



2022 Financial Statement

Presentation for stakeholders

3 March 2023

KALDALÓN

Agenda

2022 FINANCIAL STATEMENT - PRESENTATION FOR STAKEHOLDERS

KALDALÓN

1. **Activities in 2022**
2. Investment assets
3. 2022 Financial Report
4. Prospects and market listing



Víkurhvarf 7

Highlights of 2022

EMERGENCE OF A REAL ESTATE COMPANY



- The Company's transformation process is near completion and a **real estate company has been created**
- The Company's investment assets amount to 41.7 billion ISK
- The Company's investment assets **are up by 131%** between years
- Agreement on **90,700 m²***.



- Very good results in spite of costs relating to transformation
- Return on Equity **16.2%**
- Operating profit before valuation adjustments exceeded financial expenses
- **NOI ratio 74.2%**. NOI ratio adjusted for other expenses/income: **76.7%****



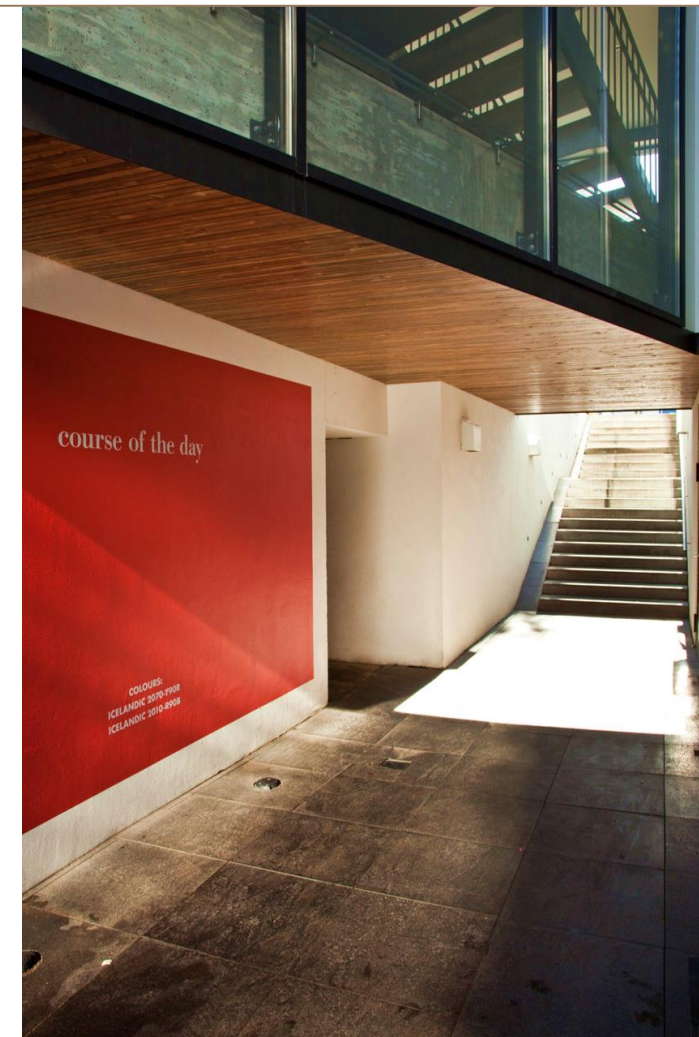
- Sales of assets outside core business have made good progress; proceeds used for acquisition of income-generating real properties.
- Targets achieved and non-core assets are now **below 1 billion**.



- Low debt ratio, high rental ratio and strong equity position underpin **further growth of the Company**
- Large steps taken in the direction of **market listing on Nasdaq Iceland**.

*Signed purchase agreements on properties at year-end cover approximately 85,000 m².

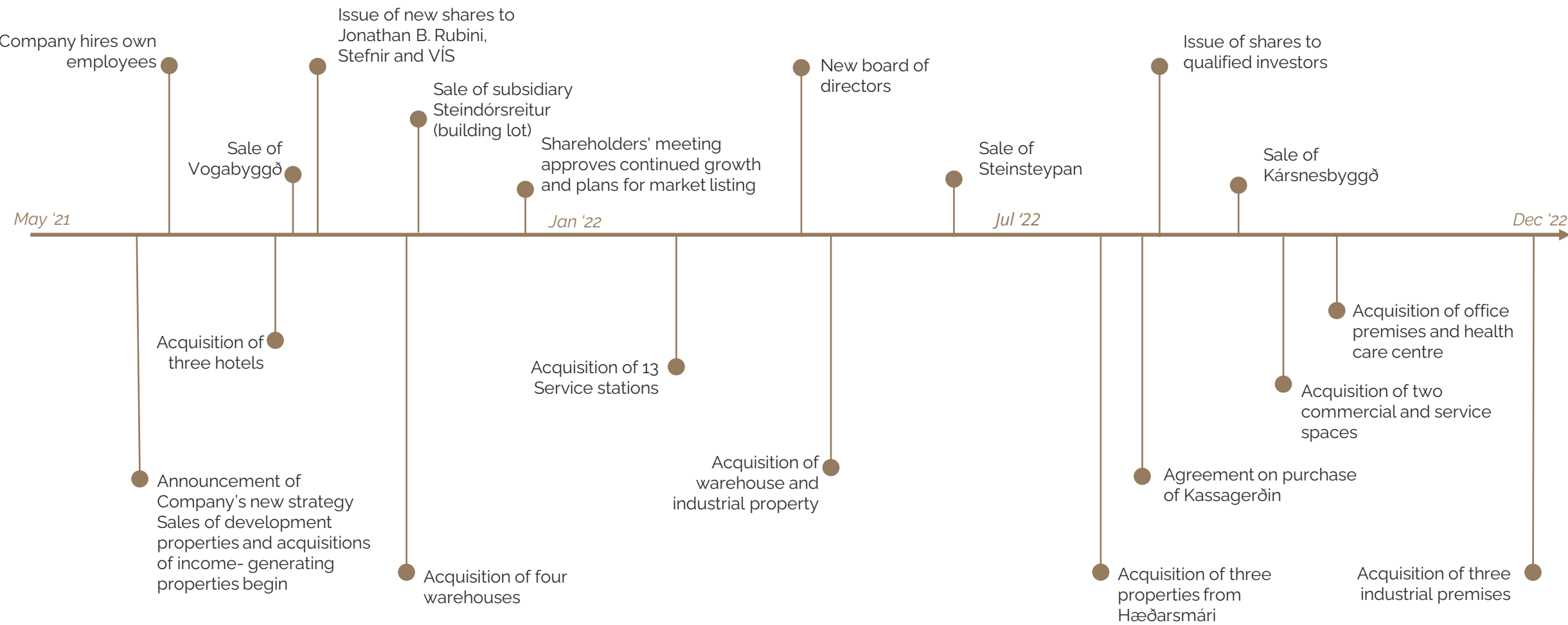
** Rental income as a proportion of operating profit prior to value adjustments, net of other income/expense.



Principal milestones



PRINCIPAL LANDMARKS IN THE COMPANY'S TRANSFORMATION PROCESS



Principal milestones of 2022

COMPLETED TRANSACTIONS IN THE FIRST HALF OF THE YEAR

KALDALÓN



Gylfaflöt 1



Dalvegur 20



Bústaðavegur 20



Miklabraut 100



Völuteigur 31A



Suðurfell 4



Skagabraut 43



Óseyrarbraut 2



Hagasmári 9



Fossaleynir 19-23



Miklabraut 101



Brúartorg 6



Fitjar 1



Grjótháls 8



Fiskislóð 29

Principal milestones of 2022

COMPLETED TRANSACTIONS IN SECOND HALF OF THE YEAR

KALDALÓN



Skógarhlíð 18



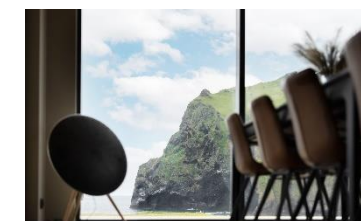
Hæðarsmári 2



Víkurbær 7



Hringhella 9



Tourist service properties
in Vestmanna Islands
In divestment process



Víkurbær 1



Hæðarsmári 4



Köllunarklettsvegur 1



Hringhella 9a



Þverholt 1



Hæðarsmári 6



Álfhella 5



Vesturhraun 5



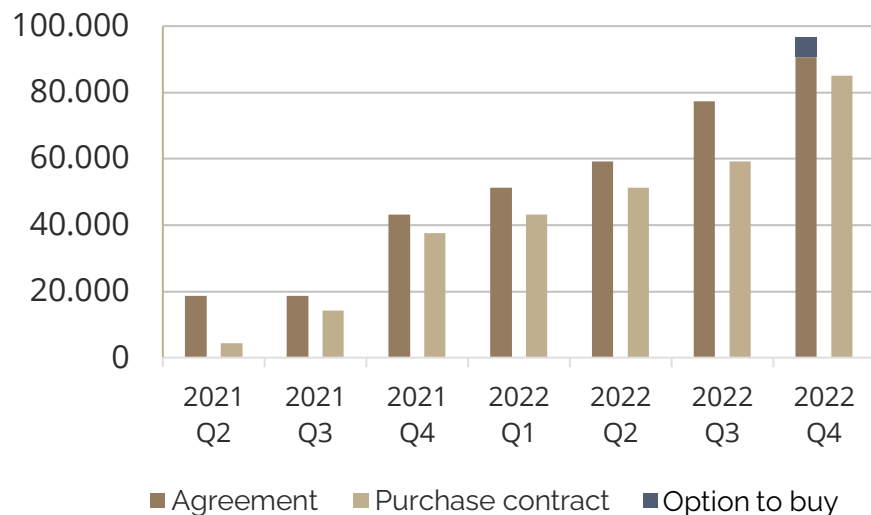
Hringbraut 116*

* The Company has the option to withdraw from the purchase and use the amount as a conveyance payment for Einhella 1.

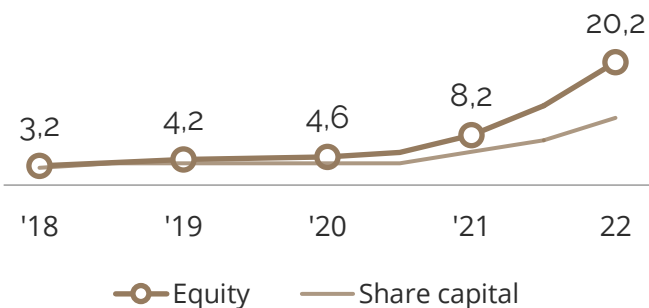
Principal milestones of 2022

FINANCIAL STANDING – ON A PROPER COURSE

Portfolio trend by quarter (m²)



Equity trend in ISK billion



98.9

%

Rate of rental*

16.2

%

Return on equity

41,711

ISK million

Investment assets

19,836

ISK million

Interest-bearing liabilities

47.5

%

Debt ratio**

45.5

%

Equity ratio***

*Income-weighted proportion of already transferred income-generating properties

**Interest-bearing debt / Investment assets.

*** Equity / Total assets.

Figures presented as total results. Minority share - see annual financial statement.

Principal milestones of 2022

KALDALÓN

BUSINESS OPERATION – ON A PROPER COURSE



2.6 billion

Pre-tax profits



1.8 billion

Operating
income



12 years

Average length
of leases



16.2%

Return on equity



600 m

Net cash from
operation*



74%

Operating profit
ratio

*Adjusted for one-off tax payment relating to sale of asset outside core business

Share capital

SHARES ISSUED

New Share Capital

The Board of Directors of the Company is at year-end authorised under Section 2.3 of the Company's Articles of Association to increase share capital by up to 3,277,973,492 ISK.

In the course of the year the Board of Directors resolved to limit future sales contract payments to sellers of real properties and instead apply to investors in the securities market.

In acquiring properties where part of the purchase price is paid in new shares in Kaldalón hf. the share price is generally based on the average 10-day price.

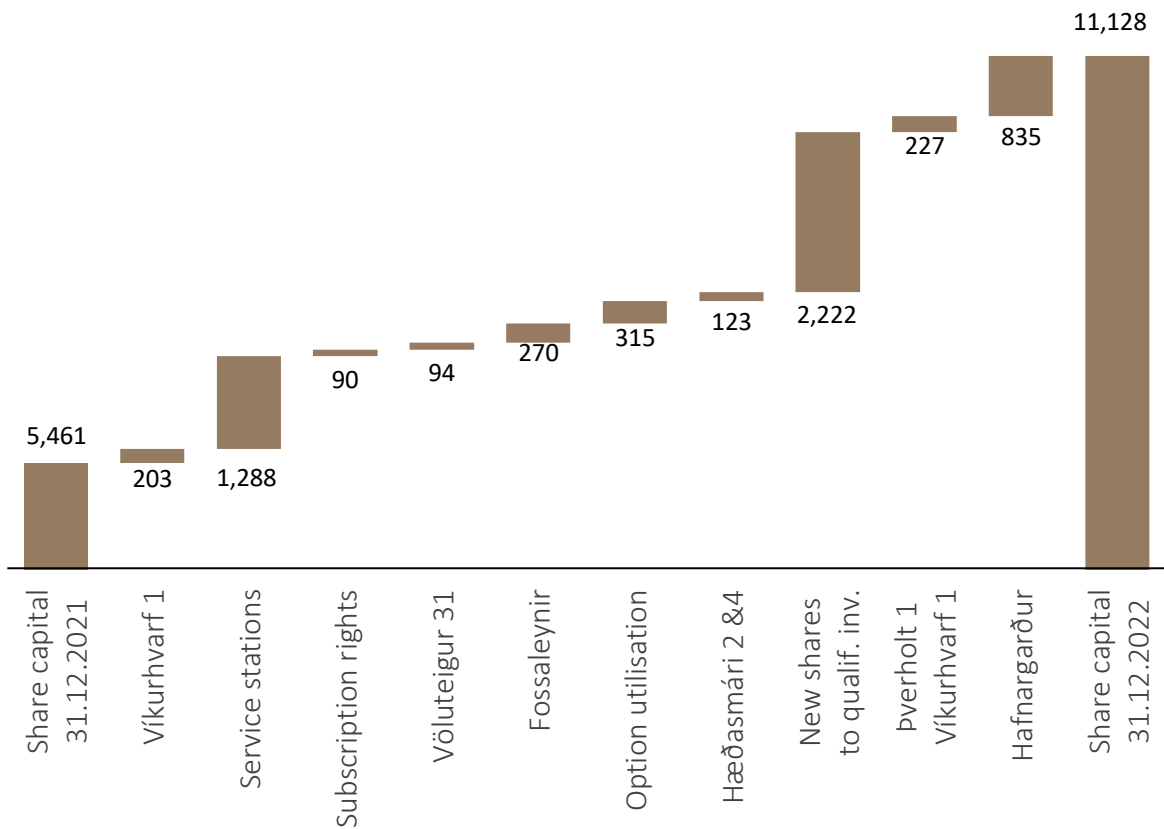
New shares were issued during the year relating to acquisition of properties. Acquisition and subscription rights from 2019 were also exercised.

ISK 5,666,999,363

Nominal value

ISK 10,053,441,176

Market value



Share capital in ISK million. Issues in 2022.

The Company has to date committed upto 400,000,000 of the current authorisation relating to the acquisition of Köllunarklettsvegur 1.

Share capital

VOLUME AND PRICES

Issued shares at the start of the year were 5,461,217,106 ISK and 11,128,216,469 ISK at the close of the year, with new share issues over the year at 5,666,999,363 ISK. Own shares at the close of the year were 574,009, putting the number of votes at 11,127,642,460 at year-end.

Shareholders were 553 at the close of the period and 378 at the beginning of the year.

Share price trend

At year-end 2021 the share price was 1.99, up by 67% over the year. At the end of 2022 the price of shares in the Company was 1.62, down by 18.5% from the turn of the year; the OMXI10 fell by 26.5% over the same period.

The market value of shares was therefore 18,027 m ISK at the end of the period.

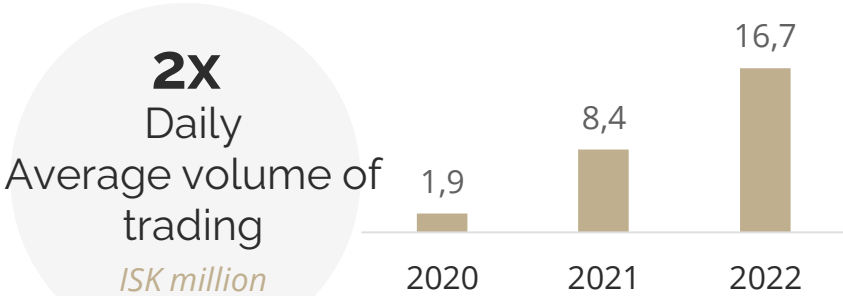
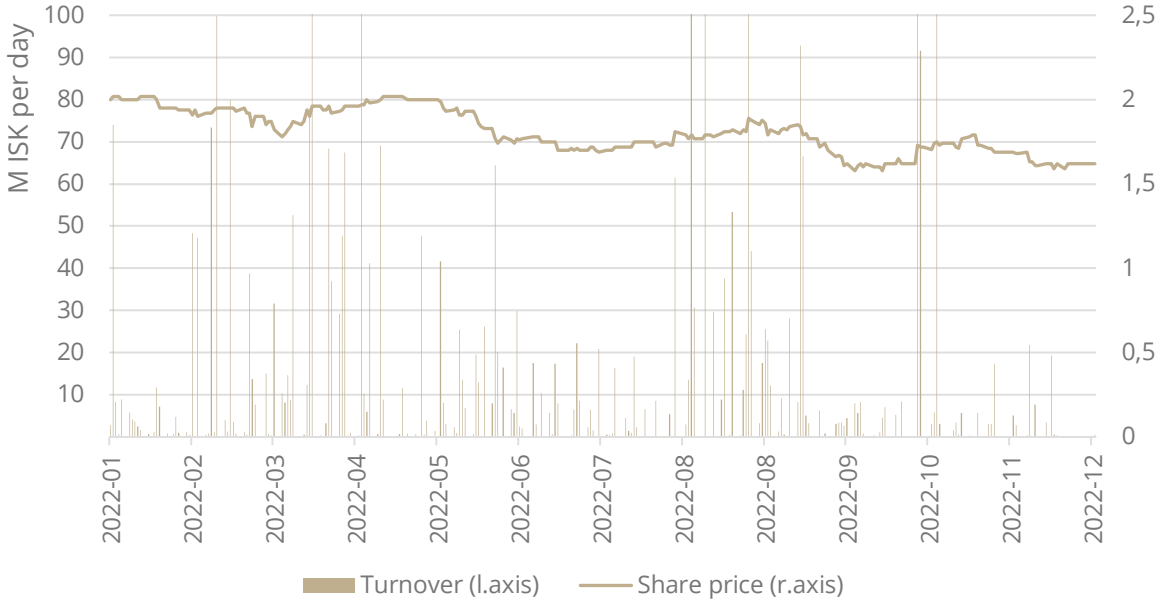
The year-on-year volume of trading in shares in the stock exchange was 4,193.8 m ISK. The volume of trading in shares in the Company has increased steadily in recent years.

The average volume per business day is 21.2 m ISK.

The average volume does not include trades off the exchange.

Dividends

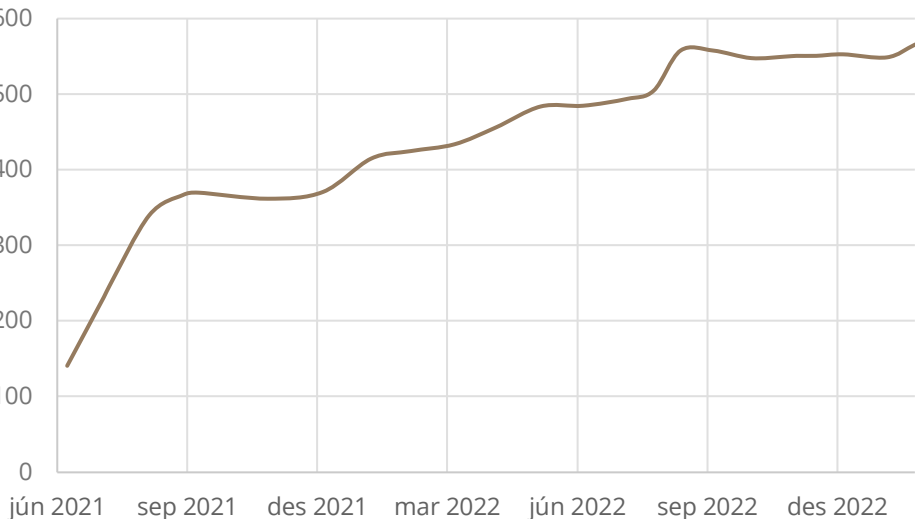
The Company is in a growth phase and earnings are used for acquisition of further income-generating properties. No payments of dividends are planned.



Share capital

NUMBER OF SHAREHOLDERS AND LARGEST SHAREHOLDERS

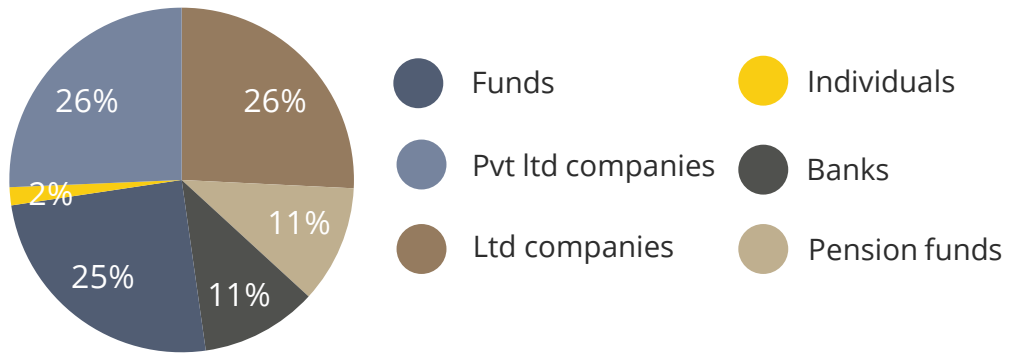
Number of shareholders



Shareholders at end of period

The twenty largest shareholders control 76.7% of the share capital in the Company; shareholders were 553 at year-end. Private limited companies, limited companies and funds control 25-26% of the shares in the Company, respectively. Banks and pension funds control 11%, respectively, and private investors 2%. Kvika bank hf. and Arion bank hf. are market makers for the Company.

Shareholder	31.12.2022	Shareholder	31.12.2022
1. SKEL Investment company hf.	12.7%	11. Búbót ehf.	2.4%
2. Arion Bank hf.	9.5%	12. MA5 ehf..	2.0%
3. Stefnir – Domestic equity hs	7.7%	13. RES 9 ehf.	1.8%
4. Norvik hf.	7.5%	14. Akta Stokkur hs.	1.7%
5. Stapi Pension Fund	5.9%	15. Kvika Bank hf.	1.6%
6. Iceland Insurance Company hf.	4.4%	16. 365 hf.	1.4%
7. E&S 101 ehf.	4.3%	17. Lov&co ehf	1.4%
8. Stefnir- ÍS 5 hs.	3.3%	18. Akta HL1	1.3%
9. Frjalsi Pension Fund	3.0%	19. Akta HS1	1.2%
10. Edra ehf.	2.7%	20. Algildi Prof. Investment	1.1%
		Other (533)	23.3%



Agenda

2022 FINANCIAL STATEMENT - PRESENTATION FOR STAKEHOLDERS

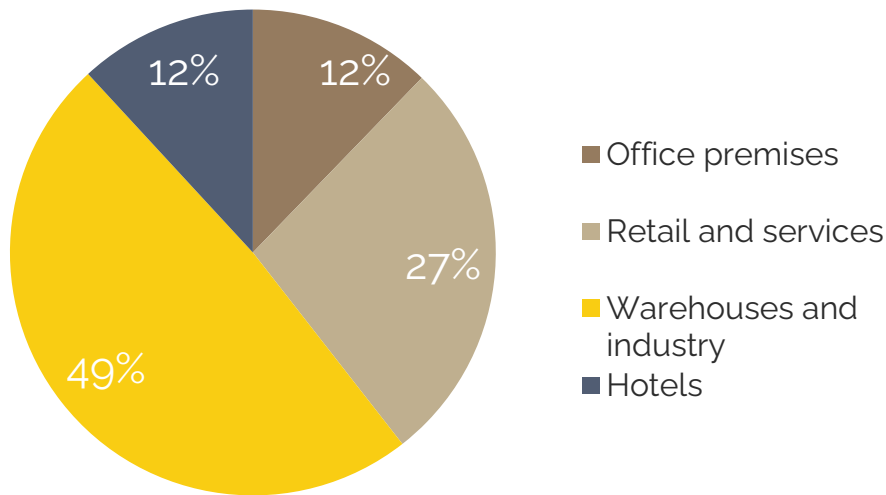
KALDALÓN

1. Activities in 2023
- 2. Investment assets**
3. 2022 Financial Report
4. Prospects and market listing



Property portfolio

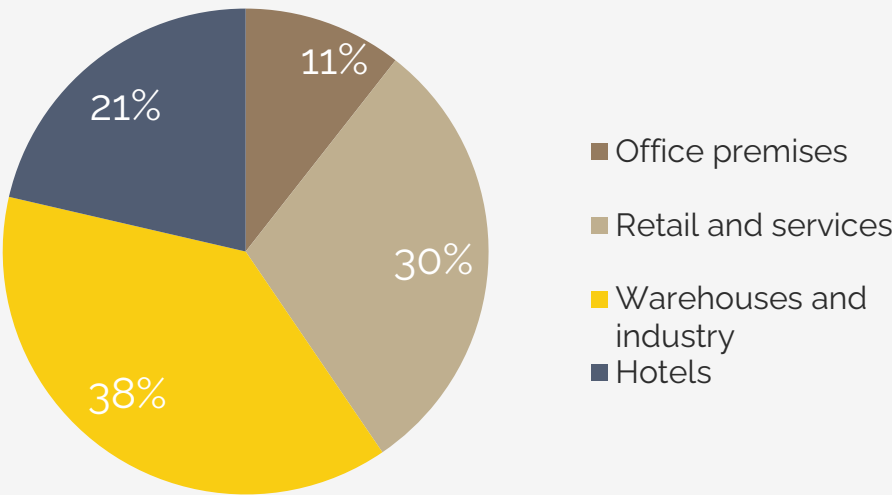
INCOME GENERATING REAL PROPERTIES BASED ON ANNOUNCED TRANSACTIONS – SCENARIO



90,700 m²

Volume of real properties based on **announced transactions**

The chart shows the size of the property portfolio and distribution by category.



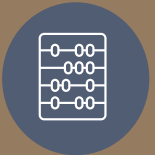
3,437 m ISK

Estimated **annual revenue** from properties based on **announced transactions**

Estimated annual income based on a full year of operation of all real properties (100%).



90,700
SQUARE METRES



42.8 billion
ISK
VALUATION PRICE*

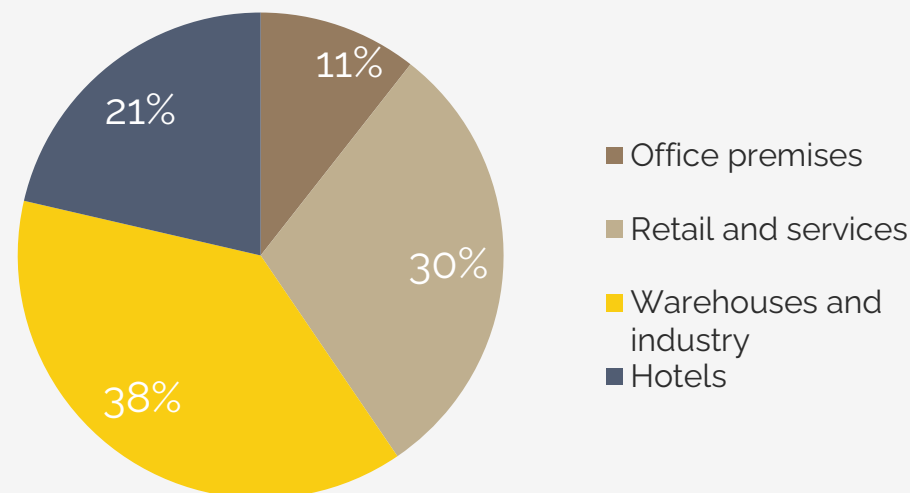
*Valuation price is approximated as fair value 31.12, investment plus acquisition price of properties where an agreement has been reached on acquisition.

Property portfolio

INCOME-GENERATING REAL PROPERTIES BASED ON ANNOUNCED TRANSACTIONS

Kaldalón Asset Classes

- Kaldalón is a company with a **diversified portfolio**.
- In the long term the Company will seek to ensure that no single asset class exceeds 50% of total revenue. It is likely that the **proportion will change regularly in the growth stage**.
- The Company targets continuing growth, focusing on industrial and commercial premises.



3,437 m ISK

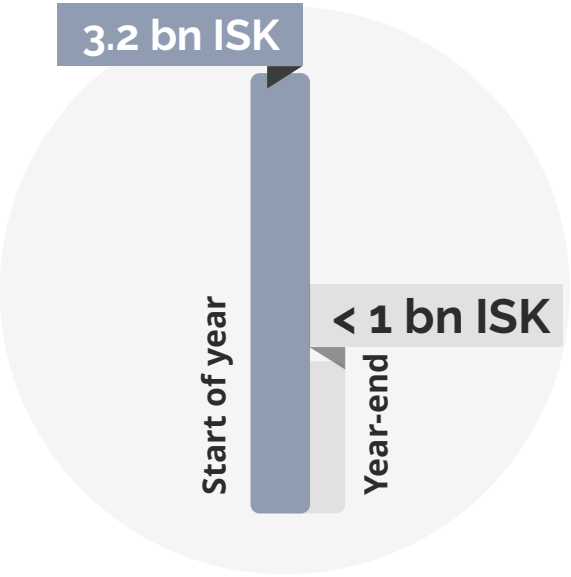
Estimated **annual revenue**
from properties based on
announced transactions

Estimated annual income based on a full year of operation of all real properties (100%).

See projected increase in revenue over time at fixed price level on slide 30.

Non-core investment assets

TARGETED SALES OF NON-CORE ASSETS



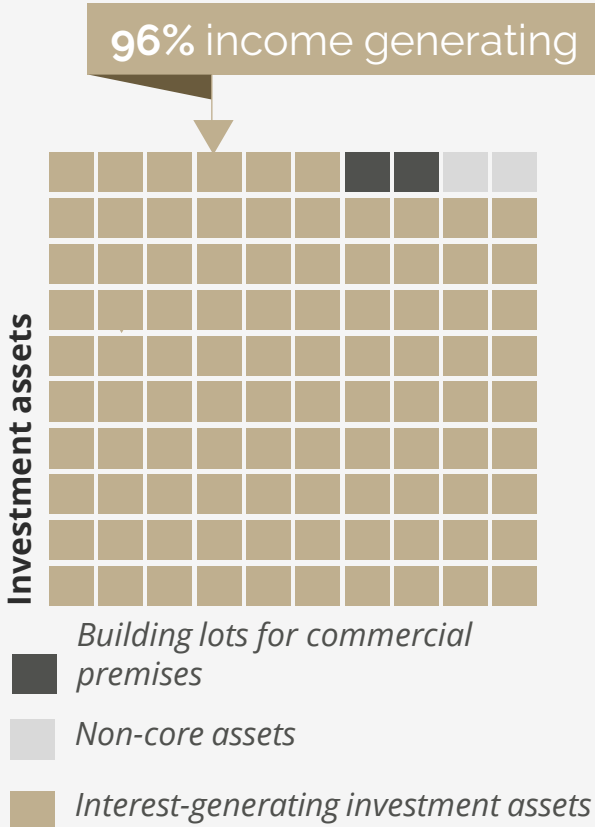
Year's targets achieved. Non-core assets accounted at 995 m ISK. Mostly completed residences in a divestment process

**< 1 billion
ISK**

Non-core investment assets

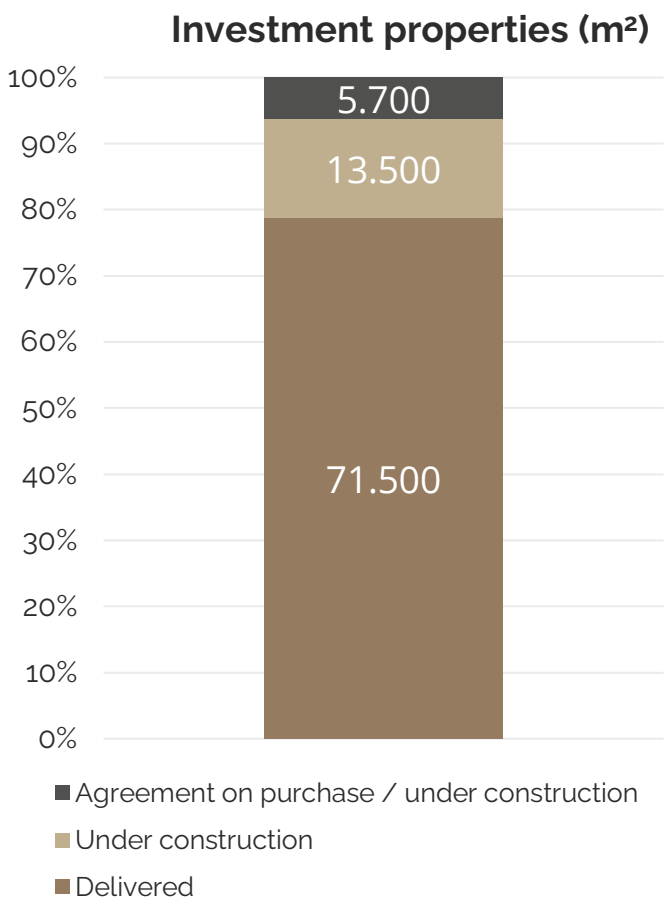
The Company has generally sold its development assets at book value or more and used proceeds to acquire of income-generating properties in line with the Company's strategy.

Investment assets at year-end



Investment assets overview of deliveries

COMPANY'S INVESTMENT ASSETS INCREASING STEADILY



Properties under construction	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Köllunarklettsvegur 1 C. 45% of property delivered. Completion scheduled for year-end.					
Álfhella 5 Property under construction, income generation projected in Q3					
Einhella 1 Property under construction, income generation projected in in stages in H2					

Agenda

2022 FINANCIAL STATEMENT - PRESENTATION FOR STAKEHOLDERS

KALDALÓN

1. Activities in 2022
2. Investment assets
- 3. 2022 Financial Report**
4. Prospects and market listing



Highlights of the Operation in the Year 2022

FINANCIALS



Operating profit ratio 74% despite expense of transformation process



Operating profit before valuation adjustments exceeded net financial expenses



Income weighted occupancy ratio 98.9% - average lease terms 12 years

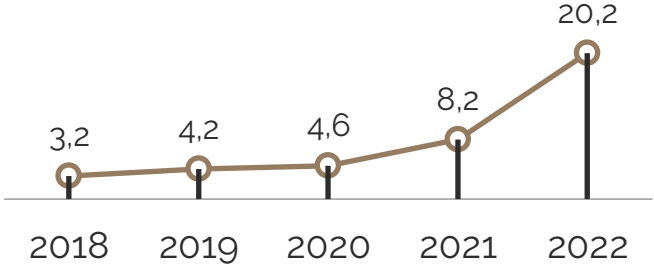


Cash provided by operating activities 600 m ISK adjusted for paid tax*

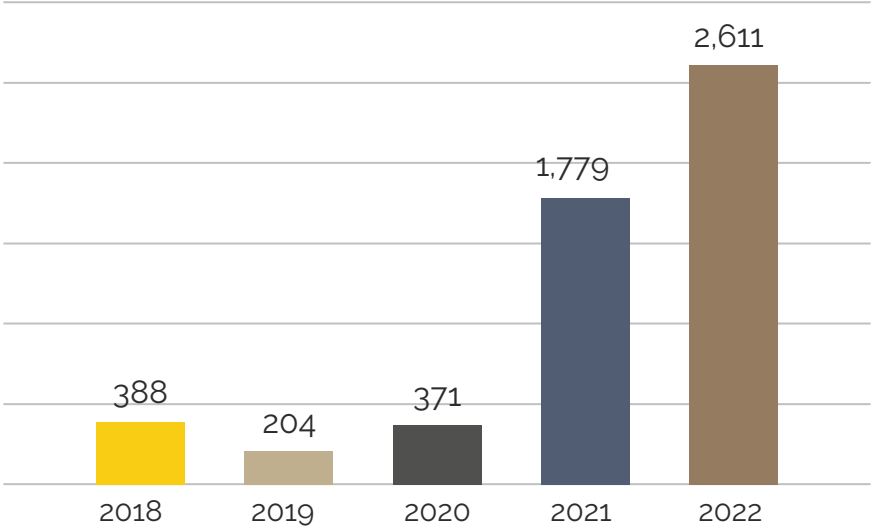


Profit before taxes 2.6 billion ISK; return on equity 16.2%

Equity (billion ISK)



Profit before taxes (m ISK)



*Adjusted for one-off tax payment relating to sale of non-core asset

Figures presented as total results. (Minority share - see annual financial statement)

Income Statement



OPERATING PROFIT RATIO 74%

- In the first half of 2021 the Company reported as an investment company, and therefore P&L in the financial statement is **not comparable** with the preceding year.
- **Significant growth in the year** along with investment in income generating properties – Only 40% of properties on the balance sheet were in operation all year.
 - Rental income in 2H 1,136 m ISK, as compared to 586 m ISK in 1H.
- **Covid agreements with hotels fully finalised** at year-end; total turnover-linked rental of hotels amounted to 350 m ISK.
- Other expenses accrued mostly in 1H relating to the Company's transformation.
- Operating profit before value adjustments was 1,306 m ISK and the **operating profit ratio was 74%** and 77% adjusted for other expense/income.

Income Statement	2022	2021
Rental income	1,722	233
Other income	39	0
Operation of investment assets	(235)	(30)
Management cost	(166)	(124)
Other operating expenses	(54)	(55)
Operating profit before value adjustments	<u>1,306</u>	<u>(23)</u>
Value adjustment of investment assets	2,490	1,188
Profit from operations	<u>3,796</u>	<u>1,212</u>
Net financial expenses	(1,183)	579
Share in the operation of associated companies.	(2)	(11)
Pre-tax profit	2,611	1,779
Income tax	(513)	(442)
Profit	<u>2,097</u>	<u>1,337</u>

Amounts in ISK million

Income Statement



PROFIT BEFORE TAX 2.6 BILLION ISK

- Value adjustment of investment assets 2.5 billion
- Average yield of valuation 6.24%, up by 26 points from interim statement
- Net financial expenses just short of 1.2 billion
 - Paid interest expenses 786 m ISK
 - Price level factor 489 m ISK
- Operating profit before value adjustments net of financial expenses **positive by 123 m ISK**
- Profit before tax 2.6 billion ISK
- **Return equity 16.2%** after taxes

Income Statement	2022	2021
Rental income	1,722	233
Other income	39	0
Operation of investment assets	(235)	(30)
Management cost	(166)	(124)
Other operating expenses	(54)	(55)
Operating profit before value adjustments	<u>1,306</u>	<u>(23)</u>
Value adjustment of investment assets	2,490	1,188
Profit from operations	<u>3,796</u>	<u>1,212</u>
Net financial expenses	(1,183)	579
Share in the operation of associated companies.	(2)	(11)
Pre-tax profit	2,611	1,779
Income tax	(513)	(442)
Profit	<u>2,097</u>	<u>1,337</u>

Amounts in ISK million

Balance sheet



TOTAL ASSETS OF THE GROUP APPROXIMATELY 45.5 BILLION ISK

- Investment assets **increased by 23 billion ISK, or 131%, over the year, to 41.7 billion ISK**
- Long-term assets from sale of non-core assets – receivables secured by property pledges
- Receivables stem largely from sales of assets in H2.
- Cash and cash equivalents** amounted to just short of **2.3 billion ISK**
 - The Company has access to an undrawn **credit facility amounting to 1.5 billion ISK.**

	31.12.2022	31.12.2021
Fixed assets		
Investment assets	41,711	18,082
Holdings in affiliated companies	0	101
Long-term receivables	669	554
	42,380	18,738
Current assets		
Trade debtors and other short-term receivables	825	360
Cash and cash equivalents	2,277	1,296
	3,102	1,656
Assets held for sale	0	1,341
Total assets	45,482	21,734

Amounts in ISK million

Balance sheet

DEBT RATIO 48%



- Share capital increased by 5.7 billion ISK, over **10 billion at market value**
 - Includes c. **5.5 billion in market value** in the form of consideration in trades
- Equity **increased by 148%**, or 12.4 billion ISK
- The Group has an equity ratio of **45.5%**, as compared to 38% in 2021.
- Interest-bearing **liabilities 19.8 billion ISK**, corresponding to **48%** of investment assets
- Short-term share of interest-bearing debt relate largely to non-core assets in divestment process
- 71% of other short term debts are unpaid sale contract payments, of which 500 m ISK are payable in new share capital

	31.12.2022	31.12.2021
Equity	20,717	8,359
Deferred income tax liability	2,567	1,553
Long-term liabilities		
Lease liability	429	256
Interest-bearing liabilities	18,772	8,726
	21,767	10,535
Current liabilities		
Interest-bearing liabilities	1,064	1,141
Other liabilities	1,934	1,233
	2,998	2,373
Liabilities held for sale	0	467
Total equity and liabilities	45,482	21,734

Amounts in ISK million

Agenda

2022 FINANCIAL STATEMENT - PRESENTATION FOR STAKEHOLDERS

KALDALÓN

1. Activities in 2022
2. Investment assets
3. 2022 Financial Report
- 4. Prospects and market listing**

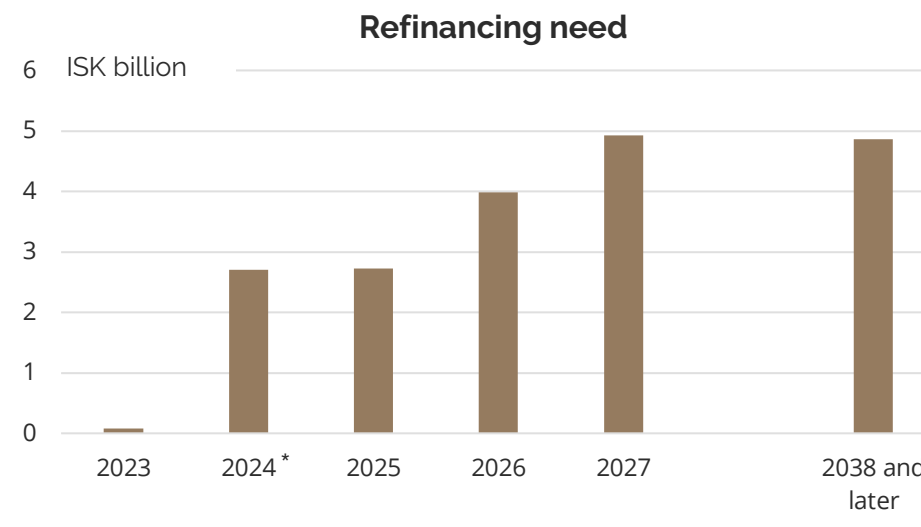


Financing

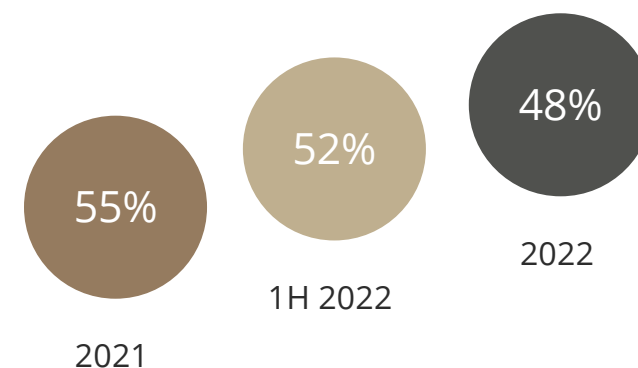
WORK ON SETTING UP A BOND FRAMEWORK BEGUN

- The Company's investments have mostly been financed with new 3 to 5-year bank loans and to a small extent by taking over debts.
- The emphasis has been on **debts being prepayable** at no cost
- The increased value of prepayment rights, which gives the Company the ability of **refinancing in the market** with the issue of debt instruments
- The Company is **lightly leveraged** compared to similar companies and well positioned to deal with changed market conditions
- The Company plans to issue a bond framework this year

*1,600 m ISK is a development loan relating to Köllunarklettsvegur 1



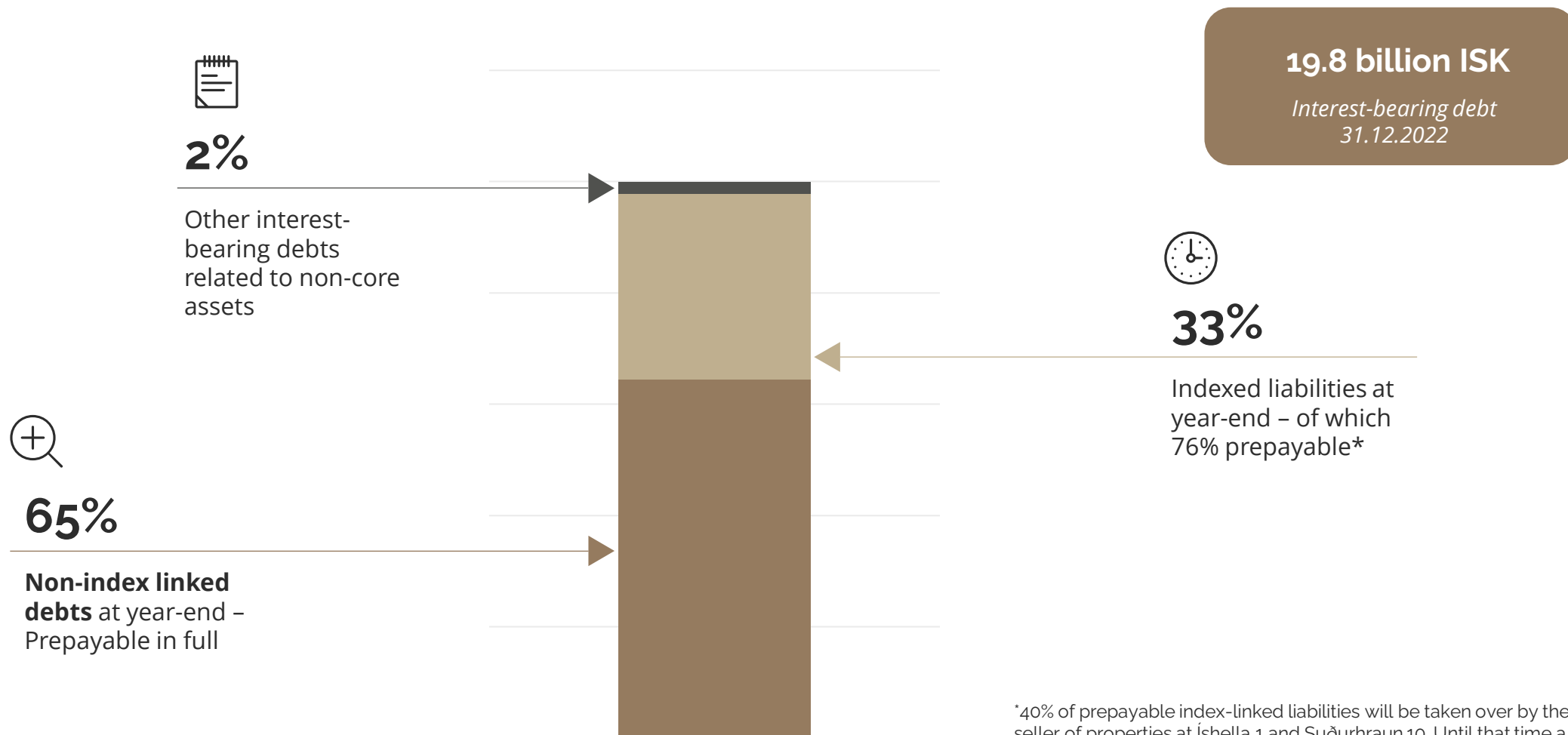
Interest-bearing debt/Investment assets



Financing

92% OF DEBTS PREPAYABLE*

KALDALÓN

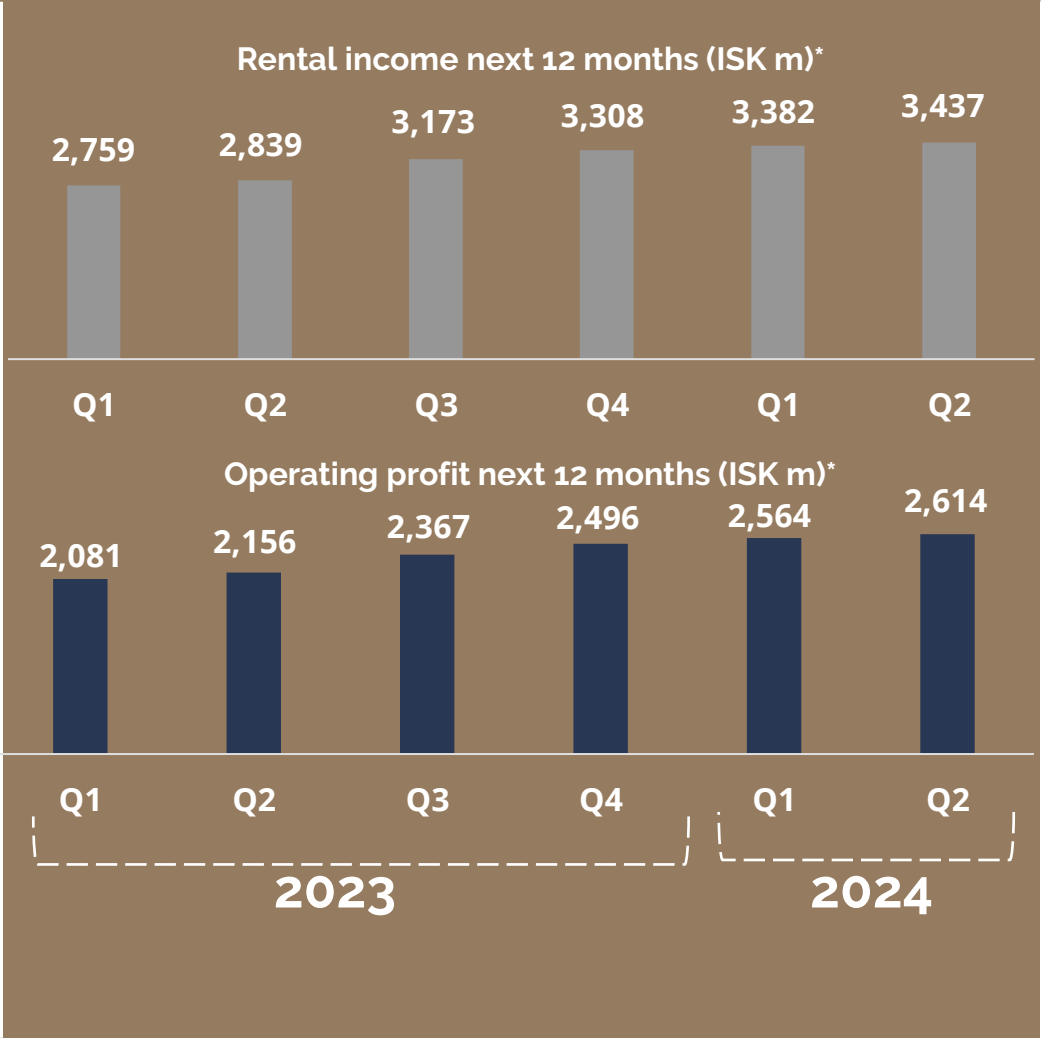


*40% of prepayable index-linked liabilities will be taken over by the seller of properties at Íshella 1 and Suðurhraun 10. Until that time a 1.5% cost of the principal of outstanding loans is collected.

Income growth

GROWTH BASED ON CURRENT PORTFOLIO

- Majority of acquired properties over the year income-generating on acquisition
- The Company has acquired properties or entered into contracts on acquiring properties in development phase.
 - Properties delivered in stages – leasing out on schedule
- Income growth in next 18 months c. 5% per quarter based on current portfolio
- Lease capacity of properties just over 3.4 billion ISK at full rental.



*At March 2023 price level based on 100% rental of properties (rental value 98.9% on 98.9% 31.12.2022); **operating cost includes site rental cost.

Balance Sheet

Assumptions

1. Sales of non-core development properties completed and related charges paid
2. Completion of transactions on acquired properties and issue of shares for the acquisition of Köllunarklettsvegur 1
3. Improvements – Skógarhlíð 18

Other market conditions unchanged

45,522

ISK million
Assets

47

%
Equity ratio

49

%
Debt ratio**

		1	2	3	
Balance Sheet	31.12.2022	Sale of assets*	Trade settlements	Other movements	Pro forma
Investment assets	41,711	(995)	1,740	400	42,856
Other assets	1,494	(1,125)	(188)		182
Cash and cash equivalents	2,277	1,680	(1,321)	(150)	2,485
Total assets	45,482	(440)	231	250	45,522
Equity	20,717		500		21,217
Deferred income tax liability	2,567				2,567
Interest-bearing liabilities	19,836	(440)	1,326	250	20,972
Other liabilities	2,363		(1,595)		767
Total liabilities and equity	45,482	(1,268)	231	250	45,522

*Based on book value. **interest-bearing debt/ Investment assets.

Listing on Nasdaq Iceland

LISTING IN SIGHT

Targeted listing

The First North Market has **already given the Company access to most of the advantages of being a listed company in a securities exchange** and an opportunity to develop the business operation more rapidly than would otherwise be possible.

The operating history of the Company as a real estate company around income-generating commercial premises is short. The First North market will continue to enable the Company to ensure equal treatment of investors, transparency in disclosures and centralised price formation.

The Board of Directors of the Company is of the opinion that listing of the Company on Nasdaq Iceland of the Iceland Stock Exchange in 2022 is not a necessity for the Company's growth and development, nor is it in the best interests of the Company, its shareholders or creditors at this point in time.

The Company's operation has been successful, the Company is in a development phase and has good access to share capital and loan financing.

The Board of Directors has therefore decided to begin preparations for listing of the Company on Nasdaq Iceland of the Iceland Stock Exchange when **three of four criteria have been met**.



50 billion
ISK

Investment assets

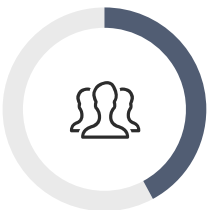
Value of investment assets
exceeds 50 billion ISK



3,500 m

Revenue

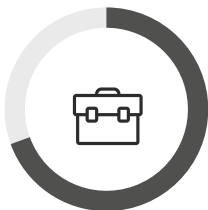
Rental income of the Company on an
annual basis, estimate for the coming 12
months, exceeds 3.5 million ISK.



Annual
acc.

Operating history

An interim financial statement with pure operation
of the property portfolio has been issued and
audited.



Liabilities

Bonds

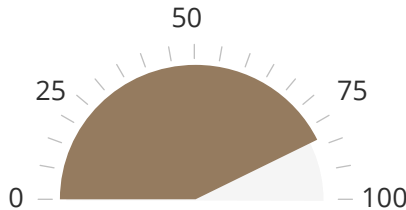
The Company has issued a base
prospectus for the issue of bonds and
other debt instruments.

Listing on Nasdaq Iceland

STATE OF BOARD'S TARGETS PRIOR TO LISTING

Investment assets

83%

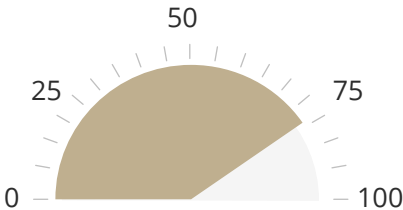


41.7 billion ISK

Objective:
Value of investment assets exceeds 50 billion ISK

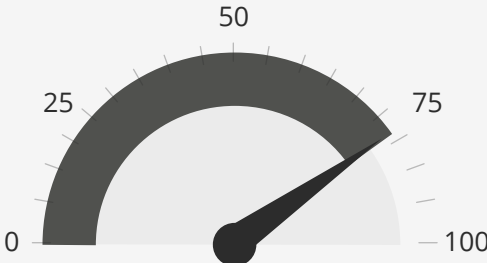
Revenue

79%



2,759 m ISK

Objective:
Rental income of the Company on an annual basis, estimated for the coming 12 months, exceeds 3.5 million ISK.



OPERATING HISTORY

75%

H1 / 2023

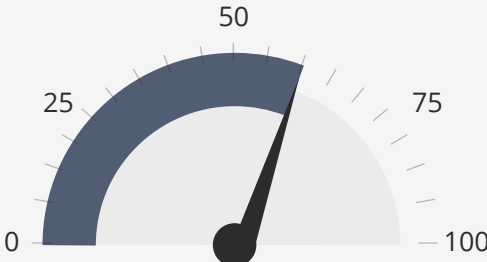
Objective:
An interim financial statement with pure operation of the property portfolio has been issued and audited.

LIABILITIES

60%

H1 / 2023

Objective:
The Company has issued a base prospectus for the issue of bonds and other debt instruments.



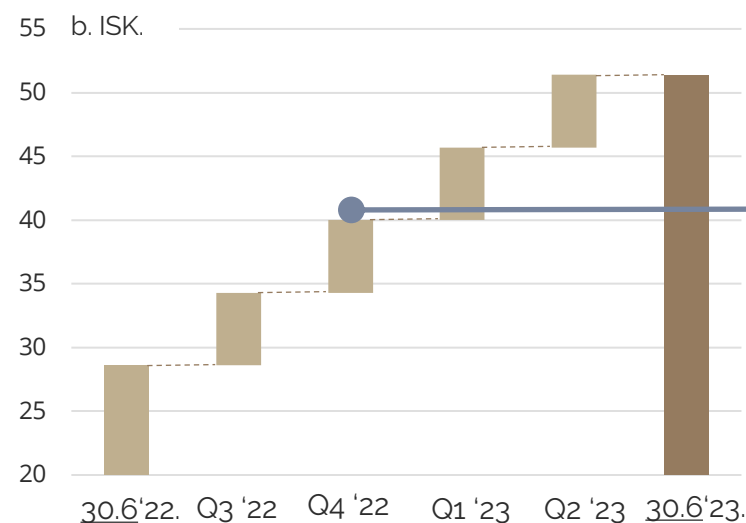
Company growth – according to plan

SCENARIO OF PREVIOUS ESTIMATES FOR 2023

Scenario from **interim** statement

- Over the past 18 months the Company has invested in interest-generating properties for **5.7 billion on average** each quarter. Unchanged from previous presentations
- If the Company maintains the same rate of growth the value of income-generating properties will reach or surpass 50 million ISK in the second half of 2023
- The rate of growth will obviously be influenced by *market conditions*. The scenario is therefore subject to *significant uncertainty*.

Value of investment assets based on fixed growth



*Rate of growth based on the acquisition price of properties

Year-end position

Actual position at year-end:
41.7 billion ISK

Finally

ONWARDS

KALDALÓN



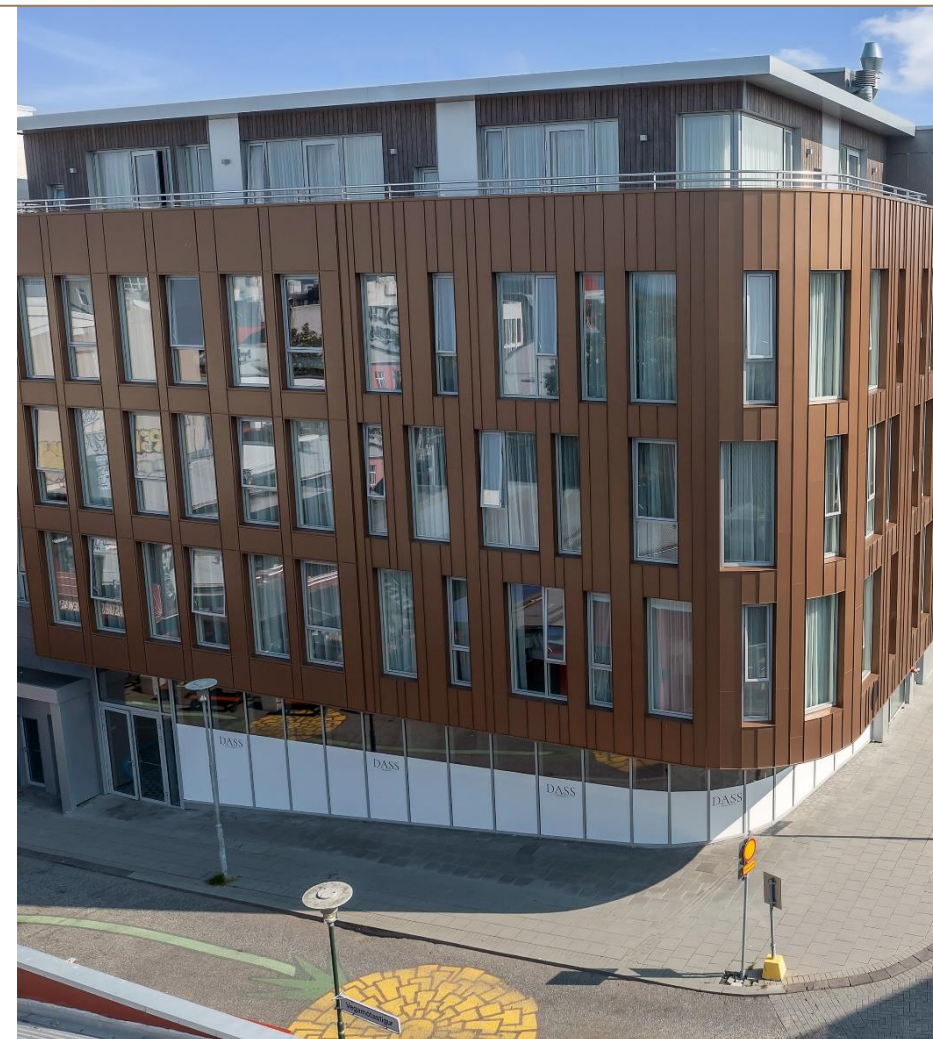
- Investment assets more than **doubled** between years. Agreement on 90,700 m² real property.
- Very good operating results despite extensive work relating to transformation, preparation for listing and growth.



- Targets achieved in **transformation** and Kaldalón hf. is now a real estate company.
- High **equity position** compared to similar companies, strong cash position and agreements reached on undrawn facilities amounting to 1,500 m ISK.
- The Company is well prepared to take on changes in external environment and further growth.



- Work in progress on the issue of a bond framework.
- Transformation process of Kaldalón in final stages. The Company is well on its way to **achieving the target of listing the Company** on Nasdaq Iceland of the Iceland Stock Exchange.



"All information in this presentation is to the best knowledge of the management of Kaldalón at the time of the presentation. It should be noted that the Company's operating environment is impacted by a number of factors that cannot be foreseen. Results and forecasts can change and the Company's progress may differ from those indicated here.

It should be noted that the presentation includes statements and other presented data, such as scenarios, that are based on management's judgments and estimates, assumptions and external factors. Kaldalón cannot guarantee the accuracy or completeness of the data presented in this presentation and it should be noted that the scenarios do not represent the Company's income projection; their purpose is to show the distribution of real estate classes and full rental.

This presentation will not be reviewed following its publication as regards the above and therefore applies only at the point in time that it is first published on the Company's website. Kaldalón will in no case be held liable for any loss which may result from information published in this presentation, nor for any loss which can be traced directly or indirectly to its use. Kaldalón is under no obligation to update this presentation, supply further information or correct errors that may come to light.

The presentation is for information purposes only and should not be regarded as an invitation or advice to buy or sell any financial instruments or take any investment decision. The recipient is alone responsible for investment decisions made on the basis of information in this presentation and should seek expert advice before any such investment decision is made."



KALD ALÓN