

PRFOODS

AS PRFoods

Consolidated Unaudited Interim Report

1st quarter and 3 months of 2019/2020
(translation from the Estonian original)

2019/2020

1ST QUARTER & 3 MONTHS

P R F O O D S

Business name	AS PRFoods
Commercial register number	1150713
Address	Pärnu mnt 141, Tallinn, Estonia
Phone	+372 452 1470
Website	prfoods.ee
Main activities	Production and sale of fish products Fish farming
Reporting period	1 July 2019 – 30 September 2019

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CORPORATE PROFILE

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

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

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

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

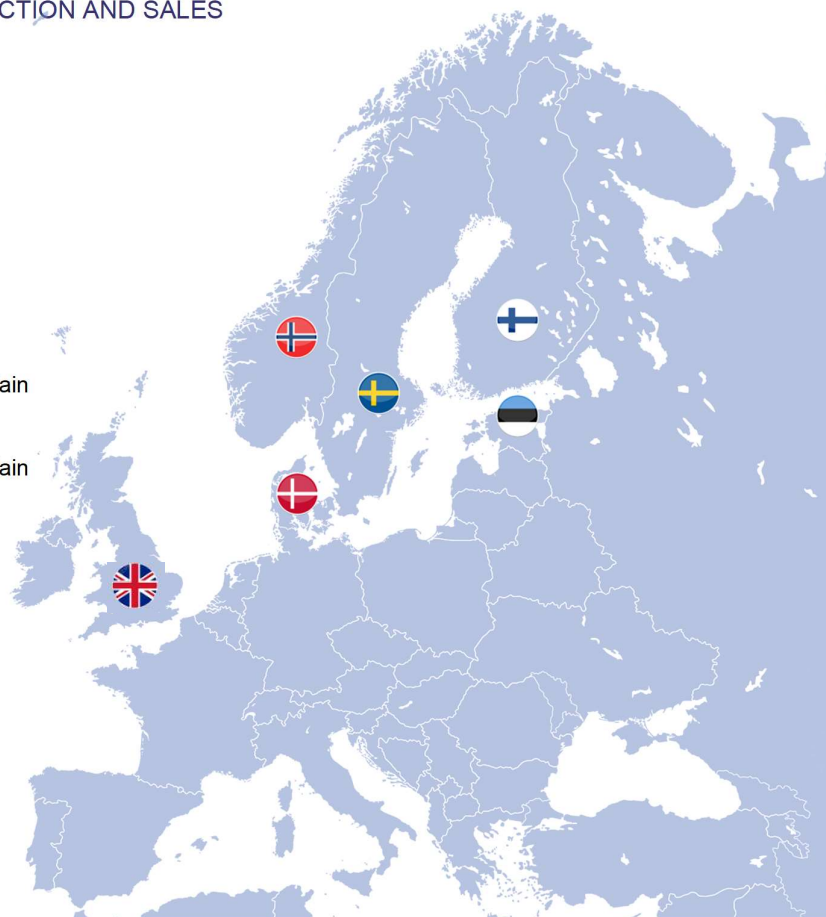
On a smaller scale, European whitefish and Baltic herring are used in production. In addition, a notable volume of red caviar is made from fish harvested in the Group's own fish farms.

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

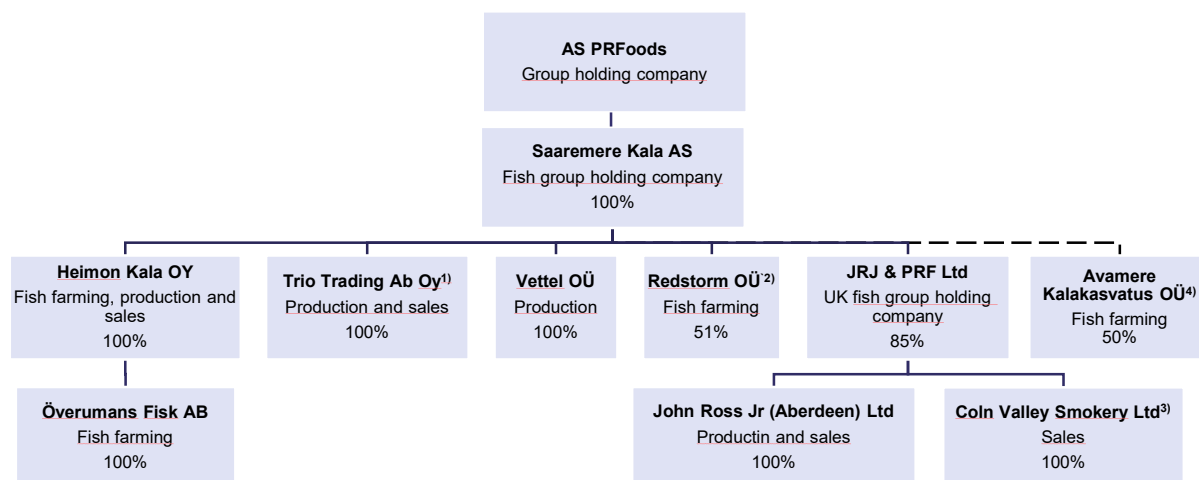
The Group is actively involved in developing new products for expanding to new export markets. As introducing the Group's own brands is in its early stage in Scandinavia and elsewhere in the world, the management expects the Group's growth period is yet to come.

THE GEOGRAPHY OF PRODUCTION AND SALES

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



GROUP STRUCTURE AS AT 30 SEPTEMBER 2019



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

2) Consolidated from 01 July 2018

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

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

In addition, AS PRFoods holds a 20%-share of AS Toidu- ja Fermentatsioonitehnoloogia Arenduskeskus (Competence Center of Food and Fermentation Technology).

The most significant trademarks of the Group are "Heimon Gourmet" and "Saaristomeren". The Group's other trademarks include "Gurmé" and "Polar Fish", which are marketed in the Baltic States. Other notable brands of the recently acquired companies are „John Ross Aberdeen“, „Coln Valley Smokery“ and “Fishk”.

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

COLN VALLEY

Fishk

Heimon
GOURMET

ÖVERUMANS FISK

VETTEL

gurmé

Saaristomeren
Pures kalapähkide

POLAR FISH

MANAGEMENT REPORT

MANAGEMENT REPORT

OVERVIEW OF ECONOMIC ACTIVITIES

MANAGEMENT COMMENTARY

We are happy to announce that based on the first quarter of the financial year (3rd quarter of 2019) the restructuring processes commenced within the Group during the last financial year, are demonstrating positive results.

The reporting period was characterized by a general decline in the prices of raw materials of fishery products, resulting in a fall in the prices of fish, fish fillets and smoked products. In spite of the approximately 5% price drop of the Group's main products, we were able to keep the total sales practically at the level of the last year. The third quarter sales for 2019 totalled 19.33 million euros (Q3 2018: 19.39 million euros).

The Group's consolidated EBITDA for the reporting period was 1.47 million euros, an increase of 31% compared to the same period last year, which was mainly affected by the gain from revaluation of biological assets by 0.85 million euros. Operating EBITDA (i.e. excluding one-offs and fish stock revaluation) was 0.73 million euros (Q3 2018: 1.06 million euros). Net profit was 0.57 million euros, almost four times higher than the net profit for the same period last year (Q3 2018: 0.14 million euros).

The Group's manufacturing and sales companies (Heimon Kala, John Ross Jr., Coln Valley Smokery, Trio Trading, Vettel) significantly improved their operational results compared to the same quarter last year; incl. exceeding the planned ones by ca 0.3 million euros in total. The decline in operating EBITDA compared to the previous year was attributable to the weaker performance of the Swedish fish farming unit (Överumans Fisk) due to the decline in the market price of fish, the recovery of which from its lowest level in the last three years is already noticeable.

We are optimistic about getting additional farming licences already in 2020. We will continue to make necessary preparations to increase the farming capacity which in turn would increase the quality raw material supply from our own Estonian fish farms.

PRFoods' focus has been on improving cash flow from operating activities, which is reflected in Q3 2019 positive cash flow from operating activities in the amount of 1.3 million euros compared to 0.1 million euros in the same period last year. The Company's net debt was 19.9 million euros as at 30.09.2019 (30.09.2018: 21.9 million euros), which will decrease at the end of the year by repayments of investment loans and higher cash balance due to Christmas sales. As at 30.09.2019, the Group's working capital was negative by 3.0 million euros as current liabilities include liabilities to related parties in the amount of 4.1 million euros, which by their nature are long-term but due to accounting principles shall be reported as current.

We will continue to merge the business operations of the Estonian and Finnish companies and to create synergies, especially in product development and sales both in the domestic and export markets. The merger of the Finnish subsidiaries into one company is proceeding according to plan and Trio Trading Oy and Heimon Kala Oy will be merged into one company, which will continue under the name Heimon Kala Oy. In Estonia we have launched a Finnish-Estonian joint brand – Heimon Kala and for the first time in history we have successfully entered the local retail market with trout farmed in Saaremaa, Estonia.

Regarding the outbreak of listeria that hit the Estonian fishing industry, we can confirm that PRFoods companies have passed all additional controls successfully. The biggest role here is played by our internal quality and food safety controls in our companies, including the day-to-day controls in our own laboratories from the purchase of raw fish to the dispatch of the product from the factory.

The launch of John Ross Jr.'s renewed brand started at the end of the quarter and we expect significant growth in the UK market in the coming quarters.

In order to achieve our goals in the coming periods, the Group has engaged a strengthened management team of professionals. PRFoods team has done excellent job in developing our business and profitability. PRFoods' balance sheet, production and customer base are strong, and we look optimistically towards future.

Big changes are always challenging for people in the company and I am very thankful that our team has enthusiastically embraced the changes and given their best.



Sincerely,

Indrek Kasela



UNAUDITED FINANCIAL RESULTS OF AS PRFOODS, THE 1ST QUARTER OF THE FINANCIAL YEAR 2019/2020 (I.E., HEREINAFTER 3RD QUARTER OF 2019) COMPARED TO THE 3RD QUARTER OF 2018

- Unaudited consolidated revenue 19.33 million euros (3Q 2018: 19.39 million euros), change -0.3%.
- Gross margin 13.4% (3Q 2018: 15.2%), net margin 2.9% (3Q 2018: 0.7%)
- Positive impact from revaluation of biological assets 0.85 million euros (3Q 2018: positive impact 0.07 million euros).
- Negative impact of one-offs on the result 0.11 million euros (3Q 2018: negative impact 0.02 million euros).
- EBITDA from operations 0.73 million euros (3Q 2018: 1.06 million euros)
- EBITDA 1.47 million euros, an increase by 0.35 million euros (without one-off effects EBITDA 1.58 million euros, an increase by 0.44 million euros).
- Operating profit 0.96 million euros, an increase by 0.39 million euros (without one-off effects operating profit 1.07 million euros, an increase by 0.48 million euros).
- Net profit 0.57 million euros, an increase by 0.43 million euros (without one-off effects net profit 0.68 million euros, an increase by 0.52 million euros).

SUMMARY OF FINANCIAL RESULTS: THE 3RD QUARTER OF 2019 COMPARED TO THE 3RD QUARTER OF 2018

mln EUR	3Q 2019	3Q 2018	Change, mln EUR	3Q 19 vs 3Q 18	Impact
Sales	19.33	19.39	-0.06	-0.3%	▼
Gross profit	2.58	2.96	-0.37	-12.7%	▼
EBITDA from operations*	0.73	1.06	-0.33	-31.0%	▼
EBITDA	1.47	1.12	0.35	31.0%	▲
EBIT	0.96	0.57	0.39	67.2%	▲
Net profit (-loss)	0.57	0.14	0.43	301.4%	▲

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



KEY RATIOS – INCOME STATEMENT

mIn EUR unless indicated otherwise	3Q 2019	2Q 2019	1Q 2019	4Q 2018	3Q 2018	2Q 2018	1Q 2018	4Q 2017	3Q 2017
Sales	19.3	21.5	18.1	26.7	19.4	22.1	22.7	32.0	18.0
Gross profit	2.6	2.1	2.1	4.7	3.0	1.8	2.4	6.6	2.5
EBITDA from operations	0.7	0.3	0.2	2.4	1.1	-0.2	0.7	4.3	1.2
EBITDA	1.5	0.3	-0.5	0.8	1.1	0.3	0.6	1.6	2.0
EBIT	1.0	-0.3	-1.0	0.2	0.6	-0.2	0.1	1.0	1.5
EBT	0.8	-0.4	-1.2	0.0	0.4	-0.5	-0.2	0.8	1.3
Net profit (-loss)	0.6	-0.6	-1.2	0.2	0.1	-1.1	-0.2	1.2	1.1
Gross margin	13.4%	9.8%	11.7%	17.7%	15.2%	7.9%	10.6%	20.5%	13.6%
Operational EBITDA margin	3.8%	1.4%	1.1%	9.1%	5.4%	-1.1%	3.1%	13.4%	6.7%
EBITDA margin	7.6%	1.4%	-2.5%	2.9%	5.8%	1.2%	2.5%	4.9%	11.1%
EBIT margin	5.0%	-1.2%	-5.6%	0.9%	3.0%	-1.1%	0.2%	3.1%	8.5%
EBT margin	3.9%	-2.0%	-6.5%	0.1%	1.8%	-2.3%	-0.9%	2.5%	7.3%
Net margin	2.9%	-3.0%	-6.6%	0.8%	0.7%	-5.1%	-1.0%	3.9%	6.2%
Operating expense ratio	13.4%	11.7%	14.1%	11.2%	13.5%	12.0%	10.5%	9.3%	11.1%

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

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

EBIT = Operating profit (loss)

EBT = Profit (Loss) before tax

Gross margin = Gross profit / Net sales

Operational EBITDA margin = EBITDA from operations / Net sales

EBITDA margin = EBITDA / Net sales

EBIT margin = EBIT / Net sales

EBT margin = EBT / Net sales

Net margin = Net earnings / Net sales

Operating expense ratio = Operating expenses / Net sales

KEY RATIOS – BALANCE SHEET

mIn EUR unless indicated otherwise	30.09.2019	30.06.2019	31.03.2019	31.12.2018	30.09.2018	30.06.2018	31.03.2018	31.12.2017
Net debt	19.9	20.5	18.7	20.0	21.9	18.1	16.7	16.6
Equity	22.8	21.9	23.3	24.2	24.1	23.3	24.3	24.7
Working capital	-3.0	-3.1	-1.6	1.0	2.0	2.8	4.6	5.3
Assets	62.4	62.5	63.5	65.5	64.5	65.5	66.4	68.6
Liquidity ratio	0.9x	0.9x	0.9x	1.0x	1.1x	1.1x	1.2x	1.2x
Equity ratio	36.5%	35.0%	36.7%	37.0%	37.4%	35.6%	36.6%	36.0%
Gearing ratio	46.6%	48.3%	44.5%	45.2%	47.6%	43.7%	40.7%	40.1%
Debt to total assets	0.6x	0.7x	0.6x	0.6x	0.6x	0.6x	0.6x	0.6x
Net debt to EBITDA	5.4x	5.1x	5.4x	5.1x	3.8x	3.1x	2.6x	3.1x
ROE	-4.5%	-6.5%	-8.2%	-4.0%	0.1%	0.2%	8.6%	5.8%
ROA	-1.6%	-2.3%	-3.0%	-1.5%	0.0%	0.1%	4.1%	2.7%

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

Working capital = Current assets – Current liabilities

Liquidity ratio = Current assets / Current liabilities

Equity ratio = Equity / Total assets

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

Debt to total assets = Debt / Total assets

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

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

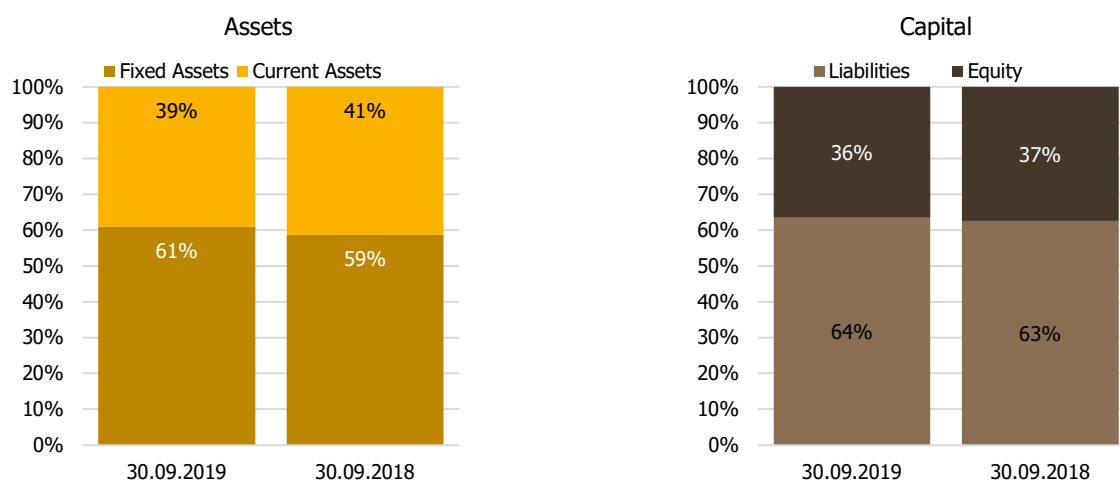
ROA = Net earnings for the trailing 12 months / Average assets

BALANCE SHEET

As at 30.09.2019 consolidated total assets of PRFoods stood at 62.4 million euros. The year before i.e. as at 30.09.2018 the balance sheet totalled 64.5 million euros.

The Group's current assets stood at 24.4 million euros as at 30.09.2019 (30.09.2018: 26.6 million euros). Non-current assets totalled 38.1 million euros (30.09.2018: 37.9 million euros).

Current liabilities totalled 27.4 million euros as at 30.09.2019 (30.09.2018: 24,7 million euros). Non-current liabilities totalled 12.3 million euros (30.09.2018: 15.7 million euros). Equity of PRFoods was 22,8 million euros (30.09.2018: 24.1 million euros).

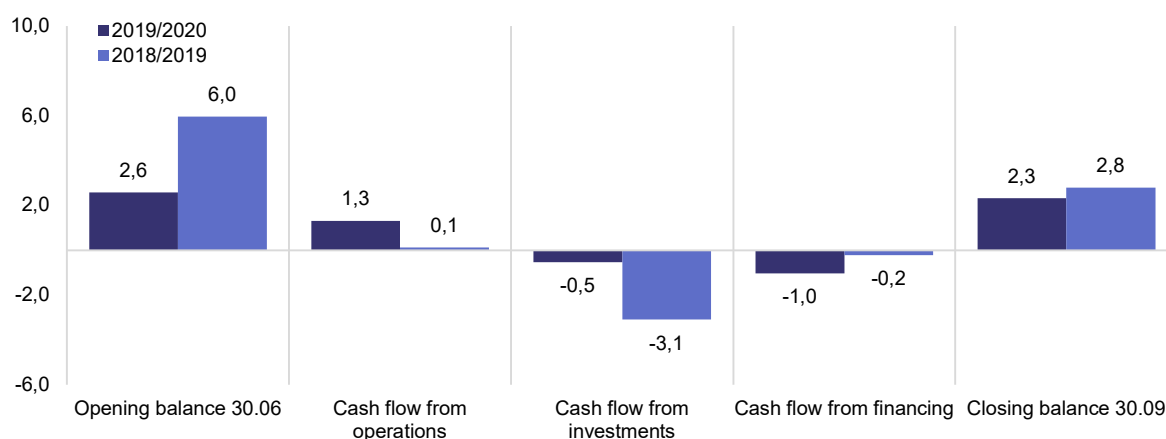


CASH FLOWS

PRFoods' cash and cash equivalents totalled 2.6 million euros at the beginning of the reporting period and 2.3 million euros at the end of the period, the period's cash flow amounted to -0.3 million euros.

Cash flow from operations was +1.3 million euros and +0.1 million euros in the same period a year ago. Cash flow from investment activities was -0.5 million euros during the reporting period and -3.1 million euros a year ago. Cash flow from financing activities totalled -1.0 million euros in the reporting period and -0.2 million euros during the same period last year.

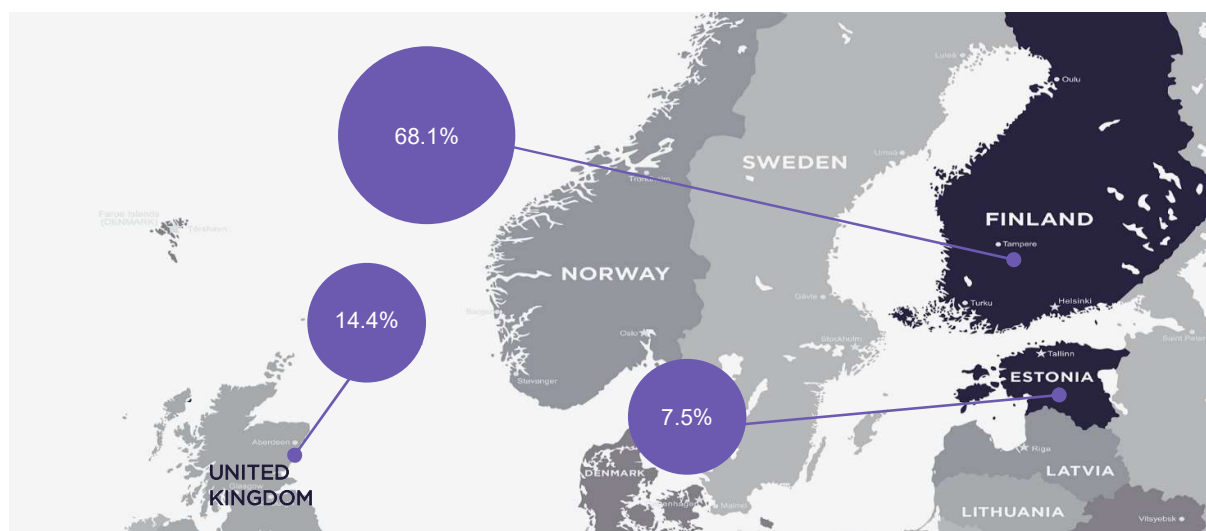
CHANGE IN CASH FLOWS 3 MONTHS OF 2019/2020 VS 3 MONTHS OF 2018/2019



REVENUE

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

The Group's revenue of 19.3 million euros in the 3 months of the financial year 2019/2020 was largely at the level of previous, down by 0.1 million euros, i.e. 0.3% compared to the same period year ago.



GEOGRAPHIC SEGMENTS

mIn EUR	3m 19/20	Share, %	3m 18/19	Share, %	Change, mln EUR	3m 18/19 vs 3m 18/19	Imp.
Finland	13.2	68.1%	13.8	71.1%	-0.6	-4.6%	▼
United Kingdom	2.8	14.4%	2.9	14.8%	-0.1	-2.9%	▼
Estonia	1.5	7.5%	1.1	5.7%	0.3	30.7%	▲
Other	1.9	10.0%	1.6	8.4%	0.3	18.9%	▲
Total	19.3	100.0%	19.4	100.0%	-0.1	-0.3%	▼

Finland with sales revenue of 13.2 million euros and ca 70% of total sales is the largest market of the Group. Revenue of the second largest market, UK, amounted to 2.8 million euros, i.e. 14.4% of total sales. Revenue of the Estonian market totalled 1.5 million euros, i.e. 7.5% of the total. Sales revenue of Finland and Great Britain decreased by 4.6% and 2.9%, respectively, whereas sales in Estonia increased by 30.7%.

PRODUCT SEGMENTS

mIn EUR	3m 19/20	Share, %	3m 18/19	Share, %	Change, mln EUR	3m 18/19 vs 3m 18/19	Imp.
Hot & cold smoked fish	8.1	41.9%	8.6	44.5%	-0.5	-6.3%	▼
Raw fish and fillets	8.1	41.7%	8.6	44.2%	-0.5	-6.1%	▼
Other fish products	3.1	16.3%	2.1	10.8%	1.0	50.1%	▲
Other	0.0	0.2%	0.1	0.4%	-0.1	-58.6%	▼
Total	19.3	100.0%	19.4	100.0%	-0.1	-0.3%	▼

Hot and cold smoked fish product group and raw fish and fillets product group account for practically the same share of total turnover during the first three months of the financial year. Hot and cold smoked products generated sales of 8.1 million euros accounting for 41.9% of the total and raw fish and fillets products were sold also for 8.1 million euros accounting for 41.7% of the total. Sales of other fish products amounted to 3.1 million euros and accounted for 16.3% of total.

CLIENT SEGMENTS

mIn EUR	3m 19/20	Share, %	3m 18/19	Share, %	Change, mIn EUR	3m 18/19 vs 3m 18/19	Imp.
Retail chains	7.5	39.0%	8.5	43.7%	-0.9	-11.0%	▼
Wholesale	6.1	31.8%	6.1	31.3%	0.1	1.3%	▲
HoReCa	5.2	26.9%	4.5	23.4%	0.7	14.5%	▲
Other retail	0.5	2.3%	0.3	1.7%	0.1	39.8%	▲
Total	19.3	100.0%	19.4	100.0%	-0.1	-0.3%	▼

The largest client group is the retail chains' group, sales of which amounted to 7.5 million euros and accounted for 39.0% of the total sales during the accounting period. Nearly a third of sales i.e. 6.1 million euros was generated by wholesale sector. HoReCa sales amounted 5.2 million euros and accounted for 26.9% of the total.

COSTS

Cost of goods sold accounted for 86.1% (3Q 2018: 84.8%) of total sales and operating expenses for 12.5% (3Q 2018: 13.5%).

	3m 19/20	3m 18/19	Change	Impact	3m 19/20	3m 18/19	Change	Impact
	mIn EUR	mIn EUR	mIn EUR		as % of sales	as % of sales	%-point	
Sales	19.33	19.39	-0.06	▼	100.00%	100.00%		
Cost of goods sold	-16.75	-16.44	-0.31	▼	86.64%	84.76%	1.88%	▼
materials in production & cost of goods purchased for resale	-13.14	-12.91	-0.23	▼	67.97%	66.59%	1.38%	▼
labour costs	-1.72	-1.74	0.02	▲	8.91%	8.98%	-0.07%	▲
depreciation	-0.39	-0.43	0.04	▲	2.02%	2.24%	-0.22%	▲
other cost of goods sold	-1.50	-1.36	-0.14	▼	7.74%	6.95%	0.79%	▼
Operating expenses	-2.60	-2.62	0.02	▲	13.44%	13.53%	-0.09%	▲
labour costs	-0.96	-0.91	-0.05	▼	4.97%	4.68%	0.29%	▼
transport & logistics services	-0.84	-0.84	0.00	●	4.37%	4.34%	0.03%	▼
depreciation	-0.12	-0.11	-0.01	▼	0.60%	0.57%	0.03%	▼
advertising, marketing and product development	-0.10	-0.10	0.00	●	0.49%	0.54%	-0.05%	▲
other operating expenses	-0.58	-0.66	0.08	▲	3.01%	3.40%	-0.39%	▲
Other income/expenses	0.13	0.17	-0.04	▼	0.66%	0.86%	-0.20%	▼
incl. one-offs	-0.11	-0.02	-0.09	▼	0.68%	0.11%	0.57%	▲
Financial income / expense	-0.20	-0.22	0.02	▲	1.21%	1.35%	-0.14%	▼

COST OF GOODS SOLD (COGS)

COGS increased compared to the 3rd quarter of 2018 by 0.3 million euros, accounting for 86.6% of total sales (3Q 2018: 84.8% of total sales).

Purchase cost of raw fish continues to account for the majority (ca 80%) of the largest COGS item "materials in production and cost of goods purchase for resale". Remaining costs are mainly attributable to packaging materials and fish feed.

Labour cost of personnel employed in production and fish farms totalled 1.7 million euros and formed 8.9% of total sales, remaining thus at the level of the 3rd quarter previous year.

Other cost of goods sold amounted to 1.5 million euros and formed 7.7% of total sales (3Q 2018: 7.0%). The cost item includes costs on heating, electricity, rent and utilities, and costs incurred in relation to fish farming and auxiliary activities in production.

OPERATING EXPENSES

Operating costs of the accounting period (2.6 million euros) remained to the same period last year and accounted for 13.4% of total sales.

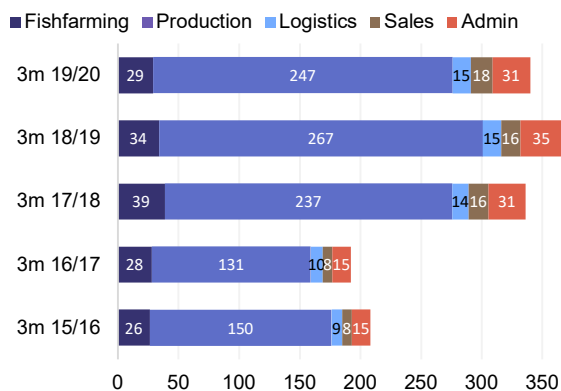
The majority of operating costs are costs on labour (3Q 2019: 0.96 million euros; 3Q 2018: 0.91 million euros) and on transport & logistics services (3Q 2019: 0.84 million euros; 3Q 2018: 0.84 million euros). The labour costs increased by 5.5% whereas the costs on transport & logistics remained at the level of the same period previous year.

TEAM

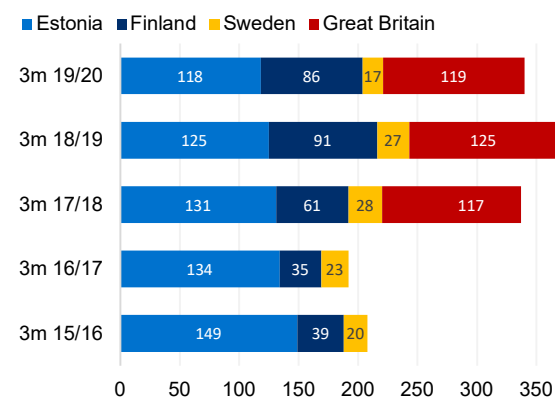
The average number of employees in PRFoods in the 3rd quarter of 2019 was 340. The Group's labour costs totalled 2.7 million euros in the 3rd quarter of 2019.

	3Q 2019	2Q 2019	1Q 2019	4Q 2018	3Q 2018	2Q 2018	1Q 2018	4Q 2017	3Q 2017
Average number of employees	340	351	348	379	368	367	362	408	337
Finland	86	88	86	103	91	96	96	114	61
Estonia	118	121	131	132	125	130	136	141	131
UK	119	124	112	123	125	117	107	127	117
Sweden	17	17	19	21	27	24	23	26	28
Payroll expense, th EUR	2,683	2,584	2,536	3,088	2,649	2,613	2,517	2,949	2,286
Monthly average payroll expense per employee, th EUR	2.63	2.45	2.43	2.72	2.40	2.37	2.32	2.41	2.26

Employees per area of activity



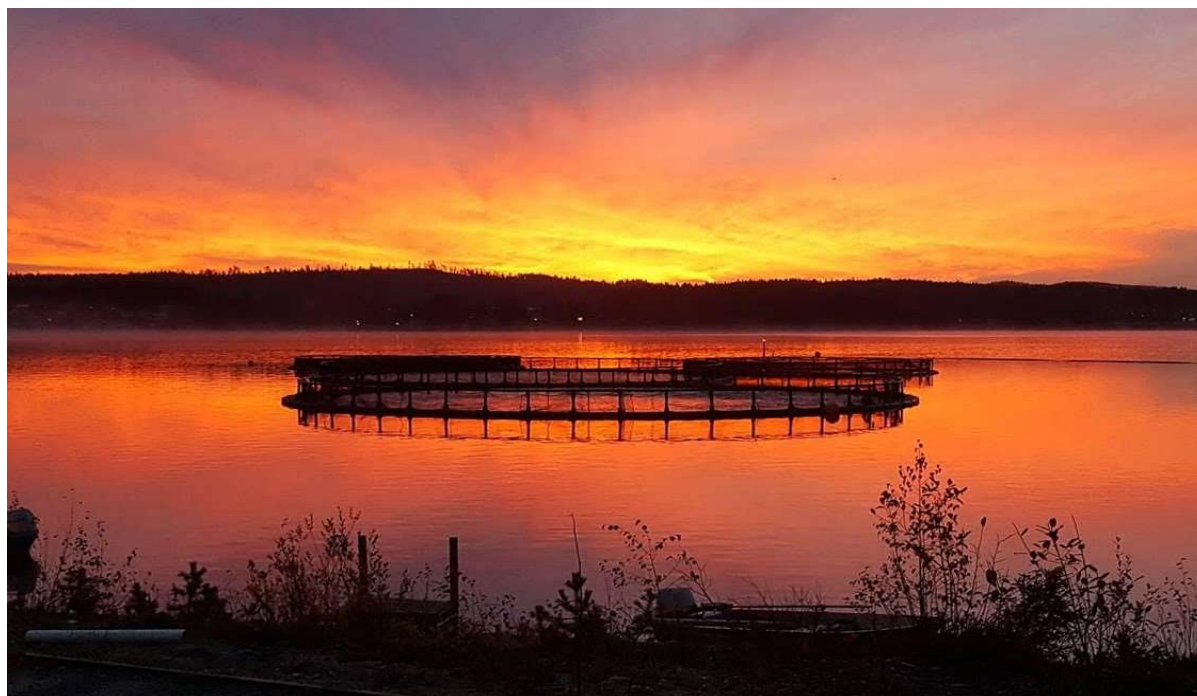
Employees per country



FISH FARMING

The competitive advantage of the Group is its vertical integration – fish farming, production and sales. About two thirds of the raw trout used in the Group's production is harvested from the Group's own fish farms in the lakes in Sweden, in the archipelago in Turku area in Finland and in coastal area of Saaremaa, Estonia, ensuring that customers receive fast and high-quality deliveries. The Group mainly harvests rainbow trout and to a lesser extent also European whitefish.

Vertical integration enables the Group to reduce costs in certain phases of fish farming and to also enhance control foremost over fish processing and marketing. In the fish business, as fish are livestock, the quality assurance in the technological process has keenly to be maintained throughout the entire product lifecycle. In addition to improved cost control, the vertical integration enables to reduce risks in fish farming, for instance due to poor quality of feed or base materials, and to secure the volume required for processing as well as price stability of raw material.



PRICE OF FISH

The fish industry is extremely dependent on availability and the price of raw fish. Large producers make their production plans for three years in advance as it is difficult and expensive in shorter perspective to adapt a fish farm's production cycle to market needs. Therefore, the world market fish supply is relatively rigid in the short-term, while demand is somewhat shifting depending on the season. This imbalance in fish supply and demand results in constantly fluctuating price of raw fish. The Group compensates the impact of external environment and volatility of fish price through the changes of the Group's production and sales strategy.

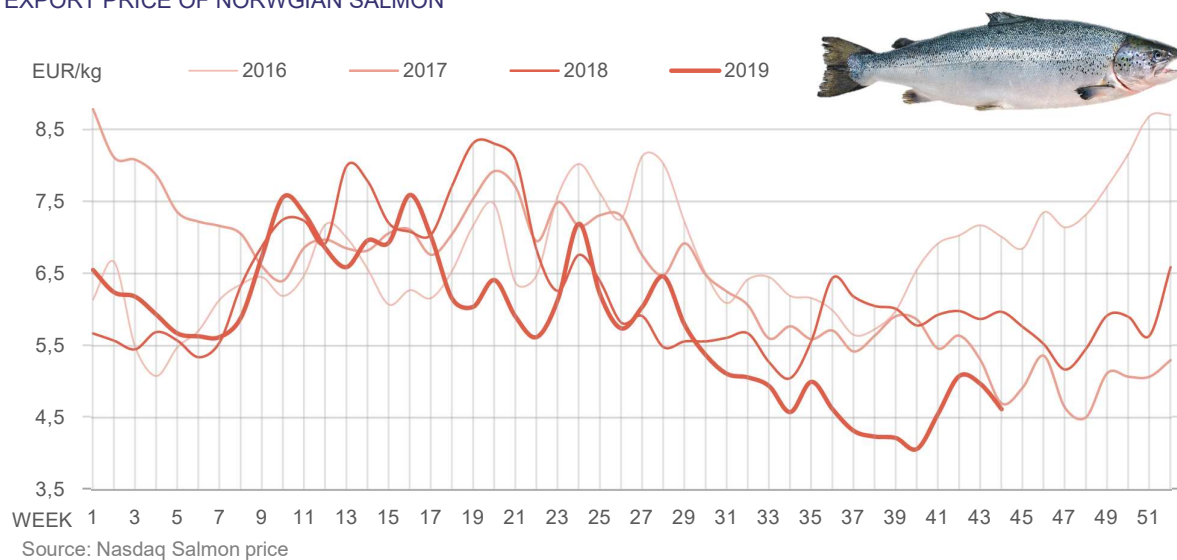
MARKET PRICE OF FISH

EUR/kg	30.09.2019	30.09.2018	30.09.19 vs 30.09.18	30.09.2017	30.09.19 vs 30.09.17	30.09.2016	30.09.19 vs 30.09.16
Salmon	4.22	6.01	-29.8%	5.91	-28.6%	5.99	-29.5%
Rainbow trout	4.97	5.72	-13.2%	6.25	-20.5%	5.94	-16.4%

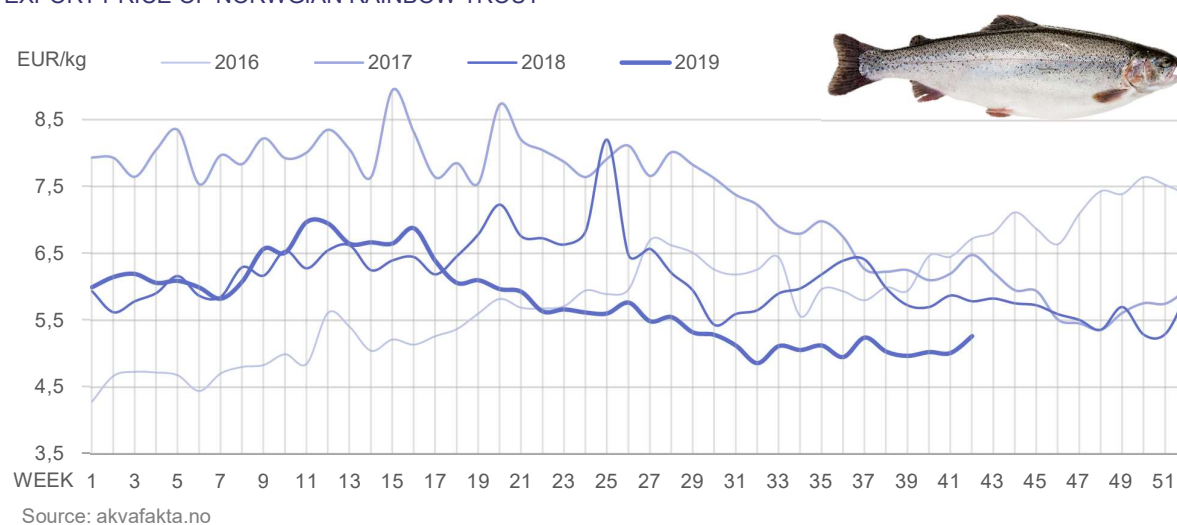
As at the end of the reporting period the market price of salmon has decreased by 29.8% and the price of rainbow trout by 13.2% compared to the prices a year ago. Over the two-year period, the price of salmon has decreased by 28.6% and the trout by 20.5%. The price of salmon has decreased by 29.5% and of rainbow trout by 16.4% compared to the prices three years ago.

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

EXPORT PRICE OF NORWGIAN SALMON



EXPORT PRICE OF NORWGIAN RAINBOW TROUT



AVERAGE MARKET PRICE OF FISH

EUR/kg	3m 19/20	3m 18/19	3m 19/20 vs 3m 18/19	3m 17/18	3m 19/20 vs 3m 17/18	3m 16/17	3m 19/20 vs 3m 16/17
Salmon	4.94	5.72	-13.6%	6.00	-17.7%	6.40	-22.8%
Rainbow trout	5.15	5.97	-13.6%	6.91	-25.5%	6.15	-16.2%

As at the end of the reporting period the average market price of salmon and rainbow trout have decreased by 13.6% compared to the prices a year ago. Compared to the average prices of a comparable period two years ago the average prices of salmon and trout have decreased by 17.7% and 25.5%, respectively. The average fish prices have decreased compared to the prices three years ago: salmon by 22.8% and rainbow trout by 16.2%.

BIOLOGICAL ASSETS

Biological assets are fish stock accounted for in PRFoods' fish farms in live weight, including rainbow trout (*Oncorhynchus mykiss*) and European whitefish (*Coregonus lavaretus*).

The Group uses the Norwegian export statistics (source: akvafakta.no) to assess the value of rainbow trout's stock. For assessing the value of whitefish stock, the monthly market price survey of the Finnish Fish Farmers' Association is used. When the price of raw fish increases or decreases, so does the value of fish harvested in fish farms of PRFoods, having either a positive or a negative impact on the Group's financial results.

CHANGE IN BIOLOGICAL ASSETS, TONNES

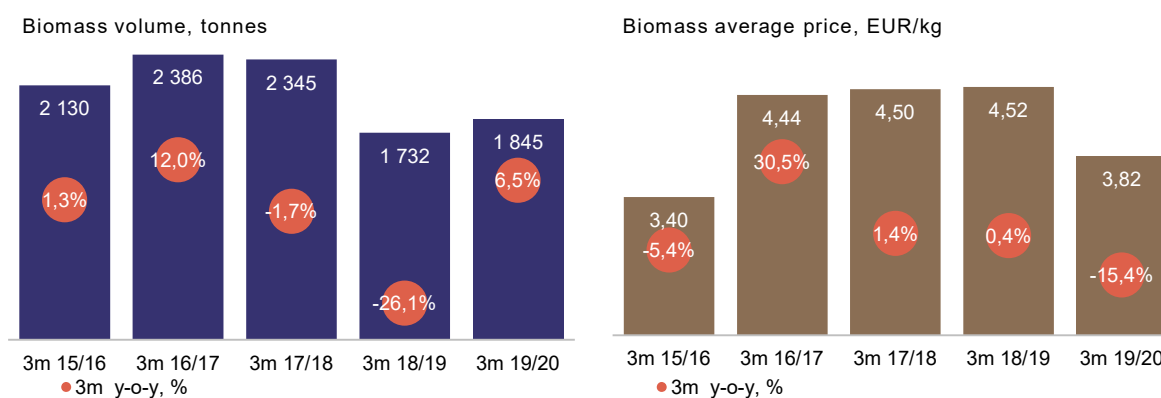
	3m 19/20	3m 18/19	Change, tonnes 3m 19/20 vs 3m 18/19	Change, % 3m 19/20 vs 3m 18/19
Biomass at the beginning of the period	987	1,184	-197	-16.6%
Biomass at the end of the period	1,845	1,732	113	6.5%
Harvested fish (in live weight)	384	424	-40	-9.4%

Biological assets totalled 1,845 tonnes as at 30.09.2019, an increase by 113 tonnes, i.e. 6.5% compared to the same period last year. A total of 384 tonnes fish was harvested during the 3 months of the financial year, which is 40 tonnes or 9.4% less compared to the same period a year ago.

BIOMASS VOLUME AND AVERAGE PRICE, EUR/KG

	3m 19/20	3m 18/19	Change, mln EUR 3m 19/20 vs 3m 18/19	Change, % 3m 19/20 vs 3m 18/19
Biological assets at the end of period, mln EUR	7.05	7.83	-0.78	-9.9%
Biomass volume at the end of period, tonnes	1,845	1,732	113	6.5%
Average price, EUR/kg	3.82	4.52	-0.70	-15.4%
Fair value adjustment of biological assets, mln EUR	0.85	0.07	0.77	1,057.9%

The fair value of biological assets was 7.0 million euros compared to 7.8 million euros a year ago. Average price of biomass was 3.82 euros per kg during the 3-months period of 2019/2020 compared to 4.52 euros per kg during the comparable period a year ago.

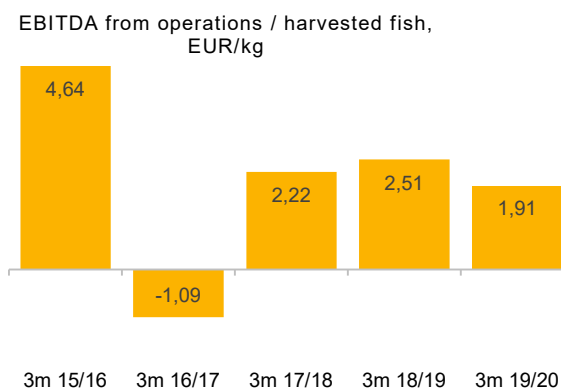
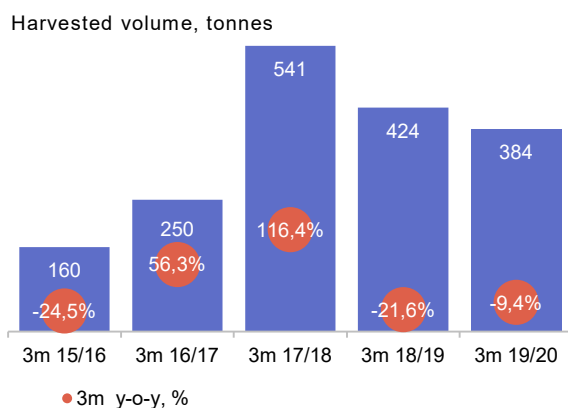


Fish is processed in production buildings of Heimona Kala Oy, Finland and Vettel OÜ, Estonia.

HARVESTED VOLUME

	3m 19/20	3m 18/19	Change, mln EUR 3m 19/20 vs 3m 18/19	Change, % 3m 19/20 vs 3m 18/19
Revenue, mln EUR	19.3	19.4	-0.1	-0.3%
EBITDA from operations*, mln EUR	0.7	1.1	-0.3	-31.0%
Harvested volume, tonnes	384	424	-40	-9.4%
EBITDA from operations* / harvested volume, EUR/kg	1.91	2.51	-0.60	-23.9%

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



MANAGEMENT AND SUPERVISORY BOARDS

The Management Board of AS PRFoods is comprised of one member – Indrek Kasela – who as per the supervisory board's decision serves as the sole member of the management board since 2 February 2015. The management board is independent in its day-to-day management of the business, protects the best interests of all shareholders and thereby ensures the company's sustainable development in accordance with the set objectives and strategy. It is also responsible for the internal control and risk management processes in the company.

The Supervisory Board of AS PRFoods appoints management board members for a three-year term. The articles of association prescribe the management board to consist of one to four members. On the meeting held on 15 November 2017 the supervisory board decided to extend the current management board member Indrek Kasela's term of office by 3 years, until 15 November 2020. Indrek Kasela (born 1971), holds an LL.M (Master of Laws) degree from New York University (1996) and a BA degree in law from the University of Tartu (1994).

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

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

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

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

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

PRFOODS' SHARES HELD BY THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BOARDS AND THE PERSONS/COMPANIES RELATED TO THEM AS AT 30.09.2019:

Shareholder	number of shares	ownership interest
Member of the management board from 02 February 2015 – Indrek Kasela	1,604,623	4.15%
Member of the supervisory board – Kuldar Leis	1,223,050	3.16%
Member of the supervisory board, Chairman of the supervisory board from 02.02.2015 – Lauri Kustaa Äimä	125,000	0.32%
Member of the supervisory board – Vesa Jaakko Karo	90,000	0.23%
Member of the supervisory board – Arko Kadajane	8,928	0.02%
Member of the supervisory board – Harvey Sawikin	0	-
Member of the supervisory board – Aavo Kokk	0	-
Total number of shares owned by the members of the supervisory and management boards	3,051,601	7.89%

SHARE AND SHAREHOLDERS

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

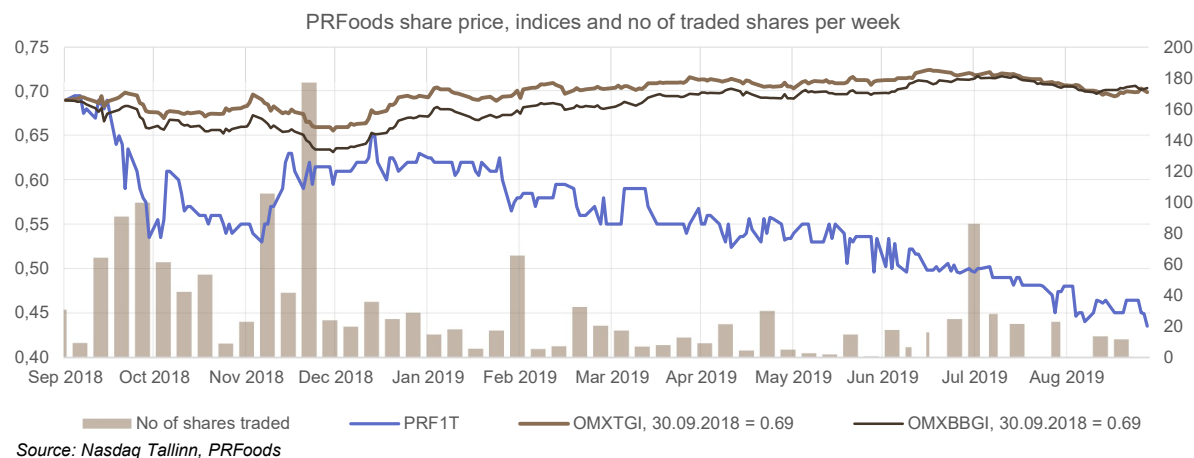
PRFoods shares are listed in the main list of Nasdaq Tallinn Stock Exchange since 5 May 2010. PRFoods shares do not have an official market maker. PRFoods share is a component in OMX Tallinn General Index and in OMX Baltic General Index.

PRFoods has twice reduced the nominal value of shares with making payments to shareholders: in 2012 by 10 euro cents and in 2015 by 30 euro cents. The general meeting of shareholders from 26 May 2016 resolved to adopt shares without nominal value and on 30 June 2016 the commercial registry registered the shares without nominal value. The accountable nominal value of a share is 0.20 euro (nominal value of a share was 10.0 Estonian kroons until 13 April 2011, 0.60 euro till 3 September 2012, and 0.50 euro till 2 October 2015).

PRFOODS SHARE PRICE, INDICES AND TRADING ACTIVITY

Baltic comparison index increased 2.1% over one year, Tallinn Stock Exchange All-Share index increased by 1.4% and PRFoods share price decreased by 37.7%.

	Index / Share	Ticker / index	30.09.2019	30.09.2018	change %
●	PRF1T	PRF1T	0.430	0.690	-37.68%
●	OMX Baltic Benchmark GI	OMXBBGI	968.47	948.29	2.13%
●	OMX Tallinn GI	OMXTGI	1,233.43	1,215.84	1.45%



TRADING STATISTICS

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

A total of 235 trades were conducted with PRFoods' shares during the third quarter of 2019. During the quarter a total of 293,768 shares changed hands forming 0.8% of the company's shares. The average trade volume was 1,250 shares.

Turnover of share trading amounted to 0.14 million euros in 3Q 2019 compared to 0.07 million euros in the previous quarter. The highest share price in 3Q 2019 was 0.534 euros and the lowest was 0.430 euros.

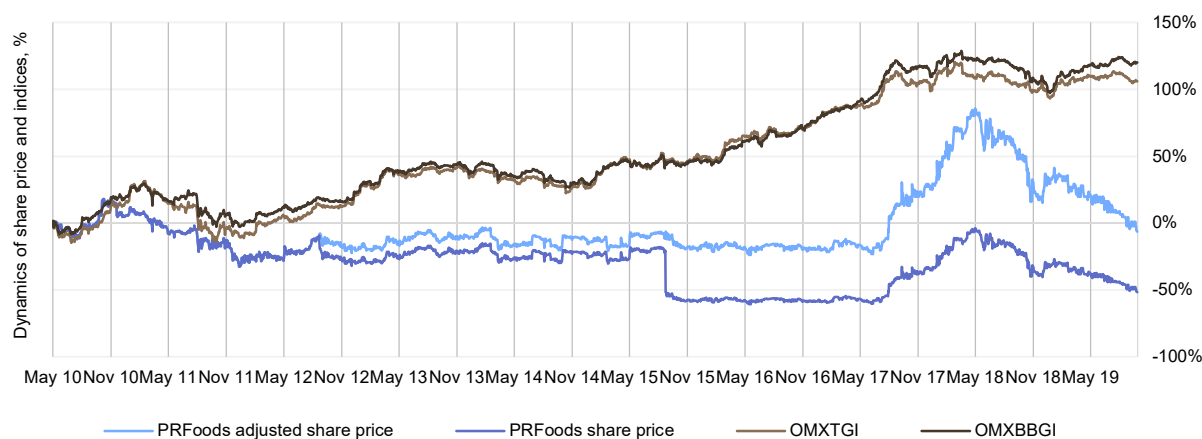
The closing price of the share was 0.430 euro as at 30.09.2019 and the company's market capitalisation was 16.63 million euros.

MARKET RATIOS

Ratios	Formula	30.09.2019	30.06.2019	31.12.2018
EV/Sales	(Market Cap + Net Debt) / Sales	0.43	0.48	0.50
EV/EBITDA from operations	(Market Cap + Net Debt) / EBITDA from operations	9.98	10.30	11.09
EV/EBITDA	(Market Cap + Net Debt) / EBITDA	17.47	23.59	15.90
Price/EBITDA from operations	Market Cap / EBITDA from operations	4.54	5.18	6.00
Price/EBITDA	Market Cap / EBITDA	7.96	11.85	8.60
Price-to-Earnings	Market Cap / Net Earnings	neg	neg	neg
Price-to-Book	Market Cap / Equity	0.73	0.94	0.97

Market Capitalisation (Market Cap), Net Debt and Equity as at 30 September 2019; sales, EBITDA and Net Profit/Loss for the trailing 12 months

THE DYNAMICS OF THE SHARE PRICE AND INDICES FROM 5TH MAY 2010 TO 30TH OF SEPTEMBER 2019:

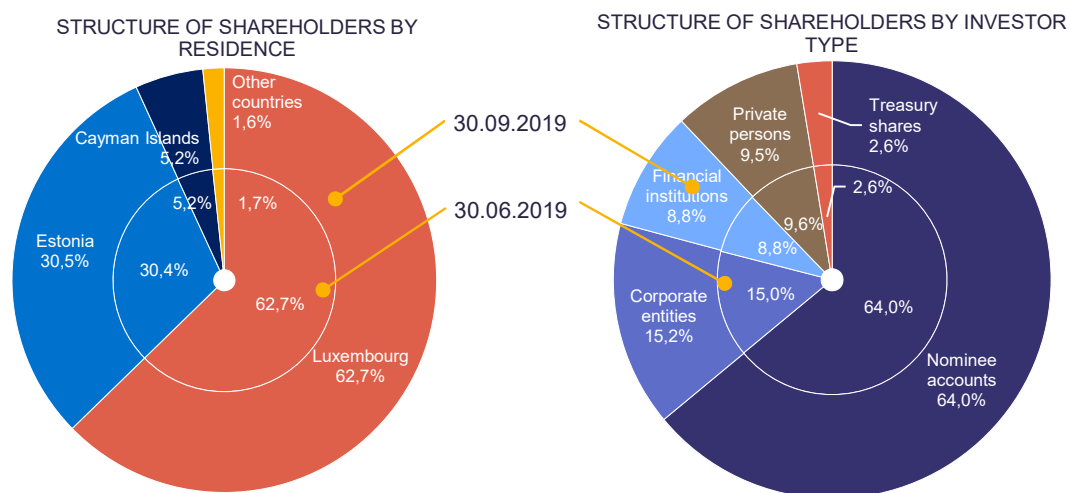


The increase of PRFoods' share price since its listing in 2010, adjusted with the capital reduction payments, is 6.6%. The Baltic Benchmark index has increased by 120.2% during this period, Tallinn Stock Exchange index by 106.1% and PRFoods' share price unadjusted with the reductions of the share's nominal value in August of 2012 and 2015 by 40-euro-cents in total has decreased by 51.7%. PRFoods has since the listing of its shares on the stock exchange paid to shareholders a total of 17.3 million euros in the form of dividends and in connection with share capital reductions.

SHAREHOLDER STRUCTURE

SHAREHOLDERS OF AS PRFOODS

	Number of shares 30.09.2019	% of total 30.09.2019	Number of shares 30.06.2019	% of total 30.06.2019	Change
ING Luxembourg S.A. (Nominee account)	24,258,366	62.71%	24,258,366	62.71%	-
Lindermann, Birnbaum & Kasela OÜ	1,604,623	4.15%	1,593,623	4.12%	11,000
Ambient Sound Investments OÜ	1,385,267	3.58%	1,385,267	3.58%	-
Firebird Republics Fund Ltd	1,277,729	3.30%	1,277,729	3.30%	-
OÜ Rododendron	1,219,589	3.15%	1,219,589	3.15%	-
Compensa Life Vienna Insurance Group SE	750,470	1.94%	750,470	1.94%	-
Firebird Avrora Fund, Ltd.	730,678	1.89%	730,678	1.89%	-
OÜ Iskra Investeeringud	377,874	0.98%	377,874	0.98%	-
Total largest shareholders	31,604,596	81.70%	31,593,596	81.67%	11,000
Other minority shareholders	6,078,264	15.71%	6,089,264	15.74%	-11,000
Treasury shares	1,000,000	2.59%	1,000,000	2.59%	-
Total	38,682,860	100.00%	38,682,860	100.00%	-



STRUCTURE OF SHAREHOLDERS ACCORDING TO NUMBER OF SHARES, 30.09.2019

Number of shares	Number of shareholders	% of shareholders	Number of shares	% of shares
1 ... 1 000	727	47.8%	343,698	0.9%
1 001 ... 10 000	672	44.2%	2,180,184	5.6%
10 001 ... 50 000	96	6.3%	2,053,646	5.3%
50 001 ... 100 000	10	0.7%	755,572	2.0%
> 100 000	15	1.0%	33,349,760	86.2%
Total	1,520	100.0%	38,682,860	100.0%

CONDENSED INTERIM ACCOUNTING REPORT

CONDENSED INTERIM ACCOUNTING REPORT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR '000	Note	30.09.2019	30.09.2018	30.06.2019
ASSETS				
Cash and cash equivalents	(Note 2)	2,327	2,788	2,583
Receivables and prepayments	(Note 3)	3,941	4,219	5,300
Inventories	(Note 4)	11,035	11,782	11,980
Biological assets	(Note 5)	7,047	7,825	4,924
Total current assets		24,350	26,614	24,787
Deferred income tax		58	26	41
Long-term financial investments		202	134	202
Tangible fixed assets	(Note 6)	14,536	14,528	14,535
Intangible assets	(Note 7)	23,261	23,195	22,969
Total non-current assets		38,057	37,883	37,747
TOTAL ASSETS		62,407	64,497	62,534
EQUITY AND LIABILITIES				
Loans and borrowings	(Note 8, 9)	13,467	13,242	13,502
Payables	(Note 10)	13,796	11,179	14,105
Government grants		126	242	234
Total current liabilities		27,389	24,663	27,841
Loans and borrowings	(Note 8, 9)	8,745	11,480	9,540
Payables	(Note 10)	190	519	190
Deferred tax liabilities		2,192	2,426	2,010
Government grants		1,140	1,306	1,087
Total non-current liabilities		12,267	15,731	12,827
TOTAL LIABILITIES		39,656	40,394	40,668
Share capital		7,737	7,737	7,737
Share premium		14,007	14,007	14,007
Treasury shares		-390	-390	-390
Statutory capital reserve		51	48	51
Currency translation difference		30	31	-214
Retained profit (-loss)		636	2,004	66
Equity attributable to parent		22,071	23,437	21,257
Non-controlling interest		680	666	609
TOTAL EQUITY	(Note 11)	22,751	24,103	21,866
TOTAL EQUITY AND LIABILITIES		62,407	64,497	62,534

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

EUR '000	Note	1Q 2019/2020	1Q 2018/2019	12m 2018/2019
Revenue	(Note 12)	19,329	19,393	85,727
Cost of goods sold	(Note 13)	-16,747	-16,437	-73,830
Gross profit		2,582	2,956	11,897
Operating expenses		-2,598	-2,623	-10,702
Selling and distribution expenses		-1,792	-1,843	-7,499
Administrative expenses		-806	-780	-3,203
Other income / expense		128	167	83
Fair value adjustment on biological assets	(Note 5)	846	73	-1,744
Operating profit (loss)		958	573	-466
Financial income/expense		-203	-222	-776
Profit (loss) before tax		755	351	-1,242
Income tax		-185	-209	-230
Net profit (loss) for the period		570	142	-1,472
Net profit (loss) attributable to:				
Owners of the Parent Company		513	99	-1,458
Non-controlling interest		57	43	-14
Total net profit (loss)		570	142	-1,472
Other comprehensive income (loss) that may subsequently be classified to profit or loss:				
Foreign currency translation differences		315	24	-221
Total comprehensive income (expense)		885	166	-1,693
Total comprehensive income (expense) attributable to:				
Owners of the Parent Company		828	123	-1,679
Non-controlling interest		57	43	-14
Total comprehensive income (expense) for the period		885	166	-1,693
Profit (loss) per share (EUR)	(Note 11)	0,02	0,00	-0,04
Diluted profit (loss) per share (EUR)	(Note 11)	0,02	0,00	-0,04

CONSOLIDATED CASH FLOW STATEMENT

EUR '000	Note	3m 2019/201920	3m 2018/2019	12m 2018/2019
Total cash flow from operations				
Net profit (loss)		570	142	-1,472
Adjustments:				
Depreciation	(Note 6, 7)	507	545	2,209
Profit from sale and write off of fixed assets		61	-13	-18
Other non-cash items		76	-535	540
Changes in receivables and prepayments		1,106	614	-594
Changes in inventories	(Note 4)	945	896	698
Changes in biological assets	(Note 5)	-2,123	-1,327	1,574
Changes in payables and prepayments		186	-146	2,062
Corporate income tax paid		-25	-49	-657
Total cash flow from / (used in) operating activities		1,303	127	4,342
Total cash flow from investments				
Sale of tangible and intangible fixed assets	(Note 6, 7)	0	32	133
Purchase of tangible and intangible fixed assets	(Note 6, 7)	-576	-652	-1,907
Government grants for acquisition of assets	(Note 7)	41	28	7
Purchase and sale of other financial instruments		0	0	-1
Acquisition of subsidiaries, net cash received		0	-2,500	-2,631
Interest received		2	2	16
Total cash flow used in investing activities		-533	-3,090	-4,383
Total cash flow from financing				
Change in overdraft		12	553	709
Repayments of loans		-744	-224	-3,239
Loans received	(Note 9)	0	0	907
Change in factored receivables	(Note 9)	-2	5	9
Capital lease repayments	(Note 8)	-90	-247	-554
Dividends paid		0	0	-377
Interest paid		-202	-296	-791
Total cash flow (used in)/from financing activities		-1,026	-209	-3,336
Total cash flow				
		-256	-3,172	-3,377
Cash and cash equivalents at beginning of the period	(Note 2)	2,583	5,960	5,960
Change in cash and cash equivalents		-256	-3,172	-3,377
Cash and cash equivalents at the end of the period	(Note 2)	2,327	2,788	2,583

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR '000	Share capital	Share premium	Own shares	Statutory capital reserve	Translation reserve	Retained earnings (-loss)	Total	Non-controlling interests	Total equity
Balance at 30.06.2018	7,737	14,007	-390	48	7	1,904	23,313	-2	23,311
Statutory reserve capital	0	0	0	3	0	-3	0	0	0
Non-controlling interests on acquisition of subsidiary	0	0	0	0	0	0	0	625	625
Transactions with equity holders of the company	0	0	0	3	0	3	0	625	625
Net loss for the year	0	0	0	0	0	-1 458	-1 458	-14	-1 472
Dividends	0	0	0	0	0	-377	-377	0	-377
Other comprehensive expense	0	0	0	0	-221	0	-221	0	-221
Total comprehensive expense for the period	0	0	0	0	-221	-1,835	-2,056	-14	-2,070
Balance at 30.06.2019	7,737	14,007	-390	51	-214	66	21,257	609	21,866
Net profit for the year	0	0	0	0	0	513	513	57	570
Other comprehensive income	0	0	0	0	244	57	301	14	315
Total comprehensive income for the period	0	0	0	0	244	570	814	71	885
Balance at 30.09.2019	7,737	14,007	-390	51	30	636	22,071	680	22,751

Additional information in Note 11.

NOTES TO THE INTERIM REPORT

NOTE 1. SUMMARY OF MATERIAL ACCOUNTING POLICIES

AS PRFoods is a company incorporated in Estonia. The interim financial statements compiled as per 30.09.2019 incorporate results of AS PRFoods (hereinafter Parent Company) and companies directly and indirectly held by it: Saaremere Kala AS, Redstorm OÜ and Vettel OÜ in Estonia, Heimona Kala Oy and Trio Trading Ab Oy in Finland, Överumans Fisk AB in Sweden, and JRJ & PRF Ltd, John Ross Jr (Aberdeen) Ltd, Coln Valley Smokery Ltd in the United Kingdom (hereinafter also referred to as the Group). The Group has a stake in associate companies, Competence Center of Food and Fermentation Technologies AS (CCFFT) and Avamere Kalakasvatus OÜ. JRJ & PRF Ltd, John Ross Jr (Aberdeen) Ltd, Coln Valley Smokery Ltd are consolidated from 01.07.2017, Trio Trading Ab Oy from 01.09.2017 and Redstorm OÜ from 01.07.2018. AS PRFoods' shares are listed on Nasdaq Tallinn Stock Exchange since 5 May 2010.

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

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

CONFIRMATION OF COMPLIANCE

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

While preparing the interim report at hand, the same accounting principles as in the annual report for the financial year ended on 30.06.2019 were 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 Group's audited consolidated annual report for the financial year that ended on 30.06.2019, which is in compliance with international finance reporting standards (IFRS) as adopted by the European Union.

In the opinion of the management, this interim report for the 3 months of the financial year 2019/2020 of AS PRFoods presents correctly and fairly the financial results of the Group as a going concern. The current interim report is neither audited nor reviewed by auditors in any other way and contains only the consolidated reports of the Group.

BASIS OF PREPARATION

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

NOTE 2. CASH AND CASH EQUIVALENTS

EUR '000	30.09.2019	30.09.2018	30.06.2019
Cash on hand	16	18	12
Bank accounts	2,311	2,770	2,571
Total cash and cash equivalents	2,327	2,788	2,583

NOTE 3. RECEIVABLES AND PREPAYMENTS

EUR '000	30.09.2019	30.09.2018	30.06.2019
Trade receivables	3,001	3,575	4,458
Allowance for doubtful receivables	-8	-36	-9
Other receivables	48	31	11
Prepaid expenses	373	275	352
Prepaid taxes	513	374	486
Other prepayments	14	0	2
Total receivables and prepayments	3,941	4,219	5,300

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

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

NOTE 4. INVENTORIES

EUR '000	30.09.2019	30.09.2018	30.06.2019
Raw materials and materials	5,200	5,537	6,781
Work-in-progress	1,847	1,792	1,490
Finished goods	3,528	3,916	3,264
Goods purchased for sale	460	537	445
Total inventories	11,035	11,782	11,980

During the accounting period inventories were written off by 5 thousand euros.

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

NOTE 5. BIOLOGICAL ASSETS

EUR '000	30.09.2019	30.09.2018	30.06.2019
Fry	227	156	852
Juveniles	1,398	1,463	1,097
Fish suitable for harvesting	5,422	6,206	2,975
Total biological assets	7,047	7,825	4,924

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	3m 2019/2020	3m 2018/2019	12m 2018/2019
Biological assets at beginning of the period	4,924	6,498	6,498
Purchased	0	253	1,037
Additions	2,525	2,020	5,056
Harvested	-1,216	-1,058	-5,849
Written off	0	0	-33
Fry and live fish sold	0	0	-14
Total	6,233	7,713	6,695
Adjustments:			
Fair value adjustments	846	73	-1,744
Exchange rate differences	-32	39	-27
Total adjustments	814	112	-1,771
Biological assets at end of the period	7,047	7,825	4,924

The total increase in biological assets, which consists of the increase in biological assets and the change in the fair value was 3.4 million euros during the first 3 months of 2019/2020. During the first 3 months of 2018/2019 the increase was 2.1 million euros.

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

Group measures biological assets in fair value or acquisition cost.

NOTE 6. PROPERTY, PLANT AND EQUIPMENT

EUR '000	30.09.2019	30.09.2018	30.06.2019
Land and buildings			
Cost	13 635	13,000	12,762
Accumulated depreciation	-6 119	-4,968	-5,185
Land and buildings at carrying amount	7 516	8,032	7,577
Machinery and equipment			
Cost	17 665	16,216	16,976
Accumulated depreciation	-11 228	-10,076	-10,475
Machinery and equipment at carrying amount	6 437	6,140	6,501
Other tangible assets			
Cost	1 023	991	984
Accumulated depreciation	-779	-705	-726
Other tangible assets at carrying amount	244	286	258
Construction in progress, prepayments	339	70	199
Total property, plant and equipment	14 536	14,528	14,535

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

NOTE 7. INTANGIBLE ASSETS

EUR '000	30.09.2019	30.06.2018	30.06.2019
Goodwill	14,264	14,450	14,173
Trademarks and patents			
Cost	8,786	8,773	8,695
Accumulated amortisation	-1,100	-1,047	-1,195
Trademarks and patents at carrying amount	7,686	7,726	7,500
Immaterial rights			
Cost	1,046	996	1,032
Accumulated amortisation	-421	-387	-413
Immaterial rights at carrying amount	625	609	619
Software licenses			
Cost	613	610	611
Accumulated amortisation	-490	-498	-476
Software licenses at carrying amount	123	112	135
Prepayments for intangible assets	563	298	542
Total intangible assets	23,261	23,195	22,969

NOTE 8. FINANCE LEASE

FIXED ASSETS ACQUIRED UNDER FINANCE LEASE

EUR '000	30.09.2019	30.06.2018	30.06.2019
Machinery and equipment			
Cost	1,994	1,969	1,886
Accumulated depreciation	-493	-625	-439
Machinery and equipment at carrying amount	1,501	1,344	1,447
Means of transport			
Cost	217	639	290
Accumulated depreciation	-112	-249	-164
Means of transport at carrying amount	105	390	126
Total property, plant and equipment	1,606	1,734	1,573

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

FINANCE LEASE PAYABLES

EUR '000	30.09.2019	30.06.2018	30.06.2019
<i>Present value of finance lease liability</i>			
Due in less than 1 year	303	333	324
Due between 1-5 years	797	714	868
Total	1,100	1,047	1,192

EUR '000	3m 2019/2020	3m 2018/2019	12m 2018/2019
Principal payments in the accounting period	89	247	554
Interest expenses in the accounting period	5	6	20
Average interest rate	0,46%	1,98%	1,82%

See also Notes 6 and 9.

NOTE 9. BORROWINGS

EUR '000	30.09.2019	30.06.2018	30.06.2019
Finance lease liabilities (Note 8)	303	333	324
Overdraft	8,772	8,627	8,783
Factoring	7	0	9
Investment loans	4,385	4,282	4,389
Total short-term loans	13,467	13,242	13,502
Finance lease liabilities (Note 8)	797	714	868
Loan notes to shareholders	446	446	441
Investment loans	7,502	10,320	8,231
Total long-term loans	8,745	11,480	9,540
incl. payable within 1-5 years	8,745	11,480	9,540

Investment loans as at 30.09.2019 carry term dates until 31.08 2022. Investment loans are in euros and pounds with interest rates tied to 6-months' EURIBOR or to the Bank Base rate of UK. Additional information on terms of investment loan is available in the Group's 2018/2019 annual report.

NOTE 10. PAYABLES AND PREPAYMENTS

EUR '000	30.09.2019	30.09.2018	30.06.2019
Trade payables	7,628	5,511	8,198
Payables to employees	752	885	997
Liabilities from business combination	2,980	2,825	2,850
Interest payables	101	29	100
Prepayments from clients	0	26	1
Other payables	201	158	214
Tax liabilities, incl.:	2,134	1,745	1,745
Social security tax	218	198	161
VAT	1389	862	1,063
Personal income tax	164	157	119
Corporate income tax	306	506	330
Other taxes	57	22	72
Total short-term payables and prepayments	13,796	11,179	14,105
Payables from acquisitions	190	519	190
Total long-term payables	190	519	190

Liabilities from business combination includes contingent provisions to non-controlling interests' buyout in the amount of 2,623 thousand euros.

NOTE 11. EQUITY

SHARE CAPITAL

As at 30.09.2019, the Company's registered share capital was 7,736,572 euros.

As per the resolution of the shareholders' meeting from 26.05.2016, the shares of AS PRFoods were registered on 30.06.2016 in the Commercial Register without nominal value. The registered share capital of the Company is 7,736,572 euros, divided into 38,682,860 ordinary shares without nominal value with accountable value of 0.20 euro per share.

The Articles of Association stipulate 7,000,000 euros as minimal share capital and 28,000,000 euros as maximum share capital. The Articles of Association are available on AS PRFoods website at www.prfoods.ee.

SHARE PREMIUM

The Company's share premium comprises mainly of the amount received above the nominal value upon an issue of shares less costs associated with the issue. According to the Commercial Code, a premium may be used to cover a loss of a company if such loss cannot be covered from retained profit of previous periods or from the capital reserve prescribed in the Articles of Association or from other reserves prescribed by the Articles of Association. The premium may also be used to increase share capital via a bonus issue. The share premium may not be distributed to shareholders.

OWN SHARES

As at 30.09.2019 AS PRFoods has 1,000,000 own shares, acquired with an average price of 0.4915 euro per share.

CAPITAL RESERVE

The Estonian Commercial Code requires companies to create a capital reserve. Each year at least 1/20 of profit for the year has to be transferred to the capital reserve until the reserve amounts to 1/10 of share capital. The capital reserve may be used for covering losses and increasing the share capital but not for making distributions to shareholders. The shareholders resolved on the general meeting held on 30.10.2018 to transfer 2,850 euros from the net profit of the financial

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

EARNINGS PER SHARE

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

	3m 2019/2020	3m 2018/2019	12m 2018/2019
Net profit (loss) attributable to equity holders of the company EUR '000	885	166	-1,693
Average number of shares (in thousands)	38,683	38,683	38,683
Earnings (-loss) per share (EUR)	0.02	0.00	-0.04
Earnings (-loss) per share (EUR)	0.02	0.00	-0.04
Diluted earnings (-loss) per share (EUR)	0.02	0.00	-0.04

NOTE 12. SEGMENT REPORTING

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

The Group's two business segments – the fish segment and other segments - are presented together since the proportion of other segments in business operations is marginal amounting to 0.2% of the total turnover of the Group.

Starting from two financial years ago the Group monitors two geographical segments – the Finland, Sweden and Estonia segment, and the Great Britain segment.

EUR '000	3m 2019/2020			3m 2018/2019		
	Finland, Sweden, Estonia	Great Britain	Total	Finland, Sweden, Estonia	Great Britain	Total
External revenue	15,458	3,879	19,337	15,467	3,955	19,422
Inter-segment revenue	0	-8	-8	0	-29	-29
Total revenue	15,458	3,871	19,329	15,467	3,926	19,393
Fair value adjustment on biological assets	846	0	846	73	0	73
EBITDA	1,058	405	1,463	698	420	1,118
Depreciation and amortisation	-405	-102	-507	-433	-112	-545
Operating profit	654	304	958	265	308	573
Financial income and expenses	-164	-39	-203	-192	-30	-222
Income tax	-129	-56	-185	-152	-57	-209
Net profit (-loss)	361	209	570	-79	221	142
Segment assets	41,826	20,581	62,407	43,396	21,101	64,497
incl. current assets	20,836	3,514	24,350	22,615	3,999	26,614
incl. non-current assets	20,990	17,067	38,057	20,781	17,102	37,883
Segment liabilities	34,872	4,784	39,656	35,521	4,873	40,394
Segment investments in tangible and intangible assets	579	181	760	637	71	708
Assets acquired through business combination*	2,117	0	2,117	2,296	0	2,296

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

SALES BY GEOGRAPHIC REGIONS

EUR '000	3m 2019/2020	3m 2018/2019	12m 2018/2019
Finland	13,161	13,789	59,885
United Kingdom	2,785	2,869	12,104
Estonia	1,455	1,113	5,710
Other	1,928	1,622	8,028
Total	19,329	19,393	85,727

NOTE 13. COST OF GOODS SOLD

EUR '000	3m 2019/2020	3m 2018/2019	12m 2018/2019
Materials in production & cost of goods purchased for resale	-13,137	-12,913	-59,353
Staff costs	-1,722	-1,741	-7,171
Depreciation and amortisation	-391	-434	-1,741
Other costs of goods sold*	-1,497	-1,349	-5,565
Total cost of goods sold	-16,747	-16,437	-73,830

* 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 14. RELATED PARTY TRANSACTIONS

The Company considers parties to be related when one party has control over the other party or has significant influence over the business decision of the other party.

Related parties include:

- shareholders with significant influence (the largest shareholder of PRFoods is the international investment fund Amber Trust II S.C.A.),
- members of the Supervisory Board and members of all management boards of group entities,
- close family members of the persons mentioned above and the companies related to them.

As at the balance sheet date, there were no receivables from the related parties, liabilities are found in the table below:

Party	Creditor	Payables and prepayments	Payables as at 30.09.2019 EUR '000	Payables as at 30.09.2018 EUR '000	Payables as at 30.06.2019 EUR '000
Fodiator OÜ	Shareholder Redstorm OÜ	Payable for shares	66	262	131
Amber Trust II S.C.A.	Shareholder AS PRFoods	Short term loan and interest	1,582	1,506	1,563
Christopher Leigh	Shareholder of JRJ & PRF Ltd	Loan note	285	286	283
Victoria Leigh-Pearson	Shareholder of JRJ & PRF Ltd	Loan note	161	160	158
Christopher Leigh	Contingent consideration	Payable for non-controlling interests	1,678	1,678	1,658
Victoria Leigh-Pearson	Contingent consideration	Payable for non-controlling interests	945	944	933
Total			4,717	4,836	4,726

During the reporting period no purchase and sales transactions were conducted with the related parties (3Q 2018: 47 thousand euros).

Benefits including employment taxes to members of the Management Boards and Supervisory Boards of AS PRFoods and its subsidiaries and other key members of management were as follows:

EUR '000	3m 2019/2020	3m 2018/2019	12m 2018/2019
Short-term benefits	257	334	1,179
Total	257	334	1,179

The members of the management and supervisory boards are not entitled to any pension-related rights from the company. The members of the management boards are entitled to termination benefits. The maximum expense related to payment of termination benefits including taxes totals 221 thousand euros (30.06.2019: 221 thousand euros).

NOTE 15. BUSINESS COMBINATION

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

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

BUSINESS COMBINATION IN 2017/2018 FINANCIAL YEAR

On 19.09.2017 the extraordinary general meeting of AS PRFoods shareholders was held, where shareholders approved acquisition of a majority shareholding of John Ross Jr (Aberdeen) Limited (JRJ) and Coln Valley Smokery Limited (CVS). The acquisition date was 21.07.2017. Additional information about the transaction on www.prfoods.ee.

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

NOTE 16. ASSOCIATE COMPANIES

ASSOCIATE COMPANY IN 2018/2019 FINANCIAL YEAR – AVAMERE KALAKASVATUS OÜ (50% holding)

On 18.01.2019 Avamere Kalakasvatus OÜ was registered in the Estonian Commercial Registry. The company is an associate of AS PRFoods, and it submitted an application to the Technical Regulatory Authority for the building right of the establishment of an offshore fish farming complex in the Estonian waters off the coast of Paldiski. The building right is to allow establishing a rainbow trout farming complex in the offshore cages.

ASSOCIATE COMPANY – AS TFTA (20% holding)

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

NOTE 17. CONTINGENT LIABILITIES

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

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

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

NOTE 18. EVENTS AFTER THE BALANCE SHEET DATE

Merger of Heimon Kala Oy and Trio Trading Ab Oy

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

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

MANAGEMENT BOARD'S CONFIRMATION TO THE INTERIM REPORT

The Management Board confirms the correctness and completeness of the consolidated condensed interim report for the 1st quarter and 3 months of the financial year 2019/2020 of AS PRFoods and its subsidiaries (together the Group) presented in the pages 7 – 38 hereof and confirms to the best of its knowledge that:

- the activities report of the consolidated interim report presents adequate and fair overview of the development and results of business activities of the Group and the financial position thereof and includes the description of the main risk factors and uncertainties;
- the accounting principles applied in the preparation of the consolidated condensed interim accounting report are in compliance with the International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting as adopted by the European Union;
- the consolidated interim report provides a true and fair overview of the assets, liabilities and financial position of the Group and of the results of its operations and its cash flows.



Indrek Kasela

Member of the Management Board

30 November 2019