

**Q2 | 2024**

**Grøntvedt AS | Group Quarterly Report**  
**30 June 2024**





## Highlights for the second quarter 2024

- Raw material volume of 3 932 tons (5 790 tons)
- Revenues of NOK 198.4 million (NOK 303.9 million)
- EBITDA of NOK -32.2 million (NOK -15.7 million)
- Agreement between Norway and the EU regarding market access and customs tariffs agreed in December 2023 is still pending final ratification by the EU member states (further comments made in Note 1).

## Consolidated key figures

Regarding alternative Performance Measures (APM)/ Non-IFRS Financial Measures, please refer to note 8.

NOK 1 000	IFRS	IFRS	IFRS	IFRS	IFRS
	Q2-2024	Q2-2023	YTD 30.06.2024	YTD 30.06.2023	Full year 2023
Revenues	198 423	303 853	654 465	673 221	1 353 072
EBITDA	<b>-32 184</b>	<b>-15 719</b>	<b>-2 828</b>	<b>33 991</b>	<b>13 942</b>
EBITDA margin (%)	-16 %	-5 %	-0,4 %	5 %	1 %
EBIT	-49 286	-32 538	-37 234	-2 182	-55 539
Profit / loss before tax	-87 299	-64 614	-128 669	-70 033	-200 113
Net working capital	331 362	397 671	331 362	397 671	333 583
Net interest-bearing debt	1 003 278	1 073 337	1 003 278	1 073 337	1 117 728
Equity ratio	32,4 %	34,9 %	32,4 %	34,9 %	27,6 %
Raw material FOOD (MT)	3 932	5 790	34 386	40 789	82 564



## Profit and loss

### Second quarter 2024

**Volumes:** Raw material volumes for the FOOD segment were 3 932 metric tons for the quarter, down from 5 790 metric tons in the corresponding quarter in 2023. This is a decrease in volume of 32 %. The decrease in volume is due to fluctuations in catching volumes and access to raw materials.

All Grøntvedt's revenue generating activities have seasonal variations due to catch seasons, with the fourth and first quarters being peak seasons, and the second quarter being the period with lowest volumes.

**Revenues in the second quarter** amounted to NOK 198.4 million, reflecting a decrease of 35 % from NOK 303.8 million in the corresponding period in 2023.

Revenues from the FOOD segment decreased from NOK 260.0 million in the second quarter of 2023 to NOK 153.0 million in the second quarter of 2024, representing a 41% decrease.

Revenues in the FEED segment increased from NOK 43.8 million in the second quarter of 2023 to NOK 45.4 million in the second quarter of 2024, representing a 4% increase.

**Costs of goods sold** amounted to NOK 171.4 million in the second quarter compared to NOK 252.8 million in the corresponding quarter last year. Costs of goods sold are expenses related to products produced and sold during the period, and changes in inventory as a result of sales. These costs decreased as a result of lower sales in the period, compared to the second quarter of 2023.

**EBITDA** for the second quarter amounted to negative NOK 32.2 million, compared to negative NOK 15.7 million in the same period last year, representing a decline of 105 %. The reduction in EBITDA is mainly due to lower raw material volumes compared to second quarter of 2023.

**EBIT** came in at NOK -49.3 million for the second quarter, as compared to NOK -32.5 million in the second quarter of 2023.

**Net financial items** amounted to negative NOK 38.0 million for the second quarter 2024 compared to negative NOK 32.1 million in the same quarter the previous year.

Interest expenses in the second quarter amounted to NOK 30.6 million compared to NOK 34.4 million in the same quarter in the previous year.

Net financial items fluctuate with changes to interest rates as well as the seasonal pattern of the business and corresponding changes in working capital.

**Tax expenses** amounted to NOK 0, as the Group has stopped recognizing any deferred tax asset due to uncertainty regarding the utilization of tax losses carried forward and forfeited interest deductions, based on a principle of prudence. The tax losses carried forward and forfeited interest deductions still remain available to offset future profits.

**Net result** for the second quarter ended at a negative NOK 87.3 million, compared to negative NOK 50.7 million in the corresponding quarter last year.

## Financial position and liquidity

### Consolidated financial position

**Total assets** decreased from NOK 1 849.7 million on 31 December 2023, to NOK 1 800.0 million on 30 June 2024. This decrease primarily relates to changes in inventory.

**Property, plant, right of use assets, and equipment** amounted to NOK 670.2 million on 30 June 2024, up from NOK 662.9 million at year-end 2023. The increase is mainly related to the capacity investments in Grøntvedt Nutri.

**Goodwill and other intangible assets** were NOK 598.4 million on 30 June 2024, down from NOK 610.7 million by year-end 2023.

**Inventories** were NOK 367.2 million on 30 June 2024, down from NOK 450.4 million at the end of 2023. The Group experiences variations in its level of inventories, related to catch seasonality for



mackerel, capelin and herring in Norway. The Group typically experiences an accumulation of inventory during the peak production seasons, namely the fourth and first quarters of the year.

**Trade receivables** amounted to NOK 102.6 million on 30 June 2024, an increase from NOK 52.9 million by the end of 2023.

**Cash and cash equivalents** were NOK 36.4 million on 30 June 2024, compared to NOK 35.1 million by the end of 2023.

**Net interest-bearing debt** amounted to NOK 1,003.3 million on 30 June 2024, compared to NOK 1,159.7 million at year-end 2023. This includes lease obligations of NOK 67.5 million by 30 June 2024, as compared to a lease obligation of NOK 80,1 million by year-end 2023. It also includes "sale -leaseback" effects of two properties classified as "failed sale", presented as a loan, which amounts to NOK 333.5 million on 30 June 2024, as compared to NOK 333.4 million by year end 2023. The bond loan amounted to NOK 488.7 million by 30 June compared to NOK 589.3 million by year-end 2023.

**Working capital** is calculated as the difference between Current Assets and Current Liabilities, where Current Assets is defined as current assets

less cash and cash equivalents, and Current Liabilities is defined as current liabilities (excluding the revolving credit facilities, short-term portion of the bonds, and short-term leasing liabilities) including any Shareholder Support.

Working capital amounted to NOK 331.4 million on 30 June 2024, compared to NOK 333.6 million by the end of 2023.

**Consolidated cash flow** from operating activities amounted to negative NOK 38.3 million for the second quarter.

**Net cash flow from investing activities** amounted to negative NOK 14.4 million in the second quarter. This is mostly related to investments in the installation of the expanded Grøntvedt Nutri plant.

**Cash flow from financing activities** for the second quarter was NOK 13.8 million.

Payment of interest for the period had a negative cash effect of NOK 30.6 million, whereas payment of principal on lease liabilities amounted to NOK 5.6 million. The drawdown of the Group's credit facility increased cash flow from financing activities by NOK 50.0 million in the second quarter of 2024.



## Important events in the second quarter 2024

Access to raw material has been challenging this quarter, and production has therefore been lower compared to plans for the second quarter. The raw material prices have remained high, still affected by the restrictions put on the anchoveta fisheries in South America due to El Niño.

During May 2024 the installation and commissioning of the expanded Grøntvedt Nutri plant were executed as planned, both on time and within budget. So far, the results from the initial productions are as expected. The increased in-house processing capacity of trimmings is anticipated to be successful, leading to higher volumes and profits from the FEED business.

## Important events after the balance sheet date

The Groups new CFO Atle Helberg started in the position on 12 August 2024.

## Risk factors and outlook

The pelagic business is highly seasonal, driven by the size of fishery quotas and timing of fisheries for different species, mainly herring and mackerel. Further, the quota of other species used in fish meal and fish oil production, most notably the anchoveta fisheries outside South America, affect raw material prices in Norway.

Grøntvedt Pelagic holds a leading position as Europe's foremost producer of marinated herring, with the EU markets being of significant importance to the company. The implementation of the agreement between Norway and the EU agreed in December 2023, regarding market access and customs tariffs for the period 2024 to 2028 will significantly improve access for Norwegian herring products into the EU markets. Adversely a further delay in ratification, and implementation of new tariffs can further impact profitability and liquidity negatively.

Grøntvedt is exposed to fluctuations in interest rates. As per now, leading banks such as Nordea and Handelsbanken, expect the Norwegian interest rates to remain at the same level as today for the remaining part of 2024.

The successful implementation of the strategy to process all trimmings in-house by use of the expanded Grøntvedt Nutri plant, is key for increased profits in the upcoming quarters and years.



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Uthaug, Norway, 30 August 2024

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	Q2-2024 <i>unaudited</i>	Q2-2023 <i>unaudited</i>	YTD 30.06.2024 <i>unaudited</i>	YTD 30.06.2023 <i>unaudited</i>	2023 <i>Audited</i>
Revenues	2	198 423	303 853	654 465	673 221	1 353 072
<b>Total revenues</b>		<b>198 423</b>	<b>303 853</b>	<b>654 465</b>	<b>673 221</b>	<b>1 353 072</b>
Cost of goods sold	2,5	-171 386	-252 818	-518 655	-494 631	-1 042 311
Salaries and personnel expenses		-20 739	-25 627	-63 633	-63 691	-143 157
Depreciation		-17 102	-16 819	-34 406	-36 173	-69 481
Other operating expenses		-38 482	-41 127	-75 005	-80 908	-153 661
<b>Operating profit (EBIT)</b>		<b>-49 286</b>	<b>-32 538</b>	<b>-37 234</b>	<b>-2 182</b>	<b>-55 539</b>
<b>EBITDA</b>		<b>-32 184</b>	<b>-15 719</b>	<b>-2 828</b>	<b>33 991</b>	<b>13 942</b>
Finance income		1 192	2 628	2 289	4 976	1 181
Finance expense		-39 205	-34 704	-93 724	-72 827	-145 755
<b>Net finance</b>	6	<b>-38 013</b>	<b>-32 076</b>	<b>-91 435</b>	<b>-67 851</b>	<b>-144 574</b>
<b>Profit before taxes</b>		<b>-87 299</b>	<b>-64 614</b>	<b>-128 669</b>	<b>-70 033</b>	<b>-200 113</b>
Income tax expense		0	13 940	0	14 042	-21 657
<b>Net profit</b>		<b>-87 299</b>	<b>-50 674</b>	<b>-128 669</b>	<b>-55 991</b>	<b>-221 770</b>
<b>Other Comprehensive Income:</b> <i>Items that may be reclassified to profit or loss:</i>						
Exchange differences on translation of foreign operations		-1 114	-7 682	1 322	-5 549	-8 055
Tax on comprehensive income		0	0	0		0
Other comprehensive income for the period, net of tax		-1 114	-7 682	1 322	-5 549	-8 055
<b>Total comprehensive income for the period</b>		<b>-88 414</b>	<b>-58 356</b>	<b>-127 347</b>	<b>-61 540</b>	<b>-229 824</b>
<b>Profit/ loss attributable to:</b>						
Shareholders of the parent company		-88 414	-58 356	-127 347	-61 540	-229 824
<b>Total</b>		<b>-88 414</b>	<b>-58 356</b>	<b>-127 347</b>	<b>-61 540</b>	<b>-229 824</b>



## Consolidated statement of financial position

NOK 1 000	Note	30.06.2024 <i>unaudited</i>	30.06.2023 <i>Unaudited</i>	31.12.2023 <i>Audited</i>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill	3	586 000	586 000	586 000
Other intangible assets	3	12 422	37 059	24 741
Deferred tax asset		0	37 003	0
Property, plant and equipment		566 447	546 375	550 265
Right - of - use assets		103 798	121 069	112 661
Investments in shares		8 797	15 925	17 754
Other receivables		1 875	2 186	2 475
<b>Total non-current assets</b>		<b>1 279 340</b>	<b>1 345 617</b>	<b>1 293 896</b>
<b>Current assets</b>				
Inventory	4	367 210	406 977	450 403
Trade receivables		102 559	110 119	52 887
Contract assets		0	0	0
Other short-term receivables		13 774	18 479	16 575
Derivatives		765	0	765
Cash and cash equivalents		36 365	37 748	35 144
<b>Total current assets</b>		<b>520 673</b>	<b>573 323</b>	<b>555 774</b>
<b>Total assets</b>		<b>1 800 012</b>	<b>1 918 940</b>	<b>1 849 672</b>

## Consolidated statement of financial position

NOK 1 000	Note	30.06.2024 <i>unaudited</i>	30.06.2023 <i>Unaudited</i>	31.12.2023 <i>Audited</i>
<b>Equity</b>				
Share capital		98	76	76
Share premium		1 368 797	1 168 800	1 168 800
Other equity/Loss carried forward		-786 471	-498 925	-659 124
<b>Total equity</b>		<b>582 423</b>	<b>669 951</b>	<b>509 752</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings	6	488 702	592 080	0
Long term leasing liabilities		42 081	61 097	53 528
Other non-current liabilities		295 130	294 962	297 621
<b>Total non-current liabilities</b>		<b>825 914</b>	<b>948 139</b>	<b>351 149</b>
<b>Current liabilities</b>				
Borrowings	6	150 000	100 000	739 308
Trade and other payables		107 241	109 333	122 819
Lease liabilities		25 380	28 249	26 582
Sale-leaseback liabilities		38 349	34 697	35 833
Other current liabilities		70 705	28 571	64 228
<b>Total current liabilities</b>		<b>391 675</b>	<b>300 850</b>	<b>988 770</b>
<b>Total liabilities</b>		<b>1 217 589</b>	<b>1 248 989</b>	<b>1 339 919</b>
<b>Total equity and liabilities</b>		<b>1 800 012</b>	<b>1 918 940</b>	<b>1 849 672</b>

NOK 1 000	Share capital	Share premium	Retained earnings	Translation reserve	Total equity
<b>Total equity at 31.12.2023</b>	76	1 168 800	-641 112	-18 012	509 752
Share issue	22	199 997			200 019
Profit /(loss) for the period			-128 669		-128 669
Foreign currency translation differences				1 322	1 322
<b>Total equity at 30.06.2024</b>	<b>98</b>	<b>1 368 797</b>	<b>-769 781</b>	<b>-16 690</b>	<b>582 423</b>





Consolidated statements of cash flows	IFRS	IFRS	IFRS
	Q2 2024	YTD 2024	2023
NOK 1 000	Unaudited	Unaudited	Audited
<b>Cash flows from operating activities</b>			-
Earnings before tax	-87 299	-128 669	-200 113
<b>Adjustments to reconcile profit before tax to net cash flows:</b>			
Taxes paid	0	0	0
Depreciation of assets	17 102	34 406	69 480
Net finance	38 013	91 435	141 591
Net foreign exchange differences	-1 114	1 323	268
Value adjustment of shares	-1 192	-4 519	3 480
Value adjustment of derivatives	0	0	-765
Gains/losses on sales of non-current assets	0	0	-567
<b>Change in working capital:</b>			
- change in inventory	84 562	83 193	30 339
- change in trade and other receivables	-47 745	-46 871	118 811
- change in trade and other payables, excl. corporate tax	-40 616	-11 512	17 582
<b>Net cash flow from operating activities</b>	<b>-38 289</b>	<b>18 785</b>	<b>180 106</b>
<b>Cash flows from investment activities</b>			
Interest received	0	0	98
Purchase of property, plant, and equipment	-24 253	-32 028	-35 476
Sale of tangible assets	9 854	9 854	17 904
<b>Net cash flow from investment activities</b>	<b>-14 399</b>	<b>-22 174</b>	<b>-17 475</b>
<b>Cash flows from financing activities</b>			0
Payment of interest	-30 628	-57 844	-142 007
Call premium prior bond and fees new bond	0	-24 917	0
Proceeds from long-term borrowings	0	500 000	0
Proceeds from short-term borrowings	50 000	50 000	0
Payment of short-term borrowing	0	-50 000	0
Payment of principal portion of lease liabilities	-5 582	-11 326	-34 171
Payment of principal portion of other-long term liabilities	0	-600 000	0
Proceeds from issuance of shares	0	200 019	0
<b>Net cash flow from financing activities</b>	<b>13 790</b>	<b>5 932</b>	<b>-176 178</b>
Net cash flow for the period, before foreign exchange difference	-38 898	2 544	-13 546
Net foreign exchange difference	1 114	-1 323	268
<b>Net cash flow for the period</b>	<b>-37 783</b>	<b>1 222</b>	<b>-13 278</b>
Cash and cash equivalents at beginning of period	74 148	35 144	48 422
<b>Cash and cash equivalents at end of period</b>	<b>36 365</b>	<b>36 365</b>	<b>35 144</b>



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## Notes

### 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 of the North Atlantic. The main office is located in Uthaug, Ørland municipality, Norway.

The quarterly report was approved by the Board of Directors on 30 August 2024. The report has not been subject to audit.

All amounts are in NOK 1 000 unless otherwise stated.

#### Accounting policy

This report has been prepared in accordance with the standard for interim reporting (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 2023. This interim report does not contain all the necessary information required by International Financial Reporting Standards (IFRS) in the financial statements and should therefore be read in conjunction with the Group's financial statements for 2023.

#### Going Concern

The quarterly report has been prepared under the assumption of going concern. The Group is in compliance with the covenant terms as of 30 June 2024. The agreement between Norway and the EU on the main terms for customs regulation regarding the sale of marinated herring products from Norway to countries within the EU, are still not in place. This adversely affects the Group's liquidity and profit. Shareholders can provide support to address liquidity needs through guarantees for trade obligations and short-term loans. This offers flexibility, enabling the business to operate effectively during peak-seasons. The Board confirms that the basis for going concern is in place.

### 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, or marinated. Pelagic species processed are herring, mackerel, and capelin.

#### Meal/oil (FEED)

The meal/oil activity contains production of fishmeal and fish oil, produced from trimmings available from the processing activity in the FOOD division.

**SECOND QUARTER 2024**

NOK thousand	FOOD	FEED	Q2 Total
Revenues	152 980	45 443	198 423
Cost of goods sold	-145 494	-25 892	-171 386
Contribution margin	7 486	19 551	27 037
Operational cost excl. Depreciation	-52 734	-6 487	-59 221
EBITDA	-45 247	13 064	-32 184

**SECOND QUARTER 2023**

NOK thousand	FOOD	FEED	Q2 Total
Revenues	260 004	43 849	303 853
Cost of goods sold	-217 072	-35 746	-252 818
Contribution margin	42 932	8 104	51 035
Operational cost excl. Depreciation	-61 971	-4 784	-66 754
EBITDA	-19 039	3 320	-15 719

**YEAR TO DATE 2024**

NOK thousand	FOOD	FEED	YTD Total
Revenues	466 298	188 168	654 465
Cost of goods sold	-378 260	-140 395	-518 655
Contribution margin	88 037	47 773	135 810
Operational cost excl. Depreciation	-125 789	-12 849	-138 638
EBITDA	-37 751	34 924	-2 828

**YEAR TO DATE 2023**

NOK thousand	FOOD	FEED	YTD Total
Revenues	492 005	181 216	673 221
Cost of goods sold	-359 557	-135 074	-494 631
Contribution margin	132 449	46 142	178 590
Operational cost excl. Depreciation	-135 633	-8 966	-144 599
EBITDA	-3 184	37 176	33 991

**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 1 July 2021. The cash generating unit for goodwill and customer relations was Grøntvedt Nutri AS. The cash generating unit for other intangible assets (brand) was Klädesholmen Seafood AB.

NOK thousand	30.06.2024	30.06.2023	31.12.2023
Goodwill book value	586 000	586 000	586 000
Other intangible assets	12 422	37 059	24 741



Other intangible assets consist of customer relations and trademark. Customer relations is depreciated linearly over a three-year period. Trademark is not subject to depreciation. Goodwill is impairment-tested on a yearly basis and when impairment indicators exist.

## Note 4 | Inventory

NOK thousand	30.06.2024	30.06.2023	31.12.2023
FOOD	365 616	406 229	438 114
FEED	1 594	748	12 289
Total book value	367 210	406 977	450 403

## Note 5 | Transactions with related parties

Transactions with related parties take place at market conditions and include sales of raw materials, charging for management fee services, and intercompany lending between the group companies.

## Note 6 | Borrowings

NOK thousand	30.06.2024	30.06.2023	31.12.2023
Bond Loan (book value)	488 702	592 080	589 308

### Nominal value Bond Loan

The Group completed a refinancing, including issuing a new Bond Loan, on 11 January 2024. The new Bond Loan has a nominal value of NOK 500 million. The difference between the nominal value and the book value of the Bond Loan represents remaining amortization of establishment cost.

### Interest terms

Grøntvedt's interest terms are NIBOR 3 month plus 8.00%. The interest is calculated and paid quarterly on the 11th of each of the months April, July, October and January. The maturity date of the bond is on 11 January 2027.

### Covenants

The bond is subject to the following covenants:

- (i) Working capital: The Group shall maintain a working capital of minimum NOK 250 million,
- (ii) Book equity ratio: The Group shall maintain a book equity ratio of minimum 30 per cent, and
- (iii) Leverage ratio: The leverage ratio in respect of any relevant period shall not exceed 7.5 for the period starting with the fourth quarter of 2024 and including the third quarter of 2025, not exceed 6.0 the period starting with the fourth quarter of 2025 and including the third quarter of 2026 and 5.0 for any period thereafter and up to (but not including) the maturity date on 11 January 2027.



## Public listing

The bond was publicly listed on Oslo Stock Exchange on 28 February 2024.

## Note 7 | Financial risk

### Financial risk management

The Group's activities expose it to a variety of financial risks, such as market risk, credit risk and liquidity risk. For more detailed information we refer to the Group's financial statements 2023.

### Market 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.

### Currency risk

The Group is exposed to currency risk in EUR, USD, and SEK. The Group has established a new foreign currency hedging strategy in 2024, which shall manage such risks in an adequate manner.

### 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.

### 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 require sufficient access to financing during the season. To support this Grøntvedt Group has established a RCF Facility at Handelsbanken. The RCF facility was effective from October 2021 and renewed in January 2024. Further, as described in note 6, the company has established a new bond loan in January 2024. Under the terms of this bond loan, the shareholders can grant financial support in the form of guarantees for trade obligations in the ordinary course of business and short-term loans to cater for seasonal liquidity needs, adding further financial flexibility in order to manage, inter alia, liquidity risk.



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**Note 8 | Alternative performance measures / Non-IFRS Financial Measures**

Our Alternative Performance Measures (APMs) present useful information which supplements the financial statements. These measures are not defined under IFRS and may not be directly comparable with APMs for other companies. The APMs represent important measures for how management monitors the company and its business activity. The APMs are not intended to be a substitute for, or superior to, any IFRS measures of performance.

Some of the financial information presented in our quarterly reports contains APMs. These include EBITDA, EBITDA margin, EBIT, Net nominal interest-bearing debt, and Equity ratio.

Below we describe these APMs.

**Definitions of Alternative Performance Measures/ Non-IFRS Financial Measures**

EBIT is a non-IFRS financial measure, calculated by excluding from net result as set forth in our consolidated statement of income prepared in accordance with IFRS: Finance income, Finance expense, and Income tax expense.

EBITDA is a non-IFRS financial measure, calculated by excluding from EBIT as set forth in our consolidated statement of income prepared in accordance with IFRS: Depreciation of tangible assets, Amortization of intangible assets, and Impairment loss on goodwill.

EBITDA margin is a non-IFRS financial measure, calculated by dividing EBITDA over Revenues.

Net Nominal Interest-Bearing Debt is a non-IFRS financial measure, and consists of all interest-bearing debt, net of cash.

Working Capital is a non-IFRS financial measure and is calculated as the difference between Current Assets and Current Liabilities, where Current Assets is defined as current assets less cash and cash equivalents, and Current Liabilities is defined as current liabilities (excluding the revolving credit facilities, short-term portion of the bonds, and short-term leasing liabilities) including any Shareholder Support.

Equity Ratio is a non-IFRS financial measure, calculated by dividing the book value of equity over total assets.

**Limitations of Alternative Performance Measures/ Non-IFRS Financial Measures**

EBIT, EBITDA, EBITDA margin, and Working Capital are used by management, analysts, rating agencies, investors, and others in assessing our performance. Accordingly, we believe that the presentation of EBIT, EBITDA margin, and working capital provides useful information to readers. EBIT, EBITDA and working capital have their limitations as analytical tools in comparison to other profit and loss measures prepared in accordance with IFRS.

Net Nominal Interest-Bearing Debt is used by management, analysts, rating agencies, investors, and others to assess our ability to meet our financial obligations and manage our debt effectively. We believe that the presentation of Net Nominal Interest-Bearing Debt provides useful information to readers. Net Nominal interest-bearing Debt has its limitations as an analytical tool in comparison to other measures prepared in accordance with IFRS.

Equity Ratio is used by management, analysts, rating agencies, investors, and others in assessing the solidity of our capital structure. We believe that the presentation of the Equity Ratio provides useful information to readers.

The readers of these APM measures are advised to read them in conjunction with the Group's financial statements presented in this report.