

PRFOODS

AS PRFoods

Consolidated Unaudited Interim Report

2nd quarter and 6 months of 2020/2021
(translation from the Estonian original)

2020/2021

2ND QUARTER & 6 MONTHS

PRFOODS

Business name	AS PRFoods
Commercial registry code	11560713
Address	Pärnu mnt 141, Tallinn, Estonia
Phone	+372 452 1470
Website	prfoods.ee
Main activities	Production and sale of fish products Fish farming
Reporting period	1 July 2020 – 31 December 2020

TABLE OF CONTENTS

CORPORATE PROFILE	4
MANAGEMENT REPORT.....	7
OVERVIEW OF ECONOMIC ACTIVITIES	7
MANAGEMENT AND SUPERVISORY BOARDS	18
SHARE AND SHAREHOLDERS.....	19
BOND AND BONDHOLDERS.....	22
CONDENSED INTERIM ACCOUNTING REPORT	25
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	25
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME	26
CONSOLIDATED CASH FLOW STATEMENT	27
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	28
NOTES TO THE INTERIM REPORT	29
NOTE 1. SUMMARY OF MATERIAL ACCOUNTING POLICIES	29
NOTE 2. CASH AND CASH EQUIVALENTS	29
NOTE 3. RECEIVABLES AND PREPAYMENTS	30
NOTE 4. INVENTORIES	30
NOTE 5. BIOLOGICAL ASSETS	30
NOTE 6. TANGIBLE ASSETS	31
NOTE 7. INTANGIBLE ASSETS.....	32
NOTE 8. LEASES.....	32
NOTE 9. INTEREST-BEARING LIABILITIES.....	33
NOTE 10. PAYABLES AND PREPAYMENTS	33
NOTE 11. EQUITY	34
NOTE 12. SEGMENT REPORTING	35
NOTE 13. COST OF GOODS SOLD	36
NOTE 14. RELATED PARTY TRANSACTIONS	36
NOTE 15. ASSOCIATE COMPANIES	37
NOTE 16. CONTINGENT LIABILITIES.....	37
MANAGEMENT BOARD'S CONFIRMATION TO THE INTERIM REPORT	38

CORPORATE PROFILE

AS PRFoods (hereinafter the "Group") is a company engaged in fish farming, processing and sales, and its shares are listed on the main list of NASDAQ Tallinn Stock Exchange since 5 May 2010 and its bonds are listed since 6 April 2020.

AS PRFoods' key market is Finland, where we are amongst the four largest fish production companies. Since the acquisition of John Ross Jr. and Coln Valley Smokery in the summer of 2017, the Group has sales experience to 37 countries in Europe, North and South America, and Asia.

Main activities of the Group are fish farming and manufacturing of fish products. The main products are salmon and rainbow trout products. Approximately 2/3 of the raw fish used in the Group's rainbow trout production comes from the Group's fish farms in Swedish lakes, Turku Archipelago area in Finland and from coastal waters of Saaremaa in Estonia, assuring the highest quality and reliable deliveries. The rest of raw fish is purchased mainly from Norway and Denmark. Fish products are manufactured in four modern factories in Renko and Kokkola (Finland), in Saaremaa (Estonia), and in Aberdeen (Great Britain).

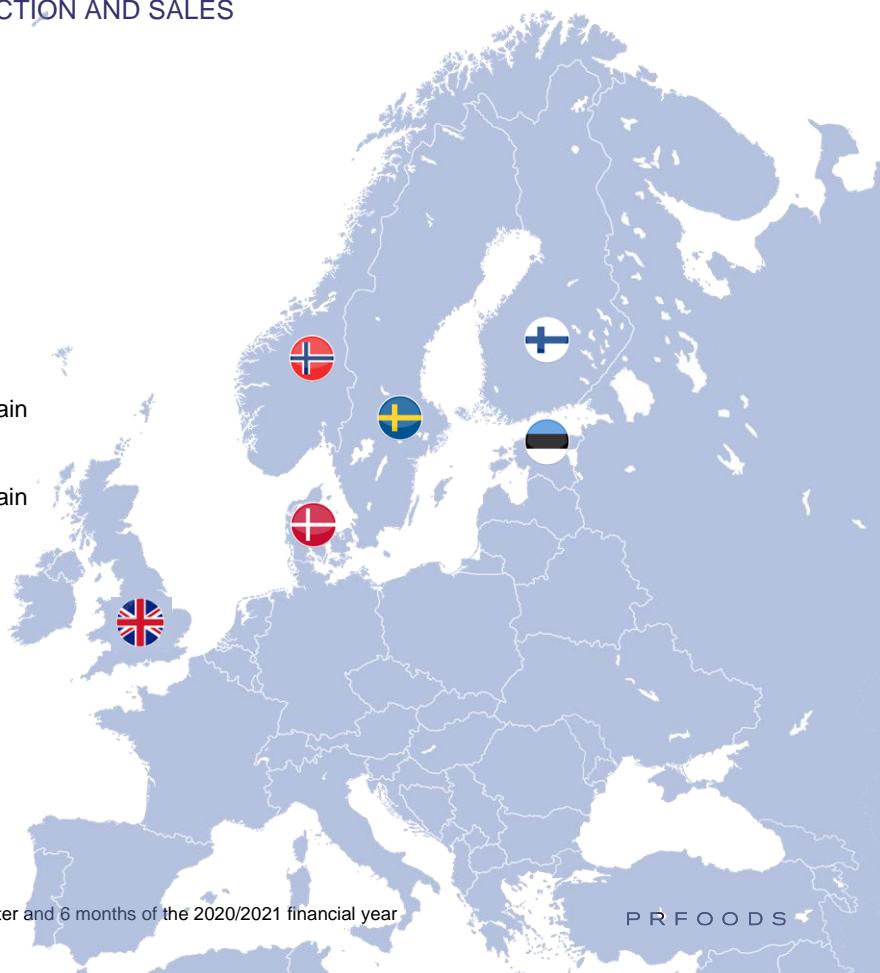
Products of the Group are sold as leading brands in their respective operating market and the primary focus is on higher value-added premium products, increasing thereby the profitability of the company.

Heimon Kala is a brand with a long history, originated in Finland and being one of the most beloved fish producers there. In Estonia, Heimon Kala products have been sold since the end of 2018. We process mostly rainbow trout and salmon in our factories, in smaller quantities also whitefish, perch, pikeperch, vendace, Atlantic and Baltic herrings. We always keep the fish in a place of honour – both when farming and processing it – that is why we raise most of our red fish ourselves and smoke it with alder chips in the traditional way. As our product range is quite wide, a favourite product can be found for the whole family – lightly salted trout slices that have won the title of the Best Fish Product in Estonia, children's favourite trout cutlets or trout roe for a more festive occasion.

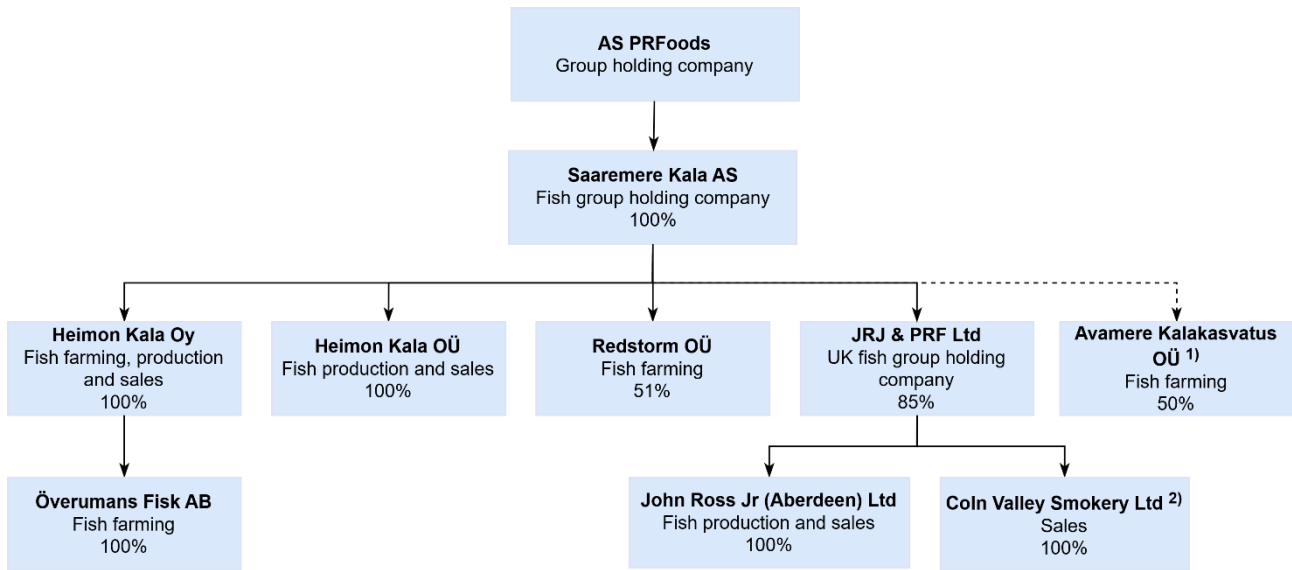
The Group is actively involved in developing new products for expanding also to new export markets. As introducing the Group's own brands is in its early stage in Scandinavia and elsewhere in the world, the management expects the Group's growth period is yet ahead.

THE GEOGRAPHY OF PRODUCTION AND SALES

Fish farming	Finland Sweden Estonia
Purchase of raw fish	Finland Sweden Norway Denmark
Production	Estonia Finland Great Britain
Sales	Finland Great Britain Estonia



GROUP STRUCTURE AS AT 31.12.2020



1) The Group does not consolidate Avamere Kalakasvatus OÜ as it holds neither dominant nor significant control over the company

2) 64% of Colin Valley Smokery Ltd shares owned by JRJ & PRF Ltd and 36% by John Ross Jr (Aberdeen) Ltd

In addition, AS PRFoods holds a 20%-share of AS Toidu- ja Fermentatsioonitehnoloogia Arenduskeskus (Competence Center of Food and Fermentation Technology).

The most significant trademarks of the Group are “PRFoods”, “Heimon Kala” and “John Ross Aberdeen”.



MANAGEMENT REPORT

MANAGEMENT REPORT

OVERVIEW OF ECONOMIC ACTIVITIES

MANAGEMENT COMMENTARY

Second half of 2020 is characterized by continuation of COVID crisis. Salmon prices are 12-year low and compared to the same period last year, salmon prices are down 38% and rainbow trout is down by 22.5%. Adding to this global decrease in demand due to shutdown of HoReCa and you can call the situation as „perfect storm“. Companies who emerge from this crisis unscathed will be future winners. Arrival of vaccines is giving hope that we can see some normalization during 2nd half of 2021. 2022 will definitely be more profitable year in Fish farming as farmers can plan better the demand. Today's farming volumes were planned before crisis and therefore there is massive oversupply in the market and most Fish farmers operate either at loss or at break-even. John Ross Jr has shown extraordinary resilience in current crisis and is forecasted to end current financial year with similar result as to year before, gross margin of the business has risen over 50%. Estonian operations and cost base has been adjusted to the changed market situation. Unfortunately we cannot say the same about Finland and we plan to carry out significant restructuring of Finnish business during Q1.

The group ended Q4 already in profit, but due to significantly lower sales, our operational EBITDA margin was 3.4% compared to 8.4% year before (consolidated EBITDA margin 4.1% and 5.3% accordingly). Production cost base cannot be adjusted to such drastic market changes without bigger restructuring. Yet we have managed to decrease costs in Finnish unit by 75,000 euros per month from beginning of the year and see further avenues for decreasing costs. At the same time we cannot ignore the fact that sales need to be recovered, particularly in Finland.

The focus in the beginning of the year is to adjust cost base to the market situation, improving liquidity of the business and larger focus in Baltics and Scandinavia on Fish farming which continues to be the most promising area in business. John Ross Jr has adjusted extremely well to the crisis and despite loss of some sales in first 6 months of current financial year, has increased its profitability due to lower raw material prices.

Thanks to lower cost base, we believe, that we will finish 2020/21 II half and entire financial year with positive EBITDA.



Sincerely,

Indrek Kasela



UNAUDITED FINANCIAL RESULTS OF AS PRFOODS, THE 2ND QUARTER OF THE FINANCIAL YEAR 2020/2021 COMPARED TO THE 2ND QUARTER OF FINANCIAL YEAR 2019/2020

- Unaudited consolidated revenue 17.03 million euros (2Q 2019/2020: 25.38 million euros), a decrease by 32.9%
- Gross margin 14.9% (2Q 2019/2020: 17.0%)
- Positive impact from revaluation of fair value of biological assets 0.12 million euros (2Q 2019/2020: negative impact 0.62 million euros).
- No impact from one-offs on the result of the second quarter of the financial year (2Q 2019/2020: negative impact 0.15 million euros)
- EBITDA from operations 0.58 million euros (2Q 2019/2020: 2.13 million euros)
- EBITDA 0.70 million euros (2Q 2019/2020: 1.35 million euros), without one-offs EBITDA 0.70 million euros (2Q 2019/2020: 1.50 million euros)
- Operating profit 0.03 million euros (2Q 2019/2020: operating profit 0.74 million euros), without one-offs operating profit 0.03 million euros (2Q 2019/2020: operating profit 0.89 million euros)
- Net loss 0.20 million euros (2Q 2019/2020: net profit 0.50 million euros), without one-offs net loss 0.20 million euros (2Q 2019/2020: net profit 0.65 million euros)

SUMMARY OF FINANCIAL RESULTS: 2ND QUARTER OF 2020/2021 COMPARED TO 2ND QUARTER OF 2019/2020

mln EUR	2Q 2020/2021	2Q 2019/2020	Change, mln EUR	Change, %	Impact
Sales	17.03	25.38	-8.35	-32.9%	▼
Gross profit	2.53	4.33	-1.79	-41.4%	▼
EBITDA from operations*	0.58	2.13	-1.55	-72.8%	▼
Revaluation of bioassets	0.12	-0.62	0.74	-119.0%	▲
One-off expenses	0.00	-0.15	0.15	-100.0%	▲
EBITDA	0.70	1.35	-0.65	-48.4%	▼
Depreciation and amortisation	0.00	-0.61	0.61	-100.0%	▲
Operating profit (loss)	0.03	0.74	-0.71	-95.4%	▼
Financial income/expense	-0.13	-0.19	0.06	-32.1%	▲
Net profit (loss)	-0.20	0.50	-0.69	-139.5%	▼

* before one-offs and fair value adjustment of bioassets



UNAUDITED FINANCIAL RESULTS OF AS PRFOODS, THE 6 MONTHS OF THE FINANCIAL YEAR 2020/2021 COMPARED TO 6 MONTHS OF FINANCIAL YEAR 2019/2020

- Unaudited consolidated revenue 29.77 million euros (6m 2019/2020: 44.70 million euros), a decrease by 33.4%
- Gross margin 12.5% (6m 2019/2020: 15.5%)
- Positive impact from revaluation of fair value of biological assets 0.02 million euros (6m 2019/2020: positive impact 0.22 million euros).
- Negative impact of one-offs on the result by 0.05 million euros (6m 2019/2020: negative impact 0.27 million euros)
- EBITDA from operations 0.24 million euros (6m 2019/2020: 2.86 million euros)
- EBITDA 0.22 million euros (6m 2019/2020: 2.82 million euros), without one-offs EBITDA 0.27 million euros (6m 2019/2020: 3.08 million euros)
- Operating loss 1.09 million euros (6m 2019/2020: operating profit 1.70 million euros), without one-offs operating loss 1.04 million euros (6m 2019/2020: operating profit 1.97 million euros)
- Net loss 1.63 million euros (6m 2019/2020: net profit 1.07 million euros), without one-offs net loss 1.58 million euros (6m 2019/2020: net profit 1.33 million euros)

SUMMARY OF FINANCIAL RESULTS: 6 MONTHS OF 2020/2021 COMPARED TO 6 MONTHS OF 2019/2020

mln EUR	6m 2020/2021	6m 2019/2020	Change, mln EUR	Change, %	Impact
Sales	29.77	44.70	-14.94	-33.4%	▼
Gross profit	3.73	6.91	-3.17	-46.0%	▼
EBITDA from operations*	0.24	2.86	-2.62	-91.5%	▼
Revaluation of bioassets	0.02	0.22	-0.20	-89.3%	▼
One-off expenses	-0.05	-0.27	0.22	-81.3%	▲
EBITDA	0.22	2.82	-2.60	-92.3%	▼
Depreciation and amortisation	-0.64	-1.12	0.47	-42.4%	▲
Operating profit (loss)	-1.09	1.70	-2.79	-164.3%	▼
Financial income/expense	-0.44	-0.39	-0.05	11.5%	▼
Net profit (loss)	-1.63	1.07	-2.70	-253.3%	▼

* before one-offs and fair value adjustment of bioassets



KEY RATIOS – INCOME STATEMENT

mIn EUR unless indicated otherwise	4Q 2020	3Q 2020	2Q 2020	1Q 2020	4Q 2019	3Q 2019	2Q 2019	1Q 2019	4Q 2018
Sales	17.0	12.7	15.1	18.5	25.4	19.3	21.5	18.1	26.7
Gross profit	2.5	1.2	0.7	2.0	4.3	2.6	2.1	2.1	4.7
EBITDA from operations	0.6	-0.3	-0.4	0.0	2.1	0.7	0.3	0.2	2.4
EBITDA	0.7	-0.5	-0.4	-0.9	1.4	1.5	0.3	-0.5	0.8
EBIT	0.0	-1.1	-1.0	-1.4	0.7	1.0	-0.3	-1.0	0.2
EBT	-0.1	-1.4	-1.2	-1.8	0.6	0.8	-0.4	-1.2	0.0
Net profit (loss)	-0.2	-1.4	-1.3	-1.7	0.5	0.6	-0.6	-1.2	0.2
Gross margin	14.9%	9.4%	4.6%	10.8%	17.0%	13.4%	9.8%	11.7%	17.7%
Operational EBITDA margin	3.4%	-2.6%	-2.6%	0.1%	8.4%	3.8%	1.4%	1.1%	9.1%
EBITDA margin	4.1%	-3.8%	-2.6%	-4.6%	5.3%	7.6%	1.4%	-2.5%	2.9%
EBIT margin	0.2%	-8.8%	-6.4%	-7.8%	2.9%	5.0%	-1.2%	-5.6%	0.9%
EBT margin	-0.6%	-11.3%	-8.1%	-9.8%	2.2%	3.9%	-2.0%	-6.5%	0.1%
Net margin	-1.2%	-11.3%	-8.4%	-9.2%	2.0%	2.9%	-3.0%	-6.6%	0.8%
Operating expense ratio	15.6%	18.2%	13.9%	14.3%	12.5%	13.4%	11.7%	14.1%	11.2%

EBITDA from operations = Profit (Loss) before one-offs and fair value adjustment of bioassets

EBITDA = Profit (Loss) before interest, tax, depreciation and amortisation

EBIT = Operating profit (loss)

EBT = Profit (Loss) before tax

Gross margin = Gross profit / Net sales

Operational EBITDA margin = EBITDA from operations / Net sales

EBITDA margin = EBITDA / Net sales

EBIT margin = EBIT / Net sales

EBT margin = EBT / Net sales

Net margin = Net earnings / Net sales

Operating expense ratio = Operating expenses / Net sales

KEY RATIOS – BALANCE SHEET

mIn EUR unless indicated otherwise	31.12. 2020	30.09. 2020	30.06. 2020	31.03. 2020	31.12. 2019	30.09. 2019	30.06. 2019	31.03. 2019	31.12. 2018
Net debt	21.9	21.5	20.7	17.0	17.8	19.9	20.5	18.7	20.0
Equity	18.6	18.5	19.8	21.6	23.3	22.8	21.9	23.3	24.2
Working capital	-3.9	-4.4	-4.0	-2.5	-3.5	-3.0	-3.1	-1.6	1.0
Assets	57.5	57.4	57.1	56.9	60.5	62.4	62.5	63.5	65.5
Liquidity ratio	0.8x	0.8x	0.8x	0.9x	0.9x	0.9x	0.9x	0.9x	1.0x
Equity ratio	32.4%	32.3%	34.7%	37.9%	38.5%	36.5%	35.0%	36.7%	37.0%
Gearing ratio	54.0%	53.7%	51.1%	44.0%	43.3%	46.6%	48.3%	44.5%	45.2%
Debt to total assets	0.7x	0.7x	0.7x	0.6x	0.6x	0.6x	0.7x	0.6x	0.6x
Net debt to operating EBITDA	160.0x	12.8x	7.5x	5.3x	5.3x	5.4x	5.1x	5.4x	5.1x
ROE	-21.9%	-7.0%	-9.1%	-5.7%	-3.2%	-4.5%	-6.5%	-8.2%	-4.0%
ROA	-7.8%	-2.4%	-3.2%	-2.1%	-1.2%	-1.6%	-2.3%	-3.0%	-1.5%

Net debt = Short- and long-term loans and borrowings – Cash

Working capital = Current assets – Current liabilities

Liquidity ratio = Current assets / Current liabilities

Equity ratio = Equity / Total assets

Gearing ratio = Net debt / (Equity + Net debt)

Debt to total assets = Debt / Total assets

Net debt to operating EBITDA. = Net debt / EBITDA from operations for the trailing 12 months

ROE = Net earnings for the trailing 12 months / Average equity

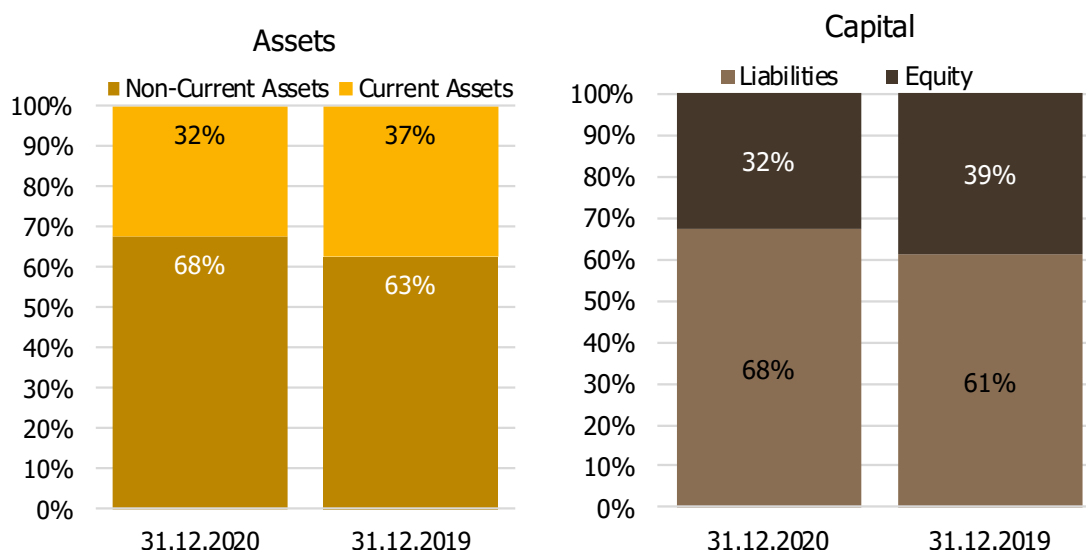
ROA = Net earnings for the trailing 12 months / Average assets

BALANCE SHEET

As at 31.12.2020 consolidated total assets of PRFoods stood at 57.5 million euros. The year before i.e. as at 31.12.2019 the balance sheet totalled 60.5 million euros.

The Group's current assets stood at 18.4 million euros as at 30.09.2020 (31.12.2019: 22.5 million euros). Non-current assets totalled 39.1 million euros (31.12.2019: 38.0 million euros).

Current liabilities totalled 22.3 million euros as at 31.12.2020 (31.12.2019: 26.0 million euros). Non-current liabilities totalled 16.5 million euros (31.12.2019: 11.2 million euros). Equity of PRFoods was 18.6 million euros (31.12.2019: 23.3 million euros).

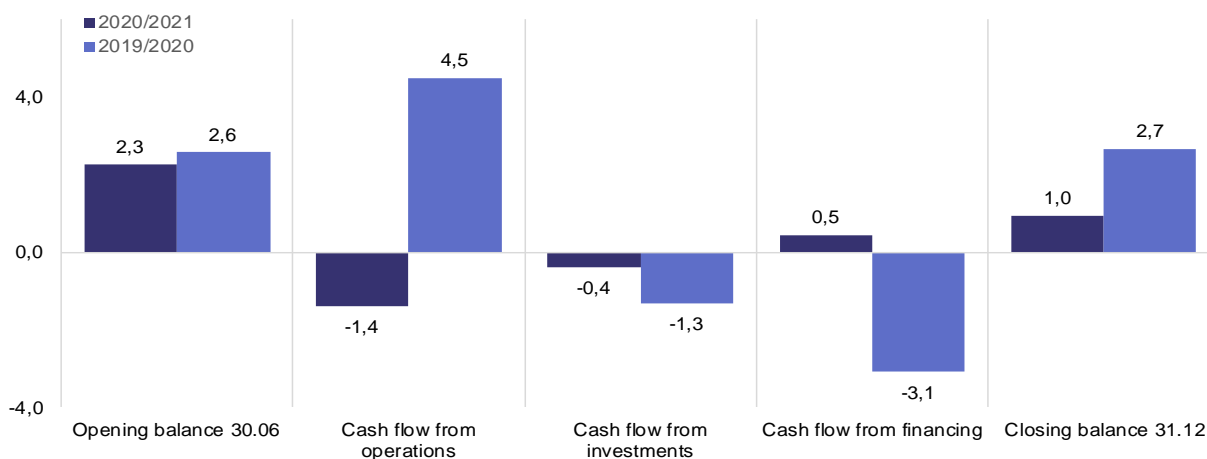


CASH FLOWS

PRFoods' cash and cash equivalents totalled 2.28 million euros at the beginning of the financial year of 2020/2021 and 0.96 million euros at the end of the accounting period, the period's cash flow amounted to -1.31 million euros. Cash flow during the same period last financial year was 0.10 million euros.

Cash flow from operations was -1.39 million euros and +4.50 million euros a year ago. Cash flow from investment activities was -0.38 million euros and -1.32 million euros a year ago. Cash flow from financing activities totalled 0.46 million euros compared to -3.08 million euros during the same period in the previous financial year.

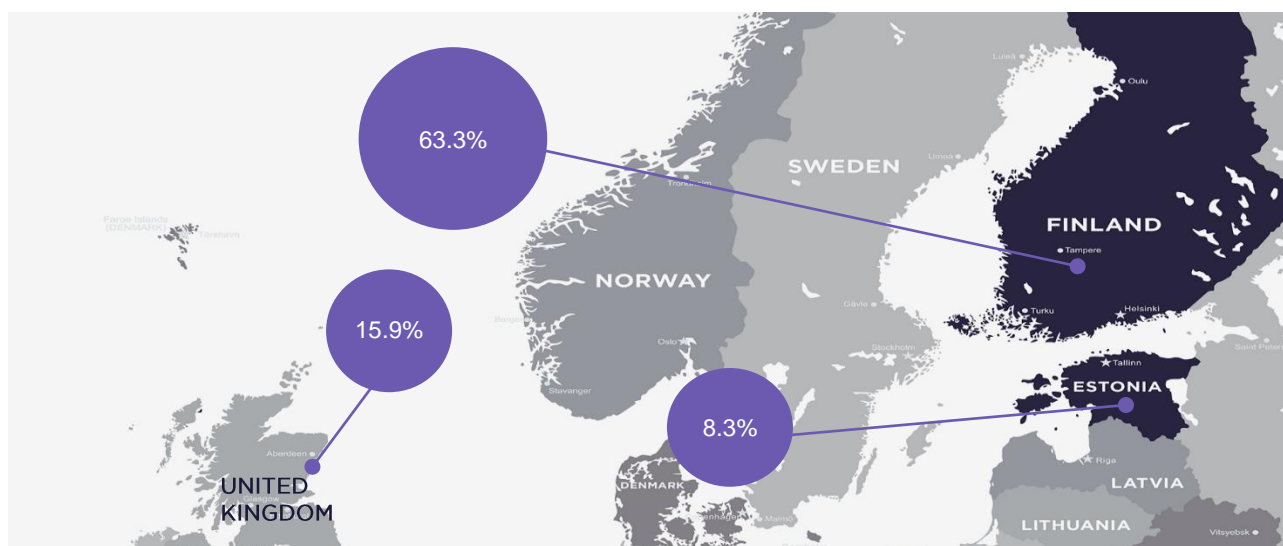
CHANGE IN CASH FLOWS 6 MONTHS OF 2020/2021 VS 6 MONTHS OF 2019/2020



REVENUE

The main products of the Group are salmon and rainbow trout goods. The Group is mainly known as a seller of fresh fish and fish products in Finland, a seller of smoked fish products in the UK and a seller of raw fish in Estonia as well as the biggest supplier of caviar to Estonian stores.

The Group's revenue during the six months of the financial year 2020/2021 was 29.8 million euros, down by 14.9 million euros compared to the same period of the previous financial year, when the sales amounted to 44.7 million euros.



GEOGRAPHIC SEGMENTS

mIn EUR	6m 19/20	Share, %	6m 18/19	Share, %	Change, mIn EUR	Change, %	Imp.
Finland	18.8	63.3%	29.0	64.9%	-10.2	-35.1%	▼
United Kingdom	4.7	15.9%	6.2	13.9%	-1.5	-23.7%	▼
Estonia	2.5	8.3%	4.0	8.8%	-1.5	-37.2%	▼
Other	3.7	12.5%	5.5	12.4%	-1.8	-33.0%	▼
Total	29.8	100.0%	44.7	100.0%	-14.9	-33.4%	▼

Finland with sales revenue of 18.8 million euros and 63.3% of total sales is the largest market of the Group. Revenue of the second largest market, UK, amounted to 4.7 million euros, i.e., 15.9% of total sales. Revenue of the Estonian market totalled 2.5 million euros, i.e., 8.3% of the total. Revenue declined in all markets compared to the same period last financial year – Finland by 35.1%, UK by 23.7% and Estonia by 37.2%.

PRODUCT SEGMENTS

mIn EUR	6m 19/20	Share, %	6m 18/19	Share, %	Change, mIn EUR	Change, %	Imp.
Hot & cold smoked fish	14.2	47.8%	17.2	38.5%	-3.0	-17.3%	▼
Fresh fish and fillets	9.6	32.3%	19.2	42.9%	-9.6	-49.8%	▼
Other fish products	5.9	19.8%	8.3	18.5%	-2.4	-28.6%	▼
Other	0.0	0.1%	0.0	0.1%	0.0	-78.5%	▼
Total	29.8	100.0%	44.7	100.0%	-14.9	-33.4%	▼

The largest product group of the first six months of the financial year was hot and cold smoked fish product group, the sales of which amounted to 14.2 million euros and accounted for 47.8% of total sales. The sales of fresh fish and fillets product group of 9.6 million euros accounted for 32.3% of the total. Compared to the same period in the previous financial year the sales of all product segments declined: smoked products by 17.3% and fresh fish and fillets by 49.8%. The sales of other fish products amounted to 5.9 million euros and accounted for 19.8% of the total and declined by 28.6% compared to the same period a year ago.

CLIENT SEGMENTS

mln EUR	6m 19/20	Share, %	6m 18/19	Share, %	Change, mln EUR	Change, %	Imp.
Retail chains	17.1	57.4%	16.9	37.8%	0.2	1.0%	▲
Wholesale	5.2	17.6%	15.0	33.5%	-9.7	-64.9%	▼
HoReCa	5.9	20.0%	11.2	25.0%	-5.3	-46.9%	▼
Other	1.5	5.0%	1.6	3.7%	-0.1	-8.5%	▼
Total	29.8	100.0%	44.7	100.0%	-14.9	-33.4%	▼

The largest client group is the retail chains' group, sales of which amounted to 17.1 million euros and accounted for 57.4% of the total sales during the period. Sales to wholesale amounting to 5.2 million euros and sales to HoReCa amounting to 5.9 million euros account for 17.6% and 20.0%, respectively, of the total sales. Compared to the same period in the previous financial year, the sales decreased in wholesale and HoReCa by 64.9%, and 46.9%, respectively. Revenue in retail sector increased by 1.0%.

COSTS

	6m 20/21	6m 19/20	Change	Impact	6m 20/21	6m 19/20	Change	Impact
	mln EUR	mln EUR	mln EUR		as % of sales	as % of sales	%-point	
Sales	29.77	44.70	-14.94	▼	100.00%	100.00%		
Cost of goods sold	-26.03	-37.79	11.76	▲	87.46%	84.55%	2.91%	▼
materials in production & cost of goods purchased for resale	-18.75	-30.08	11.33	▲	63.00%	67.28%	-4.28%	▲
labour costs	-3.30	-3.76	0.46	▲	11.07%	8.40%	2.67%	▼
depreciation	-1.09	-0.89	-0.20	▼	3.65%	1.98%	1.67%	▼
other cost of goods sold	-2.89	-3.06	0.17	▲	9.74%	6.89%	2.85%	▼
Operating expenses	-4.99	-5.77	0.78	▲	16.75%	12.90%	3.85%	▼
labour costs	-1.67	-2.09	0.42	▲	5.62%	4.67%	0.95%	▼
transport & logistics services	-1.64	-1.76	0.12	▲	5.51%	3.94%	1.57%	▼
depreciation	-0.22	-0.23	0.01	▲	0.75%	0.52%	0.23%	▼
advertising, marketing and product development	-0.21	-0.28	0.07	▲	0.70%	0.62%	0.08%	▼
other operating expenses	-1.25	-1.41	0.16	▲	4.17%	3.15%	1.02%	▼
Other income/expenses	0.14	0.33	-0.19	▼	0.46%	0.75%	-0.29%	▼
incl. one-offs	-0.05	-0.27	0.22	▲	-0.17%	-0.60%	0.43%	▲
Financial income / expense	-0.44	-0.39	-0.05	▼	-1.47%	-0.88%	-0.59%	▼

COST OF GOODS SOLD (COGS)

COGS sold was 26.0 million euros and it accounted for 87.5% of the total sales of the six months of the 2020/2021 financial year (6m 2019/2020: 37.8 million euros, 84.6% of sales).

Purchase cost of raw fish continues to account for the majority (ca 80%) of the largest COGS item "materials in production and cost of goods purchase for resale" that amounted to 18.8 million euros (6m 2019/2020: 30.1 million euros). Remaining costs are mainly attributable to packaging materials and fish feed.

Labour cost of personnel employed in production and fish farms totalled 3.3 million euros and formed 11.1% of total sales (6m 2019/2020: 3.8 million euros, 8.4% of sales).

Other cost of goods sold amounted to 2.9 million euros and formed 9.7% of total sales (6m 2019/2020: 3.1 million euros, 6.9% of sales). The cost item includes costs on heating, electricity, rent and utilities, and costs incurred in relation to fish farming and auxiliary activities in production.

OPERATING EXPENSES

Operating expenses amounted to 5.0 million euros and accounted for 16.8% of the total sales (6m 2019/2020: 5.8 million euros, 12.9% of sales).

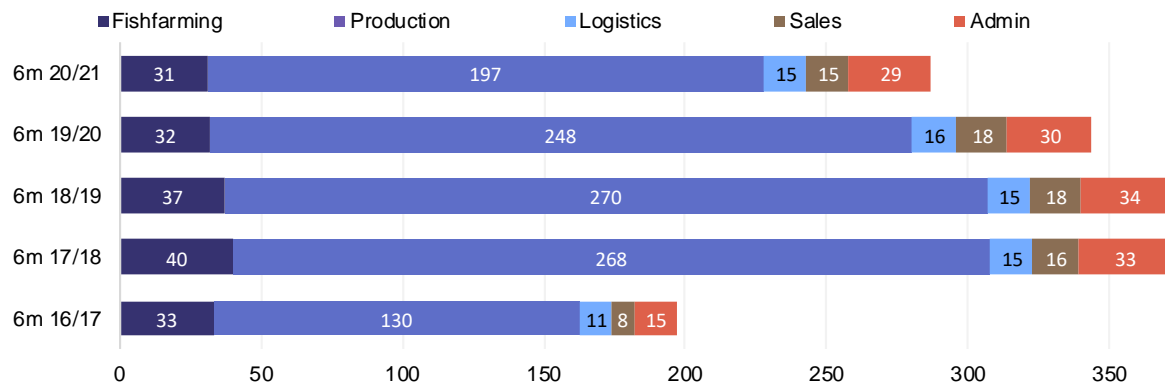
The majority of operating costs are costs on labour 1.7 million euros (6m 2019/2020: 2.1 million euros) and on transport & logistics services 1.6 million euros (6m 2019/2020: 1.8 million euros). The labour costs accounted for 5.6% (6m 2019/2020: 4.7%), and costs on transport & logistics accounted for 5.5% of the total (6m 2019/2020: 3.9%).

PERSONNEL

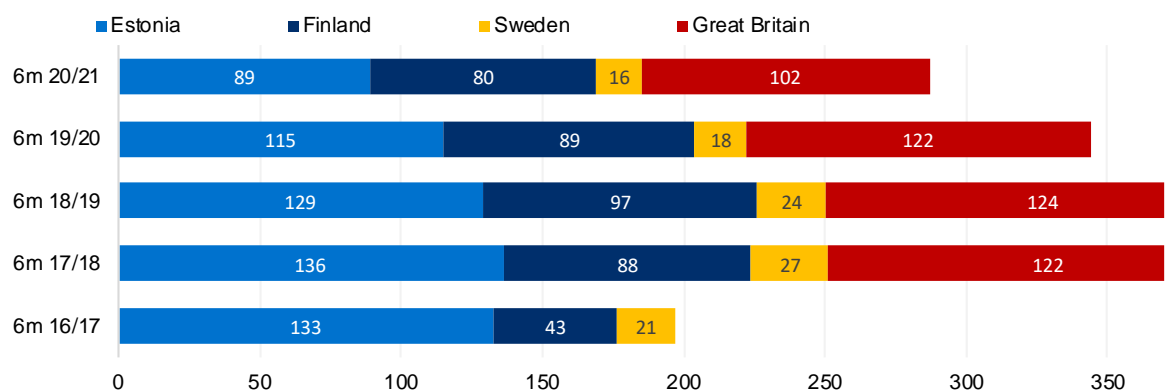
The average number of employees in PRFoods in the 2nd quarter of the financial year 2020/2021 was 287. The Group's labour costs totalled 2.7 million euros in the 2nd quarter of 2020/2021.

	4Q 2020	3Q 2020	2Q 2020	1Q 2020	4Q 2019	3Q 2019	2Q 2019	1Q 2019	4Q 2018
Average number of employees	287	282	279	305	348	340	351	348	379
Finland	80	76	71	74	91	86	88	86	103
Estonia	89	91	96	101	114	118	121	131	132
UK	102	98	95	111	125	119	124	112	123
Sweden	16	17	17	19	18	17	17	19	21
Payroll expense, th EUR	2,727	2,241	2,168	2,559	3,161	2,683	2,584	2,536	3,088
Monthly average payroll expense per employee, th EUR	3.11	2.65	2.59	2.80	3.03	2.63	2.45	2.43	2.72

Employees per area of activity



Employees per country



FISH FARMING

The competitive advantage of the Group is its vertical integration – fish farming, production and sales. About two thirds of the raw trout used in the Group’s production is harvested from the Group’s own fish farms in the lakes in Sweden, in the archipelago in Turku area in Finland and in coastal area of Saaremaa, Estonia, ensuring that customers receive fast and high-quality deliveries.

Vertical integration enables the Group to reduce costs in certain phases of fish farming and to also enhance control foremost over fish processing and marketing. In the fish business, as fish are livestock, the quality assurance in the technological process has keenly to be maintained throughout the entire product lifecycle. In addition to improved cost control, the vertical integration enables to reduce risks in fish farming, for instance due to poor quality of feed or base materials, and to secure the volume required for processing as well as price stability of raw material.



PRICE OF FISH

The fish industry is extremely dependent on availability and the price of raw fish. Large producers make their production plans for three years in advance as it is difficult and expensive in shorter perspective to adapt a fish farm’s production cycle to market needs. Therefore, the world market fish supply is relatively rigid in the short-term, while demand is somewhat shifting depending on the season. This imbalance in fish supply and demand results in constantly fluctuating price of raw fish. Moreover, the far-reaching change in supply chains related to the spread of the virus has increased the amplitude and unpredictability of prices. The Group counters the impact of external environment and volatility of fish price through the changes of the Group’s production and sales strategy.

MARKET PRICE OF FISH

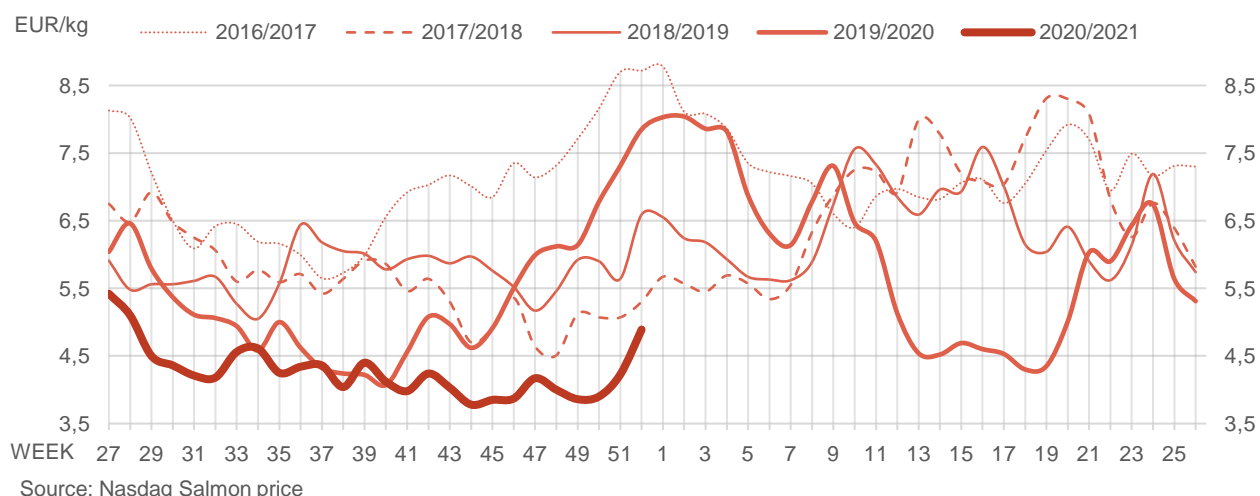
EUR/kg	31.12.2020	31.12.2019	31.12.20 vs 31.12.19	31.12.2018	31.12.20 vs 31.12.18	31.12.2017	31.12.20 vs 31.12.17
Salmon	4.89	7.85	-37.7%	6.59	-25.8%	5.30	-7.7%
Rainbow trout	4.89	6.31	-22.5%	5.88	-16.9%	5.95	-17.9%

As at the end of the reporting period the price of salmon has decreased by 37.7% and the price of rainbow trout has declined by 22.5% compared to the prices a year ago. Over the two-year period, the price of salmon has decreased by 25.8% and the trout by 16.9%. The price of salmon has decreased by 7.7% and of rainbow trout by 17.9% compared to the prices three years ago.

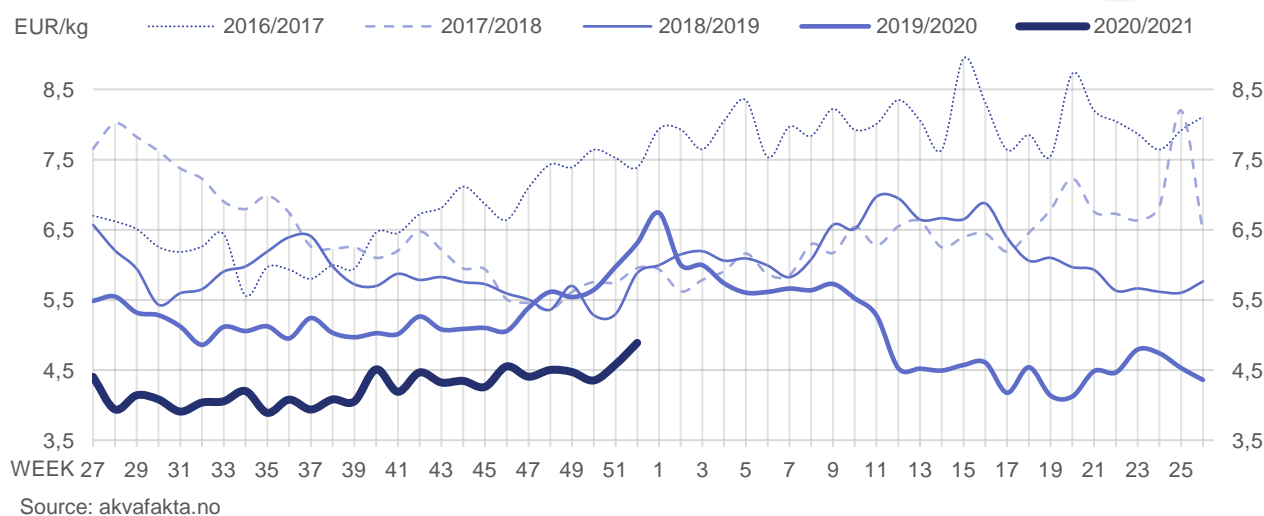
The graphs below illustrate weekly average prices of salmon and rainbow trout since the financial year 2016/2017.



EXPORT PRICE OF NORWEGIAN SALMON



EXPORT PRICE OF NORWEGIAN RAINBOW TROUT



AVERAGE MARKET PRICE OF FISH

EUR/kg	6m 20/21	6m 19/20	6m 20/21 vs 6m 19/20	6m 18/19	6m 20/21 vs 6m 18/19	6m 17/18	6m 20/21 vs 6m 17/18
Salmon	4.24	5.26	-19.5%	5.74	-26.2%	5.55	-23.7%
Rainbow trout	4.43	5.26	-15.7%	5.75	-22.8%	6.23	-28.8%

As at the end of the reporting period the average market prices of salmon and rainbow trout have decreased by 19.5% and 15.7%, respectively, compared to the prices of the same period in the previous financial year. Compared to the average prices of a comparable period two years ago the average prices of salmon and trout have decreased by 26.2% and 22.8%, respectively. The average fish prices have decreased compared to the prices three years ago: salmon by 23.7% and rainbow trout by 28.8%.

BIOLOGICAL ASSETS

Biological assets are fish stock accounted for in PRFoods' fish farms in live weight, including rainbow trout (*Oncorhynchus mykiss*) and European whitefish (*Coregonus lavaretus*).

The Group uses the Norwegian export statistics (source: akvafakta.no) to assess the value of rainbow trout's stock. For assessing the value of whitefish stock, the monthly market price survey of the Finnish Fish Farmers' Association is used. When the price of raw fish increases or decreases, so does the value of fish harvested in fish farms of PRFoods, having either a positive or a negative impact on the Group's financial results.

CHANGE IN BIOLOGICAL ASSETS, TONNES

	6m 20/21	6m 19/20	Change, tonnes 6m 20/21 vs 6m 19/20	Change, % 6m 20/21 vs 6m 19/20
Biomass at the beginning of the period	945	987	-42	-4.3%
Biomass at the end of the period	999	1,088	-89	-8.2%
Harvested fish (in live weight)	1,453	1,412	41	2.9%

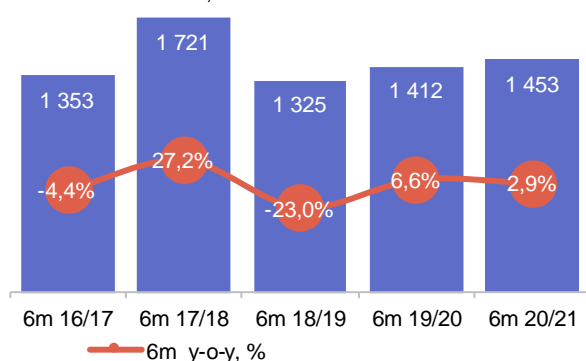
Biological assets totalled 999 tonnes as at 31.12.2020, a decrease by 89 tonnes, i.e. 8.2% compared to the same period last year. A total of 1,453 tonnes fish was harvested during the 6 months of the financial year, i.e. 41 tonnes or 2.9% more compared to the same period a year ago.

BIOMASS VOLUME AND AVERAGE PRICE, EUR/KG

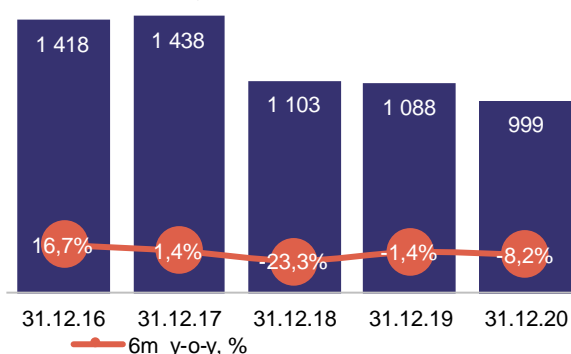
	6m 20/21	6m 19/20	Change, mln EUR 6m 20/21 vs 6m 19/20	Change, % 6m 20/21 vs 6m 19/20
Biological assets at the end of period, mln EUR	3.70	4.35	-0.65	-15.0%
Biomass volume at the end of period, tonnes	999	1,088	-89	-8.2%
Average price, EUR/kg	3.71	4.00	-0.30	-7.4%
Fair value adjustment of biological assets, mln EUR	0.02	0.22	-0.20	-89.3%

The fair value of biological assets was 3.7 million euros compared to 4.4 million euros a year ago. Average price of biomass was 3.7 euros per kg compared to 4.4 euros per kg during the comparable period a year ago.

Harvested volume, tonnes



Biomass volume, tonnes



MANAGEMENT AND SUPERVISORY BOARDS

The Management Board of AS PRFoods is comprised of one member – Indrek Kasela – who as per the supervisory board's decision serves as the sole member of the management board since 2 February 2015. The management board is independent in its day-to-day management of the business, protects the best interests of all shareholders and thereby ensures the company's sustainable development in accordance with the set objectives and strategy. It is also responsible for the internal control and risk management processes in the company.

The Supervisory Board of AS PRFoods appoints management board members for a three-year term. The articles of association prescribe the management board to consist of one to four members. Indrek Kasela (born 1971), holds an LL.M (Master of Laws) degree from New York University (1996) and a BA degree in law from the University of Tartu (1994).

In addition to the management position in PRFoods, he is a member of management boards in almost all the Group entities and in several non-Group entities (Lindermann, Birnbaum & Kasela OÜ, ManageTrade OÜ, Noblessneri Jahtklubi OÜ, etc). He chairs or is a member of supervisory boards among others of the following companies: AS Toode, ELKE Grupi AS, ELKO Grupa AS, EPhaG AS, Salva Kindlustuse AS, Ridge Capital AS, AS Ekspress Grupp, Elering AS, SA Avatud Eesti Fond, Tulundusühistu Tuleva, Eesti Avamere Vesiviljelejate Ühistu. He serves also as a board member in several companies and NPOs domiciled abroad.

The Supervisory Board of AS PRFoods is comprised of six members. The board is chaired by Lauri Kustaa Äimä, members of the supervisory board are Aavo Kokk, Harvey Sawikin, Vesa Jaakko Karo, Arko Kadajane and Kuldar Leis.

The highest governing body of a public limited company is a general meeting of shareholders. General meetings of shareholders are either ordinary or extraordinary.

Pursuant to law, a supervisory board of a public limited company is a supervisory body responsible for planning the activities of a company, organising its management and supervising the activities of its management board. According to the Articles of Association of AS PRFoods, the supervisory board has three to seven members elected by the general meeting of shareholders for the term of three years.

Information on the education and careers of the members of the supervisory board as well as their management positions in other companies is available on PRFoods' website www.prfoods.ee.

PRFOODS' SHARES HELD BY THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BOARDS AND THE PERSONS/COMPANIES RELATED TO THEM AS AT 31.12.2020:

Shareholder	Number of shares	Ownership interest
Member of the management board – Indrek Kasela	1,613,617	4.17%
Member of the supervisory board – Kuldar Leis	1,223,050	3.16%
Member of the supervisory board – Lauri Kustaa Äimä	125,000	0.32%
Member of the supervisory board – Vesa Jaakko Karo	90,000	0.23%
Member of the supervisory board – Arko Kadajane	8,928	0.02%
Member of the supervisory board – Harvey Sawikin	0	-
Member of the supervisory board – Aavo Kokk	0	-
Total number of shares owned by the members of the supervisory and management boards	3,060,595	7.91%

SHARE AND SHAREHOLDERS

The registered share capital of the company is 7,736.572 euros which is divided to 38,682.860 ordinary shares without nominal value. All shares are freely transferable and of the same kind, i.e. have equal voting and dividend rights.

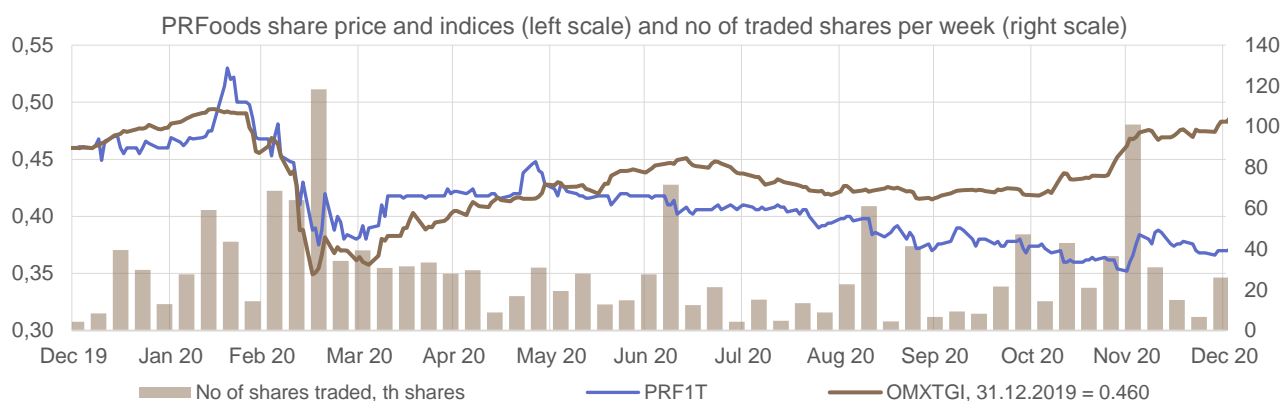
PRFoods shares are listed in the main list of Nasdaq Tallinn Stock Exchange since 5 May 2010. PRFoods shares do not have an official market maker. PRFoods share is a component in OMX Tallinn General Index.

PRFoods has twice reduced the nominal value of shares with making payments to shareholders: in 2012 by 10 euro cents and in 2015 by 30 euro cents. The general meeting of shareholders from 26 May 2016 resolved to adopt shares without nominal value and on 30 June 2016 the commercial registry registered the shares without nominal value. The accountable nominal value of a share is 0.20 euro (nominal value of a share was 10.0 Estonian kroons until 13 April 2011, 0.60 euro till 3 September 2012, and 0.50 euro till 2 October 2015).

PRFOODS SHARE PRICE, INDICES AND TRADING ACTIVITY

Tallinn Stock Exchange All-Share index increased by 5.00% and PRFoods share price decreased by 19.57%.

	Index / Share	Ticker / index	31.12.2020	31.12.2019	Change
●	PRFoods share	PRF1T	0.370	0.460	-19.57%
●	OMX Tallinn GI	OMXTGI	1,343.72	1,279.70	5.00%



Source: Nasdaq Tallinn. PRFoods

TRADING STATISTICS

Price (EUR)	4Q 2020	3Q 2020	2Q 2020	1Q 2020	4Q 2019	3Q 2019	2Q 2019	1Q 2019	4Q 2018
Open	0.374	0.418	0.398	0.461	0.430	0.502	0.590	0.610	0.695
High	0.390	0.420	0.458	0.530	0.470	0.534	0.590	0.670	0.695
Low	0.344	0.370	0.380	0.361	0.410	0.430	0.490	0.550	0.530
Last	0.370	0.372	0.418	0.382	0.460	0.430	0.534	0.550	0.610
Traded volume, mln	0.38	0.30	0.33	0.53	0.19	0.29	0.13	0.29	0.80
Number of trades	1,573	1,131	941	886	251	235	181	279	587
Average trade volume	244	267	348	597	750	1,250	741	1,055	1,359
Turnover, mln	0.14	0.12	0.14	0.23	0.08	0.14	0.07	0.18	0.47
Market capitalisation, mln	14.31	14.39	16.17	14.78	17.79	16.63	20.66	21.28	23.60

A total of 1,573 trades were conducted with PRFoods' shares during the fourth quarter of 2020. A total of 383,507 shares changed hands forming 1.0% of the company's shares. The average trade volume was 244 shares.

Turnover of share trading amounted to 0.14 million euros in 4Q 2020 compared to 0.12 million euros in the previous quarter. The highest share price in 4Q 2020 was 0.390 euros and the lowest was 0.344 euros.

The closing price of the share was 0.370 euro as at 31.12.2020 and the company's market capitalisation was 14.31 million euros.

MARKET RATIOS

Ratios	Formula	31.12.2020	31.12.2019	31.12.2018
EV/Sales	(Market Cap + Net Debt) / Sales	0.57	0.42	0.48
EV/EBITDA from operations	(Market Cap + Net Debt) / EBITDA from operations	264.52	10.57	11.07
EV/EBITDA	(Market Cap + Net Debt) / EBITDA	neg	13.36	15.90
Price/EBITDA from operations	Market Cap / EBITDA from operations	104.47	5.29	5.99
Price/EBITDA	Market Cap / EBITDA	neg	6.68	8.60
Price-to-Earnings	Market Cap / Net Profit	neg	neg	neg
Price-to-Book	Market Cap / Equity	0.77	0.76	0.97

Market capitalisation (market cap), net debt and equity as at 31.12.2020; sales, EBITDA and net profit/loss for the trailing 12 months

THE DYNAMICS OF THE SHARE PRICE AND INDICES FROM 5TH MAY 2010 TO 31ST OF DECEMBER 2020

Index / Share	Ticker / index	31.12.2020	05.05.2010	Change
PRFoods share, EUR	PRF1T	0.370	0.890	-58.43%
PRFoods adjusted share price, EUR		0.715	0.890	-19.62%
OMX Tallinn GI	OMXTGI	1 343.72	598.34	124.57%

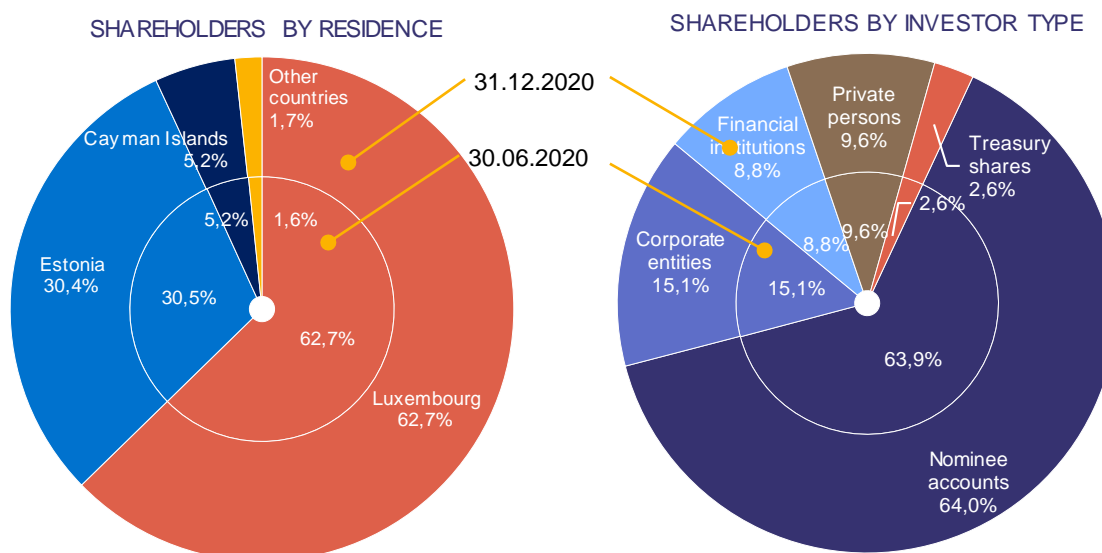


The decrease of PRFoods' share price since its listing in 2010, adjusted with the capital reduction payments, is 19.6%. The Tallinn Stock Exchange index has increased during the period by 124.6%. PRFoods' share price unadjusted with the reductions of the share's nominal value in August of 2012 and 2015 by 40-euro- cents in total has decreased by 58.4%. PRFoods has since the listing of its shares on the stock exchange paid to shareholders a total of 17.3 million euros in the form of dividends and in connection with share capital reductions.

SHAREHOLDER STRUCTURE

SHAREHOLDERS OF AS PRFOODS

	Number of shares 31.12.2020	% of total 31.12.2020	Number of shares 30.06.2020	% of total 30.06.2020	Change
ING Luxembourg S.A. (Nominee account)	24,258,366	62.71%	24,258,366	62.71%	-
Lindermann, Birnbaum & Kasela OÜ	1,613,617	4.17%	1,613,617	4.17%	-
Ambient Sound Investments OÜ	1,385,267	3.58%	1,385,267	3.58%	-
Firebird Republics Fund Ltd	1,277,729	3.30%	1,277,729	3.30%	-
OÜ Rododendron	1,219,589	3.15%	1,219,589	3.15%	-
Compensa Life Vienna Insurance Group SE	750,470	1.94%	750,470	1.94%	-
Firebird Avrora Fund, Ltd.	730,678	1.89%	730,678	1.89%	-
OÜ Iskra Investeeringud	377,874	0.98%	377,874	0.98%	-
Total largest shareholders	31,613,590	81.73%	31,613,590	81.73%	-
Other shareholders	6,069,270	15.69%	6,069,270	15.69%	-
Treasury shares	1,000,000	2.59%	1,000,000	2.59%	-
Total	38,682,860	100.00%	38,682,860	100.00%	-



SHAREHOLDERS ACCORDING TO NUMBER OF SHARES, 31.12.2020

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1 ... 1 000	989	55.4%	380,003	1.0%
1 001 ... 10 000	673	37.7%	2,118,487	5.5%
10 001 ... 50 000	97	5.4%	2,018,443	5.2%
50 001 ... 100 000	12	0.7%	887,283	2.3%
100 001 ...	14	0.8%	33,278,644	86.0%
Total	1,785	100.0%	38,682,860	100.0%

BOND AND BONDHOLDERS

On 19.12.2019 PRFoods announced its plan to issue bonds via a private placement and a public issue. The main purpose of the proceeds of the bond issue was to refinance an investment loan and to invest in the Group's fish farms.

The bond issue was approved by the supervisory board with the following terms: the company will issue up to 100,000 covered bonds, with a nominal value of 100 euros per bond, the interest rate of 6.25% p.a., and with maturity on 22.01.2025.

A total of 90,096 bonds were issued in a private placement and 9,904 bonds in a public offering of which 4,926 were subscribed by AS PRFoods. Following the completion of the public offering of the bonds, the bonds were listed on Tallinn Stock Exchange. Trading on Nasdaq Tallinn bond list started on 6 April 2020.

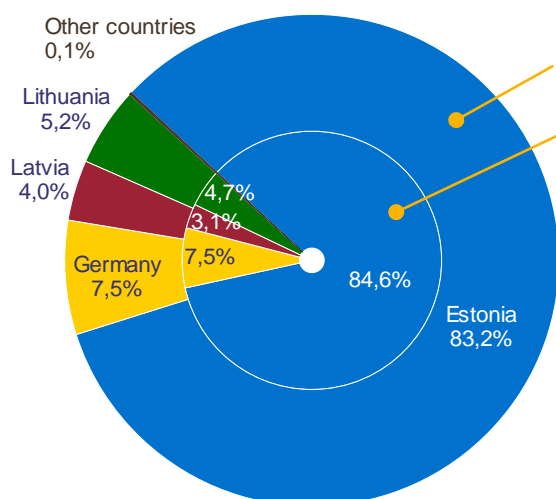
For more detailed information on issuing the bonds please see the Stock Exchange Announcements dated 19.12.2019 and 21.01.2020, incl. in the bond issue prospectus.

BONDHOLDER STRUCTURE

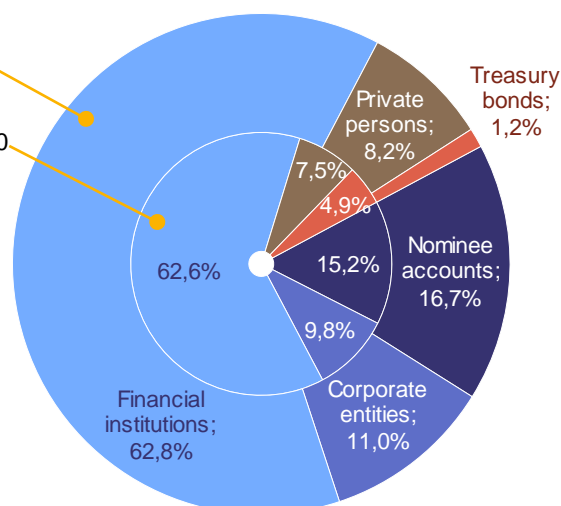
FIVE LARGEST BONDHOLDERS OF AS PRFOODS

	Value of bonds 31.12.2020	% of total 31.12.2020	Value of bonds 30.06.2020	% of total 30.06.2020	Change
Swedbank Pensionfund K60	3 940 000	39,4%	3 940 000	39,40%	-
Swedbank Pensionfund K30	800 000	8,0%	800 000	8,00%	-
Rietumu Bankas JSC	750 000	7,5%	750 000	7,50%	-
Spring Capital Growth Fund 1	505 300	5,1%	505 300	5,05%	-
AS SEB Bankas	489 900	4,9%	469 200	4,69%	20 700
Total largest bondholders	6 485 200	64,9%	6 464 500	64,6%	-20 700
Other bondholders	3 390 300	33,9%	3 042 900	30,4%	347 400
Treasury bonds	124 500	1,2%	492 600	4,9%	-368 100
Total	10 000 000	100,0%	10 000 000	100,0%	0

BONDHOLDERS BY RESIDENCE



BONDHOLDERS BY INVESTOR TYPE



BONDHOLDERS BY VALUE OF BONDS, 31.12.2020

Value of bonds	Number of bondholders	% of bondholders	Value of bonds	% of bond value
1 ... 1 000	79	33.8%	50,400	0.5%
1 001 ... 10 000	83	35.5%	355,800	3.6%
10 001 ... 50 000	54	23.1%	1,277,800	12.8%
50 001 ... 100 000	7	3.0%	533,800	5.3%
100 001 ...	11	4.7%	7,782,200	77.8%
Total	234	100.0%	10,000,000	100.0%

CONDENSED INTERIM ACCOUNTING REPORT

CONDENSED INTERIM ACCOUNTING REPORT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR '000	Note	31.12.2020	31.12.2019	30.06.2020
ASSETS				
Cash and cash equivalents	2	962	2,680	2,276
Receivables and prepayments	3	4,153	6,342	3,578
Inventories	4	9,627	9,104	7,884
Biological assets	5	3,702	4,354	4,249
Total current assets		18,444	22,480	17,987
Deferred tax assets		21	66	54
Long-term financial investments		232	217	232
Tangible assets	6	15,968	14,444	16,179
Intangible assets	7	22,841	23,286	22,672
Total non-current assets		39,062	38,013	39,137
TOTAL ASSETS		57,506	60,493	57,124
EQUITY AND LIABILITIES				
Interest-bearing liabilities	8,9	9,634	12,505	10,611
Payables and prepayments	10	12,469	13,301	11,132
Government grants		212	188	211
Total current liabilities		22,315	25,994	21,954
Interest-bearing liabilities	8,9	13,254	7,945	12,368
Payables and prepayments	10	596	190	190
Deferred tax liabilities		1,912	2,070	1,920
Government grants		785	981	873
Total non-current liabilities		16,547	11,186	15,351
TOTAL LIABILITIES		38,862	37,180	37,305
Share capital		7,737	7,737	7,737
Share premium		14,197	14,007	14,007
Treasury shares		-390	-390	-390
Statutory capital reserve		51	51	51
Currency translation differences		-98	167	-366
Retained profit (loss)		-3,246	1,108	-1,654
Equity attributable to parent		18,252	22,680	19,385
Non-controlling interest		392	633	434
TOTAL EQUITY	11	18,644	23,313	19,819
TOTAL EQUITY AND LIABILITIES		57,506	60,493	57,124

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

EUR '000	Note	2Q 2020/2021	2Q 2019/2020	6m 2020/2021	6m 2019/2020
Revenue	12	17,029	25,374	29,766	44,703
Cost of goods sold	13	-14,496	-21,049	-26,033	-37,796
Gross profit		2,533	4,325	3,733	6,907
Operating expenses		-2,663	-3,169	-4,985	-5,767
Selling and distribution expenses		-1,809	-2,146	-3,367	-3,938
Administrative expenses		-854	-1,023	-1,618	-1,829
Other income / expense		46	206	137	334
Fair value adjustment on biological assets	5	118	-622	24	224
Operating profit (loss)		34	740	-1,091	1,698
Financial income / expenses		-129	-190	-438	-393
Profit (Loss) before tax		-95	550	-1,529	1,305
Income tax		-101	-54	-105	-239
Net profit (loss) for the period		-196	496	-1,634	1,066
Net profit (loss) attributable to:					
Owners of the Parent Company		-190	529	-1,592	1,042
Non-controlling interests		-6	-33	-42	24
Total net profit (loss) for the period		-196	496	-1,634	1,066
Other comprehensive income (loss) that may subsequently be classified to profit or loss:					
Foreign currency translation differences		169	66	268	381
Total comprehensive income (expense)		-27	562	-1,366	1,447
Total comprehensive income (expense) attributable to:					
Owners of the Parent Company		-21	595	-1,324	1,423
Non-controlling interests		-6	-33	-42	24
Total comprehensive income (expense) for the period		-27	562	-1,366	1,447
Profit (Loss) per share (EUR)	11	0.00	0.01	-0.04	0.03
Diluted profit (loss) per share (EUR)	11	0.00	0.01	-0.04	0.03

CONSOLIDATED CASH FLOW STATEMENT

EUR '000	Note	6m 2020/2021	6m 2019/2020
Cash flow from operating activities			
Net profit (loss)		-1,634	1,066
Adjustments:			
Depreciation	6, 7	1,307	1,118
Profit from sale and write-offs of fixed assets		4	0
Other non-cash items		-979	353
Changes in receivables and prepayments		-542	-1,067
Changes in inventories	4	-1,743	2,876
Changes in biological assets	5	547	570
Changes in payables and prepayments		1,674	-358
Corporate income tax paid		-27	-59
Net cash inflow (outflow) from operating activities		-1,393	4,499
Cash flow from investing activities			
Sale of tangible and intangible fixed assets	6, 7	22	2
Purchase of tangible and intangible fixed assets	6, 7	-401	-1,165
Purchases and sales of other financial investments		0	-20
Acquisition of subsidiaries, net cash received		0	-131
Interests received		0	-5
Net cash inflow (outflow) from investing activities		-379	-1,319
Cash flow from financing activities			
Change in overdraft		-757	-1,298
Repayments of loans received		-160	-1,436
Proceeds from borrowings		1,803	160
Change in factored receivables	9	0	1
Repayments of lease liabilities		-332	-191
Own bonds sale		347	0
Interests paid		-443	-319
Net cash inflow (outflow) from financing activities		458	-3,083
Net increase (decrease) in cash and cash equivalents		-1,314	97
Cash and cash equivalents at beginning of the period	2	2,276	2,583
Change in cash and cash equivalents		-1,314	97
Cash and cash equivalents at the end of the period	2	962	2,680

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR '000	Share capital	Share premium	Treasury shares	Statutory capital reserve	Unrealised currency differ.	Retained earnings (-loss)	Total	Non-contr. interests	Total equity
Balance at 30.06.2019	7,737	14,007	-390	51	-214	64	21,255	611	21,866
Net profit (loss) for the year	0	0	0	0	0	-1,718	-1,718	-175	-1,893
Other comprehensive income (expense)	0	0	0	0	-152	0	-152	0	-152
Total comprehensive income (expense) for the period	0	0	0	0	-152	-1,718	-1,870	-175	-2,045
Balance at 30.06.2020	7,737	14,007	-390	51	-366	-1,654	19,385	436	19,821
Net profit (loss) for the year	0	0	0	0	0	-1,592	-1,592	-42	-1,634
Other comprehensive income (expense)	0	0	0	0	268	0	268	0	268
Total comprehensive income (expense) for the period	0	0	0	0	268	-1,592	-1,324	-42	-1,366
Increase of subsidiary's share capital	0	191	0	0	0	0	191	0	191
Balance at 31.12.2020	7,737	14,198	-390	51	-98	-3,246	18,252	392	18,644

Additional information in Note 11.

NOTES TO THE INTERIM REPORT

NOTE 1. SUMMARY OF MATERIAL ACCOUNTING POLICIES

AS PRFoods is a company incorporated in Estonia. The interim financial statements compiled as per 31.12.2020 incorporate results of AS PRFoods (hereinafter Parent Company) and companies directly and indirectly held by it: Saaremere Kala AS, Redstorm OÜ and Vettel OÜ in Estonia, Heimon Kala Oy in Finland, Överumans Fisk AB in Sweden, and JRJ & PRF Ltd, John Ross Jr (Aberdeen) Ltd, Coln Valley Smokery Ltd in the United Kingdom (hereinafter also referred to as the Group). The Group has a stake in associate companies: Competence Center of Food and Fermentation Technologies AS and Avamere Kalakasvatus OÜ. JRJ & PRF Ltd, John Ross Jr (Aberdeen) Ltd, Coln Valley Smokery Ltd are consolidated from 01.07.2017 and Redstorm OÜ from 01.07.2018. AS PRFoods' shares are listed on Nasdaq Tallinn Stock Exchange since 5 May 2010 and the bonds since 6 April 2020.

The Group's consolidated audited annual report for the financial year that ended on 30 June 2020 is available on PRFoods' website www.prfoods.ee.

With the decision of the extraordinary general meeting of the shareholders from 11 December 2017 the beginning of a financial year of the Group was amended and starting from 1 July 2018, the financial year begins on 1 July and ends on 30 June. The report is for the financial year which began on 1 July 2020 and will end on 30 June 2021.

CONFIRMATION OF COMPLIANCE

The current unaudited consolidated interim report complies with the requirements of international accounting standards IAS 34 "Interim Financial Reporting" on condensed interim financial statements.

While preparing the interim report at hand, the same accounting principles as in the audited annual report for the financial year ended on 30.06.2020 were applied. The report does not hold all the information that shall be presented in a full annual report. It should thus be read together with the Group's audited consolidated annual report for the financial year that ended on 30.06.2020 compiled in accordance with the international finance reporting standards (IFRS) as adopted by the European Union.

In the opinion of the management, this interim report for the 3 months of the financial year 2020/2021 of AS PRFoods presents correctly and fairly the financial results of the Group as a going concern. The current interim report is neither audited nor reviewed by auditors in any other way and contains only the consolidated reports of the Group.

BASIS OF PREPARATION

The functional currency is euro. The consolidated interim report is presented in thousands of euros and all numerical indicators have been rounded to the nearest thousand, if not indicated otherwise. In the report, thousand euros is indicated as EUR '000.

NOTE 2. CASH AND CASH EQUIVALENTS

EUR '000	31.12.2020	31.12.2019	30.06.2020
Cash on hand	12	28	28
Bank accounts	950	2,652	2,248
Total cash and cash equivalents	962	2,680	2,276

NOTE 3. RECEIVABLES AND PREPAYMENTS

EUR '000	31.12.2020	31.12.2019	30.06.2020
Trade receivables	3,073	5,222	2,170
Allowance for doubtful receivables	-3	-9	-35
Factoring receivables with regress	754	437	586
Other receivables	57	87	93
Prepaid expenses	241	274	217
Prepaid taxes	24	252	547
Other prepayments	7	79	0
Total receivables and prepayments	4,153	6,342	3,578

Write-down on receivables was not recognised during the accounting period.

A commercial pledge set as collateral for loans and overdraft covers also receivables, see Note 9.

NOTE 4. INVENTORIES

EUR '000	31.12.2020	31.12.2019	30.06.2020
Raw materials and materials	3,383	3,837	2,954
Work-in-progress	1,312	1,485	1,341
Finished goods	4,374	3,246	3,201
Goods purchased for sale	558	451	388
Goods in transit	0	85	0
Total inventories	9,627	9,104	7,884

Inventories were written off during the accounting period in the amount of 17 thousand euros.

A commercial pledge set as collateral for loans and bonds covers also inventories, see Note 9.

NOTE 5. BIOLOGICAL ASSETS

EUR '000	31.12.2020	31.12.2019	30.06.2020
Fry	193	253	570
Juveniles	1,822	1,712	2,464
Fish suitable for harvesting	1,687	2,389	1,215
Total biological assets	3,702	4,354	4,249

The Group farms in its fish farms located in Estonia, Finland and Sweden rainbow trout (*Oncorhynchus mykiss*).

CHANGE IN BIOLOGICAL ASSETS

EUR '000	6m 2020/2021	6m 2019/2020	2019/2020
Biological assets at beginning of the period	4,249	4,924	4,924
Purchased	86	-	573
Additions	3,619	3,576	5,299
Fair value adjustments	24	224	-291
Harvested	-4,377	-4,407	-6,212
Written off	-	-	-24
Fry and live fish sold	-4	-	-27
Exchange rate differences	105	37	7
Biological assets at end of the period	3,702	4,354	4,249

In "Additions" the Group has capitalised expenditures incurred on development of immature biological assets, therefore in the income statement only the gain/loss from "Fair value adjustments" is presented as a separate line. Group measures biological assets in fair value and at acquisition cost. Detailed information on measuring principles is available in the 2019/2020 annual report.

NOTE 6. TANGIBLE ASSETS

EUR '000	Land and buildings	Machinery and equipment	Other tangible assets	Construction in progress, prepayments	Total
Cost at 30.06.2019	13,586	18,238	1,021	199	33,044
Applying IFRS 16 for the first time	1,423	156	0	0	1,579
Adjusted beginning balance of 01.07.2019	15,009	18,394	1,021	199	34,623
Acquired during the period	281	504	5	1,536	2,326
Reclassification*	80	532	21	-633	0
Assets sold and written off	-489	-1,706	-233	0	-2,428
Unrealised currency effect	-41	21	4	0	-16
Cost at 30.06.2020	14,840	17,745	818	1,102	34,505
Acquired during the period	11	202	8	637	858
Reclassification*	6	1,074	0	-1,080	0
Assets sold and written off	0	-105	-8	0	-113
Unrealised currency effect	77	195	4	0	276
Cost at 31.12.2020	14,934	19,111	822	659	35,526
Accumulated depreciation at 30.06.2019	-6,010	-11,736	-763	0	-18,509
Depreciation of the period	-767	-1,255	-212	0	-2,234
Assets sold and written off	523	1,525	398	0	2,446
Unrealised currency effect	1	-26	-4	0	-29
Accumulated depreciation at 30.06.2020	-6,253	-11,492	-581	0	-18,326
Depreciation of the period	-425	-690	-24	0	-1,139
Assets sold and written off	0	87	8	0	95
Unrealised currency effect	-42	-145	-1	0	-188
Accumulated depreciation at 31.12.2020	-6,720	-12,240	-598	0	-19,558
Carrying amount at 30.06.2019	7,576	6,502	258	199	14,535
Carrying amount at 30.06.2020	8,587	6,253	237	1,102	16,179
Carrying amount at 31.12.2020	8,214	6,871	224	659	15,968

NOTE 7. INTANGIBLE ASSETS

EUR '000	Goodwill	Trademarks and patents	Immaterial rights	Software licences	Pre-payments	Total
Cost at 30.06.2019	14,173	8,695	1,032	611	542	25,053
Acquired during the period	0	0	1	41	211	253
Re-classification	0	0	306	0	-306	0
Assets sold and written off	0	-230	-9	-167	0	-406
Unrealised currency effect	-136	-128	0	0	3	-261
Cost at 30.06.2020	14,037	8,337	1,330	485	450	24,639
Acquired during the period	0	0	0	9	88	97
Unrealised currency effect	111	108	4	0	16	239
Cost at 31.12.2020	14,148	8,445	1,334	494	554	24,975
Accumulated depreciation at 30.06.2019	0	-1,195	-413	-476	0	-2,084
Depreciation of the period	0	-199	-45	-54	0	-298
Depreciation of assets sold and written off	0	230	7	170	0	407
Unrealised currency effect	0	7	1	0	0	8
Accumulated depreciation at 30.06.2020	0	-1,157	-450	-360	0	-1,967
Depreciation of the period	0	-99	-43	-26	0	-168
Unrealised currency effect	0	3	-2	0	0	1
Accumulated depreciation at 31.12.2020	0	-1,253	-495	-386	0	-2,134
Carrying amount at 30.06.2019	14,173	7,500	619	135	542	22,969
Carrying amount at 30.06.2020	14,037	7,180	880	125	450	22,672
Carrying amount at 31.12.2020	14,148	7,192	839	108	554	22,841

NOTE 8. LEASES

EUR '000	Land and buildings	Machinery and equipment	Total
Balance as at 30.06.2019	0	0	0
IFRS 16 adoption	1 423	156	1 579
Reclassified finance leases	0	2 176	2 176
Balance as at 01.07.2019	1 423	2 332	3 755
Depreciation of the right-of-use asset during the period	-201	-813	-1 014
Additions of the right-of-use assets	0	359	359
Derecognition of the right-of-use assets	0	0	0
Balance as at 30.06.2020	1 222	1 878	3 100
Depreciation of the right-of-use asset during the period	-100	-219	-319
Additions of the right-of-use assets	0	882	882
Derecognition of the right-of-use assets	0	0	0
Balance as at 31.12.2020	1 122	2 541	3 663

NOTE 9. INTEREST-BEARING LIABILITIES

EUR '000	Note	31.12.2020	31.12.2019	30.06.2020
Lease liabilities	8	559	553	827
Overdraft		7,183	7,485	7,940
Factoring with regress		0	10	0
Investment loans		1,892	4,457	1,844
Total short-term interest-bearing liabilities		9,634	12,505	10,611
Finance lease liabilities	8	2,403	629	2,281
Loan notes to shareholders		0	446	433
Listed bonds		9,452	0	9,053
Investment loans		1,399	6,870	601
Total long-term interest-bearing liabilities		13,254	7,945	12,368
incl. payable within 1-5 years		12,354	7,945	12,186
incl. payable in more than 5 years		900	0	182

Investment loans as at 31.12.2020 carry term dates until 31.08 2027. Investment loans are in euros and pounds with interest rates tied to 6-months' EURIBOR or to the Bank Base rate of UK. Additional information on investment loan terms is available in the Group's 2018/2019 annual report. Loan interests range from 2.0% to 4.7%. Detailed information is available in the 2019/2020 annual report.

NOTE 10. PAYABLES AND PREPAYMENTS

EUR '000	31.12.2020	31.12.2019	30.06.2020
Trade payables	6,054	6,760	5,903
Payables to employees	860	1,058	865
Other short-term liabilities	2,584	2,795	2,546
Interest payables	468	147	427
Prepayments from clients	0	1	0
Other payables	231	346	222
Tax liabilities, incl.:	2,272	2,194	1,169
Social security tax	193	169	122
VAT	1,524	1,319	740
Personal income tax	242	124	136
Corporate income tax	143	438	102
Other taxes	170	144	69
Total short-term payables and prepayments	12,469	13,301	11,132
Other long-term liabilities	596	190	190
Total long-term payables and prepayments	596	190	190

Other short-term liabilities include contingent provisions to non-controlling interests' buyout in the amount of 2,584 thousand euros. See Note 14.

NOTE 11. EQUITY

SHARE CAPITAL

As at 31.12.2020, the Company's registered share capital is 7,736,572 euros.

As per the resolution of the shareholders' meeting from 26.05.2016. the shares of AS PRFoods were registered on 30.06.2016 in the Commercial Register without nominal value. The registered share capital of the Company is 7,736,572 euros divided into 38,682,860 ordinary shares without nominal value with accountable value of 0.20 euro per share.

The Articles of Association stipulate 7,000,000 euros as minimal share capital and 28,000,000 euros as maximum share capital. The Articles of Association are available on AS PRFoods website at www.prfoods.ee.

SHARE PREMIUM

The Company's share premium comprises mainly of the amount received above the nominal value upon an issue of shares less costs associated with the issue. According to the Commercial Code, a premium may be used to cover a loss of a company if such loss cannot be covered from retained profit of previous periods or from the capital reserve prescribed in the Articles of Association or from other reserves prescribed by the Articles of Association. The premium may also be used to increase share capital via a bonus issue. The share premium may not be distributed to shareholders.

In August 2020, the shareholders of OÜ Redstorm – Saaremere Kala AS and OÜ Fodiator – decided to increase the share capital of the company by 20 euros to 4,020 euros, as a result of which the nominal value of Saaremere Kala AS share increased to 2,050 euros and the nominal value of OÜ Fodiator share to 1,970 euros.

Saaremere Kala AS paid 387,597 euros in kind for the increase of the nominal value of the share, of which 387,587 euros was share premium. Saaremere Kala AS paid for the increase in the nominal value by offsetting the claim acquired by Saaremere Kala AS from OÜ Serenest against OÜ Redstorm in the amount of 387,597 euros.

As a result of the above transaction, the Group's consolidated share premium increased by 189 923 euros.

OWN SHARES

As at 31.12.2020 AS PRFoods has 1,000,000 own shares, acquired with an average price of 0.4915 euro per share.

CAPITAL RESERVE AND RETAINED EARNINGS

The Estonian Commercial Code requires companies to create a capital reserve. Each year at least 1/20 of profit for the year has to be transferred to the capital reserve until the reserve amounts to 1/10 of share capital. The capital reserve may be used for covering losses and increasing the share capital but not for making distributions to shareholders.

EARNINGS PER SHARE

Earnings per share have been calculated by dividing the net profit attributable to the shareholders by the average number of shares for the period.

	2Q 2020/2021	2Q 2019/2020	6m 2020/2021	6m 2019/2020
Net profit (loss) attributable to equity holders of the company, EUR '000	-190	529	-1 592	1 042
Average number of shares, thousand	38,683	38,683	38,683	38,683
Earnings (Loss) per share, EUR	0,00	0,01	-0,04	0,03
Basic earnings (loss) per share, EUR	0,00	0,01	-0,04	0,03
Diluted earnings (loss) per share, EUR	0,00	0,01	-0,04	0,03

NOTE 12. SEGMENT REPORTING

The Group's segments are based on the reports monitored and analysed by the management board of the Parent Company. The management of the Parent Company monitors financial performance by business and geographical areas.

The Group's two business segments – the fish segment and other segments – are presented together since the proportion of other segments in business operations is marginal amounting to 0.1% of the total turnover of the Group.

Starting from two financial years ago the Group monitors two geographical segments: i) Finland, Sweden and Estonia, and ii) Great Britain.

EUR '000	6m 2020/2021			6m 2019/2020		
	Finland. Sweden. Estonia	Great Britain	Total	Finland. Sweden. Estonia	Great Britain	Total
External revenue	22,587	7,591	30,178	35,573	9,138	44,711
Inter-segment revenue	0	-412	-412	0	-8	-8
Total revenue	22,587	7,179	29,766	35,573	9,130	44,703
Fair value adjustment of biological assets	24	0	24	224	0	224
EBITDA*	-1,023	1,239	216	1,579	1,237	2,816
EBITDA from business operations**	-1,047	1,289	242	1,622	1,237	2,859
Depreciation and amortisation	-1,063	-244	-1,307	-907	-211	-1,118
Operating profit / loss	-2,086	995	-1,091	672	1,026	1,698
Financial income and expenses	-365	-73	-438	-314	-79	-393
Income tax	-8	-97	-105	-46	-193	-239
Net profit (loss)	-2,459	825	-1,634	312	754	1,066
Segment assets	37,421	20,085	57,506	38,753	21,740	60,493
incl. current assets	15,147	3,297	18,444	17,965	4,515	22,480
incl. biological assets	3,702	0	3,702	4,354	0	4,354
incl. non-current assets	22,274	16,788	39,062	20,788	17,225	38,013
Segment liabilities	34,204	4,658	38,862	32,097	5,083	37,180
Segment investments in tangible and intangible assets	1,963	72	2,035	788	450	1,238

* EBITDA – operating profit adjusted with depreciation and impairment cost

** before fair value adjustment of bioassets and one-offs

SALES BY GEOGRAPHIC REGIONS

EUR '000	2Q 2020/2021	2Q 2019/2020	6m 2020/2021	6m 2019/2020
Finland	10,999	15,833	18,827	28,996
Great Britain	2,729	3,428	4,743	6,213
Estonia	1,077	2,500	2,483	3,955
Other regions	2,224	3,615	3,713	5,539
Total	17,029	25,376	29,766	44,703

NOTE 13. COST OF GOODS SOLD

EUR '000	2Q 2020/2021	2Q 2019/2020	6m 2020/2021	6m 2019/2020
Materials in production & cost of goods purchased for resale	-10,603	-16,939	-18,754	-30,076
Staff costs	-1,825	-2,034	-3,295	-3,756
Depreciation and amortisation	-551	-494	-1,085	-885
Other costs of goods sold*	-1,517	-1,582	-2,899	-3,079
Total cost of goods sold	-14,496	-21,049	-26,033	-37,796

* Other costs of goods sold includes expenses related to production and fish farming assets (rent, maintenance, insurance, utilities, etc.), staff-related costs and other expenses and subcontracted services.

NOTE 14. RELATED PARTY TRANSACTIONS

The Company considers parties to be related when one party has control over the other party or has significant influence over the business decision of the other party.

Related parties include:

- shareholders with significant influence (the largest shareholder of PRFoods is the international investment fund Amber Trust II S.C.A.).
- members of the Supervisory Board and members of all management boards of group entities.
- close family members of the persons mentioned above and the companies related to them.

As at the balance sheet date, there were no receivables from the related parties, liabilities are found in the table below:

Party	Creditor	Payables and prepayments	Payables as at 31.12.2020 EUR '000	Payables as at 31.12.2019 EUR '000	Payables as at 30.06.2020 EUR '000
Amber Trust II S.C.A.	Shareholder AS PRFoods	Short term loan and interest	1,678	1,601	1,639
Christopher Leigh	Shareholder of JRJ & PRF Ltd	Loan note	0	298	277
Victoria Leigh-Pearson	Shareholder of JRJ & PRF Ltd	Loan note	0	167	156
Christopher Leigh	Contingent consideration	Payable for non-controlling interests	1,654	1,747	1,629
Victoria Leigh-Pearson	Contingent consideration	Payable for non-controlling interests	930	983	917
Total			4,262	4,796	4,618

Benefits including employment taxes to members of the Management Boards and Supervisory Boards of AS PRFoods and its subsidiaries and other key members of management were as follows:

EUR '000	6m 2020/2021	6m 2019/2020
Short-term benefits	467	617
Total	467	617

The members of the management and supervisory boards are not entitled to any pension-related rights from the company. The members of the management boards are entitled to termination benefits.

NOTE 15. ASSOCIATE COMPANIES

Avamere Kalakasvatus OÜ (50% holding)

On 18.01.2019 Avamere Kalakasvatus OÜ was registered in the Estonian Commercial Registry. The company is an associate of AS PRFoods, and it submitted an application to the Technical Regulatory Authority for the building right of the establishment of an offshore fish farming complex in the Estonian waters off the coast of Paldiski. The building right is to allow establishing a rainbow trout farming complex in the offshore cages.

AS Toidu- ja Fermentatsioonitehnoloogia Arenduskeskus (20% holding)

Since 2010 the Group holds 20% in AS Toidu- ja Fermentatsioonitehnoloogia Arenduskeskus (Competence Center of Food and Fermentation Technology).

NOTE 16. CONTINGENT LIABILITIES

Contingent liabilities in connection with setting a mortgage for the benefit of the Customs Board of Finland

A mortgage was set for the benefit of the Finnish Customs Board in the amount of 84 thousand euros. The purpose of the transaction was a more streamlined organisation of the day-to-day operations by reducing persistent prepayments to the Customs Board.

The management estimated that it is improbable that the Finnish Customs Board will liquidate the pledged asset.


Contingent liabilities relating to tax boards

The tax authorities may at any time inspect the books and records of the Group within 5 years subsequent to the reported tax year in Estonia and Finland, within 6 years in United Kingdom and within 7 years in Sweden, and may as a result of their inspection impose additional tax assessments, interests and penalties. During the first three months of the financial year and in the previous financial years the tax authorities have not conducted tax audits. The management of the Group is not aware of any circumstances which may give rise to a potential material liability in this respect.

MANAGEMENT BOARD'S CONFIRMATION TO THE INTERIM REPORT

The Management Board confirms the correctness and completeness of the consolidated condensed interim report for the 2nd quarter and 6 months of the financial year 2020/2021 of AS PRFoods and its subsidiaries (together the Group) presented in the pages 7 – 38 hereof and confirms to the best of its knowledge that:

- the activities report of the consolidated interim report presents adequate and fair overview of the development and results of business activities of the Group and the financial position thereof and includes the description of the main risk factors and uncertainties;
- the accounting principles applied in the preparation of the consolidated condensed interim accounting report are in compliance with the International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting as adopted by the European Union;
- the consolidated interim report provides a true and fair overview of the assets, liabilities and financial position of the Group and of the results of its operations and its cash flows.



Indrek Kasela

Member of the Management Board

21 February, 2021