

Q3 | 2022

Grøntvedt AS | Group Quarterly Report
28 November 2022





Highlights for the third quarter 2022

- FOOD raw material landing volume of 16,958 tonnes for the third quarter, which is an increase from 12,449 tonnes in the third quarter of last year.
- Production has been efficient in the period, with high activity from the middle of August and throughout the rest of the quarter. Mackerel has been the main specie used in production.
- Helge Gåsø took over the position as chair of the board.
- Positive EBITDA of NOK 11.6 million, up from negative NOK 2.1 million in the third quarter last year.
- During the quarter errors in accounting for inventory and other balance sheet items from 2021 have been identified, leading to changes to the figures for the first half year of 2022, as well as an adjustment to equity with effect on 1 January 2022.

Consolidated key figures¹

NOK 1 000	Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
Revenues	288 770	145 090	821 217	491 040	811 764
EBITDA	11 581	-2 078	-1 746	-18 620	18 433
EBITDA margin (%)	4 %	-1 %	0 %	-4 %	2 %
EBIT	-13 196	-27 571	-77 983	-57 809	-43 583
Profit/loss before tax	-32 107	-39 695	-134 542	-89 504	-88 857
Net nominal interest bearing debt	735 463	567 107	735 463	567 107	748 162
Equity ratio	42 %	47 %	42 %	47 %	44 %
Raw material FOOD	16 958	12 449	46 595	44 018	77 568

¹ Grøntvedt Group was established with financial effect from 1st July 2021, in relation to the acquisition of Klädesholmen Seafood AB and the restructuring of the companies prior to the bond issue in September 2021. However, the group financial statements were established as a continuation of the Grøntvedt Pelagic Group. Consequently, the year-to-date figures for 2021 in this report include only third quarter information for the acquired companies, while it includes the full year figures for Grøntvedt Pelagic.



Profit and loss

Third quarter and first three quarters of 2022

Introduction: Raw material volumes for the FOOD segment were 16,958 tonnes for the quarter, up from 12,449 tonnes in the corresponding quarter in 2021, reflecting a good mackerel season for Grøntvedt. For the first three quarters of the year the Raw material volume for the FOOD segment was 46,595 tonnes, up from 44,018 tonnes in the corresponding period in 2021.

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

Revenues for the third quarter of 2022 amounted to NOK 288.8 million, of which NOK 243.3 million related to the FOOD segment and NOK 45.4 million to the FEED segment. In the first three quarters of 2022 revenues amounted to NOK 821.2 million, of which NOK 704.1 million related to the FOOD segment and NOK 117.1 million related to the FEED segment.

Cost of goods sold amounted to NOK 203.5 million for the third quarter and NOK 607.1 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.

EBITDA amounted to NOK 11.6 million for the third quarter. This is mainly explained by the contribution margin from sales of FEED products. For the first three quarters of the year the EBITDA amounted to negative NOK 1.8 million.

EBIT came in at negative NOK 13.2 million for the third quarter and negative NOK 78.0 million for the first three quarters of the year, with the main difference between EBITDA and EBIT being amortization of goodwill of NOK 15.8m for the third quarter and NOK 49.3 million for the first three quarters of the year.

Net financial items amounted to a negative NOK 18.9 million for the third quarter and negative NOK 56.6 million for the first three quarters of the year. This includes a value adjustment related to shares in a listed company which was made with a negative effect of NOK 2.8 million in the third quarter, giving a

total negative value adjustment of NOK 10.3 million for the first three quarters. The remaining net financial items, NOK 16.1 million for the quarter and NOK 46.3 million for the first three quarters, mainly consist of interest charges.

Tax expenses of negative NOK 3.4 million were recorded in the third quarter and negative NOK 16.2 million for the first three quarters of the year.

Net result for the third quarter ended at a negative NOK 28.7 million, while the first three quarters of the year recorded a negative net result of NOK 118.3 million.

Financial position and liquidity

Consolidated financial position

Total assets amounted to NOK 1 624.8 million on 30 September 2022, down from NOK 1 800.6 million on 31 December 2021.

Property, plant, and equipment amounted to NOK 394.8 million on 30 September 2022, down from NOK 482.6 million at year-end 2021. The reduction relates to the sale of properties in Klädesholmen in the first quarter.

Inventories were NOK 398.6 million at the end of the third quarter, down from NOK 523.4 million at the end of last year. NOK 79.9 million of this change is related to changes in prior period figures described in note 2. The group experiences 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.

Accounts receivables amounted to NOK 105.3 million on 30 September 2022, almost at the same level as NOK 105.6 million at year-end 2021.

Cash and cash equivalents were NOK 83.8 million at the end of the third quarter, compared to NOK 26.8 million at year-end 2021. The increase is mainly driven by a share issue at NOK 65.0 million in the second quarter of 2022.

Total equity amounted to NOK 677.2 million on 30 September, representing an equity ratio of 42 per cent. At year-end 2021 total equity was NOK 798.9



million. The change in equity is a result of a share issue of NOK 65.0 million in the second quarter, the negative net result of NOK 118.3 million for the first three quarters and adjustments related to prior years at NOK 69.5 million, as described in note 2.

Net interest-bearing debt amounted to NOK 735.5 million on 30 September 2022, compared to NOK 748.2 million at year-end 2021.

Consolidated cash flow Cash flow from operating activities amounted to negative NOK 65.4 million for the third quarter and negative NOK 116.9 million for the first three quarters. This includes changes to the working capital (inventory and trade payables) and follows normal seasonality.

Cash flow used for investing activities amounted to NOK 2.5 million in the third quarter, related to ordinary business-related equipment. For the three quarters there was a positive cash flow related to the investment activities of NOK 50.3 million, where the cash flow is related to the sales of property in Klädesholmen in the first quarter.

Cash flow from financing activities came in at a positive NOK 38.5 million for the quarter, mainly from the increase of NOK 40.0 million of the RCF during the quarter. For the first three quarters the cash flow from financing activities was NOK 123.5 million, including the share issue of NOK 65.0 million and net increase in utilization of the RCF of NOK 60.0 million.

Important events after the balance sheet date

Ole Ronny Vekseth has been hired as CFO and will take over the role during the fourth quarter of the year.



Risk factors and outlook

The ongoing war in Ukraine, geopolitical tensions, global supply chain disruptions and 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 this are higher transportation cost as compared to prior years and increased interest costs for Grøntvedt. At the same time, this 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 favorably for Grøntvedt Nutri and the group, giving positive margin outlooks for the remaining part of 2022 and 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. Whereas the summer holiday season was a calm period due to seasonality, the last part of the third quarter gave a much higher activity. This is expected to continue and increase into the peak fishery season, which is expected to be in the fourth quarter of this year and the first quarter of next year. This period is expected to give high production volumes and value creation for Grøntvedt.

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 balanced value creation for the group going forward.

With the continued upscaling of Grøntvedt Nutri, the group can utilize more of the fish trimmings from its raw material processing in Grøntvedt Pelagic, hence take a larger part of the value creation across the value chain. Under the favorable fish meal and fish oil market conditions described above, we expect this to strengthen the financial performance in the next quarters.

Brekstad, Norway, 28 November 2022

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 2022	Q3 2021	YTD 30.09.2022	YTD 30.09.2021	2021
		<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>	<i>unaudited</i>	<i>audited</i>
NOK thousand						
Revenues	3	288 770	145 090	821 217	491 040	810 118
Other revenues		0	0	0	0	1 646
Total revenues		288 770	145 090	821 217	491 040	811 764
Cost of goods sold	2,5	-203 464	-92 934	-607 063	-374 248	-582 109
Salaries and personnel expenses		-29 228	-24 137	-87 461	-61 994	-92 412
Depreciation	2,4	-24 776	-25 493	-76 237	-39 189	-62 017
Other operating expenses		-44 497	-30 097	-128 439	-73 418	-118 810
Operating profit (EBIT)		-13 196	-27 571	-77 983	-57 809	-43 583
Net finance	6	-18 911	-12 124	-56 558	-31 695	-45 273
Profit before taxes		-32 107	-39 695	-134 542	-89 504	-88 857
Income tax expense		3 378	5 042	16 255	16 000	11 475
Net profit		-28 729	-34 653	-118 286	-73 504	-77 381
Profit/ loss attributable to:						
Shareholders of the parent company		-28 729	-34 653	-118 286	-73 504	-77 381
Total		-28 729	-34 653	-118 286	-73 504	-77 381

The figures for the third quarter of 2021 and first half of 2022 have been restated, as further described in note 2.



Consolidated statement of financial position

NOK 1 000	Note	30.09.2022 <i>unaudited</i>	31.12.2021 <i>audited</i>	30.09.2021 <i>unaudited</i>
ASSETS				
Non-current assets				
Brand		701	667	0
Goodwill	2,4	570 688	637 587	655 032
Deferred tax asset		35 603	0	0
Total intangible assets		606 992	638 254	655 032
Land, buildings and other real property		25 782	119 195	116 100
Machinery and equipment		369 038	363 412	363 221
Total property, plant and equipment		394 820	482 607	479 321
Investments in shares		19 682	118	94
Other receivables		0	1 251	27 811
Total financial non-current assets		19 682	1 369	27 905
Total non-current assets		1 021 494	1 122 230	1 162 259
Current assets				
Inventory	2,5	398 630	523 439	451 418
Accounts receivables	2	105 342	105 640	56 083
Other current receivables		15 611	22 411	17 732
Cash and cash equivalents		83 753	26 835	13 884
Total current assets		603 337	678 325	539 117
Total assets		1 624 831	1 800 555	1 701 376


Consolidated statement of financial position

NOK 1 000	Note	30.09.2022 <i>unaudited</i>	31.12.2021 <i>audited</i>	30.09.2021 <i>unaudited</i>
Equity				
Share capital		76	69	69
Share premium		1 168 800	1 103 790	1 103 790
Other equity/Loss carried forward	2	-491 653	-304 950	-301 073
Total equity		677 223	798 909	802 786
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities		0	3 760	1 285
Long term leasing liabilities		44 112	60 475	63 379
Bond loan	6	587 327	582 575	580 991
Other long-term liabilities		0	0	0
Total non-current liabilities		631 440	646 810	645 656
Loans from credit institutions		150 000	90 000	0
Accounts payables		95 865	145 608	100 393
Current tax liabilities		0	13 150	11 097
Dividends		0	1 500	0
Other current liabilities		70 304	104 578	141 444
Total current liabilities		316 169	354 836	252 934
Total liabilities		947 608	1 001 646	898 590
Total equity and liabilities		1 624 831	1 800 555	1 701 376

The figures for the third quarter of 2021 been restated, as further described in note 2.

Consolidated Statement of Changes in Equity

NOK 1 000	Note	Share capital	Share premium	Retained earnings	Total equity
Total equity at 31.12.2021		69	1 103 790	- 304 950	798 909
Share issue		7	65 010		65 017
Adjustment for errors in prior years	2			- 69 533	- 69 533
Profit /(loss) for the period				- 118 286	- 118 286
Foreign currency translation differences				1 117	1 117
Total equity at 30.09.2022		76	1 168 800	- 491 653	677 223



Consolidated statements of cash flows

NOK 1 000	Note	Q3-2022	YTD 2022	2021
Cash flows from operating activities				
Earnings before tax		-32 107	-134 542	-88 857
Depreciation of assets and amortization of goodwill		24 776	76 237	62 017
Gains from sales of assets		0	0	0
Value adjustment of shares		2 698	10 189	0
Change in working capital:				
- change in inventory		-70 296	40 391	-54 153
- change in trade and other receivables		-9 171	-6 553	6 479
- change in trade and other payables, excl. corporate tax		18 733	-99 210	10 071
Taxes paid		0	-3 367	900
Net cash flow from operating activities		-65 366	-116 855	-63 544
Cash flows from investment activities				
Purchase of shares		0	-29 424	0
Investment in tangible assets		-2 791	-11 132	-11 771
Sale of tangible assets		0	90 560	0
Long term receivables net of cash		253	253	22 750
Interest received		0	0	0
Net cash flow from investment activities		-2 538	50 257	10 979
Cash flows from financing activities				
Capital increase from issue of shares		0	65 016	0
Bond issue	6	0	0	582 575
New current loans from Credit Institutions		40 000	100 000	90 000
Settlement of current loans from Credit Institutions		0	-40 000	0
Settlement of other long term debt		0	0	-555 806
Dividends		-1 500	-1 500	-38 450
Net cash flow from financing activities		38 500	123 516	78 318
Net change in cash and cash equivalents		-29 404	56 918	25 754
Cash and cash equivalents at beginning of period		113 157	26 835	1 081
Cash and cash equivalents at end of period		83 753	83 753	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, Norway.

Grøntvedt Group was established with financial effect from 1st July 2021, in relation to the acquisition of Klädesholmen Seafood AB and the restructuring of the companies prior to the bond issue in September 2021. However, the group financial statements were established as a continuation of the Grøntvedt Pelagic Group. Consequently, the year-to-date figures for 2021 in this report include only third quarter information for the acquired companies, while it includes the full year figures for Grøntvedt Pelagic.

The quarterly report was approved by the Board of Directors on the 28 of November 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") and the accounting standard NRS 11 for Interim Financial Reporting.

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, with the exception for the application of principles described further in note 2.

Going Concern

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



Note 2 | Changes to prior period accounts

There have been made changes to accounting figures related to events in periods prior to the third quarter of 2022. These relate to errors in accounts receivables and inventory. Further to this, the accounting for the gain on sales of a property has been changed, based on a re-evaluation of the purchase price allocation of Klädesholmen Seafood AB. Consequently, the gain has been removed from the profit and loss statement for 2022. A summary of the changes made is given below:

Changes to balance sheet	Balance sheet by 31st December 2021	Changes made with effect 1st January 2022	Balance sheet by 1st January 2022
NOK 1 000	Audited financial statements for 2021		Q3 report, incoming balance by 1st January 2022
Non-current assets			
Goodwill	637 587 -	17 589	619 998
Deferred tax asset	-	15 852	15 852
Total intangible assets	638 254 -	1 737	636 516
Land, buildings and other real property	119 195	17 589	136 784
Total property, plant and equipment	482 607	17 589	500 196
Total financial non-current assets	1 369	-	1 369
Total non-current assets	1 122 230	15 852	1 138 082
Current assets			
Inventory	523 439 -	79 883	443 556
Accounts receivables	105 640 -	9 262	96 379
Total current assets	678 325 -	89 145	589 180
Total assets	1 800 555 -	73 293	1 727 262

	Balance sheet by 31st December 2021	Changes made with effect 1st January 2022	Balance sheet by 1st January 2022
NOK 1 000			
Equity			
Other equity/Loss carried forward	- 304 950 -	69 533 -	374 483
Total equity	798 909 -	69 533	729 376
Deferred tax liabilities	3 760 -	3 760	-
Total non-current liabilities	646 810 -	3 760	643 050
Total current liabilities	354 836	-	354 836
Total liabilities	1 001 646 -	3 760	997 886
Total equity and liabilities	1 800 555 -	73 293	1 727 262



Changes to balance sheet	Balance sheet by 30th June 2022	Changes to balance sheet by 30th June 2022	Balance sheet by 1st July 2022
NOK 1 000	Q2-report, outcoming balance		Q3 report, incoming balance by 1st July 2022
Non-current assets			
Goodwill	604 030 -	17 589	586 441
Deferred tax asset	5 276	26 059	31 335
Total intangible assets	610 008	8 470	618 478
Land, buildings and other real property	26 042		26 042
Total property, plant and equipment	401 053	-	401 053
Total financial non-current assets	22 304	-	22 304
Total non-current assets	1 033 365	8 470	1 041 835
Current assets			
Inventory	422 975 -	94 451	328 524
Accounts receivables	105 244 -	9 262	95 982
Total current assets	659 315 -	103 713	555 602
Total assets	1 692 680 -	95 243	1 597 437

	Balance sheet by 30th June 2022	Changes to balance sheet by 30th June 2022	Balance sheet by 1st July 2022
NOK 1 000			
Equity			
Other equity/Loss carried forward	- 368 187 -	95 243 -	463 430
Total equity	800 689 -	95 243	705 446
Deferred tax liabilities	-		-
Total non-current liabilities	635 195	-	635 195
Total current liabilities	256 796	-	256 796
Total liabilities	891 991	-	891 991
Total equity and liabilities	1 692 680 -	95 243	1 597 437



Changes to consolidated statement of income NOK thousand	Year to date by 30th June 2022 Q2 report	Changes made to first half year	Year to date by 30th June 2022 Q3 report
Revenues	532 447		532 447
Other revenues	17 589 -	17 589 -	0
Total revenues	550 036 -	17 589	532 447
Cost of goods sold	- 389 030 -	14 568 -	403 598
Operating profit (EBIT)	- 32 630 -	32 157 -	64 787
Net finance	- 37 647	-	37 647
Profit before taxes	- 70 277 -	32 157 -	102 434
Income tax expense	6 430	6 447	12 877
Net profit	- 63 847 -	25 710 -	89 557
Profit/ loss attributable to:			
Shareholders of the parent company	- 63 847 -	25 710 -	89 557
Total	- 63 847 -	25 710 -	89 557

The financial reports for the third and fourth quarters of 2021 contained errors, which were corrected in the 2021 annual financial statements. The year-to-date figures for 2021, and the third quarter of 2021, have been restated based on the 2021 audited annual financial statements, by applying consistent principles on the data for the applicable periods. The changes have been applied consistently also for the balance sheet by 30th September 2021.

Note 3 | Segment information

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

Consumption (FOOD)

The consumption activities involve landing, processing and sales of pelagic products for consumption. Pelagic fish for human consumption is fresh, frozen and marinated herring, mackerel and roe. Further, Value Added Processing («VAP») activities are included in the FOOD segment.

The production plant for FOOD products excluding VAP is located at Uthaug, Norway. The fish is mainly subject to export, with the Nordics and Eastern Europe as the main markets. Production of VAP products takes place in Klädesholmen, Sweden.

Meal/oil (FEED)

The meal and oil processing activities are located at Uthaug, Norway. Production of fishmeal and fish oil is based on offcuts from the processing activities in the FOOD division.



THIRD QUARTER			
NOK thousand	FOOD	FEED	Q3 Total
Revenues	243 346	45 424	288 770
Cost of goods sold	-184 045	-19 419	-203 464
Contribution margin	59 301	26 005	85 306

YEAR TO DATE			
NOK thousand	FOOD	FEED	YTD Total
Revenues	704 137	117 080	821 217
Cost of goods sold	-540 688	-66 375	-607 063
Contribution margin	163 449	50 705	214 154

Note 4 | Goodwill

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 units for goodwill were both Grøntvedt Nutri and Klädesholmen Seafood. The allocation of goodwill before depreciation was NOK 671 million.

The useful life of the goodwill is assessed to be 10 years, and the goodwill is amortized on a linear basis.

As part of the process of updating the purchase price allocation referred to earlier in the report, cf. note 2, the gain on the sales of property at Klädesholmen has been booked as a reduction of Goodwill in 2022.

NOK thousand	30.09.2022	31.12.2021	30.09.2021
Goodwill book value	570 688	637 587	655 032

Note 5 | Inventory

NOK thousand	30.09.2022	31.12.2021	30.09.2021
FOOD	395 140	516 337	446 737
FEED	3 490	7 102	4 681
Inventory book value	398 630	523 439	451 418

See further comments to changes to inventory commented in note 2.

Note 6 | Financing

NOK thousand	30.09.2022	31.12.2021	30.09.2021
Bond Loan (book value)	587 327	582 575	580 991



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 bond interest terms are NIBOR 3 month plus a margin of 5,25%. The interest is calculated and paid each quarter on the 23rd. (March, June, September, December). The due date of the bond is 23 September 2024.

A listing of the bond on Euronext Oslo Børs has been postponed, and is planned to take place after the audit of the 2022 financial statements according to IFRS. This is more than 12 months after the Issue date 23 September 2021, giving rise to an increased interest rate premium of 2,00 % from 24th September 2022 and until listing has taken place.

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 is compliant with the covenant terms per 30 September 2022.

Note 7 | Financial risk

Financial risk management

Grøntvedt is through its activities exposed to financial risks. The most material risks, and management thereof, are described below.

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

The Pelagic industry is capital demanding due to natural seasonal fluctuations. The company's credit risk varies with the customers and the different sales agreements. Credit risk management is a prioritized area for Grøntvedt, and the group has worked 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 has established a bond loan and a RCF Facility at Handelsbanken. The RCF facility was effective from October 2021.