



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

First half 2023 results



Icelandic Salmon

SUSTAINABLE SALMON FROM ARNARLAX

Icelandic Salmon AS
Industriveien 51
7266 Kverva - Norway



Icelandic Salmon AS

Condensed Consolidated Interim Financial Statements

1	This is Icelandic Salmon.....	3
	The history.....	6
	Group management.....	7
	Highlights in the first half of 2023	8
	Report for the first half of 2023.....	11
	Operations, markets and strategy	14
	Corporate matters - First half of 2023 update.....	16
	Outlook.....	17
	Statement of the board of directors	18

2	Condensed Consolidated Interim Financial Statements of Icelandic Salmon AS.....	19
	Notes to the Condensed Consolidated Interim Financial Statements	25





Icelandic Salmon AS owns all shares in and is the parent company of Arnarlax ehf., the largest producer of Atlantic salmon in Iceland. The parent company's shares are listed on Euronext Growth Oslo. In this report, the parent company and Arnarlax ehf. with subsidiaries are collectively referred to as "the Group" or "Icelandic Salmon". "Arnarlax" also refers to the brand under which the Group's operations and productions are marketed.

While the parent company is registered in Norway, Arnarlax ehf. has its headquarters in the Icelandic village Bıldudalur. It has been engaged in fish farming since 2010. The Group's farming facilities are strategically located in the beautiful West Fjords of Iceland, a region that is well sheltered with stable and moderate sea temperatures and good tidal currents, creating favourable conditions for salmon farming.

The Group is considered a leading salmon farmer in Iceland, controlling the entire value chain from hatchery to sales.



1

THIS IS ICELANDIC SALMON



Key Figures for Icelandic Salmon

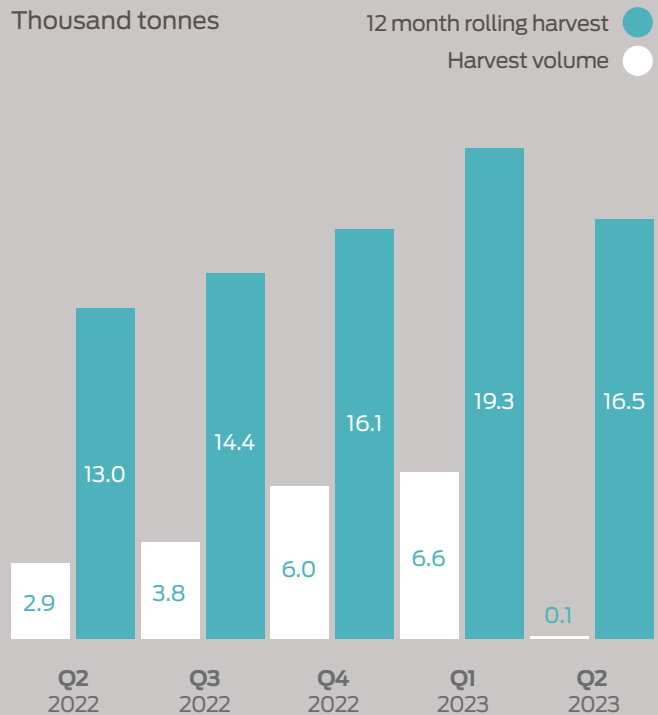
EUR million	H1 2023	H1 2022	FY 2022
Operating revenue	71.58	72.09	157.59
Operational EBIT	15.31	23.04	36.15
Production tax	(0.80)	(0.55)	(1.33)
Fair value adjustments	0.22	3.89	(0.21)
Profit (loss) before tax	14.16	25.51	41.82
Net interest bearing debts	38.16	20.94	56.03
Equity ratio	68%	66%	61%
Harvested volume from own production (tonnes)	6.661	6.326	16.138
Operational EBIT/kg.	2.30	3.64	2.24

Harvest

Thousand tonnes

12 month rolling harvest

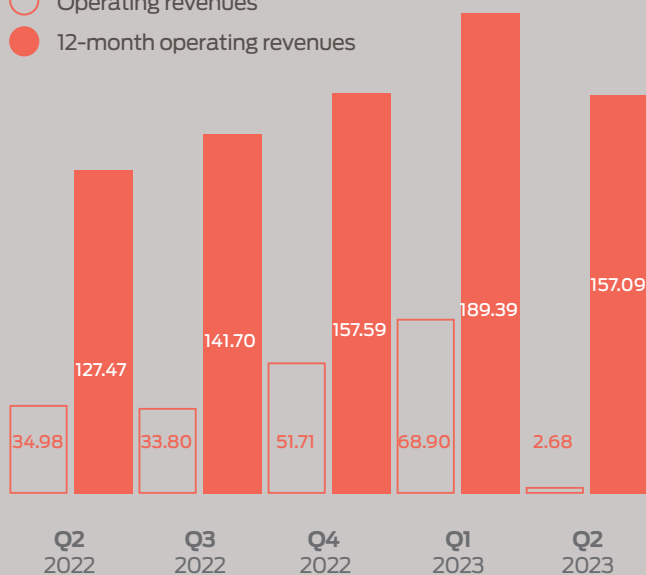
Harvest volume



Operating Revenues

EUR millions

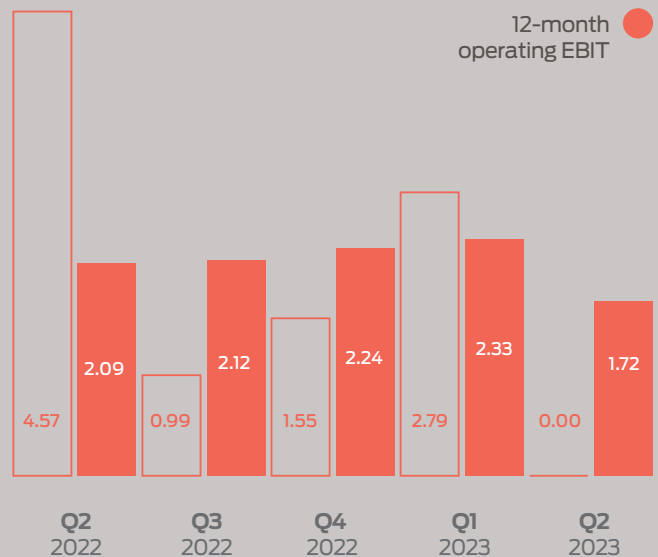
- Operating revenues
- 12-month operating revenues



Operating EBIT

EUR/kg

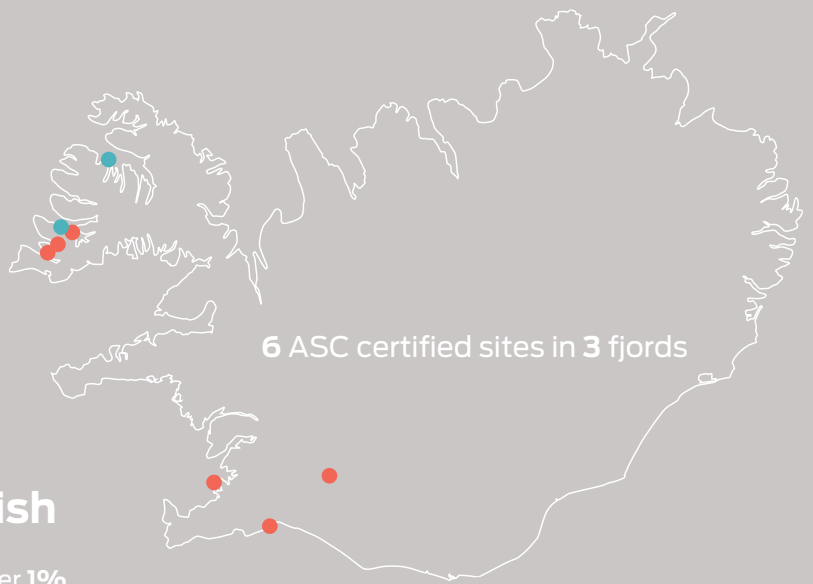
- Operating EBIT
- 12-month operating EBIT



Our Locations

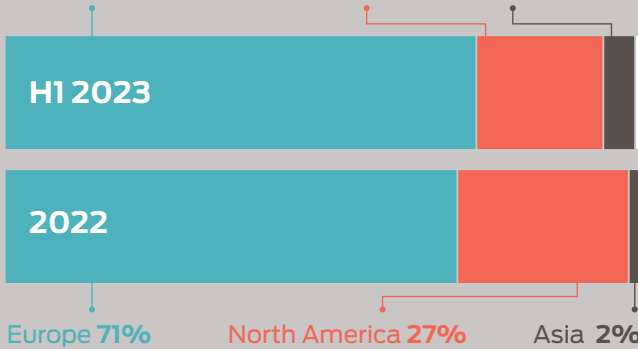
Current operations

Licence application



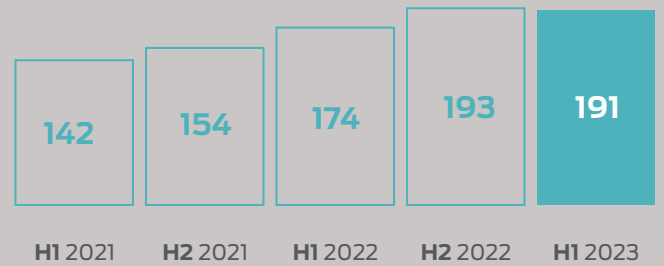
Geographical distribution of revenues from sales of fish

Europe 74% North America 20% Asia 5% Other 1%



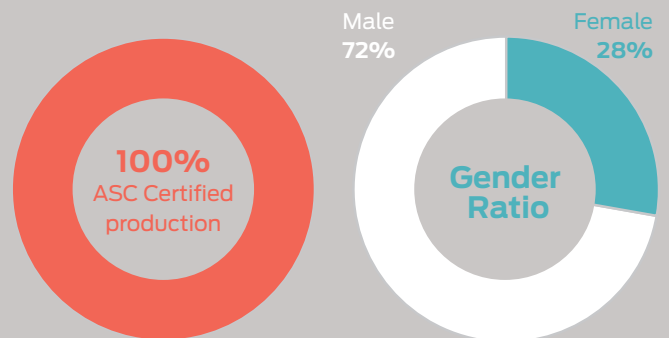
Number of Employees

Average over year



Smolt facilities

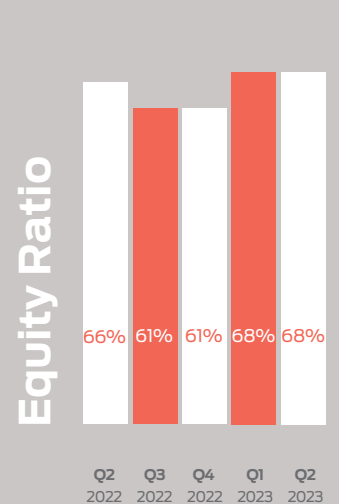
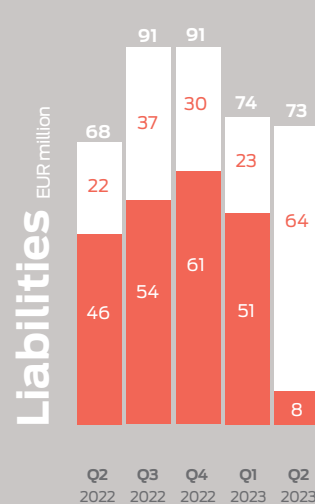
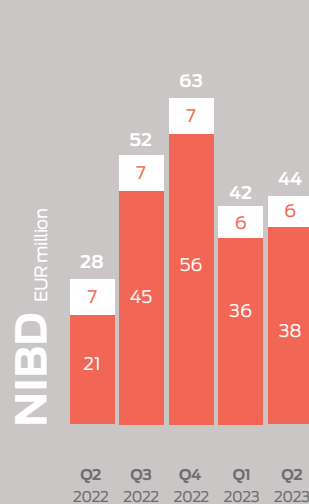
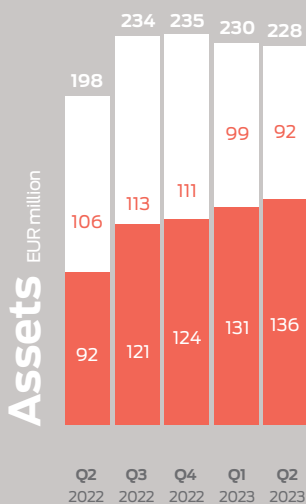
4 Smolt facilities | 7-8 Million smolt in operational capacity



Fixed assets
Current assets

Net interest-bearing debt
Leasing

Non-current liability
Current liabilities



THE HISTORY

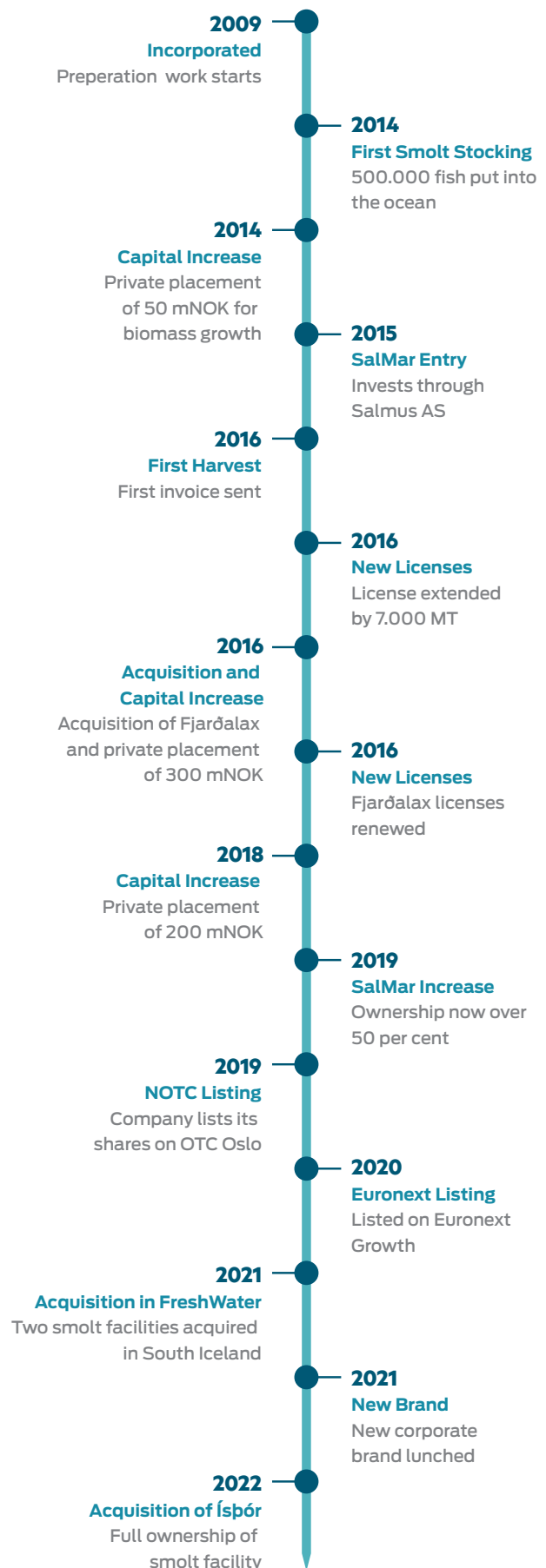
Arnarlax ehf, a subsidiary of Icelandic Salmon AS, was founded in 2010 in Bíldudalur, a small Icelandic village inside a long fjord called Arnarfjörður. Bíldudalur is the hometown of the Company's founder, Matthías Garðarsson, who knew that the area had excellent conditions for farming salmon. Today, the Company is Iceland's biggest aquaculture company.

Modern salmon farming is relatively new in Iceland compared to our neighbours in the Faroe Islands, Scotland and Norway. The Company's vision is „Sustainability – it's in our nature“, so to be sustainable in every aspect of its operations and lead the way in terms of cost efficiency, biology and the development of the whole value chain for salmon farming in Iceland.

The Group successfully listed on Euronext Growth Oslo in the autumn of 2020. At the end of June 2023, SalMar owned 51 per cent of the shares in the Company. The Company is fully integrated with its own hatcheries, sea farms, harvesting plant and sales department. The natural conditions, with good quality seawater and temperatures are like those found in northern Norway, and provide a sound basis sustainable aquaculture in Iceland.

The Company has its headquarter and harvesting plant in Bíldudalur in Iceland's West Fjords region, close to the sea farms located in surrounding fjords. In addition, the Company has an office facility in Reykjavík and four smolt facilities, with one located in the West Fjords and three on the south coast of Iceland.

The Company strongly believes in sustainable aquaculture production in Iceland.



GROUP MANAGEMENT

The Group benefits from a highly competent senior management team, comprising six individuals with extensive first-hand experience in fish farming in Iceland. Working closely with SalMar, one of the world's top producers of farmed salmon, the management team leverages its industry knowledge to drive the Group's success. In addition to their core operations, the Group also plays an active role in developing local educational programs within the aquaculture industry and runs its own Arnarlax Academy to foster the growth of leadership skills and positive company culture.

The Group's management team consist of the following members:



Bjørn Hembre
CEO



Jónas Heiðar Birgisson
CFO



Rolf Ørjan Nordli
COO of Biology



Hannibal Hafberg
COO of Harvest Plant



Kjersti Haugen
CSO of Sales



Silja Baldvinsdóttir
Quality Manager

A background image of a waterfall with white water cascading over dark rocks. The image is used as a decorative background for the document.

HIGHLIGHTS IN THE FIRST HALF OF 2023

- » The total own harvest volume in the first half year of 2023 was 6.7 thousand tonnes.
- » The harvest volume in the first quarter reached an all-time high, driven by biological challenges at one of the Group sites. As a result, it was decided to harvest out earlier than planned due to an unwanted development of winter wounds, leading to lower harvest volumes in the second quarter.
- » The EBIT for the period was EUR 15.3 million, with an EBIT/kg harvest of EUR 2.3 in the first six months of 2023.
- » The group experienced some extraordinary mortality with an estimated impact of EUR 1.8 million on operational performance
- » The group received two new hybrid feed barges delivered, each with a capacity of storing 900 tonnes of feed. This important step improves feed logistics to the sea sites and reduces CO₂ emissions from operations.
- » Ongoing investments in optimizing smolt production shows positive effects in 2023, resulting in higher number of smolts, larger smolts and higher survival rates after output to seawater.
- » Engagement letter was signed with DNB and Danske bank, where Arion act as a security agent in a re-financing process, replacing the current loan agreement.
- » The Group engaged in advisory services with Arion Bank to prepare for a dual listing with depository notes on First North on the Icelandic Stock exchange.
- » Continued focus on deliveries to the North American market, which accounted for 20 per cent of the Group's revenues in the first half of 2023.
- » The Group maintains the guidance of 16.0 thousand tonnes of sustainable Icelandic Salmon as the total own harvest volume for 2023.

Operational summary

Icelandic Salmon AS reported operating revenues of EUR 71.6 million in the first half of 2023, nearly the same as in the same period in 2022. Operational EBIT amounted to EUR 15.3 million, a decrease from EUR 23.0 million in the corresponding period in the previous year. The main reason for the weaker EBIT compared to the previous year is due to an increased cost level on input factors such as feed, a mortality expense of EUR 1.8 million at one of the sites, and an impact on cost levels due to exceptionally related to very low harvest volumes in the second quarter.

During the first half of 2023, the Group harvested a total of 6.7 thousand tonnes of its own fish. Most of the harvesting took place in the first quarter of the year. In the second quarter, the Company prioritized building up its biological assets and conducting maintenance work on its harvesting facility. The biological development at most of the Group's sites remained stable, with exception of one site which recorded higher than normal mortality rates at the beginning of the year.

Throughout the first half of the year, sea lice levels remained low, reducing the need for delousing measures. The Group conducted only one delousing treatment during the period. Additionally, the Group harvested 1.3 thousand tonnes for a third party in the period.

Icelandic Salmon AS maintains its guidance of 16.0 thousand tonnes harvest of sustainable Icelandic Salmon for 2023.

Two new feed barges

As part of its strategy for sustainable growth, the Group has invested in two additional feed barges named Svanborg and Steinborg. Both were delivered in June 2023. Svanborg, boasts a substantial capacity of twelve silos, enabling it to hold up to 900 tonnes of feed. Steinborg, a concrete barge, features eight silos with a capacity of 900 tonnes of feed. Both barges operate on hybrid technology and offer the convenience and environmental benefits of battery power in periods with low usage of energy.

With these additions, the Group's fleet now comprises a total of seven feed barges, collectively capable of accommodating 4.2 thousand tonnes of feed.

Smolt facilities

During the first half of 2023, the Group has continued investing to enhance and improve its four smolt facilities. This strategic focus on bigger smolt, better smolt quality and increasing smolt production capacity within these facilities, enables the Group to achieve greater flexibility in its overall production process. By introducing larger smolts into the sea, the Group can expand its production within its existing licenses, with better utilization of its maximum allowed biomass (MAB).

The average size of the delivered smolt during the first half of 2023 ranged from 122 to 737 gram.





Licenses

The group has a MAB of 23.7 thousand tonnes.

To ensure growth and further operational improvements there are two applications for additional production licenses that are currently being considered by the authorities. The first application is for 10 thousand tonnes MAB in Ísafjarðardjúp is anticipated to be approved during the second half of 2023. For the second application, covering 4.5 thousand tonnes capacity in Arnarfjörður on the existing sites and further two new sites, no specific timeline for approval has been provided at this time.

New sustainable linked loan agreement

In June 2023, the Group reached a milestone as its wholly owned subsidiary, Arnarlax ehf., signed an engagement letter for refinancing of its existing bank facilities and to support further growth. This financing comprises a EUR 100 million three-year senior secured term loan, and revolving facility with an option of two year extension, and an overdraft facility. The financing package will be provided by DNB, Danske Bank, and Arion Bank acting as a security agent. The loan agreement is expected to be finalised in the third quarter of 2023.

The loan facility is sustainability-linked, offering the Group more favourable terms if it successfully meets the defined sustainable goals. The Group holds a commitment to sustainable salmon farming and by entering a sustainability-linked loan agreement, the Group is reaching out further in its sustainable reach.

Dual listing First North

Icelandic Salmon AS engaged in an advisory service agreement with Arion Bank, with the objective of preparing for the listing of the Group's shares on the First North stock exchange in Iceland, within the second half 2023. This listing will leverage the opportunity to issue depository receipts through Arion Bank and/or Nasdaq CSD, where Arion Bank will serve as the depository.

With a listing on First North, Icelandic Salmon shares will be more easily accessible for Icelandic investors. The Company anticipates that this will strengthen the Group's presence and engagement with the local Icelandic investor community.

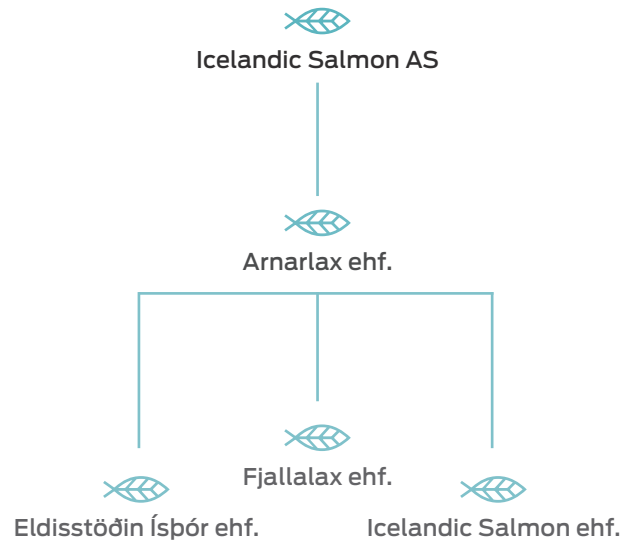
REPORT FOR THE FIRST HALF OF 2023

Group overview

Icelandic Salmon AS (the “Company”) is the sole owner and parent company of Arnarlax ehf., a company incorporated in Iceland. The Company and its subsidiaries are referred to as the “Group” or “Icelandic Salmon”. All operational activities in the Group are performed through Arnarlax ehf. and its subsidiaries.

The Company’s shares are listed on Euronext Growth, traded under the ticker symbol ISLAX. The Group holds licenses for a maximum allowed biomass (MAB) of 23.7 thousand tonnes, all situated in the southern region of the Icelandic Westfjords.

This organizational structure ensures a well-established and fully integrated value chain for the Group, where it maintains control over every step of the process. The Group procures eggs for its hatcheries, produces its own smolt, has seawater net pen production, operates a harvesting plant, and sells and distributes sustainable salmon in Europe, North America, and the Far East.



The Group’s salmon harvesting facility in the Westfjords region is a key operational asset in the Group’s value chain, with a total harvesting capacity of 30.0 thousand tonnes per year. In addition, the Group operates four smolt facilities and a sales department.



Smolt Facilities

Four smolt facilities with a combined capacity of 8 million smolt



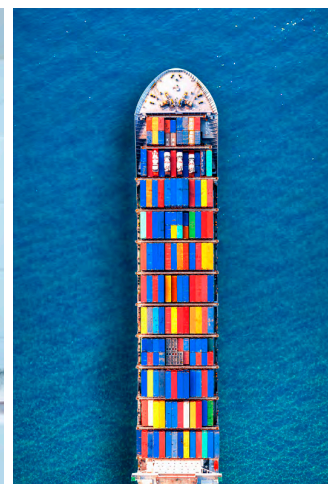
Seawater

Farming license of MAB 23,700 tonnes across six ASC certified sites in three fjords



Harvesting

Harvesting plant in Bíldudalur with yearly harvesting capacity of 30,000 tonnes



Sales

Sales are conducted by the Group’s internal sales organisation to both domestic and global markets

Financial results

The Group's consolidated operating revenues in the first half of 2023 was EUR 71.6 million compared with EUR 72.1 million for the same period last year.

Harvesting increased from 6.3 thousand tonnes in the first half of 2022 to 6.7 thousand tonnes in the first half of 2023. In addition, Icelandic Salmon harvested 1.3 thousand tonnes in the first half of 2023 for a third-party, compared with 5.2 thousand tonnes in the first half of 2022. The Group expects to harvest 16.0 thousand tonnes of its own fish in 2023.

Icelandic Salmon AS paused harvesting in the second quarter 2023. A strong market and high salmon prices in the first quarter had a positive impact on the Group's revenues and operational results at the beginning of the year. However, in the second quarter, the price of salmon declined.

Operational EBIT for the first six months of 2023 was EUR 15.3 million, down from EUR 23.0 million in the first half of 2022. This gives an operational EBIT per kilo of EUR 2.30. In the first six months of 2022 the Group had an operational EBIT per kilo of EUR 3.64.

Operational profit for the first six months of 2023 was EUR 14.8 million, which includes a positive EUR 0.2 million fair value adjustment (see Note 3 in financial statement for details). In comparison, the operating profit for the first six months of 2022 was EUR 26.0 million, with a positive EUR 3.9 million in fair value adjustment.

Net financial items for the first six months were negative EUR 0.7 million, compared with negative EUR 0.3 million for same period in 2022. Financial expenses changed from EUR 1.0 million in the first half of 2022 to EUR 1.1 million in 2023, and a net currency gain in the first six months of 2022 of EUR 0.6 million, whereas for the same period in 2023, there was a currency gain of EUR 0.4 million.

Cash Flow

In the first six months of 2023, net cash flow from operating activities was positive EUR 35.9 million compared with positive cash flow EUR 25.6 million

in the same period in 2022. Good operational results for the first quarter and high harvest volume at end of year 2022, paid in 2023, are the main reason for the positive cash flow during the first half.

Net cash flow from investing activities was 16.1 million in the first half of 2023, compared with EUR 8.1 million in the year before. The primary investment activities for the first six months of 2023 were mainly in seawater equipment with the purchase of two new barges, moorings, net and cages. These investments are part of the Group's strategy for growth and results from improvements in its smolt facilities.

Net cash flow to financing activities was negative of EUR 19.5 million, compared with negative of EUR 2.5 million in the same period in the year before, mainly due to repayment of the Groups debts. New interest-bearing debt amounted to EUR 4.0 million and repayment of the Group loan facilities were EUR 21.7 million. Cash and cash equivalents on 30 June 2023 were EUR 2.1 million, a EUR 0.2 million increase from EUR 1.9 million at the end of year 2022.

Balance sheet

The Group's balance sheet on 30 June 2023 was at EUR 228.1 million, with a decrease of EUR 7.2 million from end of the year 2022. Total equity was EUR 155.6 million at the end of the period. The equity ratio increased from 61 per cent at the end of 2022 to 68 per cent.

Non-current assets increased from EUR 124.5 million to EUR 136.4 million in the period, mainly due to investments. Current assets decreased from 110.8 million to EUR 91.7 million with main affect in trade receivables due to low harvesting numbers and decrease of biological values.

Non-current liabilities decreased from EUR 61.0 million at the end of the year 2022 to EUR 8.4 million as of the end of June 2023. At the same time, current liabilities changed from EUR 30.1 million from end of year 2022 to EUR 64.1 million at end of June 2023. The main cause of this change was the reclassification of interests-bearing liability due in June 2024.

At end of June 2023, the Group signed an

engagement letter with DNB and Danske bank concerning a new three year loan agreement, with option of two year extension, aiming for a term loan facility and a revolving facility for a total of EUR 95.0 million and an additional EUR 5.0 million overdraft facility with Arion bank, bringing the total amount of the refinancing agreement to EUR 100.0 million.

The facility will replace the current loan facility, which was set to mature in June 2024. This new financing arrangement creates a strong financial foundation for the Group as it continues to pursue its growth projects, with a primary focus on investing in seawater equipment to enhance production capacity in the upcoming periods.

DNB and Arion Bank have maintained a good

relationship with the Group over the years, actively supporting its operations and growth initiatives. The agreement entails a shared lending responsibility, with DNB and Danske Bank contributing to the term facility and revolving facility, while Arion Bank assumes the role of both providing the overdraft facility and serving as the security agent within the loan agreement.



OPERATIONS, MARKETS AND STRATEGY

Operational performance

In the first half of 2023, the total harvest in Arnarlax facilities were 8.0 thousand tonnes. Icelandic Salmon harvested 6.7 thousand tonnes, while 1.3 thousand tonnes were harvested for third parties. The Group's operational EBIT per kilo was EUR 2.30, compared with EUR 3.64 per kilo for its own harvest in the same period of 2022.

The first-quarter EBIT for the Group reached a record high, due to the combination of high sales prices and stable production costs. There was very low harvesting in the second quarter (88 tonnes), resulting in an operational EBIT of EUR 15.3 million for the first half of 2023.

The high harvest volume in the first quarter was driven by biological challenges at one of the Group's sites, and it was decided to harvest it earlier than planned, due to an unwanted development of winter wounds.

The group experienced some extraordinary mortality at one of the Group's site, with an estimated impact of EUR 1.8 million on operational performance. The final effect on the Group's profit and loss statement depends on the final settlement of insurance.

During first half of 2023, the group started the smolt release, and the results of recent years' smolt investments are evident. The smolts' size from 122 grams to 737 grams. The larger size is a direct outcome of increased tank capacity in the group's smolt facilities. Harvesting on the spring 2023 generation is expected to commence in the third quarter 2024. The development of the smolts put to sea has been favourable, with historical low mortality, indicating that the measures taken in smolt production have been effective.

Due to temperatures below normal during winter and spring, which have resulted in unusual low sea temperatures, the growth of the fish in the sea has been slower than expected in first half of 2023. It

is expected that through compensatory growth of the fish and adjustments to the harvest plan, the production for the full year will not be affected.

Market and strategy

Iceland has seen a significant surge in the export value of farmed fish recently, recording a 35 per cent increase from 2021 to 2022. Export from fish farming accounted for 4.9 per cent of the total export value from Iceland in 2022.

Fish farming has become a pillar of the Icelandic economy. The export value from farmed fish in Iceland boosted by 400 percent since 2016 and projections indicate a further rise in the upcoming years.

Icelandic Salmon AS is a leading company in this growing industry in Iceland, with North America and Europe as its main markets. The Group takes pride in offering sustainably sourced and high-quality Icelandic salmon. Its unwavering commitment to quality has earned recognition, with prestigious retailers and restaurants opting to include Arnarlax salmon as part of their exceptional offerings.

In the first months of 2023, the market price of Atlantic salmon varied from EUR 8.44 per kilo to EUR 11.35 per kilo at its peak in week 11 (according to the Nasdaq salmon index size 3-6). The Group acknowledges that the salmon price poses a known risk to its operations, as the profitability and cash flow are closely linked to the price of the salmon.

Smolt production

The Group's smolt production is currently in three smolt facilities; Gileyri in the Westfjords, and Íspór and Fjallalax on the south coast of Iceland. The fourth facility, Laxabraut 5, is still undergoing rebuilding. These strategic investments have resulted in increased capacity, which the Group is starting to

see effect of in 2023. Both the number and size of the smolts will exceed previous years' figures. So far in 2023, there are a historical high survival rate after output in sea, which shows improvement in smolt quality. Forecast indicate a projected increase of 28 per cent and the size of the smolts with 35 per cent, for 2023 compared to 2022. This increase in biomass released into the sea in 2023 makes the fundament for expected growth in harvest volumes for 2024 and going forward.

Sustainability and social responsibility

Icelandic Salmon AS takes pride in its natural and sustainable approach to salmon farming in the pristine Arctic waters, which has been reinforced by the brand introduced in 2021. With a firm commitment to strict quality standards, the Group also strives to be a low-cost producer, achieved through sustainable biological production that prioritises the well-being of the fish.

By combining the best biological practices with a focus on cost efficiency and optimal processes, the Group has become a successful and cost-effective producer of farmed salmon in Iceland. Emphasising diversity and corporate social responsibility, the Group recognises its roles as an employer, producer, supplier of healthy food, user of the natural environment, and steward of financial and intellectual capital. Social responsibility is deeply ingrained in the Group's daily operations, while continuous efforts are made to minimise environmental impact and create local value with the smallest possible footprint.

Environmental issues are monitored and reported annually in the Group's Sustainable report, available on their homepage www.arnarlax.is. This transparent approach reflects the Group's dedication to environmental stewardship and sustainable practices.

Furthermore, Icelandic Salmon AS acknowledges the importance of social responsibility, particularly in the nearby communities where the Group operates. Collaborating with PWC Iceland, Arnarlax and its subsidiaries have been issuing a community footprint report in recent years. This report clearly demonstrates the positive impact the Group has had on the Icelandic economy, contributing significantly to the local community. In 2022 alone, the Group's community footprint amounted to ISK 1.3 billion, marking a 32 per cent increase from the previous year. The Group remains committed to further enhancing its positive impact in the community, with the expectation of continued growth. Full details of Arnarlax community footprint report can be accessed on their Companies' homepage at www.arnarlax.is.

To document sustainability and social responsibility, the Group have chosen to be ASC certified. All production in first half 2023 was ASC certified.

CORPORATE MATTERS - FIRST HALF OF 2023 UPDATE



Shares and shareholders

As of the end of the first half of 2023, Icelandic Salmon AS has a total of 31,532,891 shares outstanding, held by 264 shareholders. The major shareholder, SalMar ASA, maintains ownership of 51.0 per cent of the shares. The list of larger shareholders continues to include prominent Icelandic citizens and companies. Gildi, one of Iceland's largest pension funds, and Stefmir, a leading Icelandic Asset Management group owned by Arion bank, remain cornerstone investors. The 20 largest shareholders now collectively hold 94.2 per cent of the shares. For further details, refer to note 4 in financial statement.

During the first half of 2023, the Company's shares have seen fluctuations in price, ranging from NOK 142 to NOK 166. At the end of the period, the closing price stands at NOK 155, compared to NOK 150 at the beginning of the year, reflecting an increase of three per cent.

During the first half of 2023, Icelandic Salmon AS experienced changes in its Board of Directors. Ulrik Steinvik transitioned from an observant role to become a full-fledged member of the Board, while Gustav Witzøe returned as a Board member. Leif-Inge Nordhammer took over the Chairman position from Kjartan Ólafsson, who remains a Board member. Meanwhile, Trine Sæther Romuld chose to leave the Board. These changes reflect the Company's commitment to a diverse and capable leadership team guiding its strategic direction and overseeing its operations for continued growth and success.

Risks and uncertainties

The Group remains exposed to various market, operational, and financial risks, including credit risk and liquidity risk. Management continues to assess and address these risks through established guidelines. Bank loans continue to support the Group's capital for business investments, and the Group manages financial instruments related to day-to-day operations, such as trade receivables and trade payables. Moreover, in a strategic move to bolster its financial position, the Group is in the process of obtaining a EUR 100 million in a new credit facility, which provides the Group with financial strength and flexibility, allowing it to pursue its business investments and strengthen overall financial stability.

OUTLOOK

The Russian invasion of Ukraine and imposed sanctions have disrupted many supply chains and impacted the price of raw material such as fish feed, operations, and logistics. The current geopolitical situation has however so far had no significant negative impact on the Group's markets, but management continue to monitor the situation closely.

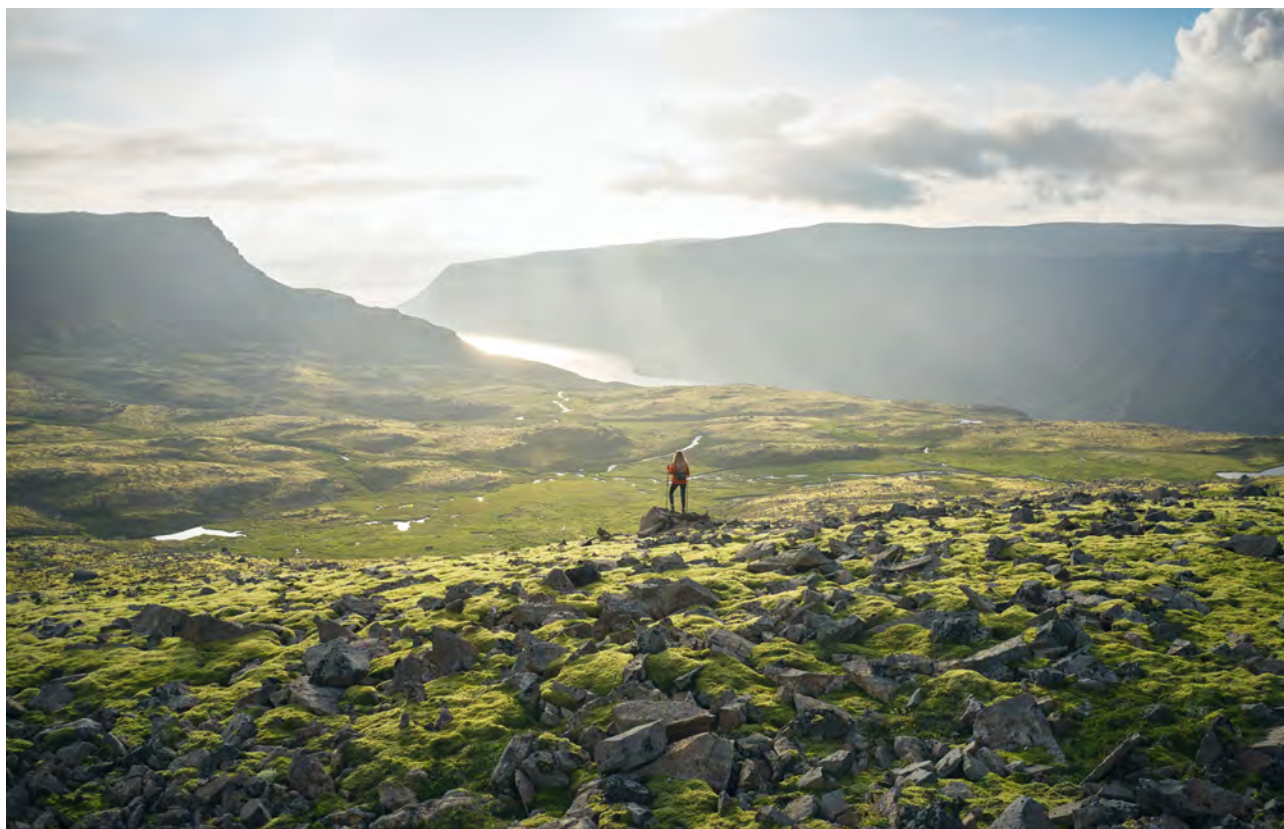
The effects of the Covid-19 pandemic on the salmon market have gradually declined to a minimum and are expected to remain low throughout 2023. The pandemic has had no direct effect on the Group's business so far in 2023, and it is no longer considered a main risk factor.

In the first half of 2023, the Group harvested 6.7 thousand tonnes. Total harvest for 2023 is estimated at 16.0 thousand tonnes. Recent and ongoing investments in growth projects, including barges, moorings, nets, cages and smolt facilities, are expected to result in higher harvesting and increased revenues in near future.

The legal framework for Iceland as a farming region has been evolving over the past few years, offering significant potential for improvements and increased predictability. Strategic planning is essential to shape the future structure of Iceland as a new farming region. This development is of great importance to all communities and stakeholders, both economically and environmentally.

To ensure international competitiveness, companies in Iceland should further develop all aspects of the value chain and leveraging economies of scale to effectively compete in global markets. Meeting the demands of discerning buyers and rapidly growing retailers with a regular supply of fresh Icelandic salmon each week while adhering to environmentally sustainable production practices will be key to continued growth.





STATEMENT OF THE BOARD OF DIRECTORS

We declare that, to the best of our knowledge, the half-year financial statements for the period 1 January to 30 June 2023 have been prepared in accordance with ISA 34 – Interim Reporting and that the information contained therein provides an accurate and fair view of the Group's assets, liabilities, financial position and overall results.

We further declare that, to the best of our knowledge, the half-year report provides a true and fair view of important events that have taken place during the accounting period and their impact on the half-year financial statements, as well as the most important risk and uncertainties facing the business in the forthcoming accounting period.

Bíldudalur, August 24th 2023

Leif-Inge Nordhammer,
Chairman of the Board

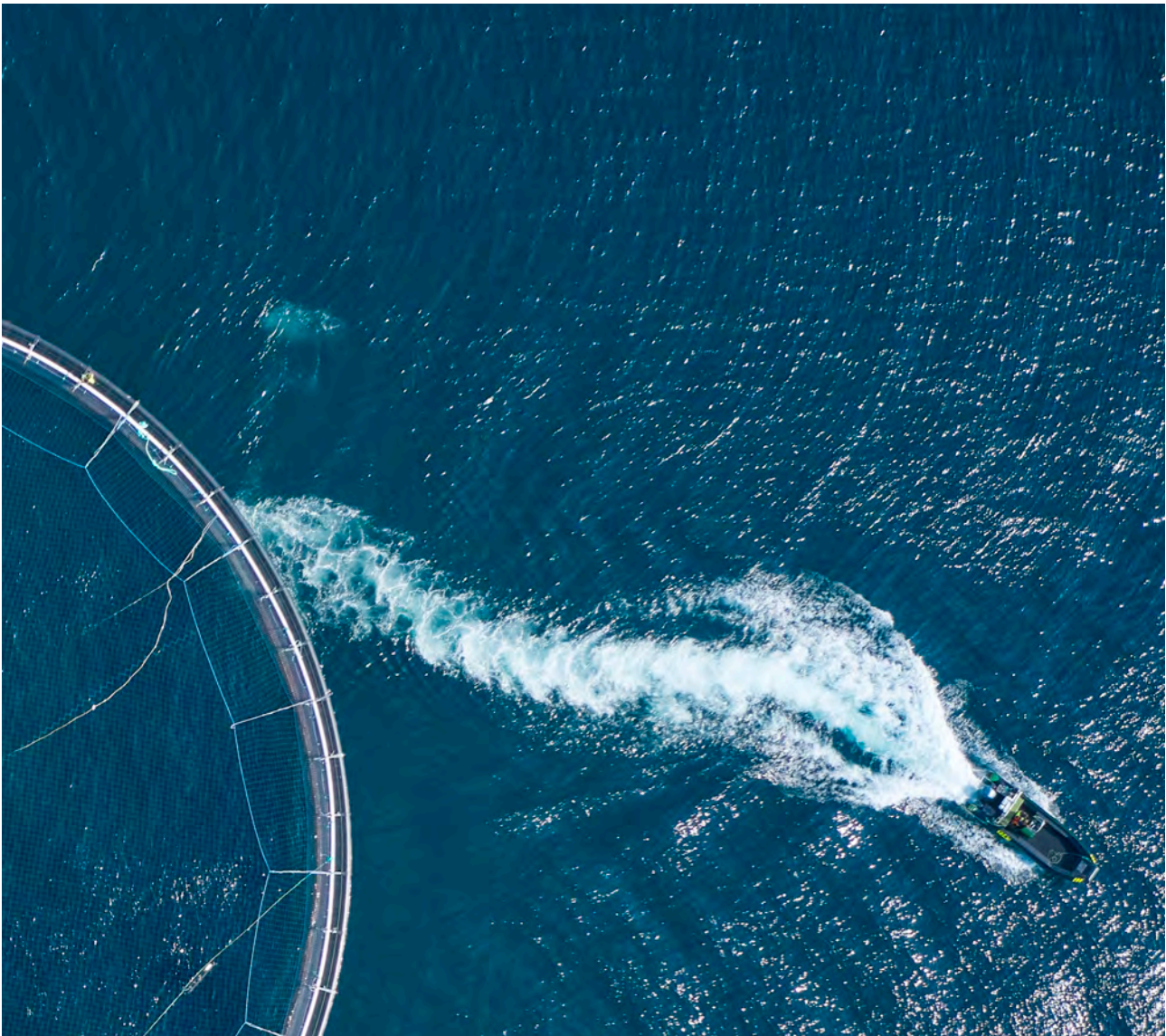
Espen Weyergang Marcussen,
Member of the Board

Gustav Witzøe,
Member of the Board

Ulrik Steinvik,
Member of the Board

Kjartan Olafsson,
Member of the Board

Bjørn Hembre,
CEO



2

CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS OF ICELANDIC SALMON AS



Statement of Comprehensive Income

	Note	H1 2023	H1 2022	2022
Revenue from contracts with customers	2	71,583	72,085	157,593
Total operating revenue		71,583	72,085	157,593
Cost of goods sold		33,263	28,986	78,406
Salaries and personnel expenses		9,773	8,291	17,349
Other operating expenses		8,904	8,369	18,230
Depreciation		4,339	3,395	7,456
Total operating expenses		56,278	49,042	121,440
Operational EBIT	7	15,305	23,044	36,153
Production tax	7	(800)	(549)	(1,329)
Onerous Contracts		122	(337)	(122)
Fair value adjustments of biomass	3, 7	219	3,885	(215)
Operating profit		14,846	26,042	34,487
Income from investments in joint ventures		0	(214)	180
Financial items				
Financial income		29	60	9,256
Financial expense		(1,124)	(1,031)	(1,915)
Net currency gain, (loss)		409	649	(189)
Net financial items		(686)	(321)	7,151
Profit before tax		14,160	25,507	41,817
Income Tax		2,917	5,209	6,901
Net profit for the period		11,242	20,298	34,917
Net profit for the period attributable to:				
Equity holders of the parent company		11,242	20,298	34,917
Other comprehensive income				
<i>Items which may subsequently be reclassified to profit or loss</i>				
Translation differences related to joint venture		0	92	96
Translation differences related to subsidiaries		48	0	(314)
Other comprehensive income for the period		48	92	(217)
Total comprehensive income for the period		11,291	20,390	34,699
Total comprehensive income attributable to:				
Equity holders of the Parent company		11,291	20,390	34,699
Earnings per share ("EPS"):				
Basic and diluted (EUR Per share)		0.36	0.66	1.13

Statement of Financial Position

Assets	Note	30/6/2023	30/6/2022	31/12/2022
Non-current assets				
Goodwill		34,740	19,332	34,740
Licenses		1,626	1,359	1,626
Property, plant & equipment		93,814	56,492	81,149
Lease assets		6,203	7,205	6,975
Investment in joint venture	6	0	1,525	0
Other long-term receivables		0	6,125	0
Other investments		1	0	0
Total non-current assets		136,384	92,039	124,490
Current assets				
Biological assets	3	80,638	73,310	84,146
Inventories	3	2,630	4,026	5,043
Trade receivables		1,025	7,022	15,026
Other receivables		5,319	2,590	4,748
Cash and cash equivalents		2,095	18,731	1,854
Total current assets		91,707	105,679	110,816
Total assets		228,092	197,718	235,306



Statement of Financial Position

Equity and liabilities	Note	30/6/2023	30/6/2022	31/12/2022
Equity				
Share capital	4	29,571	29,571	29,571
Share premium		88,600	90,622	88,600
Other paid-in equity		(880)	(1,006)	(930)
Other equity		38,266	10,595	26,976
Total equity		155,557	129,782	144,216
Liabilities				
Non-current liabilities				
Interest-bearing borrowings	5	0	37,378	51,649
Lease liabilities	5	5,026	6,166	5,756
Deferred tax liabilities		3,416	1,987	3,576
Total non-current liabilities		8,441	45,531	60,981
Current liabilities				
Interest-bearing borrowings	5	40,253	2,294	6,230
Lease liabilities	5	959	1,218	1,186
Trade payables		10,269	10,229	11,702
Tax payable		4,431	0	1,341
Provision for onerous contracts		0	337	122
Other payables		8,182	8,326	9,528
Total current liabilities		64,094	22,404	30,109
Total liabilities		72,535	67,936	91,090
Total equity and liabilities		228,092	197,718	235,306

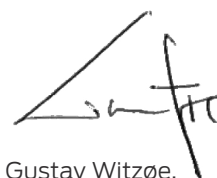
Bíldudalur, August 24th 2023



Leif-Inge Nordhammer,
Chairman of the Board



Espen Weyergang Marcussen,
Member of the Board



Gustav Witzøe,
Member of the Board



Ulrik Steinvik,
Member of the Board



Kjartan Olafsson,
Member of the Board



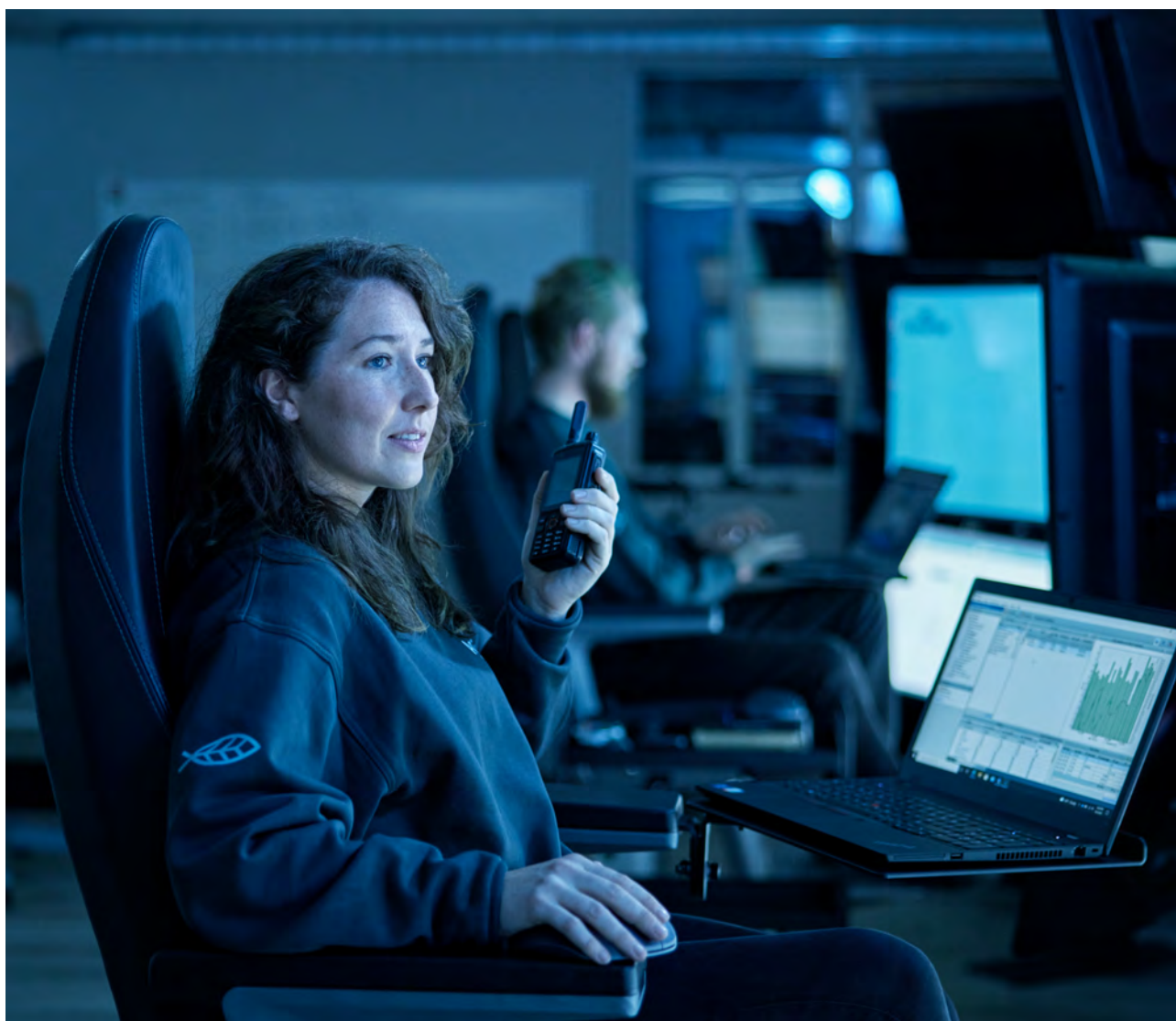
Bjørn Hembre,
CEO

Statement of Cash flow

Statement of Cash flow	Notes	H1 2023	H1 2022	FY 2022
Cash flow from operating activities:				
Profit before tax		14,160	25,507	41,817
Adjustments to reconcile profit for tax to net cash flows:				
Deprecation		4,339	3,395	7,456
Share based payment expense		50	83	158
Net foreign exchange differences and other items		(207)	(40)	(1,054)
Financial expenses (debt/borrowings and leases)		1,124	1,031	1,915
Financial revenue (interest income)		(29)	(60)	(288)
Share of (loss) profit from joint ventures		0	214	(180)
Fair value gain related to remeasured shares in joint venture	6	0	0	(8,968)
Change in fair value of biomass	3	(219)	(3,885)	215
Working Capital changes:				
Change in inventories and biomass recognized at cost	3	6,139	(4,015)	(19,967)
Change in payables and receivables		10,511	3,400	(9,486)
Net cash flow from operating activities		35,867	25,630	11,619
Cash flow (to) from investing activities:				
Proceeds from sale of property, plant & equipment		6	121	178
Purchase of property, plant & equipment		(16,138)	(6,965)	(16,617)
Acquisition of a subsidiary, net of cash received	6	0	(194)	(10,537)
Other investments		0	(1,105)	(267)
Proceeds of interest income		29	4	68
Net cash flow (to) from investing activities		(16,104)	(8,138)	(27,176)
Cash flow (to) from financing activities:				
Proceeds from new interest-bearing debt	5	4,000	3,222	22,630
Repayment of interest-bearing debt	5	(21,732)	(4,125)	(5,828)
Payment of principal portion of lease liabilities		(509)	(590)	(1,192)
Paid interest (debt/borrowings and leases)		(1,281)	(1,011)	(1,943)
Net cash flow (to) from financing activities		(19,522)	(2,505)	13,667
Net change in cash and cash equivalents		242	14,987	(1,891)
Cash and cash equivalents as at 1 Jan		1,854	3,744	3,744
Cash and cash equivalents as at period end		2,095	18,731	1,854

Statement of changes in Equity

2023	Note	Share capital	Share premium	Other paid-in equity	Other equity			Retained earnings	Total equity
					Restricted reserve	Statutory reserve	Translation differences		
Equity as at 1 Jan 2023		29,571	88,600	(930)	8,971	3,527	(1,528)	16,006	144,216
Net profit for the period		0	0	0	0	0	0	11,242	11,242
Statutory reserve		0	0	0	0	1,124	0	(1,124)	0
Other comprehensive income									
Translation difference of foreign interest		0	0	0	0	0	81	(32)	48
Total comprehensive income for the period		0	0	0	0	1,124	81	10,086	11,291
Share-based payment, expensed		0	0	50	0	0	0	0	50
Other transactions		0	0	50	0	0	0	0	50
Equity as at 30 June 2023		29,571	88,600	(880)	8,971	4,651	(1,447)	26,091	155,557



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 Corporate information and basis for preparation

Corporate information

Icelandic Salmon AS (The “Company” or the “Parent”) is a limited liability company, incorporated in Norway and headquartered in Kverva. The address of its registered office is Industriveien 51, 7266 Kverva, Norway. The ultimate parent company is Kvarv AS. The Condensed Consolidated Interim Financial Statements incorporate the Financial Statements of the Company and its subsidiaries collectively the “Group” or “Icelandic Salmon”.

Icelandic Salmon is the leading salmon farmer in Iceland and the main operation of the Group is production, processing and sale of seafood and seafood-based products.

Subsidiaries

Subsidiaries are entities ultimately controlled by the Group. Control is achieved when the Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Subsidiary	Office	30/6/2023	30/6/2022	31/12/2022	Company	Country
Arnarlax ehf.	Strandgata 1, 465 Bíldudalur	100%	100%	100%	Icelandic Salmon AS	Iceland
Fjallalax ehf.	Strandgata 1, 465 Bíldudalur	100%	100%	100%	Arnarlax ehf.	Iceland
Eldisstöðin Ísbór ehf.	Nesbraut 25, 815 Þorlákshöfn	100%	*	100%	Arnarlax ehf.	Iceland

*Joint venture until 17 August 2022 see further note six.

Accounting principles

These Condensed Consolidated Interim Financial Statements have been prepared in accordance with International Accounting Standards, IAS 34 Interim Financial Reporting. The Condensed Consolidated Interim Financial Statements have been prepared on the historical cost bases excepted for biological assets, which is measured at fair value with gain and losses recognized in the Statement of Comprehensive Income.

The same accounting policies and classification have been followed in these Condensed Consolidated Interim Financial Statements as were applied in the preparation of the Group’s Consolidated Financial Statements for the year ended 31 December 2022. A full description of all material accounting principles used in the most recent Consolidated Financial Statements is given in the Group’s 2022 annual report, which is available on the Company’s website www.arnarlax.is. The Group has not early adopted any standards, interpretation or amendment with effective date after 1 January 2023. There are no new standards or amendments in short term perspective which have been issued, but are not yet effective, that are considered to have an impact on the Group. The Condensed Consolidated Interim Financial Statements are unaudited.

To increase the value of information disclosed in the notes to the Condensed Consolidated Interim Financial Statements, information disclosed are relevant and material. That means that information that are neither relevant nor material for the reader are not disclosed.

2 Operating revenue and segmentation

The Group owns and operates fish farming in the Icelandic fjords and the main purpose of the Group is production, processing and sale of seafood and seafood-based products, as well as conducting other business in connection with the purposes, including through investments and ownership in other companies with same purpose. The Group operates and manages its business as one operating segment based on the manner in which the Chief Executive Officer, the Group's chief operating decision maker, assesses performance and allocates resources across the Group. The segment reporting is therefore identical to the Group Consolidated Financial Statements presented in the Group's Consolidated Annual Report of 2022.

The Group recognizes revenue from the sale of salmon at the point in time when control of the goods is transferred to the customer. The transfer of control to the customer depends on shipping terms, but will normally occur when the goods are delivered to the customer. Other revenues from the sale of services relate primarily to the sale of harvesting services. Revenue from contracts with customers is recognized when control of the goods and the service has been transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and/or service.

Revenues from contracts with customers are recognized in the Interim Statement of Comprehensive income or loss net of discounts. Transaction prices are fixed upfront without any variable consideration. There is no right of return and refunds are only given if delivered goods are damaged or if there is a discrepancy in delivered goods compared to agreements. The normal credit term is 21 days upon delivery to the customers. Refunded amounts have historically been immaterial.

Revenue recognized at point in time (sale of goods) and revenue recognized over time (other revenue) is as follows:

Specifications of revenue:	H1 2023	H1 2022	FY 2022
Sales of goods	69,329	66,581	148,657
Other revenues	2,254	5,504	8,936
Revenue from contracts with customers	71,583	72,085	157,593

Disaggregated revenue from contracts with customers

The Group's revenue based on geographical markets from contracts with customers in which the revenue is earned are presented below:

Group revenues by geographic market:	H1 2023	%	H1 2022	%	FY 2022	%
Europe, excl. Norway	45,134	63.1%	42,350	58.7%	88,710	56.3%
USA	14,378	20.1%	16,438	22.8%	34,335	21.8%
Norway	8,023	11.2%	5,394	7.5%	26,255	16.7%
Other	4,048	5.7%	7,903	11.0%	8,293	5.3%
Revenue from contracts with customers	71,583	100.0%	72,085	100.0%	157,593	100.0%

The primary operational income for the Group is demonstrated in EUR. In first half 2023, 63 per cent of the Group's operational income was generated in EUR, while other operational income was mostly in USD, compared to 61 per cent of the Group's operational income was generated in EUR in financial year 2022. Since exchange rate volatility can impact the profitability of salmon sales, the Group has taken steps to mitigate currency risk by hedging all fixed price contracts denominated in currencies other than the operational currency.

3 Biological assets and inventories

Book value of biological assets and inventories	30/06/2023	30/06/2022	31/12/2022
Raw materials	2,595	3,967	4,112
Boxes	35	60	67
Finished Products	0	0	864
Total inventories	2,630	4,026	5,043
Biological assets	80,638	73,310	84,146
Total biological assets and inventories	83,268	77,336	89,189

Raw materials is mainly consistent of feed for both smolt and marine-phase fish production. Boxes are packaging material required for processing and packaging. Finished Products primarily consist of harvested fish, which are either in transit to customers or stored as frozen fish in stock. At end of H1 2023, no finished goods were in transit to customer.

Stock of biological assets are associated with farming activities conducted both on land and at sea, and comprises roe, fry, smolt and fish held at sea farms.

Write-downs

Cost of finished products recognized as an expense in respect of write-downs of inventory to net realizable value.

	H1 2023	H1 2022	FY 2022
Write downs within period	0	0	95

Fair value

Fair value adjustments are part of the Group's operating profit/loss, but changes in fair value are presented on a separate line to provide a greater understanding of the Group's profit/loss on sold goods.

The item comprises:

Fair Value	H1 2023	H1 2022	FY 2022
Change in fair value of the biomass	219	3,885	(215)
Recognized fair value adjustments	219	3,885	(215)

Book value of biological assets recognized at fair value	30/06/2023	30/06/2022	31/12/2022
Biological assets held at sea farms at cost	63,284	58,045	68,094
Fair value adjustment of biological assets	5,799	9,680	5,580
Total biological assets held at sea by fair value	69,083	67,725	73,674
Roe, fry, smolt and arctic char fish at cost	11,555	5,585	10,473
Total biological assets	80,638	73,310	84,146

Change in the book value of biological assets held at sea farm carried at fair value	30/06/2023	30/06/2022	31/12/2022
Biological assets held at sea farm 1 Jan	73,674	62,922	62,922
Increase resulting from production/purchase	29,338	26,191	80,674
Reduction resulting from sale/harvesting	(32,298)	(23,720)	(68,155)
Reduction resulting from incident-based mortality	(1,849)	(1,552)	(1,552)
Net fair value adjustment	219	3,885	(215)
Biological assets held at sea farm at end of period	69,083	67,725	73,674

Incident-based mortality

If an incident results in a mortality rate exceeding three per cent within a specific period or exceed five per cent over multiple periods due to the same event, a through assessment is conducted to determine whether there is a basis for write-down of biological assets value. This evaluation focuses on the number of fish affected and is carried out at the site level. The mortality resulting from such incidents are accounted for under the cost of goods sold in the Condensed Consolidated Statement of Comprehensive Income.

During H1 2023, the Group experienced an incident at its sea farm that led to incident-based mortality. Estimated impact on Group's operational profit is valued at EUR 1.8 million. The corresponding number for the same period in 2022 was EUR 1.4 million, but adjusted in second half of 2022 to EUR 1.3 million.

The Group encountered an incident at its land-based facilities in 2022 and the insurance settlement for that event was received in the first half of 2023. The settlement affected the Groups operational profit by EUR 0.1 million in the first half of 2023. No incident-based mortality was recorded in the first half of 2023 at the Group's land-based smolt facilities.

The Fair Value calculations is based on following forward prices:

Expected harvesting period:	Forward price 30/6/2023	Forward price 30/06/2022	Forward price 31/12/2022
Q3-2022		7.84	
Q4-2022		7.52	
Q1-2023		8.14	8.60
Q2-2023		8.14	8.94
Q3-2023	6.82	6.84	7.12
Q4-2023	6.90	7.04	7.28
Q1-2024	8.34	6.88	7.84
Q2-2024	8.55		8.12
Q3-2024	6.97		6.81
Q4-2024	7.14		7.07
Q1-2025	7.29		
Q2-2025	7.29		

4 Share capital and shareholders

As at 30 June 2023, the parent company's share capital comprised:

	No,	Face value	Share capital in EUR
Ordinary shares	30,961,868	0.96	29,571,137

Shareholders

The Company's 20 largest shareholders as at 30 June 2022 were:

	No,	Shareholding
SalMar ASA	15,798,152	51.02%
J.P. Morgan SE	4,118,623	13.30%
Íslandsbanki hf.	2,296,210	7.42%
Holta Invest AS	938,314	3.03%
Pactum Vekst AS	825,862	2.67%
MP Pensjon PK	619,706	2.00%
Roth	599,661	1.94%
Clearstream Banking S.A.	578,651	1.87%
Nima Invest AS	563,088	1.82%
State Street Bank and Trust comp	515,000	1.66%
Kristians and AS	470,000	1.52%
Haganes AS	265,911	0.86%
VPF DNB Norge Selektiv	257,374	0.83%
Verdipapirfondet DNB SMB	241,798	0.78%
Alden AS	217,776	0.70%
Lithinon AS	186,881	0.60%
Verdipapirfondet Eika Spar	185,492	0.60%
DNB Bank ASA	185,218	0.60%
Tigerstaden Marine AS	150,000	0.48%
Verdipapirfondet Pareto Investment	143,000	0.46%
Total 20 largest shareholders	29,156,717	94.17%
Total other shareholders	1,805,151	5.83%
Total no, of shares	30,961,868	100.00%

Shares owned by members of the board and directors.

Name	Title	Shares	Shareholding
Leif Inge Nordhammer (1)	Chairman of the board		
Kjartan Ólafsson (2)	Boardmember	1,000,000	3.23%
Gustav Witzøe (3)	Boardmember		
Espen Marcussen (4)	Boardmember		
Ulrik Steinvik (1)	Boardmember		
Bjørn Hembre (5)	CEO	32,900	0.11%
Rolf Ørjan Nordli (1)	COO SeaWater		

(1) Leif Inge Nordhammer, Ulrik Steinvik and Rolf Ørjan Nordli, all indirectly owns shares through minority stake in SalMar ASA.

(2) Kjartan Ólafsson owns 100 per cent of the shares in Berg Fjárfesting ehf, which own 100 per cent of the shares in Gyða ehf. Gyða ehf. has it's shares within custody account within J.P. Morgan SE.

(3) Gustav Witzøe indirectly owns 93.0 per cent of Kverva AS, which in turn through Kverva Industries AS owns 41.3 per cent of the shares in SalMar ASA.

(4) Espen Marcussen indirectly owns shares through a minority stake in Pactum Vekst AS

(5) Björn Hembre owns indirectly through IVMA AS which is one of minority stakeholders in Icelandic Salmon AS. Björn owns 100 per cent of the shares in IVMA AS.



5 Interest-bearing liabilities

Long-term interest-bearing borrowings	30/06/2023	30/06/2022	31/12/2022
Interest-bearing borrowings to credit institutions (in EUR)	37,381	39,481	53,749
Next year's installment on non-current interest-bearing borrowings (in EUR)	(37,381)	(2,104)	(2,099)
Total non-current interest-bearing borrowings	0	37,378	51,649
Leasing liabilities	5,985	7,384	6,942
Next year's installment on leasing liabilities	(959)	(1,218)	(1,186)
Total non-current leasing liabilities	5,026	6,166	5,756
Total non-current interest-bearing liabilities	5,026	43,544	57,405
Current interest-bearing liabilities			
Bank overdraft (in EUR)	2,871	190	4,130
Next year's installment on non-current interest-bearing borrowings (in EUR)	37,381	2,104	2,099
Total debt to credit institutions	40,253	2,294	6,230
Next year's installment on leasing liabilities	959	1,218	1,186
Total current interest-bearing liabilities	41,212	3,513	7,416

Financial covenants

The Company has a solvency requirement which means that the book equity ratio must be above 35 per cent and profit requirement that requires that the Company's 12-month rolling interest coverage ratio must not be lower than 4.0:1. In addition, the Company's NIBD / 12-month rolling EBITDA should not exceed 5.0:1. The Company was in compliance with these covenants as at 30 June 2023.

Arnarlax ehf., Icelandic Salmon AS subsidiary, holds a loan facility that is mature in June 2024 and there for classified as a current liability as of 30th June 2023.

At end of June 2023, the Group signed an engagement letter with DNB and Danske bank concerning a new three year loan agreement, with option of two year extension, aiming for a term loan facility and a revolving facility for total of EUR 95.0 million and an additional EUR 5.0 million overdraft facility, bringing the total amount of the refinancing agreement to EUR 100.0 million.

Reconciliation of changes in liabilities to credit institutions incurred as a result of financing activities the period January to June 2023

	Carrying amount at 01/01/2023	Cash from Financing activities	Non cash-generating effects			Carrying amount at 30/06/2023
			Currency effects	Current portion of long-term	Other effects	
Non-current borrowings	51,649	(16,410)	0	(35,375)	136	(0)
Current borrowings to credit institutions	6,230	(1,322)	0	35,375	(30)	40,253
Total debts to credit institutions	57,879	(17,732)	0	0	106	40,253
Non-current and current lease liabilities	6,942	(625)	(279)	0	(54)	5,985
Total interest-bearing liabilities	64,821	(18,357)	(279)	0	52	46,238

**Reconciliation of changes in lease liabilities incurred as a result of financing activities
the period January to June 2023**

	2023	2022
Lease liability 1 January	6,942	5,889
Adjustments to lease liabilities	(614)	(391)
New contracts	445	2,401
Interest on lease liability (profit and loss)	115	137
Instalments on lease liabilities paid (cash flow)	(509)	(590)
Interest on lease liabilities paid (cash flow)	(115)	(137)
Currency translation differences	(279)	77
Total lease liabilities at 30 June	5,985	7,384

**Summary of amounts recognized in the Condensed Consolidated Interim Statement
of Comprehensive Income:**

	H1 2023	2022
Depreciation expense of leased assets	651	590
Interest expense on lease liabilities (included in finance expenses)	115	137
Total amount recognized in profit or loss during H1	766	727

Cash flow relating to lease liabilities

Instalments on lease liabilities paid (cash flow)	(509)	(590)
Interest on lease liabilities paid (cash flow)	(115)	(137)
Total cash flow relating to lease liabilities	(625)	(727)

Adjustments to lease liabilities comprise effect of terminated contracts during the period. Majority is related to purchase of service boat Lilja which is now part of the Group's PPE.

Breakdown of net interest-bearing debt by currency (all figures are in EUR):

	NOK	ISK	EUR	Other	Total
Lease liabilities	2,127	3,847	11	0	5,985
Current debt to credit institutions	0	0	40,253	0	40,253
Total interest bearing liabilities	2,127	3,847	40,264	0	46,238
Lease liabilities	(2,127)	(3,847)	(11)	0	(5,985)
Cash and cash equivalents	(1,274)	(389)	(293)	(140)	(2,095)
Net interest-bearing debts (NIBD)	(1,274)	(389)	39,960	(140)	38,157

6 Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

Business acquisitions in 2023

There were no acquisitions in 2023

Business acquisitions in 2022 - Acquisition of Eldisstöðin Ísbór ehf.

The Company's fully owned subsidiary, Arnarlax ehf., signed a Share Purchase Agreement (SPA) on 25 May 2022 for the remaining 50 per cent of shares in its joint venture, Eldisstöðin Ísbór ehf. ("Ísbór"). The transaction was subject to approval from the Icelandic Competition Authorities (ICA) and certain other closing conditions. The ICA approved the acquisition on 2 August 2022 and all other closing condition was closed on 17 August 2022, which is the acquisition date.

With this acquisition the Group has gained full control over its joint venture and therefore in accordance with IFRS the Group has remeasured its 50 per cent equity interest held before the acquisition to fair value. The remeasurement resulted in a fair value gain of EUR 9.0 million recognized as other financial items in the Consolidated Statement of Comprehensive Income.

After the transaction the Group owns 100 per cent of the shares in Ísbór. The purpose of the transaction is to increase the flexibility in size of smolt and increased number of smolt supporting the Company's growth plans. For accounting purposes, the transaction will be treated as a business combination with effect from the acquisition date. With this acquisition the Group takes another important step in its strategy of increasing smolt weight, allowing increased MAB license utilization while reducing production time in sea and thereby biological risk. No material external transaction costs were incurred in the connection with the acquisition.

As part of the acquisition, Ísbór repaid to the former owners a liability amounting to EUR 4.3 million funded by a loan from Arnarlax.

Eldisstöðin Ísbór ehf assets acquired and liabilities recognized at the date of acquisition:	Carrying amount	Adjustment to fair value	Fair value
Property, plant and equipment	12,970	6,328	19,298
Investment in associates	1		1
Lease asset	131		131
Cash	51		51
Long term debt	(375)		(375)
Deferred tax liability	50	(1,266)	(1,216)
Trade payables	(1,304)		(1,304)
Lease liability	(134)		(134)
Liabilities - former owners	(4,290)		(4,290)
Other current liabilities	(89)	0	(89)
Net identifiable assets and liabilities	7,010	5,062	12,073
Cash consideration			10,588
Total consideration and recognized goodwill			
Cash consideration			10,588
Fair value of previously held equity interest*			16,892
Minus net identifiable assets and liabilities			(12,073)
Goodwill			15,407
Net cash outflow arising on acquisition			
Cash consideration			10,588
Less cash and cash equivalent balances acquired			(51)
Net cash outflow arising on acquisition			10,537

*Fair value of previously held equity interest include intercompany long-term liability of EUR 6.3 million and Equity of EUR 10.6 million were consolidated as of 31 December 2022.

7 Alternative performance measures

The Group prepares its Financial Statements in accordance with International Financial Reporting Standards (IFRS). In addition, management has established alternative performance parameters (APMs) to provide useful and relevant information to users of its Financial Statements. Alternative performance parameters have been established to provide greater understanding of the Company's underlying performance, and do not replace the Consolidated Financial Statements prepared in accordance with international accounting standards (IFRS): The performance parameters have been reviewed and approved by the Group's management and Board of Directors. Alternative performance parameters may be defined and used in other ways by other companies.

Operational EBIT

Operational EBIT is an APM used by the Group and the most important measure of its performance under IFRS, since it shows the results of underlying operations during the period. The difference between Operational EBIT and operating profit/loss relates to items which are classified in the Financial Statements on the line for fair value adjustments. These items are market value and fair value assessments linked to assumptions about the future. Operational EBIT shows the underlying operation and the results of transactions undertaken in the period.

	H1 2023	H1 2022	FY 2022
Operating profit	14,846	26,042	34,487
Production tax	800	549	1,329
Onerous Contracts	(122)	337	122
Fair value adjustments of biomass	(219)	(3,885)	215
Operational EBIT	15,305	23,044	36,153

Operational EBIT per kg gutted weight

Operational EBIT per kg gutted weight (GW) is defined as a key APMs for the Group. The performance parameter is used to assess the profitability of the goods sold and the Group's operations. The performance parameter is expressed per kg of harvested volume.

	H1 2023	H1 2022	FY 2022
Operational EBIT	15,305	23,044	36,153
Harvested volume (tonnes)	6,661	6,326	16,138
Operational EBIT per kg gutted weight	2.30	3.64	2.24

Net interest bearing debt (NIBD)

Net interest bearing debt is an alternative performance measure used by the Group. The performance measure is used to express the Group's working capital, and is an important performance measure for investors and other users, because it shows net borrowed capital used to finance the Group. Net interest-bearing debt is defined as long-term and short-term debt to credit institutions, less cash and cash equivalents. Lease liabilities under IFRS 16 are not included in the calculation of Net interest-bearing debt.

	30/06/2023	30/06/2022	31.12.2022
Non-current interest-bearing debt	0	37,378	51,649
Current interest bearing debt	40,253	2,294	6,230
Cash and cash equivalents	(2,095)	(18,731)	(1,854)
Net interest bearing debt (NIBD)	38,157	20,942	56,025





2023