AS PRFoods
Consolidated Audited Annual Report 2023/2024
(translation from the Estonian original)

2023/2024
ANNUAL REPORT

PRFOODS

Business name	AS PRFoods
Commercial register number	11560713
Address	Kärsa, Suure-Rootsi, Saaremaa parish, Saare county, 94129, Estonia
Phone	+372 452 1470
Website	prfoods.ee
Main activities	Production and sale of fish products Fish farming
Reporting period	1 July 2023 – 30 June 2024
Auditor	KPMG Baltics OÜ

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CORPORATE PROFILE

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

On 30.11.2023, AS PRFoods' subsidiary, Saaremere Kala AS, signed an agreement for the sale of its 51% share in Redstorm OÜ to Saare Fishexport OÜ. The transaction has been completed. During the same transaction, the building permit issued by the Consumer Protection and Technical Regulatory Authority on September 19, 2003, was transferred to OÜ Energy Port, which has been 100% owned by OÜ Saare Fishexport since November 28, 2003.

Saare Kala Tootmine OÜ, a 100% subsidiary of Saaremere Kala AS, has entered into a long-term cooperation agreement with Redstorm OÜ for the resale and processing of fish grown by the latter, ensuring local fish supplies to Saare Kala Tootmine.

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.

The Group's main activities are the production and marketing of fish products. The Group's main product range includes salmon and rainbow trout products. The necessary raw fish is purchased by the Group from Estonia, Norway, and Denmark. Fish products are manufactured in two modern factories located in Saaremaa (Estonia) and Aberdeen (Great Britain).

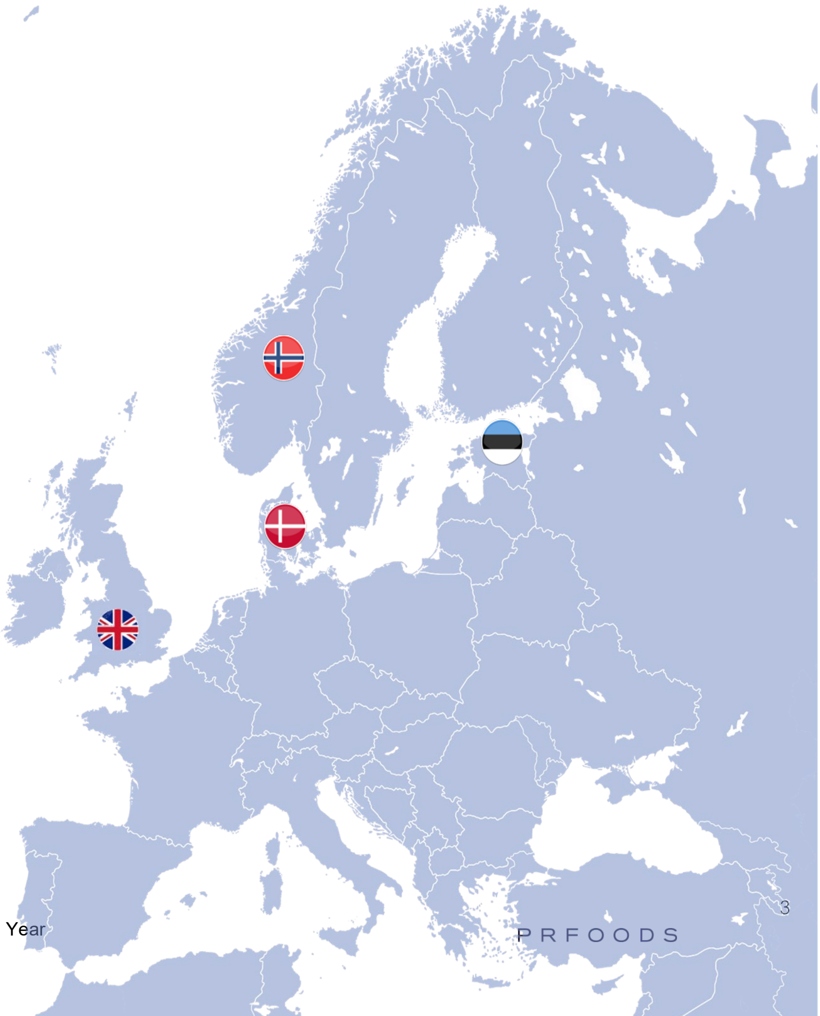
Products of the Group are sold as leading brands in their respective operating market and the primary focus is on higher value-added premium products, increasing thereby the profitability of the company.

In our factories, we primarily process rainbow trout and salmon, and in smaller quantities, also whitefish, perch, pike-perch, vendace, sprat, and herring. We always place the fish in a place of honour during processing, which is why we smoke the fish using traditional alder wood chips. Since our product range is quite wide, a favourite product can be found for the whole family – lightly salted trout slices, which have been awarded 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.

THE GEOGRAPHY OF PRODUCTION AND SALES

Purchase of raw fish	Norway Denmark Estonia
Production	Estonia Great Britain
Sales	Great Britain Estonia



MISSION

PRFoods produces a variety of tasty, healthy and innovative fish products. With our high-quality products, we are a reliable partner for both end users and stores. PRFoods is caring and innovative, socially responsible and modern. Environmental friendliness is very important to us, and we are trying to minimize our environmental footprint with innovative packaging lines and materials and renewable energy solutions.

VISION

We wish to be the best and well-known dealer and producer of delicious eco-friendly fish and fish products in the British and Baltic markets and the seller of high value premium fish products worldwide.

STRATEGIC OBJECTIVES

- To be among the two leading brands in our operating markets and a recognized premium seafood brand globally.
- To achieve operating EBITDA margin at least 7%.
- To distribute up to 30% of the annual net profit as dividends.

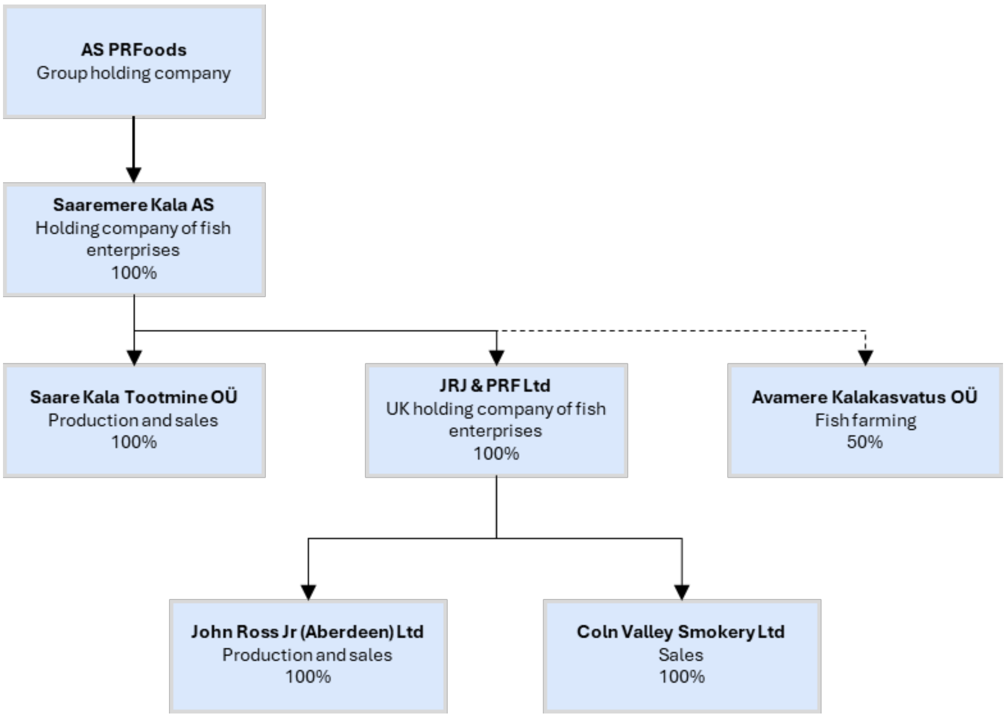
STRENGTHS

- Determined - objective-driven organisational development and competent employees.
- Well-known -leading brands in the Scandinavian, Baltic markets and in the Great Britain.
- History and competence - well-established products on the Finnish and Great Britain market for more than 30 years.
- Sustainability -geographically suitable scope and diversified product portfolio ensure sustainable development.

RISKS

- High volatility of raw material prices.

GROUP STRUCTURE AS AT 30.06.2024



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

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

In addition, 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”, “Saare Kala” and “John Ross Jr Aberdeen“.

MANAGEMENT REPORT

MANAGEMENT REPORT

OVERVIEW OF ECONOMIC ACTIVITIES

Management Commentary

The financial year 2023/2024 will go down in PRFoods' history as a year full of changes. In the winter of 2023, we exited the rainbow trout farming business located in Saaremaa through the sale of Redstorm OÜ. This exit from fish farming was a necessary step to reduce the Group's debt burden and to focus on and strengthen our core activities. To ensure the supply of local fish, a long-term cooperation agreement has been signed with Redstorm OÜ for the resale and processing of the fish they produce, to meet the needs of the Group's Estonian fish processing unit. The collaboration between the two companies ensures that the Group's production unit in Saaremaa can offer fish products made from rainbow trout farmed in Estonia in its product range.

The year also brought changes to the Group's management structure. In the spring of 2024, we completed changes in the parent company's management. The entire Group has focused on improving the quality of management. Our Group companies support each other, share knowledge and expertise, and strive to create greater synergy to make the Group more efficient and profitable.

We take particular pride in the development of our Saaremaa unit. In 2024, we are entering new export markets, such as Asia and North America. Additionally, at the beginning of 2024, we re-entered the Finnish export market. We are proud and grateful to our sales and production teams in Saaremaa, whose successful efforts have demonstrated strong turnover growth in the Saaremaa unit. We continue our efforts for growth, aiming to make the Saaremaa unit profitable as well. There is still work to be done in building the Saaremaa unit, but we can now see that the chosen strategy is starting to bear fruit.

We also recognize our UK unit, which, despite crises and the volatile situations that accompany them, has maintained a positive profit margin. The Scottish management has shown resilience, upholding the level of the region's most well-known fish brand and their vision for development.

In the new financial year, the focus will be on mitigating liquidity risks stemming from the Group's high debt burden. Although the Group has undergone several restructuring efforts in recent years to improve cash flow, including cost reductions, exiting unprofitable or low value-added businesses, and reducing debt, the Group's debt burden and net debt remain high. We can confirm that the new management team has a clear focus and strategy in place, having learned from past decisions. To ensure the Group's operational sustainability and protect the interests of PRFoods AS investors and all Group employees, the Group's management plans to restructure its debt obligations. The Group's management, together with the management of its subsidiaries, is committed to finding a solution that meets the expectations of all stakeholders. At the same time, the Group will continue its strategy to improve profitability in both Estonia and the UK.

The Group's team is dedicated, crisis-experienced, and results-oriented. We sincerely thank all Group employees for their commitment and our investors for their trust and cooperation.

Sincerely,

Timo Pärn
Member of the Management Board

Kristjan Kotkas
Member of the Management Board

KEY RATIOS OF THE GROUP

KEY RATIOS*

INCOME STATEMENT mln EUR (unless stated otherwise)	Formula / Comment	2023/2024	2022/2023	2021/2022	2020/2021	2019/2020
Sales	Sales	17.1	19.6	42.1	58.7	78.3
Gross profit	Net sales – Cost of goods sold	3.2	3.6	3.1	5.0	9.6
EBITDA from operations	Profit before one-offs and fair value adjustment on biological assets	-0.3	0.3	-1.7	-1.2	2.8
EBITDA	Profit (Loss) before financial income and costs, tax, depreciation and amortisation	-0.3	0.3	-1.9	-1.3	1.9
EBIT	Operating profit (loss)	-3.3	-1.0	-4.2	-3.9	-0.7
EBT	Profit (loss) before tax	-4.6	0.4	-8.2	-5.0	-1.8
Net profit (-loss)		-4.7	0.3	-8.1	-5.2	-1.9
Gross margin	Gross profit / Net sales	18.7%	18.3%	7.4%	8.5%	12.2%
Operational EBITDA margin	EBITDA from operations/Net sales	-2.0%	1.5%	-4.1%	-2.1%	3.5%
EBITDA margin	EBITDA /Net sales	-2.0%	1.5%	-5.1%	-2.1%	2.4%
EBIT margin	EBIT / Net sales	-19.4%	-5.1%	-9.9%	-6.6%	-0.9%
EBT margin	EBT / Net sales	-26.9%	2.0%	-19.5%	-8.5%	-2.2%
Net margin	Net profit (loss) / Net sales	-27.3%	1.5%	-19.4%	-8.8%	-2.4%
Operating expense ratio	Operating expenses / Net sales	-27.1%	24.0%	17.1%	16.1%	13.4%

BALANCE SHEET mln EUR (unless stated otherwise)	Formula / Comment	30.06.2024	30.06.2023	30.06.2022	30.06.2021	30.06.2020
Net debt	Short- and long-term loans and borrowings – Cash	14.3	16.7	24.7	22.4	20.7
Equity		3.2	8.3	8.1	15.8	19.8
Working capital	Current assets – Current liabilities	-9.2	0.0	-3.2	-3.2	-4.0
Assets		21.9	30.2	38.9	55.6	57.1
Liquidity ratio	Current assets / Current liabilities	0.3x	1.0x	0.7x	0.8x	0.8x
Equity ratio	Equity / Total assets	14.6%	27.4%	20.7%	28.4%	34.7%
Gearing ratio	Net debt / (Equity + Net debt)	81.8%	66.9%	75.4%	58.7%	51.1%
Debt to Asset	Total debt/Total assets	0.9x	0.7x	0.8x	0.7x	0.7x
Net debt-to-EBITDA from operations	Net debt / EBITDA from operations	-42.5x	55.8x	-14.5x	-17.9x	7.5x
ROE	Net profit (loss) / Average equity	-81.4%	4.1%	-68.5%	-29.0%	-9.1%
ROA	Net profit (loss) / Average assets	-17.9%	1.0%	-17.3%	-9.2%	-3.2%

** Consolidating unit is a holding company and forms insignificant part of operations of the Group, thus the consolidating unit's ratios are not presented*

*** before one-offs and fair value adjustment of biological assets*

REVENUE

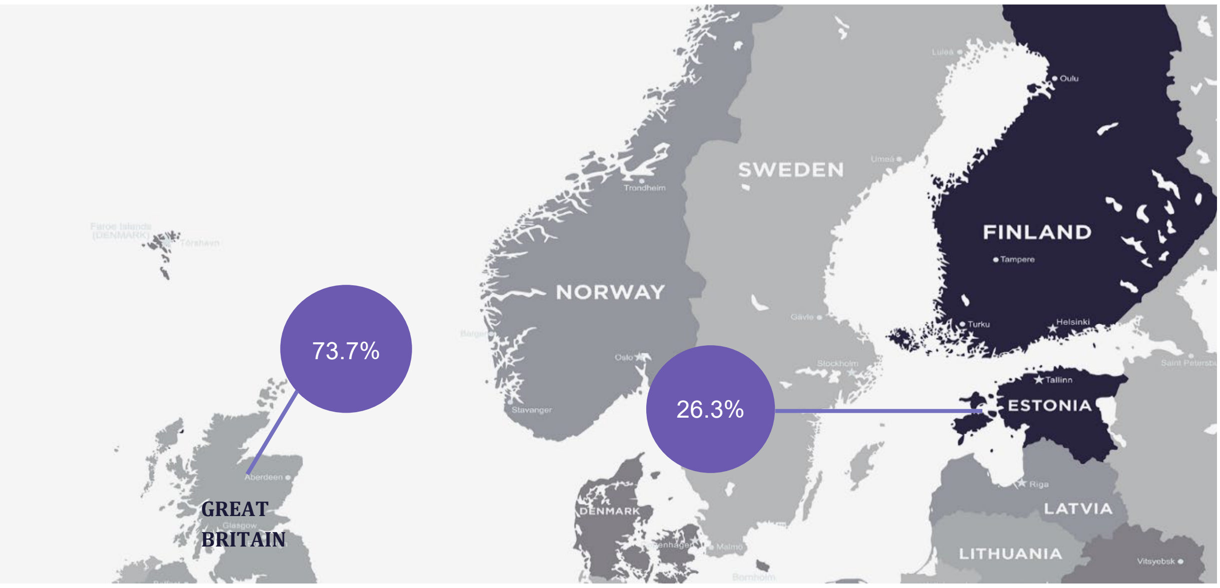
The Group's sales revenue for the 2023/2024 financial year was 17.1 million euros, which was 2.5 million euros less compared to the same period in the previous financial year, when sales amounted to 19.6 million euros. The decrease in revenue is mainly due to the non-competition clause on Finnish exports that was in place until the end of 2023 and the divestment of the subsidiary Redstorm OÜ in the winter of 2023. The Group's largest market is the United Kingdom, accounting for 73.7% of the Group's sales revenue. The second-largest market is Estonia, where sales accounted for 26.3% of the Group's revenue.

GEOGRAPHIC SEGMENTS

mln EUR	2023/2024	Share, %	2022/2023	Share, %	Change, mln EUR	Change, %	Imp.
United Kingdom	12.6	73.7%	13.2	67.4%	-0.6	-4.5%	▼
Estonia	4.5	26.3%	6.2	31.6%	1.7	-27.4%	▼
Other	0,0	0.0%	0.2	1.0%	-0.2	-100.0%	▼
Total	**17.1**	**100.0%**	**19.6**	**100.0%**	**-2.5**	**-12.8%**	▼

The sales revenue from the United Kingdom for the financial year was 12.6 million euros, representing a decrease of 4.5% compared to 13.2 million euros in the previous financial year. The UK accounted for 73.7% of the total revenue in the 2023/2024 financial year (2022/2023: 67.4% of total revenue).

The sales revenue from Estonia for the financial year was 4.5 million euros, down 27.4% from 6.2 million euros in the previous financial year. Estonia's revenue accounted for 26.3% of the total revenue in the financial year (2022/2023: 31.6% of total revenue).



The main product segments of the group are hot and cold smoked products and fresh fish and fish fillets, which make up the majority of sales, sales of other fish products are less than 15%. Over 50% of customer segments are retail chains, followed by wholesale, HoReCa and others.

COSTS

	2023/2024	2022/2023	Change	Imp.	2023/2024	2022/2023	Change	Imp.
	mln EUR	mln EUR	mln EUR		As % of sales	AS % of sales	%-point	
Sales	**17.1**	**19.6**	**-2.5**	▼	**100.0%**	**100.0%**		
Cost of goods sold	**-13.9**	**-16.0**	**2.1**	▲	**-81.3%**	**-81.6%**	**0.3%**	▲
materials in production & cost of goods purchased for resale	-9.9	-11.0	1.1	▲	-57.9%	-56.1%	-1.8%	▼
labour costs	-2.3	-2.6	0.3	▲	-13.5%	-13.3%	-0.2%	▼
depreciation	-0.7	-1.0	0.3	▲	-4.1%	-5.1%	1.0%	▲
other cost of goods sold	-1.0	-1.4	0.4	▲	-5.8%	-7.1%	1.3%	▲
Operating expenses	**-4.6**	**-4.7**	**0.1**	▲	**-26.9%**	**-24.0%**	**-2.9%**	▼
labour costs	-1.6	-1.3	-0.3	▼	-9.4%	-6.6%	-2.7%	▼
transport & logistics services	-1.1	-1.7	0.6	▲	-6.4%	-8.7%	2.2%	▲
depreciation	-0.4	-0.3	-0.1	▼	-2.3%	-1.5%	-0.8%	▼
Marketing & R&D	-0.1	-0.1	0.0	▲	-0.6%	-0.5%	-0.1%	▲
other operating expenses	-1.4	-1.3	-0.1	▼	-8.2%	-6.6%	-1.6%	▼
Other income/expenses	**-1.9**	**0.2**	**-2.1**	▼	**-11.1%**	**1.0%**	**-12.1%**	▼
Financial income / expense	**-1.1**	**-1.2**	**0.1**	▼	**-6.4%**	**-6.1%**	**-0.3%**	▼

COST OF GOODS SOLD (COGS)

The cost of goods sold for the 2023/2024 financial year was 13.9 million euros, accounting for 81.3% of sales revenue (2022/2023: 16.0 million euros, 81.6% of revenue). The cost of goods sold decreased by 2.1 million euros compared to the previous financial year.

In the expense category "materials in production & cost of goods purchased for resale," the amount of 9.9 million euros (2022/2023: 11.0 million euros) is primarily comprised of costs for raw materials (raw fish), which account for about 75% of the total. The remaining portion consists mainly of packaging costs (in the previous financial year, there were also fish feed costs in addition to packaging).

Labour cost of personnel employed in production and fish farms totalled 2.3 million euros and formed 13.5% of total sales (2022/2023: 2.6 million euros, 13.3% of sales).

Other cost of goods sold and amortization amounted to 1.7 million euros and formed 9.9% of total sales (2022/2023: 2.4 million euros, 12.2% of sales). Other costs of goods sold include expenses for heating and electricity, rent, utilities, and auxiliary activities related to fish farming and production.

OPERATING EXPENSES

Operating expenses amounted to 4.6 million euros and accounted for 26.9% of the total sales (2022/2023: 4.7 million euros, 24.0% of sales), down by 0.1 million euros compared to the previous financial year.

The majority of operating costs are costs on transport & logistics 1.1 million euros (2022/2023: 1.7 million euros) and on labour 1.6 million euros (2022/2023: 1.3 million euros).

PROFITABILITY

The Group’s gross profit of 2023/2024 financial year was 3.2 million euros, i.e. 0.4 million euros less than in the previous financial year (2022/2023: 3.6 million euros). EBITDA from operations before one-offs and fair value adjustments was -0.3 million euros i.e. 0.6 million euros less compared to the previous financial year (2022/2023: 0.3 million euros). EBITDA of the financial year was -0.3 million euros i.e. 0.6 million euros less than in the previous financial year (2022/2023: 0.3 million euros).

Operating loss in 2023/2024 was 3.3 million euros (2022/2023: 1.0 million euros) and net loss was 4.7 million euros (2022/2023: net profit 0.3 million euros). In the 2023/2024 financial year, the goodwill of the UK segment was assessed to be lower by 1.9 million euros. The operating loss for the 2023/2024 financial year, excluding the goodwill impairment, was 1.4 million euros, and the net loss was 2.8 million euros.

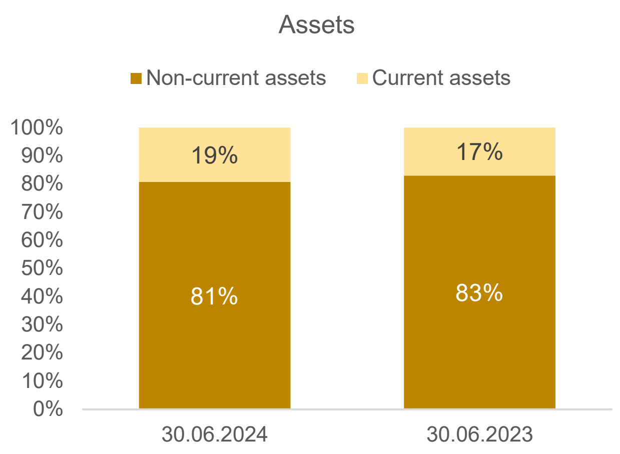
Operating margin in the financial year was -19.3% (2022/2023: -5.1%) and net margin was -27.5% (2022/2023: 1.5%). Excluding the impairment of goodwill, the operating margin for the financial year was -8.2%, and the net margin was 16.4%.

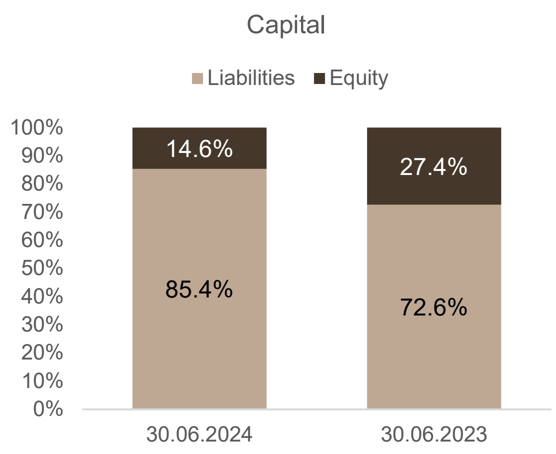
STATEMENT OF FINANCIAL POSITION

As at 30.06.2024 consolidated total assets of the Group stood at 21.9 million euros. The year before i.e. as at 30.06.2023 the balance sheet totalled 30.2 million euros.

The Group`s current assets stood at 4.2 million euros as at 30.06.2023 (30.06.2023: 5.1 million euros). Non-current assets totalled 17.7 million euros (30.06.2023: 25.1 million euros).

Current liabilities totalled 13.5 million euros as at 30.06.2024 (30.06.2023: 5.1 million euros). Non-current liabilities totalled 5.3 million euros (30.06.2023: 16.8 million euros). Equity of PRFoods was 3.2 million euros (30.06.2023: 8.3 million euros).





As at the end of the financial year, the Group's cash and cash equivalents amounted to 0.2 million euros, i.e. 1% of the balance sheet total (30.06.2023: 0.4 million euros, 1.3% of the balance sheet total).

Receivables and prepayments amounted to 2.4 million euros as at 30.06.2024 compared to 30.06.2023, when receivables and prepayments amounted to 2.1 million euros.

Biological assets as of 30.06.2024, were absent (30.06.2023: 0.8 million euros), decreasing by 0.8 million euros compared to the end of the previous financial year. The biomass volume as of 30.06.2024, was 0 tons (30.06.2023: 161 tons), which is a decrease of 161 tons compared to the end of the previous financial year.

Tangible assets of the Group were as at the end of the financial year 4.2 million euros (30.06.2023: 6.6 million euros) and intangible assets were 13.1 million euros (30.06.2023: 18.2 million euros), down by 2.4 million and 5.1 million euros, respectively, compared to the end of the previous financial year.

Current loans and borrowings of the Group were as at 30.06.2024 10.9 million euros (30.06.2023: 2.1 million euros) increased by 8.8 million euros over a year.

Payables amounted to 2.6 million euros as at 30.06.2024 (30.06.2023: 3.0 million euros), down by 0.4 million euros compared to the end of the previous financial year.

Non-current interest-bearing liabilities stood at 3.6 million euros as at the end of the financial year (30.06.2023: 15.0 million euros) down by 11.4 million euros compared to the end of the previous financial year.

The registered share capital of the Group was 7.7 million euros as at 30.06.2024 (30.06.2023: 7.7 million euros).

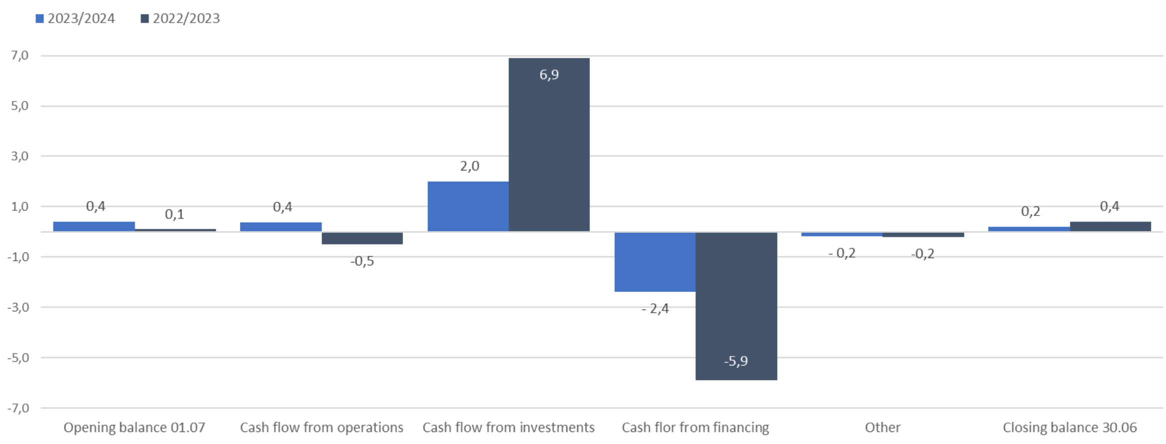
CASH FLOWS

PRFoods' cash and cash equivalents at the beginning of the 2023/2024 financial year were 0.4 million euros and 0.2 million euros at the end.

Cash flow from operating activities in the 2023/2024 financial year was +0.4 million euros, compared to -0.5 million euros in the previous financial year. Cash flow from investing activities for the financial year was +2.0 million euros, compared to +6.9 million euros in the previous financial year.

Cash flow from financing activities for the financial year was -2.4 million euros, compared to -5.9 million euros in the previous financial year.

CHANGE IN CASH FLOWS 2023/2024 VS 2022/2023



PERSONNEL

The average number of employees during the financial year, including members of the Group's management and supervisory bodies, was 144, compared to an average of 200 in the previous financial year. The Group's labour costs, including the remuneration of management and supervisory bodies, remained similar to the previous financial year, amounting to 3.9 million euros. The average monthly labour cost per employee was 2.2 thousand euros (2022/2023: 1.6 thousand euros).

	2023/2024	2022/2023	2021/2022	2020/2021	2019/2020
Average number of employees	144	200	245	281	318
Finland	0	0	54	79	81
Estonia	65	75	80	86	106
Great Britain	79	113	100	100	113
Sweden	0	12	11	16	18
Payroll expense, thousand EUR	3,864	3,899	8,459	9,266	10,589
Monthly average payroll expense per employee, thousand EUR	2.2	1.6	2.9	2.8	2.8

FISH FARMING

Fish farming was part of the Group's operations until 30.11.2023, when approximately two-thirds of the Group's raw material for rainbow trout came from the Group-owned fish farms in the coastal waters of Saaremaa, ensuring quick and reliable deliveries. Starting from 1.12.2023, the Group will procure all necessary raw materials from external partners.

MARKET PRICE OF FISH

The fish production 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 AT THE END OF PERIOD

The Group monitors market prices for salmon and rainbow trout: salmon prices from the Nasdaq trading environment and rainbow trout prices from Akvafakta (Norwegian fish industry association) summaries.

As at the end of the reporting period the price of salmon has decreased by 12.0% and the price of rainbow trout by 1.4% compared to the prices a year ago. Over the two-year period, the price of salmon has increased by 17.9% and the rainbow trout by 30.9%. The price of salmon has increased by 24.5% and of rainbow trout by 63,6% compared to the prices three years ago.

EUR/kg	30.06.2024	30.06.2023	30.06.24 vs 30.06.23	30.06.2022	30.06.24 vs 30.06.22	30.06.2021	30.06.24 vs 30.06.21
Salmon	6.6	7.5	-12.0%	5.6	17.9%	5.3	24.5%
Rainbow trout	7.2	7.3	-1.4%	5.5	30.9%	4.4	63.6%

AVERAGE MARKET PRICE OF FISH OF THE PERIOD

EUR/kg	2023/2024	2022/2023	2023/2024 vs 2022/2023	2021/2022	2023/2024 vs 2021/2022	2020/2021	2023/2024 vs 2020/2021
Salmon	9.1	7.7	18.5%	7.0	30.4%	4.8	90.1%
Rainbow trout	8.0	8.4	-4.8%	6.8	17.6%	4.7	70.2%

The average price of salmon has increased by 18.5% during the reporting period compared to the same period of the previous financial year. In contrast, the average price of rainbow trout has decreased by 4.8% during the reporting period compared to the same period of the previous financial year. Compared to average prices from two years ago, the average prices for salmon and trout have risen by 30.4% and 17.6%, respectively, and compared to prices from three years ago, they have increased by 90.1% and 70.2%, respectively.

BIOLOGICAL ASSETS

Until 30.11.2023, the biological assets of PRFoods included live weight recorded fish stocks, specifically rainbow trout (Oncorhynchus mykiss), in its fish farms. Following the sale of Redstorm OÜ on 30.11.2023, the Group no longer has any biological assets.

The Group based its assessment of rainbow trout fish stocks on the export statistics for Norwegian rainbow trout. When the market price for raw fish increased or decreased, the value of the fish raised in the Group's farms correspondingly increased or decreased, which had a positive or negative impact on the company's financial performance, respectively.

CHANGE IN BIOLOGICAL ASSETS, TONNES

	2023/2024	2022/2023	Change, tonnes 2023/2024 vs 2022/2023	Change, % 2023/2024 vs 2022/2023
Biomass at the beginning of the period	161	441	-280	-63.5%
Biomass at the end of the period	0	161	-161	-100.0%
Harvested fish (in live weight)	0	326	-326	-100.0%

As of 30.06.2024, the company had 0 tons of biological assets. Compared to the same period last year, biological assets decreased in quantity by 161 tons or 100%. The decrease in biomass is related to the sale of the Group's Estonian fish farming unit, Redstorm OÜ, on 30.11.2023.

BIOMASS VOLUME AND AVERAGE PRICE, EUR/KG

	2023/2024	2022/2023	Change, mln EUR 2023/2024 vs 2022/2023	Change, % 2023/2024 vs 2022/2023
Biological assets, mln EUR	0.0	0.8	-0.8	-100.0%
Biomass volume, tonnes	0	161	-161	-100.0%
Average price, EUR/kg	-	7.33	-	.
Fair value adjustment of biological assets, mln EUR	0.0	0.0	0,0	-

Biological assets at cost were 0.0 million euros as of 30.06.2024 compared to 0.8 million euros as of 30.06.2023.

MANAGEMENT AND SUPERVISORY BOARDS

The management board of AS PRFoods consists of two members: **Kristjan Kotkas** and **Timo Pärn**. The board operates independently in daily management and acts in the best interests of all shareholders, ensuring the sustainable development of the company according to set goals and strategies. The management board also ensures the effectiveness of internal control and risk management procedures within the company. The supervisory board of AS PRFoods appoints the board members for a three-year term. According to the company's articles of association, the board can consist of one to four members. Kristjan Kotkas serves as an advisor to the KJK private equity funds group. Timo Pärn has previously worked as a business manager at STÜ Tootmine OÜ, has been the operations manager of a small hotel, and has worked as a freelance strategic marketing consultant.

The supervisory board of AS PRFoods was composed of five members until October 20, 2024. As of October 21, 2024, the supervisory board has been reduced to four members. The board is chaired by **Lauri Kustaa Äimä**, with members including **Aavo Kokk (until October 20, 2024)**, **Harvey Sawikin**, **Vesa Jaakko Karo**, 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.

Lauri Kustaa Äimä (born 1971) holds a master's degree in economics from the University of Helsinki and has been a member of the AS PRFoods supervisory board since its establishment.

Aavo Kokk (born 1964) graduated from the University of Tartu in 1990 with a degree in journalism and from Stockholm University in 1992 with a degree in banking and finance. He has been a member of the AS PRFoods supervisory board since May 2009. Aavo Kokk submitted his resignation from the board on 15.11.2024, and also stepped down as the chairman of the audit committee.

Harvey Sawikin (born 1960) graduated from Columbia University and Harvard Law School and has been a member of the AS PRFoods supervisory board since May 2009. He is a member of the New York State Bar Association.

Vesa Jaakko Karo (born 1962) earned a master's degree (M.Sc) in finance and international marketing from the Helsinki School of Economics in 1986, and he was awarded a licentiate (Econ) degree in economics in 1996. He has been a member of the AS PRFoods supervisory board since August 2009.

Kuldar Leis (born 1968) graduated from the University of Tartu in 1993 with a degree in credit and finance and also holds a diploma in dairy technology. He served as the chairman of the board of AS PRFoods from its establishment until 15.05.2013, and has been a member of the supervisory board since May 2013.

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 AS 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 30.06.2024:

Shareholder	number of shares	ownership interest
Member of the supervisory board – Kuldar Leis	981,122	2.5%
Member of the supervisory board – Lauri Kustaa Äimä	125,000	0.3%
Member of the supervisory board – Vesa Jaakko Karo	90,000	0.2%
Total	1,196,122	3.1%

SHARE AND SHAREHOLDERS

The registered share capital of AS PRFoods 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.

ISIN	EE3100101031	Issued shares	38,682,860
Ticker	PRF1T	Listed shares	38,682,860
Market	BALTIC MAIN LIST	Listing date	5.05.2010
Nominal	0 EUR	Minimum quantity of tradable securities	1 share

AS PRFoods shares are listed on the main list of Nasdaq Tallinn Stock Exchange since 05.05.2010. There is no official market maker for the shares. AS PRFoods share is a component in OMX Tallinn General Index and in OMX Baltic General Index.

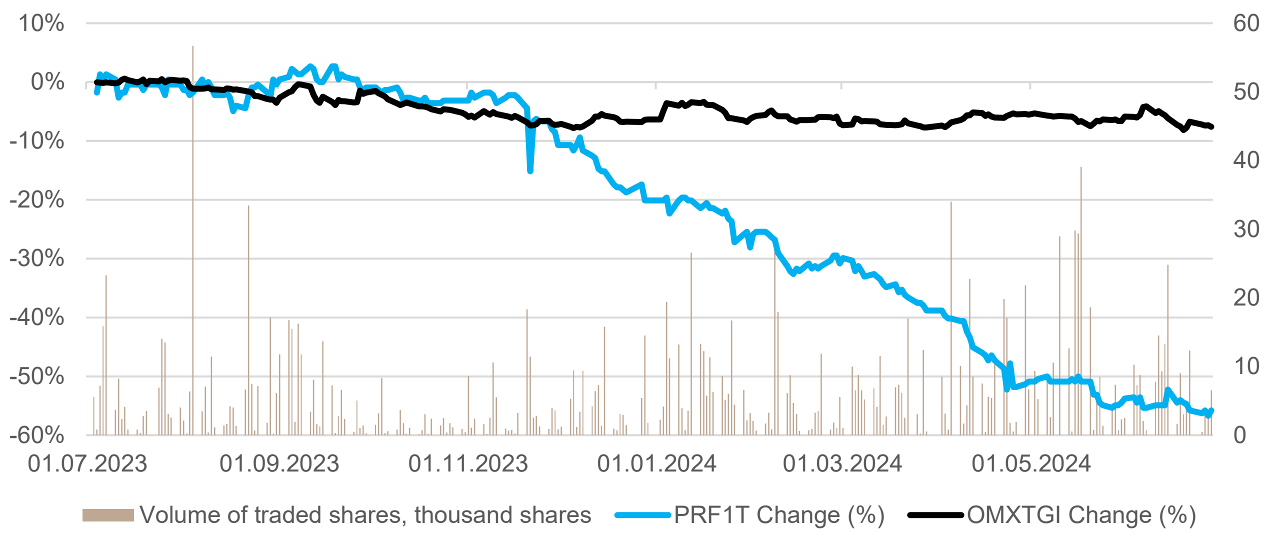
AS PRFoods has twice reduced the nominal value of shares with making payments to shareholders: in 2012 by 10 euro cents per share and in 2015 by 30 euro cents per share. The general meeting of shareholders from 26.05.2016 resolved to adopt shares without nominal value and on 30.06.2016 the commercial registry registered the shares without nominal value. The accountable nominal value of a share is 0.2 euro (nominal value of a share was 10 Estonian kroons until 13.04.2011, 0.6 euro till 03.09.2012, and 0.5 euro till 02.10.2015).

SHARE PRICE, INDICES AND TRADING ACTIVITY

The Tallinn Stock Exchange All-Share index increased by 7.6% over one year, and PRFoods share price decreased by 55.4%.

	Index / Share	Ticker	30.06.2024	30.06.2023	Change
●	PRF1T, EUR	PRF1T	0.100	0.224	-55.4%
●	OMX Tallinn GI	OMXTGI	1,744.900	1,888.250	-7.6%

PRFOODS SHARE PRICE AND INDICES AND NO. OF TRADED SHARES



TRADING STATISTICS

Trading Statistics, EUR (unless stated otherwise)	12k 2023/2024	12k 2022/2023	12k 2021/2022	12k 2020/2021	12k 2019/2020
Open	0.220	0.348	0.425	0.418	0.502
High	0.230	0.350	0.435	0.428	0.534
Low	0.097	0.210	0.300	0.344	0.361
Last	0.100	0.224	0.345	0.425	0.418
Traded volume, mln pc	1.64	0.96	1.94	2.08	1.34
No of trades	7,497	5,445	5,514	6,737	2,313
Average trade volume, shares	218	176	351	309	579
Turnover, mln	0.27	0.26	1.05	0.80	0.60
Market capitalisation, mln	3.87	8.66	13.34	16.44	16.17

A total of 7,497 trades were conducted with AS PRFoods' shares during the financial year of 2023/2024 (12 months 2022/2023: 5,445 trades). During the period a total of 1.64 million shares changed hands (12 months 2022/2023: 0.96 million shares) forming 4.2% of the company's shares. The average trade volume was 218 shares (12 months 2022/2023: 176 shares).

Turnover of share trading amounted to 0.27 million euros in the financial year of 2023/2024 compared to 0.26 million euros in the previous 12-months period. The highest share price during the financial year of 2023/2024 was 0.230 euros and the lowest was 0.097 euros; a year ago in the comparable period, the highest and the lowest price were 0.350 euros and 0.210 euros, respectively.

The closing price of the share was 0.100 euro as at 30.06.2024 and the company's market capitalisation was 3.87 million euros. As at 30.06.2023 the closing price of the share was 0.224 euro and the company's market capitalisation was 8.66 million euros.

THE DYNAMICS OF THE SHARE PRICE AND INDICES FROM 5TH MAY 2010 TO 30TH OF JUNE 2024:

	Index / Share	Ticker / index	30.06.2024	05.05.2010	Change
●	PRFoods share. EUR	PRF1T	0.100	0.890	-88.8%
●	OMX Tallinn GI	OMXTGI	1,744.900	594.560	193.5%

MARKET RATIOS

Ratios	Formula	30.06.2024	30.06.2023	30.06.2022	30.06.2021	30.06.2020
EV/Sales	(Market Cap + Net Debt) / Sales	1.06	1.30	0.90	0.66	0.47
EV/EBITDA from operations	(Market Cap + Net Debt) / EBITDA from operations	Neg	84.90	neg	neg	13.39
EV/EBITDA	(Market Cap + Net Debt) / EBITDA	Neg	36.40	neg	neg	19.58
Price/EBITDA from operations	Market Cap / EBITDA from operations	Neg	28.90	neg	neg	5.87
Price/EBITDA	Market Cap / EBITDA	Neg	12.40	neg	neg	8,59
Price-to-Earnings	Market Cap / Net Earnings	Neg	12.40	neg	neg	neg
Price-to-Book	Market Cap / Equity	1.21	1.03	1.55	1.04	0.82

Market Capitalisation (Market Cap), Net Debt and Equity as at June 30.

Sales, EBITDA and Net Profit/Loss for the trailing 12 months.

SHAREHOLDER STRUCTURE

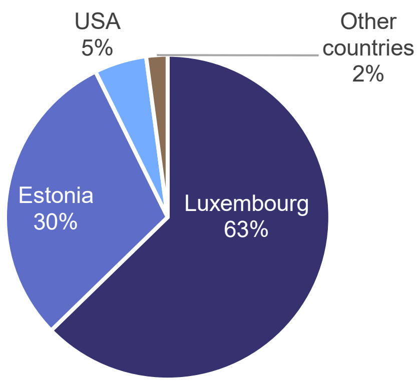
SHAREHOLDERS OF AS PRFOODS

Shareholder	Number of shares 30.06.2024	% of total 30.06.2024	Number of shares 30.06.2023	% of total 30.06.2023	Change
ING Luxembourg S.A. (Nominee account)	24,258,366	62.7%	24,258,366	62.7%	-
Lindermann, Birnbaum & Kasela OÜ	1,613,617	4.2%	1,613,617	4.2%	-
Ambient Sound Investments OÜ	1,385,267	3.6%	1,385,267	3.6%	-
Firebird Republics Fund Ltd	1,277,729	3.3%	1,277,729	3.3%	-
OÜ Rododendron	981,122	2.5%	1,159,776	3.0%	-178,654
Compensa Life Vienna Insurance Group SE	802,582	2.1%	770,470	2.0%	32,112
Firebird Avrora Fund, Ltd.	730,678	1.9%	730,678	1.9%	-
Total of biggest shareholders	31,049,361	80.3%	31,195,903	80.7%	
Other shareholders	6,633,499	17.1%	6,486,957	16.8%	146,542
Treasury shares	1,000,000	2.6%	1,000,000	2.6%	-
Total	38,682,860	100.0%	38,682,860	100.0%	

STRUCTURE OF SHAREHOLDERS BY TYPE, 30.06.2024

	Number of shares	%
Corporate entities	34,415,269	89.0%
Private persons	4,267,591	11.0%
Total	**38,682,680**	**100.0%**

STRUCTURE OF SHAREHOLDERS BY COUNTRIES, 30.06.2024



STRUCTURE OF SHAREHOLDERS ACCORDING TO NUMBER OF SHARES, 30.06.2024

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1 … 1 000	1,682	69.0%	443,251	1.1%
1 001 … 10 000	642	26.4%	2,056,210	5.3%
10 001 … 50 000	84	3.4%	1,810,037	4.7%
50 001 … 100 000	13	0.5%	1,022,305	2.6%
100 001 …	15	0.6%	33,351,057	86.2%
Total	**2,436**	**100.0%**	**36,682,860**	**100.0%**

BOND AND BONDHOLDERS

PRFoods issued in the 2019/2020 financial year a total of 90,096 secured bonds in a private placement and 9,904 secured bonds in a public offering, with nominal value of 100 euros per bond, the interest rate of 6.25% p.a., and with maturity on 22.01.2025. According to the terms of the bonds, the interest on the bonds is paid semi-annually (July and January). At the end of bond subscription period, PRFoods owned 4,926 bonds.

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.

As of 30.06.2024, the number of bonds owned by PRFoods is 14,770 with a nominal value of 1,477 thousand euros.

In the 2020/2021 financial year, PRFoods issued 237 subordinated convertible bonds, with a total nominal value of up to 2.4 million euros, with a nominal value of 10,000 euros per subordinated convertible bond, with an interest rate of 7% per calendar year and a maturity date of 01.10.2025.

In addition, PRFoods announced an additional issue of secured bonds with up to 10,000 bonds with a nominal value of 100 euros per bond, maturity date of 22.01.2025 and 6.25% per calendar year. The additional issue was a targeted placement of PRFoods shareholder Amber Trust II S.C.A.

In addition, PRFoods announced an additional issue of secured bonds (issued in accordance with the terms of issue of PRFoods on 14.01.2020) in the amount of up to 1.0 million euros, with up to 10,000 bonds with a nominal value of 100 euros per bond, maturity date of 22.01.2025 and 6.25% per calendar year. The additional issue was a targeted placement of PRFoods shareholder Amber Trust II S.C.A to refinance the investment loan granted to PRFoods by the said shareholder in connection with the maturity of the loan.

AS PRFoods carried out a partial repurchase of secured bonds on 14.01.2024, with a total volume of up to 15% of the total nominal value of all issued bonds. In total, AS PRFoods repurchased 14,235 bonds from persons who submitted repurchase offers, with a total nominal value of 1,423,500 euros, which accounts for approximately 13% of the total nominal value of all issued bonds.

As of 30.06.2024, PRFoods has issued 110,237 bonds, of which 110,000 are secured bonds with a nominal value of 100 euro per secured bond, with a total value of 11.0 million euros, and 237 are subordinated convertible bonds with a nominal value of 10,000 euro per subordinated convertible bond, with a total value of 2.37 million euros.

BONDHOLDER STRUCTURE

SEVEN LARGEST BOND HOLDERS OF AS PRFOODS

	Value of bonds 30.06.2024	% of total 30.06.2024	Value of bonds 30.06.2023	% of total 30.06.2023	Change
Swedbank Pension Fund for people born in 1970-79	3,349,000	25.0%	3,940,000	29.5%	-591,000
ING Luxembourg S.A. AIF nominee account	2,920,000	21.8%	3,070,000	23.0%	-150,000
Swedbank Pension Fund for people born in 1960-69	680,000	5.1%	800,000	6.0%	-120,000
Clearstream Banking AG	637,500	4.8%	750,000	5.6%	-112,500
Compensa Life Vienna Insurance Group SE	484,600	3.6%	671,500	5.0%	-186,900
Spring Capital Growth Fund 1	428,700	3.2%	504,300	3.8%	-75,600
AS SEB Bankas	304,400	2.3%	479,900	3.6%	-175,500
Total largest bondholders	8,804,200	65.9%	10,215,700	76.4%	-1,411,500
Other minority bondholders	3,088,800	23.1%	3,100,800	23.2%	-12,000
Treasury bonds	1,477,000	11.0%	53,500	0.4%	1,423,500

BONDHOLDERS BY VALUE OF BONDS, 30.06.2024

Value of bonds	Number of bondholders	% of bondholders	Value of bonds	% of bond value
1 … 1 000	294	55.8%	116,500	0.9%
1 001 … 10 000	150	28.5%	628,200	4.7%
10 001 … 50 000	65	12.3%	1,412,500	10.6%
50 001 … 100 000	6	1.1%	472,200	3.5%
100 001 …	12	2.3%	10,740,600	80.3%
Total	**527**	**100.0%**	**13,370,000**	**100.0%**

SOCIAL RESPONSIBILITY

We believe that a responsible company does not focus solely on financial indicators. Therefore, the environmental and social impact, or the footprint left by the company's existence, is also important to us. As part of the surrounding environment, we care about our employees, the community, partners, society, and nature.

We contribute, as much as possible, to the development of Estonia as a sailing and maritime nation and to the restoration of maritime traditions. We are long-term supporters of the Muhu Väin Regatta, and in 2019, we supported the Ice Sailing World Championships. We have also participated in the Muhu Väin Regatta with our team, sailing on the yacht Reval Cafe Elisa Sailing, as part of an amateur sports team.

Additionally, we consider the development of the local economic environment and cultural landscape important – both in Estonia and Scotland, i.e., in all the countries where PRFoods operates and on our home markets. Since 2018, we have supported the NGO Visit Saaremaa and contributed to the well-being of the NGO Estonian Cultural Chamber. We have also supported the Hanaholmen Business Forum in Finland, Glasgow Culture Week in Scotland, and the opening of the Arvo Pärt Centre.

Our future lies in children and athletic young people. We have supported activities for these target groups in Estonia through long-term support of Simple Session, and we also assisted in organizing the Sumo European Championships held in Tallinn. In collaboration with the Postimees Group, we supported their project in 2018 and 2019: Successful People Help Children in Need (NGO Together for the Good of Children). Additionally, through the Good Deed Foundation's Impact Fund, we helped kick-start six very important initiatives between 2017 and 2020, which address pressing issues in Estonian society – from education, social inequality, and public health to the environment.

The greatest asset of PRFoods is our employees. We promise to continue supporting the culture and economy of the communities where our employees live. Our priority is to contribute to organizing various youth sports events and to help children in need.

ENVIRONMENTAL RESPONSIBILITY

As fish processors, we follow the principles of sustainability throughout the entire production chain. Our goal is to use environmentally friendly materials in our product packaging – in some products, plastic and film have been replaced by cardboard and wood pulp, or partially recycled film is used. Investments in modern packaging machines and the use of solar energy help us achieve all of this.

The group owns production units in Estonia and the United Kingdom. These units have an environmental impact. As a sustainably operating company, we are aware of our global responsibility to preserve natural resources and an undamaged environment, which is why we strive to keep the environmental impact of our activities minimal and to further reduce our ecological footprint through the most economical use of resources.

As a fish product packager, the group has actively worked to ensure that the group's packaging materials are environmentally friendly. Among other things, the group focuses on improved sustainability and reducing food waste, alongside enhancing the appearance of the product packaging on retail shelves.

We use an innovative packaging solution that, in addition to following recycling principles and reducing the footprint by 70%, also reduces the CO2 footprint by an additional 25% and decreases the plastic content in packaging by approximately 20%.

The use of plastic in the group has been reduced in both final products and production processes:

- Final product film packaging has been replaced with thinner alternatives.
- Production processes have been reorganized so that semi-finished products do not need intermediate packaging, thus reducing the overall volume of film packaging used.

The group still uses plastic in packaging to some extent, but primarily due to a combination of its positive properties, such as versatility, strength, lightness, stability, impermeability, and sterilization capability. The lightness of plastic simplifies handling throughout the production chain, resulting in fewer emissions during transport.

The selection of the group's packaging producers is also based on shared values, with a focus on environmental sustainability and durability.

As an international fish product producer, we will continue to take the necessary steps in the coming years to reduce environmental impacts.

REPORT ON CORPORATE GOVERNANCE

AS PRFoods organises its business activities on the basis of its articles of association and national legal norms, and as a public enterprise on the requirements of the Tallinn Stock Exchange, Corporate Governance Recommendations (CGR) compiled jointly by Tallinn Stock Exchange and the Estonian Financial Supervision Authority in 2005 and the principles of equal treatment of shareholders and investors. The companies listed on the NASDAQ Tallinn Stock Exchange are obligated to publish a corporate governance report as a part of their annual report describing if and how CGR principles are followed and if not, then point out what specifically accompanied by an explanation for such a deviation.

Exercise of shareholders rights

Every shareholder shall be ensured the right to participate in the general meeting, to speak in the general meeting on themes presented in the agenda, and to present reasoned questions and make proposals. The general meeting shall be conducted at the location of the issuer and at a reasonable time and place, ensuring that a majority of shareholders have the possibility to participate in the general meeting. In the notice calling the general meeting the issuer shall include the address to which the shareholders can send agenda questions related to the agenda. The circumstances on which the issuer withholds information and how a shareholder can file a dispute it shall also be brought out in the notice. In conformity with the principle of treating all shareholders equally a controlling stakeholder shall refrain from harming the rights of other shareholders.

Equal rights of shareholders in the articles of association

The articles of association of the issuer do not grant different types of shares with rights resulting in unequal treatment of shareholders in voting.

Agreements between shareholders

In case the issuer has information on agreements between shareholders on concerted exercise of shareholders rights, the information shall be available on the issuer’s homepage. The issuer has no information on such agreements being concluded.

Participation in a general meeting in person or by proxy

Issuers shall facilitate the personal participation of shareholders at the general meeting but shall not make it difficult for representatives to participate in and vote at the general meeting. The issuer shall notify shareholders as precisely as possible regarding the date, time and address of the general meeting. If an issuer itself or by his employees/representatives organizes the representation of a shareholder at a general meeting, it shall do so in such a manner that the orders given by the shareholder with regard to voting are executed. The representative of the issuer shall participate in the general meeting and shall be accessible to the shareholders during the holding of the general meeting.

Calling of a general meeting and information to be published

Notice calling the general meeting is available on the issuer’s homepage including the essential information to be published for passing a resolution regarding a topic on the agenda at the general meeting to shareholders, including a proposition on profit distribution, draft articles of association with remarks on the proposed amendments; essential conditions and agreements or draft contracts for issuance of securities or other transactions connected with the company (e.g., merger, sale of property etc.), information regarding candidates for supervisory board members or auditors etc., and supervisory board’s propositions on topics on the agenda. On supervisory board member candidates, the information on the candidate’s positions in boards or other management bodies of other companies shall be provided.

The notice calling the general meeting and the documents pertaining it are published on the homepage of the company both in Estonian and English languages. The minutes and recording of the general meeting are published on the homepage of the company in the language the meeting was conducted.

If shareholders make substantive proposals or proposals diverging from those of the supervisory board it will be recorded in the minutes.

Conduct of the general meeting including adoption of resolutions of the general meeting without convening the meeting

During the financial year, one general meeting and one extraordinary general meeting were held. The annual general meeting of shareholders took place on 29.12.2023 without convening a meeting, in accordance with the new § 299¹ of the Commercial Code. Voting was carried out by submitting ballots, where, according to the Commercial Code, if a shareholder did not vote, it was considered that they voted against the decision. The extraordinary general meeting of shareholders was held on 10.01.2024.

The company made all the information available on the possible PRFoods website www.prfoods.ee, where the shareholders could get acquainted with the materials of the general meeting, draft resolutions and other documents of the general meeting. The shareholder was able to send questions about the draft resolutions by e-mail. The shareholder was able to cast his/her vote either by sending a ballot paper filled in and digitally signed or signed and scanned on paper by the voting shareholder or his/her authorized representative by e-mail to investor@prfoods.ee during the voting period or by submitting a ballot paper by sending or sending to the office of AS PRFoods at Pärnu mnt 141, 11314 Tallinn, Estonia.

The resolutions adopted by the extraordinary general meeting of shareholders were published as a stock exchange announcement on the website of PRFoods.

Responsibility areas of management board members

The areas of responsibility for the members of the management board are determined by the management board or the supervisory board. The chairman of the supervisory board has concluded a service agreement with the member of the management board for the performance of their duties. The company's management board consists of two members. The management board is responsible for the functioning of the company's strategic areas, including the integration of internal control and management systems in the company's accounting processes, both daily and periodic.

Remuneration principles of management board members

The base salary, performance bonuses, severance pay, other benefits, and bonus systems of each member of the management board, as well as their key features, are published in a clear and comprehensible form on the issuer's website and in the remuneration report. The disclosed information is clear and comprehensible if it directly reflects the amount of expenditure for the issuer or the probable amount of expenditure as of the disclosure date. The management board member is paid remuneration according to the management board member's agreement. The amount of remuneration and the remuneration principles are reviewed once a year. The management board member's remuneration is determined by the management board member's contract and is not subject to disclosure by mutual agreement of the parties. There are no bonus systems, such as options, pension programs, etc., for the remuneration of the management board member. The management board member is entitled to severance pay of up to six months' remuneration.

Significant transaction of a management board member with the issuer

The supervisory board shall approve the transactions, which are significant to the issuer and concluded between the issuer and a member of its management board or another person connected/close to them and shall determine the terms of such transactions. The transactions approved by the supervisory board concluded between the issuer and a member of the management board or another person connected/close to them are published in the CGR report. No such transactions have taken place during the past financial year.

Control executed by the supervisory board over the management and the issuer

The supervisory board shall regularly assess the activities of the management board and its implementation of the issuer's strategy, financial condition, risk management system, the lawfulness of the management board activities and whether essential information concerning the issuer has been communicated to the supervisory board and the public as required. Upon the establishment of committees by the supervisory board, the issuer shall publish on its website their existence, duties, membership and position in the organization. Upon change of the committee structures, the issuer shall publish the content of such changes and the period during which the procedures are in effect.

DISCLOSURE OF REMUNERATION TO MEMBERS OF SUPERVISORY BOARD

The amount of remuneration of a member of the supervisory board shall be published in the CGR report, indicating separately basic and additional payment (incl. compensation for termination of contract and other payable benefits). The general meeting of shareholders of AS PRFoods is competent to elect and approve the composition of the supervisory board and their term of office. According to the articles of association of AS PRFoods, the supervisory board consist of three to seven members who are elected by the general meeting for a term of three years. No remuneration fee is to be paid to the member of the supervisory board.

ATTENDANCE AT SUPERVISORY BOARD MEETINGS BY THE MEMBERS OF SUPERVISORY BOARD

If a member of the supervisory board has attended less than half of the meetings of the supervisory board, this shall be indicated separately in the CGR report.

CONFLICT OF INTERESTS SITUATIONS

Members of the supervisory board shall promptly inform the chairman of the supervisory board and management board regarding any business offer related to the business activity of the issuer made to him, a person close to him or a person connected with him. All conflicts of interests that have arisen in preceding year shall be indicated in the CGR report along with their resolutions. Members of the supervisory board refrain from conflicts of interests and adhere to the prohibition of competition. The supervisory board and the management board cooperate closely in accordance with the articles of association and in the interests of the business undertakings and its shareholders. There were no such conflicts of interest in 2023/2024.

INFORMATION ON THE ISSUER'S HOMEPAGE

On the issuer's homepage, among others the general strategy directions of the issuer as approved by the supervisory board are disclosed. General directions and significant issues are provided in the Management Report.

THE ISSUER'S MEETINGS WITH JOURNALISTS AND ANALYSTS

The issuer shall disclose the dates and places of meetings with analysts and presentations and press conferences organized for analysts, investors or institutional investors on its website. The issuer enables shareholders to participate at such events and makes presentations available on its website. The issuer shall not arrange meetings with analysts and presentations organized for investors directly before dates of publishing a financial report. The issuer shall treat all shareholders equally. Compulsory, significant and price-sensitive information is first disclosed via the information system of the Tallinn Stock Exchange and then on the websites of the Estonian Financial Supervision Authority and the Group. In addition, every shareholder is entitled to request additional information from the Group and set up meetings. The Group's management board does not consider it important to keep a logbook on timetable and agenda of meetings with various shareholders as these meetings are limited to information that is already disclosed. This rule applies on all meetings, including the ones held shortly before disclosing financial reports.

AUDITOR OF THE ISSUER

At the extraordinary general meeting of AS PRFoods shareholders held on 10.01.2024, the auditing firm KPMG Baltics OÜ was appointed as the auditor for the 2023/2024 financial year. According to the audit service agreement, the audit firm will audit the consolidated annual financial statements. The auditor's remuneration is determined according to the agreement. In accordance with the Auditing Activities Act, the lead auditor is rotated at least every seven years.

GOVERNANCE PRINCIPLES

AS PRFoods is a public limited company and its governing bodies are the shareholders' general meeting, the supervisory and the management board.

GENERAL MEETING

The general meeting of shareholders is the Group's highest governing body competent to amend and approve new articles of association, change the amount of share capital, recall members of the supervisory board and resolve on dissolution of the company, decide on division, merger or restructuring of the company, provided least 2/3 of the votes represented by shareholders at the general meeting are in favour. General meetings are ordinary (OGM) and extraordinary (EGM) meetings. An OGM shall be convened by the management board once a year not later than within six months after the end of the financial year. The management board shall convene an EGM if the Group's net assets fall below the limit allowed by law or if the meeting is requested by the supervisory board, auditor or shareholders whose shares represent at least 1/10 of the share capital. A general meeting has quorum when more than half of the votes determined by shares are present. The list of persons entitled to participate at the general meeting is determined 7 days before the meeting.

The annual general meeting of shareholders of AS PRFoods for the 2022/2023 financial year was held on 29 December 2023 without convening a meeting. The meeting was attended by the PRFoods management board, and the agenda for the annual meeting included the approval of the 2022/2023 financial year report and the distribution of profits. Decisions were made with a majority of 63.1% of the votes.

The extraordinary general meeting of shareholders of AS PRFoods for the 2023/2024 financial year took place on 10.01.2024. The meeting was attended by the PRFoods management board, and the agenda for the extraordinary meeting included the transfer of the building permit issued by the Consumer Protection and Technical Regulatory Authority (decision no. 1-7/23-317) for the purpose of establishing offshore aquaculture by Saaremere Kala AS, as well as the appointment of an auditor.

The meeting adopted the resolutions on all issues on the agenda of the general meeting according to the proposals made by the supervisory board. Information on the adoption and content of the decisions was disclosed after the meeting through the information system of the NASDAQ Tallinn Stock Exchange and on the company's website www.prfoods.ee.

SUPERVISORY BOARD

Pursuant to law, a supervisory board of a public limited company is a supervisory body responsible for planning the activities of a company, organizing its management and supervising the activities of the 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. Members of the supervisory board elect a chairman from among themselves. Chairman of the supervisory board is responsible for organizing the work of supervisory board and has a casting vote in case of tied vote.

At the time of preparing the report, the members of the supervisory board of AS PRFoods are as follows: Lauri Kustaa Äimä (since establishment), Kuldar Leis (elected on May 29, 2013), Aavo Kokk (elected on May 5, 2009), Harvey Sawikin (elected on May 5, 2009), and Vesa Jaakko Karo (elected on August 17, 2009). The terms of all current supervisory board members expire on December 11, 2025. There are three independent members on the supervisory board – Aavo Kokk, Vesa Jaakko Karo, and Kuldar Leis. The chairman of the supervisory board is Lauri Kustaa Äimä, and the vice-chairman is Kuldar Leis. Supervisory board member Aavo Kokk has submitted a resignation from his position on the AS PRFoods supervisory board, effective from October 21, 2024. He also stepped down from his position as the chairman of the audit committee.

The meetings of the supervisory board are held when necessary but no less frequently than once per quarter. During the financial year there were six supervisory board meetings. The meeting of the supervisory board has a quorum when more than half of the members participate.

The management board regularly informed the supervisory board about the activities and financial status of AS PRFoods, and the supervisory board provided necessary guidance and supported the management board in organizing daily business operations. Upon the termination or early termination of supervisory board members' service contracts, the Group has no greater obligation to pay compensation than is provided by law. At the end of the financial year, the members of the company's supervisory board held directly and through indirect holdings a total of 3.1% (as of 30.06.2023: 3.7%) of the company's shares.

MANAGEMENT BOARD

The management board is the governing body that represents and manages the daily activities of the company in accordance with legal and statutory requirements and also according to the articles of association. The management board is obliged to act in the most economically expedient manner. According to the articles of association, the management board of AS PRFoods may consist of one to four members, who are elected by the supervisory board for a term of three years. The supervisory board is also responsible for electing the chairman of the management board and appointing and recalling the members of the management board at the chairman's proposal. A member of the management board may represent the company in all legal transactions. The management board of AS PRFoods is composed of two members. The company's management board operates independently in daily management and acts in the best interests of all shareholders, thereby ensuring the sustainable development of the company according to its established objectives and strategy. The management board also ensures the functioning of internal control and risk management procedures within the company.

The powers and authorities of the management board are regulated by the Commercial Code and specified in the company's articles of association, with no other differences or agreements present. The chairman receives compensation according to the employment contract and is also entitled to receive severance pay of up to six months' salary as a member of the management board. The member/chairman of the management board has no pension-related rights. In subsidiaries, compliance with business practices is ensured by the local management. At the end of the financial year, the members of the company's management board held directly and through indirect holdings a total of 0% (as of 30.06.2023: 4.2%) of the company's shares. More detailed information regarding the education, career, participation in corporate governing bodies, and shareholdings of the members of the supervisory board and management board of AS PRFoods is available on the company's website.

SUPERVISORY AND MANAGEMENT BOARDS OF SUBSIDIARIES

Below is a list of supervisory boards and management boards of subsidiaries that are 100% owned by AS PRFoods as at 30.06.2024.

Company	Management Board	Supervisory Board
Saaremere Kala AS	Timo Pärn	Kuldar Leis, Lauri Kustaa Äimä, Kristjan Kotkas
Saare Kala Tootmine OÜ	Timo Pärn	
JRJ & PRF Ltd	Vesa Jaakko Karo, Christopher Charles Leigh, Louise Victoria Leigh-Pearson	
John Ross Jr. (Aberdeen) Ltd	Christopher Charles Leigh, Louise Victoria Leigh-Pearson	
Coln Valley Smokery Ltd	Christopher Charles Leigh, Louise Victoria Leigh-Pearson	

ADDITIONAL MANAGEMENT BODIES AND SPECIAL COMMITTEES

The necessary procedures in the company are regulated by regulations, and there has been no practical need to create additional governing bodies. In 2010, the supervisory board of the Group established an audit committee, whose task is to monitor and analyze the processing of financial information, the effectiveness of risk management and internal control, the audit process of the consolidated financial statements, and the independence of the auditor representing the audit firm and the law, and to make proposals and recommendations to the supervisory board on matters stipulated by law. As of 17.04.2024, Aavo Kokk is the chairman of the committee, with Margus Olesk and Markus Mustakallio as members. On 15.10.2024, Aavo Kokk submitted his resignation as chairman of the audit committee, which took effect on 21.10.2024. As of 21.10.2024, the committee is composed of two members.

IMPLEMENTING DIVERSITY POLICY

The management of AS PRFoods considers a well-functioning working environment on all levels of the Group important. To achieve and maintain it the Group employs people of different gender, national background and experiences.

INFORMATION MANAGEMENT

As a listed company, AS PRFoods adheres to the principles of openness and equal treatment of investors. The information required within the stock exchange rules and regulations is published regularly in accordance to the set terms, whereas the Group employs the principle of not publishing forward-looking statements. It publishes and comments factual information only. For timely notification of investors and the public, the Group operates a website that contains all stock exchange announcements and financial reports.

REMUNERATION REPORT

According to §1353 of the Securities Market Act, a listed company has been required since 2021 to present a remuneration report regarding the fees paid to the members of the issuer's management board and the principles of remuneration for the reporting year. The purpose of the remuneration report is to provide a clear overview of the compensation paid to the members of the management board of AS PRFoods. The remuneration report reflects information on the salaries and other benefits paid to the management board of AS PRFoods in the 2023/2024 financial year (including fees paid from subsidiaries).

GROSS REMUNERATION PAID TO MANAGEMENT BOARD MEMBERS

Until 31.03.2024, the group's management board was comprised of one member. Indrek Kasela resigned from the position of CEO of PRFoods AS on 31.03.2024. The management board of PRFoods AS continues as a two-member board – Kristjan Kotkas and Timo Pärn. No share options or other benefits are provided to the management board, and they have not received any in the 2023/2024 financial year.

EUR '000	2023/2024	2022/2023	2021/2022	2020/2021	2019/2020
Indrek Kasela (until 31.03.2024)	**68.6**	**24.0**	**31.8**	**84.3**	**107.5**
Basic remuneration	68.6	24.0	31.8	79.1	107.5
Performance pay	0.0	0.0	0.0	5.2	0
Share of performance pay	0%	0%	0%	6.2%	0%
Timo Pärn (from 01.04.2024)	**11.4**	**-**	**-**	**-**	**-**
Basic remuneration	11.4	-	-	-	-
Performance pay	0.0	-	-	-	-
Share of performance pay	0%	-	-	-	-
Kristjan Kotkas (from 01.04.2024)	**0.0**	**-**	**-**	**-**	**-**
Basic remuneration	0.0	-	-	-	-
Performance pay	0.0	-	-	-	-
Share of performance pay	0%	-	-	-	-

COMPARISON OF ANNUAL COMPENSATION AND PERFORMANCE

EUR '000	2023/2024	2022/2023	2021/2022	2020/2021	2019/2020
Sales	17,086	19,578	42,128	58,692	78,292
EBITDA from operations*	-337	301	-1,663	-1,249	2,754
Total Group wages and salaries	3,864	3,899	8,459	9,266	10,589
Monthly average wage and salaries per employee, thousand EUR	2.2	1.6	2.9	2.8	2.8
Average number of employees (together with management and supervisory authority)	144	200	245	281	318
AS PRFoods gross remuneration of Management Board					
Indrek Kasela (until 31.03.2024)	68.6	24.0	31.8	84.3	107.5
Timo Pärn (from 01.04.2024)	11.4	-	-	-	-
Kristjan Kotkas (from 01.04.2024)	0	-	-	-	-

**before one-time revenues and expenses and the revaluation of biological assets*

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR '000	Note	30.06.2024	30.06.2023
ASSETS			
Cash and cash equivalents	5	203	394
Trade and other receivables	6	2,212	1,815
Prepayments	7	173	304
Inventories	8	1,644	1,860
Biological assets	9	0	772
Total current assets		4,232	5,145
Long-term financial investments		418	381
Tangible assets	12	4,164	6,563
Intangible assets	13	13,102	18,157
Total non-current assets		17,684	25,101
TOTAL ASSETS		**21,916**	**30,246**
EQUITY AND LIABILITIES			
Interest-bearing liabilities	15	10,899	2,111
Trade and other payables	16	2,559	3,035
Total current liabilities		13,458	5,146
Interest-bearing liabilities	15	3,600	15,024
Deferred tax liabilities	11	1,420	1,466
Government grants	17	247	317
Total non-current liabilities		5,267	16,807
TOTAL LIABILITIES		**18,725**	**21,953**
Share capital		7,737	7,737
Share premium		14,007	14,007
Treasury shares		-390	-390
Statutory capital reserve		51	51
Currency translation differences		439	609
Retained profit (loss)		-18,653	-13,981
Equity attributable to parent		3,191	8,033
Non-controlling interest		0	260
TOTAL EQUITY		**3,191**	**8,293**
TOTAL EQUITY AND LIABILITIES		**21,916**	**30,246**

Notes on pages 33-74 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR '000	Note	2023/2024	2022/2023
Revenue	19	17,086	19,578
Cost of goods sold	20	-13,888	-16,004
Gross profit		**3,198**	**3,574**
Operating expenses		-4,623	-4,693
Selling and distribution expenses	21	-2,663	-2,691
Administrative expenses	22	-1,960	-2,002
Other income / expense	24	-1,882	150
Operating profit (loss)		**-3,307**	**-970**
Financial income / expenses	25	-1,057	-1,210
Share of result of associates and joint ventures	28	46	153
Profit (loss) from the sale of the subsidiary	10	-271	2,423
Profit (Loss) before tax		-4,589	396
Income tax	26	-84	-65
Net profit (loss) for the period		**-4,673**	**331**
Net profit (loss) attributable to:			
Owners of the Parent Company		-4,668	303
Non-controlling interests		-4	28
Total net profit (loss) for the period		**-4,673**	**331**
Other comprehensive income (loss) that may subsequently be			
Foreign currency translation differences		-169	-231
Total comprehensive income (expense)		**-4,842**	**101**
Total comprehensive income (expense) attributable to:			
Owners of the Parent Company		-4,837	73
Non-controlling interests		-4	28
Total comprehensive income (expense) for the period		**-4,842**	**101**
Profit (Loss) per share (EUR)	18	-0.12	0.01
Diluted profit (loss) per share (EUR)	18	-0.08	0.01

Notes on pages 33-74 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

EUR '000	Note	2023/2024	2022/2023
Cash flow from operating activities			
Net profit (loss)		-4,673	331
Adjustments:			
Depreciation	12, 13	1,073	1,270
Impairment of goodwill	13, 24	1,897	0
Profit (loss) from sale of subsidiary		272	-2,422
Other non-cash items		-194	1,650
Changes in receivables and prepayments	6,7	-1,130	-403
Changes in inventories	8	176	-7
Changes in biological assets	9	447	-1,076
Changes in payables and prepayments	16	254	189
Corporate income tax paid	11	0	0
Net cash inflow (outflow) from operating activities		**383**	**-468**
Cash flow from investing activities			
Sale of tangible and intangible fixed assets	12, 13	1	66
Purchase of tangible and intangible fixed assets	12, 13	-23	-248
Government grants for acquisition of assets	17	0	67
Purchases and sales of other financial investments		0	0
Sale of subsidiaries, net cash received	10	2,012	7,015
Repayments of given loans		0	0
Interests received		0	1
Net cash inflow (outflow) from investing activities		**1,990**	**6,901**
Cash flow from financing activities			
Change in overdraft	15	0	-4,544
Repayments of loans received	15	-2,088	-1,275
Change in factoring	15	0	-60
Proceeds from borrowings	15	622	2,089
Repayments of lease liabilities	14	-25	-945
Interests paid	15	-893	-1,213
Net cash inflow (outflow) from financing activities		**-2,384**	**-5,948**
Net increase (decrease) in cash and cash		**-11**	**485**
Cash and cash equivalents at beginning of the period	5	394	110
Change in cash and cash equivalents		**11**	**485**
Effect of sale of subsidiary to Cash and cash		-13	-201
Change in currency exchange rates		-167	0
Cash and cash equivalents at the end of the period	5	203	394

Notes on pages 33-74 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR '000	Share capital	Share premium	Treasury shares	Statutory capital reserve	Unrea-lised currency differ.	Retained earnings (-loss)	Total	Non-contr. interests	Total equity
Balance at 30.06.2022	**7,737**	**14,007**	**-390**	**51**	**839**	**-14,391**	**7,853**	**199**	**8,052**
Net profit (loss) for the year	0	0	0	0	0	303	**303**	28	**331**
Other comprehensive income (expense)	0	0	0	0	-230	0	**-230**	0	**-230**
Total comprehensive income (expense) for the period	0	0	0	0	-230	303	**73**	28	**101**
Other movement	0	0	0	0	0	107	**107**	33	**140**
Balance at 30.06.2023	**7,737**	**14,007**	**-390**	**51**	**608**	**-13,981**	**8,032**	**260**	**8,293**
Net profit (loss) for the year	0	0	0	0	0	-4,668	**-4,668**	-4	**-4,673**
Other comprehensive income (expense)	0	0	0	0	-169	0	**-169**	0	**-169**
Total comprehensive income (expense) for the period	0	0	0	0	-169	-4,668	**-4,837**	-4	**-4,842**
Other movement	0	0	0	0	0	-4	**-4**	-256	**-260**
Balance at 30.06.2024	**7,737**	**14,007**	**-390**	**51**	**439**	**-18,653**	**3,191**	**0**	**3,191**

Additional information in Note 18.

Notes on pages 33-74 are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. GENERAL INFORMATION

AS PRFoods ("Parent company") and its subsidiaries (together "Group") are companies operating in farming, production and sales of fish and fish products. AS PRFoods was incorporated in the Estonian Republic on 23 December 2008. The shares and bonds of AS PRFoods are listed on NASDAQ Tallinn Stock Exchange. The largest shareholder of AS PRFoods is Amber Trust II S.C.A (see Note 18). This consolidated report is signed by the management to be published on 31 October 2024. Pursuant to Commercial Code of the Republic of Estonia the annual report is to be approved by the supervisory board and the general meeting of shareholders.

Differences between the Q4 2023/2024 Report and the 12-Month Report

AS PRFoods published its Q4 2023/2024 and 12-month report on 30.08.2024. The net loss for the reporting year presented in the interim report was 2,784 thousand euros. In the audited annual report, the disclosed net loss is 4,673 thousand euros, indicating that the final net loss increased by 68% compared to the net loss presented in the quarterly report. The increase in the net loss is primarily due to an impairment identified in the cash-generating unit in the goodwill impairment test segment (United Kingdom). As a result of the impairment test, the goodwill was assessed to be reduced by 1,897 thousand euros during the reporting year, explaining the difference from the net loss results in the quarterly report. The impairment was not reflected in the quarterly report because, at the time of preparing the quarterly report, the market information necessary to determine the fair value of the UK segment's cash-generating unit had not yet been published. Therefore, the Group's management could not perform the goodwill asset value test with reasonable time and effort. For further details, see Note 13.

NOTE 2. BASES FOR PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of AS PRFoods for the 2023/2024 have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS).

The consolidated financial statements have been prepared under the historical cost approach.

The functional currency of AS PRFoods and presentation currency of the consolidated financial statements is euro (EUR). All amounts presented in the financial statements have been rounded to the nearest thousand, unless stated otherwise.

The consolidated financial statements have been prepared using the accounting policies below which have consistently been applied to all periods presented in the financial statements, unless stated otherwise.

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS

The Group applied the following amendments to standards initially on 1 July 2023.

<u>Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements</u>

Effective for annual periods beginning on or after 1 January 2023. Early application is permitted.

The amendments to IAS 1 aim to help entities provide accounting policy disclosures that are more useful by:

- Requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- Clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- Clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures.

The amendments are consistent with the refined definition of material:

“Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements”.

The implementation of these amendments did not have a significant impact on the Group's consolidated financial statements.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Effective for annual periods beginning on or after 1 January 2023; to be applied prospectively. Early application is permitted.

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

The implementation of these amendments did not have a significant impact on the Group's consolidated financial statements.

Amendments to IAS 12 Income Taxes

Effective for annual periods beginning on or after 1 January 2023. Early application is permitted.

The amendments clarify the accounting for deferred tax on transactions that involve recognising both an asset and a liability with a single tax treatment related to both. The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

The implementation of these amendments did not have a significant impact on the Group's consolidated financial statements.

STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE NOT YET EFFECTIVE

IFRS 18 Presentation and Disclosure in Financial Statements

Applies to reporting periods beginning on or after 1 January 2027; it is to be applied retrospectively. Early adoption is permitted.

The purpose of IFRS 18 is to establish requirements for the presentation and disclosure of information in financial statements to ensure that they provide relevant information that reliably reflects an entity’s assets, liabilities, equity, income, and expenses. IFRS 18 replaces the standard IAS 1 "Presentation of Financial Statements" and related interpretations. It was introduced to improve the existing standards for the presentation of financial statements, particularly IAS 1, which had certain limitations in ensuring sufficient transparency and comparability of financial statements. Over time, the complexity of financial reporting increased, necessitating the adjustment of the standard to reflect these changes. IFRS 18 provides additional guidance for presenting more substantive information, enhancing clarity and ensuring consistency across different entities and industries.

The adoption of IFRS 18 is expected to have a significant impact on the Group's practices for the presentation and disclosure of consolidated financial statements. It enhances the clarity and comparability of financial information, enabling stakeholders to better understand the Group's financial position and performance. Management is currently assessing the full impact of this change and how it will affect the presentation and disclosure of the Group's consolidated financial statements in future reporting periods.

Other standards, interpretations and amendments to published standards

The following new standards, interpretations, and amendments do not yet apply to the reporting period ended June 30, 2024, and therefore have not been implemented in the preparation of this consolidated financial statements. The standards apply to reporting periods beginning after January 1, 2024, and early adoption is permitted. The Group has not adopted any of these new standards, interpretations and amendments in advance, and it is estimated that they will not have a significant impact on the Group's consolidated financial statements upon adoption.

- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1);
- Non-current Liabilities with covenants (Amendments to IAS 1);
- Supplier Finance Agreements (Amendments to IAS 7 and IFRS 7);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16);
- Lack of Exchangeability (Amendments to IAS 21);
- Subsidiaries Without Public Accountability: Disclosures (New standard IFRS 19);
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7).

The Group intends to implement them when they become effective.

FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The financial statements of the Group's each entity have been prepared using the currency of the primary economic environment in which the entity operates (functional currency), i.e. the local currency. The functional currency of the Parent Company and its subsidiaries registered in Estonia is euro. The consolidated financial statements have been prepared in euros.

Accounting for foreign currency transactions

All currencies other than the functional currency (the functional currency of the Parent Company as well as its Estonian and Finnish subsidiaries is the euro) are considered as foreign currencies. Foreign currency transactions are translated into the functional currency using the exchange rates of the European Central Bank or a central bank of the respective country as at the transaction dates. Monetary assets and liabilities denominated in a foreign currency (receivables and loans payable in cash) are translated into the functional currency based on the foreign currency exchange rate of the central bank as at the balance sheet date. Foreign exchange gains and losses resulting from translation are recorded in the income statement of the reporting period. Non-monetary assets and liabilities denominated in a foreign currency that are measured at fair value (at fair value are measured biological assets; short- and long-term financial investments in shares and other equity instruments whose fair value can be determined reliably) are translated into the functional currency using the official exchange rates of the central bank as at the date of determining the fair value. Non-monetary assets and liabilities denominated in a foreign currency that are not measured at fair value (e.g. prepayments, inventories accounted for using the cost method; property, plant and equipment as well as intangible assets) are not translated at the balance sheet date but continue to be reported using the official exchange rate of the central bank as at the transaction date.

Financial statements of foreign business units

The following principles apply to the translation into the presentation currency of the financial statements of foreign subsidiaries:

- The assets and liabilities of all foreign subsidiaries are translated at the exchange rate of the European Central Bank at the balance sheet date;
- Subsidiaries' income and expenses are translated at the weighted average exchange rates for the year (unless this average cannot be considered a reasonable approximation of the cumulative effects of the interest rates prevailing at the dates of the transactions, in which case they are translated at the dates of the transaction).
- Conversion differences arising on translation are included in other comprehensive income and accumulated in equity under "Unrealized exchange differences".

Goodwill and changes in fair value arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the balance sheet date.

If a foreign subsidiary is disposed of, in whole or in part, as a result of a disposal, liquidation, repayment or abandonment of its equity, unrealized exchange differences recognized in equity are recognized in the income statement.

PRINCIPLES OF CONSOLIDATION

(a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity. Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

In preparation of consolidated financial statements, the financial statements of the Parent Company and its subsidiaries are consolidated on a line-by-line basis. In preparation of consolidated financial statements, inter-company transactions, balances and unrealised gains on transactions between the Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

In the Parent Company's separate financial statements the investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments.

(b) Changes in ownership interests in subsidiaries without cease of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains and losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when the control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets and liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss as appropriate.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement and its share of post-acquisition movements in the associates' other comprehensive income is recognised directly in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise any further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to “Share of other profit/loss of the associates” in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group’s financial statements only to the extent of unrelated investor’s interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

INFORMATION ABOUT PARENT COMPANY’S SEPARATE PRIMARY FINANCIAL STATEMENTS

According to the Accounting Act of Estonia, the notes to the consolidated financial statements shall include disclosures on the separate primary financial statements of the consolidating entity (Parent Company). The primary financial statements of the Parent Company, which are disclosed in Note 31, have been prepared using the same accounting policies and measurement bases as used in preparing the consolidated financial statements. Investments in subsidiaries and associates are carried at cost in the separate primary financial statements. Under the cost method, the investment is initially recognised at cost, i.e. at the fair value of the consideration paid at acquisition and it is subsequently adjusted to account for impairment losses.

CASH AND CASH EQUIVALENTS

For the purposes of the statement of financial position and the cash flow statement, cash and cash equivalents include cash on hand, bank account balances (other than overdraft) and term deposits with maturities of 3 months or less. Overdraft is included within short-term interest-bearing liabilities in the statement of financial position.

FINANCIAL ASSETS

Classification

The Group classifies financial assets into the following measurement categories:

- those at fair value (either through other comprehensive income or through profit or loss);
- those carried at amortised cost.

The classification depends on the Group's business model for managing its financial assets and the contractual terms of the cash flows.

Registration and derecognition

Purchases and sales of financial assets under normal market conditions are recognized on the trade date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Measurement

Financial assets (unless they are receivables from a buyer that does not have a significant financing component and are initially measured at transaction price) are initially measured at fair value and in the case of assets do not measure at fair value through profit or loss, related acquisition costs of assets are added to the initial value.

Debt instruments

Subsequent recognition of debt instruments depends on the Group's business model for managing its financial assets and the contractual cash flows of the financial assets. Assets held for the purpose of collecting contractual cash flows that have only cash flows and interest payable are recognised at amortised cost using the effective interest rate method. Impairment losses are deducted from the adjusted acquisition cost. Interest income, foreign exchange gains and losses and impairment losses are recognised in the income statement. Gains or losses on derecognition are recognised in the income statement under “Other operating income / expense”.

Impairment of financial assets

The impairment loss model is applied to financial assets at amortized cost. Financial assets carried at amortized cost consist of trade receivables, cash and cash equivalents.

Expected credit losses are probability-weighted estimated credit losses. Credit loss is the difference between the contractual cash flows of the Group and the expected cash flows of the Group, discounted at the original effective interest rate.

Measurement of expected credit loss takes into account: (i) an unbiased and probabilistic amount that estimates a number of different outcomes, (ii) the time value of money and (iii) reasonable and reasonable information available at the end of the reporting period conditions and forecasts of future economic conditions.

The Group measures impairment as follows:

- trade receivables amounting to expected credit losses over their lifetime;
- cash and cash equivalents at low credit risk (senior management considers a low credit risk assessment of at least one of the major credit rating agencies) to be equivalent to expected credit losses within 12 months;
- for all other financial assets, the amount of credit losses expected to be incurred over a 12-month period, unless the credit risk (i.e. the expected life of the financial asset in default) has increased significantly after initial recognition; if the risk is significantly increased, the credit loss is measured at an amount equal to the expected credit loss over a lifetime.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at their fair value plus transaction costs. After initial recognition, loans and receivables are carried at amortised cost using the effective interest rate method. This method is used to calculate interest income on the receivable in subsequent periods. Financial assets are adjusted for impairment losses.

Impairment is based on expected credit loss. The principle of expected credit loss is to show the overall trend in the deterioration or improvement in the credit quality of a financial asset. Impairment losses on financial assets classified at amortised cost are recognised as a provision for impairment.

Expected credit losses are probability-weighted estimated credit losses that, at the reporting date, consider all relevant information, including information about past events, current conditions, reasonable and reasonable future events, and forecasts of economic conditions. At the end of each reporting period, the Group conducts an expert review to determine whether there has been a material increase in risk compared to the last estimate. Indicators of increased credit risk include, but are not limited to, overdue payments over 30 days, significant financial difficulties of the debtor, possible bankruptcy or restructuring of the debtor. Impairment charges are recognised in the income statement under “Other operating expenses”. If receivables are uncollectible, they are written off together with a provision for impairment.

Receivables are generally recognised as current assets when they are due to be settled within 12 months after the balance sheet date. Receivables that are due later than 12 months after the balance sheet date are recognised as non-current assets. Financial assets that do not include SPPI cash flows are recognised at fair value through profit or loss.

FACTORING

Factoring is the transfer (sale) of receivables, whereby depending on the type of the factoring contract the buyer has the right to sell the transferred receivable back to the seller within a certain time period (recourse factoring) or there is no right of resale back to the seller and all the risks and benefits associated with the receivable are transferred from seller to purchaser (non-recourse factoring). Factoring with regress are recognized at amortized cost.

If the seller of the receivable retains the repurchase obligation, the transaction is recognised as a financing transaction (i.e. as a loan with the receivable as a collateral) and not as a sale. The receivable is not considered as sold as a result of factoring, but it remains in the balance sheet until the receivable is collected or the recourse right has expired. The related liability is recorded similarly to other interest-bearing liabilities.

If there is no repurchase obligation and the control over the receivable and the related risks and rewards of the ownership are transferred to the buyer, the transaction is recognised as a sale of the receivable. In the statement of financial position, these receivables are recognized at fair value through profit and loss. The related expense is recognised as a finance cost (similarly to interest expense) or as an impairment loss of receivables, depending on whether the purpose of the transaction was to manage the cash flows or to manage credit risk.

INVENTORIES

Inventories are initially recognised at their cost, which consists of the purchase costs, direct and indirect production costs, transportation and other costs incurred in bringing the inventories to their present location and condition.

Purchase costs include in addition to the purchase price also the customs duties and other non-refundable taxes and direct transportation costs related to the purchase, less discounts and subsidies. The production costs of inventories include costs directly related to the production (such as direct materials and packing material costs, unavoidable storage costs related to work in progress, direct labour), and also a systematic allocation of fixed and variable production overheads (such as depreciation and maintenance of production buildings and equipment, overhaul costs, and production units' management remunerations).

The FIFO method is used to account for the cost of inventories. Inventories are measured in the statement of financial position at the lower of acquisition/production cost or net realisable value. The net realisable value is the estimated selling price of inventories in the ordinary course of business less applicable variable selling expenses.

TANGIBLE ASSETS

Tangible assets are assets used by the Group in its economic activities with a useful life of over one year. An item of property, plant and equipment is initially recognized at its acquisition cost, consisting of the purchase price (including duties and other non-refundable taxes) and directly attributable acquisition costs necessary to bring the asset to its operating condition and location.

Tangible assets are carried in the statement of financial position at its cost less any accumulated depreciation and any accumulated impairment losses. Tangible assets acquired under lease are accounted for in the same way as purchased tangible assets. Subsequent expenditures on an item of tangible assets are recognized as non-current assets when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Other maintenance and repair costs are expensed as incurred.

Amortization is calculated using the straight-line method. The depreciation rate is determined for each item of tangible assets depending on its useful life. For assets with a significant residual value, only the depreciable amount between the cost and the residual value is depreciated over the useful life.

If an item of tangible assets consists of identifiable components with different useful lives, these components are accounted for as separate assets and are subject to separate depreciation rates based on their useful lives.

The following useful lives are assigned to items of tangible assets:

- Buildings 5-50 years
- Machinery and equipment 2-20 years
- Motor vehicles 4-13 years
- Fixtures, fittings and tools
  - Fittings and tools 2-12 years
  - IT equipment and software 3-5 years
  - Other fixtures 5 years
- Items with unlimited useful lives (land) are not depreciated.

Depreciation of an asset begins when the asset is available for use for the purpose intended by management and is ceased when the residual value exceeds the carrying amount, when the asset is permanently withdrawn from use or is reclassified as held for sale. At each balance sheet date, the validity of applied depreciation rates, the depreciation method and the residual values applicable to assets are assessed.

Where an asset's recoverable amount (higher of an asset's fair value less costs to sell and value in use) is less than its carrying amount, it is written down immediately to its recoverable amount. The impairment loss is recognized under the corresponding fuction in the income statement. Impairment losses recognized in prior periods are reversed if there has been a change in the estimates used to determine recoverable amount.

Borrowing costs (interest) attributable to the construction of property, plant and equipment are added to the cost of the assets during the period that is required to complete and prepare the asset for its intended use.

Items of property, plant and equipment that are expected to be sold within the next 12 months are reclassified as non-current assets held for sale. Gains and losses on the disposal of non-current assets that are measured as the difference between the proceeds from the sale and the carrying amount of the asset are recognized in the income statement within “Other operating income and expenses”.

INTANGIBLE ASSETS

Intangible assets (trademarks, connection fees, licences, software) are recognised in the statement of financial accounting when the asset is controlled by the Group, future economic benefits attributable to the asset will be collected by the Group and the cost of the asset can be measured reliably. An acquired intangible asset is initially recognised at cost, comprising its purchase price and any expenditure directly attributable to the acquisition. Intangible assets are subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses. Goodwill is carried at its acquisition cost less any impairment losses.

Intangible assets are divided into assets with finite useful lives and assets with indefinite useful lives

Intangible assets with finite useful lives are amortised using the straight-line method, over the asset’s estimated useful life. The appropriateness of the amortisation periods and method is assessed at each balance sheet date.

The following useful lives have been assigned for intangible assets:

- Trademarks 20 - 50 years
- Licenses and connection fees 3 - 50 years
- Software licenses 5 years

The useful lives of brands are determined based on management's estimate of the expected length of the cash-generating period of these assets. Licenses and connection fees and the useful lives of software licenses are based on the duration of the right to use the assets.

For assets with a finite useful life, an asset is assessed for impairment whenever there is an indication that the asset may be impaired.

Intangible assets with indefinite useful lives (goodwill) are not amortized, but are tested for impairment annually (or more frequently if any event or change in circumstances indicates that the goodwill may be impaired) and tested for impairment and their carrying amount is less than their carrying amount. , the asset is written down to its recoverable amount. For the purpose of calculating recoverable amount, goodwill is allocated to the cash-generating units.

IMPAIRMENT OF FIXED ASSETS

Intangible assets with indefinite useful lives (goodwill) are tested for impairment annually by comparing the carrying amount of the asset with its recoverable amount.

In the case of property, plant and equipment with indefinite useful lives (land) and depreciable assets, there is an indication that the asset may be impaired. In such circumstances, the recoverable amount of the asset is estimated and compared with its carrying amount.

For the purposes of assessing impairment, the recoverable amount is estimated for each individual asset or smallest group of assets for which a cash-generating unit is available. The goodwill test is always performed with the cash-generating unit to which the goodwill belongs. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses on assets are recognized as an expense in the period.

For assets that are written down at each subsequent balance sheet date, it is assessed whether it is probable that the recoverable amount of the asset may have increased in the interim. If, as a result of a value test, it is found that the recoverable amount of an asset or group of assets (cash-generating unit) has increased above its carrying amount, the earlier write-down is reversed and the carrying amount of the asset is increased to the amount that would have occurred.

A reversal of a write-down is recognized in the income statement for the financial year as a reduction of the write-down of a fixed asset. Goodwill impairment is not reversed.

BIOLOGICAL ASSETS

Biological assets are recognised in the statement of financial position when the asset is controlled by the Group, it is expected that future economic benefits associated with the asset will be collected by the Group and the fair value of the asset or its cost can be determined reliably.

Biological assets i.e. fish stock of rainbow trout *(Oncorhynchus mykiss*) is on the separate line “Biological assets” in the statement of financial position.

Biological assets are classified based on their stage of completion, which are relevant for formation of market prices. Accounting policies for each class of biological assets have been determined as follows:

- **Fries (fertilised roe and fries up to 250 g)**

  Fries are carried at fair value. Fair value is determined on the basis of the biomass volume of fry and its weighted average market price at the balance sheet date.

- **Juveniles (250 g fries up to fish suitable for harvesting)**

  The fair value of juveniles cannot be determined reliably due to the absence of an active market, and they are carried in the statement of financial position at cost. The direct expenditures incurred in breeding the juveniles to fish suitable for harvesting is capitalised as part of the cost.

  At each balance sheet date, the cost is compared with the net realisable value of the juveniles. The net realisable value is the estimated fair value of fish suitable for harvesting at the time the juveniles are expected to become suitable for harvesting, less estimated costs on breeding the juveniles to make them suitable for harvesting, and on subsequent sale. When it is probable that the cash flows from future sales cover both the cost as well as the additional expenditure related to breeding and sale, juveniles are recognised at cost. Otherwise, juveniles are written down to their net realisable value. Impairment losses are recognised in profit or loss.

- **Fish suitable for harvesting (reclassification from juveniles to fish suitable for harvesting based on the weight)**

  On initial recognition (at acquisition or reclassification from juveniles) and at each balance sheet date, the fish suitable for harvesting are measured at their fair value less estimated costs to sell. The basis for determination of fair value is the estimated biomass of fish suitable for harvesting, less the weight loss occurring at disposal, and the weighted average market price at the balance sheet date, i.e. the latest market price for similar assets sold by independent parties, adjusted for the effect of existing differences, assuming no major changes have occurred in the economic environment between the transaction date and the balance sheet date. In the areas where external market prices are unavailable, the estimate is based on internal market prices. The quality class (higher or regular) is also taken into account in the determination of prices.

Costs to sell include fees to intermediaries, levies and non-refundable taxes. Costs to sell do not include transportation and other costs necessary to get an asset to a market, however, such expenditures are taken into account when determining fair value.

Expenditures directly related to bringing the immature biological assets up to the point they are suitable for harvesting are capitalised as part of the cost of biological assets. The cost is adjusted periodically by the re-measurement of the biological assets at fair value.

Gains and losses arising from fair value adjustments of biological assets are recognised in the separate line “Fair value adjustment on biological assets” in the statement of comprehensive income. Agricultural produce is recognised at fair value less estimated costs to sell.

As at 30.06.2024 the Group had no biological assets.

LEASES

As a lessee, the Group leases a number of assets, including machinery and equipment, land and water, as well as buildings.

Upon concluding the agreement, the Group assesses whether the agreement is a lease agreement or whether the agreement includes a lease. A contract is a lease (or includes a lease) if it gives the right to inspect and use the specified property for a specified period of time for a consideration. The Group uses the definition of a lease in IFRS 16 to assess whether an arrangement gives it the right to control and use an asset.

When measuring the lease obligations of leases classified, the Group discounted the lease payments using an alternative borrowing rate. The lessee's alternative weighted average interest rate is 2%.

The group as a tenant

The Group recognizes the right to use the asset and the lease obligation at the inception of the lease. The right-of-use asset is initially measured at cost, which comprises the original amount of the lease obligation. The initial amount of the lease liability is adjusted by the prepayments made, the direct costs incurred and the restoration costs (arising from the dismantling and restoration of the asset). The rental benefits received have been deducted from the amount received.

The right-of-use assets are depreciated on a straight-line basis from the inception of the lease until the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group at the end of the lease term or the residual value of the right indicates that the Group intends to exercise the option. In this case, the right to use the asset is depreciated over the useful life of the underlying asset, which is determined on the same basis as for the respective property, plant and equipment held by the Group. In addition, the right of use is reduced in the event of impairment losses. The right of use and the lease obligation are also adjusted for certain revaluations.

The lease liability is initially measured at the present value of the lease payments outstanding at the inception of the lease, using the effective interest rate method of the lease or, if that rate cannot be determined, the alternative borrowing rate. The Group generally uses an alternative borrowing rate as the discount rate.

The Group finds an alternative loan interest rate using various sources of financing. The inputs received are adjusted to take account of the terms of the lease and the type of leased asset in order to arrive at an alternative borrowing rate appropriate for the leased asset.

The lease payments included in the lease obligation include the following components:

- fixed lease payments;
- variable lease payments, if they change according to some basic index (for example, inflation, EURIBOR);
- payments associated with the exercise of options to repurchase, extend or terminate the lease (if management has assessed the exercise of the option sufficiently and the exercise of these options has been taken into account in calculating the lease term);
- guaranteed residual value (expected value of the amount to be paid).

The lease liability is measured at amortized cost. The lease liability is recalculated when there is a change in future lease payments due to an index or rate, a change in the estimate of the guaranteed residual value or a change in the Group's assessment of whether to repurchase, extend or terminate the lease. The lease liability is also remeasured when the fixed payments change.

If the lease liability is revalued for the reasons listed above, an adjustment is made to the carrying amount of the right-of-use asset. The effect of the change in the lease liability is recognized in the income statement when the carrying amount of the right to use the asset is reduced to zero.

The Group has decided not to recognize usufruct assets and lease obligations for low value leases and short-term leases. The Group recognizes lease payments related to these leases as an expense on a straight-line basis over the lease term.

FINANCIAL LIABILITIES

All financial liabilities (trade payables, other short and long-term liabilities, borrowings, listed bonds, forward, put and call options) are initially recognised at their fair value, less any transaction costs. They are subsequently recognised at amortised cost, using the effective interest rate method.

The amortised cost of the current financial liabilities generally equals their nominal value; therefore current financial liabilities are stated in the statement of financial position at redemption value. To calculate the amortised cost of non-current financial liabilities, they are initially recognised at fair value of the proceeds received (net of transaction costs incurred) and an interest expense is calculated on the liability in subsequent periods using the effective interest rate method.

A financial liability is classified as current when it is due to be settled within 12 months after the balance sheet date or the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Interest-bearing liabilities that are due within 12 months after the balance sheet date, but which are refinanced after the balance sheet date as long-term, are recognised as short-term interest-bearing liabilities. Also, borrowings are classified as short-term if the lender had at the balance sheet date the contractual right to demand immediate payment of the borrowing due to the breach of conditions set forth in the agreement.

Borrowing costs (interest) to finance the construction of assets are capitalised during the period that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed at the time they are incurred.

PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognized in the statement of financial position when the Group has a present obligation (legal or contractual) arising from an event that occurred before the balance sheet date; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; but the exact amount of the liability or the due date is not known.

Provisions are recognized in the statement of financial position based on management's estimate of the amount that is expected to be required to settle the provision and the time at which the provision is realized. A provision is recognized in the statement of financial position at the amount the management estimates it will have at the balance sheet date to settle the obligation or transfer it to a third party. Provisions are recognized at the discounted value (amount of the present value of the payments related to the provision) unless the effect of discounting is immaterial. The cost of the provision is recognized in the statement of comprehensive income for the period. Future operating losses are not recognized as a provision.

Other liabilities, the realization of which is unlikely or the amount of which cannot be estimated with sufficient reliability, but which in certain circumstances may become liabilities in the future, are disclosed as contingent liabilities in the notes to the financial statements.

INCOME TAX AND DEFERRED INCOME TAX

Deferred income tax

Deferred income tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

According to the laws of the Republic of Estonia, the company's profit for the financial year is not taxed in Estonia. The corporate income tax liability arises on the distribution of profit and is recognized as an expense (profit or loss for the period) when dividends are declared. Due to the nature of the taxation system, a company registered in Estonia does not incur deferred income tax assets or liabilities, except for a possible deferred income tax liability from the company's investments in subsidiaries, associates and joint ventures and branches.

The Group's deferred income tax liability arises for companies located in countries where the profit for the financial year is taxed.

The Group's deferred income tax liability also arises from investments in Estonian subsidiaries, associates and joint ventures and branches, unless the Group can control the timing of the reversal of taxable temporary differences and their reversal is unlikely in the foreseeable future. Examples of reversals of taxable temporary differences are the payment of dividends, the sale or liquidation of an investment and other transactions.

By controlling the subsidiary's dividend policy, i.e the Group can block profit distribution decisions, the Group controls the timing of the reversal of temporary differences associated with that investment. If the parent has decided not to distribute the profit of the subsidiary in the foreseeable future, it does not recognize a deferred income tax liability. If the parent estimates that the dividend will be paid in the foreseeable future, the deferred income tax liability is measured to the extent of the planned dividend payment, provided that there are sufficient funds and equity to pay the dividend at the reporting date.

As the Group does not control the associate's dividend policy, it does not control the timing of the reversal of taxable temporary differences.

Estonian entities of the Group

According to the applicable laws of the Republic of Estonia, the Estonian entities do not pay income tax on their profits. Corporate income tax is paid on dividends, fringe benefits, gifts, donations, costs of entertaining guests, non-business related disbursements and on adjustments of the transfer price. The effective tax rate is 20/80 (2022: 20/80) of the amount paid out as net dividends. From 2019, tax rate of 14/86 can be applied to dividend payments. The more beneficial tax rate can be used for dividend payments in the amount of up to the average dividend payment during the three preceding years that were taxed with the tax rate of 20/80. When calculating the average dividend payment of three preceding years, 2019 will be the first year to be taken into account. As it is the dividends and not the profit that is subject to income tax, no temporary differences between the taxable values and the carrying amounts of assets and liabilities arise, which could give rise to deferred income tax assets and liabilities.

Income tax payable on dividends is recognised as an income tax expense in the statement of comprehensive income and as a liability in the statement of financial position at the time dividends are declared, regardless of the actual payment date or the period for which dividends are paid.

Foreign entities of the Group

In Sweden and Great Britain corporate profits are taxable with income tax. For identification of the taxable income, the pre-tax profit is adjusted for temporary or permanent income and expense additions as required by local income tax laws.

For foreign subsidiaries, deferred income tax assets or liabilities are determined for all temporary differences between the tax bases of assets and liabilities and their carrying amounts at the balance sheet date. Deferred income tax is determined using tax rates (and laws) that have been enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred tax assets are recognised in the statement of financial position only when it is probable that future taxable profit will be available against which the deductions can be made.

Income tax rate in the Great Britain 25% (2022/2023: 25%).

REVENUE RECOGNITION

Revenue is the income generated by the ordinary activities of the Group. Revenue is recognized at the transaction price. The transaction price is the total consideration the Company is entitled to receive for the delivery of the promised goods or services to the customer, less any amounts collected on behalf of third parties. The Group recognizes revenue when control of a good or service is transferred to a customer.

Wholesale

Sales are recognized when control over the products has been transferred, meaning that the products have been delivered to a reseller, the reseller can decide on the marketing and pricing of the products, and there are no outstanding obligations that could affect the reseller's acceptance of the products. Products are delivered to an agreed location, risks of product damage and loss have passed to the reseller, and the reseller has accepted the products in accordance with the sales agreement, the acceptance requirement has expired, or the Group has objective evidence that all acceptance requirements are met. The Group's wholesale business includes the sale of fish and fishery products. As with food, the shelf life is short and there is no obligation to repurchase the goods, nor is the product long-term guaranteed. This is largely a flat fee sale. In the case of a variable component, such as a volume-related bonus, the sales price adjustment is recognized in the same period as the sales revenue.

The Group recognizes a receivable when the goods are delivered, because at that point in time an unconditional right to payment arises, the payment of which is dependent only on the passage of time.

Financing component

The Group has no agreements where the period between delivery of the promised goods or services to the customer and receipt of payment from the customer is longer than one year. Consequently, the Group does not adjust the transaction price for the time value of money.

Interest income and dividend income

Interest income is recognized when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Interest income is recognized using the effective interest rate of the asset. Dividend income is recognized when the right to receive payment is established.

SEGMENT REPORTING

Reportable business segments are identified based on regular reporting to internal senior decision-makers. The chief operating decision maker in the Group, who is responsible for allocating resources and evaluating the performance of the business segments, is the Management Board of the parent company, which makes strategic decisions.

Segment result includes revenue and expenses that are directly attributable to the segment and a significant portion of the revenue / expense that can be attributed to a particular segment, either externally or internally. Segment assets and liabilities include operating assets and liabilities that are directly attributable to a segment or that can be allocated to a particular segment. See also Note 19.

SHARE CAPITAL

Ordinary shares are included within equity. The expenditures related to the issue of ordinary shares are recognised as a reduction of equity. Treasury shares repurchased by the parent company are recognised as a reduction of equity (in the line item “Treasury shares”). Disbursements and contributions related to treasury shares are recognised in equity.

STATUTORY RESERVE CAPITAL

Reserve capital is formed to comply with the requirements of the Commercial Code of the Republic of Estonia. During each financial year, at least 5% of the net profit shall be transferred to reserve capital until reserve capital reaches one-tenth of share capital. Reserve capital may be used to cover a loss or to increase share capital. Payments shall not be made to shareholders from reserve capital.

EARNINGS PER SHARE

Basic earnings per share are determined by dividing the net profit for the financial year by the period’s weighted average number of shares issued. Treasury shares are not included in the weighted average number of shares. Diluted earnings per share are calculated by adjusting the net profit and the weighted average number of shares outstanding for the effects of dilutive potential ordinary shares.

PAYABLES TO EMPLOYEES

Payables to employees include the performance pay payable to employees on the basis of employment contracts which are calculated by reference to the Group's financial results and fulfilment of the employees’ individual performance objectives. Performance pay is recognised as an expense and a payable to employees if the disbursement takes place during the next reporting period. In addition to performance pay, this accrual also includes expenses on social security tax and unemployment insurance tax calculated on the performance pay. Payables to employees include the accrued vacation pay calculated according to employment contracts and employment laws effective in Estonia.

The Group makes contributions to several mandatory funded pension funds, which are recognised as expenses in the statement of comprehensive income (this expense is included within the social security tax for the parent company and the subsidiaries located in Estonia). The Group has neither a legal nor a factual obligation to make other pension or similar payments in addition to those mentioned above.

GOVERNMENT GRANTS

Government grants are recognised at their fair value when there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate. Government grants for non-current assets are included within non-current liabilities and are credited to income in the income statement over the useful life of the acquired asset.

NOTE 3. FINANCIAL RISKS

The Group’s risk management policy is based on the requirements established by regulatory bodies, generally accepted practices and the Group’s internal rules. The Group is guided by the principle to manage risks in a manner that ensures an optimal risk to reward ratio. As part of the Group's risk management, all potential risks, their measurement and control are defined, and an action plan is prepared to reduce risks while ensuring the attainment of the company’s financial and other strategic objectives.

The management board of the Parent Company has the main role in managing risks. The supervisory board of the Parent Company exercises supervision over the measures taken by the management board in managing risks. The Group assesses and limits risks through systematic risk management. For managing financial risks, the Group has involved its financial unit that finances the Parent Company as well as its subsidiaries and, directly as a result of that, also manages liquidity risk and interest rate risk.

Financial instruments by category

FINANCIAL ASSETS AT 30.06.2024

EUR '000	Note	At adjusted acquisition cost	Fair value through profit or loss	Total
Cash and bank	5	203	0	203
Trade receivables	6	1,766	0	1,766
Other receivables	6	446	0	446
Total		2,415	0	2,415

FINANCIAL LIABILITIES AT 30.06.2024

EUR '000	Note	At adjusted acquisition cost	At fair value through profit or loss	Total
Interest-bearing liabilities	15	14,243	0	14,243
Lease liabilities	14	255	0	255
Trade payables	16	1,192	0	1,192
Other liabilities	16	844	0	844
Total		16,534	0	16,534

FINANCIAL ASSETS AT 30.06.2023

EUR '000	Note	At adjusted acquisition cost	Fair value through profit or loss	Total
Cash and bank	5	394	0	394
Trade receivables	6	1,392	0	1,392
Other receivables	6	422	0	422
Total		2,208	0	2,208

FINANCIAL LIABILITIES AT 30.06.2023

EUR '000	Note	At adjusted acquisition cost	At fair value through profit or loss	Total
Interest-bearing liabilities	15	16,776	0	16,776
Lease liabilities	14	359	0	359
Trade payables	16	1,389	0	1,389
Other liabilities	16	1,079	0	1,079
Total		19,603	0	19,603

Financial risk management is an important and integral part of the management of the Group's business processes. Management's ability to identify, measure and control various risks has a significant impact on the Group's profitability. Risk is defined by the Group's management as a possible negative deviation from expected financial performance.

The Group's activities involve a number of financial risks, the most important of which are the credit risk, liquidity risk and market risk, incl. exchange rate risk, interest rate risk, fair value risk and fair value interest rate risk.

CREDIT RISK

Credit risk represents the potential loss that occurs if customers fail to fulfil their contractual obligations. To reduce credit risk, customer payment discipline is monitored continuously.

To minimize credit risk, the Group assesses the creditworthiness of potential future counterparties based on information obtained from credit info, the Tax and Customs Board, or other public sources. Purchase and sale agreements are concluded with all counterparties, and payment terms are granted only to reliable partners.

In assessing financial asset credit risk from initial recognition to credit loss evaluation, the Group considers reasonable and supportive information that is relevant and available without excessive costs or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and credit rating information, as well as forward-looking information (including forecasts of economic growth and market interest rates). The Group assumes that the credit risk of financial assets has significantly increased if payment has not been made for more than 90 days and there is no confirming action from the customer regarding the collection.

As part of working capital management, the Group uses factoring with recourse, which involves selling receivables to a credit institution while retaining some responsibility for collecting those receivables. This arrangement improves the Group's liquidity and enables more efficient cash flow management but also introduces credit risk associated with customers' ability to settle their debts. To mitigate credit risk, assessments of customers' creditworthiness are conducted before entering into sales or factoring agreements. The Group regularly monitors the financial condition of its customers and adjusts its credit terms as needed. No discounts related to factoring receivables were recognized during the reporting period. As of the reporting date, the Group has no information indicating that factoring-related receivables are associated with significant credit risk, as the Group's management has no indications of potential credit deterioration or payment disruptions among transaction partners.

As of 30.06.2024, the Group had a receivable of 405 thousand euros from the sale of shares in Redstorm OÜ and fishing licenses. The total amount receivable from the sale transaction is 2,813 thousand euros, and the payment will be received by the Group in four instalments:

- An amount of 313 thousand euros was immediately payable from the sale price of the transaction. As of the reporting date, this amount has been received by the Group.
- 2,000 thousand euros was due after the issuance of an administrative act regarding the change of the construction permit holder. As of the reporting date, this amount has been considered paid by the Group. Financially, the Group received 1,400 thousand euros from the receivable, and the remaining portion of 600 thousand euros was offset against the Group's debt to Redstorm OÜ.
- 250 thousand euros will be paid no later than 10.01.2025. As of the reporting date, the Group has offset 95 thousand euros from this amount against its debt to Redstorm OÜ.
- 250 thousand euros will be paid no later than 10.01.2026.

The Group believes that the receivable of 405 thousand euros as of 30.06.2024, is not associated with significant credit risk, as the Group's management has no indications of potential credit deterioration or payment disruptions from the transaction partner. For more information related to the transaction, see Note 10.

The Group accepts banks and financial institutions rated at least "A" as long-term partners in the Baltics and the United Kingdom.

As of 30.06.2024, available funds were held in the following credit institutions: AS SEB Pank (SEB), Bank of Scotland Plc, and Swedbank AB (Swedbank). The credit ratings of these credit institutions or their parent companies, according to Moody's Investor Service as of the date of preparation of the report, were at least "A."

LIQUIDITY RISK

Liquidity risk is the risk that the Group is unable to fulfil its financial obligations due to insufficient cash funds or inflows. This risk realizes when the Group does not have enough funds to serve its loans, to fulfil its working capital needs, to invest and/or to make declared dividend payments.

The objective of the Group is to keep the Group's financing needs and financing opportunities in balance. Cash flow planning is used as a liquidity risk management tool.

To manage the liquidity risk, the Group uses various sources of financing, such as bank loans, overdrafts, issuing bonds, customer debts factoring and continuous monitoring of trade receivables and delivery contracts.

Long-term investment loans or lease agreements are used to acquire fixed asset investments. Management considers monitoring liquidity risk to be important.

Analysis of non-discounted financial liabilities by maturity

The calculation of interest cash flows is based on the interest rates prevailing at the balance sheet date.

FINANCIAL LIABILITIES AT 30.06.2024			**Undiscounted cash flows**			
EUR '000	Carrying amount	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Interest-bearing liabilities	14,243	946	10,953	3,440	0	15,339
Lease liabilities	255	6	19	102	158	285
Trade and other payables	2,036	2,036	0	0	0	2,036
Total liabilities	16,534	2,989	10,972	3,542	158	17,661

FINANCIAL LIABILITIES AT 30.06.2023			**Undiscounted cash flows**			
EUR '000	Carrying amount	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Interest-bearing liabilities	16,776	1,193	818	14,765	0	16,776
Lease liabilities	359	25	75	259	0	359
Trade and other payables	2,468	2,468	0	0	0	2,468
Total liabilities	19,603	3,686	893	15,024	0	19,603

For more information about liquidity risk, see Note 29 on going concern.

CURRENCY RISK

Currency risk arises when business transactions and assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group operates in Estonia and the United Kingdom (GBP). To hedge against currency risks, all significant foreign contracts of the Group are concluded in euros. The Group has no significant long-term receivables and liabilities in foreign currency that are not related to euros. All existing long-term lease agreements are largely denominated in euros, and therefore they are treated as currency risk-free liabilities.

Breakdown of financial instruments as at 30.06.2024 by underlying currency

EUR '000	Note	EUR	GBP	Total
Cash and bank	5	39	139	178
Trade receivables	6	656	940	1,597
Other receivables	6	446	0	446
Total financial assets		1,141	1,080	2,221
Interest-bearing liabilities	15	-12,767	-1,251	-14,018
Lease liabilities	14	0	-216	-216
Trade payables	16	-589	-515	-1,104
Other liabilities	16	-630	-281	-911
Total financial liabilities		-13,986	-2,263	-16,249
Net currency position		-12,845	-1,183	-14,028

Breakdown of financial instruments as at 30.06.2023 by underlying currency

EUR '000	Note	EUR	GBP	Total
Cash and bank	5	141	253	394
Trade receivables	6	276	1,116	1,392
Other receivables	6	488	236	724
Total financial assets		905	1,605	2,510
Interest-bearing liabilities	15	-14,905	-1,871	-16,776
Lease liabilities	14	-351	-8	-359
Trade payables	16	-663	-726	-1,389
Other liabilities	16	-977	-669	-1,646
Total financial liabilities		-16,896	-3,274	-20,170
Net currency position		-15,991	-1,669	-17,660

The Group monitors the amount of net currency positions on an ongoing basis to assess the extent of changes in foreign exchange rates. Considering the relative stability of the Group 's main currency – the euro – and other currencies, the share of non-euro currencies as well as the Group' s net operations in the United Kingdom, the corresponding net currency positions are insignificant.

The following significant exchange rates have been used.

EUR	Average rate		Spot rate	
	2023/2024	2022/2023	30.06.2024	30.06.2023
GBP	0.8589	0.8696	0.8478	0.8581

A reasonably likely strengthening (weakening) of GBP against EUR as of 30.06.2024, would have affected the measurement of financial instruments in foreign currency and impacted equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, particularly interest rates, remain unchanged and ignores the impact of forecasted sales and purchases.

EUR	Comprehensive income (-loss)		Equity	
	Strengthening	Weakening	Strengthening	Weakening
30.06.2024				
GBP (2% movement)	8	-8	-13	13
30.06.2023				
GBP (2% movement)	8	-9	-19	19

Foreign exchange gains and losses are disclosed in Note 24.

INTEREST RISK

The Group uses interest rates based on the EURIBOR base rate for long- and short-term loans. In managing interest rate risks, potential losses from changes in interest rates are regularly compared to the cost of hedging them.

If on 30.06.2024 the interest rate of the interest-bearing liabilities with floating interest rate would be 0.1 percentage points lower or higher, the interest expense would be 6 thousand euros (30.06.2023: 6 thousand euros) lower or higher. Floating rate loans are, depending on the instrument, linked to 6- to 12-month EURIBOR or the UK central bank base rate.

Below is a summary of the Group's exposure to interest rate risk as at 30.06.2024 and 30.06.2023

AS AT 30.06.2024					
EUR '000	Note	less than 1 year	from 1 to 5 years	Over 5 years	Total
Fixed interest rate					
Interest bearing liabilities		10,880	3,363	0	14,243
Floating interest rate					
Interest bearing liabilities		19	95	141	255
Total position	15	10,899	3,458	141	14,498

AS AT 30.06.2023					
EUR '000	Note	less than 1 year	from 1 to 5 years	Over 5 years	Total
Fixed interest rate					
Interest bearing liabilities		2,011	14,765	0	16,776
Floating interest rate					
Interest bearing liabilities		100	259	0	359
Total position	15	2,111	15,024	0	17,135

CAPITAL MANAGEMENT

The Group counts loan capital and total equity as capital. As at 30.06.2024, the shareholders' equity totalled 3,191 thousand euros (30.06.2023: 8,293 thousand euros). The Group's policy is to maintain a strong equity base with the aim of maintaining credibility in the eyes of shareholders, creditors and the market and ensuring the Group's sustainable development. In the long term, the Group aims to increase shareholder income and ensure its ability to pay dividends.

The Group considers it important to ensure an optimal equity structure. Therefore, it is monitored that the Group's equity to assets ratio is at least 35% (30.06.2024: 14.6%, 30.06.2023: 27.5%) and the ratio of interest-bearing liabilities to assets does not exceed 25% (30.06.2024: 66.2%, 30.06.2023: 56.7%). The ratio of interest-bearing liabilities to assets has been temporarily exceeded due to loans for the acquisition of subsidiaries and bond issues.

The conditions for the listing of secured bonds specify the requirements (net debt to EBITDA ratio and debt service coverage ratio (DSCR)) that the Group's financial results must meet until the bonds are redeemed. As of 30.06.2024, the Group did not meet the conditions set forth in the bond covenants regarding net debt, EBITDA, and DSCR. For more information on non-compliance with these conditions, see Note 15, subsection "Bonds."

In line with industry practice, the Group uses a debt-to-equity ratio to monitor its capital. This ratio is calculated by dividing the net debt by total capital. Net debt is calculated by deducting cash and cash equivalents from gross debt (the sum of current and non-current loans recognized in the consolidated statement of financial position).

EUR '000	Note	30.06.2024	30.06.2023
Interest-bearing liabilities	15	14,498	17,136
Less: Cash and cash equivalents	5	-203	-394
Net debt		14,295	16,741
Total equity		3,191	8,293
Total capital (net debt + equity)		17,485	25,034
Net debt to total capital ratio		82%	67%

For more information on the going concern risk due to high net debt, see section 29.

FAIR VALUE OF FINANCIAL INSTRUMENTS (NOTES 5,6,10,15,16)

The carrying amounts of all financial assets and liabilities in the Group's consolidated financial statements are considered reasonable estimates of their fair value; therefore, the Group has not disclosed their fair value.

NOTE 4. MANAGEMENT JUDGEMENTS AND ESTIMATES

The preparation of financial statements in compliance with IFRSs requires the use of accounting estimates. It also requires management to make judgements in the process of application of the accounting policies. Estimates and judgments are reviewed on an ongoing basis, and they are based on historical experience and other factors, including projections of future events which are believed to be reasonable under the circumstances. The management makes certain judgements (in addition to judgments related to estimates) in the process of application of the accounting policies. The estimates that have a significant impact on the information presented in these financial statements and assumptions which may cause material adjustments to the carrying amounts of assets and liabilities within the next reporting period include assessment of net realisable value of assets (Note 8), assessment of impairment of goodwill (Note 13) and going concern assumption (Note 29).

ESTIMATING NET REALISABLE VALUE OF INVENTORIES (NOTE 8)

The management assesses the value of inventories on the basis of available information, taking into account historical experience, general background information and possible assumptions and conditions of future events. For finished goods, write down of inventories is determined on the basis of their sales potential and net realisable value. Raw materials are assessed on the basis of their potential to be used for preparation of finished goods and generating revenue. Work-in-progress is assessed on the basis of stage of completion that can be reliably measured.

The Group incurred loss in 2023/2024 in the amount of 32 thousand euros (2022/2023: 33 thousand euros) from the write-off of inventories.

ASSESSMENT OF IMPAIRMENT OF GOODWILL (NOTE 13)

The Parent Company has carried out an impairment test for goodwill in the one segment (Great Britain) as at 30.06.2024 using market-based comparable valuation multiples. Under the market-based method, an entity is compared with a similar entity in the same sector whose shares are traded on a market, or which has recently been sold, and for which there is sufficient information available about the transaction price. In this case, the European manufacturers of food products, fish farms and fish product manufacturers are treated as the sector, and the price levels and various ratios of these companies have been compared.

As of 30.06.2024, the carrying amount of goodwill in the Great Britain segment was 6,232 thousand euros. As a result of the goodwill impairment test conducted in the 2023/2024 financial year, the goodwill was assessed to be reduced by 1,897 thousand euros (see further in Note 13). In the 2022/2023 fiscal year, the goodwill was not impaired.

GOING CONCERN ASSUMPTION (NOTE 29)

The financial statements for the current financial year have been prepared on the going concern basis, which assumes that the Group will be able to realize its assets and settle its liabilities in the ordinary course of business. As of the reporting date, the Group's current liabilities exceeded its current assets. The Group's current liabilities as of 30.06.2024, amounted to 13,458 thousand euros, exceeding current assets by 9,226 thousand euros. A significant portion of the Group's current liabilities consists of interest-bearing debt obligations, amounting to 10,899 thousand euros as of June 30, 2024. The repayment of short-term interest-bearing debt obligations is considered by management to be associated with significant uncertainty.

The aforementioned circumstances may raise significant doubt as of the reporting date regarding the Group's ability to continue as a going concern, which may prevent the Group from being able to realize its assets and settle its liabilities in the ordinary course of business. The preparation of these financial statements on the going concern basis relies on certain assumptions, which are discussed further in Note 29.

NOTE 5. CASH AND CASH EQUIVALENTS

EUR '000	Note	30.06.2024	30.06.2023
Cash on hand		0	1
Bank accounts		203	393
Total cash and cash equivalents		203	394

NOTE 6. TRADE AND OTHER RECEIVABLES

EUR '000	30.06.2024	30.06.2023
Trade receivables	1,766	1,392
Other receivables	446	423
Total receivables and prepayments	2,212	1,815

Since receivables and other receivables are of a short-term nature, their carrying amount is considered to be equal to fair value. A commercial pledge set as collateral for overdraft and listed bond covers also receivables, see Note 15.

NOTE 7. PREPAYMENTS

EUR '000	30.06.2024	30.06.2023
Prepaid expenses	125	261
Prepaid taxes	48	43
Total receivables and prepayments	173	304

NOTE 8. INVENTORIES

EUR '000	30.06.2024	30.06.2023
Raw materials and materials	563	575
Work-in-progress	409	417
Finished goods	462	532
Goods purchased for sale	211	336
Total inventories	1,644	1,860

During the financial year of 2023/2024 the Group earned a loss of 32 thousand euros from the write-off of inventories. During the financial year of 2022/2023 the corresponding loss was 33 thousand euros. The commercial pledge secured by the loan also covers inventories (Note 15).

NOTE 9. BIOLOGICAL ASSETS

EUR '000	30.06.2024	30.06.2023
Fry	0	0
Juveniles	0	772
Fish suitable for harvesting	0	0
Total biological assets	0	772

As at 30.06.2024, biological assets totalled 0 (30.06.2023: 161) tonnes having a balance sheet value of 0 thousand euros (30.06.2023: 772 thousand euros). During the financial year 0 tonnes (2022/2023: 326 tonnes) fish was harvested.

In connection with the sale of Redstorm OÜ (see Note 10), the Group cultivated rainbow trout (Oncorhynchus mykiss) in fish farms located in Estonia until 30.11.2023. The Group based its assessment of the rainbow trout fish stocks on export statistics for Norwegian rainbow trout. /Source: http://www.akvafakta.no/.

The line "Additions" reflects capitalized costs incurred in raising juvenile fish to be eligible for fishing and therefore only a gain / loss on the change in the fair value of biological assets is recognized as a separate line in the income statement.

CHANGE IN BIOLOGICAL ASSETS

EUR '000	2023/2024	2022/2023
Biological assets at beginning of the period	772	3,003
Purchased	0	500
Additions	497	870
Fair value adjustments	0	0
Harvested	0	-1,180
Fry and live fish sold	-943	0
Adjustments due to the sale of subsidiary	-325	-2,421
Biological assets at end of the period	0	772

Until 30.11.2023, the Group assessed biological assets at fair value or at cost if fair value could not be reliably measured.

The fair value of juvenile fish cannot be reliably measured due to the absence of an active market. Therefore, juvenile fish are recorded at cost. At each balance sheet date, the cost is compared to the net realizable value of the juvenile fish. As of 30.06.2024, the Group had no biological assets, and therefore, no analysis of the net realizable value of juvenile fish was conducted at the end of the financial year. As of 30.06.2023, management assessed that the net realizable value of juvenile fish is not significantly lower than the cost, which is why juvenile fish were recorded at cost in the statement of financial position as of 30.06.2023.

NOTE 10. SUBSIDIARIES

Subsidiary	Domicile	Ownership interest 30.06.2024	Ownership interest 30.06.2023	Area of activity	Owner
Saaremere Kala AS	Estonia	100%	100%	Fish group holding company	AS PRFoods
Saare Kala Tootmine OÜ	Estonia	100%	100%	Production of fish products	Saaremere Kala AS
JRJ & PRF Limited	Scotland	100%	100%	Fish group holding company	Saaremere Kala AS
John Ross Jr. (Aberdeen) Limited	Scotland	100%	100%	Production and sale of fish products	JRJ & PRF Limited
Coln Valley Smokery Limited	Great Britain	100%	100%	Production and sale of fish products	64% JRJ & PRF Limited 36% John Ross Jr. (Aberdeen) Limited
Redstorm OÜ *	Estonia	0%	51%	Fish farming	Saaremere Kala AS

**Subsidiary sold in 30.11.2023*

The ownership percentage of subsidiaries' equity equals the voting rights. The shares of subsidiaries are not listed.

Sale of Redstorm OÜ

On 30.11.2023, AS PRFoods' subsidiary Saaremere Kala AS signed a sales agreement and an addendum on 6.12.2023, whereby Saaremere Kala AS sold:

- Its entire share in OÜ Redstorm, which is 51% of the total capital, with a nominal value of 2,050 euros, to OÜ Saare Fishexport;
- The building permit issued to OÜ Energy Port by the Consumer Protection and Technical Regulatory Authority on 19.09.2023, decision no. 1-7/23-317. OÜ Energy Port is a 100% subsidiary of OÜ Saare Fishexport.

The purpose of the transaction is to reduce the Group's debt obligations.

OÜ Redstorm's primary activity is the farming of rainbow trout in the sea. Saare Kala Tootmine OÜ, a 100% subsidiary of Saaremere Kala AS, has signed a long-term cooperation agreement with OÜ Redstorm for the resale and processing of fish farmed by the latter, ensuring local fish supplies for Saare Kala Tootmine OÜ.

Sale price and payment terms

The total sales price for the share in OÜ Redstorm and the building permit was 2,813 thousand euros.

An immediate payment of 313 thousand euros was due from the sales price. The remaining portion of the sales price will be paid according to the schedule below:

- 2,000 thousand euros is due following the issuance of the administrative act for changing the building permit owner.
- 250 thousand euros will be paid no later than 10.01.2025; and

- 250 thousand euros will be paid no later than 10.01.2026.

OÜ Saare Fishexport has provided a guarantee to secure OÜ Energy Port's obligation to pay for the building permit purchase price portion.

Upon signing the agreement, there was also an obligation to repay a loan from Saaremere Kala AS to OÜ Redstorm amounting to 547 thousand euros (including interest), to pay an invoice from Saaremere Kala AS amounting to 3 thousand euros, and an invoice from AS PRFoods amounting to 10 euros. These obligations were fulfilled on 4.12.2023.

As of 30.06.2024, the outstanding receivable from the transaction was 405 thousand euros (details regarding the credit risk of the receivable, collections, and set-offs are described further in Note 3, subsection "Credit Risk").

The effect of the sale on the group's financial position

As of the sales date, the balance sheet values of Redstorm OÜ’s net assets were as follows:

EUR'000	30.11.2023
Net assets of the subsidiary at the time of disposal	520
Minority interest	-255
Net assets attributable to parent company shareholders	-265
Depreciation of Tangible and Intangible Assets in the Consolidated Financial Statements of the Parent company	-2,820
Sale price	2,813
Profit (-loss) from the sale of the subsidiary	**-272**

A significant portion of the sold assets of Redstorm OÜ consisted of tangible fixed assets (land, buildings, machinery, and equipment) totalling 1,704 thousand euros. As a result of the sale transaction, the Group ceased the recognition of intangible assets totalling 2,820 thousand euros, of which 2,154 thousand euros was goodwill and 666 thousand euros were fishing licenses.

The loss from the sale of the subsidiary is reflected in the consolidated statement of comprehensive income under financial income/expenses.

The Group has gradually exited the fish farming sector. In the 2021/2022 financial year, the Group exited fish farming in Finland, in the 2022/2023 financial year in Sweden, and in the 2023/2024 financial year in Estonia, by selling Redstorm OÜ. After the sale of Redstorm OÜ, the Group ceased to have any activities related to fish farming. In accordance with IFRS 5, the exit from fish farming is not classified as a discontinued operation, as the Group did not have a unified and coordinated plan for the closure of the fish farming segment, which included companies related to fish farming.

NOTE 11. DEFERRED TAX

DEFERRED TAX LIABILITY			
EUR ‘000	Fair value adjustment	Other	Total
Deferred tax liability as at 30.06.2022	355	1,244	1,599
Impact on income statement	0	-36	-36
Impact on other comprehensive income	-97	0	-97
Deferred tax liability as at 30.06.2023	258	1,208	1,466
Impact of sales of subsidiary	0	0	0
Impact on other comprehensive income	0	-45	-45
Deferred tax liability as at 30.06.2024	258	1,163	1,421

NOTE 12. TANGIBLE ASSETS

EUR '000	Land and buildings	Machinery and equipment	Other tangible assets	Construction in progress, prepayments	Total
Cost at 30.06.2022	**9,553**	**12,485**	**472**	**216**	**22,726**
Acquired during the period	67	9	7	59	143
Reclassification	0	76	0	-76	0
Assets sold and written off	0	-518	-21	0	-539
Effect of sales of subsidiary	-1,158	-3,963	-82	-104	-5,307
Unrealised currency effect	-15	13	0	-1	-3
Cost at 30.06.2023	**8,447**	**8,102**	**376**	**94**	**17,019**
Acquired during the period	0	0	0	23	23
Reclassification	12	9	0	-21	0
Assets sold and written off	0	-2	0	0	-2
Effect of sales of subsidiary	-1,580	-1,077	0	0	-2,657
Unrealised currency effect	25	16	0	0	41
Cost at 30.06.2024	**6,904**	**7,048**	**376**	**96**	**14,424**
Accumulated depreciation at 30.06.2022	**-5,069**	**-8,413**	**-361**	**0**	**-13,843**
Depreciation of the period	-314	-674	-24	0	-1,011
Reclassification	12	0	-	0	12
Assets sold and written off	-	463	19	0	482
Effect of sales of subsidiary	754	3,073	28	0	3,854
Unrealised currency effect	2	48	-	0	50
Accumulated depreciation at 30.06.2023	**-4,615**	**-5,503**	**-338**	**0**	**-10,456**
Depreciation of the period	-255	-466	-11	0	-732
Reclassification	0	0	0	0	0
Assets sold and written off	0	2	0	0	2
Effect of sales of subsidiary	312	641	0	0	953
Unrealised currency effect	-13	-13	-1	0	-27
Accumulated depreciation at 30.06.2024	**-4,571**	**-5,339**	**-350**	**0**	**-10,260**
Carrying amount at 30.06.2022	**4,484**	**4,072**	**111**	**216**	**8,883**
Carrying amount at 30.06.2023	**3,832**	**2,599**	**38**	**94**	**6,563**
Carrying amount at 30.06.2024	**2,333**	**1,709**	**26**	**96**	**4,164**

The distribution of rental assets by types of fixed assets is presented in Note 14. As at 30.06.2024 and 30.06.2023, the companies of the PRFoods group did not have binding obligations for the acquisition of tangible fixed assets.

NOTE 13. INTANGIBLE ASSETS

EUR '000	Goodwill	Trademarks and Patents	Immaterial rights & licences	Prepayments	Total
Cost at 30.06.2022	**13,276**	**7,718**	**1,832**	**275**	**23,101**
Acquired during the period	0	0	0	105	105
Assets sold and written off	0	0	0	-21	-21
Effect of sales of subsidiary	-3,024	0	-499	-57	-3,580
Unrealised currency effect	-3	-2	-8	-1	-14
Cost at 30.06.2023	**10,249**	**7,716**	**1,325**	**300**	**19,590**
Acquired during the period	0	0	0	0	0
Reclassification	0	0	0	-300	-300
Assets sold and written off	0	0	0	0	0
Effect of sales of subsidiary	-2,154	0	- 759	0	-2,913
Unrealised currency effect	34	28	0	0	62
Cost at 30.06.2024	**8,129**	**7,744**	**566**	**0**	**16,439**
Accumulated depreciation at 30.06.2022	**0**	**-581**	**-683**	**0**	**-1,264**
Depreciation of the period	0	-157	-102	0	-259
Assets sold and written off	0	0	1	0	1
Impairment	0	0	0	0	0
Effect of sales of subsidiary	0	0	89	0	89
Accumulated depreciation at 30.06.2023	**0**	**-738**	**-695**	**0**	**-1,433**
Depreciation of the period	0	-156	-184	0	-340
Unrealised currency effect	0	0	0	0	0
Impairment	-1,897	0	0	0	-1,897
Effect of sales of subsidiary	0	0	333	0	333
Accumulated depreciation at 30.06.2024	**-1,897**	**-894**	**-546**	**0**	**-3,337**
Carrying amount at 30.06.2022	**13,276**	**7,137**	**1,149**	**275**	**21,837**
Carrying amount at 30.06.2023	**10,249**	**6,978**	**630**	**300**	**18,157**
Carrying amount at 30.06.2024	**6,232**	**6,850**	**20**	**0**	**13,102**

Goodwill impairment test

As of 30.06.2024, the parent company has conducted a goodwill impairment test in the segment (United Kingdom), using market-based comparable valuation multiples. In the market-based method, the company is compared to other similar publicly traded companies in the same sector or those that have been recently sold, for which sufficient transaction price information is available. In this case, the sector considered includes European food manufacturers, fish farms, and fish product manufacturers, and the price levels and various ratios of these companies have been compared. The determination of fair value falls under Level 3 of the fair value hierarchy.

To determine fair value, industry average valuation multiples have been applied to the actual economic indicators of the United Kingdom segment. In the value test of the United Kingdom segment for the 2023/2024 year, the following multiples were used: EV/Sales[1] 1.95 (2022/2023: 1.83) and EV/EBITDA[2] 8.1 (2022/2023: 11.0).

In selecting valuation multiples, consideration has been given to sales, which indicate the size and volume of the company's market share, and EBITDA, which reflects the ability to generate free cash flow. As a result, the company has assigned a weight of 50/50 to the valuation multiples, with management emphasizing the importance of restoring and maintaining market share and volume. Considering that there are no comparable companies with a similar market capitalization in the peer group, this approach to using valuation multiples mitigates the impact of size differences in the comparison group.

The market value of the segment determined using market multiples was 15.7 million euros (2022/2023: 17.7 million euros). The book value of the segment was 17.6 million euros (2022/2023: 17.3 million euros). As a result of the asset impairment test, the goodwill was assessed to be impaired by 1,897 thousand euros during the reporting year; no impairment was identified in the comparable fiscal year. The impairment in goodwill was recognized in the income statement under "Other operating income/expenses." Following the impairment, the book value of the goodwill in the UK segment was 6,232 thousand euros as of 30.06.2024. The impairment recognition was caused by the continuous decline in turnover and EBITDA in the UK segment.

[1] *Enterprise Value / Sales*

[2] *Enterprise Value / EBITDA*

NOTE 14. LEASES

As a lessee, the Group leases a number of assets, including machinery and equipment, land and water, as well as buildings. See Note 12.

The Group leases, among other things, assets that are considered to be of low value (assets with a new value of less than EUR 5,000). The Group has decided not to recognize the use rights and lease obligations for these leases. The Group has also not recognized the right of use assets and lease obligations in the case of short-term lease agreements (less than 12 months).

Below is information on the lease agreements for which the Group is the lessee.

RIGHT-OF-USE ASSETS

EUR '000	Land and buildings	Machinery and equipment	Total
Balance as at 30.06.2022	437	1,437	1,874
Depreciation of the right-of-use asset during the period	-31	-7	-38
Derecognition of the right-of-use assets	-133	-1,423	-1,556
Balance as at 30.06.2023	273	7	280
Depreciation of the right-of-use asset during the period	-45	-7	-52
Derecognition of the right-of-use assets	0	0	0
Balance as at 30.06.2024	228	0	228

AMOUNTS RECOGNIZED IN THE INCOME STATEMENT

EUR '000	Total
2023/2024 - all leases according to IFRS 16 accounting principles	
Interest on lease obligations	5
2022/2023 - all leases according to IFRS 16 accounting principles	
Interest on lease obligations	12

Lease liabilities

EUR '000	2023/2024
Lease liabilities 30.06.2023	359
Other changes	-71
Principal payments	-33
Lease liabilities 30.06.2024	255
Up to 1 year	19
1-5 years	236

NOTE 15. INTEREST-BEARING LIABILITIES

EUR '000	Note	30.06.2024	30.06.2023
Lease liabilities	14	19	100
Listed bonds		9,417	0
Investment loans		822	1,090
Other loans		641	921
Total short-term interest-bearing liabilities		10,899	2,111
Finance lease liabilities	14	236	259
Listed bonds		2,345	13,073
Investment loans		1,018	1,692
Total long-term interest-bearing liabilities		3,599	15,024
incl. payable within 1-5 years		3,599	15,024
incl. payable in more than 5 years		0	0

EUR '000	Note	2023/2024	2022/2023
Interest-bearing liabilities at the beginning of period		17,136	24,819
Received loans		622	1,976
Change in overdraft		0	-4,544
Listed bonds		-1,311	113
Change of factoring liability		-99	-60
Change in value due to the exchange rates		0	-8
Repayments of loans		-703	-2,247
Reclassifications		355	-41
Decrease in liabilities related to sales of subsidiary		-1,500	-2,872
Interest-bearing liabilities at the end of period		14,498	17,136

EUR '000	Note	2023/2024	2022/2023
Interest liability at the beginning of the period		594	596
Calculated interests		1 044	1,211
Decrease in liabilities related to sales of subsidiary		-48	0
Interests paid		-893	-1,213
Interest liability at the end of the period	15	697	594

Investment loans

On 01.07.2021, John Ross Jr. (Aberdeen) Ltd entered into an agreement with Santander UK plc an investment loan of 1.5 million GBP (1.7 million euros) to finance the purchase of 15% non-controlling interests of JRJ&PRF Limited from Christopher Leigh and Victoria Leigh-Pearson to Saaremere Kala AS. The loan term is 01.07.2025. The loan interest rate is 3.5%. The principal balance of the loan as of 30.06.2024 was 0.65 million euros (30.06.2023 0.97 million euros). The loan is secured by a mortgage on a property of John Ross Jr (Aberdeen) Ltd.

On 22.10.2020, Saare Kala Tootmine OÜ concluded a loan agreement with the Maaelu Arendamise Sihtasutus as part of the measure "Covid-19 loan for organic and rural economy entrepreneurs" for the automation of a factory in Saaremaa. The amount of the investment loan is 1.0 million euros with a term of 6 years, the final term of the loan is 30.09.2026. The loan interest rate is 4.5%. The balance of the principal of the loan as at 30.06.2023 is 594 thousand euros (30.06.2022 852 thousand euros). The loan is secured by a mortgage and commercial pledge on the assets of Saare Kala Tootmine OÜ and a 100% guarantee by AS PRFoods.

The fish farming company Redstorm OÜ signed an investment and working capital loan agreement with the Rural Development Foundation on 04.01.2021, under the measure "COVID-19 Loan for Bio and Rural Economy Entrepreneurs." The amount of the investment loan is 193 thousand euros, and the amount of the working capital financing loan is 610 thousand euros, with the loan maturity date being 31.12.2026. The interest rate on the loan is 4.75%. In connection with the sale of the Redstorm OÜ investment on 30.11.2023, the principal loan balance as of 30.06.2024, is 0 thousand euros (30.06.2023: 636 thousand euros). The loan was secured by a mortgage and a commercial pledge on the assets of OÜ Redstorm, as well as a guarantee issued by AS PRFoods in the amount of 0.5 million euros.

On 01.07.2021, Redstorm OÜ signed a short-term investment loan with the majority shareholder Lindermann, Birnbaum, Kasela OÜ in the amount of 0.44 million euros with an interest rate of 6.25% per calendar year. The balance of the loan on 30.06.2024 was 0 thousand euros (30.06.2023 0.44 million euros).

Bonds

In the 2019/2020 financial year, PRFoods issued 90 096 bonds in the framework of a directed offer and 9 904 bonds in the framework of a public offering, a bond with a nominal value of 100 euros, with an interest rate of 6.25% per calendar year and a redemption date of 22.01.2025. According to the terms of the covered bond, the interest on the bond is paid semi-annually (July and January). At the end of the covered bond subscription period, PRFoods owned 4,926 bonds.

Following the completion of the public offering of the bonds, the company listed the bonds on the Tallinn Stock Exchange. Trading on the Nasdaq Tallinn bond list began on 06.04.2020.

As of 30.06.2024, the number of bonds owned by PRFoods is 14,770 (30.06.2023: 535 bonds) with a nominal value of 1,477 thousand euros (30.06.2023: 54 thousand euros).

The terms of the secured bonds stipulate certain conditions (such as the net debt to EBITDA ratio and debt service coverage ratio, DSCR), which the Group's financial results must meet until the bonds are redeemed. These financial covenants are measured once a year based on the Group's audited consolidated financial statements. As of 30.06.2023, the Group did not meet the conditions specified in the bond listing terms. After the reporting date (03.07.2024), AS PRFoods convened a bondholders' meeting with the aim of requesting the bondholders to waive the requirement to meet the financial covenants stipulated in the bond listing conditions. The meeting took place on 18.07.2024, and the bondholders agreed to waive the requirement for the fulfilment of the financial covenants under the terms of the secured bonds issued on 14.01.2020 (amended on 25.02.2020, and 25.02.2022). They also agreed that the non-compliance with the financial covenants for the 2023/2024 financial year would not be considered a breach of conditions (see Note 30).

On 07.05.2021, PRFoods announced that it plans to issue subordinated convertible bonds to improve its capital structure to ensure a smoother and faster overcoming of the negative effects caused by COVID-19 in the financial year 2021/2022. The issue was confirmed with the following terms and conditions: PRFoods will issue up to 350 subordinated convertible bonds with a maximum total nominal value of up to 3.5 million euros, a nominal value of 10,000 euro per subordinated convertible bond, with an interest rate of 7% per calendar year and a maturity date of 01.10.2025.

As part of the private placement, investors subscribed for a total of 237 subordinated convertible bonds with a total nominal value of 2.37 million euros. Among other investors, PRFoods shareholders also submitted subscription applications, subscribing for a total of 217 convertible bonds with a total nominal value of 2,170 million euros, of which 171 convertible bonds with a total nominal value of 1.71 million euros were distributed to the shareholder Amber Trust II SCA. By offsetting the claim arising from the loan agreement in the amount of 1.0 million euros and also the claim arising from the loan agreement in the amount of 1.5 million euros entered into on 14.07.2017.

In accordance with the decision of the supervisory board of PRFoods at 14.05.2021, a private placement offer of secured bonds was made to the shareholder Amber Trust II S.C.A., as a result of which Amber Trust II S.C.A. subscribed to all of the 10,000 secured bonds offered under the target private placement with a nominal value of 100 euros per secured bonds, with a maturity date of 22.01.2025, early redemption right and a fixed interest rate of 6.25% per calendar year. The subscription price for the secured bons – designated to be 100.25 euro per secured bond by the management of PRFoods – will be fully paid by Amber Trust II S.C.A. prior to the issue of the secured bonds by way of setting-off the respective issue price against the claim of outstanding principal and part of the interest under the 1.5 million euros loan agreement entered into with PRFoods on 14.07.2017.

The secured bonds and subordinated convertible bonds subscribed by Amber Trust II S.C.A were set-off as follows:

- The issue price of the secured bonds in the amount of 1,002.5 thousand euros was off-set against the principal of the investment loan entered on 14.07.2017 (1.5 million euros), which means that the Amber Trust II S.C.A claim of 711.0 thousand euros is excluded from the investment loan, of which 497.5 thousand euros is the principal of the loan and 213.5 thousand euros is interest.
- The issue price of convertible bonds in the amount of 1,710 million euros was set-off against the principal of the bridge loan entered on 01.03.2021 in the amount of 1.0 million euros and accrued interest in the amount of 21 thousand euros and the loan receivable 711.0 thousand euros. As a result of the set-off, Amber Trust II S.C.A will have an interest claim against PRFoods in the amount of 22.5 thousand euros arising from the loan agreement on 14.07.2017, which PRFoods paid to Amber Trust II S.C.A by bank transfer.

The interest liability on secured bonds and convertible bonds as of 30.06.2024 was 682 thousand euros (30.06.2023: 569 thousand euros).

Detailed information on the terms and conditions of the bond issue is published in stock exchange announcements, including the bond issue prospectus.

NOTE 16. PAYABLES AND PREPAYMENTS

EUR '000	Note	30.06.2024	30.06.2023
Trade payables	3	1,192	1,389
Payables to employees		100	150
Other short-term liabilities		0	87
Interest payables	15	697	594
Other payables		147	398
Tax liabilities, incl.:		423	416
Social security tax		*115*	*83*
VAT		*153*	*27*
Personal income tax		*12*	*34*
Corporate income tax		*142*	*227*
Other taxes		*1*	*45*
Total short-term payables and prepayments		2,559	3,035

NOTE 17. GOVERNMENT GRANTS

EUR '000	Note	2023/2024	2022/2023
Deferred income from government grants at the beginning of period		317	265
Government grants received and repaid during the period, net		0	230
Change in value due to the exchange rates		11	-2
Effect from sales of subsidiary		-58	-14
Recognized as income for investments during the period	24	-22	-162
Deferred income from government grants at the end of period		248	317

The Group has been allocated grants for its fish production units in the United Kingdom and Estonia. During the reporting period, the grant income recognized was 22 thousand euros (2022/2023: 162 thousand euros).

NOTE 18. EQUITY

As at 30.06.2024 the Group had 38,682,860 shares (30.06.2023: 38,682,860), including 1,000,000 treasury shares (30.06.2023: 1,000,000 treasury shares).

Treasury shares

As of 01.07.2014, the Group initiated a buy-back programme of its own shares in accordance with the resolution of the general meeting of shareholders held on 29.05.2014, according to which up to 500,000 own shares were to be bought back until 31.05.2017. The initial buy-back programme was completed on 18.05.2016. The ordinary general meeting of shareholders held on 26.05.2016 adopted a resolution to expand the existing buy-back programme, according to which up to additional 500,000 own shares were to be bought back until 29.05.2019. On 14 June 2016, the Management Board of AS PRFoods entered into a service agreement with AS SEB Pank to continue the implementation of the buy-back programme of own shares. As at 30.06.2023 AS SEB Pank had acquired 1,000,000 shares of AS PRFoods in the name and on the account of the Group with average price of 0.4915 euros per share.

The buy-back programme was implemented in compliance with the resolutions of the general meetings of shareholders held on 29.05.2014 and 26.05.2016, and the Commission Regulation (EU) No. 2016/1052 of 8 March 2016 supplementing

Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures.

Reduction of share capital

Based on the decisions of the general meeting of shareholders held on 26.05.2016 the introduction of shares without par value instead of nominal value shares of AS PRFoods was entered in the Commercial Register on 30.06.2016. The registered share capital of the company is 7,736,572 euros divided into 38,682,860 ordinary shares without a nominal value of 0.20 euros each. In addition, a new version of the Articles of Association of the company came into force, according to which the minimum share capital is 7,000,000 euros and the maximum share capital is 28,000,000 euros.

24.05.2021 the resolution of the shareholders amended the clause of the articles of association where the supervisory board has the right to increase the share capital of the public limited company on 14.05.2021 within three years from the entry into force of the amendment to the articles of association. to the extent necessary for the conversion of convertible bonds issued pursuant to this Decision. The supervisory board may not increase the share capital by more than 3,500,000 euros. The supervisory board may decide to increase the share capital by contributions in kind. The Articles of Association are available on the homepage of AS PRFoods www.prfoods.ee.

List of shareholders with more than 5% holding at the balance sheet date

ING LUXEMBOURG S.A., CUSTODIAN FOR THE FOLLOWING SHAREHOLDERS				
EUR '000	Number of shares 30.06.2024	Ownership interest 30.06.2024	Number of shares 30.06.2023	Ownership interest 30.06.2023
Amber Trust II S.C.A	14,813,540	38.3%	14,813,540	38.3%
Amber Trust S.C.A	5,381,370	13.9%	5,381,370	13.9%
KJK Fund SICAV-SIF	4,063,456	10.5%	4,063,456	10.5%
Total	24,258,366	62.7%	24,258,366	62.7%

Earnings per share

Earnings per share are calculated as the ratio of the net profit attributable to equity holders of the parent to the weighted average number of shares outstanding during the period.

	2023/2024	2022/2023
Net profit (loss) attributable to equity holders of the company, EUR '000	-4,668	303
Average number of shares, thousand	38,683	38,683
Earnings (Loss) per share, EUR	-0.12	0.01
Basic earnings (loss) per share, EUR	-0.12	0.01
Diluted earnings (loss) per share, EUR	-0.08	0.01

Capital reserve

The Estonian Commercial Code requires companies to create a capital reserve. Each year at least 1/20 of profit for the year must 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.

Dividends

During 2024/2023 and 2022/2023 there were no dividend payments.

Non-controlling interest

A non-controlling interest was recognized for the 49% ownership held by OÜ Fodiator in OÜ Redstorm until 30.11.2023. See also Note 10.

NOTE 19. SEGMENT REPORTING

The Group's segments are defined based on the reports monitored and analysed by the parent company's management board. The management follows financial results based on both business areas and geographic regions, but reports by geographic regions carry more weight for monitoring financial performance and allocating resources. Therefore, this classification forms the basis for defining business segments. The Group's business segments are as follows:

- Estonia
- United Kingdom
- Central Activities

The **Estonia** business segment involves the production of trout products and, until 30.11.2023, the operation of rainbow trout farms in Estonia, which ceased with the sale of Redstorm OÜ on 30.11.2023. This segment includes the Group's production company, **Saare Kala Tootmine OÜ**, and **Redstorm OÜ** (until November 30, 2023).

The **United Kingdom** business segment includes the production of salmon products. This segment consists of the Group's production companies, **John Ross Jr (Aberdeen) Ltd** and **Coln Valley Smokery Ltd**, as well as the UK fish company holding firm **JRJ & PRF Ltd**.

The **Central Activities** segment is reported separately and does not form a distinct business area. It includes the parent company, **AS PRFoods**, and the Group's fish company holding firm, **Saaremere Kala AS**. Central activities mainly encompass the Group's financial support activities.

	2023/2024				
EUR '000	Estonia	United Kingdom	Central Activities	Eliminations	Total
External revenues	4,462	12,624	0	0	17,086
Inter-segment revenue	0	0	45	-45	0
Total revenue	4,462	12,624	45	-45	17,086
Fair value adjustment on biological assets	0	0	0	0	0
EBITDA*	-794	875	-418	0	-337
EBITDA before one-offs and fair value adjustment on biological assets**	-794	875	-418	0	-337
Depreciation and amortisation	-539	-350	-184	0	-1,074
Impairment	0	-1,897	0	0	-1,897
Operating profit (loss)	-1,333	-1,373	-602	0	-3,308
Financial income / expenses	-97	-18	-941	0	-1,056
Share of result of associates and joint ventures	0	0	46	0	46
Profit (loss) from the sale of the subsidiary	0	0	-271	0	-271
Profit (loss) before tax	-1,430	-1,391	-1,768	0	-4,589
Income tax	0	-83	0	0	-83
Net profit (loss) for the period	-1,430	-1,474	-1,768	0	-4,672
Segment assets	**3,896**	**27,764**	**46,992**	**-54,838**	**23,814**
Segment liabilities	**2,322**	**9,812**	**28 678**	**-22,077**	**18,735**

	2022/2023				
EUR '000	Sweden, Estonia***	United Kingdom	Central Activities	Eliminations	Total
External revenues	6,356	13,214	8	0	19,578
Inter-segment revenue	0	0	0	0	0
Total revenue	6,356	13,214	8	0	19,578
Fair value adjustment on biological assets	0	0	0	0	0
EBITDA*	30	1,046	-756	0	320
EBITDA before one-offs and fair value adjustment on biological assets**	30	1,046	-756	0	320
Depreciation and amortisation	-794	-397	-98	0	-1,289
Impairment	0	0	0	0	0
Operating profit (loss)	-764	649	-854	0	-969
Financial income / expenses	-93	-106	-1,012	0	-1,211
Share of result of associates and joint ventures	0	0	153	0	153
Profit (loss) from the sale of the subsidiary	0	0	2,423	0	2,423
Profit (loss) before tax	-857	543	710	0	396
Income tax	0	-65	0	0	-65
Net profit (loss) for the period	-857	478	710	0	331
Segment assets	**6,821**	**28,116**	**49,175**	**-53,867**	**30,245**
Segment liabilities	**3,286**	**10,694**	**31,441**	**-23,467**	**21,954**

**EBITDA – operating profit adjusted for depreciation, amortisation and impairment of fixed assets*
*** before one-off incomes/expenses and fair value adjustments on biological assets*
**** the information related to the profit and loss statements of the comparative period of 2022/2023 partly includes the results of the Swedish rainbow trout farming company Överumans Fisk AB, which was sold from the Group on 29.02.2022. Until 29.02.2022, Överumans Fisk AB's financial results, assets, and liabilities were reported in the same geographical segment as Estonia*

SALES BY GEOGRAPHICAL REGIONS

EUR '000	2023/2024	2022/2023
United Kingdom	12,624	13,214
Estonia	4,462	6,216
Sweden	0	148
Total	17,086	19,578

NON-CURRENT ASSETS BY LOCATION

EUR '000	2023/2024	2022/2023
Great Britain	14,350	16,491
Estonia	2,917	8,229
Total	17,266	24,720

The table shows non-current assets excl. financial assets and investments in associates.

NOTE 20. COST OF GOODS SOLD

EUR '000	Note	2023/2024	2022/2023
Materials in production & cost of goods purchased for resale		-9,902	-11,032
Staff costs	23	-2,288	-2,601
Depreciation and amortisation		-712	-964
Other costs of goods sold*		-986	-1,407
Total cost of goods sold		-13,888	-16,004

** 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 21. SALES AND MARKETING EXPENSES

EUR '000	Note	2023/2024	2022/2023
Advertising, marketing and product development		-93	-82
Transportation and logistics services		-910	-880
Staff costs	23	-540	-435
Warehouse service		-148	-796
Depreciation and amortisation		-156	-205
Short-term lease expenses		-173	0
Other sales and marketing expenses*		-642	-293
Total sales and marketing expenses		-2,663	-2,691

** Other sales and marketing expenses include costs related to real estate (lease, maintenance, insurance, utilities etc.), staff related costs and other services.*

NOTE 22. GENERAL AND ADMINISTRATIVE EXPENSES

EUR '000	Note	2023/2024	2022/2023
Staff costs	23	-1,036	-864
Depreciation and amortisation		-206	-119
Consulting and advisory services		-108	-97
Information and communication services		-22	-25
Legal services		-98	-129
Transportation expenses		0	-3
Business trips and costs of entertaining guests		-2	0
Other general and administrative expenses*		-488	-765
Total general and administrative expenses		-1,960	-2,002

** Other general and administrative expenses include subcontracted services, bank fees, office related expenses, insurance costs, staff-related costs and other expenses.*

NOTE 23. STAFF COSTS

EUR '000	Note	2023/2024	2022/2023
Wages and salaries		-3,268	-3,329
Social security tax and other labour taxes		-505	-570
Holiday reserve together with taxes		-91	0
Total staff costs	20, 21, 22	-3,864	-3,899
Including average number of employees:			
Average number of employees working under employment contract		135	189
Average number of members of management or control board		9	11
Average number of employees		144	200

*Members of the management and supervisory bodies include the members of the management and supervisory boards of the Groups parent company and subsidiaries

NOTE 24. OTHER OPERATING INCOME AND EXPENSES

EUR '000	Note	2023/2024	2022/2023
Income from government grants	17	22	162
Foreign exchange income/expense		23	-2
Goodwill impairment	13	-1,897	0
Other operating income/expense		-30	-10
Total other operating expenses		-1,882	150

NOTE 25. FINANCIAL INCOME AND EXPENSE

EUR '000	Note	2023/2024	2022/2023
Interest income		0	1
Interest expense		-1,044	-1,211
Other financial expenses		-13	0
Total		-1,057	-1,210

NOTE 26. INCOME TAX EXPENSES

EUR '000	Note	2023/2024	2022/2023
Income tax expense		-64	28
Deferred income tax expense / income	11	-20	-93
Total income tax expense		-83	-65

NOTE 27. TRANSACTIONS WITH RELATED PARTIES

The Group 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 supervisory and management boards of group entities[1];
- close family members of the persons mentioned above and the companies related to them.

[1]Key management personnel are considered to be only the members of the Management Board and Supervisory Board of the Parent Company, as only they have the responsibility for planning, managing, and controlling the Group's activities.

During the reporting period group entities have performed purchase and sales transactions with related parties as follows:

Party EUR '000	Type of transaction	2023/2024 Purchase	2023/2024 Sale	2022/2023 Purchase	2022/2023 Sale
Companies related to members of the Management and Supervisory Boards	Services	12	2	413	0
Total		12	2	413	0

Management estimates that all related party transactions have been concluded at market prices and at market conditions. At the balance sheet date, there were no receivables from related parties. Liabilities are presented in the table below.

Party	Creditor	Type of transaction	Payables as at 30.06.2024 EUR '000	Payables as at 30.06.2023 EUR '000
Amber Trust II S.C.A.	Shareholder AS PRFoods	Investment loan	411	0
Lindermann, Birnbaum & Kasela OÜ*	Shareholder AS PRFoods	Investment loan	0	465
Amber Trust II S.C.A.	Shareholder AS PRFoods	Bond and interest of bond	3,492	3,351
Lindermann, Birnbaum & Kasela OÜ	Shareholder AS PRFoods	Bond and interest of bond	0	112
Lindermann, Birnbaum & Kasela OÜ	Shareholder AS PRFoods	Payable	0	90
Fodiator OÜ**	Related party	Loan note	0	9
Fodiator OÜ**	Related party	Payable	0	14
Rebane Consulting	Related party	Payable	0	3
Total			3,903	4,044

*Was a related party until 31.03.2024
*Was a related party until 30.11.2024

Compensation for the members of the Management Board and Supervisory Board of AS PRFoods (excluding fees received from subsidiaries) was calculated together with social taxes as follows:

EUR '000	Note	2023/2024	2022/2023
Short-term benefits	23	65	24
Total		65	24

The members of the management and supervisory boards AS PRFoods are not entitled to any pension-related rights from the company. The members of the management boards are entitled to termination benefits. AS PRFoods' maximum expense related to payment of termination benefits including taxes totals 24 thousand euros (30.06.2023: 73 thousand euros).

NOTE 28. ASSOCIATES

Avamere Kalakasvatus OÜ (50% share)

On 18.01.2019 Avamere Kalakasvatus OÜ, an associate of Saaremere Kala AS, was registered in the Estonian Commercial Register. In reporting period, the associate company submitted an application for a building permit for the fish farming in Paldiski Bay, Estonia to the Technical Surveillance Authority. The building permit applies for permission to build a rainbow trout farming complex in offshore cages.

AS Toidu- ja Fermentatsioonitehnoloogia Arenduskeskus (20% share)

AS PRFoods holds a 20% share of AS Toidu- ja Fermentatsioonitehnoloogia Arenduskeskus (Competence Center of Food and Fermentation Technology). As at 30.06.2024 the book value of AS Toidu- ja Fermentatsioonitehnoloogia Arenduskeskus was 417 thousand euros (30.06.2023: 370 thousand euros). The profit obtained in the reporting year from associates' shares and holdings was 46 thousand euros (2022/2023: profit of 153 thousand euros).

NOTE 29. GOING CONCERN

This financial statement report has been prepared on a going concern basis, assuming that the Group can realize its assets and fulfil its obligations in the normal course of business. The management draws attention to a significant issue that raises substantial doubt about the Group's ability to continue as a going concern as of the reporting date, which may prevent the Group from realizing its assets and meeting its obligations in the normal course of business.

As of 30.06.2024, the Group's current liabilities amounted to 13,458 thousand euros, exceeding current assets by 9,226 thousand euros. A significant portion of the Group's current liabilities consists of interest-bearing debt obligations totalling 10,899 thousand euros as of 30.06.2024. The repayment of short-term interest-bearing debt obligations is, in management's view, associated with significant uncertainty. The following table provides an overview of the timing of cash outflows related to short-term interest-bearing liabilities (cash outflows are undiscounted).

		Undiscounted cash flows				
EUR '000	Carrying amount 30.06.24	01.07.24 - 30.09.24	01.10.24 - 31.12.24	01.01.25 - 31.03.25	01.04.25 - 30.06.25	Total
Interest-bearing liabilities						
Lease liabilities	19	6	6	6	6	25
Listed bonds	9,417	301	0	9,827	0	10,128
Investment loans (factoring)	822	822	0	0	0	822
Other loans	641	82	519	69	69	739
Total	**10,899**	**1,212**	**525**	**9,902**	**75**	**11,714**

The most significant portion of current liabilities consists of listed bonds with a balance sheet carrying amount of 9,417 thousand euros. Given the redemption date of the listed bonds (22.01.2025), the repayment of these bonds is associated with the greatest uncertainty, considering the Group's high debt burden and the fact that, by the time of the bond redemption, the Group does not have sufficient liquid assets to meet the bonds' maturity obligations.

To ensure the sustainability of PRFoods and its subsidiaries' economic activities, PRFoods plans to restructure its obligations arising from its debt. To achieve this goal, the Group's management began negotiations with bondholders in July 2024 to restructure the bonds. The negotiations with the bondholders are scheduled to conclude within the fourth quarter of the 2024 calendar year. In addition to this, negotiations will also commence for the restructuring of other loans. The management of the Group does not consider investment loans (factoring) and lease liabilities to pose significant liquidity risks to the Group.

The aforementioned circumstances may raise significant doubts about the Group's ability to continue as a going concern as of the reporting date, which could prevent the Group from realizing its assets and fulfilling its obligations in the ordinary course of business.

The Board considered all known information from the date of approval of this financial year report. The Board prepared this financial year report on a going concern basis, based on the assumption that the terms and timing of the repayment of liabilities would be restructured in a manner that would allow the Group to continue its operations. Based on this assumption, the Group's management believes that PRFoods, despite the existence of significant doubts, continues to operate as a going concern.

NOTE 30. EVENTS AFTER BALANCE SHEET DATE

Decisions of AS PRFoods Bondholders Meeting

On 07.03.2024, AS PRFoods announced in a stock exchange notice the convening of a meeting for holders of PRFoods bonds with a redemption date of 22.01.2025, and ISIN code EE3300001577. These bonds were issued under the conditions of the secured bond issue by PRFoods on 14.01.2020, which were last amended on 20.09.2022. The meeting took place on 18.07.2024, with a total of 18 bondholders participating, whose bonds had a nominal value totalling 5,379,700 euros, approximately 56% of the total nominal value of all voting bonds. Therefore, the meeting was quorate.

During the meeting, the bondholders made the following decisions:

- To waive the requirement to meet the financial covenants specified in point 5.2 of the bond issue conditions and to agree that non-compliance with the relevant financial covenants will not be considered a breach of conditions by PRFoods or an occurrence of an Extraordinary Early Redemption Event (as defined in the bond conditions); and
- To agree to postpone the next interest payment date (as defined in the conditions and final terms), which is scheduled for 22.07.2024, until the bond redemption date of 22.01.2025, and to agree that non-payment of interest by PRFoods on the stipulated date of 22.07.2024, will not be considered a breach of conditions by PRFoods or an occurrence of an Extraordinary Early Redemption Event, as well as allowing PRFoods to delay or otherwise fail to comply with its payment obligations under the conditions or final terms.

The aforementioned decision was voted for by bondholders whose bonds had a total nominal value of 5,100,000 euros, approximately 95% of the total nominal value of the bonds held by participating bondholders. Those voting against included bondholders whose bonds had a total nominal value of 279,700 euros, approximately 5% of the total nominal value of the bonds held by participating bondholders. All participating bondholders voted.

According to the stock exchange notice published by PRFoods on 3.07.2024, PRFoods undertakes to pay the bondholders compensation related to the adoption of the aforementioned decision, with the amount per bond equating to one percent annually of the bond’s nominal value calculated for the extended period. In addition, interest will be calculated according to the conditions and final terms, meaning that the total interest during the extended period will amount to 7.25% annually of the bond’s nominal value, consisting of 6.25% annual interest and 1% annual compensation. The additional interest to be paid by the Group with compensation is 50 thousand euros.

Changes in the PRFoods Group Supervisory Board and Audit Committee

Aavo Kokk, a member of the Group's Supervisory Board, submitted his resignation from the position of a member of AS PRFoods' Supervisory Board, effective 21.10.2024. Aavo Kokk will also step down as the Chairman of the Audit Committee.

NOTE 31. THE PARENT COMPANY PRIMARY'S FINANCIAL STATEMENTS

Pursuant to the Accounting Act of the Republic of Estonia, the separate (primary) financial statements of the consolidating entity (Parent Company) have to be disclosed in the notes to the consolidated financial statements. In preparing the separate primary financial statements of the Parent Company, the same accounting policies have been applied as in preparing the consolidated financial statements. The accounting policy for reporting subsidiaries has been amended in the separate primary financial statements disclosed as supplementary information in the Annual Report in conjunction with IAS 27 "Consolidated and Separate financial Statements".

In the Parent Company's financial statements, which are disclosed in the notes to these financial statements (supplementary information about the Parent Company of the Group), investments in the shares of subsidiaries are measured at cost, less any impairment losses.

STATEMENT OF FINANCIAL POSITION

EUR '000	30.06.2024	30.06.2023
ASSETS		
Cash	0	3
Loans issued	0	8,220
Receivables and prepayments	4,435	497
Total current assets	4,435	8,720
Investments in subsidiaries	10,378	10,378
Long-term financial investments	417	370
Loans issued	11,731	9,000
Intangible assets	19	338
Total non-current assets	22,546	20,086
TOTAL ASSETS	**26,980**	**28,806**
EQUITY AND LIABILITIES		
Payables and prepayments	10,235	711
Total current liabilities	10,235	711
Loans and borrowings	2,345	13,073
Total non-current liabilities	2,345	13,073
Total liabilities	**12,581**	**13,784**
Share capital	7,737	7,737
Share premium	14,007	14,007
Statutory capital reserve	51	51
Treasury shares	-390	-390
Unrealized exchange differences	0	-2
Retained loss	-7,005	-6,381
Total equity	14,399	15,022
TOTAL EQUITY AND LIABILITIES	**26,980**	**28,806**

STATEMENT OF COMPREHENSIVE INCOME

EUR '000	2023/2024	2022/2023
Revenue	0	0
Gross profit	**0**	**0**
Operating expenses		
Sales and marketing expenses	0	0
Administrative and general expenses	-520	-283
Other income/expenses	1	-17
Operating loss	**-519**	**-300**
Financial income/expenses	-104	43
Profit (Loss) before tax	**-623**	**-257**
Net profit (loss)	**-623**	**-257**
Total comprehensive income (loss)	**-623**	**-257**

CASH FLOW STATEMENT

EUR '000	2023/2024	2022/2023
Cash flow from operating activities		
Net profit (loss)	-623	-257
Adjustments:		
Depreciation	181	59
Other non-cash items	928	1,662
Changes in receivables and prepayments	-927	53
Changes in payables and prepayments	108	111
Net cash inflow (outflow) from operating activities	**-333**	**1,628**
Cash flow from investing activities		
Purchase of tangible and intangible fixed assets	0	-78
Loans granted	0	-697
Repayments of loans granted	2,454	0
Net cash inflow (outflow) from investing activities	**2,454**	**-775**
Cash flow from financing activities		
Repayment of issued loans	-1,311	0
Interest paid	-813	-850
Net cash inflow (outflow) from financing activities	**-2,124**	**-850**
Net increase (decrease) in cash and cash equivalents	**-3**	**3**
Cash and cash equivalents at beginning of year	3	0
Change in cash and cash equivalents	-3	3
Cash and cash equivalents at the end of the period	0	3

STATEMENT OF CHANGES IN EQUITY

EUR '000	Share capital	Share premium	Treasury shares	Statutory capital reserve	Retained earnings (loss)	Total equity
Balance at 30.06.2022	**7,737**	**14,007**	**-390**	**51**	**-6,124**	**15,281**
Carrying amount of interests under control and significant influence						-10,378
Value of interests under control and significant influence under the equity method						2,950
Adjusted unconsolidated equity at 30.06.2022						**7,853**
Comprehensive expense for reporting period	0	0	0	0	-257	-257
Total change	0	0	0	0	-257	-257
Balance at 30.06.2023	**7,737**	**14,007**	**-390**	**51**	**-6,381**	**15,022**
Carrying amount of interests under control and significant influence						-10,378
Value of interests under control and significant influence accounted for using the equity method						3,388
Adjusted unconsolidated equity at 30.06.2023						**8,032**
Comprehensive expense for reporting period	0	0	0	0	-623	-623
Total change	0	0	0	0	-623	-623
Balance at 30.06.2024	**7,737**	**14,007**	**-390**	**51**	**-7,004**	**14,401**
Carrying amount of interests under control and significant influence						-10,378
Value of interests under control and significant influence accounted for using the equity method						0
Adjusted unconsolidated equity at 30.06.2024						**4,023**

Adjusted unconsolidated equity is used as the basis for determining distributable equity in accordance with the Accounting Act of Estonia.

As of 30.06.2024, the adjusted unconsolidated equity is 4,023 thousand euros, while the consolidated equity stands at 3,191 thousand euros. The difference between the adjusted unconsolidated and consolidated equity is 832 thousand euros. This difference is due to the fact that the value of the Group's significant and controlling interests, assessed using the equity method, is negative. Consequently, the value of investments based on the equity method is 0 thousand euros, and further losses from investments are recognized off-balance sheet.

MANAGEMENT BOARD'S CONFIRMATION TO THE ANNUAL REPORT

The management confirms that the reports presented on pages 6 to 27, including AS PRFoods' management report, corporate social and environmental responsibility report, corporate governance report, and remuneration report, provide a true and fair overview of the business development, results, and financial position of the parent company and the consolidated entities as a whole.

The management further affirms that the consolidated financial statements presented on pages 28 to 74 provide, in their opinion, a true and fair view of the assets, liabilities, financial position, and results of the issuer and the consolidated entities as a whole, in accordance with international financial reporting standards as adopted by the European Union. The report also includes descriptions of key risks and uncertainties.

Timo Pärn
Member of the Management Board

Kristjan Kotkas
Member of the Management Board

Independent Auditors' Report

(Translation of the Estonian original)

To the shareholders of AS PRFoods

Report on the Audit of the Consolidated Financial Statements

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of AS PRFoods and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 June 2024, and the consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

We do not express an opinion on the accompanying consolidated financial statements of the Group. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

Basis for Disclaimer of Opinion

The accompanying consolidated financial statements have been prepared on the assumption that the Group is a going concern. The Group closed the financial year ended 30 June 2024 with a loss, the Group's net cash flow for the year then ended was negative and at 30 June 2024 the Group's current liabilities exceeded its current assets by 9,226 thousand euros. The Group's current liabilities as at 30 June 2024 include interest-bearing liabilities of 10,899 thousand euros, including listed notes of 9,417 thousand euros maturing on 22 January 2025.

These circumstances, together with the fact disclosed in Note 30 to the consolidated financial statements that after the reporting date the interest payment under the terms of the notes was postponed until the note redemption date of 22 January 2025, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. As disclosed in Note 29 to the consolidated financial statements, the redemption of the notes is highly uncertain due to the Group's high level of debt and the fact that the Group does not have sufficient liquid resources to redeem the notes at maturity.

In the notes to the consolidated financial statements, management has not described an action plan that would ensure that the liquidity problems will be resolved and that the Group will be able to continue as a going concern.

We were also unable to obtain sufficient appropriate evidence by alternative audit procedures to satisfy ourselves that management's use of the going concern basis of accounting in the preparation of the consolidated financial statements is appropriate. Because of the significance of these matters, we are not able to express an opinion on the accompanying consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the management report, the report on corporate governance and the remuneration report, but does not include the consolidated financial statements and our auditors' report thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, our responsibility is to state whether the information presented in the management report has been prepared in accordance with the applicable legal and regulatory requirements. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we do not report on the other information.

Our responsibility is also to consider whether the remuneration report has been prepared in accordance with the requirements of § 135^3 of the Securities Market Act. In our opinion, the remuneration report has been prepared in accordance with the requirements of § 135^3 (3) of the Securities Market Act.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with International Standards on Auditing (Estonia) and to issue an auditors' report. However, because of the matter described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants (Estonia) (including the Independence Standards) and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Report on Other Legal and Regulatory Requirements

Report on Compliance with the Requirements for iXBRL tagging of Consolidated Financial Statements included within the European Single Electronic Format Regulatory Technical Standard (ESEF RTS)

We have undertaken a reasonable assurance engagement on the iXBRL tagging of the consolidated financial statements included in the digital files 529900PFXFO2ZDCRNK93-2024-06-30-et.zip. prepared by AS PRFoods.

Responsibilities of Management for the Digital Files Prepared in Compliance with the ESEF RTS

Management is responsible for preparing digital files that comply with the ESEF RTS. This responsibility includes:

– the selection and application of appropriate iXBRL tags using judgement where necessary;

– ensuring consistency between digitised information and the consolidated financial statements presented in human-readable format; and

– the design, implementation and maintenance of internal control relevant to the application of the ESEF RTS.

Auditors' Responsibilities

Our responsibility is to express an opinion on whether the electronic tagging of the consolidated financial statements complies in all material respects with the ESEF RTS based on the evidence we have obtained.

We apply the provisions of the International Standard on Quality Management (Estonia) 1 (revised) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of AS PRFoods in accordance with the International Code of Ethics for Professional Accountants (Estonia) (including the Independence Standards), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements (Estonia) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (ISAE (EE) 3000 (Revised)).

A reasonable assurance engagement in accordance with ISAE (EE) 3000 (Revised) involves performing procedures to obtain evidence about compliance with the ESEF RTS. The nature, timing and extent of procedures selected depend on the practitioner's judgment, including the assessment of the risks of material departures from the requirements set out in the ESEF RTS, whether due to fraud or error. A reasonable assurance engagement includes:

– obtaining an understanding of the tagging and the ESEF RTS, including of internal control over the tagging process relevant to the engagement;

– reconciling the tagged data with the audited consolidated financial statements dated 30 June 2024;

– evaluating the completeness of the tagging of the consolidated financial statements;

– evaluating the appropriateness of the Group's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;

– evaluating the use of anchoring in relation to the extension elements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the consolidated financial statements included in the annual report of AS PRFoods identified as 529900PFXFO2ZDCRNK93-2024-06-30-et.zip. for the year ended 30 June 2024 are tagged in compliance with the ESEF RTS.

Other Requirements of the Auditors' Report in Accordance with Regulation (EU) No 537/2014 of the European Parliament and of the Council

We were first appointed by those charged with governance on 19 December 2019 to audit the consolidated financial statements of AS PRFoods for the years ended 30 June 2020 to 30 June 2021. Our total uninterrupted period of engagement is five years, covering the periods ended 30 June 2020 to 30 June 2024.

We confirm that:

– our opinion is consistent with the additional report presented to the Audit Committee of the Group;

– we have not provided to the Group with the prohibited non-audit services (NASs) referred to in Article 5(1) of EU Regulation (EU) No. 537/2014. We also remained independent of the audited entity in conducting the audit.

Tallinn, 31 October 2024

Indrek Alliksaar

Certified Public Accountant, Licence No. 446

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PROPOSAL FOR PROFIT DISTRIBUTION

AS PRFoods' management proposes to the shareholders' general meeting to allocate the loss for the financial year ending June 30, 2024, as follows:

EUR '000	
Retained loss	-4,673
Total	**-4,673**

Timo Pärn
Member of the Management Board

Kristjan Kotkas
Member of the Management Board