



Q4 2023

STATUS AND PROGRESS

29 FEBRUARY 2024

AGENDA

- INTRODUCTION
- Quarterly highlights and subsequent events
- Status Kvalnes build-out
- Financials
- Post-smolt strategy
- Summary and outlook



Martin Rasmussen
CEO



Bjarne Martinsen
CFO

OUR
VISION



**BUILDING THE
WORLD'S MOST
FISH-FRIENDLY
AND SUSTAINABLE
SALMON FARMING
FACILITY OF
ITS KIND**

OUR
MISSION



**FISH FARMING
WITH A CLEAR
CONSCIENCE**

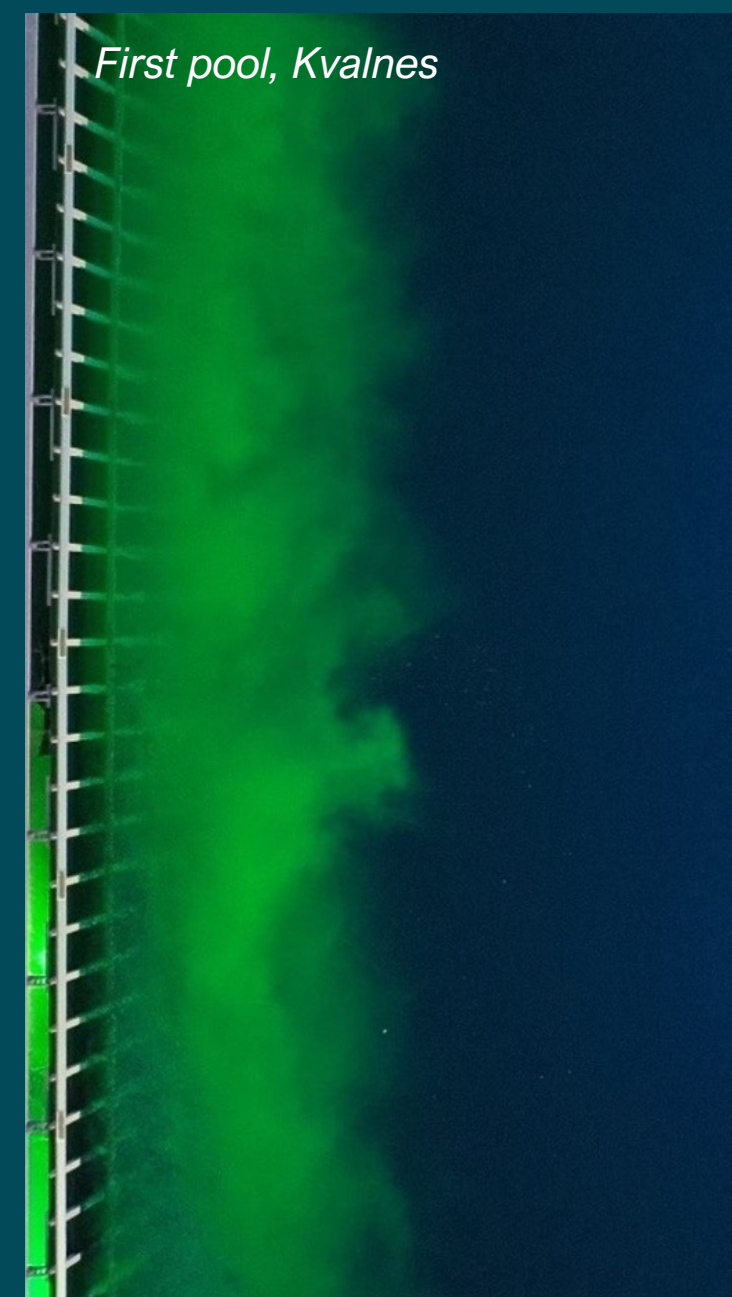
THE BEST OF TWO WORLDS

3 BENEFITS FROM SEA BASED NET PEN FARMING

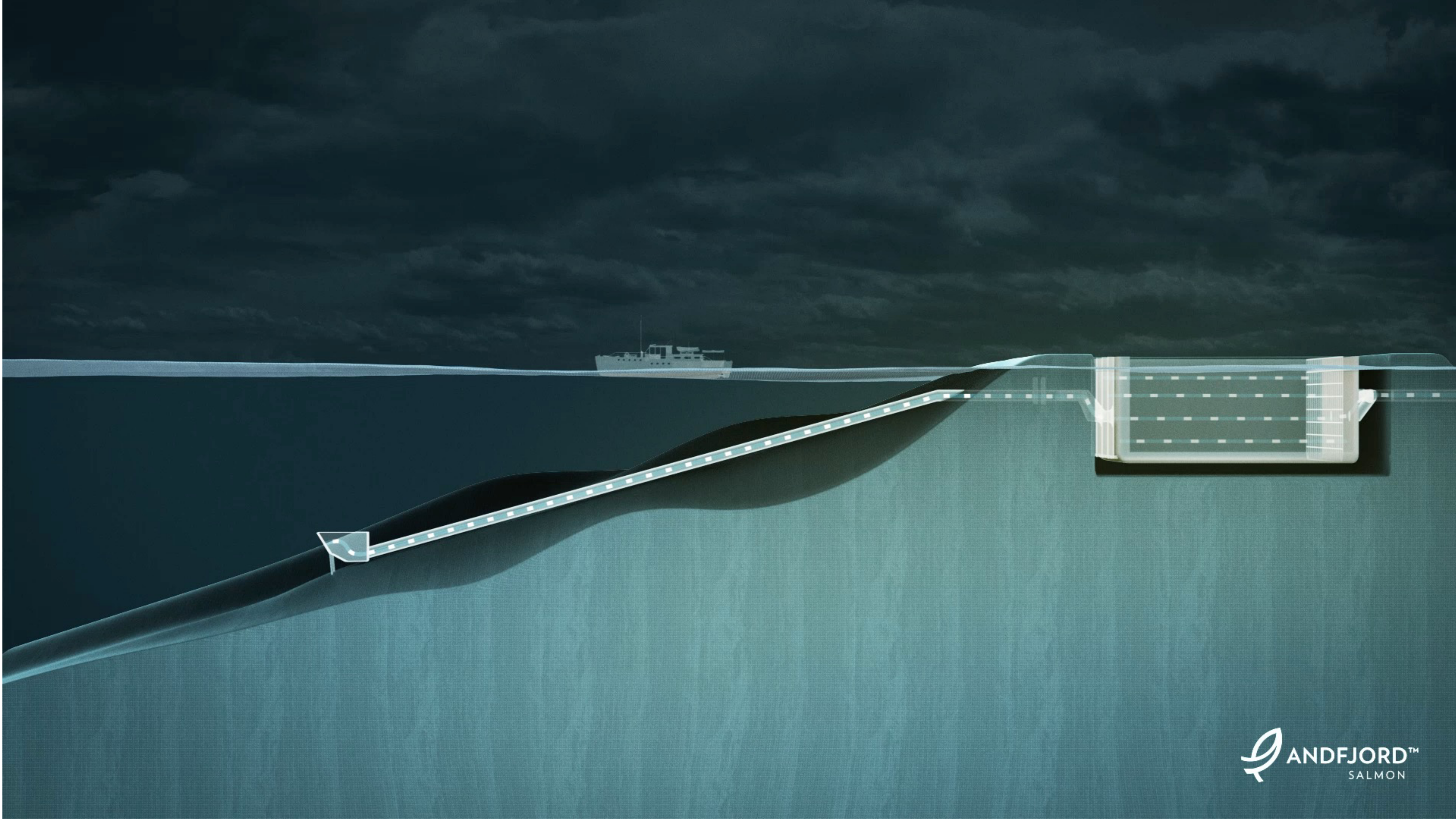


- 1** NATURAL OPTIMAL WATER TEMPERATURES
- 2** OXYGEN-RICH AND CLEAN ARCTIC SEAWATER
- 3** LOW ENERGY COSTS. NO LIFTING, HEATING OR COOLING

3 BENEFITS FROM LAND BASED FARMING



- 1** NO PROBLEMS WITH SALMON LICE AND POISONOUS ALGAE
- 2** NATURAL ESCAPE PREVENTION
- 3** COLLECTION AND RECYCLING BIOWASTE = COMMERCIAL VALUE



Egga 3.000 mbsl

Gulf Stream

Bleiksdjupet 1.000 mbsl

Kvalnes, Andøya

KEY FIGURES: FIRST PRODUCTION CYCLE

INDUSTRY LEADING
SURVIVAL RATE



97.5%

Survival rate for first
production cycle

Industry average = 83.3%*

LOW FEED
CONVERSION
RATE



1.05

Feed conversion rate for first
production cycle

Industry average = 1.27**

STRONGER
GROWTH



+1 kilo

Extra growth first 12 months in
cycle, compared to Skretting's
growth table

LOWER ENERGY
COSTS



1 kWh

Energy use per kilo produced
salmon, first production cycle

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- **QUARTERLY HIGHLIGHTS AND SUBSEQUENT EVENTS**
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HIGHLIGHTS Q4 AND SUBSEQUENT PERIOD



EXCAVATION COMPLETED

Pool pit excavation at
Kvalnes completed one
quarter ahead of
schedule



PROGRESSING AS PLANNED

Harbour area and
waterways workstreams
progressing as planned



PREPARATION FOR POOL CONCRETE PRODUCTION

Initiated preparation for
pool concrete
production



POST-SMOLT STRATEGY

Post-smolt production
opportunity identified,
approved and being
realised

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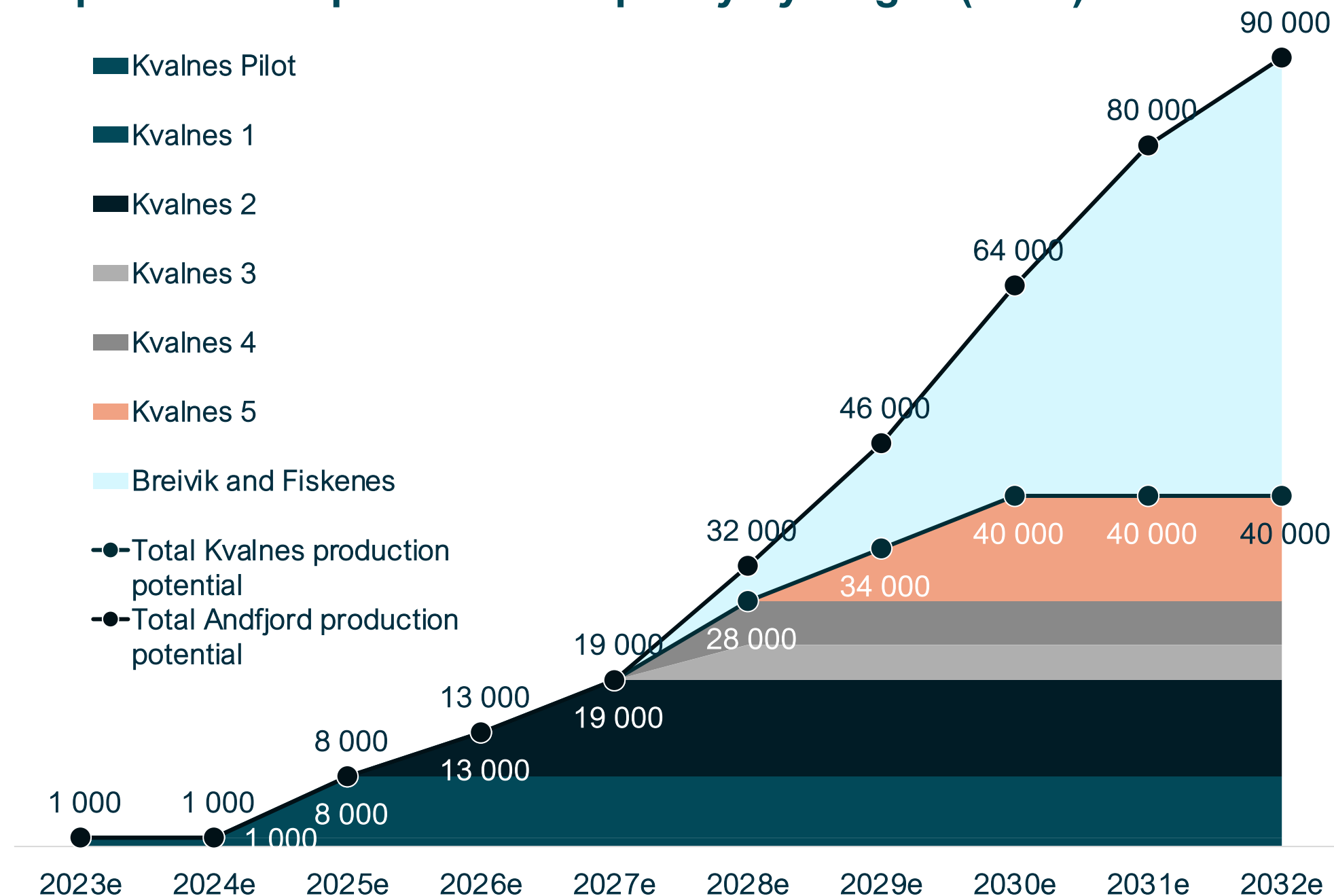


PRODUCTION VOLUME OF **40,000t** AT KVALNES WITH TOTAL POTENTIAL OF **90,000t**

Kvalnes build-out plan

Stage, Kvalnes	Added production (HOG, est.)	Accum. production (HOG, est.)
First pool	+1,000t	1,000t
1	+7,000t	8,000t
2	+11,000t	19,000t
3 (license expansion)	+4,000t	23,000t
4	+5,000t	28,000t
5	+12,000 t	40,000t

Expected total production capacity by stages (HOG)



Comments

- **Gradual ramp-up to full capacity of 40,000 tonnes at Kvalnes**, focusing on capital efficiency
- **Next step at Kvalnes encompasses 4 new pools**, bringing total production capacity to 8,000 tonnes, followed by further expansion
- **Larger interventions and blasting to be completed in this step**, meaning that the only required pause in production due to ground works will be in 2024
- **Current production license of 10,000 tonnes MAB at Kvalnes** (total potential of 19,000 tonnes HOG), with further license applications to be submitted in accordance with the original business plan

KVALNES



KVALNES STATUS AND PROGRESS

POOLS

Pool pit excavation reached 100% completion, one quarter ahead of schedule



WATERWAYS

Outlet and inlet waterways reached 10% completion

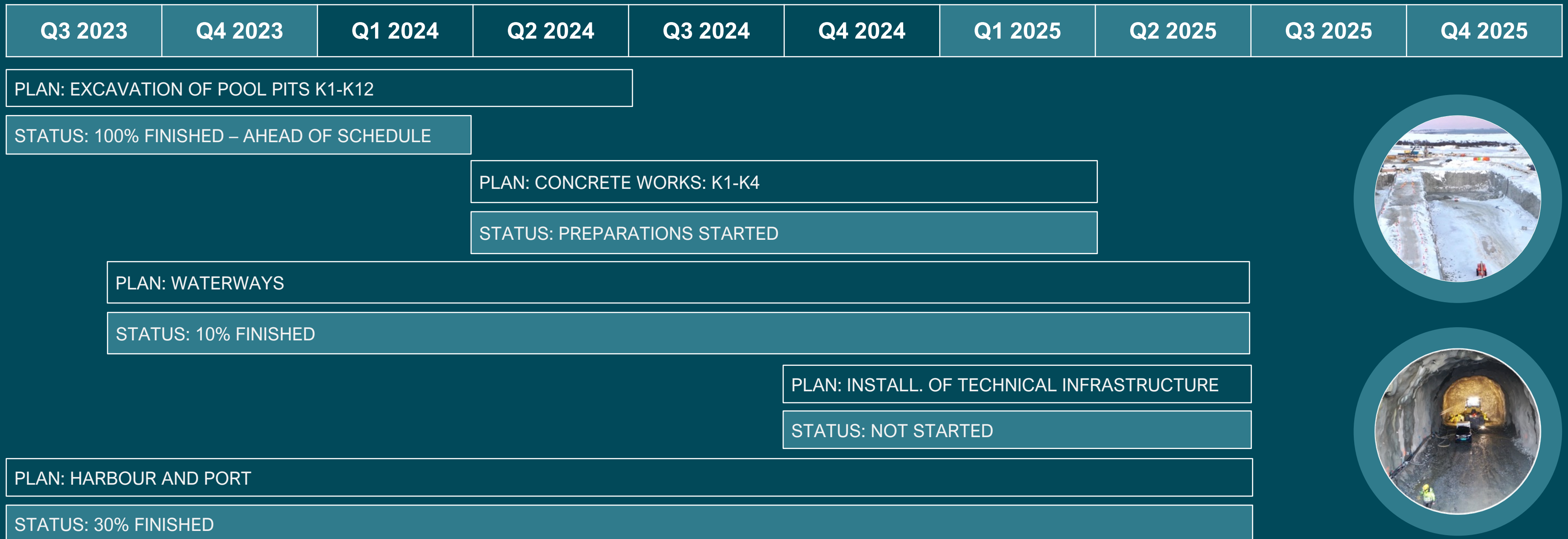


PORT

Harbour area progressing as planned, reached 30% completion



KEY CONSTRUCTION MILESTONES FOR BUILD-OUT PHASE AT KVALNES (8,000 t)



SMOLT
RELEASE

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- **FINANCIALS**
- Post-smolt strategy
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STATEMENT OF COMPREHENSIVE INCOME

All amounts in 1000 NOK

Statement of comprehensive income	Q4 2023	Q4 2022	2023	2022
	1.10 – 31.12 Unaudited	1.10 – 31.12 Unaudited	1.1 – 31.12 Unaudited	1.1 – 31.12
Operating income and expenses				
Revenue from contracts with customers	1	-	37 279	-
Other income	-	81	-	113
Total operating income	1	81	37 279	113
Change in biological assets at cost and other inventories	-	299	-1 162	700
Cost of materials	-429	-5 369	-59 638	-12 704
Fair value adjustments of biological assets	-	5 108	25 707	14 285
Employee benefit expenses	-5 424	-8 261	-25 208	-23 211
Depreciation and amortisation expenses	-6 305	-6 039	-24 904	-13 603
Other operating expenses	-7 283	-4 007	-31 707	-21 691
Total operating expenses	-19 441	-18 269	-116 912	-56 224
Operating profit/loss	-19 440	-18 188	-79 634	-56 111
Financial income and expenses				
Financial income	5 229	1 832	12 187	1 836
Net financial costs	-137	-1 948	-2 340	-2 402
Net financial result	5 092	-116	9 847	-566
Profit/loss for the period	-14 348	-18 304	-69 787	-56 677

STATEMENT OF FINANCIAL POSITION

All amounts in 1000 NOK

Assets	31.12.2023 - Unaudited	31.12.2022
Intangible assets	14 389	8 556
Property, plant & equipment	876 632	498 386
Right-of-use assets	17 640	22 539
Other non-current assets	113	89
Total non-current assets	908 774	529 570
Biological assets	-	14 285
Other inventories	1 697	1 162
Other current assets	52 361	7 803
Cash and cash equivalents	250 032	82 911
Total current assets	304 090	106 161
Total assets	1 212 864	635 731

Figures do not include an undrawn construction loan of NOK 825 million and an undrawn credit facility of NOK 20 million

STATEMENT OF FINANCIAL POSITION

All amounts in 1000 NOK

Equity and liabilities	31.12.2023 - Unaudited	31.12.2022
Total equity	993 688	475 704
Borrowings	59 959	67 375
Lease liabilities	9 340	13 296
Total non-current liabilities	69 299	80 671
Borrowings	7 666	56 168
Lease liabilities	4 511	4 683
Trade payables	131 134	10 361
Other current liabilities	6 567	8 144
Total current liabilities	149 877	79 356
Total liabilities	219 176	160 027
Total equity and liabilities	1 212 864	635 731

STATEMENT OF CASH FLOWS

All amounts in 1000 NOK

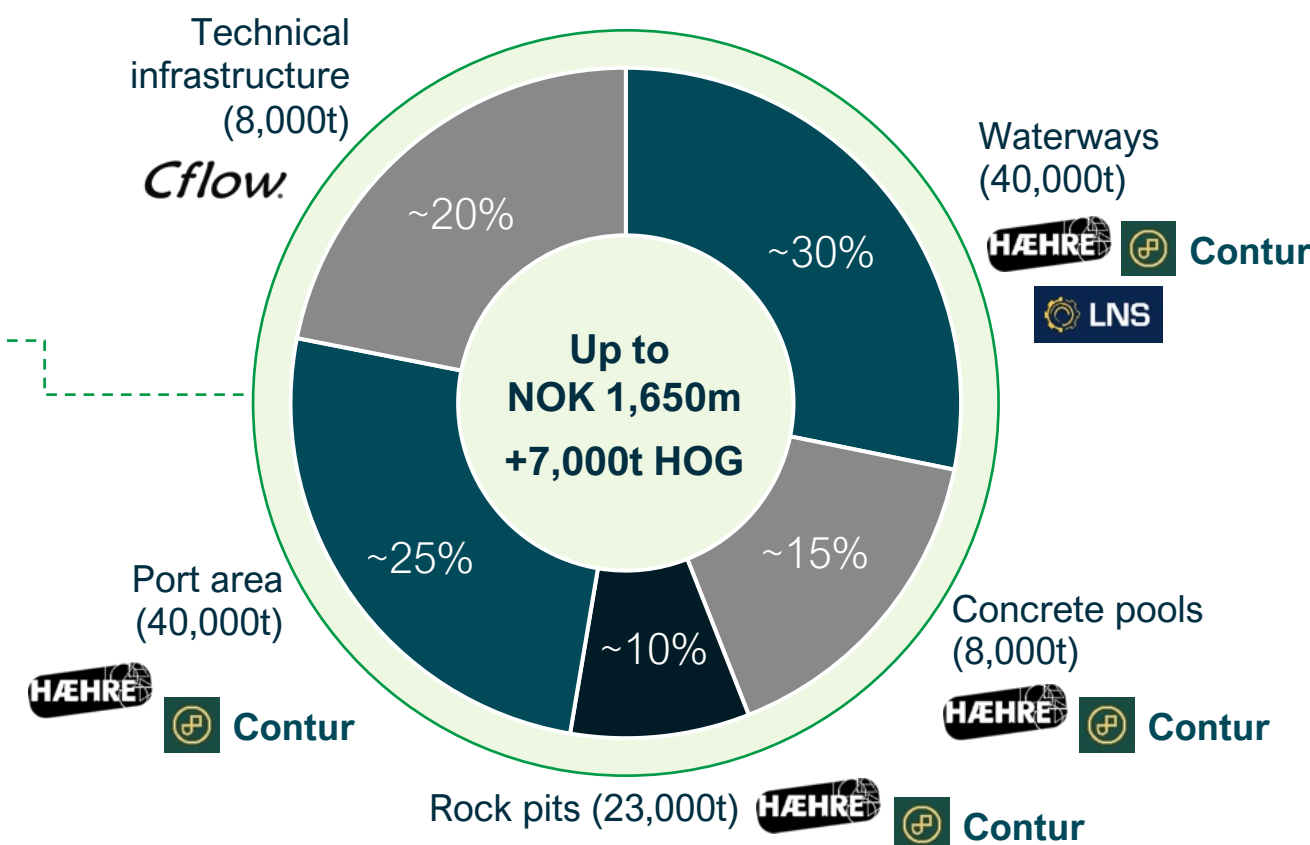
Statement of cash flows	Q4 2023	Q4 2022	2023	2022
	1.10 – 31.12 Unaudited	1.10 – 31.12 Unaudited	1.1 – 31.12 Unaudited	1.1 – 31.12
Net cash flow from operating activities	-17 247	-16 287	-29 148	-88 443
Net cash flow from investing activities	-256 776	-15 337	-326 866	-90 702
Net cash flow from financing activities	-2 164	-2 586	523 136	247 139
Net change in cash and cash equivalents	-276 186	-34 210	167 121	67 993

SCALE-UP TAILORED FOR CAPITAL EFFICIENCY

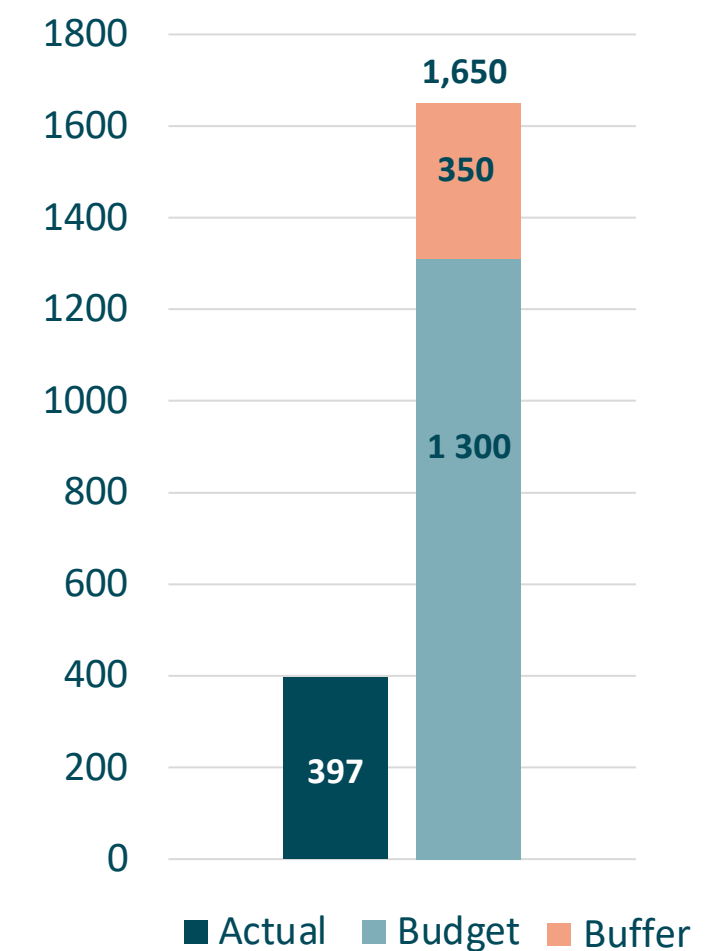
Kvalnes build-out plan

Stage, Kvalnes	Capex (NOK, est.)	Added production (HOG, est.)	Accum. production (HOG, est.)
First pool	~ 450m	+1,000t	1,000t
1	Up to 1,650m	+7,000t	8,000t
2	~ 1,100m	+11,000t	19,000t
3 (license expansion)	~ 0m	+4,000t	23,000t
4	~ 280m	+5,000t	28,000t
5	~ 1,100m	+12,000t	40,000t

Capital expenditure, Kvalnes phase 1



Incurred costs vs estimated budget cost, incl. buffer)



- All future expansions (step 2 and later) expected to be financed by a mix of **debt and cash flow**
- Significant **shared infrastructure** across stages
- Highly competitive **blended capex for Kvalnes of NOK 114/kg (including substantial buffers)**

- Large part of investment towards **shared infrastructure** for full Kvalnes site
- **Shared upside and downside: 60/40** between AF Hæhre-Contur and Andfjord Salmon

- Actual cost of NOK 397 million per 31 December 2023

In this upcoming stage of construction, the company is planning to establish major infrastructure such as waterways and a port area to support 40,000 tonnes of production at Kvalnes. Together with highly reputable construction partners AF Hæhre-Contur and Cflow, a budget of NOK 1,300 million plus a buffer of NOK 350 million has been estimated for the next two years.

Note: Stated capex numbers relate to investments (working capital/biomass, finance and operational costs not included). Estimates only.

SUPPORTIVE SHAREHOLDER BASE



TOP 10 SHAREHOLDERS (PER 26 FEBRUARY 2024)

Jerónimo Martins Agro-Alimentar, S.A.	25.12%
Andfjord Holding AS	11.45%
KG Investment Comp AS	5.96%
Eidsfjord Sjøfarm AS	4.54%
Skagerak Vekst AS	4.29%
OG Invest AS	3.95%
UFI AS	3.61%
Karstein Gjersvik	2.44%
Verdipapirfondet DNB SMB	2.24%
Traaseth Property AS	2.22%

JERÓNIMO MARTINS

Listed on stock exchange in Lisbon. Ranked the 18th largest food retailer in Europe (2022), 5,729 stores, ~130,000 employees, and sales of EUR 30.6 billion (2023).

EIDSFJORD SJØFARM (HOLMØY HAVBRUK)

Part of Holmøy Maritime, and produces around 25,000 tonnes of salmon annually (2023e) based on conventional licenses in Nordland and Troms

NUTRECO

Nutreco International (holds 505,050 shares / 0.89 %) Nutreco is a global leader in animal nutrition and aquafeed, and owner of Skretting.

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- **POST-SMOLT STRATEGY**
- Summary and outlook



KEY DRIVERS: THE POST-SMOLT* OPPORTUNITY

The combination of land and ocean-based farming is a unique opportunity for Norway and the Norwegian salmon farming industry



STRONG DEMAND

Substantial demand for post-smolt due to the major benefits of shortening the ocean-based grow-out phase



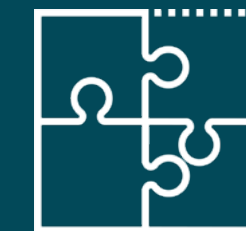
SUSTAINABLE PRODUCTION

Norwegian aquaculture industry is dedicated to achieving even more sustainable salmon production



BIOLOGICAL BENEFITS

Ocean-based fish farmers keen on releasing larger, **more robust fish** into net pens as this offers multiple biological and environmental benefits



AVAILABLE POOL SPACE

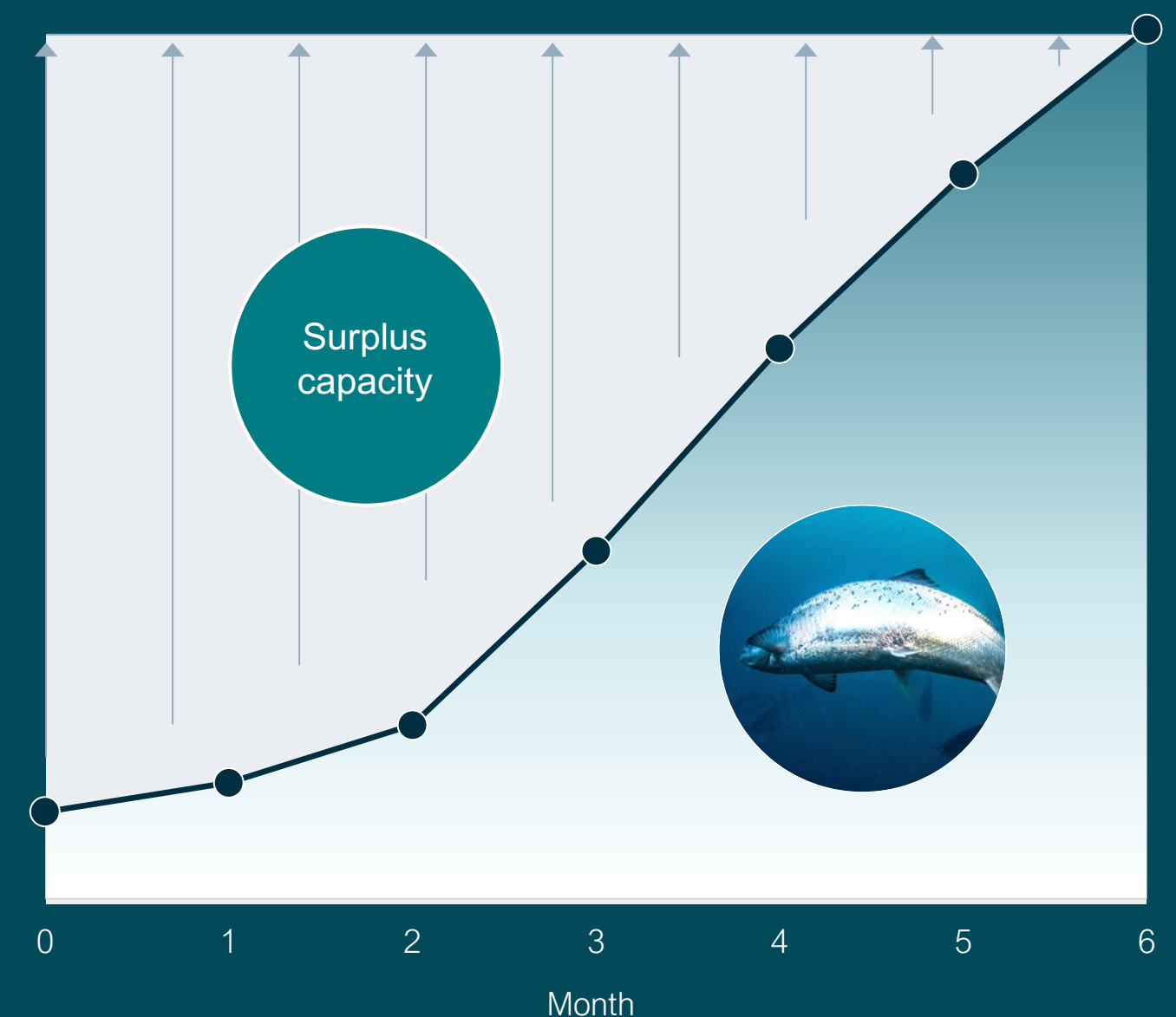
Surplus **space** in land-based pools following release of smolt can be used for further growth

**Post-smolt are salmon that have grown accustomed to seawater over a long time and are approximately 1 kg in size.*

A SUPPLEMENT TO PRODUCTION OF HUMAN GRADE SALMON

- Estimated 15-25% increase in EBIT through combined production strategy, strategic collaboration agreed with Eidsfjord Sjøfarm/Holmøy Havbruk to realise plans
- Andfjord Salmon will release smolt of approximately 100-150 grams at the start of each production cycle, which is planned to grow to harvest weights of 4 – 6 kg
- Towards the end of each production cycle and with increased salmon weights, pools will have maximum density level targets of ~35-40 kg/m³ after splitting
- This implies **significant unused pool capacity** at the start of each production cycle, allowing for an increased number of smolt to be released in order to grow to weights of approx. ~1,000 grams
- **The plan: utilise surplus pool capacity for post-smolt production** for ocean-based fish farmers
- A **supplement** to Andfjord Salmon's land-based, human grade salmon production

POOL DENSITY PROFILE (KG/M³) – ILLUSTRATIVE

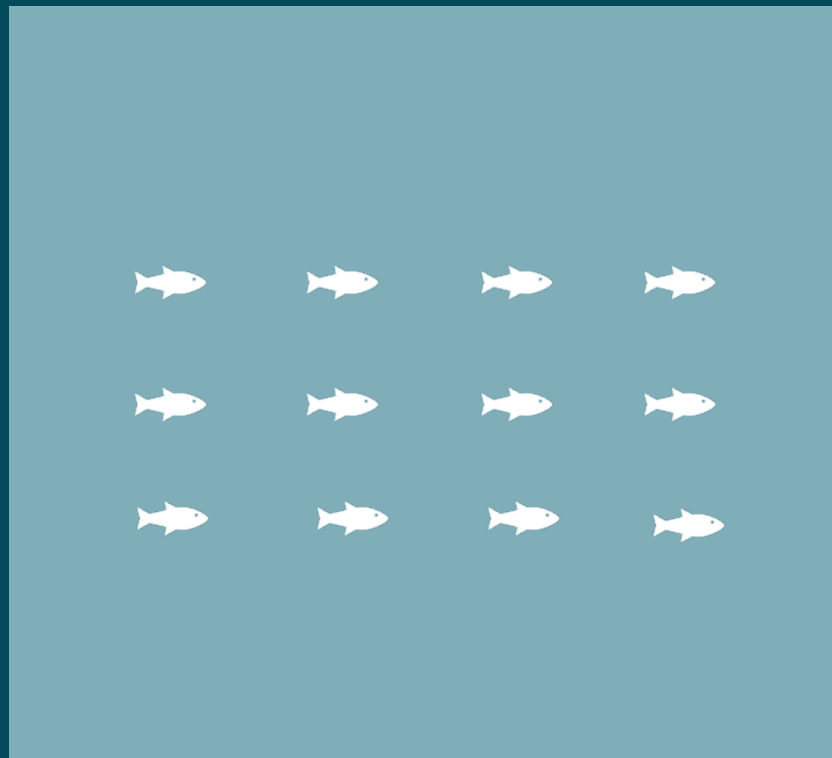


HOW WE WILL DO IT

NOTE: SIMPLIFIED ILLUSTRATIVE EXAMPLE OF PRODUCTION CYCLE

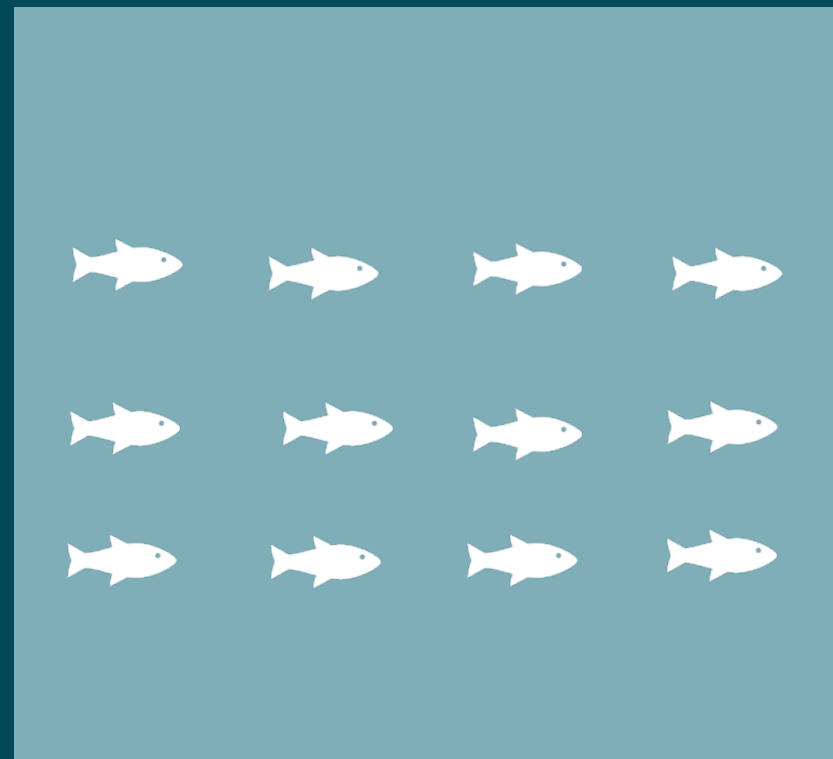
SMOLT RELEASE

Smolt weight: 100-150 grams



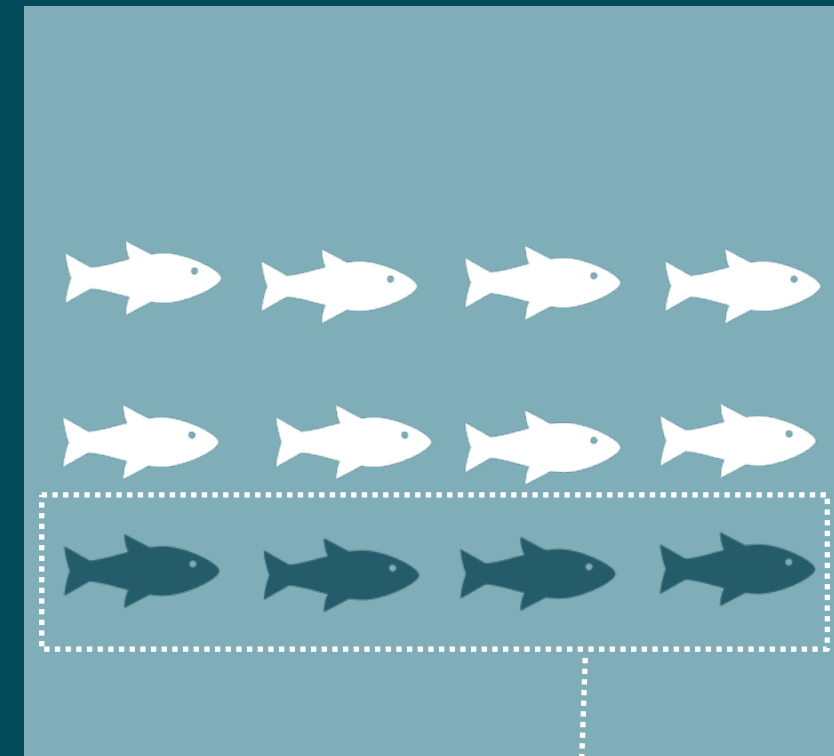
AFTER 3 MONTHS

Smolt weight: 500 grams



AFTER 6 MONTHS

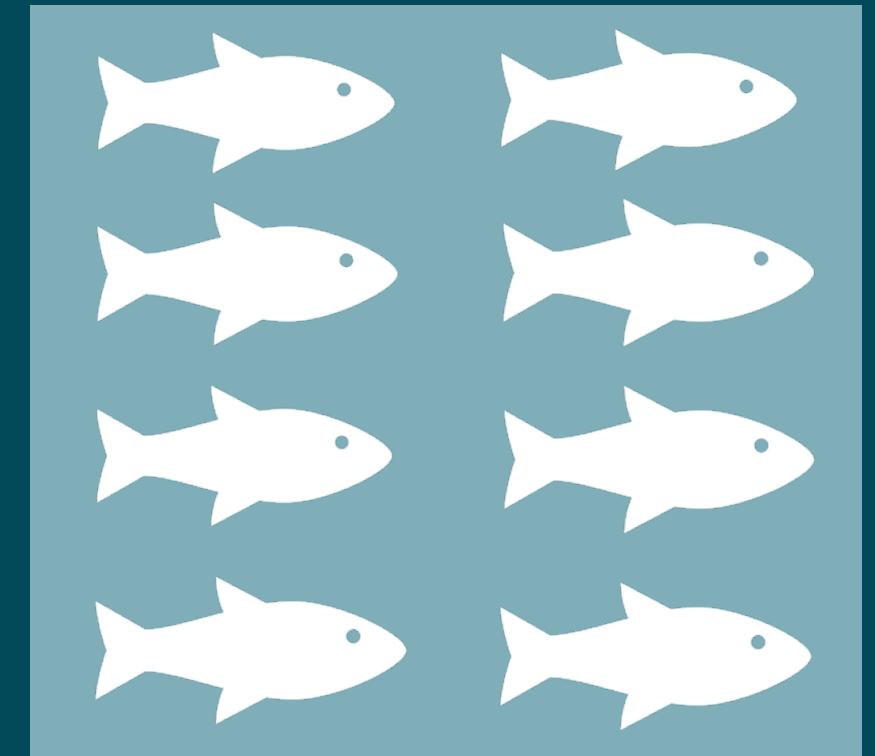
Post-smolt weight: ~ 1,000 grams



Post-smolt
sold to
conventional
ocean-based
fish farmers

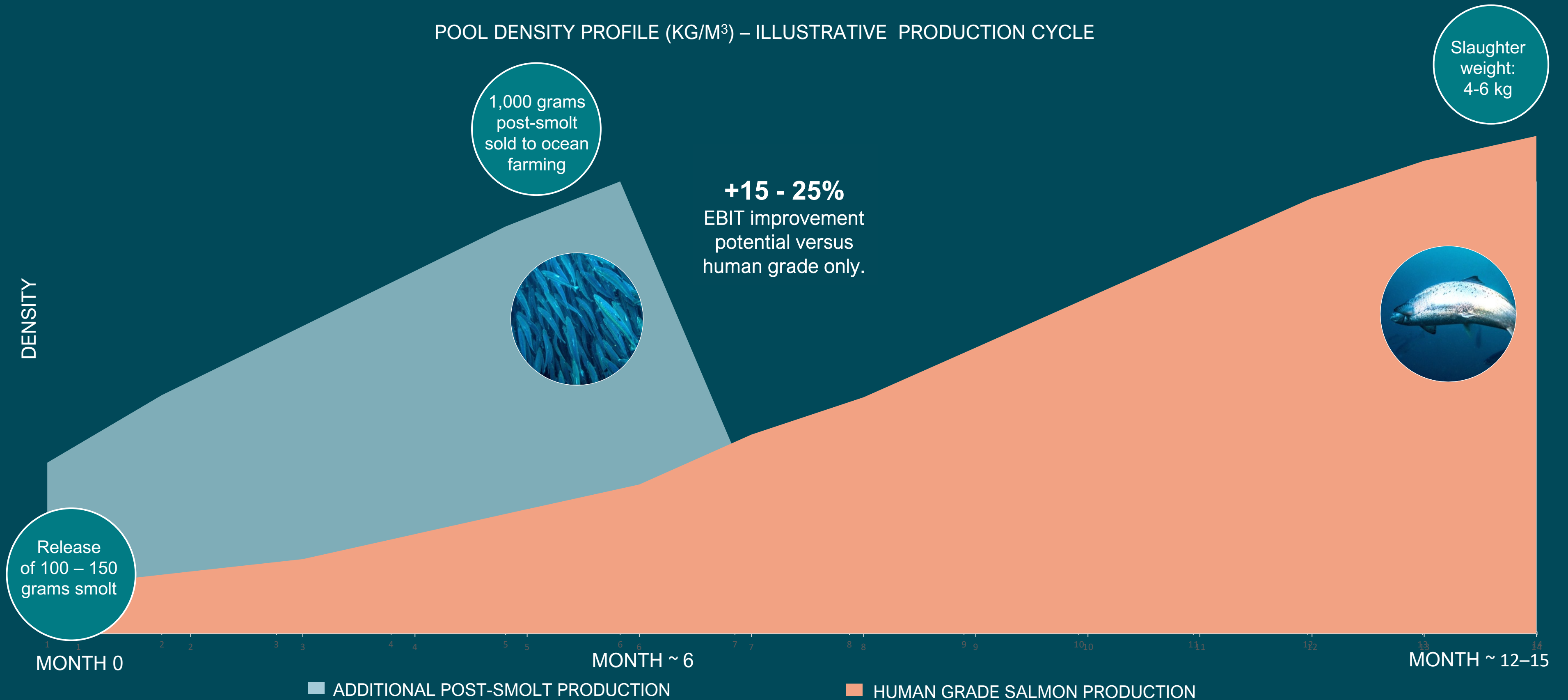
AFTER 12-15 MONTHS

Salmon slaughter weight: 4-6 kg



ADDITIONAL POST-SMOLT PRODUCTION

POOL DENSITY PROFILE (KG/M³) – ILLUSTRATIVE PRODUCTION CYCLE



POST-SMOLT OFFERS MULTIPLE BENEFICIARIES



OCEAN-BASED FISH FARMERS

- More robust fish released to sea, less susceptible to diseases
- Shorter production cycle in sea: e.g. a reduction in time from 17-19 to 10 months
- Reduced exposure time to salmon lice
- Improved utilisation of MAB license
- Financial benefits of potentially higher survival rates



THE SALMON

- More robust fish released to sea, less susceptible to diseases = enhanced fish welfare
- Potentially higher survival rates
- Reduced exposure to salmon lice and other biological risks in the sea such as winter ulcers and jellyfish
- Farmed for longer period in a controlled, closed cage environment, benefiting from natural advantages of combining land and ocean-based farming



THE LOCAL MARINE ENVIRONMENT

- Longer production time in facilities with collection of biological waste (faeces and feed) - circular economy in practice
- Longer production time in facilities with no escape risk
- More frequent fallowing (brakkleggingsstruktur)= reduced organic footprint on-site
- Possibility to strengthen overall conditions for regional aquaculture clusters

BENEFICIAL FOR LOCAL AQUACULTURE INDUSTRY

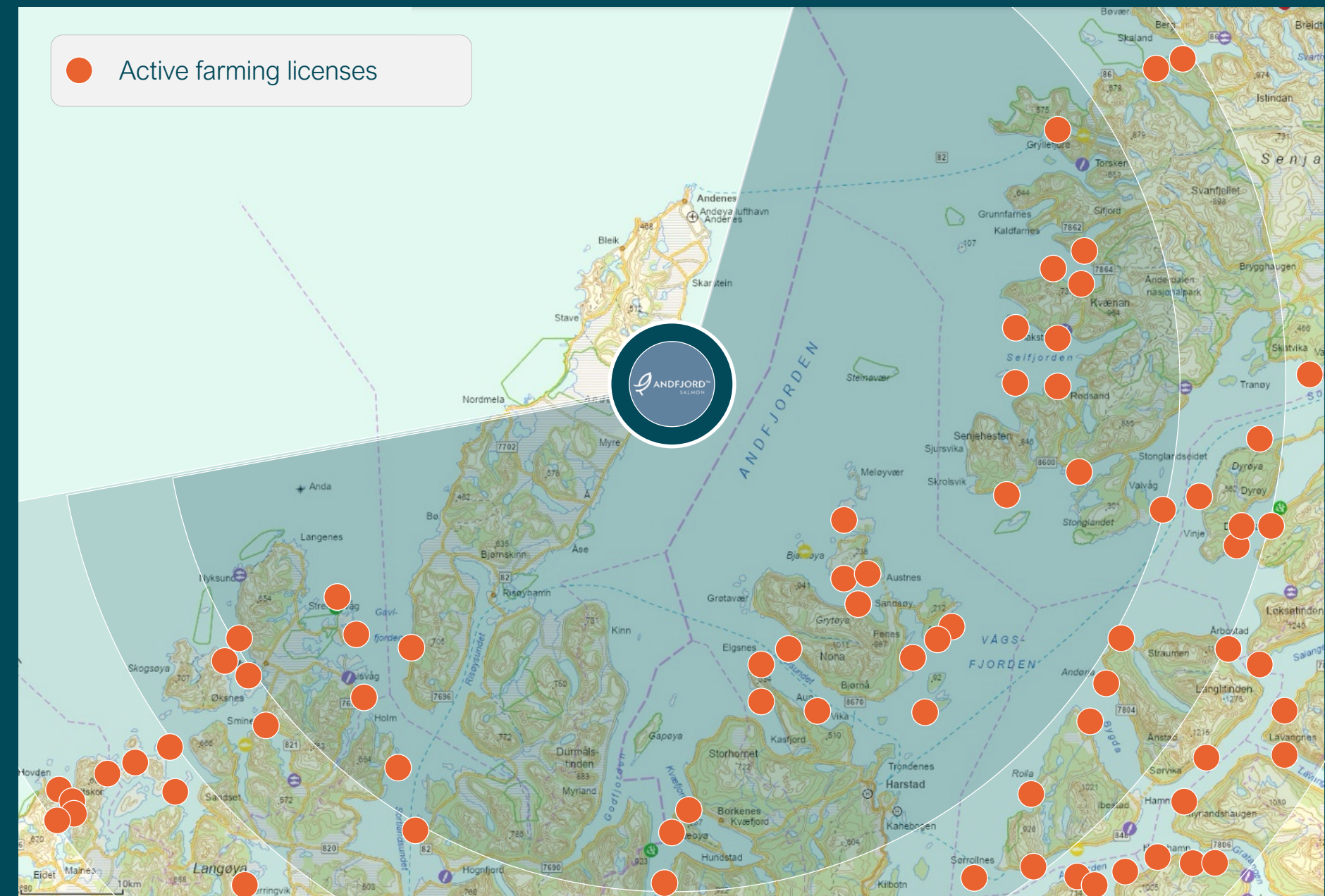
Enhanced cooperation between ocean-based and land-based farmers = positive for regional economic development

- Andfjord Salmon benefits from the extensive expertise of fish farming and aquaculture supply companies in the Vesterålen region
- Our location at Andøya is **optimally situated** to supply nearby conventional salmon farmers with post-smolt

STRATEGIC POST-SMOLT PARTNERSHIP AGREED

- Agreement reached with Eidsfjord Sjøfarm/Holmøy Havbruk (part of Holmøy Group) whereby Andfjord Salmon will farm post-smolt for a select number of nearby ocean-based farming locations as part of upcoming production cycles
- Initial production plan approved by relevant authorities
- Ongoing discussions with **additional local conventional farmers** regarding partnering with Andfjord Salmon as off-take partners for post-smolt

Salmon farming licenses surrounding Andfjord Salmon



BENEFITS FOR ANDFJORD SALMON



OPTIMISING INFRASTRUCTURE AND REVENUE POTENTIAL

- Inclusion of post-smolt production in pools
- No additional infrastructure capex required
- Enabling 10% higher biomass turnover

FINANCIAL BENEFITS

- Strong fundamentals for post-smolt drives an estimated **15-25% increase in EBIT** by utilizing this combined production strategy
- Shorter runway to revenue, with **positive cash flow** effects
- Further **de-risking** of the revenue stream

INDUSTRIAL BENEFITS

- Enables a closer working relationship with conventional farming partners in the region, and **enhances smolt supply access**
- Andfjord Salmon **becomes a strategic partner** to conventional farmers with added competence and infrastructure sharing

SUPPLEMENTARY POST-SMOLT STRATEGY INCREASES PRODUCTION VOLUME, EBIT AND SUSTAINABILITY

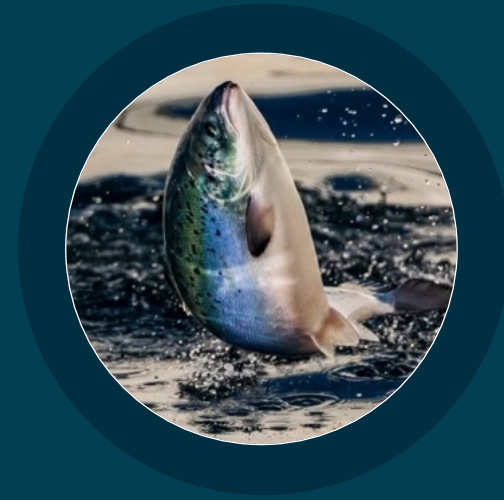


ADDITIONAL REVENUE STREAM

Significant surplus pool capacity at the start of each production cycle enables post-smolt production

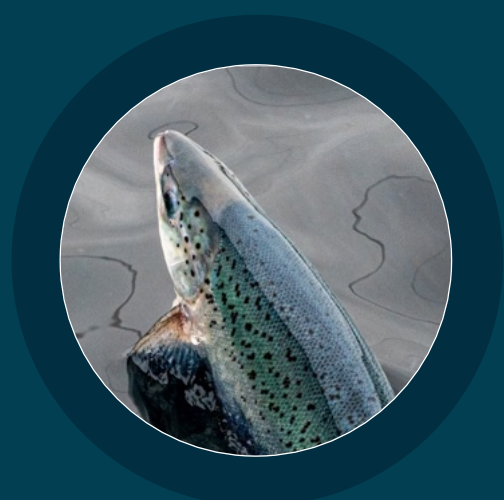
10% increase in biomass turnover

Supplement to production of human grade salmon



APPROVED BY AUTHORITIES

Initial production plan approved by the Norwegian Directorate of Fisheries



PARTNERSHIP IN PLACE

Agreement in place with Eidsfjord Sjøfarm/Holmøy Havbruk to farm post-smolt for locations near Kvalnes for upcoming production cycles



INCREASES EBIT

Strong fundamentals for post-smolts drives an estimated 15-25% increase in EBIT by utilising this combined production strategy



STRENGTHENS SUSTAINABILITY

More robust fish released in combination with shortened production time in sea bring multiple biological and environmental benefits

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SUMMARY AND OUTLOOK



EXCAVATION COMPLETED

Pool pit excavation at
Kvalnes completed one
quarter ahead of
schedule



PROGRESS AS PLANNED

Harbour area and
waterways workstreams
progressing as planned



PREPARATION FOR POOL PRODUCTION

Initiated preparation for
concrete production

Expected production
start late Q1



POST-SMOLT STRATEGY

Post-smolt production
opportunity identified,
approved and being
realised



Q & A

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Appendix

DEFINITION: WHAT IS **POST-SMOLT**?



SMOLT:
100 – 150 GRAMS

Smolt is salmon that weighs approx. 100 grams and has recently been introduced to seawater.



POST-SMOLT:
400 GRAMS – 1,000 GRAMS

Post-smolt is salmon that has become accustomed to seawater for a long period and weighs of up to approx. 1 kg.

Post-smolt is a more robust fish, considered to be a key to further growth in the Norwegian salmon farming industry, since it provides improved sustainability and fish health.