

INTERIM REPORT
Q2 2024



Kaldvík



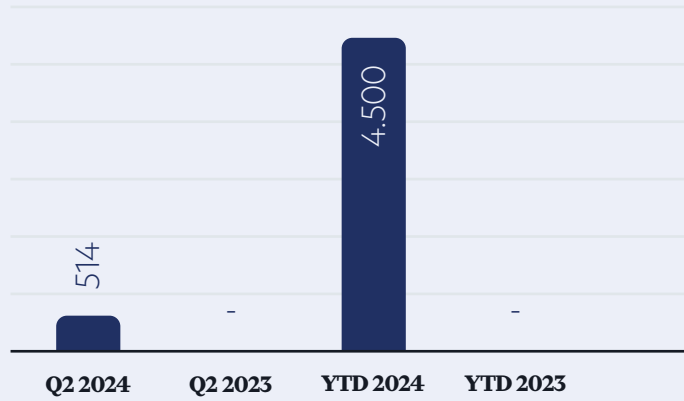
INTERIM REPORT

Q2 2024

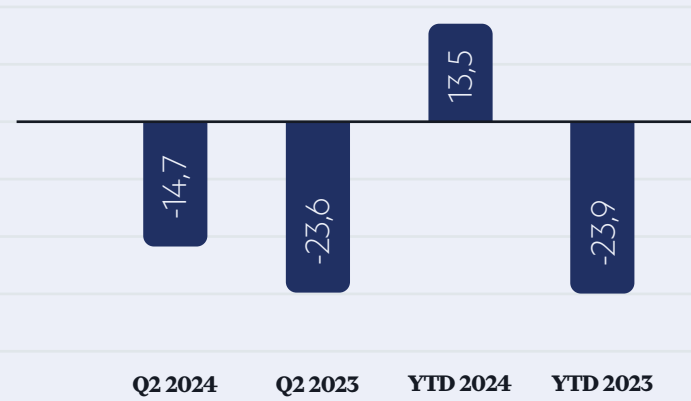




Harvested volume (tonnes)

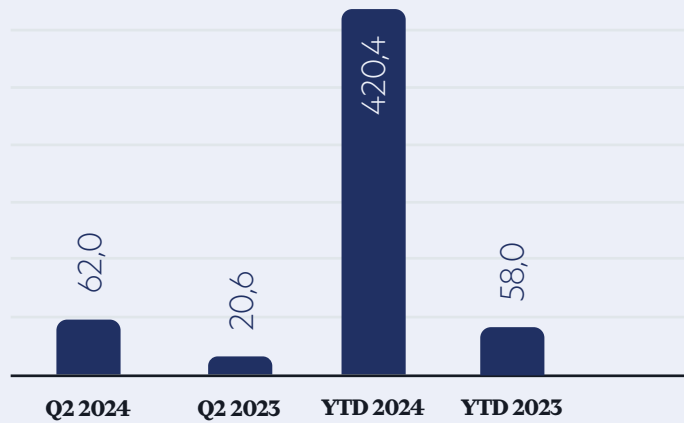


Operational EBIT (NOKm)

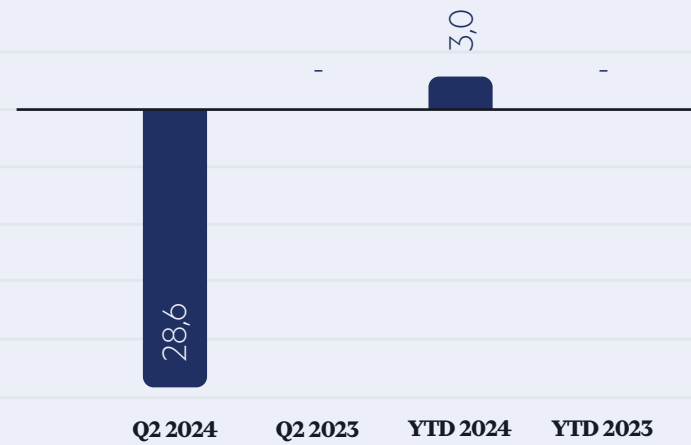


KEY FIGURES

Revenue (NOKm)



Group EBIT/kg (NOK)





KALDVÍK Q2 HIGHLIGHTS

LIMITED HARVEST IN Q2

- 514 tonnes harvested in the quarter.
- Group EBIT negative NOKm 14.7 due to low volume to distribute fixed harvest and wellboat cost.

STRONG BIOLOGICAL STATUS

- Around 17 000 tonnes of biomass in Sea at end of second quarter.
- Smolt transport going well.

OTHER

- Listing on Icelandic Stock exchange First North.
- Capital Markets Day 28th May in Eskifjörður.

OUTLOOK

- Guiding for harvest in 2024 is approx. 17 500 tonnes.
- Expect increased number and more robust smolts released to sea this year.

KALDVÍK

Kaldvik AS is holding company within the Icelandic aquaculture sector, with full ownership of Kaldvík hf. (formerly Fiskeldi Austfjarða hf.) and holding a 66.7% share in Búlandstindur ehf. As a pioneer in the Icelandic salmon farming industry, Kaldvik AS stands out not only for its scale but also for its commitment to sustainability and quality.

It was decided to change the name to Kaldvik AS from Ice Fish Farm AS. The reason behind that decision was to combine all operations into one new name. Kaldvík means a cold bay. It is more Icelandic origin than the previous name and is in line with other famous names in Iceland such as Reykjavík, Keflavík and Húsavík.

The company boasts a well-developed, fully integrated value chain that spans from hatchery to sales. This comprehensive control over each step of the production process enables Kaldvik AS to deliver a sustainable, premium product to its customers, setting new standards for quality and environmental stewardship in the industry.

Rooted in the rich natural landscapes of Iceland, Kaldvik AS operates from its headquarters in Iceland. This strategic location not only provides access to pristine aquatic environments but also reinforces the company's commitment to leveraging Iceland's unique resources for sustainable salmon farming.

Q2 2024 FINANCIAL PERFORMANCE OVERVIEW

REVENUES AND OPERATING RESULTS

In the second quarter of 2024, revenues increased to NOK 62 million, up from NOK 20,6 million in the same quarter of the previous year. Operating EBIT before fair value adjustment of biomass is negative of NOK 14,7 million.

This is mostly due to low harvest volume in the quarter and harvesting and wellboat costs. The harvested volume for Q2 2024 was 514 tonnes, bringing YTD 2024 harvest volume up to 4 500 tonnes compared to 4 395 tonnes for the full year 2023. The group EBIT per kg for Q2 2024 was NOK -28,6, compared to NOK 7,1 in Q1 2024.

BALANCE SHEET

ASSETS OVERVIEW

By the end of Q2 2024, Kaldvik AS's total assets had risen to NOK 5 461 million, up from NOK 5 238 million at the end of Q1 2024. This increase is attributed primarily to increase in biological assets along with cash and cash equivalents.

The biological assets were reported at NOK 1 521 million, with NOK 187 million accounted for as fair value (FV) adjustment in Q2 2024, an increase from NOK 1 321 million with NOK 212 million in FV adjustment in Q1 2024. The downtick in fair value adjustment is mostly due to lowered forward prices.

The book value of non-current assets experienced growth during Q2 2024, with total investments in property, plant, and equipment (PP&E) reaching NOK 81,5 million.

EQUITY AND LIABILITIES INSIGHT

The balance sheet remains robust, with an equity ratio of 60,8% at the end of Q2 2024, underscoring Kaldvik AS's strong financial structure. Total liabilities increased to NOK 2 140 million in Q2 2024, up from NOK 1 758 million in Q1 2024. Net interest-bearing debt, including lease liability, rose to NOK 1 617 million in Q2 2024 compared 1 425 in Q1 2024.

Kaldvik activated incremental borrowing of EURm 23,5. The incremental facility is split between capital expenditure (Capex) financing (EURm 11,5) and biological assets (EURm 12). The total loan facility from the syndicate amounted to approximately EURm 180. Net loans from the bank syndicate amounted to EURm 138 at end of Q2.

INVESTMENTS

In the second quarter of 2024, Kaldvik AS committed NOK 81,5 million to Capex investments, primarily focusing on enhancements to our smolt facilities. This investment is part of our ongoing commitment to operational excellence and sustainability.

Capex projection for 2024 amounts to NOK 290 million, underscoring our strategic initiative to enhance operational performance and reach a stable production capacity of 30 000 tonnes.

OPERATIONAL INFORMATION

SMOLT PRODUCTION

Through dedicated efforts and strategic improvements, our smolts are growing at an unprecedented rate with improved survival, enabling more efficient sorting and strengthening for sea transfer.

Our “super post smolts” are the result of a unique blend of hard work and expert guidance, love for aquaculture, and breakthrough discoveries. These efforts have significantly enhanced the quality of our smolt, setting a new industry standard.

We have implemented rigorous quality control measures, with third-party evaluations ensuring the robustness of our smolts. By focusing on optimal land-based conditions and maximizing production capacity, we are not only improving on-land operations but also ensuring better performance and survival rates at sea.

Our smolts benefit from an advanced vaccination program against *Moritella viscosa* and ISA (Infectious Salmon Anaemia), tailored specifically for Kaldvik’s operations and Icelandic conditions. This proactive health management strategy is crucial for maintaining high survival rates.

In 2023, we achieved a 95% survival rate after 60 days at sea, significantly improving from the previous year. These results stem from careful handling adjustments and efficient utilization of well boats, reducing costs and ensuring the smolts’ optimal condition upon sea transfer. Continual improvements in this area are a top priority for 2024.

We are positive for the 2024 generation outlook of significant volume increase from 5,4 million smolt output in 2023. With strategic investments in smolt stations, we aim to produce 7-8 million 300-400 gram smolts, enhancing site utilization and reducing time in sea. This initiative will lower risk and contribute to our long-term goal of increasing production efficiency.



LAND SOUTH

Land South has embarked on a transformative journey, setting new benchmarks in aquaculture through a series of strategic improvements aimed at optimizing operations and elevating quality standards. These enhancements, both implemented and underway, signify our unwavering commitment to excellence in fish health, welfare, and operational efficiency.

- Improvements on start feeding tanks in the A house at Fiskalón. Will improve fish welfare in the tanks which will increase the survival in start feeding.
- Installation of vacuum degassers at start feeding at Fiskalón. Eliminate supersaturation of nitrogen in the freshwater for the smallest fish. Game changer for the production in the long term.
- Enhanced Biosecurity: Upgrades including extra fish-traps, cleaning stations in every house, and new biosecurity locks, bolster safety and environmental protection.

Transfer of our post smolts from our big tanks has been a challenge over the years with high stress, wounds, and mortality. With new procedures, equipment, and highly trained team we have managed to improve. We have shortened time from 14 hours down to 6 hours, this has reduced stress for the fish and our team. We have changed counter, made it possible to switch between trucks without stopping the pump. Therefore, continues pumping and we added more trucks to transport the fish to wellboat at harbour. At harbour we have dual offloading system that carefully loads the fish to wellboat. As last year's we have a team on predicting weather forecast on the way to East Coast and only sail when there are favourable weather conditions.

LAND NORTH

Land North encompasses comprehensive aquaculture facilities with both fresh and post-smolt capabilities, specifically at the Rifós freshwater site and the Kópasker saltwater post-smolt facility. Rifós underwent a complete rebuild in 2020, enhancing its operational efficiency and has been operational with ongoing constructions since then. At Kópasker, significant upgrades are underway to improve water treatment capabilities.

New extension in Kópasker over water treatment, there we are installing new CO2 and vacuum degassers, and the pump station will be ready for next year's group. In Kópasker we are drilling new wells for seawater to be able to have enough water for the next expansion. House in Lón will be ready for fish in second half of this year, that house with 12 new tanks will be big benefit for the production here in north. Possibility of having "all in all out" and more quality of smolts. Production is going well after a few weeks of tough situation in one group, it had issues with smoltification and suffered increased losses.



A new grow-out house is under construction at Rifós, designed to accommodate 10-30 g fish. This development is pivotal for implementing an all-in, all-out system, boosting biosecurity, and expanding production capacity.



FARMING IN SEA

Our sea farming operations culminated in a harvesting volume of 514 tonnes in the Q2, aligning closely with our expectations, with an average weight of 3,5 kg. Fish we harvested out is part of autumn 2022 generation and spring 2023 generation.

Currently we have in Berufjörður the 2023 generation, Reyðarfjörður we have the autumn 2022 generation, and now in Fáskrúðsfjörður we have started on our 2024 generation and already filled up one site.

All generations are in good condition and feeding well after the winter and the new fish is doing well. Sea temperatures in the quarter were 0,3 lower than normal. Temperatures started higher than average in the beginning of the quarter but the beginning of summer was colder than usual and well below average.

Looking ahead, we can escalate production and harvesting to 17 500 tonnes in 2024, up from 4 394 tonnes in 2023. This surge in production is expected to positively impact our costs per kg, benefiting from the economies of scale now in place. With our comprehensive infrastructure of employees, sites, cages, barges, cameras, boats, and a highly efficient team, our operational capacity is optimized for increased utility and efficiency. We still have no salmon sea lice.

Market prices have been low and are expected to be low in Q3 and Q4. The company has decided to delay part of planned harvest and utilize licenses and growth period in the sea during the second half of the year. The company lower guided harvested volume in Q3 and Q4 and move into Q1 2025.

Ahead of us is the autumn and then we normally have jelly fish season, the company has prepared with new equipment to protect the salmon. This equipment is now on all sites in Reyðarfjörður where we have majority of our biomass.





HARVESTING

IMPROVEMENT PROJECTS AND CAPACITY EXPANSION:

Blood Treatment Efficiency: We have achieved further enhancements in blood treatment capacity, a crucial aspect of our processing efficiency.

Harvesting Efficiency: Our project to improve fish harvesting efficiency is in full swing, aiming to increase our rate to 64 fish per minute. This would enable us to process approximately 30 000 fish, or up to 140 tonnes, per shift.

Capacity Planning: Anticipating an increase in harvest volumes, we are exploring opportunities to expand our processing capacity to meet future demands.

QUALITY ENHANCEMENTS AND CERTIFICATION GOALS:

Certifications: We are on track to obtain ASC and BRC certifications in the second half of 2024, signalling our commitment to maintaining high-quality standards.

Hygiene and Handling: Initiatives like the finish implementation of box infeed lines and enhanced disinfection practices on the harvesting line are set to improve hygiene and reduce handling.

STRATEGIC INITIATIVES AND ANTICIPATED BENEFITS:

Shelf-Life Testing: Our ongoing shelf-life tests aim to further assure product quality and extend market competitiveness.

Cost Efficiency: With increased volumes, we anticipate negotiating better prices for supplies such as boxes, enhancing our cost efficiency.

Competitive Edge: The expected increase in volume, alongside operational improvements, positions us to be more competitive in the market.

Our wellboat capacity is sufficient to support full production at our harvesting station, with a service agreement in place until the end of 2024. This ensures a steady supply of live fish for processing, underpinning our operational capabilities.

Work on the empty box system is still ongoing and there has been a delay on the 5- gutting machine. The time between the slaughters is being used to finish setting up everything.

The changes are promising and are giving us increased access, better handling of fish, better control, and easier cleaning.

Since then, work on the cleaning of the blood water is in full swing and help has been sought from a Norwegian company that oversees the cleaning system for the largest harvesting plants in Norway. It is being done to speed up the process and increase operational reliability of wastewater, but it will result in increased capex that was not in the previous plans.

SALES AND CERTIFICATIONS

Kaldvík has strategically secured fixed sales contracts for a large portion of the anticipated harvest volume for 2024. 43% of the total volume sold in Q2 2024 was through fixed contracts.

Our salmon's exceptional quality continues to earn high praise from

customers, notable for its extended shelf life and superior attributes. This satisfaction stems from our salmon's high omega-3 content, firmness, taste, and vibrant colour, directly attributed to the pristine conditions of our cold, clean fjords. Such feedback reinforces our dedication to maintaining the highest quality standards in our aquaculture practices.

The ASC certification, a testament to our commitment to sustainable and responsible farming practices, is expected to be secured in the second half of 2024. This progress in certification not only highlights our product's quality but also aligns with our strategic goals for market expansion and enhanced customer trust.

LICENSE AND GOVERNMENT

Kaldvík is currently awaiting the processing of a significant license for operations in Seyðisfjörður, with a capacity of 10 000 tonnes (6 500 fertile). Anticipated to be issued in 2024, this license represents a pivotal expansion opportunity.

Government bill on aquaculture did not go through the Parliament this spring and therefore no changes in regulations. New risk assessment has not been issued and it is not known when it will be introduced.

First half of 2024 salmon was second most valuable fish exported out of Iceland. This signals the importance of salmon farming and especially in the areas we operate around the country, north, south, and east.

SHARES

Kaldvík AS has a total registered share capital of NOK 12.226.124,90, which is allocated across 122.261.249 shares. The company is publicly traded under the ticker KLDVK, ISIN: NO0010884794. For shareholder information, please refer to note 3 in the interim financial statement.

EVENTS SUBSEQUENT Q2 2024

No subsequent events.

OUTLOOK

Kaldvík has set a comprehensive harvest plan for 2024, targeting a total volume of approx. 17 500 tonnes. Anticipated harvest of approx. 4 500 tonnes Q3 2024.

With an ambitious investment program currently in full force, Kaldvík aims to reach stable production of 30 000 tonnes. Achieving this stable production level will be a testament to the success of our operational strategies and the completion of necessary investments.

Sistranda, 29 August 2024







CONDENSED INTERIM FINANCIAL STATEMENT

FINANCIAL STATEMENT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

KALDVIK AS - Group						
(NOK 1000)	Note	Q2 2024 (01.04-30.06)	Q2 2023 (01.04-30.06)	YTD 2024 per juni	YTD 2023 per juni	FY2023
Operating income salmon		43.531	-	382.234	-	351.337
Other operating income		18.421	20.606	38.156	58.016	97.345
Total revenue		61.952	20.606	420.390	58.016	448.682
Cost of materials		-69.269	-95.856	112.769	-176.893	-104.112
Employee benefit expenses		53.548	48.795	106.095	91.821	163.663
Other operating expenses		63.717	59.786	125.529	103.786	229.644
Depreciation, amortisation and impairment		28.663	31.459	62.460	63.229	128.195
Operating EBIT before fair value adjustment of biomass		-14.707	-23.578	13.536	-23.926	31.292
Production tax		-1.570	-	-13.779	-	-6.305
Net fair value adjustment biomass	2	-19.794	32.041	-30.122	18.183	171.328
EBIT		-36.071	8.464	-30.365	-5.743	196.314
Finance income		76	96	557	100	1.971
Finance costs		-35.642	-33.440	-68.571	-49.202	-120.390
Foreign exchange rate gain/ (-)loss		20	819	26.658	24.055	-376
Profit or loss before tax		-71.617	-24.061	-71.721	-30.790	77.519
Income tax		14.323	4.812	14.344	6.158	-11.597
Profit or loss for the period		-57.294	-19.249	-57.377	-24.632	65.922
Items that subsequently may be reclassified to profit or loss:						
Exchange differences on translation of foreign operations		-102.680	94.280	13.161	286.722	192.665
Total items that may be reclassified to profit or loss		-102.680	94.280	13.161	286.722	192.665
Other comprehensive income for the period		-102.680	94.280	13.161	286.722	192.665
Total comprehensive income for the period		-159.974	75.031	-44.216	262.090	258.587
Profit or loss for the period attributable to:						
Equity holders of the parent		-53.701	-16.940	-54.455	-24.027	70.452
Non-controlling interests		-3.593	-2.309	-2.922	-6.487	-10.410
Total		-57.294	-19.249	-57.377	-30.513	60.041
Total comprehensive income or loss for the period attributable to:						
Equity holders of the parent		-156.381	77.340	-41.294	268.577	268.998
Non-controlling interests		-3.593	-2.309	-2.922	-6.487	-10.410
Total		-159.974	75.031	-44.216	262.090	258.587
Earnings per share ("EPS"):						
- Basic and diluted		-0,44	-0,14	-0,45	-0,23	0,62
Average number of shares		122.261.249	121.154.810	122.261.249	106.577.884	114.484.019

FINANCIAL STATEMENT

CONSOLIDATED STATEMENT OF

FINANCIAL POSITION

KALDVIK AS - Group

(NOK 1000)

	Note	30.6.2024	31.3.2024	31.12.2023	30.6.2023
ASSETS					
Non-current assets					
Licenses		1.988.430	2.037.553	1.960.464	1.993.425
Other intangible assets		254.428	240.746	231.638	275.222
Property, plant and equipment		1.487.287	1.468.391	1.384.363	1.376.051
Total non-current assets		3.710.145	3.746.690	3.576.464	3.644.698
Current assets					
Biological assets	2	1.520.994	1.321.213	1.309.982	809.535
Inventories		63.842	47.442	67.177	63.252
Trade and other receivables		88.322	117.413	86.449	91.025
Cash and cash equivalents		77.327	5.202	13.153	188.728
Total current assets		1.750.486	1.491.270	1.476.761	1.152.541
TOTAL ASSETS		5.460.630	5.237.960	5.053.225	4.797.239
EQUITY AND LIABILITIES					
Equity					
Share capital		12.226	12.226	12.226	12.226
Other equity		3.300.194	3.456.575	3.341.489	3.357.129
Equity attributable to the parent		3.312.420	3.468.801	3.353.715	3.369.355
Non-controlling interests		7.820	11.646	10.658	5.990
Total equity		3.320.240	3.480.447	3.364.373	3.375.345
Non-current liabilities					
Non-current interest bearing liabilities	4	1.470.165	1.320.234	1.246.924	1.077.131
Deferred tax liabilities		91.466	93.740	103.019	85.567
Total non-current liabilities		1.561.631	1.413.974	1.349.942	1.160.698
Current liabilities					
Current interest bearing liabilities	4	224.536	110.372	55.186	23.002
Trade and other payables		354.224	233.156	283.724	238.194
Total current liabilities		578.760	343.539	338.910	261.196
Total liabilities		2.140.390	1.757.513	1.688.852	1.421.894
TOTAL EQUITY AND LIABILITIES		5.460.630	5.237.960	5.053.225	4.797.239

FINANCIAL STATEMENT CONSOLIDATED STATEMENT OF CASH FLOWS

KALDVIK AS - Group

(NOK 1000)	Note	Q2 2024 (01.04-30.06)	Q2 2023 (01.04-30.06)	YTD 2024 June	YTD 2023 June
Cash flows from operating activities					
Profit or loss before tax		-71.617	-24.060	-71.721	-30.790
Net fair value adjustment on biological assets		19.794	-32.041	30.122	-18.183
Production tax		1.570	-	13.779	-
Depreciation and impairment of property, plant and equipment and right-of-use assets		28.663	31.459	62.460	63.229
Changes in inventories, trade and other receivables and trade and other payables		-124.357	-308.358	-171.125	-359.991
Finance income		-76	-96	-557	-100
Finance costs		35.642	33.440	68.571	49.202
Foreign exchange rate gain/ (-)loss		-20	-819	-26.658	-24.055
Net cash flows from/to operating activities		-110.401	-500.476	-95.128	-320.688
Cash flows from investing activities					
Purchase of property, plant and equipment		-81.530	-44.574	-145.377	-84.324
Purchase of intangible assets		-769	-	-769	-
Interest received		76	96	557	100
Net cash flow from/to investing activities		-82.224	-44.478	-145.589	-84.224
Cash flow from financing activities					
Proceeds from borrowings		306.975	1.140.893	475.399	1.140.893
Repayment of borrowings		-	-1.146.553	-91.153	-1.155.408
Change in related parties liabilities and subordinated loans		-	-	-	106.036
Payments for the principal portion of the lease liability		-5.392	6.358	-10.784	-11.673
Interest paid		-35.642	-33.440	-68.571	-49.202
New shares issued		-	549.680	-	549.680
Transaction costs on issue of shares		-	-13.251	-	-13.251
Net cash flow from/to financing activities		265.941	503.687	304.890	567.076
Net change in cash and cash equivalents					
Effect of change in exchange rate on cash and cash equivalents		-1.192	192	-	851
Cash and cash equivalents, beginning of period		5.202	29.804	13.154	25.714
Cash and cash equivalents, end of period		77.327	188.729	77.327	188.729

Non-cash investing and financing activities:

New shares issued	-	298.630
Shareholder loans	-	-298.630

The consolidated statements of cash flows are prepared using the indirect method.

FINANCIAL STATEMENT CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

KALDVIK AS - Group

(NOK 1000)	Note	Attributable to the equity holders of the parent				Total	Non-controlling interests	Total Equity
		Share capital	Share premium	Foreign currency translation reserve	Other equity			
At 31 December 2022		9.153	2.837.593	150.144	-726.991	2.269.899	11.462	2.281.362
Comprehensive income:								
Profit or loss for the period					-5.384	-5.384		-5.384
Conversion difference				192.442		192.442	4.191	196.633
Issued share capital		2.893	798.338			801.231		801.231
At 31 March 2023		12.046	3.635.931	342.586	-732.375	3.258.189	15.653	3.273.843
Comprehensive income:								
Profit or loss for the period					-16.940	-16.940	-2.309	-19.249
Conversion difference				94.280		94.280		94.280
Issued share capital		181	46.898			47.079		47.079
Transaction costs		-	-13.251			-13.251		-13.251
At 30 June 2023		12.226	3.669.578	436.866	-749.315	3.369.356	5.990	3.375.345
Comprehensive income:								
Profit or loss for the period					-8.630	-8.630	-2.951	-11.581
Conversion difference				-108.457		-108.457	-192	-108.649
Transaction costs			-9.256			-9.256		-9.256
At 30 September 2023		12.226	3.660.322	328.409	-757.945	3.243.013	2.847	3.245.861
Comprehensive income:								
Profit or loss for the period					103.108	103.108	-972	102.136
Conversion difference				5.595		5.595	8.783	14.378
Transaction costs			1.999			1.999		1.999
At 31 December 2023		12.226	3.662.321	334.004	-654.837	3.353.715	10.658	3.364.373
Comprehensive income:								
Profit or loss for the period					-754	-754	671	-83
Conversion difference				115.841		115.841	317	116.158
At 31 Mars 2024		12.226	3.662.321	449.845	-655.591	3.468.801	11.646	3.480.447
Comprehensive income:								
Profit or loss for the period					-53.701	-53.701	-3.593	-57.294
Conversion difference				-102.680		-102.680	-233	-102.913
At 30 June 2024		12.226	3.662.321	347.165	-709.292	3.312.421	7.820	3.320.241





NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

CORPORATE INFORMATION

Kaldvik AS (the “Company”) (Previously ICE FISH FARM) and its subsidiaries (collectively “the Group”, or “Kaldvik”) is a publicly dual-listed company on both the Euronext Growth market and Nasdaq First North Iceland, with the ticker symbol KLDVK. The ultimate parent company is HEIMSTO AS.

Kaldvik is one of the leading salmon farmers in Iceland and the only salmon farmer in the world with AquaGAP certification which ensures environmentally-friendly production. The Group has a well-developed and fully integrated value-chain controlling all steps from hatchery to sales, enabling the group to provide its customer with a sustainable premium product.

NOTE 2: BIOLOGICAL ASSETS

BIOLOGICAL ASSETS

The Group recognises a biological asset when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits associated with the asset will flow to the entity; and
- the fair value or cost of the asset can be measured reliably

A biological asset is measured on initial recognition and at the end of each reporting period at its fair value less costs to sell, in accordance with IAS 41 Agriculture and Fair Value IFRS 13. Fair value of biological assets is calculated based on a present value model. The inputs to measure fair value is categorised as level 3 in the valuation hierarchy in IFRS 13 as the most important assumptions in the calculations are not observable in a market. The difference between the fair value of fish and the cost price is included in the fair value adjustment in the consolidated statement of comprehensive income.

Transactions for the sale of live fish rarely incur, therefore the sales price is based on forward prices quoted by Fish Pool. The model uses the forward price for the month the fish is expected to be harvested and the prices are adjusted for estimated harvesting costs, packing and shipping costs to the

The consolidated financial statements of the Group were authorised for issue in accordance with a resolution of the Board of Directors on 25 April 2024.

Kaldvik AS is a Company incorporated in Norway with headquarters in Iceland. The address of its registered office is Nordfroyveien 413, 7260 Sistranda, Norway. Kaldvik’s headquarters are located at Strandgata 18, 735 Eskifjörður, Iceland.

Please refer to Annual Report 2023 for further information on accounting principles.

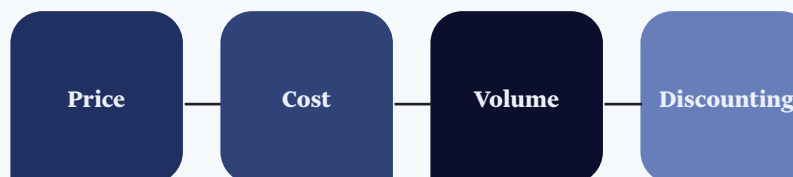
market, as well as quality differences to arrive at the fair value less cost to sell.

The expected biomass (volume) is based on an estimated number of fish in the sea, adjusted for expected mortality up to the time of harvest and multiplied by the expected harvest weight.

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group’s biological assets comprise live fish in the sea (salmon), eggs, juveniles and smolt.

The valuation process of determining the fair value less cost to sell includes a number of different assumptions, many of which are not observable. The assumptions are grouped into four different categories:



PRICE

An important assumption in the valuation of fish is the expected sale price. This is also the assumption that historically has had the greatest fluctuations. In order to estimate the expected sales price, the future price quoted by Fish pool for superior Norwegian salmon (3-6 kg gutted) is used as a starting point. It is the Group's opinion that the use of observable prices increases the reliability and comparability of the price assumptions.

The starting point is the future price for the month the fish is planned to be harvested. In the event of biological challenges (which occur before the end of the reporting period), an additional price adjustment is made to reflect the impact of this event. Such price adjustment takes into account that the market price per kilo for small fish is less than for fish of normal size, the price is further adjusted for exporter-margin and clearing cost. Furthermore, adjustments are made for harvesting costs (well-boat, harvest and packaging), transportation costs and quality differences. Adjustments for harvesting costs, transportation costs and quality differences are based on the Group's historical costs, while the other adjustments are based on a discretionary assessment on historical data and the Group's expectation of future market developments.

COST

An adjustment is made for the costs associated with further farming the fish to be harvest-ready. Estimates related to future costs are based on the Group's forecasts for each site. There is uncertainty related to future feed prices, other costs and the biological development of the fish (growth, feed factor and mortality). If the estimated costs are higher than what a normal market participant would include, for example due to previously entered into long-term agreements with subcontractors which makes the costs deviate significantly from the market price, the cost estimate is adjusted to reflect the costs that a rational market participant would apply.

VOLUME

Expected harvest volume is calculated on the basis of the estimated number of fish (individuals) at the reporting date, minus expected future mortality, multiplied by the expected harvest weight. There is uncertainty related to the number of fish in the sea at the balance sheet date, remaining mortality and expected harvest weight. The actual harvest volume may therefore deviate from the expected harvest volume either as a result of a change in biological development, or if special events, such as mass mortality, occur. The estimate of the number of fish at the reporting date is based on the number of smolts released in the sea. The number of smolts is adjusted for expected uncertainty of counting and the actually registered mortality in connection with release.

DISCOUNTING

Every time a fish is harvested and sold, a positive cash flow arises. As a simplification, all the remaining expenses are allocated to the same period as the income, so that there is only one cash flow per site. The cash flow is attributed to the expected month of harvest. The sum of cash flows from all the sites where the Group has fish in the sea are distributed over the entire fish farming period. With the current size of the smolt being released, and the frequency of the smolt releases, this may take up to 24 months. The expected future cash flow is discounted monthly. The discount rate used has a large impact on the estimate of fair value. The monthly discount rate as at the end of the reporting period is estimated at 2% per month. The discount rate contains the following three main elements: (1) risk adjustment, (2) license rent and (3) time value.

1. Risk adjustment

The risk adjustment must reflect the price reduction that a hypothetical buyer would require as compensation for the risk assumed by investing in live fish rather than an alternative placement. As the time to harvest increases, the probability that an event occur that impacts the cash flow increases. There are three main factors that may occur, and impact the cash flow; a volume change, change in costs, and a change in price.



2. License rent

Salmon and trout farming do not take place in a market without competition and barriers to entry. Due to the limited access to fish farming licenses, these currently have a very high value. In order for a hypothetical buyer of live fish to be able to acquire and further farm the fish, it must be assumed that the buyer had a license, sea site and other permits required for such production. Currently it is not allowed to rent licenses, however, in a hypothetical market for buying and selling live fish, we assume that this would be possible. In this scenario, a hypothetical buyer would demand a significant discount in order to allocate a sufficient share of the return to own licenses, or alternatively to cover the cost of license rent. Modeling a hypothetical annual license rent from prices of traded licenses is difficult, as the price curve will be based on expectations of future profit development in the industry. Furthermore, it is complex to derive a rental cost for shorter periods of time and ultimately per volume, given that the license restrictions are measured at different levels (location, region and Company).

3. Time value

Finally, the discount rate must reflect the time value of money for the committed capital allocated to the biomass. One must assume that a hypothetical buyer would require compensation for the opportunity cost of investing in live fish. The production cycle for salmon farming is currently up to 24 months, therefore the cash flow will cover a corresponding period. Given a constant selling price throughout the period, the cash flow will decrease for each passing month as costs are incurred to farm the fish to a harvest-ready weight. These costs increase for each month the fish is in the sea. This makes the effect of deferred cash flows lower than if the cash flows were constant, however, the component is still important due to the large total value of biological assets.

Carrying amounts of biological assets

Biological assets	30.6.2024	31.3.2024	30.6.2023
Fish at cost	1.119.664	885.433	595.087
Fair value adjustment on fish	187.233	211.930	60.839
Fair value of fish in the sea	1.306.897	1.097.363	655.926
Smolt	214.097	223.850	153.609
Carrying amount of biological assets	1.520.994	1.321.213	809.535
Total biological assets at cost	1.333.761	1.109.283	748.696
Total fair value adjustment on biological assets	187.233	211.930	60.839
Fair value of biological assets	1.520.994	1.321.213	809.535

	30.6.2024	31.12.2023
Ordinary shares, par value 0,10 NOK per share	12.226.125	12.226.125
Total ordinary shares issued and fully paid	12.226.125	12.226.125

All shares are ordinary and have the same voting rights and rights to dividends.

Changes in share capital	Number of shares		Share capital	
	30.6.2024	31.12.2023	30.6.2024	31.12.2023
Beginning of period	122.261.249	122.261.249	12.226.125	12.226.125
End of period	122.261.249	122.261.249	12.226.125	12.226.125

NOTE 3: SHARE CAPITAL AND SHAREHOLDER INFORMATION

ACCOUNTING POLICIES

Equity and liabilities

Financial instruments are classified as liabilities or equity in accordance with the underlying economic substance. Share capital and share premiums are classified as equity.

Costs related to equity transactions

Transaction costs are deducted from equity, net of associated income tax.

Distribution to shareholders

The Group recognises a liability to make distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws of Norway, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

The Group's shareholders (Shareholders in Kaldvik AS):

Overview of the 20 largest shareholders:	30.6.2024	
	Number:	Ownership:
AUSTUR HOLDING AS	67.595.359	55,29%
Krossey ehf	14.507.982	11,87%
Eggjahvita ehf	7.557.539	6,18%
Eskja Holding ehf	3.515.123	2,88%
J.P. Morgan SE *	3.197.286	2,65%
Hregg ehf	3.026.745	2,48%
Laxar eignarhaldsfélag ehf	2.484.469	2,03%
State Street Bank and Trust Comp	1.725.443	1,41%
Stefnir	1.680.160	1,37%
Grjót eignarhaldsfélag ehf	1.323.204	1,08%
CLEARSTREAM BANKING S.A.	1.466.121	1,20%
VPF DNB NORGE SELEKTIV	1.247.043	1,02%
Skel fjárfestingafélag hf	1.020.837	0,83%
Íslandsbanki hf. *	1.014.953	0,83%
Áning Ásbrú ehf	892.593	0,73%
ABK HOLDING AS	610.049	0,50%
FJØYRO HOLDING AS	593.757	0,49%
MAXIMUM HOLDING AS	561.312	0,46%
GIMLI HOLDING AS	555.012	0,45%
VERDIPAPIRFONDET DNB SMB	539.427	0,44%
Total of the 20 largest shareholders	115.114.414	94,19%
Other shareholders	7.146.835	5,85%
Total	122.261.249	100%

* Custodian of shares

NOTE 4: INTEREST BEARING LIABILITIES

Non-current interest bearing loans and borrowings	30.6.2024	31.3.2024	31.12.2023	30.6.2023
Loan from banks (principal)	1.444.975	1.293.509	1.214.634	1.033.402
Leasing liability	25.189	26.725	32.289	43.729
Total non-current interest bearing loans and borrowings	1.470.165	1.320.234	1.246.924	1.077.131
Current interest bearing loans and borrowings	30.6.2024	31.3.2024	31.12.2023	30.6.2023
Loan from banks, due within 12 months	203.662	88.377	33.363	-
Leasing liability, due within 12 months	20.874	21.995	21.823	23.002
Current interest bearing loans and borrowings	224.536	110.372	55.186	23.002

The Group has pledged assets as security for its loans and borrowings, presented in the table below:

Assets pledged as security for interest bearing loans and borrowings	30.6.2024	31.3.2024	31.12.2023	30.6.2023
Secured balance sheet liabilities:				
Non-current interest bearing liabilities	1.470.165	1.320.234	1.246.924	1.077.131
Current interest bearing liabilities	224.536	110.372	55.186	23.002
Total	1.694.701	1.430.606	1.302.110	1.100.133

Carrying amount of assets pledged as security for secured liabilities:	30.6.2024	31.3.2024	31.12.2023	30.6.2023
Trade and other receivables	88.322	117.413	86.449	91.025
Inventories	63.842	47.442	67.177	63.252
Biological assets	1.520.994	1.321.213	1.309.982	809.535
Cash and cash equivalents	77.327	5.202	13.153	188.728
Right-of-use assets	54.146	48.965	54.468	67.123
Property, plant and equipment	1.433.141	1.419.426	1.329.894	1.308.928
Licenses	1.941.052	1.989.763	1.960.464	1.993.425
Total	5.178.824	4.949.424	4.821.588	4.522.016

COVENANT REQUIREMENTS

The Group is obligated to adhere to the following covenant requirement for its interest bearing liabilities:

- Equity ratio >35%
- NIBD/EBITDA < 5,5 From 30 September 2024.
- Interest cover ratio < 3,0 From 30 September 2024.

There has not been a breach in any financial covenants for the Group's interest-bearing loans and borrowing in the current or prior periods.

NOTE 5: SUBSEQUENT EVENTS

ACCOUNTING POLICIES

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, the Group will assess if the information affects the amounts that it recognises in the Group's consolidated financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its consolidated financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.



OPERATIONAL EBIT

Operational EBIT is operational profit before fair value adjustments. Operational EBIT is a major alternative performance measure in the salmon farming industry. A reconciliation from EBIT to Operational EBIT is provided below.

NOK 1000	Q2 2024	Q2 2023	YTD 2024	YTD 2023	FY 2023
EBIT	-36.071	8.464	-30.365	-5.743	196.314
Net FV adjustment biomass and production tax	21.364	-32.041	43.902	-18.183	-165.022
Operational EBIT of salmon before fair value adjustment	-14.707	-23.578	13.536	-23.926	31.292
Operational EBIT	-14.707	-23.578	13.536	-23.926	31.292

ALTERNATIVE PERFORMANCE MEASURES

Kaldvik's consolidated financial information is prepared in accordance with international financial reporting standards (IFRS).

In addition, the management's intention is to provide alternative performance measures, which are regularly reviewed by the management to enhance the understanding of the company's performance, but not replacing the financial statements prepared in accordance with IFRS.

The alternative performance measures presented may be determined or calculated differently by other companies.

OPERATIONAL EBIT PER KG

Operational EBIT per kg is Operational EBIT divided by harvested volumes.

NOK 1000	Q2 2024	Q2 2023	YTD 2024	YTD 2023	FY 2023
Operational EBIT	-14.707	-23.578	13.536	-23.926	31.292
Total harvested volumes	514	0	4.500	0	4.395
Operational EBIT per kg	-28,6	N/A	3,0	N/A	7,1

EQUITY RATIO

Equity ratio measures the proportion of total assets that are financed by shareholders.

NOK 1000	30.06.2024	30.06.2023	31.12.2023
Total equity	3.320.240	3.375.345	3.364.373
Total assets	5.460.630	4.797.239	5.053.225
Equity ratio	60,8%	70,4%	66,6%

NET INTEREST BEARING DEBT

Net interest bearing debt includes loans from banks and lease liabilities less cash balance and cash equivalents.

NOK 1000	30.06.2024	30.06.2023	31.12.2023
Total interest bearing loans and borrowings	1.694.701	1.100.133	1.302.110
Cash and cash equivalents	77.327	188.728	13.153
Net interest bearing debt	1.617.374	911.405	1.288.956



Kaldvík

REARED IN
PRISTINE ICELANDIC
NATURE

