



# P R F O O D S

**REPORT** / 4<sup>TH</sup> QUARTER AND 12 MONTHS OF 2017

23 February 2018

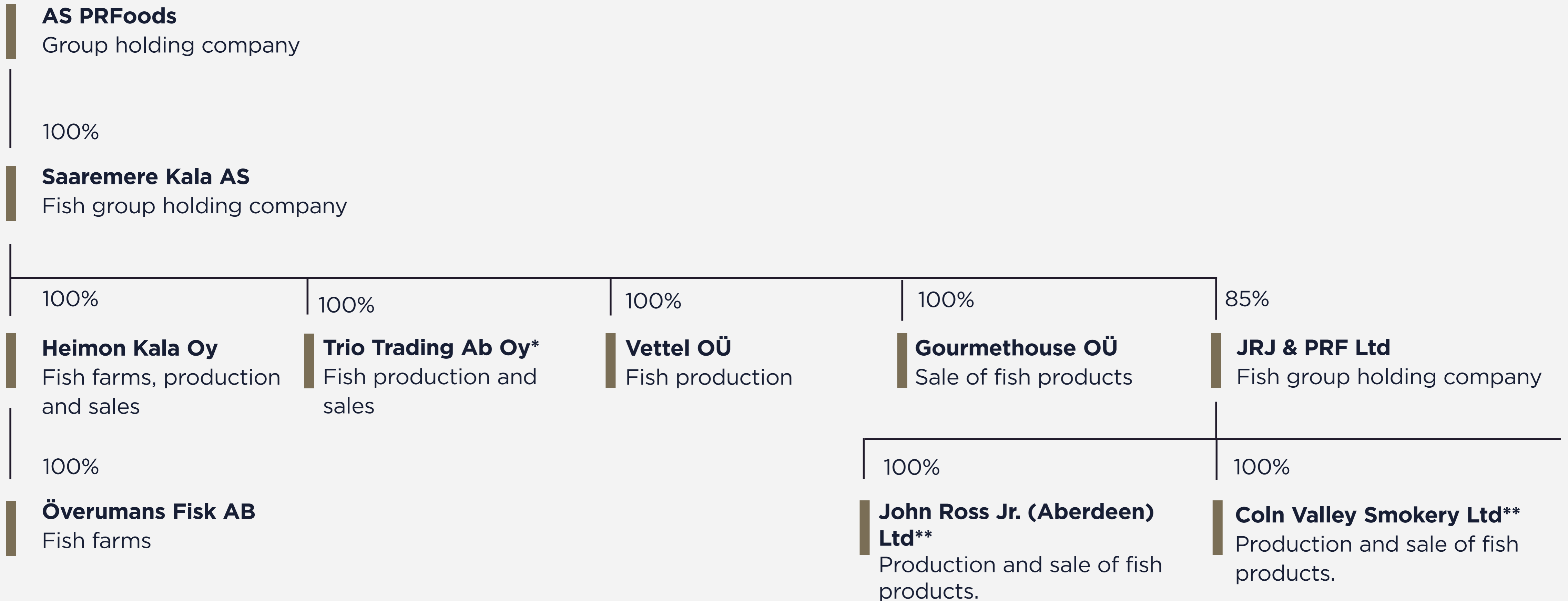


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# STRUCTURE OF THE PRFOODS GROUP



\*Consolidated from 01.09.2017

\*\* Consolidated from 01.07.2017



**AS PRFoods' key market was Finland, where the company is amongst three largest brands, until the acquisition of John Ross Jr. and Coln Valley Smokery. Since acquisition the company has expanded sales to 37 countries in Europe, North and South America and Asia.**

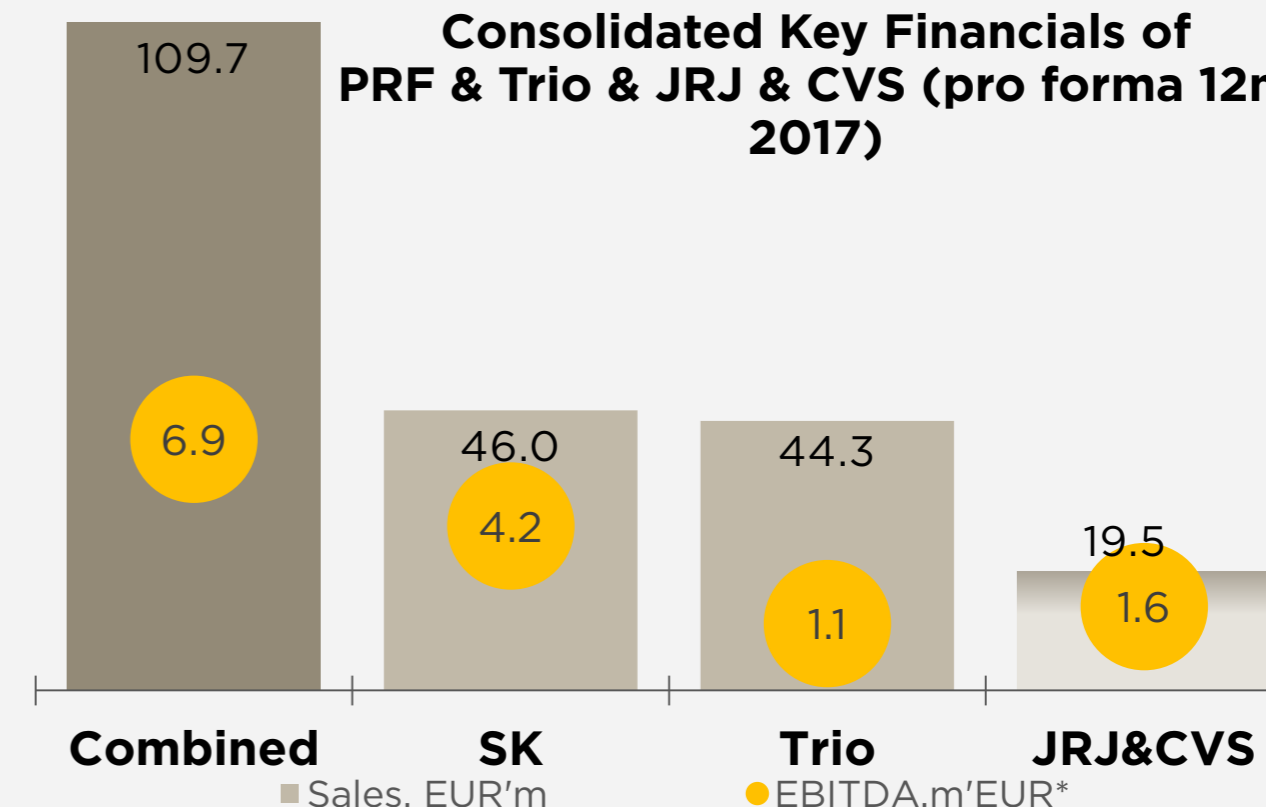
Main activity of the Group is fish manufacturing in five contemporary production buildings in Renko and Kokkola (Finland), Saaremaa (Estonia), Aberdeen and Coln Valley (UK). Main products are salmon and rainbow trout products. Approximately 60% of the rainbow trout used in Group's production is harvested in company's fish farms in Swedish lakes and in Turku Archipelago area in Finland, assuring highest quality and reliable delivery.

Salmon is purchased from Finland and other Scandinavian countries, like Denmark, Norway, Sweden and from Scotland. On a smaller scale company also buys in perch, pike, herring, vendace (freshwater whitefish) and Baltic herring.

PRFoods companies are leading brands in their respective operating markets and are primarily focusing on higher value premium products.

Shareholders approved purchase of John Ross Jr (Aberdeen) and Coln Valley Smokery on EGM held on 19.07.2017. Shareholders approved purchase of Trio Trading Ab Oy on EGM held on 28.08.2017.

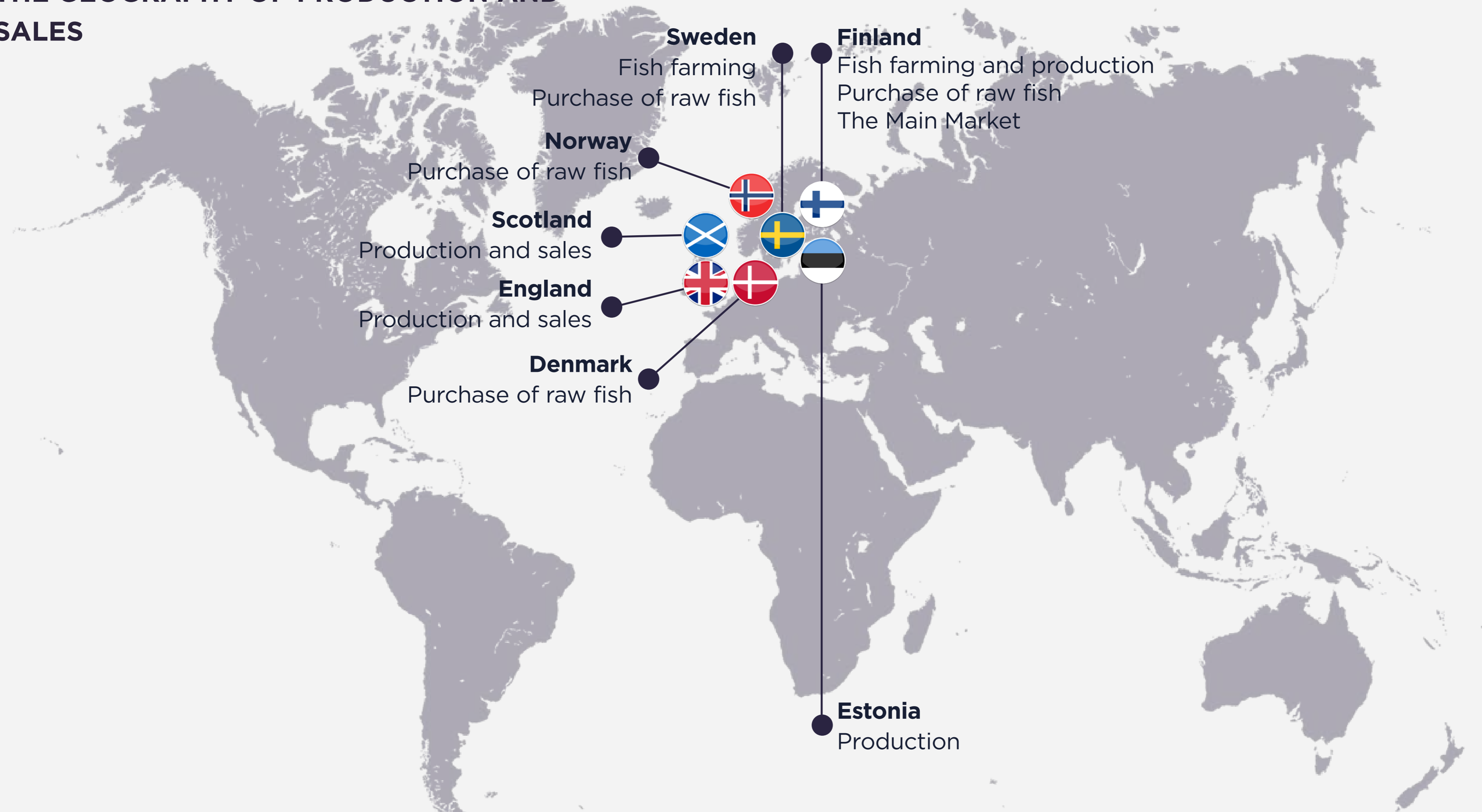
**Consolidated Key Financials of PRF & Trio & JRJ & CVS (pro forma 12m 2017)**



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



### THE GEOGRAPHY OF PRODUCTION AND SALES



Acquiring John Ross Jr (Aberdeen) and Coln Valley Smokery increased the number of markets of PRFoods by 37 countries.

# SUMMARY:

## UNAUDITED FINANCIAL RESULTS FOR 4<sup>TH</sup> QUARTER OF 2017

### UNAUDITED CONSOLIDATED REVENUE

31.99 million euros, increase +89.3%, i.e. +15.09 million euros.

### GROSS MARGIN

20.6% (Q4 2016: 14.4%), increase +9.2 percentage points, i.e. +80.5%.

### NEGATIVE IMPACT FROM REVALUATION OF BIOLOGICAL ASSETS

-2.73 million euros (Q4 2016: -1.10 million euros).

### EBITDA FROM BUSINESS OPERATIONS

+4.30 million euros (Q4 2016: +1.05 million euros), increase +3.25 million euros.

### EBITDA

+1.57 million euros (Q4 2016: -0.45 million euros), increase +2.02 million euros.

### OPERATING PROFIT

+1.06 million euros (Q4 2016: -0.76 million euros), increase +1.82 million euros.

### NET PROFIT

+1.23 million euros (Q4 2016: -0.49 million euros), increase +1.72 million euros.



# SUMMARY:

## UNAUDITED FINANCIAL RESULTS FOR 12 MONTHS OF 2017

### UNAUDITED CONSOLIDATED REVENUE

73.61 million euros, increase +55.2%, i.e. +26.18 million euros.

### GROSS MARGIN

14.4% (12m 2016: 8.5%), increase +5.9 percentage points.

### NEGATIVE IMPACT FROM REVALUATION OF BIOLOGICAL ASSETS

-1.51 million euros (12m 2016: +2.26 million euros).

### NEGATIVE IMPACT FROM ONE-OFFS

-0.31 million euros (12m 2016: -0.40 million euros).

### EBITDA FROM BUSINESS OPERATIONS

+5.37 million euros (12m 2016: +0.75 million euros), increase +4.62 million euros.

### EBITDA

+3.56 million euros (12m 2016: +2.61 million euros), increase by +0.95 million euros.

### OPERATING PROFIT

+2.01 million euros (12m 2016: +1.38 million euros), increase +0.63 million euros.

### NET PROFIT

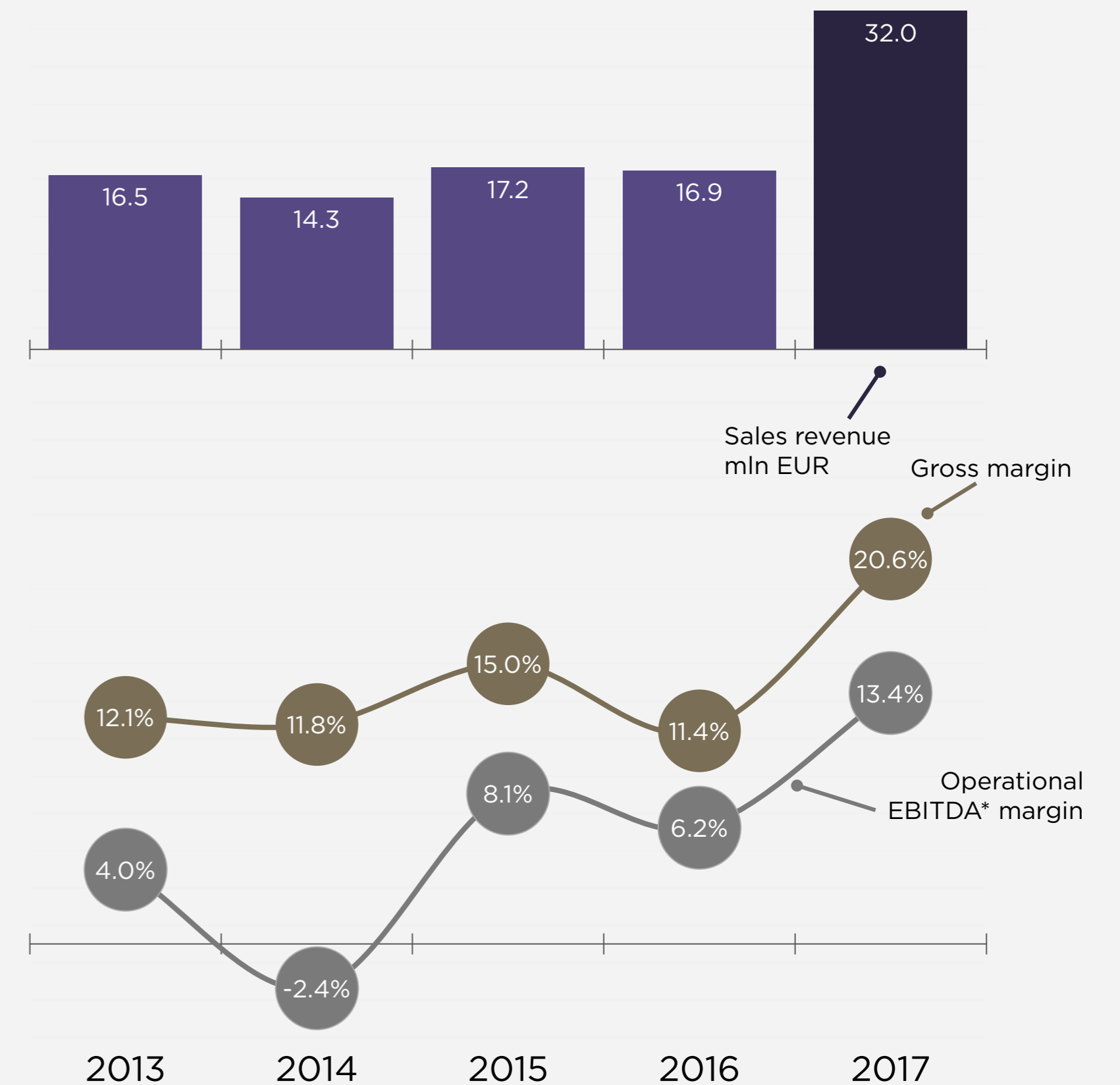
+1.42 million euros (12m 2016: +0.72 million euros), increase +0.70 million euros.



# KEY RATIOS: INCOME STATEMENT Q4 2013-2017

	Q4 2013	Q4 2014	Q4 2015	Q4 2016	Q4 2017	mIn EUR
Sales revenue	16.5	14.3	17.2	16.9	<b>32.0</b> ▲	
Gross profit	2.0	1.7	2.6	1.9	<b>6.6</b> ▲	
EBITDA from business operations*	0.7	-0.3	1.4	1.1	<b>4.3</b> ▲	
EBITDA	0.7	-0.7	1.0	-0.4	<b>1.6</b> ▲	
EBIT	0.4	-0.9	0.7	-0.8	<b>1.1</b> ▲	
EBT	0.1	-1.2	0.8	-0.8	<b>0.8</b> ▲	
Net profit	0.3	-1.3	0.7	-0.5	<b>1.2</b> ▲	
Gross margin	12.1%	11.8%	15.0%	11.4%	<b>20.6%</b> ▲	
Operational EBITDA* margin	4.0%	-2.4%	8.1%	6.2%	<b>13.4%</b> ▲	
EBITDA margin	4.2%	-4.6%	6.0%	-2.7%	<b>4.9%</b> ▲	
EBIT margin	2.5%	-6.6%	4.2%	-4.5%	<b>3.3%</b> ▲	
EBT margin	0.6%	-8.2%	4.4%	-4.5%	<b>2.5%</b> ▲	
Net margin	2.0%	-8.9%	4.3%	-2.9%	<b>3.9%</b> ▲	
Operating expense ratio	9.9%	14.7%	9.3%	7.7%	<b>9.2%</b> ▼	

Gross margin and operational EBITDA margin % of sales revenue



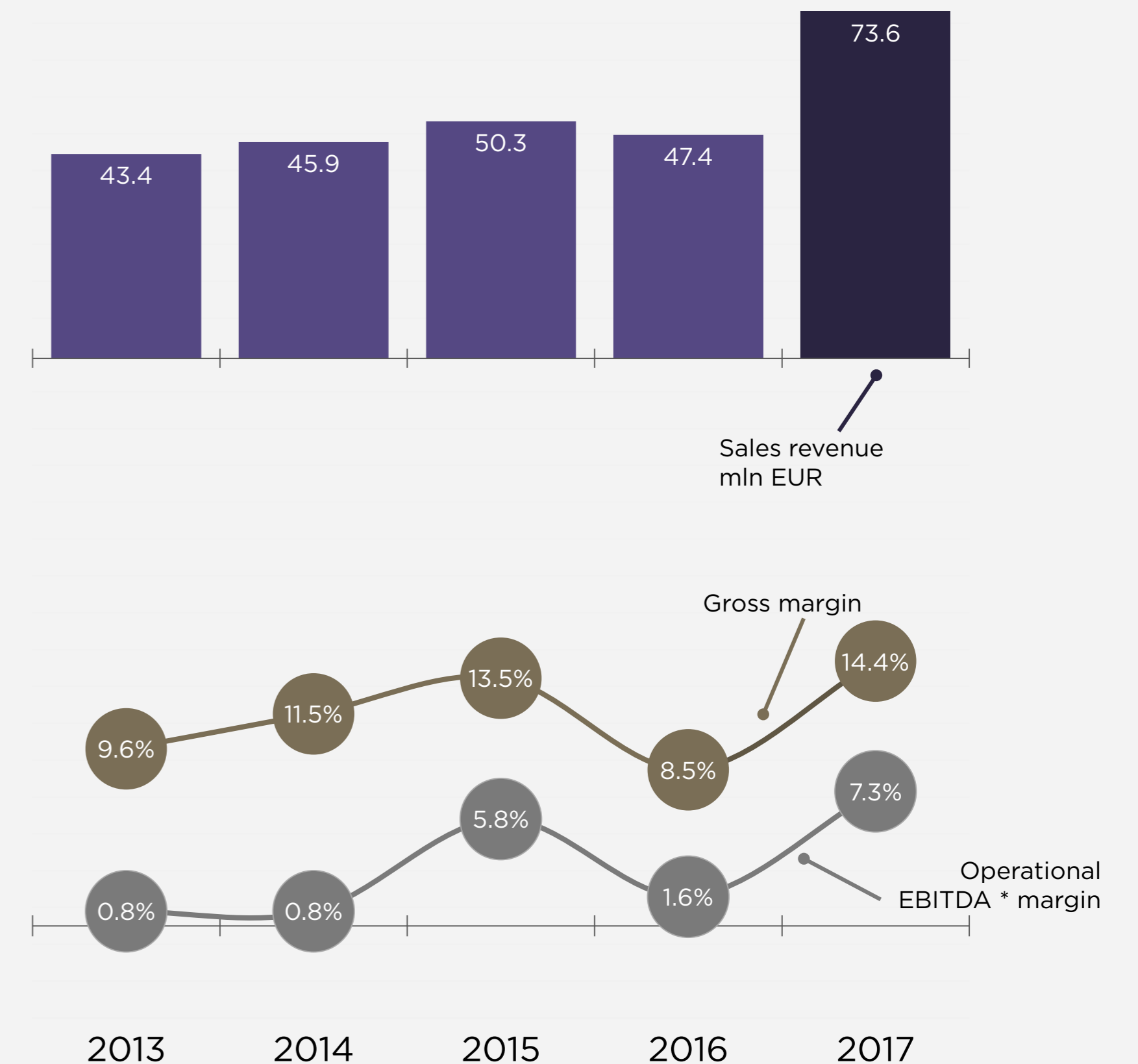
\* before one-offs and fair value adjustment of fish stock



# KEY RATIOS: INCOME STATEMENT 12 MONTHS 2013-2017

	12m 2013	12m 2014	12m 2015	12m 2016	12m 2017	mIn EUR
<b>Sales revenue</b>	43.4	45.9	50.3	47.4	<b>73.6</b> ▲	
<b>Gross profit</b>	4.2	5.3	6.8	4.0	<b>10.6</b> ▲	
<b>EBITDA from business operations*</b>	0.3	0.4	2.9	0.8	<b>5.4</b> ▲	
<b>EBITDA</b>	1.3	0.5	2.0	2.6	<b>3.6</b> ▲	
<b>EBIT</b>	0.2	-0.6	0.9	1.4	<b>2.0</b> ▲	
<b>EBT</b>	-0.8	-1.4	1.1	1.1	<b>1.2</b> ▲	
<b>Net (profit) loss</b>	-0.9	-1.5	1.2	0.7	<b>1.4</b> ▲	
<b>Gross margin</b>	8.1%	11.5%	13.5%	8.5%	<b>14.4%</b> ▲	
<b>Operational EBITDA* margin</b>	-1.1%	0.8%	5.8%	1.6%	<b>7.3%</b> ▲	
<b>EBITDA margin</b>	2.2%	1.1%	4.0%	5.5%	<b>4.8%</b> ▲	
<b>EBIT margin</b>	-0.9%	-1.3%	1.7%	2.9%	<b>2.7%</b> ▲	
<b>EBT margin</b>	-3.2%	-3.0%	2.1%	2.4%	<b>1.6%</b> ▼	
<b>Net margin</b>	-4.4%	-3.3%	2.3%	1.5%	<b>1.9%</b> ▲	
<b>Operating expense ratio</b>	14.5%	13.4%	10.8%	10.1%	<b>9.9%</b> ▲	

**Gross margin and operational EBITDA margin % of sales revenue**

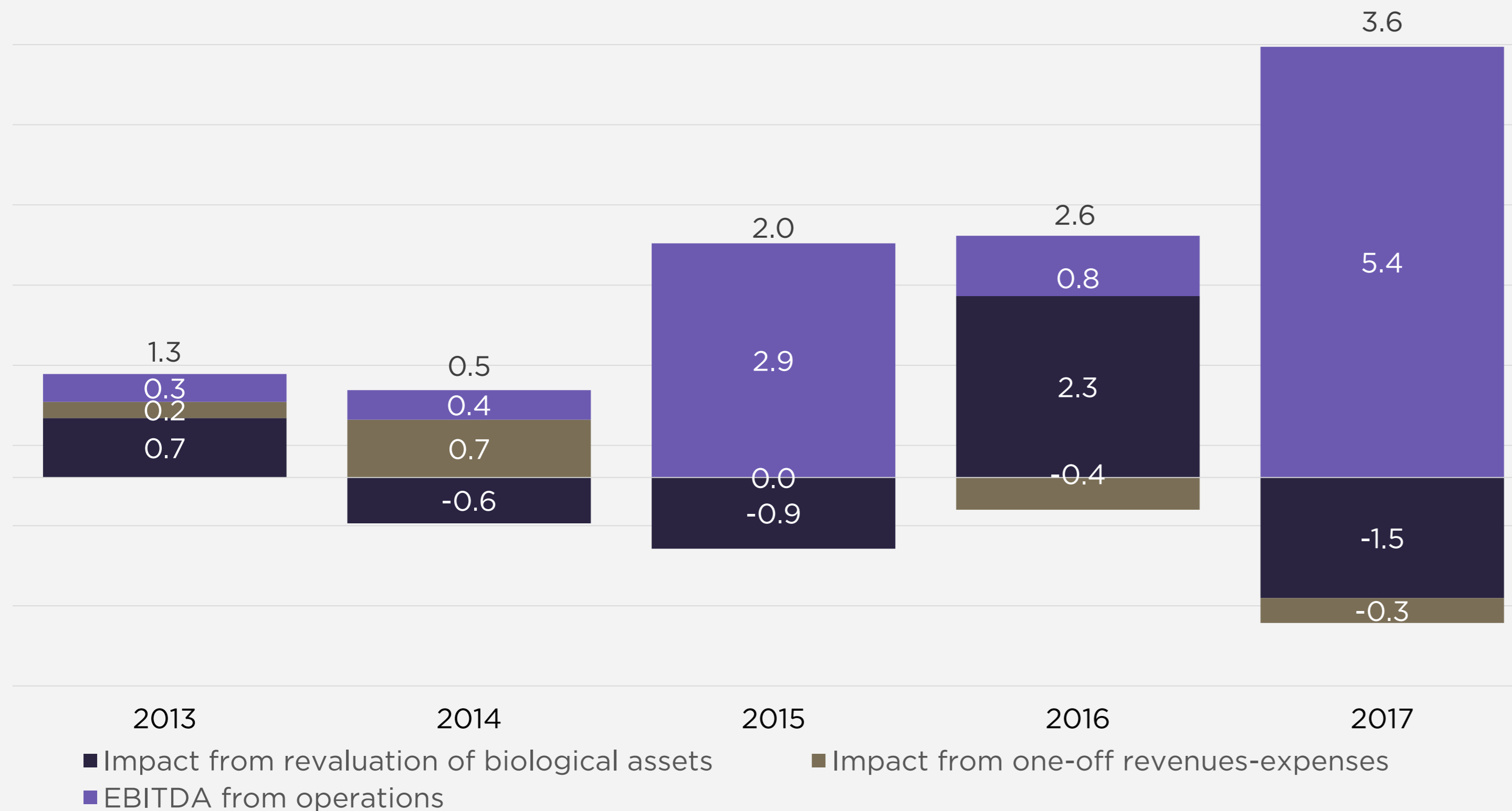


\* before one-offs and fair value adjustment of fish stock



# EFFECT OF BIOLOGICAL ASSET REVALUATION AND ONE-OFFS ON EBITDA 12 MONTHS 2013-2017

EBITDA 12 months (mln EUR)



**EBITDA increased by +1.0 million euros compared to the same period in 2016, reaching the level of +3.6 million euros.**

Change in fair value of biological assets had negative effect on EBITDA in amount of -1.5 millions. In 2016 revaluation of biological assets had positive impact on EBITDA in amount of +2.3 million euros.

During reporting period one-off expenses had negative effect in amount of -0.3 million euros on EBITDA. In 2016, one-offs had negative effect on EBITDA in amount of -0.4 million euros. One-off expenses are related to acquisition of companies and restructuring.

One-off expenses are recorded in the income statement of 12 months on line „Other income/expenses“.



## KEY RATIOS: BALANCE SHEET



	31.12.2017 mln EUR	31.12.2016 mln EUR
<b>Net debt</b>	<b>16,6</b>	0,3
<b>Equity</b>	<b>24,8</b>	23,8
<b>Working Capital</b>	<b>5,3</b>	12,4
<b>Assets</b>	<b>67,0</b>	35,1
<b>Liquidity ratio</b>	<b>1,2</b>	2,4
<b>Equity ratio</b>	<b>37,1%</b>	67,9%
<b>Gearing ratio</b>	<b>40,0%</b>	1,2%
<b>Net debt-to-EBITDA</b>	<b>3,1</b>	0,4
<b>ROE</b>	<b>5,8%</b>	3,0%
<b>ROA</b>	<b>2,8%</b>	2,2%

**At the end of the reporting period, the Group had financial funds 6.5 million euros (9.7% of the balance sheet volume). As at 31.12.2016, the balance of financial funds were 4.4 million euros (12.5% of the balance sheet volume).**

The working capital was 5.3 million euros (31.12.2016: 12.4 million euros).

The current ratio showing short-term ability to meet payments was 1.2 as of 31.12.2017 (31.12.2016: 2.4).

Net debt was positive, in total 16.6 million euros as of the closing date (31.12.2016: 0.3 million euros). Increase in net debt is caused by investment loans and acquiring new subsidiaries.

Financial gearing showing net debt ratio to gross capital was 40.0% as of 31.12.2017 (31.12.2016: 1.2%).

Net debt to EBITDA ratio was 3.1 as of 31.12.2017 (31.12.2016: 0.4).

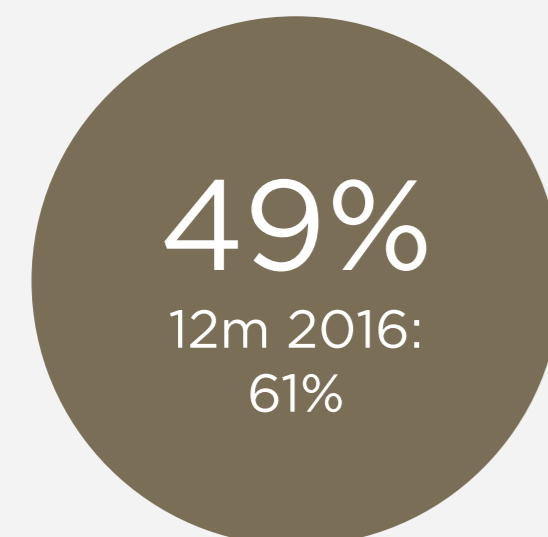
The Group has been able to retain its strong financial position that ensures sustainability and helps adjust to complex market conditions more flexibly.



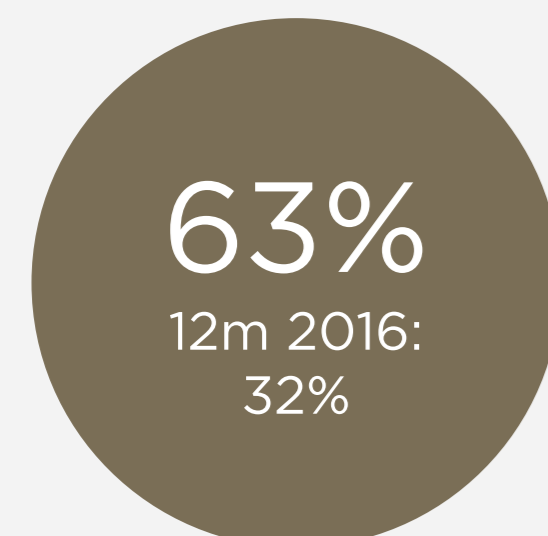
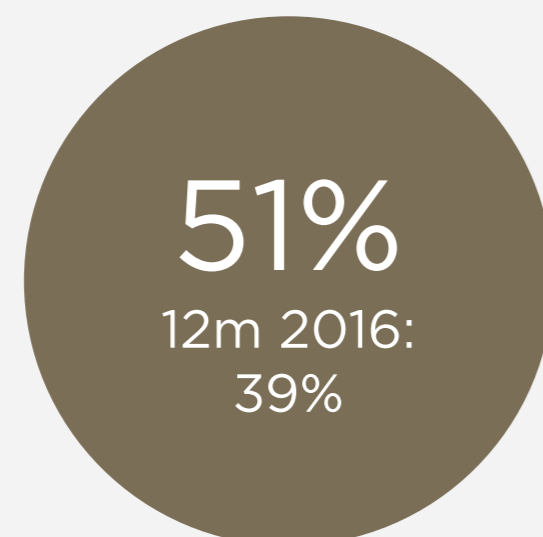
# BALANCE SHEET ANALYSIS

## BALANCE SHEET STRUCTURE AT THE END OF THE 12 MONTHS 2017:

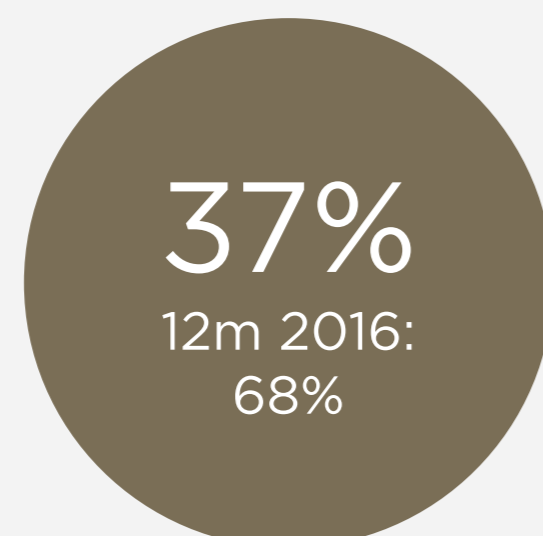
### CURRENT ASSETS



### FIXED ASSETS



### FOREIGN CAPITAL



### EQUITY

As of 31.12.2017 consolidated total assets of PRFoods stood at 67.0 million euros, increase of 31.9 million euros, i.e. +91.1%, within a year. The increase in assets came mostly from acquiring new subsidiaries. The full purchase analysis are not completed yet and therefore not all immaterial assets recognised as well as assets and liabilities re-evaluated. Purchase analysis will be completed for annual reporting the latest.

### CURRENT ASSETS

The Company`s current assets were 32.8 million euros as at 31.12.2017, and the balance of cash and bank accounts was 6.5 million euros. Accounts receivable and prepayments increased by 4.9 million euros within a year, reaching 9.0 million euros (31.12.2016: 4.1 million euros).

Inventories were 11.7 million euros, increase 6.4 million euros within a year. Biological assets were 5.6 million euros, decreasing by 2.0 million euros compared with the same period in previous year. Biomass as at 31.12.2017 was 1,438 tonnes, which was 20 tonnes more compared to last year. The decrease in biological assets was caused by decrease in market price of rainbow trout. The price of rainbow trout decreased by 19.5% as at 31.12.2017 compared to 31.12.2016.

### FIXED ASSETS

Total fixed assets were 34.2 million euros as at 31.12.2017, increased by 20.6 million euros. Investments into fixed assets in the 12 months of 2017 were 0.8 million euros (12 months 2016: 1.1 million euros).

### FOREIGN CAPITAL

Accounts payable and prepayments were 17.1 million euros as at 31.12.2017 (31.12.2016: 5.1 million euros), showing a year-on-year increase by 12.0 million euros. Trade payables increased by 4.0 million euros. Short term payables include deferred payments to shareholders for John Ross Jr. (Aberdeen) shares in amount of 3.0 million euros and provision for non-

controlling shareholders buyout in amount 2.6 million euros. Management considers realization of the buyout very unlikely.

Short term loans and borrowings increased by 6.4 million euros compared to last year, reaching 10.1 million euros as at 31.12.2017 (31.12.2016: 3.7 million euros). Increase in short term debt liabilities was influenced by increase in overdraft usage by 2.2 million euros and short-term payables for investment loans in amount 3.9 million euros.

Non-current liabilities were 13.0 million euros as at 31.12.2017, increased by 12.0 million euros. Long term liability of investment loans totalled 11.7 million euros as at 31.12.2017.

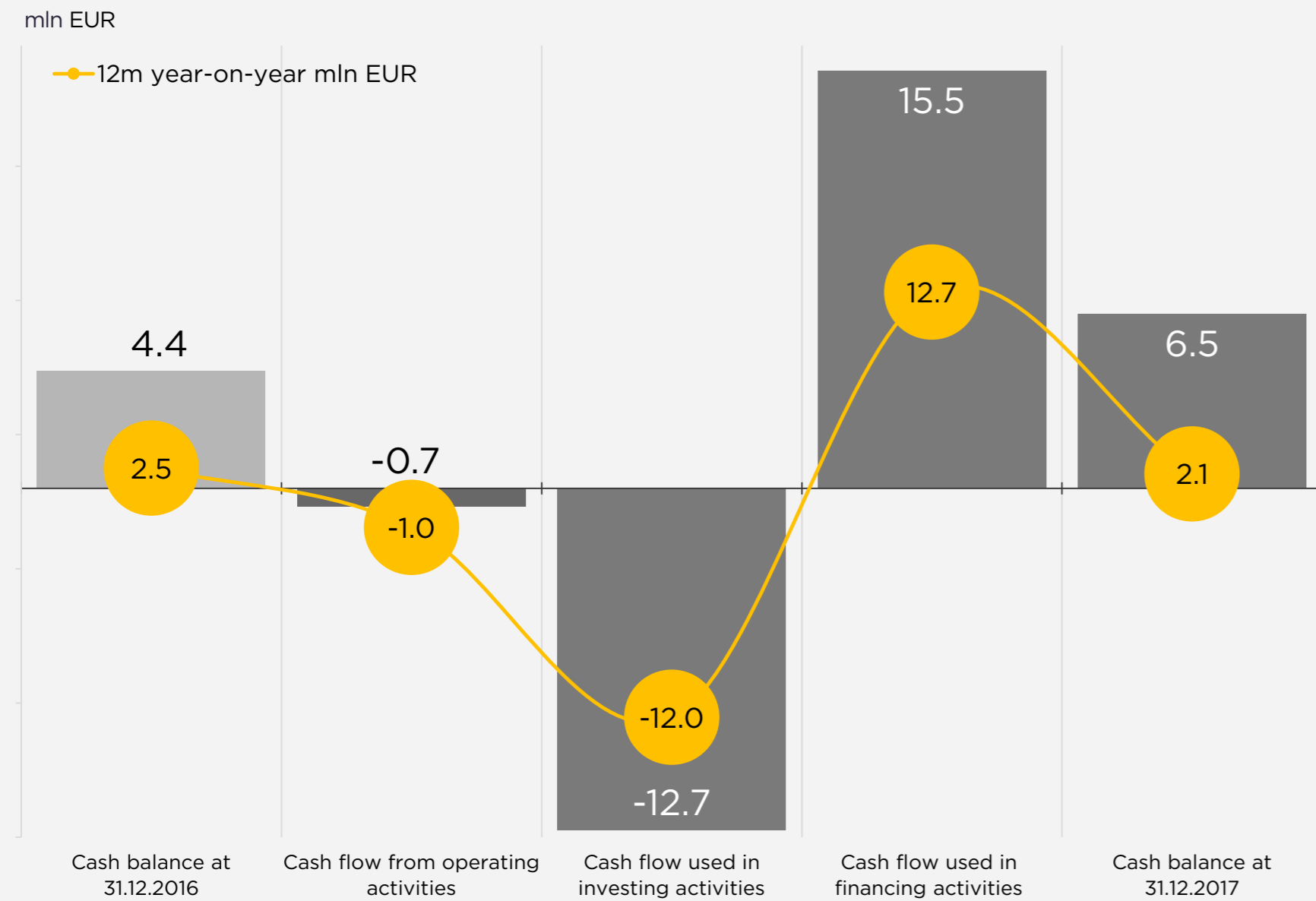
### EQUITY

Equity of PRFoods was 24.8 million euros as at 31.12.2017 (37.1% of the balance sheet total). Comparative data as at 31.12.2016 were 23.8 million euros (67.9% of the balance sheet total).

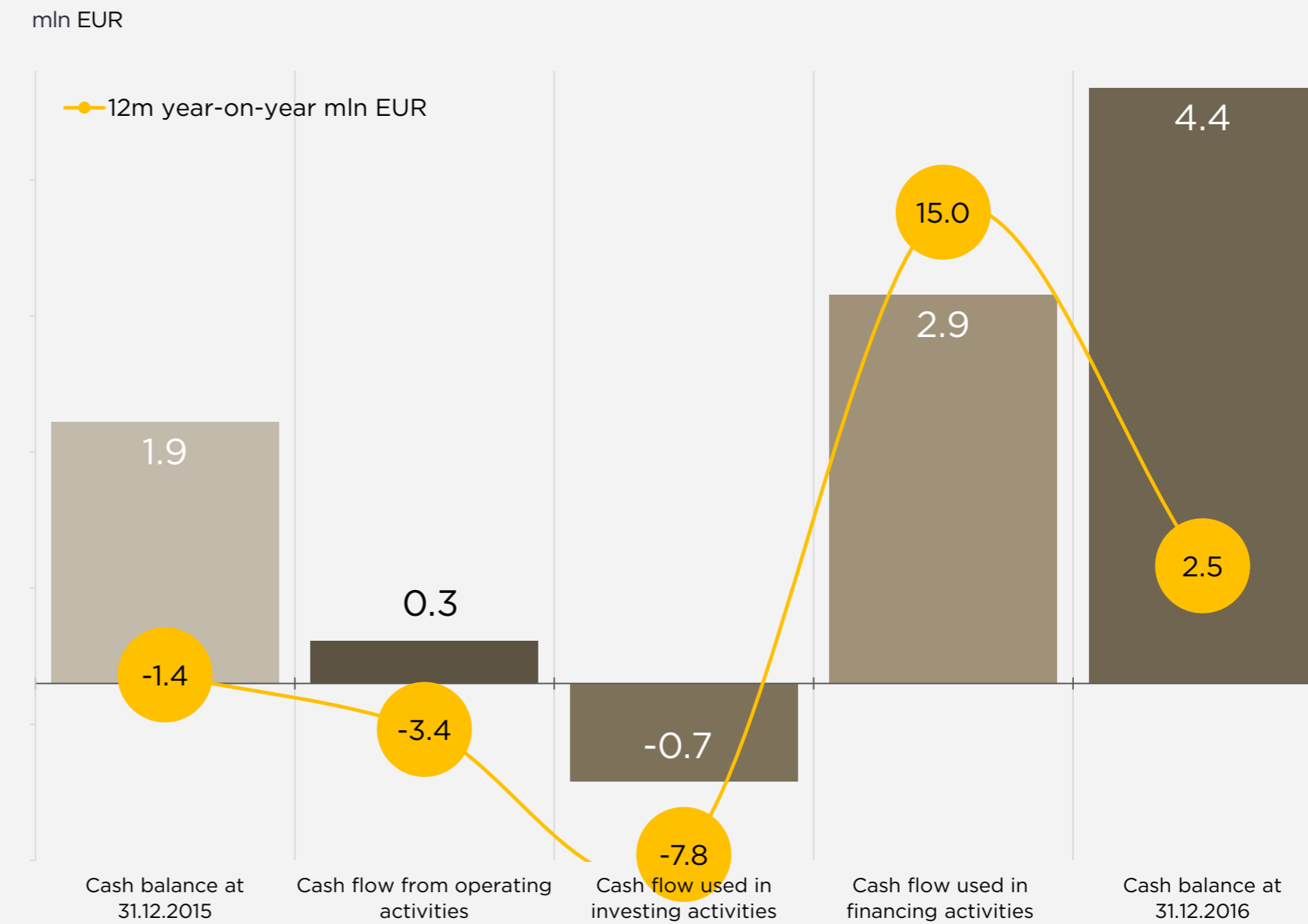
As at 31.12.2017, the Company`s registered share capital was 7.7 million euros (31.12.2016: 7.7 million euros). The shareholders adopted a resolution at the general meeting of shareholders held on 30 May 2017 to transfer 36 thousand euros from the net profit earned in 2016 to the reserve, and not to distribute the rest of the profit.

# CASH FLOWS

**CHANGE IN CASH AND CASH EQUIVALENTS 12 MONTHS 2017**



**CHANGE IN CASH AND CASH EQUIVALENTS 12 MONTHS 2016**



**The change in the Group`s financial resources within the 12 months of 2017 was +2.1 million euros (12 months 2016: +2.5 million euros).**

Cash flow from operating activities in the 12 months of 2017 was -0.7 million euros (12 months 2016: +0.3 million euros), decreasing year-on-year by -1.0 million euros, i.e. -316.8%. Cash flow from operating activities was negatively influenced by the increase in inventories (effect on cash flow -6.4 million euros) and increase in receivables and prepayments (effect on cash flow -4.9 million euros). Cash flow from operating activities was positively influenced by

increase in payables and prepayments (effect on cash flow +11.1 million euros) and decrease in biological assets (effect on cash flow +2.0 million euros).

Cash flow from investing activities was -12.7 million euros (12 months 2016: -0.7 million euros). Investments, net of cash received to subsidiaries were 12.2 million euros. Monetary payments for fixed assets were 0.8 million euros. In year 2017 total 184 thousand euros was received as government grants for various projects.

Cash flow from financing activities was +15.5 million euros (12 months 2016: +2.9 million euros). Cash flow was

influenced by receiving investment loans in amount 14.0 million euros and increase of overdraft usage in the amount +2.2 million euros. During the reporting period, repayments of the principal of investment loans were 0.1 million euros, interests of investment loans were 0.4 million euros and financial lease were in 0.4 million euros (12 months 2016: no payments for investment loans and finance lease repayments 0.3 million euros). The rest of financing activities include buy-back transactions of own shares and interest payments and dividends paid to JRJ&PRF Ltd minority shareholders.



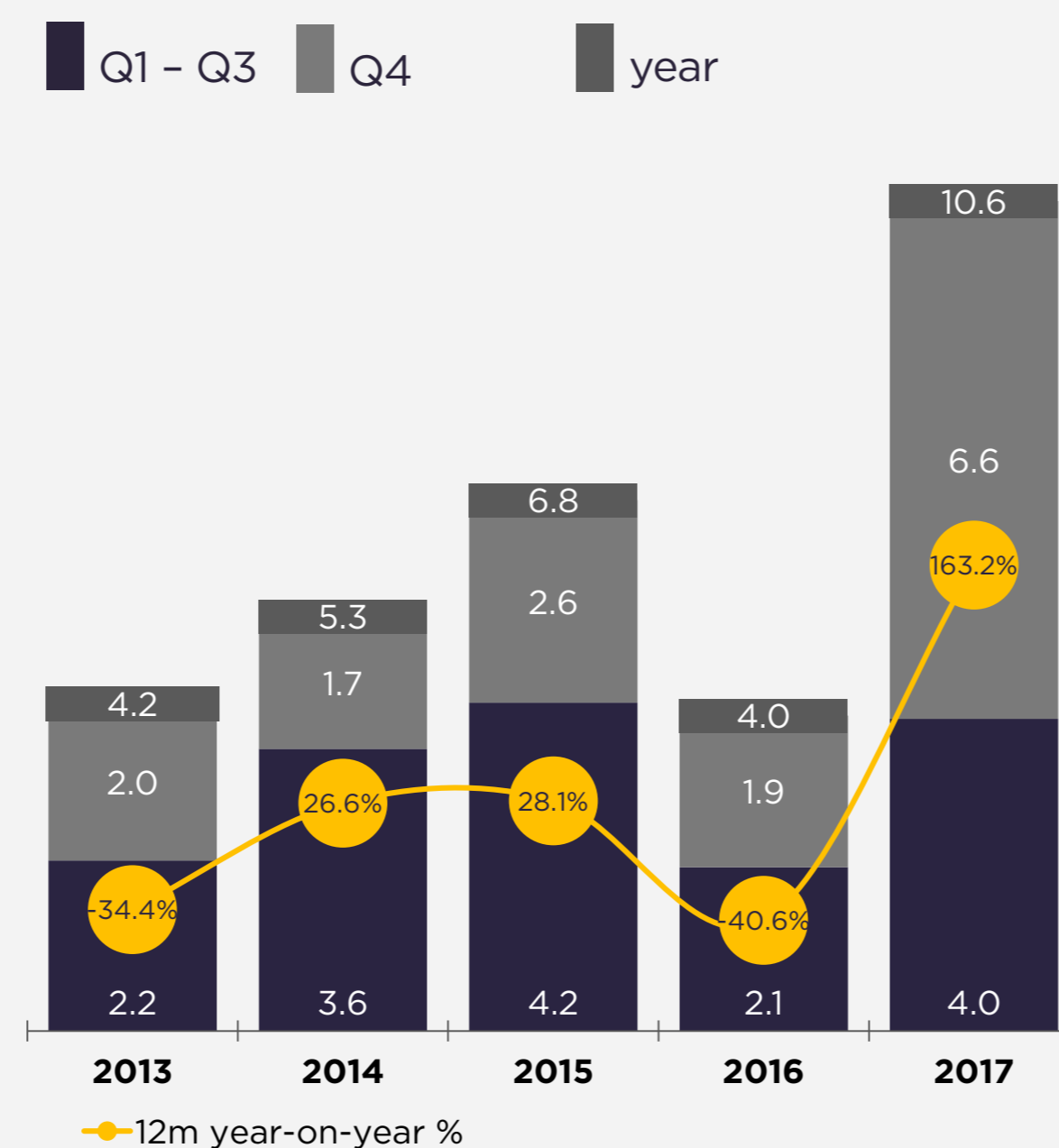
# OVERVIEW: REVENUE AND PROFITABILITY 12 MONTHS 2013-2017

Negative impact on Company's EBITDA from revaluation of biological assets was -1.5 million euros in 12 months of 2017 , positive impact of +2.3 million euros in 12 months of 2016.

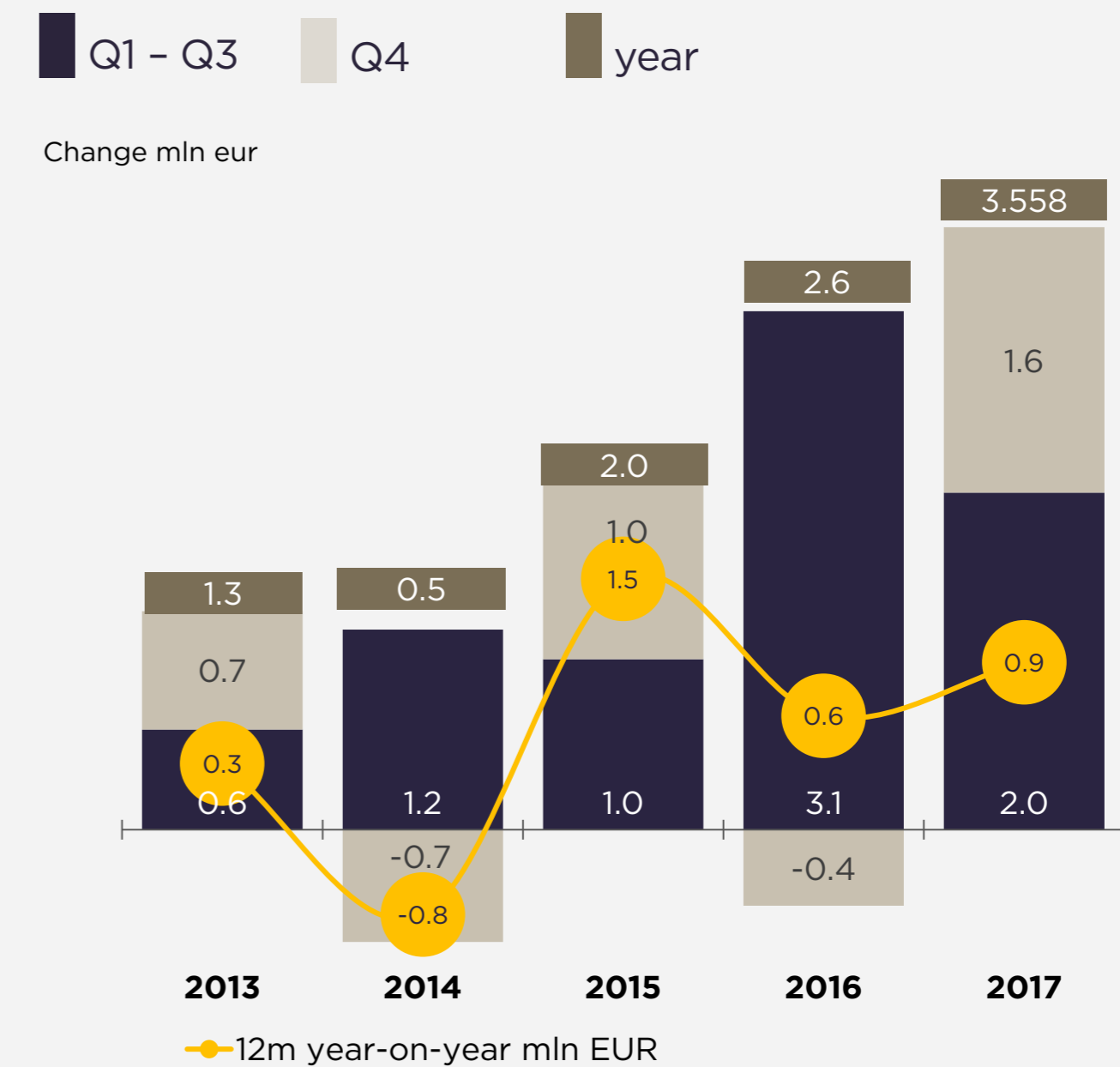
**Sales revenue in 2013-2017, mln EUR**  
**12m 2017: +26.2 mln EUR, i.e. +55.2%**



**Gross profit in 2013-2017, mln EUR**  
**12m 2017: +5.6 mln EUR, i.e. +163.2%**



**EBITDA 2013-2017, mln EUR**  
**12m 2017: +3.6 mln EUR, change +1.0 mln EUR**



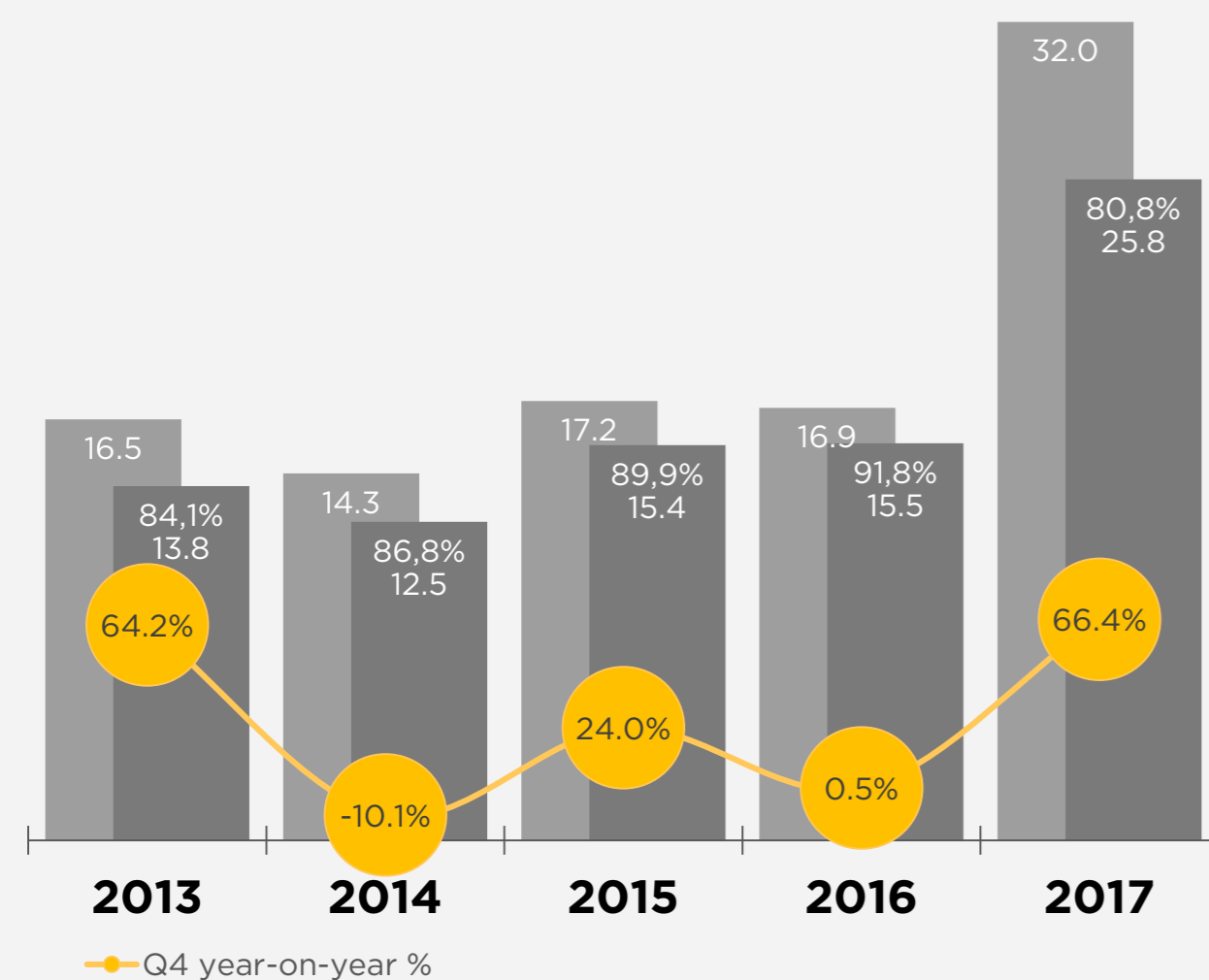
# SALES BY GEOGRAPHIC AREA 4<sup>TH</sup> QUARTER 2013-2017

Revenue increased by +15.1 million euros, i.e. +89.3% in 4th quarter of 2017. Acquired subsidiaries contributed to sales increase by 12.5 million euros. Since 2<sup>nd</sup> quarter of 2017 the group managed to transfer raw material price increase to customers, thus the comparable revenue has increased by +15.4%.

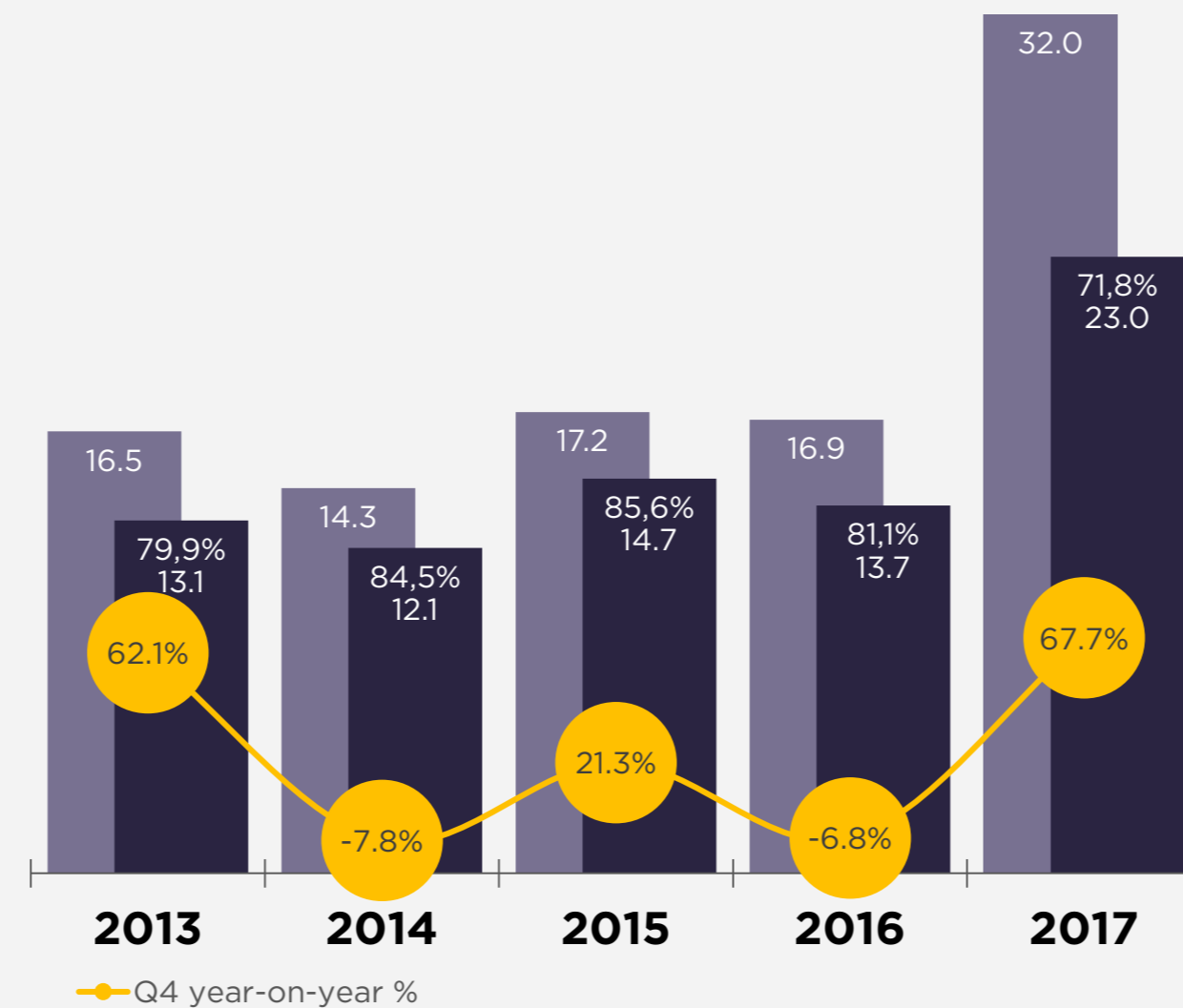
In 4<sup>th</sup> quarter of 2017 revenue in Finnish target market grew +8.5 million euros, i.e. +61.8%. The share of Finnish market from total sales decreased by -11.8 percentage points. Revenue from Estonian market increased by +0.4 million euros i.e. +26.3%. The share of Estonia's target market from total sales decreased by -2.7 percentage points.

New main market UK increased by 4.4 million euros. The share of UK market totalled 13.8% of total sales. Export revenue in other markets increased by +1.8 million euros, i.e. +101.3%. The share of other market increased by +0.7 percentage points.

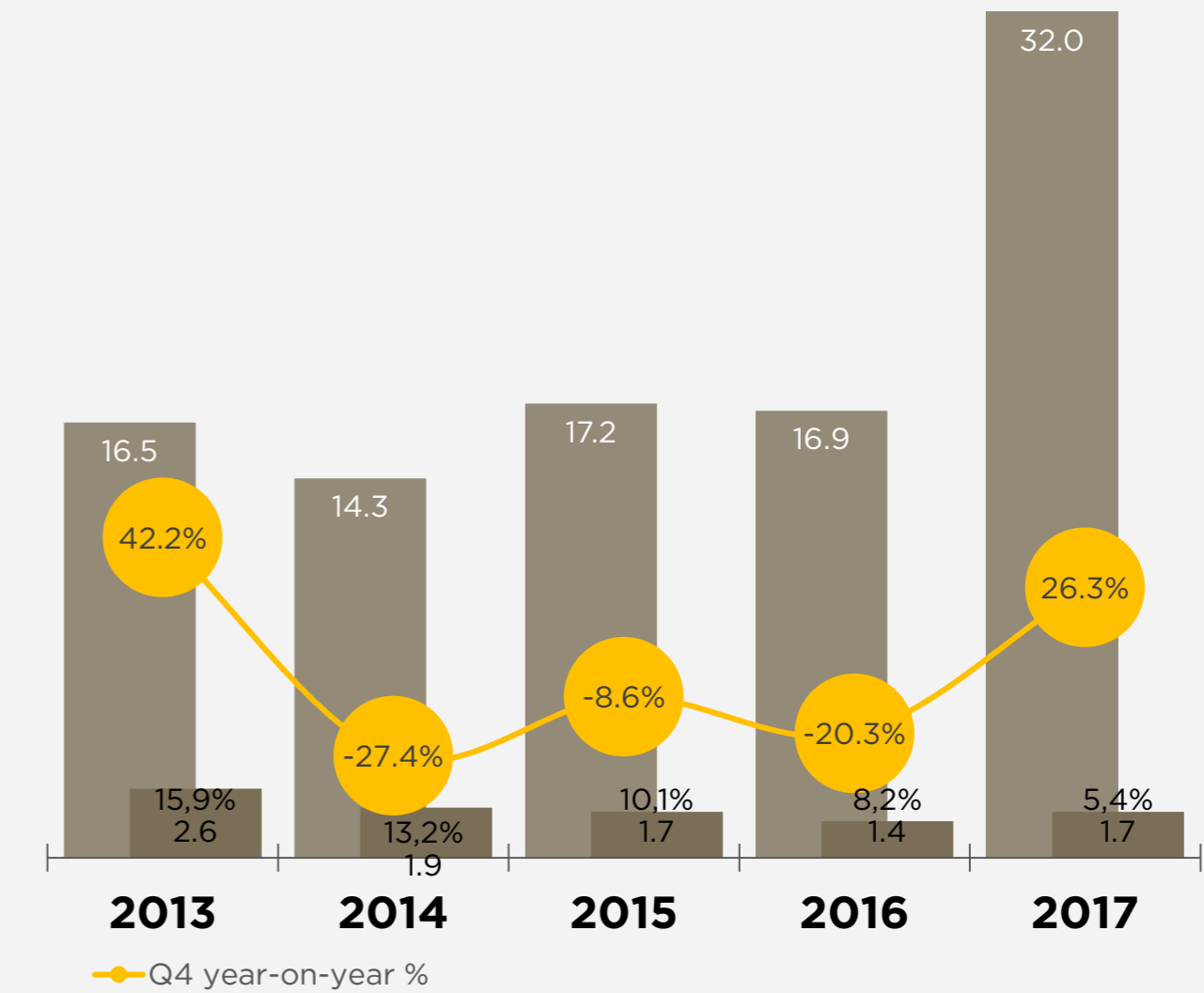
Share of exports revenue mln EUR



Share of Finnish revenue mln EUR



Share of Estonian revenue mln EUR





# SALES BY GEOGRAPHIC AREA 12 MONTHS 2013-2017

In 12 months of 2017 the revenue increased by +26.2 million euros, i.e. +55.2%. Lack of raw fish and very high prices are continuously affecting Company's results as well as caused a decrease in fish products consumption.

The sales volume increased by +64.3% in 12 months of 2017.

In 12 months of 2017 revenue in Finnish target market grew +15.7 million euros, i.e. +40.3%. The share of Finnish market from total sales decreased by -7.9 percentage points. The increase in revenues in Finnish target market is caused by price increase of salmon and rainbow trout as well as sales

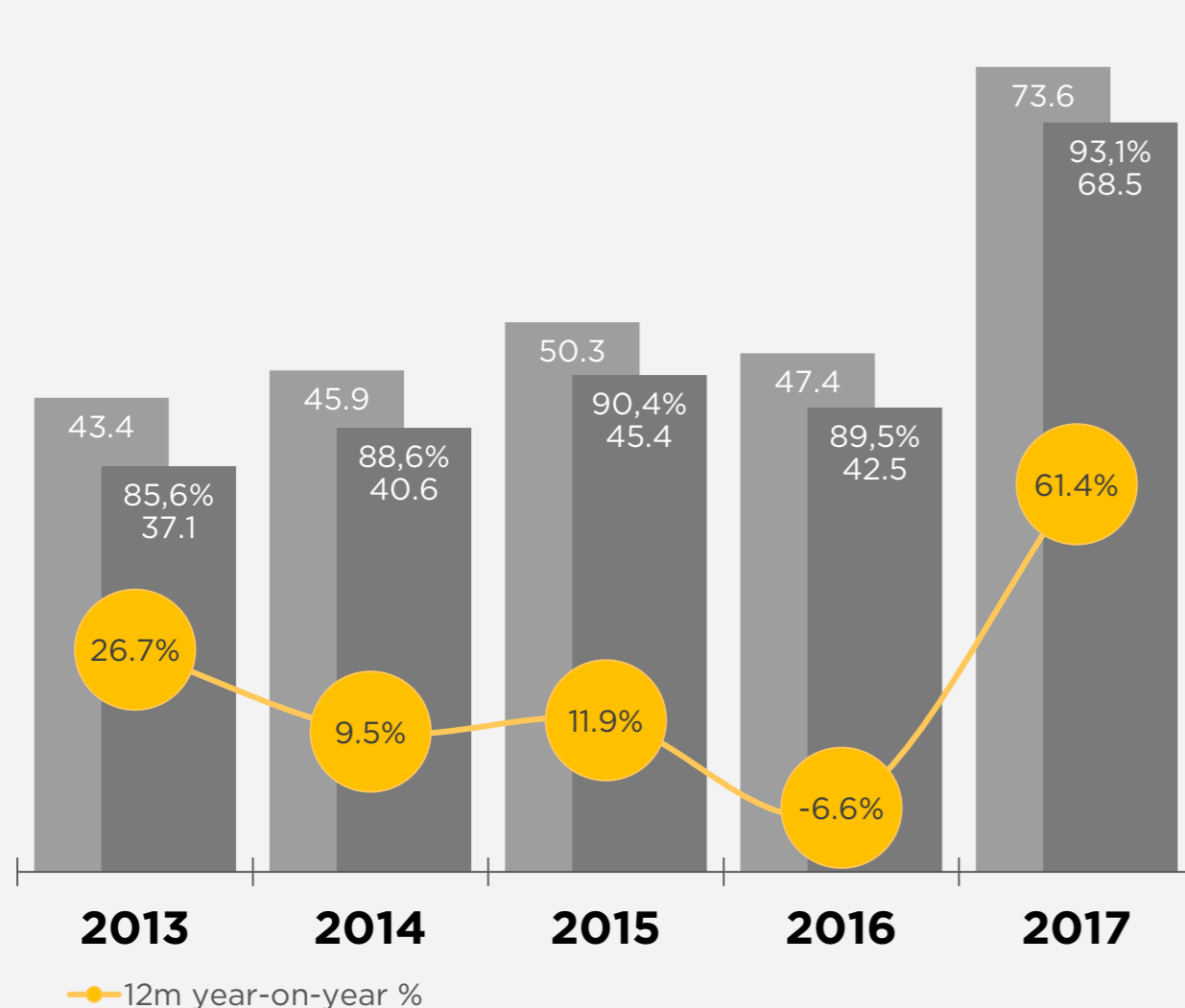
volume of Trio Trading Ab.

Revenue from Estonian market increased by +0.1 million euros i.e. +2.0%. The share of Estonia's target market decreased by -3.6 percentage points. Revenue from new target market UK increased to 7.5 million euros. The share of UK's market was 10.2% of total revenue. Export revenue in other markets increased by +2.8 million euros, i.e. +80.7%.

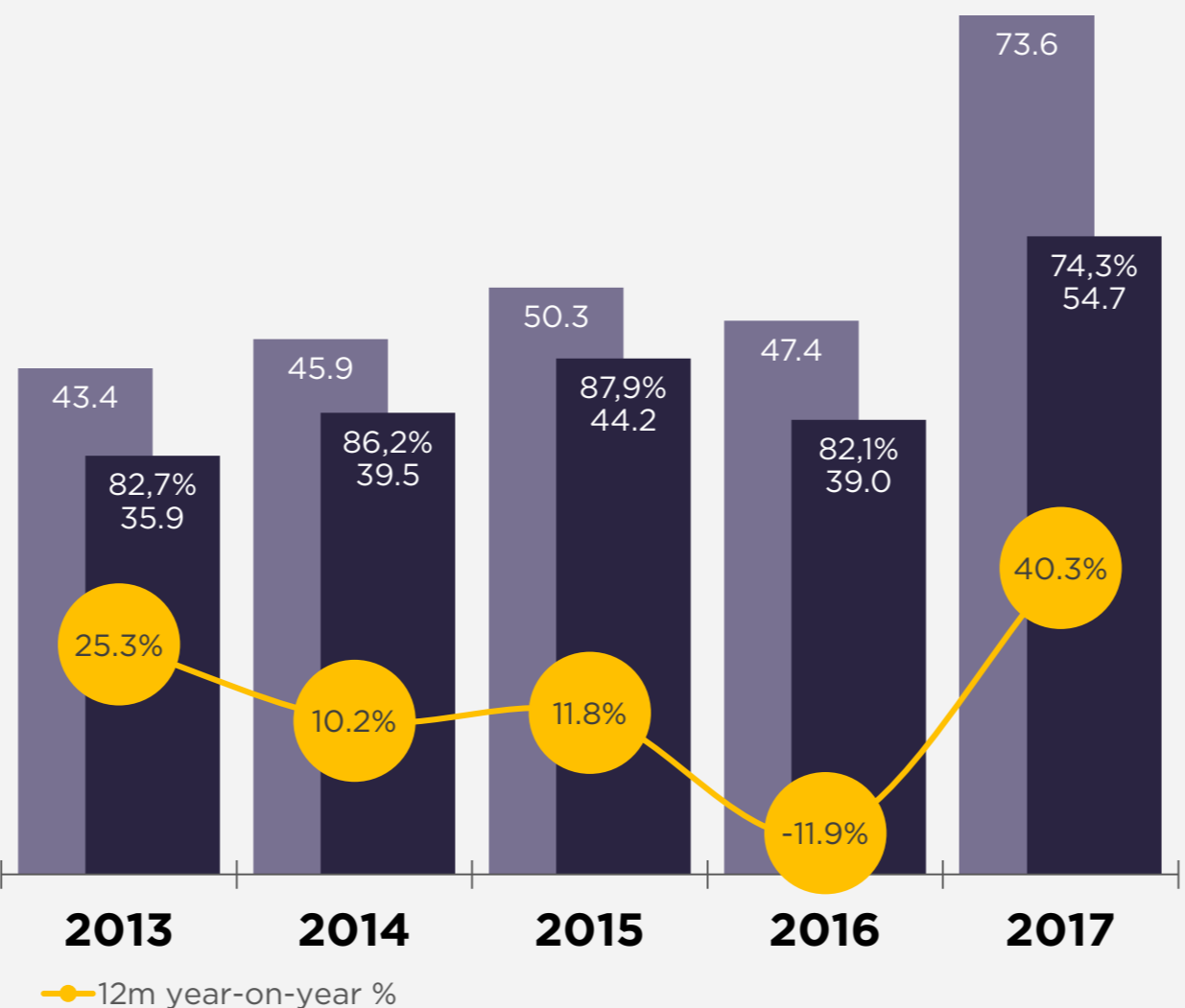
PRFoods pro forma sales revenue in 12 months would have been 109.7 million euros if all companies would have been consolidated into the Group since beginning of the year.

Pro forma revenue is divided by largest target markets as following: Finland 77.5 million euros, UK 14.2 million euros, Estonia 6.3 million euros, Latvia 5.6 million euros, France 2.8 million euros and Greece 0.9 million euros. Remaining revenue 2.4 million euros consists of export to various countries, including Sweden 0.4 million euros, Italy 0.3 million euros and Belgium 0.3 million euros. By sales revenue, next larger markets are Japan, Kuwait and Hong Kong.

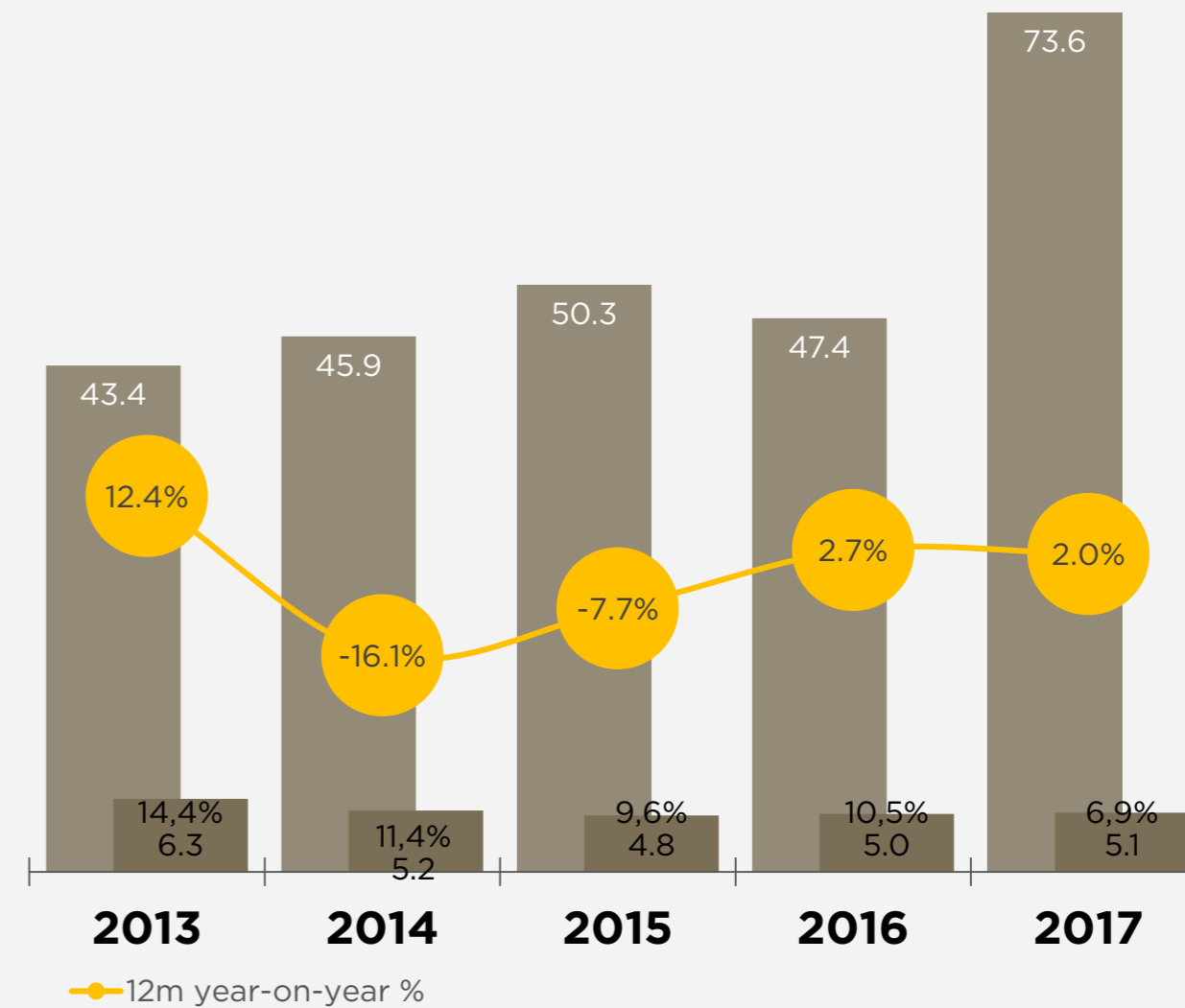
Share of exports revenue mln EUR



Share of Finnish revenue mln EUR



Share of Estonian revenue mln EUR



# SALES BY PRODUCT AND CLIENT SEGMENTS

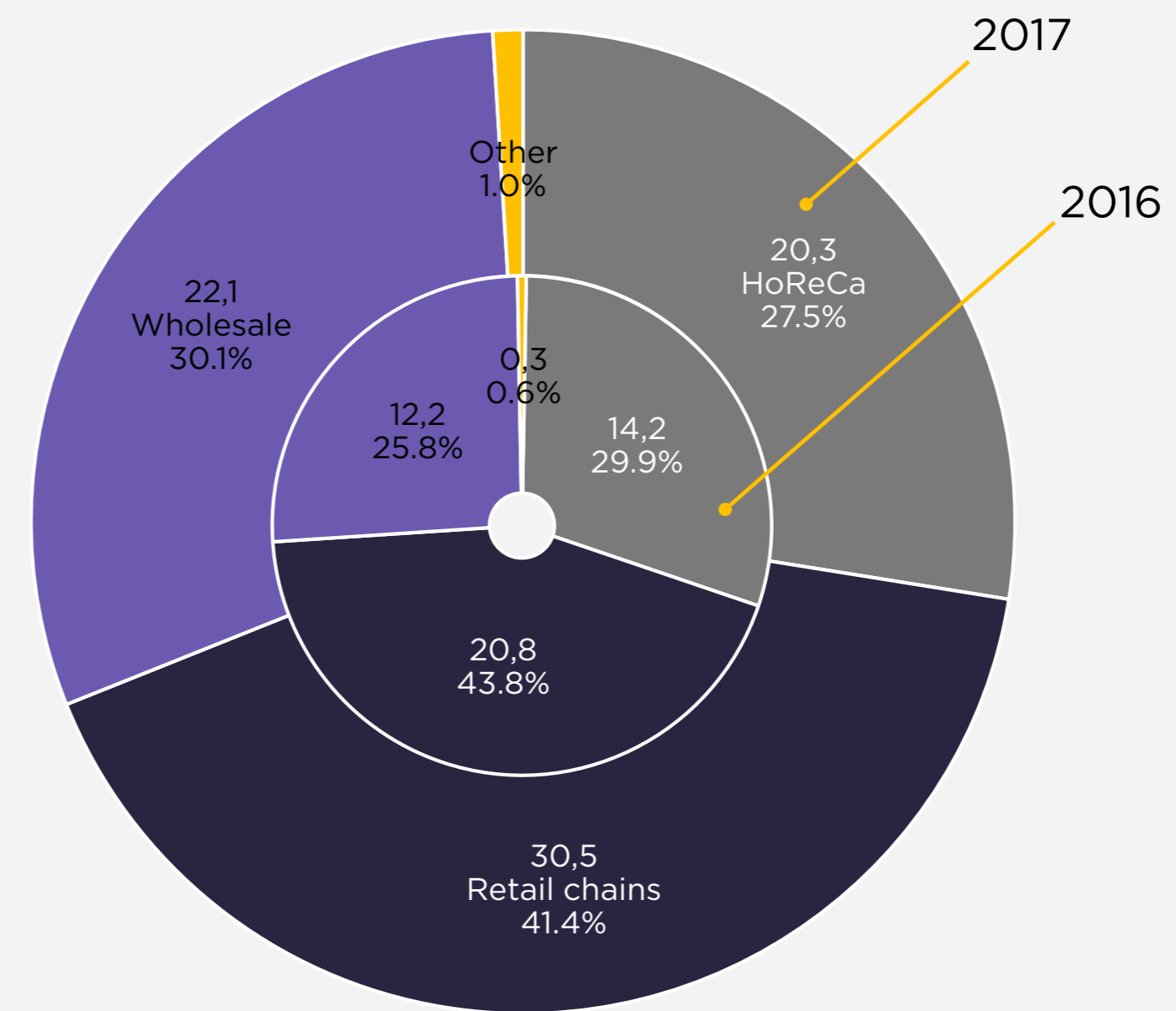
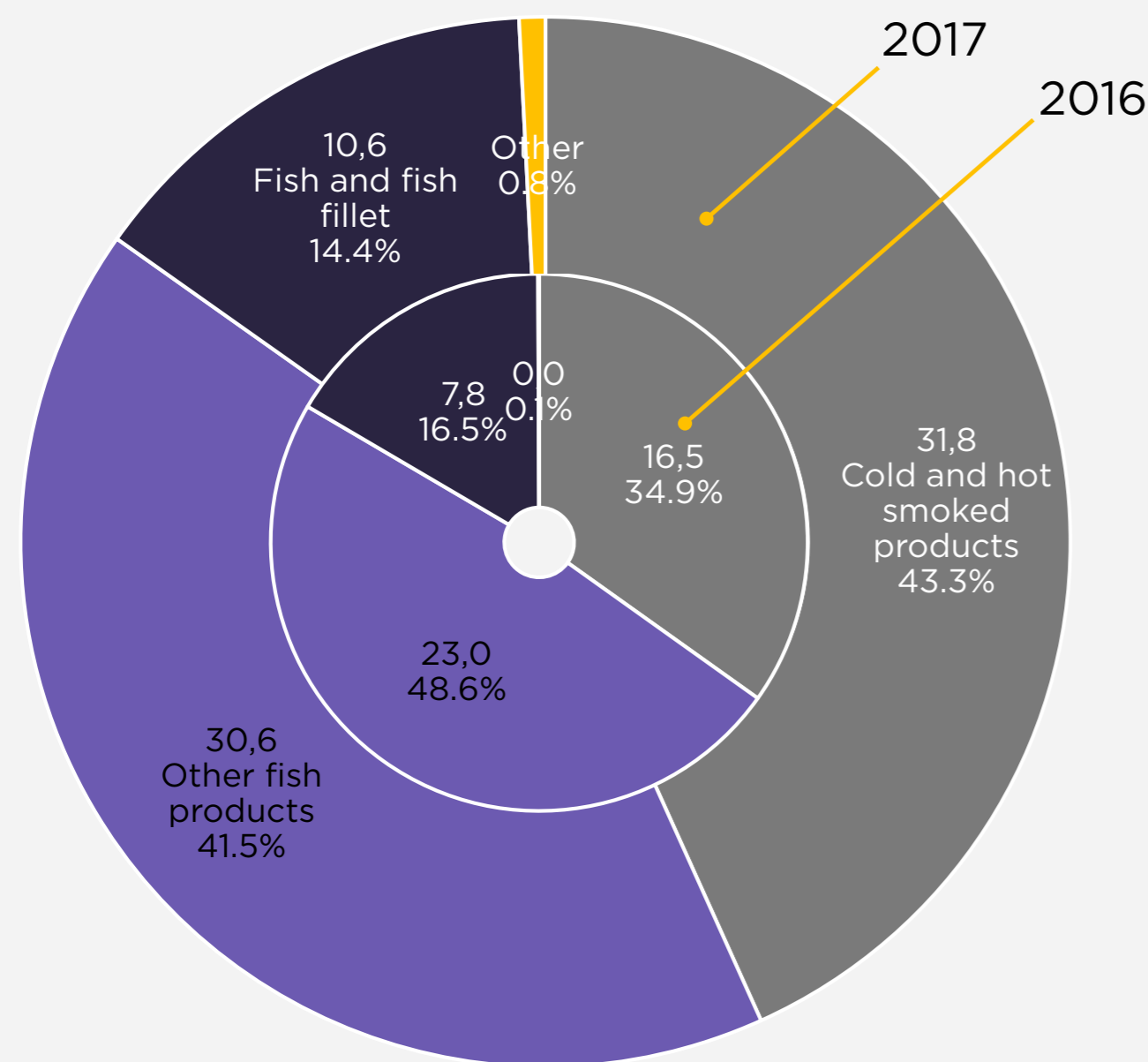
## 12 MONTHS 2017 AND 12 MONTHS 2016

### Product segments

The largest increase in revenue came from the smoked products group, which increased by +15.3 million euros in total i.e. +92.6%. The revenue from the raw fish and fillets product group increased by +7.5 million euros, i.e. +32.7%. The revenue from the other fish products group increased by +2.8 million euros i.e. +35.5%.

### Client segments

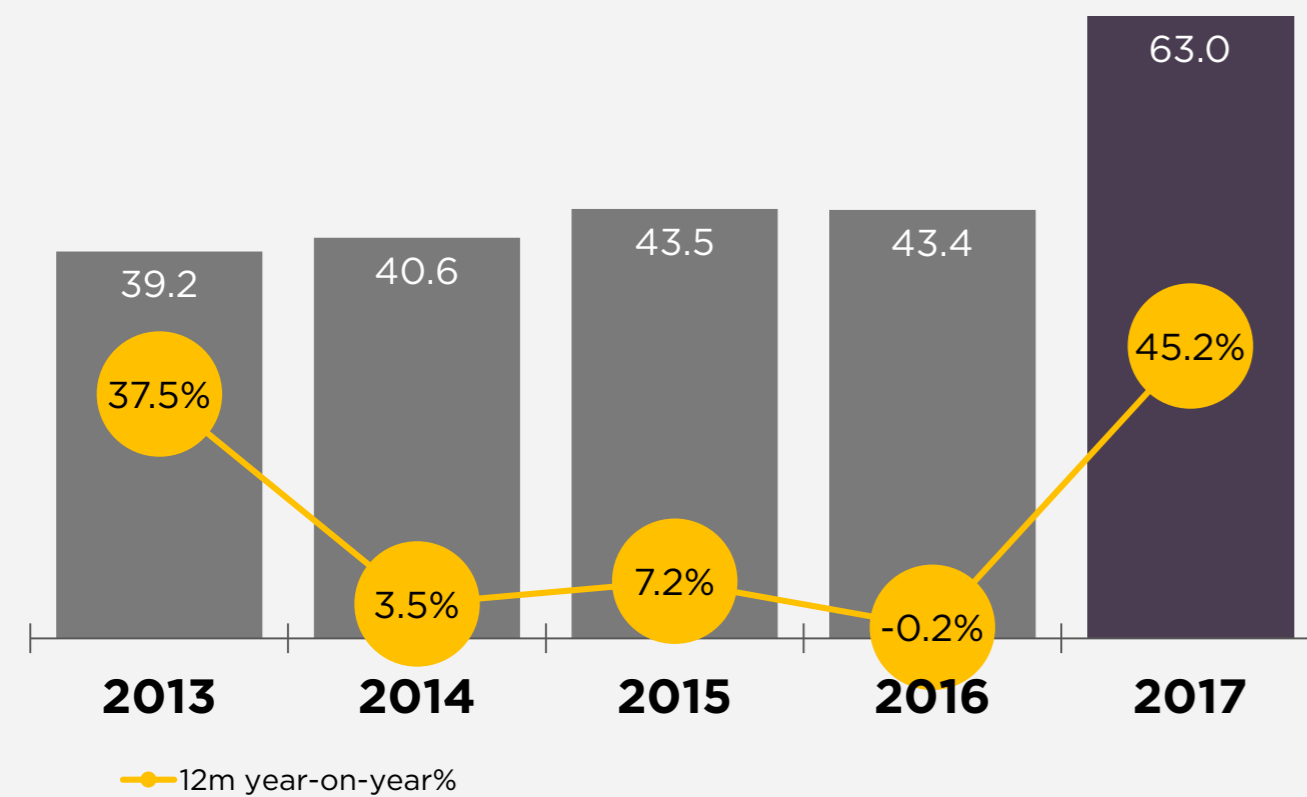
Revenue increased in HoReCa sector by +6.1 million euros, i.e. +42.7% in 12 months 2017. In retail sector the revenue increased by +9.7 million euros, i.e. +46.9%. In wholesale sector the revenue increased by +9.9 million euros, i.e. +81.2%.



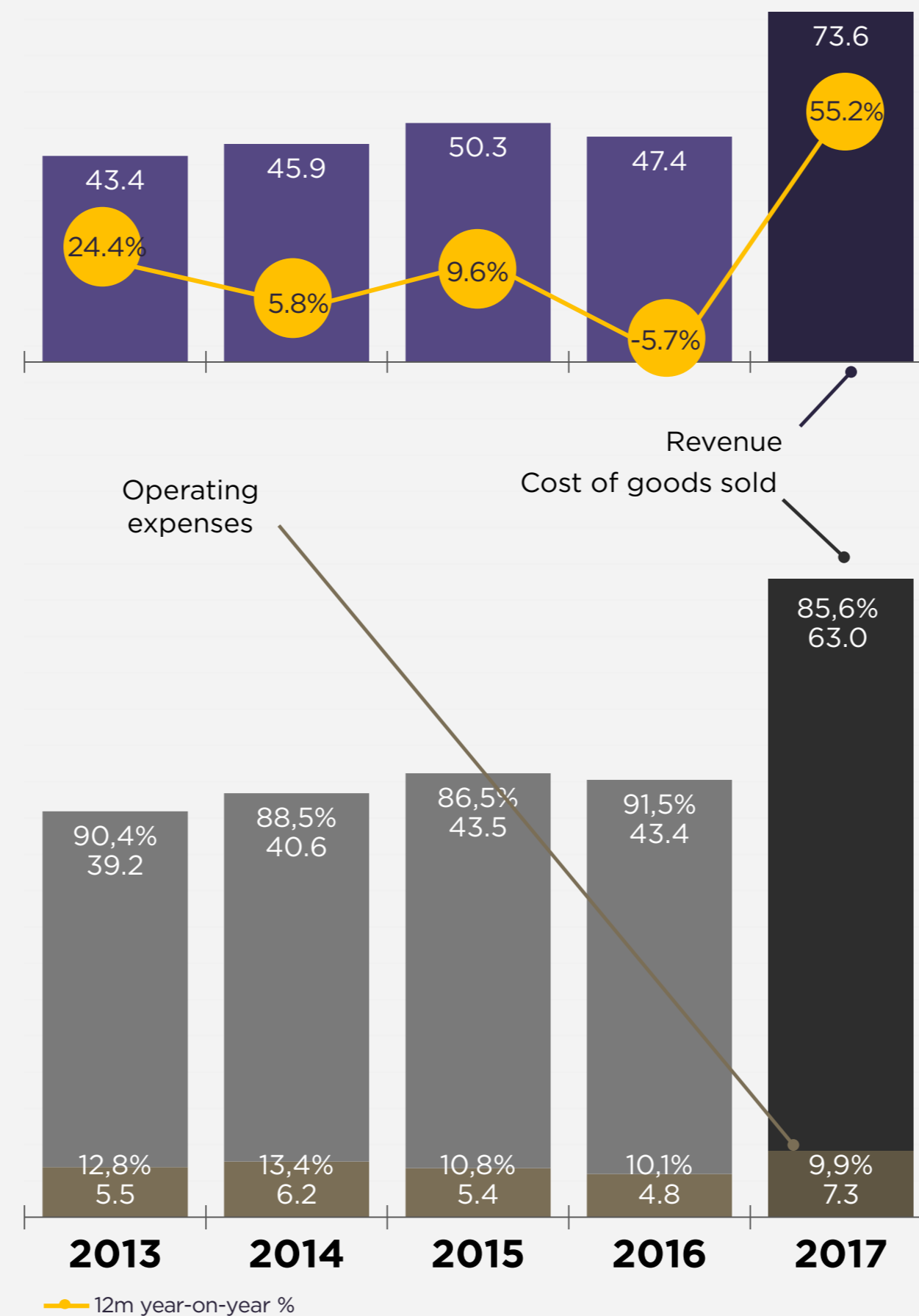


# COST 12 MONTHS 2013-2017

Cost of goods sold mln EUR



Cost structure and as % of sales

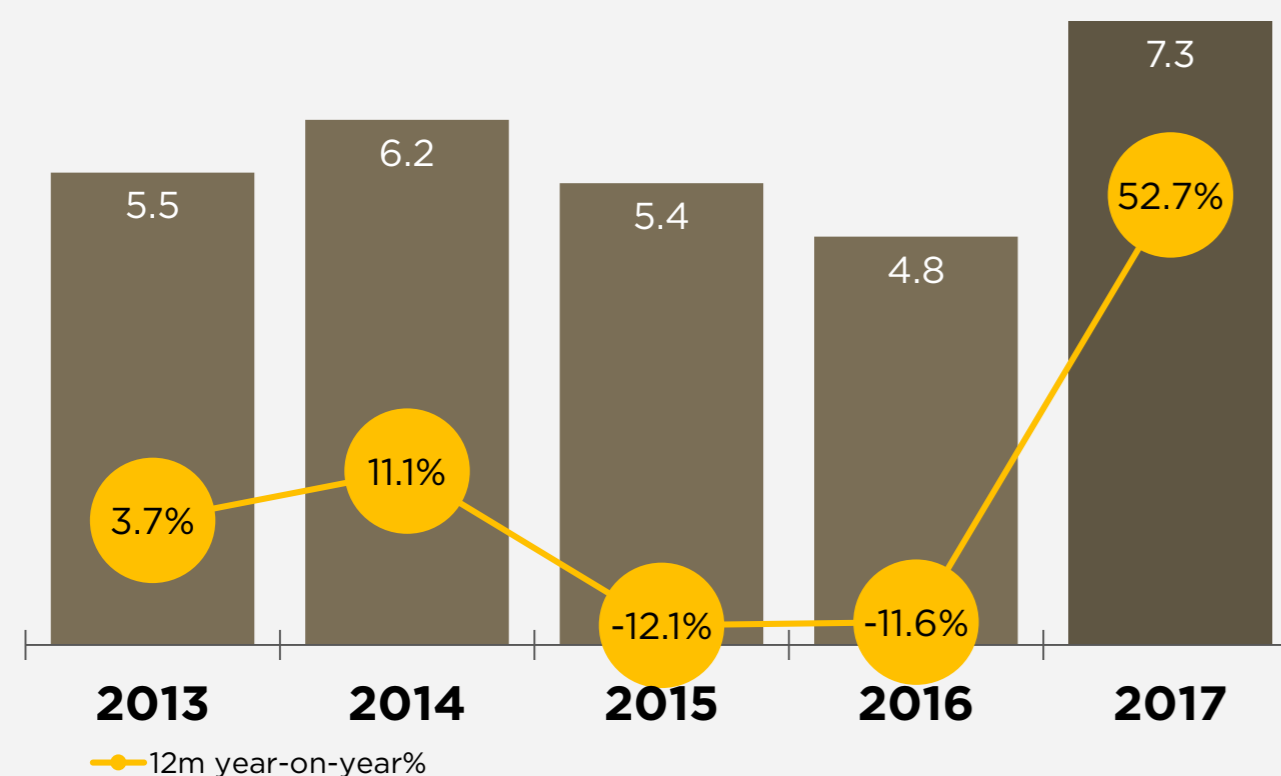


Sales revenue increased by +26.2 million euros, i.e. +55.2%, in the 12 months of 2017 . Cost of goods sold increased by +19.6 million euros, i.e. +45.2%, and the percentage of cost of goods from the revenue decreased -5.3 percentage points compared to the same period in 2016.

As the price of raw material has been very volatile this year, the Company is focused on abandoning low margin product groups.

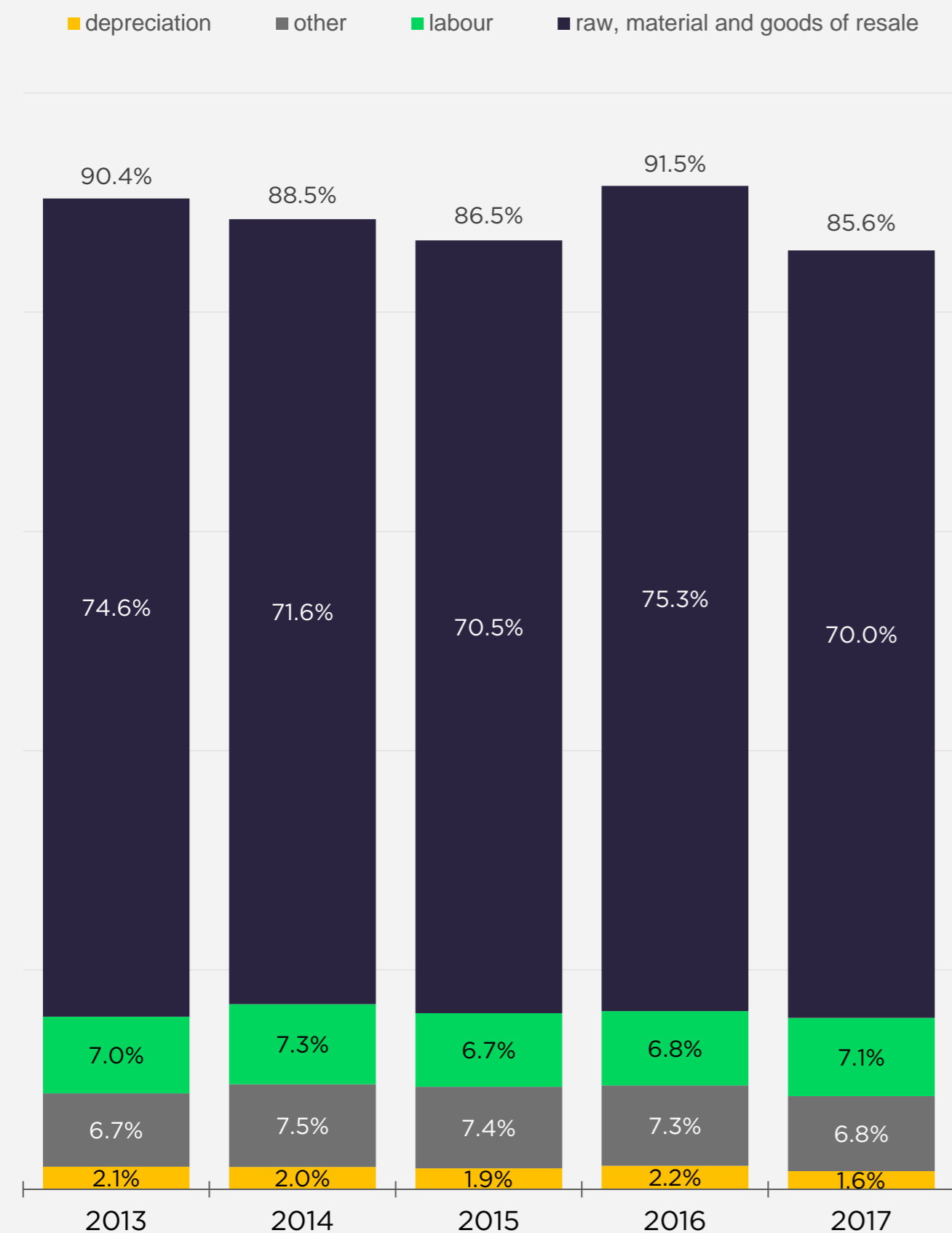
Main proportion, more than 80%, of costs of goods sold constitutes to be raw material cost (raw fish). The rest is mainly packaging and fish feed costs.

Operating expenses mln EUR

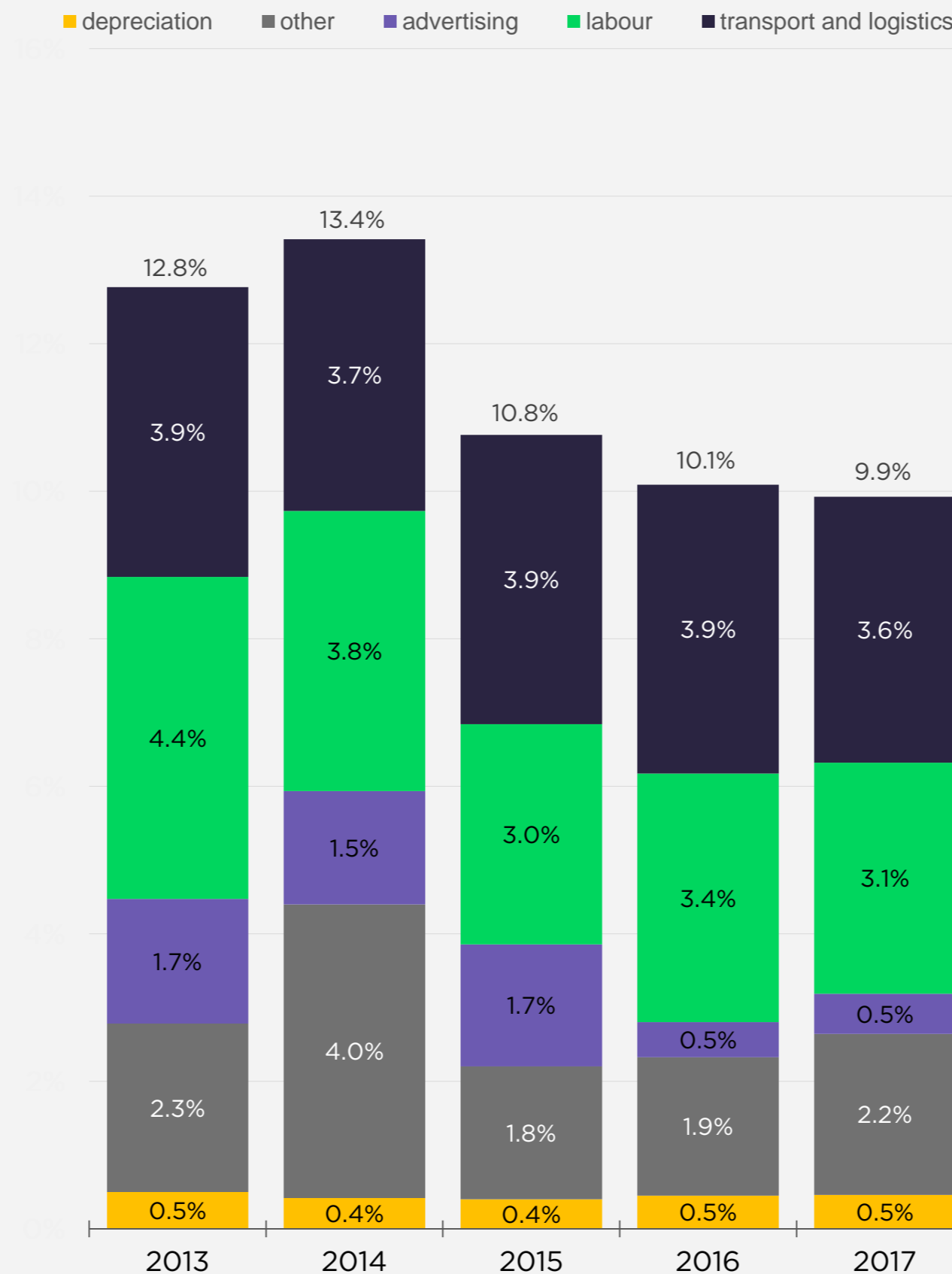


# COST STRUCTURE OVERVIEW 12 MONTHS 2013-2017

**The portion of operating cost of goods sold in the revenue**



**The portion of operating costs in the revenue**



The percentage of cost of goods sold in the sales revenue was 85.6% (12 months in 2016: 91.5%) and the percentage of operating costs was 9.9% (12 months in 2016: 10.1%) in the reporting period.

The ratio of other cost of goods sold to the sales revenue was 6.9% in the 12 months of 2017 (12 months in 2016: 7.3%), showing a decrease of -0.5 percentage points. The composition of other cost of goods sold include heating, electricity, rent and utilities costs, and costs incurred in relation to fish farming and auxiliary activities in production. Salary costs of production and fish farms' personnel accounted for 7.1% of the revenue, which has increased year-on-year by +2.0 million euros, i.e. +0.4 percentage points.


The operating costs of the 12 months of 2017 increased year-on-year by +2.5 million euros in total, i.e. +52.7%. The objective of the Company is to reduce consistently the portion of operating costs in the revenue year after year. The ratio of operating costs to sales decreased by -0.2 percentage points.

The objective of the Company is to reduce consistently the portion of operating costs in the revenue year after year.



# COST ANALYSIS

## THE 12 MONTHS OF 2017 COMPARED TO THE 12 MONTHS OF 2016

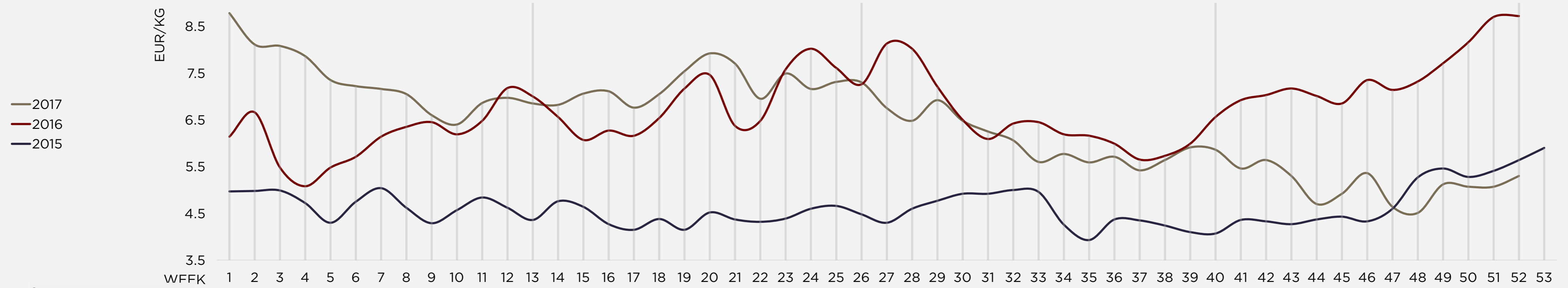


	12m 2017 mln eur	12m 2016 mln eur	change mln eur	12m	12m 2017 % of sales	12m 2016 % of sales	change % of sales	12m
<b>Sales revenue</b>	<b>73.61</b>	<b>47.43</b>		↑	<b>100,00%</b>	<b>100,00%</b>		
<b>Cost of goods sold</b>	<b>- 63.03</b>	<b>- 43.41</b>	<b>- 19.62</b>	↓	<b>85.63%</b>	<b>91.52%</b>	<b>5.90%</b>	↑
materials in production and cost of goods purchased for resale	- 51.52	- 35.70	- 15.82	↓	70.00%	75.27%	5.27%	↑
labour costs	- 5.25	- 3.22	- 2.04	↓	7.14%	6.78%	-0.36%	↓
depreciation	- 1.21	- 1.02	- 0.19	↓	1.65%	2.15%	0.50%	↑
other cost of goods sold	- 5.05	- 3.47	- 1.58	↓	6.86%	7.32%	0.46%	↑
<b>Operating expenses</b>	<b>- 7.31</b>	<b>- 4.78</b>	<b>- 2.52</b>	↓	<b>9.93%</b>	<b>10.08%</b>	<b>0.16%</b>	↑
labour costs	- 2.31	- 1.60	- 0.71	↓	3.13%	3.37%	0.24%	↑
transport and logistics services	- 2.65	- 1.86	- 0.80	↓	3.61%	3.92%	0.31%	↑
depreciation	- 0.34	- 0.21	- 0.13	↓	0.46%	0.45%	-0.01%	↓
advertising, marketing and product development	- 0.40	- 0.23	- 0.17	↓	0.54%	0.48%	-0.06%	↓
other operating expenses	- 1.61	- 0.88	- 0.72	↓	2.18%	1.85%	-0.31%	↓
<b>Other income/-expenses</b>	<b>0.24</b>	<b>- 0.12</b>	<b>0.36</b>	↑	<b>- 0.33%</b>	<b>0.25%</b>	<b>0.57%</b>	↑
incl one-offs	- 0.31	- 0.40	0.09	↑	0.42%	0.85%	0.43%	↑
<b>Financial income/-expenses</b>	<b>- 0.80</b>	<b>- 0.24</b>	<b>- 0.56</b>	↓	<b>1.08%</b>	<b>0.50%</b>	<b>-0.58%</b>	↓

# THE MARKET PRICE OF FISH: SALMON AND RAINBOW TROUT



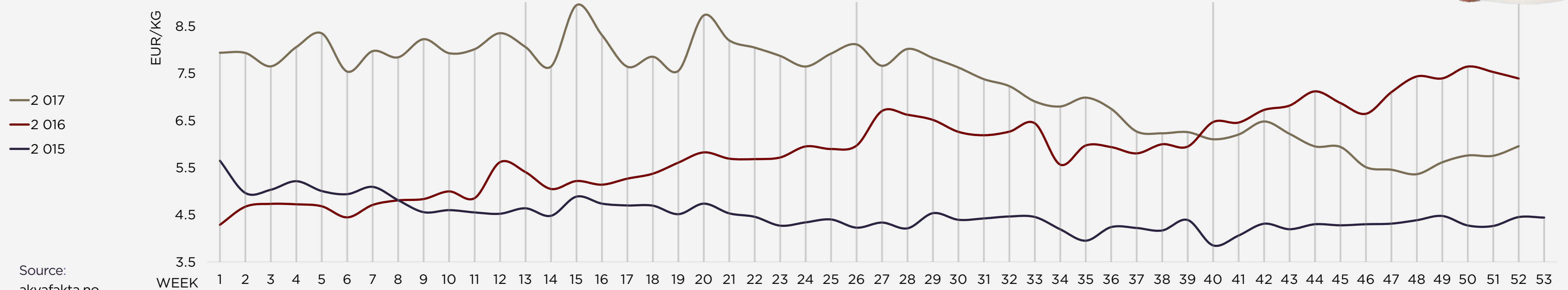
EXPORT PRICE OF NORWEGIAN SALMON



Source: NASDAQ Salmon Index



EXPORT PRICE OF NORWEGIAN RAINBOW TROUT



Source: akvafakta.no



## THE MARKET PRICE OF FISH: SALMON AND RAINBOW TROUT

Large producers establish their production plans for three years in advance since it is difficult and more expensive to use a shorter production cycle in fish farms dependent of market needs. Therefore, the supply of fish in the world market is extremely rigid in the short-term, while market demand is shifting depending on the season. This is causing an imbalance in the supply and demand of fish on

the world market which is why the market price of raw fish is always fluctuating. Fish market is extremely dependent on availability and market price of raw fish. The Group compensates the impact of external environment and volatility of salmon price through the changes of Company's production and sales strategy.

The Group's main product is rainbow trout, which is traditionally cheaper than salmon. Consumers start to buy cheaper salmon species, including rainbow trout, when the market price of salmon increases. In addition, high quality fish which is produced in its own fish farming helps to mitigate the increase of market price of salmon.

Market price EUR/KG	31.12.2017	31.12.2016	31.12.2015
Salmon	5.30	8.72	5.90
Rainbow trout	5.95	7.39	4,44
Market price change %	31.12.17/31.12.16		31.12.17/31.12.15
Salmon	-39.2%		-10.2%
Rainbow trout	-19.5%		34.0%

The Group uses the Norwegian export statistics for evaluation of the fish stock of rainbow trout (Source: akvafakta.no).

For evaluation of the fish stock of whitefish, the monthly market price survey of the Finnish Fish Farmers' Association is used.

# THE AVERAGE MARKET PRICE OF FISH



This year, as in previous year, we have seen a very rapid increase in the price of salmon and rainbow trout in the world market, which on the one hand positively affects our fish farming operations, but at the same time, not all of the increase has not yet been translated into end prices. The price of trout

has historically been lower than salmon, but in this year we can see that the price of trout has become higher than the price of salmon.

The high price of salmon and rainbow trout had a direct impact on the Company`s financial results of

the year 2017. Although the price of Norwegian trout has decreased during second half of 2017, it remained on very high level compared to historical prices.

Average market price EUR/KG	Q4 2017	12m 2017	Q4 2016	12m 2016	12m 2015
Salmon	5.13	6.27	7.32	6.68	4.59
Rainbow trout	5.80	6.94	5.97	5.73	4.42

Average market price change %	Q4 17/Q4 16	12m 17/12m 16	Q4 17/12m 16	Q4 17/12m 15	12m 17/12m 15
Salmon	-29.9%	-6.1%	-23.2%	11.8%	36.6%
Rainbow trout	-16.8%	21.1%	1.2%	31.2%	57.0%

The average market price of salmon has decreased by -29.9% in the 4<sup>th</sup> quarter of 2017 compared to the 4<sup>th</sup> quarter of 2016 and during the named period the average market price of rainbow trout has decreased by -16.8%.

The average market price of salmon has decreased by -6.1% in the 12 months of 2017 compared to 12 months of 2016 and the average market price of rainbow trout has increased by +21.1%.



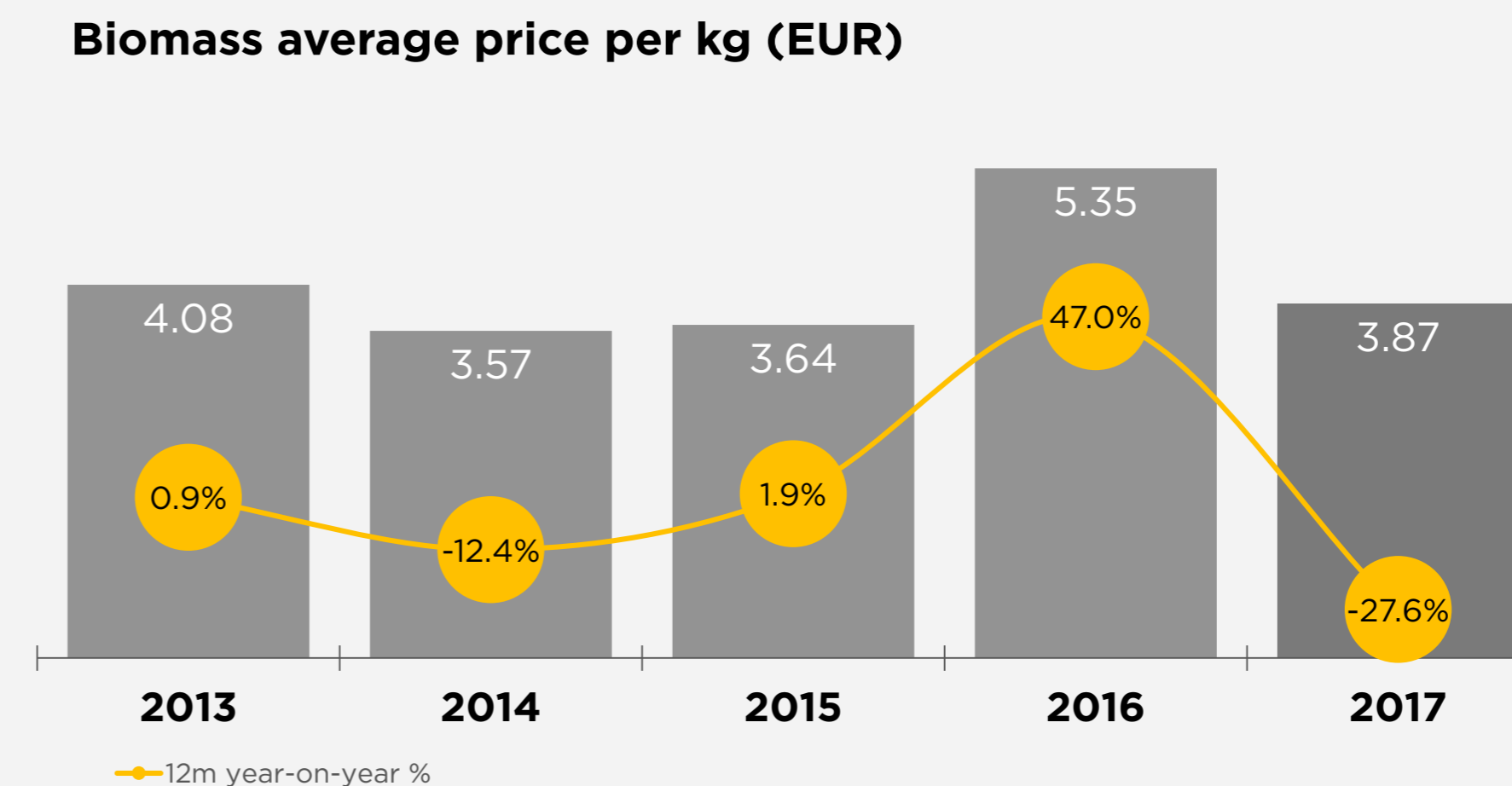
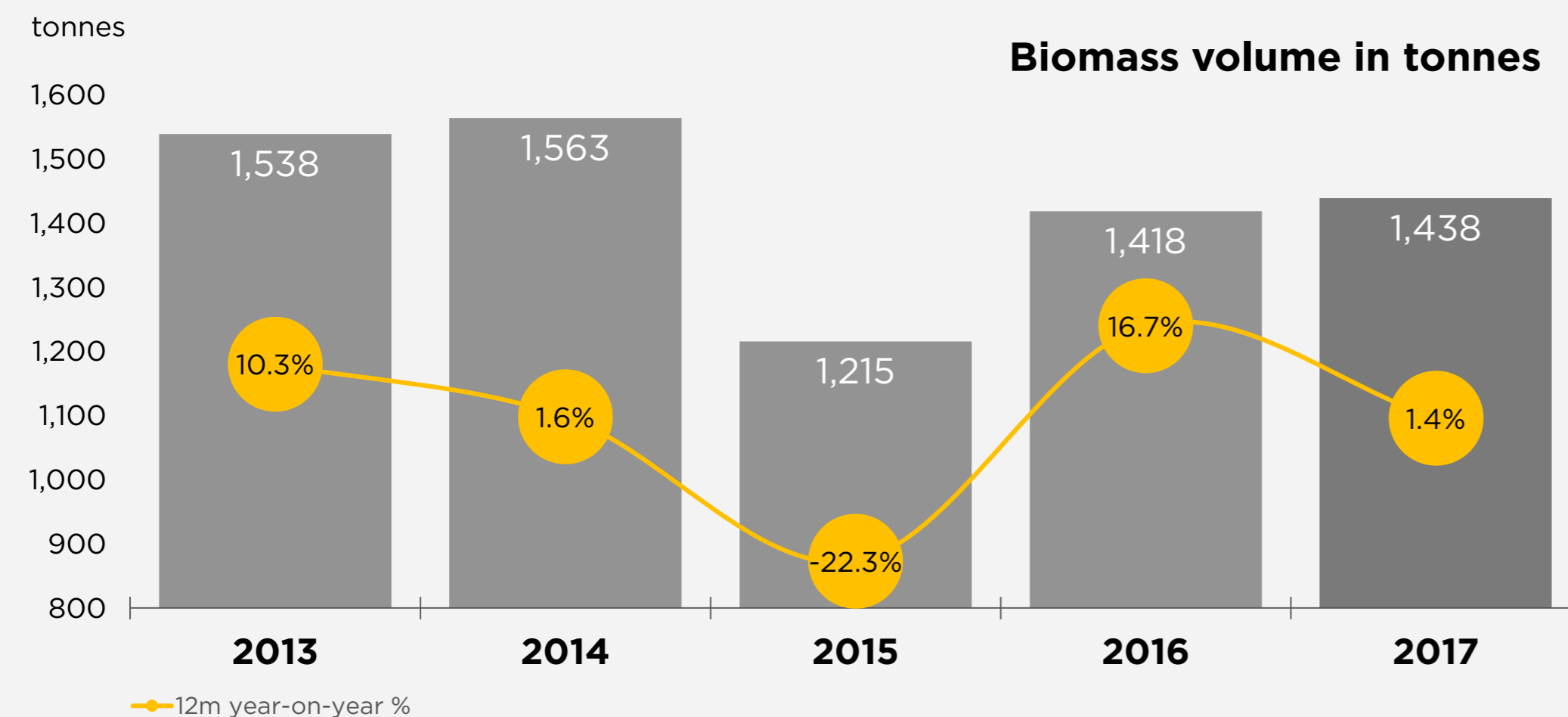
# BIOLOGICAL ASSETS: BIOMASS VOLUME AND AVERAGE PRICE PER KG 12 MONTHS 2013-2017

	12m 2013	12m 2014	12m 2015	12m 2016	12m 2017
Biological assets (milj EUR)	6.27	5.58	4.42	7.58	5.57
Biomass volume in tonnes	1,538	1,563	1,215	1,418	1,438
Average price per kg (EUR)	4.08	3.57	3.64	5.35	3.87
Fair value adjustment on biological assets (milj EUR)	0.74	-0.57	-0.89	2.26	-1.51

**The amount of biological assets has increased by +20 tonnes, i.e. +1.4% compared to the same period in previous year and in monetary terms has decreased by -2.0 million euros, i.e. -26.6%.**

The aggregate growth of biological assets was positive during the reporting period, amounting to 4.0 million euros (12 months in 2016: +7.9 million euros). The spring and summer of 2017 have been extraordinarily cold in Finland and Sweden, thus the aggregate growth of fish is much lower than norm. Also, the price of rainbow trout decreased by 19.5% as at 31.12.2017 compared to previous year.

As at 31.12.2017, the fair value of biological assets was 5.6 million euros (31.12.2016: 7.6 million euros).



# BIOLOGICAL ASSETS: HARVESTED VOLUME 12 MONTHS 2013-2017

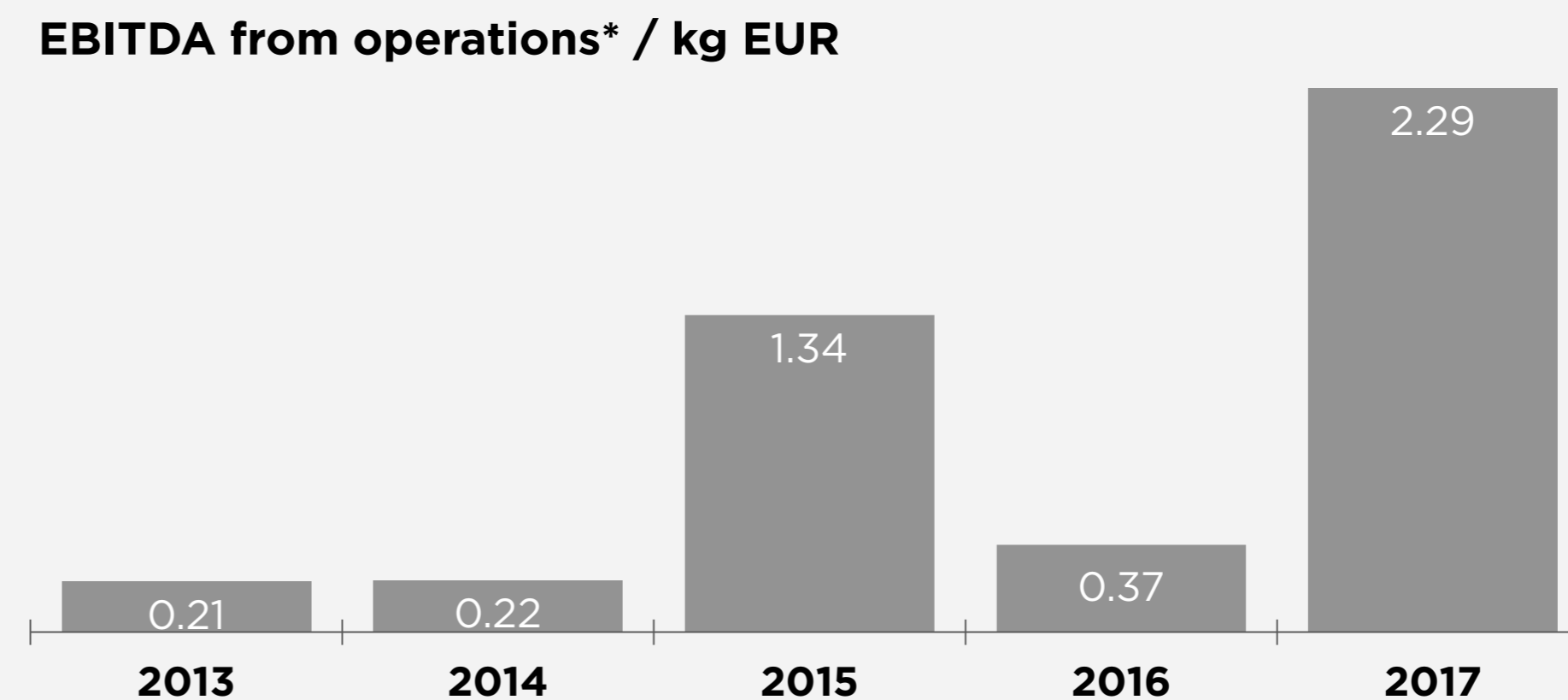
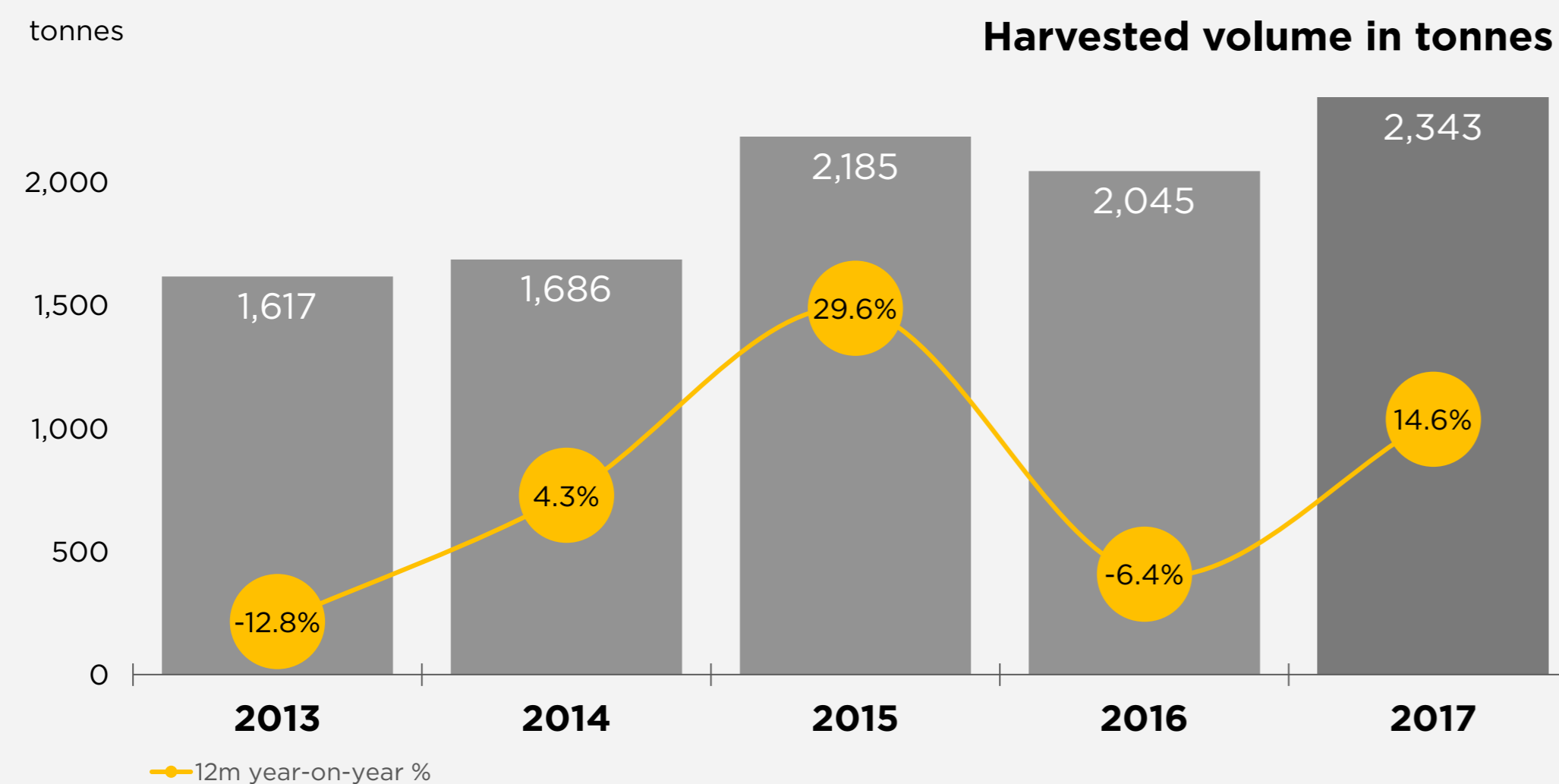


	12m 2013	12m 2014	12m 2015	12m 2016	12m 2017
Sales revenue (milj EUR)	43.36	45.86	50.27	47.43	73.61
EBITDA from operations* (milj EUR)	0.35	0.37	2.92	0.75	5.37
Harvested volume (tonnes)	1,617	1,686	2,185	2,045	2,343
EBITDA / kg* (EUR)	0.21	0.22	1.34	0.37	2.29

**During the reporting period agricultural produce in the amount of 2,343 tonnes was harvested, which has increased +14.6% compared to the same period in previous year. Produce in the amount of 2,045 tonnes was recorded at the same period in the previous year.**

When the market price of raw fish increases or decreases, so does the value of fish harvested in fish farms of PRFoods, which has a positive or negative impact on the company's financial results.

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



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



## TEAM

FOR US, EVERY EMPLOYEE IS IMPORTANT

The average number of employees employed by PRFoods in the 4<sup>th</sup> quarter of 2017 was **408** people.

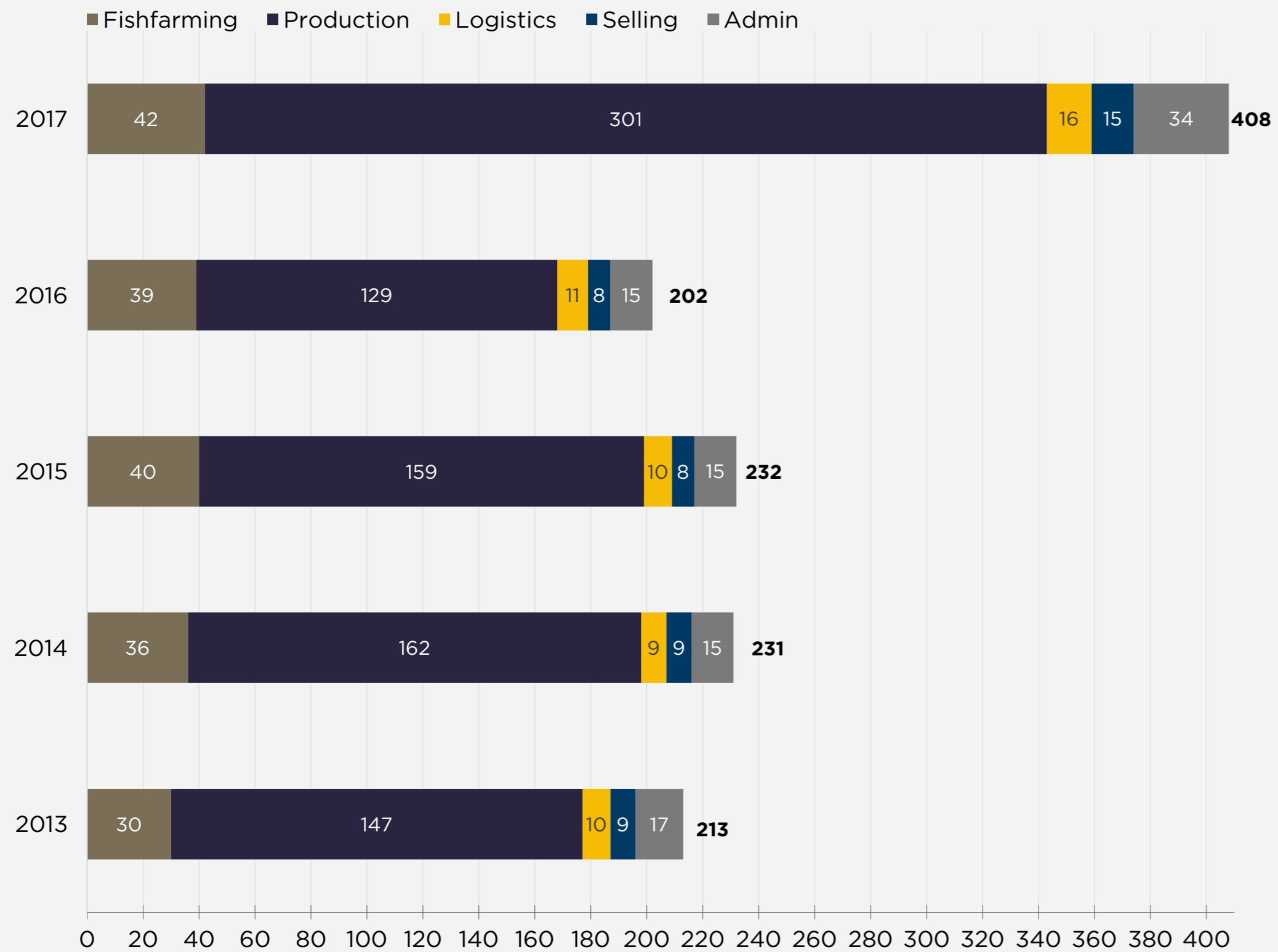
The average number of employees employed by PRFoods in the 12 months of 2017 was **284** people.



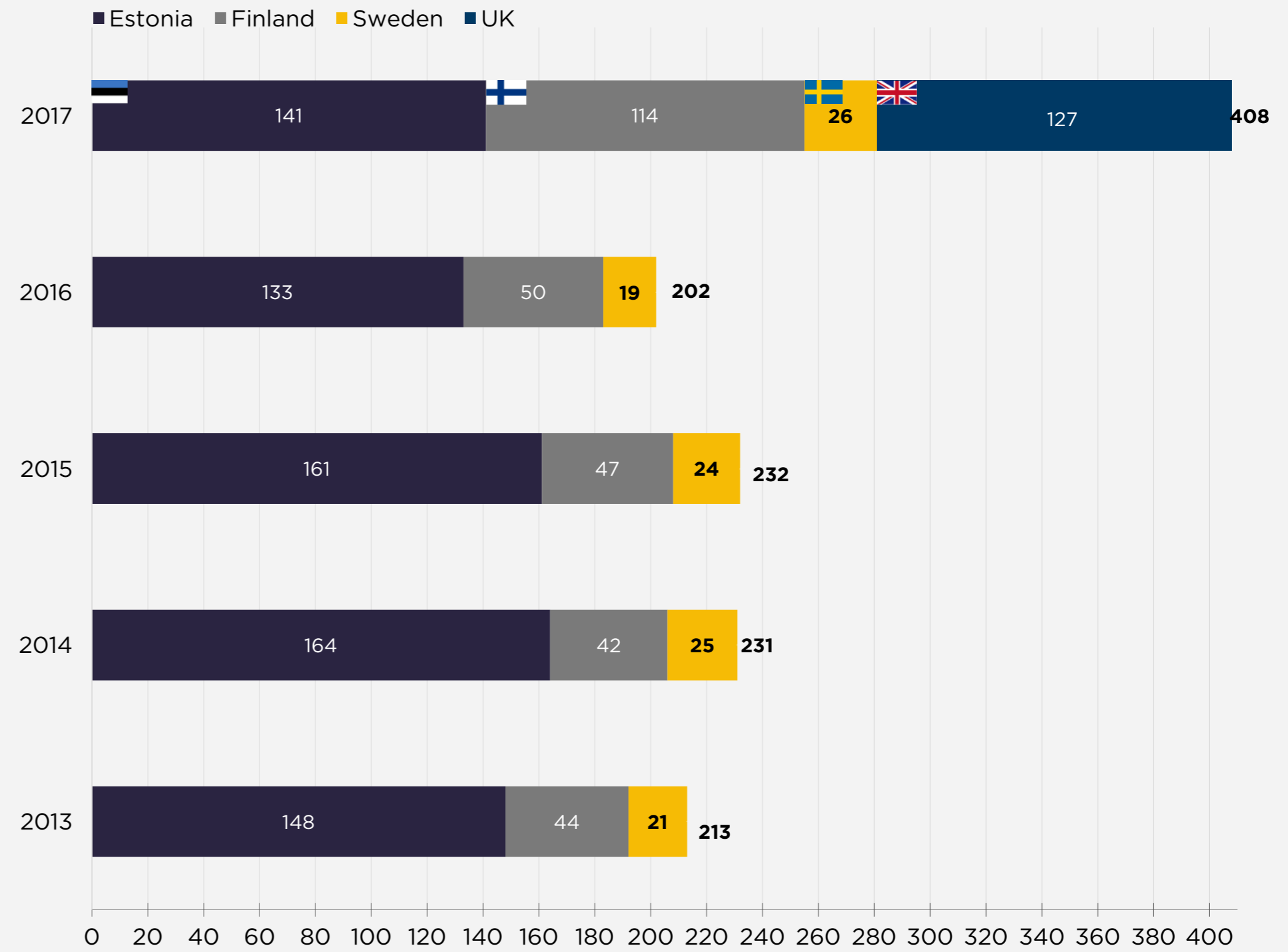


# STAFF STRUCTURE 12 MONTHS 2013-2017

Employees according to area of activity



Employees by country





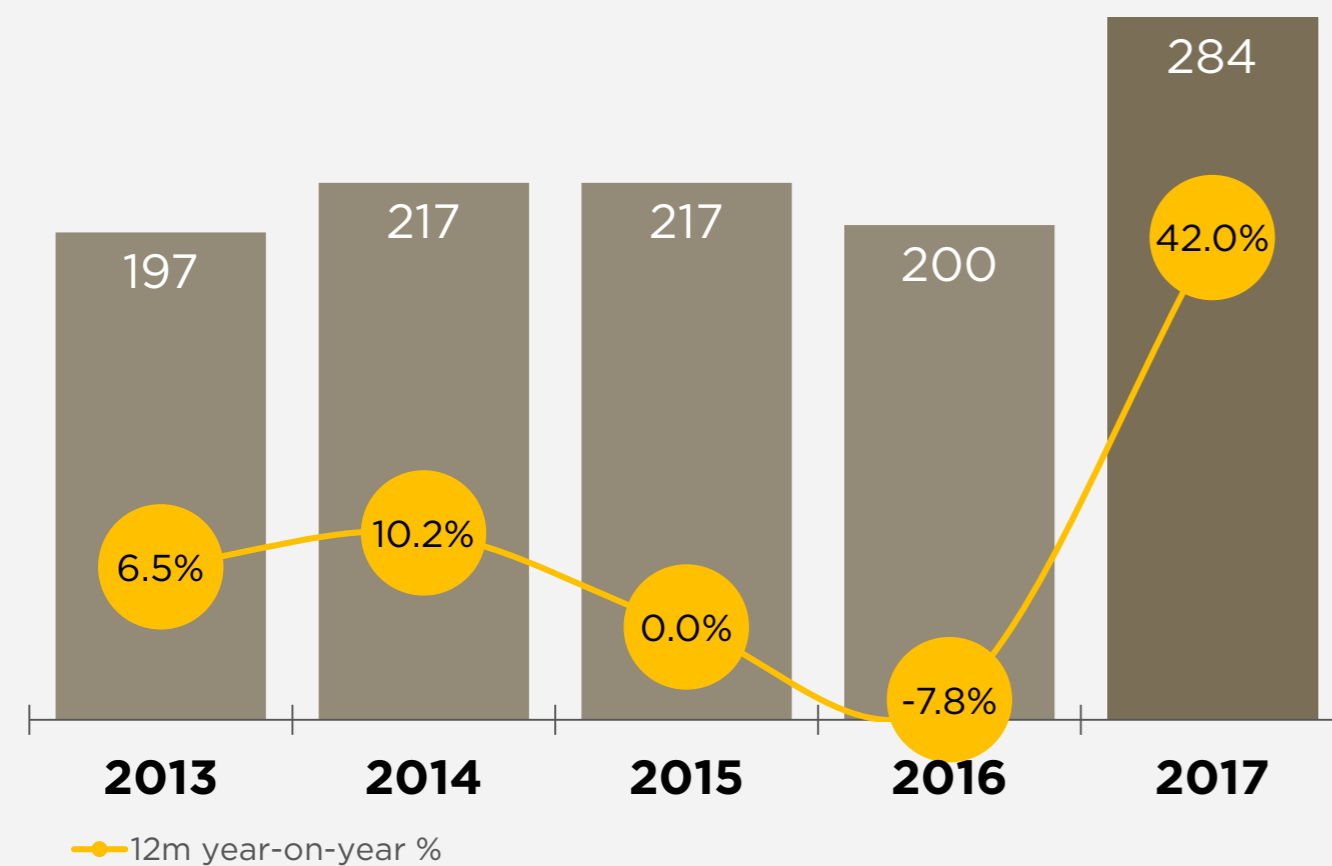
# LABOUR COST 12 MONTHS 2013-2017

Labour costs in production were 5.3 million euros in the 12 months of 2017, increasing by +63.3% compared to same period previous year.

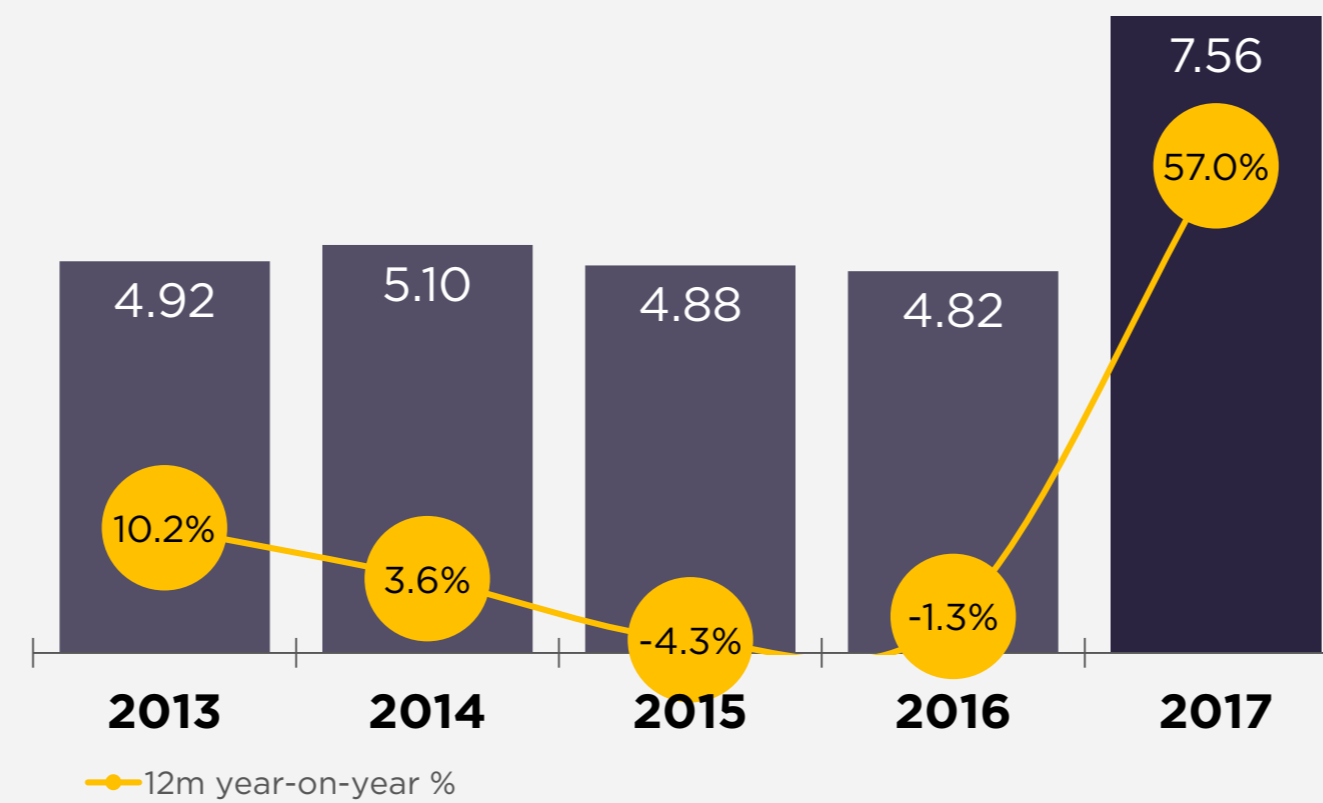
Labour costs of supportive personnel were 2.3 million euros in the reporting period, increasing by +44.3% compared to the same period in the previous year.

The Group's labour costs were 7.6 million euros in 12 months 2017, increasing year-on-year by +57.0%, i.e. +2.7 million euros. The percentage of labour costs in the sales revenue was 10.3% (12 months 2016: 10.2%).

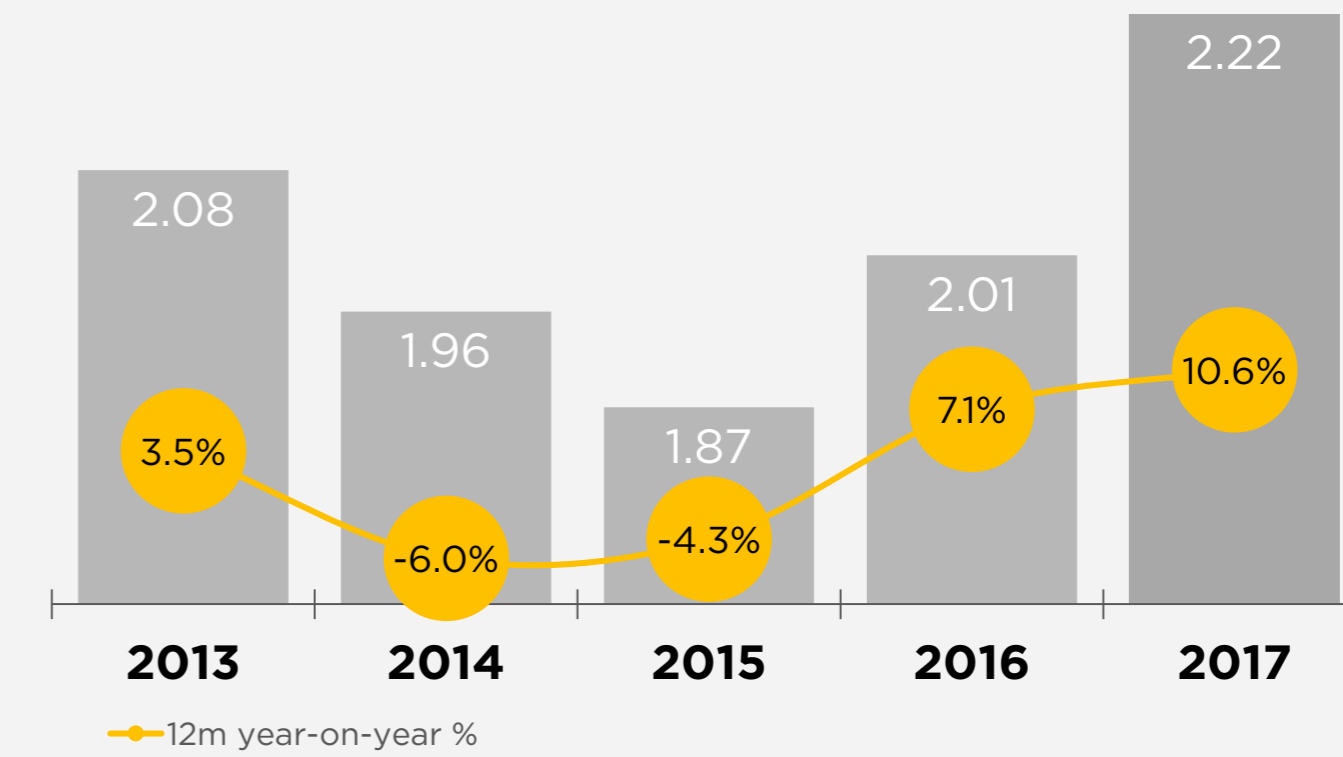
**Number of employees**



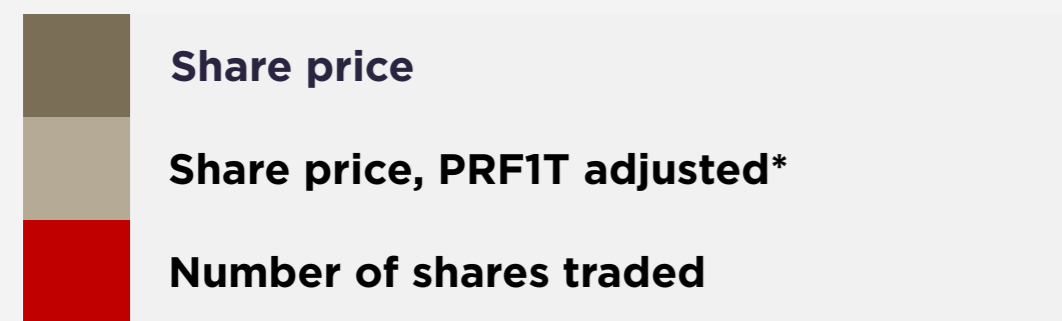
**Labour cost mln EUR**



**Monthly average payroll expenses per employee (thousand EUR)**



# DYNAMICS OF SHARE PRICE



According to decision of the shareholders meeting held on 28 May 2015, company's share capital was decreased by decreasing the nominal value of the share with making payments to the shareholders. As a result, the nominal value of PRFoods share as of 28 August 2015 at 23.59 was decreased by 30 euro cents, from the earlier 50 euro cents to 20 euro cents. The calculated value of PRFoods share is currently 20 euro cents.

\*Dynamics of PRFoods's share price adjusted by the capital reduction payments.









# SHAREHOLDERS OF PRFOODS AS AT 31.12.2017

Shareholder	Number of shares	% of total 31.12.2017	% of total 31.12.2016	Change
ING Luxembourg S.A. (Nominee account)	24,258,366	62.71%	62.71%	-
Lindermann, Birnbaum & Kasela OÜ	1,547,378	4.00%	2.69%	+ 505,555
OÜ Rododendron	1,298,705	3.36%	3.36%	-
Ambient Sound Investments OÜ	1,239,116	3.20%	3.20%	-
Firebird Republics Fund Ltd.	1,195,270	3.09%	3.09%	-
Compensa Life Vienna Insurance Group SE	809,058	2.09%	1.92%	+ 66,000
Firebird Avrora Fund, Ltd.	648,220	1.68%	1.68%	-
OÜ Iskra Investeeringud	331,776	0.86%	0.05%	314,057
LHV Pensionifond L	314,303	0.81%	2.73%	- 741,560
<b>Total largest shareholders</b>	<b>31,642,192</b>	<b>81.80%</b>	<b>81.43%</b>	<b>- 144,052</b>
Other minority shareholders	6,040,668	15.61%	16.88%	- 490,870
Treasury shares	1,000,000	2.59%	1.69%	+ 346,818
<b>Total</b>	<b>38 682 860</b>	<b>100.00%</b>	<b>100,00%</b>	<b>-</b>

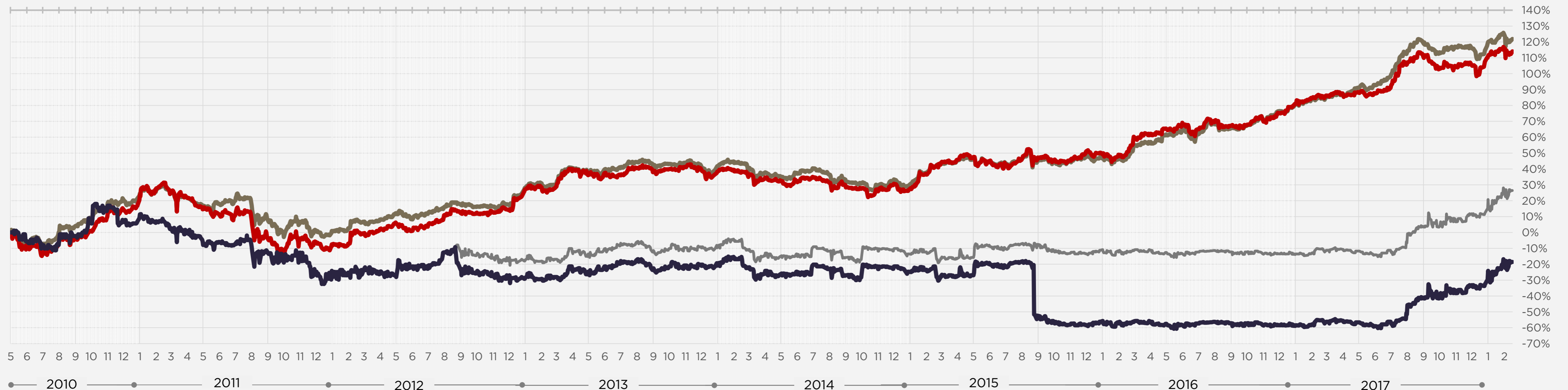


# CHANGE OF PRFOODS SHARE AND PROFITABILITY INDEXES FROM DATE OF LISTING

Indeks/share	5.05.2010	31.12.2017	change %
 <b>OMX Baltic Benchmark GI</b>	439.91	944.09	<b>+114.61%</b>
 <b>OMX Tallinn</b>	598.34	1,242.12	<b>+107.59%</b>
 <b>PRFoods share</b>	0.890	0.599	<b>-32.70%</b>
 <b>PRFoods share price adjusted*</b>	0.890	0.990	<b>+12.25%</b>

**PRFoods has distributed to its shareholders a total amount of 16.9 million euros in dividends and share capital reduction since its shares were publicly listed.** Baltic comparison index increased +114.61% during the given period, Tallinn Stock Exchange All-Share index increased +107.59% and PRFoods share price decreased -32.70%, due to the decrease of the share nominal value in August of 2012 and 2015 in the total amount of 40 euro cents.

\*The increase of PRFoods's share, adjusted by the capital reduction payments during the named period was +12.25%.







# PRFOODS

PREMIUM FISH PRODUCTS AND FISH FARMING

[prfoods.ee](http://prfoods.ee)

Vettel OÜ

Fish manufacturing production buildings in Saaremaal