

# PRFOODS

## **AS PRFoods**

Consolidated Unaudited Interim Report

1<sup>st</sup> quarter and 3 months of 2020/2021  
(translation from the Estonian original)

2020/2021

1<sup>ST</sup> QUARTER & 3 MONTHS

# PRFOODS

Business name	<b>AS PRFoods</b>
Commercial registry code	<b>11560713</b>
Address	<b>Pärnu mnt 141, Tallinn, Estonia</b>
Phone	<b>+372 452 1470</b>
Website	<b>prfoods.ee</b>
Main activities	<b>Production and sale of fish products Fish farming</b>
Reporting period	<b>1 July 2020 – 30 September 2020</b>

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# CORPORATE PROFILE

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

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

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

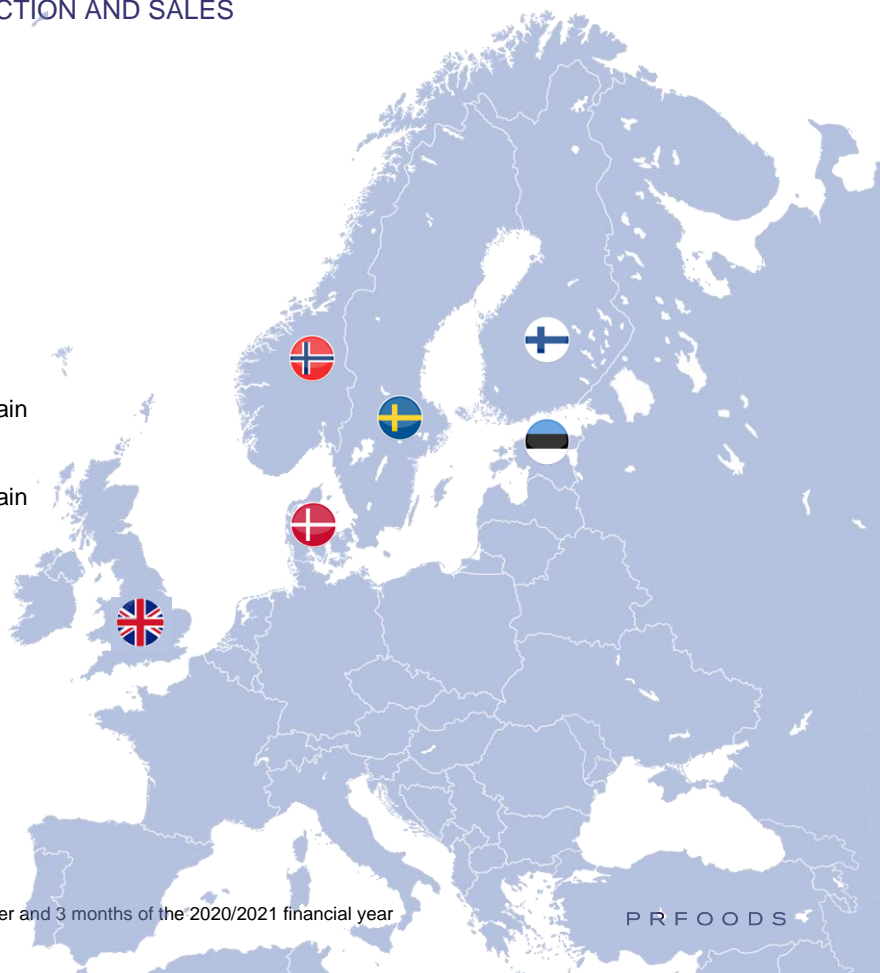
Products of the Group are sold as leading brands in their respective operating market and the primary focus is on higher value-added premium products, increasing thereby the profitability of the company.

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

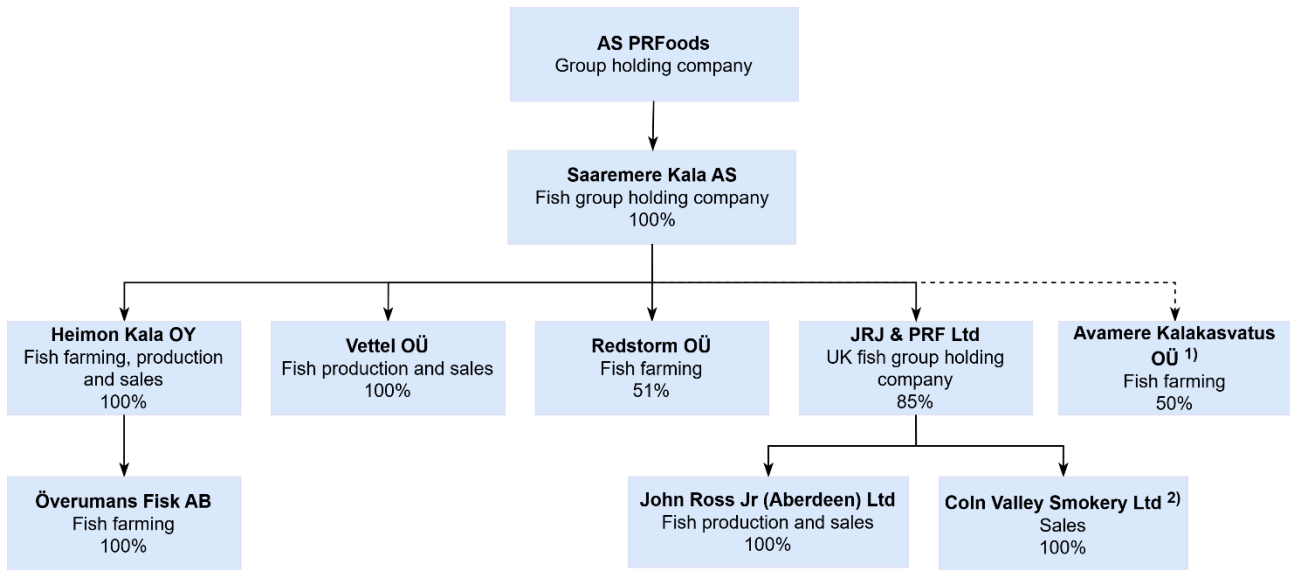
The Group is actively involved in developing new products for expanding also to new export markets. As introducing the Group's own brands is in its early stage in Scandinavia and elsewhere in the world, the management expects the Group's growth period is yet ahead.

## THE GEOGRAPHY OF PRODUCTION AND SALES

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



GROUP STRUCTURE AS AT 30.09.2020



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

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

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

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



# MANAGEMENT REPORT

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# MANAGEMENT REPORT

## OVERVIEW OF ECONOMIC ACTIVITIES

### MANAGEMENT COMMENTARY

The Group's consolidated EBITDA in the 1<sup>st</sup> quarter of the 2020/2021 financial year was -0.48 million euros (1Q 19/20: 1.47 million euros). EBITDA from operations (i.e. before one-offs and revaluation of bioassets) was -0.34 million euros (1Q 19/20: 0.73 million euros). EBITDA from operations was negatively impacted by a decrease in the share of smoked products in sales, which was mainly due to lower sales volumes and prices in Finland in the private label segment; Covid-19's negative impact on sales in the HoReCa (hotels, restaurants, catering) sector and a decrease in fish market prices - salmon price decreased -9.4% and rainbow trout price decreased -21.4% compared to the same period last year. Due to the above, the gross margin decreased by 4.0 pp compared to the 1<sup>st</sup> quarter of the previous financial year (1Q 20/21: 9.4% vs. 1Q 19/20: 13.4%).

The net loss for the quarter was 1.44 million euros (1Q 19/20: net profit 0.57 million euros), including an increase in financial expenses of 0.11 million euros due to the increase in interest expenses (investment loan interest 3.25% vs. bond interest 6.25%).

#### **Group sales revenue**

The Group's consolidated turnover in the 1<sup>st</sup> quarter was 12.7 million euros, decreasing by 34.1% compared to the same period last year (1Q 19/20: 19.3 million euros), including a 1.5% decrease in sales in retail chains, 52.1% in the HoReCa sector and 60.9% in wholesale.

The crisis continues in the fish sector and the temporary and partial opening of countries in the summer was too short for the market to recover. As noted in the previous announcement, the HoReCa sector, which accounts for about 1/3 of all salmon and trout trade, both globally and regionally, will not return to previous levels in the next 12 months. As a result, raw material and sales prices have fallen by almost a quarter. To some extent, this is offset by retail sector, but it is not enough. This has led to a situation of oversupply in the market, forcing producers to lower prices. Fish farmers also operate at or below cost price, which is why most of the largest fish farmers have reported a significant reduction in profits or losses.

A larger change in consumption behaviour indicates that the share of fresh fish in sales is increasing and the share of smoked fish in the Finnish market is not growing. This requires a restructuring of today's production models, and new products in our portfolio will be based on fresh fish. At the same time, wholesale sales continue to decline in monetary terms due to the collapse of HoReCa and falling fish prices. Although June-July witnessed a recovery, the arrival of the second wave of the virus has already placed additional restrictions on the HoReCa sector in several countries since August.

On the positive side, the quarter will be characterized by the growth of the volume of the Estonian fish farming, the export of fish farmed by us to Japan and the British government's subsidies for employees on compulsory leave. This year we foresee a decline in the Finnish market, a growth in the Baltics, especially in Estonia, where we have achieved a significant market share in a short time. John Ross Jr. has been very resilient to the crisis and has maintained its profitability and prices of its products despite some decline in turnover. A significant part of the decrease in Finnish turnover is due to the decrease in wholesale, i.e. fresh fish trading, as well as sales prices, as the price of raw materials has also decreased – this is typical for a market with a very large share of private label products.

We are certainly not satisfied with the results of our Finnish units and at the beginning of the calendar year we will start a thorough restructuring of the Finnish units, which should ensure a positive cash flow. The optimization of Finland's cost base is hampered by the fact that the Finnish labour market is inflexible and that the Finnish state has

not made efforts to support companies in crisis. We will traditionally end the second quarter (October-November 2020) with a profit, despite the restrictions arising from the corona.

## Financial position

The company's net debt was 21.5 million euros as of 30.09.2020 (30.06.2020: 20.7 million euros). As of 30.09.2020, the Group's working capital was negative: current liabilities exceeded the level of current assets by 4.4 million euros (30.06.2019: 4.0 million euros). Current liabilities include liabilities to related parties in the amount of 4.6 million euros (including 1.7 million euros short-term loan with accrued interest from Amber Trust II SCA and 2.9 million euros fair value of non-controlling interest buy-out obligation in JRJ & PRF Ltd. Eliminating short-term liabilities to related parties, with whom the Group has the opportunity to agree on payment terms longer than 12 months, if required, the Group's working capital is positive.

## Events of the 1<sup>st</sup> quarter and future plans for the financial year

This financial year will continue to be affected by Covid-19, and we will certainly see the effects of the ongoing economic crisis materialize in the next financial year. We assume that the recovery of the HoReCa sector will not be seen until 2021. Considering that the share of total global HoReCa in salmon and trout is about 30%, there is an oversupply of both raw materials and finished products in the market due to the corona epidemic.

Based on analysts' and Fishpool's salmon futures prices, price growth and demand growth of up to 9% can be expected only in 2021. The average future price of salmon in 2021 at the date of the report is 5.55 euros per kg compared to 4.40 euros per kg in August 2020.

For PRFoods, the biggest impact is on the market price of fish. This is due to two main reasons: a) the impact on fish farming, b) the change in Finnish retail prices, where the prices of final products react immediately to the fall in raw material prices due to the large share of private label market in the whole market. Due to the decrease in demand for HoReCa, we will see low fish prices until the spring of 2021. This is definitely a good news for consumers. Despite increased production volumes and demand for some products, lower prices do not allow such a large profit to be made in absolute terms.

Considering the situation, we are more optimistic about the future than at the end of the financial year, for the following reasons:

- John Ross Jr. and Coln Valley have been able to maintain their absolute profitability despite a nearly 30% drop in sales due to higher profitability of branded products. The profitability of John Ross Jr. and Coln Valley will increase in the second half of this financial year as we move to fish supply purchases at open market prices, which will allow us to significantly lower the price of raw materials for us.
- In the Estonian retail market, we have been able to sell our products significantly better and we see that in 2020/2021. financial year, we will significantly increase our product portfolio of retail products in Estonia. At the same time, the volume of Estonian retail sales does not compensate for the decline in the local HoReCa market, especially in shipping and hotels.
- We have completed the centralization of the management of the Finnish and Estonian production units, which started in 2019, including the change of management. The merger of Trio Trading and Heimon Kala in Finland has been completed. In addition, we built up a new sales team, which had a temporary negative impact on sales revenue due to turnover of personnel.
- We will increase the level of automation in the Estonian and Finnish production units, as a result of which we will be able to organize production much more efficiently and with fewer people in the future.
- A larger investment program has taken place in Finland and Estonia. We will continue the fish farming investment program. The positive news is that the preparations for the establishment of new fish farms in Estonia are progressing according to plan, which would allow us to double the volume of our fish farms within two years.
- The goal is to become one of the largest and most environmentally friendly fish farmers in Estonia, Finland and Sweden.



- In the summer, it was premature to assume that the damage caused by the coronavirus was over. At the same time, the long-term effects of the accompanying economic crisis on consumer behaviour as well as on competition are unpredictable.

We have implemented a cost-saving program since the 2nd quarter, as a result of which costs will decrease by approximately 0.5 million euros per year. The main theme for the 2020/2021 financial year is the maintenance of a positive cash flow and sustainable operations. Considering the regional position of the Group's companies, we believe that we will be able to cope better with the situation than our competitors.

Covid-19 has created a new situation, but despite this, PRFoods never had to stop production. We will continue to develop PRFoods as an environmentally friendly and high-quality fish farming and processing company.



Sincerely,

Indrek Kasela



## UNAUDITED FINANCIAL RESULTS OF AS PRFOODS, THE 1<sup>ST</sup> QUARTER OF THE FINANCIAL YEAR 2020/2021 COMPARED TO THE 1<sup>ST</sup> QUARTER OF FINANCIAL YEAR 2019/2020

- Unaudited consolidated revenue 12.74 million euros (1Q 2019/2020: 19.33 million euros), a decrease by 34.1%
- Gross margin 9.4% (1Q 2019/2020: 13.4%)
- Negative impact from revaluation of fair value of biological assets 0.09 million euros (1Q 2019/2020: positive impact 0.85 million euros).
- Negative impact of one-offs on the result by 0.05 million euros (1Q 2019/2020: negative impact 0.11 million euros)
- EBITDA from operations -0.34 million euros (1Q 2019/2020: 0.73 million euros)
- EBITDA -0.48 million euros (1Q 2019/2020: 1.47 million euros), without one-offs EBITDA -0.43 million euros (1Q 2019/2020: 1.58 million euros)
- Operating loss 1.13 million euros (1Q 2019/2020: operating profit 0.96 million euros), without one-offs operating loss 1.08 million euros (1Q 2019/2020: operating profit 1.07 million euros)
- Net loss 1.44 million euros (1Q 2019/2020: net profit 0.57 million euros), without one-offs net loss 1.39 million euros (1Q 2019/2020: net profit 0.68 million euros)

### SUMMARY OF FINANCIAL RESULTS: 1<sup>ST</sup> QUARTER OF 2020/2021 COMPARED TO 1<sup>ST</sup> QUARTER OF 2019/2020

mln EUR	1Q 2020/2021	1Q 2019/2020	Change, mln EUR	Change, %	Impact
Sales	12.74	19.33	-6.59	-34.1%	▼
Gross profit	1.20	2.58	-1.38	-53.5%	▼
EBITDA from operations*	-0.34	0.73	-1.07	-146.0%	▼
Revaluation of bioassets	-0.09	0.85	-0.94	-111.2%	▼
One-off expenses	-0.05	-0.11	0.06	-56.1%	▲
EBITDA	-0.48	1.47	-1.95	-132.8%	▼
Depreciation and amortisation	-0.64	-0.51	-0.14	27.0%	▼
Operating profit (loss)	-1.13	0.96	-2.08	-217.4%	▼
Financial income/expense	-0.31	-0.20	-0.11	52.7%	▼
Net profit (loss)	-1.44	0.57	-2.01	-352.5%	▼

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



## KEY RATIOS – INCOME STATEMENT

mIn EUR unless indicated otherwise	3Q 2020	2Q 2020	1Q 2020	4Q 2019	3Q 2019	2Q 2019	1Q 2019	4Q 2018	3Q 2018
Sales	12.7	15.1	18.5	25.4	19.3	21.5	18.1	26.7	19.4
Gross profit	1.2	0.7	2.0	4.3	2.6	2.1	2.1	4.7	3.0
EBITDA from operations	-0.3	-0.4	0.0	2.1	0.7	0.3	0.2	2.4	1.1
EBITDA	-0.5	-0.4	-0.9	1.4	1.5	0.3	-0.5	0.8	1.1
EBIT	-1.1	-1.0	-1.4	0.7	1.0	-0.3	-1.0	0.2	0.6
EBT	-1.4	-1.2	-1.8	0.6	0.8	-0.4	-1.2	0.0	0.4
Net profit (loss)	-1.4	-1.3	-1.7	0.5	0.6	-0.6	-1.2	0.2	0.1
Gross margin	9.4%	4.6%	10.8%	17.0%	13.4%	9.8%	11.7%	17.7%	15.2%
Operational EBITDA margin	-2.6%	-2.6%	0.1%	8.4%	3.8%	1.4%	1.1%	9.1%	5.4%
EBITDA margin	-3.8%	-2.6%	-4.6%	5.3%	7.6%	1.4%	-2.5%	2.9%	5.8%
EBIT margin	-8.8%	-6.4%	-7.8%	2.9%	5.0%	-1.2%	-5.6%	0.9%	3.0%
EBT margin	-11.3%	-8.1%	-9.8%	2.2%	3.9%	-2.0%	-6.5%	0.1%	1.8%
Net margin	-11.3%	-8.4%	-9.2%	2.0%	2.9%	-3.0%	-6.6%	0.8%	0.7%
Operating expense ratio	18.2%	13.9%	14.3%	12.5%	13.4%	11.7%	14.1%	11.2%	13.5%

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

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

EBIT = Operating profit (loss)

EBT = Profit (Loss) before tax

Gross margin = Gross profit / Net sales

Operational EBITDA margin = EBITDA from operations / Net sales

EBITDA margin = EBITDA / Net sales

EBIT margin = EBIT / Net sales

EBT margin = EBT / Net sales

Net margin = Net earnings / Net sales

Operating expense ratio = Operating expenses / Net sales

## KEY RATIOS – BALANCE SHEET

mIn EUR unless indicated otherwise	30.09. 2020	30.06. 2020	31.03. 2020	31.12. 2019	30.09. 2019	30.06. 2019	31.03. 2019	31.12. 2018	30.09. 2018
Net debt	21.5	20.7	17.0	17.8	19.9	20.5	18.7	20.0	21.9
Equity	18.5	19.8	21.6	23.3	22.8	21.9	23.3	24.2	24.1
Working capital	-4.4	-4.0	-2.5	-3.5	-3.0	-3.1	-1.6	1.0	2.0
Assets	57.4	57.1	56.9	60.5	62.4	62.5	63.5	65.5	64.5
Liquidity ratio	0.8x	0.8x	0.9x	0.9x	0.9x	0.9x	0.9x	1.0x	1.1x
Equity ratio	32.3%	34.7%	37.9%	38.5%	36.5%	35.0%	36.7%	37.0%	37.4%
Gearing ratio	53.7%	51.1%	44.0%	43.3%	46.6%	48.3%	44.5%	45.2%	47.6%
Debt to total assets	0.7x	0.7x	0.6x	0.6x	0.6x	0.7x	0.6x	0.6x	0.6x
Net debt to operating EBITDA	12.8x	7.5x	5.3x	5.3x	5.4x	5.1x	5.4x	5.1x	3.8x
ROE	-7.0%	-9.1%	-5.7%	-3.2%	-4.5%	-6.5%	-8.2%	-4.0%	0.1%
ROA	-2.4%	-3.2%	-2.1%	-1.2%	-1.6%	-2.3%	-3.0%	-1.5%	0.0%

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

Working capital = Current assets – Current liabilities

Liquidity ratio = Current assets / Current liabilities

Equity ratio = Equity / Total assets

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

Debt to total assets = Debt / Total assets

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

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

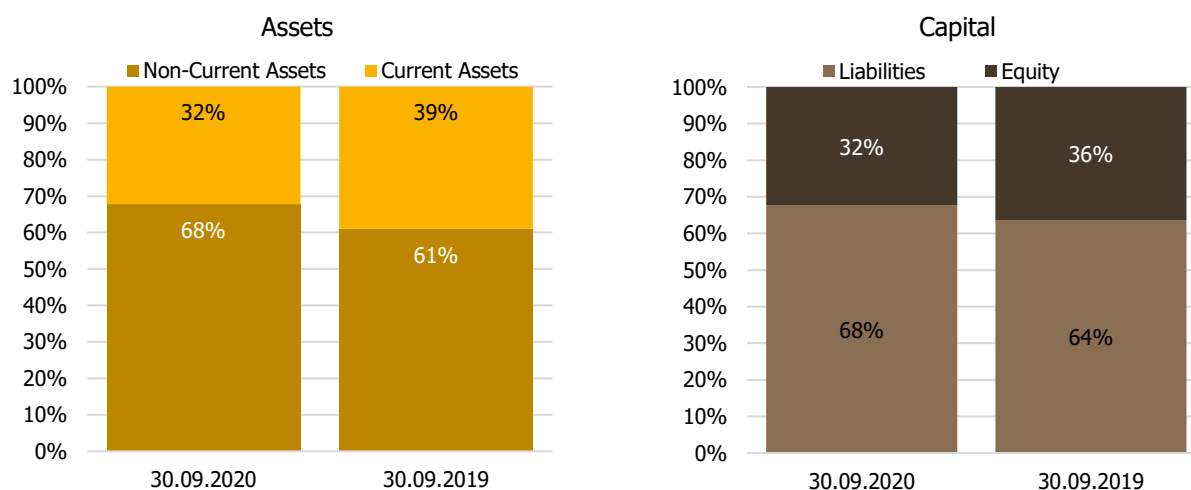
ROA = Net earnings for the trailing 12 months / Average assets

## BALANCE SHEET

As at 30.09.2020 consolidated total assets of PRFoods stood at 57.4 million euros. The year before i.e. as at 30.09.2019 the balance sheet totalled 62.4 million euros.

The Group's current assets stood at 18.5 million euros as at 30.09.2020 (30.09.2019: 24.4 million euros). Non-current assets totalled 39.0 million euros (30.09.2019: 38.1 million euros).

Current liabilities totalled 22.9 million euros as at 30.09.2020 (30.09.2019: 27.8 million euros). Non-current liabilities totalled 15.9 million euros (30.09.2019: 12.3 million euros). Equity of PRFoods was 18.5 million euros (30.09.2019: 22.8 million euros).

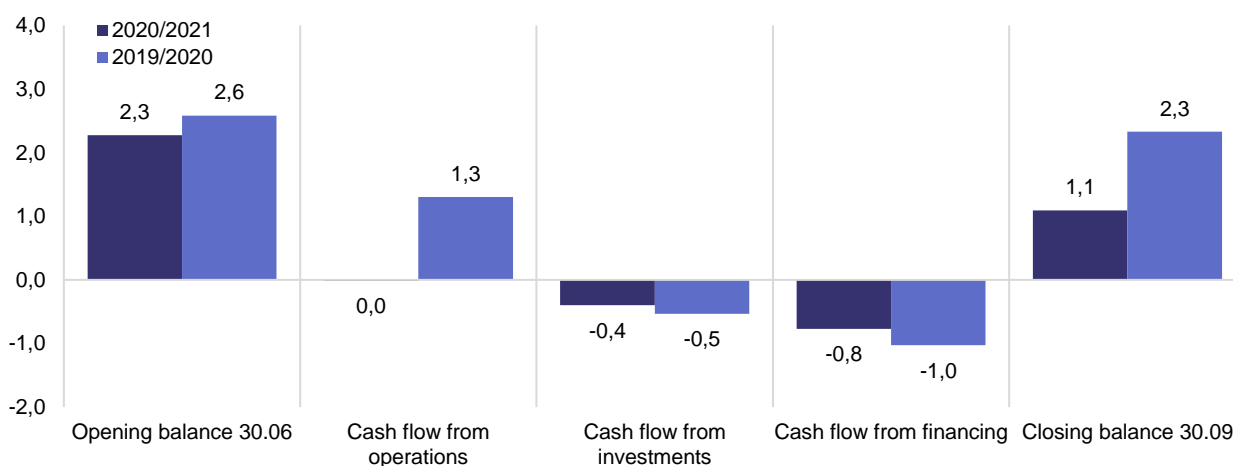


## CASH FLOWS

PRFoods' cash and cash equivalents totalled 2.28 million euros at the beginning of the financial year of 2020/2021 and 1.09 million euros at the end of the first three months of the financial year, the period's cash flow amounted to -1.19 million euros.

Cash flow from operations was -0.02 million euros for the first quarter of 2019/2020 financial year and +1.30 million euros a year ago. Cash flow from investment activities was in the first quarter of the financial year -0.40 million euros and -0.53 million euros a year ago. Cash flow from financing activities totalled -0.77 million euros during the first quarter of the financial year compared to -1.03 million euros during the same period in the previous financial year.

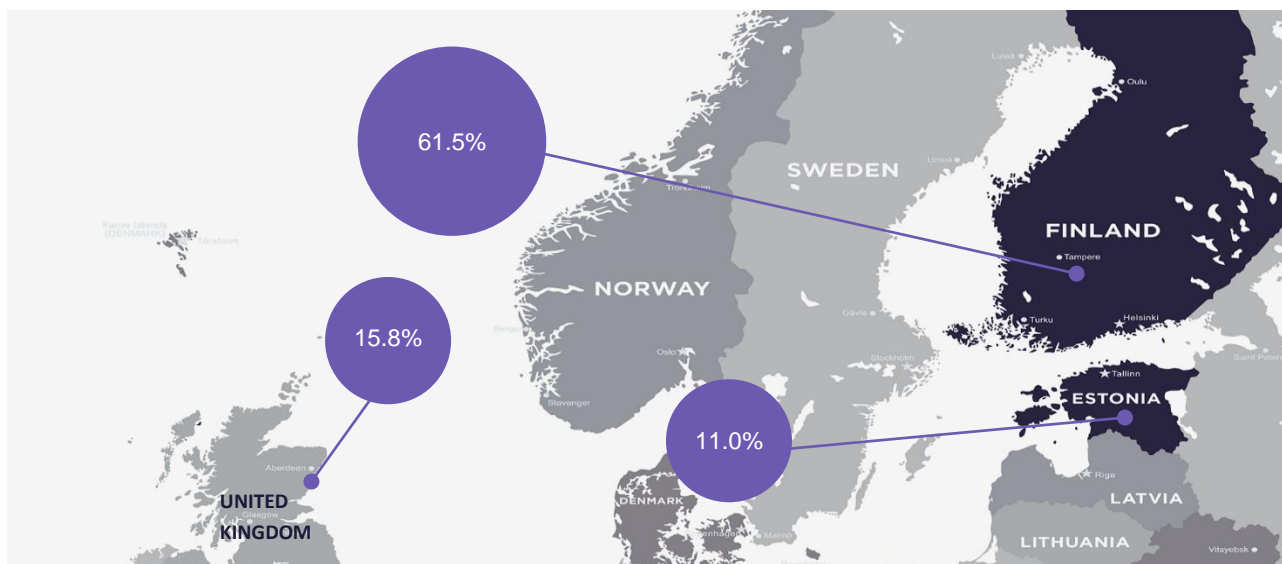
### CHANGE IN CASH FLOWS 132 MONTHS OF 2020/2021 VS 3 MONTHS OF 2019/2020



## REVENUE

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

The Group's revenue during the three months of the financial year 2020/2021 was 12.7 million euros, down by 6.6 million euros compared to the same period of the previous financial year, when the sales amounted to 19.3 million euros.



## GEOGRAPHIC SEGMENTS

mIn EUR	12m 19/20	Share, %	12m 18/19	Share, %	Change, mIn EUR	Change, %	Imp.
Finland	7.8	61.5%	13.2	68.1%	-5.3	-40.5%	▼
United Kingdom	2.0	15.8%	2.8	14.4%	-0.8	-27.7%	▼
Estonia	1.4	11.0%	1.5	7.5%	0.0	-3.4%	▼
Other	1.5	11.7%	1.9	10.0%	-0.4	-22.7%	▼
<b>Total</b>	<b>12.7</b>	<b>100.0%</b>	<b>19.3</b>	<b>100.0%</b>	<b>-6.6</b>	<b>-34.1%</b>	<b>▼</b>

Finland with sales revenue of 7.8 million euros and 61.5% of total sales is the largest market of the Group. Revenue of the second largest market, UK, amounted to 2.0 million euros, i.e. 15.8% of total sales. Revenue of the Estonian market totalled 1.4 million euros, i.e. 11.0% of the total. Sales revenue of Finland and Great Britain decreased by 40.5% and 27.7%, respectively, whereas sales in Estonia decreased by 3.4%. Among other countries, sales to Latvia with sales of 0.5 million euros accounted for slightly more than a third of the sales to other countries. Sales to Latvia decreased by 26.5% compared to the sales of the same period in the previous financial year.

## PRODUCT SEGMENTS

mIn EUR	3m 20/21	Share, %	3m 19/20	Share, %	Change, mIn EUR	Change, %	Imp.
Hot & cold smoked fish	6.3	49.4%	8.1	41.9%	-1.8	-22.2%	▼
Fresh fish and fillets	4.1	32.4%	8.1	41.7%	-3.9	-48.8%	▼
Other fish products	2.3	18.1%	3.1	16.2%	-0.8	-26.5%	▼
Other	0.0	0.1%	0.0	0.2%	0.0	-75.6%	▼
<b>Total</b>	<b>12.7</b>	<b>100.0%</b>	<b>19.3</b>	<b>100.0%</b>	<b>-6.6</b>	<b>-34.1%</b>	<b>▼</b>

The largest product group of the first three months of the financial year was hot and cold smoked fish product group, the sales of which amounted to 6.3 million euros and accounted for 49.4% of total sales. The sales of fresh fish and fillets product group of 4.1 million euros accounted for 32.4% of the total. Compared to the same period in the previous financial

year the sales of all product segments declined: smoked products by 22.2% and fresh fish and fillets y 48.8%. The sales of other fish products amounted to 2.3 million euros and accounted for 18.1% of the total and declined by 26.5% compared to the same period a year ago.

## CLIENT SEGMENTS

mIn EUR	3m 20/21	Share, %	3m 19/20	Share, %	Change, mIn EUR	Change, %	Imp.
Retail chains	7.4	58.3%	7.5	39.0%	-0.1	-1.5%	▼
Wholesale	2.4	18.9%	6.1	31.8%	-3.7	-60.9%	▼
HoReCa	2.5	19.5%	5.2	26.9%	-2.7	-52.1%	▼
Other	0.4	3.3%	0.4	2.3%	0.0	-5.2%	▼
<b>Total</b>	<b>12.7</b>	<b>100.0%</b>	<b>19.3</b>	<b>100.0%</b>	<b>-6.6</b>	<b>-34.1%</b>	<b>▼</b>

The largest client group is the retail chains' group, sales of which amounted to 7.4 million euros and accounted for 58.3% of the total sales during the period. Sales to wholesale amounting to 2.4 million euros and sales to HoReCa amounting to 2.5 million euros account each for ca a fifth of the total sales. Compared to the same period in the previous financial year, the sales decreased in all client segments: wholesale by 60.9%, HoReCa by 52.1% and retail sector by 1.5%.

## COSTS

	3m 20/21	3m 19/20	Change	Impact	3m 20/21	3m 19/20	Change	Impact
	mIn EUR	mIn EUR	mIn EUR		as % of sales	as % of sales	%-point	
<b>Sales</b>	<b>12.74</b>	<b>19,33</b>	<b>-6.59</b>	<b>▼</b>	<b>100.00%</b>	<b>100.00%</b>		
<b>Cost of goods sold</b>	<b>-11.54</b>	<b>-16,74</b>	<b>5.20</b>	<b>▲</b>	<b>90.58%</b>	<b>86.64%</b>	<b>3.94</b>	<b>▼</b>
materials in production & cost of goods purchased for resale	-8.15	-13,14	4.99	▲	64.00%	67.98%	-3.98	▲
labour costs	-1.47	-1,72	0.25	▲	11.54%	8.91%	2.63	▼
depreciation	-0.53	-0,39	-0.14	▼	4.19%	2.02%	2.17	▼
other cost of goods sold	-1.39	-1,49	0.10	▲	10.85%	7.73%	3.12	▼
<b>Operating expenses</b>	<b>-2.32</b>	<b>-2,60</b>	<b>0.28</b>	<b>▲</b>	<b>18.23%</b>	<b>13.44%</b>	<b>4.79</b>	<b>▼</b>
labour costs	-0.77	-0,96	0.19	▲	6.05%	4.97%	1.08	▼
transport & logistics services	-0.73	-0,84	0.11	▲	5.76%	4.37%	1.39	▼
depreciation	-0.11	-0,12	0.01	▲	0.86%	0.60%	0.26	▼
advertising, marketing and product development	-0.12	-0,10	-0.02	▼	0.95%	0.49%	0.46	▼
other operating expenses	-0.59	-0,58	-0.01	▼	4.61%	3.01%	1.60	▼
<b>Other income/expenses</b>	<b>0.09</b>	<b>0,13</b>	<b>-0.04</b>	<b>▼</b>	<b>0.71%</b>	<b>0.66%</b>	<b>0.05</b>	<b>▲</b>
incl. one-offs	-0.05	-0,11	0.06	▲	-0.39%	-0.59%	0.20	▲
<b>Financial income / expense</b>	<b>-0.31</b>	<b>-0,20</b>	<b>-0.11</b>	<b>▼</b>	<b>-2.43%</b>	<b>-1.05%</b>	<b>-1.38</b>	<b>▼</b>

## COST OF GOODS SOLD (COGS)

COGS sold was 11.5 million euros and it accounted for 90.6% of the total sales of the three months of the 2020/2021 financial year (3m 2019/2020: 16.7 million euros, 86.6% of sales).

Purchase cost of raw fish continues to account for the majority (ca 80%) of the largest COGS item "materials in production and cost of goods purchase for resale" that amounted to 8.2 million euros (3m 2019/2020: 13.1 million euros). Remaining costs are mainly attributable to packaging materials and fish feed.

Labour cost of personnel employed in production and fish farms totalled 1.5 million euros and formed 11.5% of total sales (3m 2019/2020: 1.7 million euros, 8.9% of sales).



Other cost of goods sold amounted to 1.4 million euros and formed 10.9% of total sales (3m 2019/2020: 1.5 million euros, 7.7% of sales). The cost item includes costs on heating, electricity, rent and utilities, and costs incurred in relation to fish farming and auxiliary activities in production.

## OPERATING EXPENSES

Operating expenses amounted to 2.3 million euros and accounted for 18.2% of the total sales (3m 2019/2020: 2.6 million euros, 13.4% of sales).

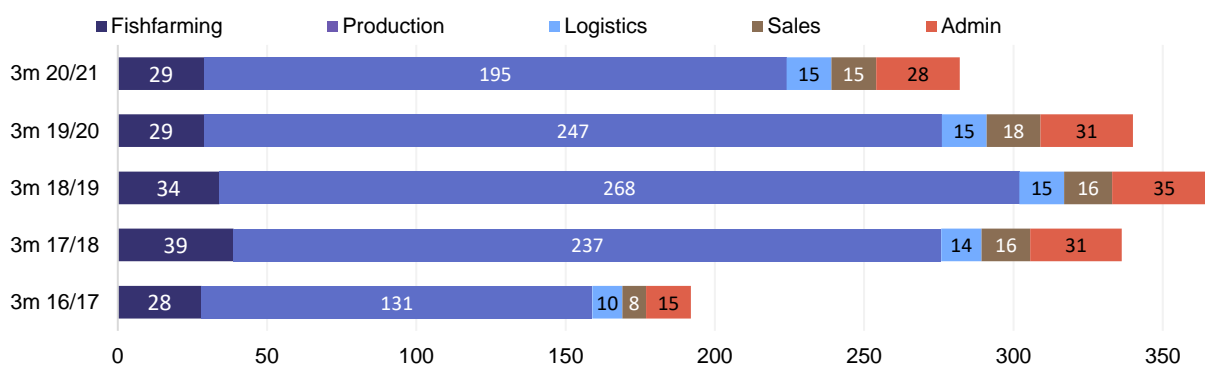
The majority of operating costs are costs on labour 0.8 million euros (3m 2019/2020: 1.0 million euros) and on transport & logistics services 0.7 million euros (3m 2019/2020: 0.8 million euros). The share of labour costs increased by 1.1 percentage points, the share of costs on transport & logistics increased 1.4 percentage points.

## PERSONNEL

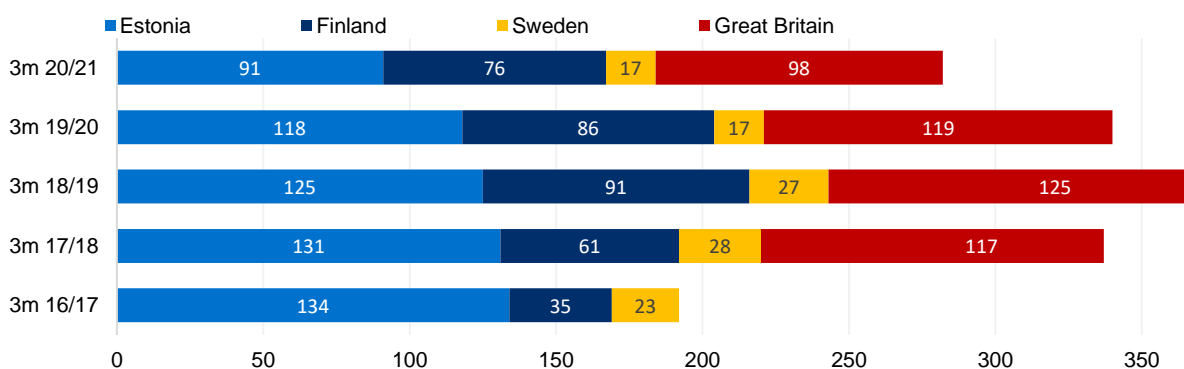
The average number of employees in PRFoods in the 1<sup>st</sup> quarter of the financial year 2020/2021 was 282. The Group's labour costs totalled 2.2 million euros in the 1<sup>st</sup> quarter of 2020/2021.

	3Q 2020	2Q 2020	1Q 2020	4Q 2019	3Q 2019	2Q 2019	1Q 2019	4Q 2018	3Q 2018
Average number of employees	282	279	305	348	340	351	348	379	368
Finland	76	71	74	91	86	88	86	103	91
Estonia	91	96	101	114	118	121	131	132	125
UK	98	95	111	125	119	124	112	123	125
Sweden	17	17	19	18	17	17	19	21	27
Payroll expense, th EUR	2,241	2,168	2,559	3,161	2,683	2,584	2,536	3,088	2,649
Monthly average payroll expense per employee, th EUR	2.65	2.59	2.80	3.03	2.63	2.45	2.43	2.72	2.40

### Employees per area of activity



### Employees per country



## FISH FARMING

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

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



## PRICE OF FISH

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

### MARKET PRICE OF FISH

EUR/kg	30.09.2020	30.09.2019	30.09.20 vs 30.09.19	30.09.2018	30.09.20 vs 30.09.18	30.09.2017	30.09.20 vs 30.09.17
Salmon	4.40	4.22	4.3%	6.01	-26.8%	5.91	-25.5%
Rainbow trout	4.05	4.97	-18.4%	5.72	-29.2%	6.25	-35.2%

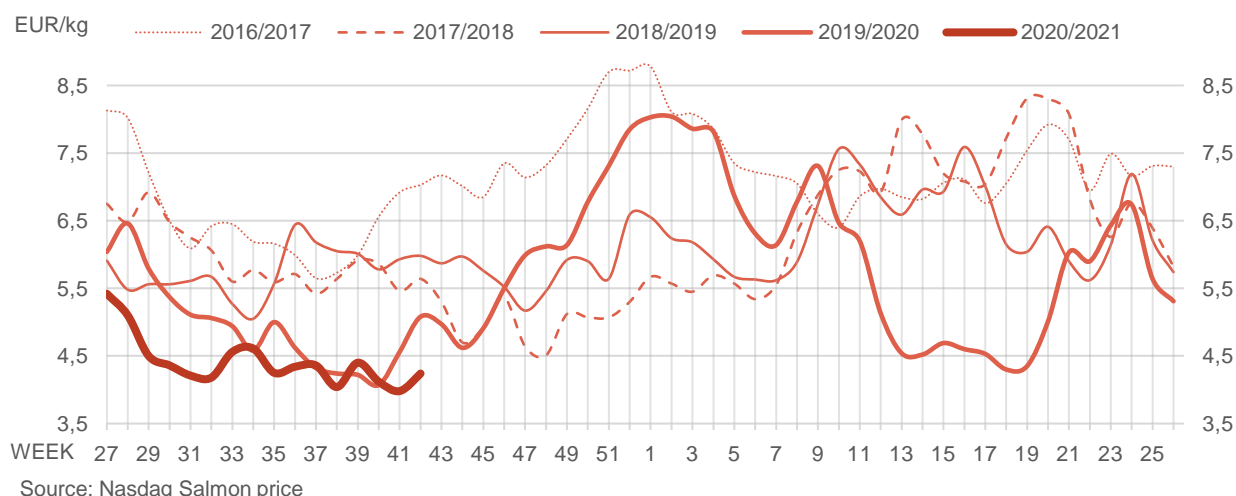
As at the end of the reporting period the price of salmon has increased by 4.3% and the price of rainbow trout has declined by 18.4% compared to the prices a year ago. Over the two-year period, the price of salmon has decreased by 26.8% and the trout by 29.2%. The price of salmon has decreased by 25.5% and of rainbow trout by 35.2% compared to the prices three years ago.



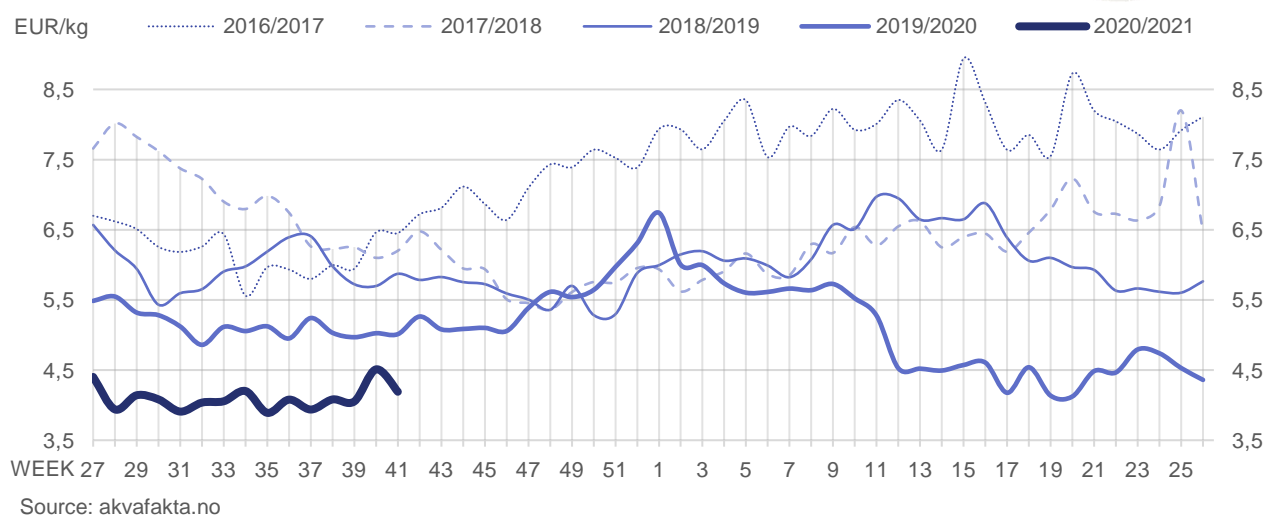
The graphs below illustrate weekly average prices of salmon and rainbow trout since the financial year 2016/2017.



### EXPORT PRICE OF NORWEGIAN SALMON



### EXPORT PRICE OF NORWEGIAN RAINBOW TROUT



### AVERAGE MARKET PRICE OF FISH

EUR/kg	3m 20/21	3m 19/20	3m 20/21 vs 3m 19/20	3m 18/19	3m 20/21 vs 3m 18/19	3m 17/18	3m 20/21 vs 3m 17/18
Salmon	4.47	4.94	-9.4%	5.72	-21.8%	6.00	-25.5%
Rainbow trout	4.05	5.15	-21.4%	5.97	-32.1%	6.91	-41.4%

As at the end of the reporting period the average market prices of salmon and rainbow trout have decreased by 9.4% and 21.4%, respectively, compared to the prices of the same period in the previous financial year. Compared to the average prices of a comparable period two years ago the average prices of salmon and trout have decreased by 21.8% and 32.1%, respectively. The average fish prices have decreased compared to the prices three years ago: salmon by 25.5% and rainbow trout by 41.4%.

## 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

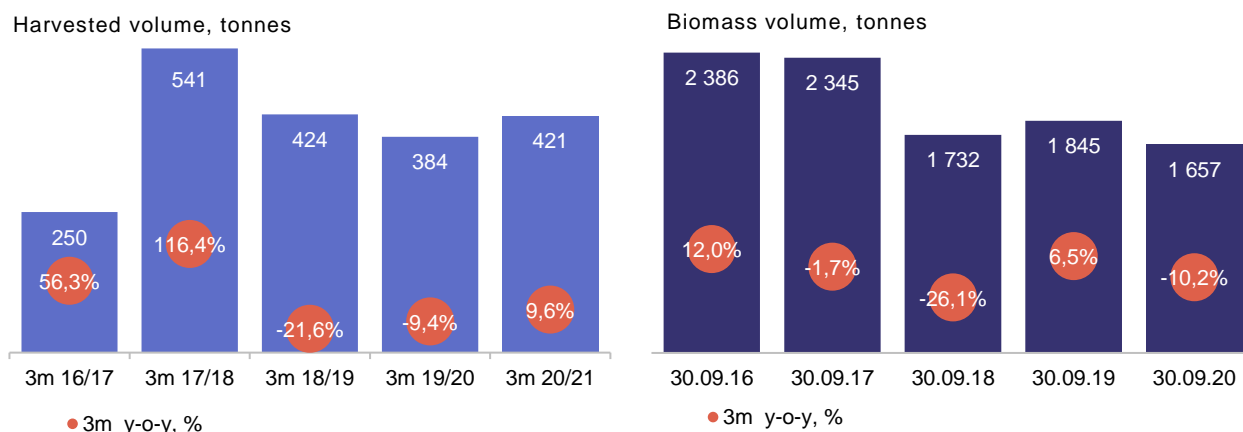
	3m 20/21	3m 19/20	Change, tonnes 3m 20/21 vs 3m 19/20	Change, % 3m 20/21 vs 3m 19/20
Biomass at the beginning of the period	945	987	-42	-4.3%
Biomass at the end of the period	1,657	1,845	-188	-10.2%
Harvested fish (in live weight)	421	384	37	9.6%

Biological assets totalled 1,658 tonnes as at 30.09.2020, a decrease by 187 tonnes, i.e. 10.2% compared to the same period last year. A total of 421 tonnes fish was harvested during the 3 months of the financial year, i.e. 37 tonnes or 9.6% more compared to the same period a year ago.

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

	3m 20/21	3m 19/20	Change, mln EUR 3m 20/21 vs 3m 19/20	Change, % 3m 20/21 vs 3m 19/20
Biological assets at the end of period, mln EUR	5.42	7.05	-1.62	-23.1%
Biomass volume at the end of period, tonnes	1,657	1,845	-188	-10.2%
Average price, EUR/kg	3.27	3.82	-0.55	-14.4%
Fair value adjustment of biological assets, mln EUR	-0.09	0.85	-0.93	-110.4%

The fair value of biological assets was 5.4 million euros compared to 7.0 million euros a year ago. Average price of biomass was 3.3 euros per kg compared to 3.8 euros per kg during the comparable period a year ago.



## MANAGEMENT AND SUPERVISORY BOARDS

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

The Supervisory Board of AS PRFoods appoints management board members for a three-year term. The articles of association prescribe the management board to consist of one to four members. 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, Eesti Avamere Vesiviljelejate Ühistu. He serves also as a board member in several companies and NPOs domiciled abroad.

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

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

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

Information on the education and careers of the members of the supervisory board as well as their management positions in other companies is available on PRFoods' website [www.prfoods.ee](http://www.prfoods.ee).

### PRFOODS' SHARES HELD BY THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BOARDS AND THE PERSONS/COMPANIES RELATED TO THEM AS AT 30.09.2020:

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

## SHARE AND SHAREHOLDERS

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

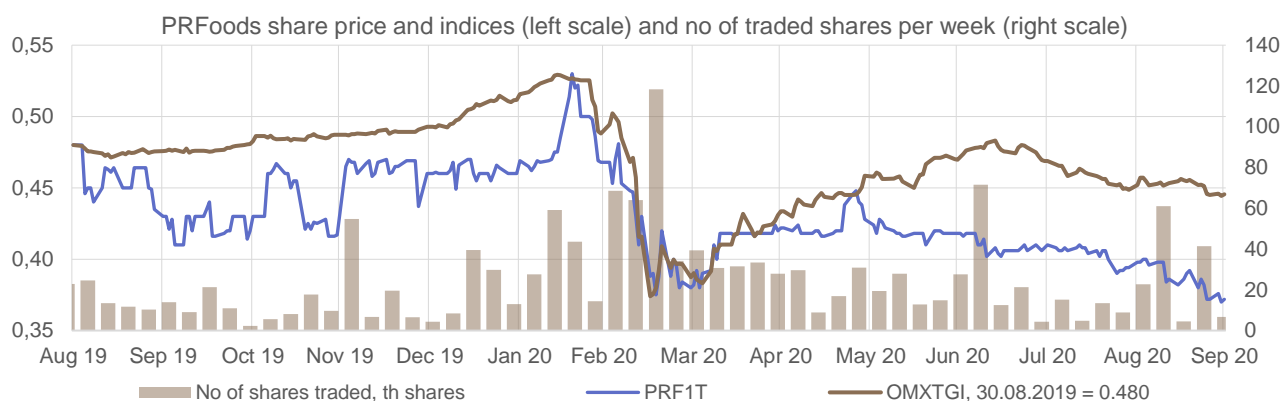
PRFoods shares are listed in the main list of Nasdaq Tallinn Stock Exchange since 5 May 2010. PRFoods shares do not have an official market maker. PRFoods share is a component in OMX Tallinn General Index.

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

### PRFOODS SHARE PRICE, INDICES AND TRADING ACTIVITY

Tallinn Stock Exchange All-Share index decreased by 6.34% and PRFoods share price decreased by 13.49%.

	Index / Share	Ticker / index	30.09.2020	30.09.2019	Change
●	PRF1T	PRF1T	0.372	0.430	-13.49%
●	OMX Tallinn GI	OMXTGI	1,156.86	1,235.22	-6.34%



### TRADING STATISTICS

Price (EUR)	3Q 2020	2Q 2020	1Q 2020	4Q 2019	3Q 2019	2Q 2019	1Q 2019	4Q 2018	3Q 2018
Open	0.418	0.398	0.461	0.430	0.502	0.590	0.610	0.695	0.740
High	0.420	0.458	0.530	0.470	0.534	0.590	0.670	0.695	0.780
Low	0.370	0.380	0.361	0.410	0.430	0.490	0.550	0.530	0.675
Last	0.372	0.418	0.382	0.460	0.430	0.534	0.550	0.610	0.690
Traded volume, mln	0.30	0.33	0.53	0.19	0.29	0.13	0.29	0.80	0.97
Number of trades	1,131	941	886	251	235	181	279	587	715
Average trade volume	267	348	597	750	1,250	741	1,055	1,359	1,361
Turnover, mln	0.12	0.14	0.23	0.08	0.14	0.07	0.18	0.47	0.71
Market capitalisation, mln	14.39	16.17	14.78	17.79	16.63	20.66	21.28	23.60	26.69

A total of 1,131 trades were conducted with PRFoods' shares during the third quarter of 2020. A total of 302,126 shares changed hands forming 0.8% of the company's shares. The average trade volume was 267 shares.

Turnover of share trading amounted to 0.12 million euros in 3Q 2020 compared to 0.14 million euros in the previous quarter. The highest share price in 3Q 2020 was 0.420 euros and the lowest was 0.370 euros.

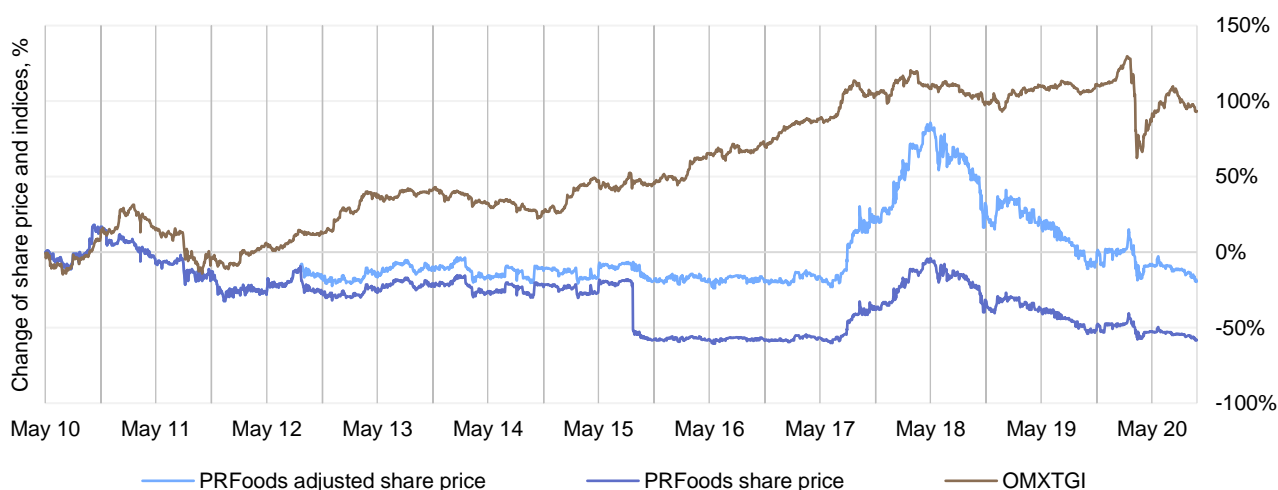
The closing price of the share was 0.372 euro as at 30.09.2020 and the company's market capitalisation was 14.39 million euros.

## MARKET RATIOS

Ratios	Formula	30.09.2020	30.09.2019	30.09.2018
EV/Sales	(Market Cap + Net Debt) / Sales	0.50	0.43	0.51
EV/EBITDA from operations	(Market Cap + Net Debt) / EBITDA from operations	21.31	9.98	8.35
EV/EBITDA	(Market Cap + Net Debt) / EBITDA	neg	17.47	13.76
Price/EBITDA from operations	Market Cap / EBITDA from operations	8.55	4.54	4.59
Price/EBITDA	Market Cap / EBITDA	neg	7.96	7.55
Price-to-Earnings	Market Cap / Net Profit	neg	neg	808.82
Price-to-Book	Market Cap / Equity	0.78	0.73	1.11

Market capitalisation (market cap), net debt and equity as at 30.09.2020; sales, EBITDA and net profit/loss for the trailing 12 months

## THE DYNAMICS OF THE SHARE PRICE AND INDICES FROM 5<sup>TH</sup> MAY 2010 TO 30<sup>TH</sup> OF SEPTEMBER 2020:



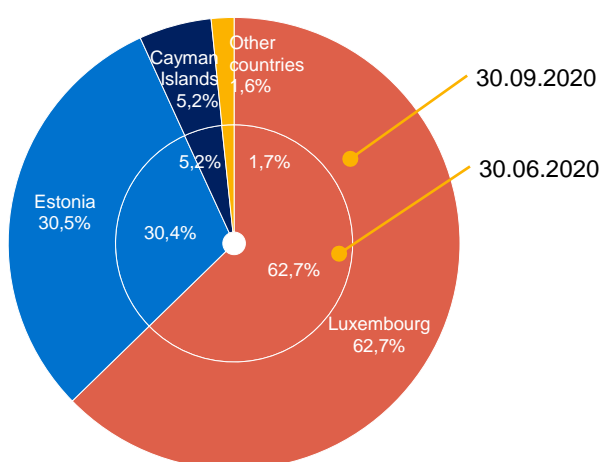
The decrease of PRFoods' share price since its listing in 2010, adjusted with the capital reduction payments, is 19.2%. The Tallinn Stock Exchange index has increased during the period by 93.3%. PRFoods' share price unadjusted with the reductions of the share's nominal value in August of 2012 and 2015 by 40-euro-cents in total has decreased by 58.2%. PRFoods has since the listing of its shares on the stock exchange paid to shareholders a total of 17.3 million euros in the form of dividends and in connection with share capital reductions.

## SHAREHOLDER STRUCTURE

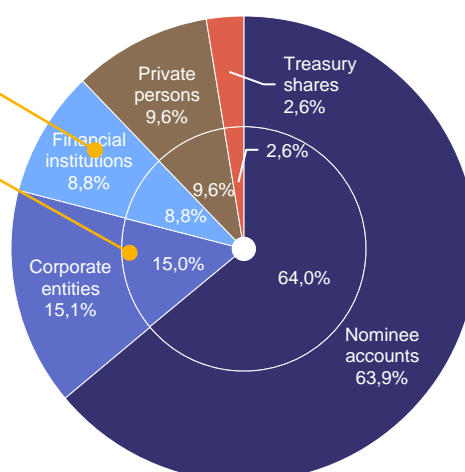
### SHAREHOLDERS OF AS PRFOODS

	Number of shares 30.09.2020	% of total 30.09.2020	Number of shares 30.06.2020	% of total 30.06.2020	Change
ING Luxembourg S.A. (Nominee account)	24,258,366	62.71%	24,258,366	62.71%	-
Lindermann, Birnbaum & Kasela OÜ	1,613,617	4.17%	1,613,617	4.17%	-
Ambient Sound Investments OÜ	1,385,267	3.58%	1,385,267	3.58%	-
Firebird Republics Fund Ltd	1,277,729	3.30%	1,277,729	3.30%	-
OÜ Rododendron	1,219,589	3.15%	1,219,589	3.15%	-
Compensa Life Vienna Insurance Group SE	750,470	1.94%	750,470	1.94%	-
Firebird Avrora Fund, Ltd.	730,678	1.89%	730,678	1.89%	-
OÜ Iskra Investeeringud	377,874	0.98%	377,874	0.98%	-
<b>Total largest shareholders</b>	<b>31,613,590</b>	<b>81.73%</b>	<b>31,613,590</b>	<b>81.73%</b>	-
Other shareholders	6,069,270	15.69%	6,069,270	15.69%	-
Treasury shares	1,000,000	2.59%	1,000,000	2.59%	-
<b>Total</b>	<b>38,682,860</b>	<b>100.00%</b>	<b>38,682,860</b>	<b>100.00%</b>	-

SHAREHOLDERS BY RESIDENCE



SHAREHOLDERS BY INVESTOR TYPE



### SHAREHOLDERS ACCORDING TO NUMBER OF SHARES, 30.09.2020

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1 ... 1 000	916	53.6%	372,384	1.0%
1 001 ... 10 000	672	39.3%	2,157,562	5.6%
10 001 ... 50 000	97	5.7%	2,090,448	5.4%
50 001 ... 100 000	9	0.5%	674,741	1.7%
100 001 ...	15	0.9%	33,387,725	86.3%
<b>Total</b>	<b>1,709</b>	<b>100.0%</b>	<b>38,682,860</b>	<b>100.0%</b>

## BOND AND BONDHOLDERS

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

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

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

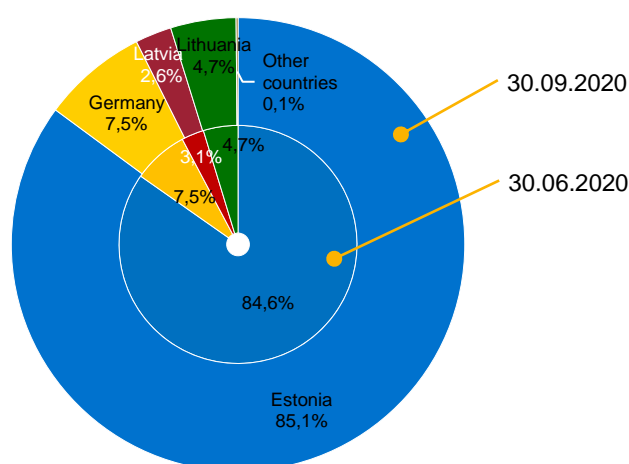
For more detailed information on issuing the bonds please see the Stock Exchange Announcements dated 19.12.2019 and 21.01.2020, incl. in the bond issue prospectus.

### BONDHOLDER STRUCTURE

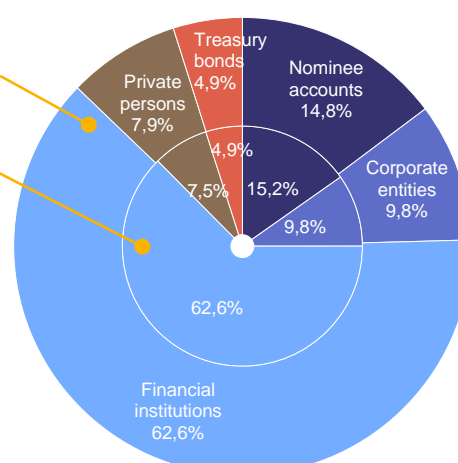
#### FIVE LARGEST BONDHOLDERS OF AS PRFOODS

	Value of bonds 30.06.2020	% of total 30.06.2020	Value of bonds 30.06.2020	% of total 30.06.2020	Change
Swedbank Pensionfund K60	3,940,000	39.4%	3,940,000	39.40%	-
Swedbank Pensionfund K30	800,000	8.0%	800,000	8.00%	-
Rietumu Bankas JSC	750,000	7.5%	750,000	7.50%	-
Spring Capital Growth Fund 1	505,300	5.1%	505,300	5.05%	-
AS SEB Bankas	466,500	4.9%	469,200	4.69%	-2,700
<b>Total largest bondholders</b>	<b>6,461,800</b>	<b>64.8%</b>	<b>6,464,500</b>	<b>64.6%</b>	<b>2,700</b>
Other bondholders	3,049,600	30.3%	3,042,900	30.4%	6,700
Treasury bonds	488,600	4.9%	492,600	4.9%	-4,000
<b>Total</b>	<b>10,000,000</b>	<b>100.0%</b>	<b>10,000,000</b>	<b>100.0%</b>	<b>0</b>

BONDHOLDERS BY RESIDENCE



BONDHOLDERS BY INVESTOR TYPE



## BONDHOLDERS BY VALUE OF BONDS, 30.09.2020

Value of bonds	Number of bondholders	% of bondholders	Value of bonds	% of bond value
1 ... 1 000	73	33.3%	46,000	0.5%
1 001 ... 10 000	80	36.5%	347,200	3.5%
10 001 ... 50 000	50	22.8%	1,164,500	11.6%
50 001 ... 100 000	4	1.8%	314,500	3.1%
100 001 ...	12	5.5%	8,127,800	81.3%
<b>Total</b>	<b>219</b>	<b>100.0%</b>	<b>10,000,000</b>	<b>100.0%</b>



# CONDENSED INTERIM ACCOUNTING REPORT

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# CONDENSED INTERIM ACCOUNTING REPORT

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR '000	Note	30.09.2020	30.06.2020
<b>ASSETS</b>			
Cash and cash equivalents	2	1,091	2,276
Receivables and prepayments	3	3,232	3,578
Inventories	4	8,746	7,884
Biological assets	5	5,423	4,249
<b>Total current assets</b>		<b>18,492</b>	<b>17,987</b>
Deferred income tax		54	54
Long-term financial investments		232	232
Tangible fixed assets	6	16,006	16,179
Intangible assets	7	22,606	22,672
<b>Total non-current assets</b>		<b>38,898</b>	<b>39,137</b>
<b>TOTAL ASSETS</b>		<b>57,390</b>	<b>57,124</b>
<b>EQUITY AND LIABILITIES</b>			
Loans and borrowings	8,9	10,322	10,611
Payables	10	12,385	11,132
Government grants		212	211
<b>Total current liabilities</b>		<b>22,919</b>	<b>21,954</b>
Loans and borrowings	8,9	12,261	12,368
Payables	10	900	190
Deferred tax liabilities		1,934	1,920
Government grants		833	873
<b>Total non-current liabilities</b>		<b>15,928</b>	<b>15,351</b>
<b>TOTAL LIABILITIES</b>		<b>38,847</b>	<b>37,305</b>
Share capital		7,737	7,737
Share premium		14,198	14,007
Treasury shares		-390	-390
Statutory capital reserve		51	51
Currency translation reserve		-397	-366
Retained profit (loss)		-3,056	-1,654
<b>Equity attributable to parent</b>		<b>18,143</b>	<b>19,385</b>
Non-controlling interest		400	434
<b>TOTAL EQUITY</b>	11	<b>18,543</b>	<b>19,819</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>57,390</b>	<b>57,124</b>

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

EUR '000	Note	3m 2020/2021	3m 2019/2020
Revenue	12	12,737	19,329
Cost of goods sold	13	-11,537	-16,747
<b>Gross profit</b>		<b>1,200</b>	<b>2,582</b>
<b>Operating expenses</b>		<b>-2,322</b>	<b>-2,598</b>
Selling and distribution expenses		-1,558	-1,792
Administrative expenses		-764	-806
Other income / expense		91	128
Fair value adjustment on biological assets	5	-94	846
<b>Operating profit (loss)</b>		<b>-1,125</b>	<b>958</b>
Financial income / expenses		-309	-203
<b>Profit (Loss) before tax</b>		<b>-1,434</b>	<b>755</b>
Income tax		-4	-185
<b>Net profit (loss) for the period</b>		<b>-1,438</b>	<b>570</b>
<b>Net profit (loss) attributable to:</b>			
Owners of the Parent Company		-1,402	513
Non-controlling interests		-36	57
<b>Total net profit (loss) for the period</b>		<b>-1,438</b>	<b>570</b>
<b>Other comprehensive income (loss) that may subsequently be classified to profit or loss:</b>			
Foreign currency translation differences		-31	315
<b>Total comprehensive income (expense)</b>		<b>-1,469</b>	<b>885</b>
<b>Total comprehensive income (expense) attributable to:</b>			
Owners of the Parent Company		-1,433	828
Non-controlling interests		-36	57
<b>Total comprehensive income (expense) for the period</b>		<b>-1,469</b>	<b>885</b>
Basic earnings per share (EUR)	11	-0.04	0.01
Diluted earnings per share (EUR)	11	-0.04	0.01

# CONSOLIDATED CASH FLOW STATEMENT

EUR '000	Note	3m 2020/2021	3m 2019/2020
<b>Cash flow from operating activities</b>			
Net profit (loss)		-1,438	570
Adjustments:			
Depreciation	6, 7	644	507
Profit from sale and write-offs of fixed assets		7	61
Other non-cash items		156	76
Changes in receivables and prepayments		346	1,106
Changes in inventories	4	-862	945
Changes in biological assets	5	-1,174	-2,123
Changes in payables and prepayments		2,325	186
Corporate income tax paid		-19	-25
<b>Net cash inflow (outflow) from operating activities</b>		<b>-15</b>	<b>1,303</b>
<b>Cash flow from investing activities</b>			
Sale of tangible and intangible fixed assets	6, 7	22	0
Purchase of tangible and intangible fixed assets	6, 7	-420	-576
Government grants for acquisition of assets		0	41
Interests received		0	2
<b>Net cash inflow (outflow) from investing activities</b>		<b>-398</b>	<b>-533</b>
<b>Cash flow from financing activities</b>			
Change in overdraft	9	-177	12
Repayments of loans received	9	-80	-744
Change in factoring receivables		0	-2
Repayments of lease liabilities	8	-162	-90
Interests paid		-353	-202
<b>Net cash inflow (outflow) from financing activities</b>		<b>-772</b>	<b>-1,026</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>-1,185</b>	<b>-256</b>
Cash and cash equivalents at beginning of the period	2	2,276	2,583
Change in cash and cash equivalents		-1,185	-256
Cash and cash equivalents at the end of the period	2	1,091	2,327

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR '000	Share capital	Share premium	Treasury shares	Statutory capital reserve	Unrealised currency differ.	Retained earnings (-loss)	Total	Non-contr. interests	Total equity
<b>Balance at 30.06.2019</b>	<b>7,737</b>	<b>14,007</b>	<b>-390</b>	<b>51</b>	<b>-214</b>	<b>64</b>	<b>21,255</b>	<b>611</b>	<b>21,866</b>
Net profit (loss) for the year	0	0	0	0	0	-1,718	<b>-1,718</b>	-175	<b>-1,893</b>
Other comprehensive income (expense)	0	0	0	0	-152	0	<b>-152</b>	0	<b>-152</b>
Total comprehensive income (expense) for the period	0	0	0	0	-152	-1,718	<b>-1,870</b>	-175	<b>-2,045</b>
<b>Balance at 30.06.2020</b>	<b>7,737</b>	<b>14,007</b>	<b>-390</b>	<b>51</b>	<b>-366</b>	<b>-1,654</b>	<b>19,385</b>	<b>436</b>	<b>19,821</b>
Net profit (loss) for the year	0	0	0	0	0	-1,402	<b>-1,402</b>	-36	<b>-1,438</b>
Other comprehensive income (expense)	0	0	0	0	-31	0	<b>-31</b>	0	<b>-31</b>
Total comprehensive income (expense) for the period	0	0	0	0	-31	-1,402	<b>-1,433</b>	-36	<b>-1,469</b>
Increase of subsidiary's share capital	0	191	0	0	0	0	<b>191</b>	0	<b>191</b>
<b>Balance at 30.09.2020</b>	<b>7,737</b>	<b>14,198</b>	<b>-390</b>	<b>51</b>	<b>-397</b>	<b>-3,056</b>	<b>18,143</b>	<b>400</b>	<b>18,543</b>

Additional information in Note 11.

# NOTES TO THE INTERIM REPORT

## NOTE 1. SUMMARY OF MATERIAL ACCOUNTING POLICIES

AS PRFoods is a company incorporated in Estonia. The interim financial statements compiled as per 30.09.2020 incorporate results of AS PRFoods (hereinafter Parent Company) and companies directly and indirectly held by it: Saaremere Kala AS, Redstorm OÜ and Vettel OÜ in Estonia, Heimon Kala Oy in Finland, Överumans Fisk AB in Sweden, and JRJ & PRF Ltd, John Ross Jr (Aberdeen) Ltd, Coln Valley Smokery Ltd in the United Kingdom (hereinafter also referred to as the Group). The Group has a stake in associate companies: Competence Center of Food and Fermentation Technologies AS and Avamere Kalakasvatus OÜ. JRJ & PRF Ltd, John Ross Jr (Aberdeen) Ltd, Coln Valley Smokery Ltd are consolidated from 01.07.2017 and Redstorm OÜ from 01.07.2018. AS PRFoods' shares are listed on Nasdaq Tallinn Stock Exchange since 5 May 2010 and the bonds since 6 April 2020.

The Group's consolidated audited annual report for the financial year that ended on 30 June 2020 is available on PRFoods' website [www.prfoods.ee](http://www.prfoods.ee).

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

## CONFIRMATION OF COMPLIANCE

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

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

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

## BASIS OF PREPARATION

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

## NOTE 2. CASH AND CASH EQUIVALENTS

EUR '000	30.09.2020	30.06.2020
Cash on hand	6	28
Bank accounts	1,085	2,248
Total cash and cash equivalents	1,091	2,276

### NOTE 3. RECEIVABLES AND PREPAYMENTS

EUR '000	30.06.2020	30.06.2020
Trade receivables	2,177	2,170
Allowance for doubtful receivables	-33	-35
Factoring receivables with regress	482	586
Other receivables	64	93
Prepaid expenses	282	217
Prepaid income taxes	260	547
<b>Total receivables and prepayments</b>	<b>3,462</b>	<b>3,578</b>

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

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

### NOTE 4. INVENTORIES

EUR '000	30.09.2020	30.06.2020
Raw materials and materials	3,599	2,954
Work-in-progress	1,297	1,341
Finished goods	3,364	3,201
Goods purchased for sale	411	388
Goods in transit	75	0
<b>Total inventories</b>	<b>8,746</b>	<b>7,884</b>

Inventories were not written off during the accounting period.

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

### NOTE 5. BIOLOGICAL ASSETS

EUR '000	30.09.2020	30.06.2020
Fry	153	570
Juveniles	1,461	2,464
Fish suitable for harvesting	3,809	1,215
<b>Total biological assets</b>	<b>5,423</b>	<b>4,249</b>

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

## CHANGE IN BIOLOGICAL ASSETS

EUR '000	3m 2020/2021	3m 2019/2020
<b>Biological assets at beginning of the period</b>	<b>4,249</b>	<b>4,924</b>
Purchased	84	0
Additions	2,424	2,525
Fair value adjustments	-94	846
Harvested	-1,222	-1,216
Exchange rate differences	-18	-31
<b>Biological assets at end of the period</b>	<b>5,423</b>	<b>7,048</b>

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

## NOTE 6. TANGIBLE ASSETS

EUR '000	Land and buildings	Machinery and equipment	Other tangible assets	Construction in progress, prepayments	Total
<b>Cost at 30.06.2019</b>	<b>13,586</b>	<b>18,238</b>	<b>1,021</b>	<b>199</b>	<b>33,044</b>
Applying IFRS 16 for the first time	1,423	156	0	0	1,579
<b>Adjusted beginning balance of 01.07.2019</b>	<b>15,009</b>	<b>18,394</b>	<b>1,021</b>	<b>199</b>	<b>34,623</b>
Acquired during the period	281	504	5	1,536	2,326
Reclassification*	80	532	21	-633	0
Assets sold and written off	-489	-1,706	-233	0	-2,428
Unrealised currency effect	-41	21	4	0	-16
<b>Cost at 30.06.2020</b>	<b>14,840</b>	<b>17,745</b>	<b>818</b>	<b>1,102</b>	<b>34,505</b>
Acquired during the period	12	47	3	361	423
Reclassification*	0	5	0	-5	0
Assets sold and written off	0	-85	-8	0	-93
Unrealised currency effect	-7	-27	-1	0	-35
<b>Cost at 30.09.2020</b>	<b>14,845</b>	<b>17,685</b>	<b>812</b>	<b>1,458</b>	<b>34,800</b>
<b>Accumulated depreciation at 30.06.2019</b>	<b>-6,010</b>	<b>-11,736</b>	<b>-763</b>	<b>0</b>	<b>-18,509</b>
Depreciation of the period	-767	-1,255	-212	0	-2,234
Assets sold and written off	523	1,525	398	0	2,446
Unrealised currency effect	1	-26	-4	0	-29
<b>Accumulated depreciation at 30.06.2020</b>	<b>-6,253</b>	<b>-11,492</b>	<b>-581</b>	<b>0</b>	<b>-18,326</b>
Depreciation of the period	-219	-331	-12	0	-562
Assets sold and written off	0	70	8	0	78
Unrealised currency effect	-5	21	0	0	16
<b>Accumulated depreciation at 30.09.2020</b>	<b>-6,477</b>	<b>-11,732</b>	<b>-585</b>	<b>0</b>	<b>-18,794</b>
<b>Carrying amount at 30.06.2019</b>	<b>7,576</b>	<b>6,502</b>	<b>258</b>	<b>199</b>	<b>14,535</b>
<b>Carrying amount at 30.06.2020</b>	<b>8,587</b>	<b>6,253</b>	<b>237</b>	<b>1,102</b>	<b>16,179</b>
<b>Carrying amount at 30.09.2020</b>	<b>8,368</b>	<b>5,953</b>	<b>227</b>	<b>1,458</b>	<b>16,006</b>



## NOTE 7. INTANGIBLE ASSETS

EUR '000	Goodwill	Trademarks and patents	Immaterial rights	Software licences	Pre-payments	Total
<b>Cost at 30.06.2019</b>	<b>14,173</b>	<b>8,695</b>	<b>1,032</b>	<b>611</b>	<b>542</b>	<b>25,053</b>
Acquired during the period	0	0	1	41	211	253
Re-classification	0	0	306	0	-306	0
Assets sold and written off	0	-230	-9	-167	0	-406
Unrealised currency effect	-136	-128	0	0	3	-261
<b>Cost at 30.06.2020</b>	<b>14,037</b>	<b>8,337</b>	<b>1,330</b>	<b>485</b>	<b>450</b>	<b>24,639</b>
Acquired during the period	0	0	0	6	10	16
Unrealised currency effect	0	1	-1	0	-2	-2
<b>Cost at 30.09.2020</b>	<b>14,037</b>	<b>8,338</b>	<b>1,329</b>	<b>491</b>	<b>458</b>	<b>24,653</b>
<b>Accumulated depreciation at 30.06.2019</b>	<b>0</b>	<b>-1,195</b>	<b>-413</b>	<b>-476</b>	<b>0</b>	<b>-2,084</b>
Depreciation of the period	0	-199	-45	-54	0	-298
Depreciation of assets sold and written off	0	230	7	170	0	407
Unrealised currency effect	0	7	1	0	0	8
<b>Accumulated depreciation at 30.06.2020</b>	<b>0</b>	<b>-1,157</b>	<b>-450</b>	<b>-360</b>	<b>0</b>	<b>-1,967</b>
Depreciation of the period	0	-50	-21	-12	0	-83
Unrealised currency effect	0	3	0	0	0	3
<b>Accumulated depreciation at 30.09.2020</b>	<b>0</b>	<b>-1,204</b>	<b>-471</b>	<b>-372</b>	<b>0</b>	<b>-2,047</b>
<b>Carrying amount at 30.06.2019</b>	<b>14,173</b>	<b>7,500</b>	<b>619</b>	<b>135</b>	<b>542</b>	<b>22,969</b>
<b>Carrying amount at 30.06.2020</b>	<b>14,037</b>	<b>7,180</b>	<b>880</b>	<b>125</b>	<b>450</b>	<b>22,672</b>
<b>Carrying amount at 30.09.2020</b>	<b>14,037</b>	<b>7,134</b>	<b>858</b>	<b>119</b>	<b>458</b>	<b>22,606</b>

## NOTE 8. LEASES

EUR '000	Land and buildings	Machinery and equipment	Total
<b>Balance as at 30.06.2019</b>	<b>0</b>	<b>0</b>	<b>0</b>
IFRS 16 adoption	1,423	156	1,579
Reclassified finance leases	0	2,176	2,176
<b>Balance as at 01.07.2019</b>	<b>1,423</b>	<b>2,332</b>	<b>3,755</b>
Depreciation of the right-of-use asset during the period	-201	-813	-1,014
Additions of the right-of-use assets	0	359	359
<b>Balance as at 30.06.2020</b>	<b>1,222</b>	<b>1,878</b>	<b>3,100</b>
Depreciation of the right-of-use asset during the period	-50	-101	-151
<b>Balance as at 30.09.2020</b>	<b>1,172</b>	<b>1,777</b>	<b>2,949</b>

## NOTE 9. INTEREST-BEARING LIABILITIES

EUR '000	30.09.2020	30.06.2020
Lease liabilities (Note 8)	744	827
Overdraft	7,763	7,940
Investment loans	1,815	1,844
<b>Total short-term interest-bearing liabilities</b>	<b>10,322</b>	<b>10,611</b>
Lease liabilities (Note 8)	2,199	2,281
Loan notes to shareholders	433	433
Listed bonds	9,078	9,053
Investment loans	551	601
<b>Total long-term interest-bearing liabilities</b>	<b>12,261</b>	<b>12,368</b>
incl. payable within 1-5 years	12,079	12,186
incl. payable in more than 5 years	182	182

Investment loans as at 30.09.2020 carry term dates until 31.08 2027. Investment loans are in euros and pounds with interest rates tied to 6-months' EURIBOR or to the Bank Base rate of UK. Additional information on investment loan terms is available in the Group's 2018/2019 annual report. Loan interests range from 2.0% to 4.7%. Detailed information is available in the 2019/2020 annual report.

## NOTE 10. PAYABLES AND PREPAYMENTS

EUR '000	30.09.2020	30.06.2019
Trade payables	7,120	5,903
Payables to employees	744	865
Other short-term liabilities	2,546	2,546
Interest payables	289	427
Other payables	116	222
Tax liabilities, incl.:	1,570	1,169
Social security tax	162	122
VAT	1,035	740
Personal income tax	232	136
Corporate income tax	50	102
Other taxes	91	69
<b>Total short-term payables and prepayments</b>	<b>12,385</b>	<b>11,132</b>
Other long-term liabilities	900	190
<b>Total long-term payables and prepayments</b>	<b>900</b>	<b>190</b>

Other short-term liabilities include contingent provisions to non-controlling interests' buyout in the amount of 2,546 thousand euros. See Note 14.

## NOTE 11. EQUITY

### SHARE CAPITAL

As at 30.09.2020, the Company's registered share capital is 7,736,572 euros.

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

The Articles of Association stipulate 7,000,000 euros as minimal share capital and 28,000,000 euros as maximum share capital. The Articles of Association are available on AS PRFoods website at [www.prfoods.ee](http://www.prfoods.ee).

### SHARE PREMIUM

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

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

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

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

### OWN SHARES

As at 30.09.2020 AS PRFoods has 1,000,000 own shares, acquired with an average price of 0.4915 euro per share.

### CAPITAL RESERVE AND RETAINED EARNINGS

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

### EARNINGS PER SHARE

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

	3m 2019/2020	3m 2019/2020
Net profit (loss) attributable to equity holders of the company EUR '000	-1,402	513
Average number of shares (in thousands)	38,683	38,683
Earnings (Loss) per share (EUR)	-0.04	0.01
Basic earnings (loss) per share (EUR)	-0.04	0.01
Diluted earnings (loss) per share (EUR)	-0.04	0.01

## NOTE 12. SEGMENT REPORTING

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

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

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

EUR '000	3m 2020/2021			3m 2019/2020		
	Finland. Sweden. Estonia	Great Britain	Total	Finland. Sweden. Estonia	Great Britain	Total
External revenue	9,753	2,984	12,737	15,458	3,879	19,337
Inter-segment revenue	0	0	0	0	-8	-8
<b>Total revenue</b>	<b>9,753</b>	<b>2,984</b>	<b>12,737</b>	<b>15,458</b>	<b>3,871</b>	<b>19,329</b>
Fair value adjustment of biological assets	-94	0	-94	846	0	846
<b>EBITDA*</b>	<b>-625</b>	<b>144</b>	<b>-481</b>	<b>1,060</b>	<b>405</b>	<b>1,465</b>
<b>EBITDA from business operations**</b>	<b>-531</b>	<b>194</b>	<b>-337</b>	<b>328</b>	<b>405</b>	<b>733</b>
Depreciation and amortisation	-523	-121	-644	-405	-102	-507
<b>Operating profit / loss</b>	<b>-1,148</b>	<b>23</b>	<b>-1,125</b>	<b>653</b>	<b>303</b>	<b>956</b>
Financial income and expenses	-269	-40	-309	-164	-39	-203
Income tax	14	-18	-4	-129	-56	-185
<b>Net profit (-loss)</b>	<b>-1,403</b>	<b>-35</b>	<b>-1,438</b>	<b>361</b>	<b>209</b>	<b>570</b>
<b>Segment assets</b>	<b>38,311</b>	<b>19,079</b>	<b>57,390</b>	<b>41,826</b>	<b>20,581</b>	<b>62,407</b>
incl. current assets	16,028	2,464	18,492	20,836	3,514	24,350
incl. biological assets	5,423	0	5,423	7,047	0	7,047
incl. non-current assets	22,283	16,615	38,898	20,990	17,067	38,057
<b>Segment liabilities</b>	<b>34,014</b>	<b>4,833</b>	<b>38,847</b>	<b>35,190</b>	<b>4,466</b>	<b>39,656</b>
Segment investments in tangible and intangible assets	413	26	439	579	181	760

\* EBITDA – operating profit adjusted with depreciation and impairment cost

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

#### SALES BY GEOGRAPHIC REGIONS

EUR '000	3m 2020/2021	3m 2019/2020
Finland	7,828	13,161
United Kingdom	2,014	2,785
Estonia	1,406	1,455
Other	1,488	1,928
<b>Total</b>	<b>12,737</b>	<b>19,329</b>

#### NOTE 13. COST OF GOODS SOLD

EUR '000	3m 2020/2021	3m 2019/2020
Materials in production & cost of goods purchased for resale	-8,151	-13,137
Staff costs	-1,470	-1,722
Depreciation and amortisation	-534	-391
Other costs of goods sold*	-1,382	-1,497
<b>Total cost of goods sold</b>	<b>-11,537</b>	<b>-16,747</b>

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

## NOTE 14. RELATED PARTY TRANSACTIONS

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

Related parties include:

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

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

Party	Creditor	Payables and prepayments	Payables as at 30.09.2020 EUR '000	Payables as at 30.06.2020 EUR '000
Amber Trust II S.C.A.	Shareholder AS PRFoods	Short term loan and interest	1,659	1,639
Christopher Leigh	Shareholder of JRJ & PRF Ltd	Loan note	277	277
Victoria Leigh-Pearson	Shareholder of JRJ & PRF Ltd	Loan note	156	156
Christopher Leigh	Contingent consideration	Payable for non-controlling interests	1,629	1,629
Victoria Leigh-Pearson	Contingent consideration	Payable for non-controlling interests	917	917
<b>Total</b>			<b>4,638</b>	<b>4,618</b>

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

EUR '000	3m 2020/2021	3m 2019/2020
Short-term benefits	248	257
<b>Total</b>	<b>248</b>	<b>257</b>

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

## NOTE 15. ASSOCIATE COMPANIES

### Avamere Kalakasvatus OÜ (50% holding)

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

### AS Toidu- ja Fermentatsioonitehnoloogia Arenduskeskus (20% holding)

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

## NOTE 16. CONTINGENT LIABILITIES

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

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

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

### **Contingent liabilities relating to tax boards**

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

## NOTE 17. EVENTS AFTER BALANCE SHEET DATE

### **OÜ Vettel**

On 22 October 2020, OÜ Vettel entered into a loan agreement with Maaelu Arendamise Sihtasutus (the Rural Development Foundation) within the framework of "COVID-19 loan for bio- and rural economy entrepreneurs". The amount of the investment loan is one million euros with a term of 6 years, the maturity of the loan is September 2026. The interest rate of the loan is 2.5% for the first two years and 4.5% thereafter. The repayment period of the loan principal starts in June 2021. The loan is used to automate the plant of OÜ Vettel in Saaremaa. The loan is secured by a mortgage and a commercial pledge on the assets of OÜ Vettel ranking after the existing creditors and a 100% guarantee by AS PRFoods.

## MANAGEMENT BOARD'S CONFIRMATION TO THE INTERIM REPORT

**The Management Board confirms the correctness and completeness of the consolidated condensed interim report for the 1<sup>st</sup> quarter and 3 months of the financial year 2020/2021 of AS PRFoods and its subsidiaries (together the Group) presented in the pages 7 – 39 hereof and confirms to the best of its knowledge that:**

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



Indrek Kasela

Member of the Management Board

29 November, 2020