



Norcod

Q1-2024
Financial report



Q1 2024 Highlights

- 118 MNOK in revenues, down 5% from 125 MNOK in Q1-23
- 48 MNOK in operating loss, 46% improvement from 88 MNOK in Q1-23
- Production cost NOK 39,75 per kg WFE
- 2 765 tons WFE harvested, down 17% from 3 362 tons WFE in Q1-23
- Accumulated BFCR 0.97 and EFCR 1.08 on harvested biomass
- China entry – attractive market opportunities lying ahead
- Executed measures to improve financial robustness and enable further growth – 174 MNOK in gross proceeds from private placement and subsequent offering

Post Q1 2024 Highlights

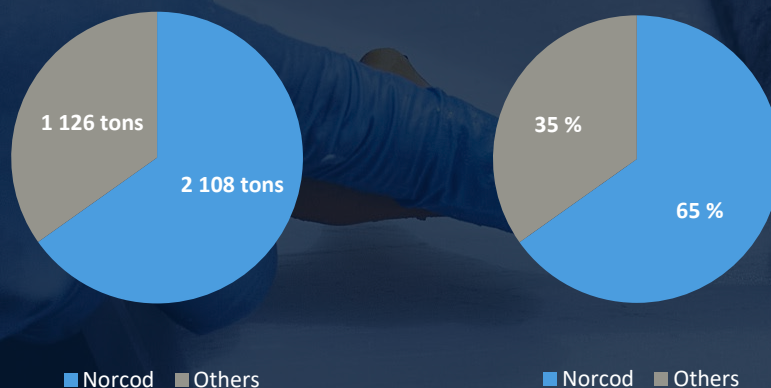
- Increased financial and operational headroom from additional credit and revised covenant structure on DNB credit facility
- Third cycle stocked at Jamnungen

Operational update

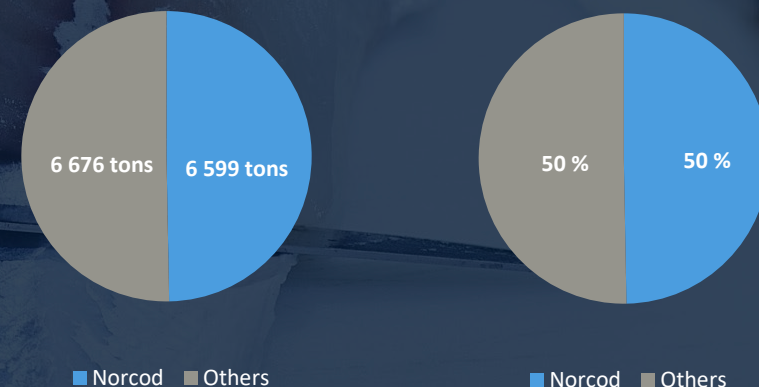
During the quarter, Norcod has harvested cod from the sites Jamnungen (Frøya Municipality) and Forså (Ibestad Municipality). The cod has been harvested at Norcod’s harvesting facility Kråkøy Slakteri. Accumulated biological feed conversion ratio (BFCR) in the harvested biomass is 0.97. Accumulated economic feed conversion ratio (EFCR) in the harvested biomass is 1.08. 91% of the harvested volume holds superior quality.

At the end of the quarter, Norcod’s biomass at sea totaled 6 599 tons. Net growth during the quarter is 1 586 tonnes, amid heavy investments in biomass and a satisfactory feed conversion rate and stable and predictable mortality. According to officially reported statistics*, Norcod’s share of total export volume of harvested cod during the quarter was 65%, and at the end of the quarter, Norcod holds 50% of the total biomass volume. Norcod’s main market during 2023 has been Central and Western Europe. During the quarter, Norcod has been granted a new contract with a Chinese customer at favorable market prices, and Norcod has an ambition to strengthen its market position in the Chinese market during 2024.

Total export volume during the quarter



Standing biomass at the end of the quarter



*Source: Norwegian Seafood Council

Financial Update - Highlights

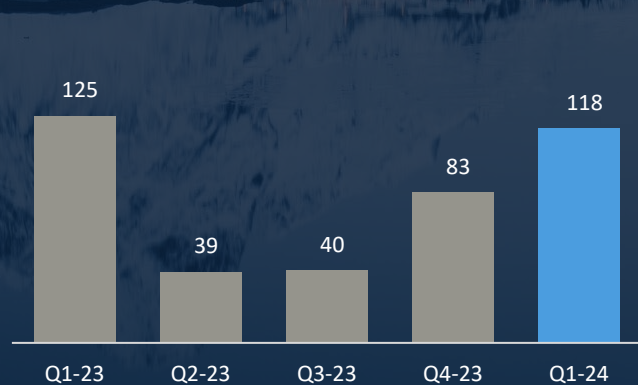
Harvest volume (tons WFE)



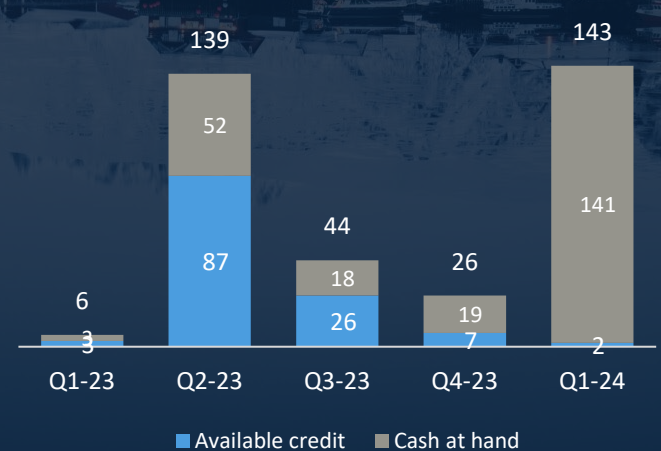
Production cost (NOK per kg WFE)



Revenues (MNOK)

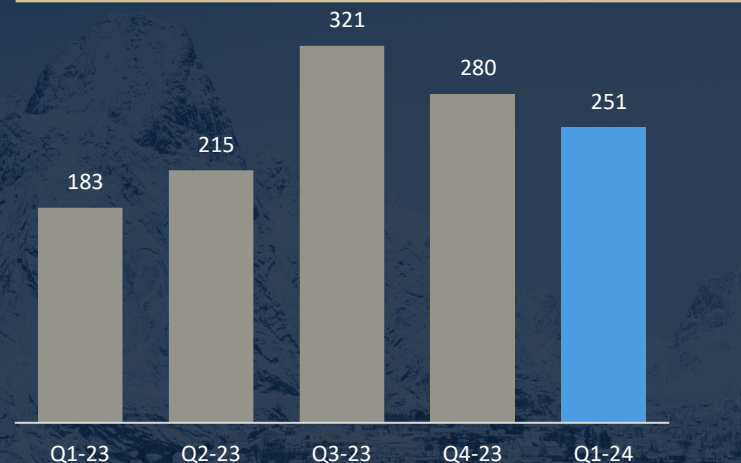


Available credit and cash at hand (MNOK)

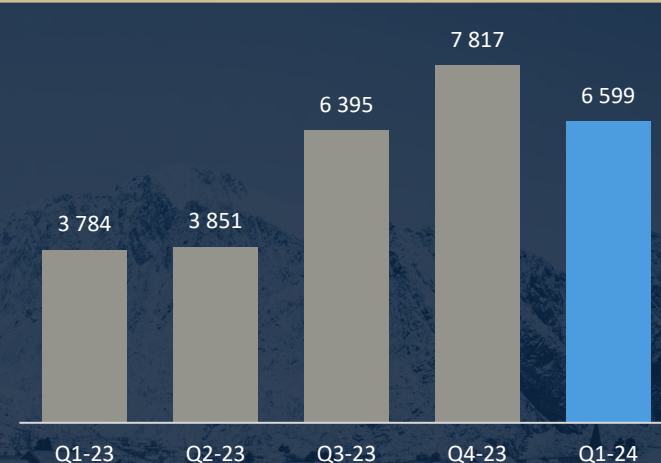


Financial Update - Highlights

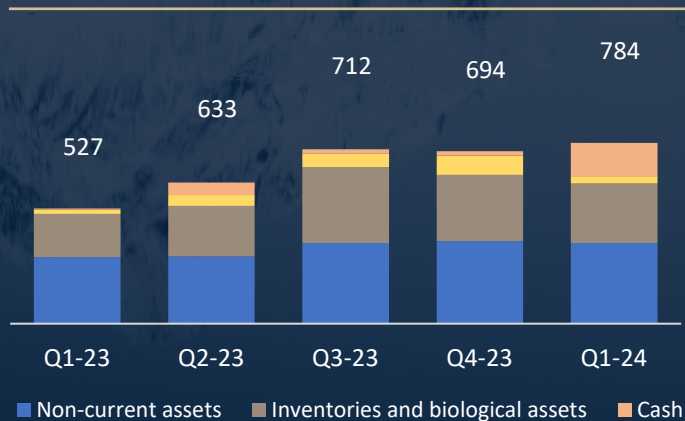
Biological assets (MNOK)



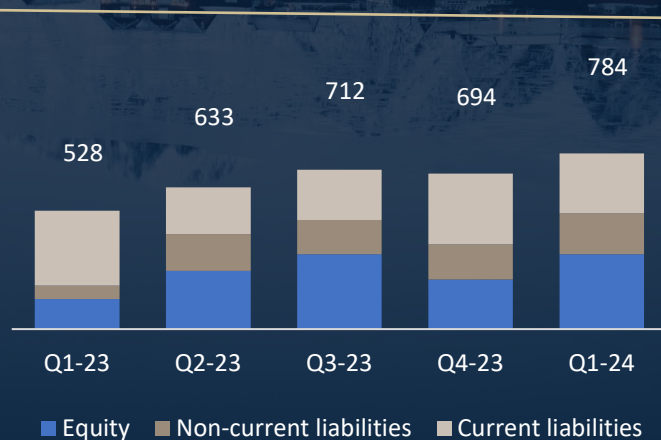
Biomass at sea (tons)



Balance sheet development – Assets (MNOK)



Balance sheet development – Equity and liabilities (MNOK)



Financial Review

	Q1 2024	Q1 2023	Y/Y-%	FY 2023
Operating revenue	118 469	125 107	-5,3 %	269 419
Production cost*	109 902	142 616	-22,9 %	312 141
Other operating expenses**	56 432	70 522	-20,0 %	191 961
EBIT excl non-recurring items and FV adjustment of biomass	-47 865	-88 031	45,6 %	-234 683
Non-recurring items	0	0	0,0 %	21 110
FV-adjustment of biomass	2 264	60 227	96,2 %	38 623
EBIT	-45 601	-27 804	-64,0 %	-217 170
Harvest volume WFE	2 765	3 362	-17,8 %	6 155
Production cost NOK per kg*	39,75	42,42	6,3 %	50,71

**Before harvest, wellboat, freight and non-production admin*

***During Q4-23, the company has made capacity adjustments to align future production with the company's growth plan*

Financial Review

Profit and loss first quarter 2024

Operating revenues came in at 118 MNOK in Q1-24, down from 125 MNOK in Q1-23 amid decreased harvest compared to the corresponding quarter last year. Operating expenses ended at 166 MNOK, down from 213 MNOK in Q1-23. The decrease is mainly explained by lower harvest volume compared to the corresponding quarter last year, partly offset by additional cost base from structural changes in the Group from the consolidation of Kråkøy slakteri from the second half of 2023.

Production cost per kg has decreased from 42.42 NOK/per kg WFE in Q1-23 to 39.75 NOK per kg WFE in Q1-24. The decrease is mainly explained by improved biology and feed factor. The company will continue its diligent work to streamline processes and optimize biology to reduce costs further.

Operating loss ended at 48 MNOK, down from 88 MNOK in the corresponding quarter last year. Net loss for the period ended at 55 MNOK, up from 43 MNOK in Q1-23.

Balance Sheet

Total assets ended at 783 MNOK in Q1-24, up from 528 MNOK in Q1-23. The change from last year is mainly explained by increase in biological assets and property, plant and equipment, biological assets and cash and cash equivalents. Available credit ended on 2 MNOK and cash at hand ended at 141 MNOK with total available funds ending at 143 MNOK, up from 6 MNOK in Q1-23. After the quarter, the covenant structure on the company's credit facility has been revised, increasing the company's financial and operational headroom.

Total equity ended at 334 MNOK, up from 134 MNOK in Q1-23.

Financial Review

Balance Sheet cont.

Total non-current liabilities ended at 150 MNOK in Q1-24, up from 61 MNOK in Q1-23. Current interest bearing debt ended at 128 MNOK in Q1-24, down from 173 MNOK in Q1-23. Total current liabilities ended at 299 MNOK in Q1-24, down from 333 MNOK in Q1-23. The decrease is mainly driven by increased cash flows from the recurring and stable harvesting levels during the quarter, combined with liquid funds from the private placement executed during the quarter.

Cash Flows

Net cash flows from operating activities was -41 MNOK in Q1-24 compared to 9 MNOK in Q1-23. The decrease is explained by working capital changes. Net cash flows from investing activities was -1 MNOK in Q1-24 compared to 67 MNOK in Q1-23. During the quarter, Norcod upgraded technical equipment which had a negative impact on cash flows from investing activities. Cash flows from financing activities ended at 164 MNOK in Q1-24, compared to 180 MNOK during Q1-23. The decrease is mainly explained by the increase in bank overdraft during Q1-23 and proceeds from share issues.

Outlook

Norcod has reached a point where it provides stable deliveries of high-quality cod all year round. The company has along with its shareholders invested heavily and succeeded in developing and pioneering sustainable cod farming on an industrial scale, with weekly deliveries and expected annual production of ten metric tons in 2024.

Norcod's vision, strategy and long-term goals stand firm. Farmed cod is a proven part of the solution to providing the world's growing population with a reliable, sustainable and healthy protein source. The product's market potential is clearly demonstrated by a combination of factors, including recent contract awards at favorable price points, feedback from retail customers and the fact our product has been embraced by leading chef's. In addition, there is a general increase in demand for seafood in many of our markets.

The company's key tasks at hand going forward are two-fold: Firstly, a continued vigilant focus on cod biology and fine tuning of the feeding regime, the production processes, and the utilization of production capacity. Secondly, stepping up efforts to develop the market and positioning our product in a premium niche category, with corresponding sales prices and contracts.

Continued focus in these two areas will enable us to deliver on our number one priority of achieving profitability at current production levels. Beyond this goal, we will take a step-by-step approach to building up volume in line with market demand at favorable sales prices.

In order to align operational processes with the company's revised growth strategy, Norcod will during 2024 initiate measures to focus resources in key areas and improve the company's financial performance. The company's ambition is to streamline operations and develop a more efficient and commercially oriented business.

In the years to come, Norcod will increase production and harvest volume at a pace that is beneficial for the environment, our customers, and our shareholders.

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 flavourful 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 % per cycle within 2030
- Targeting for 98 % utilization of the cod for human consumption
- 30 % reduction in carbon footprint by 2030 (Scope 1, 2, 3) per kg edible yield
- Keep zero escape incidents
- Available tools not only to prevent and detect, but fully control maturation

Devoted to

People

Human rights
Safe work environment
Local communities
Gender equality
Aquaculture education
Customers

Cod

Fish Welfare
Production environment
Product quality
Increase yield
Food safety

Nature

The ocean
Local and global environment
Biodiversity
Responsible producer
Fish feed
Climate action

Innovation & Profit

Research and development
Year-round harvest
Market development



Interim condensed consolidated statement of comprehensive income

Consolidated statement of comprehensive income				
(Amounts in NOK '000)	Note	Q1 2024	Q1 2023	FY 2023
Operating revenue		118 469	125 107	269 419
Cost of materials		103 024	164 487	315 439
Salaries and personnel expenses		22 202	13 499	67 845
Depreciation, amortization and impairment		8 967	4 998	29 095
Other operating expenses		32 141	30 154	111 532
Operating expenses		166 334	213 138	523 911
Operating profit/ loss(-) before fair value adj. of biomass		-47 864	-88 031	-254 492
Fair value adjustment biomass	1	2 264	60 227	38 623
Operating profit/loss		-45 600	-27 804	-215 869
Share of profit/ loss(-) from associates		0	-2 201	1 489
Net financial items	4	-9 415	-12 762	-34 921
Profit/loss before tax		-55 016	-42 767	-249 301
Income tax expenses		0	0	3 121
Net profit/loss for the period		-55 016	-42 767	-246 180
Other comprehensive income		0	0	0
Total comprehensive income for the period		-55 016	-42 767	-246 180

Interim condensed consolidated statement of financial position

Consolidated statement of financial position

(Amounts in NOK '000)	Note	Q1 - 2024	Q1 - 2023	2023
ASSETS				
Non-current assets				
Concessions, patents, licenses, trademarks and similar rights	2	2 000	2 000	2 000
Property, plant & equipment		144 968	81 972	148 246
Right-of-use assets		194 273	126 155	198 776
Investment in associated companies	3	0	31 310	0
Other investments	3	505	502	505
Other non-current receivables	3	0	40 000	0
Total non-current assets		341 745	281 938	349 527
Current assets				
Inventories	1	7 086	10 089	8 093
Biological assets	1	243 839	173 029	272 052
Short-term receivables		49 938	58 321	46 344
Cash and cash equivalents		140 859	4 284	18 777
Total current assets		441 723	245 723	345 267
TOTAL ASSETS		783 468	527 661	694 793

Interim condensed consolidated statement of financial position

Consolidated statement of financial position

(Amounts in NOK '000)	Note	Q1 - 2024	Q1 - 2023	2023
EQUITY AND LIABILITIES				
Equity				
Share capital		21 797	9 609	14 714
Treasury Shares		-3 707	-3 707	-3 707
Share premium		1 003 472	553 043	846 043
Retained earnings		-687 259	-425 034	-632 243
Total equity		334 304	133 912	224 806
Liabilities				
Non-current interest-bearing debt	4	30 115	0	29 284
Lease liabilities	4	120 286	61 044	124 182
Total non-current liabilities		150 401	61 044	153 465
Current leasing Liabilities		32 156	17 453	32 642
Current interest-bearing debt		128 119	172 511	119 356
Trade payables		107 408	119 125	135 863
Other current liabilities		31 080	23 616	28 661
Total current liabilities		298 764	332 706	316 522
TOTAL EQUITY AND LIABILITIES		783 468	527 661	694 793

Interim condensed consolidated statement of changes in equity

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
2023					
Equity as of 1 Jan 2023	9 609	-3 707	553 043	-382 266	176 679
Issue of shares 10.05.2023	3 175		176 065		179 240
Issue of shares 05.07.2023	289		19 592		19 881
Issue of shares 13.07.2023	164		9 350		9 514
Issue of shares 25.08.2023	1 477		84 196		85 673
Net profit/loss for the year				-246 180	-246 180
Other changes/ reclassification			3 796	-3 796	0
Equity as of 31 Dec 2023	14 714	-3 707	846 042	-632 242	224 806
2024					
Equity as of 1 Jan 2024	14 714	-3 707	846 042	-632 242	224 806
Issue of shares 11.03.2024	773		17 184		17 957
Issue of shares 20.03.2024	6 310		140 246		146 556
Net profit/loss for the year				-55 016	-55 016
Equity as of 31 Mar 2024	21 797	-3 707	1 003 472	-687 259	334 304

Interim condensed consolidated statement of cash flows

Interim condensed consolidated statement of cash flows

	Note	Q1 2024	Q1 2023	FY 2023
(Amounts in NOK '000)				
Profit/loss before tax		-55 016	-42 767	-249 301
Taxes paid		0	0	0
Cash flow from operating activities				
Depreciation and amortization		8 967	4 998	27 903
Impairment of intangible assets		0	0	1 191
Change in inventory and biological assets	1	31 483	32 352	-23 902
Fair value adjustment		-2 264	0	-38 623
Share of profit/ loss(-) from associates		0	2 201	-1 489
Change in accounts receivable		-15 125	-14 431	3 235
Change in accounts payable		-28 455	4 862	19 833
Change in other current receivables and other current liabilities		19 416	21 385	30 131
Net cash flow from operating activities		-40 993	8 601	-231 022
Cash flows from investing activities				
Payments for purchase of property, plant & equipment		-1 186	-7 382	-24 550
Proceeds from sale of property, plant & equipment		0	0	25 153
Acquisition of subsidiaries		0	0	-8 912
Proceeds from sale of shares in associates		0	0	35 000
Change in loans associates and others		0	0	40 000
Net cash flow from investing activities		-1 186	-7 382	66 691
Cash flows from financing activities				
Net change in bank overdraft		8 763	4 297	50 865
Repayment of debt		-344	0	-12 164
Repayment of lease liability		-4 382	-3 936	-34 925
Interest paid	2	-4 290	-708	-8 987
Proceeds from issues of shares		164 513	0	184 907
Net cash flow from financing activities		164 260	-346	179 696
Net (decrease)/increase in cash and cash equivalents		122 082	872	15 365
Cash and cash equivalents at the beginning of the period		18 777	3 412	3 412
Cash and cash equivalents at close of the period		140 859	4 284	18 777



Notes

General information and accounting principles

Norcod (the Group) consists of Norcod AS, Norcod Equipment AS, Kråkøy Norcod AS and Kråkøy Norcod Eiendom AS .

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 05. June 2024. 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.

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

	31.03.2024	31.03.2023	31.12.2023
Book value of inventories			
Feed and other materials	7 086	10 089	8 093
Total inventories	7 086	10 089	8 093

Book value of biological assets			
Roe and cod fry at cost	29 766	24 181	13 830
Biological assets held at sea farms at cost	334 039	249 474	380 452
Total Biological assets before fair value adjustment	363 805	273 655	394 282
Fair value adjustment of biological assets	-119 966	-100 626	-122 230
Total biological assets	243 839	173 029	272 052

		Q1 - 2024	Q1 - 2023	2023
Reconciliation of changes in carrying amount of biological assets	Statement of comprehensive income post			
Opening balance biological assets		272 052	206 758	206 758
Increase resulting from production in the period	Cost of materials	79 679	48 660	338 928
Reduction resulting from incident-based mortality		0	0	0
Fair value adjustment of biomass	Fair value adjustment biomass	2 264	60 227	38 623
Reduction due to harvesting in the period		-110 156	-142 616	-312 257
Closing balance biological assets		243 839	173 029	272 052

Volumes of biological assets in sea (1 000 kg)

Opening balance biological assets in sea	7 817	6 777	6 777
Closing balance biological assets in sea	6 640	3 784	7 817

Notes

The group had no uninvoiced finished goods in Q1 2024.

Biological Assets

Biological assets are, in accordance with IAS 41 Agriculture, measured at fair value in accordance with IFRS 13. Biomass measured at fair value, is categorized at Level 3 in the fair value hierarchy, as the input is mostly unobservable. All cod at sea are subject to a fair value calculation, while roe and cod fry are measured at cost as cost is deemed a reasonable approximation for fair value as there is little biological transformation.

The technical model used to calculate the fair value of biomass is a present value model. Present value is calculated on the basis of estimated revenues less production costs remaining until the cod is harvestable at the individual site. The cod is harvestable when it has reached the estimated weight required for harvesting specified in the company's budgets and plans. The estimated value is discounted to present value on the date of reporting. The expected biomass at harvest is calculated on the basis of the number of individuals held at sea farms on date of reporting, adjusted for expected mortality up until the point of harvest and multiplied by the fish's estimated weight at harvest. The price is calculated using the Group's best estimate of future prices and are not observable. The price includes the Group's best estimate of the future prices of cod liver and other products of the cod that will be sold. Prices are adjusted for expected costs related to harvesting, sales and carriage costs. The Group applies a monthly discount rate of 2 %.

Estimated remaining production costs are estimated costs that a market participant would presume necessary for the farming of fish up until they reach a harvestable weight. In the model, instead of being a separate cost element in the calculation, compensation for estimated license fees and site leasing costs is included in the discount factor, and thereby reduces the fair value of the biomass.

The fair value of the biomass is calculated using a monthly discounting of the cash flow based on an expected harvesting month according to the harvesting plan. The discount factor is intended to reflect three main components:

1. The risk of incidents that affect the cash flow
2. The time value of money
3. Synthetic license fees and site leasing costs

The discount factor is set on the basis of an average for all the Group's sites and which, in the Group's assessment, provides a sensible growth curve for the fish – from cod fry to harvestable fish.

The risk adjustment must take account of the risk involved in investing in live fish. Currently the Group expects a cod to spend on average 16-18 months at a sea farm, and the risk will be higher the longer the time until harvest. Biological risk, the risk of increased costs and price risk will be the most important elements to be recognized. The present value model includes a theoretical compensation for license fees and site leasing costs as a surplus to the discount factor in the model, instead of being a cost-reducing factor in the calculation.

Note 2 Financial items			
	Q1 2024	Q1 2023	FY 2023
Financial income			
Currency gains	0	0	0
Other financial income	59	0	851
Total financial income	59	0	851
Financial expenses			
Impairment of financial assets	0	0	0
Interest expenses to related companies	0	2 625	6 323
Interest on long term loans from credit institutions	3 052	0	7 873
Interest expenses leasing	4 372	708	10 944
Adjustments due to currency loss	1 024	7 726	8 254
Other financial expenses	1 026	1 703	2 379
Total financial expenses	9 474	12 762	35 773
Net financial items	-9 415	-12 762	-34 921

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

Up until May 2023, Norcod AS had a 50 % ownership in Havlandet Norcod AS (associated company), where NOK 35 million were invested in shares. An additional NOK 40 million long-term loan was granted to Havlandet Norcod AS. In May 2023, Norcod sold its shares in Havlandet Norcod AS and the long term loan was settled in cash correspondingly. Both transactions were settled at book values.

Other investments

Norcod 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.

Note 5 Interest-bearing liabilities

	31.03.2024	31.03.2023	31.12.2023
Non-Current interest-bearing liabilities			
Non-current interest-bearing debt	30 115	0	29 284
Non current liabilities for right-of-use assets	120 286	61 044	124 182
Non-current debt to shareholders and other long-term debt	0	0	0
Non-current leasing liabilities	150 401	61 044	153 465
Current interest-bearing debt:			
Current leasing liabilities	32 156	17 453	32 642
Current interest-bearing debt	128 119	172 511	119 356
Total current interest-bearing debt	160 275	189 965	151 998
Total interest-bearing debt	310 676	251 008	305 463
Cash and bank deposits	140 859	4 284	18 777
Net interest-bearing debt	169 817	246 724	286 687

On the agreement with the main bank, the following loan covenants apply:

There is a minimum equity ratio covenant of 40% , measured as total equity divided by total assets.

Allowed withdrawal on the credit facility net of cash is 50% of accounts receivables + 30% of biomass above 1 kg.

The measurement is done on parent company level.

In addition to the financial covenants mentioned above, the bank agreement contains other covenants that include limitations on change of control and conditions related to continued listing.

As of Q1-24, Norcod was compliant with all bank covenants.

As a subsequent event, the bank agreement was amended and the covenant structure was revised during the second quarter.

The new bank agreement is effective from Q3-24.

