



**NORCOD**

Q1– 2023  
Financial report





## Q1 2023 Highlights

- 125 MNOK in revenues, up 51% from Q1-22 driven by increased harvesting
- 13 MNOK in operating loss, compared to 45 MNOK in Q1-22
- 9 MNOK in cash flows from operations, up from -11 MNOK in Q1-22
- 3 362 tons WFE harvested, up from 2 027 tons WFE in Q1-22
- Second production site supplied with onshore power

## Post Q1 2023 Highlights

- Measures to improve financial robustness and enable further growth
  - 265 MNOK in gross proceeds from private placement and asset divestment
  - Shareholder loan restructuring improving equity base
  - Extension of overdraft facility from main bank
- GlobalG.A.P. recertified
- First cycle initiated at site Labukta



## Operational update and main events

The first quarter of 2023 was challenging, characterized by the process with the Directorate of Fisheries regarding suspicion of escape (not concluded on) and gonade development. The latter led to accelerated harvest which resulted in lower production volume. Furthermore, shortened delivery on long-term sales contracts with clients and lower sales prices due to increased sales on the spot market. The overall consequence was a significant drop in earnings and simultaneously increase in expensed costs/kg. We have initiated heavy measures to reduce risk and more robustly meet biological challenges. Norcod will continue to lead the development of Norwegian cod farming and recognizes the responsibility it entails.

In total the quarterly harvest volume ended on 3 362 tons WFE, up 66 % from Q1 previous year, driven by the accelerated harvest pace. Good cooperation with available facilities made it possible for all harvest capacity to be used. The situation led to a challenging market situation, but the fish reached the end user.

Yet another milestone was cemented by virtue of our second production site, Jamnungen, now supplied by onshore power. Norcod fortifies its role as the leading industry player in farm raised, sustainable, quality cod by following up on our strategy and promise of continuous reduction in CO2 emissions.



# Green visions for a blue future

## Norcod in a sustainable global food system

- Zero use of antibiotics
- Certified feed ingredients
- Best possible score regarding seabed surveys
- Hybrid-electric vessels and feed barges
- Highly nutritious and flavorful product good for everyone and the planet – Cod above the rest
- 90 % utilization of the cod for human consumption

## Looking ahead

- Aiming to increase the survival rate to 90 % within 2030
- Targeting for 98 % utilization of the cod for human consumption
- 30 % reduction in carbon footprint by 2030 (Scope 1, 2, 3)
- Zero escape incidents
- Available tools not only to prevent and detect, but fully control maturation

## Devoted to

People	Cod	Nature	Innovation & Profit
Human rights	Fish Welfare	The ocean	Research and development
Safe work environment	Production environment	Local and global environment	
Local communities	Product quality	Biodiversity	Year-round harvest
Gender equality	Increase yield	Responsible producer	
Aquaculture education	Food safety	Fish feed	Market development
Customers		Climate action	



# Outlook

The first quarter of 2023 is put behind us but certainly not forgotten. It will function as a constant reminder of what we shall overcome and move away from. Norcod is determined to further develop operational control parameters and build on an already well-developed quality and control system which e.g., embraces production, equipment, HSE and fish welfare. There has been extensive learning through the process which the company has been exposed to throughout Q1.

Both internally and in collaboration with industry colleagues and other stakeholders, we work on strategy and plans to prevent and eliminate risk. In order to postpone and reduce gonad development in our cod, new light regimes are set up on a large scale. Furthermore, measures such as sorting during the cycle will be carried out. Further development of ultrasound monitoring with regard to gonad development and for possible gender sorting will be a measure which it is realistic to assume can contribute to a long-term solution. The possibility of producing sterile cod is also being looked at and is a measure that is placed somewhat in the future. The main goal is to establish best practices in cod farming to safeguard a predictable and holistic context for everyone involved.

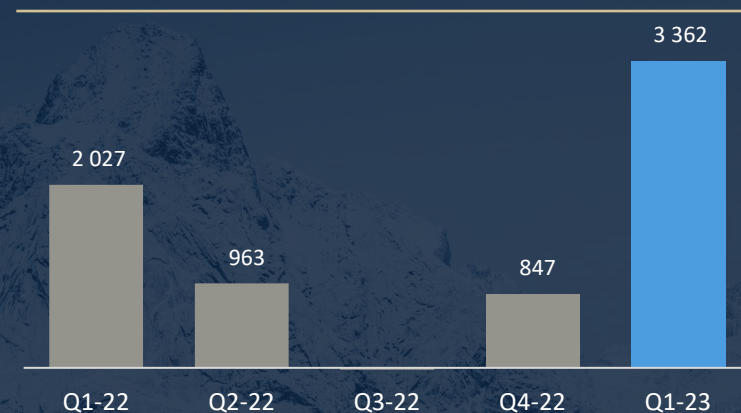
Subsequent to the quarter Norcod received the good news of achieved GlobalG.A.P. recertification. It is of great importance to be able to refer to a third-party assessment.

Our fifth production site, Labukta, kicked off its stocking of the 2023-generation in April. This well-equipped location is configured with the most energy efficient technology seen in Norwegian aquaculture industry and is Norcod's second site supplied with onshore power.

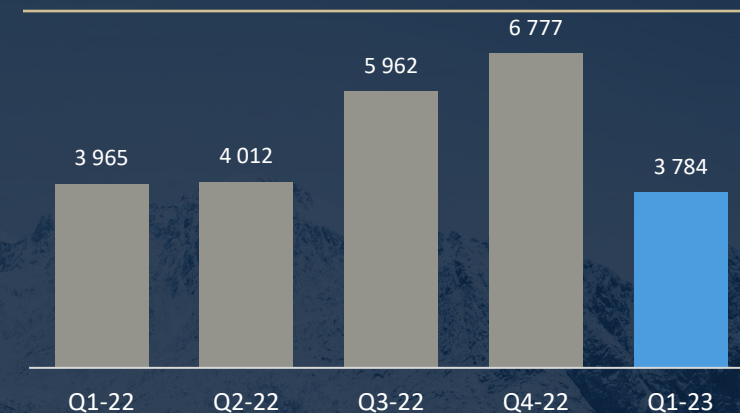


# Financial Review - Highlights

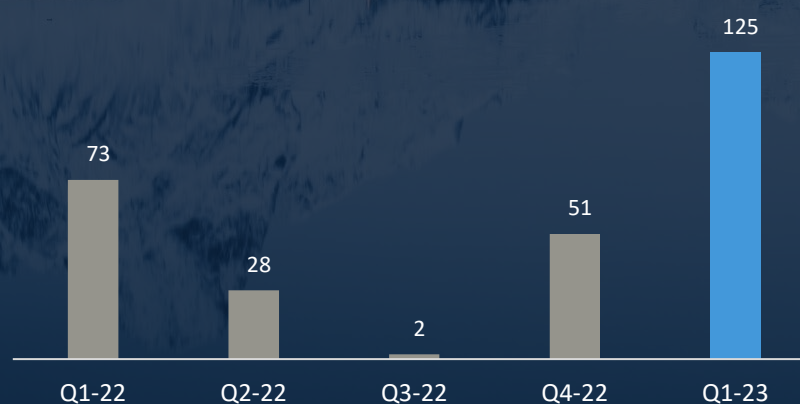
## Harvest volume



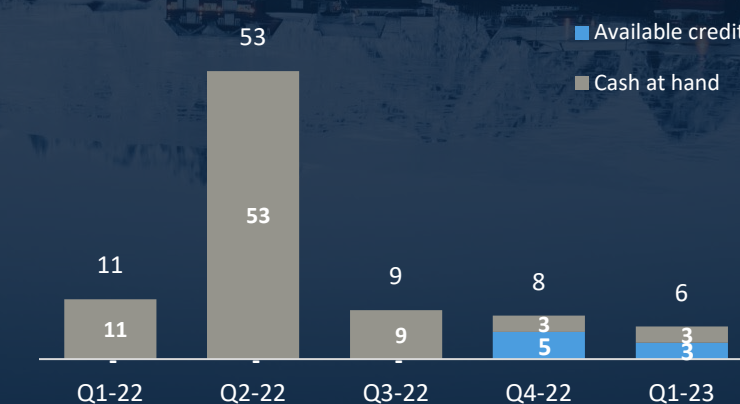
## Biomass at sea



## Revenues



## Available credit and cash at hand





# Financial review

## Profit and loss first quarter 2023

Norcod achieved Gross Sales of 125 MNOK in Q1-23, up from 83 MNOK in Q1-22 amid increased harvest compared to the corresponding quarter last year. Operating expenses for the period ended on 213 MNOK, up from 127 MNOK in Q1-22. The accelerated harvest imposed by the Norwegian Directorate of Fisheries is the main reason for the increased expenses related to harvesting, transport, packaging, and other processing related costs. Operating loss ended on 28 MNOK, up from 45 MNOK in the corresponding quarter last year. The decrease is mainly explained by increased operating expenses, offset by increased revenues and fair value adjustment of biomass. Net loss for the period ended on 43 MNOK, up from 46 MNOK in Q1-22.

## Balance Sheet

Total assets ended on 528 MNOK in Q1-23, up from 499 MNOK in Q1-22. The change from last year is mainly explained by reduction in biological assets, offset by increased property, plant and equipment, right-of-use assets, inventories and short-term receivables.

Total equity ended on 134 MNOK, down from 263 MNOK in Q1-22. The main reason for the decrease in equity is the increased operating expenses from accelerated harvesting during the quarter. After the balance sheet date, the company has initiated countermeasures to improve the financial situation. Also refer to note on subsequent events.

Total non-current liabilities ended on 61 MNOK in Q1-23, down from 132 MNOK in Q1-22, amid the loan from shareholder Artha to be due in Q3-23.

Total current liabilities ended on 333 MNOK in Q1-23, up from 104 MNOK in Q1-22. Current interest bearing debt ended on 173 MNOK in Q1-23, up from 0 in Q1-22. The increase was driven by the Artha loan and the overdraft facility due in Q3-23. After the balance sheet date, Norcod and Artha came to a restructuring agreement of the loan from Artha. Main terms in the agreement implies a conversion of 86 percent of the nominal loan amount to share capital and a repayment extension of 14 percent of the nominal loan amount till August 2025. Moreover, in Q2-23 DNB agreed to extend the repayment of the overdraft by one year to September 2024. Other main terms and conditions are unchanged.





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# Financial review

## Cash Flows

Net cash flows from operating activities was 9 MNOK in Q1-23 compared to -11 MNOK in Q1-22. The increase is explained by working capital changes. Net cash flows from investment activities was -7 MNOK in Q1-23 compared to -3 MNOK in Q1-22. Net cash flows from financing activities was -0.3 MNOK in Q1-23 versus -4 MNOK in Q1-22. The increase is explained by cash receipts from the overdraft facility.



# Interim condensed consolidated statement of comprehensive income

(Amounts in NOK '000)	Note	Q1-2023	Q1-2022	2022
<b>Operating revenue</b>		<b>125 107</b>	<b>83 050</b>	<b>170 541</b>
Cost of materials	1	164 487	98 797	168 730
Salaries and personnel expenses		13 499	8 189	43 031
Depreciation and amortization		4 998	2 731	16 032
Other operating expenses		30 154	17 401	65 833
<b>Operating expenses</b>		<b>213 138</b>	<b>127 117</b>	<b>293 626</b>
<b>Operating profit/ loss(-) before fair value adj. of biomass</b>		<b>-88 031</b>	<b>-44 067</b>	<b>-123 085</b>
Fair value adjustment biomass		60 227	-943	-157 808
<b>Operating profit/loss</b>		<b>-27 804</b>	<b>-45 009</b>	<b>-280 892</b>
Share of profit/ loss(-) from associates		-2 201	-462	1 798
Net financial items	2	-12 762	-954	-18 123
<b>Profit/loss before tax</b>		<b>-42 767</b>	<b>-46 425</b>	<b>-297 217</b>
Income tax expenses		0	0	0
<b>Net profit/loss for the period</b>		<b>-42 767</b>	<b>-46 425</b>	<b>-297 217</b>
Other comprehensive income		0	0	0
<b>Total comprehensive income for the period</b>		<b>-42 767</b>	<b>-46 425</b>	<b>-297 217</b>



# Interim condensed consolidated statement of financial position

(Amounts in NOK '000)	Note	Q1 - 2023	Q1 - 2022	2022
<b>ASSETS</b>				
<b>Non-current assets</b>				
Concessions, patents, licenses, trademarks and similar rights	3	2 000	8 298	2 000
Property, plant & equipment		81 972	53 492	76 678
Right-of-use assets		126 155	109 954	123 846
Investment in associated companies	4	31 310	34 120	33 511
Other investments	4	502	1 003	502
Other non-current receivables		40 000	29 998	40 000
Deferred tax assets		0	0	0
<b>Total non-current assets</b>		<b>281 938</b>	<b>236 865</b>	<b>276 536</b>
<b>Current assets</b>				
Inventories		10 089	5 296	8 712
Biological assets		173 029	209 732	206 758
Short-term receivables		58 321	36 259	46 427
Cash and cash equivalents		4 284	11 295	3 412
<b>Total current assets</b>		<b>245 723</b>	<b>262 582</b>	<b>265 310</b>
<b>TOTAL ASSETS</b>		<b>527 661</b>	<b>499 446</b>	<b>541 846</b>



# Interim condensed consolidated statement of financial position

(Amounts in NOK '000)	Note	Q1 - 2023	Q1 - 2022	2022
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		9 609	8 516	9 609
Treasury Shares		-3 706	-3 706	-3 706
Share premium		553 043	386 563	553 043
Retained earnings		-425 034	-128 583	-382 267
<b>Total equity</b>		<b>133 912</b>	<b>262 789</b>	<b>176 679</b>
<b>Liabilities</b>				
Non-current interest-bearing debt	5	0	74 736	0
Lease liabilities		61 044	57 549	60 939
<b>Total non-current liabilities</b>		<b>61 044</b>	<b>132 285</b>	<b>60 939</b>
Current leasing Liabilities		17 453	12 946	16 275
Current interest-bearing debt	5	172 511	-0	158 151
Trade payables		119 125	68 777	114 263
Other current liabilities		23 616	22 649	15 540
<b>Total current liabilities</b>		<b>332 706</b>	<b>104 372</b>	<b>304 228</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>527 662</b>	<b>499 446</b>	<b>541 846</b>



# Interim condensed consolidated statement of changes in equity

(Amounts in NOK '000)

	Paid-in equity			Other equity	
	Share capital	Treasury shares	Share premium	Retained earnings	Total equity
<b>2022</b>					
Equity as of 1 Jan 2022	8 516	-3 706	386 587	-82 159	309 238
Issue of shares 05.04.2022	1 094		166 455		167 549
Net profit/loss for the year				-297 217	-297 217
Other changes				-2 891	-2 891
<b>Equity as of 31 Dec 2022</b>	<b>9 609</b>	<b>-3 706</b>	<b>553 043</b>	<b>-382 267</b>	<b>176 679</b>
<b>2023</b>					
Equity as of 1 Jan 2023	9 609	-3 706	553 043	-382 267	176 679
Net profit/loss for the year				-42 767	-42 767
<b>Equity as of 31 Mar 2023</b>	<b>9 609</b>	<b>-3 706</b>	<b>553 043</b>	<b>-425 034</b>	<b>133 912</b>



# Interim condensed consolidated statement of cash flows

(Amounts in NOK '000)		Q1 - 2023	Q1 - 2022	2022
	Note			Audited
<b>Profit/loss before tax</b>		<b>-42 767</b>	<b>-45 021</b>	<b>-297 217</b>
<b>Cash flow from operating activities</b>				
Depreciation and amortization		4 998	2 731	16 032
Impairment of intangible assets		0		
Change in inventory and biological assets	1	32 352	24 753	-132 554
Fair value adjustment		0		157 808
Share of profit/ loss(-) from associates		2 201	0	-1 798
Change in accounts receivable		-14 431	609	929
Change in accounts payable		4 862	-19 449	26 037
Change in other current receivables and other current liabilities		21 385	25 042	28 987
<b>Net cash flow from operating activities</b>		<b>8 601</b>	<b>-11 335</b>	<b>-201 777</b>
<b>Cash flows from investing activities</b>				
Payments for purchase of property, plant & equipment		-7 382	-2 836	-36978
Payments for licences		0	-259	0
Capital contribution to associated companies		0		0
Proceeds from sale-leaseback transaction		0		0
Other investments		0		0
Loan to associated company		0		-10 000
<b>Net cash flow from investing activities</b>		<b>-7 382</b>	<b>-3 095</b>	<b>-46 978</b>
<b>Cash flows from financing activities</b>				
Receipts from new debt		4 297		70 144
Repayment of lease liability		-3 936	-3 005	-12 523
Interest paid	2	-708	-688	-2 421
Proceeds from issues of shares		0		167 549
<b>Net cash flow from financing activities</b>		<b>-346</b>	<b>-3 693</b>	<b>222 749</b>
Net (decrease)/increase in cash and cash equivalents		872	-18 123	-26 006
Cash and cash equivalents at the beginning of the period		3 412	29 418	29 418
<b>Cash and cash equivalents at close of the period</b>		<b>4 284</b>	<b>11 295</b>	<b>3 412</b>

## **General information and accounting principles**

Norcod (the Group) consists of Norcod AS, Norcod Equipment AS (subsidiary) and the Group's interests in Havlandet Norcod (associated company).

The Groups head office is located at Thomas Angells gate 22 in Trondheim, Norway.

Norcod AS is listed on the Oslo Stock Exchange Euronext Growth under the ticker NCOD.

The condensed, consolidated interim financial statements have been drawn up in accordance with International Financial Reporting Standards (IFRS), including the International Accounting Standards 34 (IAS34) for interim financial reporting and are authorized for issue by the board of directors on 31 May 2023. The Group's accounting principles and calculation methods used in the most recent annual accounts are described in the annual report for 2022. No accounting principles have been changed or other standards have been adopted during the period. The annual report is published on [www.norcod.no](http://www.norcod.no).

The condensed consolidated interim financial statements have not been audited. As a result of rounding differences, numbers or percentages may not add up to the total.

All figures in the notes are in NOK 1 000, unless otherwise specified.



# Notes

## Note 1 Inventories and biological assets

	31.03.2023	31.12.2022
<b>Book value of inventories</b>		
Feed and other materials	10 089	8 712
<b>Total inventories</b>	<b>10 089</b>	<b>8 712</b>

<b>Book value of biological assets</b>		
Roe and cod fry at cost	24 181	23 284
Biological assets held at sea farms at cost	249 474	344 327
<b>Total Biological assets before fair value adjustment</b>	<b>273 655</b>	<b>367 611</b>
Fair value adjustment of biological assets	-100 626	-160 853
<b>Total biological assets</b>	<b>173 029</b>	<b>206 758</b>

		Q1 - 2023	2022
<b>Reconciliation of changes in carrying amount of biological assets</b>	<b>Statement of comprehensive income post</b>		
Biological assets as of 01.01.		206 758	235 919
Increase resulting from production in the period	Cost of materials	48 660	303 259
Reduction resulting from incident-based mortality		0	0
Fair value adjustment of biomass	Fair value adjustment biomass	60 227	-157 808
Reduction due to harvesting in the period		-142 616	-174 612
<b>Total biological assets at the end of the period</b>		<b>173 029</b>	<b>206 758</b>

<b>Volumes of biomass in sea (1 000 kg)</b>		
Volume as of 01.01.	6 777	5 377
Volume at the end of the period	3 784	6 777

The group had no uninvoiced finished goods in Q1 2023.

# Notes

Note 2	Financial items		
	31.03.2023	31.12.2022	
<b>Financial income</b>			
Currency gains	0	0	
Other financial income	0	592	
<b>Total financial income</b>	<b>0</b>	<b>592</b>	
<b>Financial expenses</b>			
Impairment of financial assets	0	502	
Interest expenses to related companies	2 625	9 400	
Interest expenses leasing	708	2 421	
Currency loss	7 726	3 915	
Other financial expenses	1 703	2 478	
<b>Total financial expenses</b>	<b>12 762</b>	<b>18 715</b>	
<b>Net financial items</b>	<b>-12 762</b>	<b>-18 123</b>	



## **Note 3      Intangible assets - Concessions, patents, licenses, trademarks and similar rights**

The Group has previously had an accounting policy that cost incurred, in advance of granted licenses being confirmed, has been capitalized and recognized as intangible assets. The Group has evaluated that to better align with the requirements in IAS 38 all cost related to the application process, prior to licenses being granted, should have been expensed as incurred. Consequently, the Group has changed its accounting policy in this regard from 2022, and expensed capitalized cost as of 31.12.2021 of TNOK 6,039 in the 2022 financial statements as the Group considers the financial statement impact to be immaterial.

## **Note 4      Associated companies and other investments**

Norcod AS has a 50 % ownership in Havlandet Norcod AS (associated company), where NOK 35 million are invested in shares.

An additional NOK 40 million long-term loan is granted Havlandet Norcod AS.

Havlandet Norcod's fish farms (RAS) facilities is now operational and no further investments are envisaged.

Norcod has access to the biological rights that Havlandet Havbruk AS currently owns for the production of cod fry. This will give Norcod access to fry that supports and is in line with Norcod's prospects of growth. The Group's account include the Group's share of result from associates by using the equity method. Also refer to separate note on subsequent events.

Norcod AS holds an investment in Arctic Cod AS, book value of TNOK 502. The company offers growth facility capacity for a share of Norcod's juveniles. The contracting arrangement is based on common business terms.



# Notes

Note 5	Interest-bearing liabilities		
	31.03.2023	31.12.2022	
<b>Non-Current interest-bearing liabilities</b>			
Non current liabilities for right-of-use assets	61 044	60 939	
<b>Non-current leasing liabilities</b>	<b>61 044</b>	<b>60 939</b>	
<b>Current interest-bearing debt:</b>			
Current leasing liabilities	17 453	16 275	
Current interest-bearing debt	172 511	158 151	
<b>Total current interest-bearing debt</b>	<b>189 965</b>	<b>174 426</b>	
<b>Total interest-bearing debt</b>	<b>251 008</b>	<b>235 365</b>	
Cash and bank deposits	4 284	3 412	
<b>Net interest-bearing debt</b>	<b>246 724</b>	<b>231 953</b>	

# Notes

## Note 6 Subsequent events

### **Capital injection through private placement and divestment of associated company**

To strengthen operational liquidity, increase biomass in accordance with the company's production plan and to develop two new locations, Norcod successfully raised MNOK 180 in net proceeds through a private placement of 6.349.612 offer shares at a subscription price of NOK 30 per share in April 2023. The Extraordinary General Meeting held on April 24, 2023 resolved the private placement.

Following the registration of the share capital increase, the company will have a registered share capital of TNOK 12,784 divided into 25.568.244 shares, each with a nominal value of NOK 0.5. Following the private placement, the three main shareholders Artha, Sirena and Bank of New York increases its total holding of outstanding shares from 12.453.424 shares to 18.192.258, corresponding to an increase from previous 64.79 percent of outstanding shares and voting rights to 71.15 percent of outstanding shares and voting rights.

Moreover, the extraordinary general meeting on April 24, 2023 resolved to issue the offer shares in the private placement and to carry out a subsequent repair offering of up to 1.333.333 new shares at a subscription price of NOK 30 per share. The subsequent repair offering will be directed towards existing shareholders in the company who were not allocated offer shares in the private placement and is expected to be completed during the second quarter of 2023.

In May 2023, Norcod came to an agreement with a business partner in the cod harvesting industry to divest its investment in associated company and fry producer Havlandet Norcod AS. The transaction implies that the outstanding loan to Havlandet Norcod AS of MNOK 40 will be settled, and that the shares in Havlandet Norcod AS of MNOK 35 will be divested. The net proceeds to Norcod from the transaction is MNOK 75 which include both proceeds from sales of shares and repayment of loan. The divestment enables Norcod to focus solely on the core business, and represents a strategic measure to secure Norcod's position as a focused cod producer. The divestment also secures additional liquidity to the company's running operations.

The net cash contribution from the private placement and the divestment of the associated company totals 225 MNOK during the first and second half of 2023.



# Notes

## **Extension of bank overdraft**

Norcod's overdraft facility of 75 MNOK issued by DNB was originally due for repayment in September 2023. However, in May 2023 DNB agreed to extend the repayment by one year to September 2024. Other main terms and conditions are unchanged. The extension of the overdraft with one year strengthens Norcod's operational liquidity at predictable terms and contributes to steady liquidity in the company's running operations.

## **Extension and debt conversion of Artha Cod loan**

Norcod's loan granted from Artha (Artha Cod loan) with a book value of MNOK 88 as of December 31, 2022 was originally due for repayment in August 2023. In May 2023, the company and Artha came to a restructuring agreement of the loan. Main terms in the agreement implies a conversion of 80 percent (MNOK 82) of the nominal loan amount to share capital and a repayment extension of 20 percent (MNOK 20) of the nominal loan amount till August 2025. The debt conversion is subject to approval by the General Meeting on June 12, 2023. Based on current shareholder base, the management and the Board of Director's finds it more likely than not that the Annual General Meeting will pass the debt conversion.



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