

Q4 | 2022

Grøntvedt AS | Group Quarterly Report

28 Mars 2023



Klädesholmen, maatjes herring



Highlights for the fourth quarter 2022.

- Historically high revenue in Q4 2022 **MNOK 521 848**. (Q4 2021: **MNOK 318 090**)
- EBITDA Q4 2022 **MNOK 112,8** (Q4 2021: MNOK 33) EBITDA YTD 2022 **MNOK 134,8** (2021 MNOK 2,9).
- Strong EBITDA margin in **Q4 2022** (22 %) driven by market prices for the FEED division after our five-year fixed contract of trims ended.
- FOOD raw material landing volume of 40 746 tonnes in Q4 2022, which is an increase from 33 550 tonnes in Q4 2021. An increase of 21%.
- Production has been efficient in the period, with high activity from the middle of August and throughout the rest of the year. Processing volumes have significant seasonal variations related to catch seasonality for mackerel and herring, whereas the fourth and first quarters of the year are normally peak season.
- Successful sales and further strengthened market positioning for Klädesholmen Seafood in the Swedish market.
- The leading producer of Norwegian Spring-Spawning Herring in Q4 2022 and maintaining the same position in Q1 2023 with more than 30 000 tonnes of raw material.
- Meal and oil prices remain at the same level in Q1 2023 as in Q4 2022.

Consolidated key figures¹

NOK 1 000	Q4 2022	Q4 2021	YTD 2022	YTD 2021
Revenues	521 848	318 090	1 343 065	811 764
EBITDA	112 764	32 979	134 781	2 947
EBITDA margin (%)	22 %	10 %	10 %	0 %
EBIT	97 441	26 675	75 251 -	42 247
Profit / loss before tax	75 060	12 708 -	13 861 -	95 058
Net nominal interest bearing debt*	700 846	663 165	700 846	663 165
Equity ratio	38 %	37 %	38 %	37 %
Raw material FOOD (MT)	40 746	33 550	87 348	77 568

* Excluding leasing obligations

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 information for the second half of the year for the acquired companies, while it includes the full year figures for Grøntvedt Pelagic.



Profit and loss

Fourth quarter and full year 2022

Introduction: Raw material volumes for the FOOD segment were 40 746 tonnes for the quarter, up from 33 550 tonnes in the corresponding quarter in 2021, reflecting a good herring season for Grøntvedt. For the full year the Raw material volume for the FOOD segment was 87 348 tonnes, up from 77 568 tonnes in the previous year, an annual increase of 12,6%.

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 fourth quarter of 2022 amounted to MNOK 521,9, of which MNOK 400,8 related to the FOOD segment and MNOK 121,1 to the FEED segment. For the full year revenues amounted to MNOK 1 343,1, of which MNOK 1 104,9 related to the FOOD segment and MNOK 238,1 related to the FEED segment.

Cost of goods sold amounted to MNOK 303,6 for the fourth quarter and MNOK 910,7 for the full 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 MNOK 112,8 for the fourth quarter. This is mainly explained by the contribution margin from sales of FEED products. For the full year the EBITDA amounted to MNOK 134,8.

EBIT amounted to MNOK 97,4 for the fourth quarter and MNOK 75,3 for the full year.

Net financial items amounted to a negative MNOK 22,4 for the fourth quarter and negative MNOK 89,1 for the full year. This includes a value adjustment related to shares in a listed company which was made with a positive effect of MNOK 1,6 in the fourth

quarter, giving a total negative value adjustment of MNOK 8,6 for the year. The remaining net financial items, MNOK 24,0 for the fourth quarter and MNOK 78,8 for the full year, mainly consist of interest charges.

Tax expenses amounted to MNOK 22,8 in the fourth quarter and MNOK 3,2 for the full year.

Net result for the fourth quarter ended at MNOK 52,3, while full year recorded a negative net result of MNOK 17,0.

Financial position and liquidity

Consolidated financial position.

Total assets amounted to MNOK 2 125,9 on 31 December 2022, up from MNOK 2 047,6 on 31 December 2021.

Property, plant, right of use assets, and equipment amounted to MNOK 697,3 on 31 December 2022, down from MNOK 725,3 at year-end 2021. Part of the reduction relates to the sale of properties in Klädesholmen in the first quarter.

Inventories were MNOK 479,7 at the end of the fourth quarter, up from MNOK 451,2 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.

Accounts receivable amounted to MNOK 172,6 on 31 December 2022, an increase of MNOK 87,8 from MNOK 84,8 at year-end 2021.

Cash and cash equivalents were MNOK 49,2 at the end of the fourth quarter, compared to MNOK 26.8 at year-end 2021.



Net interest-bearing debt amounted to MNOK 1 090,8 on 31 December 2022, compared to MNOK 1 073,1 at year-end 2021. This includes lease obligations of MNOK 389,9 by year-end 2022, and a lease obligation of MNOK 409,9 by year-end 2021.

Consolidated cash flow Cash flow from operating activities amounted to negative MNOK 25,3 for the fourth quarter and negative MNOK 142,2 for the full year. This includes changes to the working capital (inventory and trade payables) which follows normal seasonality.

Cash flow used for investing activities amounted to MNOK 9,3 in the fourth quarter. For the full year there was a net incoming cash flow related to the investment activities of MNOK 41,0, where the net incoming cash flow of MNOK 90,6 is related to the sales of property in Klädesholmen in the first quarter.

Cash flow from financing activities came in at a MNOK 0 for the fourth quarter. For the full year the cash flow from financing activities was MNOK 123.5, including the share issue of MNOK 65.0.

Important events in the fourth quarter

- During the fourth quarter the main production was from fisheries of herring. 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.
- 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 and 2021. The financial year of 2021 in this report is reported with the same principles for comparative reasons. See also note 8.

Important events after the balance sheet date

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. Whereas the summer holiday season was a calm period due to seasonality, the last part of the year gave a much higher activity. This has continued in the first quarter of 2023. This period has provided 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 March 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	Q4 2022	YTD 2022	Q4 2021	YTD 2021
NOK 1 000				
Revenues	521 848	1 343 065	318 090	810 118
Other revenues	-	-	-	1 646
Total revenues	521 848	1 343 065	318 090	811 764
Cost of goods sold	- 303 626 -	910 689 -	207 271 -	605 182
Salaries and personnel expenses	- 45 837 -	133 298 -	31 392 -	92 412
Depreciation	- 15 323 -	59 530 -	6 304 -	45 193
Other operating expenses	- 59 621 -	164 297 -	46 448 -	111 223
Operating profit (EBIT)	97 441	75 251	26 675 -	42 247
Net finance	- 22 381 -	89 112 -	13 968 -	52 811
Profit before taxes	75 060 -	13 861	12 708 -	95 058
Income tax expense	- 22 769 -	3 168 -	5 417	13 284
Net profit	52 291 -	17 029	7 291 -	81 774
Profit/ loss attributable to:				
Shareholders of the parent company	52 291 -	17 029	7 291 -	81 774
Total	52 291 -	17 029	7 291 -	81 774



Consolidated statement of financial position	IFRS	IFRS
	YTD 2022	YTD 2021
NOK 1 000	unaudited	unaudited
ASSETS		
Non-current assets		
Brand	33	667
Goodwill	653 936	671 144
Deferred tax asset	31 975	30 858
Total intangible assets	685 944	702 669
Property, plant and equipment	286 381	367 611
Right - of - use assets	410 902	357 696
Total property, plant and equipment	697 283	725 308
Investments in shares	21 102	118
Other receivables	4 868	32 664
Total financial non-current assets	25 971	32 782
Total non-current assets	1 409 197	1 460 759
Inventory	479 743	451 202
Accounts receivables	172 575	84 822
Other current receivables	15 263	24 028
Cash and cash equivalents	49 154	26 835
Total current assets	716 735	586 886
Total assets	2 125 932	2 047 645



Consolidated statement of financial position	IFRS	
	YTD 2022 unaudited	YTD 2021 unaudited
NOK 1 000		
Equity		
Share capital	76	69
Share premium	1 168 800	1 103 790
Other equity/Loss carried forward	- 361 094	- 341 104
Total equity	807 782	762 755
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	-	- 495
Long term leasing liabilities	333 316	299 998
Bond loan	588 911	-
Other long-term liabilities	-	-
Total non-current liabilities	922 227	299 503
Loans from credit institutions	150 000	672 575
Accounts payables	114 484	145 608
Contract liabilities	-	58 812
Current tax liabilities	-	-
Lease liabilities	56 627	49 476
Dividends	- 0	-
Other current liabilities	74 810	58 916
Total current liabilities	395 921	985 387
Total liabilities	1 318 148	1 284 890
Total equity and liabilities	2 125 932	2 047 645



Consolidated statements of cash flows

Consolidated statements of cash flows	IFRS Q4 - 2022 Unaudited	IFRS YTD 2022 Unaudited	IFRS YTD 2021 Unaudited
NOK 1 000			
Cash flows from operating activities			
Earnings before tax	75 060 -	13 861 -	95 058
Depreciation of assets and amortization of goodwill	15 323	59 530	45 193
Gains from sales of assets	-	-	-
Financial items	-	-	-
Value adjustment of shares	- 1 600	8 589	-
Change in working capital:	-	-	-
- change in inventory	- 73 467 -	28 541 -	54 153
- change in trade and other receivables	- 74 392 -	76 556	6 479
- change in trade and other payables, excl. corporate tax	33 757 -	87 969	10 071
Taxes paid	- -	3 367	900
Net cash flow from operating activities	- 25 318 -	142 174 -	86 568
Cash flows from investment activities			
Purchase of shares	- -	29 424	-
Investment in tangible assets	- 5 663 -	16 795 -	11 771
Sale of tangible assets	-	90 560	-
Long term receivables net of cash	- 3 617 -	3 364	22 750
Interest received	-	-	-
Net cash flow from investment activities	- 9 281	40 976	10 979
Cash flows from financing activities			
Capital increase from issue of shares	-	65 017	-
Bond issue	-	-	582 575
Long term receivables net of cash	-	-	-
New current loans from Credit Institutions	50 000	150 000	90 000
Settlement of current loans from Credit Institutions	- 50 000 -	90 000	-
Settlement of other long term debt	-	- -	532 782
Dividends	- -	1 500 -	38 450
Net cash flow from financing activities	-	123 517	101 343
Net change in cash and cash equivalents	- 34 599	22 319	25 754
Cash and cash equivalents at beginning of period	83 753	26 835	1 081
Cash and cash equivalents at end of period	49 154	49 154	26 835



Consolidated Statement of Changes in Equity

NOK 1 000

	<i>Note</i>	Share capital	Share premium	Retained earnings	Total equity
Total equity at 31.12.2021		69	1 103 790	- 341 104	762 755
Share issue		7	65 010		65 017
Adjustment to accounting methodology applied in prior years	2				-
Other adjustments previous years (Tax)					-
Profit /(loss) for the period				- 17 029	- 17 029
Foreign currency translation differences				- 2 960	- 2 960
Total equity at 31.12.2022		76	1 168 800	- 361 094	807 782



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 head 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 information for the second half of the year 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 March 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. See also note 8.

Going Concern

The quarterly report has 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.

**FOURTH QUARTER**

NOK thousand	FOOD	FEED	Q4 Total
Revenues	337 116	184 732	521 848
Cost of goods sold	-161 227	-142 399	-303 626
Contribution margin	175 889	42 333	218 222

YEAR TO DATE

NOK thousand	FOOD	FEED	YTD Total
Revenues	1 004 161	338 904	1 343 065
Cost of goods sold	-663 276	-247 413	-910 689
Contribution margin	340 885	91 491	432 376

Note 3 | 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 generation units for goodwill were both Grøntvedt Nutri and Klädesholmen Seafood, but mainly Grøntvedt Nutri. The allocation of goodwill was NOK 671 million.

NOK thousand	31.12.2022	31.12.2021
Goodwill book value	653 936	671 144

The goodwill has been impairment tested.

Note 4 | Inventory

NOK thousand	31.12.2022	31.12.2021
FOOD	478 681	444 100
FEED	1 062	7 102
Total book value	479 743	451 202

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

	31.12.2022	31.12.2021
Bond Loan (book value)	588 911	582 575

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 . December 2022.

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 | Changes to prior period accounts and transition to IFRS

Changes to balance sheet	Balance sheet by 31st December 2021 - NGAAP Audited financial statements for 2021	Changes made with effect 31st December 2021 NGAAP	Adjusted Balancesheet by 31st December 2021 - NGAAP	Implementation effects IFRS	Balance sheet by 31st December 2021 - IFRS unaudited
NOK 1 000					
Non-current assets					
Brand	667	-	667	-	667
Goodwill	637 587	-	637 587	33 557	671 144
Deferred tax asset	-	29 049	29 049	1 809	30 858
Total intangible assets	638 254	29 049	667 303	35 366	702 669
Land, buildings and other real property	119 195	-	119 195	119 195	0
Property, plant and equipment	-	-	-	367 611	367 611
Right - of - use assets	-	-	-	357 696	357 696
Machinery and equipment	363 412	-	363 412	363 412	-
Total property, plant and equipment	482 607	-	482 607	242 700	725 308
Investments in shares	118	-	118	-	118
Other receivables	1 251	-	1 251	31 413	32 664
Total financial non-current assets	1 369	-	1 369	31 413	32 782
Total non-current assets	1 122 230	29 049	1 151 279	309 479	1 460 759
Current assets					
Inventory	523 439	72 238	451 202	-	451 202
Accounts receivables	105 640	19 201	86 439	1 617	84 822
Other current receivables	22 411	-	22 411	1 617	24 028
Cash and cash equivalents	26 835	-	26 835	-	26 835
Total current assets	678 325	91 439	586 886	-	586 886
Total assets	1 800 555	62 390	1 738 165	309 479	2 047 645
Changes to balance sheet	Balance sheet by 31st December 2021 - NGAAP Audited financial statements for 2021	Changes made with effect 31st December 2021 NGAAP	Adjusted Balancesheet by 31st December 2021 - NGAAP	Implementation effects IFRS	Balance sheet by 31st December 2021 - IFRS unaudited
NOK 1 000					
Equity					
Share capital	69	-	69	-	69
Share premium	1 103 790	-	1 103 790	-	1 103 790
Other equity/Loss carried forward	304 950	62 390	367 340	26 236	341 104
Total equity	798 909	62 390	736 519	26 236	762 755
Retained earnings and translation reserves					
Translation reserves	-	-	-	-	-
Retained earnings	-	-	-	-	-
Sum retained earnings and translation reserves	-	-	-	-	-
Total Equity	798 909	62 390	736 519	26 236	762 755
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	3 760	-	3 760	4 256	495
Long term leasing liabilities	60 475	60 475	-	299 998	299 998
Bond loan	582 575	-	582 575	582 575	-
Other long-term liabilities	-	60 475	60 475	60 475	0
Total non-current liabilities	646 810	-	646 810	347 307	299 503
Loans from credit institutions	90 000	-	90 000	582 575	672 575
Accounts payables	145 608	-	145 608	-	145 608
Contract liabilities	-	-	-	58 812	58 812
Current tax liabilities	13 150	-	13 150	13 150	-
Lease liabilities	-	-	-	49 476	49 476
Dividends	1 500	-	1 500	1 500	-
Other current liabilities	104 578	-	104 578	45 662	58 916
Total current liabilities	354 836	-	354 836	630 551	985 387
Total liabilities	1 001 646	-	1 001 646	283 244	1 284 890
Total equity and liabilities	1 800 555	62 390	1 738 165	309 479	2 047 645



Changes to consolidated statement of income	Year to date by 31st December 2021 - NGAAP Audited financial statements for 2021	Changes made with effect 31st December 2021 NGAAP	Adjusted statement of income by 31st December 2021 - NGAAP	Implementation effects IFRS	Consolidated Statement of income by 31st December 2021 - IFRS unaudited
NOK thousand					
Revenues	810 118		810 118	-	810 118
Other revenues	1 646		1 646	-	1 646
Total revenues	811 764	-	811 764	-	811 764
Cost of goods sold	- 582 109	- 23 073	- 605 182	- -	- 605 182
Salaries and personnel expenses	- 92 412	- -	- 92 412	- -	- 92 412
Depreciation	- 62 017	- -	- 62 017	16 823 -	- 45 193
Other operating expenses	- 118 810	- 14 184	- 132 993	21 770 -	- 111 223
Operating profit (EBIT)	- 43 583	- 37 257	- 80 840	38 593 -	- 42 247
EBITDA	18 433	- 37 257	18 823	21 770	2 947
Net finance	- 45 273	- -	- 45 273	7 538 -	- 52 811
Profit before taxes	- 88 857	- 37 257	- 126 113	31 055 -	- 95 058
Income tax expense	- 11 475	- -	- 11 475	1 809	- 13 284
Net profit	- 77 381	- 37 257	- 114 638	32 864 -	- 81 774
Profit/ loss attributable to:					-
Shareholders of the parent company	- 77 381	- 37 257	- 114 638	32 864 -	- 81 774
Total	- 77 381	- 37 257	- 114 638	32 864 -	- 81 774

In 2020 and 2022 there has been made two real estate transactions on sale – leaseback agreements. Both transactions have been accounted for as “right of use assets” and corresponding leasing liabilities according to IFRS 16. The company auditor regards these transactions as “failed sale” due to the fact that there are put and call options in the agreements. For this reason, they are of the opinion that there has been no change in control and therefore no transaction. The groups pervious auditor has under NGAAP accepted that there has been a transaction, and the transaction has been treated as sale – leaseback according to NGAAP (Although as an operational lease). Sale – leaseback transactions are to be treated in the same manner according to NGAAP and IFRS with a right to use asset, and a corresponding liability. The company’s auditor has informed Grøntvedt that previous year’s accounting principles used when presenting the transaction of 2020 in the financial statement is incorrect, and that the leasing liability is to be fully recognised for in the balance sheet, whereas the property is to be represented in the balance sheet at historic cost, and the difference to be booked against the groups equity.

The difference in accounting methodology would by an accounting technicality generate higher interest expenses with no cash effects and are of a technical matter when it comes to the presentation in the group’s financial statement.

The board has decided to handle both transactions according to IFRS 16 as sale -leaseback transactions, as we have handled them as sale – leaseback transactions in the financial statement for the fiscal year 2021, accepted by the group’s previous auditor.

For the record we clarify that the group is within the covenant requirements regardless of accounting methodology, both in terms of equity ratio and interest rate coverage ratio.