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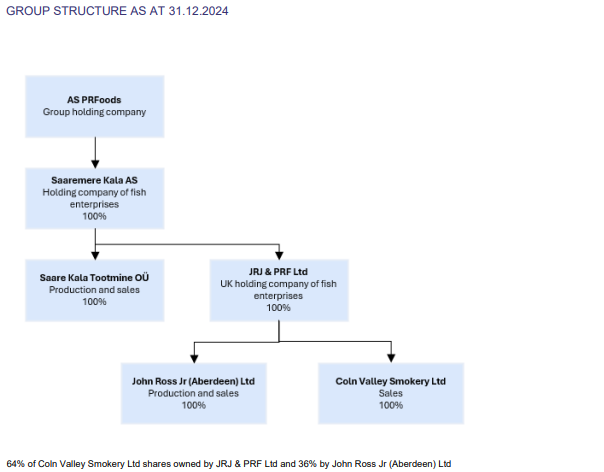
PLANNED restructuring of financial obligations of as prfoods

# GENERAL INFORMATION ABOUT THE GROUP

AS PRFoods (the “**Company**” or the “**Issuer**”) is a public limited liability company incorporated under the laws of Estonia that is a holding company of the group primarily engaged in manufacturing and sale of fish products and operating in Estonia and United Kingdom.

The Company’s shares are listed on the main list of NASDAQ OMX Tallinn Stock Exchange since 5 May 2010 and its secured notes are listed on the NASDAQ Tallinn bond list since 6 April 2020.

The Company’s group (the “**Group**”) currently comprises the following companies:



The main products manufactured and sold by the Group are salmon and rainbow trout products. The raw fish is purchased from Estonia, Norway and Denmark. Fish products are manufactured in two factories: one in Saaremaa, Estonia (owned by the Company’s operating subsidiary Saare Kala Tootmine OÜ) and one in Aberdeen, United Kingdom (owned by its operating subsidiary John Ross Jr Ltd). 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, aiming at increasing thereby the profitability of the Group.

# COMAPANY’s main financial liabilities and rationale for restructuring

The Group has been financing its operations (incl. acquisitions) through bank and shareholder loans and secured and unsecured notes. As of 31 March 2025, the largest portion of the Company’s liabilities consists of debt in the form of secured notes, convertible notes and shareholder loans totalling 13,829,040.01 euros and currently maturing at different times in 2025 (as in more detail described below).

During several past years the Group has experienced significant challenges caused initially by the COVID-19 pandemic and its severe effects and then followed by the adverse changes in overall economic and geopolitical environment (including continuing effects of Brexit), in particular high inflation, resulting changes in consumer behaviour and buying power and volatile fish prices, which have created a very complex operating environment for the Group. Despite the sale of Finnish, Swedish and Estonian subsidiaries and its exit from fish farming during the period between 2022-2024 with the view of reducing the Group's debt burden and focusing on and strengthening the Group’s core activities, the Group has experienced major challenges in improving its financial results. The largest shareholder of the Company, Amber Trust II S.C.A., SICAR (“**AT II**”), has repeatedly supported the Group by providing necessary short-term and long-term financing through shareholder loans and acquisition of Company’s secured and convertible notes.

The turnover for the 2023/2024 financial year was 17.086 million euros, while the operating profit was negative, amounting to -3.307 million euros. In the spring of 2024, the Company has implemented changes in the Company’s management structure with the goal of shifting the entire Group’s main focus to improving the quality of management and creating greater synergy between the Group companies in order to make the Group more efficient and profitable. Furthermore, the Company management has undertaken initiatives towards cost reductions, exiting unprofitable or low value-added businesses, and reducing debt.

Based on the most recent consolidated unaudited interim report published on 28 February 2025, the results for the first half of the current financial year were as follows: the turnover for the six months of 2024/2025 financial year reached 11.4 million euros (compared to 8.9 million euros in the six months of 2023/2024) and operating profit was 0.4 million euros (compared to -0.4 million euros in the six months of 2023/2024). This equals to 28% improvement in turnover and 200% improvement in profitability compared to the six months of 2023/2024 financial year.

Although significant efforts to improve efficiency, cash flows and profitability undertaken by the Group during past years have been bearing fruit, the Group’s debt burden and net debt remain high and necessitates restructuring.

Accordingly, the Group is seeking to restructure its following outstanding financial obligations (jointly the “**Restructured Financial Obligations**”):

1. listed secured notes with ISIN code EE3300001577 (the “**Secured Notes**”) held by a number of institutional and retail investors (“**Secured Noteholders**”);
2. non-listed convertible notes with ISIN code EE3400000065 (the “**Convertible Notes**”, and collectively with the Secured Notes, the “**Notes**”), held by several institutional investors (the “**Convertible Noteholders**”; and collectively with the Secured Noteholders, the “**Noteholders**”);
3. an unsecured loan (the “**Unsecured Loan**”) provided by a shareholder of the Issuer AT II (in this capacity the “**Unsecured Lender**”);
4. a secured loan (the “**Secured Loan**”) provided by AT II (in this capacity the “**Secured Lender**”).

Whereas the Secured Noteholders, the Convertible Noteholders and AT II are jointly referred to as the “**Creditors**” and each individually a “**Creditor**”.

The current maturity and outstanding amounts of the Restructured Financial Obligations are set out in Schedule 1 hereto, totalling EUR 13,829,040.01, which constitutes nearly all of the Company’s financial debt, and forms the vast majority of the Group’s overall consolidated liabilities as reflected on the Company’s consolidated unaudited interim financial report for the 2nd quarter and 6 months of 2024/2025 published on 28.02.2025.

The Issuer has previously informed Noteholders and investors, that due to high debt levels, the financial performance of the Group in recent years, and its liquidity constraints, a debt restructuring is necessary to ensure the sustainability of business operations and protect the interests of investors and employees of the Group

Since the first quarter of 2024/2025 financial year, the management board has been actively working on identifying, evaluating and testing various restructuring opportunities.

As a result of such efforts, the Issuer has developed, in coordination with major Creditors, a restructuring plan, which involves continuing operations and increasing asset value over a three-year period with the objective to sell the Issuer’s core assets as a going concern at an optimal moment within this timeframe, depending on market conditions and other relevant factors. The net proceeds from the sales will be applied for the repayment of the Restructured Financial Obligations in instalments and agreed proportions following each respective sale. The core assets in question are the Estonian and Scottish production units (either as a bundle of assets or shares) as well as PV4 fish farming licence, once and if approved.

Since continuing operations and obtaining PV4 fish farming licence require and/or benefit from additional capital, this restructuring involves securing an additional working capital loan, which AT II is prepared to provide on a senior basis. This additional financing is intended to support the working capital needs and profitability growth of the Issuer’s operating subsidiaries during the restructuring and fund the development of the PV4 fish farming license and other ongoing activities of the Group. This would mean that the restructuring would not only include restructuring of the Restructuring Financial Obligations but also granting additional senior financing to support the success of the restructuring, enhance the value of the Issuer’s assets, and maximize potential sale proceeds to optimize returns for Creditors and shareholders.

Until the completion of the proposed restructuring, the Group will continue to manage its business activities in the ordinary course. Likewise, the Issuer will continue to be managed in accordance with applicable rules and legal acts and its corporate governance rules.

Without such restructuring, if the Secured Noteholders were to enforce the collateral securing the Secured Notes today, such a distressed sale would typically result in the discontinuation of operations and force the sale of assets at significantly reduced valuations, often leading to lower-than-expected returns. Furthermore, in the enforcement scenario, potential lack of funds necessary to sustain ongoing operations until collateral assets are sold – funding that would be available in the restructuring through senior financing intended to be provided by AT II for the purposes of the proposed restructuring – may also contribute to a rapid deterioration in the value of the collateral assets. Enforcement of the collateral may also ultimately lead to bankruptcy, which would similarly result in the distressed sale of the assets adversely affecting the recoverable funds. Conversely, the goal of the proposed restructuring, coupled with additional financing from AT II, is to preserve the current value, to support improvement in the financial status of the Group and to consequently increase the asset value for the Secured Noteholders and, depending on proceeds received, allow for distributable funds between the other creditors and shareholders. Compared to bankruptcy proceedings, which often result in unpredictable and fragmented asset sales, this structured process is intended to enable a more strategic and value-driven sale of assets, potentially benefiting Creditors and shareholders. Additionally, the voluntary nature of the restructuring may help to reduce legal costs and administrative burdens, which would otherwise erode recoverable funds in an enforcement or bankruptcy scenario.

The proposed restructuring process provides greater control over asset sales, potentially increasing the likelihood that businesses or assets can be sold as going concerns rather than in a distress-driven fire sale. This approach is intended to support better outcomes compared to enforcing the collateral securing the Secured Notes.

To test the viability of this alternative, the Issuer has conducted negotiations with major Creditors. As a result, the Issuer, AT II (in its capacity as Senior Lender and Unsecured Lender), and major Noteholders entered into a Principal Restructuring Agreement (the "**Restructuring Agreement**") on 02.04.2025, whereby the major Creditors have agreed to support the proposed restructuring.

The plan for the restructuring, now being presented to the Creditors and shareholders of the Issuer, outlines the specific steps required to restructure the Issuer’s financial obligations and execute a gradual managed divestment of its core assets in a structured manner that prioritizes all stakeholder interests (the “**Restructuring**”).

# restructuring

## General

To carry out the Restructuring, several activities are needed, including obtaining the approval of the relevant documents implementing the Restructuring (the “**Restructuring Documents**”)from the affected groups of creditors and shareholders of the Issuer. The steps of the Restructuring is described below, involving mainly the extension of the maturity of all Restructured Financial Obligations and applying 0% interest to all Restructured Financial Obligations to sustain the restructuring, the provision of senior working capital loan by Secured Lender, the preparation for and execution of the sale of the Issuer’s core assets, and the distribution of the sale proceeds.

## Summary of the steps of the Restructuring

The Restructuring includes the following measures and steps, which will be executed as agreed and as further described herein and in the Restructuring Documents:

Approval of the Restructuring by the shareholders and Noteholders of Issuer: In order to proceed with the Restructuring, the Issuer is seeking its shareholders to approve the Restructuring and authorize the Issuer to enter into relevant Restructuring Documents, as well as approval by its Noteholders to the Restructuring and the relevant changes to the Note terms. For the purpose of effecting the Restructuring, the Company has initiated on 3 April 2025 a written voting of its shareholders and Noteholders. The voting by the shareholders ends on 24 April 2025. The voting by the Noteholders ends on 17 April 2025.

Extension of maturity and standstill: In order to allow the Issuer to carry out a structured core assets sale in order to achieve the higher exit value, the maturity of all Restructured Financial Obligations will be extended until 31.03.2028 (the “**Restructuring Period**”). For these purposes, also any interest that has accrued on these obligations before 31.03.2025 will either be postponed until the end of the Restructuring Period or capitalized. Similarly, no further interest will accrue on any Restructured Financial Obligations as of 31.03.2025 (and any interest accrued after 31.03.2025 until the implementation of the Restructuring will be waived) and a standstill will be implemented, preventing the enforcement of any claims under the Restructured Financial Obligations until the end of the Restructuring Period.

Senior Financing: The Group needs additional financing during the Restructuring Period to support working capital, profitability growth, and the development of the PV4 fish farming license. This funding will also support other Group activities and covering other costs related to the Restructuring.

For these purposes, the Senior Lender has committed to providing senior financing to the Issuer and its subsidiaries (the “**Senior Financing**”), which will consist of the existing Secured Loan, as referenced above, and an additional working capital loan, all in total structured as a revolving credit facility with a total outstanding amount of up to EUR 1,000,000.

Allowing further flexibility, the amount of the Senior Financing may be increased by up to EUR 500,000, at the discretion of the Senior Lender, if such additional financing is deemed beneficial by the Senior Lender and the Issuer to support the Restructuring. Any such additional amount will automatically be considered part of the Senior Financing.

In line with the treatment of the Restructured Financial Obligations, the Senior Financing will bear 0% interest during the Restructuring Period. It is formalized through a Senior Financing Agreement, which will amend and replace the existing Secured Loan Agreement.

Gradual Structured Sale: To maximize the repayment of the Restructuring Financial Obligations the Issuer will take all reasonable steps to conduct the sale of its core assets during the Restructuring Period (the “**Gradual Structured Sale”**) by preparing for and executing the sale of its following material assets (the “**Core Assets**”):

1. shares and/or assets of its Estonian operating subsidiary Saare Kala Tootmine OÜ;
2. shares and/or assets of its Scottish subsidiary JRJ & PRF Limited and/or the shares and assets of Scottish operating subsidiaries of JRJ & PRF Limited;
3. PV4 fish farming licence, which is currently in development, and provided it will be obtained.

For the avoidance of doubt, the PV4 fish farming licence will be a part of the Core Assets only if obtained by the Issuer.

The agreed method and principles of the Gradual Structured Sale of the Core Assets and allocation and distribution of the proceeds from the sale of the Core Assets between the Noteholders, the Senior Lender, the Unsecured Lender and the Issuer is set out in the proceeds sharing agreement to be concluded by the parties following the approval of the Restructuring (the “**Proceeds Sharing Agreement**”).

During the Gradual Structured Sale of the Core Asset the Issuer may involve advisers to look for opportunities to sell the relevant Core Assets. The sale may be conducted by way of an organized process or in any other manner deemed best to achieve the higher exit value and with the assistance of appropriate financial and legal advisers. The Issuer may, at its discretion, sell the Core Assets all together or separately, whereas the timing of the sale of each Core Asset will be determined based on market conditions and other relevant factors. The Proceeds Sharing Agreement prescribes certain coordination obligations with respect to engaging financial and other external advisers and selection of the method of the sale.

Should the Issuer identify a better opportunity to realize some or all of these assets at a later stage or through an alternative method, the Issuer will have an opportunity to present proposals for further actions and changes to the Restructuring. The Issuer will seek approval from the affected groups of creditors and shareholders to effect such changes, where applicable. The same applies to a situation where the Issuer would be unable to complete the sale of the Core Assets within the Restructuring period.

Potential delisting of Issuer shares and/or the Secured Notes: The Issuer may consider applying for transfer of its shares to the Baltic Secondary List or delisting of its shares and/or the Secured Notes to streamline operations and improve efficiency. Where required, the Issuer will apply for the approval from the affected groups of creditors and shareholders of the Issuer.

Distribution of sale proceeds: The Restructuring will be completed following the sale of all Core Assets and distribution of received proceeds under the Proceeds Sharing Agreement, reflective of stakeholder seniority and agreements between the parties. Any proceeds from the sale of the Core Assets (the “**Sale Proceeds**”) will be applied and distributed as follows.

Firstly, towards the payment of any taxes, costs, fees, and payment obligations related to the arranging and conducting the sale of the Core Assets, including towards the payment of any external advisor costs and fees and the management incentive amounts, if applicable.

Secondly, the Sale Proceeds will be applied towards the repayment of the Senior Financing.

Thirdly, after the payment of costs and the repayment of the Senior Financing, the remaining proceeds (the “**Distribution Proceeds**”) will be allocated using a tiered structure, where the applicable percentage allocations are applied separately to each portion of the proceeds that falls within a respective tier. The distribution shall be carried out progressively, meaning that proceeds within the first tier will be allocated based on the percentages specified for that tier. Once the first tier is fully allocated, any remaining proceeds will be distributed according to the percentages applicable to the next tier, and this process will continue for each subsequent tier until all Distribution Proceeds have been fully allocated. This means that percentage allocations do not apply uniformly to the total amount of Distribution Proceeds but are instead calculated for each tier.

The Distribution Proceeds will be shared between Secured Noteholders, Convertible Noteholders, the Unsecured Lender, and the Issuer as follows:

1. Secured Noteholders will receive the portion indicated in column titled “Secured Noteholders” to pay the redemption amount of the Secured Notes, distributed pro rata based on the number of Secured Notes held.
2. Convertible Noteholders and the Unsecured Lender will receive the portion indicated in column titled “Convertible Noteholders and the Unsecured Lender”, allocated pro rata based on their respective outstanding amounts, to pay for the redemption of Convertible Notes and repayment of the Unsecured Loan.
3. The Issuer will retain the portion indicated in column titled “Issuer”.

**Distribution Proceeds allocation table**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Tier** | **Distribution Proceeds (EUR)** | **Secured Noteholders** | **Convertible Noteholders and the Unsecured Lender** | **Issuer** |
| Tier 1 | 0 – 4,500,000 | 90% | 9% | 1% |
| Tier 2 | 4,500,001 – 6,000,000 | 70% | 25% | 5% |
| Tier 3 | 6,000,001 – 8,000,000 | 60% | 30% | 10% |
| Tier 4 | above 8,000,000 | 45% | 40% | 15% |

For the avoidance of doubt, the total amounts payable based on the above to each Noteholder shall not exceed the total nominal value of the Notes and the total amount payable to the Unsecured Lender shall be up to the outstanding amount of the Unsecured Loan.

After receiving any part of the Sale Proceeds, the Issuer will take all necessary actions to ensure that the proceeds are distributed in accordance with the above within 20 business days of receipt.

The Distribution Proceeds may be distributed in one or multiple instalments, depending on the timing and manner of the Core Assets’ sale. The number and timing of these distributions are not predetermined. The total amount of the Distribution Proceeds depends on the total Sales Proceeds received from sales of Core Assets, which are influenced by the financial condition of the Core Assets at the time of sale, market conditions, geopolitical factors, and other circumstances beyond the Issuer’s control. Consequently, the exact Distribution Proceeds cannot be determined in advance.

Upon each relevant distribution of the portion of the Sale Proceeds, the Issuer may take steps to reduce the nominal value of each Note, as specified in the relevant Note Terms. Upon payment of the final part of the Distribution Proceeds (or all Distribution Proceeds, if paid in a single instalment), the outstanding nominal value of each Note will be reduced to zero, regardless of whether the total payments are sufficient to cover the original nominal value of the Note. The Issuer shall then be entitled to unilaterally apply for the reduction of the Notes’ nominal value to zero and arrange their deletion from the Estonian Register of Securities / Nasdaq CSD.

Upon full distribution of the Distribution Proceeds, all Restructured Financial Obligations shall be deemed fulfilled and terminated.

If an extraordinary early redemption event occurs as stipulated in clause 8.1 of the Secured Note Terms and as result of such event the right to enforce the collateral securing the Secured Notes is exercised pursuant to Clause 10 of the Secured Note Terms and/or the assets forming part of the Collateral are sold in any proceedings, the proceeds from the enforcement of the Core Assets forming part of the relevant collateral will be distributed in a manner different from the table outlined above, namely in the following order of priority:

1. first, towards the satisfaction and payment of fees, costs and expenses of the Collateral Agent as per Clause 11.1 of the Secured Terms;
2. second, towards the repayment of the Senior Financing;
3. third, in payment of the claims of the Secured Noteholders arising under the Secured Note Terms and relating Final Terms; and
4. finally, any remaining proceeds shall be returned to the Company or the relevant Group company being the collateral provider or paid to the persons entitled to receive such proceeds in accordance with mandatory provisions of law.

In any distribution of the proceeds from the sale of Core Assets (including in any enforcement, liquidation or bankruptcy proceedings), the Senior Financing is to be repaid before the payments to other Creditors, and the Noteholders agree to take all reasonable steps in any such proceedings to confirm the priority and senior ranking of the Senior Financing and to facilitate that the Senior Financing is fully repaid before any payments are made to the Noteholders.

Other discretionary steps: As with any Restructuring, there may be a need for additional activities to support the activities of the Group, to streamline operations, improve efficiency and its governance rules, as well as continuing of the business operations and value growth during the Restructuring Period and to facilitate the sale of the Core Assets in order to achieve the higher exit value.

For these purposes the Issuer may consider taking or applying other measures, including liquidating or merging its subsidiary Saaremere Kala AS with the Issuer, otherwise make changes to its corporate structure, or establish a management incentive programme. Where required, the Issuer will apply for the approval from the affected groups of creditors and shareholders of the Issuer.

## Conditions for the Restructuring

The Restructuring will be implemented after obtaining formal approvals for the Restructuring Documents and other related matters from both the Issuer’s shareholders and the Noteholders, as well as the signing of the Restructuring Documents.

For the purpose of effecting the Restructuring, the Company has initiated on 03.04.2025 a written voting of its shareholders to seek approval for the Restructuring and authorization for the Issuer to enter into the relevant Restructuring Documents. The shareholder voting ends on 24 April 2025.

In parallel, the Company has initiated on 03.04.2025 a written voting procedures in accordance with the applicable Note Terms to approve the Restructuring, the Amended Secured Note Terms, the Amended Convertible Note Terms, and to authorize the Issuer, the Collateral Agent (in case of the Secured Notes), and other relevant parties, as applicable, to enter into the Proceeds Sharing Agreement. The voting of the Secured Noteholders and the voting on Convertible Noteholders end on 17 April 2025.

Once the Issuer’s shareholders and the Noteholders have duly adopted the resolutions approving the matters outlined above, the Amended Unsecured Loan Agreement between the Issuer, its subsidiaries and the Unsecured Lender and the Senior Financing Agreement between the Issuer, its subsidiaries and the Senior Lender will become effective, provided other conditions have been satisfied as well. Additionally, all relevant parties will execute the Proceeds Sharing Agreement.

## IMPORTANT INFORMATION

The Company aims to carry out the Restructuring in a structured and efficient manner with the objective of stabilizing its financial position and maximizing value for its Creditors and shareholders; however, the success of the Restructuring cannot be assured. The Restructuring involves the extension and modification of the Restructured Financial Obligations and a Gradual Structured Sale of the Group’s Core Asset, under which the sale of Core Assets is intended to generate proceeds for repayment. The proceeds from these sales will be allocated and distributed to Noteholders, the Senior Lender, the Unsecured Lender, and the Company in accordance with the Proceeds Sharing Agreement.

The ability to implement value growth and execute the planned divestments is influenced by broader economic and geopolitical factors, including high inflation, fish price volatility, shifts in consumer behavior, and industry instability, all of which affect the operation and valuation of the Core Assets and the attractiveness thereof to potential buyers. The final outcome for the Creditors and the Company (incl. whether the Creditors will be able to recoup the full principal amount of their relevant notes and loans) will depend on the actual proceeds from the sale of Core Assets, the overall financial performance of the Group during the restructuring period.

Therefore, the completion and effectiveness of the Restructuring remain subject to significant external factors beyond the Company’s control, particularly the market conditions affecting the sale of the Core Assets. Furthermore, the PV4 fish farming license, which forms part of the Core Assets, is still under development.

Consequently, the Company gives no assurances regarding the ultimate success of the Restructuring and expressly disclaims liability for any losses or shortfalls that may result from the process.

**SCHEDULE 1 – Existing Financial Obligations Subject to Restructuring**

|  |  |  |
| --- | --- | --- |
| **Financial Obligations** | **Outstanding amount and unpaid interest as at 31.03.2025** | **Current Maturity** |
| Secured Notes | Outstanding principal: EUR 9,523,000[[1]](#footnote-2) and unpaid interest accrued by 31 March 2025 EUR 767,779.04 | 30.04.2025 |
| Convertible Notes | Outstanding principal: EUR 2,370,000 and unpaid interest accrued by 31 March 2025 EUR 545,189.17 | 01.10.2025 |
| Unsecured Loan from the Unsecured Lender | Outstanding principal: EUR 410,794.53 and unpaid interest accrued by 31 March 2025 EUR 40,600.01 | 31.12.2024 |
| Secured Loan from the Senior Lender | Outstanding principal: EUR 165,000 and unpaid interest accrued by 31 March 2025 EUR 6,677.26 | 31.07.2025 |

1. The total aggregate nominal amount of the Secured Notes issued is EUR 11,000,000. The Secured Notes in the nominal amount of EUR 1,477,000 are held by the Issuer as a result of partial repurchase of the relevant Notes and will be cancelled as part of the Restructuring and will not participate in distribution of the Sale Proceeds. [↑](#footnote-ref-2)