,925	-7,198
Net currency effects	-13,159	1,841
Other financial expenses	-1,627	-1,162
Earnings before taxes (EBT)	332,735	96,720
Taxes	-60,434	-17,690
Profit or loss for the period	272,301	79,030
Profit or loss for the year attributable to		
Non-controlling interests	0	0
Owners of P/F Bakkafrost	272,301	79,030
Earnings per share (DKK)	5.60	1.63
Diluted earnings per share (DKK)	5.60	1.63

*EBIT before fair value of biomass, onerous contracts, income from associates and revenue tax.

Consolidated Statement of Comprehensive Income

For the period ended 31 March 2018

DKK 1,000	Q1 2018	Q1 2017
Profit for the period	272,301	79,030
Fair value adjustment of financial derivatives	-15,901	-3,328
Income tax effect	5,892	508
Reserve to share-based payment	570	-292
Currency translation differences	55	-4
Adjustment of treasury shares	-523	760
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	-9,907	-2,356
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	0	0
Other comprehensive income	-9,907	-2,356
Total other comprehensive income for the period	262,394	76,674
Comprehensive income for the period attributable to		
Non- controlling interests	0	0
Owners of P/F Bakkafrost	262,394	76,674

Consolidated Statement of Financial Position

As at 31 March 2018

DKK 1,000	31 March 2018	31 Dec 2017
ASSETS		
Non-current assets		
Intangible assets	376,675	376,675
Property, plant and equipment	2,636,126	2,570,430
Financial assets	79,121	76,702
Long term receivables	9,200	0
Total non-current assets	3,101,122	3,023,807
Current assets		
Biological assets (biomass)	1,114,678	1,096,664
Inventory	428,639	305,845
Total inventory	1,543,317	1,402,509
Accounts receivable	244,231	262,493
Other receivables	75,008	157,156
Total receivables	319,239	419,649
Cash and cash equivalents	668,361	309,551
Total current assets	2,530,917	2,131,709
TOTAL ASSETS	5,632,039	5,155,516

DKK 1,000	31 March 2018	31 Dec 2017
EQUITY AND LIABILITIES		
Equity		
Share capital	48,858	48,858
Other equity	3,842,919	3,577,571
Total equity	3,891,777	3,626,429
Non-current liabilities		
Deferred and other taxes	538,840	455,449
Long-term interest-bearing debt	770,383	146,696
Total non-current liabilities	1,309,223	602,145
Current liabilities		
Financial derivatives	0	127,255
Short-term interest-bearing debt	0	378,300
Accounts payable and other debt	431,039	421,387
Total current liabilities	431,039	926,942
Total liabilities	1,740,262	1,529,087
TOTAL EQUITY AND LIABILITIES	5,632,039	5,155,516

Consolidated Cash Flow Statement

For the period ended 31 March 2018

DKK 1,000	Q1 2018	Q1 2017
Earnings before interest and taxes (EBIT)	351,445	103,049
Adjustments for write-downs and depreciation	45,775	41,617
Adjustments for value adjustment of biomass	-107,131	234,577
Adjustments for income from associates	-2,419	-2,252
Adjustments for currency effects	-9,555	3,794
Adjustments for provision for onerous contracts	0	-30,132
Change in inventory	-33,677	-87,794
Change in receivables	91,210	70,094
Change in current debts	32,527	32,351
Cash flow from operations	368,175	365,304
Cash flow from investments		
Payments for purchase of fixed assets	-111,471	-179,345
Cash flow from investments	-111,471	-179,345
Cash flow from financing		
Change of interest-bearing debt (short and long)	106,614	85,630
Financial income	1,001	190
Financial expenses	-6,552	-8,360
Net proceeds from sale of own shares	1,043	759
Cash flow from financing	102,106	78,219
Net change in cash and cash equivalents in period	358,810	264,178
Cash and cash equivalents - opening balance	309,551	234,996
Cash and cash equivalents - closing balance total	668,361	499,174

Consolidated Statement of Changes in Equity

As at 31 March 2018

DKK 1,000	Share Capital	Share Premium Reserve	Treasury Shares	Share-based Payment	Currency translation differences	Derivatives	Proposed Dividend	Biomass Fair value adjustments	Retained Earnings	Total Equity
Equity 01.01.2018	48,858	306,537	-18,160	3,874	6,271	-104,351	513,109	186,951	2,683,339	3,626,428
Consolidated profit	0	0	0	0	0	0	0	107,131	168,125	275,256
<i>Other comprehensive income:</i>										
Fair value adjustment of financial derivatives	0	0	0	0	0	-15,901	0	0	0	-15,901
Income tax effect	0	0	0	0	0	5,892	0	0	0	5,892
Share-based payment	0	0	0	570	0	0	0	0	0	570
Currency translation differences	0	0	0	0	55	0	0	0	0	55
Total other comprehensive income	0	0	0	570	55	-10,009	0	0	0	-9,384
Total comprehensive income	0	0	0	570	55	-10,009	0	107,131	168,125	265,872
<i>Transaction with owners:</i>										
Treasury shares	0	0	-523	0	0	0	0	0	0	-523
Total transaction with owners	0	0	-523	0	0	0	0	0	0	-523
Total changes in equity	0	0	-523	570	55	-10,009	0	107,131	168,125	265,349
Total equity 31.03.2018	48,858	306,537	-18,683	4,444	6,326	-114,360	513,109	294,082	2,851,464	3,891,777
Equity 01.01.2017	48,858	306,537	-21,045	2,651	5,856	-83,196	425,065	880,491	1,983,818	3,549,035
Consolidated profit	0	0	0	0	0	0	0	-693,540	1,210,359	516,819
<i>Other comprehensive income:</i>										
Fair value adjustment of financial derivatives	0	0	0	0	0	-25,799	0	0	0	-25,799
Income tax effect	0	0	0	0	0	4,644	0	0	0	4,644
Share-based payment	0	0	0	1,223	0	0	0	0	0	1,223
Currency translation differences	0	0	0	0	415	0	0	0	0	415
Total other comprehensive income	0	0	0	1,223	415	-21,155	0	0	0	-19,517
Total comprehensive income	0	0	0	1,223	415	-21,155	0	-693,540	1,210,359	497,302
<i>Transaction with owners:</i>										
Treasury shares	0	0	2,885	0	0	0	0	0	0	2,885
Paid-out dividend	0	0	0	0	0	0	-425,065	0	2,271	-422,794
Proposed dividend	0	0	0	0	0	0	513,109	0	-513,109	0
Total transaction with owners	0	0	2,885	0	0	0	88,044	0	-510,838	-419,909
Total changes in equity	0	0	2,885	1,223	415	-21,155	88,044	-693,540	699,521	77,393
Total equity 31.12.2017	48,858	306,537	-18,160	3,874	6,271	-104,351	513,109	186,951	2,683,339	3,626,428
Equity 01.01.2017	48,858	306,537	-21,045	2,651	5,856	-83,196	425,065	880,491	1,983,818	3,549,035
Consolidated profit	0	0	0	0	0	0	0	-234,577	315,560	80,983
<i>Other comprehensive income:</i>										
Fair value adjustment of financial derivatives	0	0	0	0	0	-3,328	0	0	0	-3,328
Income tax effect	0	0	0	0	0	508	0	0	0	508
Share-based payment	0	0	0	-292	0	0	0	0	0	-292
Currency translation differences	0	0	0	0	-4	0	0	0	0	-4
Total other comprehensive income	0	0	0	-292	-4	-2,820	0	0	0	-3,116
Total comprehensive income	0	0	0	-292	-4	-2,820	0	-234,577	315,560	77,867
<i>Transaction with owners:</i>										
Treasury shares	0	0	760	0	0	0	0	0	0	760
Total transaction with owners	0	0	760	0	0	0	0	0	0	760
Total changes in equity	0	0	760	-292	-4	-2,820	0	-234,577	315,560	78,627
Total equity 31.03.2017	48,858	306,537	-20,285	2,359	5,852	-86,016	425,065	645,914	2,299,378	3,627,662

Notes to the Account

Accounting Policy

General Information

P/F Bakkafrost is a limited company incorporated and domiciled in the Faroe Islands.

The Group's Annual Report as at 31 December 2017 is available upon request from the company's registered office at Bakkavegur 8, FO-625 Glyvrrar, Faroe Islands, or at www.bakkafrost.com.

This Condensed Consolidated Interim Report is presented in DKK.

Note 1. Statement of Compliance

This Condensed Consolidated Interim Report has been prepared in accordance with International Financial Reporting Standards (IFRS) IAS 34 Interim Financial Reporting as adopted by the EU. It does not include all the information required for the full Annual and Consolidated Report and Accounts and should be read in conjunction with the Annual and Consolidated Report and Accounts for the Group as at 31 December 2017.

This interim report has not been subject to any external audit.

Note 2. Significant Accounting Policies

The accounting policies applied by the Group in this Condensed Consolidated Interim Report are the same as those applied in the Annual Report as at and for the year ended 31 December 2017.

Note 3. Estimates and Risk Exposures

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting principles and recognized amounts of assets, liabilities, income and expenses. The most significant estimates relate to the valuation of biological assets, which are measured at fair value. Estimates and underlying assumptions are reviewed on an ongoing basis and are based on the management's best assessment at the time of reporting. All changes in estimates are reflected in the financial statements as they occur.

The accounting estimates are described in the notes to the financial statements in the Annual Report 2017.

For other risk exposures, reference is made to the Management's Statement in the Annual Report for 2017, where Bakkafrost's operational and financial risks are described, as well as to Note 4.1 (Financial risk management) in the same report.

The risks and uncertainties described therein are expected to remain.

Note 4. Biomass

DKK 1,000	31 March 2018	31 March 2017	31 Dec 2017
Biological assets carrying amount 01.01.	1,096,664	1,858,434	1,858,434
Increase due to production or purchases	214,921	352,128	1,368,608
Reduction due to harvesting or sale (costs of goods sold)	-308,314	-340,414	-1,475,571
Fair value adjustment at the beginning of the period reversed	-186,956	-880,492	-880,492
Fair value adjustment at the end of the period	294,087	645,915	186,956
Reversal of elimination at the beginning of the period	59,758	98,487	98,487
Eliminations	-55,482	-89,005	-59,758
Biological assets carrying amount at the end of the period	1,114,678	1,645,053	1,096,664
Cost price biological assets	871,381	1,070,331	962,782
Capitalized interest	4,692	17,812	6,684
Fair value adjustment at the end of the period	294,087	645,915	186,956
Eliminations	-55,482	-89,005	-59,758
Biological assets carrying amount	1,114,678	1,645,053	1,096,664
Biomass < 1 kg on average (tonnes)	2,236	2,397	1,775
Biomass 1 kg < 2 kg on average (tonnes)	3,628	3,319	3,605
Biomass 2 kg < 3 kg on average (tonnes)	3,215	6,513	4,562
Biomass 3 kg < 4 kg on average (tonnes)	5,646	5,210	5,810
Biomass 4 kg < on average (tonnes)	17,118	24,967	21,544
Volume of biomass at sea (tonnes)	31,843	42,406	37,296

	31 March 2018	31 March 2017	31 Dec 2017
Number of fish < 1 kg on average (thousand)	5,237	4,594	4,390
Number of fish 1 kg < 2 kg on average (thousand)	2,302	2,309	2,456
Number of fish 2 kg < 3 kg on average (thousand)	1,328	2,599	1,813
Number of fish 3 kg < 4 kg on average (thousand)	1,607	1,572	1,665
Number of fish 4 kg < on average (thousand)	3,200	4,288	4,105
Total number of fish at sea (thousand)	13,674	15,362	14,429
Number of smolts released YTD in Farming North (thousand)	262	1,395	6,370
Number of smolts released YTD in Farming West (thousand)	2,872	0	3,558
Total number of smolts YTD released (thousand)	3,134	1,395	9,928
Sensitivity			
Change in discount rate +1%	73,224	96,899	73,961
Change in discount rate -1%	-82,702	-107,557	-83,038
Change in sales price +5 DKK	-190,231	-240,594	-212,869
Change in sales price -5 DKK	190,231	240,594	212,869
Change in biomass volume +1%	-4,416	-9,805	-4,217
Change in biomass volume -1%	4,416	11,735	4,217
One year forward prices in EUR FCA Oslo*			
Period end	7.45	6.67	5.30
1 Q (forward)	6.62	6.85	5.51
2 Q (forward)	5.73	6.31	5.42
3 Q (forward)	5.80	6.47	5.41
4 Q (forward)	5.92	6.66	5.58

* Source Fish Pool

Note 5. Segments

Farming segment DKK 1,000	Q1 2018	Q1 2017
External revenue	584,087	570,883
Internal revenue	82,568	180,501
Total revenue	666,655	751,384
Operating expenses	-403,297	-348,095
Depreciation and amortization	-34,915	-30,057
Operational EBIT	228,443	373,232
Fair value adjustments of biological assets	107,131	-234,577
Revenue tax	-26,327	-30,212
Earnings before interest and taxes (EBIT)	309,247	108,443
Net interest revenue	1,001	190
Net interest expenses	-4,033	-5,722
Net currency effects	-14,372	2,548
Other financial expenses	-1,488	-1,112
Earnings before taxes (EBT)	290,355	104,346
Taxes	-43,697	-15,130
Profit or loss for the period	246,658	89,216

Value added products DKK 1,000	Q1 2018	Q1 2017
External revenue	92,994	191,543
Internal purchase of raw material	-82,568	-180,501
Operating expenses	-18,389	-60,561
Depreciation and amortization	-3,653	-3,521
Operational EBIT	-11,616	-53,040
Provision for onerous contracts	0	30,134
Earnings before interest and taxes (EBIT)	-11,616	-22,906
Net interest revenue	0	0
Net interest expenses	-2	-307
Net currency effects	-318	-283
Other financial expenses	-5	-2
Earnings before taxes (EBT)	-11,941	-23,498
Taxes	-1,950	4,230
Profit or loss for the period	-13,891	-19,268

Fishmeal, Fish Oil and Fish Feed DKK 1,000	Q1 2018	Q1 2017
External revenue	174,076	91,255
Internal revenue	126,283	185,886
Total revenue	300,359	277,141
Cost of goods sold	-156,964	-179,542
Operating expenses	-56,962	-52,452
Depreciation and amortization	-7,207	-8,039
Operational EBIT	79,226	37,108
Income from associates	2,419	2,252
Earnings before interest and taxes (EBIT)	81,645	39,360
Net interest revenue	0	0
Net interest expenses	-890	-1,169
Net currency effects	1,531	-424
Other financial expenses	-134	-48
Earnings before taxes (EBT)	82,152	37,720
Taxes	-14,787	-6,790
Profit or loss for the period	67,365	30,930

Reconciliation of reportable segments to Group earnings before taxes (EBT) DKK 1,000	Q1 2018	Q1 2017
Farming	290,355	104,346
VAP (Value added products)	-11,941	-23,498
FOF (Fishmeal, Fish Oil and Fish Feed)	82,152	37,720
Eliminations	-27,831	-21,845
Group earnings before taxes (EBT)	332,735	96,723

Assets and liabilities per segment DKK 1,000	31 March 2018	31 Dec 2017
Farming	5,085,456	5,254,079
VAP (Value added products)	310,736	416,148
FOF (Fishmeal, Fish Oil and Fish Feed)	927,799	729,362
Eliminations	-691,952	-776,280
Total assets	5,632,039	5,623,309
Farming	-814,839	-614,629
VAP (Value added products)	-8,434	29,654
FOF (Fishmeal, Fish Oil and Fish Feed)	-618,035	-489,338
Eliminations	-298,954	-921,334
Total liabilities	-1,740,262	-1,995,647

Note 6. Capital commitments

The Group had capital expenditure committed but not provided in these accounts at the date of the Statement of Financial Position of approximately DKK 366 million. DKK 320 million relate to the building of new hatchery station.

Note 7. Transactions with related parties

Note 5.2 in Bakkafrøst's Annual Report for 2017 provides detailed information on related parties' transactions.

Transactions between P/F Bakkafrøst and its subsidiaries meet the definition of related party transactions. As these transactions are eliminated on consolidation, they are not disclosed as related party transactions.

Note 8. Fair value measurements

All assets/liabilities, for which fair value is recognized or disclosed, are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.

Level 2: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable).

Level 3: Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

For biological assets, the fair value calculation is done using a valuation model (level 3 in the valuation hierarchy) where the value is estimated based on observable market prices per period end.

For more information on these calculations, please refer to Note 4.

For assets/liabilities that are recognized at fair value on a recurring basis, the Group determines, whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement).

There have been no transfers into or out of Level 3 fair value measurements.

As at 31 March 2018, the Group held the following classes of assets/liabilities measured at fair value:

DKK 1,000					
Assets and liabilities measured at fair value	Fair value	Cost amount	Level 1	Level 2	Level 3
Biological assets (biomass)	1,114,678	820,591	0	0	1,114,678
Assets measured at fair value 31/3-2018	1,114,678	820,591	0	0	1,114,678
Liabilities measured at fair value 31/3-2018	0	0	0	0	0
Biological assets (biomass)	1,096,664	999,138	0	0	1,096,664
Assets measured at fair value 31/12-2017	1,096,664	999,138	0	0	1,096,664
Liabilities measured at fair value 31/12-2017	0	0	0	0	0

Note 9. APM**- Alternative Performance Measures**

Bakkafrost's financial information is prepared in accordance with international financial reporting standards (IFRS). In addition, the management's intention is to provide alternative performance measures, which are regularly reviewed by the management to enhance the understanding of the company's performance, but not replacing the financial statements prepared in accordance with IFRS. The alternative performance measures presented may be determined or calculated differently by other companies. Bakkafrost's experience is that these APM's are frequently used by analysts, investors and other parties.

These APM's are adjusted IFRS measures, defined, calculated and used in a consistent and transparent manner over the years and across the company where relevant.

NIBD

Net interest-bearing debt consists of both current and non-current interest-bearing liabilities, less related current and non-current hedging instruments, financial instruments, such as debt instruments and derivatives and cash and cash equivalents. The net interest-bearing debt is a measure of the Group's net indebtedness that provides an indicator of the overall balance sheet strength. It is also a single measure that can be used to assess both the Group's cash position and its indebtedness. The use of the term 'net debt' does not necessarily mean that the cash included in the net debt calculation is available to settle the liabilities included in this measure. Net debt is an alternative performance measure as it is not defined in IFRS. The most directly comparable IFRS measure is the aggregate interest-bearing liabilities (both current and non-current), derivatives and cash and cash equivalents. A reconciliation is provided below.

	31 March	31 Dec
DKK 1,000	2018	2017
Cash and cash equivalents	668,361	309,551
Deposit for interest- and currency swap	0	84,630
Derivatives	0	-127,255
Long- and short-term interest-bearing debt	-770,383	-524,996
Net interest-bearing debt	-102,022	-258,070

Operational EBIT

Operational EBIT is EBIT aligned for fair value adjustments, onerous contracts provisions, income from associates, and revenue tax.

Operational EBIT is a major alternative performance measure in the salmon farming industry. A reconciliation from EBIT to Operational EBIT is provided below.

	Q1	Q1
DKK 1,000	2018	2017
EBIT	351,445	103,049
Fair value adjustments of biological assets	-107,131	234,577
Onerous contracts	0	-30,132
Income from associates	-2,419	-2,252
Revenue tax	26,327	30,212
Operational EBIT	268,222	335,454

Operational EBIT per kg

Farming segment:	$\frac{\text{Operational EBIT Farming segment}}{\text{Total harvested volumes (gw)}}$
VAP segment:	$\frac{\text{Operational EBIT VAP segment}}{\text{Total volumes produced (raw material gw)}}$
Farming and VAP:	$\frac{\text{Operational EBIT Farming and VAP segment}}{\text{Total harvested volumes (gw)}}$

EBITDA

Earnings before interest, tax, depreciations and amortizations (EBITDA) is a key financial parameter for Bakkafrøst's FOF segment. EBITDA before other income and other expenses is defined as EBITDA less gains and losses on disposals of fixed assets and operations, and is reconciled in the section Group overview. This measure is useful to users of Bakkafrøst's financial information in evaluating operating profitability on a more variable cost basis as it excludes depreciations and amortization expenses related primarily to capital expenditures and acquisitions, which occurred in the past, nonrecurring items, as well as evaluating operating performance in relation to Bakkafrøst's FOF segments competitors. The EBITDA margin presented is defined as EBITDA before other income and other expenses divided by total revenues.

Adjusted EPS

Adjusted EPS is based on the reversal of certain fair value adjustments shown in the table below, as it is Bakkafrøst's view that this figure provides a more reliable measure of the underlying performance.

	Q1	Q1
DKK 1,000	2018	2017
Profit for the year to the shareholders of P/F Bakkafrøst	272,301	79,030
Fair value adjustment of biomass	-107,131	234,577
Onerous contracts provisions	0	-30,132
Tax on fair value adjustment	19,284	-36,800
Adjusted profit for the year to shareholders of P/f Bakkafrøst	184,454	246,675
Time-weighted average number of shares outstanding through the year	48,600,933	48,592,494
Adjusted earnings per share (before fair value adjustment of biomass and provisions for onerous contracts) (adjusted EPS)	3.80	5.08

ROCE

Return on average capital employed (ROCE) is defined as the period's operational EBIT divided by the average capital employed, which is total assets adjusted for total current liabilities. The performance measure is expressed as a percentage and is useful for evaluating Bakkafrøst's profitability.

	Q1	Q1
DKK 1,000	2018	2017
Group-Operational EBIT	268,222	335,454
Average Capital Employed	4,714,787	4,860,197
ROCE	5.7%	6.9%

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