

P R F O O D S

AS PRFoods

Consolidated Unaudited Interim Report

4th quarter and 12 months of 2018/2019
(translation from the Estonian original)

25 August 2019

2018/2019

4TH QUARTER & 12 MONTHS

P R F O O D S

Business name	AS PRFoods
Commercial register number	1150713
Address	Pärnu mnt 141, Tallinn, Estonia
Phone	+372 452 1470
Website	prfoods.ee
Main activities	Production and sale of fish products Fish farming
Reporting period	1 July 2018 – 30 June 2019
Auditor	AS PricewaterhouseCoopers

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CORPORATE PROFILE

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

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

Main activity of the Group is fish manufacturing in four contemporary production buildings in Renko and Kokkola (Finland), in Saaremaa (Estonia), and in Aberdeen (Great Britain). The objective of PRFoods is to increase production capacity and to boost sales volumes of fish products.

Our main products are salmon and rainbow trout products. Approximately 2/3 of the raw fish used in the Group's rainbow trout production comes from the Group's own fish farms in Swedish lakes and Turku Archipelago area in Finland, assuring the highest quality and reliable deliveries.

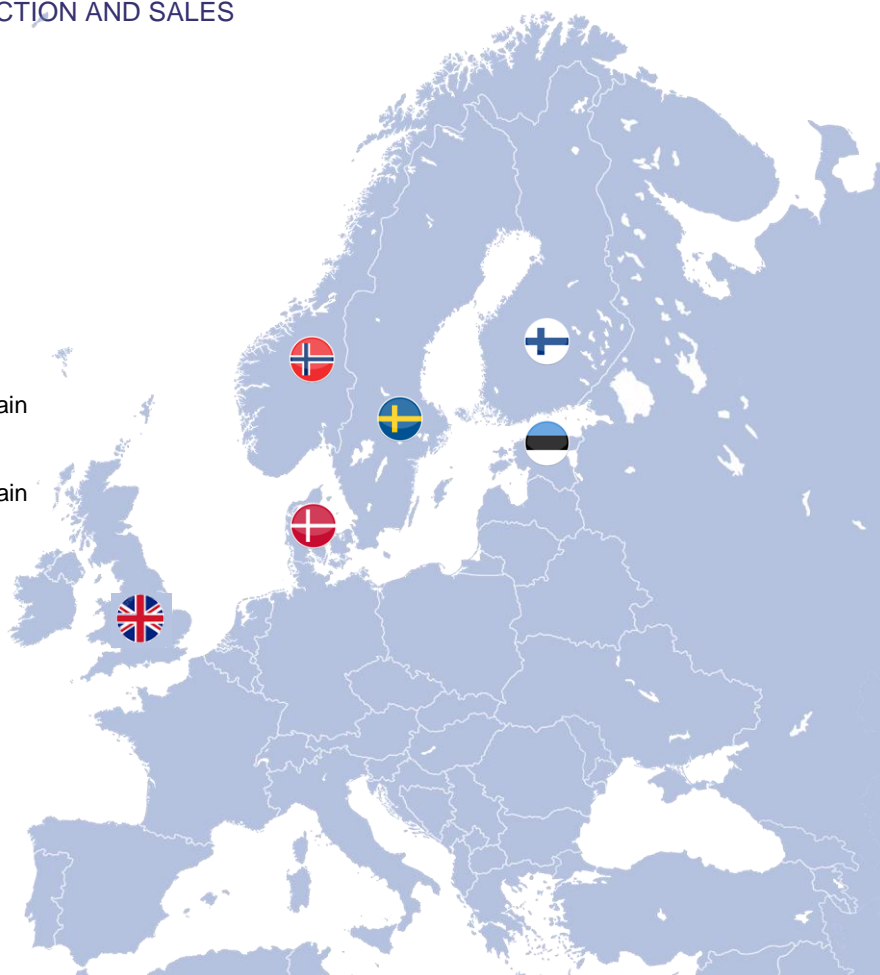
Salmon is purchased mainly from Norway, Denmark, Sweden and Great Britain. On a smaller scale, European whitefish and Baltic herring are used in production. In addition, a notable volume of red caviar is made from fish harvested in the Group's own fish farms.

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

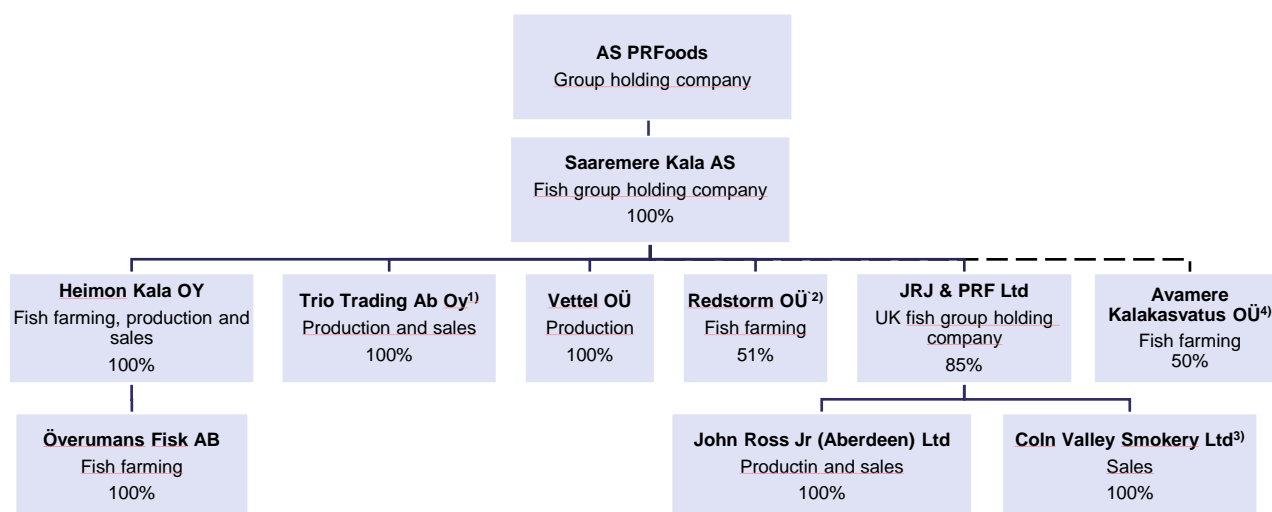
The Group is actively involved in developing new products for expanding to new export markets. As introducing the Group's own brands is in its early stage in Scandinavia and elsewhere in the world, the management expects the Group's growth period is yet to come.

THE GEOGRAPHY OF PRODUCTION AND SALES

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



GROUP STRUCTURE AS AT 30 JUNE 2019



¹⁾ Consolidated from 01 September 2017; the merger with Heimon Kala Oy planned by 31 January 2019 postponed due to technical reasons. The companies operate as subsidiaries with overlapping management.

²⁾ Consolidated from 01 July 2018

³⁾ 64% of Colin Valley Smokery Ltd shares owned by JRJ & PRF Ltd and 36% by John Ross Jr (Aberdeen) Ltd

⁴⁾ The Group does not consolidate Avamere Kalakasvatus OÜ as it holds neither dominant nor significant control over the company

The most significant trademarks of PRFoods are "Heimon Gourmet" and "Saaristomeren". The Group's other trademarks include "Gurmé" and "Polar Fish", which are marketed in the Baltic States. Other notable brands of the recently acquired companies are „John Ross Aberdeen“, „Coln Valley Smokery“ and “Fishk”.

John Ross Jr (Aberdeen) Ltd.
TRULY TRADITIONAL SCOTTISH SMOKED SALMON

COLN VALLEY

Fishk

Heimon
GOURMET

ÖVERUMANS FISK

VETTEL

gurmé

Saaristomeren
Polar kalakasvatus

POLAR
FISH

MANAGEMENT REPORT

MANAGEMENT REPORT

OVERVIEW OF ECONOMIC ACTIVITIES

MANAGEMENT COMMENTARY

We remind you that since we changed our financial year, the previous financial year was 18 months long. The current financial year that began on 1 July 2018 is of standard length and ends on 30 June 2019. The comparable data presented in the management report stems from comparable periods: the 4th quarter of the current financial year i.e. the 2nd quarter of 2019 is compared to the 2nd quarter of 2018, and the 12 months of the financial year i.e. the period from 01 July 2018 till 30 June 2019 is compared to the period from 01 July 2017 till 30 June 2018.

PRFoods' 2018/2019 Q4 sales were 21.5 million euros (last year 22.2 million euros) and full year sales were 85.7 million euros (last year 94.9 million euros). The reasons for decreased sales were mainly lower sales from our Estonian factory to Finland and a decrease in trading of fresh fish in Finland.

Although the quarter's sales decreased by 3%, gross profit improved by 20% in Q4. Gross profit for the quarter was 2.1 million euros, increasing by 0.3 million (last year 1.8 million). Gross margin improved by 1.9 percentage points and was 9.8%. Full year gross profit was 11.9 million euros, last year 13.2 million euros. Full year gross margin stayed at the same level as last year – 13.9%. Hence, we managed to keep our efficiency, the decrease of gross profit comes simply from a decrease of sales.

The Group's EBITDA in Q4 was 0.3 million euros, being at the same level as last year. Full year EBITDA was 1.7 million euros, compared to 4.4 million euros last year. EBITDA was mainly affected by a very weak result in Q2 and partly also in Q3 in our Estonian unit. The main problem was excess acquisition of raw material in Estonia and Finland and taking into account that trout prices decreased, the realization of inventory resulted in loss. Today we have put our inventory management on a new footing and our stock is kept at an optimum level.

2018/2019 full year EBITDA from operations was 4.0 million euros, EBITDA including impacts of biomass revaluation and one-offs was 1.7 million euros. 2018/2019 net loss was 1.5 million euros, which was mainly triggered by decrease of biomass fair value caused by lower volume of fish farming and trout price drop. Additionally, decrease of sales volumes and increase of labour costs had a negative impact on the result.

The main activities of 2018/2019 have been related to amending our product portfolio, to reduce low-margin products for more value-added products, which has caused drop in sales. Higher margins do not yet compensate for total gross profit loss from decreased sales.

Poor results in winter period this financial year weighted down the entire year. From Q2 we have improved our efficiency and results in all units.

In order to summarize, main areas affecting loss in profits are:

- Raw material inventory at higher prices from last year (situation fixed by now).
- Increase in labour costs temporarily due to merger process and duplication of functions (labour cost optimization started in summer, full effect in place from October).
- Lower sales to Finland (due to restructuring of production management in Estonia-Finland).
- Coln Valley relocation costs to John Ross Jr factory (at the same time we got significant cost efficiencies, fully to be realized in 2019/2020 financial year).
- Change in price of fish affected the biological assets' i.e. fish farming profitability. The negative impact of revaluation of biological assets was 1.1 million euros higher compared to 12 months last year. The main reason was a drop in harvested volume by 437 tonnes. Also, price of trout decreased by 19.9% in a year. Taking into account that 100% our farmed fish is used in our factories, a change in fair value of biomass reflects an accounting

principle. Lacking raw material, due to decrease of biological assets, is purchased from third parties at the same price level as intercompany sales from our own farms to factories.

From positive side we can bring out:

- Improvement in operational cash flow.
- Finishing of large-scale investment programme in Estonia, UK and in fish farms.
- Saaremaa factory is the first BRC-certified fish processor, allowing John Ross Jr products to be produced also in Estonia.
- Cost cutting programme following the merger, resulting in savings of more than 0.5 million euros annually.
- Onboarding new managers and specialists. From July 2019, we have a new CEO for companies in Finland and Estonia; the Group has a new CFO and a chief accountant.
- Investments were made to turn PRFoods into the region's most ecologically conscious fish processor (new packaging lines, solar power in Estonia and Finland)

In essence, 2018/2019 was one of the most challenging years in the company's history. Several circumstances (high inventory levels, decreased trout price, overlapping functions in Estonia and Finland, production restructuring in Estonia, introduction of new products) and launch of several new projects simultaneously resulted in the Group ending the year in loss.

While the Group's speed of restructuring of production and sales units in Estonia and Finland last year was not satisfactory, a positive development in the Group's fish farming unit was achieved. The Group expects to receive new farming licences in Sweden and has launched environmental surveys in three areas in Estonia. Presumably these will be carried out in 2019, to begin new farming activities in 2020. In case of positive scenarios, the production volume within next years shall be increased by at least 5,000 tonnes. In addition, a feasibility study for a fish farm in Paldiski, Estonia is launched.

For 2019/2020 financial year the Group expects a sales increase by at least 5% and EBITDA improvement of 25-30%. Also, the packaging and product development of Heimon Kala and John Ross Jr have been totally relaunched. Fish purchases in Finland and Estonia are made on consolidated basis, resulting in significant savings in raw material prices.

Sincerely,

Indrek Kasela

UNAUDITED FINANCIAL RESULTS OF AS PRFOODS, THE 4TH QUARTER OF THE FINANCIAL YEAR 2018/2019 (I.E., HEREINAFTER 2ND QUARTER OF 2019) COMPARED TO THE 2ND QUARTER OF 2018

- Unaudited consolidated revenue 21.49 million euros, a decrease by 0.66 million euros, i.e. 3.0%.
- Gross margin 9.8% (2Q 2018: 7.9%).
- Positive impact from revaluation of biological assets 0.27 million euros (2Q 2018: positive impact 1.10 million euros).
- Negative impact of one-offs on the result 0.27 million euros (2Q 2018: negative impact 0.59 million euros).
- EBITDA from operations 0.30 million euros, an increase by 0.54 million euros.
- EBITDA 0.30 million euros, an increase by 0.03 million euros (without one-off effects EBITDA 0.57 million euros, a decrease by 0.29 million euros).
- Operating loss 0.26 million euros, an increase by 0.03 million euros (without one-off effects operating loss 0.01 million euros, a decrease by 0.34 million euros).
- Net loss 0.64 million euros, a decrease by 0.49 million euros. (without one-off effects net loss 0.37 million euros, a decrease by 0.17 million euros).

SUMMARY OF FINANCIAL RESULTS: THE 2ND QUARTER OF 2019 COMPARED TO THE 2ND QUARTER OF 2018

mln EUR	2Q 2019	2Q 2018	Change, mln EUR	2Q 19 vs 2Q 18	Impact
Sales	21.49	22.15	-0.66	-3.0%	▼
Gross profit	2.10	1.75	0.35	19.8%	▲
EBITDA from operations*	0.30	-0.24	0.54	**	▲
EBITDA	0.30	0.27	0.03	10.0%	▲
EBIT	-0.26	-0.23	-0.03	10.7%	▼
Net profit (-loss)	-0.64	-1.13	0.49	-43.1%	▲

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

** not meaningful



Vettel OÜ
Fish production facilities in Saaremaa, Estonia

UNAUDITED FINANCIAL RESULTS OF AS PRFOODS, THE 12 MONTHS OF THE FINANCIAL YEAR 2018/2019 COMPARED TO 12-MONTHS PERIOD FROM 01 JULY 2017 TILL 30 JUNE 2018

- Unaudited consolidated revenue 85.73 million euros, a decrease by 9.14 million euros, i.e. -9.6%.
- Gross margin 13.9% (12m 2017/2018: 13.9%).
- Negative impact from revaluation of biological assets 1.74 million euros (12m 2017/2018: negative impact 0.67 million euros).
- Negative impact of one-offs on the result 0.50 million euros (12m 2017/2018: negative impact 0.87 million euros).
- EBITDA from operations 3.99 million euros, a decrease by 1.97 million euros.
- EBITDA 1.74 million euros, a decrease by 2.67 million euros (without one-off effects EBITDA 2.25 million euros, a decrease by 3.04 million euros).
- Operating loss 0.47 million euros, a decrease by 2.80 million euros (without one-off effects operating profit 0.04 million euros, a decrease by 3.17 million euros).
- Net loss 1.47 million euros, a decrease by 2.47 million euros (without one-off effects net loss 0.97 million euros, a decrease by 2.84 million euros).

SUMMARY OF FINANCIAL RESULTS: 12 MONTHS OF 2017/2018 VS 12 MONTHS 2018/2019

mln EUR	12m 2018/2019	12m 2017/2018	Change, mln EUR	12m 18/19 vs 12m 17/18	Impact
Sales	85.73	94.87	-9.14	-9.6%	▼
Gross profit	11.90	13.18	-1.28	-9.7%	▼
EBITDA from operations*	3.99	5.96	-1.97	-33.1%	▼
EBITDA	1.74	4.41	-2.67	-60.5%	▼
EBIT	-0.47	2.33	-2.80	**	▼
Net profit (-loss)	-1.47	1.00	-2.47	**	▼

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

** not meaningful



KEY RATIOS – INCOME STATEMENT

mIn EUR unless indicated otherwise	2Q 2019	1Q 2019	4Q 2018	3Q 2018	2Q 2018	1Q 2018	4Q 2017	3Q 2017
Sales	21.5	18.1	26.7	19.4	22.1	22.7	32.0	18.0
Gross profit	2.1	2.1	4.7	3.0	1.8	2.4	6.6	2.5
EBITDA from operations	0.3	0.2	2.4	1.1	-0.2	0.7	4.3	1.2
EBITDA	0.3	-0.5	0.8	1.1	0.3	0.6	1.6	2.0
EBIT	-0.3	-1.0	0.2	0.6	-0.2	0.1	1.0	1.5
EBT	-0.4	-1.2	0.0	0.4	-0.5	-0.2	0.8	1.3
Net profit (-loss)	-0.6	-1.2	0.2	0.1	-1.1	-0.2	1.2	1.1
Gross margin	9.8%	11.7%	17.7%	15.2%	7.9%	10.6%	20.5%	13.6%
Operational EBITDA margin	1.4%	1.1%	9.1%	5.4%	-1.1%	3.1%	13.4%	6.7%
EBITDA margin	1.4%	-2.5%	2.9%	5.8%	1.2%	2.5%	4.9%	11.1%
EBIT margin	-1.2%	-5.6%	0.9%	3.0%	-1.1%	0.2%	3.1%	8.5%
EBT margin	-2.0%	-6.5%	0.1%	1.8%	-2.3%	-0.9%	2.5%	7.3%
Net margin	-3.0%	-6.6%	0.8%	0.7%	-5.1%	-1.0%	3.9%	6.2%
Operating expense ratio	11.7%	14.1%	11.2%	13.5%	12.0%	10.5%	9.3%	11.1%

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

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

EBIT = Operating profit (loss)

EBT = Profit (Loss) before tax

Gross margin = Gross profit / Net sales

Operational EBITDA margin = EBITDA from operations / Net sales

EBITDA margin = EBITDA / Net sales

EBIT margin = EBIT / Net sales

EBT margin = EBT / Net sales

Net margin = Net earnings / Net sales

Operating expense ratio = Operating expenses / Net sales

KEY RATIOS – BALANCE SHEET

mIn EUR unless indicated otherwise	30.06.2019	31.03.2019	31.12.2018	30.09.2018	30.06.2018	31.03.2018	31.12.2017
Net debt	20.5	18.7	20.0	21.9	18.1	16.7	16.6
Equity	21.9	23.3	24.2	24.1	23.3	24.3	24.7
Working capital	-3.1	-1.6	1.0	2.0	2.8	4.6	5.3
Assets	62.5	63.5	65.5	64.5	65.5	66.4	68.6
Liquidity ratio	0.9x	0.9x	1.0x	1.1x	1.1x	1.2x	1.2x
Equity ratio	35.0%	36.7%	37.0%	37.4%	35.6%	36.6%	36.0%
Gearing ratio	48.3%	44.5%	45.2%	47.6%	43.7%	40.7%	40.1%
Debt to total assets	0.7x	0.6x	0.6x	0.6x	0.6x	0.6x	0.6x
Net debt to EBITDA	5.1x	5.4x	5.1x	3.8x	3.1x	2.6x	3.1x
ROE	-6.5%	-8.2%	-4.0%	0.1%	0.2%	8.6%	5.8%
ROA	-2.3%	-3.0%	-1.5%	0.0%	0.1%	4.1%	2.7%

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

Working capital = Current assets – Current liabilities

Liquidity ratio = Current assets / Current liabilities

Equity ratio = Equity / Total assets

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

Debt to total assets = Debt / Total assets

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

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

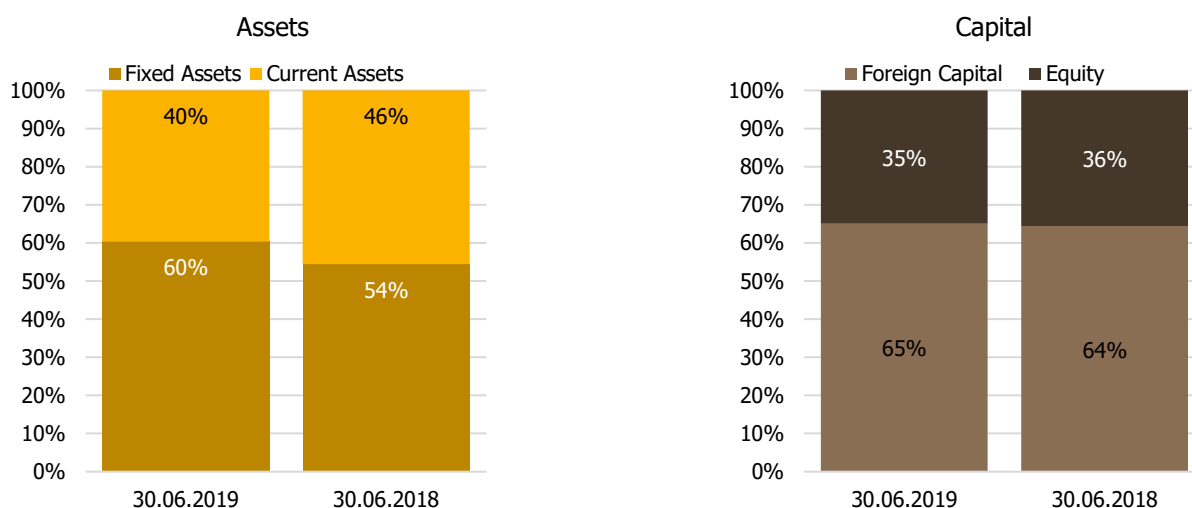
ROA = Net earnings for the trailing 12 months / Average assets

BALANCE SHEET

As at 30 June 2019 consolidated total assets of PRFoods stood at 62.5 million euros. The year before i.e. as at 30 June 2018 the balance sheet totalled 65.5 million euros.

The Group's current assets stood at 24.8 million euros as at 30 June 2019 (30 June 2018: 29.8 million euros). Non-current assets totalled 37.7 million euros (30 June 2018: 35.7 million euros).

Current liabilities totalled 27.8 million euros as at 30 June 2019 (30 June 2018: 27.0 million euros). Non-current liabilities totalled 12.8 million euros (30 June 2018: 15.2 million euros). Equity of PRFoods was 21.9 million euros (30 June 2018: 23.3 million euros).

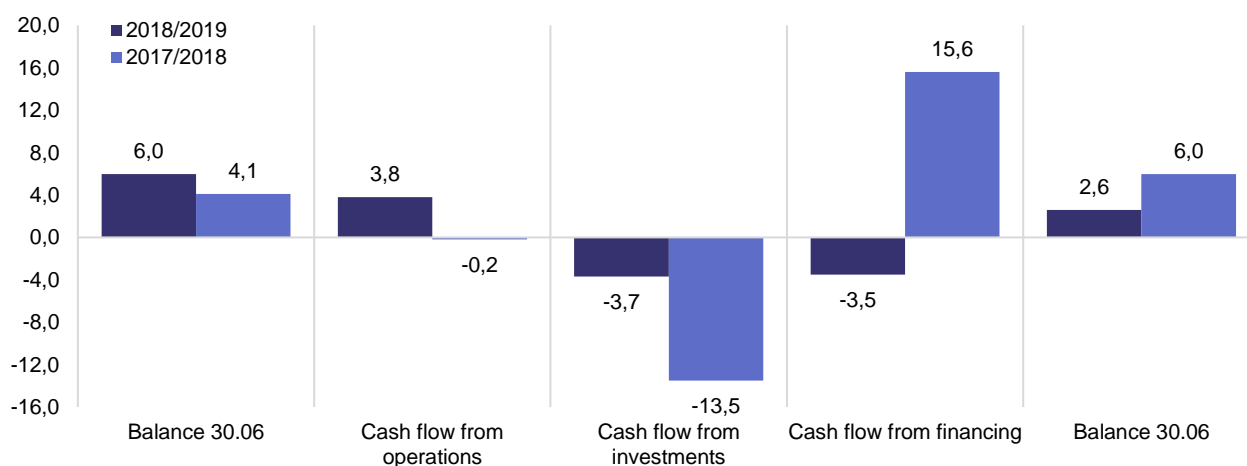


CASH FLOWS

PRFoods' cash and cash equivalents totalled 6.0 million euros at the beginning of the reporting period and 2.6 million euros at the end of the period, the period's cash flow amounted to 3.4 million euros.

Cash flow from operations was +3.8 million euros and -0.2 million euros in the same period a year ago. Cash flow from investment activities was -3.7 million euros during the reporting period and -13.5 million euros a year ago. Cash flow from financing activities totalled -3.5 million euros in the reporting period and +15.6 million euros during the same period last year.

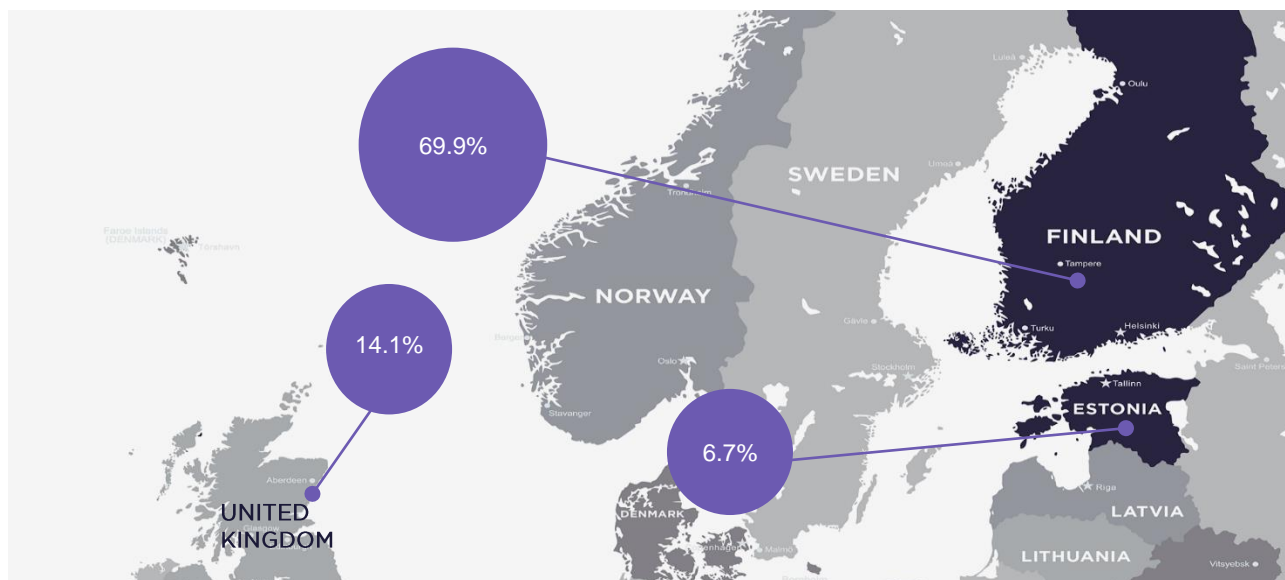
CHANGE IN CASH FLOWS 12 MONTHS OF 2018/2019 VS 12 MONTHS 2017/2018



REVENUE

The main products of the Group are salmon and rainbow trout goods. The Group is mainly known as a seller of fresh fish and fish products in Finland, a seller of quality smoked fish products in the UK and a seller of raw fish in Estonia as well as the biggest supplier of caviar to Estonian stores. Acquiring new subsidiaries has opened new markets and the Group has sales experience to 37 countries.

The Group's revenue in the 12 months of the financial year 2018/2019 totalled 85.7 million euros, down by 9.1 million euros, i.e. 9.6% compared to the same period year ago.



GEOGRAPHIC SEGMENTS

mIn EUR	12m 18/19	Share, %	12m 17/18	Share, %	Change, mIn EUR	12m 18/19 vs 12m 17/18	Imp.
Finland	59.9	69.9%	66.9	70.5%	-7.0	-10.5%	▼
United Kingdom	12.1	14.1%	13.2	14.0%	-1.1	-8.6%	▼
Estonia	5.7	6.7%	5.0	5.2%	0.7	14.9%	▲
Other	8.0	9.4%	9.8	10.3%	-1.7	-17.9%	▼
Total	85.7	100.0%	94.9	100.0%	-9.1	-9.6%	▼

Finland with sales revenue of 59.9 million euros and ca 70% of total sales maintained its leading position as the largest market of the Group. Revenue of the second largest market, UK, amounted to 12.1 million euros, i.e. 14.1% of total sales. Revenue of the Estonian market totalled 5.7 million euros, i.e. 6.7% of the total.

Sales revenue of Finland and Great Britain decreased by 10.5% and 8.6%, respectively, whereas sales in Estonia increased by 14.9%.

PRODUCT SEGMENTS

mIn EUR	12m 18/19	Share, %	12m 17/18	Share, %	Change, mIn EUR	12m 18/19 vs 12m 17/18	Imp.
Hot & cold smoked fish	36.9	43.0%	39.1	41.3%	-2.3	-5.8%	▼
Raw fish and fillets	35.8	41.7%	43.7	46.0%	-7.9	-18.1%	▼
Other fish products	12.9	15.0%	11.3	11.9%	1.6	14.0%	▲
Other	0.2	0.2%	0.8	0.9%	-0.6	-75.3%	▼
Total	85.7	100.0%	94.9	100.0%	-9.1	-9.6%	▼

Hot and cold smoked fish product account for the largest share of sales. A total of 36,9 million euros was generated by the product group and it accounted for 43.0% of total revenue during the accounting period. In the same period last year, the sales of the product group totalled 39.1 million euros accounting for 41.3% of the total. Raw fish and fillets product group generated sales of 35.8 million euros and accounted for 41.7% of total. During the same period last year, the sales of the product group was the largest one in total sales and amounted to 43.7 million euros accounting for 46.0% of the total. Sales of other fish products amounted to 12.9 million euros and accounted for 15.0% of total. The sales of the product group have increased by 1.6 million euros, i.e. 14.0% compared to the period a year ago.

CLIENT SEGMENTS

mIn EUR	12m 18/19	Share, %	12m 17/18	Share, %	Change, mIn EUR	12m 18/19 vs 12m 17/18	Imp.
Retail chains	36.3	42.3%	38.5	40.6%	-2.2	-5.8%	▼
Wholesale	28.3	33.0%	35.4	37.3%	-7.1	-20.0%	▼
HoReCa	19.9	23.2%	20.4	21.5%	-0.5	-2.2%	▼
Other retail	1.2	1.4%	0.7	0.7%	0.6	82.6%	▲
Total	85.7	100.0%	94.9	100.0%	-9.1	-9.6%	▼

The largest client group is the retail chains' group, sales of which amounted to 36.3 million euros and accounted for 42.3% of the total sales during the accounting period. A third of sales i.e. 28.3 million euros was generated by wholesale sector. HoReCa sales amounted 19.9 million euros and accounted for 23.2% of the total.

COSTS

Cost of goods sold accounted for 86.1% of total sales and operating expenses for 12.5%.

	12m 18/19	12m 17/18	Change	Impact	12m 18/19	12m 17/18	Change	Impact
	mIn EUR	mIn EUR	mIn EUR		as % of sales	as % of sales	%-point	
Sales	85.73	94.87	-9.14	▼	100.00%	100.00%		
Cost of goods sold	-73.83	-81.69	7.86	▲	86.12%	86.11%	0.01%	▼
materials in production & cost of goods purchased for resale	-59.35	-66.80	7.45	▲	69.23%	70.41%	-1.18%	▲
labour costs	-7.17	-7.31	0.14	▲	8.36%	7.70%	0.66%	▼
depreciation	-1.74	-1.57	-0.17	▼	2.03%	1.66%	0.37%	▼
other cost of goods sold	-5.57	-6.01	0.44	▲	6.50%	6.34%	0.16%	▼
Operating expenses	-10.70	-10.01	-0.69	▼	12.48%	10.55%	1.93%	▼
labour costs	-3.69	-3.11	-0.58	▼	4.30%	3.27%	1.03%	▼
transport & logistics services	-3.50	-3.35	-0.15	▼	4.08%	3.53%	0.55%	▼
depreciation	-0.47	-0.67	0.20	▲	0.55%	0.71%	-0.16%	▲
advertising, marketing and product development	-0.42	-0.39	-0.03	▼	0.49%	0.41%	0.08%	▼
other operating expenses	-2.62	-2.49	-0.13	▼	3.06%	2.63%	0.43%	▼
Other income/expenses	0.08	-0.16	0.24	▲	0.10%	-0.17%	0.27%	▲
incl. one-offs	-0.50	-0.87	0.37	▲	-0.59%	-0.92%	0.33%	▲
Financial income / expense	-0.78	-0.94	0.16	▲	-0.91%	-0.99%	0.08%	▲

COST OF GOODS SOLD (COGS)

COGS decreased over the period by 7.9 million euros and its share remained at the level of the previous comparable period accounting for 86.1% of total sales. Purchase cost of raw fish continues to account for the majority, ca 80%, of the largest COGS item “materials in production and cost of goods purchase for resale”. The remaining share of the cost are attributable to packaging materials and fish feed.

Labour cost of personnel employed in production and fish farms totalled 7,2 million euros and formed 8.4% of total sales.

Other cost of goods sold amounted to 5.6 million euros and formed 6.5% of total sales. The cost item includes costs on heating, electricity, rent and utilities, and costs incurred in relation to fish farming and auxiliary activities in production.

OPERATING EXPENSES

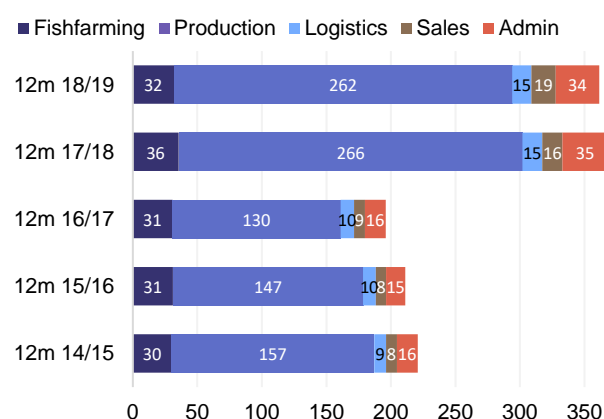
Operating costs of the accounting period, 10.7 million euros, increased by 0.7 million euros compared to the same period last year and accounted for 12.5% of total sales. The majority of operating costs are costs on labour and transport & logistics services, amounting to 3.7 million euros and 3.5 million euros, respectively, up by 0.6 million euros and 0.2 million euros, respectively, from the same period previous year. The share of both cost items of total sales has increased: labour costs increased from 3.3% to 4.3%, and transport and logistics services increased from 3.5% to 4.1%.

TEAM

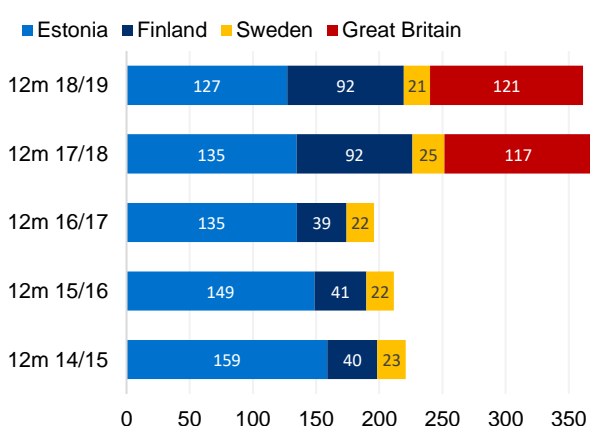
The average number of employees in PRFoods in the 2nd quarter of 2019 was 351. The Group's labour costs totalled 2.6 million euros in the 2nd quarter of 2019 and 10.9 million euros over the 12 months of the financial year.

	2Q 2019	1Q 2019	4Q 2018	3Q 2018	2Q 2018	1Q 2018	4Q 2017	3Q 2017
Average number of employees	351	348	379	368	367	362	408	337
Finland	88	86	103	91	96	96	114	61
Estonia	121	131	132	125	130	136	141	131
UK	124	112	123	125	117	107	127	117
Sweden	17	19	21	27	24	23	26	28
Payroll expense, th EUR	2,584	2,536	3,088	2,649	2,613	2,517	2,949	2,286
Monthly average payroll expense per employee, th EUR	2.45	2.43	2.72	2.40	2.37	2.32	2.41	2.26

Employees per area of activity



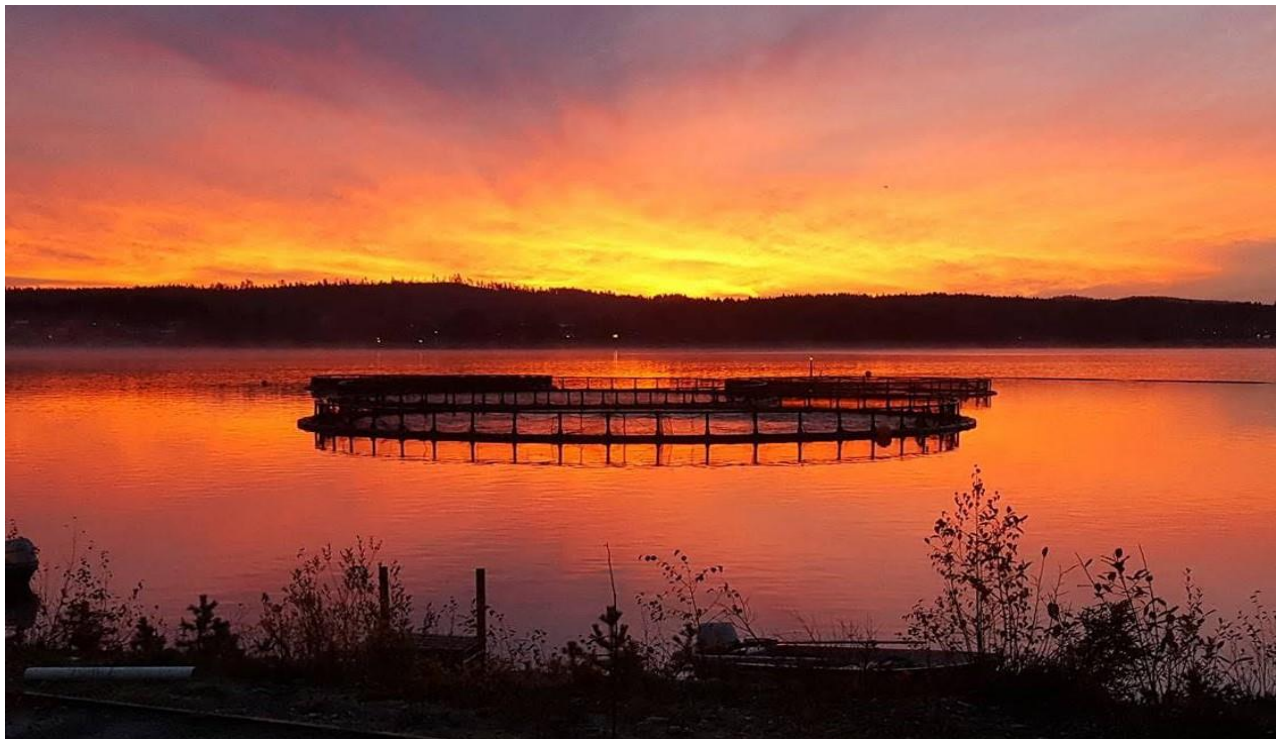
Employees per country



FISH FARMING

The competitive advantage of the Group is its vertical integration – fish farming, production and sales. About two thirds of the raw trout used in the Group's production is harvested from the Group's own fish farms in the lakes in Sweden and in the archipelago in Turku area in Finland, ensuring that customers receive fast and high-quality deliveries. The Group mainly harvests rainbow trout and to a lesser extent also European whitefish.

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



PRICE OF FISH

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

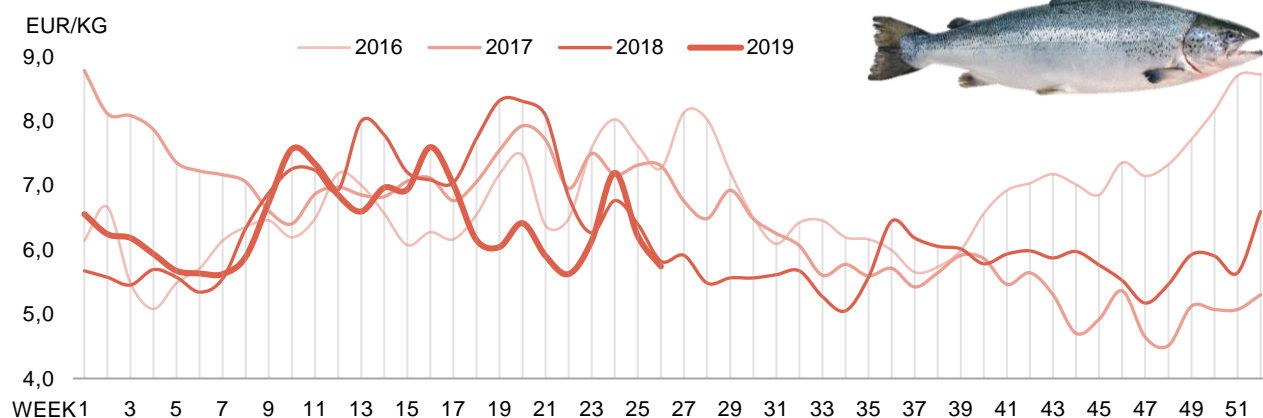
FISH PRICE

EUR/kg	30.06.2019	30.06.2018	30.06.19 vs 30.06.18	30.06.2017	30.06.19 vs 30.06.17	30.06.2016	30.06.19 vs 30.06.16
Salmon	5.74	5.82	-1.4%	7.30	-21.4%	7.26	-20.9%
Rainbow trout	5.76	6.47	-10.9%	8.11	-28.9%	5.97	-3.4%

As at the end of the reporting period the price of salmon has decreased by 1.4% and the price of rainbow trout by 10.9% compared to the prices a year ago. Over the two-year period, the price of salmon has decreased by 21.4% and the trout by 28.9%. The price of salmon has decreased by 20.9% and of rainbow trout by 3.4% compared to the prices three years ago.

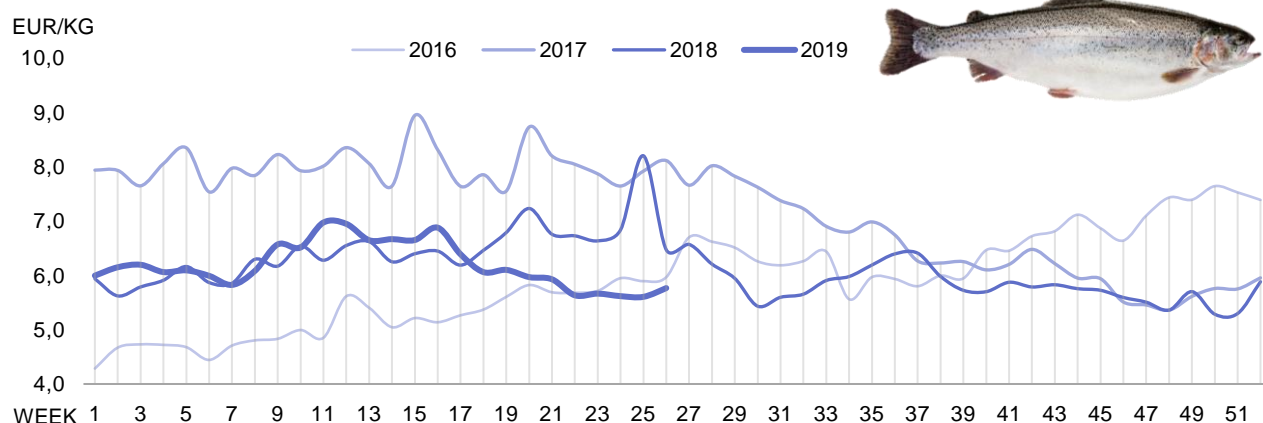
The graphs below illustrate weekly average prices of salmon and rainbow trout since 2016.

EXPORT PRICE OF NORWGIAN SALMON



Source: Nasdaq Salmon price

EXPORT PRICE OF NORWGIAN RAINBOW TROUT



Source: akvafakta.no

AVERAGE FISH PRICE

EUR/kg	12m 18/19	12m 17/18	12m 18/19 vs 12m 17/18	12m 16/17	12m 18/19 vs 12m 16/17	12m 15/16	12m 18/19 vs 12m 15/16
Salmon	6.03	6.05	-0.3%	7.04	-14.4%	5.38	12.0%
Rainbow trout	5.92	6.32	-6.3%	7.00	-15.5%	4.75	24.5%

The average market price of salmon during the reporting period has decreased by 0.3% and the price of rainbow trout by 6.3% compared to the price a year ago. Compared to the average prices of a comparable period two years ago the average prices of salmon and trout have decreased by 14.4% and 15.5%, respectively. The average fish prices have increased compared to the prices three years ago: salmon by 12.0% and rainbow trout by 24.5%.

BIOLOGICAL ASSETS

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

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

CHANGE IN BIOLOGICAL ASSETS, TONNES

	12m 18/19	12m 17/18	Change, tonnes 12m 18/19 vs 12m 17/18	Change, % 12m 18/19 vs 12m 17/18
Biomass at the beginning of the period	1,184	1,414	-230	-16.3%
Biomass at the end of the period	987	1,184	-197	-16.6%
Harvested fish (in live weight)	1,900	2,337	-437	-18.7%

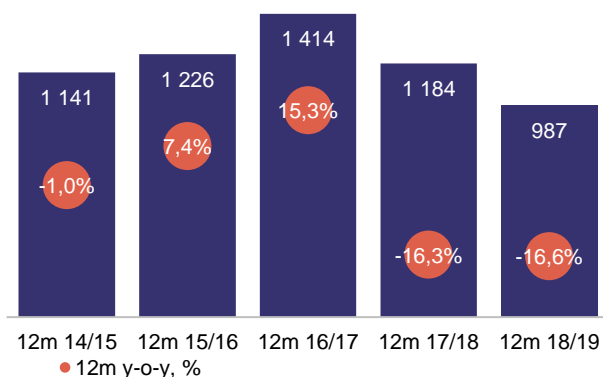
Biological assets totalled 987 tonnes as at 30 June 2019, a decrease by 197 tonnes, i.e. 16.6% compared to the same period last year. The fair value of biological assets was 4.9 million euros compared to 6.5 million euros a year ago. The decrease in monetary terms amounted to 1.6 million euros i.e. 24.0%. A total of 1,900 tonnes fish was harvested during the 12 months of the financial year, which is 437 tonnes or 18.7% less compared to the same period a year ago.

Average price of biomass was 4.99 euros per kg during the 12-months period of 2018/2019 compared to 5.49 euros per kg during the comparable period a year ago.

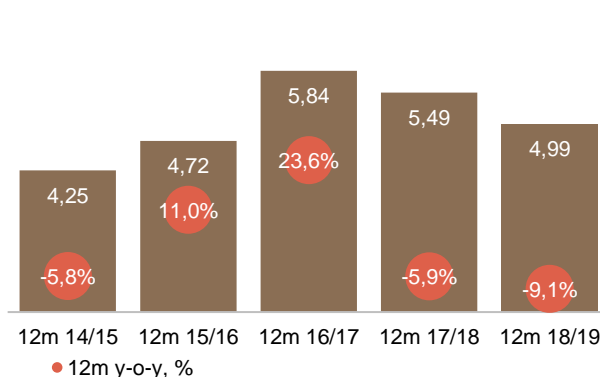
BIOMASS VOLUME AND AVERAGE PRICE, EUR/KG

	12m 18/19	12m 17/18	Change, mln EUR 12m 18/19 vs 12m 17/18	Change, % 12m 18/19 vs 12m 17/18
Biological assets at the end of period, mln EUR	4.92	6.50	-1.57	-24.2%
Biomass volume at the end of period, tonnes	987	1,184	-197	-16.6%
Average price, EUR/kg	4.99	5.49	-0.50	-9.1%
Fair value adjustment of biological assets, mln EUR	-1.74	-0.67	-1.07	158.4%

Biomass volume, tonnes



Biomass average price, EUR/kg



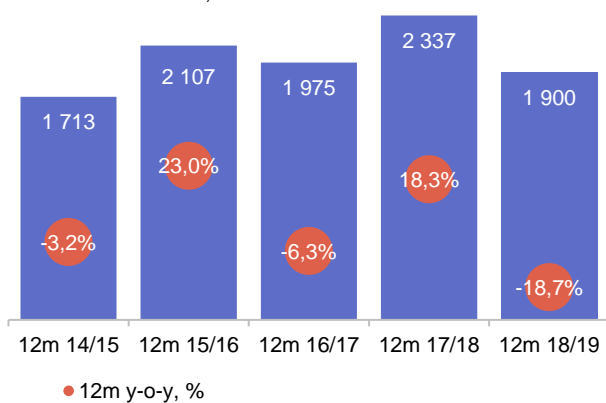
Fish is processed in production buildings of Heimon Kala Oy, Finland and Vettel OÜ, Estonia.

HARVESTED VOLUME

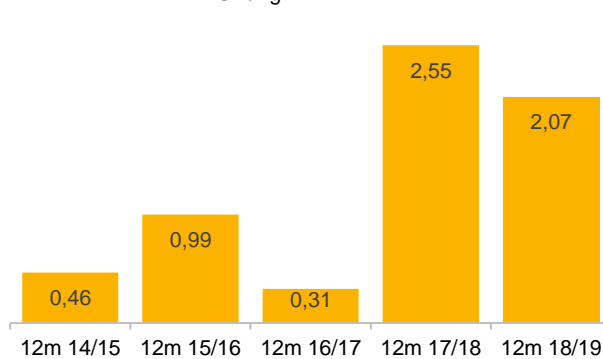
	12m 18/19	12m 17/18	Change, mln EUR 12m 18/19 vs 12m 17/18	Change, % 12m 18/19 vs 12m 17/18
Revenue, mln EUR	85.7	94.9	-9.1	-9.6%
EBITDA from operations*, mln EUR	3.9	6.0	-2.0	-34.0%
Harvested volume, tonnes	1,900	2,337	-437	-18.7%
EBITDA from operations* / harvested volume, EUR/kg	2.07	2.55	-0.48	-18.8%

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

Harvested volume, tonnes



EBITDA from operations / harvested fish, EUR/kg



MANAGEMENT AND SUPERVISORY BOARDS

The Management Board of AS PRFoods is comprised of one member – Indrek Kasela – who as per the supervisory board's decision serves as the sole member of the management board since 02 February 2015. The management board is independent in its day-to-day management of the business, protects the best interests of all shareholders and thereby ensures the company's sustainable development in accordance with the set objectives and strategy. It is also responsible for the internal control and risk management processes in the company.

The Supervisory Board of AS PRFoods appoints management board members for a three-year term. The articles of association prescribe the management board to consist of one to four members. On the meeting held on 15 November 2017 the supervisory board decided to extend the current management board member Indrek Kasela's term of office by 3 years, until 15 November 2020. Indrek Kasela (born 1971), holds an LL.M (Master of Laws) degree from New York University (1996) and a BA degree in law from the University of Tartu (1994).

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

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

The highest governing body of a public limited company is a general meeting of shareholders. According to law, the general meetings of shareholders are either ordinary or extraordinary.

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

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

PRFOODS' SHARES HELD BY THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BOARDS AND THE PERSONS/COMPANIES RELATED TO THEM AS AT 30.06.2019:

Shareholder	number of shares	ownership interest
Member of the management board from 02 February 2015 – Indrek Kasela	1,593,623	4.08%
Member of the supervisory board – Kuldar Leis	1,223,050	3.16%
Member of the supervisory board, Chairman of the supervisory board from 02.02.2015 – Lauri Kustaa Äimä	125,000	0.32%
Member of the supervisory board – Vesa Jaakko Karo	90,000	0.23%
Member of the supervisory board – Arko Kadajane	8,928	0.02%
Member of the supervisory board – Harvey Sawikin	0	-
Member of the supervisory board – Aavo Kokk	0	-
Total number of shares owned by the members of the supervisory and management boards	3,040,601	7.86%

SHARE AND SHAREHOLDERS

The registered share capital of the company is 7,736,572 euros which is divided to 38,682,860 ordinary shares without nominal value. All shares are freely transferable and of the same kind, i.e. have equal voting and dividend rights.

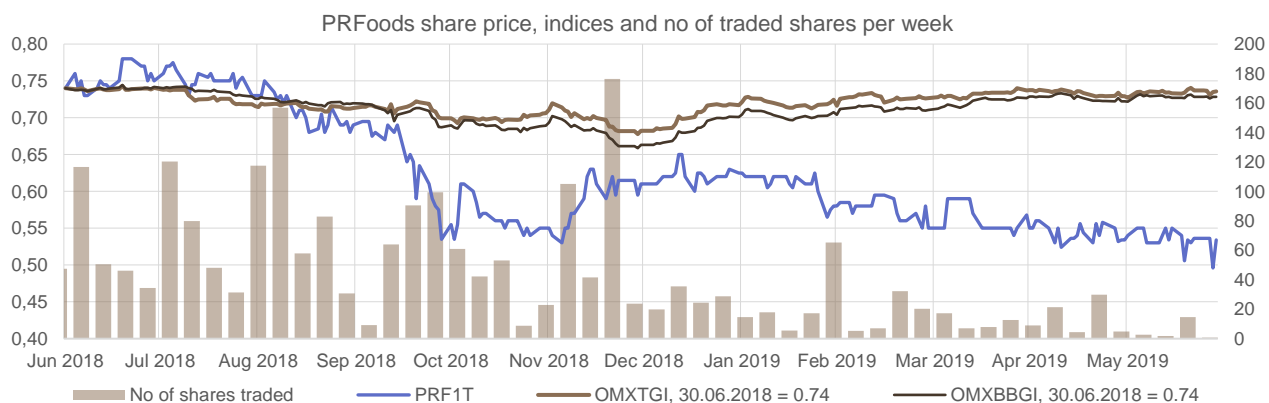
PRFoods shares are listed in the main list of Nasdaq Tallinn Stock Exchange since 5 May 2010. PRFoods shares do not have an official market maker. PRFoods share is a component in OMX Tallinn General Index and in OMX Baltic General Index.

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

PRFOODS SHARE PRICE, INDICES AND TRADING ACTIVITY

Baltic comparison index decreased 1.57% over one year, Tallinn Stock Exchange All-Share index decreased by 0.56% and PRFoods share price decreased by 27.84%.

	Index / Share	Ticker / index	30.06.2019	30.06.2018	change %
●	PRF1T	PRF1T	0.534	0.74	-27.84%
●	OMX Baltic Benchmark GI	OMXBBGI	959.52	974.87	-1.57%
●	OMX Tallinn GI	OMXTGI	1,254.55	1,261.6	-0.56%



Source: Nasdaq Tallinn, PRFoods

TRADING STATISTICS

Price (EUR)	2Q 2019	1Q 2019	4Q 2018	3Q 2018	2Q 2018	1Q 2018	4Q 2017	3Q 2017
Open	0.590	0.610	0.695	0.740	0.770	0.600	0.530	0.390
High	0.590	0.670	0.695	0.780	0.855	0.795	0.600	0.600
Low	0.490	0.550	0.530	0.675	0.710	0.600	0.520	0.366
Last	0.534	0.550	0.610	0.690	0.740	0.770	0.599	0.522
Traded volume, thousand	134	294	798	973	595	821	734	1.766
Turnover, mln	0.07	0.18	0.47	0.71	0.47	0.57	0.42	0.84
Market capitalisation, mln	20.66	21.28	23.60	26.69	28.63	29.79	23.17	20.19

A total of 181 trades were conducted with PRFoods' shares during the second quarter of 2019. During the quarter a total of 134,162 shares changed hands forming 038% of the company's shares. The average trade volume was 741 shares.

Turnover of share trading amounted to 0.07 million euros in 2Q 2019 compared to 0.18 million euros in the previous quarter. The highest share price in 2Q 2019 was 0.590 euros and the lowest was 0.490 euros.

The closing price of the share was 0.534 euro as at 30 June 2019 and the company's market capitalisation was 20.66 million euros.

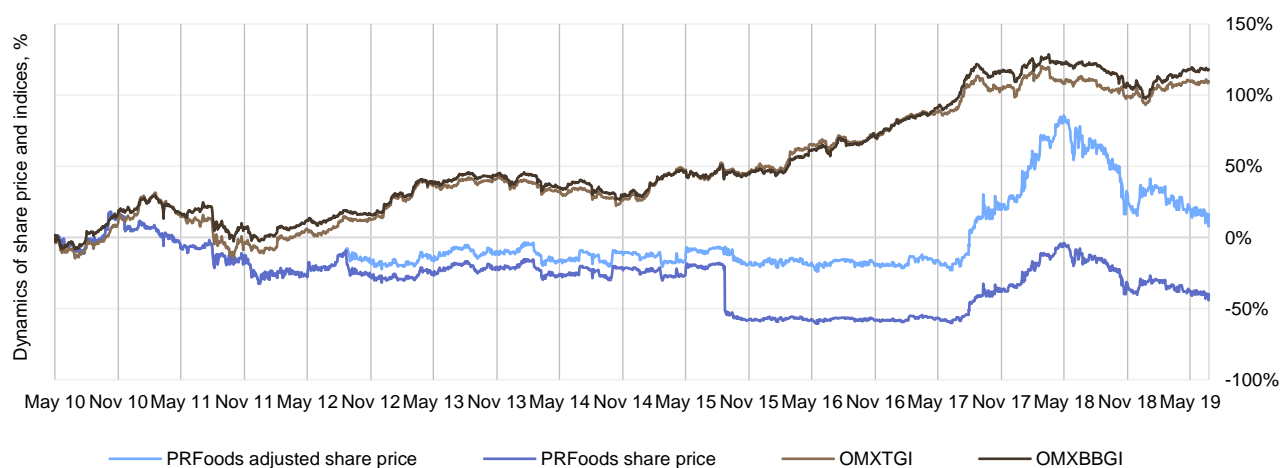
MARKET RATIOS

Ratios	Formula	30.06.2019	31.12.2018	30.06.2018
EV/Sales	(Market Cap + Net Debt) / Sales	0.48	0.50	0.49
EV/EBITDA from operations	(Market Cap + Net Debt) / EBITDA from operations	10.30	11.09	7.84
EV/EBITDA	(Market Cap + Net Debt) / EBITDA	23.59	15.90	10.59
Price/EBITDA from operations	Market Cap / EBITDA from operations	5.18	6.00	4.80
Price/EBITDA	Market Cap / EBITDA	11.85	8.60	6.49
Price-to-Earnings	Market Cap / Net Earnings	neg	neg	28,65
Price-to-Book	Market Cap / Equity	0.94	0.97	1.23

Market Capitalisation (Market Cap), Net Debt and Equity as at 30 June 2019

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

THE DYNAMICS OF THE SHARE PRICE AND INDICES FROM 5TH MAY 2010 TO 30TH OF JUNE 2019:

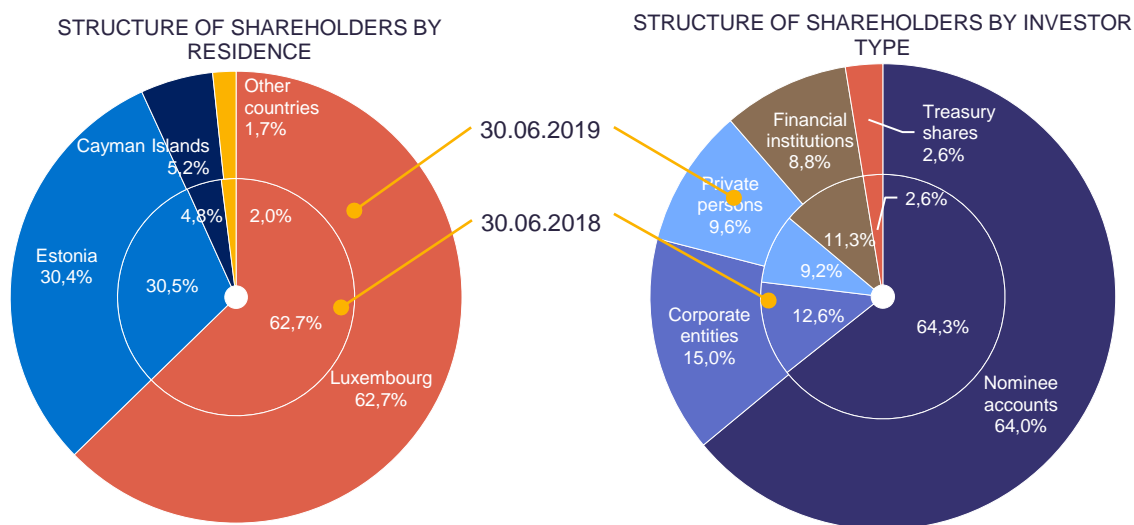


The increase of PRFoods' share price since its listing in 2010, adjusted with the capital reduction payments, is 16.0%. The Baltic Benchmark index has increased by 118.1% during this period, Tallinn Stock Exchange index by 109.7% and PRFoods' share price unadjusted with the reductions of the share's nominal value in August of 2012 and 2015 by 40-euro-cents in total has decreased by 40.0%. PRFoods has since the listing of its shares on the stock exchange paid to shareholders a total of 16.9 million euros in the form of dividends and in connection with share capital reductions.

SHAREHOLDER STRUCTURE

SHAREHOLDERS OF AS PRFOODS

	Number of shares 30.06.2019	% of total 30.06.2019	Number of shares 30.06.2018	% of total 30.06.2018	Change
ING Luxembourg S.A. (Nominee account)	24,258,366	62.71%	24,258,366	62.71%	-
Lindermann, Birnbaum & Kasela OÜ	1,593,623	4.12%	1,564,553	4.04%	29,070
Ambient Sound Investments OÜ	1,385,267	3.58%	1,239,116	3.20%	146,151
Firebird Republics Fund Ltd	1,277,729	3.30%	1,195,270	3.09%	82,459
OÜ Rododendron	1,219,589	3.15%	1,298,705	3.36%	-79,116
Compensa Life Vienna Insurance Group SE	750,470	1.94%	750,470	1.94%	-
Firebird Avrora Fund, Ltd.	730,678	1.89%	648,220	1.68%	82,458
OÜ Iskra Investeeringud	377,874	0.98%	386,874	1.00%	-9,000
Total largest shareholders	31,593,596	81.67%	31,341,574	81.02%	252,022
Other minority shareholders	6,089,264	15.74%	6,341,286	16.39%	-252,022
Treasury shares	1,000,000	2.59%	1,000,000	2.59%	-
Total	38,682,860	100.00%	38,682,860	100.00%	-



STRUCTURE OF SHAREHOLDERS ACCORDING TO NUMBER OF SHARES, 30.06.2019

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1 ... 1 000	742	48.0%	353,014	0.9%
1 001 ... 10 000	681	44.1%	2,220,492	5.7%
10 001 ... 50 000	98	6.3%	2,031,510	5.3%
50 001 ... 100 000	8	0.5%	584,239	1.5%
> 100 000	16	1.0%	33,493,605	86.6%
Total	1,545	100.0%	38,682,860	100.0%

CONDENSED INTERIM ACCOUNTING REPORT

CONDENSED INTERIM ACCOUNTING REPORT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR '000	Note	30.06.2019	30.06.2018
ASSETS			
Cash and cash equivalents	(Note 2)	2,583	5,960
Receivables and prepayments	(Note 3)	5,300	4,706
Inventories	(Note 4)	11,980	12,678
Biological assets	(Note 5)	4,924	6,498
Total current assets		24,787	29,842
Deferred income tax		41	153
Long-term financial investments		202	134
Tangible fixed assets	(Note 6)	14,535	12,764
Intangible assets	(Note 7)	22,969	22,604
Total non-current assets		37,747	35,655
TOTAL ASSETS		62,534	65,497
EQUITY AND LIABILITIES			
Loans and borrowings	(Note 8, 9)	13,502	12,562
Payables	(Note 10)	14,105	14,254
Government grants	(Note 11)	234	216
Total current liabilities		27,841	27,032
Loans and borrowings	(Note 8, 9)	9,540	11,487
Payables	(Note 10)	190	0
Deferred tax liabilities		2,010	2,441
Government grants	(Note 11)	1,087	1,226
Total non-current liabilities		12,827	15,154
TOTAL LIABILITIES		40,668	42,186
Share capital		7,737	7,737
Share premium		14,007	14,007
Treasury shares		-390	-390
Statutory capital reserve		51	48
Currency translation reserve		-214	7
Retained profit (-loss)		-45	1,904
Equity attributable to parent		21,146	23,313
Non-controlling interest		720	-2
TOTAL EQUITY	(Note 12)	21,866	23,311
TOTAL EQUITY AND LIABILITIES		62,534	65,497

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

EUR '000	Note	2Q 2019	2Q 2018	12m 2018/2019	12m 2017/2018	18m 2017/2018
Sales	(Note 13)	21,485	22,149	85,727	94,871	118,499
Cost of goods sold	(Note 14)	-19,383	-20,395	-73,830	-81,694	-103,811
Gross profit		2,102	1,754	11,897	13,177	14,688
Operating expenses		-2,522	-2,658	-10,702	-10,007	-12,423
Selling and distribution expenses		-1,797	-1,924	-7,499	-7,125	-8,841
Administrative expenses		-725	-734	-3,203	-2,882	-3,582
Other income / expense		-106	-428	83	-162	-250
Fair value adjustment on biological assets	(Note 5)	268	1,099	-1,744	-674	-524
Operating profit (loss)		-258	-233	-466	2,334	1,491
Financial income		0	4	23	9	10
Financial expenses		-169	-274	-799	-945	-1,034
Profit (loss) before tax		-427	-503	-1,242	1,398	467
Income tax		-213	-622	-230	-399	-410
Net profit (loss) for the period		-640	-1,125	-1,472	999	57
Net profit (loss) attributable to:						
Owners of the company		-621	-1,051	-1,569	1,001	59
Non-controlling interests		-19	-74	97	-2	-2
Total net profit (loss)		-640	-1,125	-1,472	999	57
Other comprehensive income (loss) that may subsequently be classified to profit or loss:						
Foreign currency translation differences		-770	-105	-221	-410	-421
Total comprehensive income (expense)		-1,410	-1,230	-1,693	589	-364
Total comprehensive income (expense) attributable to:						
Owners of the Company		-1,391	-1,156	-1,790	591	-362
Non-controlling interests		-19	-74	97	-2	-2
Total comprehensive income (expense) for the period		-1,410	-1,230	-1,693	589	-364
Profit (loss) per share (EUR)	(Note 12)	-0,04	-0.03	-0,05	0,02	0.00
Diluted profit (loss) per share (EUR)	(Note 12)	-0,04	-0.03	-0,05	0,02	0.00

CONSOLIDATED CASH FLOW STATEMENT

EUR '000	Note	12m 2018/2019	12m 2017/2018	18m 2017/2018
Total cash flow from operations				
Net profit (loss)		-1,472	1,024	57
Adjustments:				
Depreciation	(Note 6, 7)	2,209	2,078	2,700
Profit from sale and write off of fixed assets		-18	-50	-51
Other non-cash items		-990	-2,352	-2,360
Changes in receivables and prepayments		-482	-1,939	-573
Changes in inventories	(Note 4)	698	-7,573	-7,285
Changes in biological assets	(Note 5)	1,574	1,753	1,086
Changes in payables and prepayments		2,507	6,899	6,024
Corporate income tax paid		-216	-49	-48
Total cash flow from / (used in) operating activities		3,810	-209	-450
Total cash flow from investments				
Sale of tangible and intangible fixed assets	(Note 6, 7)	133	126	131
Purchase of tangible and intangible fixed assets	(Note 6, 7)	-1,246	-971	-1,299
Government grants for acquisition of assets	(Note 7)	48	223	310
Purchase and sale of other financial instruments	(Note 17)	-1	0	0
Acquisition of subsidiaries, net cash received	(Note 16)	-2,631	-12,964	-12,964
Repayments of loans granted		0	51	51
Interest received		16	9	9
Profit from long-term investments		0	0	1
Total cash flow used in investing activities		-3,681	-13,526	-13,761
Total cash flow from financing				
Repurchase of own shares		0	0	-134
Change in overdraft		709	4,121	4,707
Repayments of loans		-3,239	-1,194	-1,194
Loans raised	(Note 9)	907	14,000	14,000
Change in factored receivables	(Note 9)	9	-40	-61
Capital lease repayments	(Note 8)	-554	-398	-565
Dividends paid		-547	-215	-215
Interest paid		-791	-667	-741
Total cash flow (used in)/from financing activities		-3,506	15,607	15,797
Total cash flow		-3,377	1,872	1,586
Cash and cash equivalents at beginning of year	(Note 2)	5,960	4,088	4,374
Change in cash and cash equivalents		-3,377	1,872	1,586
Cash and cash equivalents at the end of the period	(Note 2)	2,583	5,960	5,960

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR '000	Share capital	Share premium	Own shares	Statutory capital reserve	Translation reserve	Retained earnings (-loss)	Total	Non-controlling interests	Total equity
Balance at 31.12.2016	7,737	14,007	-256	12	428	1,881	23,809	0	23,809
Covering the loss from previous year	0	0	0	36	0	-36	0	0	0
The own shares repurchase program	0	0	-134	0	0	0	-134	0	-134
Transactions with equity holders of the company	0	0	-134	36	0	-36	-134	0	-134
Net loss for the year	0	0	0	0	0	59	59	-2	57
Other comprehensive expense	0	0	0	0	-421	0	-421	0	-421
Total comprehensive expense for the period	0	0	0	0	-421	59	-362	-2	-364
Balance at 30.06.2018	7,737	14,007	-390	48	7	1,904	23,313	-2	23,311
Balance at 30.06.2018	7,737	14,007	-390	48	7	1,904	23,313	-2	23,311
Formation of statutory reserve capital	0	0	0	3	0	-3	0	0	0
Dividends	0	0	0	0	0	-377	-377	0	-377
Transactions with equity holders of the company	0	0	0	3	0	-380	-377	0	-377
Net loss for the year	0	0	0	0	0	-1,569	-1,569	97	-1,472
Non-controlling interests on acquisition of subsidiary	0	0	0	0	0	0	0	625	625
Other comprehensive expense	0	0	0	0	-221	0	-221	0	-221
Total comprehensive expense for the period	0	0	0	0	-221	-1,569	-1,790	722	-1,068
Balance at 30.06.2019	7,737	14,007	-390	51	-214	-45	21,146	720	21,866

Additional information in Note 12.

NOTES TO THE INTERIM REPORT

NOTE 1. SUMMARY OF MATERIAL ACCOUNTING POLICIES

AS PRFoods is a company incorporated in Estonia. The interim financial statements compiled as per 30 June 2019 incorporate results of AS PRFoods (hereinafter Parent Company) and companies directly and indirectly held by it: Saaremere Kala AS, Redstorm OÜ and Vettel OÜ in Estonia, Heimon Kala Oy and Trio Trading Ab Oy in Finland, Överumans Fisk AB in Sweden, and JRJ & PRF Ltd, John Ross Jr (Aberdeen) Ltd, Coln Valley Smokery Ltd in the United Kingdom (hereinafter also referred to as the Group). The Group has a stake in an associate company, the Competence Center of Food and Fermentation Technologies AS (CCFFT) and Avamere Kalakasvatus OÜ. JRJ & PRF Ltd, John Ross Jr (Aberdeen) Ltd, Coln Valley Smokery Ltd are consolidated from 1 July 2017, Trio Trading Ab Oy from 1 September 2017 ja Redstorm OÜ from 1 July 2018. AS PRFoods' shares are listed on Nasdaq Tallinn Stock Exchange since 5 May 2010.

The Group's consolidated audited annual report for the financial year that ended on 30 June 2018 is available on PRFoods' website www.prfoods.ee.

On the general meeting of shareholders held on 11 December 2017 it was decided to amend the beginning of a financial year of the Group. Starting from 1 July 2018, the financial year begins on 1 July and ends on 30 June. The current accounting period began on 1 July 2018 and ends on 30 June 2019.

CONFIRMATION OF COMPLIANCE

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

While preparing the interim report at hand, the same accounting principles as in the annual report for the financial year ended on 30 June 2018 were applied. The report does not hold all the information that must be presented in a complete annual report, so it should be read together with the Group's audited consolidated annual report for the financial year that ended on 30 June 2018, which is in compliance with international finance reporting standards (IFRS) as adopted by the European Union.

In the opinion of the management, this interim report for the 12 months of the financial year 2018/2019 of AS PRFoods presents correctly and fairly the financial results of the Group as a going concern. The current interim report is neither audited nor reviewed by auditors in any other way and contains only the consolidated reports of the Group.

BASIS OF PREPARATION

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

NOTE 2. CASH AND CASH EQUIVALENTS

EUR '000	30.06.2019	30.06.2018
Cash on hand	12	16
Short-term deposits	0	2,296
Bank accounts	2,571	3,648
Total cash and cash equivalents	2,583	5,960

NOTE 3. RECEIVABLES AND PREPAYMENTS

EUR '000	30.06.2019	30.06.2018
Trade receivables	4,458	3,465
Allowance for doubtful receivables	-9	-38
Other receivables	11	579
Prepaid expenses	352	282
Prepaid taxes	486	418
Other prepayments	2	0
Total receivables and prepayments	5,300	4,706

Write-down on receivables was not recognised.

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

NOTE 4. INVENTORIES

EUR '000	30.06.2019	30.06.2018
Raw materials and materials	6,781	6,239
Work-in-progress	1,490	1,072
Finished goods	3,264	4,138
Goods purchased for sale	445	1,183
Prepayments for inventories and goods in transit	0	46
Total inventories	11,980	12,678

During the accounting period inventories were written off by 112 thousand euros. Inventories were written off by 168 thousand euros during the previous comparable period.

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

NOTE 5. BIOLOGICAL ASSETS

EUR '000	30.06.2019	30.06.2018
Fry	852	817
Juveniles	1,097	802
Fish suitable for harvesting	2,975	4,879
Total biological assets	4,924	6,498

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

CHANGE IN BIOLOGICAL ASSETS

EUR '000	12m 2018/2019	12m 2017/2018	18m 2017/2018
Biological assets at beginning of the period	6,498	8,251	7,584
Purchased	1,037	490	1,206
Additions	5,056	5,391	7,251
Harvested	-5,849	-6,614	-8,596
Written off	-33	-81	-124
Fry and live fish sold	-14	0	0
Total	6,695	7,437	7,321
Adjustments:			
Fair value adjustments	-1,744	-674	-524
Exchange rate differences	-27	-265	-299
Total adjustments	-1,771	-939	-823
Biological assets at end of the period	4,924	6,498	6,498

The aggregate gain attributable to the growth of biological assets and the changes in fair value less costs to sell of biological assets in 12 months of 2018/2019 amounted to 3.2 million euros. During the previous comparable period the aggregate gain was 4.7 million euros.

In "Additions" the Group has capitalised subsequent expenditures incurred on development of immature biological assets, therefore in the income statement, only the gain/loss from "Fair value adjustments" is presented as a separate line.

Group measures biological assets in fair value or acquisition cost.

The Group classifies such assets measured at fair value as Level 3.

NOTE 6. PROPERTY, PLANT AND EQUIPMENT

EUR '000	30.06.2019	30.06.2018
Land and buildings		
Cost	12,762	11,430
Accumulated depreciation	-5,185	-4,668
Land and buildings at carrying amount	7,577	6,762
Machinery and equipment		
Cost	16,976	15,132
Accumulated depreciation	-10,475	-9,502
Machinery and equipment at carrying amount	6,501	5,630
Other tangible assets		
Cost	984	1,100
Accumulated depreciation	-726	-754
Other tangible assets at carrying amount	258	346
Construction in progress, prepayments	199	26
Total property, plant and equipment	14,535	12,764

Property, plant and equipment acquired under the finance lease terms are disclosed in Note 8. Additional information about collateral for loans is disclosed in Note 9. Additional information about assets recognised in purchase analysis is disclosed in Note 16.

NOTE 7. INTANGIBLE ASSETS

EUR '000	30.06.2019	30.06.2018
Goodwill	14,173	13,817
Trademarks and patents		
Cost	8,695	8,784
Accumulated amortisation	-1,195	-998
Trademarks and patents at carrying amount	7,500	7,786
Immaterial rights		
Cost	1,032	973
Accumulated amortisation	-413	-378
Immaterial rights at carrying amount	619	595
Software licenses		
Cost	611	546
Accumulated amortisation	-476	-488
Software licenses at carrying amount	135	58
Prepayments for intangible assets	542	348
Total intangible assets	22,969	22,604

Additional information about assets recognised in purchase analysis is disclosed in Note 16.

NOTE 8. FINANCE LEASE

FIXED ASSETS ACQUIRED UNDER FINANCE LEASE

EUR '000	30.06.2019	30.06.2018
Machinery and equipment		
Cost	1,886	1,928
Accumulated depreciation	-439	-591
Machinery and equipment at carrying amount	1,447	1,337
Means of transport		
Cost	290	617
Accumulated depreciation	-164	-264
Means of transport at carrying amount	126	353
Total property, plant and equipment	1,573	1,690

The Group is leasing under financial lease terms fish industry production equipment, fish harvesting equipment, a workboat, a tractor, passenger cars and computers. During the reporting period a passenger car, a workboat, a telehandler and production equipment were leased.

FINANCE LEASE PAYABLES

EUR '000	30.06.2019	30.06.2018
Present value of finance lease liability		
Due in less than 1 year	324	358
Due between 1-5 years	868	708
Present value of lease payments	1,192	1,066
Principal payments in the financial year	554	565
Interest expenses in the financial year	20	46
Average interest rate	1,82%	1,79%

See also Notes 6 and 9.

NOTE 9. BORROWINGS

EUR '000	30.06.2019	30.06.2018
Finance lease liabilities (Note 8)	324	358
Overdraft	8,783	8,074
Factoring	9	0
Investment loans	4,386	4,130
Total short-term loans	13,502	12,562
Finance lease liabilities (Note 8)	868	708
Loan notes to shareholders	441	447
Investment loans	8,231	10,332
Total long-term loans	9,540	11,487
incl. payable within 1-5 years	9,540	11,487

Investment loans as at 30 June 2019 carry term dates until 19 July 2022. Investment loans are in euros and pounds with interest rates tied to 6-months' EURIBOR or to the Bank Base rate of UK.

NOTE 10. PAYABLES AND PREPAYMENTS

EUR '000	30.06.2019	30.06.2018
Trade payables	8,198	6,225
Payables to employees	997	977
Liabilities from business combinations	2,850	4,806
Interest payables	100	91
Prepayments from clients	1	29
Other payables	214	174
Tax liabilities, incl.:	1,745	1,952
Social security tax	161	167
VAT	1,063	1,182
Personal income tax	119	122
Corporate income tax	330	438
Other taxes	72	43
Total short-term payables and prepayments	14,105	14,254
Payables from acquisitions	190	0
Total long-term payables	190	0

Liabilities from business combination include contingent provisions to non-controlling interests' buyout in the amount of 2,591 thousand euros.

NOTE 11. GOVERNMENT GRANTS

EUR '000	12m 2018/2019	12m 2017/2018	18m 2017/2018
Deferred income from government grants at the beginning of period	1.442	714	713
Government grants received during the period	-13	223	310
Change in value due to the exchange rates	-1	-11	-12
Acquired through business combination	144	768	768
Recognition as income during the period	-251	-252	-337
Deferred income from government grants at the end of period	1.321	1.442	1,442
incl. income within 1 year	234	216	216
incl. income within 2-17 years	1.087	1.226	1,226

During the accounting period government grants in the amount of 48 thousand euros were received and of 61 thousand euros were returned

NOTE 12. EQUITY

EUR '000	30.06.2019	30.06.2018
Share capital	7,737	7,737
Share premium	14,007	14,007
Treasury shares	-390	-390
Statutory capital reserve	51	48
Currency translation reserve	-214	7
Retained profit (-loss)	-45	1,904
Equity attributable to parent	21,146	23,313
Non-controlling interest	720	-2
TOTAL EQUITY	21,866	23,311

SHARE CAPITAL

As at 30 June 2019, the Company's registered share capital was 7,736,572 euros.

In accordance with the resolution adopted by the Company's general meeting of shareholders on 26 May 2016, the shares of AS PRFoods were registered in the Commercial Register as shares without a nominal value on 30 June 2016. The registered share capital of the Company is 7,736,572 euros, divided into 38,682,860 ordinary shares without nominal value with an accountable value of 0.20 euro per share. A new version of the Company's Articles of Association also came into force, stating that the minimal share capital is 7,000,000 euros and the maximum share capital is 28,000,000 euros. The Articles of Association are available on AS PRFoods website at www.prfoods.ee.

SHARE PREMIUM

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

OWN SHARES

As at 30 June 2019 AS PRFoods has 1,000,000 own shares, acquired with an average price of 0.4915 euro per share.

CAPITAL RESERVE

The shareholders adopted a resolution at the general meeting held on 30 November to transfer 2,850 euros from the net profit of the financial year of 2017/2018 to the capital reserve, to pay dividends in the amount of 386,829 euros from the retained earnings i.e. 0.01 euros per share, and not to distribute the remaining profit. Dividends were paid out on 5 April 2019

EARNINGS PER SHARE

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

	12m 2018/2019	12m 2017/2018	18m 2017/2018
Net profit (loss) attributable to equity holders of the company EUR '000	-1,569	1,001	59
Average number of shares (in thousands)	38,683	38,683	38,683
Earnings (-loss) per share (EUR)	-0.04	0.03	0.00
Earnings (-loss) per share (EUR)	-0.04	0.03	0.00
Diluted earnings (-loss) per share (EUR)	-0.04	0.03	0.00

NOTE 13.SEGMENT REPORTING

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

SALES BY GEOGRAPHIC REGIONS

EUR '000	12m 2018/2019	12m 2017/2018	18m 2017/2018
Finland	59,885	66,889	86,440
United Kingdom	12,104	13,239	13,298
Estonia	5,710	4,969	7,492
Other	8,028	9,774	11,269
Total	85,727	94,871	118,499

The Group's two business segments – the fish segment and the other segments - are presented together since the proportion of other segments in business operations is marginal. The proportion of other segments was 0.29% (18m 2017/2018: 0.73%).

Starting from the previous financial year the Group monitors also two geographical segments – the Finland, Sweden and Estonia segment, and the Great Britain segment.

	12m 2018/2019			18m 2017/2018		
EUR '000	Finland, Sweden, Estonia	Great Britain	Total	Finland, Sweden, Estonia	Great Britain	Total
External revenue	68,315	17,424	85,739	100,336	18,513	118,849
Inter-segment revenue	0	-12	-12	-350	0	-350
Total revenue	68,315	17,412	85,727	99,986	18,513	118,499
Fair value adjustment on biological assets	-1,744	0	-1,744	-524	0	-524
EBITDA	377	1,366	1,743	3,534	657	4,191
EBITDA from business operations*	2,198	1,792	3,990	4,635	1,163	5,798
Depreciation and amortisation	-1,774	-435	-2,209	-2,257	-443	-2,700
Operating profit	-1,397	931	-466	1,277	214	1,491
Financial income and expenses	-626	-150	-776	-932	-92	-1,024
Income tax	-22	-208	-230	-277	-133	-410
Net profit (-loss)	-2,045	573	-1,472	68	-11	57
Segment assets	42,352	20,182	62,534	44,588	20,909	65,497
incl. current assets	21,202	3,585	24,787	26,123	3,719	29,842
incl. non-current assets	21,150	16,597	37,747	18,465	17,190	35,655
Segment liabilities	36,262	4,605	40,867	35,187	6,999	42,186
Segment investments in tangible and intangible assets	2,452	135	2,587	1,501	113	1,614
Assets acquired through business combination**	1,650	0	1,650	5,406	17,728	23,134

* Before fair value adjustment on biological assets and one-offs

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

NOTE 14.COST OF GOODS SOLD

EUR '000	12m 2018/2019	12m 2017/2018	18m 2017/2018
Cost of goods purchased for sale	-1,070	-5,277	-7,109
Materials used in production	-58,283	-61,631	-78,016
Staff costs	-7,171	-7,308	-8,773
Depreciation and amortisation	-1,741	-1,465	-2,032
Other costs of goods sold*	-5,565	-6,013	-7,881
Total cost of goods sold	-73,830	-81,694	-103,811

* 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 15.RELATED PARTY TRANSACTIONS

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

Related parties include:

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

GROUP COMPANIES

Subsidiary	Domicile	Ownership and voting rights %		Area of activity	Owner
		30.06.2019	30.06.2018		
Saaremere Kala AS	Estonia	100%	100%	Fish group holding company	PRFoods AS
Vettel OÜ	Estonia	100%	100%	Production of fish products	Saaremere Kala AS
GourmetHouse OÜ*	Estonia	-	100%	Sale of fish products	Saaremere Kala AS
Redstorm OÜ	Estonia	51%	0%	Fish farming	Saaremere Kala AS
Avamere Kalakasvatus OÜ**	Estonia	50%	0%	Fish farming	Saaremere Kala AS
Heimon Kala Oy	Finland	100%	100%	Fish farming, production and sales	Saaremere Kala AS
Överumans Fisk AB	Sweden	100%	100%	Fish farming	Heimon Kala Oy
Trio Trading Ab Oy**	Finland	100%	100%	Production and sale of fish products	Saaremere Kala AS
JRJ & PRF Ltd	Scotland	85%	85%	Fish group holding company	Saaremere Kala AS
John Ross Jr. (Aberdeen) Ltd	Scotland	100%	100%	Production and sale of fish products	JRJ & PRF Ltd
Coln Valley Smokery Ltd	UK	100%	100%	Sale of fish products	JRJ & PRF Ltd

* The merger of GourmetHouse OÜ and Vettel OÜ was completed on 10 September 2018.

** An associate company

*** A merger plan with Heimon Kala Oy signed on 01 October 2018 with the intention to improve the internal efficiency of the group.

The ownership percentage of subsidiaries' equity represents their voting rights. The shares of subsidiaries are not listed on a stock exchange.

The group has also a 20% shareholding in AS Toidu- ja Fermentatsioonitehnoloogia Arenduskeskus (Competence Center of Food and Fermentation Technology).

Party	Creditor	Payables and prepayments	Payables as at 30.06.2019 EUR '000	Payables as at 30.06.2018 EUR '000
Kuljetus Heikki Sammallahhti OY	Companies related to members of the Supervisory Boards	Trade payables	0	53
Fodiator OÜ	Shareholder Redstorm OÜ	Payable for shares	131	0
Amber Trust II S.C.A.	Shareholder AS PRFoods	Short term loan and interest	1,563	1,573
Christopher Leigh	Shareholder of JRJ & PRF Ltd	Loan note	283	287
Victoria Leigh-Pearson	Shareholder of JRJ & PRF Ltd	Loan note	158	160
Jennifer Leigh	Shareholder of John Ross Jr. (Aberdeen) Ltd	Payable for shares	0	2,126
Christopher Leigh	Contingent consideration	Payable for non-controlling interests	1,658	1,678
Victoria Leigh-Pearson	Contingent consideration	Payable for non-controlling interests	933	944
	Total		4,726	6,821

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

Party EUR '000	Type of transaction	12m 2018/2019 Sale	12m 2017/2018 Sale	18m 2017/2018 Sale
Companies related to members of the Management and Supervisory Boards	Services	0	0	1
	Total	0	0	1

Party EUR '000	Type of transaction	12m 2018/2019 Purchase	12m 2017/2018 Purchase	18m 2017/2018 Purchase
Companies related to members of the Management and Supervisory Boards	Services	1,071	1,071	1,078
	Total	1,071	1,071	1,078

The largest transactions with related parties are: i) purchases of transport services from Norway to Kokkola in the amount of 0.05 million euros by a company related to the management team of Trio Trading Ab Oy (18 months 2018/2018: 1.1 million euros), and ii) purchases of various accessories and services from a company related to Redstorm OÜ management member in the amount of 0.05 million euros. Management estimates that all related party transactions have been concluded at market prices and at market condition.

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

EUR '000	12m 2018/2019	12m 2017/2018	18m 2017/2018
Short-term benefits	1,179	1,115	1,363
Total	1,179	1,115	1,363

Management benefits increased by 64 thousand euros in the 12 months of 2018/2019 compared to same period a year ago.

The members of the management and supervisory boards are not entitled to any pension-related rights from the company. The members of the management boards are entitled to termination benefits. The maximum expense related to payment of termination benefits including taxes totals 221 thousand euros (30 June 2018: 205 thousand euros).

NOTE 16.BUSINESS COMBINATION

BUSINESS COMBINATION IN THE FIRST HALF-YEAR OF THE 2018/2019 FINANCIAL YEAR – REDSTORM OÜ

On 3 July 2018 Saaremere Kala AS concluded a contract for the acquisition of 51% of shares in OÜ Redstorm, a company operating in Saaremaa, Estonia in fish farming, processing and storage. Pursuant to the conclusion of the transaction Saaremere Kala AS, a subsidiary of PRFoods, owns 51% (the share of 2,040 euros) and OÜ Fodiator 49% (the share of 1,960 euros) of the share capital of OÜ Redstorm (share capital is 4,000 euros). The date of conclusion of the transaction was 6 July 2018. Purchase price of the acquired company was 0.65 million euros which is to be paid in 3 instalments. Saaremere Kala AS acquired the control over the target company on the date of concluding the transaction. Net assets of the acquired company were 0.56 million euros as at the date of transaction. The aim of the acquisition by Saaremere Kala AS is to establish a fish farm in Estonia to be expanded in the future and by doing so ensuring the availability of quality raw material for the group. OÜ Redstorm has earlier provided fish freezing and storage services to Vettel OÜ, a group company of AS PRFoods.

The acquisition of the offshore fish farming right is an important step in the development of AS PRFoods. The Group will be able to offer especially fresh local fish to its customers in Estonia and Finland, as the Saaremaa fish processing factory is located only one hour away from the new fish farm. In addition to improved quality, considerable savings on transport are also anticipated. Also, AS PRFoods plans to expand significantly its fish farming potential in Estonia, in addition to its current fish farms in Finland and Sweden. Fish farming is an environmentally efficient and a very high value-added food industry sector. AS PRFoods sees a great development potential both in regard to domestic consumption and export capacity.

Control and risks were fully transferred to Group upon completion of the transaction. Shareholding 49% by OÜ Fodiator is registered as a non-controlling interest.

Purchase consideration – cash outflow

EUR '000	Redstorm OÜ
Cash consideration	388
Less: cash acquired	0
Net outflow of cash	388

The assets and liabilities recognised in purchase analysis are as follows as at transaction date:

EUR '000	Redstorm OÜ		
	Book value	Estimated fair value	Difference
Tangible assets	1,650	1,650	0
Total non-current assets	1,650	1,650	0
Receivables and prepayments	6	6	0
Total non-current assets	6	6	0
TOTAL ASSETS	1,656	1,656	0
Loans and borrowings	492	492	0
Payables and prepayments	3	3	0
Accrued payables	144	144	0
Other liabilities	190	190	0
TOTAL LIABILITIES	829	829	0
Share capital	314	314	0
Share premium	198	198	
Retained earnings	315	315	0
TOTAL EQUITY	827	827	0
TOTAL EQUITY AND LIABILITIES	1,656	1,656	0
Net assets	827	827	0

Purchase analysis will be finalized during the financial year. In the preliminary purchase analysis significant differences in the balance sheet value and fair value were not recognised.

Synergy created from the acquisition complements the Group's business cycle from fish farming and procuring raw material to production and sales to end customer. As fish farm and factory are located geographically closely, it enables fish to be processed very quickly and it improves the quality of products.

EUR '000	Redstorm OÜ
Purchase price	1,275
Book value of net assets on transaction date	827
Total	827
Goodwill	448

BUSINESS COMBINATION IN 2018/2019 FINANCIAL YEAR

On 19 September 2017 the extraordinary general meeting of AS PRFoods shareholders was held, where shareholders approved acquisition of a majority shareholding of John Ross Jr (Aberdeen) Limited (JRJ) and Coln Valley Smokery Limited (CVS). Additional information about the transaction on www.prfoods.ee. The acquisition date was 21 July 2017.

On 29 August 2017 an extraordinary general meeting of AS PRFoods shareholders was held, where shareholders approved the acquisition of Trio Trading Ab Oy (Trio). The acquisition date was 30 August 2017. Additional information about the transaction can be found on PRFoods web site www.prfoods.ee.

NOTE 17.ASSOCIATE COMPANIES

ASSOCIATE COMPANY IN 2018/2019 FINANCIAL YEAR – AVAMERE KALAKASVATUS OÜ (50% holding)

On 18 January 2019 Avamere Kalakasvatus OÜ was registered in the Estonian Commercial Registry. The company is an associate of AS PRFoods, and it submitted an application to the Technical Regulatory Authority for the building right of the establishment of an offshore fish farming complex in the Estonian waters off the coast of Paldiski. The building right is to allow establishing a rainbow trout farming complex in the offshore cages.

ASSOCIATE COMPANY – AS TFTAK (20% holding)

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

NOTE 18.CONTINGENT LIABILITIES

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

A mortgage in the amount of 234 thousand euros is set in favour of the Finnish Customs Board. The purpose of the transaction is more streamlined daily operations by reducing persistent prepayments to the Customs Board.

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

NOTE 19.EVENTS AFTER THE BALANCE SHEET DATE

Merger of Heimon Kala Oy and Trio Trading Ab Oy

On 01 October 2018, the Management Boards of Heimon Kala Oy and Trio Trading Ab Oy (100% subsidiaries of Saaremere Kala AS, an AS PRFoods group company) signed a merger plan with the intention to improve the internal efficiency of the group. According to the plan, the acquiring company is Heimon Kala Oy. At the moment of the execution of the merger, Trio Trading Ab Oy will be dissolved without liquidation proceedings. The estimated time of the merger was 31 January 2019. It was postponed due to technical reasons. The companies operate today as subsidiaries with overlapping management representatives.

This transaction does not have any effect on AS PRFoods group consolidated profit, assets or liabilities.

MANAGEMENT BOARD'S CONFIRMATION TO THE INTERIM REPORT

The Management Board confirms the correctness and completeness of the consolidated condensed interim report for the 4th quarter and 12 months of the financial year 2018/2019 of AS PRFoods and its subsidiaries (together the Group) presented in the pages 7 – 41 hereof and confirms to the best of its knowledge that:

- the activities report of the consolidated interim report presents adequate and fair overview of the development and results of business activities of the Group and the financial position thereof and includes the description of the main risk factors and uncertainties;
- the accounting principles applied in the preparation of the consolidated condensed interim accounting report are in compliance with the International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting as adopted by the European Union. Interim report does not reflect new and amended IFRS standards (incl. IFRS 9 "Financial instruments", IFRS 15 "Revenue from Contracts with Customers" and IFRS 16 "Leases");
- the consolidated interim report provides a true and fair overview of the assets, liabilities and financial position of the Group and of the results of its operations and its cash flows.



Indrek Kasela

Member of the Management Board

25 August 2019