Company	AS PRFoods
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Attachments:
- PRF_interim_3m2021_2022.pdf (http://oam.fi.ee/en/download?id=5924)
- PRF_vahearuanne_3k2021_2022.pdf (http://oam.fi.ee/en/download?id=5925)

Currency

Title Consolidated Unaudited Interim Report of AS PRFoods for the 1nd quarter and 3 months of

MANAGEMENT COMMENTARY

Q1 had many things we can be satisfied with- our sales grew by 11.5% and group net loss decreased by 50%. Unfortunately, there are many things, that unearthed massive management mistakes in Finnish unit. All PRFoods current problems stem from management mistakes made in 2020-2021. As of toda, we have completed 100% the change of management and key people in Finland, that we started in summer and decision to close lossmaking Kokkola factory. These steps build base for renewal of profitability in 2022.

Corona crises speed up the unearthing of weaknesses in Finnish unit, and unfortunately the previous management did not want to acknowledge their mistakes or correct them. The proof that we are on right track with right people who joined us in fall this year, is the fact as of October we back to being profitable also in Finland: Heimon Kala Oy October EBITDA was 28 thousand euros and better by 270 thousand euros on YoY basis. Finnish unit caused liquidity crisis, which we are correcting with increased performance of our farming unit and cashflow released from biomass harvesting.

Thanks to the changes made to product portfolio and production by new Finnish management, we are out of all non-profitable products in Finland and have secured price and sales increases for next year in all categories. Considering the turbulent times in Finland, we aim to provide investors with regular updates from this unit.

Very well performed our UK unit, who despite some one-offs, fulfilled its EBITDA target in the sum of 172 thousand euros. Estonian EBITDA was still in minus by 150 thousand euros in Q1 due to loss-making Finnish sales.

The decline in Finnish management continued in summer, where instead of cutting loss-making production, they increased it, resulting in 880 thousand euros EBITDA loss.

Fish farming is making very good results in current quarter thanks to increased harvest volume and prices. Fish farming could even post a better EBITDA, but we delayed our Swedish harvest until Q1 2022 due to smaller biomass increase in hot summer. Considering that fresh fish prices are higher in winter, this decision has positive economic impact. At the same time this will decrease our cash flow from biomass in current quarter by 1.5 million euros, which will be deferred until Q1 2022.

We have followed our previously announced plan to emerge from this crisis:

1. Decrease our bank loans: cash flow from financing was -1.5 million euros in Q1
2. Restructure totally Finnish unit, including selling possibly or closing units or closing loss making units. Eliminating form Finnish sales all low margin products: target achieved by end of 2021.
3. Increas retail sales in UK, EU and other domestic markets: target achieved in all markets, except Finland.
4. Group's strategic focus is on fish farming, as area that has been constantly profitable. Group's target ist o achieve 10 thousand tons of biomass by 2023, which should give group sales of 40-50 million euros: Swedish farms should contribute already additional 1.500-1.700 tons of biomass by fall 2022.

Group's financial position is not easy. At the same time, we must remember that 11 million euros bonds have been issued solely for refinancing of John Ross Jr. Acquisition and John Ross Jr results have not been impacted so severly, their operational cash flow is very strong and they pay regularly dividends to parent company, therefore we find their leverage to be acceptable.

Fish farming requires long term capital for fish feed and this is under works.

Last year we were forced to reduce significantly working capital financing through banks, which put strain on company's finances. We have reduced significantly working capital needs in operations, also through lower inventory. Most important is to restore profitability in the environment of lower sales and restructure loss-making business units.

Having cut our teeth now for second year in corona crisis, we know that it is not sustainable to rely on outside help and all tough decisions need to be taken sooner than later. For our advantage the fish market has started much stronger this year and is more predictable and demand for our products is growing. The only objective of new financial year is profit and everything that blocks our road to profitabilty must be eliminated.

KEY RATIOS

INCOME STATEMENT

mln EUR	3Q 2021	2Q 2021	1Q 2021	4Q 2020	3Q 2020	2Q 2020	1Q 2020	4Q 2019
Sales	14.2	14.7	14.2	17.0	12.7	15.1	18.5	25.4
Gross profit	0.8	0.3	0.9	2.5	1.2	0.7	2.0	4.3
EBITDA from operations	-0.8	-1.0	-0.5	0.6	-0.3	-0.1	0.0	2.1
EBITDA	0.0	-0.7	-0.7	0.7	-0.5	-0.1	-0.9	1.4
EBIT	-0.7	-1.4	-1.4	0.0	-1.1	-1.0	-1.4	0.7
EBT	-0.6	-1.6	-1.8	-0.1	-1.4	-1.2	-1.8	0.6
Net profit (-loss)	-0.7	-1.7	-1.8	-0.2	-1.4	-1.3	-1.7	0.5
Gross margin	5.4%	2.1%	6.6%	14.9%	9.4%	4.4%	10.8%	17.0%
Operational EBITDA margin	-5.5%	-7.0%	-3.5%	3.4%	-2.6%	-0.9%	0.1%	8.4%
EBITDA margin	-0.1%	-4.8%	-5.3%	4.1%	-3.8%	-0.5%	-4.6%	5.3%
EBIT margin	-4.7%	-9.3%	-9.9%	0.2%	-8.8%	-6.4%	-7.8%	2.9%
EBT margin	-4.6%	-10.8%	-12.5%	-0.6%	-11.3%	-8.3%	-9.8%	2.2%
Net margin	-5.2%	-11.6%	-12.5%	-1.2%	-11.3%	-8.4%	-9.2%	2.0%
Operating expense ratio	16.3%	15.4%	15.6%	15.6%	18.2%	14.0%	14.3%	12.5%

BALANCE SHEET

mln EUR	30.09.2021	30.06.2021	31.03.2021	31.12.2020	30.09.2020	30.06.2020	31.03.2020
Net debt	24.2	20.9	21.4	21.9	21.5	20.7	17.0
Equity	14.9	15.8	17.6	18.6	18.5	19.8	21.6
Working capital	-2.6	-2.9	-5.0	-3.9	-4.4	-4.0	-2.5

Assets	56.0	55.3	54.5	57.5	57.4	57.1	56.9
Liquidity ratio	0.9x	0.9x	0.8x	0.8x	0.8x	0.8x	0.9x
Equity ratio	26.7%	28.6%	32.4%	32.4%	32.3%	34.7%	37.9%
Gearing ratio	61.8%	56.9%	54.9%	54.0%	53.7%	51.1%	44.0%
Debt to total assets	0.7x	0.7x	0.7x	0.7x	0.7x	0.7x	0.6x
Net debt to EBITDA op	-14.3x	-16.9x	-55.3x	160.0x	12.8x	7.5x	5.3x
ROE	-26.7%	-28.7%	-23.8%	-21.9%	-7.0%	-9.1%	-5.7%
ROA	-7.9%	-9.1%	-8.4%	-7.8%	-2.4%	-3.2%	-2.1%

Consolidated Statement of Financial Position

Thousand euros	30.09.2021	30.09.2020	30.06.2021
ASSETS			
Cash and cash equivalents	748	1.091	2.500
Receivables and prepayments	3.231	3.232	3.512
Inventories	5.638	8.746	5.691
Biological assets	7.746	5.423	4.795
Total current assets	17.363	18.492	16.498
Deferred income tax	38	54	38
Long-term financial investments	305	232	302
Tangible fixed assets	14.897	16.006	15.300

Intangible assets	23.368	22.606	23.460
Total non-current assets	38.608	38.898	39.100
TOTAL ASSETS	55.971	57.390	55.598
EQUITY AND LIABILITIES			
Loans and borrowings	6.521	10.322	7.325
Payables	13.219	12.385	12.124
Government grants	207	212	207
Total current liabilities	19.947	22.919	19.656
Loans and borrowings	18.411	12.261	17.561
Payables	0	900	0
Deferred tax liabilities	1.996	1.934	1.861
Government grants	695	833	746
Total non-current liabilities	21.102	15.928	20.168
TOTAL LIABILITIES	41.049	38.847	39.824
Share capital	7.737	7.737	7.737
Share premium	14.007	14.198	14.007
Treasury shares	-390	-390	-390
Statutory capital reserve	51	51	51
Currency translation reserve	447	-397	559
Retained profit (-loss)	-7.641	-3.056	-6.723
Equity attributable to parent	14.211	18.143	15.241

Non-controlling interest	711	400	533
TOTAL EQUITY	14.922	18.543	15.774
TOTAL EQUITY AND LIABILITIES	55.971	57.390	55.598

Consolidated Statement of Profit or Loss And Other Comprehensive Income

Thousand euros	3m 2021/2022	3m 2020/2021
Sales	14.207	12.737
Cost of goods sold	-13.433	-11.537
Gross profit	774	1.200
Operating expenses	-2.309	-2.322
Selling and distribution expenses	-1.581	-1.558
Administrative expenses	-728	-764
Other income / expense	51	91
Fair value adjustment on biological assets	820	-94
Operating profit (loss)	-664	-1.125
Financial income/-expenses	16	-309
Profit (loss) before tax	-648	-1.434
Income tax	-92	-4
Net profit (loss) for the period	-740	-1.438
Net profit (loss) attributable to:		
Owners of the company	-918	-1.402
Non-controlling interests	178	-36
Total net profit (loss)	-740	-1.438

Other omprehensive income (loss) that may subsequently be classified to profit or loss:		
Foreign currency translation differences	-112	-31
Total comprehensive income (expense)	-852	-1.469
Total comprehensive income (expense) attributable to:		
Owners of the Company	-842	-1.433
Non-controlling interests	-10	-36
Total comprehensive income (expense) for the period	-852	-1.469
Profit (loss) per share (EUR)	-0.02	-0.04
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Diluted profit (loss) per share (EUR)	-0.02	-0.04

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