

# PRFOODS

## **AS PRFoods**

Consolidated Unaudited Interim Report

3<sup>rd</sup> quarter and 9 months of 2019/2020  
(translation from the Estonian original)

2019/2020

3<sup>RD</sup> QUARTER & 9 MONTHS

# PRFOODS

Business name	<b>AS PRFoods</b>
Commercial register number	<b>11560713</b>
Address	<b>Pärnu mnt 141, Tallinn, Estonia</b>
Phone	<b>+372 452 1470</b>
Website	<b>prfoods.ee</b>
Main activities	<b>Production and sale of fish products Fish farming</b>
Reporting period	<b>1 July 2019 – 31 March 2020</b>

## TABLE OF CONTENTS

CORPORATE PROFILE .....	4
MANAGEMENT REPORT.....	7
OVERVIEW OF ECONOMIC ACTIVITIES .....	7
MANAGEMENT AND SUPERVISORY BOARDS.....	20
SHARE AND SHAREHOLDERS .....	21
BOND AND BONDHOLDERS.....	24
CONDENSED INTERIM ACCOUNTING REPORT .....	27
CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	27
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	28
CONSOLIDATED CASH FLOW STATEMENT.....	29
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	30
NOTES TO THE INTERIM REPORT .....	31
NOTE 1. SUMMARY OF MATERIAL ACCOUNTING POLICIES .....	31
NOTE 2. CASH AND CASH EQUIVALENTS.....	31
NOTE 3. RECEIVABLES AND PREPAYMENTS .....	32
NOTE 4. INVENTORIES .....	32
NOTE 5. BIOLOGICAL ASSETS .....	32
NOTE 6. PROPERTY, PLANT AND EQUIPMENT .....	33
NOTE 7. INTANGIBLE ASSETS.....	34
NOTE 8. FINANCE LEASE.....	34
NOTE 9. BORROWINGS.....	35
NOTE 10. PAYABLES AND PREPAYMENTS .....	35
NOTE 11. EQUITY .....	36
NOTE 12. SEGMENT REPORTING .....	36
NOTE 13. COST OF GOODS SOLD .....	37
NOTE 14. RELATED PARTY TRANSACTIONS .....	38
NOTE 15. BUSINESS COMBINATION.....	38
NOTE 16. ASSOCIATE COMPANIES .....	39
NOTE 17. CONTINGENT LIABILITIES.....	39
MANAGEMENT BOARD'S CONFIRMATION TO THE INTERIM REPORT.....	40

# 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 three 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 activity of the Group is fish manufacturing that is done in four contemporary production buildings in Renko and Kokkola (Finland), in Saaremaa (Estonia), and in Aberdeen (Great Britain).

Our 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 own fish farms in Swedish lakes, Turku Archipelago area in Finland and in 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.

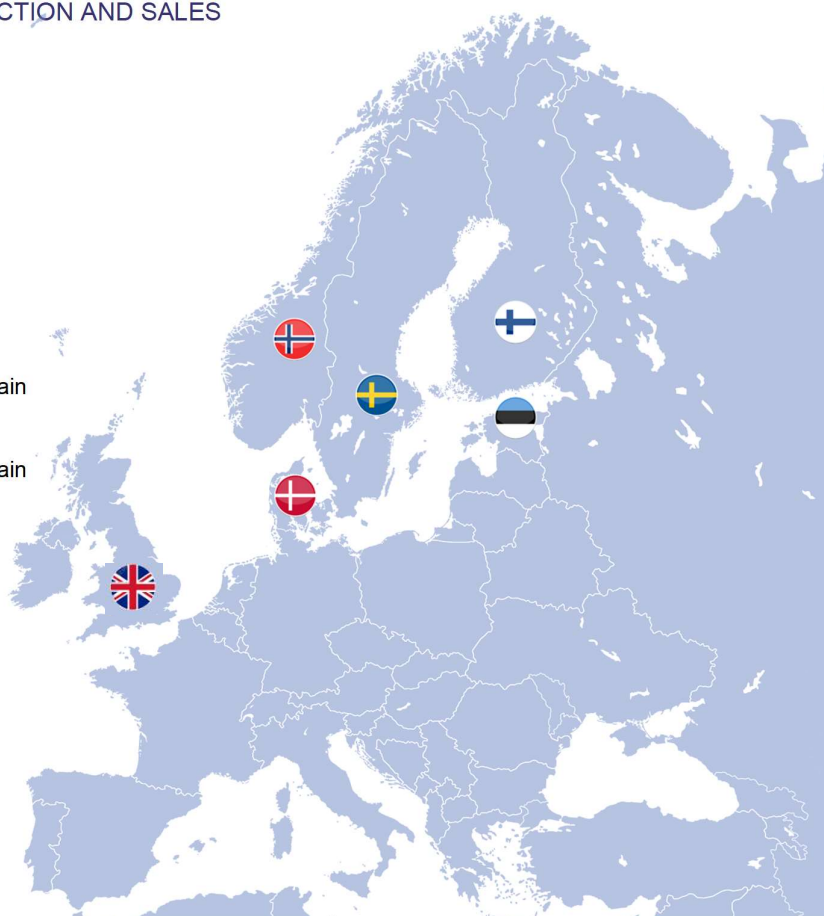
On a smaller scale, European whitefish and Baltic herring are used in production. In addition, a notable volume of red caviar is made from fish harvested in the Group's own fish farms.

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, which in turn would increase the profitability of the company.

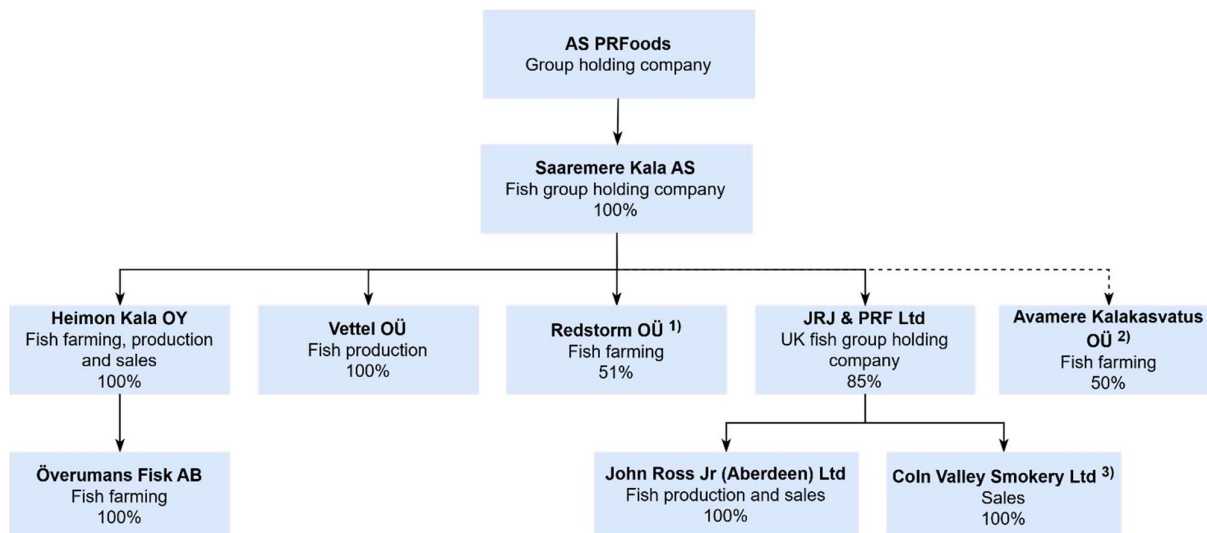
The Group is actively involved in developing new products for expanding to new export markets. As introducing the Group's own brands is in its early stage in Scandinavia and elsewhere in the world, the management expects the Group's growth period is yet to come.

## THE GEOGRAPHY OF PRODUCTION AND SALES

<b>Fish farming</b>	Finland Sweden Estonia
<b>Purchase of raw fish</b>	Finland Sweden Norway Denmark
<b>Production</b>	Estonia Finland Great Britain
<b>Sales</b>	Finland Great Britain Estonia



## GROUP STRUCTURE AS AT 31 MARCH 2020



1) Consolidated from 01.07.2018

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

3) 64% of Coln 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 "Heimon Gourmet", "Saaristomeren", "John Ross Aberdeen" and "Coln Valley Smokery". The Group's other trademarks include "Gurmé" and "Polar Fish", which are marketed in the Baltic States.



# MANAGEMENT REPORT

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# MANAGEMENT REPORT

## OVERVIEW OF ECONOMIC ACTIVITIES

### MANAGEMENT COMMENTARY

The 3rd quarter of the financial year ended with a 2% sales growth for PRFoods, the total turnover was 18.5 million euros (9 months 63.2 million euros). 9-month EBITDA increased by 35% to 2 million euros and net loss decreased by 25% to 0.6 million euros compared to the same period last year.

The end of the quarter brought a global pandemic to our key markets, and restrictions of the states of emergencies declared began to take effect. HoReCa restrictions and a drastic reduction in air transport had a significant impact on turnover as early as at the end of March. Also, as during any crisis, customers made changes to their food baskets in favour of cheaper products. PRFoods withstood the Covid-19 pandemic with a strengthened balance sheet, as we had just refinanced our short-term loans with secured bonds and we have also improved our cash flows due to a smaller raw material inventory. Major changes are expected in the fourth quarter, but we see that at least in June, HoReCa (share of 25% of the Group's turnover) is partially recovering and the food industry is in a safer position than many other sectors. The effect of Covid-19 on the financial results of PRFoods is reflected in the financial statements of the 4th quarter and 12 months of the financial year.

### The Group's revenue

The Group's unaudited consolidated turnover in the 3rd quarter of the financial year (i.e. the 1st quarter of 2020) was 18.5 million euros, increasing by 2% compared to the same period of the previous year (Q1 2019: 18.2 million euros). The Group's turnover for the first 9 months of the financial year was 63.2 million euros remaining almost at the same level as in the same period of the previous year (9 months 2018/2019: 64.2 million euros). In the first quarter of the year, sales of fresh fish and fish fillets increased by 24% and sales of smoked products decreased by 12% compared to the same period last year. March sales were significantly affected by the decline in sales in the HoReCa segment (36%) due to the states of emergencies declared due to the Covid-19 pandemic in both Finland and Estonia.

In the first 9 months of the financial year, the share of raw fish and fillets in the product portfolio has increased to 45% (increase of 4 pp compared to the same period last year) and the share of smoked products has decreased to 38% (decrease of 5 pp, respectively).

Sales of fresh fish and fillets have been higher than usual in the aforementioned period, while the margin of fresh fish is about twice lower than the margin of smoked products.

### Results of the financial year's 3<sup>rd</sup> quarter and 9 months

The Group's 9-month consolidated EBITDA was 2.0 million euros (9 months 2018/2019: 1.5 million euros), increasing by 35% compared to the previous year, mainly due to the positive effect of the revaluation of biological assets. EBITDA from operating activities (i.e. before non-recurring income-expenses and revaluation of fish stocks) was 2.9 million euros (9 months 2018/2019: 3.7 million euros). The net loss was 0.6 million euros (9 months 2018/2019 net loss: 0.8 million euros).

EBITDA from operations for the 3rd quarter of the financial year was 0.03 million euros (3rd quarter 2018/2019: 0.21 million euros) and net loss 1.7 million euros, increasing by 0.5 million euros (3rd quarter 2018/2019: -1.2 million euros). Negative impact from revaluation of biological assets 0.75 million euros (3Q 2018/2019: negative impact 0.46 million euros). The reasons for the higher financial expenses during the reporting period are the higher bond interest rate (6.25%) than the

loan interest rate (3.25%) (negative impact on the quarterly profit of 0.03 million euros) and the exchange rate loss due to the weakening of the Swedish krona (-0.15 million euros).

The growth of the group's EBITDA by 35% to 2 million by the end of the 3rd quarter is positive, mainly due to the growth of biological assets. EBITDA from operations was affected by the decrease in the share of smoked products in sales, which was due to the decrease in sales volumes in the private label segment in Finland at the beginning of the year. In the following quarters, the refinancing of loans will have a negative impact on the net profit caused by higher interest rate. At the same time, the cash flow will improve by approximately 2 million euros per year due to the different repayment schedule of the bonds compared to the bank loan.

The greatest impact on the results has the decline in the market price of fish. At the end of the reporting period, the market price of salmon has decreased by 31.1% and the price of rainbow trout by 32.0% compared to a year ago. Compared to the price two years ago, the price of salmon has decreased by 43.2% and trout has become 31.7% cheaper. Compared to the end-of-period price three years ago, the price of salmon has fallen by 33.7% and the price of trout by 43.9%.

### **Financial position**

The company's net debt was 17.0 million euros as of 31.03.2020 (31.03.2019: 18.7 million euros). As of 31.03.2020, the Group's working capital was negative by 2.5 million euros as current liabilities include liabilities to related parties in the amount of 4.2 million euros, which are long-term in nature, but due to accounting principles must be shown as current. Eliminating the accounting effect, the working capital is 1.7 million euros. PRFoods successfully completed the non-public issue of bonds in January 2020, as a result of which short-term liabilities in the amount of 9 million euros became long-term, releasing cash flows by approximately 2 million euros per year. The change in the debt structure also has an impact on the company's financial results, the financial expenses' impact on PRFoods' net profit is negative by 0.35 million euros per year.

### **Impact of the coronavirus (Covid-19) pandemic**

Due to the declaration of the state of emergency caused by Covid-19 pandemic, the company's turnover has significantly decreased in the HoReCa segment since mid-March, which accounts for approximately 25% of the Group's turnover. The decrease in turnover in this segment was 36% in March and 72% in April. As hotels and restaurants are closed or operating only part-time, and distance learning resulting in school graduation events to be cancelled or carried out in limited scopes, sales in this sector are unlikely to recover until mid-summer. Due to the situation, there is a slight increase in retail sales (8% in April), which does not cover the decline in the HoReCa segment and increases the share of fresh fish and fish fillets instead of hot and cold smoked products with lower profit margins.

As it is extremely difficult to predict the end of the crisis and the time to recover from it, it is currently not possible to reliably assess the long-term financial impact of the crisis. In this situation, the Group focuses on cost and cash flow management to ensure the sustainability of its operations in the future. Larger industries, such as PRFoods, are most certainly better able to cope with such crises, also, the company's activities are spread across several markets. In some markets we expect our positions to strengthen as a result of reduced competition.

Following the decline in production, the Group's companies have reduced the working hours and salaries of both production and office employees by between 10 and 30%. The remuneration of the chairman of the management board has been reduced by 50% for two months. After the reporting date, the company has used the salary compensation support offered by the Estonian state.

In March 2020, PRFoods conducted a public offering of bond issues. While planning the period of the issue, the crisis occurring at the time of the issue period could not have been foreseen, which is why the subscription of bonds was significantly lower than expected – 0.9 million or 47% of the 1.9 million, including 0.5 million bonds subscribed by PRFoods with a perspective to sell these after the end of the crisis.



## Events and the future plans for the financial year

This financial year will continue to be affected by Covid-19, and we will certainly see the effects of the current economic crisis materialize in the next financial year.

For PRFoods, the biggest impact is on the market price of fish. At the end of the reporting period, the market price of salmon has decreased by 31.1% and the price of rainbow trout by 32.0% compared to a year ago. Compared to the price two years ago, the price of salmon has decreased by 43.2% and trout has become 31.7% cheaper. Compared to the end-of-period price three years ago, the price of salmon has fallen by 33.7% and the price of trout by 43.9%. We estimate that we will see low fish prices for 2020 as a whole, due to declining demand for HoReCa. This is definitely good news for consumers. Despite increased production volumes and demand for some products, lower prices do not allow such a large profit to be made in absolute terms. At the same time, the lower price allows to significantly increase export volumes. Considering the situation, we look more optimistically to the future than at the end of the 3rd quarter.

In the summer of 2020, we will carry out greater automation of production and reorganization of the product portfolio, which will enable the company to operate more aggressively both in the domestic market and to reopen large-scale exports. In the autumn-winter period of 2019-2020, we carried out a reorganization of the management of Finnish-Estonian companies, which involved significant one-time costs, and the creation of new systems certainly affected the sales result.

We have implemented a cost savings program since the 4th quarter, which should save us about 0.4 million euros a year.

At the beginning of the next financial year, we also plan to complete the bond issue in full.

Covid-19 has created a new situation, but PRFoods has never had to stop production.



Sincerely,

Indrek Kasela



## UNAUDITED FINANCIAL RESULTS OF AS PRFOODS, THE 3<sup>RD</sup> QUARTER OF THE FINANCIAL YEAR 2019/2020 COMPARED TO THE 3<sup>RD</sup> QUARTER OF FINANCIAL YEAR 2018/2019

- Unaudited consolidated revenue 18.49 million euros (3Q 2018/2019: 18.12 million euros), an increase by 2.0%
- Gross margin 10.8% (3Q 2018/2019: 11.7%)
- Negative impact from revaluation of biological assets 0.75 million euros (3Q 2018/2019: negative impact 0.46 million euros).
- Negative impact of one-offs on the result 0.13 million euros (3Q 2018/2019: negative impact 0.20 million euros)
- EBITDA from operations 0.03 million euros (3Q 2018/2019: 0.21 million euros)
- EBITDA -0.85 million euros (3Q 2018/2019: -0.45 million euros), without one-off effects EBITDA -0.73 million euros (3Q 2018/2019: -0.25 million euros)
- Operating loss 1.43 million euros (3Q 2018/2019: operating loss 1.01 million euros)
- Net loss 1.70 million euros (3Q 2018/2019: net loss 1.20 million euros)

### SUMMARY OF FINANCIAL RESULTS: 3<sup>RD</sup> QUARTER OF 2019/2020 COMPARED TO 3<sup>RD</sup> QUARTER OF 2018/2019

mIn EUR	3Q 2019/2020	3Q 2018/2019	Change, mIn EUR	3Q 19/20 vs 3Q 18/19	Impact
Sales	18.49	18.12	0.37	2.0%	▲
Gross profit	1.99	2.12	-0.13	-6.1%	▼
EBITDA from operations*	0.03	0.21	-0.18	-87.4%	▼
One-off expenses	-0.13	-0.20	0.07	-34.7%	▲
EBITDA	-0.85	-0.45	-0.40	88.9%	▼
Depreciation and amortisation	-0.58	-0.56	-0.02	3.6%	▼
EBIT	-1.43	-1.01	-0.42	41.7%	▼
Financial income/expense	-0.38	-0.17	-0.21	122.1%	▼
Net profit (-loss)	-1.70	-1.20	-0.50	41.9%	▼

\* before one-offs and fair value adjustment of fish stock



## UNAUDITED FINANCIAL RESULTS OF AS PRFOODS, 9 MONTHS OF THE FINANCIAL YEAR 2019/2020 COMPARED TO 9 MONTHS OF THE FINANCIAL YEAR 2018/2019

- Unaudited consolidated revenue 63.19 million euros, (9m 2018/2019: 64.24 million euros), revenue down by 1.6%
- Gross margin 14.1% (9m 2018/2019: 15.2%)
- Negative impact from revaluation of biological assets 0.53 million euros (9m 2018/2019: negative impact 2.01 million euros)
- Negative effect of one-offs on the result 0.39 million euros (9m 2018/2019: negative impact 0.23 million euros)
- EBITDA from operations 2.89 million euros (9m 2018/2019: 3.69 million euros)
- EBITDA 1.96 million euros (9m 2018/2019: 1.45 million euros), without one-off effects EBITDA 2.36 million euros (9m 2018/2019: 1.68 million euros)
- Operating profit 0.27 million euros (9m 2018/2019: operating loss 0.21 million euros), profit increased by 0.47 million euros, without one-off effects operating profit 0.66 million euros, the profit increased by 0.63 million euros
- Net loss 0.63 million euros (9m 2018/2019: net loss 0.83 million euros), the loss decreased by 0.20 million euros, without one-off effects net loss 0.24 million euros, the loss decreased by 0.36 million euros

### SUMMARY OF FINANCIAL RESULTS: 9 MONTHS OF 2019/2020 COMPARED TO 9 MONTHS OF 2018/2019

mIn EUR	9m 2019/2020	9m 2018/2019	Change, mIn EUR	Change, %	Impact
Sales	63.19	64.24	-1.05	-1.6%	▼
Gross profit	8.90	9.80	-0.90	-9.2%	▼
EBITDA from operations*	2.89	3.69	-0.81	-21.8%	▼
One-off expenses	-0.39	-0.23	-0.16	68.4%	▼
EBITDA	1.96	1.45	0.52	35.8%	▲
Depreciation and amortisation	-1.70	-1.65	-0.05	3.0%	▼
EBIT	0.27	-0.21	0.47	-227.4%	▲
Financial income/expense	-0.78	-0.61	-0.17	28.0%	▼
Net profit (-loss)	-0.63	-0.83	0.20	-24.2%	▲

\*before one-offs and fair value adjustment of fish stock



## KEY RATIOS – INCOME STATEMENT

mIn EUR unless indicated otherwise	1Q 2020	4Q 2019	3Q 2019	2Q 2019	1Q 2019	4Q 2018	3Q 2018	2Q 2018	1Q 2018
Sales	18.5	25.4	19.3	21.5	18.1	26.7	19.4	22.1	22.7
Gross profit	2.0	4.3	2.6	2.1	2.1	4.7	3.0	1.8	2.4
EBITDA from operations	0.0	2.1	0.7	0.3	0.2	2.4	1.1	-0.2	0.7
EBITDA	-0.9	1.4	1.5	0.3	-0.5	0.8	1.1	0.3	0.6
EBIT	-1.4	0.7	1.0	-0.3	-1.0	0.2	0.6	-0.2	0.1
EBT	-1.8	0.6	0.8	-0.4	-1.2	0.0	0.4	-0.5	-0.2
Net profit (-loss)	-1.7	0.5	0.6	-0.6	-1.2	0.2	0.1	-1.1	-0.2
Gross margin	10.8%	17.0%	13.4%	9.8%	11.7%	17.7%	15.2%	7.9%	10.6%
Operational EBITDA margin	0.1%	8.4%	3.8%	1.4%	1.1%	9.1%	5.4%	-1.1%	3.1%
EBITDA margin	-4.6%	5.3%	7.6%	1.4%	-2.5%	2.9%	5.8%	1.2%	2.5%
EBIT margin	-7.8%	2.9%	5.0%	-1.2%	-5.6%	0.9%	3.0%	-1.1%	0.2%
EBT margin	-9.8%	2.2%	3.9%	-2.0%	-6.5%	0.1%	1.8%	-2.3%	-0.9%
Net margin	-9.2%	2.0%	2.9%	-3.0%	-6.6%	0.8%	0.7%	-5.1%	-1.0%
Operating expense ratio	14.3%	12.5%	13.4%	11.7%	14.1%	11.2%	13.5%	12.0%	10.5%

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

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	31.03. 2020	31.12. 2019	30.09. 2019	30.06. 2019	31.03. 2019	31.12. 2018	30.09. 2018	30.06. 2018	31.03. 2018
Net debt	17.0	17.8	19.9	20.5	18.7	20.0	21.9	18.1	16.7
Equity	21.6	23.3	22.8	21.9	23.3	24.2	24.1	23.3	24.3
Working capital	-2.5	-3.5	-3.0	-3.1	-1.6	1.0	2.0	2.8	4.6
Assets	56.9	60.5	62.4	62.5	63.5	65.5	64.5	65.5	66.4
Liquidity ratio	0.9x	0.9x	0.9x	0.9x	0.9x	1.0x	1.1x	1.1x	1.2x
Equity ratio	37.9%	38.5%	36.5%	35.0%	36.7%	37.0%	37.4%	35.6%	36.6%
Gearing ratio	44.0%	43.3%	46.6%	48.3%	44.5%	45.2%	47.6%	43.7%	40.7%
Debt to total assets	0.6x	0.6x	0.6x	0.7x	0.6x	0.6x	0.6x	0.6x	0.6x
Net debt to EBITDA	5.3x	5.3x	5.4x	5.1x	5.4x	5.1x	3.8x	3.1x	2.6x
ROE	-5.7%	-3.2%	-4.5%	-6.5%	-8.2%	-4.0%	0.1%	4.3%	8.6%
ROA	-2.1%	-1.2%	-1.6%	-2.3%	-3.0%	-1.5%	0.0%	2.0%	4.1%

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

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

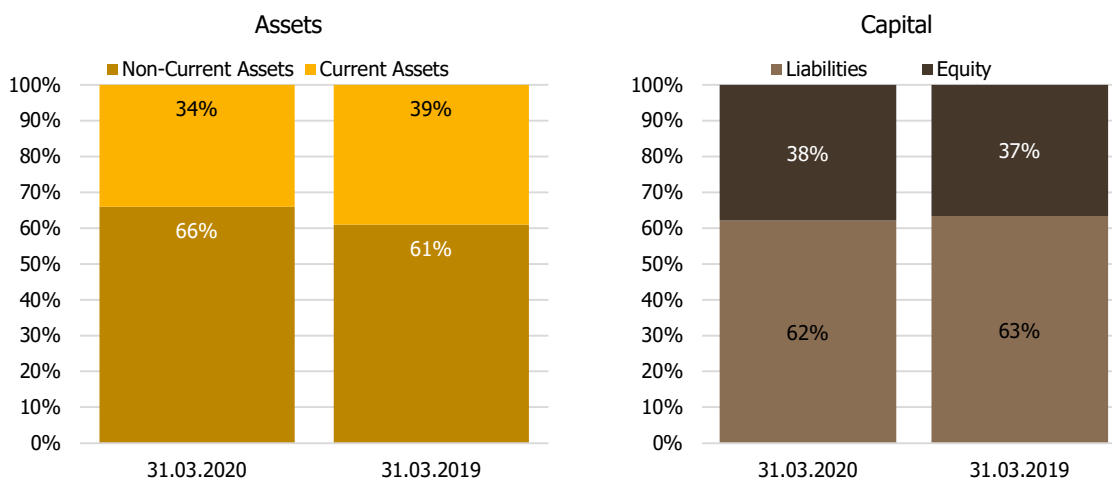
ROA = Net earnings for the trailing 12 months / Average assets

## BALANCE SHEET

As at 31.03.2020 consolidated total assets of PRFoods stood at 56.9 million euros. The year before i.e. as at 31.03.2019 the balance sheet totalled 63.5 million euros.

The Group's current assets stood at 19.4 million euros as at 31.03.2020 (31.03.2019: 24.8 million euros). Non-current assets totalled 37.6 million euros (31.03.2019: 38.7 million euros).

Current liabilities totalled 21.8 million euros as at 31.03.2020 (31.03.2019: 26.4 million euros). Non-current liabilities totalled 13.5 million euros (31.03.2019: 13.8 million euros). Equity of PRFoods was 21.6 million euros (31.03.2019: 23.3 million euros).

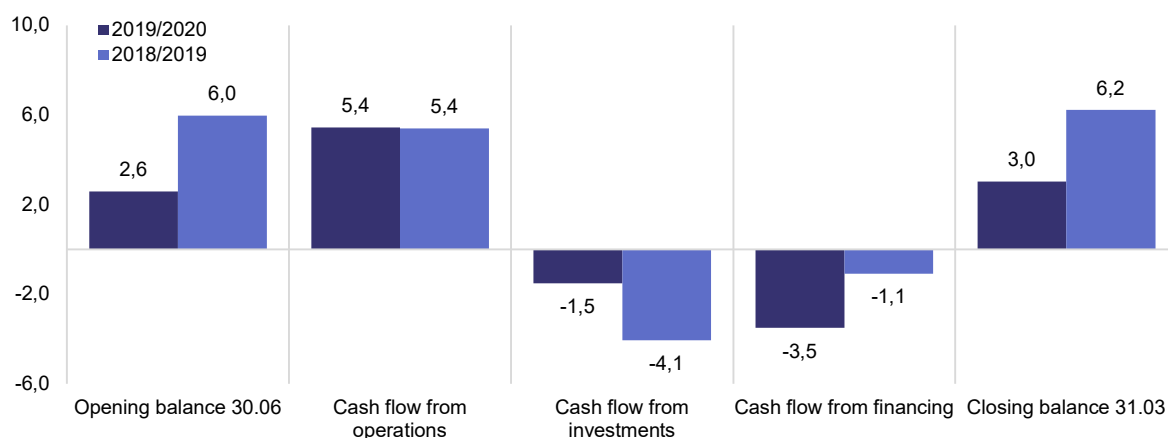


## CASH FLOWS

PRFoods' cash and cash equivalents totalled 2.6 million euros at the beginning of the reporting period and 3.0 million euros at the end of the period, the period's cash flow amounted to 0.4 million euros.

Cash flow from operations was +5.4 million euros during the 9 months of current financial year and in the same period a year ago. Cash flow from investment activities was -1.5 million euros during the reporting period and -4.1 million euros a year ago. Cash flow from financing activities totalled -3.5 million euros in the reporting period and -1.1 million euros during the same period last year.

### CHANGE IN CASH FLOWS 9 MONTHS OF 2019/2020 VS 9 MONTHS OF 2018/2019

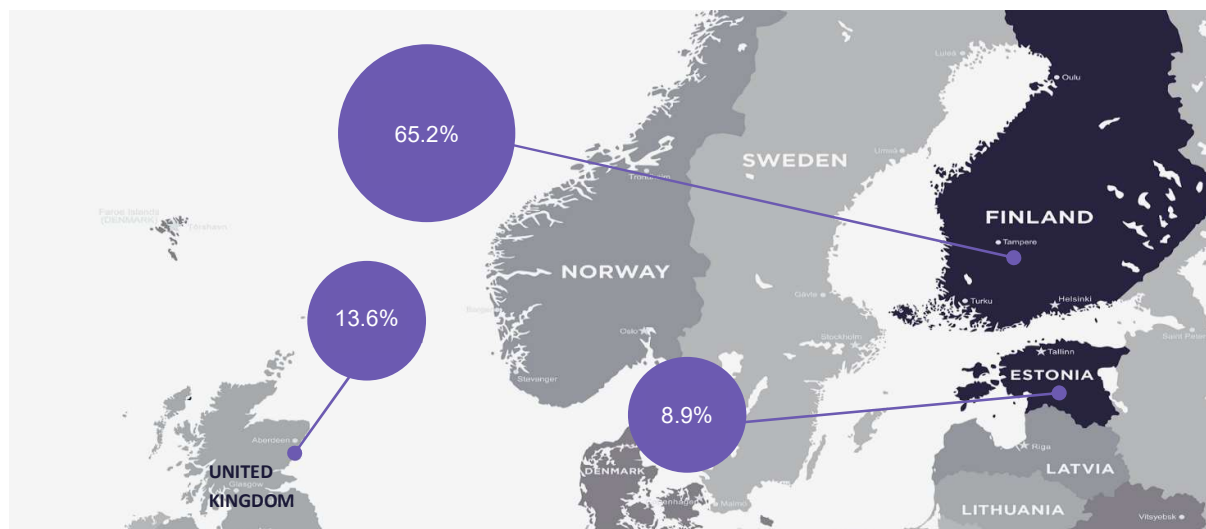




## REVENUE

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 quality 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 of 63.2 million euros in the 9 months of the financial year 2019/2020 was largely at the level of the sales of 64.2 million euros in the previous 9-months period.



## GEOGRAPHIC SEGMENTS

mIn EUR	9m 19/20	Share, %	9m 18/19	Share, %	Change, mln EUR	9m 19/20 vs 9m 18/19	Imp.
Finland	41.2	65.2%	44.9	69.9%	-3.7	-8.3%	▼
United Kingdom	8.6	13.6%	9.3	14.4%	-0.7	-7.1%	▼
Estonia	5.6	8.9%	4.3	6.7%	1.3	29.9%	▲
Other	7.8	12.3%	5.8	9.0%	2.0	35.2%	▲
<b>Total</b>	<b>63.2</b>	<b>100.0%</b>	<b>64.2</b>	<b>100.0%</b>	<b>-1.1</b>	<b>-1.6%</b>	<b>▼</b>

Finland with sales revenue of 41.2 million euros and 65.2% of total sales is the largest market of the Group. Revenue of the second largest market, UK, amounted to 8.6 million euros, i.e. 13.6% of total sales. Revenue of the Estonian market totalled 5.6 million euros, i.e. 8.9% of the total. Sales revenue of Finland and Great Britain decreased by 8.3% and 7.1%, respectively, whereas sales in Estonia increased by 29.9%.

## PRODUCT SEGMENTS

mIn EUR	9m 19/20	Share, %	9m 18/19	Share, %	Change, mln EUR	9m 19/20 vs 9m 18/19	Imp.
Hot & cold smoked fish	24.0	38.0%	27.8	43.2%	-3.8	-13.6%	▼
Raw fish and fillets	28.4	45.0%	26.7	41.5%	1.8	6.7%	▲
Other fish products	10.7	16.9%	9.6	15.0%	1.1	10.9%	▲
Other	0.1	0.1%	0.2	0.3%	-0.1	-62.0%	▼
<b>Total</b>	<b>63.2</b>	<b>100.0%</b>	<b>64.2</b>	<b>100.0%</b>	<b>-1.1</b>	<b>-1.6%</b>	<b>▼</b>

The largest product group of the first nine months of the financial year was the raw fish and fillets product group, the sales of which amounted to 28.4 million euros and accounted for 45.0% of the total sales, up by 6.7% compared to the previous period. The sales of hot and cold smoked fish products declined by 13.6% compared to the previous 9-months period, amounted to 24.0 million euros and accounted for 38.0% of the total. The sales of other fish products amounted to 10.7 million euros and accounted for 16.9% of total.

## CLIENT SEGMENTS

mIn EUR	9m 19/20	Share, %	9m 18/19	Share, %	Change, mIn EUR	9m 19/20 vs 9m 18/19	Imp.
Retail chains	24.3	38.4%	27.7	43.1%	-3.4	-12.3%	▼
Wholesale	22.0	34.8%	20.9	32.5%	1.1	5.2%	▲
HoReCa	14.9	23.6%	14.8	23.0%	0.2	1.0%	▲
Other retail	2.0	3.2%	0.9	1.4%	1.1	123.4%	▲
<b>Total</b>	<b>63.2</b>	<b>100.0%</b>	<b>64.2</b>	<b>100.0%</b>	<b>-1.1</b>	<b>-1.6%</b>	<b>▼</b>

The largest client group is the retail chains' group, sales of which amounted to 24.3 million euros and accounted for 38.4% of the total sales during the accounting period. A bit more than a third of sales i.e. 22.0 million euros was generated by wholesale sector. HoReCa sales amounted 14.9 million euros and accounted for 23.6% of the total.

## COSTS

Cost of goods sold accounted for 85.9% (9m 2018/2019: 85.9%) of total sales and operating expenses for 13.3% (9m 2018/2019: 12.7%).

	9m 19/20	9m 18/19	Change	Impact	9m 19/20	9m 18/19	Change	Impact
	mIn EUR	mIn EUR	mIn EUR		as % of sales	as % of sales	%-point	
<b>Sales</b>	<b>63.19</b>	<b>64.24</b>	<b>-1.05</b>	<b>▼</b>	<b>100.00%</b>	<b>100.00%</b>		
<b>Cost of goods sold</b>	<b>-54.29</b>	<b>-54.45</b>	<b>0.16</b>	<b>▲</b>	<b>85.92%</b>	<b>84.75%</b>	<b>1.17%</b>	<b>▼</b>
materials in production & cost of goods purchased for resale	-43.21	-43.44	0.23	▲	68.38%	67.61%	0.77%	▼
labour costs	-5.32	-5.41	0.09	▲	8.42%	8.43%	-0.01%	▲
depreciation	-1.36	-1.30	-0.06	▼	2.15%	2.02%	0.13%	▼
other cost of goods sold	-4.40	-4.30	-0.10	▼	6.97%	6.69%	0.28%	▼
<b>Operating expenses</b>	<b>-8.40</b>	<b>-8.18</b>	<b>-0.22</b>	<b>▼</b>	<b>13.30%</b>	<b>12.73%</b>	<b>0.57%</b>	<b>▼</b>
labour costs	-3.08	-2.86	-0.22	▼	4.88%	4.45%	0.43%	▼
transport & logistics services	-2.56	-2.62	0.06	▲	4.05%	4.08%	-0.03%	▲
depreciation	-0.34	-0.36	0.02	▲	0.54%	0.55%	-0.01%	▼
advertising, marketing and product development	-0.39	-0.31	-0.08	▼	0.62%	0.48%	0.14%	▼
other operating expenses	-2.03	-2.03	0.00	●	3.21%	3.17%	0.04%	▼
<b>Other income/expenses</b>	<b>0.30</b>	<b>0.19</b>	<b>0.11</b>	<b>▼</b>	<b>0.47%</b>	<b>0.29%</b>	<b>0.18%</b>	<b>▲</b>
incl. one-offs	-0.39	-0.23	-0.16	▼	-0.62%	-0.36%	-0.26%	▼
<b>Financial income / expense</b>	<b>-0.78</b>	<b>-0.61</b>	<b>-0.17</b>	<b>▲</b>	<b>-1.23%</b>	<b>-0.94%</b>	<b>-0.29%</b>	<b>▼</b>

## COST OF GOODS SOLD (COGS)

COGS decreased compared to the 9 months of 2018/2019 by 0.16 million euros, accounting for 85.9% of total sales (9m 2018/2019: 84.8% of total 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 43.2 million euros. Remaining costs are mainly attributable to packaging materials and fish feed.

Labour cost of personnel employed in production and fish farms totalled 5.3 million euros and formed 8.4% of total sales, remaining thus at the level of the same period in the previous financial year.

Other cost of goods sold amounted to 4.4 million euros and formed 7.0% of total sales (9m 2018/2019: 6.7%). 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 costs of the accounting period amounted to 8.4 million euros, up by 0.2 million euros and accounted for 13.3% of total sales (9m 2018/2019: 12.7% of total sales).

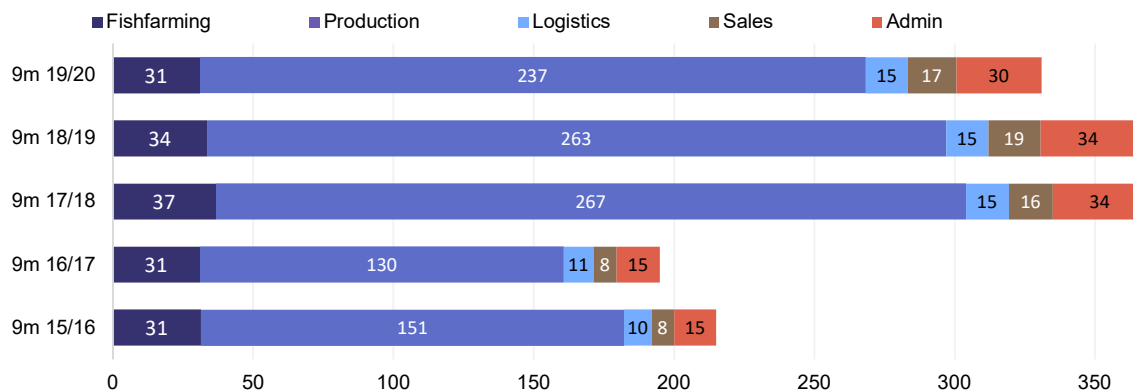
The majority of operating costs are costs on labour 3.1 million euros (9m 2018/2018: 2.9 million euros) and on transport & logistics services 2.6 million euros (9m 2018/2019: 2.6 million euros). The labour costs and the costs on transport & logistics remained largely at the level of the same period previous year.

## TEAM

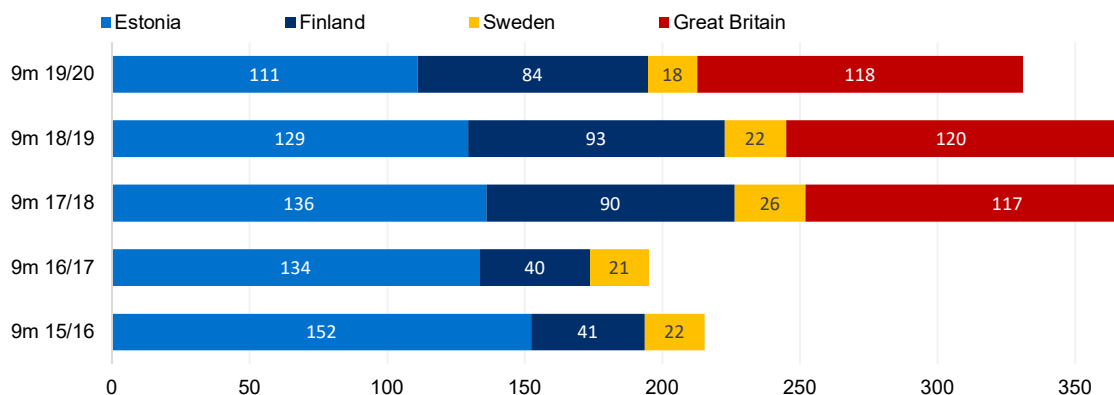
The average number of employees in PRFoods in the 1<sup>st</sup> quarter of 2020 was 305. The Group's labour costs totalled 2.6 million euros in the 1<sup>st</sup> quarter of 2020.

	1Q 2020	4Q 2019	3Q 2019	2Q 2019	1Q 2019	4Q 2018	3Q 2018	2Q 2018	1Q 2018
Average number of employees	305	348	340	351	348	379	368	367	362
Finland	74	91	86	88	86	103	91	96	96
Estonia	101	114	118	121	131	132	125	130	136
UK	111	125	119	124	112	123	125	117	107
Sweden	19	18	17	17	19	21	27	24	23
Payroll expense, th EUR	2,559	3,161	2,683	2,584	2,536	3,088	2,649	2,613	2,517
Monthly average payroll expense per employee, th EUR	2.80	3.03	2.63	2.45	2.43	2.72	2.40	2.37	2.32

### Employees per area of activity



### Employees per country

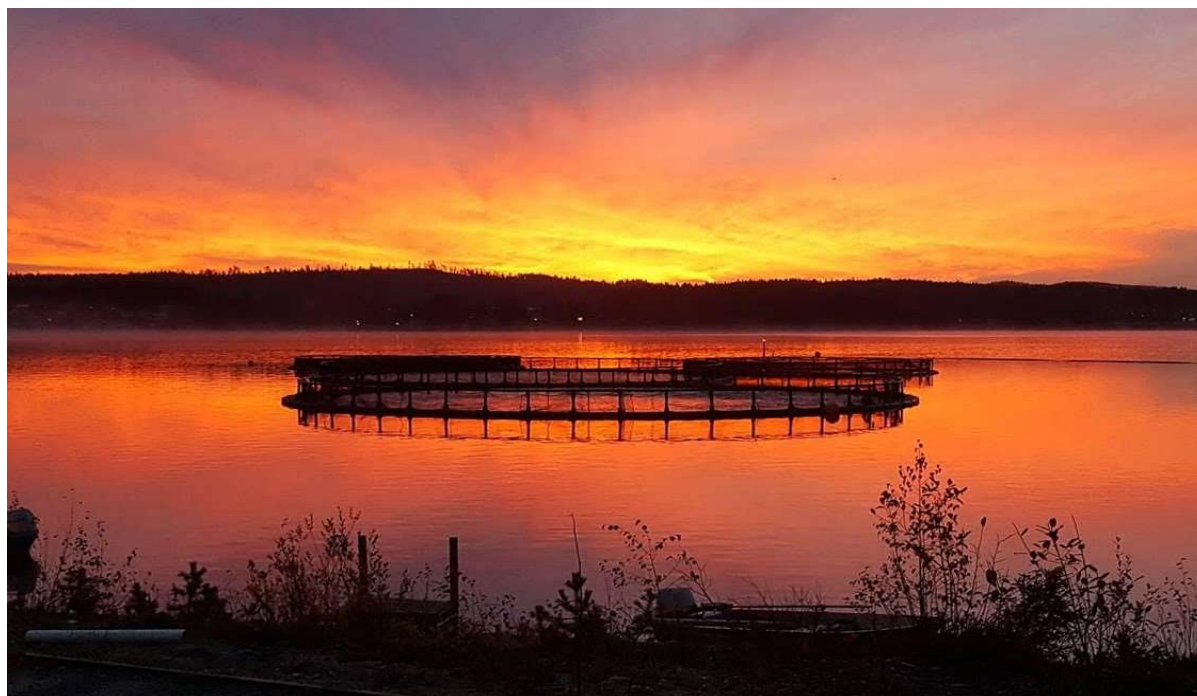




## FISH FARMING

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. The Group mainly harvests rainbow trout and to a lesser extent also European whitefish.

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 during the past month in connection with 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.

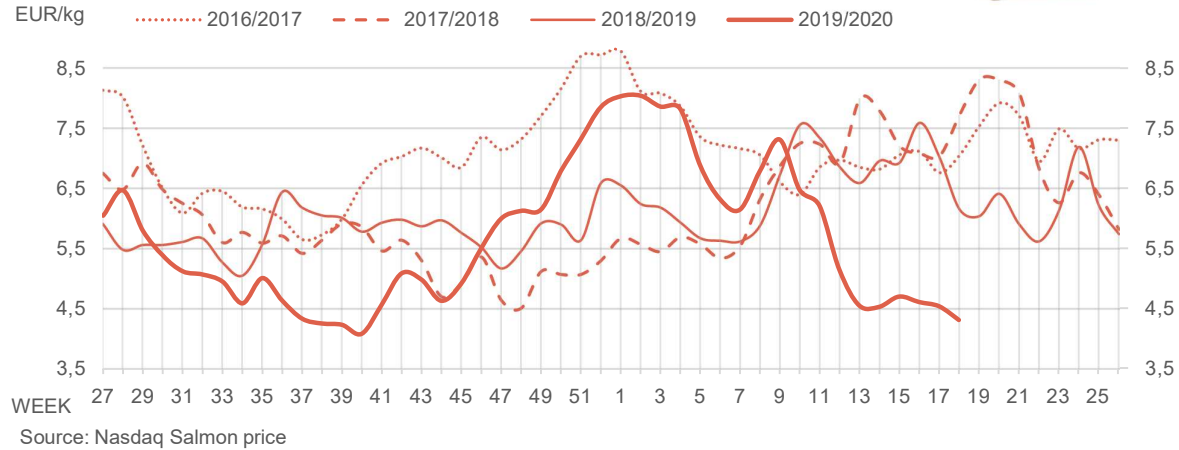
## MARKET PRICE OF FISH

EUR/kg	31.03.2020	31.03.2019	31.03.20 vs 31.03.19	31.03.2018	31.03.20 vs 31.03.18	31.03.2017	31.03.20 vs 31.03.17
Salmon	4.54	6.59	-31.1%	7.99	-43.2%	6.85	-33.7%
Rainbow trout	4.52	6.65	-32.0%	6.62	-31.7%	8.06	-43.9%

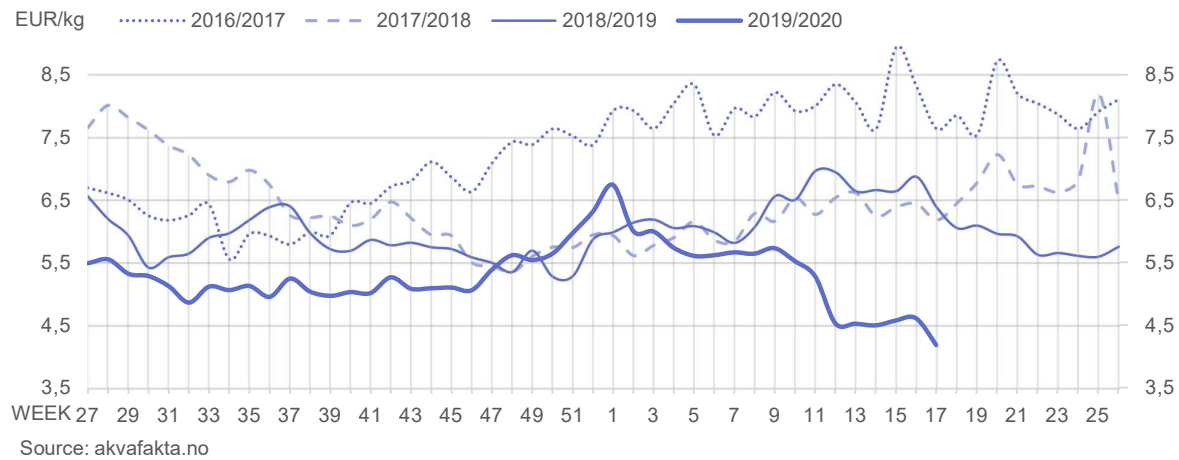
The recent states of emergency declared in many countries has notably affected the market price of raw fish. As at the end of the reporting period the price of salmon has decreased by 31.1% and the price of rainbow trout by 32.0% compared to the prices a year ago. Over the two-year period, the price of salmon has decreased by 43.2% and the trout by 31.7%. The price of salmon has decreased by 33.7% and of rainbow trout by 43.9% 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	9m 19/20	9m 18/19	9m 19/20 vs 9m 18/19	9m 17/18	9m 19/20 vs 9m 17/18	9m 16/17	9m 19/20 vs 9m 16/17
Salmon	5.65	5.91	-4.4%	5.72	-1.3%	6.98	-19.0%
Rainbow trout	5.35	5.90	-9.3%	6.20	-13.7%	6.80	-21.3%

As at the end of the reporting period the average market price of salmon and rainbow trout have decreased by 4.4% and 9.3%, 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 1.3% and 13.7%, respectively. The average fish prices have decreased compared to the prices three years ago: salmon by 19.0% and rainbow trout by 21.3%.

## 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

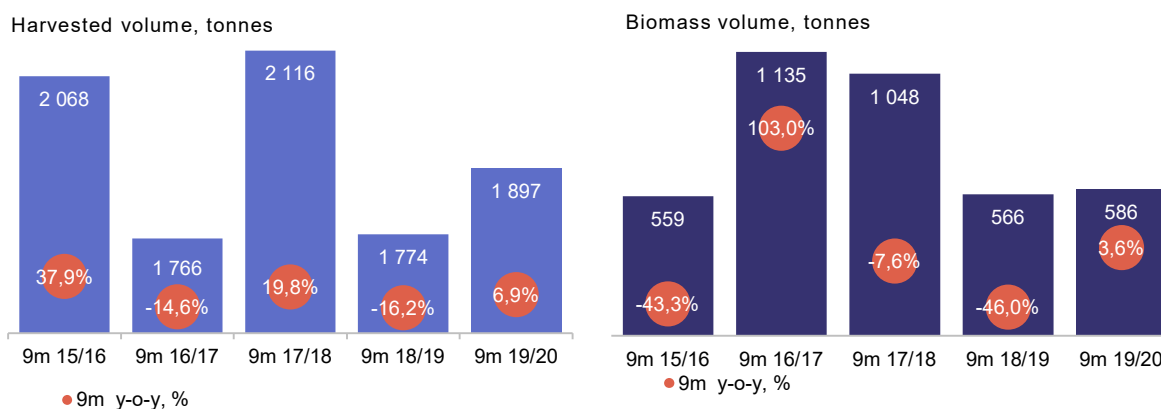
	9m 19/20	9m 18/19	Change, tonnes 9m 19/20 vs 9m 18/19	Change, % 9m 19/20 vs 9m 18/19
Biomass at the beginning of the period	987	1,184	-197	-16.6%
Biomass at the end of the period	586	566	20	3.6%
Harvested fish (in live weight)	1,897	1,774	123	6.9%

Biological assets totalled 586 tonnes as at 31.03.2020, an increase by 20 tonnes, i.e. 3.6% compared to the same period last year. A total of 1,897 tonnes fish was harvested during the 9 months of the financial year, i.e. 123 tonnes or 6.9% more compared to the same period a year ago.

### BIOMASS VOLUME AND AVERAGE PRICE, EUR/KG

	9m 19/20	9m 18/19	Change, mln EUR 9m 19/20 vs 9m 18/19	Change, % 9m 19/20 vs 9m 18/19
Biological assets at the end of period, mln EUR	2.59	2.89	-0.30	-10.5%
Biomass volume at the end of period, tonnes	586	566	20	3.6%
Average price, EUR/kg	4.42	5.12	-0.70	-13.6%
Fair value adjustment of biological assets, mln EUR	-0.53	-2.01	1.48	-73.7%

The fair value of biological assets was 2.6 million euros compared to 2.9 million euros a year ago. Average price of biomass was 4.42 euros per kg during the 9-months period of 2019/2020 compared to 5.12 euros per kg during the comparable period a year ago.



## 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. On the meeting held on 15 November 2017 the supervisory board decided to extend the current management board member Indrek Kasela's term of office by 3 years, until 15 November 2020. 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 of 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. He serves also as a board member in several companies and NPOs domiciled abroad.

The Supervisory Board of AS PRFoods is currently 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. According to law, the 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](http://www.prfoods.ee).

### PRFOODS' SHARES HELD BY THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BOARDS AND THE PERSONS/COMPANIES RELATED TO THEM AS AT 31.03.2020:

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.

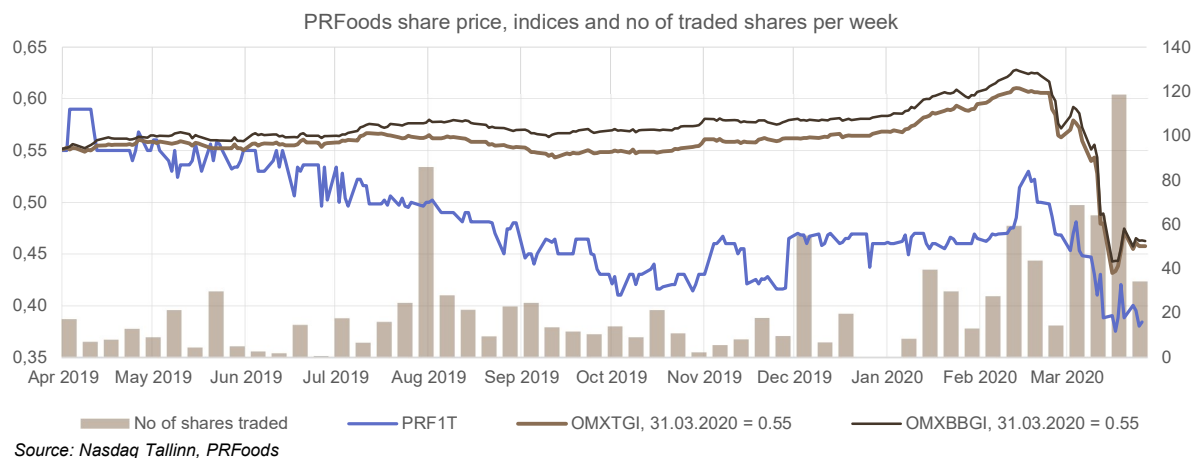
PRFoods shares are listed in the main list of Nasdaq Tallinn Stock Exchange since 5 May 2010. PRFoods shares do not have an official market maker. PRFoods share is a component in OMX Tallinn General Index and in OMX Baltic General Index.

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

Baltic comparison index decreased 16.9% over one year, Tallinn Stock Exchange All-Share index decreased by 18.2% and PRFoods share price decreased by 30.5%.

	Index / Share	Ticker / index	31.03.2020	31.03.2019	Change
●	PRF1T	PRF1T	0.382	0.550	-30.55%
●	OMX Baltic Benchmark GI	OMXBBGI	777.91	935.79	-16.87%
●	OMX Tallinn GI	OMXTGI	1,013.54	1,238.48	-18.16%



### TRADING STATISTICS

Price (EUR)	1Q 2020	4Q 2019	3Q 2019	2Q 2019	1Q 2019	4Q 2018	3Q 2018	2Q 2018	1Q 2018
Open	0.461	0.430	0.502	0.590	0.610	0.695	0.740	0.770	0.600
High	0.530	0.470	0.534	0.590	0.670	0.695	0.780	0.855	0.795
Low	0.361	0.410	0.430	0.490	0.550	0.530	0.675	0.710	0.600
Last	0.382	0.460	0.430	0.534	0.550	0.610	0.690	0.740	0.770
Traded volume, thousand	529	180	294	134	294	798	973	595	821
Turnover, mln	0.23	0.08	0.14	0.07	0.18	0.47	0.71	0.47	0.57
Market capitalisation, mln	14.78	17.79	16.63	20.66	21.28	23.60	26.69	28.63	29.79

A total of 886 trades were conducted with PRFoods' shares during the first quarter of 2020. A total of 529,141 shares changed hands forming 1.4% of the company's shares. The average trade volume was 597 shares.

Turnover of share trading amounted to 0.23 million euros in 1Q 2020 compared to 0.08 million euros in the previous quarter. The highest share price in 1Q 2020 was 0.530 euros and the lowest was 0.361 euros.

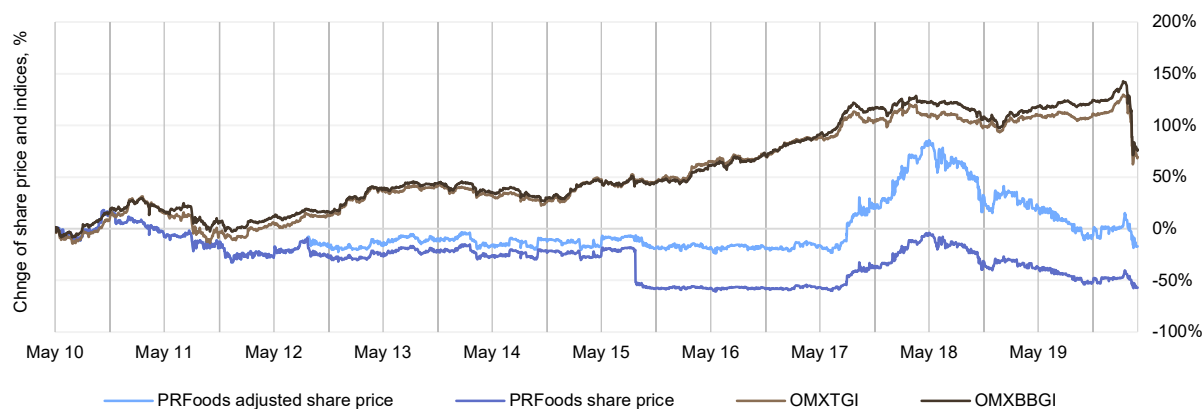
The closing price of the share was 0.382 euro as at 31.03.2020 and the company's market capitalisation was 14.78 million euros.

## MARKET RATIOS

Ratios	Formula	31.03.20	31.12.19	30.09.19	30.06.19
EV/Sales	(Market Cap + Net Debt) / Sales	0.50	0.43	0.48	0.48
EV/EBITDA from operations	(Market Cap + Net Debt) / EBITDA from operations	11.01	9.98	10.30	11.09
EV/EBITDA	(Market Cap + Net Debt) / EBITDA	16.19	17.47	23.59	15.90
Price/EBITDA from operations	Market Cap / EBITDA from operations	5.12	4.54	5.18	6.00
Price/EBITDA	Market Cap / EBITDA	7.53	7.96	11.85	8.60
Price-to-Earnings	Market Cap / Net Earnings	neg	neg	neg	neg
Price-to-Book	Market Cap / Equity	0.68	0.73	0.94	0.97

Market Capitalisation (Market Cap), Net Debt and Equity as at 31.12.2019; sales, EBITDA and Net Profit/Loss for the trailing 12 months

## THE DYNAMICS OF THE SHARE PRICE AND INDICES FROM 5<sup>TH</sup> MAY 2010 TO 31<sup>ST</sup> OF MARCH 2020:



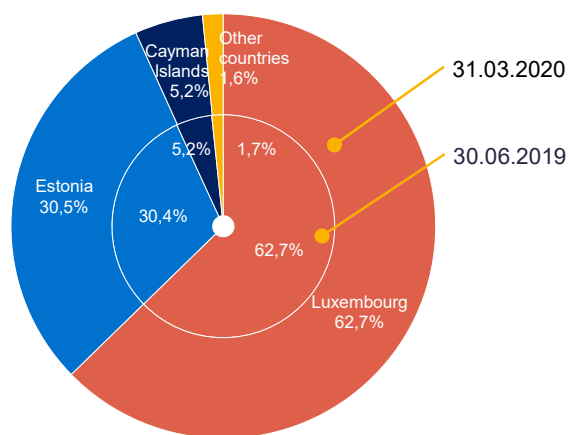
The decrease of PRFoods' share price since its listing in 2010, adjusted with the capital reduction payments, is 17.0%. The Baltic Benchmark index has increased by 76.8% during this period, Tallinn Stock Exchange index by 69.4% and PRFoods' share price unadjusted with the reductions of the share's nominal value in August of 2012 and 2015 by 40-euro-cents in total has decreased by 57.1%. 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

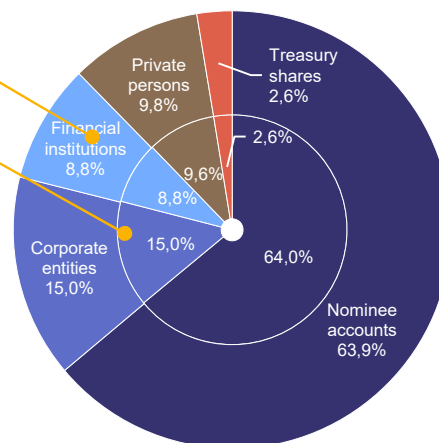
### SHAREHOLDERS OF AS PRFOODS

	Number of shares 31.03.2020	% of total 31.03.2020	Number of shares 30.06.2019	% of total 30.06.2019	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%	1,593,623	4.12%	19,994
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%	-
<b>Total largest shareholders</b>	<b>31,613,590</b>	<b>81.73%</b>	<b>31,593,596</b>	<b>81.67%</b>	<b>19,994</b>
Other minority shareholders	6,069,270	15.69%	6,089,264	15.74%	-19,994
Treasury shares	1,000,000	2.59%	1,000,000	2.59%	-
<b>Total</b>	<b>38,682,860</b>	<b>100.00%</b>	<b>38,682,860</b>	<b>100.00%</b>	<b>-</b>

SHAREHOLDERS BY RESIDENCE



SHAREHOLDERS BY INVESTOR TYPE



### SHAREHOLDERS ACCORDING TO NUMBER OF SHARES, 31.03.2020

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1 ... 1 000	823	51.1%	356,989	0.9%
1 001 ... 10 000	662	41.1%	2,117,113	5.5%
10 001 ... 50 000	101	6.3%	2,168,255	5.6%
50 001 ... 100 000	9	0.6%	640,101	1.7%
100 001 ...	15	0.9%	33,400,402	86.3%
<b>Total</b>	<b>1,610</b>	<b>100.0%</b>	<b>38,682,860</b>	<b>100.0%</b>



## BOND AND BONDHOLDERS

On 19.12.2019 the Company announced that it plans to issue bonds, including both 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.

On 21.01.2020 the company announced that the bond issue has been 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.

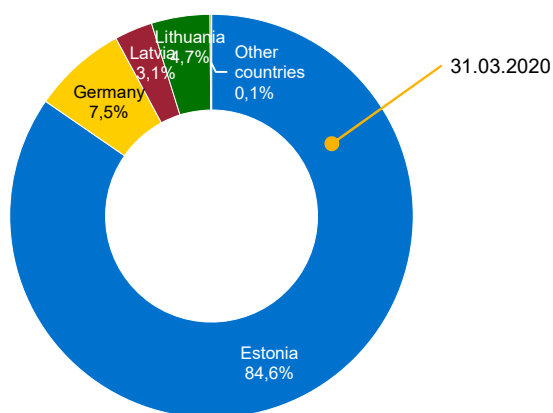
A total of 90,096 bonds were issued to investors on 22.01.2020 in a private placement. Bonds to be issued in a public offering comprised all bonds not subscribed in a non-public offering. Upon completion of the public offering of the bonds, the company lists the bonds on Tallinn Stock Exchange. At the time of publishing the report, the bonds are listed. 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, and in the bond issue prospectus.

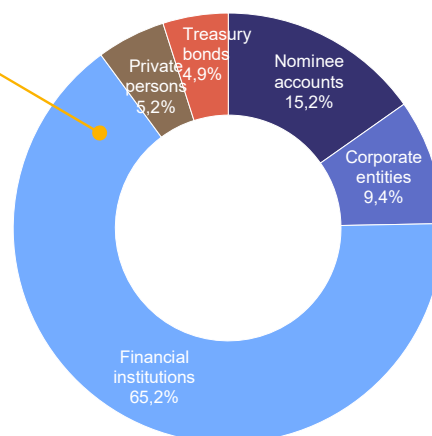
### THE LARGEST BONDHOLDERS OF AS PRFOODS

	Value of bonds 31.03.2020	% of total 31.03.2020
Swedbank Pensionfund K60	3,940,000	39.4%
Swedbank Pensionfund K30	800,000	8.0%
Clearstream Banking AG	750,000	7.5%
Spring Capital Growth Fund 1	505,300	5.1%
<b>Total largest bondholders</b>	<b>5,995,300</b>	<b>60,0%</b>
Other bondholders	3,512,100	35,1%
Treasury bonds	492,600	4.9%
<b>Total</b>	<b>10,000,000</b>	<b>100.00%</b>

BONDHOLDERS BY RESIDENCE



BONDHOLDERS BY INVESTOR TYPE





BONDHOLDERS BY VALUE OF BONDS, 31.03.2020

Value of bonds	Number of bondholders	% of bondholders	Value of bonds	% of bond value
1 ... 1 000	5	6.0%	4,100	0.0%
1 001 ... 10 000	24	28.6%	145,500	1.5%
10 001 ... 50 000	39	46.4%	961,000	9.6%
50 001 ... 100 000	4	4.8%	341,400	3.4%
100 001 ...	12	14.3%	8,548,000	85.5%
<b>Kokku</b>	<b>84</b>	<b>100.0%</b>	<b>10,000,000</b>	<b>100.0%</b>

# CONDENSED INTERIM ACCOUNTING REPORT

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# CONDENSED INTERIM ACCOUNTING REPORT

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR '000	Note	31.03.2020	31.03.2019	30.06.2019
<b>ASSETS</b>				
Cash and cash equivalents	(Note 2)	3,023	6,219	2,583
Receivables and prepayments	(Note 3)	4,095	4,252	5,300
Inventories	(Note 4)	9,656	11,409	11,980
Biological assets	(Note 5)	2,590	2,894	4,924
<b>Total current assets</b>		<b>19,364</b>	<b>24,774</b>	<b>24,787</b>
Deferred income tax		18	17	41
Long-term financial investments		215	135	202
Tangible fixed assets	(Note 6)	14,135	14,842	14,535
Intangible assets	(Note 7)	23,208	23,714	22,969
<b>Total non-current assets</b>		<b>37,576</b>	<b>38,708</b>	<b>37,747</b>
<b>TOTAL ASSETS</b>		<b>56,940</b>	<b>63,482</b>	<b>62,534</b>
<b>EQUITY AND LIABILITIES</b>				
Loans and borrowings	(Note 8, 9)	9,518	14,598	13,502
Payables	(Note 10)	12,142	11,563	14,105
Government grants		187	245	234
<b>Total current liabilities</b>		<b>21,847</b>	<b>26,406</b>	<b>27,841</b>
Loans and borrowings	(Note 8, 9)	10,489	10,296	9,540
Payables	(Note 10)	190	388	190
Deferred tax liabilities		1,854	1,918	2,010
Government grants		962	1,198	1,087
<b>Total non-current liabilities</b>		<b>13,495</b>	<b>13,800</b>	<b>12,827</b>
<b>TOTAL LIABILITIES</b>		<b>35,342</b>	<b>40,206</b>	<b>40,668</b>
Share capital		7,737	7,737	7,737
Share premium		14,007	14,007	14,007
Treasury shares		-390	-390	-390
Statutory capital reserve		51	51	51
Currency translation difference		147	556	-214
Retained profit (-loss)		-550	576	66
<b>Equity attributable to parent</b>		<b>21,002</b>	<b>22,537</b>	<b>21,257</b>
Non-controlling interest		596	739	609
<b>TOTAL EQUITY</b>	(Note 11)	<b>21,598</b>	<b>23,276</b>	<b>21,866</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>56,940</b>	<b>63,482</b>	<b>62,534</b>

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

EUR '000	Note	3Q 2019/2020	3Q 2018/2019	9m 2018/2019	9m 2018/2019
Revenue	(Note 12)	18,488	18,120	63,191	64,242
Cost of goods sold	(Note 13)	-16,497	-15,999	-54,293	-54,447
<b>Gross profit</b>		<b>1,991</b>	<b>2,121</b>	<b>8,898</b>	<b>9,795</b>
<b>Operating expenses</b>		<b>-2,635</b>	<b>-2,561</b>	<b>-8,402</b>	<b>-8,180</b>
Selling and distribution expenses		-1,735	-1,775	-5,673	-5,702
Administrative expenses		-900	-786	-2,729	-2,478
Other income / expense		-35	-114	299	189
Fair value adjustment on biological assets	(Note 5)	-754	-457	-530	-2,012
<b>Operating profit (loss)</b>		<b>-1,433</b>	<b>-1,011</b>	<b>265</b>	<b>-208</b>
Financial income/expense		-384	-112	-777	-607
<b>Profit (loss) before tax</b>		<b>-1,817</b>	<b>-1,183</b>	<b>-512</b>	<b>-815</b>
Income tax		120	-13	-119	-17
<b>Net profit (loss) for the period</b>		<b>-1,697</b>	<b>-1,196</b>	<b>-631</b>	<b>-832</b>
<b>Net profit (loss) attributable to:</b>					
Owners of the Parent Company		-1,658	-1,177	-616	-948
Non-controlling interest		-39	-19	-15	116
<b>Total net profit (loss)</b>		<b>-1,697</b>	<b>-1,196</b>	<b>-631</b>	<b>-832</b>
<b>Other comprehensive income (loss) that may subsequently be classified to profit or loss:</b>					
Foreign currency translation differences		-20	626	361	549
<b>Total comprehensive income (expense)</b>		<b>-1,717</b>	<b>-570</b>	<b>-270</b>	<b>-283</b>
<b>Total comprehensive income (expense) attributable to:</b>					
Owners of the Parent Company		-1,684	-551	-255	-399
Non-controlling interest		-33	-19	-15	116
<b>Total comprehensive income (expense) for the period</b>		<b>-1,717</b>	<b>-570</b>	<b>-270</b>	<b>-283</b>
Profit (loss) per share (EUR)	(Note 11)	-0.04	-0.01	-0.01	-0,01
Diluted profit (loss) per share (EUR)	(Note 11)	-0.04	-0.01	-0.01	-0,01

# CONSOLIDATED CASH FLOW STATEMENT

EUR '000	Note	9m 2019/2020	9m 2018/2019
<b>Total cash flow from operations</b>			
Net profit (loss)		-631	-832
Adjustments:			
Depreciation	(Note 6, 7)	1,697	1,653
Profit from sale and write off of fixed assets		0	-8
Other non-cash items		464	-1,529
Changes in receivables and prepayments		1,228	590
Changes in inventories	(Note 4)	2,324	1,269
Changes in biological assets	(Note 5)	2,334	3,604
Changes in payables and prepayments		0	0
Corporate income tax paid		-59	-105
<b>Total cash flow from / (used in) operating activities</b>		<b>5,448</b>	<b>5,398</b>
<b>Total cash flow from investments</b>			
Sale of tangible and intangible fixed assets	(Note 6, 7)	15	44
Purchase of tangible and intangible fixed assets	(Note 6, 7)	-1,369	-1,534
Government grants for acquisition of assets	(Note 7)	0	42
Purchase and sale of other financial instruments		-20	-1
Acquisition of subsidiaries, net cash received		-131	-2,631
Interest received		-5	15
<b>Total cash flow used in investing activities</b>		<b>-1,510</b>	<b>-4,065</b>
<b>Total cash flow from financing</b>			
Change in overdraft		-1,548	1,793
Repayments of loans		-10,248	-2,530
Loans received		159	907
Change in factored receivables	(Note 9)	-9	8
Capital lease repayments	(Note 8)	-259	-464
Secured bonds received	(Note 9)	9,014	0
Dividends paid		-132	-170
Interest paid		-475	-618
<b>Total cash flow (used in)/from financing activities</b>		<b>-3,498</b>	<b>-1,074</b>
<b>Total cash flow</b>			
		<b>440</b>	<b>259</b>
Cash and cash equivalents at beginning of the period	(Note 2)	2,583	5,960
Change in cash and cash equivalents		440	259
Cash and cash equivalents at the end of the period	(Note 2)	3,023	6,219

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR '000	Share capital	Share premium	Own shares	Statutory capital reserve	Translation reserve	Retained earnings (-loss)	Total	Non-controlling interests	Total equity
Balance at 30.06.2018	7,737	14,007	-390	48	7	1,904	<b>23,313</b>	-2	<b>23,311</b>
Statutory reserve capital	0	0	0	3	0	-3	<b>0</b>	0	<b>0</b>
Dividends	0	0	0	0	0	-377	<b>-377</b>	0	<b>-377</b>
Transactions with equity holders of the company	0	0	0	3	0	-380	<b>-377</b>	0	<b>-377</b>
Net loss for the period	0	0	0	0	0	-1 458	<b>-1 458</b>	-14	<b>-1 472</b>
Non-controlling interests on acquisition of subsidiary	0	0	0	0	0	0	<b>0</b>	625	<b>625</b>
Other comprehensive expense	0	0	0	0	-221	0	<b>-221</b>	0	<b>-221</b>
Total comprehensive expense for the period	0	0	0	0	-221	-1 458	<b>-1 679</b>	611	<b>-1 068</b>
<b>Balance at 30.06.2019</b>	<b>7,737</b>	<b>14,007</b>	<b>-390</b>	<b>51</b>	<b>-214</b>	<b>66</b>	<b>21,257</b>	<b>609</b>	<b>21,866</b>
Net loss for the period	0	0	0	0	0	-616	<b>-616</b>	-15	<b>-631</b>
Other comprehensive income	0	0	0	0	361	0	<b>361</b>	0	<b>361</b>
Total comprehensive expense for the period	0	0	0	0	361	-616	<b>-255</b>	-15	<b>-270</b>
<b>Balance at 31.03.2020</b>	<b>7,737</b>	<b>14,007</b>	<b>-390</b>	<b>51</b>	<b>147</b>	<b>-550</b>	<b>21,002</b>	<b>596</b>	<b>2, 598</b>

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 31.03.2020 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 (CCFFT) 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 2019 is available on PRFoods' website [www.prfoods.ee](http://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 current financial year began on 1 July 2019 and ends on 30 June 2020.

## 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 30.06.2019 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 30.06.2019 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 9 months of the financial year 2019/2020 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	31.03.2020	31.03.2019	30.06.2019
Cash on hand	23	5	12
Bank accounts	3,000	6,214	2,571
Total cash and cash equivalents	3,023	6,219	2,583

### NOTE 3. RECEIVABLES AND PREPAYMENTS

EUR '000	31.03.2020	31.03.2019	30.06.2019
Trade receivables	3,463	3,496	4,458
Allowance for doubtful receivables	-9	-19	-9
Other receivables	75	6	11
Prepaid expenses	277	390	352
Prepaid taxes	286	376	486
Other prepayments	3	3	2
<b>Total receivables and prepayments</b>	<b>4,095</b>	<b>4,252</b>	<b>5,300</b>

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	31.03.2020	31.03.2019	30.06.2019
Raw materials and materials	3,497	6,177	6,781
Work-in-progress	1,374	1,241	1,490
Finished goods	4,077	3,586	3,264
Goods purchased for sale	626	395	445
Good in transit	82	10	0
<b>Total inventories</b>	<b>9,656</b>	<b>11,409</b>	<b>11,980</b>

During the accounting period inventories were written off by 69 thousand euros.

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

### NOTE 5. BIOLOGICAL ASSETS

EUR '000	31.03.2020	31.03.2019	30.06.2019
Fry	544	406	852
Juveniles	1,960	1,787	1,097
Fish suitable for harvesting	86	701	2,975
<b>Total biological assets</b>	<b>2,590</b>	<b>2,894</b>	<b>4,924</b>

The Group produces in its fish farms located in Finland and Sweden mainly rainbow trout (*Oncorhynchus mykiss*), and in a lesser degree also whitefish (*Coregonus lavaretus*).



## CHANGE IN BIOLOGICAL ASSETS

EUR '000	9m 2019/2020	9m 2018/2019	12m 2018/2019
Biological assets at beginning of the period	4,924	6,498	6,498
Purchased	208	359	1,037
Additions	4,139	3,604	5,056
Fair value adjustments	-530	-2,012	-1,744
Harvested	-6,002	-5,522	-5,849
Written off	-24	-33	-33
Fry and live fish sold	-27	-15	-14
Exchange rate differences	-98	15	-27
Biological assets at end of the period	2,590	2,894	4,924

The total increase in biological assets, which consists of the increase in biological assets and the change in the fair value was 3.6 million euros during the 9 months of 2019/2020. During the 9 months of 2018/2019 the increase was 1.6 million euros.

In "Additions" the Group has capitalised subsequent 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. More information in the annual report.

## NOTE 6. PROPERTY, PLANT AND EQUIPMENT

EUR '000	31.03.2020	31.03.2019	30.06.2019
<b>Land and buildings</b>			
Cost	12,366	13,133	12,762
Accumulated depreciation	-4,822	-5,295	-5,185
Land and buildings at carrying amount	7,544	7,838	7,577
<b>Machinery and equipment</b>			
Cost	15,743	16,938	16,976
Accumulated depreciation	-9,789	-10,697	-10,475
Machinery and equipment at carrying amount	5,954	6,241	6,501
<b>Other tangible assets</b>			
Cost	781	1,003	984
Accumulated depreciation	-538	-729	-726
Other tangible assets at carrying amount	243	274	258
<b>Construction in progress. prepayments</b>			
	394	489	199
<b>Total property. plant and equipment</b>	<b>14,135</b>	<b>14,842</b>	<b>14,535</b>

Property, plant and equipment acquired under the finance lease terms are disclosed in Note 8.

## NOTE 7. INTANGIBLE ASSETS

EUR '000	31.03.2020	31.03.2019	30.06.2019
Goodwill	14,260	14,716	14,173
Trademarks and patents			
Cost	8,780	9,025	8,695
Accumulated amortisation	-1,200	-1,167	-1,195
Trademarks and patents at carrying amount	7,580	7,858	7,500
Immaterial rights			
Cost	1,017	996	1,032
Accumulated amortisation	-435	-405	-413
Immaterial rights at carrying amount	582	591	619
Software licenses			
Cost	465	642	611
Accumulated amortisation	-348	-522	-476
Software licenses at carrying amount	117	120	135
Prepayments for intangible assets	669	429	542
Total intangible assets	23,208	23,714	22,969

## NOTE 8. FINANCE LEASE

### FIXED ASSETS ACQUIRED UNDER FINANCE LEASE

EUR '000	31.03.2020	31.03.2019	30.06.2019
Machinery and equipment			
Cost	1,994	1,767	1,886
Accumulated depreciation	-600	-547	-439
Machinery and equipment at carrying amount	1,394	1,220	1,447
Means of transport			
Cost	407	279	290
Accumulated depreciation	-134	-151	-164
Means of transport at carrying amount	273	128	126
Total property, plant and equipment	1,667	1,348	1,573

The Group is leasing under financial lease terms fish industry production equipment, fish harvesting equipment, a workboat, a tractor, passenger cars and computers.

### FINANCE LEASE PAYABLES

EUR '000	31.03.2020	31.03.2019	30.06.2019
Present value of finance lease liability			
Due in less than 1 year	523	335	324
Due between 1-5 years	575	880	868
Total	1,098	1,215	1,192

EUR '000	9m 2019/2020	9m 2018/2019	12m 2018/2019
Principal payments in the accounting period	276	464	554
Interest expenses in the accounting period	16	14	20
Average interest rate	1.78%	1.30%	1.82%

See also Notes 6 and 9.

## NOTE 9. BORROWINGS

EUR '000	31.03.2020	31.03.2019	30.06.2019
Finance lease liabilities (Note 8)	523	335	324
Overdraft	7,235	9,867	8,783
Factoring	0	8	9
Investment loans	1,760	4,388	4,389
<b>Total short-term loans</b>	<b>9,518</b>	<b>14,598</b>	<b>13,502</b>
Finance lease liabilities (Note 8)	575	880	868
Loan notes to shareholders	446	461	441
Secured bonds	8,692	0	0
Investment loans	776	8,955	8,231
<b>Total long-term loans</b>	<b>10,489</b>	<b>10,296</b>	<b>9,540</b>
incl. payable within 1-5 years	10,489	10,296	9,540

Investment loans as at 31.03.2020 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%.

In January 2020 an investment loan in the amount of 8.7 million euros to SEB was repaid and the company issued secured bond notes with redemption term on 22.02.2025 (please see bond terms page 24). The bonds are recorded in the balance sheet at a discounted value.

## NOTE 10. PAYABLES AND PREPAYMENTS

EUR '000	31.03.2020	31.03.2019	30.06.2019
Trade payables	6,195	5,210	8,198
Payables to employees	946	1,066	997
Liabilities from business combination	2,685	2,951	2,850
Interest payables	236	76	100
Dividend payables	0	377	0
Other payables	311	165	215
Tax liabilities. incl.:	1,769	1,718	1,745
Social security tax	184	224	161
VAT	1,169	841	1,063
Personal income tax	190	176	119
Corporate income tax	158	360	330
Other taxes	68	117	72
<b>Total short-term payables and prepayments</b>	<b>12,142</b>	<b>11,563</b>	<b>14,105</b>
Payables from acquisitions	190	388	190
<b>Total long-term payables</b>	<b>190</b>	<b>388</b>	<b>190</b>

Liabilities from business combination includes contingent provisions to non-controlling interests' buyout in the amount of 2,621 thousand euros. Please see Note 14.

## NOTE 11. EQUITY

### SHARE CAPITAL

As at 31.03.2020, the Company's registered share capital was 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](http://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.

### OWN SHARES

As at 31.03.2020 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. The shareholders resolved on the general meeting held on 30.10.2018 to transfer 2,850 euros from the net profit of the financial year of 2017/2018 to the capital reserve, to pay dividends in the amount of 386,829 euros from the retained earnings i.e. 0.01 euros per share, and not to distribute the remaining profit. Dividends were paid out on 05.04.2019.

The financial year of 2018/2019 ended with net loss and no transfers to capital reserve were made. As per the decision of the shareholders' meeting from 19.12.2019 the loss was covered from the retained earnings.

### 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.

	9m 2019/2020	9m 2018/2019	12m 2018/2019
Net profit (loss) attributable to equity holders of the company EUR '000	-616	-948	-1,693
Average number of shares (in thousands)	38,683	38,683	38,683
Earnings (-loss) per share (EUR)	-0,01	-0.02	-0.04
Earnings (-loss) per share (EUR)	-0,01	-0.02	-0.04
Diluted earnings (-loss) per share (EUR)	-0,01	-0.02	-0.04

## 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	9m 2019/2020			9m 2018/2019		
	Finland. Sweden. Estonia	Great Britain	Total	Finland. Sweden. Estonia	Great Britain	Total
External revenue	50,333	12,866	63,199	51,123	13,125	64,248
Inter-segment revenue	0	-8	-8	0	-6	-6
<b>Total revenue</b>	<b>50,333</b>	<b>12,858</b>	<b>63,191</b>	<b>51,123</b>	<b>13,119</b>	<b>64,242</b>
Fair value adjustment on biological assets	-530	0	-530	-2,012	0	-2,012
<b>EBITDA</b>	<b>538</b>	<b>1,411</b>	<b>1,949</b>	<b>140</b>	<b>1,305</b>	<b>1,445</b>
Depreciation and amortisation	-1,377	-320	-1,697	-1,314	-339	-1,653
<b>Operating profit</b>	<b>-826</b>	<b>1,091</b>	<b>265</b>	<b>-1,174</b>	<b>966</b>	<b>-208</b>
Financial income and expenses	-675	-102	-777	-510	-97	-607
Income tax	95	-214	-119	192	-209	-17
<b>Net profit (-loss)</b>	<b>-1,406</b>	<b>775</b>	<b>-631</b>	<b>-1,492</b>	<b>660</b>	<b>-832</b>
<b>Segment assets</b>	<b>36,572</b>	<b>20,368</b>	<b>56,940</b>	<b>42,389</b>	<b>21,093</b>	<b>63,482</b>
incl. current assets	16,135	3,229	19,364	21,173	3,601	24,774
incl. non-current assets	20,437	17,139	37,576	21,216	17,492	38,708
<b>Segment liabilities</b>	<b>30,738</b>	<b>4,461</b>	<b>35,199</b>	<b>35,527</b>	<b>4,679</b>	<b>40,206</b>
Segment investments in tangible and intangible assets	1,067	492	1,559	1,879	132	2,011
Assets acquired through business combination*	448	0	448	1,650	0	1,650

\* The amount does not include financial instruments, deferred tax assets.

#### SALES BY GEOGRAPHIC REGIONS

EUR '000	9m 2019/2020	9m 2018/2019	12m 2018/2019
Finland	41,173	44,892	59,885
United Kingdom	8,605	9,258	12,104
Estonia	5,621	4,328	5,710
Other	7,791	5,764	8,028
<b>Total</b>	<b>63,190</b>	<b>64,242</b>	<b>85,727</b>

#### NOTE 13. COST OF GOODS SOLD

EUR '000	9m 2019/2020	9m 2018/2019	12m 2018/2019
Materials in production & cost of goods purchased for resale	-43,210	-43,435	-59,353
Staff costs	-5,320	-5,414	-7,171
Depreciation and amortisation	-1,358	-1,297	-1,741
Other costs of goods sold*	-4,405	-4,301	-5,565
<b>Total cost of goods sold</b>	<b>-54,293</b>	<b>-54,447</b>	<b>-73,830</b>

\* 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 31.03.2020 EUR '000	Payables as at 31.03.2019 EUR '000	Payables as at 30.06.2019 EUR '000
Fodiator OÜ	Shareholder Redstorm OÜ	Payable for shares	0	131	131
Amber Trust II S.C.A.	Shareholder AS PRFoods	Short term loan and interest	1,620	1,544	1,563
Christopher Leigh	Shareholder of JRJ & PRF Ltd	Loan note	295	296	283
Victoria Leigh-Pearson	Shareholder of JRJ & PRF Ltd	Loan note	165	165	158
Christopher Leigh	Contingent consideration	Payable for non-controlling interests	1,677	1,732	1,658
Victoria Leigh-Pearson	Contingent consideration	Payable for non-controlling interests	944	974	933
<b>Total</b>			<b>4,701</b>	<b>4,842</b>	<b>4,726</b>

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	9m 2019/2020	9m 2018/2019	12m 2018/2019
Short-term benefits	886	921	1,179
<b>Total</b>	<b>886</b>	<b>921</b>	<b>1,179</b>

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. BUSINESS COMBINATION

### BUSINESS COMBINATION IN THE 2018/2019 FINANCIAL YEAR – REDSTORM OÜ

On 03.07.2018 Saaremere Kala AS concluded a contract for the acquisition of 51% of shares in OÜ Redstorm, a company operating in Saaremaa, Estonia in fish farming, processing and storage. Pursuant to the conclusion of the transaction Saaremere Kala AS, a subsidiary of PRFoods, owns 51% (the share of 2,040 euros). The date of conclusion of the transaction was 06.07.2018. Purchase price of the acquired company was 0.65 million euros. Additional information on the transaction is available in the Group's 2018/2019 annual report.

### BUSINESS COMBINATION IN THE 2017/2018 FINANCIAL YEAR

On 19.09.2017 the extraordinary general meeting of AS PRFoods shareholders was held, where shareholders approved the acquisition of a majority shareholding of John Ross Jr (Aberdeen) Limited and Coln Valley Smokery Limited. The acquisition date was 21.07.2017. Additional information: [www.prfoods.ee](http://www.prfoods.ee).

On 29.08.2017 an extraordinary general meeting of AS PRFoods shareholders was held, where shareholders approved the acquisition of Trio Trading Ab Oy. The acquisition date was 30.08.2017. Additional information: [www.prfoods.ee](http://www.prfoods.ee).

## NOTE 16. ASSOCIATE COMPANIES

### ASSOCIATE COMPANY IN 2018/2019 FINANCIAL YEAR – 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.

### ASSOCIATE COMPANY – AS TFTAK (20% holding)

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

## NOTE 17. CONTINGENT LIABILITIES

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

A mortgage in the amount of 84 thousand euros is set in favour of the Finnish Customs Board. The purpose of the transaction is more streamlined daily operations by reducing persistent prepayments to the Customs Board.

The management estimates the execution of the mortgage collateral in favour of the Finnish Customs Board unlikely.

## MANAGEMENT BOARD'S CONFIRMATION TO THE INTERIM REPORT

**The Management Board confirms the correctness and completeness of the consolidated condensed interim report for the 3<sup>rd</sup> quarter and 9 months of the financial year 2019/2020 of AS PRFoods and its subsidiaries (together the Group) presented in the pages 7 – 40 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

17 May 2020