

SAGA PURE

Q3

Saga Pure Q3 2022 report



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Highlights

<i>NOK 1000</i>	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Operating revenues	310	-	64 396	106 414
Operating profit (-loss) before depreciation (EBITDA) (1)	-115 864	-10 914	73 866	139 081
Operating profit/(-loss) (EBIT) (2)	-115 864	-10 918	73 866	139 066
Net profit/(-loss)	-114 067	-10 254	77 417	141 066
Total comprehensive income total operations	-114 067	-10 254	77 417	141 066
Basic earnings per share NOK (3)	-0.24	-0.02	0.16	0.30
Diluted earnings per share NOK (3)	-0.24	-0.02	0.15	0.28

(1) EBITDA can be calculated from the statement of income by deducting interest income, interest expenses and depreciation from the profit/(loss) before taxes.

(2) EBIT can be calculated from the statement of income by deducting interest income and interest expenses from the profit/(loss) before taxes.

(3) Basic earnings per shares is calculated by dividing shareholders earnings for the period by the average number of outstanding shares in the period. Diluted earnings per shares is calculated by adding potential shares with dilutive effect, in this case average issued equity options, to the average number of outstanding shares. Dilutive effect is however not assigned to loss. In case of net loss Basic and Dilutive EPS will therefore be identical.

<i>NOK per share</i>	Q1	Q2	Q3	Q4	Total
Dividends distributed 2021	-	-	0.1	-	0.1
Dividends distributed 2022	0.1	-	0.1	N/A	0.2

Financial results

Saga Pure Group ("The Group") reports a total comprehensive income for the third quarter 2022 of NOK -114.1 million. (NOK 77.4 million for the first three months of 2022).

EBITDA for the third quarter 2022 was NOK -115.9 million. (NOK 73.9 million for the first nine months of 2022).

The Group had a loss from financial investments of NOK 101 million in the third quarter. (NOK 63 million in gain for the first nine months of 2022).

The average number of outstanding shares in the quarter was 479,878,423. Total number of outstanding shares quarter end was 479,878,423.

The Group had a cash holding of NOK 674.8 million at the end of second quarter, versus NOK 778.1 million per year-end 2021.

The Group distributed dividend of 0.1 NOK per share, with a total amount of NOK 48 million.

The major items in the financial result of the third quarter was a net loss on financial investments of NOK 101 million.

The Group's condensed unaudited financial statements for the third quarter of 2022 are enclosed.

Company development and investments

During the quarter, the Group sold 2,000,000 shares in Bergen Carbon Solution (BCS) for a total consideration of NOK 73 million.

Further the Group invested NOK 17,7 million in Heimdall Power AS. This transaction increased the Group's ownership in the company to 22 %, whereas the investment was reclassified from non-current financial investment, to associate based on the degree of influence in the entity.

The Group held investments classified as non-current financial assets with a fair value of NOK 276.4 million. The fair value of the investments by the end of third quarter were as follows:

Bergen Carbon Solutions AS	NOK 167 million
Horisont Energi AS	NOK 87 million
Hyon AS	NOK 17 million
Other investments	NOK 5 million

Changes in market-value for these investments, including the realisation of BCS shares, resulted in a loss of NOK 100.3 million for the third quarter.

The Group also held current financial investments with a fair value of 1.0 million at the end of the quarter. The current investment portfolio contributed with a net loss of 0.7 million in the third quarter.

At end of the quarter, after the reclassification of the investment in Heimdall Power AS, the total book value of associates amounts to 141.5 million.

Subsequent events

After the closing of the quarter, Saga Pure sold the remaining position in Bergen Carbon Solutions, giving total net gain of NOK 229 million from the investment during the ownership.

On 9 November 2022, Saga Pure announced the intention to establish a new industrial investment company focused on distressed assets. The new company, which aims for a separate listing on Euronext Growth in the first quarter of 2023, will have NOK 500 million in equity in form of cash. Saga Pure's strategy will remain unchanged and will after the demerger have NOK 280 million in cash, in addition to its current investments.

Outlook

Focus on renewable energy and the transition towards a more sustainable future continues to gain momentum. Alongside an active portfolio management, the Group will continue to evaluate new investment opportunities. Enduring a leading industry competence, both in the

Group and portfolio companies will remain a high priority going forward. With no interest-bearing debt, and substantial cash holdings, the Group is well positioned for pursuing new investment opportunities.

Forward-looking statements

Matters discussed in this report may constitute forward-looking statements. The forward-looking statements in this report are based on various assumptions, many of which are based upon further assumptions, including without limitation, management's examination of historical operating trends, data contained in our records and other data available from third parties. Although we believe that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies, which are difficult to predict and beyond our control, we cannot assure you that we will achieve or accomplish these expectations, beliefs or projections.

Oslo, 9 November 2022

The Board of Directors

Consolidated condensed statement of comprehensive income

<i>NOK 1000</i>	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Net gain from financial investments	-	-	62 982	106 414
Other income	310	-	1 414	-
Operating revenues	310	-	64 396	106 414
General administrative expense	10 192	6 949	26 471	16 984
Depreciation	-	4	-	16
Net loss from financial investments	101 044	1 219	-	-
Operating expenses	111 236	8 172	26 471	17 000
Profit/(-loss) from associates	-2 615	-2 692	38 285	49 792
Operating profit/(-loss)	-113 541	-10 864	76 210	139 205
Interest income	1 947	664	3 751	2 007
Interest expense	-151	-0	-200	-7
Other financial items	-2 322	-55	-2 344	-140
Net financial items	-526	609	1 207	1 860
Taxes	-	-	-	-
Net profit/(-loss)	-114 067	-10 254	77 417	141 066
Other comprehensive income	-	-	-	-
Total comprehensive income	-114 067	-10 254	77 417	141 066
Basic earnings per share NOK	-0,24	-0,02	0,16	0,30
Diluted earnings per share NOK	-0,24	-0,02	0,15	0,28
Average number of shares in the period	479 878 423	478 878 423	479 349 011	476 675 689
Number of shares outstanding at period end	479 878 423	478 878 423	479 878 423	478 878 423

Consolidated condensed statement of financial position

<i>NOK 1000</i>	30.09.2022	31.12.2021
	(unaudited)	(audited)
ASSETS		
Non-current assets		
Associates	141 487	82 475
Non-current financial investments	276 426	218 316
Total non-current assets	417 914	300 791
Current assets		
Other current assets	11 704	2 756
Current financial investments	986	36 931
Cash and equivalents	674 810	778 108
Total current assets	687 499	817 795
TOTAL ASSETS	1 105 413	1 118 586
EQUITY AND LIABILITIES		
Equity		
Share capital	4 799	4 789
Other equity	1 072 753	1 161 258
Total paid-in-capital	1 077 552	1 166 047
Retained earnings/-accumulated losses	19 294	-58 123
Total equity	1 096 846	1 107 924
LIABILITIES		
Non-current liabilities		
Other non-current liabilities (note 3)	709	3 579
Total non-current liabilities	709	3 579
Current liabilities		
Other current liabilities and accruals	7 858	7 084
Total current liabilities	7 858	7 084
Total liabilities	8 567	10 662
TOTAL EQUITY AND LIABILITIES	1 105 413	1 118 586

Consolidated condensed cash flow statement

	Jul-Sep 2022	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
	(unaudited)	(unaudited)	(unaudited)	(audited)
Net profit/(-loss)	-114 067	77 417	141 066	233 675
Options and share program	1 298	4 498	-1 119	1 113
Result from associates	2 615	-38 285	-49 792	-124 501
Depreciation	-	-	16	16
Net loss/(-gain) from financial investments	100 988	-62 982	-106 414	-136 190
Net divestment/(-investment) trading	131	15 416	-33 993	-40 412
Changes in other accrued income and expenditure	2 208	2 622	1	37
Net cash flow from operating activities	-6 827	-1 313	-50 236	-66 264
Investment in associates	-17 717	-42 717	-75 569	-75 569
Divestment in associates	-	-	62 553	147 598
Investment in non-current financial investments	-	-38 998	-140 431	-155 031
Divestment in non-current financial investments	73 001	75 592	333 186	352 833
Investment in fixed assets	20	-	-	-
Net cash flow from investing activities	55 304	-6 123	179 739	269 831
Share issue gross	-	1 300	234 007	236 007
Share issue costs	-	-1 287	-2 691	-4 691
Distributions to controlling interests	-47 988	-95 876	-47 888	-47 888
Net cash flow from financing activities	-47 988	-95 863	183 428	183 428
Net change in cash and cash equivalents	489	-103 298	312 931	386 995
Cash and equivalents at beginning of period	674 321	778 108	391 113	391 113
Net foreign exchange differences (unrealised)	-	-	-	-
Cash and equivalents at end of period	674 810	674 810	704 044	778 108

Consolidated condensed statement of changes in equity

Jan-Sep 2022 (Unaudited) NOK 1000	Issued capital	Other equity	Accumulated losses	Total
Equity as of 1 January 2022	4 789	1 161 258	-58 123	1 107 924
Net profit/(-loss)	-	-	77 417	77 417
Total comprehensive income	-	-	77 417	77 417
Dividends	-	-95 876	-	-95 876
Share issue	10	1 290	-	1 300
Share issue costs	-	-1 287	-	-1 287
Options and share program (note 3)	-	7 368	-	7 368
Equity per ending balance 30 September 2022	4 799	1 072 753	19 294	1 096 846

Jan-Sep 2021 (Unaudited) NOK 1000	Issued capital	Other equity	Accumulated losses	Total
Equity as of 1 January 2021	4 391	1 059 771	-291 798	772 365
Net profit/(-loss)	-	-	141 066	141 066
Total comprehensive income	-	-	141 066	141 066
Dividends	-	-47 888	-	-47 888
Share issue	397	148 610	-	149 007
Share issue costs	-	-2 691	-	-2 691
Options and share program (note 3)	-	2 341	-	2 341
Equity per ending balance 30 September 2021	4 789	1 160 143	-150 732	1 014 200

Jan-Dec 2021 (Audited) NOK 1000	Issued capital	Other equity	Accumulated losses	Total
Equity as of 1 January 2021	4 391	1 059 771	-291 798	772 365
Net profit/(-loss)	-	-	233 675	233 675
Total comprehensive income	-	-	233 675	233 675
Dividends	-	-47 888	-	-47 888
Share issue	397	148 610	-	149 007
Share issue costs	-	-2 691	-	-2 691
Options and share program (note 3)	-	3 456	-	3 456
Equity per ending balance 31 December 2021	4 789	1 161 258	-58 123	1 107 924

Notes to the financial statements

Note 1 – Basis for preparation

The Company's condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as approved by the EU and requirements in the Norwegian Securities Trading Act. This condensed interim financial statement for the third quarter is approved by the Board of Directors on 9 November 2022.

The accounting policies applied in the preparation of the condensed interim financial statements are consistent with those presented in the Annual Report of 2021.

Foreign currency

The financial statements are presented in NOK. NOK is also the functional currency for the Company.

Note 2 – Operating Segments

Investments are reported as one segment, while the "Other" segment currently consist of consulting services from internal industry specialists, are monitored separately. Further segmentation might be applied as the business evolves.

Segment information <i>NOK 1000</i>	Investment			Other			Total		
	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021	Jan-Jun 2022	Jan-Sep 2021	Jan-Dec 2021
Income									
Net gain/loss on investments	62 982	106 414	136 190	-	-	-	62 982	106 414	136 190
Other income	-	-	-	1 414	-	687	1 414	-	687
Total income	62 682	106 414	136 190	1 414	-	687	64 396	106 414	136 878
Operating expenses - excluding loss in investments	26 471	17 000	29 796	-	-	-	26 471	17 000	29 329
Net operating profit	74 796	141 066	230 897	1 414	-	687	76 210	141 066	231 584
	30 Sep 2022	30 Sep 2021	31 Dec 2021	30 Sep 2022	30 Sep 2021	31 Dec 2021	30 Sep 2022	30 Sep 2021	31 Dec 2021
Assets	1 105 413	1 030 892	1 118 586	-	-	-	1 105 413	1 030 892	1 118 586
Liabilities	8 567	16 693	10 622	-	-	-	8 567	16 693	10 622

Note 3 – Options and share program

The equity-settled option and share program had 27,500,000 issued options in the beginning of the quarter, of which 6,500,000 were fully vested. During the second quarter, additional 6,500,000 options were fully vested. No options were called during the quarter. Thereby there were 27,500,000 issued options, of which 13,000,000 were fully vested at the end of second quarter. For the 14,500,000 share options under vesting, the current vesting periods is ending in the period between 19 October 2022 and 24 February 2024. The cost of the options in the third quarter amounts to 1.6 million as straight line initial fair value costs, and 0.3 million as cost reduction caused by net reversal of social security costs following the share price development through the quarter. Total social security reserves were reduced from NOK 1.0 million to 0.7 million booked as non-current liabilities.

Note 4 – 20 largest investors

	Name	Shares	Of total shares
1	*ØYSTEIN STRAY SPETALEN	172 841 799	36,02 %
2	*TYCOON INDUSTRIER AS	28 550 000	5,95 %
3	**SIMONSEN INVEST AS	20 000 000	4,17 %
4	CLEARSTREAM BANKING S.A.	16 048 814	3,34 %
5	DALLAS ASSET MANAGEMENT AS	9 187 461	1,91 %
6	NORDNET LIVSFORSIKRING AS	6 757 952	1,41 %
7	ATLE SANDVIK PEDERSEN	6 050 000	1,26 %
8	MELCHER HOLDING AS	5 800 000	1,21 %
9	OLA STORMYR HOLDING AS	5 510 413	1,15 %
10	FRØILAND INVEST AS	3 454 554	0,72 %
11	KVANTIA AS	3 045 000	0,63 %
12	Nordnet Bank AB	3 033 257	0,63 %
13	LØREN HOLDING AS	3 000 000	0,63 %
14	Tonor Holding As	2 830 000	0,59 %
15	***HANEKAMB INVEST AS	2 300 000	0,48 %
16	****EL INVESTMENT AS	2 300 000	0,48 %
17	HEGE BAKKEN	2 211 580	0,46 %
18	BJØRN HÅVARD BRÆNDEN	2 055 950	0,43 %
19	SPAR KAPITAL INVESTOR AS	2 000 000	0,42 %
20	ROY HAGEN	2 000 000	0,42 %
	Total	298 976 780	62,30 %
	Total outstanding shares	479 878 423	100,00 %

* Board member/controlled by Board member Øystein Stray Spetalen

** Controlled by Bjørn Simonsen, CEO of Saga Pure

*** Controlled by Martin Nes, Chairman of the Board

**** Controlled by Espen Lundaas, CFO of Saga Pure

Note 5 – Subsequent events

After the closing of the quarter, Saga Pure sold the remaining position in Bergen Carbon Solutions, giving total net gain of NOK 229 million from the investment during the ownership.

On 9 November 2022, Saga Pure announced the intention to establish a new industrial investment company focused on distressed assets. The new company, which aims for a separate listing on Euronext Growth in the first quarter of 2023, will have NOK 500 million in equity in form of cash. Saga Pure's strategy will remain unchanged and will after the demerger have NOK 280 million in cash, in addition to its current investments.

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info@sagapure.com

Sjølyst Plass 2,
0278 Oslo, Norway

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