



Norcod

Q2-2024
Financial report



Q2 2024 Highlights

- 86 MNOK in revenues, up 121% from 39 MNOK in Q2-23
- 47 MNOK in operating loss, 34% improvement from 71 MNOK in Q2-23
- Production cost at sea NOK 47,6 per kg WFE
- 1 830 tons WFE harvested, up 76% from 1 038 tons WFE in Q2-23
- Completed cycle at Jamnungen with Economic Feed Conversion Ratio of 1,06
- Initiated measures to improve the company's financial performance, streamline operations and develop a more efficient and commercially oriented business
- Increased financial and operational headroom from additional credit and revised covenant structure on DNB credit facility

Post Q2 2024 Highlights

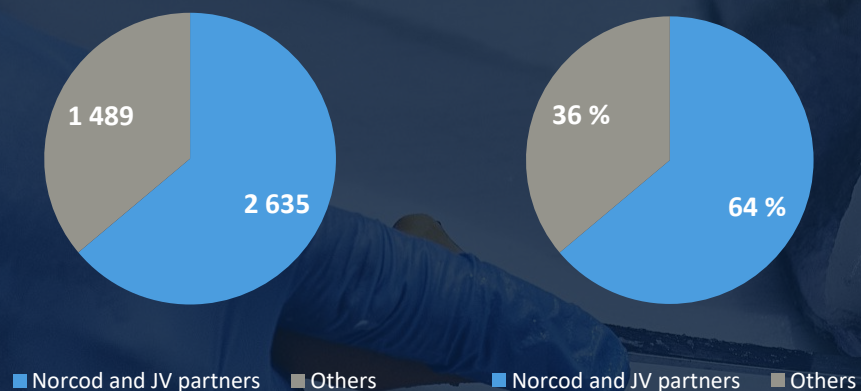
- Completed cycle and the joint venture with Kime Aqua at Forså
- Favourable market developments and strong fundamentals in the ongoing commercialisation phase for farmed cod

Operational update

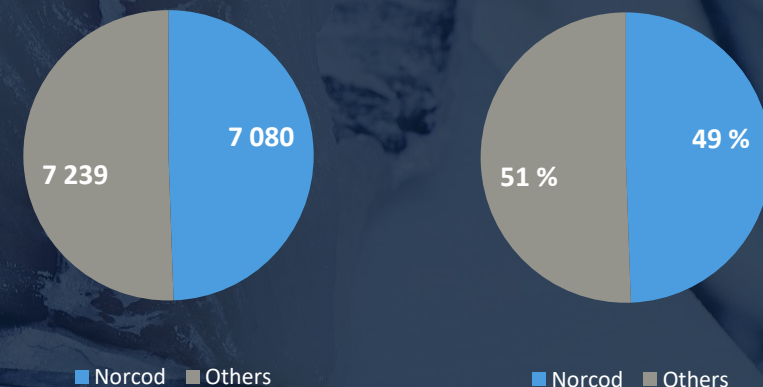
During the quarter, Norcod has harvested a total of 1 830 tons, of which 175 tons from Norcod's site Jamnungen (Frøya). The vast majority, 1655 tons, was harvested at Forså (Ibestad) through a joint venture with Kime Aqua, who owns and operates the farming site. All biomass was processed at Norcod's harvesting facility Kråkøy Slakteri.

- For the completed cycle at Jamnungen, biological feed conversion ratio (BFCR) came in at 0,98 with an economic feed conversion ratio (EFCR) of 1,06. At Forså, the BFCR was 1,07 and EFCR came in at 1,21.
- 95,7% of the harvested volume in Q3 holds superior quality.
- During the quarter, Norcod has initiated a successful start of the third cycle at Jamnungen, with further improvements in biological results compared to previous cycles.

Total export volume during the quarter



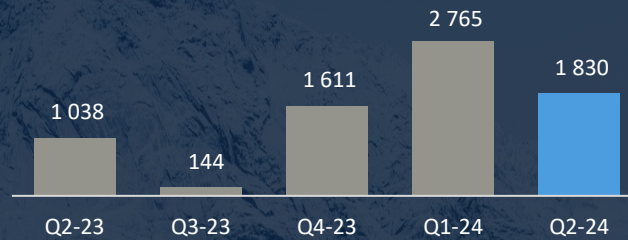
Standing biomass at the end of the quarter



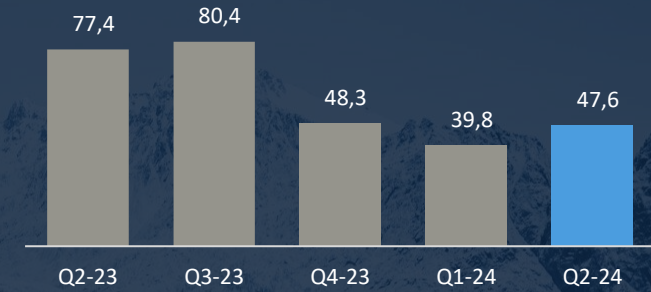
At the end of the quarter, Norcod's biomass at sea totaled 7 080 tons. Net growth during the quarter was 481 tons. According to officially reported statistics by the Norwegian Seafood Council, Norcod's share of total export volume of harvested cod during the quarter was 44%. At the end of the quarter, Norcod holds 49% of the total biomass volume.

Financial Update - Highlights

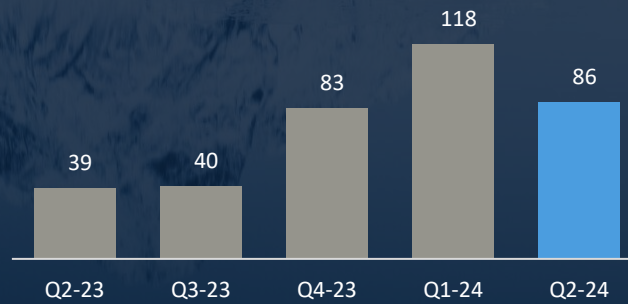
Harvest volume (tons WFE)



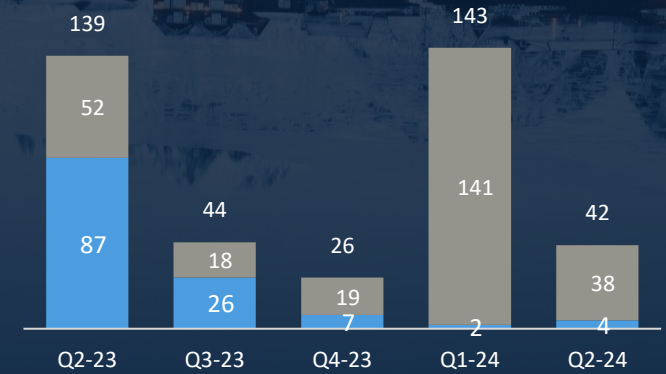
Production cost at sea (NOK per kg WFE)



Revenues (MNOK)



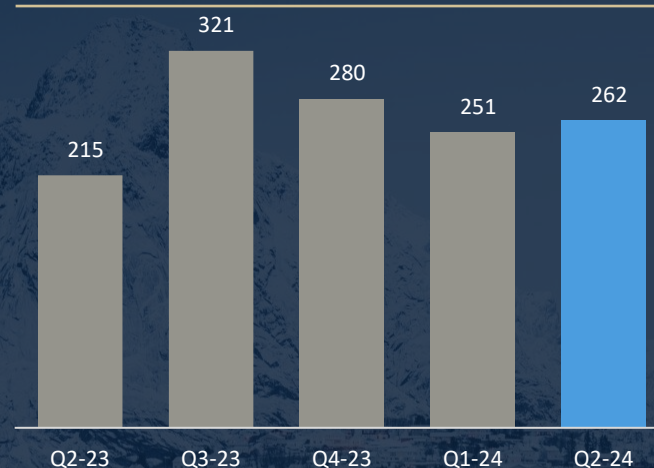
Available credit and cash at hand (MNOK)



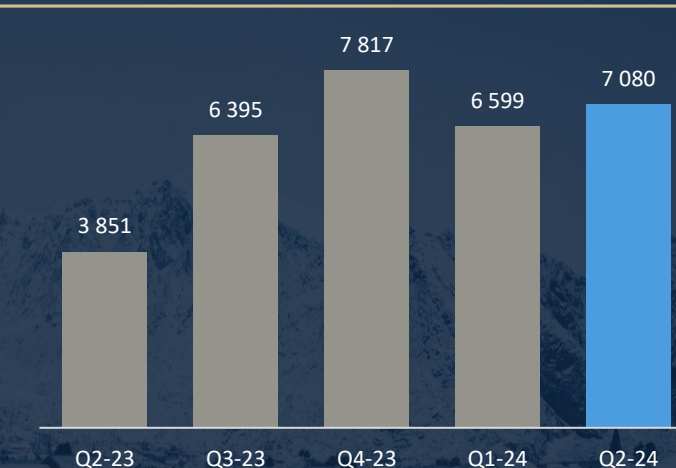
■ Available credit ■ Cash at hand

Financial Update - Highlights

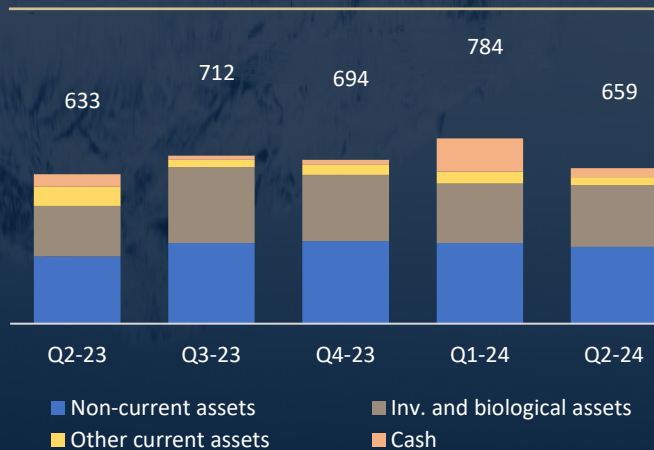
Biological assets (MNOK)



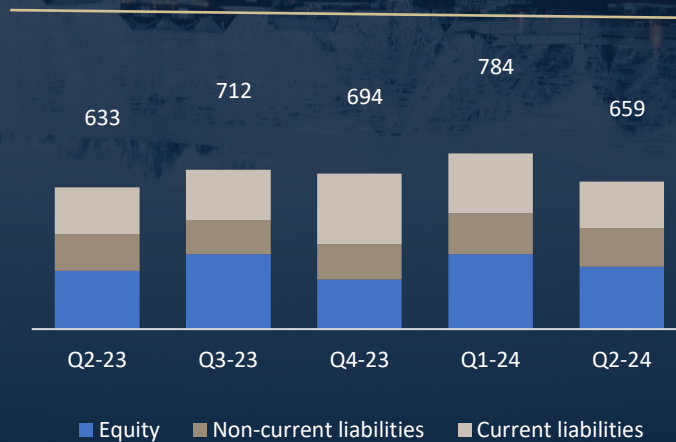
Biomass at sea (tons)



Balance sheet development – Assets (MNOK)



Balance sheet development – Equity and liabilities (MNOK)



Financial Review

	Q2- 2024	YTD 2024	Q2 - 2023	YTD 2023	Y/Y-%	FY 2023
Operating revenue	86 045	204 514	39 429	164 536	24,3 %	269 419
Production cost at sea *	-87 159	-197 315	-80 302	-222 918	-11,5 %	-312 141
Other operating expenses	-46 158	-102 336	-30 533	-101 055	1,3 %	-190 660
EBIT excl non-recurring items and FV adjustment of biomass	-47 272	-95 136	-71 406	-159 436	40,3 %	-233 382
Non-recurring items	0	0	0	0		-21 110
FV-adjustment of biomass	-3 160	-896	24 104	84 331	-101,1 %	38 623
EBIT	-50 432	-96 032	-47 302	-75 105	-27,9 %	-215 869
Harvest volume WFE	1 830	4 595	1 038	4 400	4,4 %	6 155
Production cost NOK per kg*	47,6	42,9	77,4	50,7	-15,2 %	50,7

* Costs incurred during the process of raising fish to harvestable size, including expenses for fry and during juvenile stages.
Harvest, wellboat, freight and non-production admin not included

Financial Review

Profit and Loss Second Quarter 2024

Operating revenues for the second quarter were 86 MNOK based on a harvested volume of 1.8 tons, up from 37 MNOK and a harvested volume of 1.0 tons in Q2-23. Operating expenses ended at 133 MNOK, up from 111 MNOK in Q2-23. The increase is mainly explained by higher harvest volume compared to the corresponding quarter last year and by the additional cost base from structural changes in the Group following the consolidation of Kråkøy Slakteri from the second half of 2023.

Production cost per kg decreased from 77.4 NOK per kg WFE in Q2-23 to 47.6 NOK per kg WFE in Q2-24. The decrease is mainly explained by improved biology and feed factor.

Operating loss ended at 47 MNOK, down from 71 MNOK in the corresponding quarter last year. Net loss for the period ended at 57 MNOK, up from 52 MNOK in Q2-23.

The company has initiated measures to focus resources in key areas, improve the company's financial performance, streamline operations and develop a more efficient and commercially oriented business.

Balance Sheet

Total assets ended at 659 MNOK in Q2-24, up from 632 MNOK in Q2-23. The change from last year is mainly explained by an increase in biological assets and property, plant, and equipment, and a decrease in short-term receivables and cash and cash equivalents.

Available credit ended at 4 MNOK, and cash on hand ended at 38 MNOK, with total available funds ending at 42 MNOK, down from 139 MNOK in Q2-23. During the quarter, the covenant structure on the company's credit facility was revised, increasing the company's financial and operational headroom.

Total equity ended at 279 MNOK, up from 260 MNOK in Q2-23.

Financial Review

Balance Sheet (cont.)

Total non-current liabilities ended at 140 MNOK in Q2-24, down from 163 MNOK in Q2-23. Current interest-bearing debt ended at 120 MNOK in Q2-24, up from 104 MNOK in Q2-23. Total current liabilities ended at 240 MNOK in Q2-24, up from 209 MNOK in Q2-23. The change is mainly driven by increased cash flows from recurring and stable harvesting levels, combined with liquid funds from the private placement executed during Q1-24.

Cash Flows

Net cash flows from operating activities were -92 MNOK in Q2-24 compared to -131 MNOK in Q2-23. The decrease is explained by working capital changes. Net cash flows from investing activities were 3 MNOK in Q2-24 compared to 59 MNOK in Q2-23. Cash flows from financing activities ended at -14 MNOK in Q2-24, compared to 120 MNOK during Q2-23. The decrease is mainly explained by the private placement executed during the second quarter of last year.

Market update

Farmed cod's market potential and the positive market developments we are witnessing are clearly demonstrated by a combination of factors:

- Over the last 12 months, we have seen a gradual increase in average sales prices, albeit with fluctuations in periods.
- We have won contracts at considerably higher price points in selected markets.
- Positive feedback and testimonials from retail customers. Also, our products are embraced by leading chefs.
- There is a general increase in demand for seafood in many of our markets. This, along with the significant drop in wild cod quotes, will result in a lack of available raw material in the coming quarters.

Commercially, Norcod has stepped up its efforts to develop the market and position our product in a premium niche category, with corresponding sales prices and contracts. This is our main task at hand going forward.

To position our farmed at a more premium position than the wild-caught cod market level, we have launched the Snow Cod product brand in selected markets. We are now working with The Norwegian Seafood Council and industry players to leverage this brand positing and develop this a premium, differentiated brand worldwide. This includes repositioning farmed cod as the "White salmon", as our product belongs in this product category as opposed to the wild cod product category. "Salmonification", i.e. replicating the salmon story, is our game plan:

1) reliable supply of high-quality, sustainable cod all year round 2) A versatile product that fits well with consumer trends. Just like salmon, our product is versatile and fresh, perfect for grilling, baking, enjoying raw in sushi and sashimi as well as its outstanding qualities as a smoked product.

Our commercial plan rests on three pillars:

- Repositioning, branding and increased awareness
- New products and uses, showing and leveraging the versatility of farmed cod
- Building new and existing growth markets

Based on the above, we believe that the market conditions and fundamentals for farmed cod have never been better.

Outlook

Although Norcod recognizes that instability in the world economy and geopolitical unrest pose risks for the company, Norcod firmly believes that the favourable market conditions provide a strong foundation in the ongoing commercialisation phase for farmed cod.

The company's number one priority commercially is to achieve profitability at the current, annual production level of approximately 10 000 tons.

To achieve this, the key tasks at hand are twofold:

1. Continued focus on cod biology and fine tuning of the feeding regime, the production processes, and the utilization of production capacity.
2. Stepping up our efforts to develop the market and positioning our product in a premium niche category, with corresponding sales prices and contracts.

Norcod has initiated measures to focus resources in key areas and improve the company's financial performance, with the ambition of streamlining operations and developing a more efficient and commercially oriented business.

Beyond this, we will take a step-by-step approach to building up volume in line with market demand at favourable sales prices.

Green visions for a blue future

Norcod in a sustainable global food system

- Zero use of antibiotics
- Certified feed ingredients
- Best possible score regarding seabed surveys
- Hybrid-electric vessels and feed barges
- Highly nutritious and flavourful product good for everyone and the planet – Cod above the rest
- 90 % utilization of the cod for human consumption

Looking ahead

- Aiming to increase the survival rate to 90 % per cycle within 2030
- Targeting for 98 % utilization of the cod for human consumption
- 30 % reduction in carbon footprint by 2030 (Scope 1, 2, 3) per kg edible yield
- Keep zero escape incidents
- Available tools not only to prevent and detect, but fully control maturation

Devoted to

People

Human rights
Safe work environment
Local communities
Gender equality
Aquaculture education
Customers

Cod

Fish Welfare
Production environment
Product quality
Increase yield
Food safety

Nature

The ocean
Local and global environment
Biodiversity
Responsible producer
Fish feed
Climate action

Innovation & Profit

Research and development
Year-round harvest
Market development



Interim condensed consolidated statement of comprehensive income

Consolidated statement of comprehensive income						
(Amounts in NOK '000)	Note	Q2 - 2024	YTD 2024	Q2 - 2023	YTD 2023	FY 2023
Operating revenue		86 045	204 514	39 429	164 536	269 419
Cost of materials		79 198	182 222	69 489	233 976	315 439
Salaries and personnel expenses		19 221	41 423	11 429	24 928	67 845
Depreciation, amortization and impairment		9 248	18 215	5 226	10 224	29 095
Other operating expenses		25 649	57 789	24 690	54 844	111 532
Operating expenses		133 316	299 650	110 835	323 972	523 911
Operating profit/ loss(-) before fair value adj. of biomass		-47 272	-95 136	-71 406	-159 436	-254 492
Fair value adjustment biomass	1	-3 160	-896	24 104	84 331	38 623
Operating profit/loss		-50 432	-96 032	-47 302	-75 105	-215 869
Share of profit/ loss(-) from associates		0	0	3 690	1 489	1 489
Net financial items	2	-6 815	-16 230	-8 598	-21 360	-34 921
Profit/loss before tax		-57 246	-112 262	-52 209	-94 976	-249 301
Income tax expenses		0	0	0	0	3 121
Net profit/loss for the period		-57 246	-112 262	-52 209	-94 976	-246 180
Other comprehensive income		0	0	0	0	0
Total comprehensive income for the period		-57 246	-112 262	-52 209	-94 976	-246 180

Interim condensed consolidated statement of financial position

Consolidated statement of financial position

(Amounts in NOK '000)	Note	Q2 - 2024	Q2 - 2023	2023
ASSETS				
Non-current assets				
Concessions, patents, licenses, trademarks and similar rights		2 000	2 000	2 000
Property, plant & equipment		141 307	86 288	148 246
Right-of-use assets		181 225	195 346	198 776
Other investments	3	3	502	505
Total non-current assets		324 536	284 135	349 527
Current assets				
Inventories	1	9 964	7 847	8 093
Biological assets	1	251 865	207 213	272 052
Short-term receivables		34 246	81 827	46 344
Cash and cash equivalents		38 177	51 770	18 777
Total current assets		334 252	348 657	345 267
TOTAL ASSETS		658 788	632 792	694 793

Interim condensed consolidated statement of financial position

Consolidated statement of financial position

(Amounts in NOK '000)	Note	Q2 - 2024	Q2 - 2023	2023
EQUITY AND LIABILITIES				
Equity				
Share capital		21 902	12 784	14 714
Treasury Shares		-3 707	-3 707	-3 707
Share premium		1 005 143	729 108	846 043
Retained earnings		-744 505	-477 243	-632 243
Total equity		278 833	260 942	224 806
Liabilities				
Non-current interest-bearing debt	4	29 816	38 424	29 284
Lease liabilities	4	110 362	124 445	124 182
Total non-current liabilities		140 178	162 868	153 466
Current lease liabilities		32 090	30 667	32 642
Current interest-bearing debt		120 726	103 683	119 356
Trade payables		88 487	70 992	135 863
Other current liabilities		-1 527	3 640	28 661
Total current liabilities		239 776	208 981	316 521
TOTAL EQUITY AND LIABILITIES		658 788	632 792	694 793

Interim condensed consolidated statement of changes in equity

Interim condensed consolidated statement of changes in equity

(Amounts in NOK '000)

	Paid-in equity			Other equity	
	Share capital	Treasury shares	Share premium	Retained earnings	Total equity
2023					
Equity as of 1 Jan 2023	9 609	-3 707	553 043	-382 266	176 679
Issue of shares 10.05.2023	3 175		176 065		179 240
Issue of shares 05.07.2023	289		19 592		19 881
Issue of shares 13.07.2023	164		9 350		9 514
Issue of shares 25.08.2023	1 477		84 196		85 673
Net profit/loss for the year				-246 180	-246 180
Other changes/ reclassification			3 796	-3 796	0
Equity as of 31 Dec 2023	14 714	-3 707	846 042	-632 242	224 806

	Share capital	Treasury shares	Share premium	Retained earnings	Total equity
2024					
Equity as of 1 Jan 2024	14 714	-3 707	846 042	-632 242	224 806
Issue of shares 11.03.2024	773		17 184		17 957
Issue of shares 20.03.2024	6 310		140 246		146 556
Issue of shares 15.04.2024	105		1 671		1 776
Net profit/loss for the year				-112 262	-112 262
Equity as of 30 Jun 2024	21 902	-3 707	1 005 143	-744 505	278 833

Interim condensed consolidated statement of cash flows

Interim condensed consolidated statement of cash flows

		Q2 2024	YTD 2024	Q2 2023	YTD 2023	FY 2023
(Amounts in NOK '000)	Note					
Profit/loss before tax		-57 246	-112 262	-52 209	-94 976	-249 301
Taxes paid		0	0	0	0	0
Cash flow from operating activities						
Depreciation and amortization		9 248	18 215	5 226	10 224	27 903
Impairment of intangible assets	3	502	502	0	0	1 191
Change in inventory and biological assets	1	-14 063	17 421	-31 942	410	-23 902
Fair value adjustment		3 160	896	0	0	-38 623
Share of profit/ loss(-) from associates		0	0	-3 690	-1 489	-1 489
Change in accounts receivable		15 307	182	10 820	-3 611	3 235
Change in accounts payable		-18 921	-47 375	-48 133	-43 271	19 833
Change in other current receivables and other current liabilities		-29 697	-10 281	-11 530	9 855	30 131
Net cash flow from operating activities		-91 710	-132 703	-131 459	-122 858	-231 022
Cash flows from investing activities						
Payments for purchase of property, plant & equipment		-856	-2 042	-6 548	-13 930	-24 550
Proceeds from sale of property, plant & equipment		4 228	4 228	25 491	25 491	25 153
Acquisition of subsidiaries		0	0	0	0	-8 912
Proceeds from sale of shares in associates	3	0	0	0	0	35 000
Change in loans associates and others	3	0	0	40 000	40 000	40 000
Net cash flow from investing activities		3 372	2 186	58 943	51 561	66 691
Cash flows from financing activities						
Net change in bank overdraft		-7 393	1 370	-36 018	-31 720	50 865
Repayment of debt		-428	-772	0	0	-12 164
Repayment of lease liability		-5 634	-10 016	-21 061	-24 997	-34 925
Interest paid	2	-2 665	-6 954	-2 160	-2 868	-8 987
Proceeds from issues of shares		1 776	166 289	179 240	179 240	184 907
Net cash flow from financing activities		-14 344	149 916	120 001	119 655	179 696
Net (decrease)/increase in cash and cash equivalents		-102 682	19 400	47 485	48 358	15 365
Cash and cash equivalents at the beginning of the period		140 859	18 777	4 284	3 412	3 412
Cash and cash equivalents at close of the period		38 177	38 177	51 770	51 770	18 777

Notes

General information and accounting principles

Norcod (the Group) consists of Norcod AS, Norcod Equipment AS, Kråkøy Norcod AS and Kråkøy Norcod Eiendom AS .

The Groups head office is located at Thomas Angells gate 22 in Trondheim, Norway.

Norcod AS is listed on the Oslo Stock Exchange Euronext Growth under the ticker NCOD.

The condensed, consolidated interim financial statements have been drawn up in accordance with International Financial Reporting Standards (IFRS), including the International Accounting Standards 34 (IAS34) for interim financial reporting and are authorized for issue by the board of directors on 19 Aug 2024. The Group's accounting principles and calculation methods used in the most recent annual accounts are described in the annual report for 2023. No accounting principles have been changed or other standards have been adopted during the period. The annual report is published on www.norcod.no.

The condensed consolidated interim financial statements have not been audited. As a result of rounding differences, numbers or percentages may not add up to the total.

All figures in the notes are in NOK 1 000, unless otherwise specified.

Notes

Note 1 Inventories and biological assets

	30.06.2024	30.06.2023	31.12.2023
Book value of inventories			
Feed and other materials	9 964	7 847	8 093
Total inventories	9 964	7 847	8 093

Book value of biological assets			
Roe and cod fry at cost	17 208	3 558	13 830
Biological assets held at sea farms at cost	357 783	280 177	380 452
Total Biological assets before fair value adjustment	374 991	283 735	394 282
Fair value adjustment of biological assets	-123 126	-76 522	-122 230
Total biological assets	251 865	207 213	272 052

		Q2 - 2024	Q2 - 2023	2023
Reconciliation of changes in carrying amount of biological assets	Statement of comprehensive income post			
Opening balance biological assets		243 839	173 029	206 758
Increase resulting from production in the period	Cost of materials	98 344	90 382	338 928
Reduction resulting from incident-based mortality		0	0	0
Fair value adjustment of biomass	Fair value adjustment biomass	-3 160	24 104	38 623
Reduction due to harvesting in the period		-87 159	-80 302	-312 257
Closing balance biological assets		251 865	207 213	272 052

Volumes of biological assets in sea (1 000 kg)			
Opening balance biological assets in sea	6 640	3 851	6 777
Closing balance biological assets in sea	7 080	3 973	7 817

Notes

The group had no uninvoiced finished goods in Q2 2024.

Biological Assets

Biological assets are, in accordance with IAS 41 Agriculture, measured at fair value in accordance with IFRS 13. Biomass measured at fair value, is categorized at Level 3 in the fair value hierarchy, as the input is mostly unobservable. All cod at sea are subject to a fair value calculation, while roe and cod fry are measured at cost as cost is deemed a reasonable approximation for fair value as there is little biological transformation.

The technical model used to calculate the fair value of biomass is a present value model. Present value is calculated on the basis of estimated revenues less production costs remaining until the cod is harvestable at the individual site. The cod is harvestable when it has reached the estimated weight required for harvesting specified in the company's budgets and plans. The estimated value is discounted to present value on the date of reporting. The expected biomass at harvest is calculated on the basis of the number of individuals held at sea farms on date of reporting, adjusted for expected mortality up until the point of harvest and multiplied by the fish's estimated weight at harvest. The price is calculated using the Group's best estimate of future prices and are not observable. The price includes the Group's best estimate of the future prices of cod liver and other products of the cod that will be sold. Prices are adjusted for expected costs related to harvesting, sales and carriage costs. The Group applies a monthly discount rate of 2 %.

Estimated remaining production costs are estimated costs that a market participant would presume necessary for the farming of fish up until they reach a harvestable weight. In the model, instead of being a separate cost element in the calculation, compensation for estimated license fees and site leasing costs is included in the discount factor, and thereby reduces the fair value of the biomass.

The fair value of the biomass is calculated using a monthly discounting of the cash flow based on an expected harvesting month according to the harvesting plan. The discount factor is intended to reflect three main components:

1. The risk of incidents that affect the cash flow
2. The time value of money
3. Synthetic license fees and site leasing costs

The discount factor is set on the basis of an average for all the Group's sites and which, in the Group's assessment, provides a sensible growth curve for the fish – from cod fry to harvestable fish.

The risk adjustment must take account of the risk involved in investing in live fish. Currently the Group expects a cod to spend on average 16-18 months at a sea farm, and the risk will be higher the longer the time until harvest. Biological risk, the risk of increased costs and price risk will be the most important elements to be recognized. The present value model includes a theoretical compensation for license fees and site leasing costs as a surplus to the discount factor in the model, instead of being a cost-reducing factor in the calculation.

Notes

Note 2 Financial items

	Q2 2024	YTD 2024	Q2 2023	YTD 2023	FY 2023
Financial income					
Currency gains	85	0	0	0	0
Other financial income	1 080	1 139	661	661	851
Total financial income	1 165	1 139	661	661	851
Financial expenses					
Impairment of financial assets	502	502	0	0	0
Interest expenses to related companies	0	0	2 625	5 250	6 323
Interest on long term loans from credit institutions	3 466	6 519	0	0	7 873
Interest expenses leasing	2 665	6 954	2 160	2 868	10 944
Adjustments due to currency loss	0	938	2 753	10 479	8 254
Other financial expenses	1 348	2 456	1 721	3 424	2 379
Total financial expenses	7 980	17 368	9 259	22 020	35 773
Net financial items	-6 815	-16 230	-8 598	-21 360	-34 921

Notes

Note 3 Associated companies and other investments

Up until May 2023, Norcod AS had a 50 % ownership in Havlandet Norcod AS (associated company), where NOK 35 million were invested in shares. An additional NOK 40 million long-term loan was granted to Havlandet Norcod AS. In May 2023, Norcod sold its shares in Havlandet Norcod AS and the long term loan was settled in cash correspondingly. Both transactions were settled at book values.

Norcod has written down an investment in Arctic Cod AS by TNOK 502 during the second quarter of 2024. The investment was acquired for TNOK 1 003 and had a book value of TNOK 502 at the beginning of the year.

Notes

Note 4 Interest-bearing liabilities

	30.06.2024	30.06.2023	31.12.2023
Non-Current interest-bearing liabilities			
Non-current interest-bearing debt	29 816	38 424	29 284
Non current liabilities for right-of-use assets	110 362	124 445	124 182
Non-current debt to shareholders and other long-term debt	0	0	0
Non-current leasing liabilities	140 178	162 868	153 465
Current interest-bearing debt:			
Current leasing liabilities	32 090	30 667	32 642
Current interest-bearing debt	120 726	103 683	119 356
Total current interest-bearing debt	152 816	134 350	151 998
Total interest-bearing debt	292 994	297 218	305 463
Cash and bank deposits	38 177	51 770	18 777
Net interest-bearing debt	254 817	245 449	286 687

As of Q2-24, Norcod was compliant with all bank covenants.



norcod

