



# NORDIC HALIBUT

## Quarterly Report

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Q3 2021



## Key highlights Q3 2021

### Revenue

**16.12 mNOK**

+121% QoQ

### Sales price

**119.14 NOK/kg**

+11% QoQ

### Harvest volume

**135.3 tonnes HOG**

+98% QoQ

### Biomass value

**181.3 mNOK**

+6% from Q2 2021

### Profit after tax

**-10.49 mNOK**

-17.66 mNOK in Q2 2020

- Sales revenue considerably up from corresponding quarters in previous years
- Harvest guiding 2021 increased by 115 tonnes HOG or 27% to 540 tonnes HOG on strong biological performance and rising demand
- Secured location for the new land-based facility at Tingvoll, enabling production of 9.000 tonnes HOG halibut within 2030
- Investments in third sea site location and on-growing site at Averøy progressing according to plan

Sales during Q3 2021 showed continued signs of returning market demand and rebounded price levels. Seasonal trends for halibut has historically resulted in limited demand during the Q3-period – considering seasonal variations, Q3 2021 with sales revenue of 16.12 mNOK ended up being one of the best performing sales periods for Nordic Halibut. Compared to corresponding quarters in 2020 and 2019 sales revenue increased by 121% and 140%, respectively.

During the historically challenging third quarter, profit after tax in Q3 2021 ended at -10.49 mNOK – an improvement from the two previous quarters in 2021. The result is according to company expectations for the quarter and still in line with the company's business plan progression.

Harvest volume during Q3 2021 ended at 135,3 tonnes HOG (+98% QoQ) with average harvest weight at 6.2 kg. Strong biological performance in grow-out phase of production and strong market demand on rising prices has resulted in increased expected harvest volume for FY 2021 – harvest volume guiding 2021 is 540 tonnes HOG, up 115 tonnes HOG or 27% from previous harvest guiding.

The increased expected harvest volume for FY 2021 and high price levels Nordic Halibut have achieved in 2021 will consequently result in that both sales volume and achieved average sales price during 2021 will outperform budget.

## Key highlights Q3 2021

Nordic Halibut signed an agreement with certain landowners that secures the location for the company's new land-based facility to be built at Tingvoll, Møre & Romsdal. The transaction will enable Nordic Halibut to realise phase two of the volume ramp-up plan to 9.000 tonnes HOG. Further, it will also significantly de-risk future production cycles as early-phase production will be spread across numerous locations throughout the production lifecycle.

Construction of the third grow-out site at Grønset was started with first fish put to sea at the location expected during Q4 2021. This site will consist of 12x 160meter cages and have a stand-alone biomass capacity of 3,000 tonnes. Combined with the already producing licenses, Nordic Halibut now has secured the production capacity to realize phase one of the volume ramp-up plan of 4.500 tonnes HOG in 2026, both at sea and land.

The on-growing facility at Averøy is currently being upgraded with 17 mNOK being invested in the facility to improve water quality, temperature control and increased capacity for medium size juveniles (50-100 gram). Implementation of improvements have already given positive results on biological performance. Construction will be completed during Q1 2022 with continued significant increased biological performance expected going forward.





# Income statement

Amounts in mNOK	Note	Unaudited	Unaudited	Unaudited	Unaudited	Audited
		Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
<b>Operating revenue</b>		16,12	7,32	40,27	22,77	34,85
Cost of goods sold		-8,44	1,11	-28,04	-9,73	-4,83
Personnel expenses		-7,38	-6,76	-20,79	-17,72	-23,56
Depreciation and amortization		-3,71	-3,31	-10,12	-9,65	-12,60
Other operating expenses		-6,23	-1,61	-19,14	-8,22	-11,36
<b>Operating expenses</b>		<b>-25,76</b>	<b>-10,56</b>	<b>-78,08</b>	<b>-45,33</b>	<b>-52,36</b>
<b>Operating profit/loss</b>		<b>-9,65</b>	<b>-3,25</b>	<b>-37,81</b>	<b>-22,56</b>	<b>-17,51</b>
Net financial items		-0,84	-1,15	-4,34	-4,37	-3,76
<b>Profit/loss before tax</b>		<b>-10,49</b>	<b>-4,40</b>	<b>-42,15</b>	<b>-26,92</b>	<b>-21,26</b>
Tax		0,00	0,00	0,00	0,00	0,00
<b>Profit/loss for the period</b>		<b>-10,49</b>	<b>-4,40</b>	<b>-42,15</b>	<b>-26,92</b>	<b>-21,26</b>
<b>Shares</b>		<b>Q3 2021</b>	<b>Q3 2020</b>	<b>YTD 2021</b>	<b>YTD 2020</b>	<b>2020</b>
Outstanding, m <sup>1</sup>		23,0	11,1	23,0	11,1	17,9
EPS <sup>2</sup>		-0,5	-0,4	-1,8	-2,4	-1,2
<b>Harvest volumes, HOG</b>		<b>Q3 2021</b>	<b>Q3 2020</b>	<b>YTD 2021</b>	<b>YTD 2020</b>	<b>2020</b>
Harvested volume, t		135,3	68,2	350,4	192,2	301,1
Average sales price, NOK pr kg		119,1	107,5	114,8	118,0	115,4

## Performance analysis

### Q3 2021:

Sales revenue rose considerably from corresponding quarters in 2019 and 2020 (140% and 121%) with higher prices achieved on strong market demand, in addition to strong biological performance increasing harvest volumes.

Cost of goods sold in Q3 2021 increased compared to previous quarters due to higher feed cost and higher shipping costs. Shipping cost increased due to higher export volumes than expected.

Profit after tax in the period was -10.49 mNOK vs. -4.40 mNOK and -13.43 mNOK in Q3 2020 and 2019, respectively. The negative profit during Q3 2021 was according to company expectations and in line with the company's business plan progression.

<sup>1</sup> Share split 10:1, 01.03.21

<sup>2</sup> Historical EPS figures are adjusted for share split in 1Q21



## Balance sheet

<b>Amounts in mNOK</b>	<b>Note</b>	<i>Unaudited</i> <b>Q3 2021</b>	<i>Unaudited</i> <b>Q3 2020</b>	<i>Audited</i> <b>2020</b>
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets		0,02	0,04	0,02
Property & equipment		139,15	118,03	119,66
Financial fixed assets		1,11	0,00	1,11
Total non-current assets		140,28	118,07	120,79
<b>Current assets</b>				
Inventory & biological assets	3	182,91	154,96	170,39
Account receivables		8,81	6,76	12,83
Cash & cash equivalents		104,36	7,44	53,11
Total current assets		296,09	169,14	236,33
<b>Total assets</b>		<b>436,36</b>	<b>287,23</b>	<b>357,12</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital	4	145,69	86,45	89,38
Other equity	4	121,75	33,14	110,17
Total equity		267,43	119,60	199,55
<b>Long-term debt</b>				
Debt to credit institutions	5	95,30	102,90	91,40
Other long-term debt	5	23,05	16,00	15,44
Total long-term debt		118,35	118,90	106,84
<b>Short term debt</b>				
Bank overdraft facility	5	25,73	26,36	22,20
Account payables		22,01	16,17	23,67
Other short-term debt		2,83	6,20	4,85
Total short term debt		50,57	48,73	50,72
Total debt		168,93	167,63	157,56
<b>Total equity and liabilities</b>		<b>436,36</b>	<b>287,23</b>	<b>357,12</b>

## Financial status

At the end of Q3 2021 Nordic Halibuts' total capital was 436.36 mNOK (QoQ change +149.13 mNOK or +52%).

Inventories and biological assets are capitalized at 182.91 mNOK compared to 170.39 mNOK at year-end (+7%) and 172.63 mNOK at Q2 2021 (+6%).

The company's bank deposits were 104.36 mNOK as of 30 September 2021, up 51.25 mNOK since year-end 2020 driven by share issue and YTD loss.

Total equity stands at 267.43 mNOK at the end of Q3 2021. That represents an equity ratio of 61.3% vs. 55.9% at year end driven by 110 mNOK in net new equity offset by loss YTD 2021.

There are only minor changes in the company's debt levels both since YE and since Q2 2021. Long-term interest-bearing debt came in at 118.35 mNOK in Q3 2021 compared 106.84 mNOK at Q4 2020 (+11.51 mNOK).



# Cash flow

	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
<b>Amounts in mNOK</b>	<b>Q3 2021</b>	<b>Q3 2020</b>	<b>YTD 2021</b>	<b>YTD 2020</b>	<b>2020</b>
<b><i>Cash flow from operating activities</i></b>					
P/L before tax	-10,49	-4,40	-42,15	-26,92	-21,26
Tax	0,00	0,00	0,00	0,00	0,00
Depreciation and amortization	3,71	3,31	10,12	9,65	12,60
Change in working capital	-7,97	-5,28	-12,18	-4,45	-20,05
Net cash flow	-14,75	-6,37	-44,22	-21,72	-28,72
<b><i>Cash flow from investing activities</i></b>					
Cash flow	-12,30	-1,37	-29,60	-4,06	-6,47
Net cash flow	-12,30	-1,37	-29,60	-4,06	-6,47
<b><i>Cash flow from financing activities</i></b>					
Net new debt	8,10	9,13	15,04	27,56	19,83
New equity	0,00	0,00	110,04	0,00	62,79
Net cash flow	8,10	9,13	125,08	27,56	82,63
<b><i>Cash and cash equivalents</i></b>					
Start of the period	123,30	6,05	53,11	12,16	5,66
Net cash flow	-18,94	1,39	51,25	1,78	47,45
<b>End of the period</b>	<b>104,36</b>	<b>7,44</b>	<b>104,36</b>	<b>13,93</b>	<b>53,11</b>

## Q3 2021:

The company's operating activities generated a negative cash flow of 14.75 mNOK in Q3 2021. Investment and financing activities generated a combined negative cash flow of 4.2 mNOK. Both the former and the latter were as expected with the company investing in existing and new facilities.

At the end of Q3 2021, the company has an unused overdraft facility of 2.92 mNOK vs. 6.46 mNOK at YE.

Total cash flow for Q3 2021 ended at negative 18.94 mNOK. Cash at period end was 104.36 mNOK.

## 2020:

In 2020 the cash flow was a positive 47.45 mNOK as payment of new equity and raising of new loans counterweighed the negative result for the whole year.



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# The board and CEO of Nordic Halibut AS

Averøy, 1 November 2021

**Jan Erik Sivertsen**  
Chair

**Knut Nesse**  
Director

**Kristian Falnes**  
Director

**Odd Strøm**  
Director

**Tore Hopen**  
Director

**Vegard Gjerde**  
Director

**Øyvind Schanke**  
Director

**Edvard Henden**  
CEO

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## Notes to the interim financial statement



### Note 1 General information

Nordic Halibut AS has no subsidiaries or ownership in other companies. The interim report has been through a limited review by the company's auditors.

### Note 2 Accounting Principles

These interim financial statements have been prepared in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway. The interim financial statements have been prepared based on the principle of historic cost. The same accounting policies, presentations, methods and calculations have been used in the interim financial statements as they were applied in the preparation of the company's financial statement of the year ending 31<sup>st</sup> of December 2020.



## Notes to the interim financial statement

### Note 3 Biological assets

In connection with the stock listing and capital raise in April 2021 a review of the biomass valuation was carried out. As of year-end 2020, Nordic Halibut values the biomass estimating the expected amount of biological assets at time-of-harvest multiplied by the expected sales price at the same time minus the sales cost per kg.

<b>Amounts in mNOK</b>	<i>Unaudited</i> <b>Q3 2021</b>	<i>Unaudited</i> <b>Q3 2020</b>	<i>Audited</i> <b>2020</b>
<b>Feed</b>			
Fish feed	1,7	1,6	1,8
<b>Biomass</b>			
Broodstock	23,0	23,0	23,0
Fry and fish in sea, 0-1kg	30,8	<sup>1</sup>	40,8
Fish in sea, > 1kg	127,4	<sup>1</sup>	104,8
Sum biomass	181,3	153,4	168,6
<b>Total biological assets</b>			
Sum	182,9	155,0	170,4

<sup>1</sup> The model was updated at year-end 2020 and the Q3 2020 figures has not been restated according to the new valuation metrics.

- Broodstock valued at written-down value
- Fry and food fish of up to 1 kg assessed at acquisition cost
- Food fish from and including growth of 1 kg valued at net realizable value

Nordic Halibut implemented Fishtalk Controller in 2020, and the company is planning to implement the Fishtalk Planning and Finance modules during 2021. This will enable the company to follow the costs based on future generations.



# Notes to the interim financial statement



## Note 4 Equity

Amounts in mNOK	Share capital	Other equity	Sum
<b>Equity pr 31.12.2020</b>	89,38	110,17	199,55
<b>Changes in the period</b>			
Period P/L	0,00	-42,15	-42,15
Debt conversion	0,00	0,00	0,00
New shares <sup>1</sup>	25,56	84,48	110,04
Dividend	0,00	0,00	0,00
<b>Total changes in the period</b>	<b>25,56</b>	<b>42,33</b>	<b>67,88</b>
<b>Equity pr 30.09.2021</b>	<b>114,94</b>	<b>152,50</b>	<b>267,43</b>

## Note 5 Interest-bearing liabilities

Amounts in mNOK	Unaudited Q3 2021	Unaudited Q3 2020	Audited 2020
<b>Interest-bearing liabilities</b>			
Long-term debt to credit institutions	95,30	102,90	91,40
Other long-term debt	20,78	13,43	12,88
Short-term debt to credit institutions	25,73	26,36	22,20
<b>Sum</b>	<b>141,81</b>	<b>142,69</b>	<b>126,48</b>

### Specification of short-term debt to financial institutions

Ordinary operating credit	12,08	12,71	8,54
Government-guaranteed credit (covid-19)	13,65	13,65	13,65
<b>Sum</b>	<b>25,73</b>	<b>26,36</b>	<b>22,20</b>
Limit on ordinary operating credit	15,00	15,00	15,00
Unused credit	2,92	2,29	6,46



# Notes to the interim financial statement

## Note 6 Employee benefits and share option program

Nordic Halibut AS resolved to implement a share option program for management and certain key employees of the Company from 24 September 2021.

The program comprises 600.000 share options in total. Each option will give the option holder the right to subscribe or purchase one share in the Company at the exercise price, which is set to NOK 22.50, equal to the subscription price in the private placement of shares immediately prior to the listing of the Company's shares on 26 April 2021.

The share options will vest for a period of two years starting at the later of 24 September 2024 and the date when the Company has reached certain performance targets.

Share options granted as following:

<b>Name</b>	<b>Position</b>	<b>Share options</b>
Edvard Henden	CEO	150 000
Kenneth Meyer	CFO	75 000
Ann Kristin Fladset	COO	75 000
Atle Jacobsen	CCO	75 000
Key employees		125 000
Not granted		100 000
<b>Share options in total</b>		<b>600 000</b>

## Note 7 Events after balance sheet date

No events after the balance sheet date (30.09.2021).

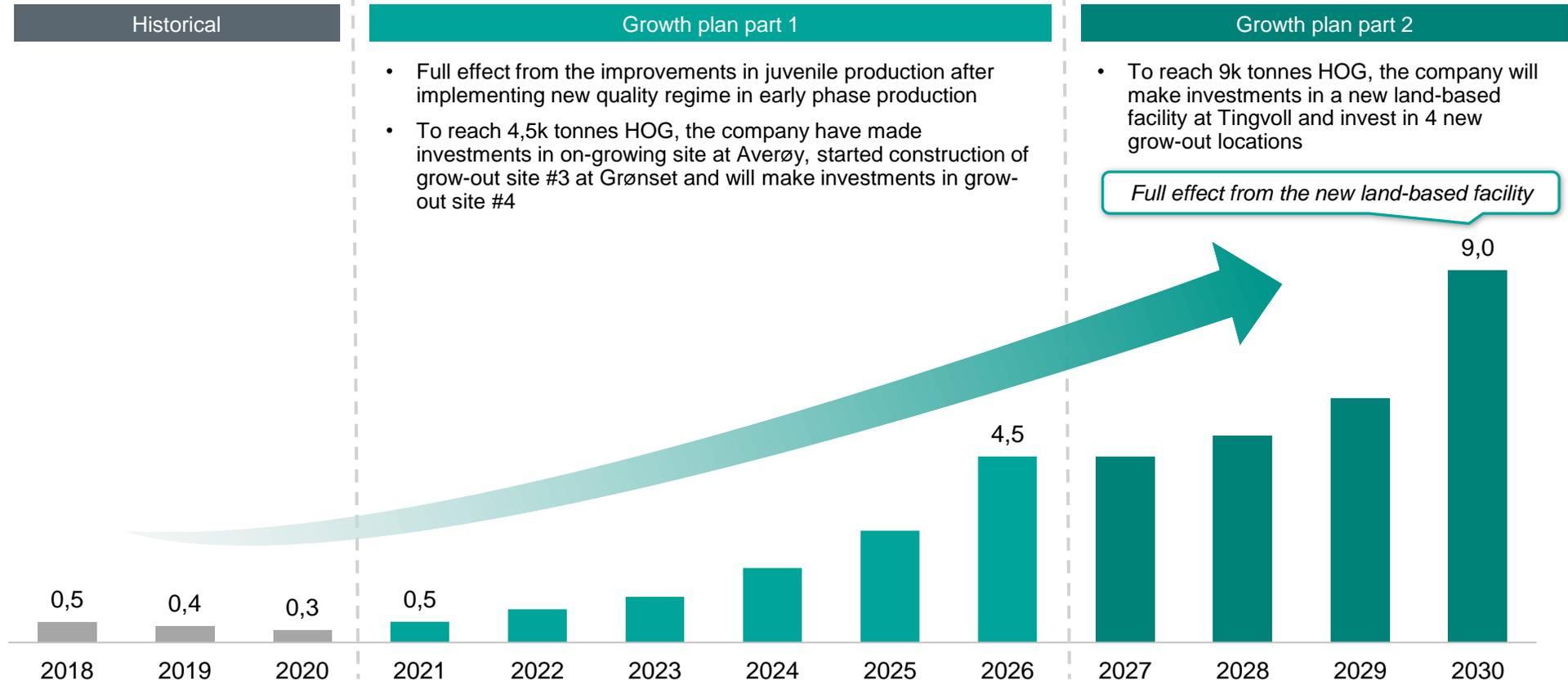






# Going forward – the company’s business plan

On track with business plan to harvest ~9,000 tonnes HOG within 2030



The company considers 9,000 tonnes to be the breaking point for optimal utilization of the potential in the value chain



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## Dictionary

### **Biomass**

Total weight of live fish (number of fish multiplied by an average weight), kg/tonnes

### **LW**

Fish, live weight (kg/tonnes)

### **HOG**

Fish, head on gutted (kg/tonnes)

### **FCR**

Feed conversion ratio

### **VAP**

Value added products

### **HoReCa**

Hotel, Restaurants and Catering





## NORDIC HALIBUT

Sushi-grade Atlantic  
halibut

Superior, stress-free and  
farmed in Norway

