



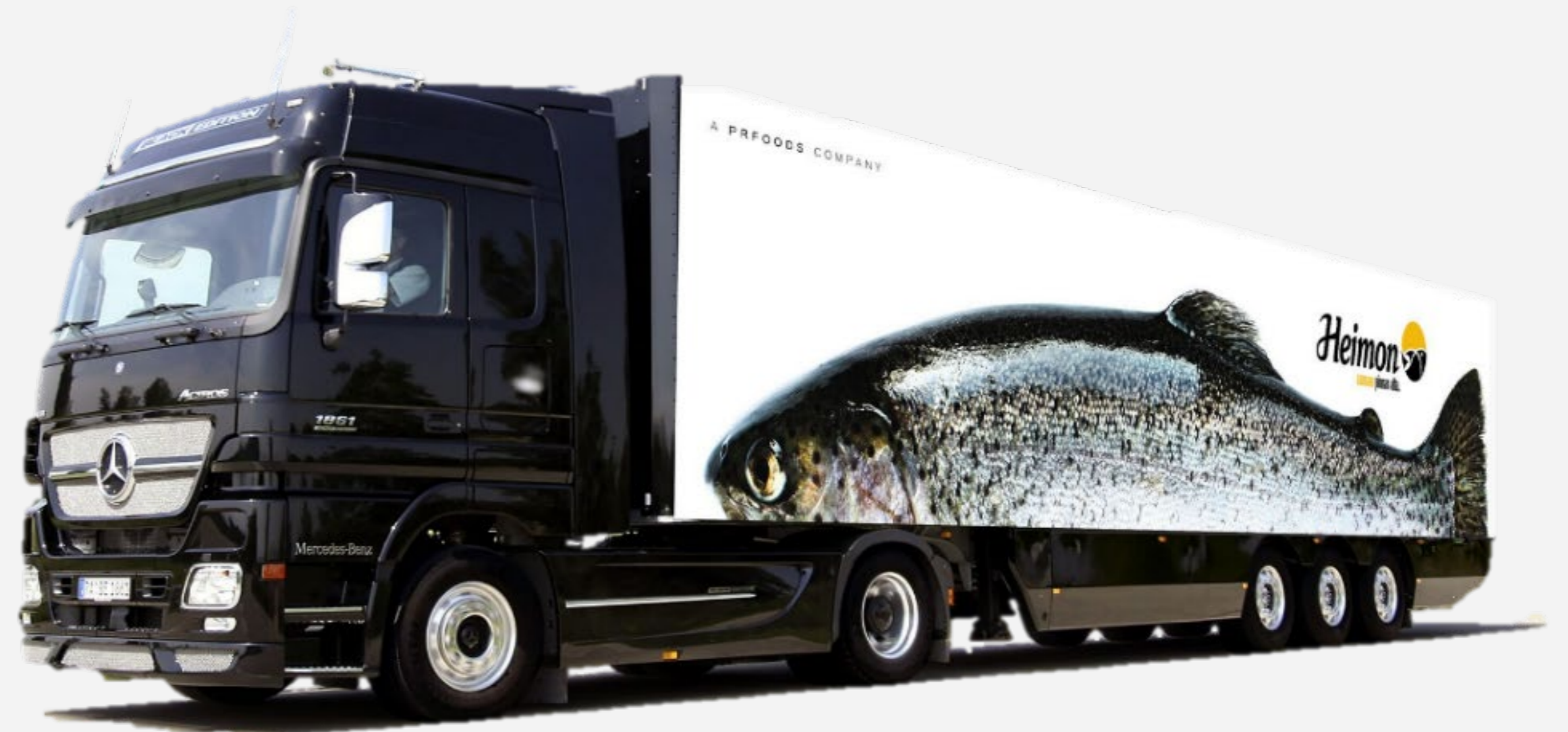
# P R F O O D S

**REPORT** / 2<sup>ND</sup> QUARTER OF 2018 AND 18 MONTHS OF 2017/2018

31 October 2018

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# STRUCTURE OF THE PRFOODS GROUP



\*Consolidated from 01.09.2017

\*\* Consolidated from 01.07.2017

\*\*\* 64% of Coln Valley owned by JRJ&PRF, and 36% by John Ross



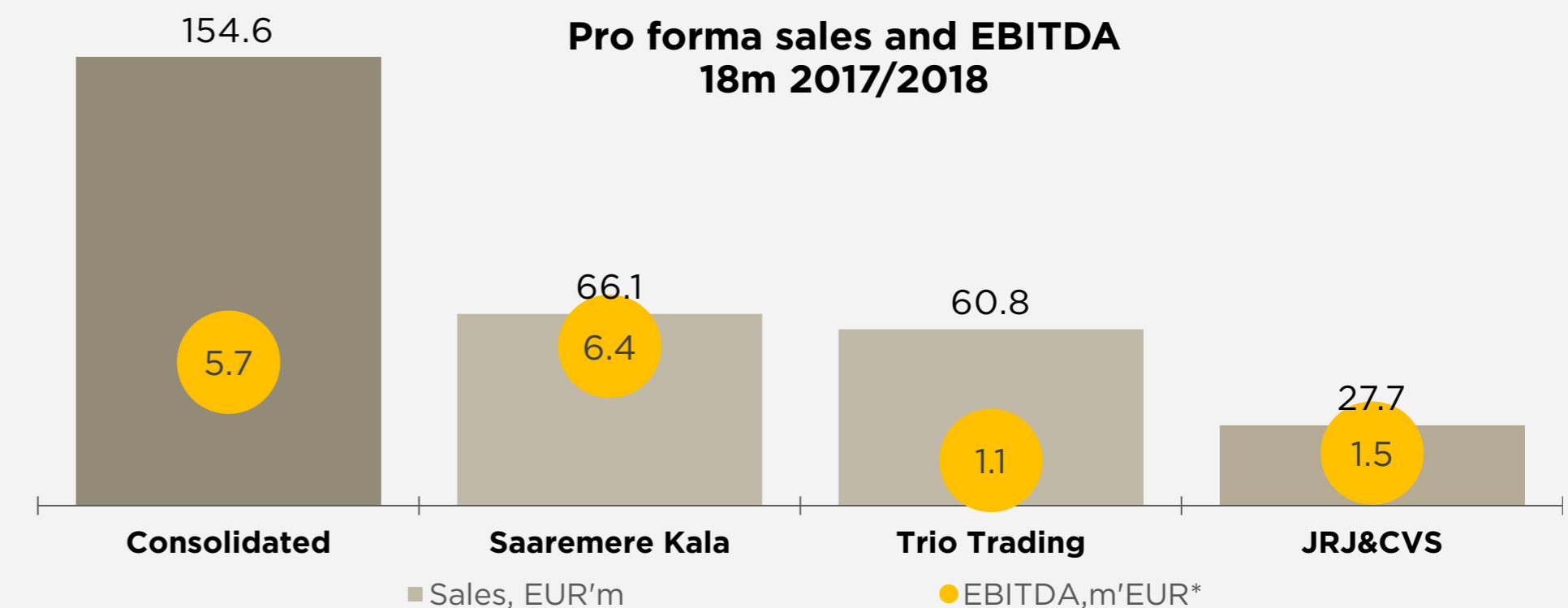
AS PRFoods' key market is Finland, where the company is amongst the three largest fish production companies. Since the acquisition of John Ross Jr. and Coln Valley Smokery in the summer of 2017, the Group has expanded its sales to 37 countries in Europe, North and South America, and Asia.

Main activity of the Group is fish manufacturing in four contemporary production buildings in Renko and Kokkola (Finland), Saaremaa (Estonia), and Aberdeen (UK). Our main products are salmon and rainbow trout products. Approximately 2/3 of raw fish used in the Group's rainbow trout production is harvested from company's fish farms in Swedish lakes and in Turku Archipelago area in Finland, assuring the highest quality and reliable deliveries.

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

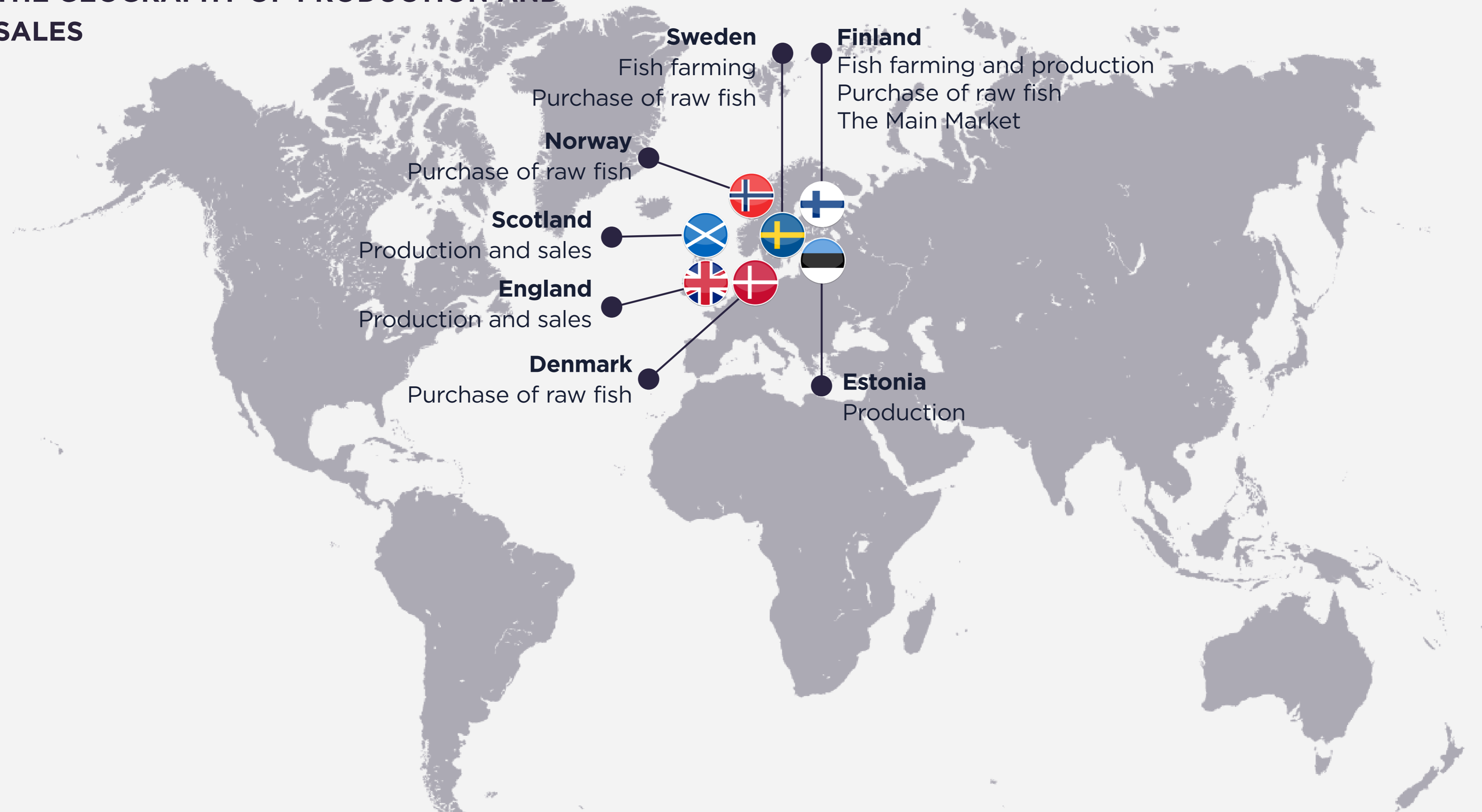
Products of the Group are sold as leading brands in their respective operating market and the primary focus is on higher value-added premium products.

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



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

### THE GEOGRAPHY OF PRODUCTION AND SALES



Since the acquisition of John Ross Jr. and Coln Valley Smokery in the summer of 2017, the Group has expanded its sales to 37 countries.

# SUMMARY:

## UNAUDITED FINANCIAL RESULTS FOR 2<sup>ND</sup> QUARTER OF 2018

### UNAUDITED CONSOLIDATED REVENUE

22.15 million euros, an increase by +9.08 million euros i.e. +69.5%.

### GROSS MARGIN

7.9% (Q2 2017: 7.5%), an increase by +0.4 percentage points, i.e. +5.0%.

### POSITIVE IMPACT FROM REVALUATION OF BIOLOGICAL ASSETS

+1.10 million euros (Q2 2017: +0.42 million euros).

### NEGATIVE IMPACT FROM ONE-OFFS

-0.59 million euros (Q2 2017: -0.21 million euros), an increase by -0.38 million euros.

### EBITDA FROM BUSINESS OPERATIONS

-0.24 million euros (Q2 2017: +0.13 million euros), a decrease by -0.37 million euros.

### EBITDA

+0.27 million euros (Q2 2017: +0.34 million euros), a decrease by -0.07 million euros.

### OPERATING LOSS

-0.23 million euros (Q2 2017: +0.03 million euros), an increase by -0.26 million euros.

### NET LOSS

-1.13 million euros (Q2 2017: -0.10 million euros), an increase by -1.03 million euros.



# SUMMARY:

## AUDITED FINANCIAL RESULTS FOR 18 MONTHS OF 2017/2018

### AUDITED CONSOLIDATED REVENUE

118.50 million euros, an increase by +149.8%, i.e. +71.07 million euros.

### GROSS MARGIN

12.4% (12m 2016: 8.5%), a increase by +3.9 percentage points.

### NEGATIVE IMPACT FROM REVALUATION OF BIOLOGICAL ASSETS

-0.52 million euros (12m 2016: +2.26 million euros).

### NEGATIVE IMPACT FROM ONE-OFFS

-1.08 million euros (12m 2016: -0.40 million euros), an increase by -0.68 million euros.

### EBITDA FROM BUSINESS OPERATIONS

+5.80 million euros (12m 2016: +0.75 million euros), an increase by +5.05 million euros.

### EBITDA

+4.19 million euros (12m 2016: +2.61 million euros), an increase by +1.58 million euros.

### OPERATING PROFIT

+1.49 million euros (12m 2016: +1.38 million euros), an increase by +0.11 million euros.

### NET PROFIT

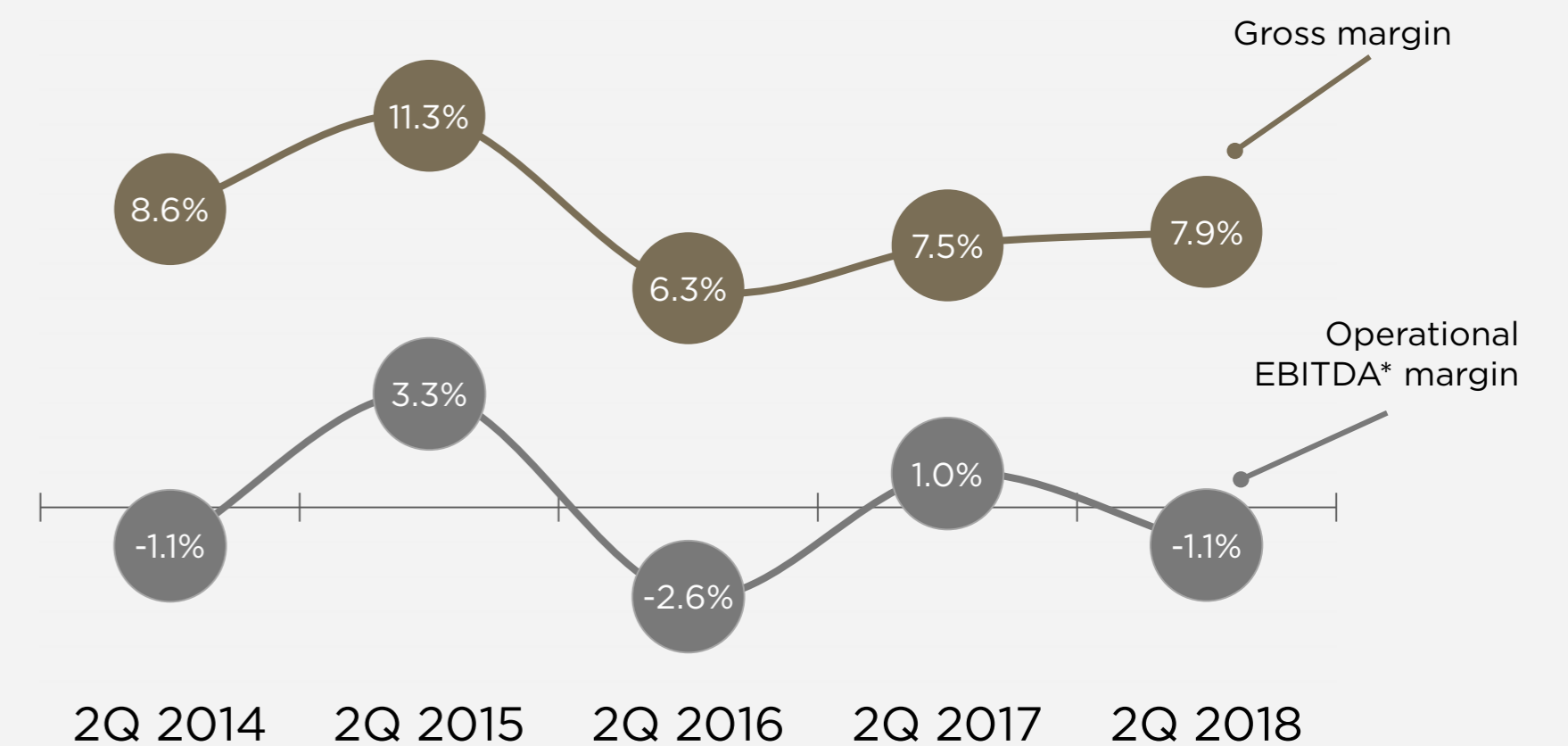
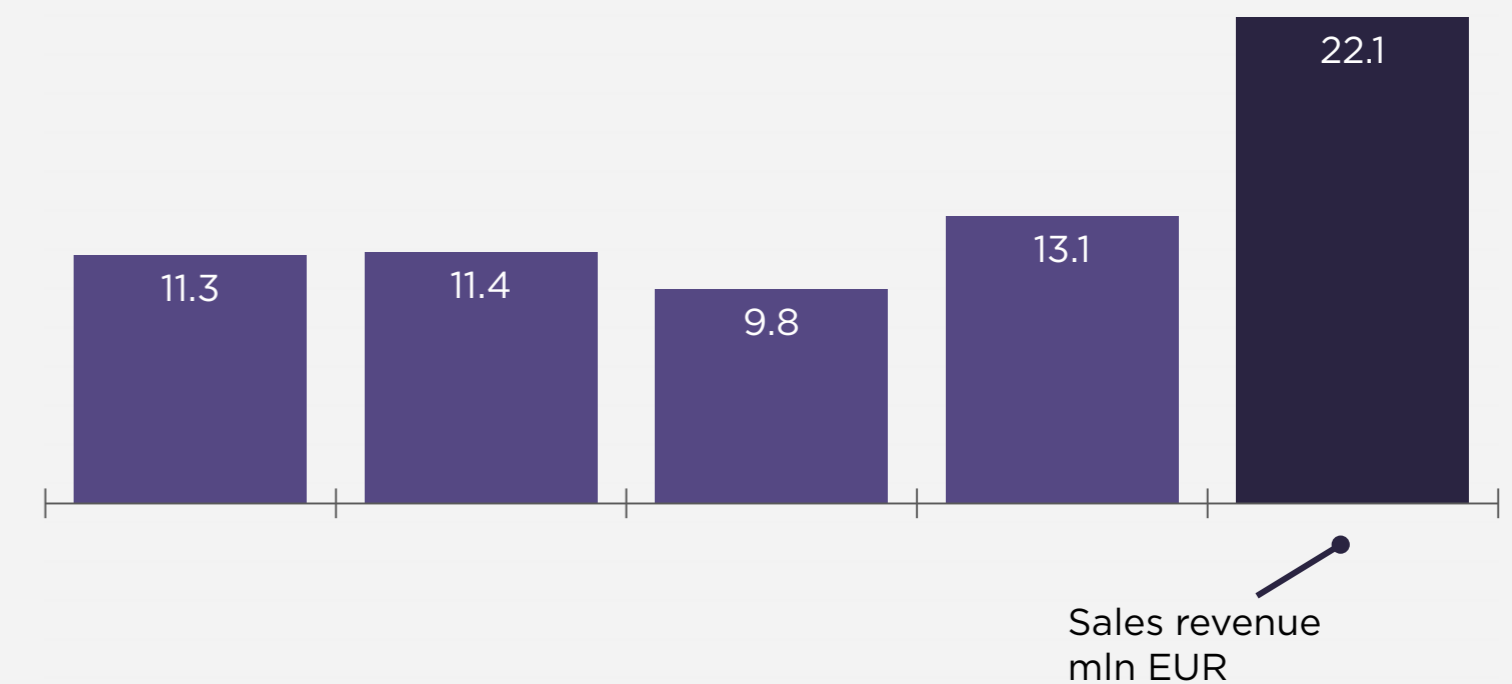
+0.06 million euros (12m 2016: +0.72 million euros), a decrease by -0.66 million euros.



# KEY RATIOS: INCOME STATEMENT 2<sup>ND</sup> QUARTER OF 2014-2018

	Q2 2014	Q2 2015	Q2 2016	Q2 2017	Q2 2018	mIn EUR
Sales revenue	11.3	11.4	9.8	13.1	22.1 ▲	
Gross profit	1.0	1.3	0.6	1.0	1.8 ▲	
EBITDA from business operations*	-0.1	0.4	-0.3	0.1	-0.2 ▼	
EBITDA	1.1	0.6	0.7	0.3	0.3 ▼	
EBIT	0.8	0.3	0.3	0.03	-0.2 ▼	
EBT	0.8	0.3	0.2	-0.02	-0.5 ▼	
Net profit / loss	0.6	0.3	0.04	-0.1	-1.1 ▼	
Gross margin	8.6%	11.3%	6.3%	7.5%	7.9% ▲	
Operational EBITDA* margin	-1.1%	3.3%	-2.6%	1.0%	-1.1% ▼	
EBITDA margin	10.0%	4.8%	6.8%	2.6%	1.2% ▼	
EBIT margin	7.5%	2.4%	3.6%	0.2%	-1.1% ▼	
EBT margin	7.0%	2.9%	2.3%	-0.2%	-2.3% ▼	
Net margin	5.2%	2.5%	0.4%	-0.7%	-5.1% ▼	
Operating expense ratio	12.7%	11.3%	12.7%	9.5%	12.0% ▼	

Gross margin and operational EBITDA margin % of sales revenue



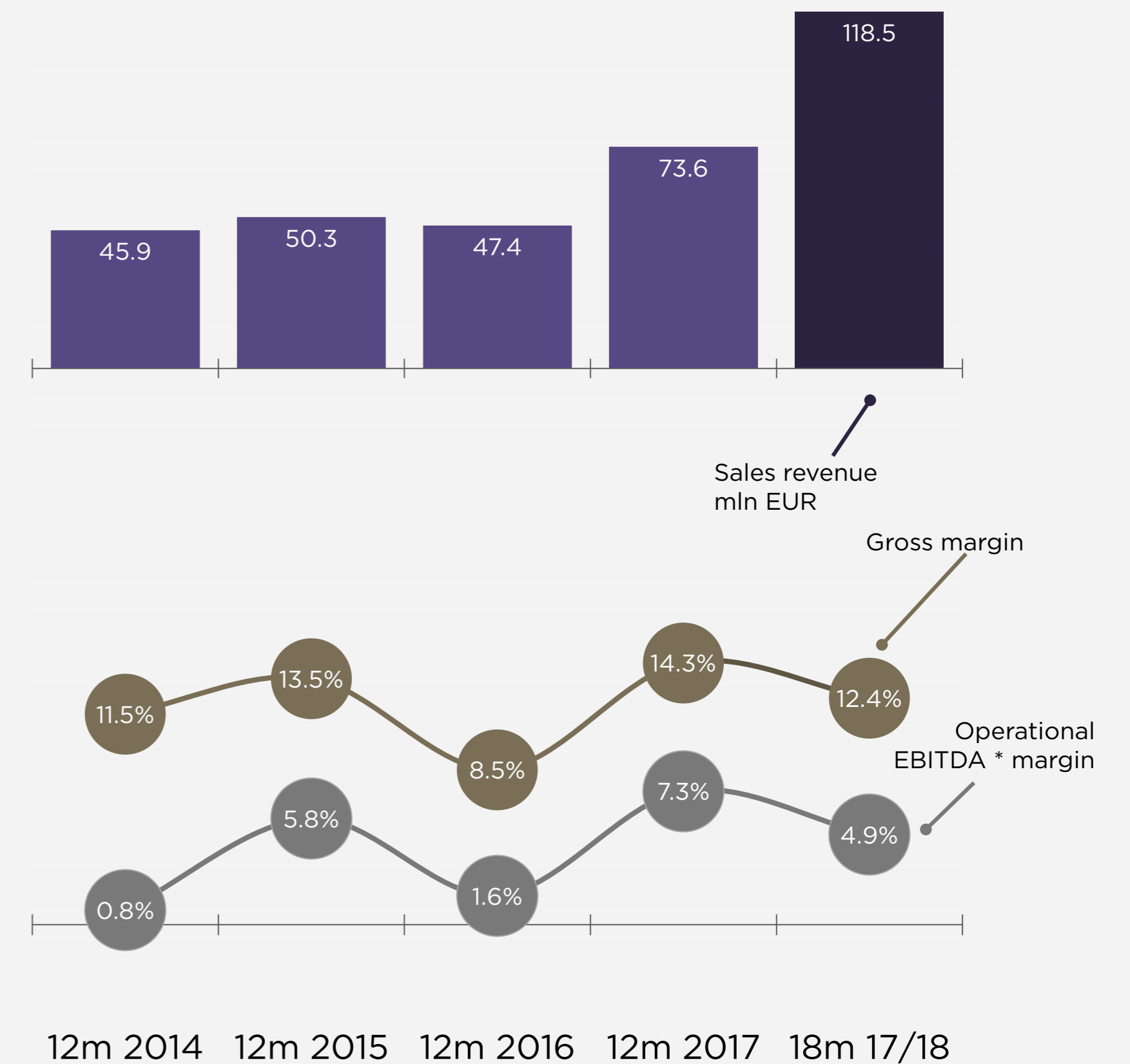
\* before one-offs and fair value adjustment of fish stock



# KEY RATIOS: INCOME STATEMENT 12 MONTHS OF 2014-2017 AND 18 MONTHS OF 2017/2018

	12m 2014	12m 2015	12m 2016	12m 2017	18m 17/18	mIn EUR
<b>Sales revenue</b>	45.9	50.3	47.4	73.6	<b>118.5</b> ▲	
<b>Gross profit</b>	5.3	6.8	4.0	10.5	<b>14.7</b> ▲	
<b>EBITDA from business operations*</b>	0.4	2.9	0.8	5.3	<b>5.8</b> ▲	
<b>EBITDA</b>	0.5	2.0	2.6	3.3	<b>4.2</b> ▲	
<b>EBIT</b>	-0.6	0.9	1.4	1.7	<b>1.5</b> ▼	
<b>EBT</b>	-1.4	1.1	1.1	1.2	<b>0.5</b> ▼	
<b>Net profit / loss</b>	-1.5	1.2	0.7	1.4	<b>0.06</b> ▼	
<b>Gross margin</b>	11.5%	13.5%	8.5%	14.3%	<b>12.4%</b> ▼	
<b>Operational EBITDA* margin</b>	0.8%	5.8%	1.6%	7.3%	<b>4.9%</b> ▼	
<b>EBITDA margin</b>	1.1%	4.0%	5.5%	4.5%	<b>3.5%</b> ▼	
<b>EBIT margin</b>	-1.3%	1.7%	2.9%	2.3%	<b>1.3%</b> ▼	
<b>EBT margin</b>	-3.0%	2.1%	2.4%	1.6%	<b>0.4%</b> ▼	
<b>Net margin</b>	-3.3%	2.3%	1.5%	1.9%	<b>0.05%</b> ▼	
<b>Operating expense ratio</b>	13.4%	10.8%	10.1%	10.0%	<b>10.5%</b> ▼	

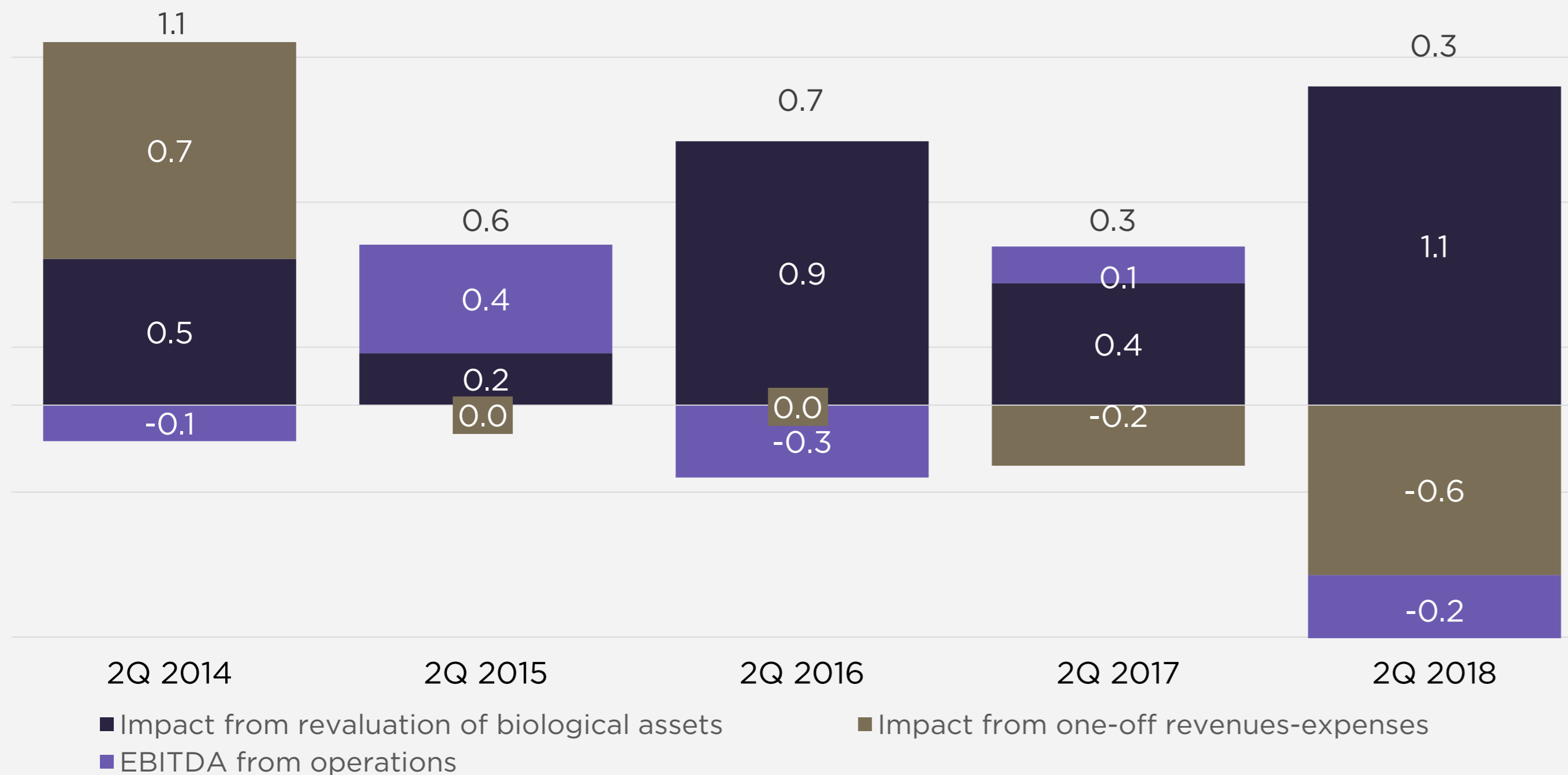
**Gross margin and operational EBITDA\* margin %**



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

# EFFECT OF BIOLOGICAL ASSET REVALUATION AND ONE-OFFS ON EBITDA: 2<sup>ND</sup> QUARTER OF 2014-2018

EBITDA Q2 (mln EUR)

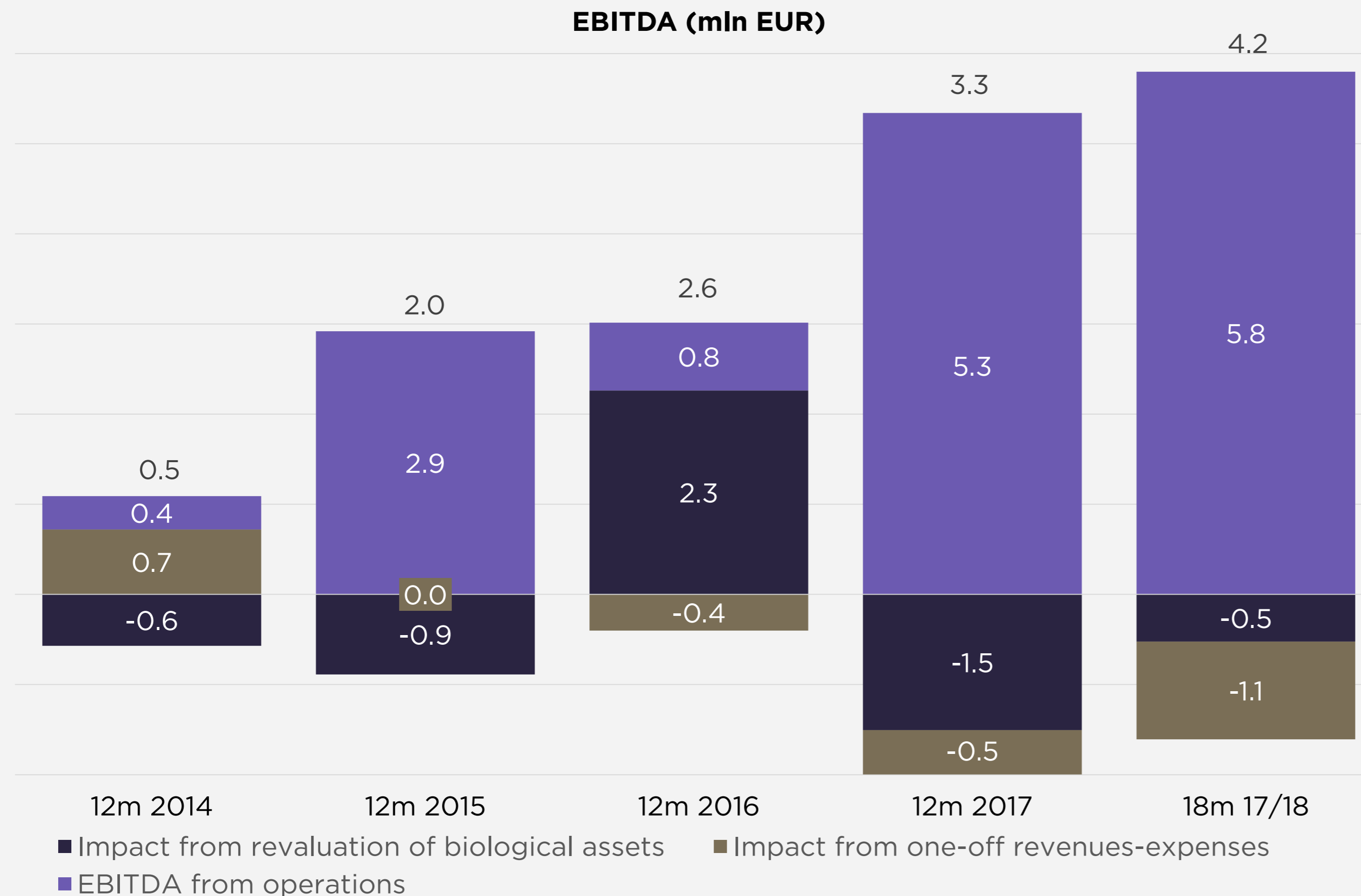


**EBITDA decreased by -0.07 million euros compared to the same period in 2017 and amounted to 0.3 million euros as at the end of the 2<sup>nd</sup> quarter of 2018.**

Revaluation of biological assets in the 2<sup>nd</sup> quarter of 2018 had a positive effect on EBITDA in the amount of +1.1 million euros compared to the revaluation of biological assets in the amount of +0.4 million euros in the previous period.

One-off costs in the amount of -0.6 million euros had a negative effect on EBITDA in the 2<sup>nd</sup> quarter of 2018 compared to a negative effect of -0.2 million euros in 2<sup>nd</sup> quarter of 2017.

# EFFECT OF BIOLOGICAL ASSET REVALUATION AND ONE-OFFS ON EBITDA: 12 MONTHS OF 2014-2017 AND 18 MONTHS OF 2017/2018



**EBITDA increased by +1.6 million euros in 18 months 2017/2018 compared to 12 months 2016, and was as at the end of the period 4.2 million euros.**

Revaluation of biological assets had a negative effect on EBITDA in the amount of -0.5 million euros. In 2016 revaluation of biological assets had a positive impact on EBITDA in the amount of +2.3 million euros.

One-off costs in the amount of -1.1 million euros had a negative effect on EBITDA in the past financial year compared to a negative effect of -0.4 million euros in the previous financial year.

## KEY RATIOS: BALANCE SHEET

	30.06.2018 mln EUR	31.12.2016 mln EUR
<b>Net debt</b>	<b>18.1</b>	0.3
<b>Equity</b>	<b>23.3</b>	23.8
<b>Working Capital</b>	<b>2.8</b>	12.4
<b>Assets</b>	<b>65.5</b>	35.1
<b>Liquidity ratio</b>	<b>1.1</b>	2.4
<b>Equity ratio</b>	<b>35.6%</b>	67.9%
<b>Gearing ratio</b>	<b>43.7%</b>	1.2%
<b>Net debt / EBITDA from operations</b>	<b>3.1</b>	0.4
<b>ROE</b>	<b>0.2%</b>	3.0%
<b>ROA</b>	<b>0.1%</b>	2.2%



**At the end of the reporting period, the Group had financial funds in the amount of 6.0 million euros (9.1% 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 2.8 million euros (31.12.2016: 12.4 million euros). The decrease in working capital is related to acquisitions of daughter structures during the financial year.

The liquidity ratio showing short-term ability to pay short-term obligations was 1.1 as at 30.06.2018 (31.12.2016: 2.4).

Net debt was positive, totalling 18.1 million euros as at the balance sheet date (31.12.2016: positive 0.3 million euros). Increase in the net debt is caused by investment loans for acquiring new subsidiaries.

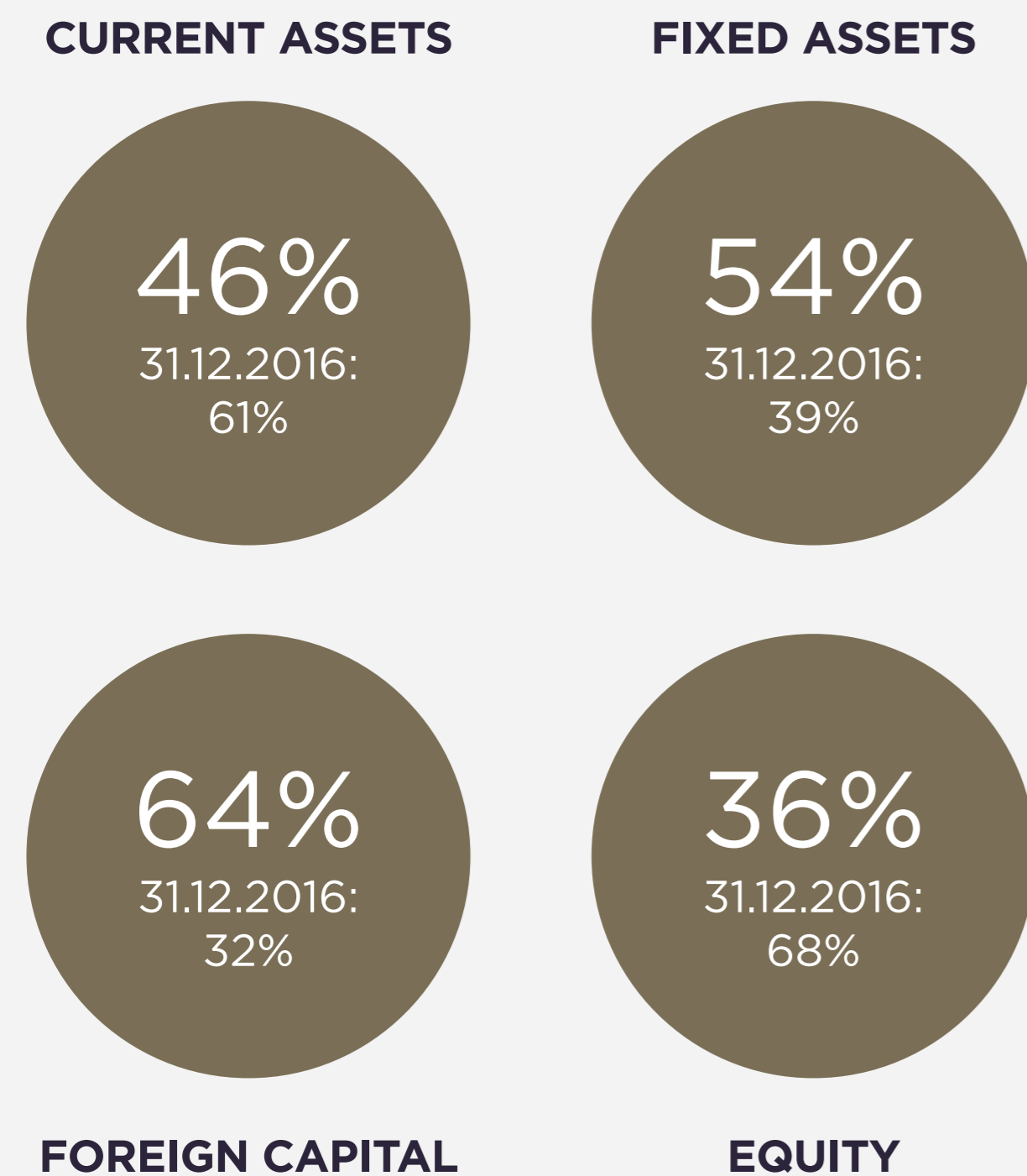
The Group's solvency is continually good and financial risk low. Financial gearing showing net debt ratio to gross capital was 43.7% as at 30.06.2018 (31.12.2016: 1.2%).

Net debt to EBITDA from operations' ratio was 3.1 as at 30.06.2018 (31.12.2016: 0.4).

The Group has been able to maintain its financial position ensuring sustainability and helping to adjust more flexibly to complex market conditions.

# BALANCE SHEET ANALYSIS

## BALANCE SHEET STRUCTURE AS AT 30.06.2018:



As of 30.06.2018 consolidated total assets of PRFoods stood at 65.5 million euros, an increase by 30.4 million euros, i.e. +86.8% from the end of the previous financial year. The main source of growth was acquisitions of daughter companies.

### CURRENT ASSETS

The Group's current assets as at 30.06.2018 amounted to 29.8 million euros and the balance of cash and bank accounts was 6.0 million euros. Receivables and prepayments increased by 0.7 million euros compared to 31.12.2016 totalling 4.7 million euros. Inventories were 12.7 million euros, having increased from the end of the previous financial year by 7.3 million euros. Biological assets amounted to 6.5 million euros as at 30.06.2018, down by 1.1 million euros compared to the end of the previous financial year. Biomass volume was 1,184 tonnes as at 30.06.2018, down by 234 tonnes compared to the end of the previous financial year.

### FIXED ASSETS

Fixed assets totalled 36.0 million euros on 30.06.2018, an increase by 22.6 million euros from the end of the previous financial year. Investments into fixed assets in the 18 months of 2017/2018 were 1.6 million euros.

### FOREIGN CAPITAL

Accounts payable and prepayments amounted to 14.3 million euros as at 30.06.2018, up by 9.1 million euros compared to the end of the previous financial year. Trade payables increased by 2.3 million euros. Short-term loans

and borrowings include deferred payments for John Ross Jr. (Aberdeen) shares in the amount of 2.1 million euros and an obligation to purchase non-controlling interests in the amount of 2.6 million euros. The management of the Group assesses the likelihood of purchasing the non-controlling interests as unlikely. Short-term loans and borrowings increased by 8.8 million euros totalling 12.6 million euros on 30.06.2018. The increase was caused by increased use of overdraft facility by 4.7 million euros and by short-term portion of investment loans in the amount of 4.1 million euros. Long-term obligations amounted to 15.2 million euros as at 30.06.2018, up by 13.0 million euros. Long-term investment loans totalled 10.3 million euros as at 30.06.2018.

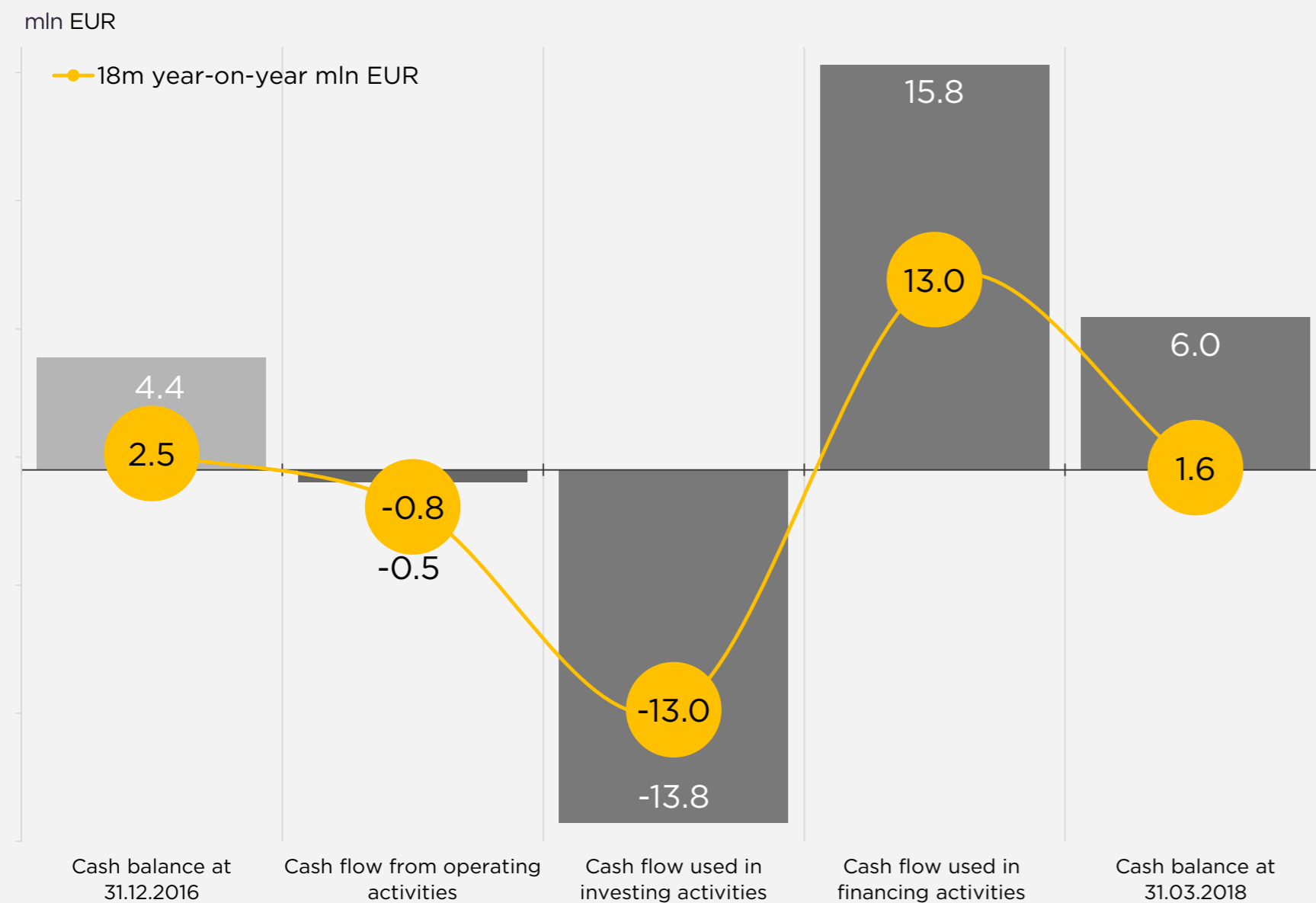
### EQUITY

PRFoods equity totalled 23.3 million euros as at 30.06.2018 (35.6% of balance sheet total) and 23.8 million euros as at 31.12.2016 (67.9% of balance sheet total).

As at 30.06.2018, the Group's registered share capital was 7.7 million euros (30.06.2017: 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

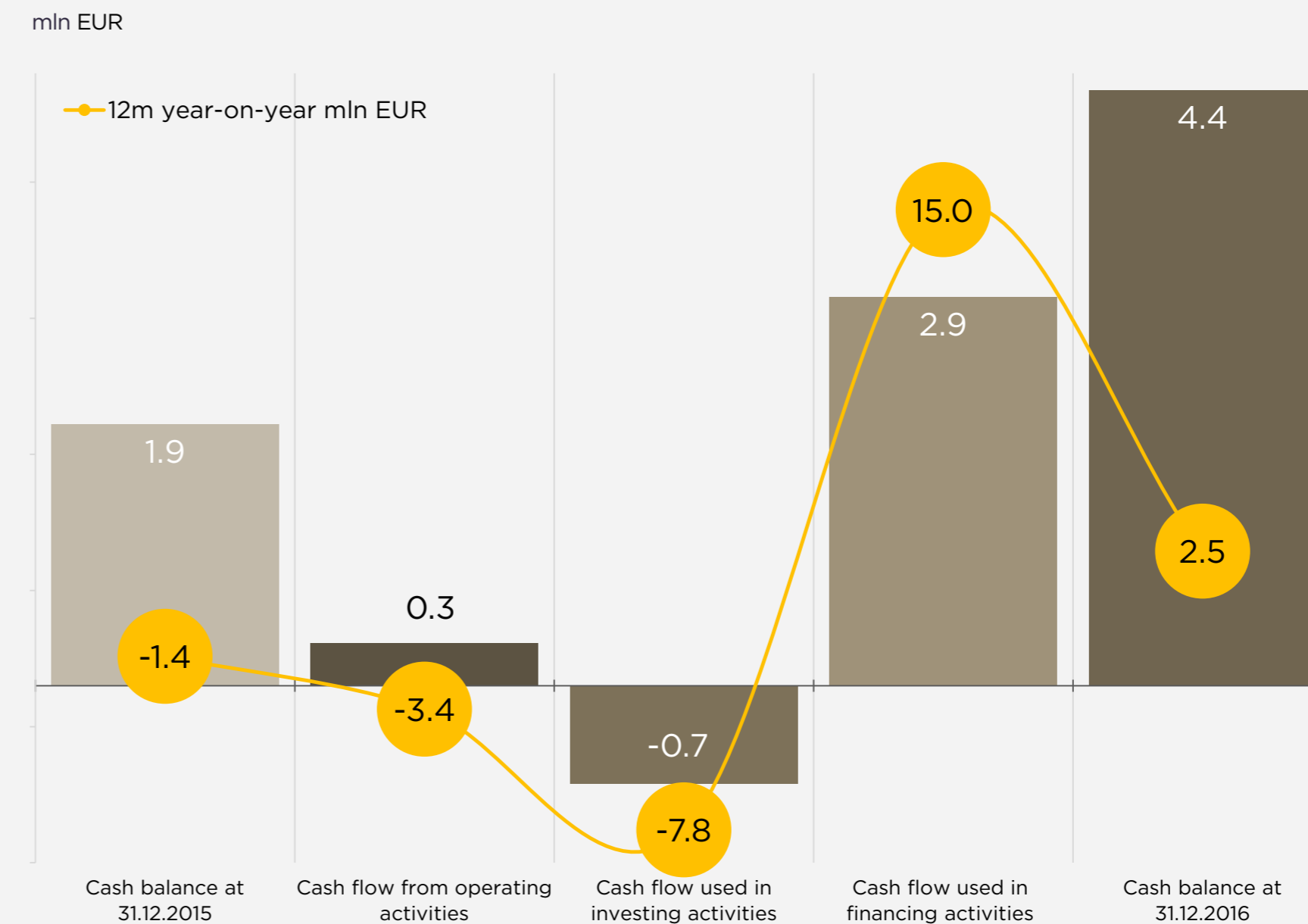
**CHANGE IN CASH AND CASH EQUIVALENTS 18 MONTHS 2017/2018**



**The change in the Group's financial resources in the 18 months of 2017-2018 was +1.6 million euros (12 months 2016: +2.5 million euros).**

Cash flow from operations of 18 months 2017/2018 was -0.5 million euros (12 months 2016: +0.3 million euros), down by 0.8 million euros compared to 31.12.2016. The cash flow from operations was negatively influenced by increase in inventories (impact on cash flow -7.3 million euros) and increase in receivables and prepayments (impact on cash flow -0.6 million euros). The cash flow from operations was positively influenced by increase in payables and prepayments (impact on cash flow +6.0 million euros) and

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



decrease in biological assets (impact on cash flow +1.1 million euros).

Cash flow from investments was -13.8 million euros (12 months 2016: -0.7 million euros). Investments less cash received from daughter companies totalled 13.0 million euros. Payments for non-current assets totalled 1.3 million euros. Grants to projects during the financial year of 18 months 2017/2018 amounted to 0.3 million euros.

Cash flow from financing totalled +15.8 million euros (12 months 2016: +2.9 million euros). The cash flow from financing was influenced by receiving investment loans in

the amount of 14.0 million euros and increase of the overdraft facility by 4.7 million euros. During the reporting period the investment loans were paid back in the amount of 1.2 million euros, investment loan and finance lease interests by 0.7 million euros and principal payments of finance lease by 0.6 million euros (12 months 2016: increase in the overdraft facility 3.4 million euros, no investment loans were paid back, and principal payments of financial lease amounted to 0.3 million euros). The remaining share of financing activities comprise of payments for repurchasing own shares, interest payments, and dividends to JRJ&PRF Ltd non-controlling interests.

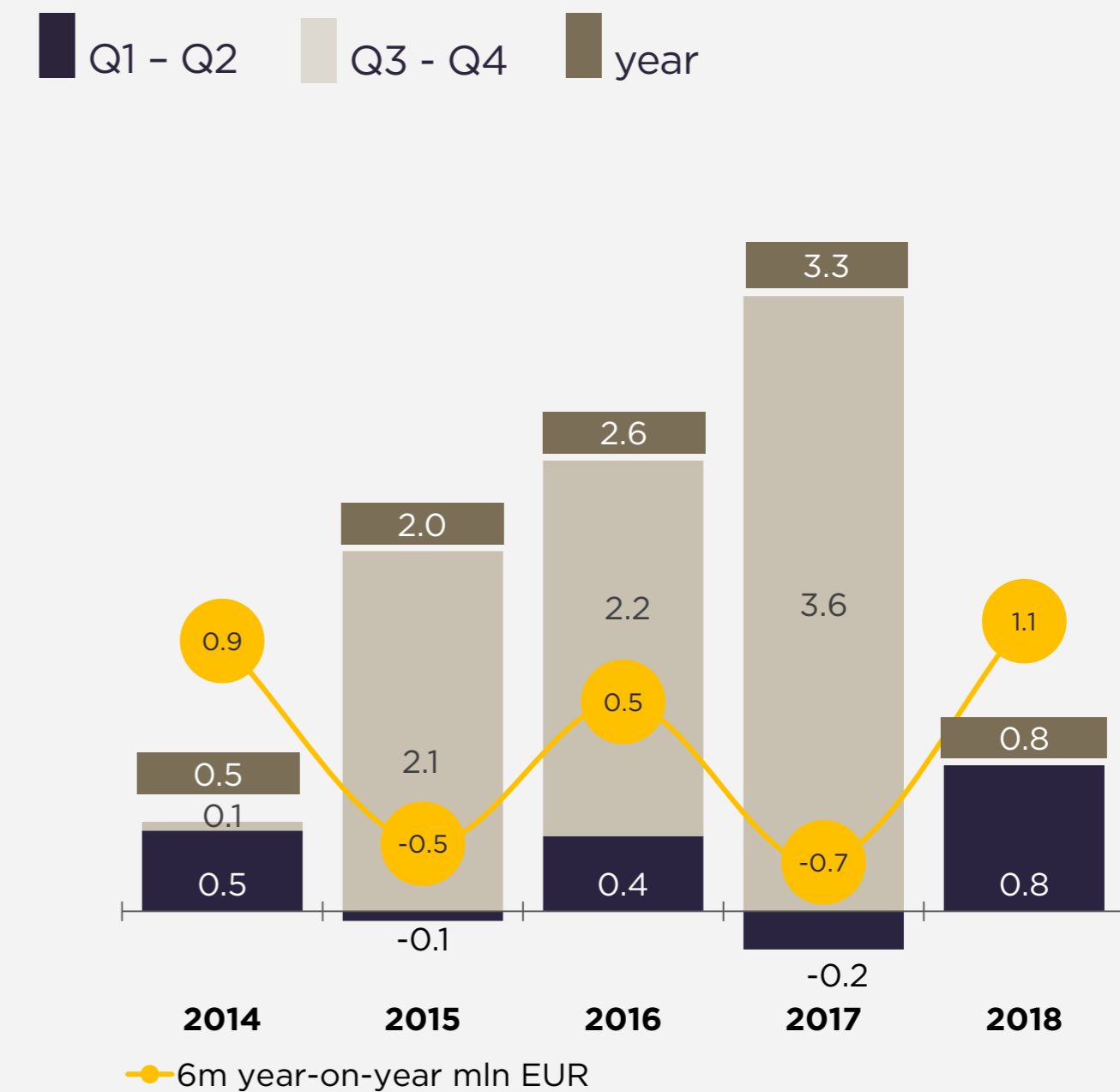
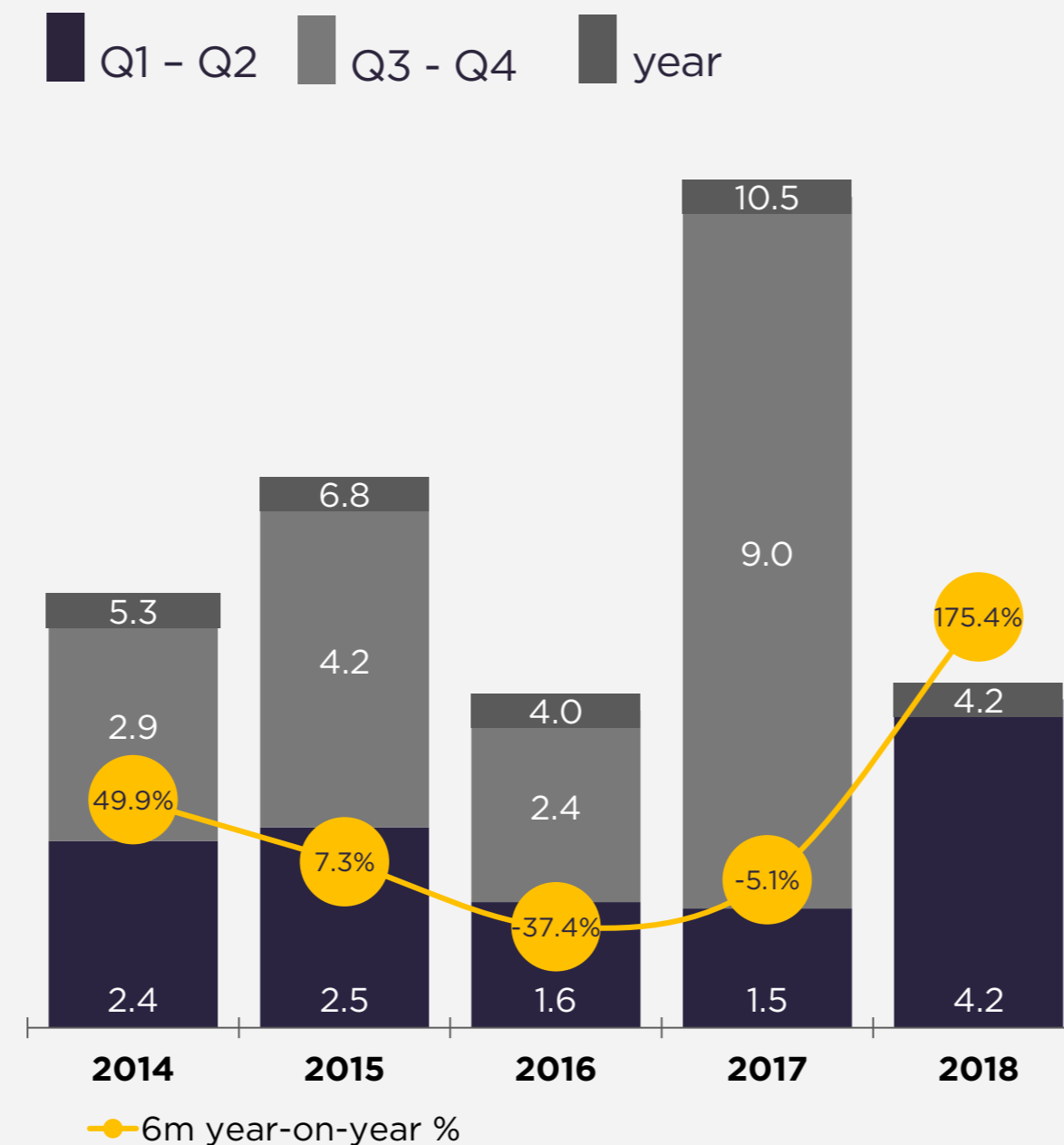
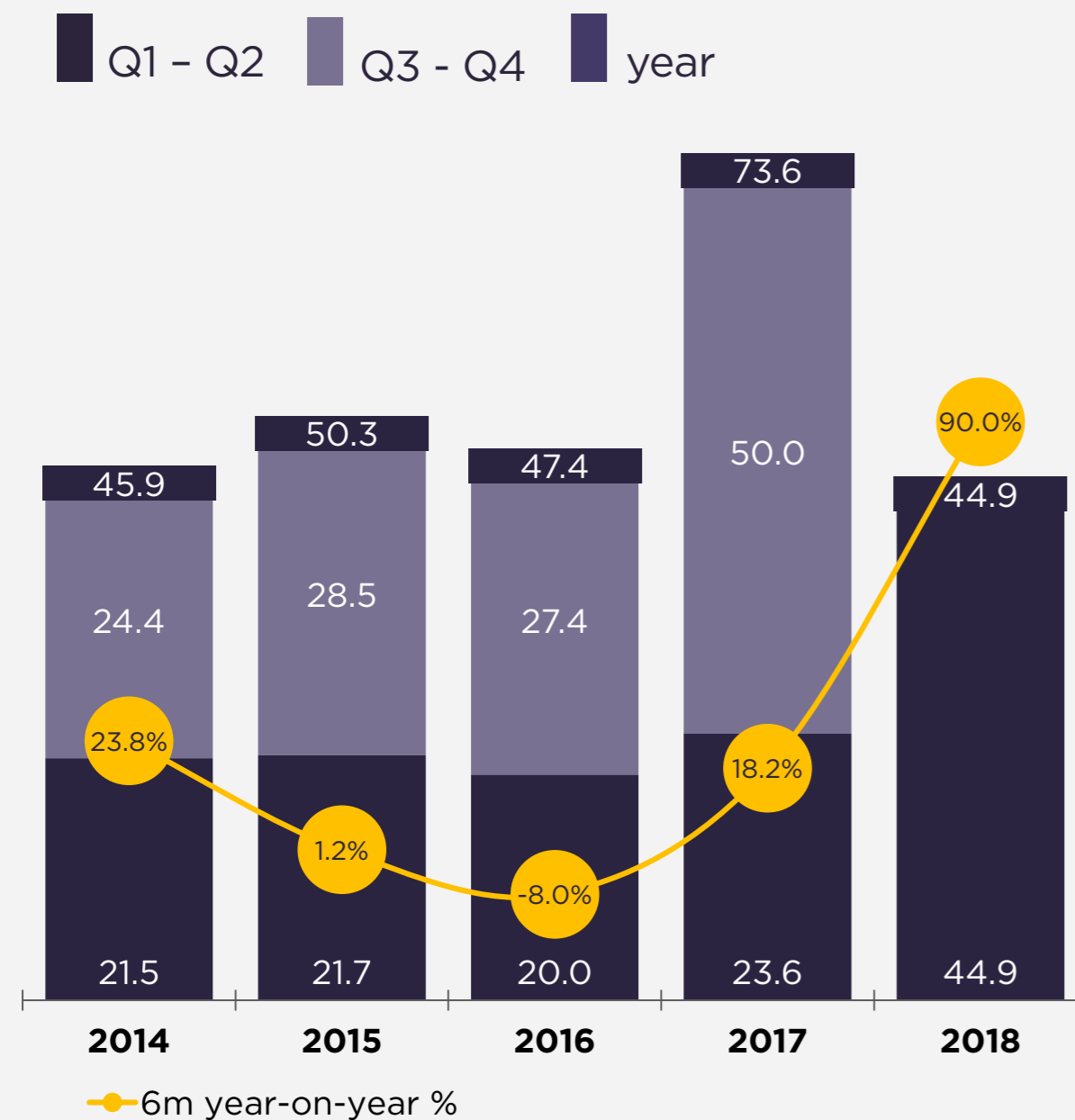
# OVERVIEW: REVENUE AND PROFITABILITY

Positive impact on the Group's EBITDA from revaluation of biological assets was +1.1 million euros in 2<sup>nd</sup> quarter of 2018, positive impact of +0.4 million euros in 2<sup>nd</sup> quarter of 2017.

**Sales revenue in 2014-2018, mln EUR**  
**Q2 2018: revenue 22.1 mln EUR,**  
**up by 9.0 mln EUR, i.e. +69.5%**

**Gross profit in 2014-2018, mln EUR**  
**Q2 2018: gross profit 1.8 mln EUR,**  
**up by +0.8 mln EUR, i.e. +78.1%**

**EBITDA 2014-2018, mln EUR**  
**Q2 2018: EBITDA 0.3 mln EUR,**  
**down by -0.1 mln EUR, i.e. -19.8%**



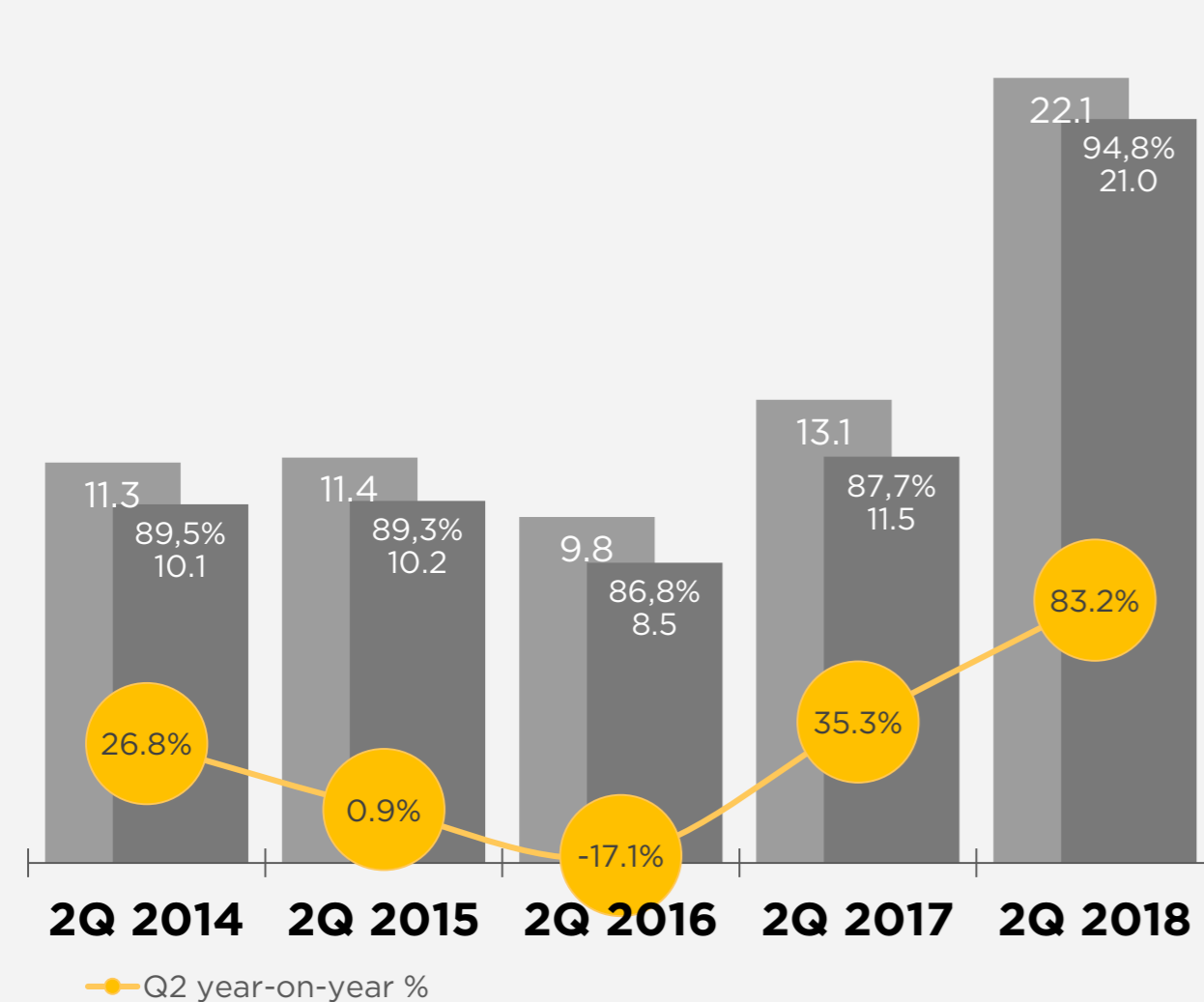
# SALES BY GEOGRAPHIC AREA: 2<sup>ND</sup> QUARTER OF 2014-2018

Revenue increased by +11.6 million euros, i.e. +69.5% in 2<sup>nd</sup> quarter of 2018. Acquired subsidiaries contributed to sales increase by 11.1 million euros in 2<sup>nd</sup> quarter of 2018. The sales volume in tonnes increased by +62.6%, i.e. +944 tonnes in 2<sup>nd</sup> quarter of 2018 compared previous year.

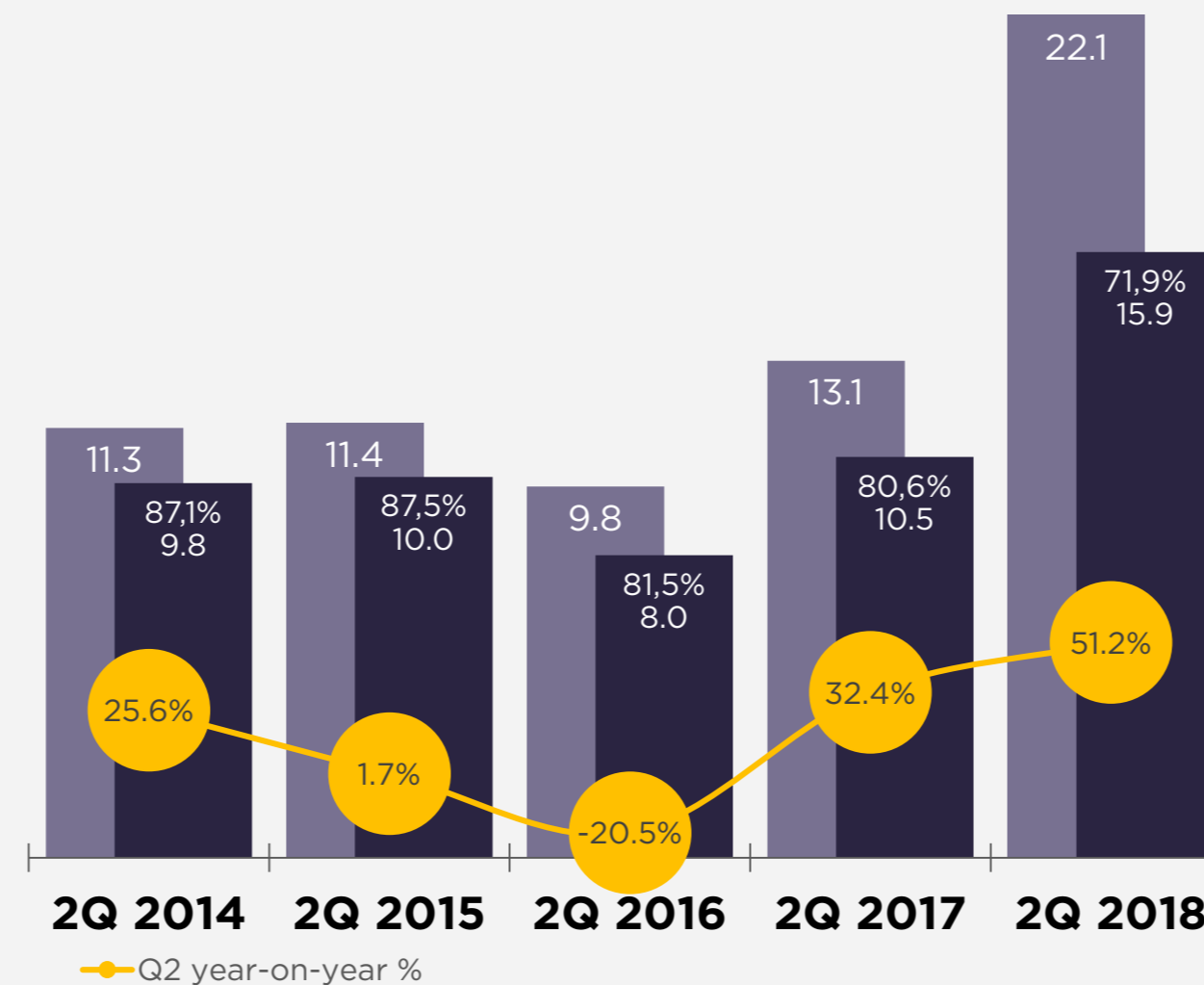
In 2<sup>nd</sup> quarter of 2018 revenue in Finnish target market grew +5.4 million euros, i.e. +51.2%. The share of Finnish market from total sales decreased by -8.7 percentage points. The increase in revenues in Finnish target market is mostly caused by sales volume of Trio Trading Ab Oy.

Revenue from Estonian market decreased by -0.4 million euros i.e. -27.9%. The share of Estonia's target market decreased by -7.1 percentage points. Revenue from new target market UK increased to 2.8 million euros. The share of UK's market was 12.9% of total revenue. Export revenue in other markets increased by +1.3 million euros, i.e. +139.8%.

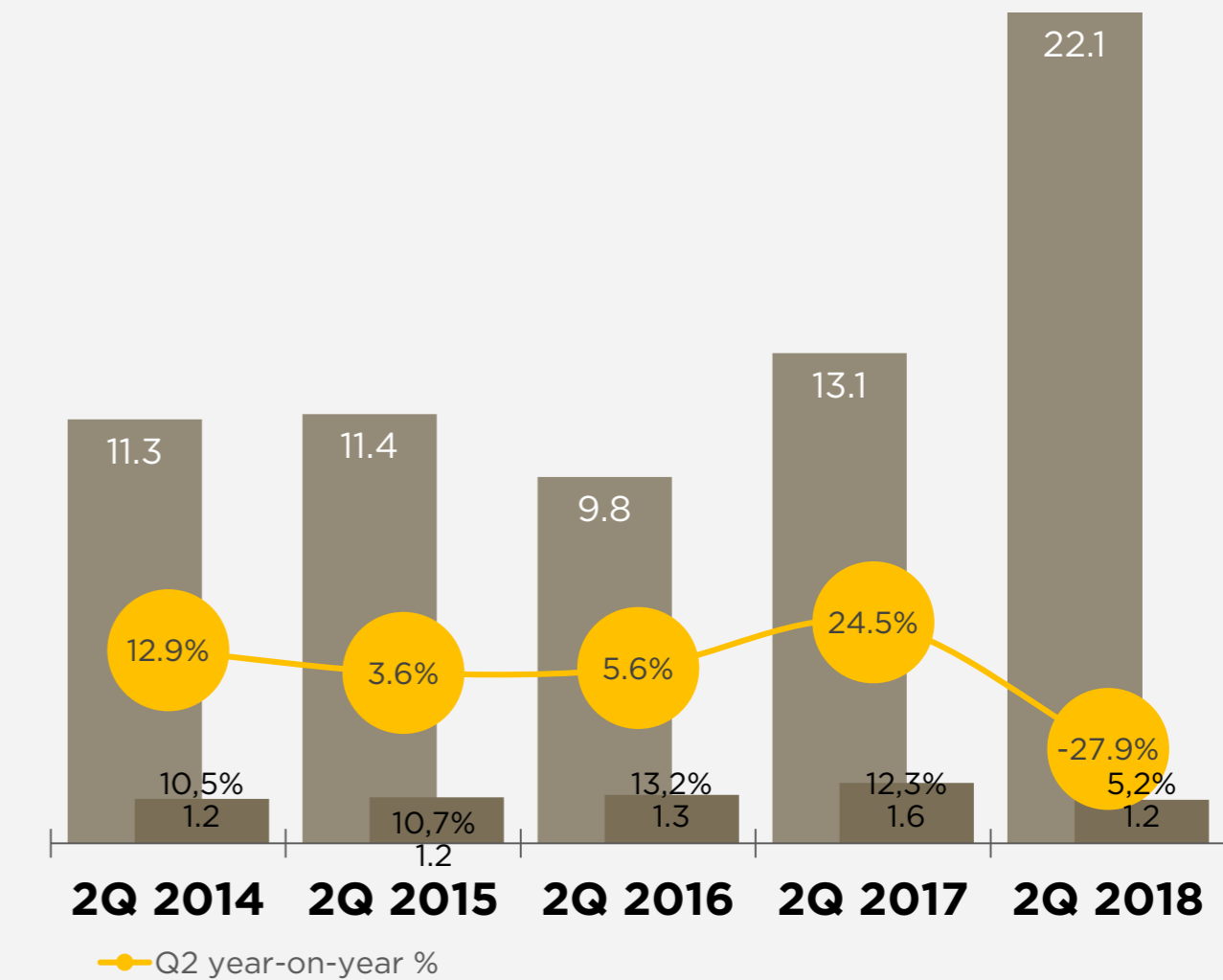
Exports revenue mln EUR



Finnish revenue mln EUR



Estonian revenue mln EUR





# SALES BY GEOGRAPHIC AREA: 12 MONTHS OF 2014-2017 AND 18 MONTHS OF 2017/2018

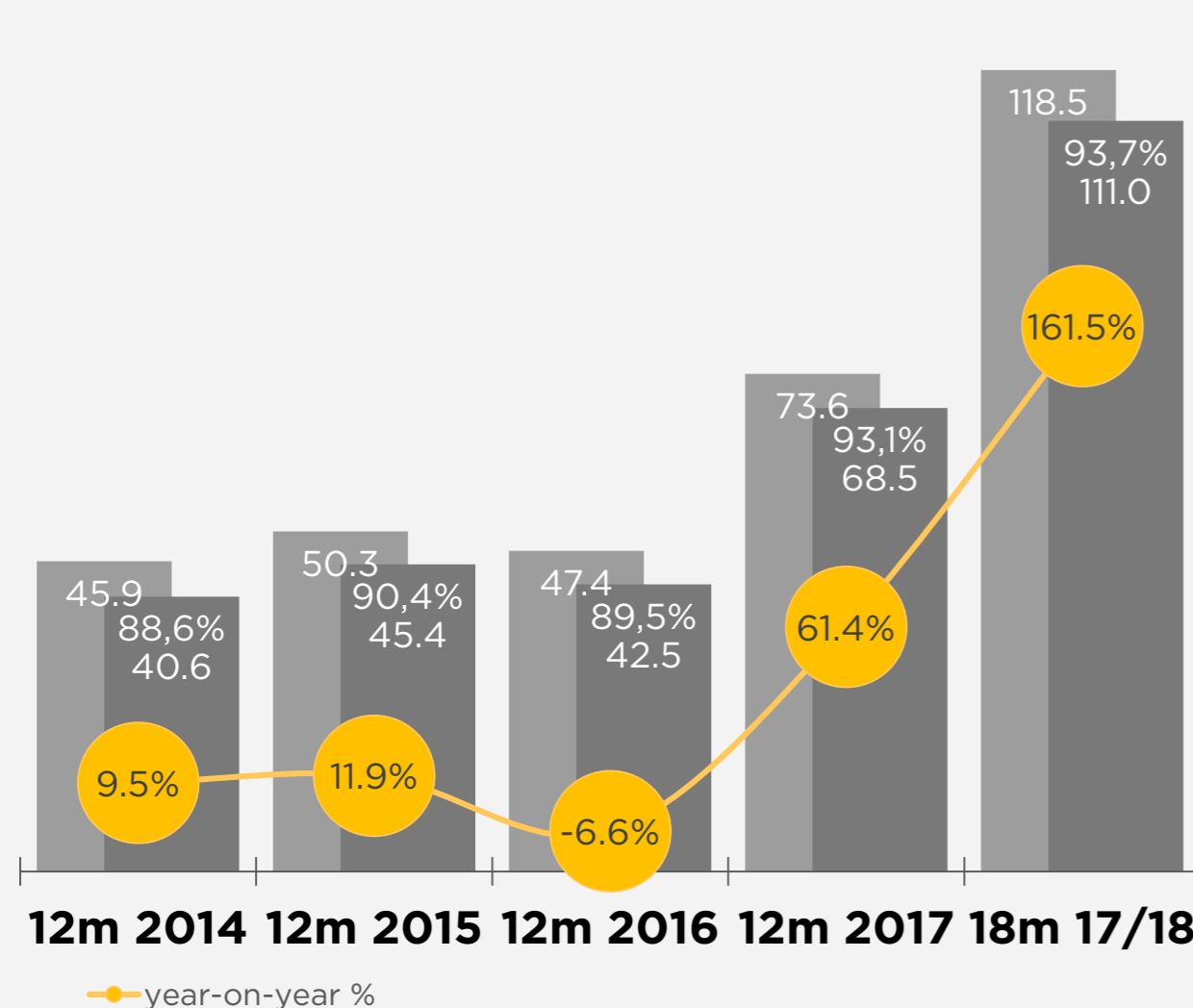
In 18 months of 2017-2018 the revenue was 118.5 million euros. PRFoods pro forma sales revenue in 18 months would have been 154.6 million euros if all companies would have been consolidated into the Group since the beginning of the financial year.

Finnish revenue increased by 47.5 million euros from 39.0 million euros to 86.4 million euros. The share of Finnish revenue amounted to 72.9% of total turnover of the last financial year having decreased by 9.2 percentage points

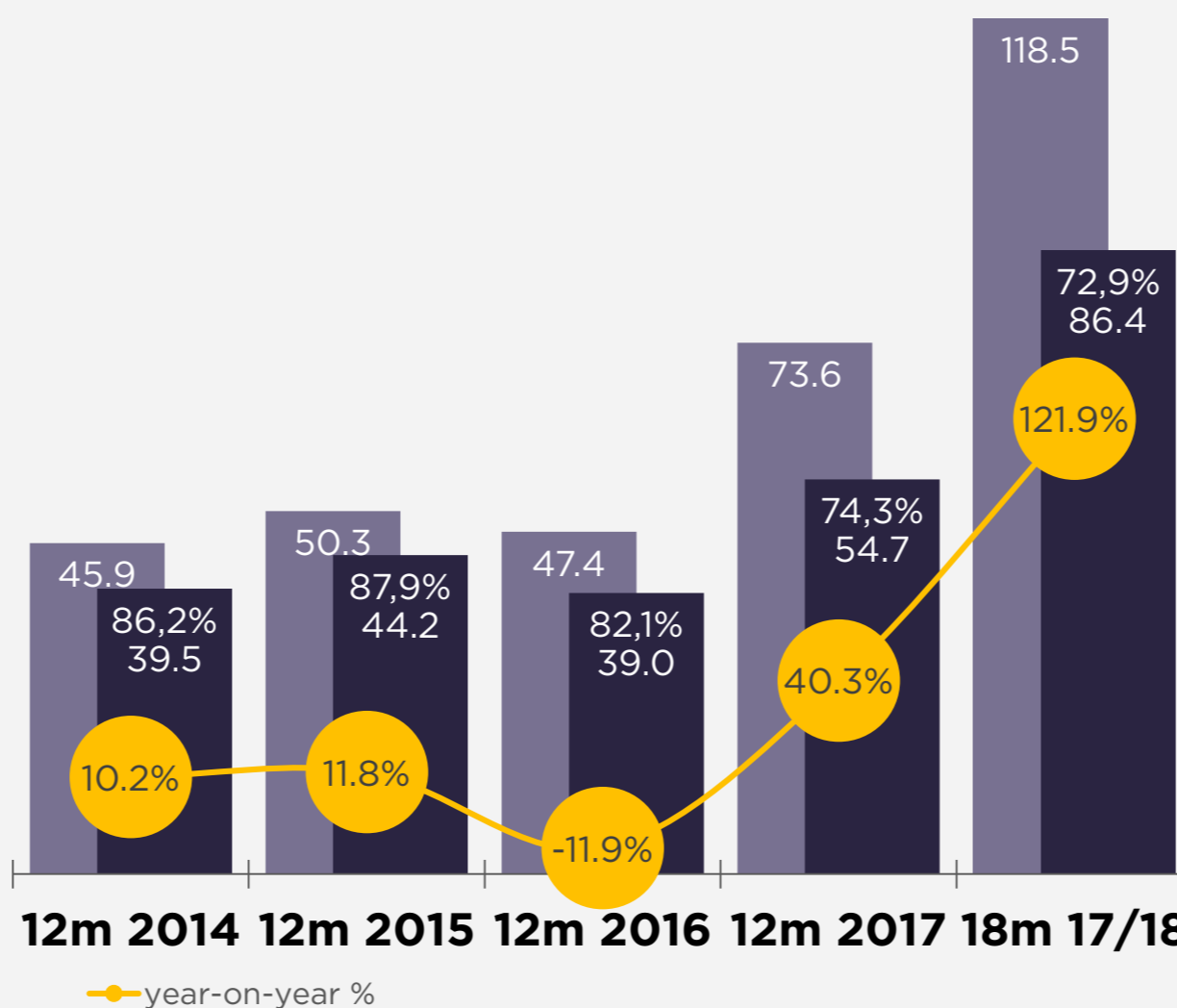
compared to the previous financial year (12 months 2016: 82.1% of revenue). The share of Estonian revenue decreased compared to the financial year of 2016 by 4.2 percentage points forming 6.3% of total revenue while in monetary terms the sales increased to 7.5 million euros (12 months 2016: 5.0 million euros). As a new main market Great Britain showed a revenue of 13.3 million euros accounting for 11.2% of total turnover. The share of other countries increased by 2.1 percentage points and accounted for 9.5% of total turnover in the past financial

year (12 months 2016: an increase by 4.9 percentage points, 7.4% of revenue). Latvia accounted for the largest growth amounting to 146.9% i.e. 3.0 million euros (12 months 2016: increase by 150.1%, i.e. 1.3 million euros). The Group's new export markets in the 18 months of 2017/2018 include France where sales amounted to 3.0 million euros, Greece with sales of 0.8 million euros, Sweden with sales of 0.4 million euros and to Italy with sales of 0.4 million euros.

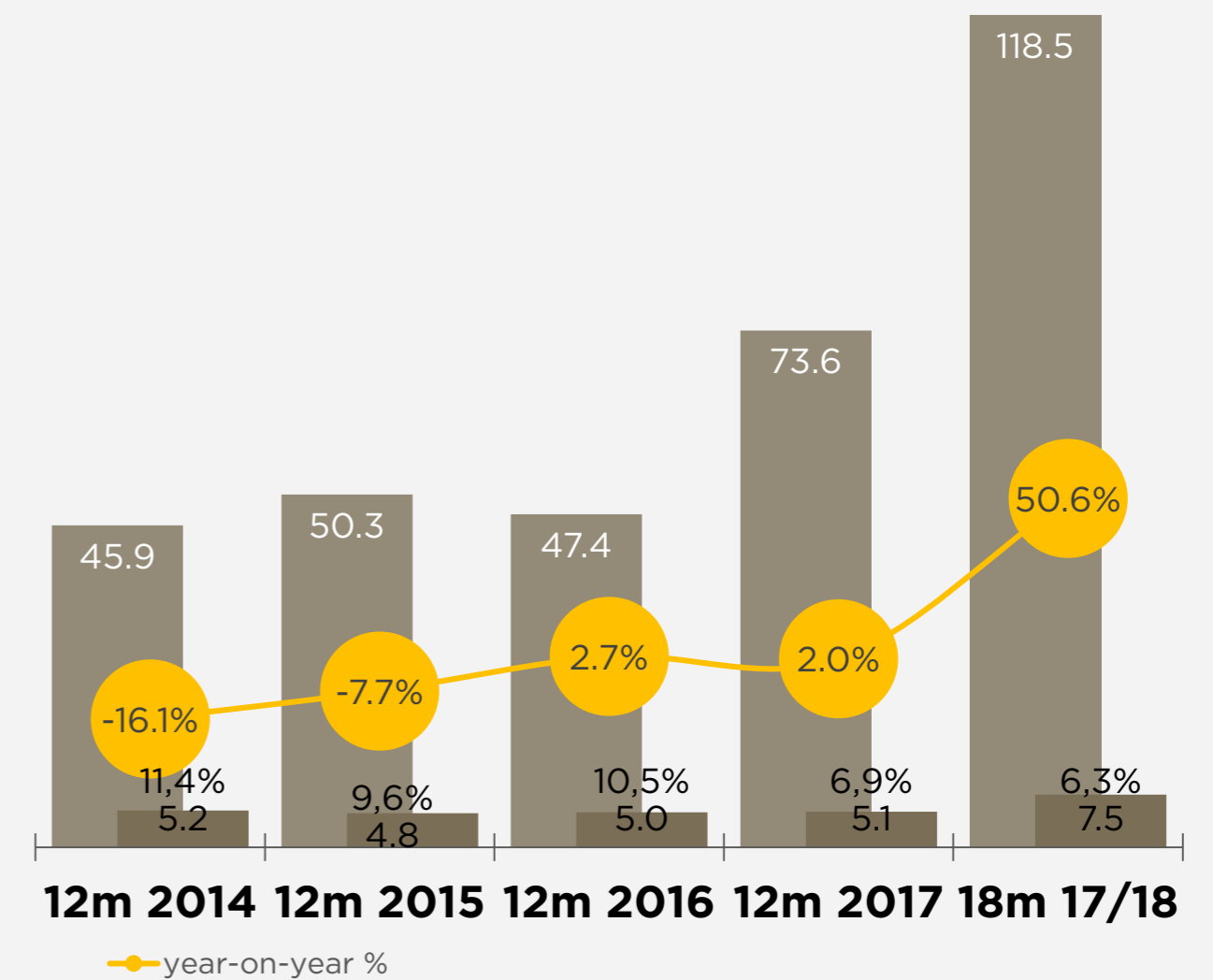
Exports revenue mln EUR



Finnish revenue mln EUR



Estonian revenue mln EUR



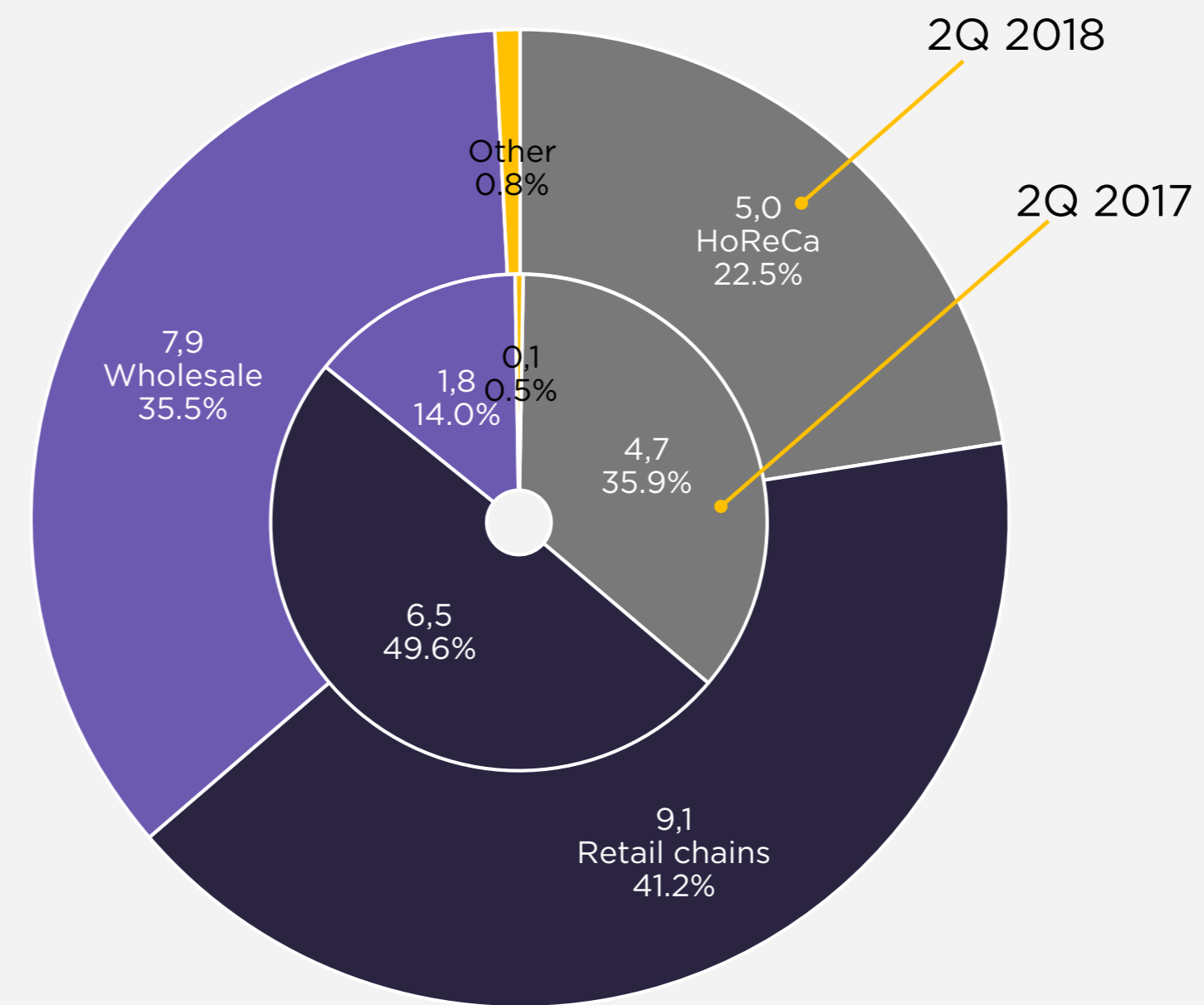
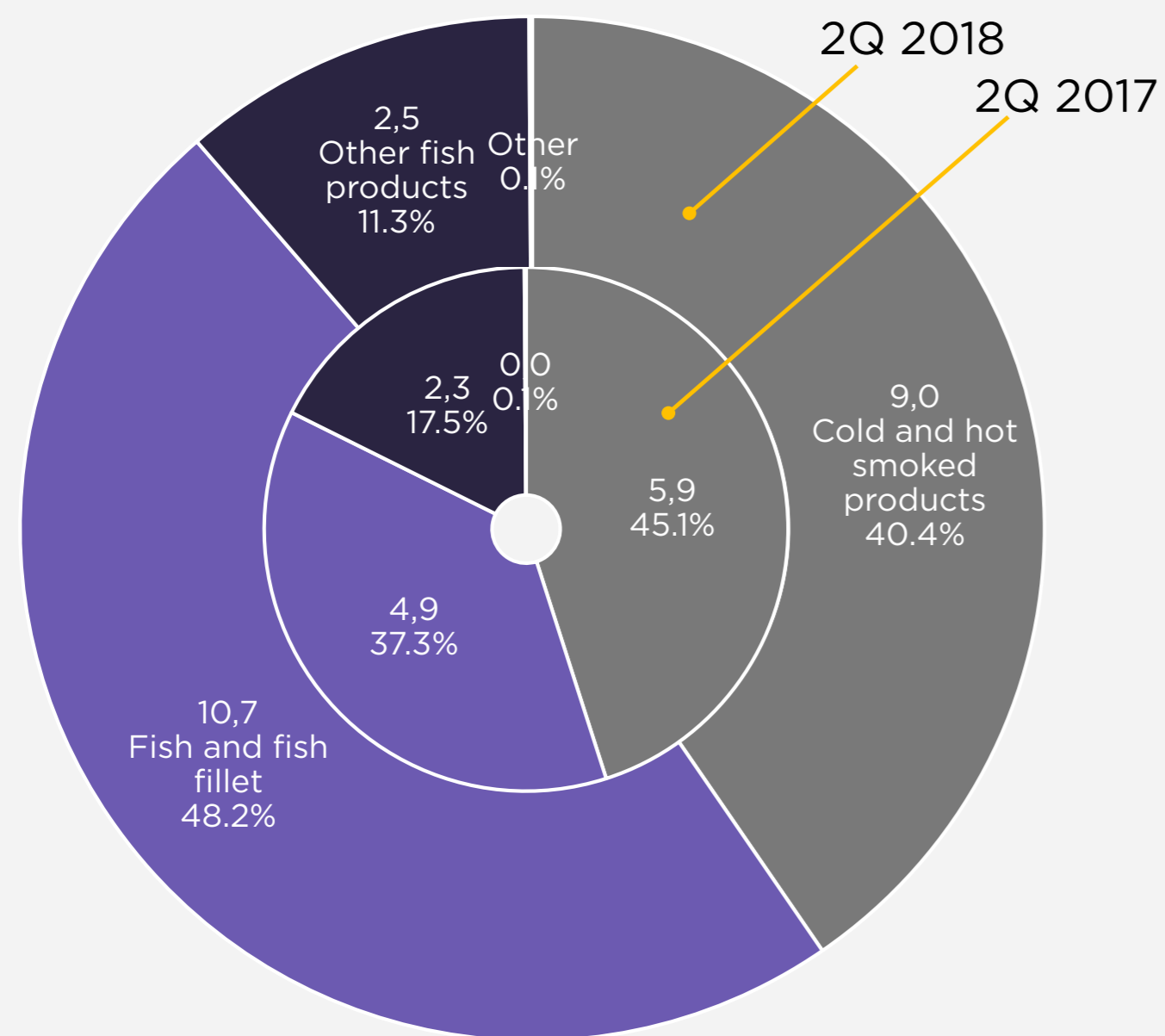
# SALES BY PRODUCT AND CLIENT SEGMENTS: 2<sup>ND</sup> QUARTER 2018 AND 2<sup>ND</sup> QUARTER 2017

## Product segments

The largest increase in revenue in 2<sup>nd</sup> quarter of 2018 came from the raw fish and fillets product group, which increased by +5.8 million euros in total i.e. +119.2%. The revenue from the smoked products group increased by +3.1 million euros, i.e. +52.1%. The revenue from the other fish products group increased by +0.2 million euros i.e. +8.8%.

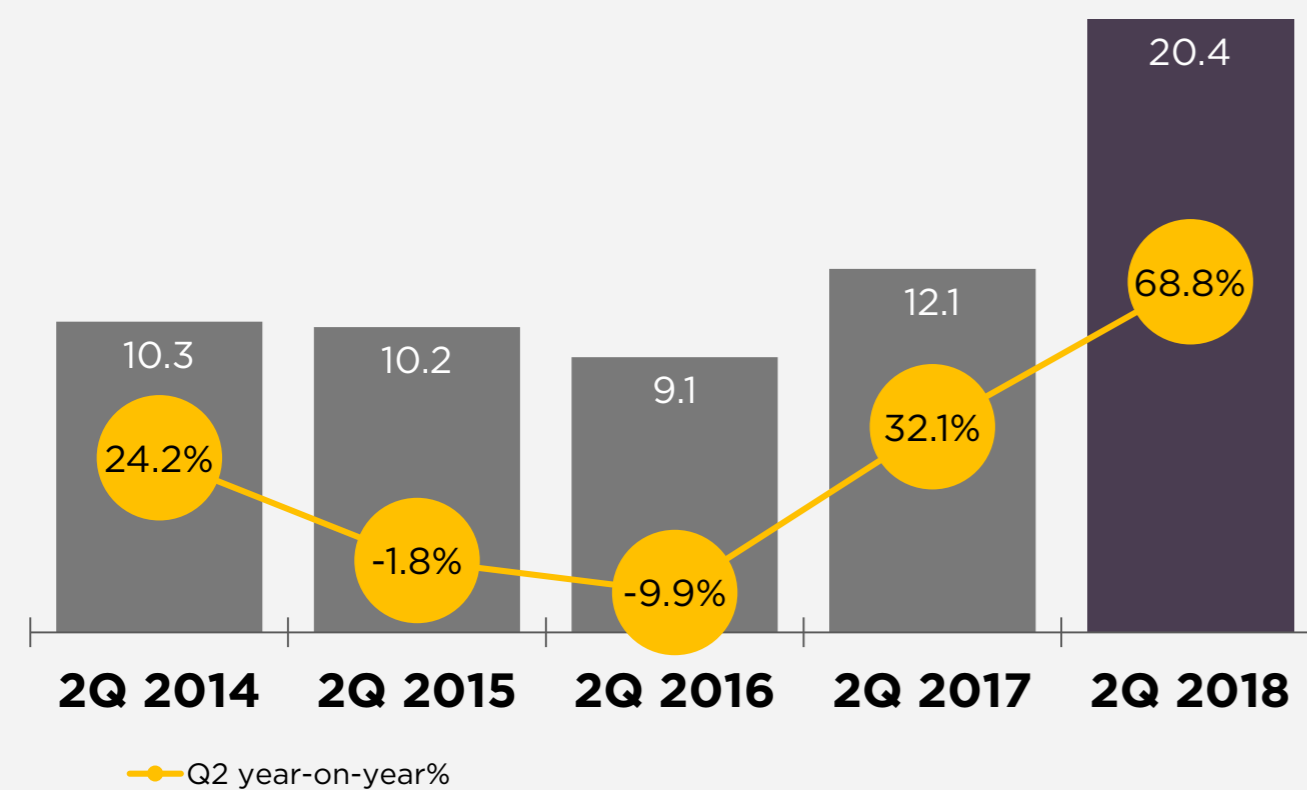
## Client segments

Revenue increased in HoReCa sector by +0.3 million euros, i.e. +6.3% in 2<sup>nd</sup> quarter of 2018. In retail sector the revenue increased by +2.6 million euros, i.e. +40.8%. In wholesale sector the revenue increased by +6.0 million euros, i.e. +330.6%.

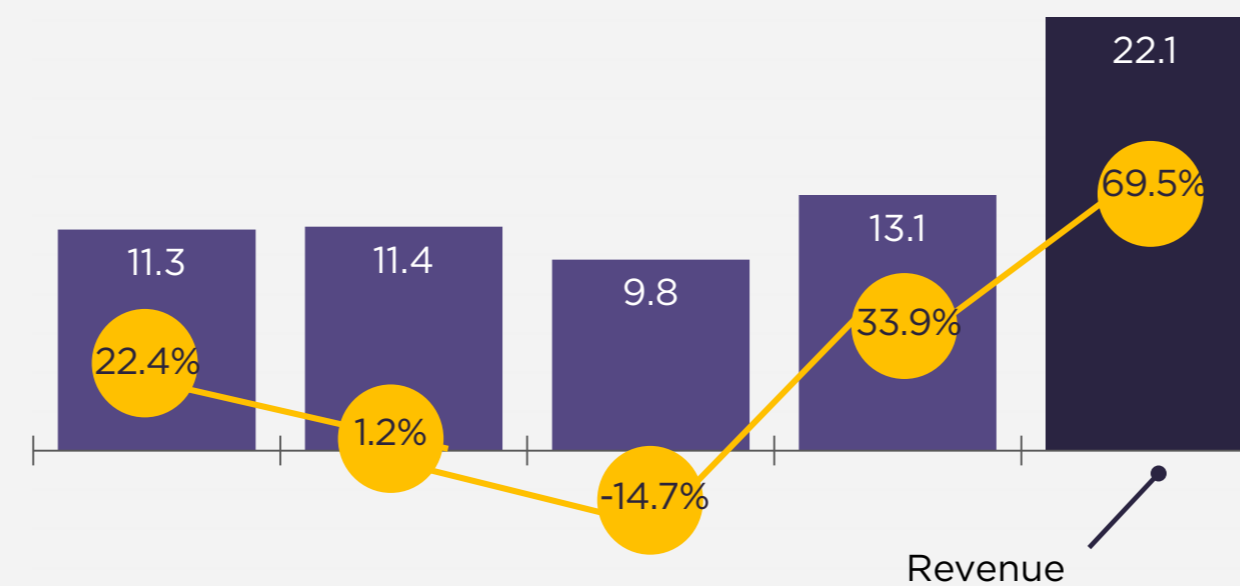


# COSTS OF GOODS SOLD AND OPERATING EXPENSES: 2<sup>ND</sup> QUARTER OF 2014-2018

Cost of goods sold mln EUR



Cost structure and as % of sales

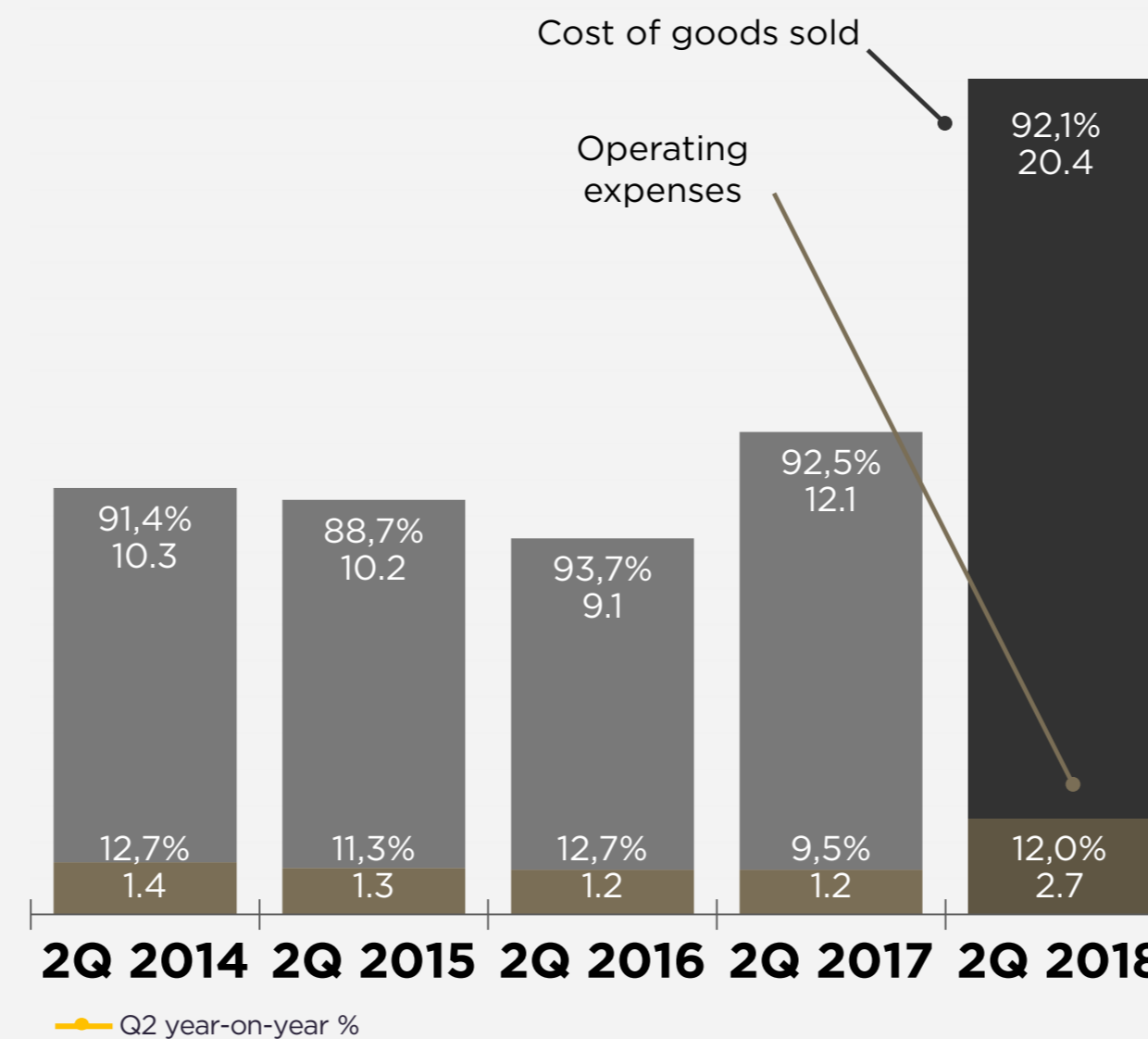
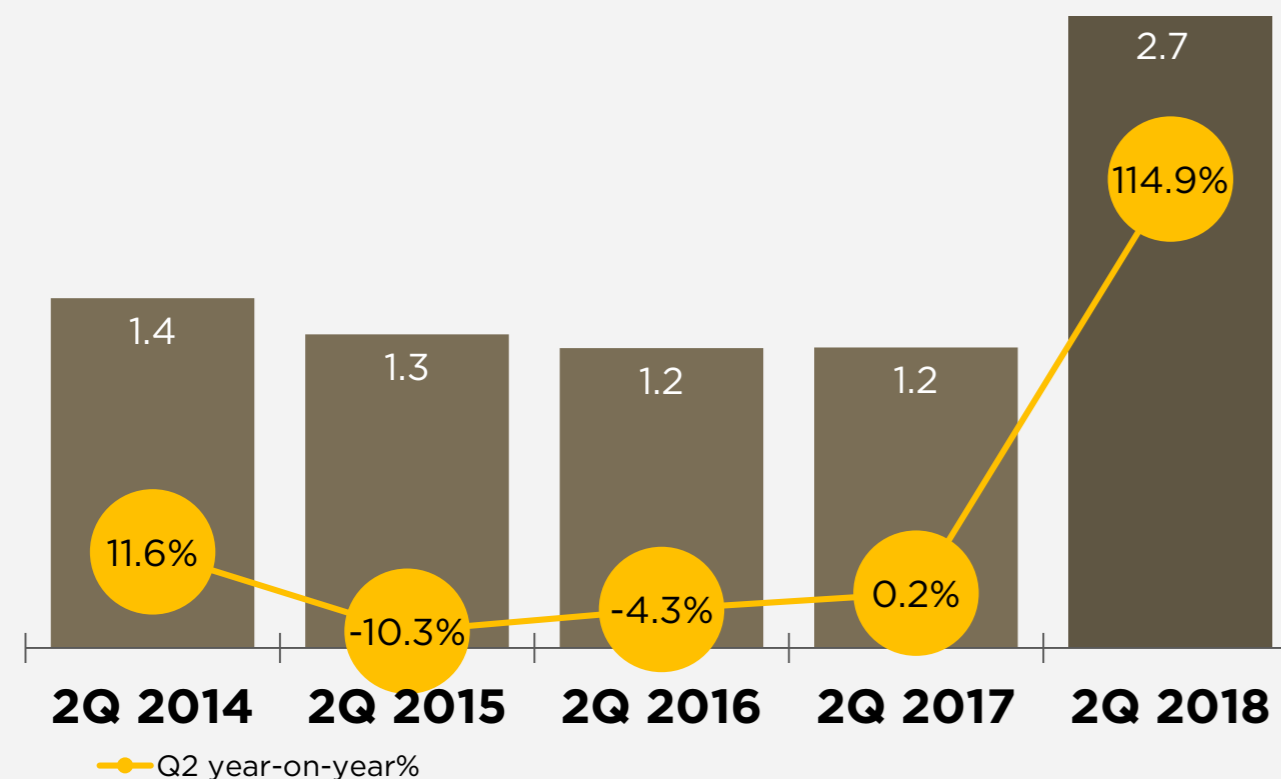


Sales revenue increased by +9.1 million euros, i.e. +69.5%, in the 2<sup>nd</sup> quarter of 2018. Cost of goods sold increased by +8.3 million euros, i.e. +68.8.

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

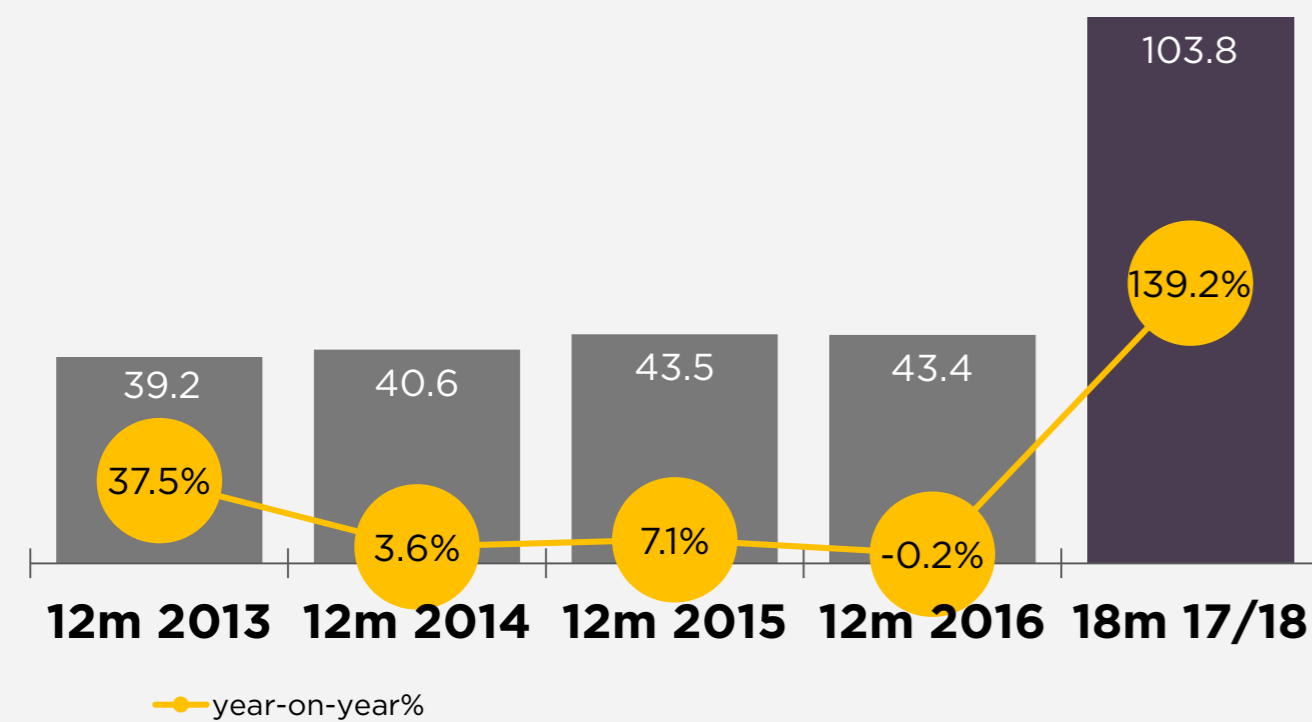
The vast majority of costs of goods sold is raw material costs i.e. costs on raw fish. The remaining share of costs are costs of packaging and costs on fish feed.

Operating expenses mln EUR

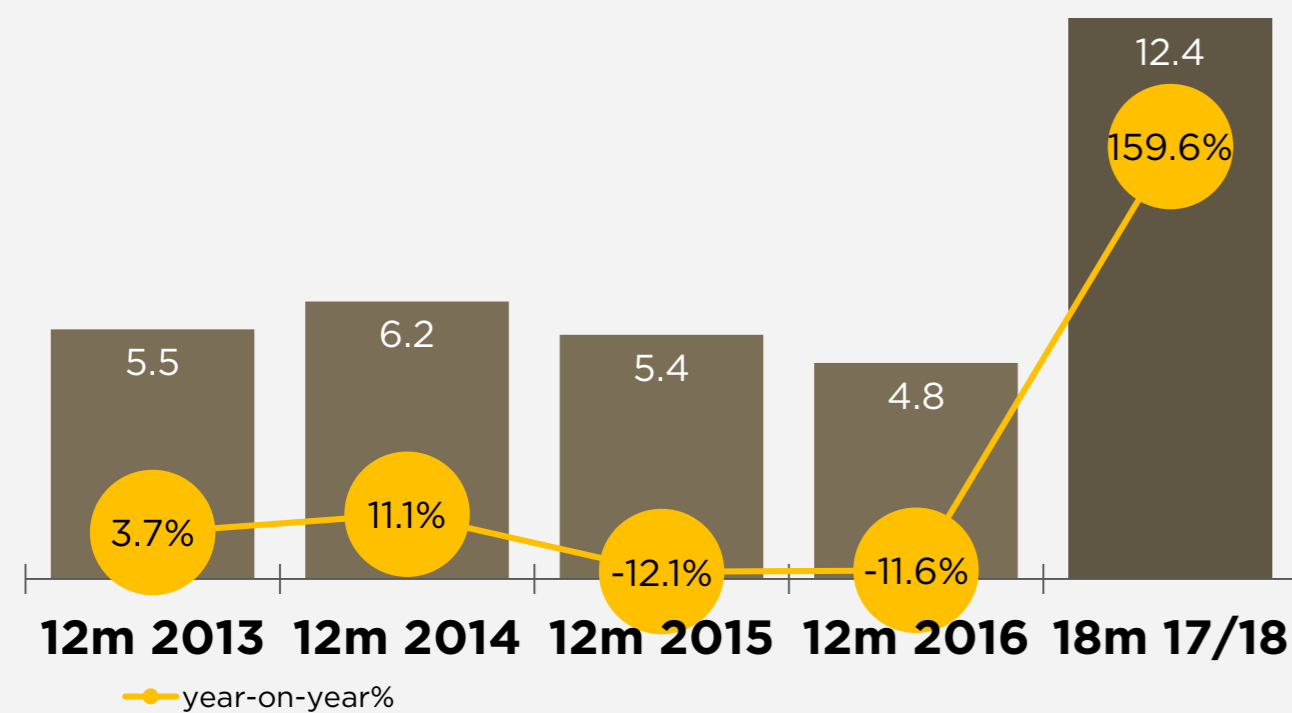


# COSTS OF GOODS SOLD AND OPERATING EXPENSES: 12 MONTHS 2013-2017 AND 18 MONTHS 2017/2018

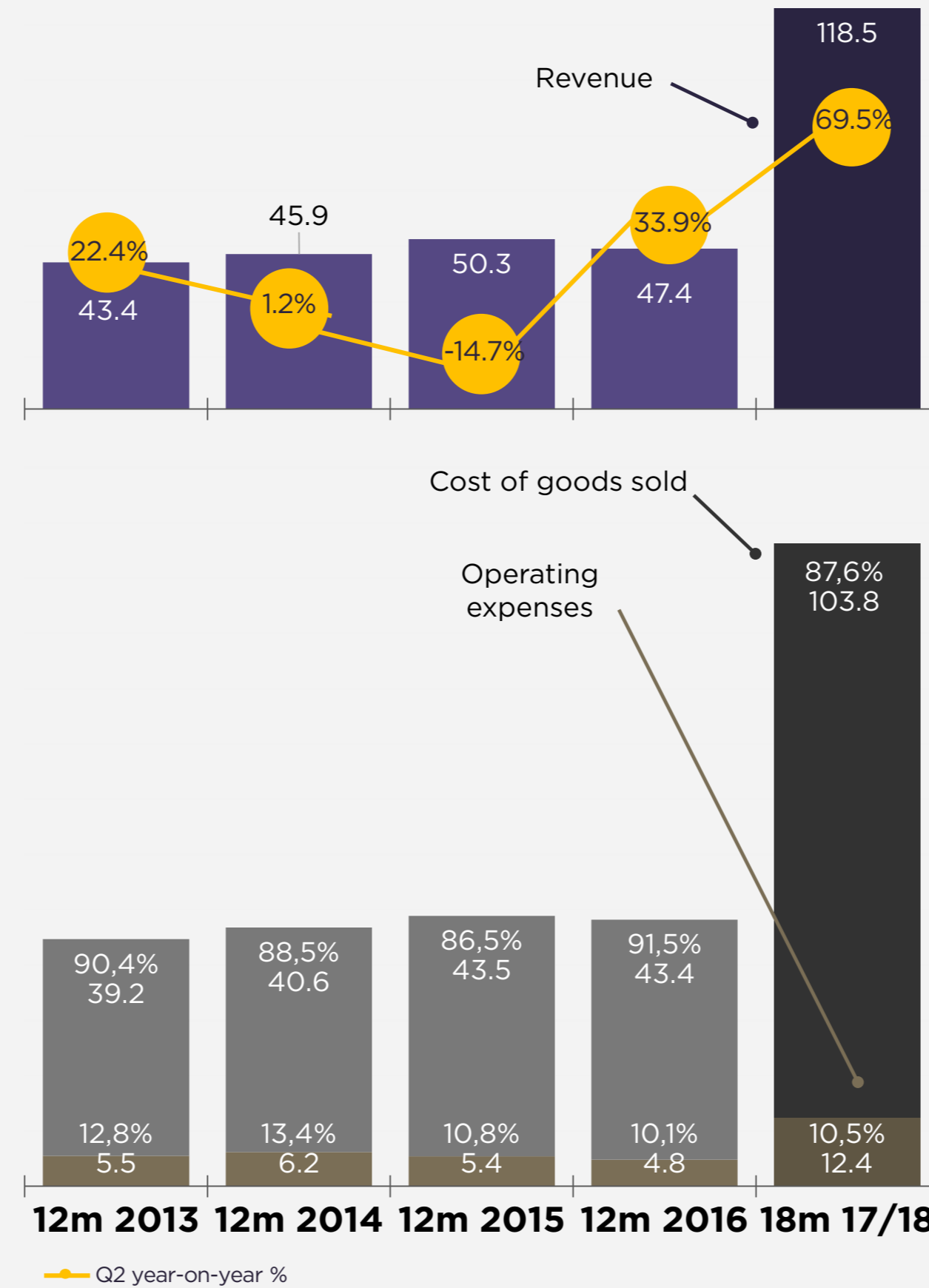
Cost of goods sold mln EUR



Operating expenses mln EUR



Cost structure and as % of sales



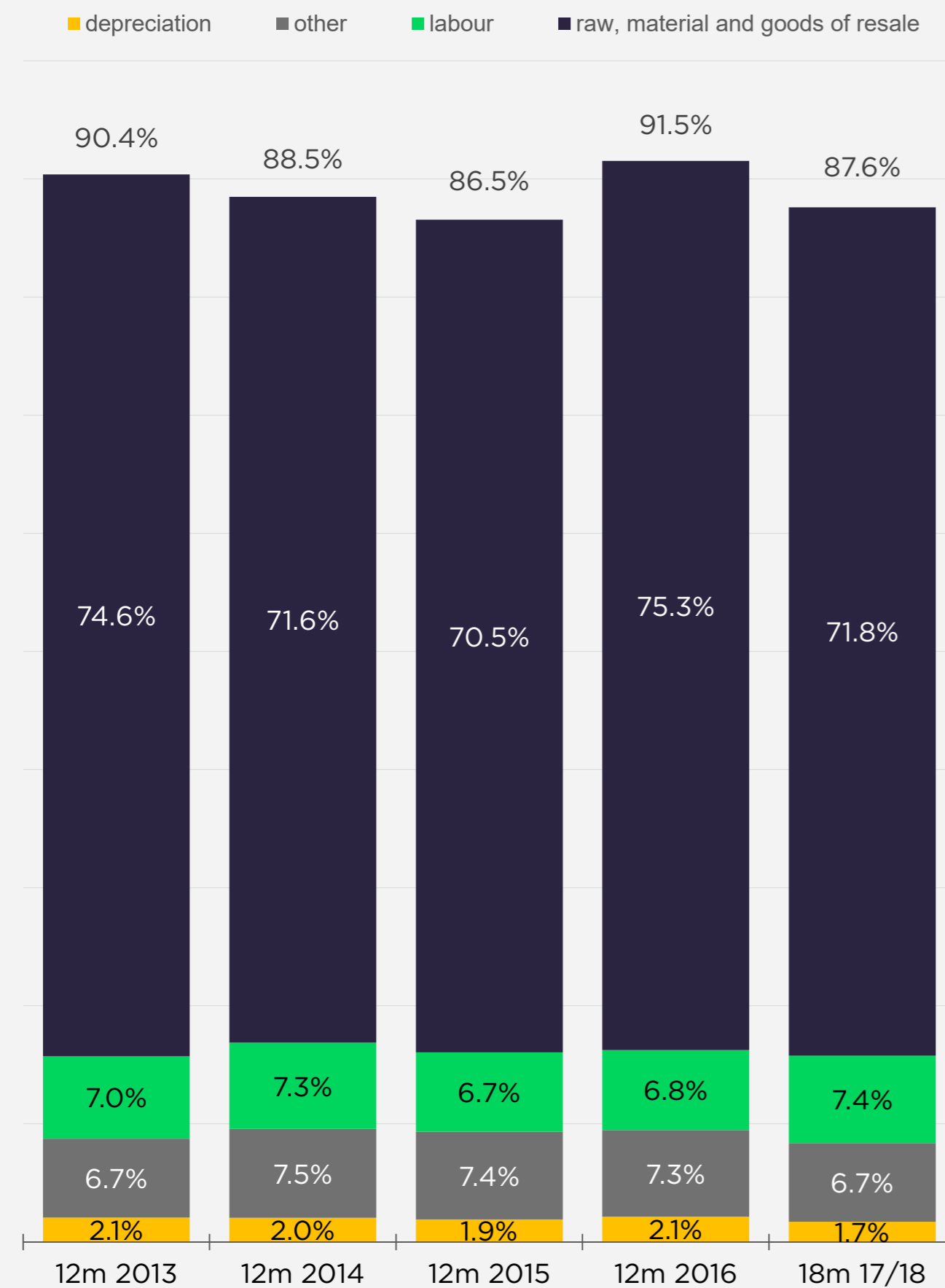
Sales revenue increased by +71.1 million euros, i.e. +2.5 times during the last financial year. Cost of goods sold increased during the same period by +60.4 million euros, i.e. 2.4 times.

Notable growth in revenue and cost items is related to acquisitions of daughter structures over the past financial year.

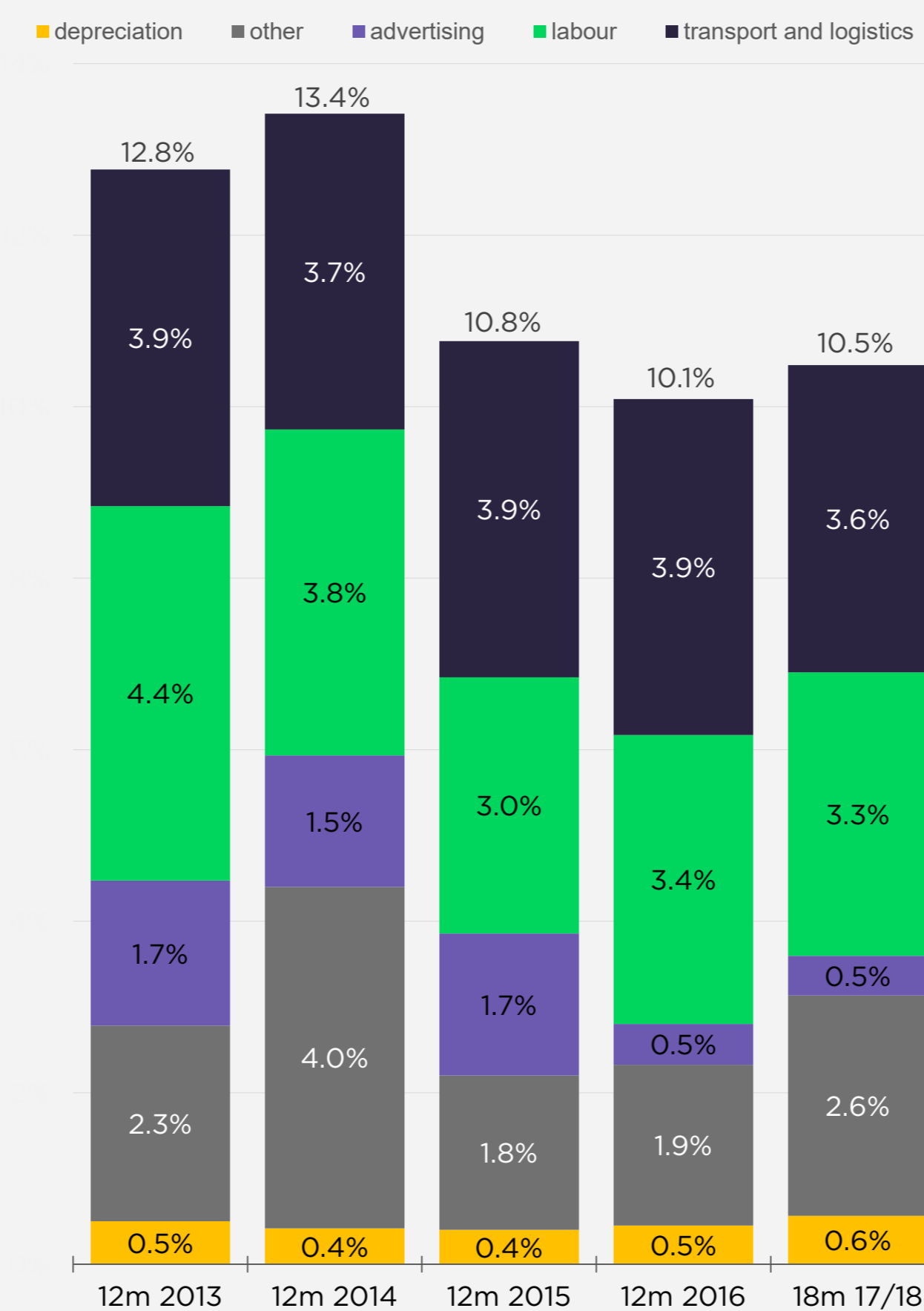
Operating costs increased in 18 months 2017/2018 by 7.6 million euros i.e. 2.6 times compared to 12 months 2016. Operating costs amounted to 12.4 million euros and formed 10.5% of the financial year's revenue.

# COST STRUCTURE: 12 MONTHS 2013-2017 AND 18 MONTHS 2017/2018

Cost of goods sold as % of the revenue



Operating costs as % of revenue

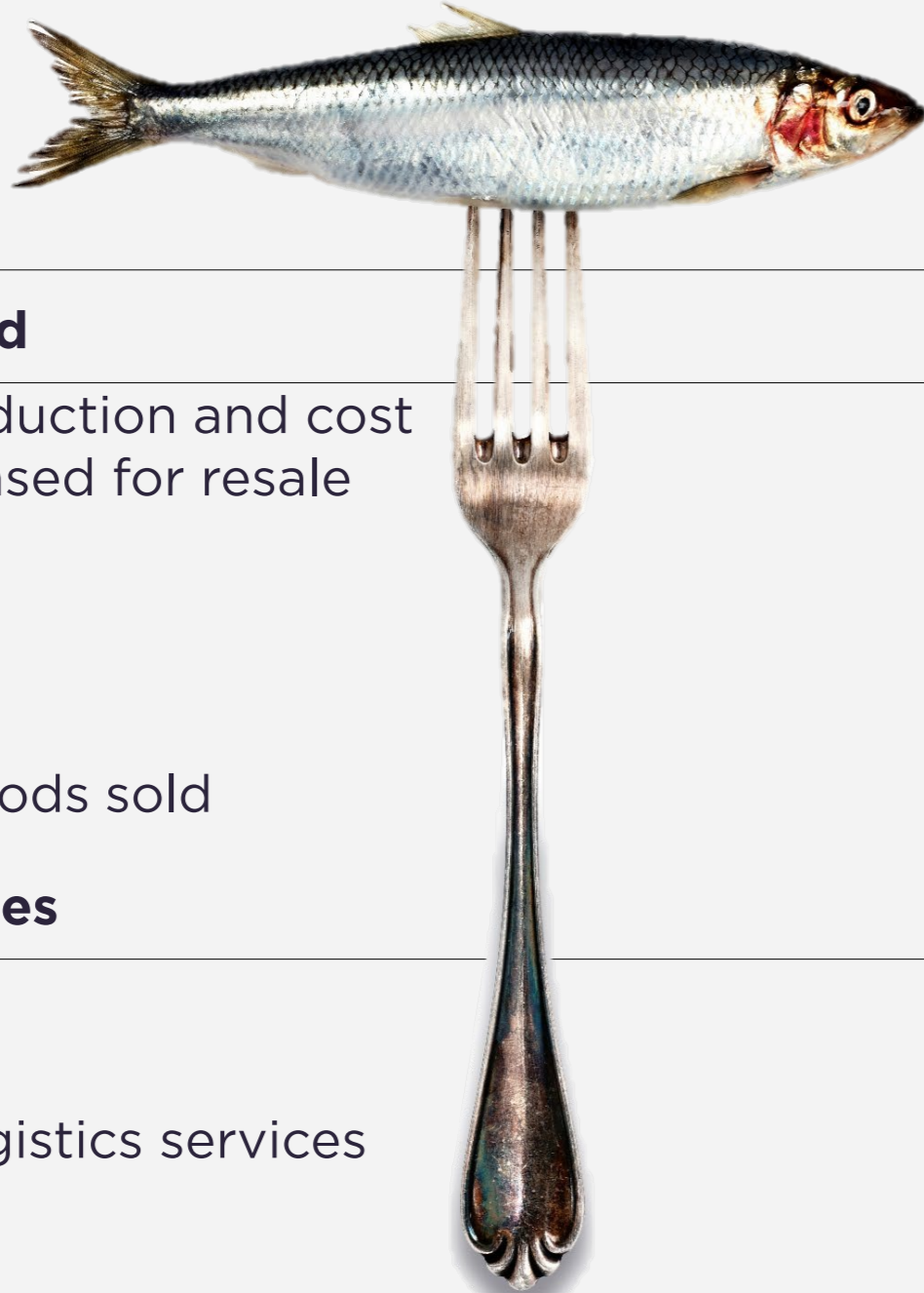


**COGS** accounted for 87.6% of sales revenue of 18 months 2017/2018, down by 3.9 percentage points from 91.5% in 12 months 2016. Operating expenses formed 10.5% of the period’s sales revenue, an increase by 0.4% compared to the previous financial year.

The majority of COGS comprises of costs on raw material and other materials (incl. fish feed, raw fish, packaging) used in the manufacturing process of fish products. These costs amounted to 71.8% of sales in 18 months 2017/2018. All other COGS items (salaries, amortization, other costs) being relatively stable over time account for about 15-16% of sales.

The largest cost items among operating expenses during 18 months 2017/2018 were costs to logistics and transportation forming 3.6% of sales and payroll expenses forming 3.3% of sales.

# COST ANALYSIS: 18 MONTHS 2017/2018 COMPARED TO 12 MONTHS 2016

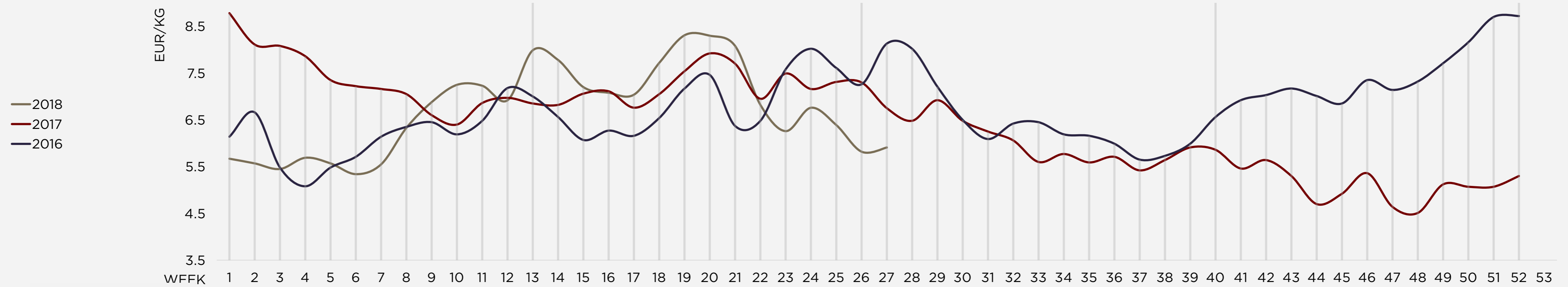


	18m 17/18 mln eur	12m 2016 mln eur	change mln eur		18m 17/18 % of sales	12m 2016 % of sales	change % of sales	
<b>Sales revenue</b>	<b>118.50</b>	<b>47.43</b>	<b>71.07</b>	↑	<b>100.00%</b>	<b>100.00%</b>		
<b>Cost of goods sold</b>	<b>-103.81</b>	<b>-43.41</b>	<b>-60.40</b>	↓	<b>87.60%</b>	<b>91.53%</b>	<b>-3.93%</b>	↑
materials in production and cost of goods purchased for resale	-85.13	-35.70	-49.43	↓	71.84%	75.27%	-3.43%	↑
labour costs	-8.77	-3.22	-5.56	↓	7.40%	6.78%	0.62%	↓
depreciation	-2.03	-1.02	-1.01	↓	1.71%	2.15%	-0.44%	↑
other cost of goods sold	-7.88	-3.47	-4.41	↓	6.65%	7.32%	-0.67%	↑
<b>Operating expenses</b>	<b>-12.42</b>	<b>-4.79</b>	<b>-7.64</b>	↓	<b>10.48%</b>	<b>10.09%</b>	<b>0.39%</b>	↓
labour costs	-3.92	-1.60	-2.32	↓	3.31%	3.37%	-0.06%	↑
transport and logistics services	-4.24	-1.86	-2.39	↓	3.58%	3.92%	-0.34%	↑
depreciation	-0.67	-0.21	-0.45	↓	0.56%	0.45%	0.11%	↓
advertising, marketing and product development	-0.55	-0.23	-0.32	↓	0.46%	0.48%	-0.02%	↑
other operating expenses	-3.04	-0.89	-2.16	↓	2.57%	1.87%	0.70%	↓
<b>Other income/-expenses</b>	<b>-0.25</b>	<b>-0.12</b>	<b>-0.13</b>	↓	<b>0.21%</b>	<b>0.25%</b>	<b>-0.04%</b>	↑
incl. one-off expenses	-1.08	-0.40	-0.68	↓	0.91%	0.85%	0.06%	↓
<b>Financial income/-expenses</b>	<b>-1.02</b>	<b>-0.24</b>	<b>-0.79</b>	↓	<b>0.86%</b>	<b>0.50%</b>	<b>0.36%</b>	↓

# THE MARKET PRICE OF FISH: SALMON AND RAINBOW TROUT



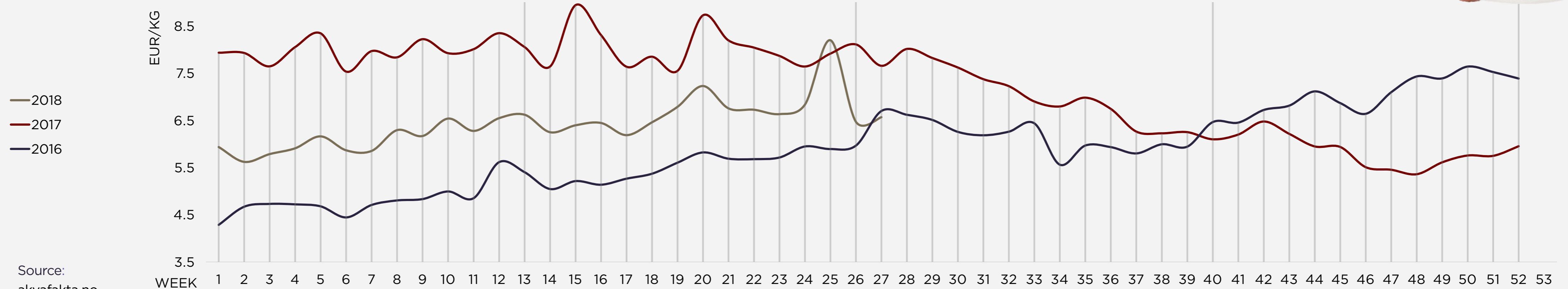
EXPORT PRICE OF NORWEGIAN SALMON



Source: NASDAQ Salmon Index



EXPORT PRICE OF NORWEGIAN RAINBOW TROUT



Source: akvafakta.no

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

The fish industry is extremely dependent on availability and market 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 farms' 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 the

supply and demand of fish results in constantly fluctuating market price of raw fish. The Group compensates the impact of external environment and volatility of salmon price through the changes of the Group's production and sales strategy.

The Group's main product is rainbow trout, which has historically been cheaper than salmon. Consumers start buying 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 and because of that it is critically important for the Group to have its own fish farming. The price of rainbow trout has during the past two years as a result of increased demand increased to historically highest levels, surpassing even the price of salmon.

Market price EUR/KG	30.06.2018	30.06.2017	31.12.2017	31.12.2016
Salmon	5.82	7.30	5.30	8.72
Rainbow trout	6.47	8.11	5.95	7.39

Market price change %	30.06.18 / 30.06.17	30.06.18 / 31.12.17	30.06.18 / 31.12.16
Salmon	-20.3%	9.8%	-33.3%
Rainbow trout	-20.2%	8.7%	-12.4%

The Group uses Norwegian export statistics for evaluation of the fish stock of rainbow trout.

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 been translated into end prices. The price of trout has

historically been lower than salmon, but in 2017 we can see that the price of trout has become higher than the price of salmon.

High prices of salmon and rainbow trout had a direct impact on the Company`s financial results. Although the price of Norwegian trout has decreased during second half of 2017 and in the beginning of 2018, it has remained very high compared to its historical prices.

Average market price EUR/KG	Q2 2018	18m 17/18	Q2 2017	12m 2017	12m 2016
Salmon	7.14	6.40	7.21	6.27	6.68
Rainbow trout	6.70	6.76	8.04	6.94	5.73

Average market price change %	Q2 18 / Q2 17	18m 17/18 / 12m 17	Q2 18 / 12m 17	Q2 18 / 12m 16	18m 17/18 / 12m 16
Salmon	-0.9%	2.0%	13.9%	6.9%	-4.2%
Rainbow trout	-16.7%	-2.6%	-3.5%	16.9%	18.0%

The average market price of salmon decreased by -0.9% in the 2<sup>nd</sup> quarter of 2018 compared to the 2<sup>nd</sup> quarter of 2017 and the average market price of rainbow trout decreased by -16.7%.

The average market price of salmon increased by +2.0% in the 18 months of 2017/2018 compared to the 12 months of 2017 while the average market price of rainbow trout decreased by -2.6%.

# BIOLOGICAL ASSETS: BIOMASS VOLUME AND AVERAGE PRICE 2<sup>ND</sup> QUARTER 2014-2018

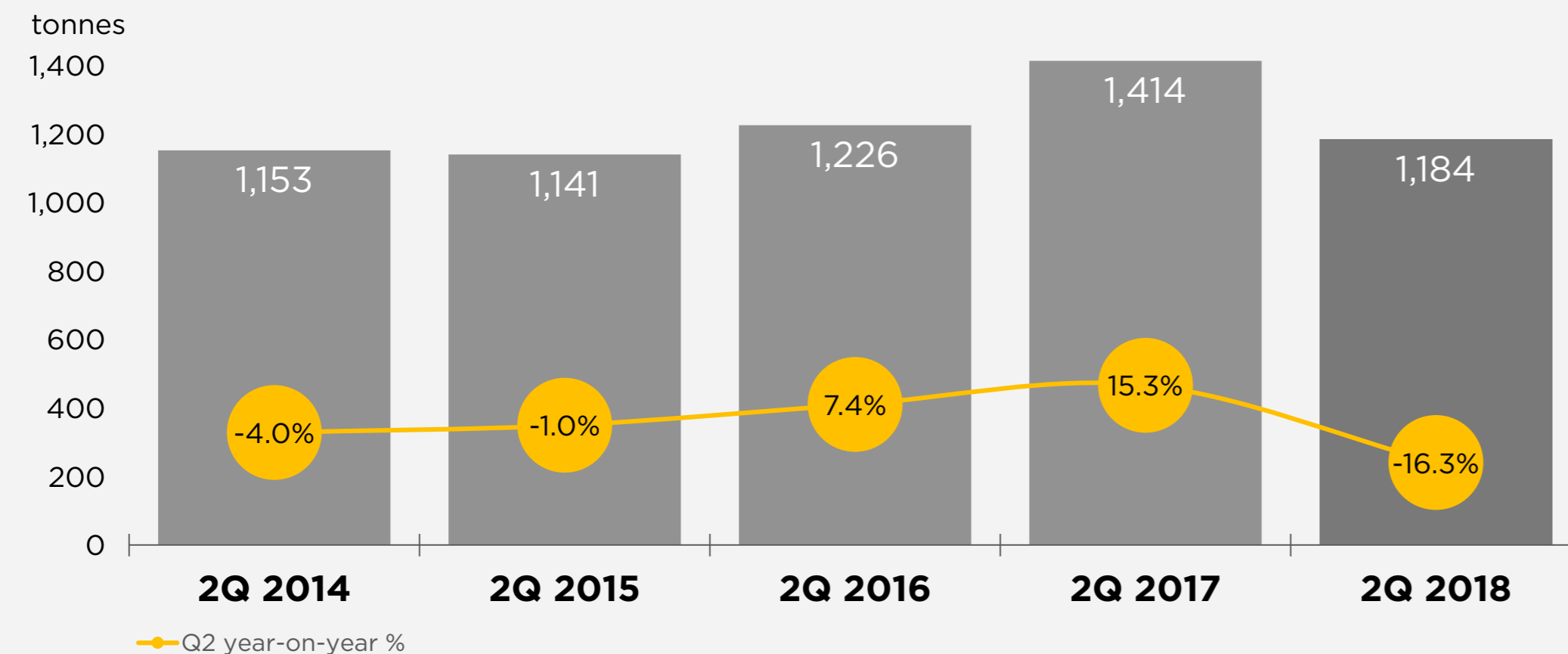
	Q2 2014	Q2 2015	Q2 2016	Q2 2017	Q2 2018
Biological assets (mln EUR)	5.20	4.85	5.79	8.25	6.50
Biomass volume in tonnes	1,153	1,141	1,226	1,414	1,184
Average price per kg (EUR)	4.51	4.25	4.72	5.84	5.49
Fair value adjustment on biological assets (mln EUR)	0.50	0.18	0.91	0.42	1.10

The amount of biological assets has decreased by -230 tonnes, i.e. -16.3% compared to the same period in previous year and in monetary terms has decreased by -1.8 million euros, i.e. -21.2%.

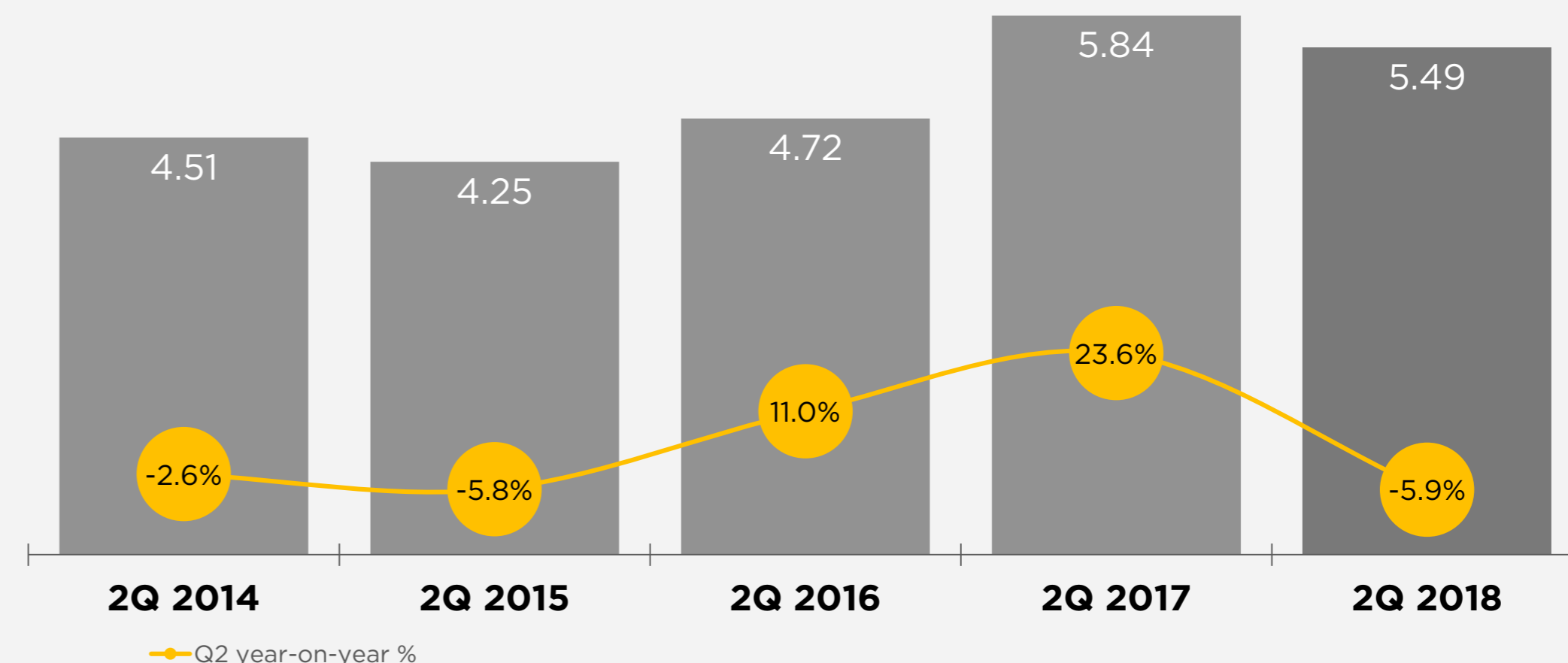
The spring and summer of 2017 have been extraordinarily cold and summer of 2018 has been extraordinarily warm in Finland and Sweden, thus the aggregate growth of fish is much lower than norm. Also, the price of rainbow trout decreased by -20.2% as at 30.06.2018 compared to 30.06.2017.

As at 30.06.2018, the fair value of biological assets was 6.5 million euros and 8.3 million euros as at 30.06.2017.

**Biomass volume in tonnes**



**Biomass average price per kg (EUR)**





# BIOLOGICAL ASSETS: HARVESTED VOLUME 2<sup>ND</sup> QUARTER 2014-2018

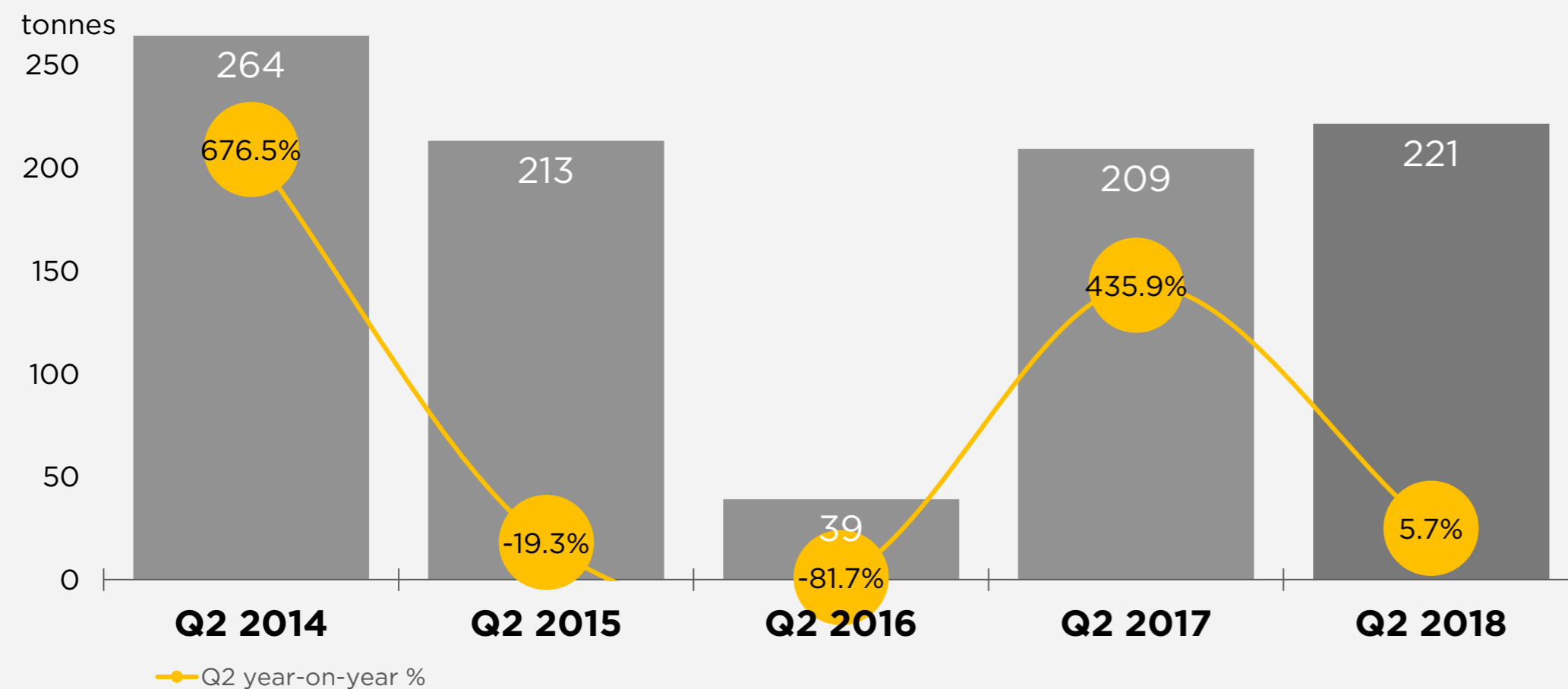
	Q2 2014	Q2 2015	Q2 2016	Q2 2017	Q2 2018
Sales revenue (mln EUR)	11.30	11.44	9.76	13.07	22.15
EBITDA from operations* (mln EUR)	-0.12	0.37	-0.25	0.13	-0.24
Harvested volume (tonnes)	264	213	39	209	221
EBITDA from operations* / harvested volume (EUR/kg)	-0.47	1.76	-6.41	0.61	-1.09

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

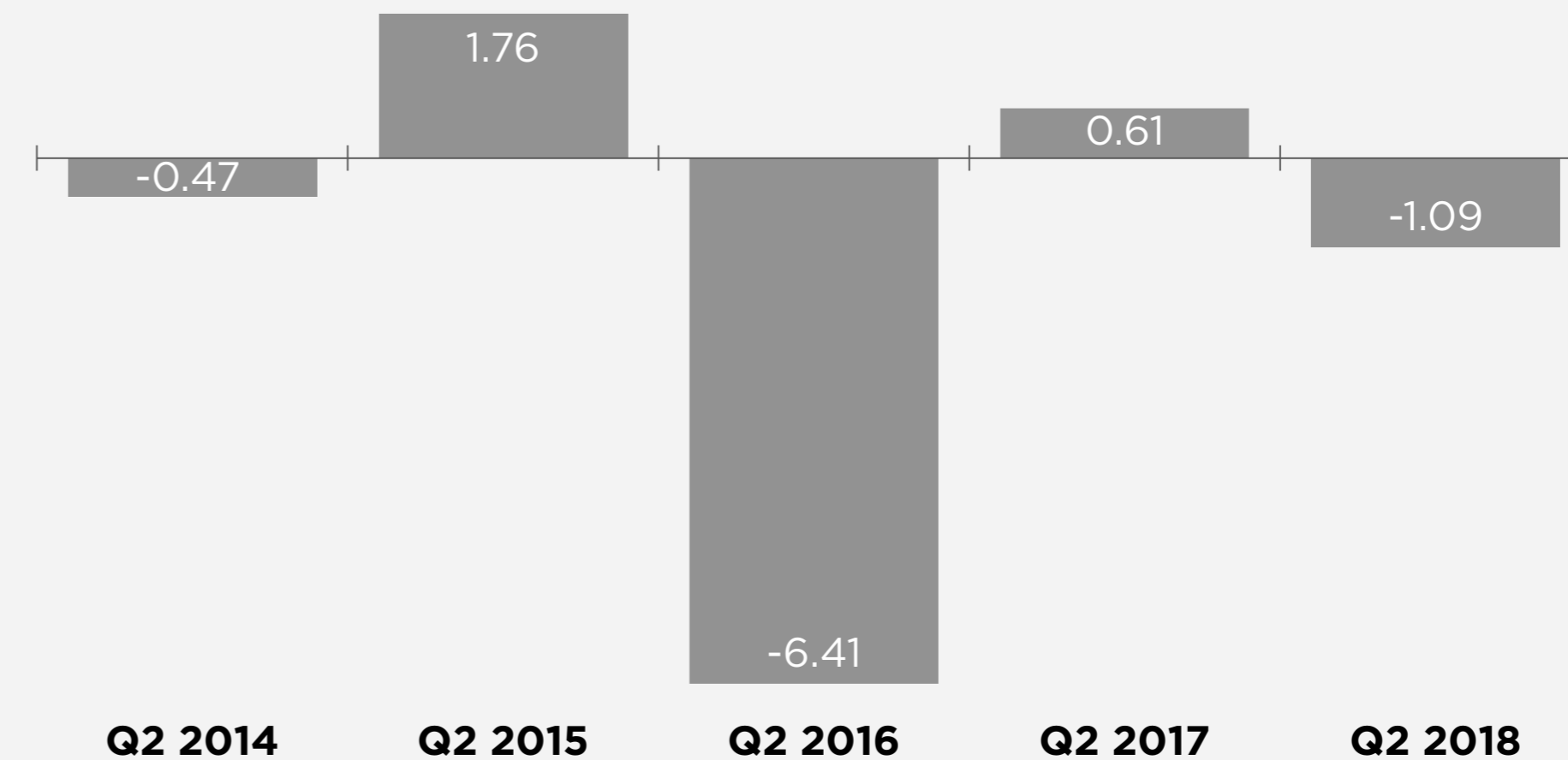
**During the reporting period 221 tonnes of fish was harvested, an increase by +5.7% compared to the same period in previous year.**

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 Group's results.

## Harvested volume in tonnes



## EBITDA from operations\*/harvested volume, EUR/kg



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

## TEAM

FOR US, EVERY EMPLOYEE IS IMPORTANT

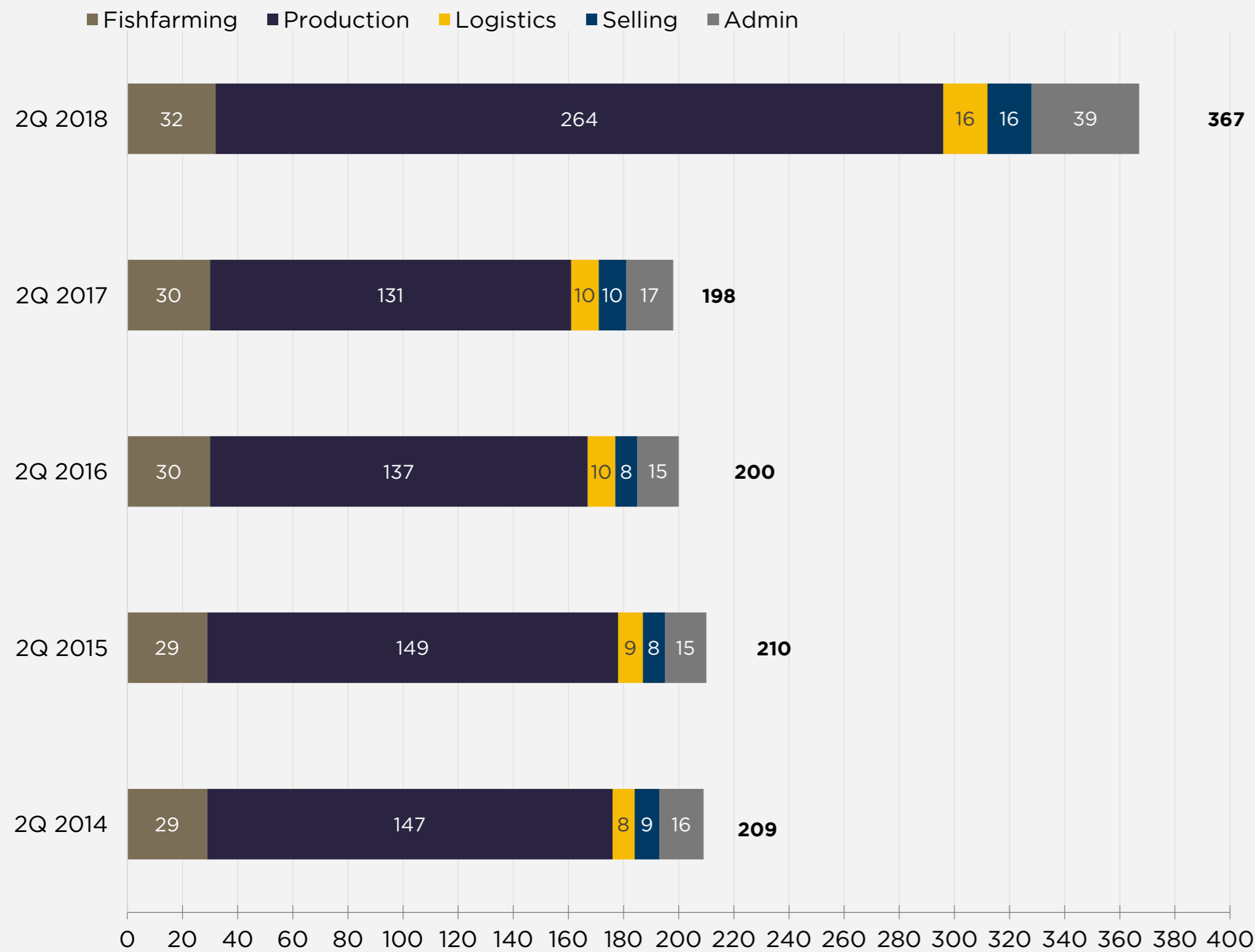
The average number of employees employed by PRFoods in the 2<sup>nd</sup> quarter of 2018 was **367** people.

The average number of employees employed by PRFoods in the 18 months of 2017/2018 was **310** people.

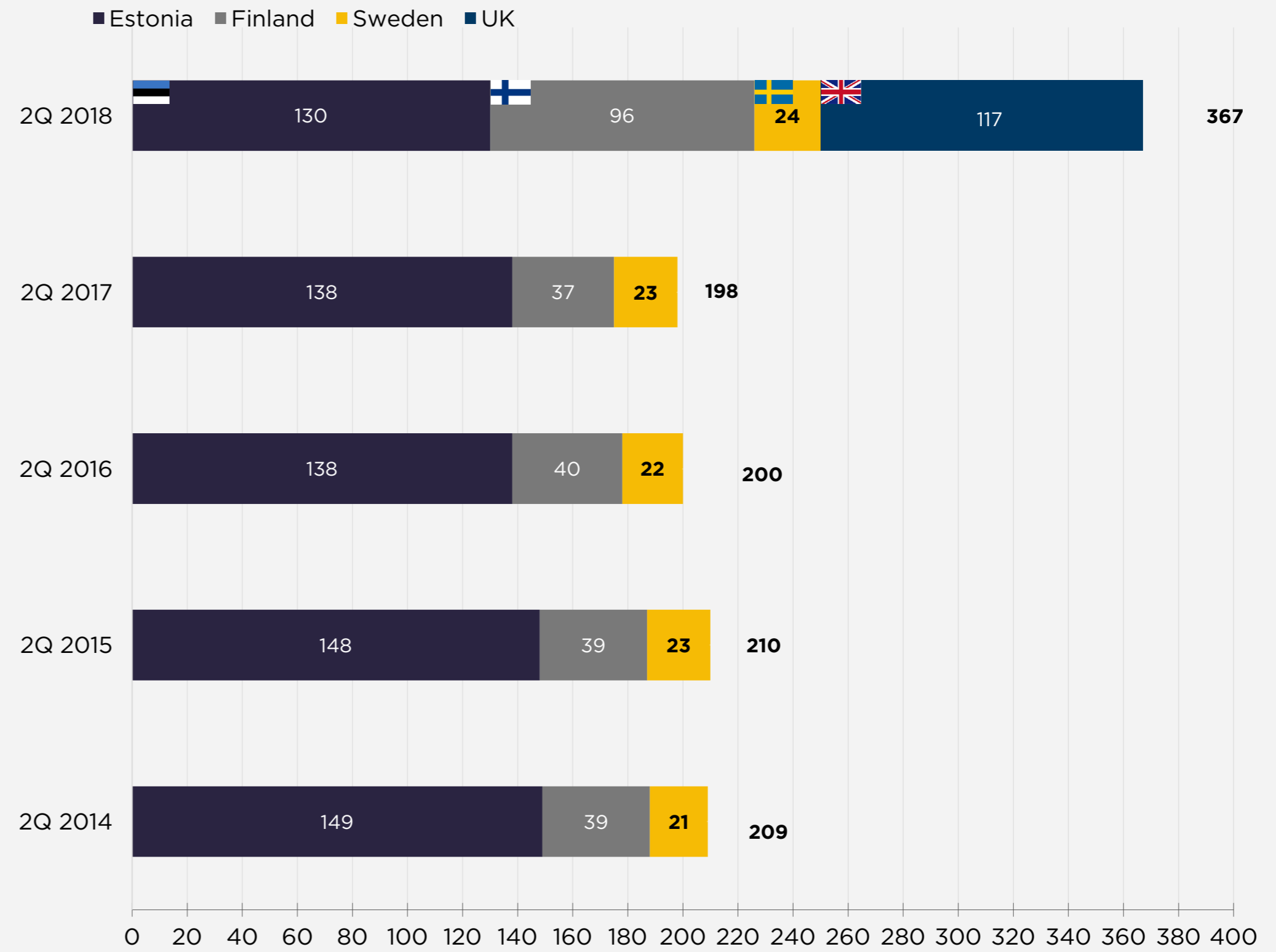


# STAFF STRUCTURE: 2<sup>ND</sup> QUARTER OF 2014-2018

Employees according to area of activity



Employees by country



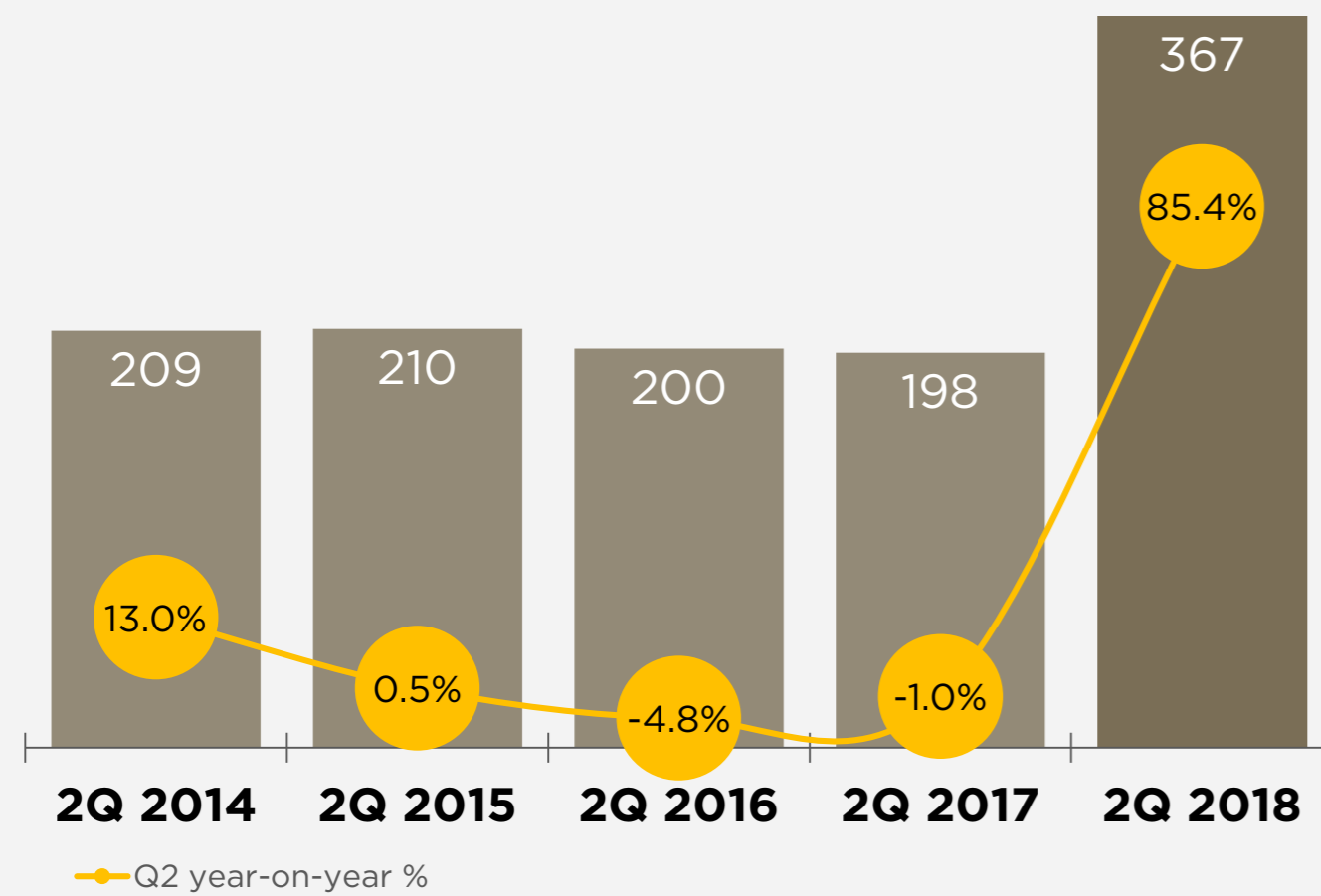
# LABOUR COST: 2<sup>ND</sup> QUARTER OF 2014-2018

Labour costs in production were 2.6 million euros in the 2<sup>nd</sup> quarter of 2018, increasing by +145.8% compared to same period previous year.

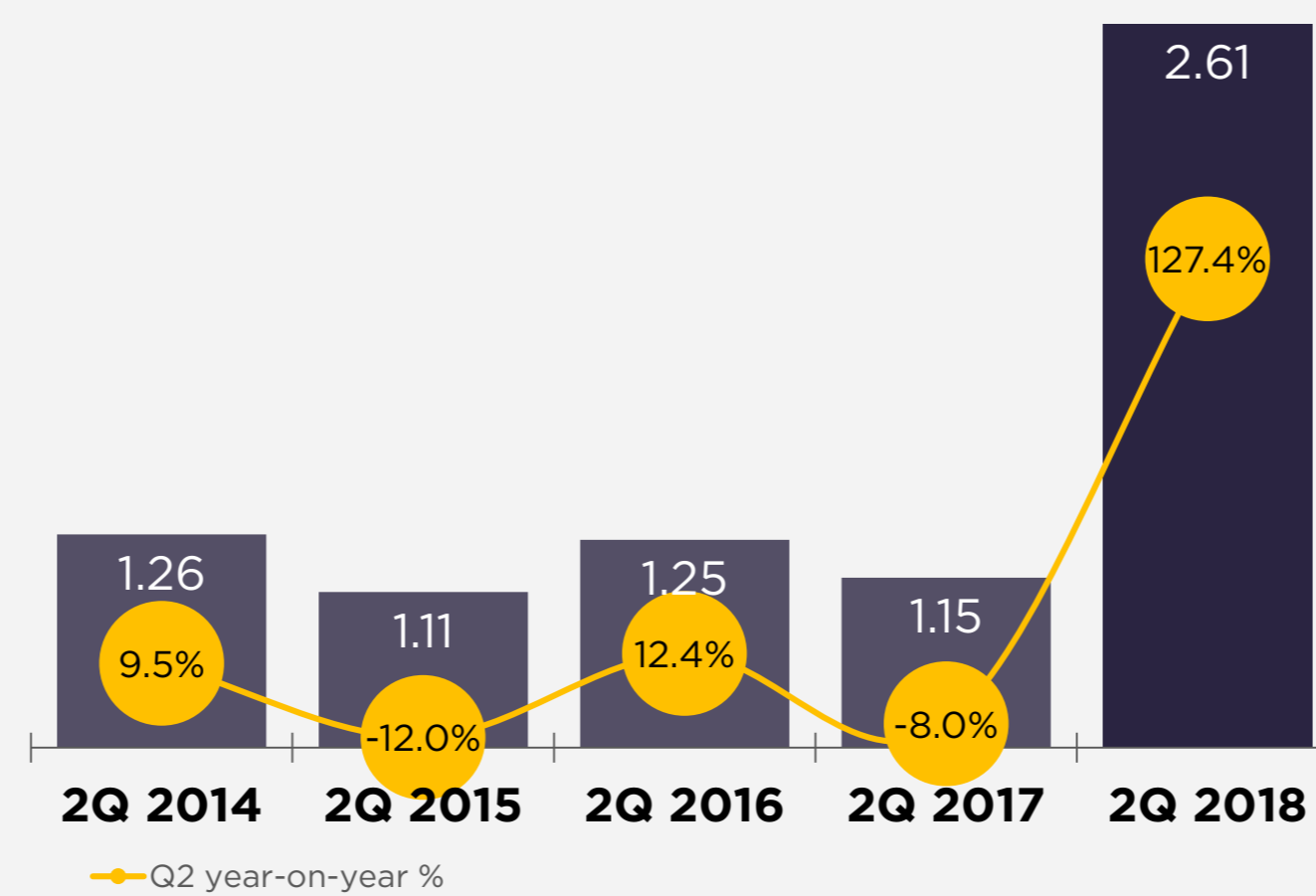
Labour costs of supportive personnel were 0.8 million euros in the reporting period, increasing by +92.1% compared to the same period in the previous year.

The Group's labour costs were 2.6 million euros in the 2<sup>nd</sup> quarter of 2018, increasing year-on-year by +127.4%, i.e. +1.5 million euros. The percentage of labour costs in the sales revenue was 11.8% (2<sup>nd</sup> quarter 2018: 8.8%).

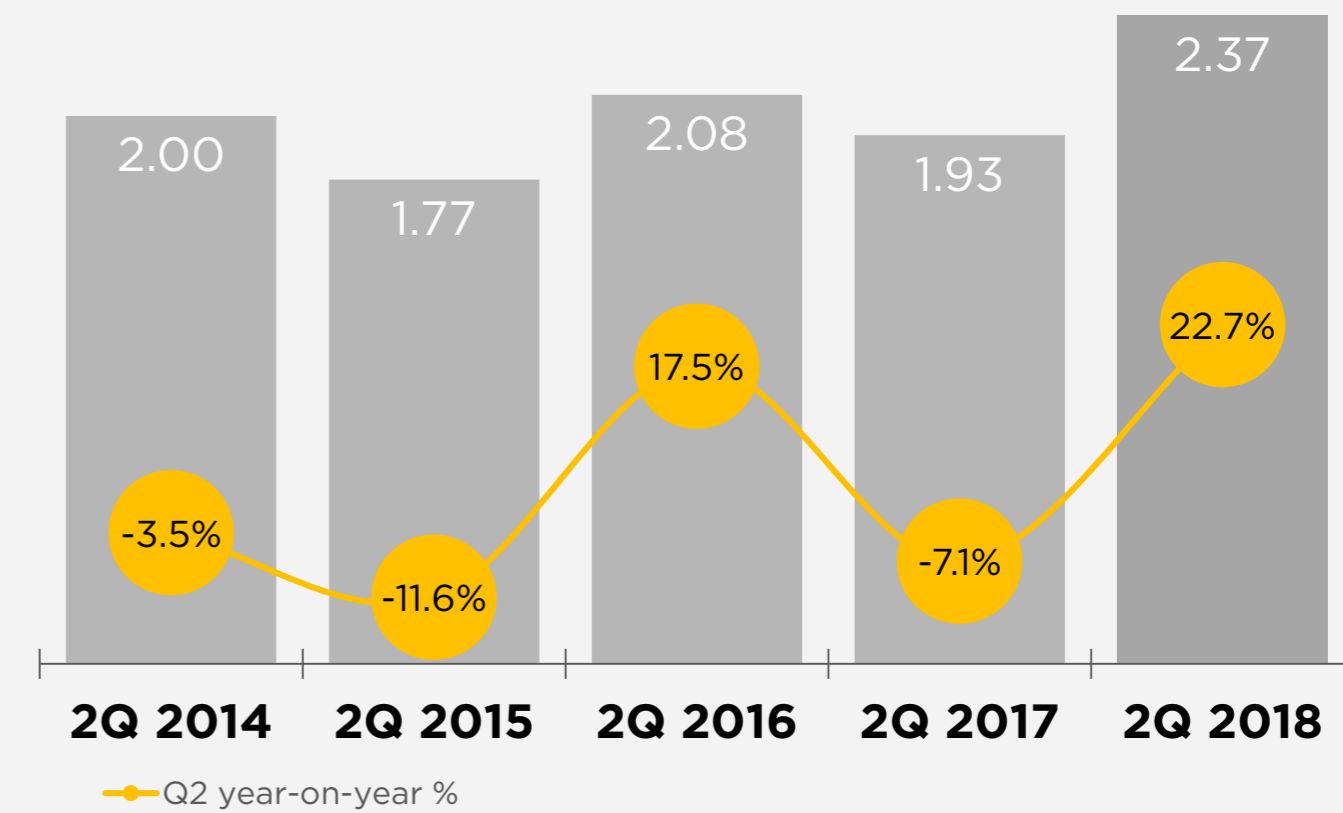
**Number of employees**



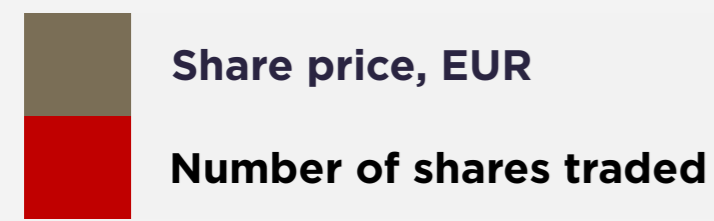
**Labour cost mln EUR**



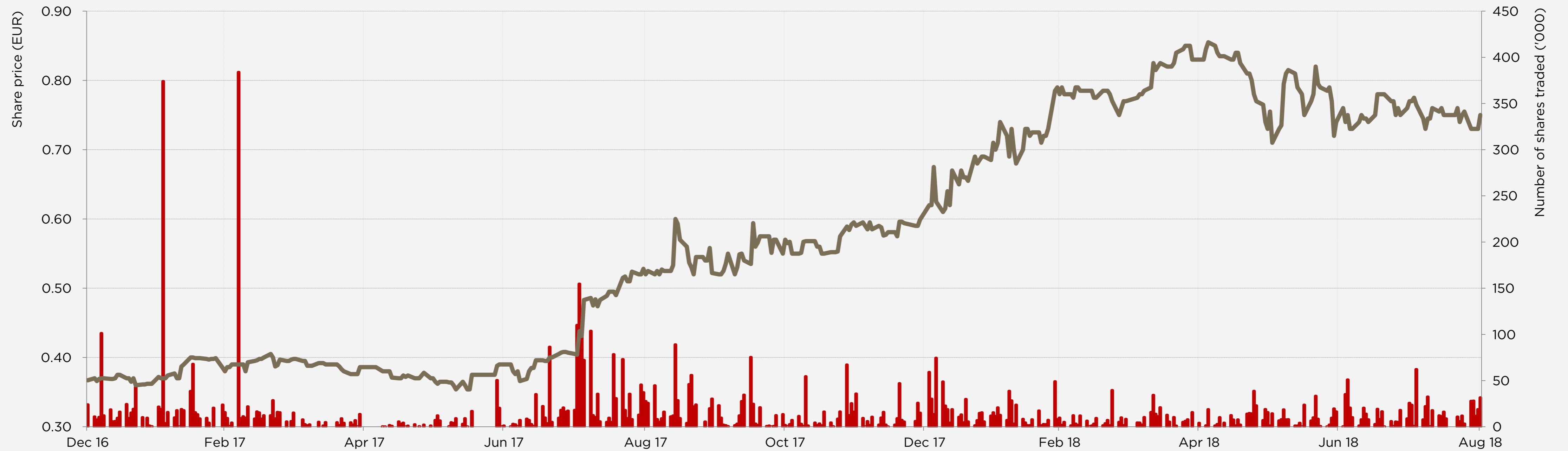
**Monthly average payroll expenses per employee (thousand EUR)**



# DYNAMICS OF SHARE PRICE AND TRADING ACTIVITY



Following the resolution of shareholders' meeting on 26 May 2016 on introducing the shares without nominal value the accountable par value of a PRFoods share is 20 euro cents.







## SHAREHOLDERS OF PRFOODS AS AT 30.06.2018

Shareholder	Number of shares	% of total 30.06.2018	% of total 31.12.2016	Change
ING Luxembourg S.A. (Nominee account)	24,258,366	62.71%	62.71%	-
Lindermann, Birnbaum & Kasela OÜ	1,564,553	4.04%	2.69%	+ 522,730
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	750,470	1.94%	1.92%	+ 7,412
Firebird Avrora Fund, Ltd.	648,220	1.68%	1.68%	-
OÜ Iskra Investeeringud	386,874	1.00%	0.05%	+ 369,155
LHV Pensionifond L	314,303	0.81%	2.73%	- 741,560
<b>Total largest shareholders</b>	<b>31,655,877</b>	<b>81.83%</b>	<b>81.43%</b>	<b>157,737</b>
Other minority shareholders	6,026,983	15.58%	16.88%	- 504,555
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>



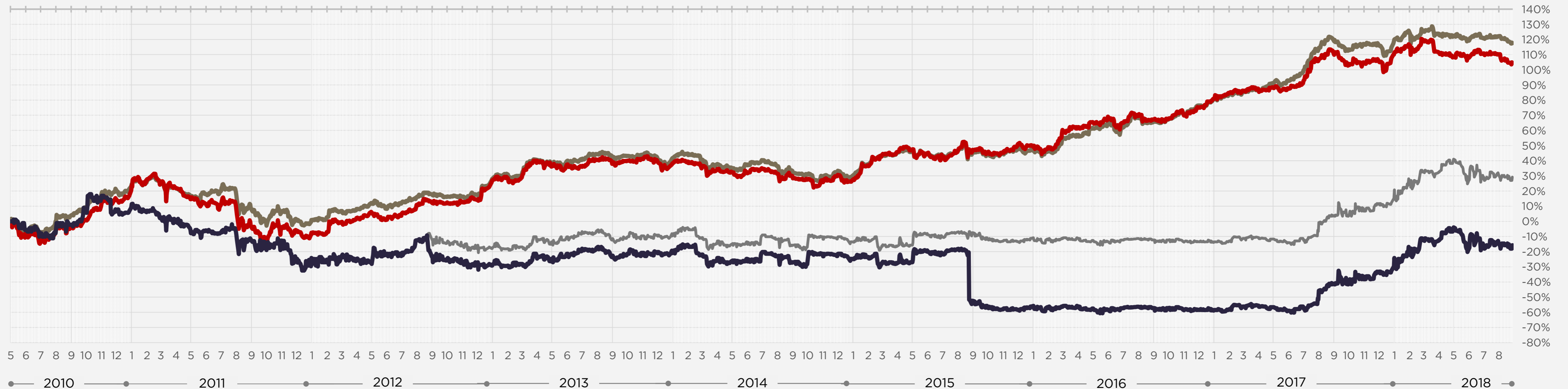


# CHANGE OF PRFOODS SHARE AND PROFITABILITY INDEXES FROM DATE OF LISTING

Indeks/share	5.05.2010	30.06.2018	change %
 <b>OMX Baltic Benchmark GI</b>	439.91	974.87	<b>+121.61%</b>
 <b>OMX Tallinn</b>	598.34	1,261.60	<b>+110.85%</b>
 <b>PRFoods share, EUR</b>	0.890	0.740	<b>-16.85%</b>
 <b>PRFoods share price adjusted*, EUR</b>	0.890	1.140	<b>+28.09%</b>

**PRFoods has distributed to its shareholders a total amount of 16.9 million euros in dividends and share capital reductions since its shares were publicly listed on 5 May 2010.** Baltic comparison index has increased +121.61% during this period, Tallinn Stock Exchange All-Share index +110.85% and PRFoods share price has decreased -16.85% due to the reductions of the share's 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 +28.09%.





# PRFOODS

PREMIUM FISH PRODUCTS AND FISH FARMING

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

Vettel OÜ

Fish manufacturing production buildings in Saaremaal