Company	AS PRFoods
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Attachments:
- PRF interim report 3Q 2023 2024.pdf (http://oam.fi.ee/en/download?id=8529)
- PRF vahearuanne 3kv 2023 2024.pdf (http://oam.fi.ee/en/download?id=8530)

Currency

Title Consolidated Unaudited Interim Report of AS PRFoods for the 3rd quarter and 9 months of

MANAGEMENT COMMENTARY

PRFoods continues to operate as an Estonian-British group, having two productions facilities in Estonia and United Kingdom respectively.

The third quarter of the current financial year has proven to be predictably challenging due to the prevailing economic situation, business climate, and the decline in customer purchasing power. High inflation and consumer behavior are affecting all food producers, and we can observe a moderate decrease in demand in terms of quantity in the sales markets of both Estonian and British manufacturing companies. Additionally, it is evident that retail prices for fish products have either decreased or stabilized. The UK has managed to maintain its market positions, and the Estonian production unit has increased revenue in Finland. Manufacturing companies have also done a good job expanding into new export markets and have actively worked on maintaining the existing client portfolio and increasing volumes and sales units.

The group is still in a phase of changes, which has also brought about changes in company management. The company's operations have been significantly streamlined, and cost efficiency is at a high level. Naturally, this is a challenging period for the entire group, as it is for all companies in the food sector. However, with a strategic plan and strong teams on both continents, we are able to secure our market positions and improve efficiency indicators.

In the third quarter:

* The group's focus has been on entering new markets, such as Asia and North America. By the date of the release of this quarterly report, the group has successfully established relationships with new business partners in these regions.

* Implementing the changes in the group's audit committee and management, which were completed at the beginning of the fourth quarter. The audit committee continues with three members: board member Aavo Kokk (chairman), Margus Olesk, and Markus Mustakallio. The resignation of Indrek Kasela from the position of CEO of PRFoods AS and from the boards of subsidiaries Saaremere Kala AS and Saare Kala Tootmine AS was also finalized. The management board of PRFoods AS continues with two members - Kristjan Kotkas and Timo Pärn. Timo Pärn was elected as the sole member of the management board of Saaremere Kala AS and continues as the manager of Saare Kala Tootmine OÜ.

The new management board is addressing the situation, challenges, and necessary changes within the group. Meanwhile, the group continues with the implementation of its strategy.

The group continues to implement its strategy:

1. To become the leading fish producer in the region.
2. To continue the implementation of changes, which includes increasing efficiency in management operations.
3. To significantly increase and strengthen export capabilities across all production companies.

Revenue

The group's third-quarter sales revenue totaled 3.77 million euros, an increase of 3% compared to the same period last year (3Q 2022/2023: 3.7 million euros). The group's nine-month sales revenue was 12.63 million euros, a decrease of 19.2% compared to the same period last year.

Breakdown of sales revenue by customer type

EUR '000	3Q 2023/2024	9m 23/24
HoReCa	0.51	2.10
Retail chains	1.48	6.08
Wholesale	1.64	4.00
Other	0.14	0.45
Total	3.77	12.63

Sales revenue by geographical segment

EUR '000	3Q 2023/2024	3Q 2022/2023	9m 23/24	9m 22/23

Great Britain	2.59	2.88	9.52	10.09
Estonia	1.18	0.79	3.11	5.50
Total	3.77	3.68	12.63	15.59

Brands

The group has two significant brands: ?Saare Kala" and ?John Ross Jr Aberdeen."

The brand with the largest share of the group's revenue is John Ross Jr Aberdeen, whose third-quarter sales revenue accounted for approximately 67% of the group's total revenue (3Q 2022/2023: 78%). The third-quarter sales revenue of John Ross Jr Aberdeen was 2.6 million euros, a decrease of 10% compared to the same period last year. For the nine-month period, the sales of John Ross Jr Aberdeen products constitute 75% of the group's total sales revenue (9m 22/23: 65%), accounting to 9.5 million euros (9m 22/23: 10.1 million euros), a decrease of 6% compared to the same period last year.

The group's Saare Kala brand had third-quarter sales revenue of 1.2 million euros, an increase of 49% compared to the same period last year. The growth in Saare Kala's sales revenue is related to the opening of the export market to Finland. For the nine-month period, the sales revenue of the Saare Kala brand was 3.1 million euros (9m 22/23: 5.5 million euros), a decrease of 43% compared to the same period last year.

Gross profit and gross margin

The third-quarter gross profit was 0.5 million euros (3Q 2022/2023: 1.1 million euros), a decrease of 55% compared to the same period last year. The decline in gross profit is due to the reduction in the purchasing power of customers in the region and the decrease in market sales prices as a result. The gross profit margin for this quarter fell by 14.3 percentage points compared to the same period last year, standing at 14.4%.

The group's nine-month gross profit was 2.6 million euros (9m 22/23: 3.2 million euros), a decrease of 19% compared to the same period last year. The nine-month gross profit margin was 20%, a decrease of 1 percentage point compared to the same period last year (9m 22/23: 21%).

Selling, distribution and administrative expenses

The group's sales, distribution, and administrative expenses in the third quarter were 1.03 million euros, a decrease of 25% compared to the same period last year (3Q 2022/2023: 1.36 million euros). The reduction in expenses is associated with general cost savings and increased efficiency.

The group's nine-month sales, distribution, and administrative expenses were 3.53 million euros, a decrease of 8% compared to the same period last year (9m

22/23: 3.86 million euros).

EBITDA, operating and net profit

The group's third-quarter EBITDA from operations was 0.4 million euros (3Q 2022/2023: 0.04 million euros). The operating loss for the third quarter was 0.5 million euros (3Q 2022/2023: -0.07 million euros). The third quarter ended with a net loss of 0.4 million euros (3Q 2022/2023: 0.1 million euros).

The group's nine-month EBITDA from operations was 0,05 million euros (9m 22/23: 0.2 million euros). The operating loss for the nine months was 0,9 million euros (9m 22/23: -0.68 million euros). The nine-month result for the group was a net loss of 2.1 million euros (9m 22/23: 0.8 million euros). Last year's nine-month results included a one-time profit of 1.98 million euros from the sale of shares in the former subsidiary Överumans Fisk AB. The result for the previous nine months, excluding this one-time transaction, was a loss of 1.18 million euros.

Financial position

As of the end of the third quarter, the group's cash and cash equivalents balance was 0.48 million euros (0.39 million euros as of 30.06.2023).

At the end of the quarter, the group's inventories totaled 1.98 million euros, an increase of 0.12 million euros, or 6%, compared to the end of the previous financial year. The inventory level remained stable and is optimal given the current business volumes.

As of 31.03.2024, the group's equity was 5.8 million euros, a decrease of 2.5 million euros compared to the end of the previous financial year (30.06.2023: 8.3 million euros). The decrease in equity is due to the group's loss-making results in the current financial year.

At the end of the third quarter, the group's net debt was 13.6 million euros, representing a decrease in liabilities of 3.1 million euros compared to the end of the previous financial year (30.06.2023: 16.7 million euros). The reduction in net debt is primarily due to the partial repurchase of AS PRFoods secured bonds with a total nominal value of 1.42 million euros and the reduction of the group's liabilities by 1.5 million euros related to the sale of the subsidiary Redstorm OÜ. The management of the group is actively adressing the issue of the group's net debt. The net debt to equity ratio as of 31.03.2024 was 239% (30.06.2023: 201%). The group's liquidity ratio decreased from 1 to 0.4 by the end of the third quarter (31.03.2024 and 30.06.2023) due to reclassification of the bonds between non-current and current liabilities.

KEY RATIOS
INCOME STATEMENT

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mln EUR	3kv 2023/2024	2022/2023	3kv 2022/2023	2021/2022
Sales	3,8	19,6	3,7	42,1
Gross profit	0,5	3,6	1,1	3,1
EBITDA from operations	0,4	0,3	0,0	-1,7
EBITDA	0,4	0,3	0,2	-2,1
EBIT	-0,5	-1,0	-0,1	-4,2
EBT	-0,7	0,4	0,1	-8,2
Net profit (loss)	-0,7	0,3	0,1	-8,2
Gross margin	14,4%	18,3%	28,7%	7,4%
Operational EBITDA margin	0,1	1,5%	0,1	-4,1%
EBITDA margin	0,1	1,5%	5,7%	-5,1%
EBIT margin	-12,1%	-5,0%	-1,9%	-9,9%
EBT margin	-18,5%	2,0%	2,7%	-19,5%
Net margin	-18,4%	1,7%	2,8%	-19,4%
Operating expense ratio	-27,2%	-24,0%	-37,1%	17,1%

BALANCE SHEET

mln EUR	31.03.2024	30.06.2023	31.02.2023	30.06.2022
Net debt	13,6	16,7	16,58	24,7
Equity	5,8	8,3	7,8	8,1
Working capital	-8,5	0,0	0,8	-3,2
Assets	24,3	30,2	29,8	38,9
Liquidity ratio	0,4x	1,0x	1,0x	0,7x

Equity ratio	24,0%	27,4%	26,0%	20,7%
Gearing ratio	70,0%	66,9%	68,1%	75,4%
Debt to total assets	0,8x	0,7x	0,8x	0,8x
Net debt to operating EBITDA	36,2x	55,8x	21,4x	-14,5x
ROE	-9,8%	4,1%	1,3%	-68,5%
ROA	-2,5%	1,0%	0,3%	-17,3%

Consolidated Statement of Financial Position

EUR '000	31.03.2024	31.03.2023	30.06.2023
ASSETS			
Cash and cash equivalents	476	457	394
Receivables and prepayments	2 136	3 093	2 118
Inventories	1 976	1 785	1 861
Biological assets	0	0	772
Total current assets	4 588	5 336	5 145
Long-term financial investments	372	304	381
Tangible assets	4 307	6 766	6 563
Intangible assets	15 078	17 401	18 157
Total non-current assets	19 757	24 471	25 101
TOTAL ASSETS	24 345	29 806	30 246
EQUITY AND LIABILITIES			
Interest-bearing liabilities	10 327	1 450	2 111

Payables and prepayments	2 754	3 055	3 035
Total current liabilities	13 081	4 505	5 146
Interest-bearing liabilities	3 740	15 585	15 024
Deferred tax liabilities	1 445	1 645	1 466
Government grants	245	321	318
Total non-current liabilities	5 430	17 551	16 807
TOTAL LIABILITIES	18 511	22 056	21 953
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	51	51
Currency translation differences	508	261	608
Retained profit (loss)	-16 079	-14 162	-13 981
Equity attributable to parent	5 834	7 504	8 032
Non-controlling interest	0	246	259
TOTAL EQUITY	5 833	7 750	8 292
TOTAL EQUITY AND LIABILITIES	24 345	29 806	30 246

Consolidated Statement of Profit or Loss And Other Comprehensive Income

EUR '000	9k 2023/2024	9k 2022/2023
Revenue	12 625	15 585
Cost of goods sold	-9 985	-12 404
Gross profit	2 639	3 181

Operating expenses	-3 534	-3 855
Selling and distribution expenses	-1 946	-1 935
Administrative expenses	-1 587	-1 920
Other income / expense	6	-2
Fair value adjustment on biological assets	0	0
Operating profit (loss)	-888	-677
Financial income / expenses	-1 082	1 619
Profit (Loss) before tax	-1 970	942
Income tax	-109	-106
Net profit (loss) for the period	-2 079	836
Net profit (loss) attributable to:		
Owners of the Parent Company	-2 075	821
Non-controlling interests	-4	15
Total net profit (loss) for the period	-2 080	836
Other comprehensive income (loss) that may subsequently be classified to profit or loss:		
Foreign currency translation differences	-101	-578
Total comprehensive income (expense)	-2 181	258
Total comprehensive income (expense) attributable to:		
Owners of the Parent Company	-2 176	243

Non-controlling interests	-4	15
Total comprehensive income (expense) for the period	-2 181	258

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