

PRFOODS

AS PRFoods

Consolidated Unaudited Interim Report

2nd quarter and 6 months of 2019/2020
(translation from the Estonian original)

2019/2020

2ND QUARTER & 6 MONTHS

P R F O O D S

Business name	AS PRFoods
Commercial register number	1150713
Address	Pärnu mnt 141, Tallinn, Estonia
Phone	+372 452 1470
Website	prfoods.ee
Main activities	Production and sale of fish products Fish farming
Reporting period	1 July 2019 – 31 December 2019

TABLE OF CONTENTS

CORPORATE PROFILE	4
MANAGEMENT REPORT.....	7
OVERVIEW OF ECONOMIC ACTIVITIES	7
MANAGEMENT AND SUPERVISORY BOARDS.....	20
SHARE AND SHAREHOLDERS	21
CONDENSED INTERIM ACCOUNTING REPORT	25
CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	25
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	26
CONSOLIDATED CASH FLOW STATEMENT.....	27
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	28
NOTES TO THE INTERIM REPORT	29
NOTE 1. SUMMARY OF MATERIAL ACCOUNTING POLICIES.....	29
NOTE 2. CASH AND CASH EQUIVALENTS	29
NOTE 3. RECEIVABLES AND PREPAYMENTS.....	30
NOTE 4. INVENTORIES	30
NOTE 5. BIOLOGICAL ASSETS	30
NOTE 6. PROPERTY, PLANT AND EQUIPMENT	31
NOTE 7. INTANGIBLE ASSETS	32
NOTE 8. FINANCE LEASE	32
NOTE 9. BORROWINGS	33
NOTE 10. PAYABLES AND PREPAYMENTS.....	34
NOTE 11. EQUITY.....	34
NOTE 12. SEGMENT REPORTING.....	35
NOTE 13. COST OF GOODS SOLD.....	36
NOTE 14. RELATED PARTY TRANSACTIONS.....	36
NOTE 15. BUSINESS COMBINATION	37
NOTE 16. ASSOCIATE COMPANIES.....	37
NOTE 17. CONTINGENT LIABILITIES.....	37
NOTE 18. EVENTS AFTER THE BALANCE SHEET DATE.....	38
MANAGEMENT BOARD'S CONFIRMATION TO THE INTERIM REPORT.....	39

CORPORATE PROFILE

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

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

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

Our main products are salmon and rainbow trout products. Approximately 2/3 of the raw fish used in the Group's rainbow trout production comes from the Group's own fish farms in Swedish lakes, Turku Archipelago area in Finland and coastal waters of Saaremaa in Estonia, assuring the highest quality and reliable deliveries. The rest of the raw fish is purchased mainly from Norway and Denmark.

On a smaller scale, European whitefish and Baltic herring are used in production. Also, a notable volume of red caviar is made from fish harvested in the Group's own fish farms.

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

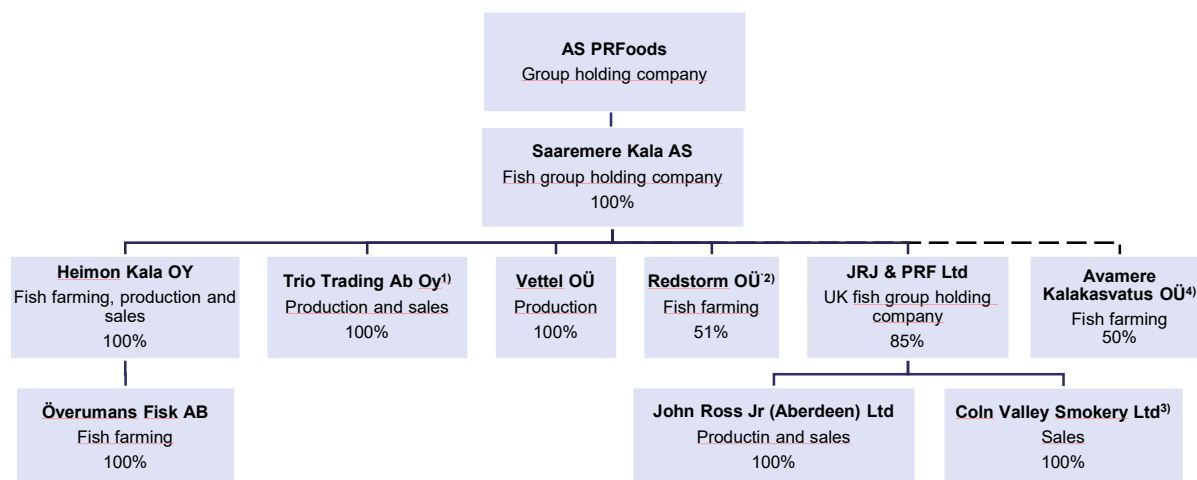
The Group is actively involved in developing new products for expanding to new export markets. As introducing the Group's brands is in its early stage in Scandinavia and elsewhere in the world, the management expects the Group's growth period is yet to come.

THE GEOGRAPHY OF PRODUCTION AND SALES

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



GROUP STRUCTURE AS AT 31 DECEMBER 2019



1) Consolidated from 01 September 2017; to be merged with Heimon Kala Oy on 31 January 2020

2) Consolidated from 01 July 2018

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

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

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 "Heimon" and "Saaristomeren", „John Ross Aberdeen“, „Coln Valley Smokery“, and “Fishk”.

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

COLN VALLEY

Fishk

Heimon
GOURMET

ÖVERUMANS FISK

VETTEL

gurmé

Saaristomeren
Puhastatud kala

POLAR
FISH

MANAGEMENT REPORT

MANAGEMENT REPORT

OVERVIEW OF ECONOMIC ACTIVITIES

MANAGEMENT COMMENTARY

The first half of this financial year (2HY 2019) was successful for the Company. Despite the decline in sales, we were able to significantly improve overall profitability and capital efficiency.

The Group's consolidated EBITDA for the reporting period was 2.8 million euros, an increase of 48% compared to the same period last year being mainly affected by the revaluation of biological assets. Operating EBITDA (i.e., excluding one-offs and fair value adjustment of fish stock) was 2.9 million euros (2HY 2018: 3.5 million euros). Net profit amounted to 1.1 million euros, almost three times higher than the net profit for the same period last year (2HY 2018: 0.4 million euros).

The second half of 2019 was characterized by a more than 8% decline in salmon and trout market prices, which resulted in Finnish retail chains expecting lower prices for smoked products in the private label segment. To maintain profitability, we decided to reduce the supply of hot and cold smoked products in the Finnish retail market during this period. We were able to partially replace the decline in the turnover of smoked products with sales of fish and fish fillets and other fish products. In the first half of 2020, prices for the private label segment of smoked products are recovering and we will continue with deliveries at the same level as last year.

One of PRFoods' main focuses has been improving cash flow from operating activities, which is reflected in 2HY 2019 positive cash flow from operating activities of 4.5 million euros compared to 2.7 million euros in the same period last year. The Company's net debt was 17.8 million euros as of 31.12.2019 (30.12.2018: 20.0 million euros). The Group's working capital as of 31.12.2019 was -3.5 million euros, the reason being that current liabilities include related party liabilities of 4.2 million euros, which by their nature are long-term but shall be accounted for as short-term due to accounting principles.

We will continue to merge the business activities of Estonian and Finnish companies and create synergies, especially in product development and sales in both domestic and export markets. The legal merger of the Finnish companies Heimon Kala and Trio Trading took place on 31.01.2020, which resulted in the centralization of the companies' management and key business functions. In Estonia, we have launched a Finnish-Estonian joint brand – Heimon Kala, and for the first time entered the Estonian retail market with rainbow trout farmed in Saaremaa. In the coming years, the priority of product development is to enrich the value of fish farmed in our fish farms.

With regard to fish farming, we have received a positive response from Sweden to expand existing fish farms. In Estonia, we continue increasing the existing farm and applying for new farming licenses. We continue to make the necessary preparations to increase the volume of quality raw material from our fish farms.

The John Ross Jr.'s renewed brand was launched at the end of last quarter and in the coming periods we expect the new brand to generate revenue growth in the UK market.

The Company continues to focus on enhancing environmentally friendly production, including raw materials, energy sources, and packaging.

As signs of threats, we have to highlight the increased competition in the Finnish market which has led to a decline in retail prices compared to the same period last year. The listeria scandal that hit the Estonian fishing industry had a significant impact on the overall retail market, but did not have a significant impact on the total sales of PRFoods as the share of the Estonian market in the Company's total turnover is small.

In the light of the listeria scandal, we can confirm that the PRFoods companies have successfully passed all additional controls and that the Group's production units have international quality management certifications. In addition, our factories are regularly audited by our major counterparties and these audits are performed with near-maximum results. The biggest role here is played by the internal quality management of our companies, including the day-to-day controls in our laboratories, from the purchase of raw materials to the dispatch of the product, and the professionalism of our staff.

The Brexit, which came into effect on 31.01.2020, will have no effect on our UK companies this financial year, however, it is unclear what the long-term impact will be once the transition period ends.

It is also unclear whether and to what extent will the long-term effects of the outbreak of the coronavirus be on commodity exports. Early 2020 saw a decline in demand, and it also made it more difficult to forecast the price of salmon in a situation where deliveries of salmon producers to Asia were hindered.

There are major factory modernizations in Estonia and Finland as well as changes in the product portfolio planned for this calendar year, which may result in short-term sales and profit decrease compared to the previous period.

Taking into account the above and the increased risks of the global economy, PRFoods will forego the estimates of turnover and profit for the current financial year made at the end of the previous financial year. If the Company decides to issue an updated forecast, it will notify accordingly.

On the positive side, we would like to point out that PRFoods successfully completed a non-public bond issue in early 2020, which resulted in short-term liabilities of 9 million euros becoming long-term, releasing thereby short-term cash flows of approximately 2 million euros per year. In the first quarter of 2020, the Company also plans to carry out an additional public issue of bonds.

In order to achieve the goals in the following periods, the Group has strengthened its management in both product development and financials. Our people have worked hard to develop the Company and improve its profitability. PRFoods' balance sheet, production and customer base are strong, and we look expectantly to the future.

Making big changes is always difficult for employees and I am very grateful that our people are enthusiastically embraced the changes and given their best.



Sincerely,

Indrek Kasela



UNAUDITED FINANCIAL RESULTS OF AS PRFOODS, THE 2ND QUARTER OF THE FINANCIAL YEAR 2019/2020 (I.E., HEREINAFTER 4TH QUARTER OF 2019) COMPARED TO THE 4TH QUARTER OF 2018

- Unaudited consolidated revenue 25.37 million euros (4Q 2018: 26.73 million euros), change -5.1%.
- Gross margin 17.0% (4Q 2018: 17.7%), net margin 2.0% (4Q 2018: 0.8%)
- Negative impact from revaluation of biological assets 0.06 million euros (4Q 2018: negative impact 1.60 million euros).
- Negative impact of one-offs on the result 0.15 million euros (4Q 2018: negative impact 0.01 million euros).
- EBITDA from operations 2.13 million euros (4Q 2018: 2.42 million euros)
- EBITDA 1.35 million euros, an increase by 0.57 million euros (without one-off effects EBITDA 1.50 million euros, an increase by 0.79 million euros).
- Operating profit 0.74 million euros, an increase by 0.51 million euros (without one-off effects operating profit 0.89 million euros, an increase by 0.65 million euros).
- Net profit 0.50 million euros, an increase by 0.27 million euros (without one-off effects net profit 0.65 million euros, an increase by 0.41 million euros).

SUMMARY OF FINANCIAL RESULTS: THE 4TH QUARTER OF 2019 COMPARED TO THE 4TH QUARTER OF 2018

mln EUR	4Q 2019	4Q 2018	Change, mln EUR	Change, %	Impact
Sales	25.37	26.73	-1.35	-5.1%	▼
Gross profit	4.33	4.72	-0.39	-8.3%	▼
EBITDA from operations*	2.13	2.42	-0.30	-12.2%	▼
EBITDA	1.35	0.78	0.57	73.4%	▲
EBIT	0.74	0.23	0.51	221.7%	▲
Net profit (-loss)	0.50	0.22	0.27	123.4%	▲

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



UNAUDITED FINANCIAL RESULTS OF AS PRFOODS, SIX MONTHS OF THE FINANCIAL YEAR 2019/2020 COMPARED TO SIX MONTHS OF THE FINANCIAL YEAR 2018/2019

Unaudited consolidated revenue 44.70 million euros, (6m 2018/2019: 46.12 million euros), i.e. -3.1%

- Gross margin 15.5% (6m 2018/2019: 16.6%), net margin 2.4% (6m 2018/2019: 0.8%)
- Positive impact from revaluation of biological assets 0.22 million euros (6m 2018/2019: negative impact -1.55 million euros)
- Negative effect of one-offs on the result 0.27 million euros (6m 2018/2019: negative impact 0.03 million euros)
- EBITDA from operations 2.86 million euros, a decrease by 0.63 million euros
- EBITDA 2.82 million euros, an increase by 0.92 million euros (without one-off effects EBITDA 3.08 million euros, an increase by 1.15 million euros)
- Operating profit 1.70 million euros, an increase by 0.90 million euros (without one-off effects operating profit 1.97 million euros, an increase by 1.13 million euros)
- Net profit 1.07 million euros, an increase by 0.70 million euros (without one-off effects net profit 1.33 million euros, an increase by 0.94 million euros)

SUMMARY OF FINANCIAL RESULTS: 6 MONTHS OF 2019/2020 COMPARED TO 6 MONTHS OF 2018/2019

mIn EUR	2HY 2019	2HY 2018	Change, mIn EUR	Change, %	Impact
Sales	44.70	46.12	-1.42	-3.1%	▼
Gross profit	6.91	7.67	-0.77	-10.0%	▼
EBITDA from operations*	2.86	3.48	-0.63	-17.9%	▼
EBITDA	2.82	1.90	0.92	48.4%	▲
EBIT	1.70	0.80	0.90	111.5%	▲
Net profit (-loss)	1.07	0.36	0.70	192.9%	▲

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



KEY RATIOS – INCOME STATEMENT

mIn EUR unless indicated otherwise	4Q 2019	3Q 2019	2Q 2019	1Q 2019	4Q 2018	3Q 2018	2Q 2018	1Q 2018	4Q 2017
Sales	25.4	19.3	21.5	18.1	26.7	19.4	22.1	22.7	32.0
Gross profit	4.3	2.6	2.1	2.1	4.7	3.0	1.8	2.4	6.6
EBITDA from operations	2.1	0.7	0.3	0.2	2.4	1.1	-0.2	0.7	4.3
EBITDA	1.4	1.5	0.3	-0.5	0.8	1.1	0.3	0.6	1.6
EBIT	0.7	1.0	-0.3	-1.0	0.2	0.6	-0.2	0.1	1.0
EBT	0.6	0.8	-0.4	-1.2	0.0	0.4	-0.5	-0.2	0.8
Net profit (-loss)	0.5	0.6	-0.6	-1.2	0.2	0.1	-1.1	-0.2	1.2
Gross margin	17.0%	13.4%	9.8%	11.7%	17.7%	15.2%	7.9%	10.6%	20.5%
Operational EBITDA margin	8.4%	3.8%	1.4%	1.1%	9.1%	5.4%	-1.1%	3.1%	13.4%
EBITDA margin	5.3%	7.6%	1.4%	-2.5%	2.9%	5.8%	1.2%	2.5%	4.9%
EBIT margin	2.9%	5.0%	-1.2%	-5.6%	0.9%	3.0%	-1.1%	0.2%	3.1%
EBT margin	2.2%	3.9%	-2.0%	-6.5%	0.1%	1.8%	-2.3%	-0.9%	2.5%
Net margin	2.0%	2.9%	-3.0%	-6.6%	0.8%	0.7%	-5.1%	-1.0%	3.9%
Operating expense ratio	12.5%	13.4%	11.7%	14.1%	11.2%	13.5%	12.0%	10.5%	9.3%

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

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

EBIT = Operating profit (loss)

EBT = Profit (Loss) before tax

Gross margin = Gross profit / Net sales

Operational EBITDA margin = EBITDA from operations / Net sales

EBITDA margin = EBITDA / Net sales

EBIT margin = EBIT / Net sales

EBT margin = EBT / Net sales

Net margin = Net earnings / Net sales

Operating expense ratio = Operating expenses / Net sales

KEY RATIOS – BALANCE SHEET

mIn EUR unless indicated otherwise	31.12.2019	30.09.2019	30.06.2019	31.03.2019	31.12.2018	30.09.2018	30.06.2018	31.03.2018
Net debt	17.8	19.9	20.5	18.7	20.0	21.9	18.1	16.7
Equity	23.3	22.8	21.9	23.3	24.2	24.1	23.3	24.3
Working capital	-3.5	-3.0	-3.1	-1.6	1.0	2.0	2.8	4.6
Assets	60.5	62.4	62.5	63.5	65.5	64.5	65.5	66.4
Liquidity ratio	0.9x	0.9x	0.9x	0.9x	1.0x	1.1x	1.1x	1.2x
Equity ratio	38.5%	36.5%	35.0%	36.7%	37.0%	37.4%	35.6%	36.6%
Gearing ratio	43.3%	46.6%	48.3%	44.5%	45.2%	47.6%	43.7%	40.7%
Debt to total assets	0.6x	0.6x	0.7x	0.6x	0.6x	0.6x	0.6x	0.6x
Net debt to EBITDA	5.3x	5.4x	5.1x	5.4x	5.1x	3.8x	3.1x	2.6x
ROE	-3.2%	-4.5%	-6.5%	-8.2%	-4.0%	0.1%	0.2%	8.6%
ROA	-1.2%	-1.6%	-2.3%	-3.0%	-1.5%	0.0%	0.1%	4.1%

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

Working capital = Current assets – Current liabilities

Liquidity ratio = Current assets / Current liabilities

Equity ratio = Equity / Total assets

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

Debt to total assets = Debt / Total assets

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

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

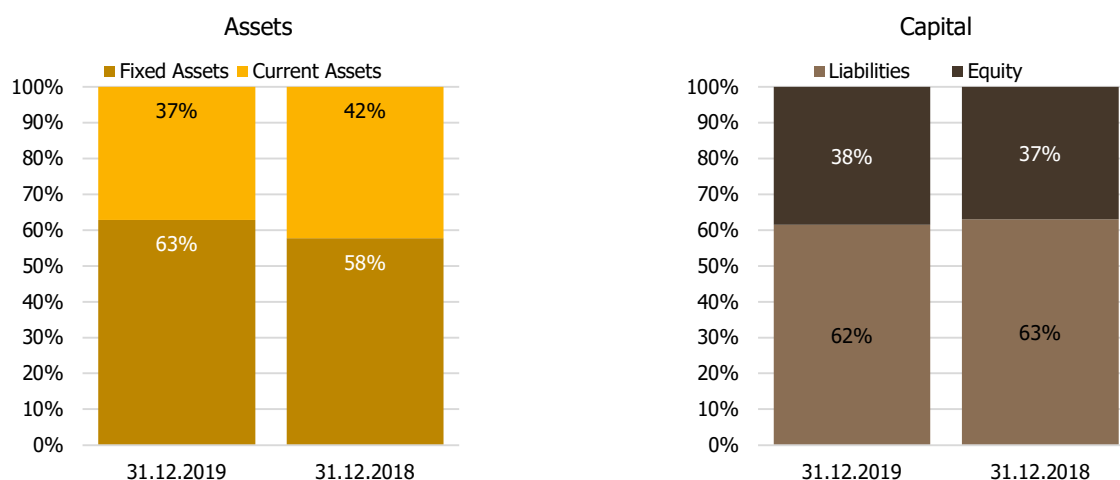
ROA = Net earnings for the trailing 12 months / Average assets

BALANCE SHEET

As at 31.12.2019 consolidated total assets of PRFoods stood at 60.5 million euros. The year before i.e. as at 31.12.2018 the balance sheet totalled 65.5 million euros.

The Group's current assets stood at 22.5 million euros as at 31.12.2019 (31.12.2018: 27.7 million euros). Non-current assets totalled 38.0 million euros (31.12.2018: 37.8 million euros).

Current liabilities totalled 26.0 million euros as at 31.12.2019 (31.12.2018: 26.6 million euros). Non-current liabilities totalled 11.2 million euros (31.12.2019: 14.6 million euros). Equity of PRFoods was 23.3 million euros (31.12.2018: 24.2 million euros).

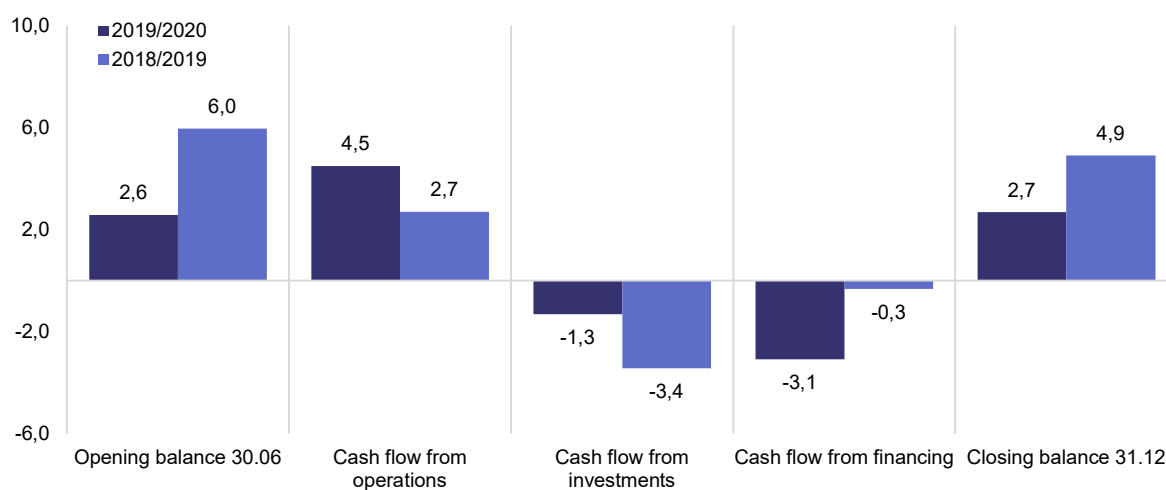


CASH FLOWS

PRFoods' cash and cash equivalents totalled 2.6 million euros at the beginning of the reporting period and 2.7 million euros at the end of the period, the period's cash flow amounted to 0.1 million euros.

Cash flow from operations was +4.5 million euros and +2.7 million euros in the same period a year ago. Cash flow from investment activities was -1.3 million euros during the reporting period and -3.4 million euros a year ago. Cash flow from financing activities totalled -3.1 million euros in the reporting period and -0.3 million euros during the same period last year.

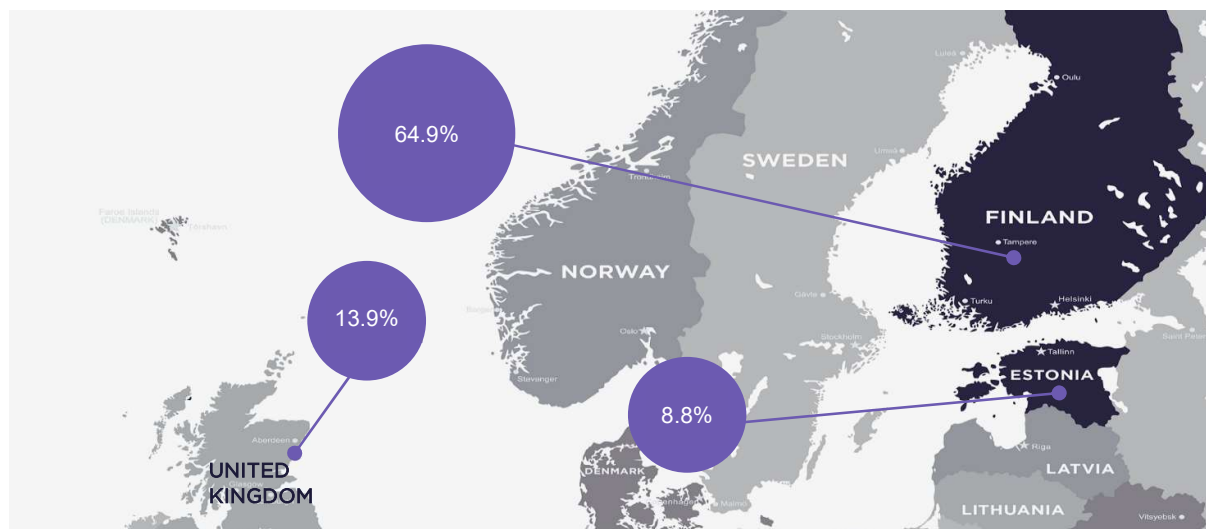
CHANGE IN CASH FLOWS 6 MONTHS OF 2019/2020 VS 6 MONTHS OF 2018/2019



REVENUE

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

The Group's revenue in the 6 months of the financial year 2019/2020 amounted to 44.7 million euros, down by 1.4 million euros compared to the same period year ago.



GEOGRAPHIC SEGMENTS

mIn EUR	6m 19/20	Share, %	6m 18/19	Share, %	Change, mIn EUR	6m 18/19 vs 6m 18/19	Imp.
Finland	29.0	64.9%	32.1	69.7%	-3.1	-9.7%	▼
United Kingdom	6.2	13.9%	6.6	14.4%	-0.4	-6.5%	▼
Estonia	4.0	8.8%	3.2	6.9%	0.8	23.5%	▲
Other regions	5.5	12.4%	4.2	9.0%	1.4	33.5%	▲
Total	44.7	100.0%	46.1	100.0%	-1.4	-3.1%	▼

Finland with sales revenue of 29.0 million euros and ca 65% of total sales is the largest market of the Group. Revenue of the second largest market, UK, amounted during the period to 6.2 million euros, i.e. 13.9% of total sales. Revenue of the Estonian market totalled 4.4 million euros, i.e. 8.8% of the total. Sales revenue of Finland and Great Britain decreased by 9.7% and 6.5%, respectively, whereas sales in Estonia increased by 23.5%. Sales to Latvia amounting 2.4 million euros accounted for the largest share of sales to other regions. The sales to Latvia during the accounting period increased more than twice compared to the sales a year ago.

PRODUCT SEGMENTS

mIn EUR	6m 19/20	Share, %	6m 18/19	Share, %	Change, mIn EUR	6m 18/19 vs 6m 18/19	Imp.
Hot & cold smoked fish	17.2	38.5%	20.1	43.6%	-2.9	-14.4%	▼
Raw fish and fillets	19.2	42.9%	19.8	42.9%	-0.6	-3.0%	▼
Other fish products	8.3	18.5%	6.1	13.2%	2.2	35.4%	▲
Other	0.0	0.1%	0.2	0.3%	-0.1	-69.5%	▼
Total	44.7	100.0%	46.1	100.0%	-1.4	-3.1%	▼

During the first six months of the financial year raw fish and fillets' product group accounted for the largest share of the total sales. The group's turnover amounted to 19.2 million euros and accounted for 42.9% of the total. Hot and cold smoked

fish products' group generated sales of 17.2 million euros accounting for 42.9% of the total. Sales of other fish products amounted to 8.3 million euros and accounted for 18.5% of the total.

CLIENT SEGMENTS

mIn EUR	6m 19/20	Share, %	6m 18/19	Share, %	Change, mIn EUR	6m 18/19 vs 6m 18/19	Imp.
Retail chains	16.9	37.8%	20.2	43.7%	-3.3	-16.1%	▼
Wholesale	15.0	33.5%	14.9	32.3%	0.1	0.5%	▲
HoReCa	11.2	25.0%	10.4	22.5%	0.8	7.8%	▲
Other retail	1.6	3.7%	0.7	1.5%	1.0	139.1%	▲
Total	44.7	100.0%	46.1	100.0%	-1.4	-3.1%	▼

The largest client group is the retail chains' group, sales of which amounted to 16.9 million euros and accounted for 37.8% of the total sales during the accounting period. Slightly more than a third of sales i.e. 15.0 million euros was generated by the wholesale sector. HoReCa sales amounted to 11.2 million euros and accounted for a fourth of the total.

COSTS

Cost of goods sold accounted for 84.6% (6m 18/19: 83.4%) of total sales and operating expenses for 12.9% (6m 18/19: 12.2%).

	6m 19/20	6m 18/19	Change	Impact	6m 19/20	6m 18/19	Change	Impact
	mIn EUR	mIn EUR	mIn EUR		as % of sales	as % of sales	%-point	
Sales	44.70	46.12	-1.42	▼	100.00%	100.00%		
Cost of goods sold	-37.80	-38.45	0.65	▲	84.55%	83.36%	1.19	▼
materials in production & cost of goods purchased for resale	-30.08	-30.67	0.59	▲	67.28%	66.51%	0.77	▼
labour costs	-3.76	-3.84	0.08	▲	8.40%	8.33%	0.07	▼
depreciation	-0.89	-0.87	-0.02	▼	1.98%	1.88%	0.10	▼
other cost of goods sold	-3.07	-3.07	0.00	●	6.89%	6.64%	0.25	▼
Operating expenses	-5.77	-5.62	-0.15	▼	12.90%	12.18%	0.72	▼
labour costs	-2.09	-1.90	-0.19	▼	4.67%	4.11%	0.56	▼
transport & logistics services	-1.76	-1.82	0.06	▲	3.94%	3.94%	0.00	●
depreciation	-0.23	-0.23	0.00	●	0.52%	0.49%	0.03	▼
advertising, marketing and product development	-0.28	-0.23	-0.05	▼	0.62%	0.50%	0.12	▼
other operating expenses	-1.41	-1.44	0.03	▲	3.15%	3.14%	0.01	▼
Other income/expenses	0.33	0.30	0.03	▲	0.75%	0.66%	0.09	▲
incl. one-offs	-0.27	-0.03	-0.24	▼	-0.60%	-0.07%	-0.53	▼
Financial income / expense	-0.39	-0.44	0.05	▲	-0.88%	-0.94%	0.06	▲

COST OF GOODS SOLD (COGS)

COGS of the period decreased compared to the same period last year by 0.65 million euros, accounting for 84.6% of total sales (6m 18/19: 83.4% of total sales).

The 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 purchased for resale". The remaining costs are mainly attributable to packaging materials and fish feed.

The labour cost of personnel employed in production and fish farms totalled 3.8 million euros and formed 8.4% of total sales, remaining thus practically at the level of six months of previous financial year.

Other costs of goods sold amounted to 3.1 million euros and formed 6.9% of total sales (6m 18/19: 6.6%). The cost item includes costs on heating, electricity, rent and utilities, and costs incurred in relation to fish farming and auxiliary activities in production.

OPERATING EXPENSES

Operating costs of the accounting period (5.8 million euros) increased by 0.2 million euros compared to the same period last year and accounted for 12.9% of total sales. The increase in operating expenses is mainly due to severance payments in connection to changes in the management.

The majority of operating costs are costs on labour (6m 19/20: 2.1 million euros; 6m 18/19: 1.9 million euros) and on transport & logistics services (6m 19/20: 1.8 million euros; 6m 18/19: 1.8 million euros). The labour costs increased by 10.1% whereas the costs on transport & logistics remained largely at the level of the same period last financial year.

TEAM

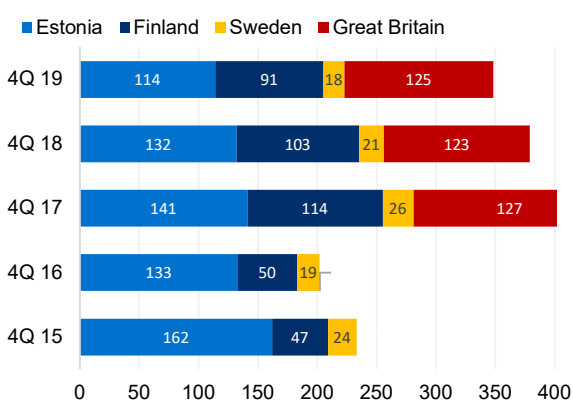
The average number of employees in PRFoods in the 4th quarter of 2019 was 348. The Group's labour costs totalled 3.2 million euros in the 4th quarter of 2019.

	4Q 2019	3Q 2019	2Q 2019	1Q 2019	4Q 2018	3Q 2018	2Q 2018	1Q 2018	4Q 2017
Average number of employees	348	340	351	348	379	368	367	362	408
Finland	91	86	88	86	103	91	96	96	114
Estonia	114	118	121	131	132	125	130	136	141
UK	125	119	124	112	123	125	117	107	127
Sweden	18	17	17	19	21	27	24	23	26
Payroll expense, th EUR	3,61	2,683	2,584	2,536	3,088	2,649	2,613	2,517	2,949
Monthly average payroll expense per employee, th EUR	3.03	2.63	2.45	2.43	2.72	2.40	2.37	2.32	2.41

Employees per area of activity



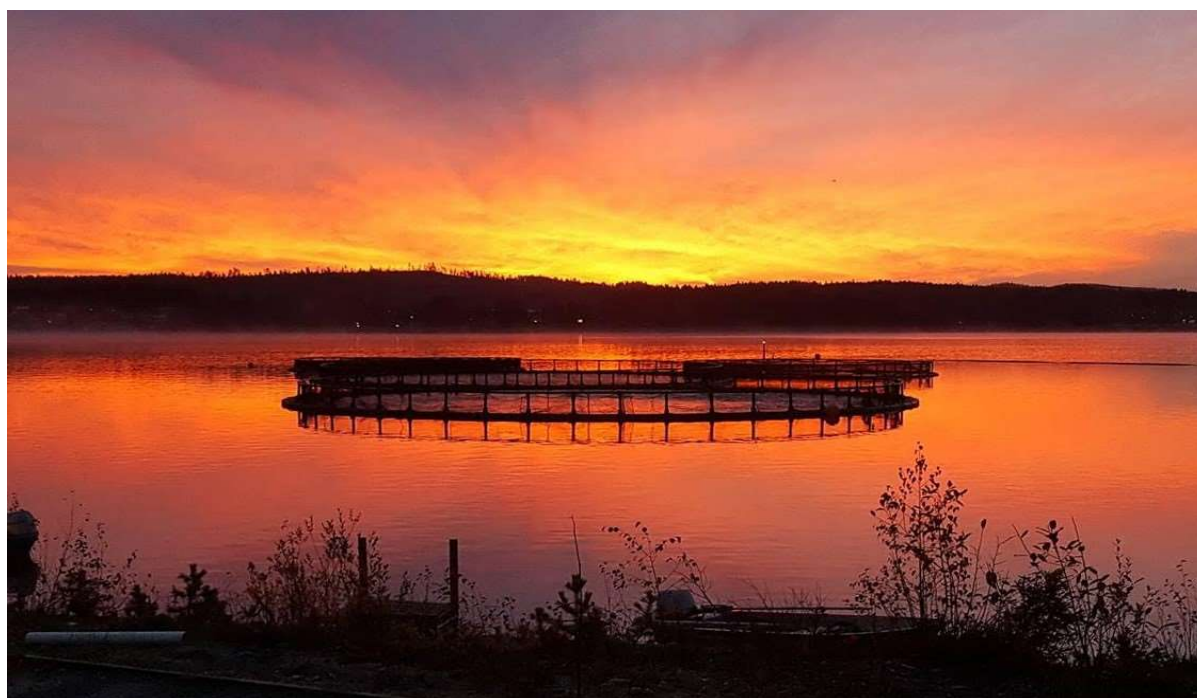
Employees per country



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 the coastal area of Saaremaa, Estonia, ensuring that customers receive fast and high-quality deliveries. The Group mainly harvests rainbow trout and to a lesser extent also European whitefish.

Vertical integration enables the Group to reduce costs in certain phases of fish farming and to 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 a 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 raw fish prices. The Group compensates the impact of the external environment and volatility of fish price through the changes of the Group's production and sales strategy.

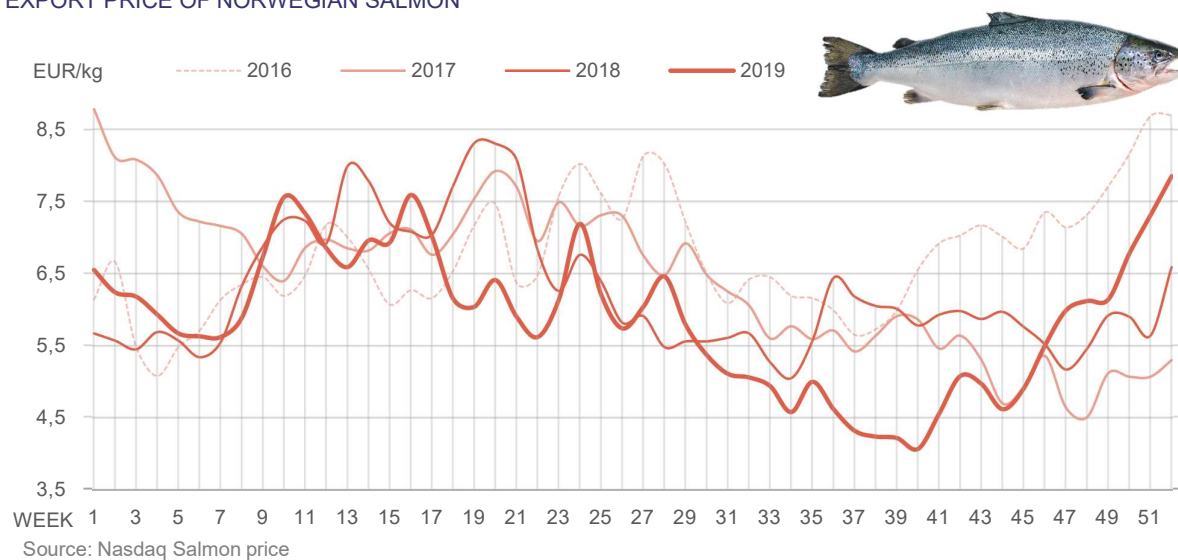
MARKET PRICE OF FISH

EUR/kg	31.12.2019	31.12.2018	31.12.19 vs 31.12.18	31.12.2017	31.12.19 vs 31.12.17	31.12.2016	31.12.19 vs 31.12.16
Salmon	7.85	6.59	19.1%	5.30	48.1%	8.72	-10.0%
Rainbow trout	6.31	5.88	7.3%	5.95	6.0%	7.39	-14.6%

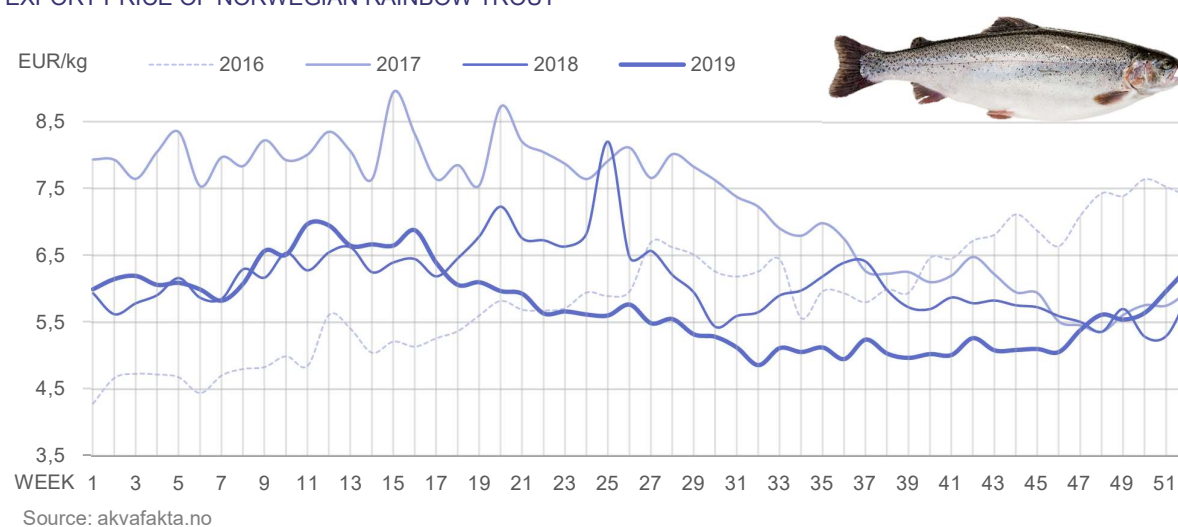
As at the end of the reporting period, the market price of salmon has increased by 19.1% and the price of rainbow trout by 7.3% compared to the prices a year ago. Over two years, the price of salmon has increased by 48.1% and the trout by 6.0%. The price of salmon has decreased by 10.0% and of rainbow trout by 14.6% compared to the prices three years ago.

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

EXPORT PRICE OF NORWEGIAN SALMON



EXPORT PRICE OF NORWEGIAN RAINBOW TROUT



AVERAGE MARKET PRICE OF FISH

EUR/kg	4Q 19	4Q 18	4Q 19 vs 4Q 18	4Q 17	4Q 19 vs 4Q 17	4Q 16	4Q 19 vs 4Q 16
Salmon	5.52	5.76	-4.2%	5.13	7.5%	7.32	-24.6%
Rainbow trout	5.35	5.59	-4.3%	5.80	-7.8%	6.97	-23.3%

The average market prices of salmon and rainbow trout in the 4th quarter of 2019 have decreased by 4.2% and 4.3%, respectively, compared to prices a year ago. The average price of salmon has increased by 7.5% and the average price of rainbow trout has decreased by 7.8% over the comparable period from two years ago. The average fish prices have decreased compared to the prices three years ago: salmon by 24.6% and rainbow trout by 23.3%.

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

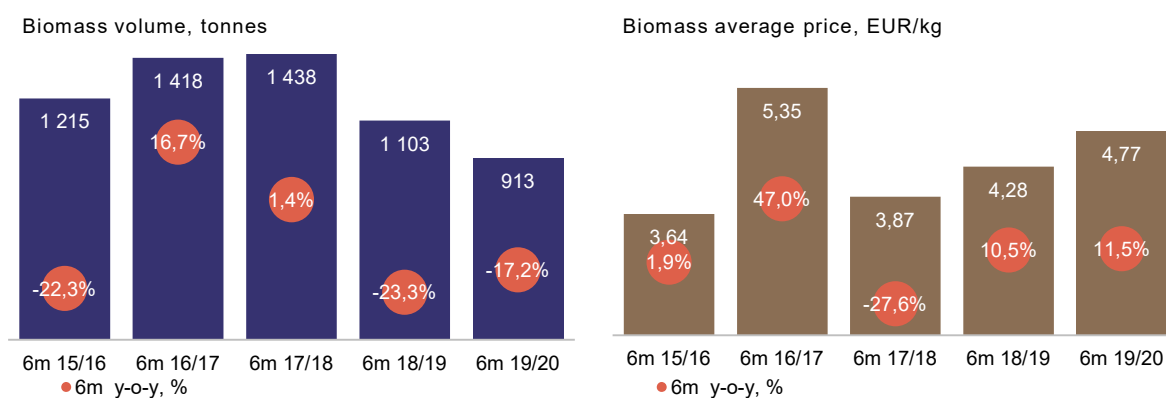
	6m 19/20	6m 18/19	Change, tonnes 6m 19/20 vs 6m 18/19	Change, % 6m 19/20 vs 6m 18/19
Biomass at the beginning of the period	987	1,184	-197	-16.6%
Biomass at the end of the period	913	1,103	-190	-17.2%
Harvested fish (in live weight)	1,796	1,325	471	35.5%

Biological assets totalled 913 tonnes as at 31.12.2019, a decrease of 190 tonnes, i.e. 17.2% compared to the same period last year. A total of 1,796 tonnes of fish was harvested during the 6 months of the financial year, which is 471 tonnes or 35.5% more compared to the same period a year ago.

BIOMASS VOLUME AND AVERAGE PRICE, EUR/KG

	6m 19/20	6m 18/19	Change, mln EUR 6m 19/20 vs 6m 18/19	Change, % 6m 19/20 vs 6m 18/19
Biological assets at the end of period, mln EUR	4.35	4.72	-0.37	-7.8%
Biomass volume at the end of period, tonnes	913	1,103	-190	-17.2%
Average price, EUR/kg	4.77	4.28	0.49	11.5%
Fair value adjustment of biological assets, mln EUR	0.22	-1.55	1.78	-114.4%

The fair value of biological assets was 4.35 million euros compared to 4.72 million euros a year ago. The average price of biomass was 4.77 euros per kg during the 6 months of 2019/2020 compared to 4.28 euros per kg during the comparable period a year ago.

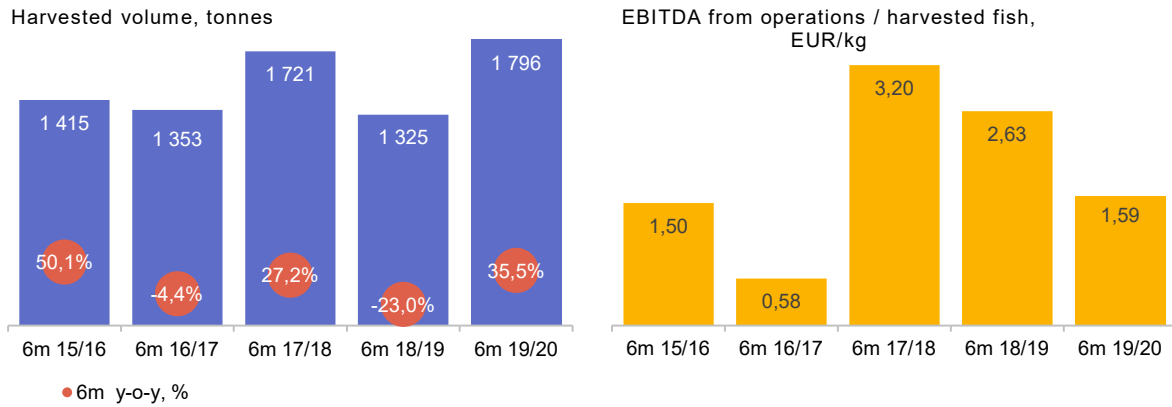


Fish is processed in production buildings of Heimona Kala Oy, Finland and Vettel OÜ, Estonia.

HARVESTED VOLUME

	6m 19/20	6m 18/19	Change, mln EUR 6m 19/20 vs 6m 18/19	Change, % 6m 19/20 vs 6m 18/19
Revenue, mln EUR	44.7	46.1	-1.4	-3.1%
EBITDA from operations*, mln EUR	2.9	3.5	-0.6	-17.9%
Harvested volume, tonnes	1,796	1,325	471	35.5%
EBITDA from operations* / harvested volume, EUR/kg	1.59	2.63	-1.04	-39.5%

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



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. On the meeting held on 15 November 2017, the supervisory board decided to extend the current management board member Indrek Kasela's term of office by 3 years, until 15 November 2020. Indrek Kasela (born 1971), holds an LL.M (Master of Laws) degree from New York University (1996) and a BA degree in law from the University of Tartu (1994).

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

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

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

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

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

PRFOODS' SHARES HELD BY THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BOARDS AND THE PERSONS/COMPANIES RELATED TO THEM AS AT 31.12.2019:

Shareholder	number of shares	ownership interest
Member of the management board from 02.02.2015 – Indrek Kasela	1,604,623	4.15%
Member of the supervisory board – Kuldar Leis	1,223,050	3.16%
Member of the supervisory board, Chairman of the supervisory board from 02.02.2015 – Lauri Kustaa Äimä	125,000	0.32%
Member of the supervisory board – Vesa Jaakko Karo	90,000	0.23%
Member of the supervisory board – Arko Kadajane	8,928	0.02%
Member of the supervisory board – Harvey Sawikin	0	-
Member of the supervisory board – Aavo Kokk	0	-
Total number of shares owned by the members of the supervisory and management boards	3,051,601	7.89%

SHARE AND SHAREHOLDERS

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

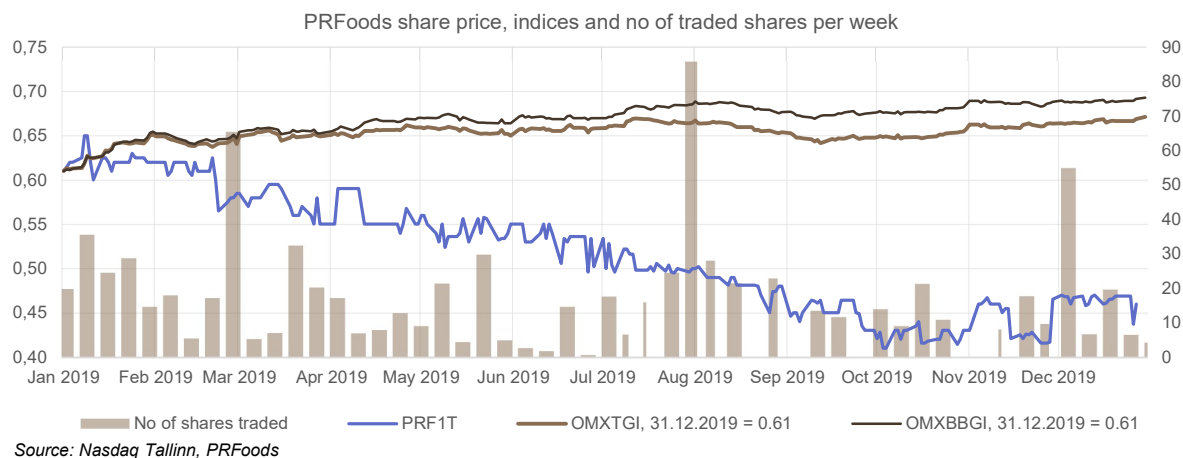
PRFoods shares are listed in the main list of Nasdaq Tallinn Stock Exchange since 5 May 2010. PRFoods shares do not have an official market maker. PRFoods share is a component in OMX Tallinn General Index and OMX Baltic General Index.

PRFoods has twice reduced the nominal value of shares with making payments to shareholders: by 10 euro cents in 2012 and by 30 euro cents in 2015. 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 euros (nominal value of a share was 10.0 Estonian kroons until 13 April 2011, 0.60 euros till 3 September 2012, and 0.50 euros till 2 October 2015).

PRFOODS SHARE PRICE, INDICES AND TRADING ACTIVITY

Baltic comparison index increased 13.6% over one year, Tallinn Stock Exchange All-Share index increased by 10.0% and PRFoods share price decreased by 24.6%.

	Index / Share	Ticker / index	31.12.2019	31.12.2018	change %
●	PRF1T	PRF1T	0.460	0.610	-24.59%
●	OMX Baltic Benchmark GI	OMXBBGI	992.83	873.81	13.62%
●	OMX Tallinn GI	OMXTGI	1,279.7	1,162.86	10.05%



TRADING STATISTICS

Price (EUR)	4Q 2019	3Q 2019	2Q 2019	1Q 2019	4Q 2018	3Q 2018	2Q 2018	1Q 2018	4Q 2017	3Q 2017
Open	0.430	0.502	0.590	0.610	0.695	0.740	0.770	0.600	0.530	0.390
High	0.470	0.534	0.590	0.670	0.695	0.780	0.855	0.795	0.600	0.600
Low	0.410	0.430	0.490	0.550	0.530	0.675	0.710	0.600	0.520	0.366
Last	0.460	0.430	0.534	0.550	0.610	0.690	0.740	0.770	0.599	0.522
Traded volume, thousand	180	294	134	294	798	973	595	821	734	1.766
Turnover, mln	0.08	0.14	0.07	0.18	0.47	0.71	0.47	0.57	0.42	0.84
Market capitalisation, mln	17.79	16.63	20.66	21.28	23.60	26.69	28.63	29.79	23.17	20.19

A total of 236 trades were conducted with PRFoods' shares during the fourth quarter of 2019. During the quarter a total of 179,553 shares changed hands forming 0.5% of the company's shares. The average trade volume was 761 shares.

Turnover of share trading amounted to 0.08 million euros in 4Q 2019 compared to 0.14 million euros in the previous quarter. The highest share price in 4Q 2019 was 0.470 euros and the lowest was 0.410 euros.

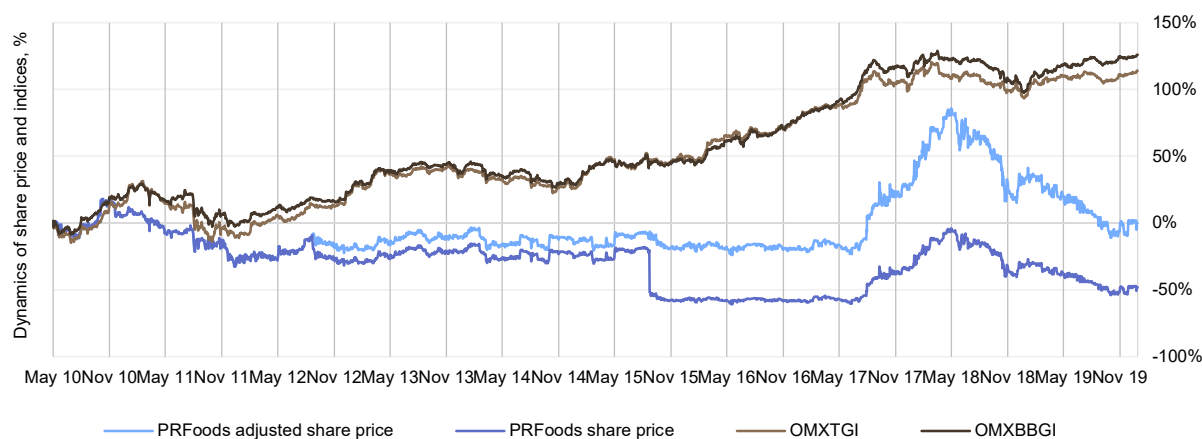
The closing price of the share was 0.460 euros as at 31.12.2019 and the company's market capitalisation was 17.79 million euros.

MARKET RATIOS

Ratios	Formula	31.12.19	30.09.19	30.06.19	31.12.18
EV/Sales	(Market Cap + Net Debt) / Sales	0.42	0.43	0.48	0.50
EV/EBITDA from operations	(Market Cap + Net Debt) / EBITDA from operations	10.57	9.98	10.30	11.09
EV/EBITDA	(Market Cap + Net Debt) / EBITDA	13.36	17.47	23.59	15.90
Price/EBITDA from operations	Market Cap / EBITDA from operations	5.29	4.54	5.18	6.00
Price/EBITDA	Market Cap / EBITDA	6.68	7.96	11.85	8.60
Price-to-Earnings	Market Cap / Net Earnings	neg	neg	neg	neg
Price-to-Book	Market Cap / Equity	0.76	0.73	0.94	0.97

Market Capitalisation (Market Cap), Net Debt and Equity as at 31.12.2019; sales, EBITDA and Net Profit/Loss for the trailing 12 months

THE DYNAMICS OF THE SHARE PRICE AND INDICES FROM 5TH MAY 2010 TO 31ST OF DECEMBER 2019:

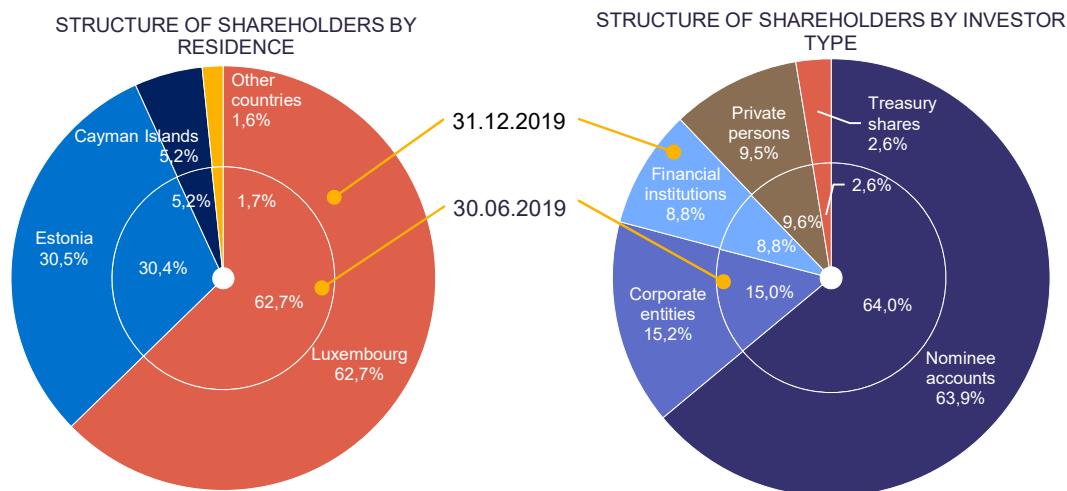


The increase of PRFoods' share price since its listing in 2010, adjusted with the capital reduction payments, is 0.1%. The Baltic Benchmark index has increased by 125.7% during this period, Tallinn Stock Exchange index by 113.9% and PRFoods' share price unadjusted with the reductions of the share's nominal value in August of 2012 and 2015 by 40-euro-cents in total has decreased by 48.3%. 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 31.12.2019	% of total 31.12.2019	Number of shares 30.06.2019	% of total 30.06.2019	Change
ING Luxembourg S.A. (Nominee account)	24,258,366	62.71%	24,258,366	62.71%	-
Lindermann, Birnbaum & Kasela OÜ	1,604,623	4.15%	1,593,623	4.12%	11,000
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%	-
Total largest shareholders	31,604,596	81.70%	31,593,596	81.67%	11,000
Other minority shareholders	6,078,264	15.71%	6,089,264	15.74%	-11,000
Treasury shares	1,000,000	2.59%	1,000,000	2.59%	-
Total	38,682,860	100.00%	38,682,860	100.00%	-



STRUCTURE OF SHAREHOLDERS ACCORDING TO NUMBER OF SHARES, 31.12.2019

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1 ... 1 000	730	47.8%	343,633	0.9%
1 001 ... 10 000	669	44.2%	2,170,080	5.6%
10 001 ... 50 000	95	6.3%	2,028,175	5.2%
50 001 ... 100 000	11	0.7%	784,052	2.0%
> 100 000	15	1.0%	33,356,920	86.2%
Total	1,520	100.0%	38,682,860	100.0%

CONDENSED INTERIM ACCOUNTING REPORT

CONDENSED INTERIM ACCOUNTING REPORT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR '000	Note	31.12.2019	31.12.2018	30.06.2019
ASSETS				
Cash and cash equivalents	(Note 2)	2,680	4,910	2,583
Receivables and prepayments	(Note 3)	6,342	6,470	5,300
Inventories	(Note 4)	9,104	11,553	11,980
Biological assets	(Note 5)	4,354	4,719	4,924
Total current assets		22,480	27,652	24,787
Deferred income tax		66	49	41
Long-term financial investments		217	134	202
Tangible fixed assets	(Note 6)	14,444	14,569	14,535
Intangible assets	(Note 7)	23,286	23,046	22,969
Total non-current assets		38,013	37,798	37,747
TOTAL ASSETS		60,493	65,450	62,534
EQUITY AND LIABILITIES				
Loans and borrowings	(Note 8. 9)	12,505	14,224	13,502
Payables	(Note 10)	13,301	12,184	14,105
Government grants		188	241	234
Total current liabilities		25,994	26,649	27,841
Loans and borrowings	(Note 8. 9)	7,945	10,706	9,540
Payables	(Note 10)	190	519	190
Deferred tax liabilities		2,070	2,094	2,010
Government grants		981	1,257	1,087
Total non-current liabilities		11,186	14,576	12,827
TOTAL LIABILITIES		37,180	41,225	40,668
Share capital		7,737	7,737	7,737
Share premium		14,007	14,007	14,007
Treasury shares		-390	-390	-390
Statutory capital reserve		51	51	51
Currency translation difference		167	-70	-214
Retained profit (-loss)		1,108	2,130	66
Equity attributable to parent		22,680	23,465	21,257
Non-controlling interest		633	760	609
TOTAL EQUITY	(Note 11)	23,313	24,225	21,866
TOTAL EQUITY AND LIABILITIES		60,493	65,450	62,534

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

EUR '000	Note	2Q 2019/2020	2Q 2018/2019	6m 2019/2020	6m 2018/2019
Revenue	(Note 12)	25,374	26,729	44,703	46 122
Cost of goods sold	(Note 13)	-21,049	-22,011	-37,796	-38 448
Gross profit		4,325	4,718	6,907	7 674
Operating expenses		-3,169	-2,996	-5,767	-5 619
Selling and distribution expenses		-2,146	-2,084	-3,938	-3 927
Administrative expenses		-1,023	-912	-1,829	-1 692
Other income / expense		206	136	334	303
Fair value adjustment on biological assets	(Note 5)	-622	-1,628	224	-1 555
Operating profit (loss)		740	230	1,698	803
Financial income/expense		-190	-213	-393	-435
Profit (loss) before tax		550	17	1,305	368
Income tax		-54	205	-239	-4
Net profit (loss) for the period		496	222	1,066	364
Net profit (loss) attributable to:					
Owners of the Parent Company		529	130	1,042	229
Non-controlling interest		-33	92	24	135
Total net profit (loss)		496	222	1,066	364
Other comprehensive income (loss) that may subsequently be classified to profit or loss:					
Foreign currency translation differences		66	-101	381	-77
Total comprehensive income (expense)		562	121	1,447	287
Total comprehensive income (expense) attributable to:					
Owners of the Parent Company		595	29	1,423	152
Non-controlling interest		-33	92	24	135
Total comprehensive income (expense) for the period		562	121	1,447	287
Profit (loss) per share (EUR)	(Note 11)	0.02	0.00	0.04	0.00
Diluted profit (loss) per share (EUR)	(Note 11)	0.02	0.00	0.04	0.00

CONSOLIDATED CASH FLOW STATEMENT

EUR '000	Note	6m 2019/2020	6m 2018/2019
Total cash flow from operations			
Net profit (loss)		1,066	364
Adjustments:			
Depreciation	(Note 6. 7)	1,118	1,094
Profit from sale and write off of fixed assets		0	-8
Other non-cash items		353	-853
Changes in receivables and prepayments		-1,067	-1,660
Changes in inventories	(Note 4)	2,876	1,125
Changes in biological assets	(Note 5)	570	1,779
Changes in payables and prepayments		-358	936
Corporate income tax paid		-59	-64
Total cash flow from / (used in) operating activities		4,499	2,713
Total cash flow from investments			
Sale of tangible and intangible fixed assets	(Note 6. 7)	2	42
Purchase of tangible and intangible fixed assets	(Note 6. 7)	-1,165	-1,033
Government grants for acquisition of assets	(Note 7)	0	42
Purchase and sale of other financial instruments		-20	-2,500
Acquisition of subsidiaries. net cash received		-131	0
Interest received		-5	15
Total cash flow used in investing activities		-1,319	-3,434
Total cash flow from financing			
Change in overdraft		-1,298	1,512
Repayments of loans		-1,436	-1,349
Loans received	(Note 9)	160	310
Change in factored receivables	(Note 9)	1	20
Capital lease repayments	(Note 8)	-191	-340
Dividends paid		0	0
Interest paid		-319	-482
Total cash flow (used in)/from financing activities		-3,083	-329
Total cash flow			
		97	-1,050
Cash and cash equivalents at beginning of the period	(Note 2)	2,583	5,960
Change in cash and cash equivalents		97	-1,050
Cash and cash equivalents at the end of the period	(Note 2)	2,680	4,910

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR '000	Share capital	Share premium	Own shares	Statutory capital reserve	Translation reserve	Retained earnings (-loss)	Total	Non-controlling interests	Total equity
Balance at 30.06.2018	7,737	14,007	-390	48	7	1,904	23,313	-2	23,311
Statutory reserve capital	0	0	0	3	0	-3	0	0	0
Net profit for the period	0	0	0	0	0	229	229	135	364
Dividends	0	0	0	0	0	0	0	625	625
Other comprehensive expense	0	0	0	0	-77	0	-77	2	-75
Total comprehensive expense for the period	0	0	0	0	-77	226	152	762	908
Balance at 31.12.2018	7,737	14,007	-390	51	-70	2,130	23,465	760	24,225
Dividends	0	0	0	0	0	-377	-377	0	-377
Net loss for the period	0	0	0	0	0	-1,687	-1,687	-151	-1,838
Other comprehensive expense	0	0	0	0	-144	0	-144	0	-144
Total comprehensive expense for the period	0	0	0	0	-144	-1,687	-1,831	-151	-1,982
Balance at 30.06.2019	7,737	14,007	-390	51	-214	66	21,257	609	21,866
Net profit for the period	0	0	0	0	0	1,042	1,042	24	1,066
Other comprehensive income	0	0	0	0	381	0	381	0	381
Total comprehensive income for the period	0	0	0	0	381	1,042	1,423	24	1,447
Balance at 31.12.2019	7,737	14,007	-390	51	167	1,108	22,680	633	23,313

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 31.12.2019 incorporate results of AS PRFoods (hereinafter Parent Company) and companies directly and indirectly held by it: Saaremere Kala AS, Redstorm OÜ and Vettel OÜ in Estonia, Heimona Kala Oy and Trio Trading Ab Oy in Finland, Överumans Fisk AB in Sweden, and JRJ & PRF Ltd., John Ross Jr (Aberdeen) Ltd., Coln Valley Smokery Ltd. in the United Kingdom (hereinafter referred to as the Group). The Group has a stake in associate companies: Competence Center of Food and Fermentation Technologies AS (CCFFT) and Avamere Kalakasvatus OÜ. JRJ & PRF Ltd., John Ross Jr (Aberdeen) Ltd., Coln Valley Smokery Ltd. are consolidated from 01.07.2017, Trio Trading Ab Oy from 01.09.2017 and Redstorm OÜ from 01.07.2018. AS PRFoods' shares are listed on Nasdaq Tallinn Stock Exchange since 5 May 2010.

The Group's consolidated audited annual report for the financial year that ended on 30 June 2019 is available on PRFoods' website www.prfoods.ee.

The general meeting of the shareholders held on 11 December 2017 decided to amend the beginning of a financial year of the Group. Starting from 1 July 2018, the financial year begins on 1 July and ends on 30 June. The current accounting period began on 1 July 2019 and ends on 30 June 2020.

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.

The same accounting principles have been applied as in the annual report for the financial year ended on 30.06.2019. The report does not hold all the information that must be presented in a complete annual report, so it should be read together with the Group's audited consolidated annual report for the financial year ended on 30.06.2019, which complies with the international financial reporting standards (IFRS) as adopted by the European Union.

In the opinion of the management, this interim report for the second quarter and six months of the financial year 2019/2020 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 the 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	31.12.2019	31.12.2018	30.06.2019
Cash on hand	28	29	12
Bank accounts	2,652	4,881	2,571
Total cash and cash equivalents	2,680	4,910	2,583

NOTE 3. RECEIVABLES AND PREPAYMENTS

EUR '000	31.12.2019	31.12.2018	30.06.2019
Trade receivables	5,659	5,781	4,458
Allowance for doubtful receivables	-9	-25	-9
Other receivables	87	95	11
Prepaid expenses	274	174	352
Prepaid taxes	252	437	486
Other prepayments	79	8	2
Total receivables and prepayments	6,342	6,470	5,300

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

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

NOTE 4. INVENTORIES

EUR '000	31.12.2019	31.12.2018	30.06.2019
Raw materials and materials	3,837	6,885	6,781
Work-in-progress	1,485	850	1,490
Finished goods	3,246	3,376	3,264
Goods purchased for sale	451	395	445
Prepayments for inventories	85	47	0
Total inventories	9,104	11,553	11,980

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

NOTE 5. BIOLOGICAL ASSETS

EUR '000	31.12.2019	31.12.2018	30.06.2019
Fry	253	275	852
Juveniles	1,712	1,586	1,097
Fish suitable for harvesting	2,389	2,858	2,975
Total biological assets	4,354	4,719	4,924

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

CHANGE IN BIOLOGICAL ASSETS

EUR '000	6m 2019/2020	6m 2018/2019	12m 2018/2019
Biological assets at beginning of the period	4,924	6,498	6,498
Purchased	0	359	1,037
Additions	3,576	3,140	5,056
Fair value adjustments	224	-1,555	-1,744
Harvested	-4,407	-3,736	-5,849
Written off	0	-33	-33
Fry and live fish sold	0	-14	-14
Exchange rate differences	37	60	-27
Biological assets at end of the period	4,354	4,719	4,924

The total increase in biological assets, which consists of the increase in biological assets and the change in the fair value was 3.8 million euros during the first 6 months of 2019/2020. During the first 6 months of 2018/2019, the increase was 1.6 million euros.

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

Group measures biological assets in fair value or acquisition cost.

NOTE 6. PROPERTY, PLANT AND EQUIPMENT

EUR '000	31.12.2019	31.12.2018	30.06.2019
Land and buildings			
Cost	13,099	13,029	12,762
Accumulated depreciation	-5,496	-5,125	-5,185
Land and buildings at carrying amount	7,603	7,904	7,577
Machinery and equipment			
Cost	16,664	16,506	16,976
Accumulated depreciation	-10,354	-10,349	-10,475
Machinery and equipment at carrying amount	6,310	6,157	6,501
Other tangible assets			
Cost	992	984	984
Accumulated depreciation	-753	-706	-726
Other tangible assets at carrying amount	239	278	258
Construction in progress, prepayments			
	292	230	199
Total property, plant and equipment	14,444	14,569	14,535

Property, plant and equipment acquired under the finance lease terms are disclosed in Note 8.

NOTE 7. INTANGIBLE ASSETS

EUR '000	31.12.2019	31.12.2018	30.06.2019
Goodwill	14,283	14,387	14,173
Trademarks and patents			
Cost	8,788	8,713	8,695
Accumulated amortisation	-1,150	-1,097	-1,195
Trademarks and patents at carrying amount	7,638	7,616	7,500
Immaterial rights			
Cost	1,032	997	1,032
Accumulated amortisation	-432	-396	-413
Immaterial rights at carrying amount	600	601	619
Software licenses			
Cost	622	624	611
Accumulated amortisation	-503	-510	-476
Software licenses at carrying amount	119	114	135
Prepayments for intangible assets	646	328	542
Total intangible assets	23,286	23,046	22,969

NOTE 8. FINANCE LEASE

FIXED ASSETS ACQUIRED UNDER FINANCE LEASE

EUR '000	31.12.2019	31.12.2018	30.06.2019
Machinery and equipment			
Cost	1,994	1,657	1,886
Accumulated depreciation	-547	-518	-439
Machinery and equipment at carrying amount	1,447	1,139	1,447
Means of transport			
Cost	407	339	290
Accumulated depreciation	-118	-173	-164
Means of transport at carrying amount	289	166	126
Total property, plant and equipment	1,736	1,305	1,573

The Group is leasing under financial lease terms fish industry production equipment, fish harvesting equipment, a workboat, a tractor, passenger cars and computers.

FINANCE LEASE PAYABLES

EUR '000	31.12.2019	31.12.2018	30.06.2019
<i>Present value of finance lease liability</i>			
Due in less than 1 year	554	305	324
Due between 1-5 years	628	675	868
Total	1 182	980	1,192

EUR '000	6m 2019/2020	6m 2018/2019	12m 2018/2019
Principal payments in the accounting period	191	340	554
Interest expenses in the accounting period	9	10	20
Average interest rate	1.80%	2.11%	1.82%

See also Notes 6 and 9.

NOTE 9. BORROWINGS

EUR '000	31.12.2019	31.12.2018	30.06.2019
Finance lease liabilities (Note 8)	553	305	324
Overdraft	7,485	9,586	8,783
Factoring	10	10	9
Investment loans	4,457	4,323	4,389
Total short-term loans	12,505	14,224	13,502
Finance lease liabilities (Note 8)	629	675	868
Loan notes to shareholders	446	443	441
Investment loans	6,870	9,588	8,231
Total long-term loans	7,945	10,706	9,540
incl. payable within 1-5 years	7,945	10,706	9,540

Investment loans as at 31.12.2019 carry term dates until 31.08 2022. Investment loans are in euros and pounds with interest rates tied to 6-months' EURIBOR or the Bank of England's base rate. Additional information on terms of investment loan is available in the Group's 2018/2019 annual report.

The Company repaid the SEB investment loan prematurely on 27.01.2020. See note 18.

NOTE 10. PAYABLES AND PREPAYMENTS

EUR '000	31.12.2019	31.12.2018	30.06.2019
Trade payables	6,760	5,747	8,198
Payables to employees	1,058	1,077	997
Liabilities from business combination	2,795	2,820	2,850
Interest payables	147	47	100
Prepayments from clients	1	2	1
Other payables	346	288	214
Tax liabilities. incl.:	2,194	2,203	1,745
Social security tax	169	206	161
VAT	1,319	1,363	1,063
Personal income tax	124	172	119
Corporate income tax	438	421	330
Other taxes	144	41	72
Total short-term payables and prepayments	13,301	12,184	14,105
Payables from acquisitions	190	519	190
Total long-term payables	190	519	190

Liabilities from business combination includes contingent provisions to non-controlling interests' buyout for 2,730 thousand euros.

NOTE 11. EQUITY

SHARE CAPITAL

As at 31.12.2019, the Company's registered share capital was 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 euros 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.

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 the retained profit of previous periods or the capital reserve prescribed in the Articles of Association or from other reserves prescribed by the Articles of Association. The premium may also be used to increase share capital via a bonus issue. The share premium may not be distributed to shareholders.

OWN SHARES

As at 31.12.2019 AS PRFoods has 1,000,000 own shares, acquired with an average price of 0.4915 euros per share.

CAPITAL RESERVE

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. The shareholders resolved on the general meeting held on 30.10.2018 to transfer 2,850 euros from the net profit of the financial

year of 2017/2018 to the capital reserve, to pay dividends in the amount of 386,829 euros from the retained earnings i.e. 0.01 euros per share. and not to distribute the remaining profit. Dividends were paid out on 05.04.2019.

EARNINGS PER SHARE

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

	6m 2019/2020	6m 2018/2019	12m 2018/2019
Net profit (loss) attributable to equity holders of the company EUR '000	1,423	152	-1,679
Average number of shares (in thousands)	38,683	38,683	38,683
Earnings (-loss) per share (EUR)	0.04	0.00	-0.04
Basic earnings (-loss) per share (EUR)	0.04	0.00	-0.04
Diluted earnings (-loss) per share (EUR)	0.04	0.00	-0.04

NOTE 12. SEGMENT REPORTING

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

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

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

EUR '000	6m 2019/2020			6m 2018/2019		
	Finland, Sweden, Estonia	Great Britain	Total	Finland, Sweden, Estonia	Great Britain	Total
External revenue	35 573	9 138	44 711	36,689	9,439	46,128
Inter-segment revenue	0	-8	-8	0	-6	-6
Total revenue	35 573	9 130	44 703	36,689	9,433	46,122
Fair value adjustment on biological assets	224	0	224	-1,555	0	-1,555
EBITDA	1 578	1 237	2 815	606	1,291	1,897
Depreciation and amortisation	-907	-211	-1 118	2,171	1,291	3,462
Operating profit	671	1 026	1 697	-874	-220	-1,094
Financial income and expenses	-449	-79	-528	-268	1,071	803
Income tax	-46	-193	-239	-363	-72	-435
Net profit (-loss)	312	754	1 066	198	-202	-4
Segment assets	38 753	21 740	60 493	-433	797	364
incl. current assets	17 965	4 515	22 480	43,482	21,968	65,450
incl. non-current assets	20 788	17 225	38 013	22,577	5,075	27,652
Segment liabilities	32 334	5 083	37 417	20,905	16,893	37,798
Segment investments in tangible and intangible assets	788	450	1 238	35,962	5,263	41,225
Assets acquired through business combination*	0	0	0	1,174	123	1,297

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

SALES BY GEOGRAPHIC REGIONS

EUR '000	6m 2019/2020	6m 2018/2019	12m 2018/2019
Finland	28,994	32,125	59,885
United Kingdom	6,213	6,644	12,104
Estonia	3,955	3,203	5,710
Other	5,541	4,150	8,028
Total	44,703	46,122	85,727

NOTE 13. COST OF GOODS SOLD

EUR '000	6m 2019/2020	6m 2018/2019	12m 2018/2019
Materials in production & cost of goods purchased for resale	30,076	30,674	59,353
Staff costs	3,756	3,840	7,171
Depreciation and amortisation	885	866	1,741
Other costs of goods sold*	3,079	3,068	5,565
Total cost of goods sold	37,796	38,448	73,830

* Other costs of goods sold include 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 31.12.2019 EUR '000	Payables as at 31.12.2018 EUR '000	Payables as at 30.06.2019 EUR '000
Fodiator OÜ	Shareholder Redstorm OÜ	Payable for shares	0	262	131
Amber Trust II S.C.A.	Shareholder AS PRFoods	Short-term loan and interest	1,601	1,525	1,563
Christopher Leigh	Shareholder of JRJ & PRF Ltd	Loan note	298	290	283
Victoria Leigh-Pearson	Shareholder of JRJ & PRF Ltd	Loan note	167	162	158
Christopher Leigh	Contingent consideration	Payable for non-controlling interests	1,747	1,662	1,658
Victoria Leigh-Pearson	Contingent consideration	Payable for non-controlling interests	983	935	933
Total			4,796	4,836	4,726

During the reporting period, no purchase and sales transactions were conducted with the related parties (4Q 2018: 47 thousand euros).

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	6m 2019/2020	6m 2018/2019	12m 2018/2019
Short-term benefits	617	631	1,179
Total	617	631	1,179

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. BUSINESS COMBINATION

BUSINESS COMBINATION IN THE 2018/2019 FINANCIAL YEAR – REDSTORM OÜ

On 03.07.2018 Saaremere Kala AS concluded a contract for the acquisition of 51% of shares in OÜ Redstorm, a company operating in Saaremaa, Estonia in fish farming, processing and storage. Pursuant to the conclusion of the transaction Saaremere Kala AS, a subsidiary of PRFoods, owns 51% (the share of 2,040 euros). The date of the conclusion of the transaction was 06.07.2018. The purchase price of the acquired company was 0.65 million euros. Additional information on the transaction is available in the Group's 2018/2019 annual report.

BUSINESS COMBINATION IN 2017/2018 FINANCIAL YEAR

On 19.07.2017 the extraordinary general meeting of AS PRFoods shareholders was held, where shareholders approved the acquisition of a majority shareholding of John Ross Jr (Aberdeen) Limited (JRJ) and Coln Valley Smokery Limited (CVS). The acquisition date was 21.07.2017. Additional information about the transaction on www.prfoods.ee.

On 29.08.2017 an extraordinary general meeting of AS PRFoods shareholders was held, where shareholders approved the acquisition of Trio Trading Ab Oy (Trio). The acquisition date was 30.08.2017. Additional information about the transaction can be found on PRFoods' web site www.prfoods.ee.

NOTE 16. ASSOCIATE COMPANIES

ASSOCIATE COMPANY IN 2018/2019 FINANCIAL YEAR – 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. It submitted an application to the Technical Regulatory Authority for the building right of the establishment of an offshore fish farming complex in the Estonian waters off the coast of Paldiski. The building right is to allow establishing a rainbow trout farming complex in the offshore cages.

ASSOCIATE COMPANY – AS TFTA (20% holding)

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

NOTE 17. CONTINGENT LIABILITIES

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

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

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

NOTE 18. EVENTS AFTER THE BALANCE SHEET DATE

Merger of Heimon Kala Oy and Trio Trading Ab Oy

On 01.10.2018 the Management Boards of Heimon Kala Oy and Trio Trading Ab Oy (100% subsidiaries of Saaremere Kala AS, an AS PRFoods group company) signed a merger plan, according to which the acquiring company is Heimon Kala Oy. At the execution of the merger, Trio Trading Ab Oy will be dissolved without liquidation proceedings. The merger was completed on 31.01.2020.

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

Issuance of Bonds

On 19.12.2019 the company announced that it plans to issue up to 95,000 bonds with a nominal value of 100 euros, with maturity of up to 5 years from the date of issue, with early redemption rights and with a fixed interest rate. The company plans to issue bonds in several stages, including both a private placement and a public issue.

The main purpose of the proceeds of the bond issue is to refinance the SEB investment loan and to invest in the Group's fish farms.

On 21.01.2020 the company announced that the bond issue has been approved by the supervisory board on the following terms: the company will issue up to 100,000 covered bonds, with a nominal value of 100 euros per bond, interest rate of 6.25% p.a., and with maturity on 22.01.2025. A total of 90,096 bonds were issued to investors on 22.01.2020 in a private placement. Bonds to be issued in a public offering will comprise all bonds not subscribed in a non-public offering. Due to strong interest, the company is considering raising the total number of bonds to 110,000. Upon completion of the public offering of the bonds, the company plans to list the bonds on Tallinn Stock Exchange. The public offering and listing would be conducted after the registration of the offer prospectus with the Estonian Financial Supervision Authority. As at the date of this report, no final decision has been taken to offer the bonds to the public.

For more detailed information on issuing of the bonds please see the Stock Exchange Announcements dated on 19.12.2019 and 21.01.2020.

Repayment of SEB Investment Loan in January 2020

The company paid prematurely back the SEB investment loan on 27.01.2020.

MANAGEMENT BOARD'S CONFIRMATION TO THE INTERIM REPORT

The Management Board confirms the correctness and completeness of the consolidated condensed interim report for the 2nd quarter and 6 months of the financial year 2019/2020 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

21 February 2020