Company AS PRFoods

Type Company Release

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Attachments:
- PRF_interim_6m2021_2022.docx (http://oam.fi.ee/en/download?id=6036)
- PRF_vahearuanne_6k2021_2022.docx (http://oam.fi.ee/en/download?id=6037)

Currency

Title Consolidated Unaudited Interim Report of AS PRFoods for the 2nd quarter and 6 months of

MANAGEMENT COMMENTARY

2021 is over and with it also marks the end of Finnish saga. As disclosed, we have sale agreement of 100% shares of Heimon Kala Oy. Even if to consider slight improvement in group operational EBITDA, it was clear that without consolidation it would have been challenging for Heimon Kala Oy to remain an independent company. Multiple management mistakes and constant sale of private label products below cost price, led to decision that selling Heimon Kala Oy is rational decision rather than to keep restructuring and recapitalizing the business. The origin of losses in Finland is the incompetence of Finnish management in 2020 and 2021 to price products and manage cost base. Private label prices offered at the end of 2020 and beginning to 2021 (the pricing cycle in Finland is 6 months forward), didn´t not match raw material prices. In summer 2021 then current management decided to increase production, that caused additional losses, as sales were below cost. After changing the management in fall, company took new direction that took into account real market situation (raw material price increases were record high end of 2021) and these changes have taken effect by now.

Even as we managed to improve group operational EBITDA by 25%, as again whole loss in Q2 and H1 originated from Finland. H1 2021 results per company compared to H1 2020

* Redstorm OÜ sales 1.493 keur, sales increased 504 keur yoy
* Redstorm OÜ EBITDA 165 keur , EBITDA improved by 142 keur
* Överumans Fisk AB sales 5 keur, sales decreased by -1.474 keur. Sales decreased because we moved harvesting of fish to Q1 2022 from end of 2021 to getter better price for biomass
* Överumans Fisk AB operational EBITDA -70 keur, improved by 57 keur
* Överumans Fisk AB EBITDA incl biomass revaluation was 588 keur, improved by

542 keur
* Õverumans Fisk AB EBT was affected by SEK/EUR exhcange rate on inter-company loans, effect in 2021 - 36 keur, last year + 165keur
* John Ross Jr /Coln Valley sales 6
* Heimon Kala OÜ sales were 6,134 meur, decreasing 17% yoy (we stopped fresh fish trading in Q2)
* Heimon Kala OÜ EBITDA was -433 keur (-415 keur yoy) , negative result was attributable to Finnish sales
* Heimon Kala Oy sales and results are presented in appendix of the report and also as appendix 2 in announcement of sale of Heimon Kala Oy.

1.3. We continue with new structure and PRFoods keeps owning fish farming units Överumans Fisk AB and Redstorm OÜ (Saaremere Kala AS is holding new farming permit applications, in future the licences will be transferred to operational units) and processing units Heimon Kala OÜ in Estonia and John Ross Jr/Coln Valley in Scotland.

We have followed previously agreed action plans to emerge from crisis:

1. Reduce debt level - Sale of Finnish unit allows significantly to reduce group debt.
2. Restructure completely, potentially sell or close units in Finland: Heimon Kala Oy share sale agreement has been signed and deal will close on 1.3
3. Increase sales in retail in UK, EU and Estonia : mission accomplished.
4. Strategic goal of group is on fish farming , as units that have been constantly profitable. The target is to achieve licence volume of 10,000 by 2023, that should give additional revenue of 45-50 million euros in future. From Swedish farms we estimate full 2022 harvest to be ca 1500 tons. Estonian farming licenses are realistic to be issued in 2022. If the permits will be issued only n second half of 2022, the full prodcttion volumes will be reached in 2024 not in 2023.

Companies financial costs have risen due to higher debt capital, while one must note that significant portion of debt is convertible or related to related parties, that can be converted together with interest, in order to support company's equity. Majority shareholders have opened additional credit limit to the company. We believe that after PRFoods has demonstrated that it can operate with profit after sale of Finland, cost of capital for company will also decrease.

The effect of sale of Heimon Kala Oy will be published in Q1 2022 report after the sale on 1.3.

KEY RATIOS

INCOME STATEMENT

mln EUR	4Q 2021	3Q 2021	2Q 2021	1Q 2021	4Q 2020	3Q 2020	2Q 2020	1Q 2020

Sales	15,3	14,2	14,7	14,2	17	12,7	15,1	18,5
Gross profit	2,2	0,8	0,3	0,9	2,5	1,2	0,7	2
EBITDA from operations	0,8	-0,8	-1	-0,5	0,6	-0,3	-0,1	0
EBITDA	-0,3	0	-0,7	-0,7	0,7	-0,5	-0,1	-0,9
EBIT	-1	-0,7	-1,4	-1,4	0	-1,1	-1	-1,4
EBT	-1,4	-0,6	-1,6	-1,8	-0,1	-1,4	-1,2	-1,8
Net profit (-loss)	-1,4	-0,7	-1,7	-1,8	-0,2	-1,4	-1,3	-1,7
Gross margin	14,10%	5,40%	2,10%	6,60%	14,90%	9,40%	4,40%	10,80%
Operational EBITDA margin	5,20%	-5,50%	-7,00%	-3,50%	3,40%	-2,60%	-0,90%	0,10%
EBITDA margin	-2,10%	-0,10%	-4,80%	-5,30%	4,10%	-3,80%	-0,50%	-4,60%
EBIT margin	-6,40%	-4,70%	-9,30%	-9,90%	0,20%	-8,80%	-6,40%	-7,80%
EBT margin	-8,90%	-4,60%	-10,80%	-12,50%	-0,60%	-11,30%	-8,30%	-9,80%
Net margin	-9,10%	-5,20%	-11,60%	-12,50%	-1,20%	-11,30%	-8,40%	-9,20%
Operating expense ratio	15,10%	16,30%	15,40%	15,60%	15,60%	18,20%	14,00%	14,30%

BALANCE SHEET

mln EUR	31.12.2021	30.09.2021	30.06.2021	31.03.2021	31.12.2020	30.09.2020	30.06.2020
Net debt	24,2	24,2	20,9	21,4	21,9	21,5	20,7
Equity	14,9	14,9	15,8	17,6	18,6	18,5	19,8
Working capital	-2,6	-2,6	-2,9	-5	-3,9	-4,4	-4
Assets	56	56	55,3	54,5	57,5	57,4	57,1
Liquidity							

ratio	0,9x	0,9x	0,9x	0,8x	0,8x	0,8x	0,8x
Equity ratio	26,70%	26,70%	28,60%	32,40%	32,40%	32,30%	34,70%
Gearing ratio	61,80%	61,80%	56,90%	54,90%	54,00%	53,70%	51,10%
Debt to total assets	0,7x	0,7x	0,7x	0,7x	0,7x	0,7x	0,7x
Net debt to EBITDA op	-14,3x	-14,3x	-16,9x	-55,3x	160,0x	12,8x	7,5x
ROE	-26,70%	-26,70%	-28,70%	-23,80%	-21,90%	-7,00%	-9,10%
ROA	-7,90%	-7,90%	-9,10%	-8,40%	-7,80%	-2,40%	-3,20%

Consolidated Statement of Financial Position

Thousand euros	31.12.2021	31.12.2020	30.06.2021
ASSETS			
Cash and cash equivalents	498	962	2 500
Receivables and prepayments	4 463	4 153	3 512
Inventories	4 596	9 627	5 691
Biological assets	4 523	3 702	4 795
Total current assets	14 080	18 444	16 498
Deferred tax assets	38	21	38
Long-term financial investments	300	232	302
Tangible assets	14 655	15 968	15 300
Intangible assets	23 715	22 841	23 460
Total non-current assets	38 708	39 062	39 100

TOTAL ASSETS	52 788	57 506	55 598
EQUITY AND LIABILITIES			
Interest-bearing liabilities	6 275	9 634	7 325
Payables and prepayments	11 666	12 469	12 124
Government grants	207	212	207
Total current liabilities	18 148	22 315	19 656
Interest-bearing liabilities	18 180	13 254	17 561
Payables and prepayments	0	596	0
Deferred tax liabilities	1 877	1 912	1 861
Government grants	662	785	746
Total non-current liabilities	20 719	16 547	20 168
TOTAL LIABILITIES	38 867	38 862	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 differences	831	-98	559
Retained profit (loss)	-8 883	-3 246	-6 723
Equity attributable to parent	13 353	18 252	15 241
Non-controlling interest	568	392	533
TOTAL EQUITY	13 921	18 644	15 774

TOTAL EQUITY AND LIABILITIES	52 788	57 506	55 598

Consolidated Statement of Profit or Loss And Other Comprehensive Income

Thousand euros	2Q 2021/2022	2Q 2020/2021	6m 2021/2022	6m 2020/2021
Revenue	15 292	17 029	29 499	29 766
Cost of goods sold	-13 139	-14 496	-26 572	-26 033
Gross profit	2 153	2 533	2 927	3 733
Operating expenses	-2 395	-2 663	-4 704	-4 985
Selling and distribution expenses	-1 668	-1 809	-3 249	-3 367
Administrative expenses	-727	-854	-1 455	-1 618
Other income / expense	11	46	62	137
Fair value adjustment on biological assets	-752	118	68	24
Operating profit (loss)	-983	34	-1 647	-1 091
Financial income / expenses	-384	-129	-368	-438
Profit (Loss) before tax	-1 367	-95	-2 015	-1 529
Income tax	-17	-101	-109	-105
Net profit (loss) for the period	-1 384	-196	-2 124	-1 634
Net profit (loss) attributable to:				
Owners of the Parent Company	-1 242	-190	-2 160	-1 592
Non-controlling interests	-142	-6	36	-42

Total net profit (loss) for the period	-1 384	-196	-2 124	-1 634
Other comprehensive income (loss) that may subsequently be classified to profit or loss:				
Foreign currency translation differences	384	299	272	268
Total comprehensive income (expense)	-1 000	103	-1 852	-1 366
Total comprehensive income (expense) attributable to:				
Owners of the Parent Company	-858	109	-1 888	-1 324
Non-controlling interests	-142	-6	36	-42
Total comprehensive income (expense) for the period	-1 000	103	-1 852	-1 366
Profit (Loss) per share (EUR)	-0,03	0,00	-0,06	-0,04
Diluted profit (loss) per share (EUR)	-0,03	0,00	-0,06	-0,04

Indrek Kasela

AS PRFoods

Member of the Management Board

Phone:+372 452 1470

investor@prfoods.ee

www.prfoods.ee