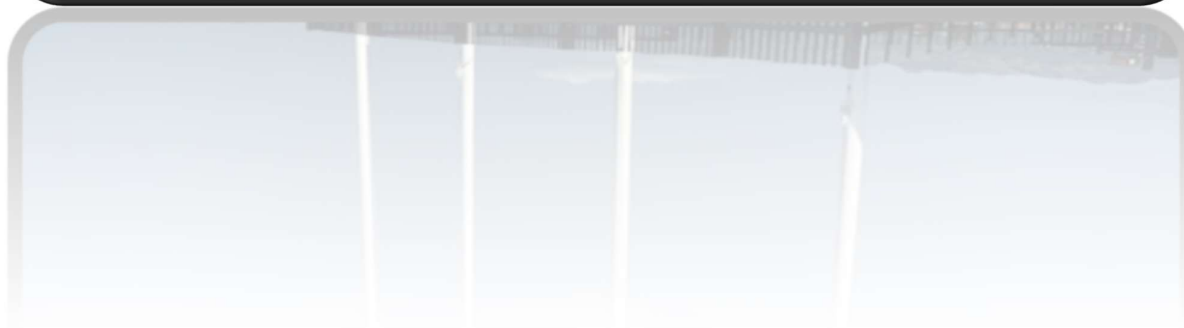


Q2 | 2023

Grøntvedt AS | Group Quarterly Report

30 June 2023





Highlights for the second quarter 2023.

- The high revenue growth continues. Revenues in the second quarter of 2023 was MNOK 303.9 compared to MNOK 266.3 in the second quarter of 2022. This is an increase of 14%. The second quarter is a quarter with low activity in line with harvesting seasons.,
- EBITDA Q2 2023 was negative MNOK 15,7 (Q2 2022: negative MNOK 30.1).
- FOOD: Raw material landing volume of 5 790 tonnes inn Q2 2023, which is an increase from 3 578 tonnes in Q2 2022, an increase of 62 %.
- FEED: Oil price with a strong development from Q1 2023 to Q2 2023.
- Successful mid-summer sales and further strengthened market positioning for Klädesholmen Seafood in the Swedish market.

Consolidated key figures

NOK 1 000	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Revenues	303 853	266 300	673 221	526 766
EBITDA	- 15 719	- 30 145	33 991	- 23 886
EBITDA margin (%)	-5 %	-11 %	5 %	-5 %
EBIT	- 32 538	- 38 706	2 182	- 47 326
Profit / loss before tax	- 64 614	- 65 751	70 033	103 217
Net nominal interest bearing debt*	662 252	666 247	662 252	700 846
Equity ratio	35,5 %	35,3 %	35,5 %	35,6 %
Raw material FOOD (MT)	5 790	3 578	40 789	29 637

* Excluding leasing obligations

Profit and loss

Second quarter of 2023

Introduction: Raw material volumes for the FOOD segment were 5 790 tonnes for the quarter, up from 3 578 tonnes in the corresponding quarter in 2022, reflecting a good herring season for Grøntvedt.

For the first half of the year, the Raw material volume for the FOOD segment was 40 789 tonnes, up from 29 637 tonnes in the first half year in 2022. This is an increase in volume of 38%.

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

Revenues for the second quarter of 2023 amounted to MNOK 303.9, of which MNOK 260.0 related to the FOOD segment and MNOK 43.8 to the FEED segment.

In the first half of 2023 revenues amounted to MNOK 673.2, of which MNOK 492.0 related to the FOOD segment and MNOK 181.2 related to the FEED segment.

Cost of goods sold amounted to MNOK 252.8 for the second quarter, and MNOK 494.6 for the first half year. The Cost of goods sold in the second quarter mainly arose from the sales and delivery of goods from inventory, i.e. goods which were produced in the two prior quarters.

EBITDA amounted to negative MNOK 15,7 for the second quarter. This is mainly explained by the low production volumes in the period, combined with high transportation costs for goods sold. Overhead costs in low production periods such as the second quarter, gives an unfavourable effect on EBITDA for the period. For the first half year the EBITDA amounted to MNOK 34.0, reflecting the total of two quarters with highly different production capacity utilization due to natural seasonal variations.

EBIT came in at negative MNOK 32,5 for the second quarter and negative MNOK 2,2 for the first half year.

Net financial items amounted to a negative MNOK 32.1 for the second quarter and negative MNOK 67.9 for the first half year. Net financial items fluctuate with the seasonal pattern of the business and corresponding changes in working capital, as well as changes to interest rates. A value adjustment related to shares in a listed company was made with a negative effect of MNOK 0.3 in the second quarter, and a negative MNOK 6.2 for the first half year.

Tax expenses amounted to positive MNOK 13.9 in the second quarter, and positive MNOK 14.0 for the first half year.

Net result for the second quarter ended at a negative MNOK 50.7, while the full first half year recorded a negative net result of MNOK 56.0.

Financial position and liquidity

Consolidated financial position.

Total assets amounted to MNOK 1 918.9 on 30 June 2023, down from MNOK 2 053.7 on 31 December 2022. The decrease mainly relates to decrease in inventories and trade receivables.

Property, plant, right of use assets, and equipment amounted to MNOK 667.4 on 30 June 2023, up from MNOK 655.7 at year-end 2022.

Inventories were MNOK 407.0 at the end of the second quarter, down from MNOK 480.7 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. Inventories mainly consist of products made by order to customers.

Trade receivables and contract assets amounted to MNOK 110.1 on 30 June 2023, a decrease of MNOK 55.1 from MNOK 165.2 at year-end 2022.



Cash and cash equivalents were MNOK 37.7 at the end of the second quarter, compared to MNOK 48.4 at year-end 2022.

Net interest-bearing debt amounted to MNOK 1 111.1 on 30 June 2023, compared to MNOK 1 137.1 at year-end 2022. This includes lease obligations of MNOK 89.3 by 30 June 2023, and a lease obligation of MNOK 74.4 by year-end 2022. It also includes “sale - leaseback” effects of two properties classified as “failed sale”, presented as a loan, which amounts to MNOK 329.7 at the end of the second quarter, and MNOK 323.8 by year-end 2022.

Consolidated cash flow Cash flow from operating activities amounted to MNOK 120.0 for the second quarter and MNOK 119.7 for the first half year. This includes changes to the working capital (inventory and trade payables) and follows normal seasonality, with net build-up of inventories in the fourth and first quarters, and net realization of inventories in the second quarter.

Net cash flow from investing activities amounted to negative MNOK 2.8 in the second quarter. All related to ordinary business-related equipment.

For the first half year there was a net negative cash flow related to the investment activities of MNOK 6.2 mainly related to ordinary business-related equipment, and a smaller amount related to interest received.

Cash flow from financing activities for the second quarter came in at a negative MNOK 90.6. This includes interest payments of MNOK 34.4 and a downpayment of the group’s credit facility (RCF) of MNOK 50.0. In addition, it includes a downpayment of the principal portion of leasing liabilities which amounted to MNOK 6.2. Cash flow from financing activities for the first half year came in at a negative MNOK 129.1. This includes interest payments of MNOK 66.6 and a downpayment of the group’s credit facility (RCF) of MNOK 50.0. In addition, it includes a downpayment of the principal portion of leasing liabilities which amounted to MNOK 12.5.



Important events in the second quarter

- During the second quarter the raw material situation has been challenging in the FOOD division. The availability of fish and the high prices paid for FEED purposes in the market.
- The fish oil prices continued to increase as a consequence of lower quotas and low anchovy catch volumes in Peru due to El Niño in the Pacific.

Important events after the balance sheet date

- On the 12 July 2023 Grøntvedt AS entered an amendment agreement with the bondholders. In short, the agreement regulates the covenant requirements. The calculation of the financial covenants to be made in respect to the sales and leaseback agreements for the Uthaug and Klädesholmen properties are adjusted. They will, from the second quarter 2023, be treated as ordinary sale and leaseback agreements when calculating the interest coverage ratio. Please see www.grontvedtgroup.no under “Bond” for further information.
- The bond was publicly listed on 9 August 2023. From this date on, the penalty fee of 2% per annum does no longer apply.



Risk factors and outlook

The ongoing war in Ukraine, geopolitical tensions, global supply chain disruptions and the effects of the energy crisis in Europe, combined with high inflation rates, create a generally increased uncertainty for businesses worldwide, including Grøntvedt. The main expected adverse effects from these risk factors are higher transportation cost as compared to prior years and increased interest costs for Grøntvedt. At the same time, the situation described above has increased the pressure on prices of fish feed ingredients, such as wheat and soy. High prices on such feed ingredients, affect prices on fish meal and fish oil favourably for Grøntvedt Nutri and the group, giving positive margin outlooks for the rest of 2023.

The Grøntvedt Pelagic business is highly seasonal, driven by the size of fishery quotas and timing of fisheries for different species, mainly herring and mackerel.

The integration of Klädesholmen Seafood and the development of value-added business and consumer products will continue and give rise to further scale benefits in these operations. The value-added business is far less seasonal than the fishery driven production at Grøntvedt Pelagic and Grøntvedt Nutri, giving rise to a more seasonably balanced value creation for the group going forward.

Brekstad, Norway, 29 August 2023

The Board of Directors and CEO
Grøntvedt AS

Helge Gåsø
Chair

Thomas Brue
Board member

Hege Veiseth
Board member

Alexander Grøntvedt
Board member

Anne-Sofie Utne
Board member

Bjørnar Grøntvedt
CEO/Board member



Consolidated financial statements

Consolidated statement of income NOK 1 000	Note	Q2 2023 <i>unaudited</i>	Q2 2022 <i>unaudited</i>	YTD 30.06.2023 <i>unaudited</i>	YTD 30.06.2022 <i>unaudited</i>	2022 <i>Audited</i>
Revenues	2	303 853	266 300	673 221	526 766	1 335 556
Total revenues		303 853	266 300	673 221	526 766	1 335 556
Cost of goods sold	2,5	- 252 818	- 234 906	- 494 631	- 424 267	- 910 689
Salaries and personnel expenses	-	- 25 627	- 21 650	- 63 691	- 58 233	- 133 298
Depreciation	-	- 16 819	- 8 561	- 36 173	- 23 440	- 61 744
Other operating expenses	-	- 41 127	- 39 889	- 80 908	- 68 152	- 166 765
Operating profit (EBIT)		- 32 538	- 38 706	2 182	47 326	63 060
EBITDA		- 15 719	- 30 145	33 991	23 886	124 804
Net finance	6	- 32 076	- 27 045	- 67 851	- 55 892	- 110 111
Profit before taxes		- 64 614	- 65 751	70 033	103 217	47 051
Income tax expense		13 940	7 199	14 042	2 810	11 074
Net profit		- 50 674	- 58 553	55 991	100 407	35 977
Other Comprehensive Income:						
<i>Items that may be reclassified to profit or loss:</i>		-	-	-	-	-
Exchange differences on translation of foreign operations	-	- 7 682	4 604	5 549	5 214	4 381
Tax on comprehensive income	-	-	-	-	-	-
Other comprehensive income for the period, net of tax	-	- 7 682	4 604	5 549	5 214	4 381
Total comprehensive income for the period		- 58 356	- 53 949	61 540	95 193	40 358
Profit/ loss attributable to:						
Shareholders of the parent company	-	- 58 356	- 53 949	61 540	95 193	40 358
Total		- 58 356	- 53 949	61 540	95 193	40 358



Consolidated statement of financial position

	Note	30.06.2023 <i>unaudited</i>	31.12.2022 <i>Audited</i>
NOK 1 000			
ASSETS			
Non-current assets			
Goodwill	3	586 000	586 000
Other intangible assets	3	37 059	49 378
Deferred tax asset		37 003	21 657
Total intangible assets		660 063	657 035
Property, plant and equipment		546 375	554 224
Right - of - use assets		121 069	101 455
Total property, plant and equipment		667 445	655 679
Investments in shares		15 925	21 102
Other receivables		2 186	11 331
Total financial non-current assets		18 111	32 433
Total non-current assets		1 345 618	1 345 147
Current assets			
Inventory	4	406 977	480 742
Trade receivables		110 119	155 924
Contract assets		-	9 254
Other short-term receivables		18 479	14 238
Cash and cash equivalents		37 748	48 422
Total current assets		573 322	708 580
Total assets		1 918 940	2 053 727



Consolidated statement of financial position

	Note	30.06.2023 <i>unaudited</i>	31.12.2022 <i>Audited</i>
NOK 1 000			
Equity			
Share capital		76	76
Share premium		1 168 800	1 168 800
Other equity/Loss carried forward	8	- 498 925	437 385
Total equity		669 951	731 491
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		-	-
Long term leasing liabilities		61 097	48 739
Bond loan	6	592 080	588 911
Other long-term liabilities		294 962	290 212
Total non-current liabilities		948 139	927 863
Loans from credit institutions		100 000	150 000
Accounts payables		109 333	115 119
Current tax liabilities		-	-
Lease liabilities		28 249	25 657
Sale-leaseback liabilities		34 697	33 544
Other current liabilities		28 571	70 052
Total current liabilities		300 851	394 372
Total liabilities		1 248 989	1 322 235
Total equity and liabilities		1 918 940	2 053 727



Consolidated statements of cash flows	IFRS Q2 2023 Unaudited	IFRS YTD 2023 Unaudited	IFRS 2022 Audited
NOK 1 000			
Cash flows from operating activities			-
Earnings before tax	- 64 614 -	70 033 -	47 051
Adjustments to reconcile profit before tax to net cash flows:			
Taxes paid	-	-	-
Depreciation of assets and amortization of goodwill	16 819	36 173	61 744
Net finance	34 409	66 605	113 731
Net foreign exchange differences	- 2 637 -	4 961 -	3 620
Value adjustment of shares	304	6 206	8 334
Change in working capital:			
- change in inventory	154 765	73 765 -	29 540
- change in trade and other receivables	16 787	53 987 -	69 564
- change in trade and other payables, excl. corporate tax	- 35 824 -	42 082 -	78 166
Net cash flow from operating activities	120 008	119 660 -	44 131
Cash flows from investment activities			
Interest received	-	15	4 042
Purchase of property, plant and equipment	- 2 762 -	6 230 -	19 696
Change in non current receivables	-	-	21 333
Sale of tangible assets	-	-	-
Long term receivables net of cash	-	-	-
Net cash flow from investment activities	- 2 762 -	6 215	5 678
Cash flows from financing activities			
Payment of interest	- 34 409 -	66 621 -	117 772
Proceeds from long term borrowings	-	-	84 932
Proceeds from short term borrowings	100 000	100 000	150 000
Payment of short term borrowing	- 150 000 -	150 000 -	90 000
Payment of principal portion of lease liabilities	- 6 191 -	12 459 -	27 975
Payment of principal portion of other long term liabilities	-	-	5 278
Proceeds from issuance of shares	-	-	65 017
Dividends	-	-	1 500
Net cash flow from financing activities	- 90 600 -	129 080	57 423
Net cash for the period	26 646 -	15 635	18 970
Net foreign exchange difference	2 637	4 961	3 620
Net cash for the period	29 283 -	10 674	22 590
Cash and cash equivalents at beginning of period	8 465	48 422	25 833
Cash and cash equivalents at end of period	37 748	37 748	48 422



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.

The quarterly report was approved by the Board of Directors on the 29 August 2023. 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 IFRS (International financial reporting standards) and IAS 34.

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 2022.

The group has changed its accounting principles from NGAAP (Norwegian generally accepted accounting principles) to IFRS (International Financial Reporting Standards) for the financial statements of 2022. The changes in accounting principles are applied retroactively, hence the comparable 2022 numbers are restated to be in accordance with IFRS.

Going Concern

The quarterly report have 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.

Meal/oil (FEED)

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

SECOND QUARTER

NOK thousand	FOOD	FEED	Q2 Total
Revenues	260 004	43 849	303 853
Cost of goods sold	-217 072	-35 746	-252 818
Contribution margin	42 931	8 104	51 035
Operational cost excl. Depreciation	-61 971	-4 784	-66 754
EBITDA	-19 039	3 320	-15 719

YEAR TO DATE

NOK thousand	FOOD	FEED	YTD Total
Revenues	492 005	181 216	673 221
Cost of goods sold	-359 557	-135 074	-494 631
Contribution margin	132 449	46 142	178 590
Operational cost excl. Depreciation	-135 633	-8 966	-144 599
EBITDA	-3 184	37 175	33 991



Note 3 | Goodwill and other intangible assets

Late June 2021 Grøntvedt acquired the Swedish herring specialist Klädesholmen Seafood AB. As a result of several transactions the Grøntvedt Group was established and Goodwill arose, with effect on the financial statements from 1st July 2021. The cash generating unit for goodwill and customer relations was Grøntvedt Nutri AS. The cash generating unit for other intangible assets (Brand) was Klädesholmen Seafood AB.

NOK thousand	30.06.2023	31.12.2022
Goodwill book value	586 000	586 000
Other intangible assets	37 059	49 378

Other intangible assets consists of customer relations and trademark. Customer relations is depreciated linearely over a three year period. Trademark is not subjected to depreciation.

Note 4 | Inventory

NOK thousand	30.06.2023	31.12.2022
FOOD	406 229	479 680
FEED	748	1 062
Total book value	406 977	480 742

Note 5 | Transactions with related parties

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

Note 6 | Financing

NOK thousand	30.06.2023	31.12.2022
Bond Loan (book value)	592 080	588 911

Nominal value Bond Loan

The Bond Loan has a nominal value of NOK 600 million. The difference between the nominal value and the book value represents remaining amortization of establishment cost.

Interest terms

Grøntvedt's interest terms are NIBOR 3 month plus 5,25%. The interest is calculated and paid each quarter on the 23rd. (March, June, Sept, Dec). Due date of the bond is 23.09.2024. There has been an additional penalty fee of 2% until the bond was publicly listed. The bond was publicly listed the 9th of August 2023.

Covenants

The main covenant terms for the Bond Loan is that Grøntvedt should have an Equity Ratio above 35 per cent and an Interest Coverage Ratio (EBITDA/ Net finance Charges) at no less than 2.0. Grøntvedt AS has entered an amendment agreement with the bond holders on the 12th of July 2023, regarding covenant effects do to sale -leaseback agreements of two properties classified as "failed sale". The amendment agreement is publicized on the company's home page: www.grontvedtgroup.no, under "Bond".



Note 7 | Financial risk

Financial risk management

The group's activities expose it to a variety of financial risks; 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.

Inflation risk

Grøntvedt is exposed to inflation risk. However, the main cost is raw material, which has its business specific price risk as described below.

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 requires 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 effective from October 2021.

Note 8 | Consolidated Statement of Changes in Equity

NOK 1 000	Note	Share capital	Share premium	Retained earnings	Translation reserve	Total equity
Total equity at 31.12.2022		76	1 168 800	- 437 385	-	731 491
Share issue		-	-			-
Adjustment to accounting methodology applied in prior periods	2					-
Other adjustments previous years (Tax)						-
Profit /(loss) for the period				- 55 991		55 991
Foreign currency translation differences					5 549	5 549
Total equity at 30.06.2023		76	1 168 800	- 493 376	- 5 549	669 951