

PRFOODS

AS PRFoods

Consolidated Unaudited Interim Report
for 1st quarter and 3 months of 2017
(translation from Estonian original)
30.05.2017

2017 | Q1 + 3 MONTHS

P R F O O D S

Business name	AS PRFoods
Commercial register number	1150713
Address	Viru 19, 10140 Tallinn, Estonia
Phone	+372 452 1470
Website	prfoods.ee
Main activities	Production and sale of fish products Fish farming
Reporting period	1 January 2017 – 31 March 2017
Auditor	AS PricewaterhouseCoopers

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Corporate profile

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

AS PRFoods key market is Finland, where the company is amongst three largest brands. The Group is the biggest fish manufacturer in Estonia. Last year the Group started substantial export outside of Europe to Japan.

Main activity of the Group is fish manufacturing in contemporary production buildings in Renko (Finland) and in Saaremaa (Estonia). Main products are salmon and rainbow trout goods. Approximately 1/3 of the raw fish used in Group's production is harvested in company's fish farms in Swedish lakes and in Turku Archipelago area in Finland, which assures high quality and reliable delivery. The Group is primarily farming rainbow trout and to a lesser extent whitefish.

Residual 2/3 of the raw fish, prevalently salmon, is purchased from Finland and from Scandinavian countries, like Denmark, Norway, Sweden. On a smaller scale company also buys in perch, pike, herring, vendace (freshwater whitefish) and Baltic herring.

AS PRFoods

Group holding company

100%

Saaremere Kala AS

Fish group holding company

100%

Heimon Kala Oy

Fish farms, production and sales

100%

Vettel OÜ

Fish production

100%

Gourmethouse OÜ

Sale of fish products

100%

Överumans Fisk AB

Fish farms



The most significant trademarks of PRFoods are "Heimon Gourmet" and "Saaristomeren". The Group's other trademarks include "Gurmé" and "Polar Fish", which are marketed in the Baltic States.



PRFOODS

Consolidated Unaudited Interim Report for 1st quarter and 3 months of 2017

MISSION

We wish for people to enjoy our range of products and healthy food. We try to continually maintain and grow consumer trust. We are a benchmark of care, innovation and quality.

VISION

PRFoods is a well-known environmentally friendly international company engaged in the production and sale of fresh fish and fish products in Scandinavia and the Baltic States.

STRATEGIC OBJECTIVES

The strategy of PRFoods is as follows:

- To be among three leading brands in the fishing industry business segment;
- EBITDA margin at least 7%;
- To distribute up to 30% of the annual net profit as dividends.

STRENGTHS

- Objective-driven organisational development;
- Leading brands in the Scandinavian and Baltic markets;
- We have had established products on the Finnish market for more than 30 years;
- Geographically suitable scope and diversified product portfolio ensure sustainable development;
- Solid financial status of the company.

RISKS

- The high volatility of raw materials prices;
- Significant increase of the proportion of *Private label* products on the Finnish market;
- High dependence on the two large retail chains dominating the Finnish retail market;
- Risks related to biological assets in the fish business segment.

FUTURE PLANS AND INTENTIONS

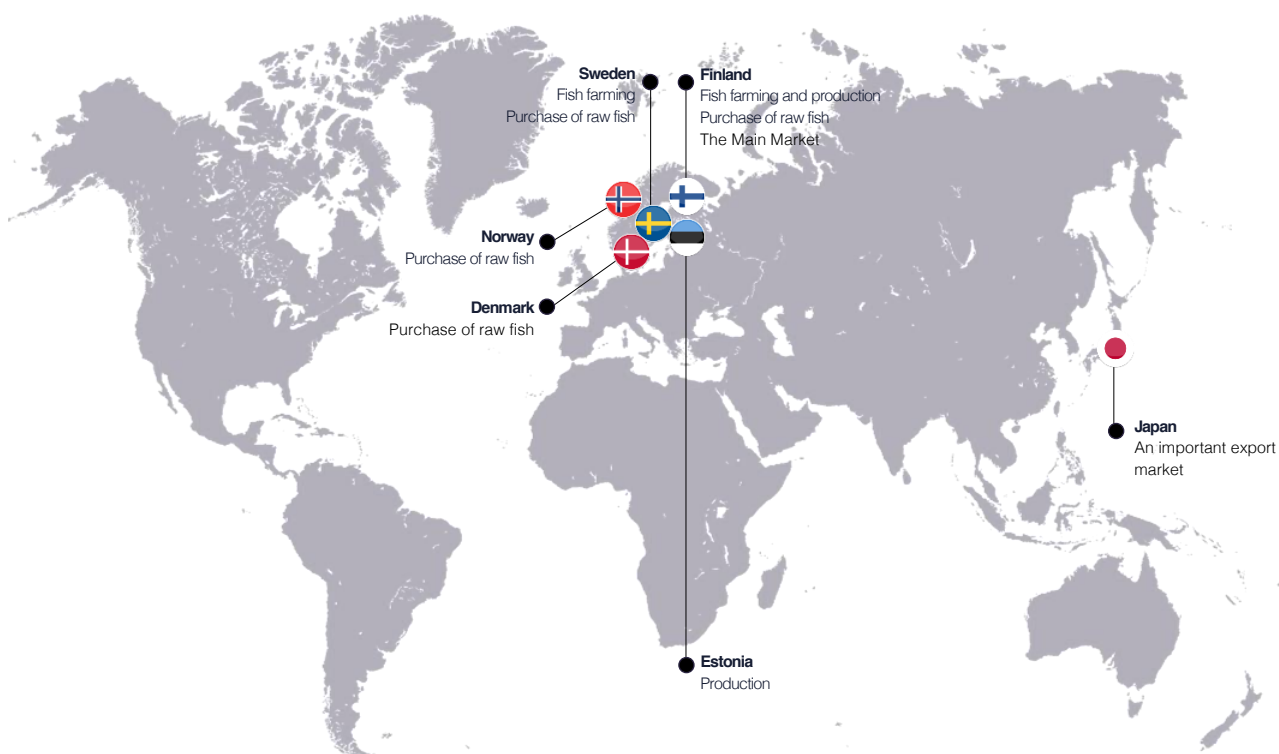
The objective of PRFoods is to increase production capacity and to boost sales volumes of fish products. The Group is actively involved in developing new products to expand into new export markets. As a clear leader in its business area, the objective of PRFoods is to increase the Company's profitability and to re-focus on products with higher added value. As designing Company's own brand is in its early stage in Scandinavia and elsewhere in the world, the management expects the Company's growth period is yet to come.

Additional information about the Group's various risks and assessments and their possible impact on estimated future events is provided in Chapter "Description of main risks of the group". In addition, it includes risk factors that are related to the price volatility of raw fish, impact of re-valuation of biological assets on the company's financial results, diseases that are putting live fish at risk, risks related to weather conditions, environmental risks, risks involved in trade restrictions, risks related to taxation and accounting, reputation risks and legislation risks as well as the political events that are influencing the whole world.

Legislative risks are related to various provisions and articles of the legislation of the business sector of fish industry, including strict regulations imposed on food safety, and laws, competition and anti-corruption rules targeted at water harvesting production and processing as well as other prescriptions not listed above that must be observed.

In drawing up future plans and intentions, the management of PRFoods is taking into account the information it is aware of at the time, based on available information and its best intentions. Actual results may differ significantly from plans because there are many different factors, variables, risks and insecurity which impact their realization.

THE GEOGRAPHY OF PRODUCTION AND SALES



A faint, light-colored world map is visible in the background of the dark blue cover, centered behind the text.

P R F O O D S

Management Report

Management Report

OVERVIEW OF THE ECONOMIC ACTIVITIES

MANAGEMENT COMMENTARY

PRFoods had mixed results from Q1. Group revenues grew to 10.6 million euros, by 0.3 million euros i.e. 3.2% and net loss was -0.84 million euros (Q1 2016: -0.46 million euros). Unfortunately, profitability was affected by still abnormally high fish prices. It mostly affected our operational EBITDA which came to -0.3 million euros (decrease by 0.5 million euros). This was somewhat offset better than expected results from fish farming, which improved by 39% in euros on year-on-year. Biomass revaluation traditionally produces negative EBITDA in Q1 as this is the winter period. The value of biomass was reduced by harvested raw fish (monetary change compared to 31.12.2016 was -1.0 million euros).

Although sales results in Finland were not satisfactory, we remain optimistic about the forecast for the year. Overall consensus is that raw material prices will normalize during 2nd half of the year. Our biomass is higher, allowing us to utilize more of our own fish. Most importantly in most products price increases have been pushed through in February and May. We anticipate next price increases to take place in June. After that we have increased our prices in Finland by all product groups ca 20-50%. On positive note, we managed to increase substantially own product sales in Finland, and in various product groups they amount to 55-65%, compared to ca 20% year ago. Profitability remains an issue in Finland and we are taking further steps to pass on price increases to customers and cutting unprofitable products.

Our balance sheet remains strong and PRFoods has high degree of liquidity. Our net debt is at 1.6 million euros. The increase in net debt is due to increase in inventory at the end of the quarter both in terms of value and volume as we purchased more fish for spring production. Also, the sales peak of Easter happened after the end of Q1, which inflates the inventory. Also, the amount of biological assets is higher than usual in this period by 576 tonnes, i.e. 103%.

The prices of raw fish have been very high in Q1 compared to historical prices of raw material, affecting both demand and profitability. Extraordinarily, the price of rainbow trout has been higher than salmon and considering that rainbow trout is our main raw material, the Q1 was more difficult for us. We can anticipate that in 2nd half of the year, the prices of raw material will start to drop, this is good news for us as a producer as well to our customers.

PRFoods has finished preparations for brand renewal and will launch new brand concept this summer.

PRFoods will announce its 2017 forecast together with Q2 results.

Sincerely,

Indrek Kasela

UNAUDITED FINANCIAL RESULTS OF AS PRFOODS, THE 1ST QUARTER OF 2017 COMPARED TO THE 1ST QUARTER OF 2016

- Unaudited consolidated revenue 10.6 million euros, increase +0.3 million euros, i.e. +3.2%.
- Gross margin 5.0%, decrease -4.6 percentage points.
- Negative impact from revaluation of biological assets -0.3 million euros, improvement +0.2 million euros, i.e. +39.2%.
- EBITDA from operations -0.3 million euros, decrease -0.5 million euros, i.e. -231.4%.
- EBITDA -0.6 million euros, decrease -0.3 million euros, i.e. -149.6%.
- The operating loss -0.9 million euros, increase -0.3 million euros, i.e. -63.8%.
- Net loss -0.8 million euros, increase -0.4 million euros, i.e. -80.8%.

SUMMARY OF FINANCIAL RESULTS: THE 1ST QUARTER OF 2017 COMPARED TO THE 1ST QUARTER OF 2016

EUR mln	Q1 2017	Q1 2016	Change EUR mln	Q1 17 / Q1 16	Q1
Sales	10.6	10.2	0.3	3.2%	▲
Gross profit	0.5	1.0	-0.5	-46.2%	▼
EBITDA from operations*	-0.3	0.2	-0.5	-231.4%	▼
EBITDA	-0.6	-0.2	-0.3	-149.6%	▼
EBIT	-0.9	-0.5	-0.3	-63.8%	▼
Net loss	-0.8	-0.5	-0.4	-80.8%	▼

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



Vettel OÜ

Fish manufacturing production buildings in Saaremaa



KEY RATIOS

Income Statement, EUR mln	Q1 2017	Q1 2016	12m 2016
Sales	10.6	10.2	47.4
Gross profit	0.5	1.0	4.0
EBITDA from operations	-0.3	0.2	0.8
EBITDA	-0.6	-0.2	2.6
EBIT	-0.9	-0.5	1.4
EBT	-0.9	-0.6	1.1
Net profit (-loss)	-0.8	-0.5	0.7
Gross margin	5.0%	9.5%	8.5%
Operational EBITDA margin	-2.7%	2.1%	1.6%
EBITDA margin	-5.3%	-2.2%	5.5%
EBIT margin	-8.3%	-5.2%	2.9%
EBT margin	-8.5%	-5.5%	2.4%
Net margin	-7.9%	-4.5%	1.5%
Operating expense ratio	11.2%	10.5%	10.1%

EBITDA from operations = 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, EUR mln	31.03.2017	31.03.2016	31.12.2016
Net debt	1.6	-3.1	0.3
Equity	22.8	22.7	23.8
Working capital	11.5	11.0	12.4
Assets	33.3	28.6	35.1
Liquidity ratio	2.4	3.7	2.4
Equity ratio	68.5%	79.4%	67.9%
Gearing ratio	6.4%	-15.7%	1.2%
Net debt-to-EBITDA	6.4	-1.1	0.4
ROE	1.5%	4.5%	3.0%
ROA	1.1%	3.7%	2.2%

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)

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

ROE = Net Earnings for the trailing 12 months period / Average Equity

ROA = Net Earnings for the trailing 12 months period / Average Assets

CASH POSITION

LIQUIDITY AND SOLVENCY RATIOS

Ratio	31.03.2017	31.03.2016	31.12.2016
Liquidity ratio	2.4	3.7	2.4
Net debt-to-EBITDA	6.4	-1.1	0.4
Debt to total assets	0.3	0.2	0.3
Equity ratio	68.5%	79.4%	67.9%
Gearing ratio	6.4%	-15.7%	1.2%

Liquidity ratio = Current Assets / Current Liabilities

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

Debt to total assets = Debt / Total Assets

Equity ratio = Equity / Total Assets

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

At the end of the reporting period, the Group had financial funds 3.6 million euros (10.7% of the balance sheet volume).

As at 31.03.2016, the balance of financial funds were 4.4 million euros (15.3% of the balance sheet volume). The Company's solvency is continuously good and the financial risk is low. The working capital was 11.5 million euros (31.03.2016: 11.0 million euros).

P R F O O D S

The current ratio showing short-term ability to meet payments was 2.4 as of 31.03.2017 (31.03.2016: 3.7). Net debt was positive, in total 1.6 million euros as of the closing date (31.03.2016: -3.1 million euros). Increase in net debt is caused by higher volume of biological assets and inventories.

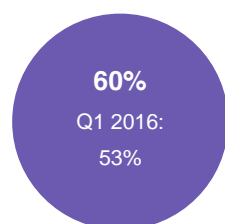
Financial gearing showing net debt ratio to gross capital was 6.4% as of 31.03.2017 (31.03.2016: 15.7%). Net debt to EBITDA ratio was 6.4 as of 31.03.2017 (31.03.2016: -1.1). The Group has been able to retain its strong financial position that ensures sustainability and helps adjust to complex market conditions more flexibly.

BALANCE SHEET ANALYSIS

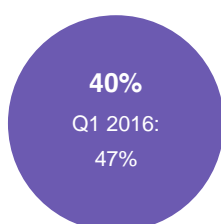


AS OF THE END OF THE 1ST QUARTER 2017:

CURRENT ASSETS

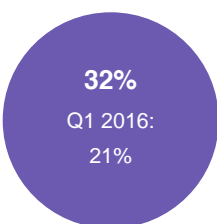


FIXED ASSETS

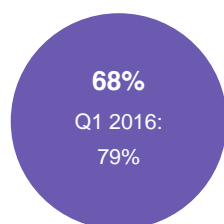


As of 31.03.2017 consolidated total assets of PRFoods stood at 33.3 million euros, increase of 4.7 million euros, i.e. +16.5%, within a year. The increase in assets came mainly from biological assets and inventories. Increase in liabilities was drawn by use of overdraft.

The Company's current assets were 19.9 million euros as at 31.03.2017, and the balance of cash and bank accounts was 3.6 million euros. Accounts receivable and prepayments increased by 0.1 million euros within a year, reaching 2.6 million euros (31.03.2016: 2.5 million euros).



FOREIGN CAPITAL



EQUITY

Inventories were 7.2 million euros, increasing year-on-year by 1.5 million euros. Inventories are heavily influenced by very high market prices of rainbow trout and salmon. As the price of raw fish is high, the company has used opportunities to purchase cheaper raw fish during autumn.

Biological assets were 6.5 million euros, increase 4.1 million euros compared with the same period in previous year, which is due to the positive impact of the higher market price of rainbow trout and higher volume of biomass. Biomass as at 31.03.2017 was 1.1 tonnes, which was 0.6 tonnes higher compared to last year.

The total fixed assets decreased by 0.2 million euros compared to the same period in previous year. Investments into fixed assets in the 1st quarter of 2017 were 0.2 million euros (1st quarter 2016: 0.04 million euros).

Accounts payable and prepayments were 4.0 million euros as at 31.03.2017 (31.03.2016: 3.6 million euros), showing a year-on-year increase by 0.4 million euros. Short term loans and borrowings increased by 4.0 million euros compared to last year, reaching 4.3 million euros as at 31.03.2017 (31.03.2016: 0.3 million euros). Increase in short term debt liabilities was influenced by taking overdraft into use in the amount of 3.9 million euros.

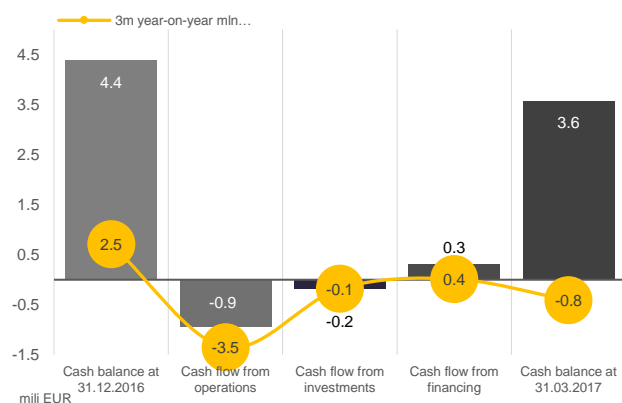
The equity of PRFoods was 22.8 million euros as at 31.03.2017 (68.5% of the balance sheet total). Comparative data as at 31.03.2016 were 22.7 million euros (79.4% of the balance sheet total).

As at 31.03.2017, the Company's registered share capital was 7.7 million euros (31.03.2016: 7.7 million euros). The shareholders adopted a resolution at the general meeting of shareholders held on 26 May to cover the retained loss from previous periods of AS PRFoods from the capital reserve and share premium in the amount of 2,026 thousand euros and transfer 12 thousand euros from the net profit of the parent company earned in 2015 to the reserve, and not to distribute

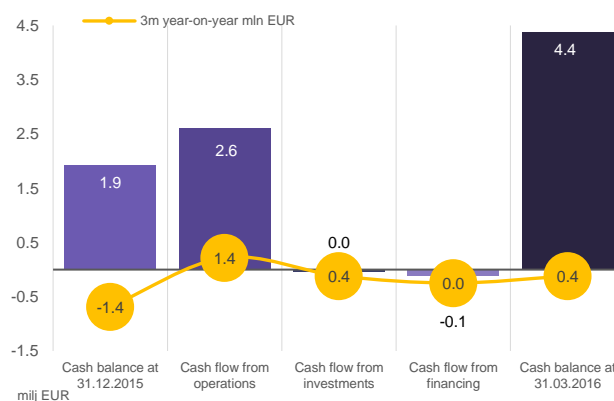
the rest of the profit. The loss was covered with 7 thousand euros from the capital reserve and 2,019 thousand euros respectively from the share premium.

CASH FLOWS

CHANGE IN CASH AND CASH EQUIVALENTS 3 MONTHS 2017



CHANGE IN CASH AND CASH EQUIVALENTS 3 MONTHS 2016



The change in the Group's financial resources within the 1st quarter of 2017 was -0.8 million euros (1st quarter 2016: +2.5 million euros).

Cash flow from operating activities in the 1st quarter of 2017 was -0.9 million euros (1st quarter 2016: 2.6 million euros), decreasing year-on-year by -3.5 million euros, i.e. -135.7%. Cash flow from operating activities was negatively influenced by the increase in inventories (effect on cash flow -1.8 million euros) and decrease of payables and prepayments (effect on cash flow -1.1 million euros). Cash flow from operating activities was positively influenced by decrease of receivables and prepayments (effect on cash flow +1.5 million euros) and decrease of biological assets (effect on cash flows +1.0 million euros).

Cash flow from investing activities was -0.2 million euros (1st quarter 2016: +0.04 million euros), which consists mainly of monetary payments for fixed assets.

Cash flow from financing activities was +0.3 million euros (1st quarter 2016: -0.1 million euros). Cash flow was mainly influenced by increase of overdraft usage in the amount of +0.5 million euros. During the reporting period, repayments of the principal of a financial lease were in total 0.1 million euros (1st quarter 2016: 0.1 million euros). The rest of financing activities include buy-back transactions of own shares and interest payments.

INVESTMENTS

Investments into tangible and intangible assets were in the 1st quarter of 2017 smaller than last year, in total 0.2 million euros (1st quarter 2016: 50 thousand euros).

REVENUE

The main products of the Group are salmon and rainbow trout goods. The Company is mainly known as a seller of fresh fish in Estonia as well as the biggest supplier of fish roe in Estonian stores. In 2015, the Group started marketing fish roe to Japan, where sales volumes are expected to increase in current year.

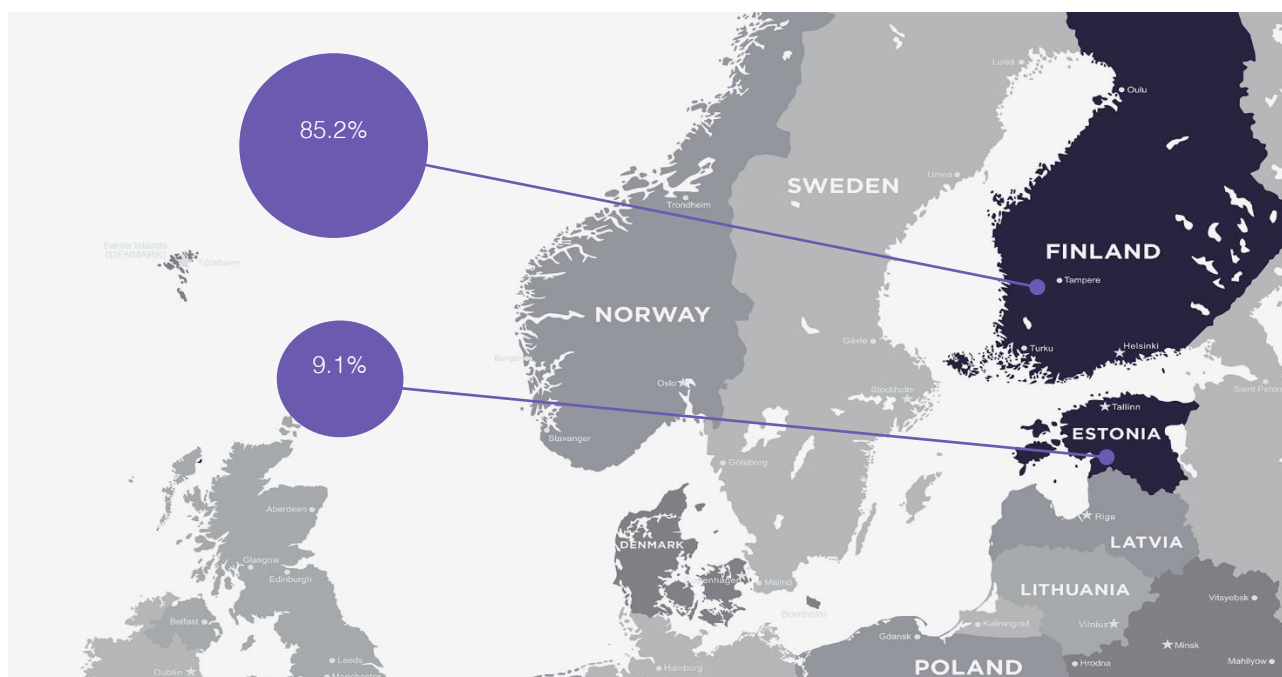
Revenue increased by 0.3 million euros, i.e. 3.2% in 1st quarter of 2017. Lack of raw fish and very high prices are continuously affecting Company's results as well as caused drop in fish products consumption.

GEOGRAPHIC SEGMENTS							
EUR mln	Q1 2017	Proportion %	Q1 2016	Proportion %	Change EUR mln	Q1 17 / Q1 16	Q1
Finland	9.0	85.2%	8.3	81.0%	0.71	8.5%	▲
Estonia	1.0	9.1%	1.4	13.4%	-0.42	-30.4%	▼
Other	0.6	5.8%	0.6	5.6%	0.04	6.4%	▲
Total	10.6	100.0%	10.2	100.0%	0.33	3.2%	▲

In 1st quarter of 2017 revenue in Finnish target market, which grew 0.7 million euros, i.e. 8.5%. The share of Finnish market from total sales increased by 4.2 percentage points. The increase in revenues in Finnish target market is caused by price increase of salmon and rainbow trout.

Revenues of Estonia's target market dropped by -0.4 million euros i.e. -30.4%. The drop in Estonian market is driven by increasing prices of salmon and rainbow trout, which has reduced consumption and number of campaigns in retail chains. The share of Estonia's target market decreased by 4.4 percentage points.

Export revenue in other markets increased by 0,04 million euros, i.e. 6.4%.



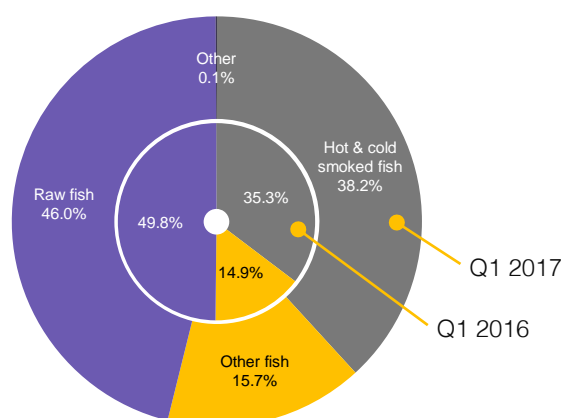
THE SHARE OF TURNOVER IN KEY GEOGRAPHIC AREAS 1ST QUARTER 2016

PR FOODS

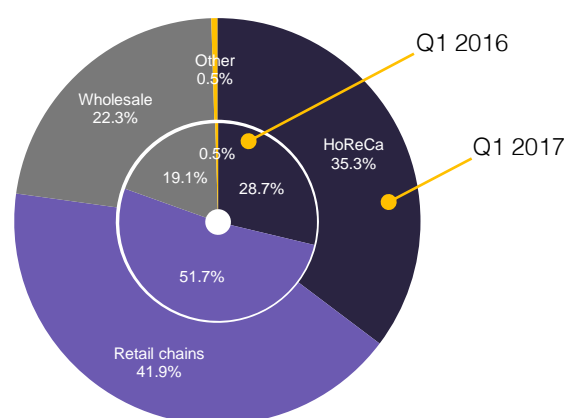
PRODUCT SEGMENTS							
EUR mln	Q1 2017	Proportion %	Q1 2016	Proportion %	Change EUR mln	Q1 17 / Q1 16	Q1
Hot & cold smoked fish	4.0	38.2%	3.6	35.3%	0.42	11.6%	▲
Other fish	1.7	15.7%	1.5	14.9%	0.14	8.9%	▲
Raw fish	4.9	46.0%	5.1	49.8%	-0.23	-4.6%	▼
Other	0.01	0.09%	0.01	0.05%	0.01	100.0%	▲
Total	10.6	100.0%	10.2	100.0%	0.33	3.2%	▲

The largest increase in revenue came from the smoked products group, which increased by 0.4 million euros in total i.e. 11.6%. The revenue from the raw fish and fillets product group decreased by -0.2 million euros, i.e. -4.6%. The revenue from the other fish products group increased by 0.1 million euros i.e. 8.9%.

PRODUCT SEGMENTS



CLIENT SEGMENTS



CLIENT SEGMENTS							
EUR mln	Q1 2017	Proportion %	Q1 2016	Proportion %	Change EUR mln	Q1 17 / Q1 16	Q1
HoReCa	3.7	35.3%	2.9	28.73%	0.79	26.7%	▲
Retail chains	4.4	41.9%	5.3	51.74%	-0.87	-16.4%	▼
Wholesale	2.4	22.3%	2.0	19.06%	0.41	20.9%	▲
Other retail	0.1	0.5%	0.0	0.47%	0.00	5.2%	▲
Total	10.6	100.0%	10.2	100.00%	0.33	3.2%	▲

Revenue increased in HoReCa sector by 0.8 million euros, i.e. 26.7%. Also in retail sector the revenue increased by 0.4 million euros, i.e. 20.9%. In retail sector the revenue continued to decrease as in previous periods as we have terminated several Private Label products from our product portfolio. Regarding the extreme price volatility of raw materials this year, it is unprofitable for the company to be actively involved in manufacturing Private Label goods for retail chains because of their lower margins. The decrease in retail sector was -0.9 million euros, i.e. -16.4%.

COST ANALYSIS

Sales revenue increased by 0.3 million euros, i.e. 3.2%, in the 1st quarter of 2017. Cost of goods sold increased 0.8 million euros, i.e. 8.4%, and the percentage of cost of goods from the revenue increased 4.6 percentage points compared to the same period in 2016. The increased percentage of cost of goods from the revenue is caused by the higher market price of raw fish. The average market price of salmon grew by 18.5% and the average market price of trout by 67.0% in the 1st quarter of 2017 compared to the same period in 2016. As the price of raw material has been very volatile this year, the Company is focused on abandoning low margin product groups.

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

	Q1 2017 EUR mln	Q1 2016 EUR mln	change EUR mln		Q1 2017 as % of sales	Q1 2016 as % of sales	change as % of sales	
				Q1				Q1
Sales	10.56	10.24	0.33		100.00%	100.00%		
Cost of goods sold	- 10.04	- 9.26	- 0.78	▼	95.02%	90.45%	-4.57%	▼
materials in production & cost of goods purchased for resale	- 8.14	- 7.46	- 0.67	▼	77.03%	72.93%	-4.10%	▼
labour costs	- 0.76	- 0.76	0.00	▲	7.20%	7.46%	0.26%	▲
depreciation	- 0.26	- 0.26	- 0.01	▼	2.48%	2.49%	0.01%	▲
other cost of goods sold	- 0.88	- 0.78	- 0.10	▼	8.31%	7.57%	-0.74%	▼
Operating expenses	- 1.18	- 1.08	- 0.10	▼	11.16%	10.53%	-0.63%	▼
labour costs	- 0.42	- 0.39	- 0.03	▼	3.94%	3.80%	-0.14%	▼
transport & logistics services	- 0.39	- 0.40	0.01	▲	3.71%	3.92%	0.21%	▲
depreciation	- 0.05	- 0.05	0.00	▲	0.49%	0.53%	0.04%	▲
advertising, marketing and product development	- 0.09	- 0.04	- 0.05	▼	0.89%	0.41%	-0.48%	▼
other operating expenses	- 0.23	- 0.19	- 0.03	▼	2.13%	1.88%	-0.25%	▼
Other income/expenses	0.05	0.01	0.04	▲	0.47%	0.12%	0.35%	▲
Financial income/expenses	- 0.03	- 0.03	0.00	▲	-0.27%	-0.31%	0.04%	▲



The percentage of cost of goods sold in the sales revenue was 95.0% (1st quarter 2016: 90.5%) and the percentage of operating costs was 11.2% (1st quarter 2016: 10.5%) in the reporting period.

The ratio of other cost of goods sold to the sales revenue was 8.3% in the 1st quarter of 2017 (1st quarter 2016: 7.6%), showing a increase of 0.7 percentage points. The composition of other cost of goods sold include heating, electricity, rent and utilities costs, and costs incurred in relation to fish farming and auxiliary activities in production. Salary costs of production and fish farms' personnel accounted for 7.2% of the revenue, which has decreased year-on-year by -0.3 percentage points, while in monetary value remained on the same level.

The operating costs of the 1st quarter of 2017 increased year-on-year by 101 thousand euros in total, i.e. 9.4%. Depreciation cost of fixed assets increased by 5 thousand euros, i.e. 1.6%. The objective of the Company is to reduce consistently the portion of operating costs in the revenue year after year.

TEAM

We are determined and passionate about what we do. It is our objective to serve our customers through quality and delicious products, offering only the best, most innovative and healthiest choice of food. Being close to consumers, we understand their needs and, by constantly developing our product range, focus on offering products of higher added value. We are competitive in the joint European economic area, we are able to feed the local population with our healthy domestic food and be successful in foreign markets.

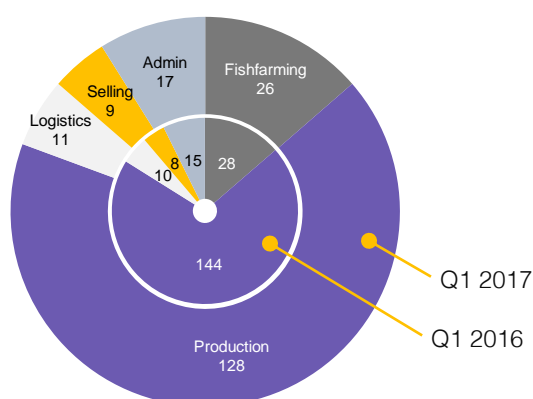
The average number of employees employed by PRFoods in the 1st quarter 2017 was 191 people (1st quarter 2016: 205 people).

PERSONNEL ANALYSIS 2017

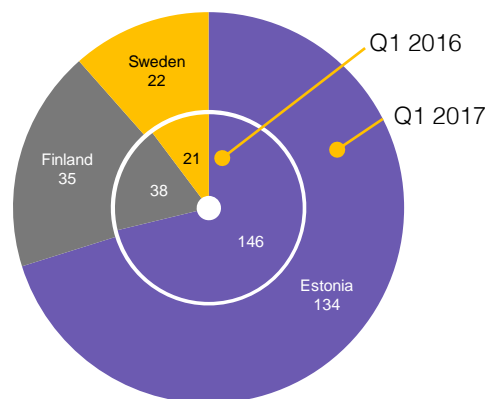
	Q1 2017	Q1 2016	Q1 17 / Q1 16	Q1
Average number of employees	191	205	-6.8%	▼
Finland	35	38	-7.9%	▼
Estonia	134	146	-8.2%	▼
Sweden	22	21	4.8%	▼
Payroll expenses (th EUR)	1,176	1,153	2.0%	▼
Monthly average payroll expenses per employee (EUR '000)	2.05	1.87	9.5%	▲

Labour costs in production were 0.76 million euros in the 1st quarter of 2017, which is on the same level as the year before. Labour costs of supportive personnel were 0.42 million euros in the reporting period, increasing by 6.9% compared to the same period in the previous year. The Group's labour costs were 1.76 million euros in the 1st quarter of 2017, increasing year-on-year by 2.0%, i.e. 23 thousand euros. The percentage of labour costs in the sales revenue was 11.1% (1st quarter 2016: 11.3%).

EMPLOYEES ACCORDING TO AREA OF ACTIVITY



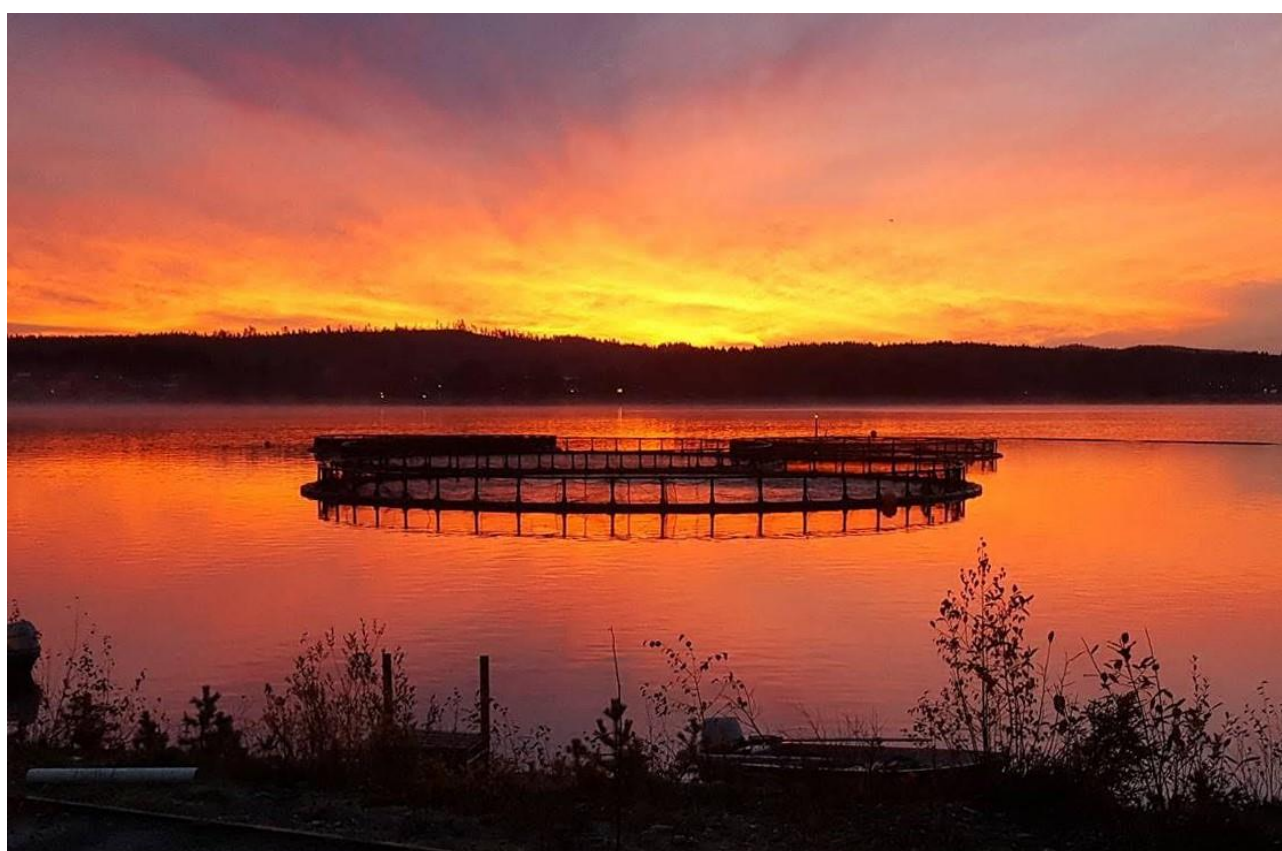
EMPLOYEES BY COUNTRY



FISH FARMING

The competitive advantage of the Group is its vertical integration – fish farming, production and sales. About 1/3 of the Group's fish production is harvested in the company's fish farms in the lakes of Sweden and in the archipelago in Turku area in Finland, ensuring that customers receive fast and high quality deliveries. The Group mainly harvests rainbow trout and, in a smaller degree, whitefish (*Coregonus lavaretus*).

Vertical integration means integration towards upstream or downstream of the technological chain which in turn enables the Company to reduce costs in implementing certain phases in fish harvesting. Vertical integration in the value chain of fish business means, in addition to fish harvesting, also having control especially over fish processing and marketing functions. In the fish business, one has to take into account that fish are livestock and quality assurance in technology requires a focus on the whole product lifecycle. In addition to cutting costs, vertical integration enables to reduce risks in fish farming, for instance due to poor quality of feed or base materials and to ensure the volume of raw material required for processing as well as price stability.



Överumans Fisk Ab
Fish farm in Sweden

THE MARKET PRICE OF FISH

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

MARKET PRICE			Change		Change		Change
EUR/KG	31.03.2017	31.03.2016	31.03.17 / 31.03.16	31.12.2016	31.03.17 / 31.12.16	31.12.2015	31.03.17 / 31.12.15
Salmon	6.85	7.00	-2.1%	8.72	-21.4%	5.90	16.1%
Rainbow trout	8.06	5.40	49.3%	7.39	9.1%	4.44	81.5%

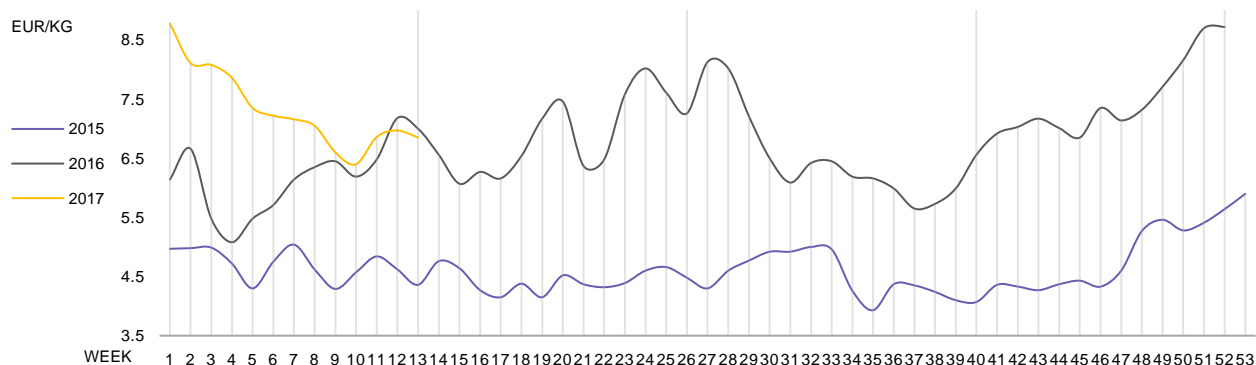
PRFOODS

As at 31.03.2017, the market price of salmon has dropped by -2.1% and the price of rainbow trout has risen by 49.3% compared to the prices the year before. Compared to 31.12.2015, the price of salmon has increased by 16.1% and the price of trout has increased by 81.5%.

Fish market is extremely dependent on availability and market price of raw fish. The Group compensates the impact of external environment and volatility of salmon price through the changes of Company's production and sales strategy. The Group's main product is rainbow trout, which has historically been cheaper than salmon. Consumers start to buy cheaper salmon species, including rainbow trout, when the market price of salmon increases. In addition, high quality fish which is produced in its own fish farming helps to mitigate the increase of market price of salmon and because of that it is critically important for the Group to have its own fish farming.



EXPORT PRICE OF NORWEGIAN SALMON



Source: [NASDAQ Salmon Index](#)

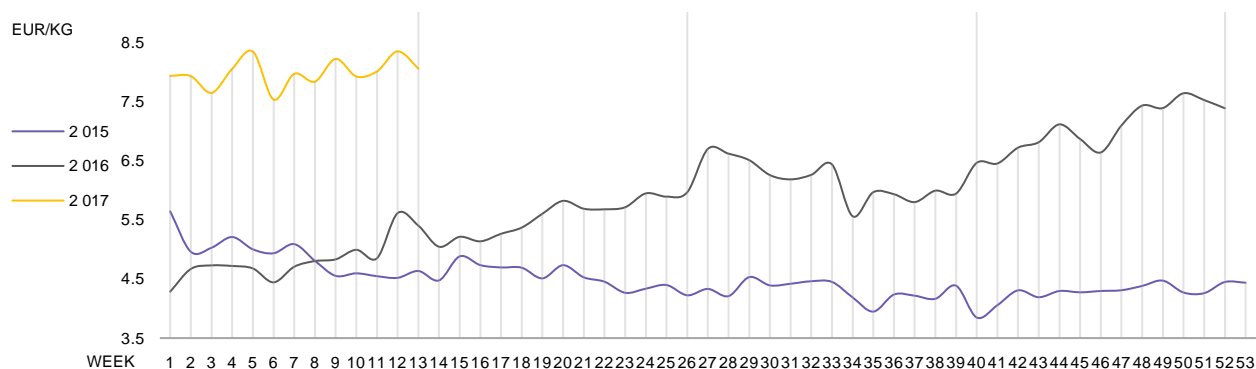
See comparable data on average market prices below:

AVERAGE MARKET PRICE Q1		Change		Change		Change	
EUR/KG	Q1 2017	Q1 2016	Q1 17 / Q1 16	12m 2016	Q1 17 / 12m 16	12m 2015	Q1 17 / 12m 15
Salmon	7.25	6.12	18.5%	6.68	8.5%	4.59	58.0%
Rainbow trout	8.00	4.79	67.0%	5.73	39.3%	4.42	81.0%

The average market price of salmon has increased by 18.5% in the 1st quarter of 2017 compared to the 1st quarter of 2016 and the average market price of rainbow trout has increased by 67.0%.



EXPORT PRICE OF NORWEGIAN RAINBOW TROUT



Source: [akvafakta.no](#)

BIOLOGICAL ASSETS

Biological assets include fish stock accounted in fish farms in live weight, including the following species:

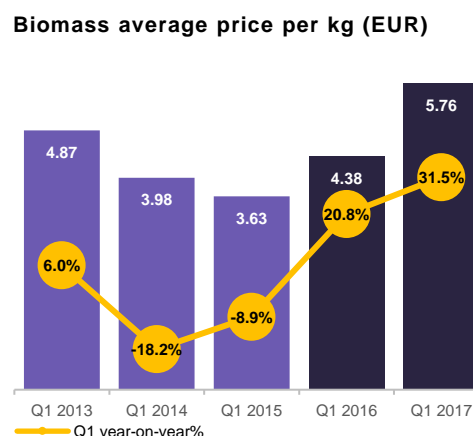
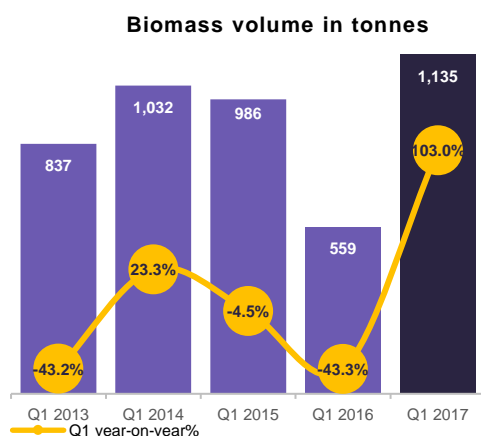
- rainbow trout (*Oncorhynchus mykiss*)
- whitefish (*Coregonus lavaretus*)

The Group uses the Norwegian export statistics for evaluation of the fish stock of rainbow trout (Source: akvafakta.no). For evaluation of the fish stock of whitefish, the monthly market price survey of the Finnish Fish Farmers' Association is used. When the market price of raw fish increases or decreases, so does the value of fish harvested in fish farms of PRFoods, which has a positive or negative impact on the company's financial results. The high price of rainbow trout had a direct impact on the Company's financial results in 1st quarter of 2017. The prices of Finnish and Danish markets are also significantly higher compared to same period last year.

CHANGE IN BIOLOGICAL ASSETS IN TONNES				Change in tonnes	Change
	Q1 2017	Q1 2016	12m 2016	Q1 17 / Q1 16	%
Biomass at beginning of the period	1,418	1,215	1,215	203	16.7%
Biomass at end of the period	1,135	559	1,418	576	103.0%
Harvested (in live weight)	-413	-653	-2 045	-240	-36.8%

The amount of biological assets has grown by 576 tonnes, i.e. 103.0% compared to the same period in previous year and in monetary terms has increased by 4.1 million euros, i.e. +167.0%. This is caused by the higher market price of rainbow trout, which is 49.3% higher as at 31.03.2017 compared to the market price of 31.03.2016. The aggregate growth of biological assets was positive during the reporting period, amounting to 0.3 million euros (1st quarter 2016: -0.02 million euros). As at 31.03.2017, the fair value of biological assets was 6.5 million euros (31.03.2016: 2.5 million euros).

BIOMASS VOLUME AND AVERAGE PRICE PER KG (EUR)				Change	Change
	Q1 2017	Q1 2016	12m 2016	Q1 17 / Q1 16	%
Biological assets (mln EUR)	6.54	2.45	7.58	4.09	167.0%
Biomass volume in tonnes	1,135	559	1,418	576	103.0%
Average price per kg (EUR)	5.76	4.38	5.35	1.38	31.5%
Fair value adjustment on biological assets (mln EUR)	-0.27	-0.44	2.26	0.17	-39.2%

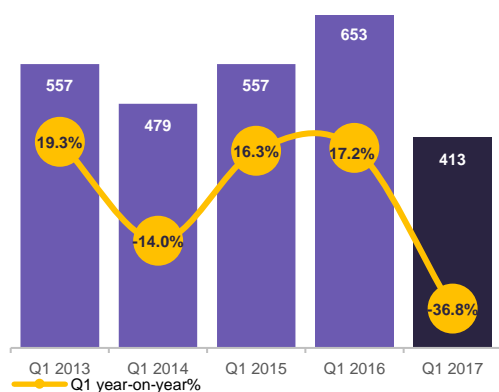


Fish is processed in production buildings that belong to Heimon Kala Oy and Vettel OÜ. The Group's own distribution network in Finland and Estonia enables us to ensure rapid and quality supplies to our customers. During the reporting period aquaculture produce in the amount of 413 tonnes was harvested, which has decreased -36.8% compared to the same period in previous year. Produce in the amount of 653 tonnes was recorded at the same period in the previous year.

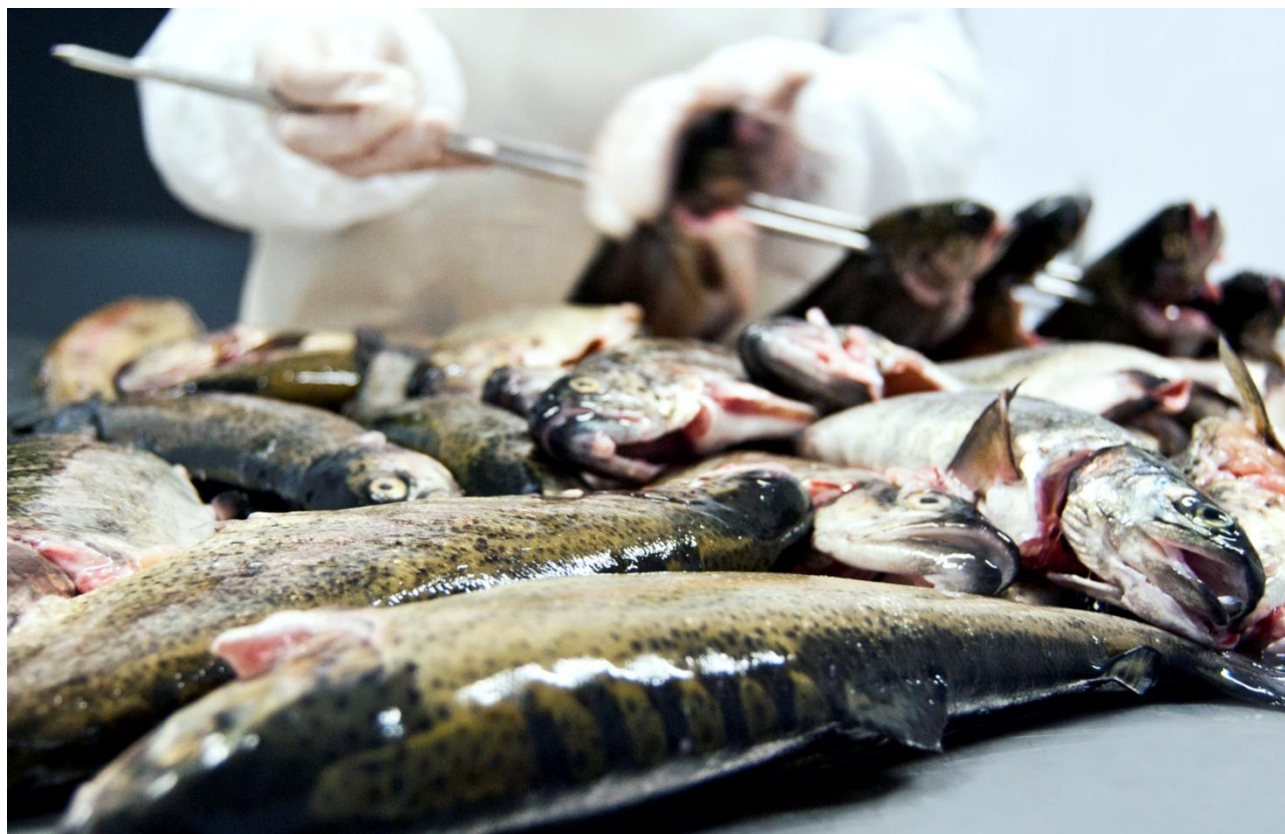
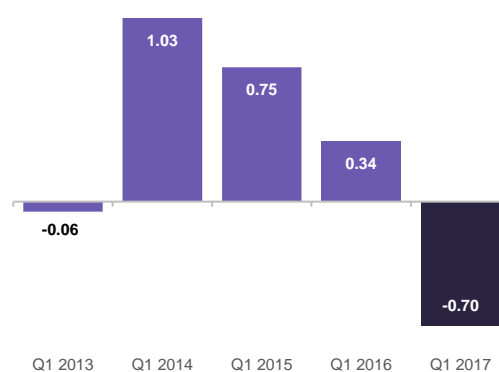
HARVESTED VOLUME				Change	Change
	Q1 2017	Q1 2016	12m 2016	Q1 17 / Q1 16	%
Revenue (mln EUR)	10.6	10.2	47.4	0.3	3.2%
EBITDA from operations (mln EUR)*	-0.3	0.2	0.8	-0.5	-231.4%
Harvested volume (tonnes)	413	653	2,045	-240	-36.8%
EBITDA / kg* (EUR)	-0.70	0.34	0.37	-1.04	-307.7%

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

Harvested volume in tonnes



EBITDA* / kg EUR



SEASONALITY OF THE BUSINESS

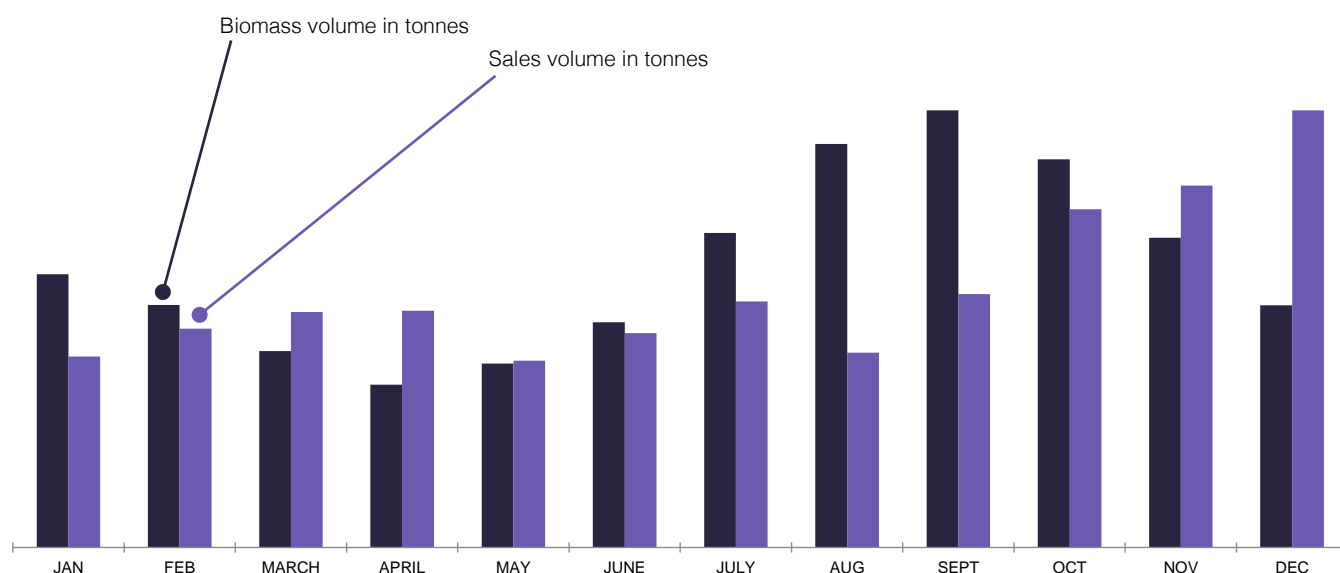
Due to the growth of biomass, the low season in fish farming lasts from November until May, while the high season lasts from June to September. Biomass growth is being influenced by the temperature in seas and lakes. Trout, for instance, grows faster from summer until autumn when the water is warmer. Between winter and spring, i.e. the cold period, fish practically stop growing. In fish processing facilities production volumes increase between September and Christmas and between March and May.

The long production cycle and the need to balance the volatility of market prices of raw materials require notably bigger investments in net working capital as compared to some other food industry businesses. In the high season of harvesting, there is a considerable need for working capital for purchasing feed and livestock. In addition, day-to-day production operations require sufficient stocks. For instance, in the autumn period when the supply of raw fish exceeds the market demand and the price level is the lowest during the year, companies consider purchasing large quantities of favourably priced raw materials (mainly trout) that are used in the ongoing production process. In the final third of the year, in the autumn-winter period when producers are selling fish harvested in their fish farms, the cash flow from operating activities is positive. In other words, notable fluctuation of net working capital is an entirely normal phenomenon in the fish business during the year.

In the period when cash flow from operations is negative, the Group pays special attention to cash conversion cycle by optimising the use of current assets. For balancing the cash circulation, the Company uses factoring and, if necessary, borrows in the form of overdraft. The volatility level of current assets depends on the specific financial year due to the specific features of seasonal business and is influenced by various factors including high dependence on weather conditions.

SEASONALITY OF THE BUSINESS

The graph shows the seasonal character of business by month, reflecting the growth of biomass volume in fish farming and sales volume in production.



DESCRIPTION OF MAIN RISKS OF THE GROUP



The Group's risk management policy is based on the requirements established by regulatory bodies, generally accepted practices and the Group's internal rules. The Group is guided by the principle to manage risks in a manner that ensures an optimal risk to reward ratio. As part of the Group's risk management, all potential risks, their measurement and control are defined, and an action plan is prepared to reduce risks while ensuring the attainment of the Company's financial and other strategic objectives.

The Management Board of the Parent Company has the main role in management of risks. The Supervisory Board of the Parent Company exercises supervision over the measures taken by the Management Board to manage risks. The Group assesses and limits risks through systematic risk management. For managing financial risks, the Group has involved its financial unit that finances the Parent Company as well as its subsidiaries and, directly as a result of that, also manages liquidity risk and interest rate risk.

Management of financial risks is a significant and integral part in managing the Group's business processes. The ability of the management to identify, measure and control different risks have a significant effect on the Group's profitability. Risk is defined by the Group's management as a possible negative deviation from the expected financial result.

The activities of the Group are accompanied by several financial risks, of which the credit risk, liquidity risk and market risk, including currency risk and interest rate risk, have the most significant influence.

CREDIT RISK

Credit risk expresses a potential loss that arises in the event of clients failing to perform their contractual obligations. To reduce credit risk, the payment discipline of clients is consistently monitored.

To minimize credit risk, solvency of a potential future contractual partner is assessed based on the information received from the Commercial Register, Tax Board or other public sources. Contracts for purchase and sale of products are concluded with all contractual partners, and a payment term is granted only to reliable partners. If possible, the Group uses factoring without recourse as an additional measure to manage credit risk.

LIQUIDITY RISK

Liquidity risk represents a threat to solvency of the company. Liquidity risk means that the Group might not have available resources to settle its financial liabilities in a timely manner.

The Group aims at keeping the financing need and financing possibilities of the Group in balance. Cash flow planning is used as a tool to manage liquidity risks. For efficient management of the Group's cash flows, the bank accounts of the Parent Company and Estonian subsidiaries make up a cash pool account that enables the members of the cash pool account to use the Group's financial resources within the limit established by the Parent Company.

To manage liquidity risks, the Group uses different financing sources, including bank loans, overdraft facilities, continuous monitoring of trade receivables and delivery contracts.

Overdraft facilities are used to finance working capital, long-term bank loans or finance lease agreements are used to purchase non-current assets.

As at 31 March 2017, the Group's working capital was 11.5 million euros (31.03.2016: 11.0 million euros).

The management considers it important to monitor liquidity risks; the additional need for capital can be covered by overdraft facilities or by refinancing the loan portfolio. The overdraft facility was taken into use in amount of 3.9 million euros in subsidiaries (31.03.2016 overdraft was not drawn down as at the balance sheet date).

CURRENCY RISK

Currency risk arises when business transactions, assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group is operating in Estonia (currency EUR), Finland (currency EUR) and Sweden (currency SEK). For hedging the currency risk, all substantial agreements with foreign parties are signed in EUR. The Group has no substantial receivables and liabilities in foreign currency, which is not bound with EUR. Majority of existing long-term capital rent contracts are signed in EUR, therefore they are treated as liabilities free from currency risk.

INTEREST RATE RISK

In case of short- and long-term loans, the Group uses interest rates based on EURIBOR base interest. In managing interest rate risks, possible losses arising from changes in interest rates are regularly compared to the expenses incurred for hedging them.

CAPITAL MANAGEMENT

The Group's capital consists of borrowings and total equity. As at 31.03.2017 the equity totalled 22.8 million euros (31.03.2016: 22.7 million euros). The Group's principle is to maintain strong equity base with the purpose of maintaining credibility for shareholders, creditors and the market as well as for ensuring sustainable development of the Company. In the long term, the Company's objective is to increase shareholder income and to ensure the capacity to pay dividends.

For preserving or improving the capital structure, the Group may regulate the amount of dividends payable to shareholders, return capital to shareholders, issue new shares or sell assets to reduce the debt.

The Group considers it important to ensure that its equity structure is at the optimum level. Therefore, it is monitored that the Group's equity-to-assets ratio is at least 35% (31.03.2017: 68.5%, 31.03.2016: 79.4%) and that the ratio of interest-bearing liabilities to assets does not exceed 25% (31.03.2017: 15.4%, 31.03.2016: 4.6%). According to the overdraft contract signed with AS SEB Pank, the Company's working capital financing rate cannot fall below 70% and the Group has met this requirement.

According to the practice prevailing in the industry, the Group uses the debt to equity ratio to monitor capital. That ratio is arrived at by dividing net debt by total capital. Net debt equals total debt (total amount of short-term and long-term borrowings recognised in the consolidated statement of financial position) less cash and cash equivalents.

EUR '000	31.03.2017	31.03.2016	31.12.2016
Total borrowings	5,133	1,289	4,656
Less: Cash and cash equivalents	3,570	4,378	4,374
Net debt	1,563	-3,089	282
Total equity	22,836	22,733	23,809
Total capital (net debt + equity)	22,399	19,644	24,091
Debt to equity ratio	6%	-16%	1%

The net debt of Group at 31.03.2017 was positive 1.6 million euros (31.03.2016: negative -3.1 million euros).

MANAGEMENT AND SUPERVISORY BOARD

The Management Board of AS PRFoods is comprised of one member. Indrek Kasela serves as the sole member of Management Board since 02.02.2015 pursuant to the Supervisory Board's decision. The Management Board of the company 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 set objectives and strategy. The Management Board of the company is also responsible for the functioning of internal control and risk management processes in the company.

The Supervisory Board of AS PRFoods elects Management Board members for a three-year term. The Management Board must be comprised of one to four members pursuant to the articles of association of the company.

Indrek Kasela (born 1971), who holds LL.M (master of laws) degree from New York University (1996), BA degree in law from the University of Tartu (1994) and serves as a member of Supervisory Board of several group entities, such as Saaremere Kala AS and Vettel OÜ. He serves as Supervisory Board member of AS Toode, ELKE Grupi AS, EPhaG AS, Salva Kindlustuse AS, AS Ridge Capital, AS Premia Tallinna Külmoone, Ekspress Grupi AS, Elering AS, Kevelt AS, Tulundusühistu Tuleva and a Management Board member of OÜ Transtech Service, OÜ Fine, Wood and Company OÜ, Lindermann, Birnbaum & Kasela OÜ, Managetrade OÜ, Noblessneri Jahtklubi OÜ and Gridio OÜ as well as board member of several companies and NGOs domiciled in the Baltic States and Russian Federation.

The Supervisory Board of AS PRFoods is currently comprised of six members. The Supervisory Board is chaired by the Chairman of the Supervisory Board **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 the 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 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 five years.

Information about the education and career of the members of the Supervisory Board as well as their membership in the management bodies of companies have been published on AS PRFoods website at www.prfoods.ee.

As at 31.03.2017, the members of Management and Supervisory Board and persons/companies related to them hold the shares in the company as indicated below:

Shareholder	number of shares	ownership interest
Chairman of the Supervisory Board until 02.02.2015, Member of the Management Board from 02.02.2015 – Indrek Kasela	1,421,823	3.68%
Member of the Supervisory Board – Kuldar Leis	1,302,166	3.37%
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	no shares	
Member of the Supervisory Board – Aavo Kokk	no shares	
Total number of shares owned by the members of the Supervisory and Management Board	2,947,917	7.62%

SHARE AND SHAREHOLDERS

AS PRFoods shares are listed in the main list of NASDAQ OMX Tallinn Stock Exchange since 5 May 2010. The company has issued 38.7 million ordinary shares with the calculated value of 0.20 euro (nominal value was 10 EEK until 13 April 2011, 0.60 euro until 3 September 2012 and 0.50 euro until 2 October 2015).

On 30 June 2016, shares without nominal value of AS PRFoods were registered in the Commercial Register based on the resolutions adopted by the General Meeting of Shareholders of the Company held on 26 May 2016. The amount of the registered share capital of the Company is 7,736,572 euros, which is divided into 38,682,860 ordinary shares without nominal value and with the calculated value of 0.20 euros per share. All shares have equal voting and dividend rights. PRFoods shares do not have an official market maker.




ISIN	EE3100101031	Number of securities	38,682,860
Symbol of share	PRF1T	Listed shares	38,682,860
Market	BALTIC MAIN LIST	Listing date	05.05.2010
Calculated value	0.20 EUR	Minimum quantity of tradable securities	1 share

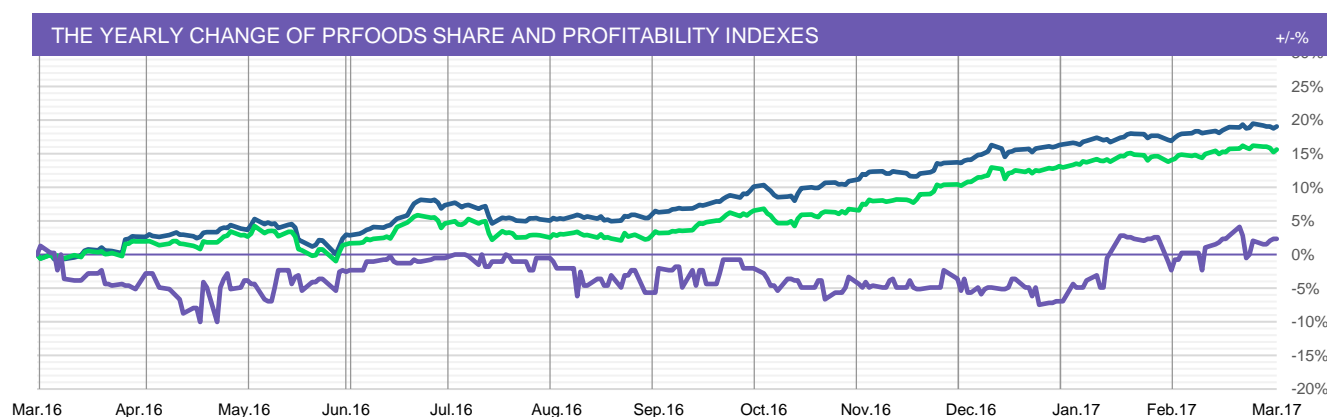
THE PRFOODS SHARE WAS PART OF THE FOLLOWING INDICES:

Index	Description	Type	Short name
OMX Tallinn GI	OMX Tallinn All-Share index	Gross index	OMXT
OMX Baltic Benchmark GI	OMX Baltic All-Share index	Gross index	OMXBGI

OMX uses a common classification of indices for the Nordic and Baltic markets. The OMX Baltic index family includes all share, tradable, benchmark and sector indices. The indices are calculated in euros and gross (GI) indices. All indices are chain-linked, meaning that they are calculated based on the price level of the previous trading day. All OMX Baltic indices, except sector indices have base values of 100 and the base date is 31.12.1999. The base date of the OMX Tallinn All-Share index is 03.06.1996. The composition of the tradable and benchmark indices is revised twice a year based on the trading activity of the shares.

THE YEARLY CHANGE OF PRFOODS SHARE AND PROFITABILITY INDEXES BETWEEN 31.03.2016 AND 31.03.2017:

Index / Equity	31.03.2016	31.03.2017	change %
 OMX Baltic Benchmark GI	690.82 EUR	822.47 EUR	19.06%
 OMX Tallinn	970.60 EUR	1,122.20 EUR	15.62%
 PRF1T	0.389 EUR	0.398 EUR	2.31%



Baltic comparison index increased 19.06% during the given period, Tallinn Stock Exchange All-Share index increased 15.62% and PRFoods share price increased 2.31%.

TRADING HISTORY

Price (EUR)	Q1 2017	Q1 2016	12m 2016
Open	0.372	0.390	0.390
High	0.412	0.397	0.397
Low	0.360	0.362	0.349
Last	0.398	0.389	0.367
Traded volume, thousand	1 659	308	2 429
Turnover, million	0.63	0.12	0.91
Market capitalization, million	15.40	15.05	14.20

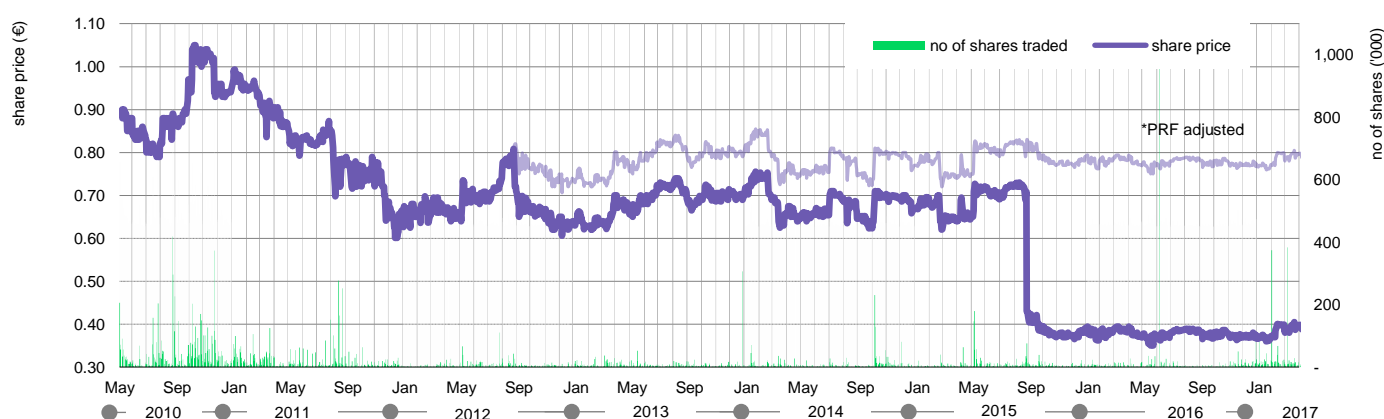
388 transactions were made with PRFoods shares in the 1st quarter of 2017. The volume of the transactions was 1.7 million, i.e. 4.3% of all shares, and the monetary value was 0.63 million euros. Comparable data during the 1st quarter of 2016: 308 transactions with a volume of 0.3 million shares, i.e. 4.9% of all shares, and the monetary value was 0.12 million euros. The highest trading price was 0.412 euros per share and the lowest trading price was 0.360 euros per share (the trading price in the 1st quarter of 2016 was 0.397 and 0.362 euros per share, respectively).

The closing price of the share was 0.398 euros per share as at 31.03.2017 (31.03.2016: 0.383 euro per share). The market value of AS PRFoods was 15.4 million euros as at 31.03.2017, increasing year-on-year by 2.3% (market value 31.03.2016: 15.05 million euros).

MARKET RATIOS				
Ratios	formula	31.03.2017	31.03.2016	31.12.2016
EV/Sales	(Market Cap + Net Debt) / Sales	0.355	0.238	0.305
EV/EBITDA from operations	(Market Cap + Net Debt) / EBITDA from operations	69.789	4.397	19.253
EV/EBITDA	(Market Cap + Net Debt) / EBITDA	7.445	4.950	5.541
Price/EBITDA from operations	Market Cap / EBITDA from operations	63.357	5.532	18.878
Price/EBITDA	Market Cap / EBITDA	6.758	6.228	5.433
Price-to-Earnings	Market Cap / Net Earnings	45.282	12.000	19.855
Price-to-Book	Market Cap / Equity	0.674	0.662	0.596
Market Cap, Net Debt and Equity as of 31.03.2017				
Sales, EBITDA and Net Profit (-Loss) for the trailing 12 months period				

THE DYNAMICS OF THE SHARE PRICE OF PRFOODS (EUR) AND THE VOLUME OF TRANSACTIONS (NUMBER OF SHARES TRADED) DURING THE PERIOD FROM 5 MAY 2010 UP TO 31 MARCH 2017:

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

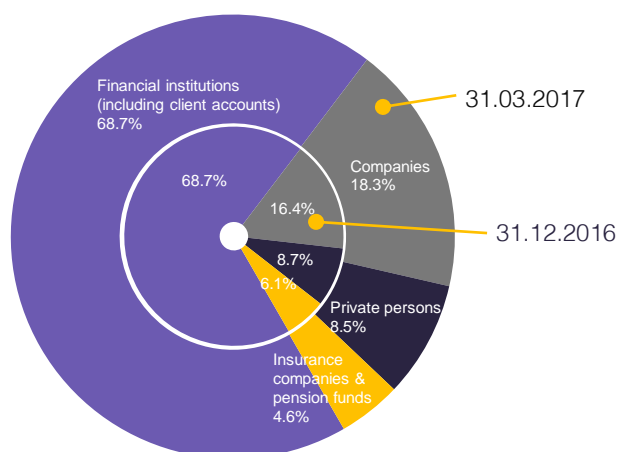


The nominal value of the PRFoods share was decreased by 10 euro cents on 29 August 2012 and by 30 euro cents on 28 August 2015. The calculated value of PRFoods share is currently 20 euro cents. PRFoods has distributed to its shareholders a total amount of 16.9 million euros in dividends and share capital reduction since its shares were publicly listed.

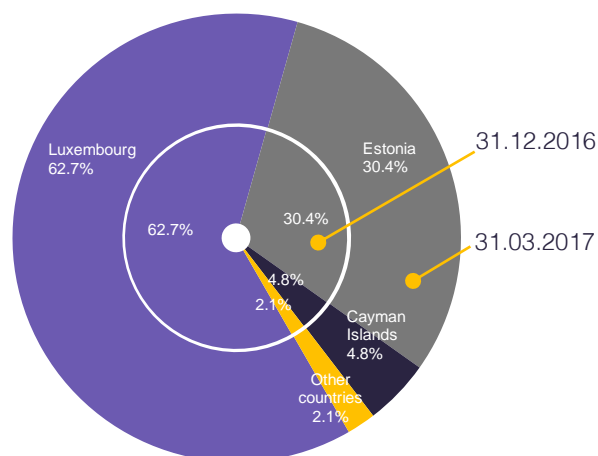
SHAREHOLDERS STRUCTURE

SHAREHOLDERS AS AT 31.03.2017		1,180 SHAREHOLDERS -3.5% FROM 31.12.2016		
	Number of shares	% of total 31.03.2017	% of total 31.12.2016	Change
ING Luxembourg S.A. (Nominee account)	24,258,366	62.71%	62.71%	-
Lindermann, Birnbaum & Kasela OÜ	1,421,823	3.68%	2.69%	+ 380,000
OÜ Rododendron	1,298,705	3.36%	3.36%	-
Ambient Sound Investments OÜ	1,239,116	3.20%	3.20%	-
Firebird Republics Fund Ltd.	1,195,270	3.09%	3.09%	-
Compensa Life Vienna Insurance Group SE	883,058	2.28%	1.92%	+ 140,000
Firebird Avrora Fund, Ltd.	648,220	1.68%	1.68%	-
LHV Pensionifond L	538,863	1.39%	2.73%	- 517,000
OÜ Footsteps Management	396,111	1.02%	1.30%	- 107,590
LHV Pensionifond XL	220,541	0.57%	0.94%	- 144,970
Total largest shareholders	32,100,073	82.98%	83.62%	- 249,560
Other minority shareholders	5,582,787	14.43%	14.69%	- 97,258
Treasury shares	1,000,000	2.59%	1.69%	+ 346,818
Total	38,682,860	100.00%	100.00%	-

STRUCTURE OF SHAREHOLDERS ACCORDING TO HOLDER CATEGORIES



STRUCTURE OF SHAREHOLDERS ACCORDING TO RESIDENCE



THE DIVISION OF SHAREHOLDERS ACCORDING TO NUMBER OF ACQUIRED SHARES

number of shares	number of shareholders	% of shareholders	total number of shares	% of share
1 ... 1,000	548	46.5%	263,760	0.7%
1,001 ... 10,000	523	44.3%	1,701,093	4.4%
10,001 ... 50,000	77	6.5%	1,708,755	4.4%
50,001 ... 100,000	7	0.6%	502,737	1.3%
More than 100,000	25	2.1%	34,506,515	89.2%
Total	1,180	100.0%	38,683,860	100.0%

P R F O O D S

Interim Accounting Report

Consolidated interim financial statements

Consolidated statement of financial position

EUR '000	Note	31.03.2017	31.03.2016	31.12.2016
ASSETS				
Cash and cash equivalents	(Note 2)	3,570	4,378	4,374
Receivables and prepayments	(Note 3)	2,557	2,463	4,056
Inventories	(Note 4)	7,225	5,754	5,393
Biological assets	(Note 5)	6,543	2,451	7,584
Total current assets		19,895	15,046	21,407
Deferred income tax		228	138	230
Long-term financial investments		102	161	103
Tangible fixed assets	(Note 6)	7,112	7,178	7,285
Intangible assets	(Note 7)	6,007	6,109	6,031
Total non-current assets		13,449	13,586	13,649
TOTAL ASSETS		33,344	28,632	35,056
EQUITY AND LIABILITIES				
Loans and borrowings	(Note 8, 9)	4,271	287	3,716
Payables	(Note 10)	3,950	3,617	5,131
Government grants	(Note 11)	176	164	162
Total current liabilities		8,397	4,068	9,009
Loans and borrowings	(Note 8, 9)	862	1,002	940
Deferred tax liabilities		685	152	747
Government grants	(Note 11)	564	677	551
Total non-current liabilities		2,111	1,831	2,238
TOTAL LIABILITIES		10,508	5,899	11,247
Share capital		7,737	7,737	7,737
Share premium		14,007	16,026	14,007
Treasury shares		-390	-190	-256
Statutory capital reserve		12	6	12
Currency translation reserve		428	465	428
Retained profit (-loss)		1,042	-1,311	1,881
Equity attributable to parent		22,836	22,733	23,809
TOTAL EQUITY	(Note 12)	22,836	22,733	23,809
TOTAL EQUITY AND LIABILITIES		33,344	28,632	35,056

Consolidated statement of profit or loss and other comprehensive income

EUR '000	Note	Q1 2017	Q1 2016	12m 2016
Sales	(Note 13)	10,562	10,235	47,429
Cost of goods sold	(Note 14)	-10,036	-9,258	-43,410
Gross profit		526	977	4,019
Operating expenses		-1,179	-1,078	-4,785
Selling and distribution expenses		-837	-766	-3,346
Administrative expenses		-342	-312	-1,439
Other income/expenses		50	12	-118
Fair value adjustment on biological assets	(Note 5)	-270	-444	2,263
Operating profit (-loss)		-873	-533	1,379
Financial income		6	0	2
Financial expenses		-34	-32	-240
Profit (-loss) before tax		-901	-565	1,141
Income tax		62	101	-426
Net profit (-loss) for the period		-839	-464	715
Other comprehensive income (-loss) that may subsequently be classified to profit or loss:				
Foreign currency translation differences		0	-6	-43
Total comprehensive income (-expense)		-839	-470	672
Total comprehensive income (-expense) attributable to:				
Owners of the Company		-839	-470	672
Total comprehensive income (-expense) for the period		-839	-470	672
Profit (-loss) per share (EUR)	(Note 12)	-0.02	-0.01	0.02
Diluted profit (-loss) per share (EUR)	(Note 12)	-0.02	-0.01	0.02

Consolidated cash flow statement

EUR '000	Note	Q1 2017	Q1 2016	2016
Total cash flow from operations				
Net profit (-loss)		-839	-464	715
Adjustments:				
Depreciation	(Note 6, 7)	314	309	1,234
Profit from sale and write off of fixed assets		-1	0	-6
Other non-cash items		58	-13	20
Changes in receivables and prepayments		1,501	1,190	-495
Changes in inventories	(Note 4)	-1,832	-138	223
Changes in biological assets	(Note 5)	1,041	1,970	-3,163
Changes in payables and prepayments		-1,137	-206	1,975
Corporate income tax paid		-39	-33	-188
Total cash flow from /(used in) operating activities		-934	2,615	315
Total cash flow from investments				
Sale of tangible and intangible fixed assets	(Note 6, 7)	5	0	9
Purchase of tangible and intangible fixed assets	(Note 6, 7)	-184	-39	-732
Profit from long-term investments		1	0	4
Total cash flow used in investing activities		-178	-39	-719
Total cash flow from financing				
Own shares buy-back	(Note 12)	-134	-18	-84
Change in overdraft		548	0	3,367
Change in factored receivables	(Note 9)	13	0	21
Capital lease repayments	(Note 8)	-84	-75	-343
Interests paid		-35	-26	-104
Total cash flow (used in)/from financing activities		308	-119	2,857
Total cash flow		-804	2,457	2,453
Cash and cash equivalents at beginning of year	(Note 2)	4,374	1,921	1,921
Change in cash and cash equivalents		-804	2,457	2,453
Cash and cash equivalents at the end of the period	(Note 2)	3,570	4,378	4,374

Consolidated statement of changes in equity

EUR '000	Share capital	Share premium	Own shares	Statutory capital reserve	Translation reserve	Retained earnings (-loss)	Total equity
Balance at 31.12.2015	7,737	16,026	-172	6	471	-847	23,221
The own shares repurchase program	0	0	-18	0	0	0	-18
Transactions with equity holders of the company	0	0	-18	0	0	0	-18
Net loss for the period	0	0	0	0	0	-464	-464
Other comprehensive income	0	0	0	0	-6	0	-6
Total comprehensive income (expense) for the period	0	0	0	0	-6	-464	-470
Balance at 31.03.2016	7,737	16,026	-190	6	465	-1,311	22,733
Balance at 31.12.2016	7,737	14,007	-256	12	428	1,881	23,809
The own shares repurchase program	0	0	-134	0	0	0	-134
Transactions with equity holders of the company	0	0	-134	0	0	0	-134
Net loss for the year	0	0	0	0	0	-839	-839
Other comprehensive expense	0	0	0	0	0	0	0
Total comprehensive expense for the period	0	0	0	0	0	-839	-839
Balance at 31.03.2017	7,737	14,007	-390	12	428	1,042	22,836

Additional information about equity is disclosed in Note 12.

Notes to the Interim Report

NOTE 1. SUMMARY OF MATERIAL ACCOUNTING POLICIES

AS PRFoods is a company incorporated in Estonia. The interim financial statements dated 31.03.2017 encompass AS PRFoods (hereinafter Parent Company) together with its subsidiaries Saaremere Kala AS in Estonia and the group companies OÜ Vettel, OÜ Gourmet House in Estonia and Heimon Kala Oy in Finland and Överumans Fisk Ab in Sweden (hereinafter also referred to as Group). The Group has a stake in an associate, the Competence Center of Food and Fermentation Technologies (CCFFT). AS PRFoods shares are listed on NASDAQ OMX Tallinn Stock Exchange since 5 May 2010.

The Group's consolidated audited annual report for the financial year that ended on 31 December 2016 is available at the Parent Company's location at Viru 19, Tallinn and on the Parent Company's website www.prfoods.ee.

CONFIRMATION OF COMPLIANCE

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

While preparing the interim report at hand, the same accounting principles as in the annual report for the financial year ended on 31.12.2016 have been applied. 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 Parent Company's audited consolidated annual report for the financial year that ended on 31 December 2016, which is in compliance with international finance reporting standards (IFRS) as adopted by the European Union.

The Management Board approved the publication of this condensed unaudited consolidated interim report on 30 May 2017.

In the opinion of the management, this interim report for 1st quarter and 3 months of 2017 of AS PRFoods presents correctly and fairly the financial results of the Group as a going concern. Current interim report is neither audited nor reviewed by auditors in any other way and contains only the consolidated reports of the Group.

BASIS OF PREPARATION

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

NOTE 2. CASH AND CASH EQUIVALENTS

EUR '000	31.03.2017	31.03.2016	31.12.2016
Cash on hand	4	9	9
Bank accounts	3,566	4,369	4,365
Total cash and cash equivalents	3,570	4,378	4,374

NOTE 3. RECEIVABLES AND PREPAYMENTS

EUR '000	31.03.2017	31.03.2016	31.12.2016
Trade receivables	1,956	2,047	3,558
Allowance for doubtful receivables	0	-15	-12
Other receivables	53	3	7
Prepaid expenses	210	211	133
Prepaid taxes	264	187	290
Other prepayments	74	30	80
Total receivables and prepayments	2,557	2,463	4,056

No write-downs on receivables have been recognised. Doubtful receivables were written off from balance sheet during reporting period in amount of 12 thousand euros.

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

NOTE 4. INVENTORIES

EUR '000	31.03.2017	31.03.2016	31.12.2016
Raw materials and materials	4,078	2,124	2,703
Work-in-progress	1,112	1,352	903
Finished goods	1,317	1,754	1,281
Goods purchased for sale	579	479	484
Prepayments for inventories and goods in transit	139	45	22
Total inventories	7,225	5,754	5,393

The Group earned a loss from write-off of inventories in the 1st quarter of 2017 in total 35 thousand euros (1st quarter 2016: 3 thousand euros). In 2016, the Group earned a loss of 10 thousand euros from write-off of inventories.

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

NOTE 5. BIOLOGICAL ASSETS

EUR '000	31.03.2017	31.03.2016	31.12.2016
Fry	654	324	629
Juveniles	1,563	1,988	1,347
Fish suitable for harvesting	4,326	139	5,608
Total biological assets	6,543	2,451	7,584

As at 31.03.2017, biological assets totalled 1,135 tonnes (30.03.2016: 559 tonnes). As at 31.12.2016, biological assets totalled 1,418 tonnes. In the reporting period, agricultural produce was harvested in the amount of 413 tonnes (1st quarter 2016: 653 tonnes). In the 2016 agricultural produce was harvested in the amount of 2,045 tonnes.

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

CHANGE IN BIOLOGICAL ASSETS

EUR '000	Q1 2017	Q1 2016	12m 2016
Biological assets at beginning of the period	7,584	4,421	4,421
Purchased	0	14	1,431
Additions	563	421	5,617
Fair value adjustments	-270	-444	2,263
Harvested	-1,301	-1,882	-5,748
Written off	-44	-47	-251
Exchange rate differences	11	-32	-149
Biological assets at end of the period	6,543	2,451	7,584

The aggregate gain attributable to the growth of biological assets and the changes in fair value less costs to sell of biological assets amounted to 293 thousand euros (1st quarter 2016: -23 thousand euros), comprising of amounts presented under "Additions" and "Fair value adjustments" above. In the 2016 the growth of biological assets was total 7,880 thousand euros.

In the amount of "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.

The Group classifies such assets measured at fair value as Level 3.

NOTE 6. PROPERTY, PLANT AND EQUIPMENT

EUR '000	31.03.2017	31.03.2016	31.12.2016
Land and buildings			
Cost	5,791	5,629	5,783
Accumulated depreciation	-3,056	-2,801	-2,986
Land and buildings at carrying amount	2,735	2,828	2,797
Machinery and equipment			
Cost	9,453	8,771	9,361
Accumulated depreciation	-5,411	-4,716	-5,205
Machinery and equipment at carrying amount	4,042	4,055	4,156
Other tangible assets			
Cost	646	574	642
Accumulated depreciation	-360	-299	-344
Other tangible assets at carrying amount	286	275	298
Construction in progress, prepayments	49	20	34
Total property, plant and equipment	7,112	7,178	7,285

Property, plant and equipment acquired under the finance lease terms are disclosed in Note 8. Additional information about collateral for loans is disclosed in Note 9.

NOTE 7. INTANGIBLE ASSETS

EUR '000	31.03.2017	31.03.2016	31.12.2016
Goodwill	4,730	4,730	4,730
Trademarks and patents			
Cost	1,085	1,085	1,085
Accumulated amortisation	-556	-501	-542
Trademarks and patents at carrying amount	529	584	543
Immaterial rights			
Cost	859	859	859
Accumulated amortisation	-327	-305	-322
Immaterial rights at carrying amount	532	554	537
Software licenses			
Cost	294	286	294
Accumulated amortisation	-241	-219	-236
Software licenses at carrying amount	53	67	58
Prepayments for intangible assets	163	174	163
Total intangible assets	6,007	6,109	6,031

NOTE 8. FINANCE LEASE

EUR '000	31.03.2017	31.03.2016	31.12.2016
Machinery and equipment			
Cost	1,576	1,560	1,791
Accumulated depreciation	-306	-165	-215
Machinery and equipment at carrying amount	1,270	1,395	1,576
Means of transport			
Cost	471	489	488
Accumulated depreciation	-144	-98	-49
Means of transport at carrying amount	327	391	439
Total property, plant and equipment	1,597	1,786	2,015

The Group is leasing under financial lease terms fish industry production equipment, fish harvesting equipment, a workboat, a tractor, passenger cars and computers. During the reporting period, no new fixed assets were leased. During the 2016, fixed assets were leased as financial lease in the total amount of 262 thousand euros.

FINANCE LEASE PAYABLES

EUR '000	31.03.2017	31.03.2016	31.12.2016
Present value of finance lease liability			
Due in less than 1 year	322	287	328
Due between 1-5 years	862	1,002	940
Present value of lease payments	1,184	1,289	1,268
Principal payments in the financial year	84	75	343
Interest expenses in the financial year	6	6	24
Average interest rate	1.83%	2.24%	1.78%

See also Note 6 and 9.

NOTE 9. BORROWINGS

EUR '000	31.03.2017	31.03.2016	31.12.2016
Finance lease liabilities (Note 8)	322	287	328
Overdraft	3,915	0	3,367
Factoring	34	0	21
Total short-term loans	4,271	287	3,716
Finance lease liabilities (Note 8)	862	1,002	940
Total long-term loans	862	1,002	940
incl. payable within 1-5 years	862	1,002	940

On 06.09.2016, AS PRFoods and AS SEB Pank closed the limit of the existing overdraft contract and closed group account agreement between AS PRFoods and its subsidiaries. On 06.09.2016, AS Saaremere Kala and AS SEB Pank signed overdraft contract to open for AS Saaremere 5.0 million euro credit limit. The term of the overdraft facility is 30.04.2017 and the interest rate is 6 month EURIBOR + 1.7%. The bank overdraft is secured by a mortgage of 10.1 million euros, a commercial pledge of 4.0 million euros and AS PRFoods guarantee in amount of 5.0 million euros. AS Saaremere Kala and subsidiaries OÜ Vettel and OÜ Gourmethouse have signed new group account agreement with AS SEB Pank.

The overdraft was used in the amount of 3.9 million euros as at 31.03.2017 (31.03.2016: the overdraft was not used). As at 31.12.2016 the overdraft was used in amount of 3.4 million euros.

New overdraft agreement was signed at 28.04.2017 with the credit limit increasing by 2.0 million euros, totalling 7.0 million euros and with due date 30.04.2018. The limit will be lowered to 5 million euros at 01.01.2018. Interest rate and other terms remained the same.

NOTE 10. PAYABLES AND PREPAYMENTS

EUR '000	31.03.2017	31.03.2016	31.12.2016
Trade payables	3,001	2,614	3,969
Payables to employees	584	588	623
Interest payables	4	0	4
Other payables	19	2	10
Tax liabilities, incl.:	342	413	525
Social security tax	139	142	167
VAT	88	81	266
Personal income tax	109	99	77
Corporate income tax	0	84	0
Other taxes	6	7	15
Total payables and prepayments	3,950	3,617	5,131

NOTE 11. GOVERNMENT GRANTS

EUR '000	Q1 2017	Q1 2016	12m 2016
Deferred income from government grants at the beginning of period	713	883	883
Government grants received during the period	70	0	0
Change in value due to the exchange rates	1	-1	-8
Recognition as income during the period	-44	-41	-162
Deferred income from government grants at the end of period	740	841	713
incl. income within 1 year	176	164	162
incl. income within 2-17 years	564	677	551

NOTE 12. EQUITY

EUR '000	31.03.2017	31.03.2016	31.12.2016
Share capital	7,737	7,737	7,737
Share premium	14,007	16,026	14,007
Treasury shares	-390	-190	-256
Statutory capital reserve	12	6	12
Currency translation reserve	428	465	428
Retained profit (-loss)	1,042	-1,311	1,881
Equity attributable to parent	22,836	28,632	23,809
TOTAL EQUITY	22,836	28,632	23,809

Share capital

As at 31.03.2017, the Company's registered share capital was 7,736,572 euros. As at 31.12.2016, the Company had registered share capital in the amount of 7,736,572 euros.

On 30 June 2016, shares of AS PRFoods without nominal value were registered in the Commercial Register instead of shares with nominal value, based on the resolutions adopted by the Company's general meeting of shareholders held on 26 May 2016. The registered share capital of the Company is 7,736,572 euros, divided into 38,682,860 ordinary shares without nominal value having a book value of 0.20 euro per share. A new version of the Company's Articles of Association also came into force, stating that the minimal share capital is 7,000,000 euros and the maximum share capital is 28,000,000 euros. 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 over the nominal value upon issue of shares, less costs associated with the issue of shares. According to the Commercial Code, a premium may be used to cover a loss of a company if such loss cannot be covered by retained profit from previous periods or the capital reserve prescribed in the Articles of Association and other reserves prescribed by the Articles of Association. The premium may also be used to increase share capital by a bonus issue. No payments to shareholders are allowed to be made from the share premium funds.

The ordinary general meeting of shareholders held on 26 May 2016 decided to cover the retained loss in the previous periods of AS PRFoods from reserves and share premium in the total amount of 2,026,000 euros, where the share premium was used to cover 2,019,500 euros and the reserve was used to cover 6,500 euros.

Own shares

As of 01.07.2014, the Company initiated its own shares buy-back programme in accordance with the resolution of the general meeting of shareholders held on 29.05.2014, according to which up to 500,000 own shares will be bought back before 31 May 2017. The initial own shares buy-back programme was completed on 18.05.2016. The ordinary general meeting of shareholders held on 26 May this year adopted a resolution to expand the existing buy-back programme, according to which up to 500,000 additional own shares will be bought back before 29.05.2019. On 14 June 2016, the Management Board of AS PRFoods entered into a service agreement with AS SEB Pank to continue the implementation of the own shares buy-back programme.

The buy-back programme is implemented in compliance with the resolutions of the general meetings of shareholders held on 29.05.2014 and 26.05.2016, and Commission Regulation (EU) No. 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures.

As at 27.03.2017 the expanded own shares buy-back programme was completed. Between 14.06.2016 and 27.03.2017 the Company purchased 500,000 own shares with average price 0.3834 euro per share. As at 31.03.2017, AS SEB Pank has acquired a total of 1,000,000 own shares with average price 0.4915 euro per share in the name and on behalf of AS PRFoods. As at 31.03.2016, the Company had bought back 478,017 own shares.

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 share capital but not for making distributions to shareholders. The shareholders adopted a resolution at the general meeting held on 26 May to cover the retained loss from previous periods of AS PRFoods from reserve and share premium in the amount of 2,026,000 euros and transfer 12,400 euros from the profit of 2015 of the parent company to the reserve, and not to distribute the remaining profit. The loss covered from the reserve was in the amount of 6,500 euros.

EARNINGS PER SHARE

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

	Q1 2017	Q1 2016	12m 2016
Net profit (loss) attributable to equity holders of the company EUR '000	-839	-464	715
Average number of shares (in thousand)	38,683	38,683	38,683
Earnings (-loss) per share (EUR)	-0.02	-0.01	0.02
Earnings (-loss) per share (EUR)	-0.02	-0.01	0.02
Diluted earnings (-loss) per share (EUR)	-0.02	-0.01	0.02

NOTE 13. 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 geographic areas. Reports by business areas include information of more significant importance for the management of the Group for monitoring financial performance and allocating resources. Therefore, this division is used to define business segments.

Two business segments – the fish segment and other segments - are presented together since the proportion of other segments in business operations is marginal. The proportion of other segments was 0.09% in reporting period and 0.08% in 2016.

SALES BY GEOGRAPHIC REGIONS

EUR '000	Q1 2017	Q1 2016	12m 2016
Finland	8,987	8,288	38,956
Estonia	956	1,373	4,974
Other	609	574	3,499
Total	10,552	10,235	47,429

NOTE 14. COST OF GOODS SOLD

EUR '000	Q1 2017	Q1 2016	12m 2015
Cost of goods purchased for sale	-626	-1,144	-3,891
Materials used in production	-7,510	-6,320	-31,809
Staff costs	-760	-764	-3,217
Depreciation and amortisation	-262	-255	-1,020
Other costs of goods sold ¹	-878	-775	-3,473
Total cost of goods sold	-10,036	-9,258	-43,410

¹ Other costs of goods sold includes expenses related to production and fish farming assets (rent, maintenance, insurance, utilities, etc.), staff-related costs and other expenses and subcontracted services.

NOTE 15. 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 board of group entities
- close family members of the persons mentioned above and the companies related to them

GROUP COMPANIES						
Subsidiary	Domicile	Ownership and voting rights %			Area of activity	Owner
		31.03.2017	31.03.2016	31.12.2016		
Saaremere Kala AS	Estonia	100%	100%	100%	Holding company of fish segment	PRFoods AS
Vettel OÜ	Estonia	100%	100%	100%	Production of fish products	Saaremere Kala AS
GourmetHouse OÜ	Estonia	100%	100%	100%	Sale of fish and fish products	Saaremere Kala AS
Heimon Kala Oy	Finland	100%	100%	100%	Fishfarming, processing and sale of fish and fish products	Saaremere Kala AS
Överumans Fisk Ab	Sweden	100%	100%	100%	Fishfarming and sales	Heimon Kala Oy

The ownership percentage of subsidiaries' equity represents their voting rights. The shares of subsidiaries are not listed on a stock exchange.

The group has also a 20% shareholding in AS Toidu- ja Fermentatsioonitehnoloogia Arenduskeskus (Competence Center of Food and Fermentation Technology).

At the balance sheet date, there were no receivables from related parties. No write-downs on receivables from related parties have been recognised.

Company	Creditor	Payables and prepayments	Payable as at 31.03.2017 EUR '000	Payable as at 31.03.2016 EUR '000	Payable as at 31.12.2016 EUR '000
PRFoods AS	Companies related to members of the Management and Supervisory Boards	Trade payables	2	0	0
Vettel OÜ	Companies related to members of the Management and Supervisory Boards	Trade payables	1	0	0
	Total		3	0	0

During the reporting period group entities have performed purchase and sales transactions with related parties as follows:

Party EUR '000	Type of transaction	Q1 2017 Purchase	Q1 2017 Sale	Q1 2016 Purchase	Q1 2016 Purchase	12m 2016 Purchase	12m 2016 Sale
Companies related to members of the Management and Supervisory Boards	services	4	0	4	0	13	2
	Total	4	0	4	0	13	2

Management estimates that all related party transactions have been concluded at market prices and at market condition.

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	Q1 2017	Q1 2016	12m 2016
Short-term benefits	123	114	512
Total	123	114	512

Management benefits increased year-on-year bases by 9 thousand euros.

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. The maximum expense related to payment of termination benefits including taxes totals 205 thousand euros (31.03.2016: 205 thousand euros).

NOTE 16. CONTINGENT LIABILITIES

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

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

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

MANAGEMENT BOARD'S CONFIRMATION TO THE CONSOLIDATED INTERIM REPORT FOR THE 1ST QUARTER AND 3 MONTHS OF 2017

The Management Board confirms the correctness and completeness of the consolidated interim report for the 1st quarter and 3 months of 2017 of AS PRFoods and its subsidiaries (together the Group) presented in the pages 8 – 45 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 interim 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.

Member of the Management Board

Indrek Kasela

digitally signed

30 May 2017

