

Q1 | 2022

Grøntvedt Group

31 May 2022





Highlights for the first quarter 2022

- First quarter with seasonal high revenues of NOK 278,0 million for the first quarter.
- EBITDA of NOK 71,2 million
- Production has been efficient, and FEED production has commenced to plan.
- FOOD raw material volume of 24,000 tonnes for the first quarter, which are at the level of first quarter of last year.
- Properties in Klädesholmen sold to KMC Properties, with a net gain of NOK 17,5 million
- Change of minority owner from Bekken Invest to Gåsø Næringsutvikling.

Consolidated key figures¹

NOK thousands (except percentages and kg for volume)

	Q1 2022	Q1 2021
Revenues	278 055	n/a
EBITDA	71 190	n/a
EBITDA margin (%)	26 %	n/a
EBIT	42 174	n/a
Profit/loss before tax	22 597	n/a
Net nominal interest bearing debt	716 175	n/a
Equity ratio	44 %	n/a
Raw material FOOD	24 030	25 127

¹ Grøntvedt Group was established late June 2021, in relation to the acquisition of Klädesholmen Seafood AB and the restructuring of the companies prior to the bond issue in September 2021. Consequently, there are no comparable numbers for Q1 2021

Profit and loss

First quarter of 2022

Revenues for the first quarter of 2022 amounted to NOK 278,0 million, of which NOK 211,6 million related to the FOOD segment, NOK 48,9 million to the FEED segment. Other revenues of NOK 17,5 million is related to sales of properties.

Raw material volumes for the FOOD segment were 24,030 tonnes for the quarter, down from 25,126 tonnes in the corresponding quarter in 2021. The reduction is mainly explained by seasonal variations in the fishery, and production mix.

All Grøntvedt's revenue generating activities have seasonal variations due to harvesting seasons, with the fourth and first quarters being peak seasons.

Cost of goods sold amounted to NOK 134,1 million for the first quarter.

EBITDA amounted to NOK 71,2 million for the first quarter. This is mainly explained by full utilization of the capacity in FOOD, combined with production of roe in the quarter.

Margins in the FOOD segment are considered stable. For the group, margins are expected to increase when revenues from the FEED segment increase, due to higher margins in this segment.

EBIT came in at NOK 42,3 million for the quarter. This also includes net gain from the sale of Klädesholmen properties of NOK 17,5 million.

Net financial items amounted to a negative NOK 19,7 million for the quarter. Going forward the group expects to have net finance cost of approximately NOK 17 to 19 million per quarter depending on the level of interest.

Taxes expenses of NOK 8,6 million were recorded in the first quarter.

Net result ended at a positive NOK 13,8 million

Financial position and liquidity

Consolidated financial position

Total assets amounted to NOK 1 826,8 million on 31 March 2022, up from NOK 1 800,5 million on 31 December 2021. The increase mainly relates to increase in inventories.

Property, plant, and equipment amounted to NOK 399,8 million on 31 March 2022, down from NOK 482,6 million at year-end 2021. The reduction relates to the sale of properties in Klädesholmen.

Inventories were NOK 619,2 million at the end of the quarter, up from NOK 523,4 million at the end of last year. The group experience variations in its level of inventories, related to catch seasonality for mackerel and herring in Norway. The group will normally have a build-up of inventory in the peak production season, i.e. the fourth and first quarters of the year. All build-up of inventory are products already ordered by customers.

Accounts receivables amounted to NOK 102,6 million on 31 March 2022, down from NOK 105,6 million at year-end 2021

Cash and cash equivalents were NOK 33,8 million at the end of the quarter, compared to NOK 26,7 million at year-end 2021.

Total equity amounted to NOK 808,8 million on 31 March, representing an equity ratio of 44 per cent.

Net interest-bearing debt amounted to NOK 716,2 million on 31 March 2022, compared to NOK 663,2 million at year-end 2021.



Consolidated cash flow

Cash flow from operating activities amounted to NOK -112,8 million negative and includes an increase in the working capital (inventory and trade payables) and following normal seasonality.

Cash flow used for investing activities amounted to NOK 59,6 million in the quarter. And is related to the transaction in Klädesholmen.

Cash flow from financing activities came in at a positive NOK 60 million for the quarter, due to draw on the RCF facility.

Important events in the quarter

Sale of properties in Klädesholmen

The Group sold properties in Klädesholmen to KMC Properties in the quarter. The Group entered into a leaseback agreement after the sale.

The transaction gave a net gain of NOK 17,5 million.

Important events after the balance sheet

There has been a capital issue of NOK 65 million on 03. June 2022.



Outlook

The group expects increased costs in general. Both the price of herring and costs for other input factors have increased the last year, and we expect that operating costs will increase further in 2022. Further, the global situation has increased logistics costs. This will need to be reflected in market prices for our products moving forward.

With the introduction of Grøntvedt Nutri, the group can utilize the fish trimmings from its raw material processing in Grøntvedt Pelagic, and thus take a larger part of the value creation across the value chain. Going forward, this, combined with start-up of commercial activities for Grøntvedt Biotech, is expected to improve the group's profitability.

Brekstad, Norway, 03 June 2022

The Board of Directors and CEO
Grøntvedt AS

Otto Gregussen
Chair

Helge Gåsø
Board member

Hege Veiseth
Board member

Annika Fogelström Helmer
Board member

Anne-Sofie Utne
Board member

Bjørnar Grøntvedt
CEO



Consolidated financial statements

Consolidated statement of income	Note	Q1 2022	2021
NOK thousand		<i>unaudited</i>	<i>audited</i>
Revenues	2	260 466	811 748
Other revenues		17 589	16
Total revenues		278 055	811 764
Cost of goods sold	4	-134 124	-582 109
Variation in stocks of produced goods			
Salaries and personnell expenses		-36 583	-92 412
Depreciation	3	-28 890	-62 017
Other operating expenses		-36 159	-118 810
Operating profit (EBIT)		42 300	-43 583
Net finance	5	-19 702	-45 273
Profit before taxes		22 597	-88 857
Income tax expense		-8 663	11 475
Net profit		13 935	-77 381
Profit/ loss attributable to:			
Share holders of the parent company		13 935	-77 381
Total		13 935	-77 381



Consolidated statement of financial position

	Note	31.03.2022 <i>unaudited</i>	31.12.2021 <i>audited</i>
NOK 1 000			
ASSETS			
Non-current assets			
Brand		703	667
Goodwill	3	620 808	637 587
Deferred tax asset		0	0
Total intangible assets		621 511	638 254
Land, buildings, and other real property		24 822	119 195
Machinery and equipment		374 967	363 412
Total property, plant and equipment		399 788	482 607
Investments in shares and units		29 542	118
Other receivables		320	1 251
Total financial non-current assets		29 862	1 369
Total non-current assets		1 051 161	1 122 230
Current assets			
Inventory	4	619 117	523 439
Accounts receivable		102 633	105 640
Other current receivables		20 094	22 411
Cash and cash equivalents		33 824	26 835
Total current assets		775 668	678 325
Total assets		1 826 829	1 800 555



Consolidated statement of financial position

NOK 1 000	Note	31.03.2022 <i>unaudited</i>	31.12.2021 <i>audited</i>
Equity			
Share Capital		69	69
Share Premium		1 103 790	1 103 790
Other equity/Loss carried forward		-295 009	-304 950
Total equity		808 850	798 909
LIABILITIES			
Non-current liabilities			
Deferred Tax Liabilities		15 997	3 760
Interest bearing debt		54 415	60 475
Bond Loan	5	584 159	582 575
Other Long-term Liabilities		0	0
Total non-current liabilities		654 571	646 810
Loans from Credit Institutions		150 000	90 000
Accounts payables		139 018	145 608
Current tax liabilities		-5 171	13 150
Dividends		1 500	1 500
Other Current liabilities		79 561	104 578
Total current liabilities		363 409	354 836
Total liabilities		1 017 979	1 001 646
Total equity and liabilities		1 826 829	1 800 555



Consolidated Statement of Changes in Equity

NOK 1 000	Note	Share capital	Share premium	Translation reserves	Retained earnings	Total equity
Total equity at 31.12.2021		69	1 103 790		-304 950	798 909
Profit /(loss) for the period					13 935	13 935
Translation reserves					-3 994	-3 994
Total equity at 31.03.2022		69	1 103 790	0	-295 009	808 850

Consolidated statements of cash flows

NOK 1 000	Note	pr 31.03.2022	31.12.2021
Cash flows from operating activities			
Earnings before tax		22 597	-88 857
Depreciation of assets		28 890	62 017
Gains from sales of assets		-17 606	0
Change in working capital:			
- change in inventory		-95 678	-54 153
- change in trade and other receivables		3 007	6 479
- change in trade and other payables, excl. corporate tax		-54 003	10 071
Taxes paid		-0	900
Net cash flow from operating activities		-112 793	-63 544
Cash flows from investment activities			
Acquisition of businesses, net of cash acquired		-29 424	0
Investment in tangible assets - net of cash		89 208	-11 771
Long term receivables – net of cash		0	22 750
Net cash flow from investment activities		59 784	-10 979
Cash flows from financing activities			
Bond issue		0	582 575
New current loans from Credit Institutions		60 000	90 000
Settlement of other long-term debt		0	-555 806
Dividends		0	-38 450
Net cash flow from financing activities		60 000	78 318
Net change in cash and cash equivalents			
		6 991	25 754
Cash and cash equivalents at beginning of period		26 835	1 081
Cash and cash equivalents at end of period		33 824	26 835



Notes to the financial statements

Note 1 | Summary of accounting policies

General information

Grøntvedt is a group within production, sale and distribution of fish meal and fish oil and pelagic fish for consumption. Grøntvedt is a significant party within the pelagic sector in the North Atlantic. The main office is located in Uthaug.

Grøntvedt Group was formed late June 2021. No comparable figures for the first quarter are included in the report since the group emerged late June 2021.

The quarterly report was approved by the Board of Directors on 30 May 2022. The interim report has not been subject to audit.

All amounts are in NOK 1 000 unless otherwise stated.

Accounting policy

The quarterly report has been prepared in accordance with Generally Accepted Accounting Principles of Norway ("NGAAP").

The accounting policies adopted in preparing the financial statements for the quarter are consistent with those followed in preparing the group's annual financial statements for 2021

Going Concern

The quarterly report has been prepared under the going concern assumption

Note 2 | Sales revenues and segment information

Segment information

Grøntvedt group's activities are currently reported in two segments: FOOD and FEED.

Consumption (FOOD)

The consumption activity involves landing, processing and sales of pelagic fish for consumption. Pelagic fish for human consumption is fresh, frozen, and marinated herring, mackerel, and roe.

The production plant is located at Uthaug. The fish is mainly subject to global export.



Meal/oil (FEED)

The meal/oil activity contains production of fishmeal and fish oil, produced from offcuts available from the processing in activity in the FOOD division.

Q1 2022

<i>NOK thousand</i>	FOOD	FEED	Other	Total
Revenues	211 579	48 887	17 589	278 055
Cost of goods sold	-95 860	-38 264	0	-134 124
Contribution	81 411	10 316	17 589	110 820

Note 3 | Goodwill

Late June 2021, Grøntvedt acquired the Swedish herring specialist Klädesholmen Seafood AB. As part of several transactions, the Grøntvedt Group was established, and goodwill arose at the end of the third quarter 2021 a preliminary goodwill was assessed to NOK 882 million.

At the end of the fourth quarter of 2021 the assessment of goodwill was completed. The final allocation of goodwill before depreciation was NOK 671 million.

<i>NOK thousand</i>	Net carrying value at 31.03.2022	Useful economic life	Amortization method
Goodwill	620 808	10 years	Linear

Note 4 – Inventory

	<i>FOOD</i>	<i>FEED</i>	<i>Total</i>
<i>Inventory</i>	612 245	6 872	619 117

Note 5 | Financing

<i>NOK thousand</i>	31.03.2022	31.12.2021
Bond loan	584 159	582 575

Interest terms

Grøntvedt's interest terms are NIBOR 3 month plus 5.25 per cent. The interest is calculated and paid each quarter on the 23rd. (March, June, Sept, Dec). Due date of the bond is 23 September 2024.

Covenants

Equity ratio above 35 per cent and interest coverage ratio (EBITDA/ Net finance Charges) no less than 2.



Note 6 | Financial risk

Financial risk management

The group's activities are exposed to a variety of financial risks, including market risk, credit risk and liquidity risk.

Market risk

Currency risk

Grøntvedt Group has only a minor currency risk since all raw materials are bought in NOK and the main sales are invoiced in NOK.

Price risk

The market prices of the group's products will be affected by the global supply and demand for seafood and other protein sources.

The market prices of the group's raw material will be affected by the availability and numbers of buyers. Wild-caught fish is a renewable resource, whose quantity, will naturally fluctuate over time. The total legal catch will be limited to quotas set by the authorities, and the availability may change over time.

Credit risk

Pelagic industry is capital demanding due to natural seasonal fluctuations. The company's credit risk varies with the customers and the different sales agreements. This is a prioritized area for Grøntvedt, and the Group is working to establish good agreements to reduce risk for both buyer and seller.

Liquidity risk

Natural seasonal fluctuations require a sufficient access to financing during season. To support this, the Grøntvedt Group has established a bond loan and a RCF Facility at Handelsbanken. The RCF facility was in place in October 2021.

Note 7 | Transactions with related parties

Transactions with related parties take place at market conditions and consists of sales of raw materials between the group companies.