

Q3 | 2023

Grøntvedt AS | Group Quarterly Report

30 September 2023





Highlights for the third quarter 2023

- The raw material landing volume was at 14 415 tonnes in the third quarter of 2023, which is a decrease from 16 958 tonnes in the third quarter of 2022. Due to market conditions Grøntvedt has chosen to produce from herring in the quarter, as compared to mackerel in the same quarter last year.
- Revenues for the third quarter of 2023 amounted to NOK 256.6 million, compared to NOK 286.6 million for the third quarter last year. The revenue for the quarter represents a decrease of NOK 30 million compared to the third quarter of 2022 and is primarily due to lower catch volumes and the switch from mackerel to herring as prioritized specie for production in the period. The third quarter is seasonally a low activity quarter for the Company in line with the harvesting season.
- For the FEED segment, higher fish oil prices and higher volume of trimmings handled internally has led to an increase in revenues in this segment.
- For the FOOD segment, the availability of fish and the high prices paid for FEED purposes in the market, driven by the restrictions in the anchoveta fisheries in South America, have both restricted access to volumes and increased the raw material prices. Because of less volume and higher raw material prices in the third quarter this year compared to the corresponding quarter last year, the profitability from the FOOD segment this quarter has been lower than last year's corresponding quarter. Further to this, negotiations between Norway and the EU concerning custom tariffs remain ongoing, affecting customer behavior in the FOOD segment.
- The EBITDA for the third quarter of 2023 came in at a negative NOK 19.1 million compared to positive NOK 44.5 million for the corresponding quarter last year. The decrease in EBITDA is mainly explained by higher prices of raw material, lower landing volume, a technical incident at Grøntvedt Nutri giving a stop in production and the group taking a write-down of inventories in the third quarter this year. The latter had a negative effect on the EBITDA of NOK 21.2 million.
- As of the 30th of September 2023, the company is in breach of its Interest Coverage Ratio (ICR) covenant. In order to address this situation, a share issue to the minority shareholder, Frøy Kapital AS, is expected to be carried out. However, the share issue is subject to certain conditions related to, inter alia, the company's refinancing, including the senior secured bond. For more detailed information, we refer to the press release issued on the 29th of November 2023.



Consolidated key figures

Regarding alternative Performance Measures (APM)/ Non-IFRS Financial Measures, we refer to note 8.

NOK 1 000	IFRS Q3 2023	IFRS Q3 2022	IFRS YTD 2023	IFRS YTD 2022	Audited Full year 2022
Revenues	256 586	286 558	929 807	813 325	1 335 556
EBITDA	- 19 127	44 540	14 865	20 654	124 804
EBITDA margin (%)	-7 %	16 %	2 %	3 %	9 %
EBIT	-36 053	30 695	-38 235	-22 789	63 060
Profit / loss before tax	-74 696	2 573	-144 729	-106 803	-47 051
Net nominal interest-bearing debt*	670 194	N/A	670 194	N/A	701 578
Equity ratio	32,5 %	N/A	32,5 %	N/A	35,6 %
Raw material FOOD (MT)	14 415	16 958	55 204	46 595	87 348

* Excluding leasing obligations

Profit and loss

Third quarter of 2023

Introduction: Raw material volumes for the FOOD segment were 14 415 tonnes for the quarter, down from 16 958 tonnes in the corresponding quarter in 2022. Due to market conditions Grøntvedt has chosen to produce from herring in the quarter, as compared to mackerel in the same quarter last year.

For the first three quarters of the year, the Raw material volume for the FOOD segment was 55 204 tonnes, up from 46 595 tonnes in the corresponding period in 2022. This is an increase in volume of 18 %.

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

Revenues in the third quarter of 2023 were NOK 256.6 million compared to NOK 286.6 million in the third quarter of last year. Revenues from the food segment

are down from NOK 241.1 million in the third quarter last year, to NOK 173.0 million in the third quarter this year. This decrease of 28% is mainly explained by the shift from landing of mackerel to landing of herring, as the mackerel has a shorter storage time than herring products. The shift from mackerel to herring has led to higher volumes of off cuts, which partially explains the increase in revenues from the FEED segment, even though the total landing volumes have been lower. This, in combination with higher oil prices, explains the increase in revenues from the FEED segment. The revenues in the FEED segment have increased from NOK 45.4 million in the third quarter of 2022, to NOK 83.6 million in the third quarter this year.

For the first three quarters of the year, revenues amounted to NOK 929.8 million, of which NOK 665.0 million was related to the FOOD segment and NOK 264.8 million was related to the FEED segment.



Cost of goods sold amounted to NOK 198.1 million for the third quarter, and NOK 692.8 million for the first three quarters of the year. The Cost of goods sold arose both from sales of goods produced during the period and the sales and delivery of goods from inventory, i.e., goods which were produced in prior periods. It also consists of a write – down of inventory of NOK 21.2. million. Further information regarding the write – down of inventory is described under “important events in the third quarter”.

EBITDA came in at a negative NOK 19.1 million for the third quarter. This is mainly explained by lower sales in the FEED segment (as a consequence of lower landing volumes of raw material), higher prices for the raw material, and a write -down of inventories in the third quarter (NOK 21.2 million). For the three quarters of the year the EBITDA amounted to positive NOK 14.9 million.

EBIT came in at negative NOK 36.1 million for the third quarter and negative NOK 38.2 million for the first three quarters of the year.

Net financial items amounted to a negative NOK 38.6 million for the third quarter and negative NOK 106.5 million for the first three quarters of the 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 NOK 0.4 million in the third quarter, and a negative NOK 6.6 million for the first three quarters of the year.

Tax expenses amounted to positive NOK 16.3 million for the third quarter, and positive NOK 30.4 million for the first three quarters of the year.

Net result for the third quarter ended at a negative NOK 58.4 million, while the first three quarters of the year recorded a negative net result of NOK 114.3 million.

Financial position and liquidity

Consolidated financial position.

Total assets amounted to NOK 1 888.7 million on 30 September 2023, down from NOK 2 053.7 million on 31 December 2022. The decrease mainly relates to a decrease in inventories and trade receivables.

Property, plant, right of use assets, and equipment amounted to NOK 660.5 million on 30 September 2023, up from NOK 655.7 million at year-end 2022.

Goodwill and other intangible assets were NOK 616.9 million at the end of the third quarter, down from NOK 635.4 million at the end of last year.

Inventories were NOK 419.0 million at the end of the third quarter, down from NOK 480.7 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.



Trade receivables and contract assets amounted to NOK 81.0 million on 30 September 2023, a decrease of NOK 84.2 million from NOK 165.2 million at year-end 2022.

Cash and cash equivalents were NOK 29.8 million at the end of the third quarter, compared to NOK 48.4 million at year-end 2022.

Interest-bearing debt amounted to NOK 1 111.9 million on 30 September 2023, compared to NOK 1 148.2 million at year-end 2022. This includes lease obligations of NOK 82.8 million by 30 September 2023, and a lease obligation of NOK 74.4 million by year-end 2022. It also includes “sale -leaseback” effects of two properties classified as “failed sale”, presented as a loan, which amounts to NOK 329.0 million at the end of the third quarter, and NOK 323.8 million by year-end 2022. The increase in leasing obligations regarding the “failed sale” liabilities is explained by negative amortization and a strengthening of SEK vs. NOK, as part of the liabilities regarding “failed sale” is nominated in SEK.

Net nominal interest-bearing debt, which is calculated as interest bearing debt, net of cash, and excluding leasing liabilities, amounted to NOK 670.2 million on 30 September 2023, compared to NOK 701.6 million at year-end 2022.

Consolidated cash flow from operating activities amounted to NOK 35.4 million for the third quarter, and NOK 155.1 million for the first three quarters of the year. This includes changes to the working capital (inventory and trade payables) and follow normal seasonality.

Net cash flow from investing activities amounted to positive NOK 0.6 million in the third quarter. Most related to ordinary business-related equipment, including an equipment sale, and a smaller amount related to interest received.

For the first three quarters of the year there was a net negative cash flow related to the investment activities of NOK 5.6 million mainly related to ordinary business-related equipment, and a smaller amount related to interest received.

Cash flow from financing activities for the third quarter came in at a negative NOK 42.3 million. This includes interest payments of NOK 36.7 million, and a downpayment of the principal portion of leasing liabilities which amounted to NOK 5.7 million. Cash flow from financing activities for the first three quarters of the year came in at a negative NOK 171.4 million. This includes interest payments of NOK 103.3 million and a downpayment of the group’s credit facility (RCF) of NOK 50.0 million. In addition, it includes a downpayment of the principal portion of leasing liabilities which amounted to NOK 18.1 million.



Important events in the third quarter

- The group has taken a significant write-down of its inventories of NOK 21.2 million. The write-down has been made for products that previously have been presented in the balance sheet at manufacturing cost. As the estimated sale price for the respective products have declined, they are now reflected in the balance sheet at the estimated sales price. The write down has influenced the statement of income in the third quarter and year to date. NOK 21.1 million has been the direct impact on the costs of goods sold and has had the same impact on the group's EBITDA.
- During the third quarter the raw material situation has been challenging in the FOOD segment: The availability of fish and the high prices paid for FEED purposes in the market, driven by the restrictions in the anchoveta fisheries in South America, has both restricted access to volumes and increased the raw material prices.
- 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.
- The CFO of the group resigned from his position in August this year, with his last working day scheduled for the 29th of February 2024. The management is engaged in the search for an interim CFO who will assume the responsibilities during the transitional period until a permanent CFO is appointed. The recruitment process for the permanent CFO is expected to be carried out in the first half of 2024.

Important events after the balance sheet date

- As of 30th September 2023, the group was in breach with the interest coverage ratio covenant outlined in its Senior Secured bond agreement. The board of directors has been duly notified of this breach and taken measures to handle the issue. For more comprehensive details related to this issue, we direct your attention to the first and second press releases, published on the Oslo Stock Exchange on 1st November 2023 and 29th November 2023, respectively.



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.

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. Further, the quota of other species used in fish meal and fish oil production, most notably the anchoveta fisheries outside South America, affect raw material prices in Norway. The pattern of the El Niño cycles indicates that there will be low anchoveta volumes also in 2024, i.e., that raw material prices in Norway may be at the same level in 2024 as in the last part of 2023.

Grøntvedt Pelagic holds a leading position as the foremost producer of marinated herring in Europe, with the EU markets holding significant importance for the company. It is worth noting that as of the end of the third quarter of 2023, the official negotiations between Norway and the EU concerning custom tariffs remain ongoing. However, it is expected that these negotiations will conclude and be finalized during the fourth quarter of 2023.

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, 29th November 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	Note	Q3 2023	Q3 2022	YTD	YTD	2022
NOK 1 000		unaudited	unaudited	30.09.2023	30.09.2022	Audited
				unaudited	unaudited	
Revenues	2	256 586	286 558	929 807	813 325	1 335 556
Total revenues		256 586	286 558	929 807	813 325	1 335 556
Cost of goods sold	2,5	-198 142	-176 188	-692 773	-600 455	-910 689
Salaries and personnel expenses		-35 874	-29 228	-99 565	-87 461	-133 298
Depreciation		-16 926	-13 845	-53 100	-43 443	-61 744
Other operating expenses		-41 697	-36 602	-122 605	-104 754	-166 765
Operating profit (EBIT)		-36 053	30 695	-38 235	-22 789	63 060
EBITDA		-19 127	44 540	14 865	20 654	124 804
Finance income		23	7 052	3 434	13 825	23 880
Finance expense		-38 666	-35 174	-109 928	-97 839	-133 991
Net finance	6	-38 643	-28 123	-106 494	-84 014	-110 111
Profit before taxes		-74 696	2 573	-144 729	-106 803	-47 051
Income tax expense		16 339	-6 093	30 381	-3 282	11 074
Net profit		-58 357	-3 520	-114 348	-110 085	-35 977
Other Comprehensive Income:						
<i>Items that may be reclassified to profit or loss:</i>						
Exchange differences on translation of foreign operations		1 304	1 117	-4 244	6 331	-4 381
Tax on comprehensive income						
Other comprehensive income for the period, net of tax		1 304	1 117	-4 244	6 331	-4 381
Total comprehensive income for the period		-57 053	-2 403	-118 593	-103 754	-40 358
Profit/ loss attributable to:						
Shareholders of the parent company		-57 053	-2 403	-118 593	-103 754	-40 358
Total		-57 053	-2 403	-118 593	-103 754	-40 358


Consolidated statement of financial position

	Note	30.09.2023 <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	30 900	49 378
Deferred tax asset		52 038	21 657
Property, plant and equipment		548 257	554 224
Right - of - use assets		112 215	101 455
Investments in shares		15 149	21 102
Other receivables		0	11 331
Total non-current assets		1 344 558	1 345 147
Current assets			
Inventory	4	419 005	480 742
Trade receivables		81 023	155 924
Contract assets		0	9 254
Other short-term receivables		14 323	14 238
Cash and cash equivalents		29 806	48 422
Total current assets		544 156	708 580
Total assets		1 888 715	2 053 727



Consolidated statement of financial position

	Note	30.09.2023 <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		-555 978	-437 385
Total equity		612 898	731 491
LIABILITIES			
Non-current liabilities			
Borrowings	6	0	588 911
Long term leasing liabilities		55 391	48 739
Other non-current liabilities		293 862	290 212
Total non-current liabilities		349 254	927 863
Borrowings		685 744	150 000
Trade and other payables		131 470	115 119
Lease liabilities		27 416	25 657
Sale-leaseback liabilities		35 181	33 544
Other current liabilities		46 752	70 052
Total current liabilities		926 563	394 372
Total liabilities		1 275 817	1 322 235
Total equity and liabilities		1 888 715	2 053 727

Consolidated Statement of Changes in Equity

NOK 1 000	Share capital	Share premium	Retained earnings	Translation reserve	Total equity
Total equity at 31.12.2022	76	1 168 800	-437 385		731 491
Profit /(loss) for the period			-114 348		-114 348
Foreign currency translation differences				-4 244	-4 244
Total equity at 30.09.2023	76	1 168 800	-551 733	-4 244	612 898



Consolidated statements of cash flows	IFRS	IFRS	IFRS
	Q3 2023	YTD 2023	2022
NOK 1 000	Unaudited	Unaudited	Audited
Cash flows from operating activities			-
Earnings before tax	-74 696	-144 729	-47 051
Adjustments to reconcile profit before tax to net cash flows:			
Taxes paid	0	0	0
Depreciation of assets	16 926	53 100	61 744
Net finance	36 643	103 248	113 731
Net foreign exchange differences	1 573	-3 388	-3 620
Value adjustment of shares	428	6 634	8 334
Change in working capital:			
- change in inventory	-12 028	61 737	-29 540
- change in trade and other receivables	29 130	83 117	-69 564
- change in trade and other payables, excl. corporate tax	37 442	-4 640	-78 166
Net cash flow from operating activities	35 418	155 078	-44 131
Cash flows from investment activities			
Interest received	22	46	4 042
Purchase of property, plant, and equipment	-462	-6 692	-19 696
Change in non-current receivables	0	0	21 333
Sale of tangible assets	998	998	0
Long term receivables net of cash	0	0	0
Net cash flow from investment activities	558	-5 649	5 678
Cash flows from financing activities			0
Payment of interest	-36 665	-103 294	-117 772
Proceeds from long-term borrowings	0	0	84 932
Proceeds from short-term borrowings	0	100 000	150 000
Payment of short-term borrowing	0	-150 000	-90 000
Payment of principal portion of lease liabilities	-5 680	-18 140	-27 975
Payment of principal portion of other-long term liabilities	0	0	-5 278
Proceeds from issuance of shares	0	0	65 017
Dividends	0	0	-1 500
Net cash flow from financing activities	-42 345	-171 433	57 423
Net cash for the period	-6 369	-22 004	18 970
Net foreign exchange difference	-1 573	3 388	3 620
Net cash for the period	-7 942	-18 616	22 590
Cash and cash equivalents at beginning of period	37 748	48 422	25 833
Cash and cash equivalents at end of period	29 806	29 806	48 422



Note 11 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 29 November 2023. The interim report has not been subject to audit.

All amounts are in NOK 1000 unless otherwise stated.

Accounting policy

This report has been prepared in accordance with the standard for interim reporting (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. This interim report does not contain all the necessary information required by International Financial Reporting Standards (IFRS) in the financial statements and should therefore be read in conjunction with the group's 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 has been prepared under the going concern assumption. As described in the press release on 29th November 2023, the company is in breach with its ICR covenant. Based on the refinancing plan described in the press release, the Board confirms that the basis for a going concern is in place.



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, or marinated. Pelagic species processed are herring, mackerel and capelin.

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.

THIRD QUARTER 2023

NOK thousand	FOOD	FEED	Q3 Total
Revenues	172 961	83 625	256 586
Cost of goods sold	-150 426	-47 716	-198 142
Contribution margin	22 535	35 909	58 444
Operational cost excl. Depreciation	-71 793	-5 778	-77 571
EBITDA	-49 258	30 131	-19 127
Gross margin	13%	43%	23%
EBITDA margin	-28%	36%	-7%

THIRD QUARTER 2022

NOK thousand	FOOD	FEED	Q3 Total
Revenues	241 134	45 424	286 558
Cost of goods sold	-156 769	-19 419	-176 188
Contribution margin	84 365	26 005	110 370
Operational cost excl. Depreciation	-61 370	-4 461	-65 830
EBITDA	22 995	21 544	44 540
Gross margin	35%	57%	39%
EBITDA margin	10%	47%	16%

YEAR TO DATE 2023

NOK thousand	FOOD	FEED	YTD Total
Revenues	664 966	264 841	929 807
Cost of goods sold	-509 982	-182 790	-692 773
Contribution margin	154 984	82 051	237 035
Operational cost excl. Depreciation	-207 426	-14 744	-222 170
EBITDA	-52 442	67 307	14 865
Gross margin	23%	31%	25%
EBITDA margin	-8%	25%	2%

YEAR TO DATE 2022

NOK thousand	FOOD	FEED	YTD Total
Revenues	636 244	117 080	753 325
Cost of goods sold	-534 080	-66 375	-600 455
Contribution margin	162 164	50 705	212 870
Operational cost excl. Depreciation	-180 225	-11 990	-192 216
EBITDA	-18 062	38 715	20 654
Gross margin	23%	43%	26%
EBITDA margin	-3%	33%	3%



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	30.09.2023	31.12.2022
Goodwill book value	586 000	586 000
Other intangible assets	30 900	49 378

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

Note 4 | Inventory

NOK thousand	30.09.2023	31.12.2022
FOOD	417 519	479 680
FEED	1 486	1 062
Total book value	419 005	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 | Borrowings

NOK thousand	30.09.2023	31.12.2022
Bond Loan (book value)	585 744	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). The due date of the bond is 23.09.2024. There was an additional penalty fee of 2% until the bond was publicly listed. The bond was publicly listed on the 9th of August 2023.

Covenants

The main covenant terms for the Bond Loan are that Grøntvedt should have an Equity Ratio above 35 per cent and an Interest Coverage Ratio (EBITDA/ Net finance Charges) of no less than 2.0. Grøntvedt AS has entered an amendment agreement with the bondholders on the 12th of July 2023. The amendment agreement is published on the company's home page: www.grontvedtgroup.no, under "Bond". Grøntvedt is in breach with the ICR covenant terms per 30 September 2023. For further information we refer to "important events after the balance sheet date" on page 6.



Note 7 | Financial risk**Financial risk management**

The group's activities expose it to a variety of financial risks, such as market risk, credit risk and liquidity risk. For more detailed information we refer to the group's annual report of 2022.

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 require sufficient access to financing during the 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.

As described in prior sections of this report the company is in breach with its ICR covenant terms. Until a refinancing as briefly described in the press release on 29th November 2023 is in place, there is a risk that the bondholders accelerate the bond in line with the bond terms. However, the company regard the refinancing plan as solid and hence, the risk of such acceleration as low.



Note 8 | Alternative performance measures / Non-IFRS Financial Measures

Our Alternative Performance Measures (APMs) present useful information which supplements the financial statements. These measures are not defined under IFRS and may not be directly comparable with APMs for other companies. The APMs represent important measures for how management monitors the company and its business activity. The APMs are not intended to be a substitute for, or superior to, any IFRS measures of performance.

Some of the financial information presented in our quarterly reports contains APMs. These include EBITDA, EBITDA margin, EBIT, Net nominal interest-bearing debt, and Equity ratio.

Below we describe these APMs.

Definitions of Alternative Performance Measures/ Non-IFRS Financial Measures

EBIT is a non-IFRS financial measure, calculated by excluding from net result as set forth in our consolidated statement of income prepared in accordance with IFRS: Finance income, Finance expense, and Income tax expense.

EBITDA is a non-IFRS financial measure, calculated by excluding from EBIT as set forth in our consolidated statement of income prepared in accordance with IFRS: Depreciation of tangible assets, Amortization of intangible assets, and Impairment loss on goodwill.

EBITDA margin is a non-IFRS financial measure, calculated by dividing EBITDA over Revenues.

Net Nominal Interest-Bearing Debt is a non-IFRS financial measure, and consists of all interest-bearing debt, net of cash, and excluding leasing liabilities.

Equity Ratio is a non-IFRS financial measure, calculated by dividing the book value of equity over total assets.

Limitations of Alternative Performance Measures/ Non-IFRS Financial Measures

EBIT, EBITDA, and EBITDA margin is used by management, analysts, rating agencies, investors, and others in assessing our performance. Accordingly, we believe that the presentation of EBIT, and EBITDA margin provides useful information to readers. EBIT and EBITDA have their limitations as analytical tools in comparison to other profit and loss measures prepared in accordance with IFRS.

Net Nominal Interest-Bearing Debt is used by management, analysts, rating agencies, investors, and others to assess our ability to meet our financial obligations and manage our debt effectively. We believe that the presentation of Net Nominal Interest-Bearing Debt provides useful information to readers. Net Nominal interest-bearing Debt has its limitations as an analytical tool in comparison to other measures prepared in accordance with IFRS.

Equity Ratio is used by management, analysts, rating agencies, investors, and others in assessing the solidity of our capital structure. We believe that the presentation of the Equity Ratio provides useful information to readers.

The readers of these APM measures are advised to read them in conjunction with the group's financial statements presented in this report.