

Q1 | 2023

Grøntvedt AS | Group Quarterly Report

31 May 2023





Highlights for the first quarter 2023.

- The high revenue level continues from the fourth quarter of 2022 and into the first quarter of 2023. Revenue in Q1 2023 of **MNOK 369** (Q1 2022: **MNOK 260**), an increase of 42 % from the first quarter of 2022.
- EBITDA Q1 2023 **MNOK 49,7** (Q1 2022: MNOK 6,3).
- EBITDA margin in **Q1 2023** was 13 %.
- FOOD: Raw material landing volume of 35 000 tonnes inn Q1 2023, which is an increase from 25 386 tonnes in Q1 2022, an increase of 38 %.
- Production has been efficient in the period, with high activity from the beginning of January to the middle of March. Processing volumes of Norwegian Spring – spawning herring of total 32 395 tonnes combined with processing volumes of 2 605 tonnes of Capelin has generated at total landing/ production volume of 35 000 tonnes, which is historically high for any first quarter in Grøntvedt's history.
- FEED: Meal and oil prices remain at the same level in Q1 2023 as in Q4 2022.

Consolidated key figures

NOK 1 000	Q1 2023	Q1 2022	Not audited
			YTD 2022
Revenues	369 368	260 466	260 466
EBITDA	49 711	6 260	6 260
EBITDA margin (%)	13 %	2 %	2 %
EBIT	30 356 -	5 541 -	5 541
Profit / loss before tax	- 5 419 -	34 387 -	34 387
Net nominal interest bearing debt*	741 682	716 176	700 846
Equity ratio	35,5 %	35,3 %	35,9 %
Raw material FOOD (MT)	35 000	25 386	87 348

* Excluding leasing obligations

Profit and loss

First quarter of 2023

Introduction: Raw material volumes for the FOOD segment were 35 000 tonnes for the quarter, up from 25 386 tonnes in the corresponding quarter in 2022, reflecting a good herring season for Grøntvedt.

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

Revenues for the first quarter of 2023 amounted to MNOK 369,4, of which MNOK 232 related to the FOOD segment and MNOK 137,4 to the FEED segment.

Cost of goods sold amounted to MNOK 241,8 for the first quarter.

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 MNOK 49,7 for the first quarter.

EBIT amounted to MNOK 30,4 for the first quarter.

Net financial items amounted to a negative MNOK 35,8 for the first quarter. This includes a value adjustment related to shares in a listed company which was made with a negative effect (loss) of MNOK 5,9 in the first quarter, and net gains regarding currency with an effect of MNOK 2,3. The remaining net financial items, MNOK 32,2 for the first quarter mainly consist of net interest charges.

Tax expenses amounted to positive MNOK 0,1 in the first quarter.

Net result for the first quarter ended at a negative MNOK 5,3.

Financial position and liquidity

Consolidated financial position.

Total assets amounted to MNOK 2 074,8 on 31 March 2023, up from MNOK 2 061,5 on 31 December 2022.

Property, plant, right of use assets, and equipment amounted to MNOK 676,7 on 31 March 2023, up from MNOK 655,7 at year-end 2022.

Inventories were MNOK 561,7 at the end of the first quarter, up 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.

Trade receivables and contract assets amounted to MNOK 123,8 on 31 March 2023, a decrease of MNOK 41,4 from MNOK 165,2 at year-end 2022.

Cash and cash equivalents were MNOK 8,3 at the end of the first quarter, compared to MNOK 49,2 at year-end 2022.

Net interest-bearing debt amounted to MNOK 1 168,7 on 31 March 2023, compared to MNOK 1 099,0 at year-end 2022. This includes lease obligations of MNOK 427,0 by 31 March 2023, and a lease obligation of MNOK 398,2 by year-end 2022.

Consolidated cash flow from operating activities amounted to negative MNOK 37,5 for the first quarter. This includes changes to the working capital (inventory, trade receivables and trade payables) which follows normal seasonality.

Cash flow used for investing activities amounted to MNOK 3,5 in the first quarter.

Cash flow from financing activities came in at a MNOK 0 for the first quarter.



Important events in the first quarter

During the first quarter the main production was from fisheries of herring and capelin. This production has been successful, and the capacity utilization of the FEED production plant Grøntvedt Nutri has been good and increasing. Fish oil and fish meal prices have been high. At the same time the raw material prices for herring have been higher than last year.

Important events after the balance sheet date

The financial statement for the fiscal year of 2022 had a final deadline for reporting by 1 June 2023. We hereby inform that the annual report will be further delayed. The financial statements will be reported no later than 12 June 2023.

Other than the point mentioned above, there have not been any important events after the balance sheet date.



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 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 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, 31 May 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	Q1 2023 unaudited	Q1 2022 unaudited	2022 unaudited
Revenues	2	369 368	260 466	1 335 565
Other revenues		-	-	-
Total revenues		369 368	260 466	1 335 565
Cost of goods sold	2,5	241 813 -	189 361 -	910 689
Salaries and personnel expenses	-	38 063 -	36 583 -	133 298
Depreciation	-	19 354 -	11 800 -	61 693
Other operating expenses	-	39 781 -	28 262 -	166 765
Operating profit (EBIT)		30 356 -	5 541	63 120
Net finance	6	35 775 -	28 846 -	110 111
Profit before taxes	-	5 419 -	34 387 -	46 991
Income tax expense		102 -	4 388	11 347
Net profit	-	5 317 -	38 775 -	35 644
Other Comprehensive Income:				
<i>Items that may be reclassified to profit or loss:</i>				
Exchange differences on translation of foreign operations		2 133	610 -	3 015
Total comprehensive income for the period	-	3 184 -	38 165 -	38 659
Profit/ loss attributable to:				
Shareholders of the parent company	-	3 184 -	38 165 -	38 659
Total	-	3 184 -	38 165 -	38 659



Consolidated statement of financial position

NOK 1 000	Note	31.03.2023 <i>unaudited</i>	31.12.2022 <i>unaudited</i>
ASSETS			
Non-current assets			
Goodwill	3	586 000	586 000
Other intangible assets	3	43 218	49 378
Deferred tax asset		35 955	35 853
Total intangible assets		665 173	671 231
Property, plant and equipment		549 699	554 275
Right - of - use assets		126 983	101 455
Total property, plant and equipment		676 682	655 730
Investments in shares		16 646	21 102
Other receivables		4 721	4 868
Total financial non-current assets		21 367	25 971
Total non-current assets		1 363 222	1 352 931
Current assets			
Inventory	4	561 742	480 742
Trade receivables		123 773	155 934
Contract assets		-	9 254
Other short-term receivables		17 699	13 336
Cash and cash equivalents		8 318	49 324
Total current assets		711 532	708 589
Total assets		2 074 754	2 061 520



Consolidated statement of financial position

NOK 1 000	Note	31.03.2023 <i>unaudited</i>	31.12.2022 <i>unaudited</i>
Equity			
Share capital		76	76
Share premium		1 168 800	1 168 800
Other equity/Loss carried forward	8	-	429 592
Total equity		736 101	739 284
LIABILITIES			
Non-current liabilities			
Long term leasing liabilities		66 960	48 739
Bond loan	6	590 495	588 911
Other long-term liabilities		296 167	290 212
Total non-current liabilities		953 623	927 863
Loans from credit institutions		150 000	150 000
Accounts payables		144 171	115 084
Lease liabilities		29 467	25 657
Sale-leaseback liabilities		34 438	33 544
Other current liabilities		26 956	70 087
Total current liabilities		385 031	394 372
Total liabilities		1 338 653	1 322 235
Total equity and liabilities		2 074 754	2 061 520



Consolidated statements of cash flows	IFRS	
	Q1 2023	2022
NOK 1 000	Unaudited	Unaudited
Cash flows from operating activities		-
Earnings before tax	- 5 419	46 991
Depreciation of assets and amortization of goodwill	19 354	61 693
Gains from sales of assets	-	-
Financial items	-	-
Value adjustment of shares	5 903	8 589
Change in working capital:		-
- change in inventory	- 81 000	28 197
- change in trade and other receivables	37 200	69 046
- change in trade and other payables, excl. corporate tax	- 13 575	64 685
Taxes paid	-	3 367
Net cash flow from operating activities	- 37 538	142 004
Cash flows from investment activities		
Purchase of shares	-	29 424
Investment in tangible assets	- 3 468	16 795
Sale of tangible assets	-	90 560
Long term receivables net of cash	-	3 364
Interest received	-	-
Net cash flow from investment activities	- 3 468	40 976
Cash flows from financing activities		-
Capital increase from issue of shares	-	65 017
Bond issue	-	-
Long term receivables net of cash	-	-
New current loans from Credit Institutions	-	150 000
Settlement of current loans from Credit Institutions	-	90 000
Settlement of other long term debt	-	-
Dividends	-	1 500
Net cash flow from financing activities	-	123 517
Net change in cash and cash equivalents	- 41 006	22 489
Cash and cash equivalents at beginning of period	49 324	26 835
Cash and cash equivalents at end of period	8 318	49 324



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 31 May 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.

There have been some changes in the 2022 financial statements reported in this quarterly report compared to the financial statements reported in the fourth quarter 2022 report. Two real estate transactions that were accounted for as sale - leaseback agreements in the fourth quarter report, are presented as failed sale according to IFRS 15 in this quarterly report. The comparative numbers have been changed accordingly. In addition, 2022 revenues are reduced by MNOK 7,5 as a result of a subsequent event.

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.

FIRST QUARTER

NOK thousand	FOOD	FEED	Q1 Total
Revenues	232 002	137 366	369 368
Cost of goods sold	-142 484	-99 329	-241 813
Contribution margin	89 517	38 038	127 555
Operational cost excl. Depreciation	-73 662	-4 182	-77 845
EBITDA	15 855	33 856	49 711



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 was Grøntvedt Nutri AS. The cash generating unit for other intangible assets (Brand) was Klädesholmen Seafood AB.

NOK thousand	31.03.2023	31.12.2022
Goodwill book value	586 000	586 000
Other intangible assets	43 218	49 378

Other intangible assets is depreciated linearly over a three year period.

Note 4 | Inventory

NOK thousand	31.03.2023	31.12.2022
FOOD	552 741	479 680
FEED	9 001	1 062
Total book value	561 742	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	31.03.2023	31.12.2022
Bond Loan (book value)	590 495	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 is an additional penalty fee of 2% until the bond has been publicly listed.

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 31 March 2023.

Two real estate transactions previously accounted for as ordinary sale - leaseback agreements, has in transition to IFRS been reclassified as "Failed sale" according to IFRS 15. As a result, the lease liabilities are recalculated introducing higher interest expenses. The effect on the group's Net finance is highlighted in the table below.

	Q1 2023	Q1 2022	2022
Net finance	35 775	28 846	110 111
Hereof effect of failed sale classification	9 409	9 144	38 295



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	-	429 592	-	739 284
Share issue		-	-				-
Adjustment to accounting methodology applied in prior periods	2						-
Other adjustments previous years (Tax)							-
Profit/(loss) for the period				-	5 317		5 317
Foreign currency translation differences						2 133	2 133
Total equity at 31.03.2023		76	1 168 800	-	434 909	2 133	736 101