

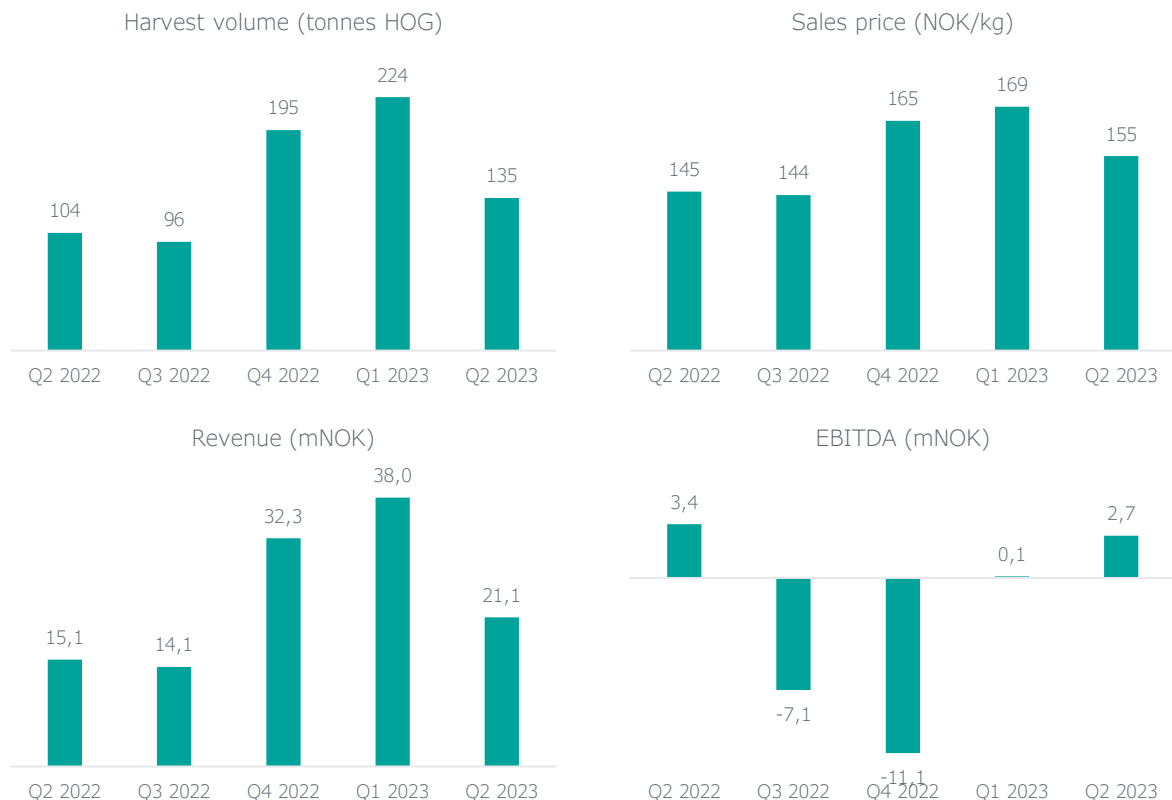
Nordic Halibut Interim Report Q2 2023



KEY HIGHLIGHTS Q2 2023

- Nordic Halibut continues to be well positioned to achieve long-term production targets of 4 500 tonnes head-on-gutted (HOG) within 2026 and 9 000 tonnes HOG within 2030
- The upward trend in sales prices observed year-over-year persisted into Q2 2023, registering an average sales price of 155 NOK/kg (+7% YoY)
- Harvest volumes in 2023 will be lower than initial guiding due to strategic considerations to maximize revenue stream from available biomass and utilize market preferences. Revenue target for 2023 remains unchanged.
- Harvested 151 tonnes (135 tonnes HOG) with an average harvest weight of 5.2 kg during the quarter
- Total revenue in Q2 2023 ended at NOK 21 million (+31% YoY)
- EBITDA came in positive in the quarter at NOK 2.7 million and loss for the period ended at NOK 7.7 million in total
- Available liquidity at period end was NOK 135 million, providing financial capacity to execute on the growth plan

KEY FIGURES



SUMMARY OF EVENTS

The farmed Halibut market is subject to seasonal patterns, typically encountering reduced demand and price levels in the second and third quarters of each year. The upward trend in sales prices observed year-over-year persisted into Q2 2023, registering an average sales price of 155 NOK/kg. This represents a 7% increase compared to the corresponding quarter in 2022. Furthermore, the average sales price for the first half of 2023 demonstrated a significant YoY increase of 18%, concluding at 164 NOK/kg.

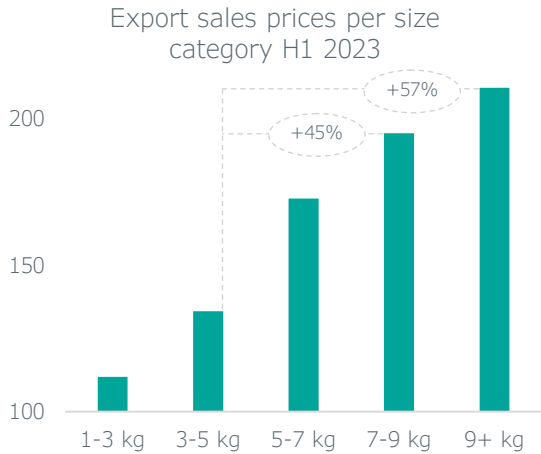
The Company expects a stable price trajectory throughout Q3, with expectations of escalated price levels upon entering the high-demand season in Q4.

The Company is witnessing a growing willingness-to-pay and acceptance for farmed halibut in our key export

markets. As awareness of the outstanding qualities and attributes of farmed halibut products continues to rise, the price differential against wild halibut products also continues to widen. In Q2 2023, the export price differential for halibut from Norway was approx. 57% in favour of farmed.

The established premium price level underscores the substantial potential for achieving higher prices for farmed halibut. Ongoing assessments of long-term strategic considerations will determine the allocation of biomass held at sea and harvest between periods, aiming to cultivate a strong market presence and achieve optimized pricing and revenue. Larger-sized halibut, particularly those sold at above 7 kg, are yielding significantly higher sales prices.





Consequently, the Company's strategic commercial focus in the upcoming periods will prioritize achieving favourable pricing and establishing a strong market presence in our target markets. The ability to supply larger-sized Halibut to target markets during high-season will unlock further potential for market penetration at premium price levels. Since the production of halibut in sea is not hampered by any biological mechanisms that restrict the

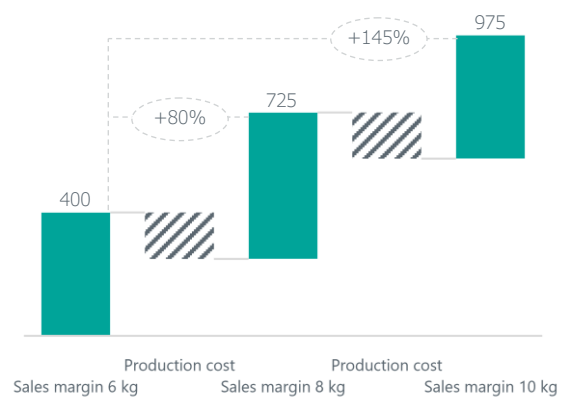
operational range, such as early maturation and lice, the company can control and produce the size categories that are best suited to meet market demands.

The preference for Halibut in size-categories exceeding 6 kg continues to grow, and the Company will as previously communicated ensure commercial realization of our main targets towards 2026 and 2030 through optimal biomass utilization in the forthcoming periods.

As the fish reach larger size categories, the anticipated profit contribution for each individual fish noticeably rises. This increase is driven by a substantial increase in the price level per kilogram sold. The elevated price level not only impacts the additional kilograms, but also leads to a significant increase in the overall earnings for all kilograms the fish has accumulated. Therefore, when a fish enters an enhanced size category, its profit per kilogram increases substantially.



Estimated sales margin per individual per size category @ 4 500 tonnes HOG





Leveraging the low-risk sea-based production and aligning with market preferences, Nordic Halibut's number one priority will be to capitalize on these dynamics by prioritizing biomass build-up with an optimal size distribution and larger-sized Halibut towards run-rate volumes. This approach is designed to optimize the revenue stream generated from each individual fish held at sea throughout the Company's growth phase, ultimately guiding us towards achieving run-rate volumes at 4 500 tonnes HOG and 9 000 tonnes HOG.

In line with the strategic harvest plan for 2023, the company reduced harvest volumes to 135 tonnes HOG with an average harvest weight of 5.2 kg during Q2 to ensure optimal utilization of biomass entering the second half of 2023 and towards 2024. Total harvest volume for H1 2023 ended at 359 tonnes HOG. The low-risk and predictable production of Halibut in sea enables Nordic Halibut to prioritize optimal operational and commercial utilization of available biomass, in order to achieve a size distribution of harvested fish that maximizes revenue.

Following, the Company anticipates harvest volumes for the full year 2023 to be lower than guided, as part of these strategic considerations. The revenue target for 2023 remains unchanged from the level set at the commencement of this year.

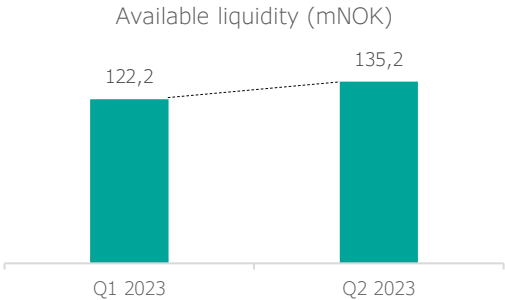
The strong biological foundation, together with further proven technological improvements, provides additional proof-of-concept for the potential for scalability in halibut farming based on the current biological foundation. Nordic Halibut's main competitive advantage is its dedicated broodstock program that has been developed over decades, resulting in a unique genetic foundation. The genetic development has led to better growth, lower mortality, and shorter lead times.

Through the first half of 2023 biological results from roe and juvenile production has shown further improvement and yielded historical good results in terms of quality and volume. The results tracked in early-phase production YTD 2023 positions the Company to reach its release targets for 2023.

In 2023, Nordic Halibut targets a release of 1 million fish to sea – equivalent to the growth phase 1 production target of 5 000 tonnes (4 500 tonnes HOG) harvest in 2026. Once the halibut is released into the sea, the production process is significantly de-risked, as the species is not hampered by any biological issues such as lice and early maturation during this phase and thrives in its natural sea habitat throughout the production cycle. The number of fish released into the sea serves as a proven metric for predicting future harvest volumes, based on the consistent and predictable output during this phase for more than 20 years. Therefore, the achievement of the 2023 release milestone will, based on proven metrics in sea, significantly reduce the risks associated with the 2026 production target.

The release of the first performance-linked 50 million tranche of the overdraft facility agreement during Q2 provides additional flexibility and financial capacity to execute on the

growth plan. The release was triggered by a growing biomass and the biological performance of the Company. Further options are expected to be released in tranches aligned with the planned growth in biomass towards 4 500 tonnes HOG in 2026. Entering the second half of 2023 the Company has available liquidity of approx. 135 million.



The strong operational performance, financial position and stepwise realization of Nordic Halibut’s growth plan, gives full confidence in the ability to unlock the potential of producing sustainable halibut on an industrial scale.



FINANCIAL PERFORMANCE

Sales revenue in Q2 2023 ended at NOK 21.1 million, an increase of 39% from the corresponding quarter in 2022. The Company increased its revenue in the first half of 2023 by 75 % compared to H1 2022, ending at NOK 59.1 million. High price achievement in key markets led to an average sales price of 155 NOK/kg (+7% YoY). The average sales price for the first half of 2023 demonstrated a significant YoY increase of 18%, concluding at 164 NOK/kg.

Financial results for the quarter ended in line with what was expected. EBITDA came in positive in the quarter at NOK 2.7 million and loss for the period ended at NOK 7.7 million in total. According to expectations and the current growth phase of the Company, expenses are somewhat advanced and scale effects on financial results from increased production and sales will emerge stepwise moving forward. The Company's value chain is today dimensioned to run at growth phase 1 volumes of 4.500 tonnes HOG and the Company will continue to build a strong foundation for further development and robustness towards our production and profitability targets in 2026 and 2030.

The increase in cost of materials during the quarter was mainly driven by increased feed expenses, up NOK 6.6 million compared to the corresponding quarter in 2022 and NOK 4.2 million up from the previous quarter. The increased feed costs relate to increased feed consumption from a growing biomass and higher feed prices. An overall increased activity level from operations led to somewhat higher operating expenses and increasing biomass both at land and in sea led to

a fair value adjustment of live halibut of approx. NOK 27 million in the period.



The results for the first half of 2023 in total also ended in line with expectations for the period. EBITDA ended at NOK 2.8 million and loss for the period ended at NOK 16.5 million. Increased revenue and higher fair value adjustment of live halibut drove the improvement compared to H1 2022. Cost of materials ended in line with the previous year with increased feed expenses (+ NOK 8.6 million) during the period from an increased feed consumption from a growing biomass and higher feed prices and levelled up by less expenses from juveniles bought (- NOK 7.1 million) during the period. Organizational build-up and overall increased activity level, together with increased sales costs from higher sales

volumes led to increased salary and operational expenses during H1 2023.

Net financial costs are YoY up 4.8 million during Q2 2023 mainly due to changes in forward currency contracts and increased interest expenses.

FINANCIAL STATUS

On 30 June 2023 Nordic Halibut's total capital was NOK 510.6 million (YoY change + NOK 27.8 million). Inventories and biological assets are capitalized at NOK 259.5 million compared to NOK 227.6 million on 31 December 2022.

After a net change in cash and cash equivalents during Q2 of approx. - NOK 11.3 million and - NOK 17.3 million during H1 2023, the Company's cash at period end Q2 2023 ended at approx. NOK 10.3 million. Including the committed credit facility of NOK 150 million with Sparebank 1 SR-Bank the total liquidity entering Q3 2023 was

The Company is comfortable with the current situation towards our growth and long-term profitability targets towards 2026 and 2030.

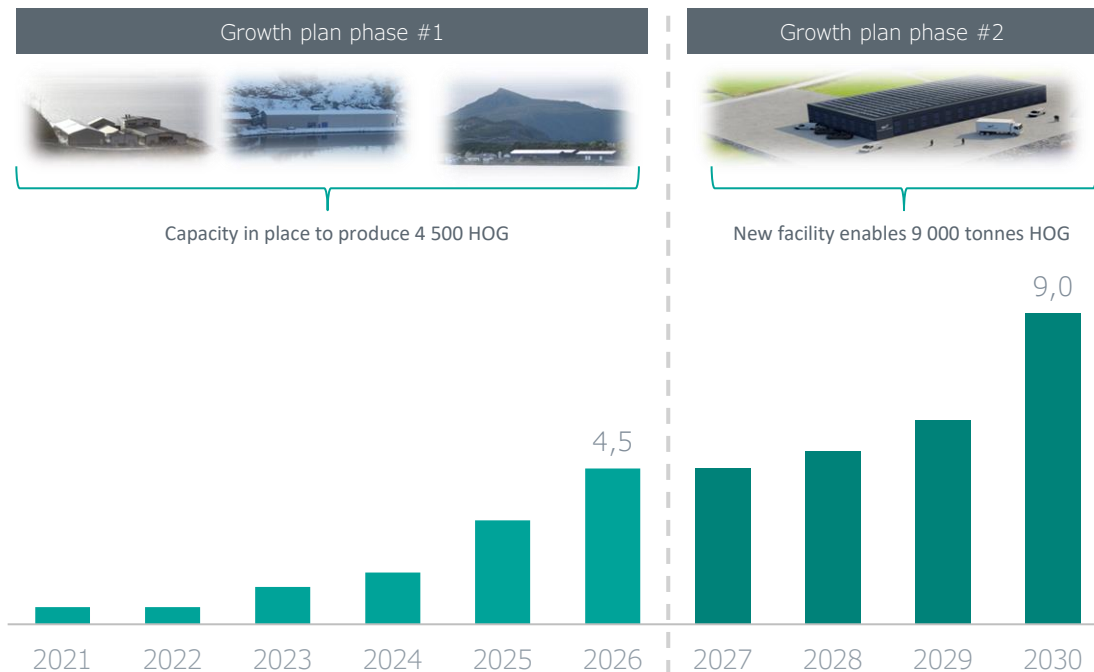
NOK 135 million. In addition, the Company have uncommitted credit facility of additionally NOK 150 million that is expected to be released in tranches to support biomass growth and growth plan going forward. Overall, the Company assesses the current financial situation as acceptable.

Total equity stands at NOK 349.3 million on 30 June 2023. That represents an equity ratio of 68% vs. 75% on 31 December 2022. The Company was also in Q2 and H1 2023 in compliance with all financial covenants.



Growth plan towards 2026 and 2030

Nordic Halibut has implemented an ambitious growth plan to become the world's leading halibut farmer after significant breakthrough in early-phase production. The Company's growth plan has production targets of 4 500 tonnes HOG within 2026 and 9 000 tonnes HOG within 2030. Nordic Halibut's ambition is to create shareholder value by pursuing value accretive organic growth through increased production.



Growth plan phase #1

Nordic Halibut has a fully integrated value chain that spans from roe to sales and is designed to support the company's growth plan to reach 4 500 tonnes HOG halibut by 2026. The company's infrastructure and capacities have been established and optimized to produce the necessary number of juveniles to achieve the production targets outlined in phase #1 of the growth plan.

Following investments in 2021 and 2022, the production facilities at Midsund, Askøy, and Averøy have the capability to produce 1 million juveniles annually. In the grow-out phase of production, the company currently operates at three locations and aims to establish a fourth location in 2023 to

achieve an annual run-rate production of at least 4 500 tonnes HOG halibut in the sea.

The first production milestone towards these targets is the number of fish released into the sea in 2023. The company aims to release 1 million juveniles into the sea in 2023, which will enable a run-rate production of 4 500 tonnes HOG halibut.

Growth plan phase #2

The second phase of our growth plan aims to increase our production volumes to 9 000 tonnes of halibut by 2030. To achieve this target, Nordic Halibut will construct a new land-based facility in Tingvoll, Norway, which will

be capable of producing 1.25 million juvenile halibut annually, starting in 2027. This will allow us to produce a total of 2 million juvenile halibut by 2030. Furthermore, we plan to establish four additional sea site locations to achieve a total production capacity of 9 000 tonnes of halibut.



Risk factors and risk management

Nordic Halibut's business activities entail exposure to various types of risk, including operational-, biological-, market- and financial risks. The Company's internal control and risk management are continuously subject to monitoring and improvement. Risk management and risk limitation is monitored and assessed continuously by management and the Board of Directors.

Operational risk is closely tied to various aspects of Nordic Halibut's production process, including biological production, farming operations, and market sales and distribution.

The land-based production of roe and juveniles have historically presented the most challenges in production. However, since 2019, Nordic Halibut has made significant progress in these land-based phases through operational adjustments and investments in facilities. Improved growth rates and mortality tracked are critical biological performance indicators for reaching the production target of 1 million fish to be released into the sea. The land-based production phases are closely monitored by internal systems and biologists to minimize biological risks and to reach production targets.

Historically, the grow-out phase has yielded predictable output for several years with a robust production of a

species without any need for treatment, chemicals or antibiotics in sea. However, in 2022, the company experienced an incident of fish escape, which was handled according to internal procedures, and close to 80% of the escaped fish were recaptured. Internal systems and procedures, along with regular inspections and equipment cleaning, are in place to minimize operational risks during the grow-out phase.

Gaining access to new sea sites is essential for supporting production growth, and it relies on receiving government grants. The Company is engaged in halibut farming, which is considered a new species, and is eligible for government incentives, such as free licenses, to encourage growth in species other than salmon. Nevertheless, the Company collaborates closely with relevant authorities to mitigate the risks associated with accessing new sea site locations.

The company's revenue is subject to risks associated with price fluctuations and demand situations. However, the current market situation for Halibut and seafood in general indicates a sustained high demand for Nordic Halibut's products in the foreseeable future, further supported by the adjustment of the Company's commercial focus on biomass utilization and larger-sized harvest. Customer demand exceeded the available supply so far in 2023, and the company continues to work on its commercial plan to enhance and expand markets for future volumes.

Nordic Halibut's financial risk is related to currency, interest rates and liquidity. While expenses and liabilities are primarily in NOK, fluctuations in currency rates can impact feed prices, which are tied to raw material costs. The Company continuously assesses currency policies and monitors currency-related risks.

Transactions with related parties

During the ordinary course of business, the Company may engage in certain arm's length transactions with related

The Company has loans denominated in NOK with floating interest rates. Due to the amount of liabilities, fluctuations in interest rates could have a impact on the Company's financials. As a result, the Company regularly evaluates the necessity of interest rate hedging and closely monitors risks associated with interest rate changes.

Future liquidity risks are related to operating risks tied to revenue and operating expenses. On 30 June 2023 Nordic Halibut's liquidity risk is deemed acceptable, with available liquidity of NOK 135 million from cash and an available overdraft facility of 150 million NOK. The overdraft facility also includes additional uncommitted options of NOK 150 million, which is expected to be released in tranches in alignment with the planned growth in biomass.

parties at market terms and are described in the Company's annual report for 2022.

Outlook

The high prices and demand for farmed halibut in 2023 have shown that the limited supply is still the main challenge. Nordic Halibut aims to increase its production of sustainable protein to meet the demand for halibut products. The Company is confident that the market for more halibut products is present and plans to expand to new markets and further increased awareness and demand for its sustainable products. Current progress in commercial activities and adjustment

of commercial focus and biomass utilization is expected to result in future benefits.

Nordic Halibut is well-positioned to achieve its business plan to produce 4 500 tonnes of HOG by 2026 and 9 000 tonnes of HOG by 2030. Growth phase 1 is supported by current availability of juveniles and one additional sea site location. Growth phase 2 will be realized with the new land-based juvenile facility at Tingvoll, together with four additional sea site locations.

The Company's efforts to execute on the plan are progressing as planned, with investments in the organization and value chain strengthening its position and minimizing the inherent risks. The Company's financial situation is healthy, providing financial flexibility

to realize the growth plan. Moreover, the continuous improvement in biological performance provides assurance for the upcoming volume growth. Overall, Nordic Halibut is on track to deliver its business plan.

Responsibility Statement

Responsibility statement in connection with interim management report by the Board of Directors and CEO of Nordic Halibut AS.

We confirm, to the best of our knowledge, that the financial statements for the period 1 January 2023 to 30 June 2023 has been prepared in accordance with IAS 34 – Interim Financial Reporting and gives a true and fair view of the Company's assets, liabilities, financial position and profit or loss. We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the period and their impact on the financial statements, a description of the principal risks and uncertainties facing the Company, and transaction with related parties.

Averøy, 21 August 2023

Vegard Gjerde
Chair of the Board

Aino Olaisen
Director

Birthe Cecilie Lepsøe
Director

Tore Hopen
Director

Jan Erik Sivertsen
Director

Øyvind Schanke
Director

Edvard Henden
CEO

INCOME STATEMENT

(Amounts in 1 000 NOK, except EPS)	Note	Q2 2023	Q2 2022	YTD 2023	YTD 2022	2022
Revenue		21 109	15 102	59 108	33 749	80 037
Other income		35	69	69	70	145
Total operating revenue		21 143	15 172	59 177	33 819	80 182
Fair value adjustment of live halibut	2	27 336	25 101	29 189	18 745	38 140
Cost of materials		-23 756	-18 069	-38 721	-38 017	-80 377
Salaries and personell expenses	6	-9 834	-7 672	-22 368	-17 725	-38 757
Other operating expenses		-12 233	-11 111	-24 487	-20 464	-41 110
Operating profit/loss (EBITDA)		2 655	3 421	2 790	-23 643	-41 921
Depreciation and amortisation		-5 192	-3 353	-10 179	-6 524	-16 651
Operating profit/loss (EBIT)		-2 537	68	-7 389	-30 166	-58 572
Financial income	5	274	719	1 676	1 789	2 953
Financial expenses	5	-5 398	-1 055	-10 810	-3 476	-6 726
Net financial items		-5 123	-336	-9 134	-1 688	-3 773
Profit/loss before tax		-7 660	-268	-16 523	-31 854	-62 345
Income tax expense		0	0	0	0	0
Profit/loss for the period		-7 660	-268	-16 523	-31 854	-62 345
Basic earnings per share		-0,26	-0,01	-0,57	-1,09	-2,14
Diluted earnings per share		-0,26	-0,01	-0,57	-1,09	-2,14

COMPREHENSIVE INCOME STATEMENT

(Amounts in 1 000 NOK)	Note	Q2 2023	Q2 2022	YTD 2023	YTD 2022	2022
Profit/loss for the year		-7 660	-268	-16 523	-31 854	-62 345
Items that are or may be reclassified to profit or loss						
Total comprehensive income for the period		-7 660	-268	-16 523	-31 854	-62 345

FINANCIAL POSITION

(Amounts in 1 000 NOK)	Note	30.06.2023	30.06.2022	31.12.2022
ASSETS				
Non-current assets				
Licenses, patents and other		0	0	0
Property, plant and equipment		149 093	123 587	137 194
Right-to-use assets		65 875	41 302	63 227
Non-current biological assets	2	81 084	74 342	53 554
Total non-current assets		296 052	239 231	253 975
Current assets				
Biological assets	2	173 050	131 017	171 391
Other inventory	2	5 382	2 516	2 733
Total biological assets and inventory		178 432	133 532	174 124
Receivables				
Accounts receivable		9 514	4 871	17 794
Other short-term receivables		16 325	18 795	14 007
Total receivables		25 839	23 666	31 802
Cash and cash equivalents		10 276	86 388	28 978
Total current assets		214 548	243 586	234 904
Total assets		510 600	482 817	488 878

FINANCIAL POSITION

EQUITY AND LIABILITIES	Note	30.06.2023	30.06.2022	31.12.2022
Equity				
Share capital		145 846	145 846	145 846
Share premium		258 685	258 685	258 685
Other equity		-55 182	-10 630	-39 473
Total equity		349 349	393 901	365 059
Liabilities				
Non-current liabilities				
Non-current debt to financial institutions	3	50 923	24 224	28 649
Lease liabilities	3	40 653	23 117	37 905
Total non-current liabilities		91 576	47 341	66 554
Current liabilities				
Debt to financial institutions	3	5 484	6 969	5 079
Lease liabilities	3	12 212	8 157	11 466
Trade payables		39 080	23 332	30 845
Public duties payable		3 163	2 055	2 962
Other current liabilities		9 735	1 063	6 914
Total current liabilities		69 674	41 575	57 266
Total liabilities		161 250	88 916	123 820
Total equity and liabilities		510 600	482 817	488 878

Averøy, 21 August 2023

Vegard Gjerde
Chair of the Board

Aino Olaisen
Director

Birthe Cecilie Lepsøe
Director

Tore Hopen
Director

Jan Erik Sivertsen
Director

Øyvind Schanke
Director

Edvard Henden
CEO

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Other equity	Total equity
Equity 31.03.2023	145 846	258 685	-47 931	356 600
Changes in the period				
Profit or loss			-7 660	-7 660
Other comprehensive income				0
Share option expense			410	410
Dividend				0
Total changes in the period	0	0	-7 251	-7 251
Equity 30.06.2023	145 846	258 685	-55 182	349 349
Equity 31.03.2022				
	145 846	258 685	-9 953	394 578
Changes in the period				
Profit or loss			-268	-268
Other comprehensive income				0
Share option expense			410	410
Dividend				0
Total changes in the period	0	0	142	142
Equity 30.06.2022	145 846	258 685	-9 811	393 901

CASH FLOW STATEMENT

(Amounts in 1 000 NOK)	Note	Q2 2023	Q2 2022	YTD 2023	YTD 2022	2022
Cash flow from operating activities						
Profit/loss before tax		-7 660	-268	-16 523	-31 854	-62 345
Tax paid in the period		-	-	-	-	-
Depreciation and amortisation		5 192	3 353	10 179	6 524	16 651
Interest paid	5	2 220	1 200	3 875	1 904	4 521
Currency translation of cash and cash equivalents	5	685	-436	1 357	-1 101	1 080
Change in inventory and biological assets	2	-27 336	-25 256	-29 189	-18 745	-38 140
Change in trade receivables		1 631	-978	8 426	4 882	6 342
Change in trade payables		11 236	-3 046	8 235	-6 636	-7 014
Change in other accruals		-5 688	-1 640	921	1 543	1 257
Net cash flow from operating activities		-19 719	-27 070	-12 720	-43 484	-77 649
Cash flow from investing activities						
Payments for property, plant and equipment		-9 682	-7 667	-16 088	-13 565	-31 526
Net cash flow from investing activities		-9 682	-7 667	-16 088	-13 565	-31 526
Cash flow from financing activities						
Proceeds from issuance of long-term debt	3	0	0	0	0	5 000
Repayment of long-term debt to financial institutions	3	-1 048	-1 069	-2 451	-2 472	-4 944
Repayment lease liabilities	3	-3 700	-1 395	-7 399	-3 668	-13 890
Net change in overdraft facilities	3	25 111	-5	25 188	-6 962	245
Interest paid	5	-2 220	-1 200	-3 875	-1 904	-4 521
Proceeds from issuance of equity		-	-	-	-	-
Net cash flow from financing activities		18 143	-3 670	11 463	-15 006	-18 110
Net change in cash and cash equivalents in the period		-11 259	-38 407	-17 345	-71 873	-127 284
Cash and cash equivalents - opening balance		22 220	124 541	28 978	157 342	157 342
Currency translation of cash and cash equivalents		-685	436	-1 357	1 101	-1 080
Cash and cash equivalents - closing balance		10 276	86 570	10 276	86 570	28 978

SELECTED NOTES TO THE FINANCIAL STATEMENT

NOTE 1 | GENERAL INFORMATION AND ACCOUNTING PRINCIPLES

Nordic Halibut AS (the “Company”) is a leading farmer of Atlantic Halibut based in Norway with headquarters in Averøy, Møre and Romsdal, Norway. Production facilities are located at Midsund, Askøy, Averøy and Eide, all in the Western Norway. The Company has a fully integrated and well-developed value chain from genetics to sales and is in progress with a growth plan to expand production volumes considerably. Growth phase 1 will take the Company’s production volumes to 4 500 tonnes HOG halibut within 2026 based on current facilities and expansions in sea phase production. Growth phase 2 is based on a new land-based facility at Tingvoll, Møre and Romsdal that together with expansions in sea phase production will increase volumes to 9 000 tonnes HOG halibut within 2030. Nordic Halibut will create shareholder value by pursuing value accretive organic growth through by increased production. Nordic Halibut AS is listed on Euronext Growth Oslo under the ticker “NOHAL”.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and were approved by the Board of Directors on 21 August 2023. These interim financial statements have been prepared in accordance with International Accounting Standards 34 Interim Financial Reporting. The report does not include all information required in a complete annual report and should therefore be read in conjunction with the Company’s annual report (2022). No other accounting principles have been changed or other standards have been adopted during the period. The annual report is published on www.nordichalibut.com.

The financial report for the second quarter and first half of 2023 is unaudited.

Management is required to make estimates and assumptions concerning the future that affect the accounting policies and recognized amounts of assets, liabilities, income and expenses. Significant estimates relate to valuation of biological assets. Estimates and underlying assumptions are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be probable under the present circumstances. The final outcomes may deviate from these estimates. Changes in estimates are reflected in the accounts as they occur.

NOTE 2 | BIOLOGICAL ASSETS

Biological assets comprise broodstock fish, eggs, juveniles, and fish in the sea. Biological assets are, in accordance with IAS 41 and IFRS 13, measured at fair value less cost to sell. In line with IFRS 13, the highest and best use of the biological assets is applied for the valuation. In accordance with the principle for highest and best use, the fish is considered to have optimal harvest weight at 6 kg. This corresponds to that fish with live weight of 6 kg, or more are classified as mature fish, while fish that have still not achieved this weight are classified as immature fish. All fish at sea are subject to a fair value calculation, while juveniles are measured at cost due to little transformation and as a reasonable proxy of fair value.

Broodstock recruits are measured at accumulated cost (normalized) through development stages from selected juvenile broodstock recruits until the selected group reaches roe producing broodstock stage. The accumulated cost for broodstock recruits is time adjusted for each category to reflect the cost per fish balance throughout the development phases. Producing broodstock fishes are measured at accumulated cost per fish (normalized) at the time they are considered roe producing with an added margin to reflect value of this fish in a hypothetical market, adjusted for time value and declining value as remaining roe producing periods lessen until ultimately being valued at estimated sales value to consumption.

The estimation of the fair value relies on a series of uncertain assumptions, e.g., biomass volume, biomass quality, size distribution, market prices, expected future costs, remaining time to harvest and total time to harvest.

The fair value of the biological assets at sea is calculated using a 2% monthly discounting of the cash flow based on the month in which the fish reaches optimal harvest weight. The discount factor is intended to reflect three main components: 1. Risk of incidents that affect cash flow; 2. Hypothetical site rental cost; 3. Time value of money

The discount factor is set on the basis of an average for all the Company's sites, which, in the Company's assessment, provides a sensible growth curve for the fish – from juvenile to harvestable size. The risk adjustment must take into account the biological risks of farming, including the average time in sea for the fish. The number of months left until harvesting will affect the risk. Biological risk, the risk of increased costs and price risk will be the most important elements to be recognized.

The change in the fair value of biological assets is recognized through profit or loss and presented as "fair value adjustment of live halibut".

CARRYING AMOUNT OF INVENTORY

	30.06.2023	30.06.2022	31.12.2022
Fish feed	5 382	2 516	2 733
Biological assets	254 134	205 358	224 904
Total value of biological assets and inventory	259 516	207 874	227 637

BOOK VALUE OF BIOLOGICAL ASSETS

	30.06.2023	30.06.2022	31.12.2022
Biological assets held at sea farms at cost	244 230	169 151	237 683
Fair value adjustment of biological assets	-71 180	-38 134	-66 334
Total biological assets held at sea farms at fair value	173 050	131 017	171 350
Biological assets at land at cost	71 108	66 333	44 492
Fair value adjustment of biological assets at land	9 976	8 008	9 062
Total biological assets held at land at fair value	81 084	74 342	53 554
Total biological assets	254 134	205 358	224 904

CHANGE IN BIOLOGICAL ASSETS HELD AT SEA

	Biomass			Carrying amount		
	Q2 2023	Q2 2022	2022	Q2 2023	Q2 2022	2022
Biological assets at beginning of period	1 406 172	1 233 107	1 240 467	165 170	114 356	130 162
Increase due to production	239 720	226 659	901 131	34 235	46 092	161 285
Decrease due to sales	-150 524	-115 803	-596 196	-15 119	-11 086	-58 648
Decrease due to mortality	-13 544	-15 866	-53 154	-2 017	-1 474	-8 567
Decrease due to incident-based losses			-71 053			-7 812
Fair value adjustment at beginning of period				-61 961	-21 263	-21 263
Fair value adjustment at period end				-71 180	-38 134	-66 334
Biological assets at period end	1 481 824	1 328 097	1 492 249	173 050	131 017	171 350

Biological assets held at 30.06.2023	Biomass	Cost	Fair value adjustments	Carrying amount
< 2 kg	527 207	146 857	-68 361	78 497
2 - 4 kg	510 367	53 597	-3 665	49 932
> 4 kg	444 250	43 776	846	44 622
Biological assets held at sea farms	1 481 824	244 230	-71 180	173 050
Other biological assets	36 950	71 108	9 976	81 084
Biological assets	1 518 774	315 338	-61 204	254 134

Biological assets held at 30.06.2022	Biomass	Cost	Fair value adjustments	Carrying amount
< 2 kg	475 413	82 726	-32 445	50 281
2 - 4 kg	318 043	32 729	-3 174	29 555
> 4 kg	534 641	53 696	-2 515	51 181
Biological assets held at sea farms	1 328 097	169 151	-38 134	131 017
Other biological assets	44 497	66 333	8 008	74 342
Biological assets	1 372 594	235 484	-30 126	205 358

NOTE 3 | INTEREST-BEARING LIABILITIES

The fair value of borrowings is not materially different from their carrying amounts since the interest payable on the borrowings is either close the current market rates or the borrowings are of short-term nature. Next year's instalments on bank loans and lease agreements are classified as current liabilities in the balance sheet.

Nordic Halibut have a NOK 150 million overdraft facility agreement with Sparebank 1 SR-Bank. The overdraft facility give the Company increased free liquidity and will be used to finance the planned growth in biomass. The facility also includes uncommitted options that is expected to be released in tranches aligned with the planned growth in biomass.

The principal financial covenant of the facility is a minimum equity ratio of 30%. As of 30.06.2023, the Company had an equity ratio of 68% (Q2 2022: 82%). The second financial covenant to the overdraft facility is that utilized overdraft facility is limited to 65% of book value of biological assets, inventory and trade receivables.

The Company has debt financing with Innovasjon Norge. Remaining liabilities to Innovasjon Norge 30.06.2023 consist of four low-risk loans amounting to 30.9 mNOK in total on floating interest rate conditions.

Non-current interest-bearing liabilities	30.06.2023	30.06.2022	31.12.2022
Non-current debt to financial institutions	50 923	24 224	28 649
Lease liabilities	40 653	23 117	37 905
Total non-current liabilities	91 576	47 341	66 554
Current interest-bearing debt	30.06.2023	30.06.2022	31.12.2022
Debt to financial institutions	5 484	6 969	5 079
Lease liabilities	12 212	8 157	11 466
Total current liabilities	17 696	15 126	16 546
Gross interest-bearing liabilities	109 272	62 467	83 100
Cash and cash equivalent	10 276	86 388	28 978
Net interest-bearing debt	98 996	-23 921	54 122

NOTE 4 | SHARE INFORMATION

Nordic Halibut AS has its registered office at Hendnesveien 124, 6533 Averøy and was listed on Euronext Growth Oslo on 26 April 2021 under the ticker "NOHAL".

The share capital is NOK 145 846 050 and consists of 29 169 210 shares with par value NOK 5. All shares have the same voting privileges.

As per 30 June 2023 Kontrari AS was the Company's largest shareholder with 9 349 105 shares, corresponding to 32.0% of the total number of shares outstanding. The 20 largest shareholders held 93.0% of the shares in the Company.

The closing price for the Company's share was NOK 33.40 per share as per 30 June, equivalent to a market capitalization of approx. NOK 974 million.

Top 20 shareholders 30.06.2023	Holding	Stake
Kontrari AS	9 349 105	32,0 %
Kontrazi AS	5 289 530	18,1 %
Farvatn Private Equity AS	3 490 736	11,8 %
T.D. Veen AS	2 261 281	7,8 %
Jakob Hatteland Holding AS	1 500 000	5,1 %
Børge Hald	1 373 736	4,7 %
Jahatt AS	600 000	2,1 %
Verdipapirfondet Holberg Triton	529 542	2,1 %
The Bank Of New York Mellon SA/NV	524 675	1,6 %
Aino AS	430 065	1,5 %
King Kong Invest AS	404 040	1,4 %
Rønneberg Invest AS	213 180	0,6 %
Babaco Invest AS	160 000	0,5 %
Kiwano Invest AS	158 125	0,5 %
Oroblanco Invest AS	150 000	0,5 %
Tamarillo Invest AS	150 000	0,5 %
Farvatn Medinvestering 2 AS	140 940	0,5 %
Bergen Kommunale Pensjonskasse	139 500	0,5 %
Rolfs Holding AS	132 830	0,5 %
Sulefjell AS	127 977	0,4 %
Total top 20	27 125 262	93,0 %
Other	2 043 948	7,0 %
Total shares	29 169 210	100,0 %

NOTE 5 | NET FINANCIAL ITEMS

Financial income	Q2 2023	Q2 2022	YTD 2023	YTD 2022	2022
Interest income	0	7	0	7	948
Currency gain (agio)	274	705	1 671	1 774	1 997
Changes in forward currency contracts	0	0	0	0	0
Other financial income	0	8	5	8	8
Total financial income	274	719	1 676	1 789	2 953
Financial expenses	Q2 2023	Q2 2022	YTD 2023	YTD 2022	2022
Interest expenses	-1 686	-972	-3 257	-1 806	-4 521
Currency loss (disagio)	-134	-8	-364	-1 370	-2 076
Changes in forward currency contracts	-3 560	0	-7 150	0	0
Other financial expenses	-18	-74	-17	-301	-129
Total financial expenses	-5 398	-1 055	-10 787	-3 476	-6 726
Net financial items	-5 123	-336	-9 112	-1 688	-3 773

NOTE 6 | SHARE OPTION PROGRAM

Nordic Halibut AS resolved to implement a share option program for management and certain key employees of the Company from 24 September 2021. The share option program is implemented to increase the Company's ability to retain, reward and attract talent to help realise the Company's ambitious growth plan. It is considered beneficial for all Company stakeholders to implement an incentive for key employees to have ownership in the Company.

The program comprises 600.000 share options in total. Each option will give the option holder the right to subscribe or purchase one share in the Company at the exercise price, which is set to NOK 22.50, equal to the subscription price in the private placement of shares immediately prior to the listing of the Company's shares on 26 April 2021. On 30.06.2023 the closing share price for Nordic Halibut (Ticker: NOHAL) was NOK 33.40.

The share options will vest for a period of two years starting at the later of 24 September 2024 and the date when the Company has reached certain performance targets.

Share options that are not exercised within the exercise period will lapse and be of no value to the option holder. The options are non-tradable and conditional upon i.a. the option holder being employed with the Company and not having resigned or being terminated for cause prior to the vesting date.

The Company has the right, in its sole discretion, to settle any vested share options by transfer of existing shares, new shares or a mix of the two. Further, the Company has the right to settle any economic interest in any vested share option in cash.

Issuing of new shares in the future for the purpose of the options program will depend on required corporate authorizations being in place at the time of exercise of the options.

The cost of equity-settled transactions is recognized as a payroll expense over the vesting period. The cumulative expense is recognized in other equity reserves within equity. The calculated fair value of the stock options will be quarterly expensed linearly over the vesting period.

Valuation of stock options 2021	
Valuation model	Black and scholes
Granted	24.09.2021
Expected lifetime	4,00
Expected volatility	40,00 %
Risk free rate	1,24 %
Spot	26,01
Strike	22,50
Dividend yield	-
Call option value	9,87
Number of options	500 000
Total value	4 934 800

Name	Position	Option category	Outstanding options 31.03.2023	Granted options	Exercised options	Expired/cancelled options	Outstanding options 30.06.2023	Of which share-settled
Edvard Henden	CEO	Share settlement	150 000	-	-	-	150 000	150 000
Kenneth Meyer	CFO	Share settlement	75 000	-	-	-	75 000	75 000
Ann Kristin Fladset	COO	Share settlement	75 000	-	-	-	75 000	75 000
Atle Jacobsen	CCO	Share settlement	75 000	-	-	-	75 000	75 000
Others		Share settlement	125 000	-	-	-	125 000	125 000
Not granted		Share settlement	100 000	-	-	-	100 000	100 000
Total			600 000	-	-	-	- 600 000	600 000

NOTE 7 | POST-BALANCE SHEET EVENTS

No post-balance sheet events.

