

Q3 | 2021

Grøntvedt Group AS

29 November 2021





Introduction to Grøntvedt Group

The Grøntvedt Group is one of the world's leading providers of pelagic fish, of which various herring and mackerel products account for most of the company's revenues. The group has four business units: Pelagic, VAP, Nutri, and Pharma (under development).

Grøntvedt Pelagic's main activity is processing of pelagic fish for human consumption, mainly herring from the Norwegian Sea and the North Sea. Grøntvedt VAP sells finished consumer products under the brand Klädesholmen, as well as private labels. Grøntvedt Nutri produces fishmeal and fish oil to the aquaculture industry and the pet food industry, and the activity of Grøntvedt Pharma, will be production of omega 3-rich refined fish oils for human consumption. In Pharma, product development is currently ongoing.

In 2020, Grøntvedt completed its investment in a new Grøntvedt Nutri plant, and in January 2021, the group invested in four new processing machines, significantly increasing its processing capacity. The investments position Grøntvedt Group for further growth, and the increased focus on value added products through VAP and Nutri, is expected to improve the group's profitability going forward.

Grøntvedt is majority owned by 62.2 per cent by the Grøntvedt family (through Grøntvedt Invest), 31.3 per cent owned by BEWI Invest (owned by the Bekken and Thoresen families) and 6.5 per cent by Klädesholmen Intressenter AB.

<p>Grøntvedt Pelagic™®</p>	<p>Grøntvedt VAP™®</p>	<p>Grøntvedt Nutri™®</p>	<p>Grøntvedt Pharma™®</p>
<p>1</p>	<p>2</p>	<p>3</p>	<p>4</p>
<p>Fresh, frozen and marinated herring, mackerel and roe</p> <p>Herring and mackerel is sourced through auctions and agreements with fish vessels and trawlers</p>	<p>Marinated herring, caviar and spread products</p> <p>Finished consumer products sold under the brand Klädesholmen and private label</p>	<p>Fishmeal and fish oil for fish feed and pet food industries</p> <p>Fishmeal and fish oil are produced from offcuts available from the processing in Grøntvedt Pelagic</p>	<p>Omega 3-rich refined fish oils for human consumption</p> <p>Ongoing product development to utilize crude oil coming from Nutri into refined omega-3 rich products</p>



Highlights for the third quarter and first nine months of 2021

- Revenues of NOK 146,1. million for third quarter and NOK 560 million so far this year
- EBITDA of NOK -8.8 million for the quarter, and NOK 19.4 million for first nine months
 - Processing volumes have significant seasonal variations related to catch seasonality for mackerel and herring, whereas the fourth and first quarters of the year are normally peak season
- FOOD (Pelagic) raw material volume of 12 449 and 44 018 tonnes for third quarter and first nine months of 2021 respectively, significantly up from the corresponding periods of 2020
- Acquisition of Swedish herring producer Klädesholmen Seafood AB completed late June 2021
- In September 2021, Grøntvedt successfully issued senior secured bonds of NOK 600 million

Consolidated key figures

<i>NOK thousands (except percentages)</i>	Q3 2021	Q3 2020	9m 2021	9m 2020	2020
Revenues	146 075	n/a	559 773	n/a	839 217
EBITDA	-8 839	n/a	19 365	n/a	94 070
EBITDA margin (%)	-6%	n/a	3%	n/a	11%
EBIT	-36 333	n/a	-19 229	n/a	77 090
Profit before tax	-47 147	n/a	-50 834	n/a	54 952
Net nominal interest bearing debt	567 107	n/a	567 107	n/a	482 907
Equity ratio	57%	n/a	57%	n/a	24%
Raw material FOOD	12 449	5 654	44 018	28 087	65 747



Financial review

The Grøntvedt Group comprises Grøntvedt AS, Grøntvedt Group AS, Grøntvedt Pelagic AS, Grøntvedt Nutri AS, Klädesholmen Seafood AS, Flexbase AS and Grøntvedt Eiendom AS. The accounting policies are in accordance with the Norwegian Accounting standard.

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 the corresponding periods of 2020.

Profit and loss

Third quarter of 2021

Revenues for the third quarter of 2021 amounted to NOK 146.1 million, of which NOK 87.6 million relate to the Pelagic/food segment, NOK 32.1 million to the Nutri/feed segment and NOK 26.4 million from VAP/ Klädesholmen.

All Grøntvedt's revenue generating activities have significant seasonal variations due to harvesting seasons, with the fourth and first quarters being peak season, and thus revenues are expected to increase from both food and feed operations the coming two quarters.

Raw material volumes for the Pelagic/ food segment were 12,449 tonnes for the quarter, up from 5,654 tonnes in the corresponding quarter in 2020. The group has prioritised to purchase more herring this quarter (instead of mackerel).

For the first nine months of the year, revenues came in at NOK 560.0 million.

EBITDA came in at a negative NOK 8.8 million for the third quarter, and NOK 19.4 million so far this year.

Margins in the food segment are considered stable. For the group, margins are expected to increase when revenues from the feed and VAP segments increases, due to higher margins in these segments.

The group expects increased costs in general, although the group's pricing model compensates for increase in raw materials and other input factors.

Cost of goods sold amounted to NOK 91.3 million for the third quarter and NOK 345.8 million for the first nine months of the year.

Inventories change according to seasons. 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 is products already ordered from customers. For further comments on the inventory, see comments to the financial position.

EBIT came in at a negative NOK 36.3 million for the quarter, mainly explained by depreciation of goodwill under NGAAP which started early in the quarter. In addition, the third quarter is a seasonally low quarter, with reduced activities in the fisheries.

For the first nine months of 2021, EBIT came in at a negative NOK 19.2 million.

Net financial items amounted to a negative NOK 10.8 million. Part of the net financial items relates to premature repayment of loans in relation to the bond issue, combined with an increased need for financing prior to the bond issue.

For the first nine months of the year, financial items came in at a negative NOK 31.6 million.

Taxes were recorded as tax income of NOK 10.4 million for the quarter and NOK 11.2 million for the first nine months of 2021.

Net result ended at a negative NOK 36.8 million and NOK 39.7 million for the third quarter and first nine months of 2021 respectively.

Financial position and liquidity

Consolidated financial position

Total assets amounted to NOK 1 947.3 million as of 30 September 2021, compared to NOK 1 123.6 million on 31 December 2020. The increase mainly relates to goodwill booked at NOK 860.4 million at the end of the third quarter.

Book equity has historically been calculated based on a continuation principle. Following the issuance of



new shares related to the Klädesholmen acquisition late June, the group was required to reflect real values as an accounting principle.

Property, plant, and equipment amounted to NOK 363.6 million on 30 September 2021, down from NOK 375.4 million at year-end 2020.

Inventories stood at NOK 607.7 million at the end of the period, up from NOK 556.7 million at the end of last year. As mentioned above, the group experiences variations in its level of inventories, related to catch seasonality for mackerel and herring in Norway.

For the third quarter, the inventory level is higher than normal, due to several factors. Firstly, raw material prices have increased. Secondly, the processing volumes are higher than normal. Thirdly, a challenging transport situation, combined with tax-free quotas consumed early in the third quarter, caused reduced and/ or delayed shipments.

Further, compared to 2020, the group has an increase in production of raw material, leading to higher inventories during the production season.

Accounts receivables amounted to NOK 56.1 million, down from NOK 91.4 million at year-end 2020, explained by seasonality, where the fourth quarter normally is the peak quarter.

Total equity amounted to NOK 1 106.1 million on 30 September, representing an equity ratio of 57 per cent, compared to NOK 267.9 million on 31 December 2020.

Net debt amounted to NOK 567.1 million on 30 September 2021, compared to NOK 482.9 million at year-end 2020. Grøntvedt's interest terms are NIBOR 3 months plus a 5.25 per cent margin. Covenants for the bond loan includes an equity ratio of more than 35 per cent, and interest coverage ratio (EBITDA/ Net financial charges) of 2 or more. For further details about the terms, see note 5.

Cash and cash equivalents were NOK 13.9 million at the end of the third quarter, compared to NOK 1.6 million at year-end 2020.

Consolidated cash flow

Cash flow from operating activities amounted to a negative NOK 57.7 million for the third quarter, including an increase in the working capital of NOK 55.3 million, following normal seasonality. For the first nine months of 2021, cash flow from operating activities was a negative NOK 26.8 million.

Cash flow used for investing activities amounted to a negative NOK 3.6 million and NOK 81.5 million for the third quarter and first nine months respectively, of which the latter includes NOK 75.0 million for the acquisition of Klädesholmen.

Cash flow from financing activities came in at a positive NOK 70.7 million for the quarter, due to bond issue and refinancing of debt. For the first nine months of the year, cash flow from financing activities was NOK 120.6 million. This includes the capital increase of NOK 75.0 million from the share issue in June related to the Klädesholmen transaction.

Organisation

As of 30 September 2021, Grøntvedt Group had approximately 250 employees.

There are significant seasonal variations to the number of people working for the group, linked to the harvesting season.

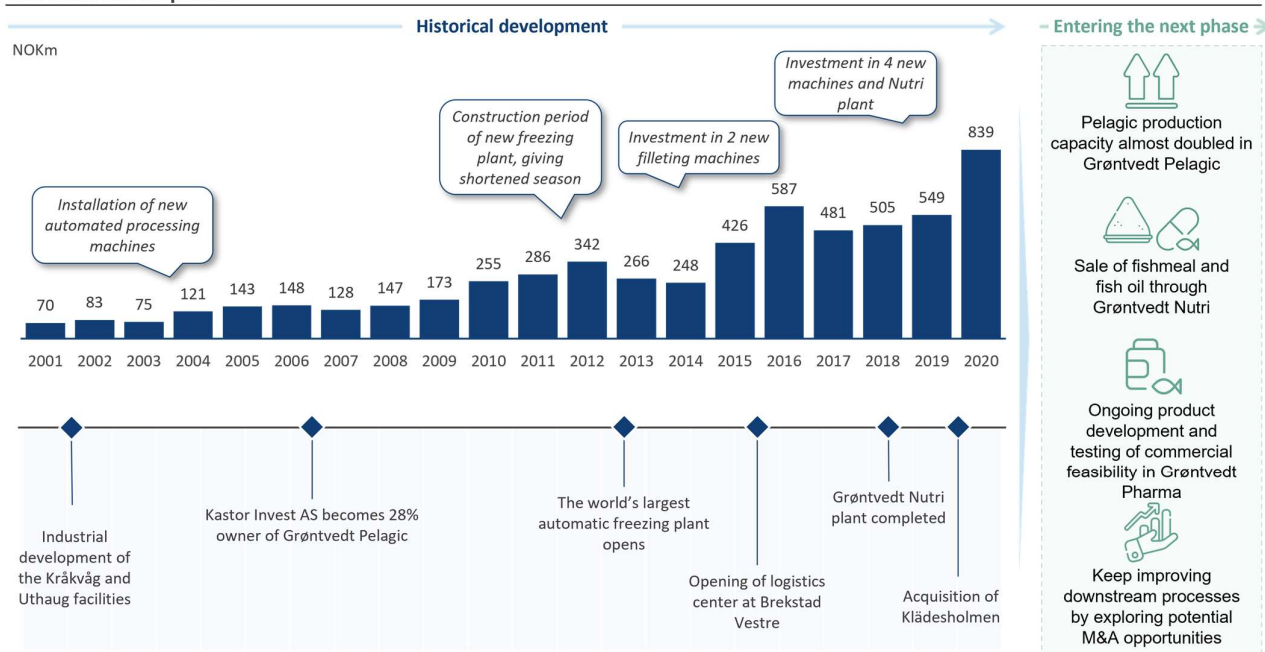
Grøntvedt expects to strengthen its organisation going forward, mainly at management level, to secure growth and improved profitability from new business areas, including VAP, Nutri and Pharma.



History and important events in the development of Grøntvedt

Below is a summary of important events and development of the Grøntvedt Group.

Revenue development¹



¹ 2001-2017 for Grøntvedt Pelagic AS, 2018-2019 is pro-forma Grøntvedt AS (excluding Klädesholmen), 2020 and LTM Q2'21 pro-forma is Grøntvedt AS pro-forma and including Klädesholmen

Important events in the quarter

Acquisition of Swedish herring producer Klädesholmen Seafood AB

Late June 2021, Grøntvedt acquired the Swedish herring specialist Klädesholmen Seafood AB. The acquisition was in line with Grøntvedt's strategy to become a fully integrated company, with plans for further development of the company's product range towards the consumer market.

Through the acquisition of Klädesholmen Seafood AB, Grøntvedt expanded in the value chain, from purchase of herring from fishing boats off the Norwegian coast, via processing and storage in own facilities, transport, and now also all the way to the grocery shelves with the quality products from Klädesholmen.

Grøntvedt has been supplying herring to Klädesholmen Seafood AB for more than 30 years, which has further processed the product.

In 2020, Klädesholmen Seafood AB had a turnover of approximately SEK 190 million, of which just over 90 per cent came from the Swedish market.

The acquisition was funded through a combination of NOK 75 million in new cash equity and NOK 75 million in Grøntvedt shares.

Issuance of NOK 600 million bond loan

In September 2021, Grøntvedt AS, the holding company of Grøntvedt Group, issued a 3-year senior secured bond of NOK 600 million, under the framework of up to NOK 900 million.



The use of proceeds for the bond loan is repayment of debt, payment of transaction costs and general corporate purposes including acquisitions and working capital.

Following the issuance of the new bond loan, all material debt within the Grøntvedt Group is included in the bond loan and a senior secured revolving credit facility (SSRCF) of NOK 250 million. The SSRCF is

provided by Handelsbanken and is a combination of a revolving credit facility and a guarantee facility.

The financing has an aligned covenant package, requiring an equity ratio of 35 per cent and an interest coverage ratio of >2.0x. No dividend distributions are allowed prior to an IPO. After an IPO, distributions will be maximum 50 per cent of adjusted net profit subject to a leverage ratio of 2.5x.

Outlook

All Grøntvedt's revenue generating activities have significant seasonal variations due to harvesting seasons, with the fourth and first quarters being peak season. The group therefore expects revenues to increase from both food and feed operations the coming two quarters.

During the autumn of 2020, Grøntvedt completed its investments in the new Nutri plant, becoming the world's first pelagic facility with both processing of food for human consumption, and animal feed, including fishmeal and fish oil to the aquaculture industry and the pet food industry. The combination allows the company to efficiently utilize 100 per cent of the raw material; No need for transport between facilities enable a unique freshness of the raw material, and thus high quality of the products from Nutri, as well as a low carbon footprint.

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 Pharma, is expected to improve the group's profitability.

Brekstad, Norway, 29 November 2021

The Board of Directors and CEO
Grøntvedt Group AS

Otto Gregussen
Chair

Bernt Thoresen
Board member

Christian Bekken
Board member

Annika Fogelström Helmer
Board member

Charlotte Knudsen
Board member

Bjørnar Grøntvedt
CEO



Consolidated financial statements for the period ended 30 September 2021

Consolidated statement of income

<i>NOK thousand</i>	Note	Q3 2021 (unaudited)	YTD 2021 (unaudited)	2020 (proforma)
Revenues	2	146 075	559 773	804 248
Other revenues		0	0	34 970
Total revenues		146 075	559 773	839 217
Cost of goods sold	4	-91 290	-345 757	-518 328
Salaries and personnell expenses		-24 777	-79 796	-93 532
Depreciation	3	-27 493	-38 594	-16 980
Other operating expenses		-38 848	-114 855	-133 287
Operating profit (EBIT)		-36 333	-19 229	77 090
Net finance	5	-10 814	-31 604	-22 138
Profit before taxes		-47 147	-50 834	54 952
Income tax expense		10 372	11 183	-4 275
Net profit		-36 775	-39 650	50 677
Profit/ loss attributable to: Shareholders of the parent company		-36 775	-39 650	50 677
Total		-36 775	-39 650	50 677


Consolidated statement of financial position

<i>NOK thousand</i>	Note	30.09.2021 (unaudited)	31.12.2020 (proforma)
ASSETS			
Goodwill	3	860 381	-
Total intangible assets		860 381	0
Land, buildings, and other real property		99 363	124 617
Machinery and equipment		264 198	250 765
Total property, plant and equipment		363 561	375 382
Loan to Group companies			
Investments in shares and units		94	94
Other receivables		27 811	30 976
Total financial non-current assets		27 905	31 070
Total non-current assets		1 251 847	406 452
Current assets			
Inventory	4	607 745	556 698
Accounts receivable		56 083	91 386
Other current receivables		17 732	67 474
Cash and cash equivalents		13 884	1 621
Total current assets		695 445	717 178
TOTAL ASSETS		1 947 292	1 123 630
EQUITY			
Share Capital		69	69
Share Premium		1 145 687	0
Other equity/Loss carried forward		-39 650	267 839
Total equity		1 106 106	267 908
LIABILITIES			
Non-current liabilities			
Deferred Tax Liabilities		17 336	28 834
Interest bearing debt		0	88 658
Bond Loan	5	580 991	0
Other Long-term Liabilities		0	26 174
Total non-current liabilities		598 327	143 666
Loans from Credit Institutions		606	395 870
Accounts payables		100 393	139 950
Current tax liabilities		417	1 312
Other Current liabilities		141 444	174 924
Total current liabilities		242 859	712 056
Total liabilities		841 186	855 722
TOTAL EQUITY AND LIABILITIES		1 947 292	1 123 630



Consolidated statement of changes in equity

<i>NOK thousand</i>	Share capital	Share premium	Translation reserves	Retained earnings	Total equity
Issue of shares 01.04.2021	30				30
Issue of shares 23.06.2021	39	1 149 961			1 150 000
Profit /(loss) for the period				-39 650	-39 650
Translation reserves			-4 274		-4 274
Total equity at 30.09.2021	69	1 149 961	-4 274	-39 650	1 106 106

Consolidated statements of cash flows

<i>NOK thousand</i>	Q3 2021	YTD 2021	31.12.2020
Cash flows from operating activities			
Earnings before tax	-47 147	-50 834	54 952
Depreciation of assets	44 659	38 594	16 980
Gains from sales of assets	0	0	-32 670
Change in working capital:			
- change in inventory	-28 837	-51 048	-116 244
- change in trade and other receivables	-4 868	35 302	-25 580
- change in trade and other payables, excl. corporate tax	-22 027	2 104	41 294
Taxes paid	470	-894	-565
Net cash flow from operating activities	-57 750	-26 775	-61 834
Cash flow from investment activities			
Acquisition of businesses, net of cash acquired	0	-75 000	0
Investment in tangible assets - net of cash	-5 746	-9 690	-63 634
Inflows from financial investments	2 150	3 165	0
Net cash flow from investment activities	-3 596	-81 525	-63 634
Cash flows from financing activities			
Capital increase from issue of shares	0	75 000	0
Bond issue	5 600 000	600 000	0
Change in interestbearing debt	0	0	125 306
Settlement of other longterm debt	-505 357	-530 517	0
Dividends	-23 919	-23 919	-3 199
Net cash flow from financing activities	70 724	120 564	122 107
Effects of exchange rate changes on cash and cash equivalents	0	0	0
Net change in cash and cash equivalents	9 378	12 264	-3 361
Cash and cash equivalents at beginning of period	4 506	1 621	4 982
Cash and cash equivalents at end of period	13 884	13 884	1 621



Notes to the financial statements

Note 1 | Summary of accounting policies

General information

Grøntvedt Group is a producer of mainly herring and mackerel products. The group includes Grøntvedt AS, Grøntvedt Group AS, Grøntvedt Pelagic AS, Grøntvedt Nutri AS, Klädesholmen Seafood AB, Grøntvedt Eiendom AS and Flexbase AS.

Grøntvedt Group acquired Klädesholmen Seafood AB late June 2021, which means that figures presented as group figures for the third quarter of 2021 are representative for the Group's figures since the establishment. No comparable figures for the third quarter and the first nine months of 2021 are included in the report since the group first emerged late June 2021. Comparable figures as of 31 December 2020 are proforma.

The quarterly report was approved by the Board of Directors on 28 November 2021. The interim report has not been subject to audit.

All amounts are in NOK 1 000.

Accounting policy

The quarterly report has been prepared in accordance with NGAAP.

Going Concern

The quarterly report has been prepared under the going concern assumption.

Revenue recognition

Revenues from the sale of goods are recognised in the income statement once delivery has taken place and most of the risk and return has been transferred.

Inventory

Inventory is valued at the lower of cost and net sales value.

Receivables

Accounts receivables and other receivables are recorded in the balance sheet at nominal value less a provision for doubtful accounts.

Pension liabilities

Funded pension liabilities are not recognized in the balance sheet. The premium paid is regarded as the pension cost for the period and classified as wage cost in the profit and loss statement.

Cash flow statement

The cash flow statement is presented using the indirect method.



Note 2 | Sales revenues and segment information

Segment information

Grøntvedt Group's activities are currently reported in three segments: Pelagic, Nutri and VAP (value added products). The fourth segment, Pharma, is under development.

Pelagic

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

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

Nutri

The Nutri activity contains production of fishmeal and fish oil, produced from offcuts available from the processing in Grøntvedt Pelagic.

VAP

The VAP activity contains finished consumer products sold under the brand Klädesholmen and private labels.

<i>NOK thousand</i>	Pelagic	Nutri	VAP	Q3 total
Revenues	87 608	32 100	26 366	146 075
Cost of goods sold	-47 344	-27 683	-16 262	-91 290
Contribution margin	40 264	4 417	10 104	54 785

	Pelagic	Nutri	VAP	YTD total
Revenues	356 529	80 795	122 450	559 774
Cost of goods sold	-194 295	-75 084	-76 378	-345 757
Contribution margin	162 234	5 711	46 072	214 017

Note 3 | Goodwill

Late June 2021 Grøntvedt acquired the Swedish herring specialist Klädesholmen Seafood AB. And as part of several transactions the Grøntvedt Group was established, and Goodwill arose. The cash generation units for goodwill are both Grøntvedt Pelagic and Klädesholmen Seafood, but mainly Grøntvedt Nutri. The final allocation of goodwill is not completed yet.

<i>NOK thousand</i>	Net carrying value at 30.09.2021	Useful economic life	Amortization method
Goodwill	860 381	10 years	Linear



Note 4 | Inventory

<i>NOK thousand</i>	Pelagic	Nutri	VAP	Total
Revenues	527 581	4 681	75 483	607 745

Note 5 | Financing

<i>NOK thousand</i>	30.09.2021	30.09.2020	31.12.2020
Bond loan	600 000	0	0

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 expose it 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 almost all customers are invoiced in NOK.

Price risk

The market prices of the group's products will be affected by the global offer and demand for seafood.

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 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.