

PRFOODS

AS PRFoods

Consolidated Unaudited Interim Report
for 2nd quarter and 6 months of 2017
(translation from Estonian original)

18.08.2017

2017 | Q2 + 6 MONTHS

PRFOODS

| | |
|-----------------------------------|--|
| 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 January 2017 – 30 June 2017 |
| Auditor | AS PricewaterhouseCoopers |

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Corporate profile

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

AS PRFoods' key market was Finland, where the company is amongst three largest brands, until the acquisition of John Ross Jr. and Coln Valley Smokery. Since acquisition the company has expanded sales to 35 countries in Europe, America and Asia.

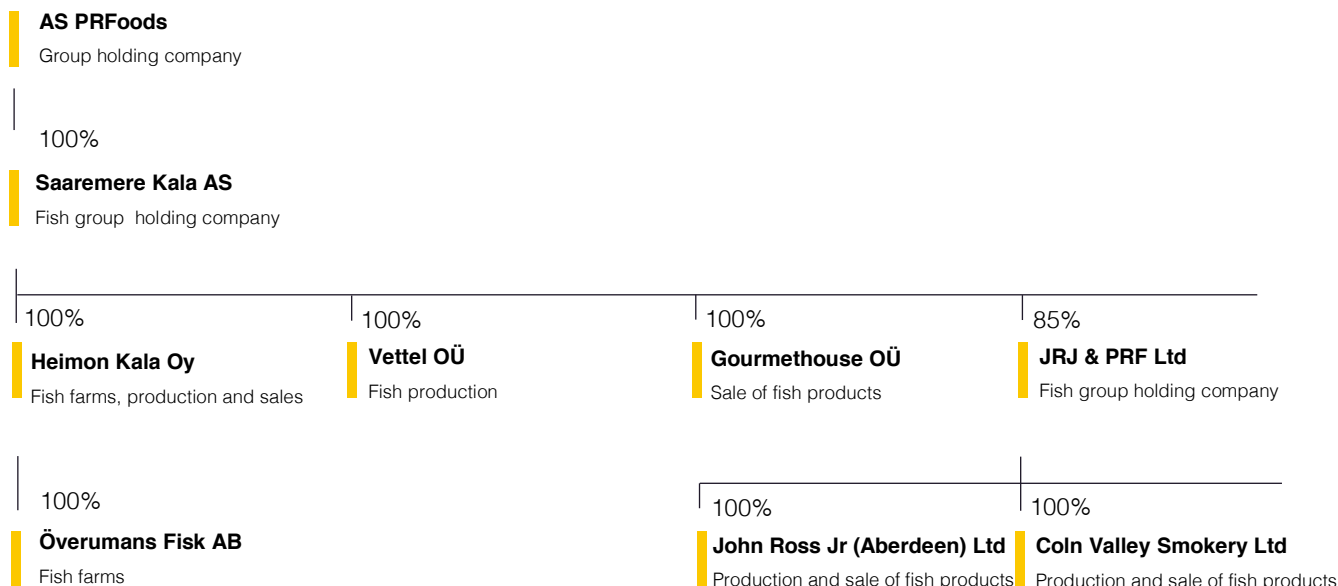
Main activity of the Group is fish manufacturing in four contemporary production buildings in Renko (Finland), Saaremaa (Estonia), Aberdeen and Coln Valley (UK). Main products are salmon and rainbow trout products. Approximately 60% of the rainbow trout used in Group's production is harvested in company's fish farms in Swedish lakes and in Turku Archipelago area in Finland, assuring highest quality and reliable delivery.

Salmon is purchased from Finland and other Scandinavian countries, like Denmark, Norway, Sweden and from Scotland. On a smaller scale company also buys in perch, pike, herring, vendace (freshwater whitefish) and Baltic herring.

PRFoods companies are leading brands in their respective operating markets and are primarily focusing on higher value premium products.

Shareholders approved purchase of John Ross Jr (Aberdeen) and Coln Valley Smokery on EGM held on 19.07.2017.

Structure from 21.07.2017



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

Brands of the new acquired companies are „John Ross Aberdeen“ and „Coln Valley Smokery“.



MISSION

Our goal is to provide our customers with healthy and high quality choice of seafood. We try to continually maintain and grow consumer trust. We are a benchmark of care, innovation and quality.

VISION

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

STRATEGIC OBJECTIVES

The strategy of PRFoods is as follows:

- To be among three leading brands in our operating markets and to be recognized premium seafood brand globally;
- Our financial target is to achieve minimum operating EBITDA margin at least 7%;
- To distribute up to 30% of the annual net profit as dividends.

STRENGTHS

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

RISKS

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



FUTURE PLANS AND INTENTIONS

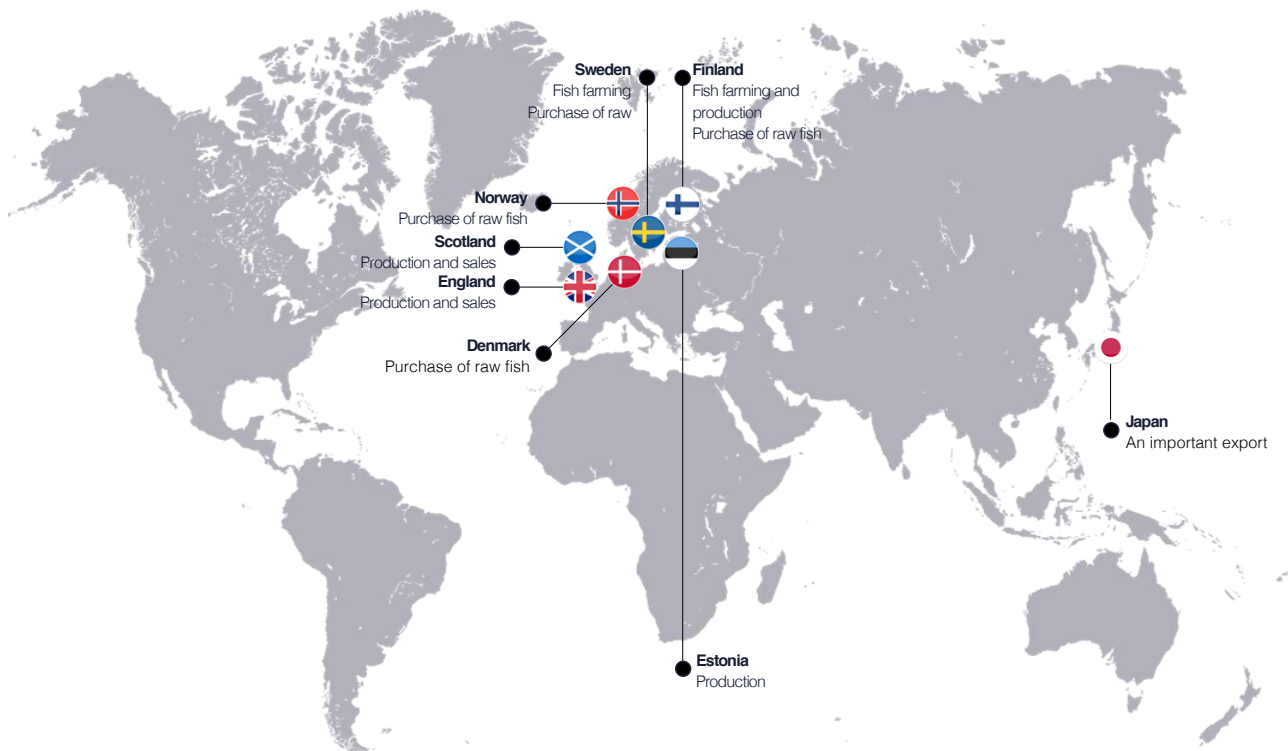
The objective of PRFoods is to increase production capacity and to boost sales volumes of fish products. The Group is actively involved in developing new products to expand into new export markets. As a clear leader in its business area, the objective of PRFoods companies is to increase the Company's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

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

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

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

THE GEOGRAPHY OF PRODUCTION AND SALES





P R F O O D S

Management Report

Management Report

OVERVIEW OF THE ECONOMIC ACTIVITIES

MANAGEMENT COMMENTARY

PRFoods had very exciting first half of 2017. One hand we faced the continued challenges from historically high raw material prices, affecting our profitability. On the other hand, we fundamentally changed the business of the company by adding John Ross Jr (JRJ) and Coln Valley Smokery Ltd. (CVS) to our group. PRFoods also announced the acquisition of Trio Trading (Trio) in Finland, to be approved by Extraordinary Shareholders Meeting on 28.8.2017. Consolidated pro forma sales for 2017 are expected to reach over 100 million euros this year. PRFoods can declare that it has achieved a major milestone in our strategy to develop a global leading branded premium seafood products company. JRJ and CVS have established themselves as leading international Scottish smoked salmon companies, receiving highest honours at home and abroad. JRJ carries coveted and very exclusive Royal Warrant and was awarded Queen's Award for export in 2016.

19.07.2017 PRFoods shareholders approved the acquisition of 85% of JRJ and CVS. Financial year of JRJ and CVS ended 30.06.2017. Consolidated unaudited sales of financial year 2016-2017 were 19.7 million euros, adjusted EBITDA +2.4 million euros, net profit +1.3 million euros, net debt -0.8 million euros.

Not only have these acquisitions strengthened our brand portfolio but are expected to significantly improve our bottom-line performance going forward. Trio acquisition will enable us to further consolidate and make more profitable our previous home market Finland and also give enough capacity for export growth. We also expect CAPEX to decrease as between five production sites we have significant and immediate synergies.

PRFoods sales grew by 33.9% in Q2 reaching 13.1 mEUR. More importantly we managed to improve our gross margin in existing business by 19.7% on year on year basis to 7.5% (Q2 2016: 6.3%).

EBITDA from business operations improved by 200,000 EUR on year on year and was -0.1 mEUR in Q2 (Q2 2016: -0.3 mEUR), without one-offs related to acquisitions the improvement was 400,000 euros.

Net loss for Q2 was -0.1 mEUR compared to +0.04 mEUR in 2016. Without one-off expenses, the net profit increased by 100,000 euros on year-on-year.

While we are moderately satisfied with the improvements in Q2, we believe there is significant room to improve our performance in H2 2017, since we only saw decrease in raw material prices in the end of Q2 and price adjustments took effect in May. Cold weather in Q2 affected our fish farming business and biomass revaluation contributed only 400,000 EUR in Q2 compared to 900,000 in Q2 2016. It should be mentioned that in July we managed increase our biomass by 400 tons due to much warmer weather.

Group's consolidated EBITDA in Q2 2017 was 340,000 euros compared to 660,000 euros in Q2 2016, mostly due to lower biomass revaluation. Without one-off expenses in Q2 related to acquisitions our Q2 EBITDA was 540,000 euros, 100,000 euros less on year on year basis.

Very high raw material prices affected our performance in first half of the year, but we are now seeing very rapid decrease in salmon raw material prices, which should contribute to better performance in H2. Rainbow trout prices have remained stable, giving our fish farming boost but on the other hand affecting production profitability, since close to half of rainbow trout needs to be sourced from 3d parties.

6 months results are weighted down by poor performance in Q1 2017. First half year sales were 23.6 mEUR, increase of 18.2% on year on year. Gross margin was 6.4% compared to 8.0% in H1 2016.

Biomass revaluation positive effect was 200,000 euros compared to 500,000 year on year. EBITDA from operations was -0.4 mEUR (6m 2016: -0.03 mEUR)

Biomass in tons was 1,414 tons at the end of first half year, increasing year on year by 15.3%. Company has biomass in value of 8.25 mEUR, increase by 2.47 mEUR or 42.6% on year on year.

Consolidated EBITDA was -220,000 euros compared to 440,000 euros in 2016. Without one-off expenses related to acquisitions in 2017, consolidated EBITDA was -10,000 euros.

Net loss for H1 was -1.0 mEUR compared to -0.4 mEUR in 2016. Without one-offs, net loss was -0.8 mEUR, decreasing by 0.3 mEUR compared to H1 2016.

We expected the performance to return to better profitability sooner, but two main factors, still high raw material in H1 and repricing our products, that happened at slower pace.

It is very positive that we have managed to reduce significantly our operating expenses. Operating expense ratio was 9.5% in Q2, compared to 12.7% during Q2 2016. First half year operating expenses ratio was 10.2% compared to 11.6% year on year. This proves that company is able to react timely and flexibly adjust to the environment of volatile cost base.

Our balance sheet remains strong. Our net debt was 1.0 mEUR compared to -1.4 mEUR in 2016. In July, we took on acquisition debt which will be reflected in Q3 reports. Our Net Debt to EBITDA is 1.6 and working capital stood at 11.5 mEUR. The increase in net debt is due to increase in biomass in fish farming at the end of the quarter due to feeding period.

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

PRFoods has finished preparations for brand renewal in Finland and will launch new brand concept this fall.

PRFoods expects pro forma revenues to be in excess of 100 mEUR and normalized and consolidated EBITDA to reach 6 mEUR in 2017.

Sincerely,

Indrek Kasela



UNAUDITED FINANCIAL RESULTS OF AS PRFOODS, THE 2ND QUARTER OF 2017 COMPARED TO THE 2ND QUARTER OF 2016

- Unaudited consolidated revenue 13.1 million euros, increase +3.3 million euros, i.e. +33.9%.
- Gross margin 7.5%, increase +1.2 percentage points, i.e. +19.7%.
- Positive impact from revaluation of biological assets +0.4 million euros (Q2 2016: positive effect +0.9 million euros).
- EBITDA from operations -0.1 million euros, increase +0.2 million euros (without one-off effects in year 2017 EBITDA from business operations +0.1 million euros, increase +0.4 million euros).
- EBITDA +0.3 million euros, increase +0.2 million euros (without one-off effects in 2017 EBITDA +0.5 million euros, increase +0.4 million euros).
- The operating profit +0.03 million euros, decrease -0.2 million euros (without one-off effects operating profit +0.2 million euros, decrease -0.1 million euros).
- Net loss -0.1 million euros, increase -0.2 million euros (without one-off effects net profit 0.1 million euros, increase +0.04 million euros).

SUMMARY OF FINANCIAL RESULTS: THE 2ND QUARTER OF 2017 COMPARED TO THE 2ND QUARTER OF 2016

| EUR mln | Q2 2017 | Q2 2016 | Change EUR mln | Q2 17 / Q2 16 | Q2 |
|-------------------------|---------|---------|----------------|---------------|----|
| Sales | 13.1 | 9.8 | 3.3 | 33.9% | ▲ |
| Gross profit | 1.0 | 0.6 | 0.4 | 60.2% | ▲ |
| EBITDA from operations* | 0.13 | -0.25 | 0.38 | -150.8% | ▲ |
| EBITDA | 0.34 | 0.66 | -0.32 | -48.8% | ▼ |
| EBIT | 0.03 | 0.35 | -0.32 | -91.4% | ▼ |
| Net loss | -0.12 | 0.04 | -0.17 | -404.8% | ▼ |

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



Vettel OÜ

UNAUDITED FINANCIAL RESULTS OF AS PRFOODS, THE 6 MONTHS OF 2017 COMPARED TO THE 6 MONTHS OF 2016

- Unaudited consolidated revenue 23.6 million euros, increase +3.6 million euros, i.e. +18.2%.
- Gross margin 6.4%, decrease -1.6 percentage points.
- Positive impact from revaluation of biological assets +0.2 million euros (6 months 2016: positive impact of +0.5 million euros).
- EBITDA from operations -0.4 million euros, decrease -0.3 million euros (without one-off effects in year 2017 EBITDA from business operations -0.2 million euros, decrease -0.1 million euros).
- EBITDA -0.2 million euros, decrease -0.7 million euros (without one-off effects in 2017 EBITDA -0.01 million euros, decrease -0.5 million euros).
- The operating loss -0.8 million euros, decrease -0.7 million euros (without one-off effects in 2017 operating loss -0.6 million euros, increase by -0.5 million euros).
- Net loss -1.0 million euros, decrease -0.5 million euros (without one-off effects in 2017 net loss -0.8 million euros, increase -0.3 million euros).

SUMMARY OF FINANCIAL RESULTS: THE 6 MONTHS OF 2017 COMPARED TO THE 6 MONTHS OF 2016

| EUR mln | 6m 2017 | 6m 2016 | Change EUR mln | 6m 17 / 6m 16 | 6m |
|-------------------------|---------|---------|----------------|---------------|----|
| Sales | 23.6 | 20.0 | 3.6 | 18.2% | ▲ |
| Gross profit | 1.5 | 1.6 | -0.1 | -5.1% | ▼ |
| EBITDA from operations* | -0.16 | -0.03 | -0.13 | -440.0% | ▼ |
| EBITDA | -0.22 | 0.44 | -0.66 | -150.7% | ▼ |
| EBIT | -0.84 | -0.18 | -0.66 | -358.2% | ▼ |
| Net profit (-loss) | -0.97 | -0.42 | -0.55 | -129.1% | ▼ |

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





KEY RATIOS

| Income Statement, EUR mln | Q1 2017 | Q2 2017 | 6m 2017 | Q1 2016 | Q2 2016 | 6m 2016 | 12m 2016 |
|---------------------------|---------|---------|--------------|---------|---------|--------------|----------|
| Sales | 10.6 | 13.1 | 23.6 | 10.2 | 9.8 | 20.0 | 47.4 |
| Gross profit | 0.5 | 1.0 | 1.5 | 1.0 | 0.6 | 1.6 | 4.0 |
| EBITDA from operations | -0.3 | 0.1 | -0.2 | 0.2 | -0.3 | -0.03 | 0.8 |
| EBITDA | -0.6 | 0.3 | -0.2 | -0.2 | 0.7 | 0.4 | 2.6 |
| EBIT | -0.9 | 0.03 | -0.8 | -0.5 | 0.3 | -0.2 | 1.4 |
| EBT | -0.9 | -0.1 | -1.0 | -0.6 | 0.2 | -0.3 | 1.1 |
| Net profit (-loss) | -0.8 | -0.1 | -1.0 | -0.5 | 0.04 | -0.4 | 0.7 |
| Gross margin | 5.0% | 7.5% | 6.4% | 9.5% | 6.3% | 8.0% | 8.5% |
| Operational EBITDA margin | -2.7% | 1.0% | -0.7% | 2.1% | -2.6% | -0.2% | 1.6% |
| EBITDA margin | -5.3% | 2.6% | -0.9% | -2.2% | 6.8% | 2.2% | 5.5% |
| EBIT margin | -8.3% | 0.2% | -3.6% | -5.2% | 3.6% | -0.9% | 2.9% |
| EBT margin | -8.5% | -0.4% | -4.0% | -5.5% | 2.3% | -1.7% | 2.4% |
| Net margin | -7.9% | -1.0% | -4.1% | -4.5% | 0.4% | -2.1% | 1.5% |
| Operating expense ratio | 11.2% | 9.5% | 10.2% | 10.5% | 12.7% | 11.6% | 10.1% |

EBITDA from operations = before one-offs and fair value adjustment of fish stock

EBITDA = profit (-loss) before interest, tax, depreciation and amortisation

EBIT = operating profit (-loss)

EBT = Profit (-loss) before tax

Gross margin = Gross profit / Net sales

Operational EBITDA margin = EBITDA from operations/Net sales

EBITDA margin = EBITDA /Net sales

EBIT margin = EBIT / Net sales

EBT margin = EBT / Net sales

Net margin = Net earnings / Net sales

Operating expense ratio = Operating expenses / Net sales

KEY RATIOS

| Balance Sheet, EUR mln | 31.03.2017 | 30.06.2017 | 31.03.2016 | 30.06.2016 | 31.12.2016 |
|------------------------|------------|--------------|------------|--------------|------------|
| Net debt | 1.6 | 1.0 | -3.1 | -1.4 | 0.3 |
| Equity | 22.8 | 22.7 | 22.7 | 22.7 | 23.8 |
| Working capital | 11.5 | 11.5 | 11.0 | 11.2 | 12.4 |
| Assets | 33.3 | 33.5 | 28.6 | 29.3 | 35.1 |
| Liquidity ratio | 2.4 | 2.3 | 3.7 | 3.4 | 2.4 |
| Equity ratio | 68.5% | 67.8% | 79.4% | 77.6% | 67.9% |
| Gearing ratio | 6.4% | 4.1% | -15.7% | -6.7% | 1.2% |
| Net debt-to-EBITDA | 6.4 | 1.6 | -1.1 | -0.7 | 0.4 |
| ROE | 1.5% | 0.7% | 4.5% | 3.6% | 3.0% |
| ROA | 1.1% | 0.5% | 3.7% | 2.9% | 2.2% |

Net debt = Short and Long term Loans and Borrowings - Cash

Working capital = Current Assets - Current Liabilities

Liquidity ratio = Current Assets / Current Liabilities

Equity ratio = Equity / Total Assets

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

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

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

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

CASH POSITION

LIQUIDITY AND SOLVENCY RATIOS

| Ratio | 31.03.2017 | 30.06.2017 | 31.03.2016 | 30.06.2016 | 31.12.2016 |
|----------------------|------------|--------------|------------|--------------|------------|
| Liquidity ratio | 2.4 | 2.3 | 3.7 | 3.4 | 2.4 |
| Net debt-to-EBITDA | 6.4 | 1.6 | -1.1 | -0.7 | 0.4 |
| Debt to total assets | 0.3 | 0.3 | 0.2 | 0.2 | 0.3 |
| Equity ratio | 68.5% | 67.8% | 79.4% | 77.6% | 67.9% |
| Gearing ratio | 6.4% | 4.1% | -15.7% | -6.7% | 1.2% |

Liquidity ratio = Current Assets / Current Liabilities

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

Debt to total assets = Debt / Total Assets

Equity ratio = Equity / Total Assets

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

At the end of the reporting period, the Group had financial funds 4.1 million euros (12.2% of the balance sheet volume). As at 30.06.2016, the balance of financial funds were 2.6 million euros (9.0% of the balance sheet volume). The Company's solvency is continuously good and the financial risk is low. The working capital was 11.5 million euros (30.06.2016: 11.2 million euros).

P R F O O D S

The current ratio showing short-term ability to meet payments was 2.3 as of 30.06.2017 (30.06.2016: 3.4). Net debt was positive, in total 1.6 million euros as of the closing date (30.06.2016: -1.4 million euros). Increase in net debt is caused by higher volume of biological assets.

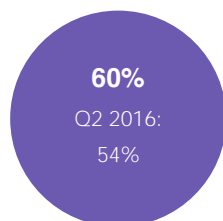
Financial gearing showing net debt ratio to gross capital was 4.1% as of 30.06.2017 (30.06.2016: -6.7%). Net debt to EBITDA ratio was 1.6 as of 30.06.2017 (30.06.2016: -0.7). The Group has been able to retain its strong financial position that ensures sustainability and helps adjust to complex market conditions more flexibly.

BALANCE SHEET ANALYSIS

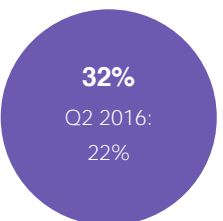
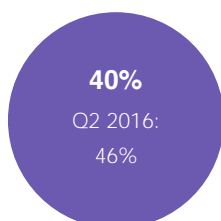


AS OF THE END OF THE 2ND QUARTER 2017:

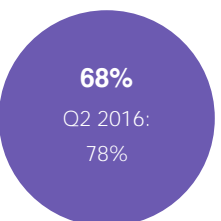
CURRENT ASSETS



FIXED ASSETS



FOREIGN CAPITAL



EQUITY

As of 30.06.2017 consolidated total assets of PRFoods stood at 33.5 million euros, increase of 4.2 million euros, i.e. +14.3%, within a year. The increase in assets came mostly from biological assets. Increase in liabilities was mainly by use of overdraft.

The Company's current assets were 20.1 million euros as at 30.06.2017, and the balance of cash and bank accounts was 4.1 million euros. Accounts receivable and prepayments increased by 0.3 million euros within a year, reaching 2.7 million euros (30.06.2016: 2.4 million euros).

Inventories were 5.1 million euros, that is on the same level as last year. Biological assets were 8.3 million euros, increase 2.5 million euros compared with the same period in previous year, which is due to the positive impact of the higher market price of rainbow trout and higher volume of biomass. Biomass as at 30.06.2017 was 1,414 tonnes, which was 188 tonnes higher compared to last

year.

Total fixed assets are on the same level compared to the same period in previous year. Investments into fixed assets in the 6 months of 2017 were 0.3 million euros (6 months 2016: 0.3 million euros).

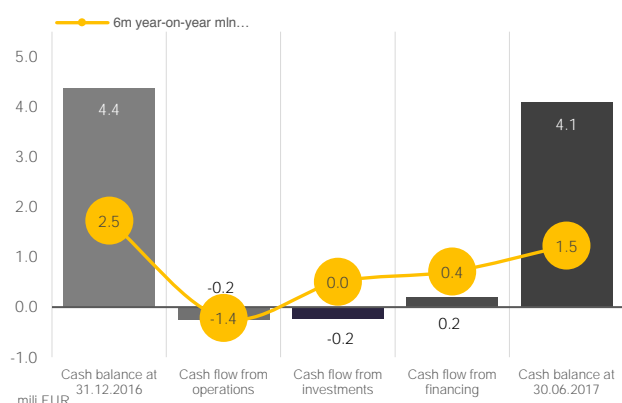
Accounts payable and prepayments were 4.2 million euros as at 30.06.2017 (30.06.2016: 4.2 million euros), showing a year-on-year increase by 32 thousand euros. Short term loans and borrowings increased by 4.0 million euros compared to last year, reaching 4.3 million euros as at 30.06.2017 (30.06.2016: 0.3 million euros). Increase in short term debt liabilities was influenced by taking overdraft into use in the amount of 4.0 million euros.

Equity of PRFoods was 22.7 million euros as at 30.06.2017 (67.8% of the balance sheet total). Comparative data as at 30.06.2016 were 22.7 million euros (77.6% of the balance sheet total).

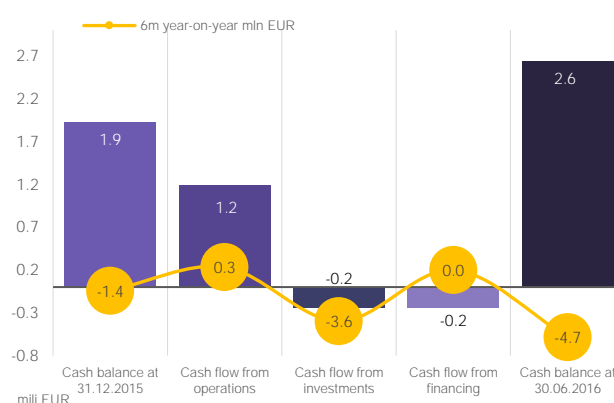
As at 30.06.2017, the Company's registered share capital was 7.7 million euros (30.06.2016: 7.7 million euros). The shareholders adopted a resolution at the general meeting of shareholders held on 30 May 2017 to transfer 36 thousand euros from the net profit earned in 2016 to the reserve, and not to distribute the rest of the profit.

CASH FLOWS

CHANGE IN CASH AND CASH EQUIVALENTS 6 MONTHS 2017



CHANGE IN CASH AND CASH EQUIVALENTS 6 MONTHS 2016



The change in the Group's financial resources within the 6 months of 2017 was -0.3 million euros (6 months 2016: +0.7 million euros).

Cash flow from operating activities in the 6 months of 2017 was -0.2 million euros (6 months 2016: +1.2 million euros), decreasing year-on-year by -1.4 million euros, i.e. -120.3%. Cash flow from operating activities was negatively influenced by the increase in biological assets (effect on cash flow -0.7 million euros, which consists of cost of feed) and decrease of payables and prepayments (effect on cash flow -0.9 million euros). Cash flow from operating activities was positively influenced by decrease of receivables and prepayments (effect on cash flow +1.4 million euros) and decrease of inventories (effect on cash flows +0.3 million euros).

Cash flow from investing activities was -0.2 million euros (6 months 2016: -0.2 million euros), which consists mainly of monetary payments for fixed assets. In year 2017 total 87 thousand euros was received as government grants for various projects.

Cash flow from financing activities was +0.2 million euros (6 months 2016: -0.2 million euros). Cash flow was mainly influenced by increase of overdraft usage in the amount of +0.6 million euros. During the reporting period, repayments of the principal of a financial lease were in total 0.2 million euros (6 months 2016: 0.2 million euros). The rest of financing activities include buy-back transactions of own shares and interest payments.

INVESTMENTS

In 6 months of 2017 investments into tangible and intangible assets were smaller than normal, totalling 0.3 million euros (6 months 2016: 0.3 million euros).

REVENUE

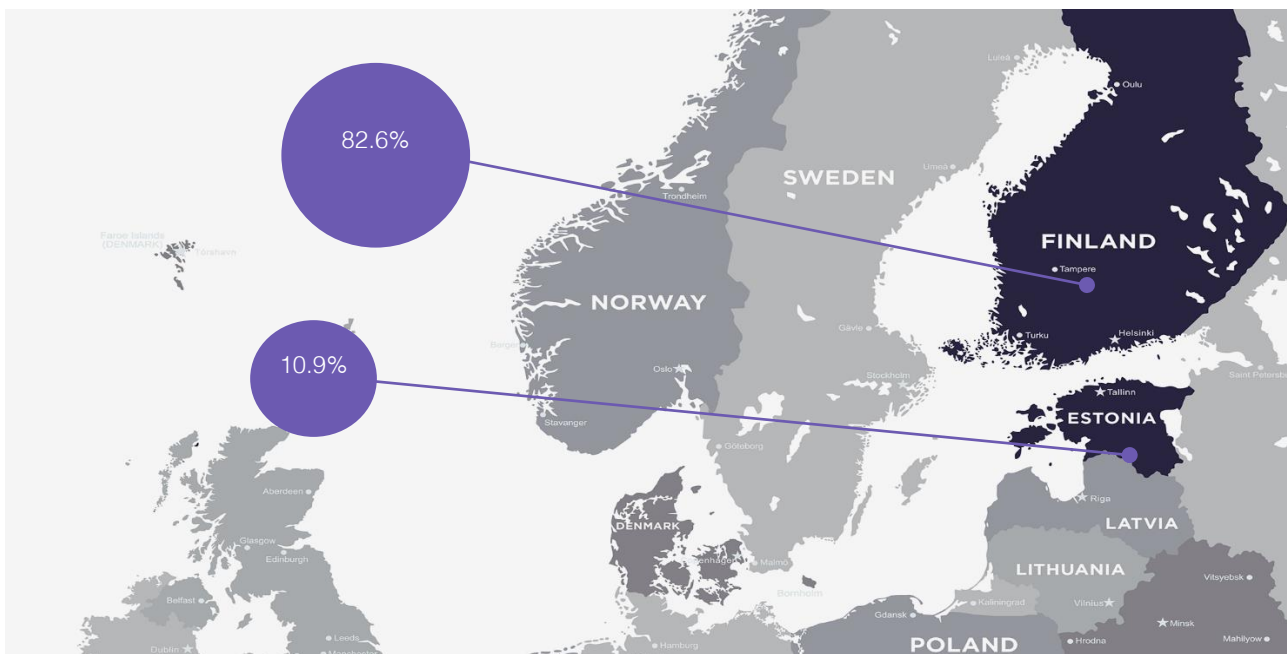
The main products of the Group are salmon and rainbow trout goods. The Company is mainly known as a seller of fresh fish in Estonia as well as the biggest supplier of fish roe in Estonian stores. In 2015, the Group started marketing fish roe to Japan, where sales volumes are expected to increase in current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

Revenue increased by +3.3 million euros, i.e. +33.9% in 2nd quarter of 2017. In 2nd quarter the group managed to transfer raw material price increase to customers, thus the revenue has increased significantly. The sales volume decreased by -3.8% in 2nd quarter of 2017. In 2nd quarter of 2017 revenue in Finnish target market grew +2.6 million euros, i.e. +32.4%. The share of Finnish market from total sales decreased by -0.9 percentage points. Revenue from Estonian market increased by +0.3 million euros i.e. +24.5%. The share of Estonia's target market from total sales decreased by -0.9 percentage points. Export revenue in other markets increased by +0.4 million euros, i.e. +80.0%. The share of other market increased by +1.8 percentage points.

Revenue increased by +3.6 million euros, i.e. +18.2% in 6 months of 2017. Lack of raw fish and very high prices are continuously affecting Company's results as well as caused a drop in fish products consumption. The sales volume decreased by -9.7% in 6 months of 2017.

| GEOGRAPHIC SEGMENTS | | | | | | | |
|---------------------|---------|--------------|---------|--------------|----------------|---------------|----|
| EUR mln | 6m 2017 | Proportion % | 6m 2016 | Proportion % | Change EUR mln | 6m 17 / 6m 16 | 6m |
| Finland | 19.5 | 82.6% | 16.2 | 81.2% | 3.29 | 20.2% | ▲ |
| Estonia | 2.6 | 10.9% | 2.7 | 13.3% | -0.10 | -3.8% | ▼ |
| Other | 1.5 | 6.5% | 1.1 | 5.4% | 0.45 | 41.2% | ▲ |
| Total | 23.6 | 100.0% | 20.0 | 100.0% | 3.63 | 18.2% | ▲ |

In 6 months of 2017 revenue in Finnish target market grew +3.3 million euros, i.e. +20.2%. The share of Finnish market from total sales increased by +1.4 percentage points. The increase in revenues in Finnish target market is caused by price increase of salmon and rainbow trout.



THE SHARE OF TURNOVER IN KEY GEOGRAPHIC AREAS 6 MONTHS 2017

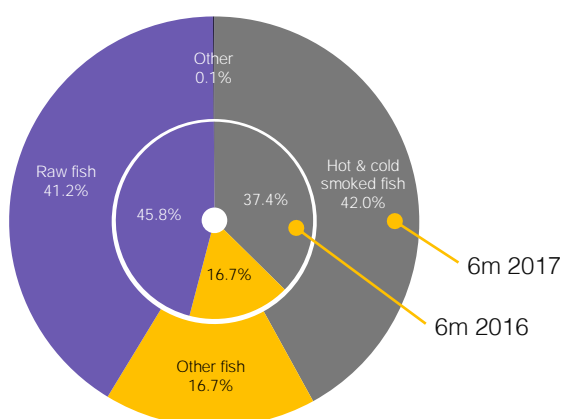
Revenue from Estonian market dropped by -0.1 million euros i.e. -3.8%. The drop in Estonian market is driven by increasing prices of salmon and rainbow trout, which has reduced consumption and number of campaigns in retail chains. The share of Estonia's target market decreased by -2.5 percentage points. Export revenue in other markets increased by +0.4 million euros, i.e. +41.2%.

PRODUCT SEGMENTS

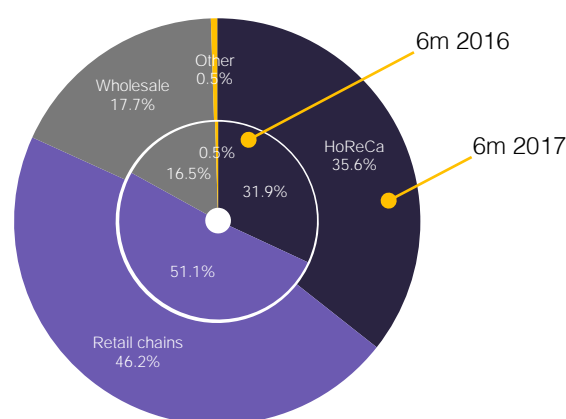
| EUR mln | 6m 2017 | Proportion % | 6m 2016 | Proportion % | Change EUR mln | 6m 17 / 6m 16 | 6m |
|------------------------|-------------|--------------|-------------|--------------|----------------|---------------|----|
| Hot & cold smoked fish | 9.9 | 42.0% | 7.5 | 37.4% | 2.45 | 32.8% | ▲ |
| Other fish | 3.9 | 16.7% | 3.3 | 16.7% | 0.61 | 18.2% | ▲ |
| Raw fish | 9.7 | 41.2% | 9.2 | 45.8% | 0.57 | 6.3% | ▲ |
| Other | 0.02 | 0.1% | 0.02 | 0.1% | 0.00 | 14.3% | ▲ |
| Total | 23.6 | 100.0% | 20.0 | 100.0% | 3.63 | 18.2% | ▲ |

The largest increase in revenue came from the smoked products group, which increased by +2.4 million euros in total i.e. +32.8%. The revenue from the raw fish and fillets product group increased by +0.6 million euros, i.e. +6.3%. The revenue from the other fish products group increased by +0.6 million euros i.e. +18.2%.

PRODUCT SEGMENTS



CLIENT SEGMENTS



CLIENT SEGMENTS

| EUR mln | 6m 2017 | Proportion % | 6m 2016 | Proportion % | Change EUR mln | 6m 17 / 6m 16 | 6m |
|---------------|-------------|--------------|-------------|--------------|----------------|---------------|----|
| HoReCa | 8.4 | 35.6% | 6.4 | 31.9% | 2.04 | 31.9% | ▲ |
| Retail chains | 10.9 | 46.2% | 10.2 | 51.1% | 0.69 | 6.7% | ▲ |
| Wholesale | 4.2 | 17.7% | 3.3 | 16.5% | 0.89 | 27.0% | ▲ |
| Other retail | 0.1 | 0.5% | 0.1 | 0.5% | 0.02 | 20.2% | ▲ |
| Total | 23.6 | 100.0% | 20.0 | 100.00% | 3.63 | 18.2% | ▲ |

Revenue increased in HoReCa sector by +2.0 million euros, i.e. +31.9%. Also in wholesale sector the revenue increased by +0.9 million euros, i.e. +27.0%. In retail sector the revenue increased by +0.7 million euros, i.e. +6.7%. In second quarter of 2017 the group managed to transfer some of the raw material price increase into customer's prices. Thus the revenue has increased.

COST ANALYSIS

Sales revenue increased by +3.6 million euros, i.e. +18.2%, in the 6 months of 2017. Cost of goods sold increased by +3.7 million euros, i.e. +20.2%, and the percentage of cost of goods from the revenue increased 1.6 percentage points compared to the same period in 2016. The increased percentage of cost of goods from the revenue is caused by the higher market price of raw fish. The average market price of salmon grew by 11.4% and the average market price of trout by 55.7% in the 6 months of 2017 compared to the same period in 2016. As the price of raw material has been very volatile this year, the Company is focused on abandoning low margin product groups.

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

| | 6m 2017 | 6m 2016 | change | | 6m 2017 | 6m 2016 | change | |
|--|---------|---------|---------|----|---------------|---------------|---------------|----|
| | EUR mln | EUR mln | EUR mln | 6m | as % of sales | as % of sales | as % of sales | 6m |
| Sales | 23.63 | 20.00 | 3.63 | ▲ | 100.00% | 100.00% | | |
| Cost of goods sold | - 22.12 | - 18.40 | - 3.72 | ▼ | 93.62% | 92.02% | - 1.60% | ▼ |
| materials in production & cost of goods purchased for resale | - 18.22 | - 14.67 | - 3.55 | ▼ | 77.11% | 73.36% | - 3.75% | ▼ |
| labour costs | - 1.52 | - 1.57 | 0.05 | ▲ | 6.43% | 7.85% | 1.42% | ▲ |
| depreciation | - 0.52 | - 0.51 | - 0.01 | ▼ | 2.20% | 2.55% | 0.35% | ▲ |
| other cost of goods sold | - 1.86 | - 1.65 | - 0.21 | ▼ | 7.87% | 8.25% | - 0.38% | ▼ |
| Operating expenses | - 2.42 | - 2.31 | - 0.11 | ▼ | 10.24% | 11.55% | 1.31% | ▲ |
| labour costs | - 0.81 | - 0.83 | 0.02 | ▲ | 3.43% | 4.15% | 0.72% | ▲ |
| transport & logistics services | - 0.89 | - 0.84 | - 0.05 | ▼ | 3.77% | 4.20% | 0.43% | ▲ |
| depreciation | - 0.10 | - 0.11 | 0.01 | ▲ | 0.42% | 0.55% | 0.13% | ▲ |
| advertising, marketing and product development | - 0.16 | - 0.10 | - 0.06 | ▼ | 0.68% | 0.50% | - 0.18% | ▼ |
| other operating expenses | - 0.46 | - 0.43 | - 0.03 | ▼ | 1.95% | 2.15% | 0.20% | ▲ |
| Other income/expenses | - 0.09 | 0.07 | - 0.16 | ▼ | 0.38% | - 0.35% | - 0.73% | ▼ |
| incl one-offs | - 0.21 | 0.00 | - 0.21 | ▼ | 0.89% | 0.00% | - 0.89% | ▼ |
| Financial income/expenses | - 0.11 | - 0.15 | 0.04 | ▲ | 0.47% | 0.75% | 0.28% | ▲ |



The percentage of cost of goods sold in the sales revenue was 93.6% (6 months in 2016: 92.0%) and the percentage of operating costs was 10.2% (6 months in 2016: 11.6%) in the reporting period.

The ratio of other cost of goods sold to the sales revenue was 7.9% in the 6 months of 2017 (6 months in 2016: 8.3%), showing a decrease of 0.4 percentage points. The composition of other cost of goods sold include heating, electricity, rent and utilities costs, and costs incurred in relation to fish farming and auxiliary activities in production. Salary costs of production and fish farms' personnel accounted for 6.4% of the revenue, which has decreased year-on-year by -1.4 percentage points, while in monetary value remained on the same level.

The operating costs of the 6 months of 2017 increased year-on-year by +103 thousand euros in total, i.e. +4.5%. The objective of the Company is to reduce consistently the portion of operating costs in the revenue year after year.

During reporting period, one-off expenses had negative effect in amount of -0.2 million euros on EBITDA. One-off expenses are related to acquisition of companies and restructuring.

TEAM

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

The average number of employees employed by PRFoods in the 6 months 2017 was 195 people (6 months 2016: 203 people).

PERSONNEL ANALYSIS 2017

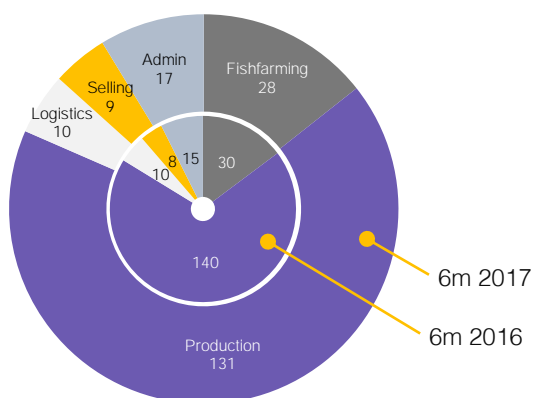
| | Q1 2017 | Q2 2017 | 6m 2017 | 6m 17 / 6m 16 | 6m |
|--|---------|---------|--------------|---------------|----|
| Average number of employees | 191 | 198 | 195 | -3.9% | ▼ |
| Finland | 35 | 37 | 36 | -7.7% | ▼ |
| Estonia | 134 | 138 | 136 | -4.2% | ▼ |
| Sweden | 22 | 23 | 23 | 4.5% | ▲ |
| Payroll expenses (th EUR) | 1,176 | 1,149 | 2,325 | -3.2% | ▼ |
| Monthly average payroll expenses per employee (EUR '000) | 2.05 | 1.93 | 1.99 | 0.8% | ▲ |

PERSONNEL ANALYSIS 2016

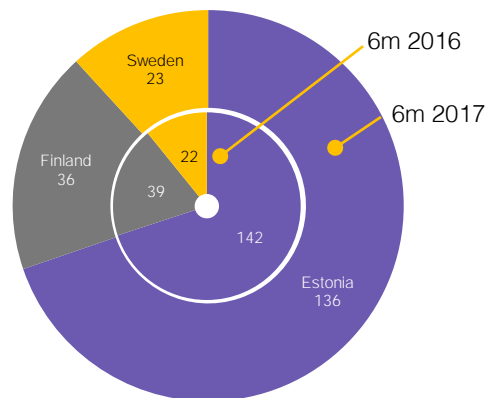
| | Q1 2016 | Q2 2016 | 6m 2016 | Q2 17 / Q2 16 | Q2 |
|--|---------|---------|--------------|---------------|----|
| Average number of employees | 205 | 200 | 203 | -1.0% | ▼ |
| Finland | 38 | 40 | 39 | -7.5% | ▼ |
| Estonia | 146 | 138 | 142 | 0.0% | |
| Sweden | 21 | 22 | 22 | 4.5% | ▲ |
| Payroll expenses (th EUR) | 1,153 | 1,249 | 2,402 | -8.0% | ▼ |
| Monthly average payroll expenses per employee (EUR '000) | 1.87 | 2.08 | 1.97 | -7.1% | ▼ |

Labour costs in production were 1.52 million euros in the 6 months of 2017, decreasing by -3.4% compared to same period previous year. Labour costs of supportive personnel were 0.81 million euros in the reporting period, decreasing by -2.9% compared to the same period in the previous year. The Group's labour costs were 2.33 million euros in 6 months 2017, decreasing year-on-year by -3.2%, i.e. -77 thousand euros. The percentage of labour costs in the sales revenue was 9.8% (6 months 2016: 12.0%).

EMPLOYEES ACCORDING TO AREA OF ACTIVITY



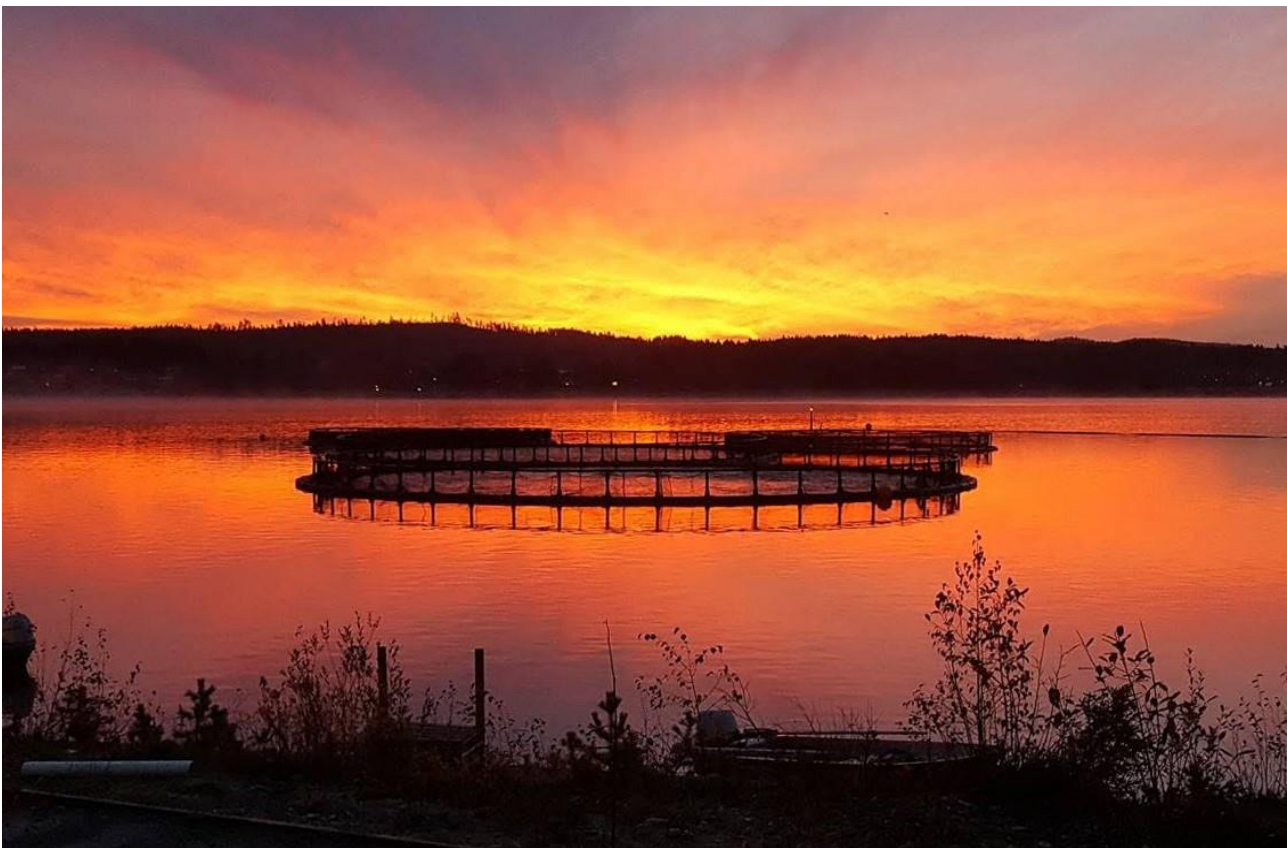
EMPLOYEES BY COUNTRY



FISH FARMING

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

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



Överumans Fisk Ab
Fish farm in Sweden

THE MARKET PRICE OF FISH

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

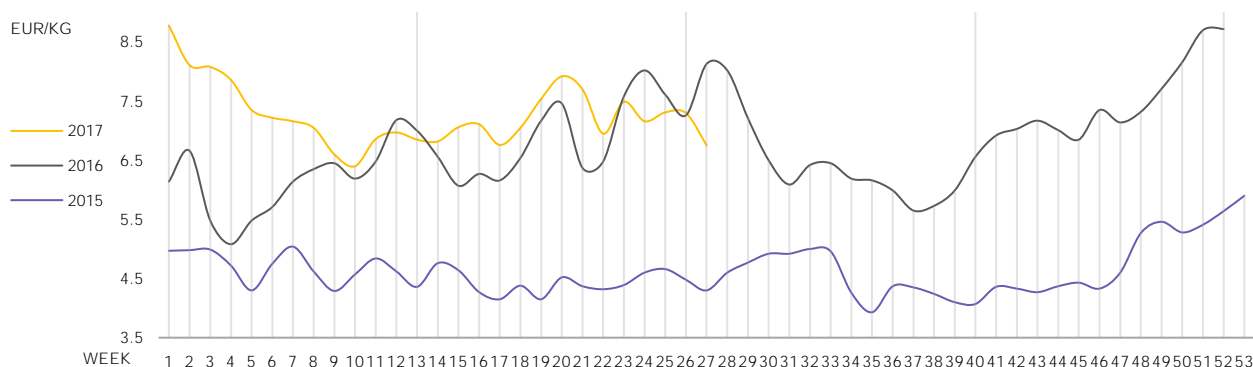
| MARKET PRICE | | | Change | | Change | | Change |
|---------------|------------|------------|------------------------|------------|------------------------|------------|------------------------|
| EUR/KG | 30.06.2017 | 30.06.2016 | 30.06.17 / 30.06.16 | 31.12.2016 | 30.06.17 / 31.12.16 | 31.12.2015 | 30.06.17 / 31.12.15 |
| Salmon | 7.30 | 7.26 | 0.6% | 8.72 | -16.3% | 5.90 | 23.7% |
| Rainbow trout | 8.11 | 5.97 | 35.8% | 7.39 | 9.7% | 4.44 | 82.7% |

As at 30.06.2017, the market price of salmon has increased by 0.6% and the price of rainbow trout has risen by 35.8% compared to the prices the year before. Compared to 31.12.2016, the price of salmon has dropped by -16.3% and the price of trout has increased by 9.7%.

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



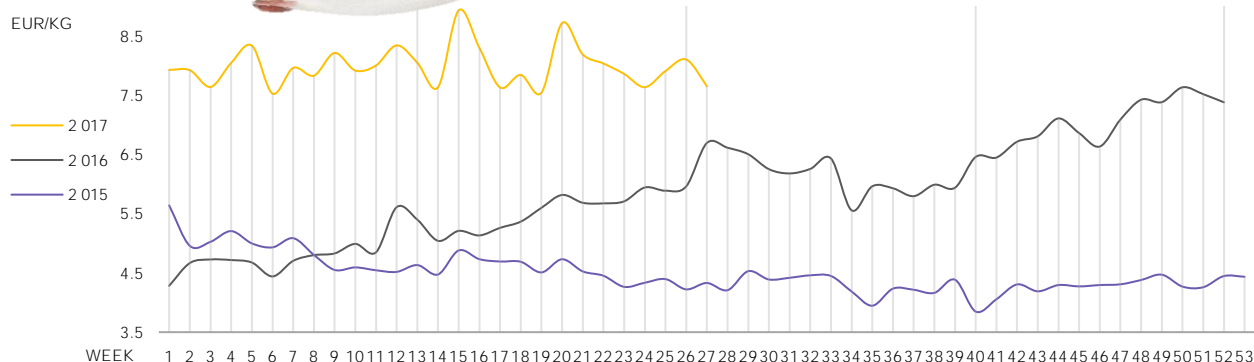
EXPORT PRICE OF NORWEGIAN SALMON



Source: NASDAQ Salmon Index



EXPORT PRICE OF NORWEGIAN RAINBOW TROUT



Source: akvafakta.no

See comparable data on average market prices below:

| AVERAGE MARKET PRICE Q2 | | Change | | Change | | Change | |
|-------------------------|---------|---------|---------------|----------|----------------|----------|----------------|
| EUR/KG | Q2 2017 | Q2 2016 | Q2 17 / Q2 16 | 12m 2016 | Q2 17 / 12m 16 | 12m 2015 | Q2 17 / 12m 15 |
| Salmon | 7.21 | 6.83 | 5.6% | 6.68 | 7.9% | 4.59 | 57.1% |
| Rainbow trout | 8.04 | 5.51 | 45.9% | 5.73 | 40.3% | 4.42 | 81.9% |

The average market price of salmon has increased by 5.6% in the 2nd quarter of 2017 compared to the 2nd quarter of 2016 and the average market price of rainbow trout has increased by 45.9%.

| AVERAGE MARKET PRICE 6 MONTHS | | Change | | Change | | Change | |
|-------------------------------|---------|---------|---------------|----------|----------------|----------|----------------|
| EUR/KG | 6m 2017 | 6m 2016 | 6m 17 / 6m 16 | 12m 2016 | 6m 17 / 12m 16 | 12m 2015 | 6m 17 / 12m 15 |
| Salmon | 7.23 | 6.49 | 11.4% | 6.68 | 8.2% | 4.59 | 57.5% |
| Rainbow trout | 8.02 | 5.15 | 55.7% | 5.73 | 40.0% | 4.42 | 81.4% |

The average market price of salmon has increased by 11.4% in the 6 months of 2017 compared to the 6 months of 2016 and the average market price of rainbow trout has increased by 55.7%.

BIOLOGICAL ASSETS

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

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

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

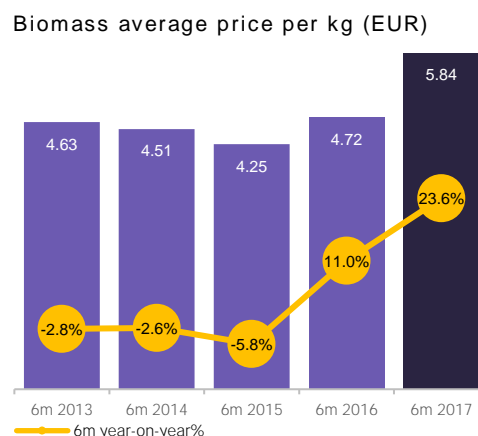
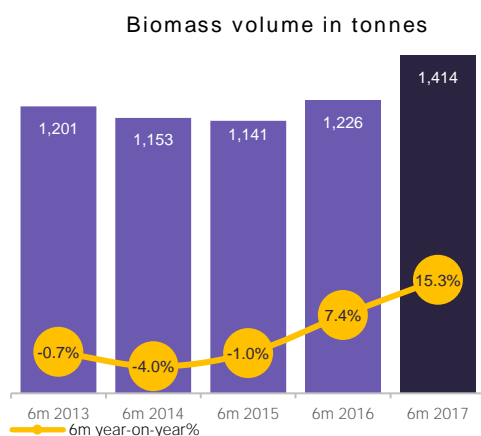
| CHANGE IN BIOLOGICAL ASSETS IN TONNES | | | | Change in tonnes | Change |
|---------------------------------------|---------|---------|----------|------------------|--------|
| | 6m 2017 | 6m 2016 | 12m 2016 | 6m 17 / 6m 16 | % |
| Biomass at beginning of the period | 1 418 | 1 215 | 1 215 | 203 | 16.7% |
| Biomass at end of the period | 1 414 | 1 226 | 1 418 | 299 | 15.3% |
| Harvested (in live weight) | -622 | -692 | -2 045 | -70 | -10.1% |

The amount of biological assets has increased by 188 tonnes, i.e. +15.3% compared to the same period in previous year and in monetary terms has increased by 2.1 million euros, i.e. +42.6%. This is caused by the higher market price of rainbow trout, which is 35.8% higher as at 30.06.2017 compared to the market price of 30.06.2016.

The aggregate growth of biological assets was positive during the reporting period, amounting to 2.0 million euros (6 months in 2016: +2.2 million euros). The spring and summer of 2017 have been extraordinarily cold in Finland and Sweden, thus the aggregate growth of fish is much lower than norm.

As at 30.06.2017, the fair value of biological assets was 8.25 million euros (30.06.2016: 5.79 million euros).

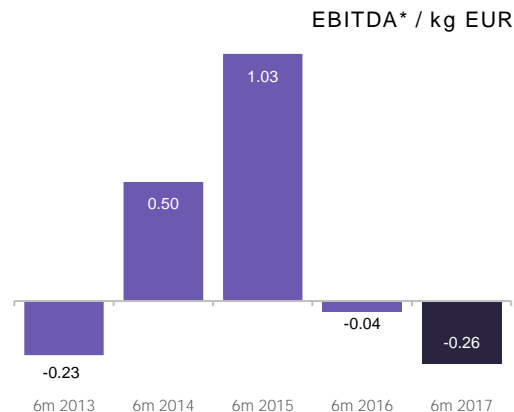
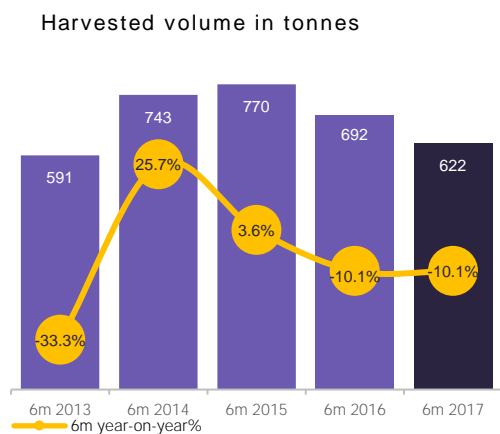
| BIOMASS VOLUME AND AVERAGE PRICE PER KG (EUR) | | | | Change | Change |
|--|---------|---------|----------|---------------|--------|
| | 6m 2017 | 6m 2016 | 12m 2016 | 6m 17 / 6m 16 | % |
| Biological assets (mln EUR) | 8.25 | 5.79 | 7.58 | 2.47 | 42.6% |
| Biomass volume in tonnes | 1 414 | 1 226 | 1 418 | 188 | 15.3% |
| Average price per kg (EUR) | 5.84 | 4.72 | 5.35 | 1.12 | 23.6% |
| Fair value adjustment on biological assets (mln EUR) | 0.15 | 0.47 | 2.26 | -0.32 | -67.8% |



Fish is processed in production buildings that belong to Heimon Kala Oy and Vettel OÜ. The Group's own distribution network in Finland and Estonia enables us to ensure rapid and quality supplies to our customers. During the reporting period aquaculture produce in the amount of 622 tonnes was harvested, which has decreased -10.1% compared to the same period in previous year. Produce in the amount of 692 tonnes was recorded at the same period in the previous year.

| HARVESTED VOLUME | | | | Change | Change |
|-----------------------------------|---------|---------|----------|---------------|--------|
| | 6m 2017 | 6m 2016 | 12m 2016 | 6m 17 / 6m 16 | % |
| Revenue (mln EUR) | 23.6 | 20.0 | 47.4 | 3.63 | 18.2% |
| EBITDA from operations (mln EUR)* | -0.2 | -0.03 | 0.8 | -0.5 | 440.0% |
| Harvested volume (tonnes) | 622 | 692 | 2 045 | -70 | -10.1% |
| EBITDA / kg* (EUR) | -0.26 | -0.04 | 0.37 | 0.22 | 500.8% |

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



SEASONALITY OF THE BUSINESS

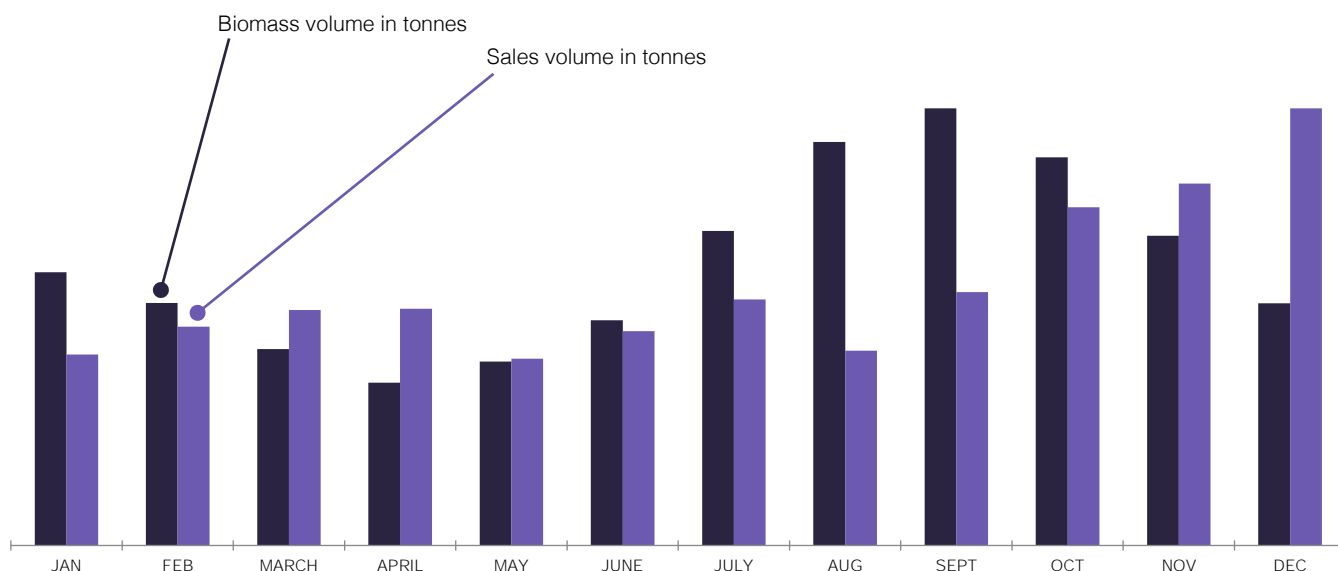
Due to the growth of biomass, the low season in fish farming lasts from November until May, while the high season lasts from June to September. Biomass growth is being influenced by the temperature in seas and lakes. Trout, for instance, grows faster from summer until autumn when the water is warmer.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

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

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

SEASONALITY OF THE BUSINESS

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



DESCRIPTION OF MAIN RISKS OF THE GROUP



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

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

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

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

CREDIT RISK

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

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

LIQUIDITY RISK

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

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

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

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

As at 30 June 2017, the Group's working capital was 11.5 million euros (30.06.2016: 11.2 million euros).

The management considers it important to monitor liquidity risks; the additional need for capital can be covered by overdraft facilities or by refinancing the loan portfolio. The overdraft facility was taken into use in amount of 4.0 million euros in subsidiaries (30.06.2016 overdraft was not drawn down as at the balance sheet date).

CURRENCY RISK

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

INTEREST RATE RISK

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

CAPITAL MANAGEMENT

The Group's capital consists of borrowings and total equity. As at 30.06.2017 the equity totalled 22.7 million euros (30.06.2016: 22.7 million euros). The Group's principle is to maintain strong equity base with the purpose of maintaining credibility for shareholders, creditors and the market as well as for ensuring sustainable development of the Company. In the long term, the Company's objective is to increase shareholder income and to ensure the capacity to pay dividends.

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

The Group considers it important to ensure that its equity structure is at the optimum level. Therefore, it is monitored that the Group's equity-to-assets ratio is at least 35% (30.06.2017: 67.8%, 30.06.2016: 77.6%) and that the ratio of interest-bearing liabilities to assets does not exceed 25% (30.06.2017: 15.1%, 30.06.2016: 4.1%). According to the overdraft contract signed with AS SEB Pank, the Company's working capital financing rate cannot fall below 70% and the Group has met this requirement.

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

| EUR '000 | 30.06.2017 | 30.06.2016 | 31.12.2016 |
|-----------------------------------|------------|------------|------------|
| Total borrowings | 5,054 | 1,211 | 4,656 |
| Less: Cash and cash equivalents | 4,088 | 2,632 | 4,374 |
| Net debt | 966 | -1,421 | 282 |
| Total equity | 22,697 | 22,735 | 23,809 |
| Total capital (net debt + equity) | 23,663 | 21,314 | 24,091 |
| Debt to equity ratio | 4% | -7% | 1% |

The net debt of Group at 30.06.2017 was positive 1.0 million euros (30.06.2016: negative -1.4 million euros).

MANAGEMENT AND SUPERVISORY BOARD

The Management Board of AS PRFoods is comprised of one member. Indrek Kasela serves as the sole member of Management Board since 02.02.2015 pursuant to the Supervisory Board's decision. The Management Board of the company is independent in its day-to-day management of the business, protects the best interests of all shareholders and thereby ensures the company's sustainable development in accordance with set objectives and strategy. The Management Board of the company is also responsible for the functioning of internal control and risk management processes in the company.

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

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

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

The highest governing body of a public limited company is the General Meeting of shareholders. According to law, the General Meetings of shareholders are either ordinary or extraordinary.

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

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

As at 30.06.2017, the members of Management and Supervisory Board and persons/companies related to them hold the shares in the company as indicated below:

| Shareholder | number of shares | ownership interest |
|--|------------------|--------------------|
| Chairman of the Supervisory Board until 02.02.2015, Member of the Management Board from 02.02.2015 – Indrek Kasela | 1,421,823 | 3.68% |
| Member of the Supervisory Board – Kuldar Leis | 1,302,166 | 3.37% |
| Member of the Supervisory Board, Chairman of the Supervisory Board from 02.02.2015 – Lauri Kustaa Äimä | 125,000 | 0.32% |
| Member of the Supervisory Board – Vesa Jaakko Karo | 90,000 | 0.23% |
| Member of the Supervisory Board – Arko Kadajane | 8,928 | 0.02% |
| Member of the Supervisory Board – Harvey Sawikin | no shares | |
| Member of the Supervisory Board – Aavo Kokk | no shares | |
| Total number of shares owned by the members of the Supervisory and Management Board | 2,947,917 | 7.62% |

SHARE AND SHAREHOLDERS

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

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




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

THE PRFOODS SHARE WAS PART OF THE FOLLOWING INDICES:

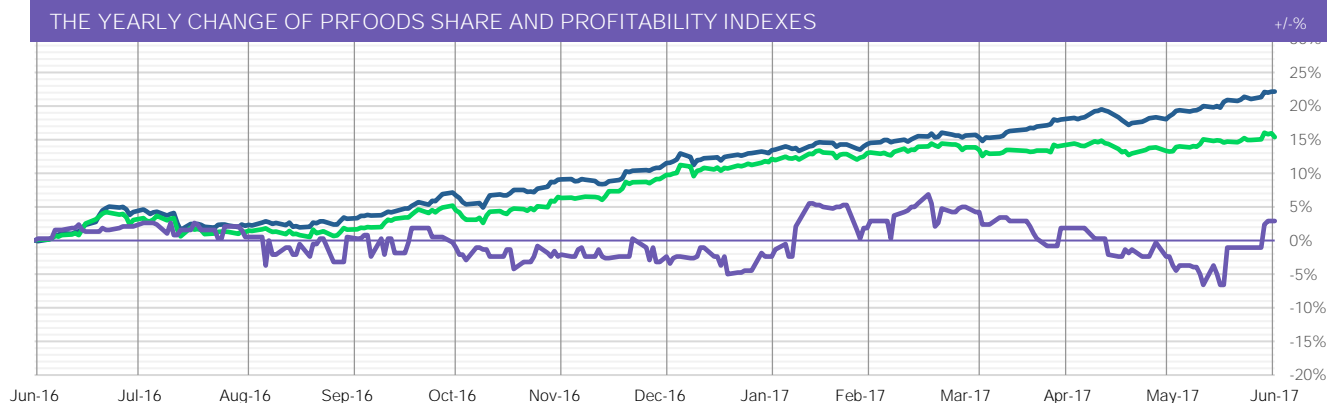
| Index | Description | Type | Short name |
|-------------------------|-----------------------------|-------------|------------|
| OMX Tallinn GI | OMX Tallinn All-Share index | Gross index | OMXT |
| OMX Baltic Benchmark GI | OMX Baltic All-Share index | Gross index | OMXBGI |

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

THE YEARLY CHANGE OF PRFOODS SHARE AND PROFITABILITY INDEXES BETWEEN 30.06.2016 AND 30.06.2017:

| Index / Equity | 30.06.2016 | 30.06.2017 | change % |
|---|------------|--------------|----------|
|  OMX Baltic Benchmark GI | 711.29 EUR | 868.84 EUR | 22.15% |
|  OMX Tallinn | 985.61 EUR | 1,137.08 EUR | 15.37% |
|  PRF1T | 0.379 EUR | 0.390 EUR | 2.9% |

THE YEARLY CHANGE OF PRFOODS SHARE AND PROFITABILITY INDEXES



Baltic comparison index increased 22.15% during the given period, Tallinn Stock Exchange All-Share index increased 15.37% and PRFoods share price increased 2.90%.

TRADING HISTORY

| Price (EUR) | Q1 2017 | Q2 2017 | 6m 2017 | Q1 2016 | Q2 2016 | 6m 2016 | 12m 2016 |
|--------------------------------|---------|---------|--------------|---------|---------|--------------|----------|
| Open | 0.372 | 0.398 | 0.372 | 0.390 | 0.389 | 0.390 | 0.390 |
| High | 0.412 | 0.398 | 0.412 | 0.397 | 0.394 | 0.397 | 0.397 |
| Low | 0.360 | 0.354 | 0.354 | 0.362 | 0.349 | 0.349 | 0.349 |
| Last | 0.398 | 0.390 | 0.390 | 0.389 | 0.379 | 0.379 | 0.36 |
| Traded volume, thousand | 1,659 | 236 | 1,894 | 308 | 1,400 | 1,708 | 2,429 |
| Turnover, million | 0.63 | 0.09 | 0.72 | 0.12 | 0.52 | 0.64 | 0.91 |
| Market capitalization, million | 15.40 | 15.09 | 15.09 | 15.05 | 14.66 | 14.66 | 14.20 |

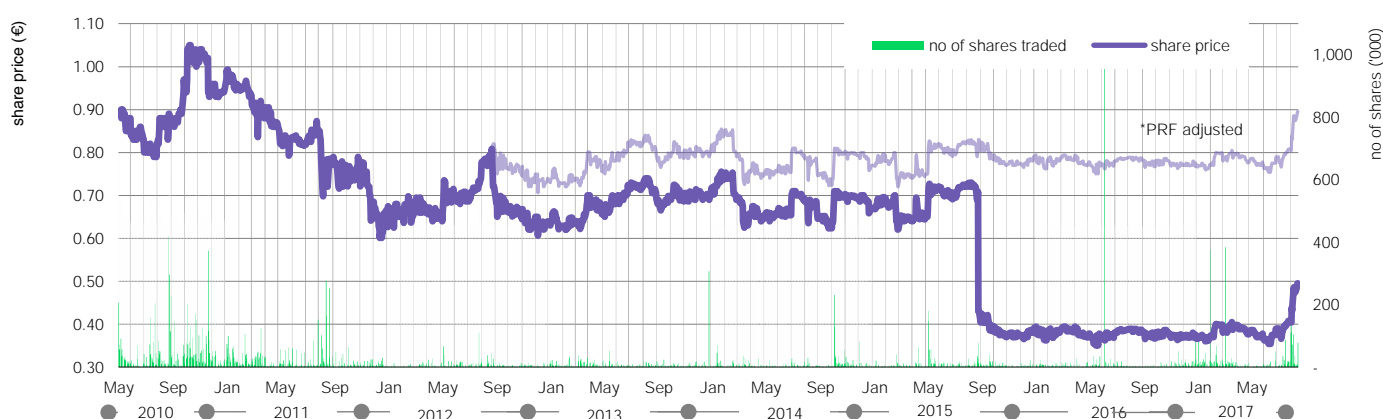
540 transactions were made with PRFoods shares in the 6 months of 2017. The volume of the transactions was 1.9 million, i.e. 4.9% of all shares, and the monetary value was 0.72 million euros. Comparable data during the 6 months of 2016: 550 transactions with a volume of 1.7 million shares, i.e. 4.4% of all shares, and the monetary value was 0.64 million euros. The highest trading price was 0.412 euros per share and the lowest trading price was 0.354 euros per share (the trading prices in the 6 months of 2016 were 0.397 and 0.349 euros per share, respectively).

The closing price of the share was 0.390 euros per share as at 30.06.2017 (30.06.2016: 0.380 euro per share). The market value of AS PRFoods was 15.09 million euros as at 30.06.2017, increasing year-on-year by 2.9% (market value 30.06.2016: 14.66 million euros).

| MARKET RATIOS | | | | |
|--|--|------------|------------|------------|
| Ratios | formula | 30.06.2017 | 30.06.2016 | 31.12.2016 |
| EV/Sales | (Market Cap + Net Debt) / Sales | 0.314 | 0.273 | 0.305 |
| EV/EBITDA from operations | (Market Cap + Net Debt) / EBITDA from operations | 25.891 | 6.317 | 19.253 |
| EV/EBITDA | (Market Cap + Net Debt) / EBITDA | 8.207 | 5.248 | 5.541 |
| Price/EBITDA from operations | Market Cap / EBITDA from operations | 24.333 | 6.995 | 18.878 |
| Price/EBITDA | Market Cap / EBITDA | 7.713 | 5.811 | 5.433 |
| Price-to-Earnings | Market Cap / Net Earnings | 88.743 | 14.573 | 19.855 |
| Price-to-Book | Market Cap / Equity | 0.665 | 0.645 | 0.596 |
| Market Cap, Net Debt and Equity as of 30.06.2017 | | | | |
| Sales, EBITDA and Net Profit (-Loss) for the trailing 12 months period | | | | |

THE DYNAMICS OF THE SHARE PRICE OF PRFOODS (EUR) AND THE VOLUME OF TRANSACTIONS (NUMBER OF SHARES TRADED) DURING THE PERIOD FROM 5 MAY 2010 UP TO 30 JUNE 2017:

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

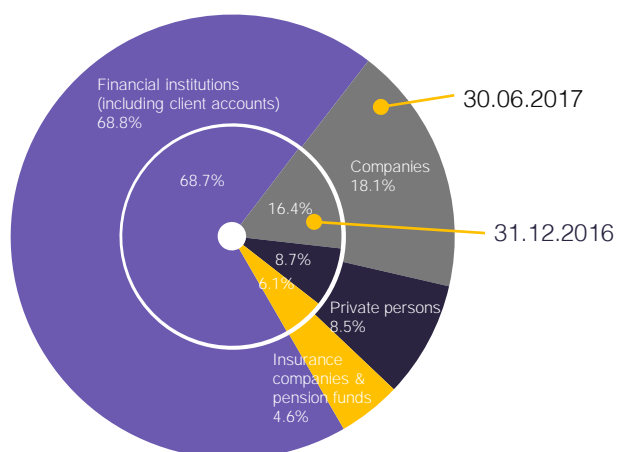


The nominal value of the PRFoods share was decreased by 10 euro cents on 29 August 2012 and by 30 euro cents on 28 August 2015. The calculated value of PRFoods share is currently 20 euro cents. PRFoods has distributed to its shareholders a total amount of 16.9 million euros in dividends and share capital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

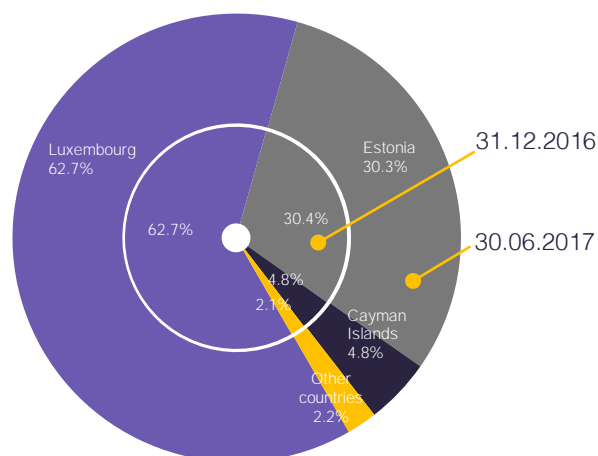
SHAREHOLDERS STRUCTURE

| SHAREHOLDERS AS AT 30.06.2017 | | 1,165 SHAREHOLDERS -4.7% FROM 31.12.2016 | | |
|---|-------------------|--|--------------------------|------------------|
| | Number of shares | % of total 30.06.2017 | % of total 31.12.2016 | Change |
| ING Luxembourg S.A. (Nominee account) | 24,258,366 | 62.71% | 62.71% | - |
| Lindermann, Birnbaum & Kasela OÜ | 1,421,823 | 3.68% | 2.69% | + 380,000 |
| OÜ Rododendron | 1,298,705 | 3.36% | 3.36% | - |
| Ambient Sound Investments OÜ | 1,239,116 | 3.20% | 3.20% | - |
| Firebird Republics Fund Ltd. | 1,195,270 | 3.09% | 3.09% | - |
| Compensa Life Vienna Insurance Group SE | 883,058 | 2.28% | 1.92% | + 140,000 |
| Firebird Avrora Fund, Ltd. | 648,220 | 1.68% | 1.68% | - |
| LHV Pensionifond L | 538,863 | 1.39% | 2.73% | - 517,000 |
| OÜ Footsteps Management | 380,501 | 0.98% | 1.30% | - 123,200 |
| LHV Pensionifond XL | 220,541 | 0.57% | 0.94% | - 144,970 |
| Total largest shareholders | 32,084,463 | 82.94% | 83.62% | - 265,170 |
| Other minority shareholders | 5,598,397 | 14.47% | 14.69% | - 81,648 |
| Treasury shares | 1,000,000 | 2.59% | 1.69% | + 346,818 |
| Total | 38,682,860 | 100.00% | 100.00% | - |

STRUCTURE OF SHAREHOLDERS ACCORDING TO HOLDER CATEGORIES



STRUCTURE OF SHAREHOLDERS ACCORDING TO RESIDENCE



THE DIVISION OF SHAREHOLDERS ACCORDING TO NUMBER OF ACQUIRED SHARES

| number of shares | number of shareholders | % of shareholders | total number of shares | % of share |
|--------------------|------------------------|-------------------|------------------------|---------------|
| 1 ... 1,000 | 536 | 46.0% | 258,504 | 0.7% |
| 1,001 ... 10,000 | 522 | 44.8% | 1,698,670 | 4.4% |
| 10,001 ... 50,000 | 74 | 6.4% | 1,639,341 | 4.2% |
| 50,001 ... 100,000 | 8 | 0.7% | 561,951 | 1.5% |
| More than 100,000 | 25 | 2.1% | 34,524,394 | 89.2% |
| Total | 1,165 | 100.0% | 38,683,860 | 100.0% |

PROOFS

P R F O O D S

Interim Accounting Report

Consolidated interim financial statements

Consolidated statement of financial position

| EUR '000 | Note | 30.06.2017 | 30.06.2016 | 31.12.2016 |
|--------------------------------------|-------------|---------------|---------------|---------------|
| ASSETS | | | | |
| Cash and cash equivalents | (Note 2) | 4,088 | 2,632 | 4,374 |
| Receivables and prepayments | (Note 3) | 2,694 | 2,361 | 4,056 |
| Inventories | (Note 4) | 5,105 | 5,125 | 5,393 |
| Biological assets | (Note 5) | 8,251 | 5,786 | 7,584 |
| Total current assets | | 20,138 | 15,904 | 21,407 |
| Deferred income tax | | 226 | 136 | 230 |
| Long-term financial investments | | 102 | 106 | 103 |
| Tangible fixed assets | (Note 6) | 7,019 | 7,065 | 7,285 |
| Intangible assets | (Note 7) | 5,981 | 6,080 | 6,031 |
| Total non-current assets | | 13,328 | 13,387 | 13,649 |
| TOTAL ASSETS | | 33,466 | 29,291 | 35,056 |
| EQUITY AND LIABILITIES | | | | |
| Loans and borrowings | (Note 8, 9) | 4,266 | 286 | 3,716 |
| Payables | (Note 10) | 4,243 | 4,211 | 5,131 |
| Government grants | (Note 11) | 170 | 162 | 162 |
| Total current liabilities | | 8,679 | 4,659 | 9,009 |
| Loans and borrowings | (Note 8, 9) | 788 | 925 | 940 |
| Deferred tax liabilities | | 758 | 337 | 747 |
| Government grants | (Note 11) | 544 | 635 | 551 |
| Total non-current liabilities | | 2,090 | 1,897 | 2,238 |
| TOTAL LIABILITIES | | 10,769 | 6,556 | 11,247 |
| Share capital | | 7,737 | 7,737 | 7,737 |
| Share premium | | 14,007 | 14,007 | 14,007 |
| Treasury shares | | -390 | -206 | -256 |
| Statutory capital reserve | | 48 | 12 | 12 |
| Currency translation reserve | | 417 | 441 | 428 |
| Retained profit (-loss) | | 878 | 744 | 1,881 |
| Equity attributable to parent | | 22,697 | 22,735 | 23,809 |
| TOTAL EQUITY | (Note 12) | 22,697 | 22,735 | 23,809 |
| TOTAL EQUITY AND LIABILITIES | | 33,466 | 29,291 | 35,056 |

Consolidated statement of profit or loss and other comprehensive income

| EUR '000 | Note | Q2 2017 | Q2 2016 | 6m 2017 | 6m 2016 | 12m 2016 |
|--|-----------|---------------|---------------|---------------|---------------|---------------|
| Sales | (Note 13) | 13,066 | 9,761 | 23,628 | 19,996 | 47,429 |
| Cost of goods sold | (Note 14) | -12,081 | -9,146 | -22,117 | -18,404 | -43,410 |
| Gross profit | | 985 | 615 | 1,511 | 1,592 | 4,019 |
| Operating expenses | | -1,237 | -1,235 | -2,416 | -2,313 | -4,785 |
| Selling and distribution expenses | | -879 | -789 | -1,716 | -1,555 | -3,346 |
| Administrative expenses | | -358 | -446 | -700 | -758 | -1,439 |
| Other income/expenses | | -138 | 59 | -88 | 71 | -118 |
| Fair value adjustment on biological assets | (Note 5) | 420 | 910 | 150 | 466 | 2,263 |
| Operating profit (-loss) | | 30 | 349 | -843 | -184 | 1,379 |
| Financial income | | -5 | 1 | 1 | 1 | 2 |
| Financial expenses | | -80 | -123 | -114 | -155 | -240 |
| Profit (-loss) before tax | | -55 | 227 | -956 | -338 | 1,141 |
| Income tax | | -73 | -185 | -11 | -84 | -426 |
| Net profit (-loss) for the period | | -128 | 42 | -967 | -422 | 715 |
| Other comprehensive income (-loss) that may subsequently be classified to profit or loss: | | | | | | |
| Foreign currency translation differences | | -11 | -24 | -11 | -30 | -43 |
| Total comprehensive income (-expense) | | -139 | 18 | -978 | -452 | 672 |
| Total comprehensive income (-expense) attributable to: | | | | | | |
| Owners of the Company | | -139 | 18 | -978 | -452 | 672 |
| Total comprehensive income (-expense) for the period | | -139 | 18 | -978 | -452 | 672 |
| Profit (-loss) per share (EUR) | (Note 12) | 0.00 | 0.00 | -0.03 | -0.01 | 0.02 |
| Diluted profit (-loss) per share (EUR) | (Note 12) | 0.00 | 0.00 | -0.03 | -0.01 | 0.02 |

Consolidated cash flow statement

| EUR '000 | Note | 6m 2017 | 6m 2016 | 2016 |
|---|-------------|-------------|--------------|--------------|
| Total cash flow from operations | | | | |
| Net profit (-loss) | | -967 | -422 | 715 |
| Adjustments: | | | | |
| Depreciation | (Note 6, 7) | 622 | 620 | 1,234 |
| Profit from sale and write off of fixed assets | | -1 | 0 | -6 |
| Other non-cash items | | -8 | 31 | 20 |
| Changes in receivables and prepayments | | 1,366 | 1,294 | -495 |
| Changes in inventories | (Note 4) | 288 | 491 | 223 |
| Changes in biological assets | (Note 5) | -667 | -1,365 | -3,163 |
| Changes in payables and prepayments | | -875 | 690 | 1,975 |
| Corporate income tax paid | | 1 | -150 | -188 |
| Total cash flow from /(used in) operating activities | | -241 | 1,189 | 315 |
| Total cash flow from investments | | | | |
| Sale of tangible and intangible fixed assets | (Note 6, 7) | 5 | 1 | 9 |
| Purchase of tangible and intangible fixed assets | (Note 6, 7) | -328 | -246 | -732 |
| Government grants for acquisition of assets | (Note 7) | 87 | 0 | 0 |
| Profit from long-term investments | | 1 | 1 | 4 |
| Total cash flow used in investing activities | | -235 | -244 | -719 |
| Total cash flow from financing | | | | |
| Own shares buy-back | (Note 12) | -134 | -34 | -84 |
| Change in overdraft | | 586 | 0 | 3,367 |
| Change in factored receivables | (Note 9) | -21 | 0 | 21 |
| Capital lease repayments | (Note 8) | -167 | -153 | -343 |
| Interests paid | | -74 | -47 | -104 |
| Total cash flow (used in)/from financing activities | | 190 | -234 | 2,857 |
| Total cash flow | | -286 | 711 | 2,453 |
| Cash and cash equivalents at beginning of year | (Note 2) | 4,374 | 1,921 | 1,921 |
| Change in cash and cash equivalents | | -286 | 711 | 2,453 |
| Cash and cash equivalents at the end of the period | (Note 2) | 4,088 | 2,632 | 4,374 |

Consolidated statement of changes in equity

| EUR '000 | Share capital | Share premium | Own shares | Statutory capital reserve | Translation reserve | Retained earnings (-loss) | Total equity |
|---|---------------|---------------|-------------|---------------------------|---------------------|---------------------------|---------------|
| Balance at 31.12.2015 | 7,737 | 16,026 | -172 | 6 | 471 | -847 | 23,221 |
| Covering the loss from previous year | 0 | -2,019 | 0 | -6 | 0 | 2,025 | 0 |
| Formation of statutory reserve capital | 0 | 0 | 0 | 12 | 0 | -12 | 0 |
| The own shares repurchase program | 0 | 0 | -34 | 0 | 0 | 0 | -34 |
| Transactions with equity holders of the company | 0 | -2,019 | -34 | 6 | 0 | 2,013 | -34 |
| Net loss for the year | 0 | 0 | 0 | 0 | 0 | -422 | -422 |
| Other comprehensive expense | 0 | 0 | 0 | 0 | -30 | 0 | -30 |
| Total comprehensive expense for the period | 0 | 0 | 0 | 0 | -30 | -422 | -452 |
| Balance at 30.06.2016 | 7,737 | 14,007 | -206 | 12 | 441 | 744 | 22,735 |
| Balance at 31.12.2016 | 7,737 | 14,007 | -256 | 12 | 428 | 1,881 | 23,809 |
| Formation of statutory reserve capital | 0 | 0 | 0 | 36 | 0 | -36 | 0 |
| The own shares repurchase program | 0 | 0 | -134 | 0 | 0 | 0 | -134 |
| Transactions with equity holders of the company | 0 | 0 | -134 | 36 | 0 | -36 | -134 |
| Net loss for the year | 0 | 0 | 0 | 0 | 0 | -967 | -967 |
| Other comprehensive expense | 0 | 0 | 0 | 0 | -11 | 0 | -11 |
| Total comprehensive expense for the period | 0 | 0 | 0 | 0 | -11 | -967 | -978 |
| Balance at 30.06.2017 | 7,737 | 14,007 | -390 | 48 | 417 | 878 | 22,697 |

Additional information about equity is disclosed in Note 12.

Notes to the Interim Report

NOTE 1. SUMMARY OF MATERIAL ACCOUNTING POLICIES

AS PRFoods is a company incorporated in Estonia. The interim financial statements dated 30.06.2017 encompass AS PRFoods (hereinafter Parent Company) together with its subsidiaries Saaremere Kala AS in Estonia and the group companies OÜ Vettel, OÜ GourmetHouse in Estonia and Heimon Kala Oy in Finland and Överumans Fisk Ab in Sweden (hereinafter also referred to as Group). The Group has a stake in an associate, the Competence Center of Food and Fermentation Technologies (CCFFT). AS PRFoods shares are listed on NASDAQ OMX Tallinn Stock Exchange since 5 May 2010.

The Group's consolidated audited annual report for the financial year that ended on 31 December 2016 is available at the Parent Company's location at Pärnu mnt 141, Tallinn and on the Parent Company's website www.prfoods.ee.

CONFIRMATION OF COMPLIANCE

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

While preparing the interim report at hand, the same accounting principles as in the annual report for the financial year ended on 31.12.2016 have been applied. The report does not hold all the information that must be presented in a complete annual report so it should be read together with the Parent Company's audited consolidated annual report for the financial year that ended on 31 December 2016, which is in compliance with international finance reporting standards (IFRS) as adopted by the European Union.

The Management Board approved the publication of this condensed unaudited consolidated interim report on 17th August 2017.

In the opinion of the management, this interim report for 2nd quarter and 6 months of 2017 of AS PRFoods presents correctly and fairly the financial results of the Group as a going concern. Current interim report is neither audited nor reviewed by auditors in any other way and contains only the consolidated reports of the Group.

BASIS OF PREPARATION

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

NOTE 2. CASH AND CASH EQUIVALENTS

| EUR '000 | 30.06.2017 | 30.06.2016 | 31.12.2016 |
|---------------------------------|------------|------------|------------|
| Cash on hand | 8 | 10 | 9 |
| Bank accounts | 4,080 | 2,622 | 4,365 |
| Total cash and cash equivalents | 4,088 | 2,632 | 4,374 |

NOTE 3. RECEIVABLES AND PREPAYMENTS

| EUR '000 | 30.06.2017 | 30.06.2016 | 31.12.2016 |
|------------------------------------|------------|------------|------------|
| Trade receivables | 2,217 | 1,721 | 3,558 |
| Allowance for doubtful receivables | 0 | -15 | -12 |
| Other receivables | 4 | 3 | 7 |
| Prepaid expenses | 226 | 233 | 133 |
| Prepaid taxes | 190 | 419 | 290 |
| Other prepayments | 57 | 0 | 80 |
| Total receivables and prepayments | 2,694 | 2,361 | 4,056 |

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

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

NOTE 4. INVENTORIES

| EUR '000 | 30.06.2017 | 30.06.2016 | 31.12.2016 |
|--|------------|------------|------------|
| Raw materials and materials | 3,126 | 1,948 | 2,703 |
| Work-in-progress | 728 | 1,045 | 903 |
| Finished goods | 630 | 1,582 | 1,281 |
| Goods purchased for sale | 464 | 506 | 484 |
| Prepayments for inventories and goods in transit | 157 | 44 | 22 |
| Total inventories | 5,105 | 5,125 | 5,393 |

The Group earned a loss from write-off of inventories in the 6 months of 2017 in total 35 thousand euros (6 months 2016: 2 thousand euros). In 2016, the Group earned a loss of 10 thousand euros from write-off of inventories.

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

NOTE 5. BIOLOGICAL ASSETS

| EUR '000 | 30.06.2017 | 30.06.2016 | 31.12.2016 |
|--------------------------------|--------------|--------------|--------------|
| Fry | 1,103 | 601 | 629 |
| Juveniles | 1,536 | 1,683 | 1,347 |
| Fish suitable for harvesting | 5,612 | 3,502 | 5,608 |
| Total biological assets | 8,251 | 5,786 | 7,584 |

As at 30.06.2017, biological assets totalled 1,414 tonnes (30.06.2016: 1,215 tonnes). As at 31.12.2016, biological assets totalled 1,418 tonnes. In the reporting period, agricultural produce was harvested in the amount of 622 tonnes (6 months 2016: 692 tonnes). In the 2016 agricultural produce was harvested in the amount of 2,045 tonnes.

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

CHANGE IN BIOLOGICAL ASSETS

| EUR '000 | 6m 2017 | 6m 2016 | 12m 2016 |
|---|--------------|--------------|--------------|
| Biological assets at beginning of the period | 7,584 | 4,421 | 4,421 |
| Purchased | 716 | 1,360 | 1,431 |
| Additions | 1,860 | 1,768 | 5,617 |
| Fair value adjustments | 150 | 466 | 2,263 |
| Harvested | -1,982 | -2,032 | -5,748 |
| Written off | -43 | -116 | -251 |
| Exchange rate differences | -34 | -81 | -149 |
| Biological assets at end of the period | 8,251 | 5,786 | 7,584 |

The aggregate gain attributable to the growth of biological assets and the changes in fair value less costs to sell of biological assets amounted to 2.0 million euros (6 months 2016: 2.2 million euros), comprising of amounts presented under "Additions" and "Fair value adjustments" above. In the 2016 the growth of biological assets was total 7.9 million euros.

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

Group measures biological assets in fair value or acquisition cost.

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

NOTE 6. PROPERTY, PLANT AND EQUIPMENT

| EUR '000 | 30.06.2017 | 30.06.2016 | 31.12.2016 |
|--|------------|------------|------------|
| Land and buildings | | | |
| Cost | 5,780 | 5,611 | 5,783 |
| Accumulated depreciation | -3,120 | -2,861 | -2,986 |
| Land and buildings at carrying amount | 2,660 | 2,750 | 2,797 |
| Machinery and equipment | | | |
| Cost | 9,578 | 8,874 | 9,361 |
| Accumulated depreciation | -5,581 | -4,873 | -5,205 |
| Machinery and equipment at carrying amount | 3,997 | 4,001 | 4,156 |
| Other tangible assets | | | |
| Cost | 645 | 588 | 642 |
| Accumulated depreciation | -377 | -316 | -344 |
| Other tangible assets at carrying amount | 268 | 272 | 298 |
| Construction in progress, prepayments | 94 | 42 | 34 |
| Total property, plant and equipment | 7,019 | 7,065 | 7,285 |

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

NOTE 7. INTANGIBLE ASSETS

| EUR '000 | 30.06.2017 | 30.06.2016 | 31.12.2016 |
|---|------------|------------|------------|
| Goodwill | 4,730 | 4,730 | 4,730 |
| Trademarks and patents | | | |
| Cost | 1,085 | 1,085 | 1,085 |
| Accumulated amortisation | -569 | -514 | -542 |
| Trademarks and patents at carrying amount | 516 | 571 | 543 |
| Immaterial rights | | | |
| Cost | 859 | 859 | 859 |
| Accumulated amortisation | -333 | -311 | -322 |
| Immaterial rights at carrying amount | 526 | 548 | 537 |
| Software licenses | | | |
| Cost | 294 | 286 | 294 |
| Accumulated amortisation | -247 | -226 | -236 |
| Software licenses at carrying amount | 47 | 60 | 58 |
| Prepayments for intangible assets | 162 | 171 | 163 |
| Total intangible assets | 5,981 | 6,080 | 6,031 |

NOTE 8. FINANCE LEASE

| EUR '000 | 30.06.2017 | 30.06.2016 | 31.12.2016 |
|--|------------|------------|------------|
| Machinery and equipment | | | |
| Cost | 1,576 | 1,552 | 1,791 |
| Accumulated depreciation | -356 | -200 | -215 |
| Machinery and equipment at carrying amount | 1,220 | 1,352 | 1,576 |
| Means of transport | | | |
| Cost | 471 | 489 | 488 |
| Accumulated depreciation | -154 | -110 | -49 |
| Means of transport at carrying amount | 317 | 379 | 439 |
| Total property, plant and equipment | 1,537 | 1,731 | 2,015 |

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

FINANCE LEASE PAYABLES

| EUR '000 | 30.06.2017 | 30.06.2016 | 31.12.2016 |
|--|------------|------------|------------|
| Present value of finance lease liability | | | |
| Due in less than 1 year | 313 | 286 | 328 |
| Due between 1-5 years | 788 | 925 | 940 |
| Present value of lease payments | 1,101 | 1,211 | 1,268 |
| Principal payments in the financial year | 167 | 153 | 343 |
| Interest expenses in the financial year | 12 | 13 | 24 |
| Average interest rate | 1.86% | 2.28% | 1.78% |

See also Note 6 and 9.

NOTE 9. BORROWINGS

| EUR '000 | 30.06.2017 | 30.06.2016 | 31.12.2016 |
|------------------------------------|--------------|------------|--------------|
| Finance lease liabilities (Note 8) | 313 | 286 | 328 |
| Overdraft | 3,953 | 0 | 3,367 |
| Factoring | 0 | 0 | 21 |
| Total short-term loans | 4,226 | 286 | 3,716 |
| Finance lease liabilities (Note 8) | 788 | 925 | 940 |
| Total long-term loans | 788 | 925 | 940 |
| incl. payable within 1-5 years | 788 | 925 | 940 |

On 06.09.2016, AS PRFoods and AS SEB Pank closed the limit of the existing overdraft contract and closed group account agreement between AS PRFoods and its subsidiaries. On 06.09.2016, AS Saaremere Kala and AS SEB Pank signed overdraft contract to open for AS Saaremere 5.0 million euros credit limit. The term of the overdraft facility was 30.04.2017 and the interest rate is 6 month EURIBOR + 1.7%.

28.04.2017 overdraft renewal and increasing contract was signed, which gave group right to use overdraft in amount of 7,000,000 euros. Overdraft was increased as group needs flexibility in cash flows to be able to increase raw fish stock when prices of raw fish are lower. Overdraft will be automatically reduced to 5,000,000 at 01.01.2018. The term of overdraft is 30.04.2018 and interest rate 6 month EURIBOR + 1.7%. The bank overdraft is secured by a mortgage of 10.1 million euros, a commercial pledge of 4.0 million euros and AS PRFoods guarantee in amount of 5.0 million euros. AS Saaremere Kala and subsidiaries OÜ Vettel and OÜ Gourmethouse have signed new group account agreement with AS SEB Pank.

The overdraft was used in the amount of 4.0 million euros as at 30.06.2017 (30.03.2016: the overdraft was not used). As at 31.12.2016 the overdraft was used in amount of 3.4 million euros.

NOTE 10. PAYABLES AND PREPAYMENTS

| EUR '000 | 30.06.2017 | 30.06.2016 | 31.12.2016 |
|---------------------------------------|--------------|--------------|--------------|
| Trade payables | 3,217 | 3,093 | 3,969 |
| Payables to employees | 539 | 617 | 623 |
| Interest payables | 4 | 0 | 4 |
| Other payables | 88 | 4 | 10 |
| Tax liabilities, incl.: | 395 | 497 | 525 |
| Social security tax | 129 | 164 | 167 |
| VAT | 160 | 121 | 266 |
| Personal income tax | 101 | 121 | 77 |
| Corporate income tax | 0 | 84 | 0 |
| Other taxes | 5 | 7 | 15 |
| Total payables and prepayments | 4,243 | 4,211 | 5,131 |

NOTE 11. GOVERNMENT GRANTS

| EUR '000 | 6m 2017 | 6m 2016 | 12m 2016 |
|---|---------|---------|----------|
| Deferred income from government grants at the beginning of period | 713 | 883 | 883 |
| Government grants received during the period | 87 | 0 | 0 |
| Change in value due to the exchange rates | -1 | -5 | -8 |
| Recognition as income during the period | -85 | -81 | -162 |
| Deferred income from government grants at the end of period | 714 | 797 | 713 |
| incl. income within 1 year | 170 | 162 | 162 |
| incl. income within 2-17 years | 544 | 635 | 551 |

NOTE 12. EQUITY

| EUR '000 | 30.06.2017 | 30.06.2016 | 31.12.2016 |
|-------------------------------|---------------|---------------|---------------|
| Share capital | 7,737 | 7,737 | 7,737 |
| Share premium | 14,007 | 14,007 | 14,007 |
| Treasury shares | -390 | -206 | -256 |
| Statutory capital reserve | 48 | 12 | 12 |
| Currency translation reserve | 417 | 441 | 428 |
| Retained profit (-loss) | 878 | 744 | 1,881 |
| Equity attributable to parent | 22,697 | 22,735 | 23,809 |
| TOTAL EQUITY | 22,697 | 22,735 | 23,809 |

Share capital

As at 30.06.2017, the Company's registered share capital was 7,736,572 euros. As at 31.12.2016, the Company had registered share capital in the amount of 7,736,572 euros.

On 30 June 2016, shares of AS PRFoods without nominal value were registered in the Commercial Register instead of shares with nominal value, based on the resolutions adopted by the Company's general meeting of shareholders held on 26 May 2016. The registered share capital of the Company is 7,736,572 euros, divided into 38,682,860 ordinary shares without nominal value having a book value of 0.20 euro per share. A new version of the Company's Articles of Association also came into force, stating that the minimal share capital is 7,000,000 euros and the maximum share capital is 28,000,000 euros. The Articles of Association are available on AS PRFoods website at www.prfoods.ee.

Share premium

The Company's share premium comprises mainly of the amount received over the nominal value upon issue of shares, less costs associated with the issue of shares. According to the Commercial Code, a premium may be used to cover a loss of a company if such loss cannot be covered by retained profit from previous periods or the capital reserve prescribed in the Articles of Association and other reserves prescribed by the Articles of Association. The premium may also be used to increase share capital by a bonus issue. No payments to shareholders are allowed to be made from the share premium funds.

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

Own shares

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

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

As at 27.03.2017 the expanded own shares buy-back programme was completed. Between 14.06.2016 and 27.03.2017 the Company purchased 500,000 own shares with average price 0.3834 euro per share. As at 30.06.2017, AS SEB Pank has acquired a total of 1,000,000 own shares with average price 0.4915 euro per share in the name and on behalf of AS PRFoods. As at 30.06.2016, the Company had bought back 519,048 own shares.

Capital reserve

The Estonian Commercial Code requires companies to create a capital reserve. Each year at least 1/20 of profit for the year has to be transferred to the capital reserve until the reserve amounts to 1/10 of share capital. The capital reserve may be used for covering losses and increasing share capital but not for making distributions to shareholders.

The shareholders adopted a resolution at the general meeting held on 30 May to transfer 35,750 euros from the profit of 2016 of the group to the capital reserve, and not to distribute the remaining profit. The shareholders adopted a resolution at the general meeting held on 26 May to cover the retained loss from previous periods of AS PRFoods from reserve and share premium in the amount of 2,026,000 euros and transfer 12,400 euros from the profit of 2015 of the parent company to the reserve, and not to distribute the remaining profit. The loss covered from the reserve was in the amount of 6,500 euros.

EARNINGS PER SHARE

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

| | Q2 2017 | Q2 2016 | 6m 2017 | 6m2016 | 12m 2016 |
|---|---------|---------|---------|--------|----------|
| Net profit (loss) attributable to equity holders of the company EUR '000 | -128 | 42 | -967 | -422 | 715 |
| Average number of shares (in thousand) | 38,683 | 38,683 | 38,683 | 38,683 | 38,683 |
| Earnings (-loss) per share (EUR) | 0.00 | 0.00 | -0.02 | -0.01 | 0.02 |
| Earnings (-loss) per share (EUR) | 0.00 | 0.00 | -0.02 | -0.01 | 0.02 |
| Diluted earnings (-loss) per share (EUR) | 0.00 | 0.00 | -0.02 | -0.01 | 0.02 |

NOTE 13. SEGMENT REPORTING

The Group's segments are determined based on the reports monitored and analysed by the Management Board of the Parent Company. The Management Board of the Parent Company monitors financial performance by business areas and geographic areas. Reports by business areas include information of more significant importance for the management of the Group for monitoring financial performance and allocating resources. Therefore, this division is used to define business segments.

Two business segments – the fish segment and other segments - are presented together since the proportion of other segments in business operations is marginal. The proportion of other segments was 0.10% in reporting period and 0.10% in 2016.

SALES BY GEOGRAPHIC REGIONS

| EUR '000 | Q2 2017 | Q2 2016 | 6m 2017 | 6m 2016 | 12m 2016 |
|----------|---------|---------|---------|---------|----------|
| Finland | 10,533 | 7,955 | 19,528 | 16,243 | 38,956 |
| Estonia | 1,608 | 1,292 | 2,564 | 2,665 | 4,974 |
| Other | 925 | 514 | 1,536 | 1,088 | 3,499 |
| Total | 13,066 | 9,761 | 23,628 | 19,996 | 47,429 |

NOTE 14. COST OF GOODS SOLD

| EUR '000 | Q2 2017 | Q2 2016 | 6m 2017 | 6m 2016 | 12m 2016 |
|--|---------|---------|---------|---------|----------|
| Cost of goods purchased for sale | -1,206 | -958 | -1,832 | -2,102 | -3,891 |
| Materials used in production | -8,875 | -6,251 | -16,385 | -12,571 | -31,809 |
| Staff costs | -755 | -804 | -1,515 | -1,568 | -3,217 |
| Depreciation and amortisation | -256 | -255 | -518 | -510 | -1,020 |
| Other costs of goods sold ¹ | -989 | -878 | -1,867 | -1,653 | -3,473 |
| Total cost of goods sold | -12,081 | -9,146 | -22,117 | -18,404 | -43,410 |

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

NOTE 15. RELATED PARTY TRANSACTIONS

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

Related parties include:

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

| GROUP COMPANIES | | | | | | |
|-------------------|----------|-------------------------------|------------|------------|--|-------------------|
| Subsidiary | Domicile | Ownership and voting rights % | | | Area of activity | Owner |
| | | 30.06.2017 | 30.06.2016 | 31.12.2016 | | |
| Saaremere Kala AS | Estonia | 100% | 100% | 100% | Holding company of fish segment | PRFoods AS |
| Vettel OÜ | Estonia | 100% | 100% | 100% | Production of fish products | Saaremere Kala AS |
| GourmetHouse OÜ | Estonia | 100% | 100% | 100% | Sale of fish and fish products | Saaremere Kala AS |
| Heimon Kala Oy | Finland | 100% | 100% | 100% | Fishfarming, processing and sale of fish and fish products | Saaremere Kala AS |
| Överumans Fisk Ab | Sweden | 100% | 100% | 100% | Fishfarming and sales | Heimon Kala Oy |

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

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

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

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

| Party | Type of transaction | 6m 2017 Purchase | 6m 2017 Sale | 6m 2016 Purchase | 6m 2016 Purchase | 12m 2016 Purchase | 12m 2016 Sale |
|---|---------------------|------------------|--------------|------------------|------------------|-------------------|---------------|
| Companies related to members of the Management and Supervisory Boards | services | 7 | 1 | 6 | 1 | 13 | 2 |
| | Total | 7 | 1 | 6 | 1 | 13 | 2 |

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

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

| EUR '000 | 6m 2017 | 6m 2016 | 12m 2016 |
|---------------------|---------|---------|----------|
| Short-term benefits | 248 | 337 | 512 |
| Total | 248 | 337 | 512 |

Management benefits decreased year-on-year bases by 89 thousand euros.

The members of the Management and Supervisory Boards are not entitled to any pension-related rights from the company. The members of the Management Boards are entitled to termination benefits. The maximum expense related to payment of termination benefits including taxes totals 205 thousand euros (30.06.2016: 205 thousand euros).

NOTE 16. CONTINGENT LIABILITIES

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

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

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

NOTE 17. EVENTS AFTER THE BALANCE SHEET DATE

Acquisition of John Ross Jr (Aberdeen) Limited and Coln Valley Smokery Limited

On 19.07.2017 extraordinary general meeting of AS PRFoods was held, where shareholders approved acquisition of majority shareholding of John Ross Jr (Aberdeen) Limited (JRJ) and Coln Valley Smokery Limited (CVS). Additional information about the transaction can be found on PRFoods web site www.prfoods.ee.

The purpose of the transaction is to increase the assortment of fish products offered by PRF group companies, expand the geographical area of operations and raise the professional know-how and clientele. JRJ is leading Scottish processed salmon company and producer of premium traditional smoked salmon. JRJ is holder of the Royal Warrant and is selling its products in UK as well as in 30 countries globally. CVS has premium salmon brand based in England and is supplier to many of a leading restaurants, hotels, premium retailers and sporting events. Unaudited consolidated turnover of JRJ and CVS of 2016FY was 13.1 million GBP corresponding to 15.8 million EUR (Bank of Estonia exchange rate as at 30.06.2016).

Saaremere Kala AS subsidiary JRJ & PRF Ltd acquired 100% in John Ross Jr. (Aberdeen) Ltd and 100% in Coln Valley Smokery Ltd. 15% of the shares of JRJ&PRF Ltd will remain to sellers C. Leigh and V. Leigh-Pearson. AS Saaremere Kala will hold majority shareholding of 85% in JRJ & PRF Ltd.

The total value of the transaction was 15,486,223 GBP (18,101,955 euros, at 31.03.2017 rate), from which purchase price 85% i.e. 13,163,290 GBP (15,386,622 EUR, 31.03.2017 rate) is paid as follows:

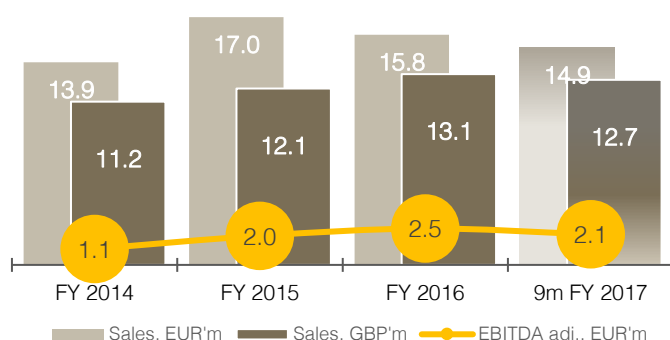
- 21.07.2017 amount 10,525,632 GBP (i.e. 12,303,485 EUR);
- deferred payment 752,991 GBP (i.e. 880,176 EUR) after 6 months;
- deferred payment 1,884,667 GBP (i.e. 2,203,001 EUR) after 12 months.

Transaction was financed as follows:

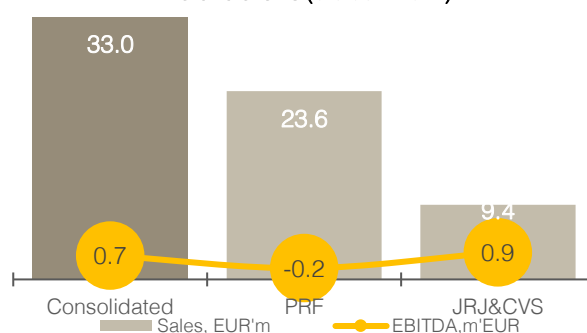
- loan from SEB Pank AS in amount of 11,000,000 euros;
- loan from Amber Trust II S.C.A in amount of 1,500,000 euros;
- own funds.

Acquisition was completed on 21.07.2017. As transaction was completed recently, the purchase analysis is still incomplete. Thus, fair value of acquired companies and possible goodwill is not disclosed. Results of purchase analysis are published in Q3 report.

Consolidated Key Financials of JRJ & CVS



Consolidated Key Financials of PRF & JRJ & CVS (draft 6m 2017)



Acquisition of Trio Trading Ab Oy

AS PRFoods has convened extraordinary general meeting of shareholders, which will be held on 28.08.2017 to approve acquisition of Trio Trading Ab Oy (Trio). Additional information about the transaction can be found on PRFoods web site www.prfoods.ee.

Trio Trading Ab Oy is leading processor and importer of Nordic fish in Finland. Company's customers are mainly Finnish wholesales, seafood traders and retail companies. The unaudited turnover of Trio for the period of 1.1.2016-31.12.2016 was 51.4 million EUR. The unaudited turnover of Trio for the period 1.1.2016- 30.06.2017 was 81.6 million EUR. Trio's financial year of 2016 lasted from 1.1.2016-30.06.2017.

The purpose of the transaction is to acquire the entire shareholding in Trio, hence all the business operations of Trio. A successful closing of the transaction will increase the assortment of fish products offered by PRF group companies and raise the professional know-how and clientele.

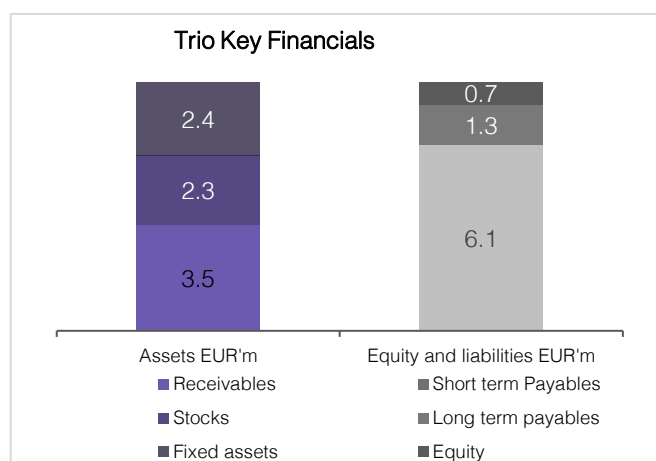
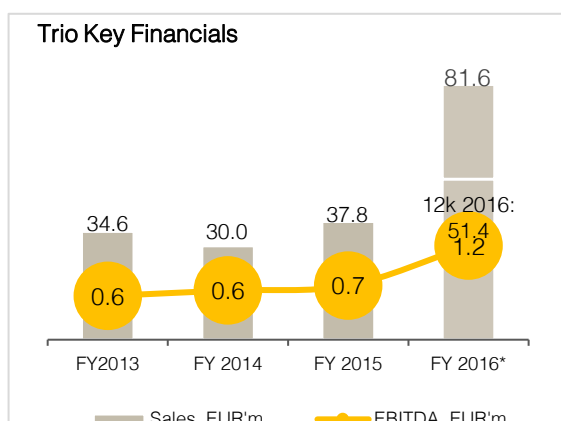
The total value of the transaction is 3,030,000, which will be paid at completion of the transaction. Transaction will be financed as follows:

- loan from SEB Pank AS in amount of 2,500,000 euros;
- own funds.

The current owners of the company are entitled to additional annual purchase price payment on agreed conditions. The terms are described in the notice of the extraordinary general meeting, which is available on PRFoods web site.

PRF group companies and Trio are in a commercial relationship: which were in 2016 as follows:

- Heimon Kala Oy and Vettel OÜ made purchases (fish) from Trio in the total amount of 15.9 million EUR.
- Heimon Kala Oy sold products (fish) to Trio in the total amount of 5.7 million EUR.



MANAGEMENT BOARD'S CONFIRMATION TO THE CONSOLIDATED INTERIM REPORT FOR THE 2ND QUARTER AND 6 MONTHS OF 2017

The Management Board confirms the correctness and completeness of the consolidated interim report for the 2nd quarter and 6 months of 2017 of AS PRFoods and its subsidiaries (together the Group) presented in the pages 8 – 48 hereof and confirms to the best of its knowledge that:

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

Member of the Management Board

Indrek Kasela

digitally signed

18 August 2017

