

2023

**ANNUAL**  

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**INTEGRATED**  

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**REPORT**



**ANDEFJORD™**  
SALMON

# *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**

# 2023 HIGHLIGHTS

## SECURED FINANCING

JUNE

Private placement of NOK 615 million successfully placed. The net proceeds from the private placement will be used to expand the Group's production capacity at Kvalnes and for general corporate purposes.

Commitment for bank financing – NOK 825 million. Bank loan secured from Sparebank 1 SMN, SpareBank 1 Nord-Norge and SpareBank 1 SR-Bank (with support from Eksfin).

## FIRST HARVEST

JUNE / JULY

First harvest with strong results and exceptional survival rate. A successful completion of its inaugural harvest of Atlantic salmon from the company's first pool located at Kvalnes, Andøya. The harvest has yielded strong results with an industry leading survival rate of 97.5% and superior share of 91.1%.

## BUILD-OUT STARTED

JULY

Andfjord Salmon rapidly advancing with the expansion of its land-based aquaculture facility at Kvalnes, Andøya. The summer months saw successful preparatory efforts and the deployment of personnel and equipment, setting the stage for the next phase of construction. Strong progress of excavation of pool pits, waterways and harbour area during the second half of 2023.



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## CEO SUMMARY

# ANOTHER YEAR OF VALUABLE PROGRESS

Impressive biological performance, successful first harvest, supportive shareholders and banks, and the Kvalnes build-out off to a great start. That is 2023 summarised in one sentence. However, it has taken years to plan, implement and achieve these results.

Every time I meet someone does not know Andfjord Salmon, I start by explaining the main reason for being located at Andøya: It is the land area in Norway that is located closest to the Gulf Stream. This allows us to source warmer water during the winter compared to the seawater available to traditional ocean-based fish farmers. Warmer water provides improved growth and better biological conditions.

Our goal is to develop the world's most sustainable fish farming facility. The results from our first production cycle, which was completed in July

2023, showed that this is a realistic objective. Please allow me to repeat some of the highlights from our first production cycle:

- Successful introduction of our specially designed feed, Calanus Plus by Andfjord Salmon.
- Industry-leading survival rate of 97.5% versus industry average of 83.3%\*.
- Feed conversion ratio of 1.05 versus industry average of 1.27\*\* (feed conversion ratio = how many kilograms of feed it takes to grow a fish by 1 kilogram).
- Electricity consumption of 1kWh to grow 1 kg of fish
- Superior share of 91.1% versus industry average of 84.0%\* (2023).
- Positive customer feedback as a result of good quality salmon.

I have been engaged in the seafood industry most of my life. With this as a backdrop, I know that favourable biological conditions for the salmon, and a sustainable coexistence with our local ecosystem at Andøya, are both key to our success. The results from our first production cycle have strengthened my belief in this philosophy.

One of my proudest moments last year, however, was when our colleague and fish health manager, Dr Christine Thomassen stated the following: "I have worked as an aquatic veterinarian for over 30 years, and Andfjord Salmon is the best farmed salmon I have ever worked with."

## Current build-out

The first production cycle is in the past and we are now focusing on what is ahead of us. We are currently developing our Kvalnes facility, where we are targeting an initial production capacity of 8,000 tonnes (HOG – head-on gutted) from 2025 for the first build-out phase. In total, we are targeting a capacity of 40,000 tonnes (HOG) at Kvalnes through a gradual increase between 2025 and 2030.

For the first build-out phase, which takes us up to a production capacity of 8,000 tonnes, we will complete four more pools, bringing the total to five. However, we are already now excavating 12 new pool pits.

Subsequent to year-end 2023, we announced that we have finished the excavation of the pool pits a quarter ahead of schedule. This is an encouraging start that de-risks the build-out by creating even more flexibility for the workstreams that are yet to be completed.

In addition, we are currently developing major shared infrastructure, such as waterways and port area, that provides strong synergy effects to entire expansion plan towards a future production of 40,000 tonnes at Kvalnes.

Sustainability is also at the core of the current build-out. We are using the excavated masses from pool pits and waterways to develop a new harbour. This considerably reduces both operating costs and CO2 emissions associated with the build-out.

## Supportive shareholders and banks

Andfjord Salmon has over many years worked to attract a shareholder base that not only brings money, but also provides competence and capacity that enable us to reach our ambition of building the world's most sustainable aquaculture facility of its kind. Long-term, industrial shareholders have been a key enabler in gaining the banks' trust.

In June last year, we secured commitment for bank financing of NOK 825 million, plus refinancing existing debt of NOK 75 million, in total NOK 900 million, to help fund our expansion at Kvalnes. Subsequently, we completed a private placement of new shares that raised gross proceeds of approximately NOK 615 million.

I am both proud and pleased with the support we have received from our shareholders and the banks. They are fundamental to realising our ambitious plans.

## A new and exciting opportunity

Andfjord Salmon is located in a seafood industry cluster in our region. Although we are land-based, we are proud to be part of a region that is home to some of the world's best traditional salmon farmers. This local companionship has presented us with an opportunity that allows us to increase our production – with associated positive revenue, profitability and cash flow effects – but without requiring additional infrastructure capex.

We presented this plan to shareholders on 29 February this year. It involves capitalising on

unutilised pool capacity in the first half of each production cycle to produce post-smolt for ocean-based fish farmers. This will be a supplement to our own production of human grade salmon.

There is substantial industry demand for post-smolt due to the significant benefits of shortening the ocean-based grow-out phase. Releasing larger and more robust fish into ocean net pens offers multiple biological and environmental benefits, including lower susceptibility to diseases, reduced time of exposure to salmon lice, and improved survival rates.

According to Andfjord Salmon's own calculations, the "post smolt"-strategy will enable 10 percent higher biomass turnover, which in turn means an estimated 15-25 percent increase in EBIT. The company's cash flow will also improve considerably as it can generate sales revenue from "post-smolt" after typically 5-7 months production time, in addition to income from the harvest of human grade salmon after a full 12-15 month production cycle.

I have said many times that Andfjord Salmon would not be able to achieve the biological results we have done without learning from ocean-based farmers and tapping into the extensive competence of the Northern Norwegian fish farming industry. By collaborating on a post-smolt strategy, we can boost the environmental, biological, and economic development of the aquaculture industry in the Vesterålen region.

## First integrated annual report

For 2024, our primary focus is on conducting a safe and predictable build-out at Kvalnes. The progress so far is promising. I look forward to updating you about this as the year progresses.

Finally, I would like to highlight that this is Andfjord Salmon's first integrated annual and sustainability report, which emphasizes how sustainability is integrated with our business strategy. I hope you will spend some time on acquainting you with the substantial progress we have made in this field during 2023.

Yours sincerely,

Martin Rasmussen  
CEO of Andfjord Salmon

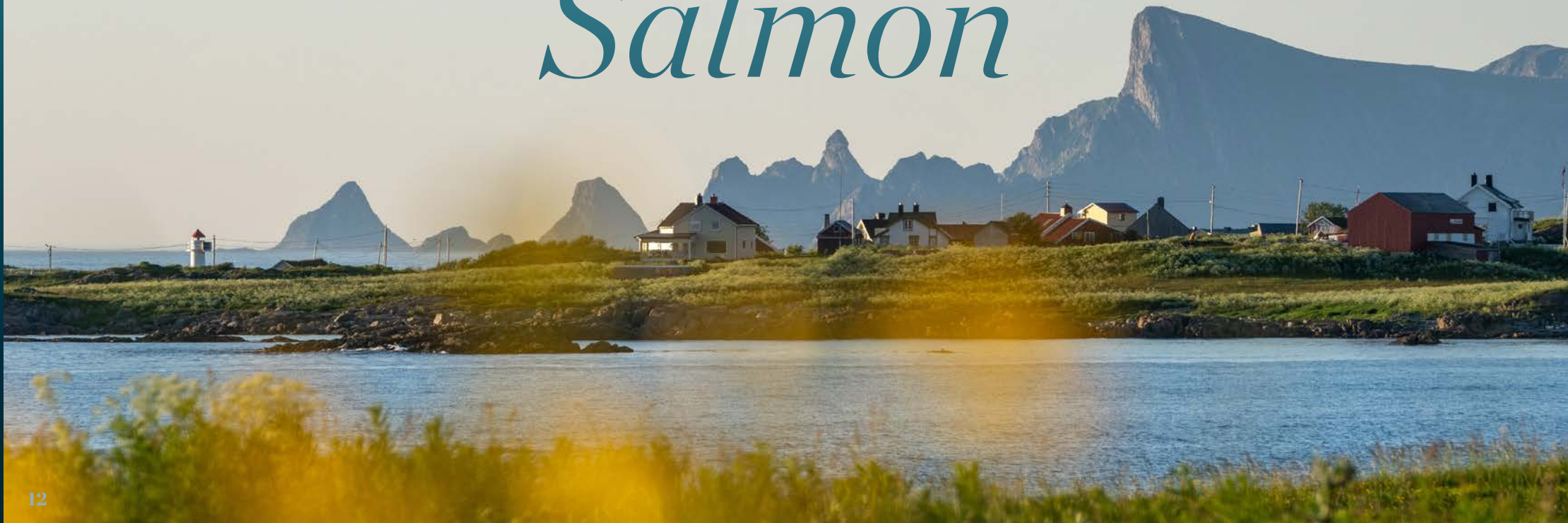
Sources:

\* Norwegian Veterinary Institute's fish health report 2023

\*\* 2022 figures, Norwegian Veterinary Institute's  
fish health report 2023



# *This is Andfjord Salmon*



# THE HOME OF ATLANTIC SALMON

**Andfjord Salmon is a Norwegian company established in 2014 by founders with extensive salmon farming, financial and business development experience.**

Our concept represents the best of traditional sea-based salmon farming, combined with the advantages of being land-based. The result is optimal salmon welfare and sustainable production of Atlantic salmon.

## **Taking salmon farming into the future**

Headquartered at Kvalnes on the northern part of the island of Andøya, in the Arctic Archipelago of Vesterålen, we have developed an innovative aquaculture concept for land-based farming of Atlantic salmon.

Our patented natural flow-through technology takes advantage of the nearby Gulf Stream, which provides oxygen-rich water at ideal temperatures. We source seawater at 40 meters depth, which means that we avoid problems with salmon lice or poisonous algae. Our closed pools combined with

a 20-kilometre distance to other salmon farms means that we are less exposed to the challenges faced by the traditional salmon farming industry. In addition, salmon cannot escape. The pools are equipped with an innovative cleaning system which not only prevents the pollution of marine life, but which even utilise biological waste as a resource.

Our ambition is to build and operate the world's most sustainable aquaculture facility of its kind, serving the global food market.

For more information, see [www.andfjordsalmon.com](http://www.andfjordsalmon.com)

## **Certifications**

We work closely with certification bodies in Europe and the Americas, which certify that salmon is farmed in accordance with strict and clearly defined environmental criteria and standards for

**GLOBAL G.A.P.**  
The Global Partnership for Safe and Sustainable Agriculture

food safety. The two most important certifications for our industry are Global G.A.P. and ASC.

Global Good Agricultural Practices (G.A.P.) is a standard for both agriculture and aquaculture that covers food safety, animal welfare, sustainability, employment, and traceability. We obtained Global G.A.P. certification in 2023, and also plan to obtain ASC certification once we have resumed continuous operation.

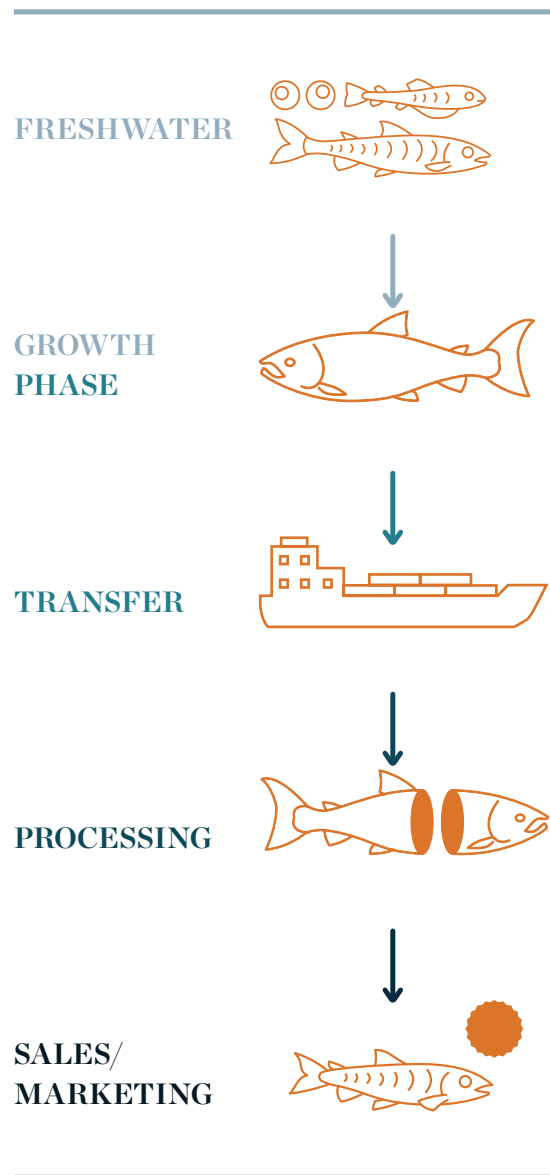
## **Membership associations**

Andfjord Salmon is a member of The Norwegian Seafood Federation (Sjømat Norge) and Norwegian Seafood Association (Sjømatbedriftene), where we are an active participant.

  
**SjømatNorge**

 **SJØMATBEDRIFTENE**

# OUR VALUE CHAIN



<b>Financial figures (MNOK)</b>	<b>2023</b>	<b>2022</b>
Operating profit	(79 634)	(56 111)
Earnings before tax	(69 787)	(56 677)
Operating cash flow	(29 148)	(88 443)
Net interest-bearing debt	67 625	123 543
Equity	993 688	475 704
Equity ratio	81.9%	74.8%

<b>Sustainability KPIs</b>	<b>2023</b>	<b>2022</b>
Survival rate	97.5%	98.9%
Fish escape	0	0
Energy use	926.5 MWh	1040.3 MWh
Injury rate	0%	0%
Newly hired employees	5	4



# ANDEFJORD SALMON AT A GLANCE

**EST.  
2014**

## FOUNDED

Established in 2014 at Andøya, Vesterålen in Northern Norway

69°N  
ANDØYA  
VESTERÅLEN  
NORWAY



## LOCATED

Strategically located with unique access to oxygen-rich tempered seawater from the Gulf Stream.

**ANDF**

**EURONEXT**

**GROWTH**

## LISTED

Listed on Euronext Growth in 2020.

## PRODUCTION POTENTIAL

**~90,000  
TONNES (HOG)**

## CAPACITY

We have acquired three locations, with a clear roadmap towards achieving a total production capacity of ~90,000 tonnes (HOG).

## ENERGY CONSUMPTION PER KILO SALMON

**1 kWh**

## LOW ENERGY FACILITIES

No need to lift the water above the surface. No need to heat or cool the seawater.

Industry leading

## SURVIVAL RATE

**97.5%**

Industry average = 83.3%  
(Fish Health Report 2023)

## FISH FRIENDLY & SUSTAINABLE

Our ambition is to build and operate the world's most sustainable aquaculture facility of its kind.

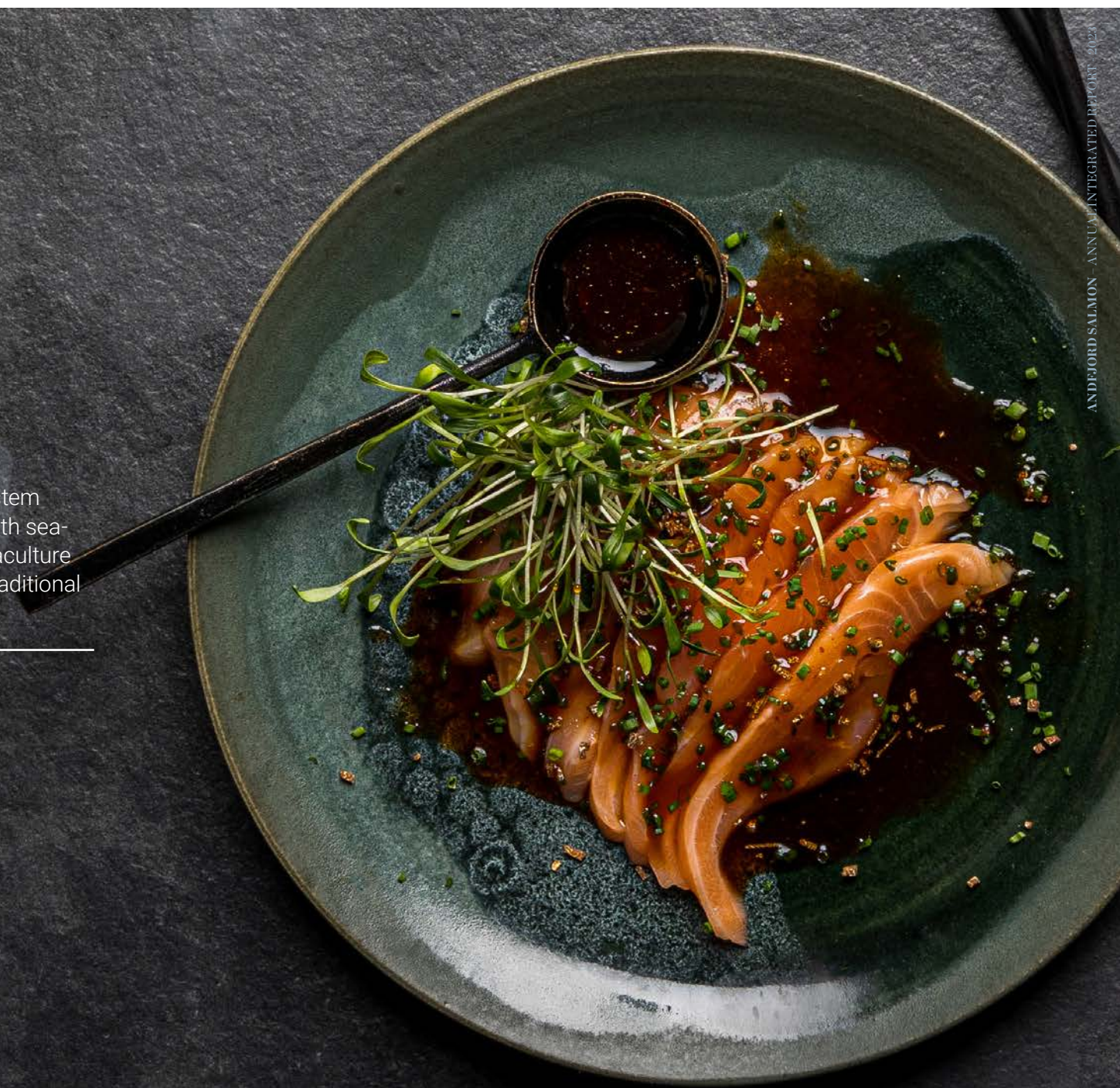


# NATURAL — FLOW



## FLOW-THROUGH TECHNOLOGY

Our closed flow-through system combines the benefits of both sea-based and land-based aquaculture while solving a number of traditional farming issues.

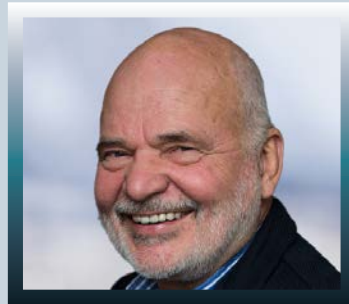


# OUR BOARD



Roger Brynjulf Mosand  
**Chairman of the Board**

CEO of Nordlaks Produkter AS since 2001 and has multiplied the company's revenues 15 fold. Holds 30,000 shares and 60,000 share options in Andfjord Salmon.



Roy Bernt Pettersen  
**Director**

Former CEO in fish farming industry, building up smolt and land-based aquaculture. Holds 6,614,525 shares in Andfjord Salmon through Andfjord Holding AS.



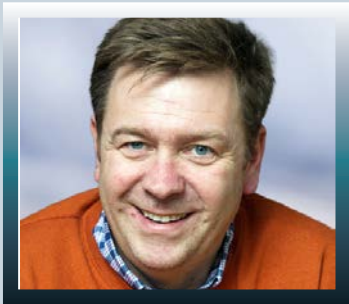
António Serrano  
**Director**

CEO of Jerónimo Martins Agro-Alimentar. Former Minister of Agriculture and Fisheries of Government of Portugal. Jerónimo Martins holds 14,323,493 shares in Andfjord Salmon.



Tore Traaseth  
**Director**

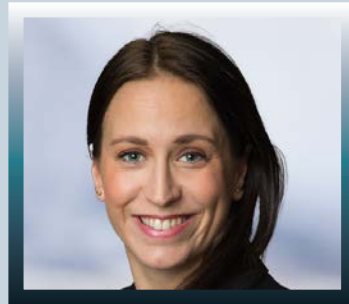
Extensive experience from equity and capital markets from companies including Sundal & Collier, Fondspartner and Handelsbanken Markets. Holds 2,445,064 shares in Andfjord Salmon through Skagerak Vekst AS.



**Knut Roald Holmøy**

**Director**

CEO and owner of Holmøy Maritime/Eidsfjord Sjøfarm AS. Holds 2,590,244 shares in Andfjord Salmon through Eidsfjord Sjøfarm AS.



**Bettina Flatland**

**Director**

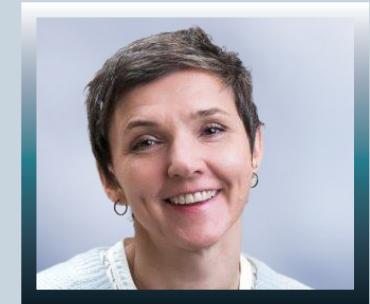
Communication director at Strawberry (former Nordic Choice Hotels). Previously communication advisor at the Norwegian Conservative Party. Holds 56,700 shares in Andfjord Salmon.



**Kim Strandenæs**

**Director**

CEO of UFO Holding, UFI AS and UFI Capital AS focusing on listed companies, private equity and venture capital. UFI and UFI Capital hold 2,127,597 shares in Andfjord Salmon.



**Gro Skaar Knutsen**

**Director**

CEO of PEAB Bjørn Bygg AS, one of the largest construction companies in Northern Norway. Studied project management at UiT and ultra-low-energy building technology at NTNU.

# OUR EXECUTIVE MANAGEMENT TEAM



Martin Rasmussen  
**CEO**

Extensive seafood experience including production, distribution and marketing of fish in Norway and internationally. Holds 125,000 shares and 250,000 share options in Andfjord Salmon.



Bjarne Martinsen  
**CFO**

15 years' experience from senior finance roles. Holds 40,000 shares and 150,000 share options in Andfjord Salmon.



Jostein Nilssen  
**Project Director**

Extensive experience from developing and executing large projects. Project manager an LNG facility in Australia. Holds 45,000 share options in Andfjord Salmon.



Christian Torgersen  
**COO**

Two decades of experience from the aquaculture industry. Holds 2,739 shares and 40,000 share options in Andfjord Salmon.

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# HIGH SUPERIOR SHARE



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# 91.1%

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Industry average = 84.0% (2023)



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FISH   
**GROWTH**

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+ 1 kg

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Additional growth compared  
to Skretting's growth table

# CORPORATE GOVERNANCE STATEMENT

**The Board of Directors (“the Board”) is responsible for ensuring that Andfjord Salmon AS (“Andfjord Salmon” or “the company”) is organised, managed and controlled in an appropriate and satisfactory manner in full compliance with applicable laws and regulations.**

The Board considers compliance with generally accepted corporate governance guidelines as an important prerequisite for long-term value creation. The company strives to ensure that its internal control mechanisms, organisation and management structures comply with good corporate governance principles.

The Norwegian Code of Practice for Corporate Governance (the “Code”) does not apply on Euronext Growth Oslo. However, Andfjord Salmon has started to establish corporate governance systems and seeks to comply with the Code, taking into account that the company is a private (not public) limited liability company, and provides an annual corporate governance statement regarding its progress.

The principal purpose of the Corporate Governance Code is to ensure (i) that listed

companies implement corporate governance that clarifies the respective roles of shareholders, the board of directors and executive management more comprehensively than what is required by legislation and (ii) effective management and control over activities with the aim of securing the greatest possible value creation over time in the best interests of companies, shareholders, employees and other parties concerned.

The following statement explains how Andfjord Salmon addresses the 15 governance topics covered by the Code.

## **1. Implementation and reporting on corporate governance**

The Board is aware of its responsibility for implementation of internal procedures and regulations to ensure that the company complies with applicable principles for good corporate governance in line with Norwegian and applicable international standards.

The Board of the Company is actively involved in good corporate governance and will seek to ensure that the Company complies with the requirements of section 3-3b of the Norwegian Accounting Act, which is available at [www.lovdata.no](http://www.lovdata.no), and The Norwegian Code of Practice for Corporate Governance (“NUES”), last revised 14 October 2021, available at [www.nues.no](http://www.nues.no). If the Company deviates from NUES’s recommendations, Andfjord Salmon will adhere to the “comply or explain” principle for each and every clause in the Code.

According to Andfjord Salmon’s own evaluation, the company deviates from the Corporate Governance Code on the following points:

- Point 6 – General Meetings (GM): The Public Companies Act stipulates that at least 21 days’ notice must be given to call a general meeting of a listed company. As Andfjord Salmon is not a public limited liability company, but a private limited liability company, the Company adheres to the Companies Act which stipulates that at least 14 days’ notice must be given to call a general meeting. Andfjord Salmon also deviates from the recommendation to have all board members present at the general meeting as the company has deemed it satisfactory to require the presence of the chairperson of the Board, the chairperson of the nomination committee, and the CEO.



- Point 9 – The work of the Board of Directors: Andfjord Salmon does not have an audit committee as the company is not considered a large company or regulated by the Public Companies Act.

- Point 11 – Remuneration of the Board of Directors: Andfjord Salmon deviates from the point that members of the board of directors and/or companies with which they are associated should not take on specific assignments for the company in addition to their appointment as a member of the board. The Board considers it of value to all shareholders that certain Board members, who possess specialist competence within their fields and have in-depth knowledge of Andfjord Salmon, can provide specific and clearly defined strategic and operational support to the company's administration, which remains small in size in line with the company's objective of running a cost-effective operation.

- Point 11 – Remuneration of the Board of Directors: Andfjord Salmon deviates from the point that share options should not be granted to members of its Board. The 2023 annual general meeting awarded share options to chairman Roger Brynjulf Mosand. It is the Board's view that Roger Brynjulf Mosand, who is a highly experienced aquaculture industry executive, is key to the long-term development of Andfjord Salmon. Hence, the option programme has been designed to secure the long-term commitment of Mosand while also aligning Mosand's interests with the long-term interests of all other shareholders, thereby alleviating concerns of weakening board independence.

- Point 12 – Remuneration of executive personnel: Andfjord Salmon has not established guidelines for the remuneration of executive personnel as the Company is a private limited liability company that is not governed by the Public Companies Act.

- Point 14 – Take-overs: Due to the unpredictable nature of a takeover situation, the Company has decided not to implement detailed guidelines on such situations.. In the event a takeover were to occur, the Board will act in accordance with applicable regulations as well as the general principles of the stock market.

## 2. Business

Andfjord Salmon (ANDF) has developed an innovative and sustainable aquaculture concept for land-based farming of Atlantic salmon. The company's ambition is to build the world's most sustainable and fish-friendly aquaculture facility of its kind.

Andfjord Salmon is a limited liability company organised under the laws of Norway and subject to the provisions of the Norwegian Limited Liability Companies Act.

Andfjord Salmon's purpose is currently defined in the Articles of Association as follows:

The company's business is to conduct land-based farming of fish and other matters that naturally coincide with this, including participating in other companies with similar activities, acquiring and divesting shares, or otherwise

becoming interested in other businesses including provision of consulting services.

Each year, Andfjord Salmon publishes a sustainability report where it presents the main social, societal, and environmental challenges it faces, and how the company is dealing with them. Following dialogue with the company's key stakeholders, Andfjord Salmon has identified five focus areas – fish health and welfare, environment, climate, working environment, and local communities – that are integrated in the company's business strategy. Each year, concrete goals are identified to improve Andfjord Salmon's performance within these areas.

To discuss and evaluate goals, strategy and risk profile, the Board conducts an annual strategy meeting, where the main purpose is to set the long-term direction for the company. This takes into account financial, social and environmental considerations as well as the company's local impact.

A further description of the company's operations, goals, strategy, and risk profile is provided in the Group's annual report, which shows how the company's operations and strategies are aligned with objectives defined in the Articles of Association.

### 3. Equity and dividends

The company's solidity is continuously assessed based on the company's goals, strategies and risk profile. Andfjord Salmon aims to give shareholders a competitive long-term return. Based on Andfjord Salmon's capital requirements for its ongoing development projects, it is unlikely that the Company will pay out dividends in the near future. Shareholders' return should therefore primarily be realised through an increase in the value of their shares. However, dividends can be relevant in the future, when the circumstances permit. Any potential future dividend payment will be determined by a General Meeting, based on the Board's proposal. The shareholders can authorise the Board to increase the share capital or purchase the Company's own shares at the Annual General Meeting.

A General Meeting has previously authorised the Board to increase the company's share capital in connection with capital raises to finance the company's business, and in connection with acquisitions and mergers. The mandate given at the Annual General Meeting in 2023 was used in connection with the capital increase that the company carried out in June 2023.

### 4. Equal treatment of shareholders

Equal treatment of all shareholders is a core governance principle. Andfjord Salmon has one class of shares and is listed on Euronext Growth Oslo under the ticker ANDF. Each share carries one vote at the General Meeting.

In situations where normal preferential rights shall be deviated from, the Board shall present the

grounds for such a decision to a general meeting pursuant to the Norwegian Code of Practice for Corporate Governance.

The General Meeting has given the Board authorisation to acquire shares in Andfjord Salmon, on behalf of the company, with an aggregate nominal value of up to NOK 4,103,892. If applicable, any transaction the company carries out involving its own shares shall be purchased through ordinary trade on Euronext Growth or at the prevailing share price if carried out in any other way. The authorisation is valid until the next Annual General Meeting however no longer than 30 June 2024.

### 5. Share and negotiability

All Andfjord Salmon shares carry equal rights and are freely negotiable. The Company's articles of association do not contain any form of restriction on negotiability.

### 6. General Meetings

The interest of the company's shareholders is exercised at the General Meetings (GM). The Annual General Meeting is usually held between the end of April and beginning of June. The meeting for 2024 is scheduled for May 7, 2024.

General Meetings consider an vote on the following matters:

- Election of the Board of Directors. The General Meeting shall elect the Chair of the Board.
  - Other issues that pursuant to the provisions of the Norwegian laws and Articles of Association are to be treated by the General Meeting.
- All shareholders with a known address registered in the Norwegian Central Securities Depository (VPS) will receive an invitation to the GM. The invitation is sent at least one week prior to the meeting. Other documents will be made available on Andfjord Salmon's website. A shareholder may request a printed copy of documents relating to matters to be dealt with at the GM.
- The deadline for shareholders to give notice of their intention to attend the meeting is one day prior to the meeting.
- Shareholders who are unable to attend the GM may vote by proxy. The proxy form is designed in such a way that voting instructions may be given for each item on the agenda.
- Chair of the Board, the chair of the nomination committee and the CEO are present at the GM, in addition to other Board members when appropriate. Andfjord Salmon has not deemed it necessary to require the presence of all members of the Board at the GM. The general meeting is able to elect an independent chairperson for the general meeting. All shares carry an equal right to vote at General Meetings. Resolutions at GMs are normally passed by simple majority unless otherwise required by Norwegian law.
- Adoption of income statement and balance sheet.
  - Distribution of profit or coverage of deficit pursuant to the adopted income statement and balance sheet as well as distribution of dividends.

The minutes of the GM are made available on Andfjord Salmon’s website.

**7. Nomination committee**

Pursuant to Andfjord Salmon’s Articles of Association, the company shall have a nomination committee, which is elected by the general meeting. Andfjord Salmon’s nomination committee is called the “election committee”, but is in this document referred to as the “nomination committee”.

The committee nominates candidates to chairperson, board members, any deputy members to the Board, and members of the nomination committee.

As part of its nomination process, the committee will have contact with major shareholders, the Board and the company’s executive management to ensure that the process takes both the Board’s and the company’s needs into consideration. A justification for a candidate will include information on each candidate’s competence, capacity and independence.

Further, the nomination committee submits proposals to the general meeting regarding remuneration of the board and the nomination committee.

Andfjord Salmon’s nomination committee currently consists of the following members, who have been elected for the period 2023 - 2025: Rode S. Rønning-Hansen (chair), Oddvar Fosse and Rita Karlsen.

All members of the nomination committee are independent of the Board and the company’s executive personnel. The nomination committee does not include any executive personnel or any member of the company’s board of directors. Information regarding the committee members and its procedures is available on the company’s website. Information about how input and proposals may be submitted to the committee is available on the company’s website.

**8. Board of directors, composition and independence**

Pursuant to Andfjord Salmon’s Articles of Association, the company’s Board shall consist of three to eight members. The current Board consists of eight members. The chairperson and Board members are elected by the GM.

At the annual general meeting in 2023, the shareholders elected the following seven members to the Board:

Roger Brynjulf Mosand	Chairperson (re-elected)
Roy Bernt Pettersen	Director (re-elected)
Tore Traaseth	Director (re-elected)
Knut Roald Holmøy	Director (re-elected)
Bettina Flatland	Director (re-elected)
Kim Marius Strandenæs	Director (re-elected)
Gro Skaar Knutsen	Director (re-elected)
António Serrano	Director (not up for election)

Andfjord Salmon strives to ensure that the Board has a composition necessary to safeguard the interests of its shareholders. The Board considers its composition to be diverse and competent with respect to expertise and capacity related to the company’s objectives, main challenges and the common interests of all shareholders. The board consists of six men and two women.

Roy Bernt Pettersen and Tore Traaseth are major shareholders in the company. Kim Marius Strandenæs is employed by UFI AS, which is a large shareholder in Andfjord Salmon. António Serrano is employed by Jerónimo Martins Agro-Alimentar, S.A., which is the largest shareholder in Andfjord Salmon. All board members are independent of the of the company’s executive personnel. Further, Bettina Flatland, Knut Roald Holmøy, Roger Brynjulf Mosand and Gro Skaar Knutsen are independent of the major shareholders.

The Board does not include executive management.

Information about each board member is available on the Company’s website.

All board members apart from Kim Marius Strandenæs, Knut Roald Holmøy, Gro Skaar Knutsen and António Serrano own shares in the company. None of the board members hold share options, apart from Roger Mosand who holds 60, 000 share options awarded at the general meeting in 2023. The options are vested over a period of two years, which is the period for which chairman Roger Mosand has been elected.

## 9. The work of the Board of Directors

The Board has the overall responsibility of overseeing the organisation, operation and management of Andfjord Salmon, whilst the CEO is responsible for day-to-day management. This means that the Board is responsible for organising the the company's activities and establishing systems in order to ensure that Andfjord Salmon operates in compliance with laws and regulations, corporate governance guidelines and the guidelines defined in the company's Code of Conduct.

The Board is also responsible for ensuring that the interests of shareholders and other interested parties are safeguarded in a satisfactory manner. The Board has prepared and adopted rules and procedures for the Board of Directors. The Board has an annual plan for its work to ensure that all important issues and business areas are covered, emphasizing objectives, strategy, and implementation of the company's business plan in particular.

The rules and procedures for the Board includes instructions to ensure that the company's impact on the economy, environment and people is managed adequately. The rules and procedures describe how the board is responsible for reviewing and approving the organization's purpose, value and mission statements, strategies, policies and goals related to sustainable development, and delegate implementation of such matters to the company's management. The procedures also include stipulations to ensure that the company has the necessary due diligence and other processes in place to identify and manage its

impacts on the economy, environment and people, and ensure that the management of the company engages with relevant stakeholders to support these processes.

The rules and procedures for the Board also state how the board of directors and executive management shall handle agreements with related parties. The Board should also present any such agreements in their annual directors' report. Further, If the chairperson of the Board is personally involved in matters of a material character, the Board's consideration of such matters will be chaired by another member of the Board.

At least annually, the Board reviews the company's sustainability performance, including material topics, key performance indicators and priorities going forward.

The rules of procedures for the Board incorporates procedures on how potential agreements with related parties shall be handled.

Andfjord Salmon does not have an audit committee as the company is not considered a large company or regulated by the Public Companies Act.

Andfjord Salmon does not have a remuneration committee. As all Board members are independent of the company's executive personnel, it is the Board's view that it is a suitable body to help ensure a thorough and independent preparation of matters relating to compensation paid to the executive personnel.

The Board evaluates its own performance and expertise on an annual basis, including its role in overseeing the management of the company's impact on the economy, environment and people. The evaluation is submitted to the nomination committee.

## 10. Risk management and internal control

The Board ensures that the Company has good internal control and appropriate systems for risk management in relation to the nature and extent of the company's activities. The Board's work with internal control encompasses the company's corporate values and Code of Conduct.

Andfjord Salmon has developed and implemented a management framework and internal control systems that are deemed appropriate for the company's size and operational maturity.

The Board discusses and assesses the group's risk exposure, systems, routines, and internal control to mitigate such risk on an annual basis. Internal control procedures, limiting authorisations, organisational changes and increased reporting are part of the improvements. Procedures have been established for the regular reporting of financial statements. Furthermore, management regularly reports to the Board on the progress of the company's development and other operational processes.

As part of ongoing risk management efforts, the Board and management carry out specific risk reviews of major investments and contracts. As part of the annual budget and strategy process, the Board and executive management conduct an

annual review to discuss and identify external and internal opportunities for and threats to the group. In addition, the Board carries out a thorough review of the company's financial status in the annual Directors' Report.

### **11. Remuneration of the Board of Directors**

Remuneration of the Board is determined by the GM, based on recommendations from the nomination committee. The recommendations are normally linked to the Board members' responsibilities, competence and time commitment, taking the company's size and complexity into consideration.

The remuneration is not linked to the company's performance.

The 2023 annual general meeting awarded 60,000 share options to chairman Roger Brynjulf Mosand. The stipulation that members of the board should not be granted share options is founded on an assumption that this may weaken the board's independence. The board has considered this when developing Mosand's option programme, which has been designed to secure the long-term commitment of Mosand. For example, the exercise date is set to 1 January 2027 at the earliest and 29 December 2029 at the latest, and the strike price has been set at a level that is substantially higher than the average trading price of the Andfjord Salmon share throughout 2023. Consequently, it is the board's view that the option programme sufficiently aligns Mosand's interests with the long-term interests of all other shareholders. Moreover, Mosand also owns shares in Andfjord Salmon, which ensures further alignment with Andfjord Salmon's shareholders.

Members of the Board, including companies with whom they are associated, are usually not given separate assignments by Andfjord Salmon in addition to their function as directors. Any such assignments will be based by approval from the Board.

The stipulation that members of the board of directors should not undertake additional assignments for the company is based on the need for members of the board to be independent of the company's executive personnel. Currently, board member Roy Bernt Pettersen is employed by Andfjord Salmon to work on certain development projects. However, Roy Bernt Pettersen is not a member of Andfjord Salmon's management team and is therefore considered independent of the company's executive personnel. As Pettersen is the co-founder of Andfjord Salmon, the Board considers it of value to all the company's shareholders that he is actively engaged in the development of the company. Further, Board members Kim Marius Strandenæs and Tore Traaseth, who both have extensive capital markets experience, and chairman Roger Brynjulf Mosand with his extensive aquaculture industry experience, have during 2023 supported the company's administration with specialist competence and capacity related to Andfjord Salmon's financing and business development processes. The Board considers it of value to all shareholders that Board members, who have in-depth knowledge of Andfjord Salmon, can provide specific and clearly defined strategic and operational support to the company's administration, which remains small in size in line with the company's objective of running a cost-effective operation.

Any remuneration in addition to normal directors' fees is specified in Andfjord Salmon's annual report.

### **12. Salary and other remuneration of executive personnel**

The Board determines the principles applicable to the Group's policy for compensation of executive management.

The Board is directly responsible for determining the CEO's salary and other benefits. The CEO is, in consultation with the chairperson of the Board, responsible for determining the salary and other benefits for the Group's other senior executives.

As Andfjord Salmon not a public company governed by the Public Companies Act, the company is not required to prepare guidelines for the remuneration of executive personnel. The Board's view on management compensation is that it should be competitive and motivating, but not above observed market levels, and help ensure that the executive personnel and shareholders have convergent interests.

Management compensation consists of a fixed sum base salary and share options. The Board has the opportunity to allocate discretionary annual performance bonuses to members of management. So far, such bonuses have been limited to the equivalent of two months' salary. In 2023, the Board initiated a process to define specific guidelines and targets for a performance-related bonus scheme for executive personnel. The Board aims to conclude this process in 2024.

### 13. Information and communication

Andfjord Salmon's reporting and communication policy takes into account the requirement for equal treatment of all stakeholders in the financial markets.

The company has established guidelines for reporting of financial and other information. The purpose of these guidelines is to ensure that timely and correct information is made available to shareholders and other stakeholders. A financial calendar and other shareholder information, including the company's investor relations policy, is available on the company's website.

All information distributed to the company's shareholders is published simultaneously on the company's website and at Newsweb.no (Oslo stock exchange's distribution channel).

### 14. Take-overs

The company's Articles of Association do not include defence mechanisms aimed towards take-over bids, nor are any other obstacles implemented with the objective of reducing the trade and/or transferability of the company's shares.

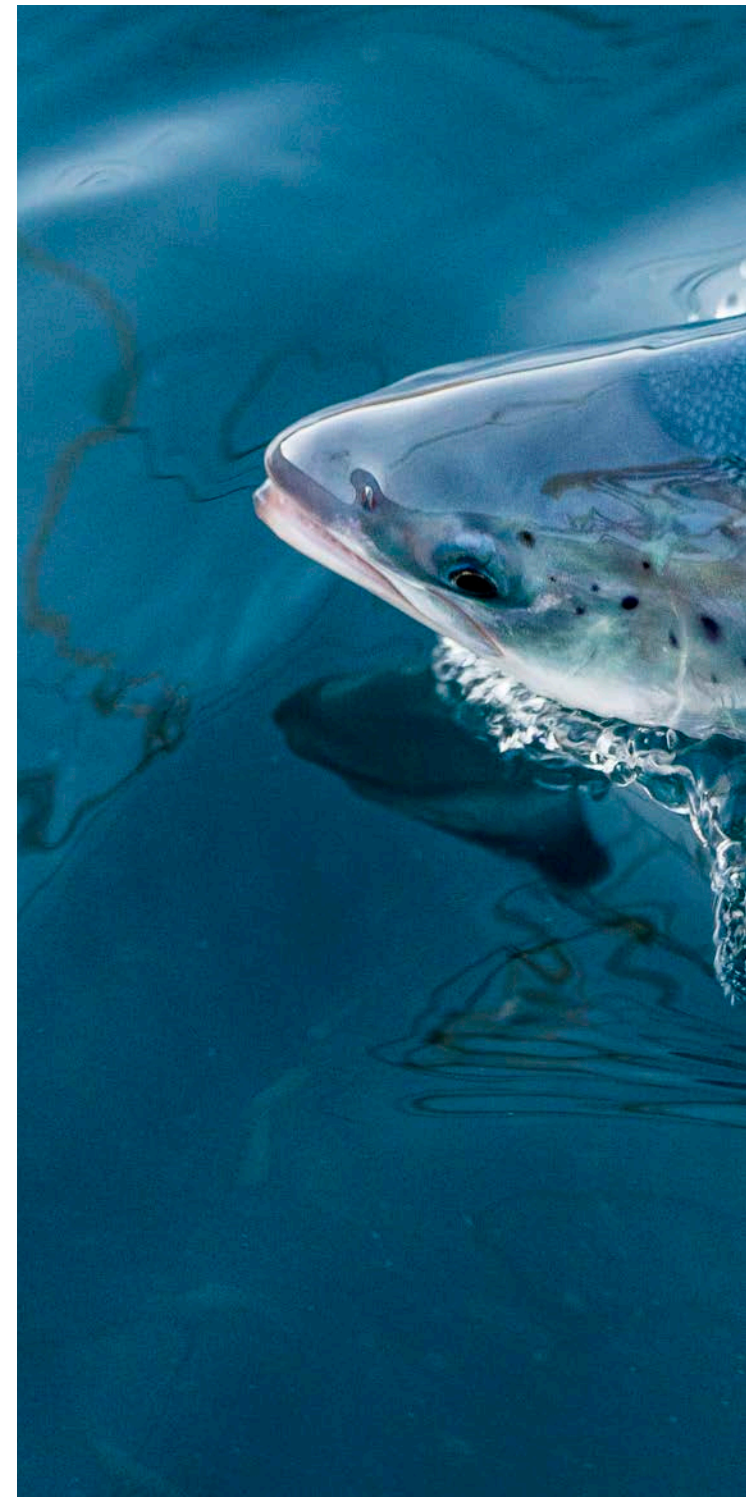
The shares are freely negotiable. Transparency and equal treatment of the shareholders are fundamental principles the company adheres to. No additional principles have been established for how Andfjord Salmon will or should act with respect to takeover bids, but the Board will act in accordance with applicable regulations as well as the general principles of the stock market if such a situation should occur.

### 15. Auditor

The external auditor is independent in relation to Andfjord Salmon and elected by the Annual General Meeting. The auditor's fee is approved by the GM.

The auditor conducts a yearly meeting with the Board in connection with the review of the annual accounts. The company's internal control systems and procedures are addressed in the same meeting. The Board reviews the yearly audit plan with the auditor together with identified weaknesses and suggestions for improving the company's internal control.

It has not been deemed necessary by the Board to implement additional guidelines regarding the use of the auditor for services other than auditing.



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# BOARD OF DIRECTORS REPORT

## Nature of the enterprise

Andfjord Salmon is developing the aquaculture industry of the future and has an ambition of building the most fish-friendly and sustainable aquaculture facility of its kind. The benefits of both sea and land-based salmon farming are combined to achieve this. The result is a high level of salmon welfare and sustainable production by using Arctic seawater in land-based pools. Andfjord Salmon is a Norwegian company that was established in Andøy municipality in 2014. The company is developing production facilities and operating premises on Andøya. The company has a license to farm 10,000 tonnes of maximum allowed biomass (MAB), at Kvalnes, Andøya. The Company is currently developing the Kvalnes site. Yearly production is expected to be 19,000 tonnes HOG when the build-out has been completed in mid-2027. Andfjord Salmon has also secured coastal properties at Fiskeenes and Breivik on Andøya for future expansion. In total, the company has a long-term ambition of an annual production of 90,000 tonnes HOG from all three sites.

## Overview of the annual financial statements

The financial statements for the year ended 31 December 2023 have been prepared in

accordance with International Financial Reporting Standards (IFRS®) as endorsed by the European Union (EU).

During 2023, a restructuring of the company structure was carried out with the establishment of a holding structure. The group now consists of parent company Andfjord Salmon AS and one subsidiary, and the consolidated accounts for 2023 include these two companies ("the Group").

Loss before income tax for 2023 was NOK 69.8 million for the Group, compared to a loss of NOK 56.7 million in 2022. In 2023, the company employed 23 full-time equivalents and employee benefit expenses amounted to NOK 25.2 million after capitalisation of expenses related to construction. Depreciation and amortisation expenses were NOK 24.9 million in 2023, while other operating expenses totalled NOK 31.7 million. The loss is in line with the board's expectations for the current phase of the company. In June 2022 the company released close to 200,000 smolt of 120 grams into its first pool, and the fish was harvested in June/ July 2023 with strong biological results. Survival rate after transportation to the processing facility was 97.5 %, which is significantly better

than the industry average of 83.3 % in 2023. In total, 540 tonnes (HOG) were harvested. After completion of the first harvest, the focus has been shifted to the construction of four new pools at Kvalnes, which are expected to be completed by mid-2025, reaching a production capacity of 8,000 tonnes HOG per year. This construction period also includes the establishment of shared infrastructure, including a harbour and waterways, that will support a total annual production capacity of 40,000 tonnes HOG at Kvalnes. The next release of smolt will be when the next four pools are completed in 2025, followed by continuous production.

The Group generated its first sales revenue in 2023, with total income of NOK 37.3 million from the first production cycle.

Net cash flow from operating activities was NOK -29.1 million, while operating loss was NOK -79.6 million. Incoming cash flow related to sales income occurred in 2023, which has a positive effect on cash flow from operations. The Group's cash flow from investment activities was NOK -326.9 million, which is related to construction of four new pools and associated infrastructure. Net cash flow from financing activities was NOK 523.1 million in 2023.



Total assets at the end of 2023 were NOK 1,212.9 million for the group. Total non-current assets were NOK 908.8 million, which consisted of investments in property, facility and equipment at Kvalnes, property at the Breivik and Fiskeles locations and intangible assets of NOK 14.4 million. Since its inception in 2014, the group has carried out research and development that has resulted in a patented solution that has been implemented in the first pool. Direct expenses for equipment and external consultants in connection with development of the solution are entered in the balance sheet as intangible assets. Direct expenses related to the patent itself are also accounted for as an intangible asset.

Current assets mainly consist of bank deposits, biological assets and current receivables.

## Risk factors

### Market risks

#### *Liquidity risk*

The Group has financed the construction of four new pools, which will increase annual production capacity to 8,000 tonnes HOG, and infrastructure including waterways and a harbour area which will support a complete development of Kvalnes to a production capacity of 40,000 tonnes of HOG per year. The financing package consists of equity and a construction loan of NOK 825 million from Sparebank 1 Nord-Norge, Sparebank 1 SR-Bank and Sparebank 1 SMN, supported by a guarantee of 50% from Eksfin, that will be opened during 2024. At the end of 2023, the group had a cash balance of NOK 250 million and unused credit facilities of NOK 20 million, in addition to the unused construction loan of NOK 825 million.

The Group's growth strategy and future plans are capital intensive and dependent on further future financing to continue to increase the production capacity beyond 8,000 tonnes HOG yearly. The successful first production cycle has proven the concept and provided the basis for the strong financing the group secured in 2023.

#### *Currency risk*

The salmon market is international and the group is exposed to currency risk in relation to sales income. In the future, currency hedging will be used to reduce such exposure.

#### *Interest rate risk*

The group is exposed to fluctuations in interest rate levels through interest-bearing debt. Total interest-bearing debt at the end of 2023 was NOK 67.6 million. Liquidity reserves are deposited on bank accounts and are thus exposed to interest rate fluctuations.

#### *Credit risk*

The group is currently exposed to credit risk through the placement of surplus liquidity in Norwegian regulated banks. Customer receivables are limited in the current phase.

#### *Cybersecurity risk*

Andfjord Salmon depends on IT systems throughout the company's operations. The risk of falling victim to a cyberattack is rising to companies in general. Disruptions to critical systems could negatively affect Andfjord Salmon's ability to operate safely and effectively.

#### *Pandemic risk*

In mid-2023, the World Health Organization announced that the COVID-19 pandemic no longer constituted a public health emergency of international concern. A negative development in the COVID-19 situation or other pandemics may impact Andfjord Salmon and the economy at large. For example, the long-term impact on the global economy may result in impairment of assets and future decrease of the market as consumers change their habits and investors reduce their investments. Further, personnel may not be able to work due to illness, quarantines, travel restrictions and social distancing causing a shutdown of operations of the company and its suppliers.

### Going concern

The accounts have been prepared under the assumption that the companies the Group are a going concern. In accordance with Section 3-3a of the Norwegian Accounting Act, the board of directors confirms that the companies and the Group fulfil the requirements necessary for them to continue to operate as a going concern. The board bases this on the Group's financial position, which is good.

### Working environment

The board of directors considers the group's working environment to be good. No special measures have been implemented to improve the working environment. Registered sickness absence was 0.83% in 2023, while sickness absence in 2022 was 2%. The Group has not had any accidents or incidents in 2023 that have led to personal injuries.

## Future outlook

The Group holds a fish farming licence of 10,000 tonnes MAB and expects to reach an annual production volume of 19,000 tonnes (HOG) in the next construction phase at Kvalnes, which is expected to be completed by mid-2027. The group has secured rights to coastal properties at Fiskeenes and Breivik on Andøya, enabling a potential future production of 90,000 tonnes HOG. The current licence will be utilised in its entirety at the company's first production facilities at Kvalnes.

The first pool has a production capacity of 1,000 tonnes HOG on a stand alone basis. The current construction phase started in July 2023 and four new pools will be ready by mid-2025. The board considers the future prospects to be good. Successful biological results have strengthened the company's position significantly.

At the same time as the company is working on developing the first location at Kvalnes, it is also working on regulation of the Fiskeenes and Breivik sites and will apply for a licence for 20,000 tonnes MAB (25,000 tonnes HOG) for each of the locations. The zoning plan for Breivik was approved by the local municipality in 2022. There are also plans to further develop the Kvalnes site to a total production capacity of 40,000 tonnes HOG per year.

Andfjord Salmon benefits from the well-developed salmon farming industry in the Vesterålen area, where the necessary infrastructure with sufficient capacity and expertise has already been established. This makes it possible to have a fully

integrated value chain, from smolt production and salmon farming to sales and distribution to end customers.

The Group's financial position and outlook is primarily dependent on the price of farmed salmon and the level of production costs. Historically, the market price of farmed salmon has been subject to market fluctuations. Andfjord Salmon's flow-through concept requires low energy consumption. Due to the facilities' unique location directly adjacent to the Gulf Stream, they have access to water at very favourable temperatures year-round. Inlet water is sourced at 40 meters' below the levels inhabited by salmon lice. Salmon lice treatment represents a significant production cost in sea based salmon farming, and avoiding this gives a significant production cost advantage compared to traditional sea-based farming. The company is largely dependent on maintaining its current licence and being awarded new licences in order to develop the business in the future.

## Corporate governance

Andfjord Salmon has prepared a report on corporate governance that is included in the annual report, which is available on the company's website. Although the company is not subject to the Norwegian Code of Practice for Corporate Governance, it aims to comply with the principles of the recommendations as the business transitions into an operational phase. The report on corporate governance sets out the company's status in relation to the recommendations.

## Gender equality and discrimination

In 2023, 23 full-time equivalents were performed by employees of the group. At the end of the year, the board consisted of eight members, of which two are females. At the end of 2023, the Group had 24 employees in total, of which eight are women. The proportion of woman among employees has increased considerably during the last couple of years. Based on an assessment of the size of the Group, the number of employees and job categories, the board has not found it necessary to take further action with respect to gender equality at this time. However, Andfjord Salmon is keen to further increase the share of female employees, both in senior positions and in the Group in general. Andfjord Salmon shall be a workplace where there is full gender equality between women and men, and it shall ensure that there is no discrimination based on gender. More information on the status of gender equality in the company can be found in the ESG report, which is part of the annual report available on the company's website.

## The natural environment

The Group does not pollute the natural environment to any significant extent in its current phase, but it has nevertheless implemented environmental measures in connection with the development at Kvalnes. It is a clear goal that the business shall have the smallest possible environmental footprint. Biological waste from the facility is captured and refined as a commercial resource, limiting discharges from the facility. The company has prepared a separate ESG report as part of the annual report, which contains a detailed account of how it works towards achieving sustainability goals.

## Other matters

Andfjord Salmon performs evaluations and assessments of suppliers in line with the Transparency Act. The Group will publish a statement on due diligence assessments on its website by the end of June 2024.

The Group has taken out insurance for the board members and the CEO for their possible liability to the group and third parties, with an insurance sum of NOK 300 million.

The board of directors does not know of any other matters of importance to consider the Group's position and profit/loss, other than those

presented in the annual financial statements and notes to the annual financial statements. No matters have arisen after the end of the financial year that have an impact on the board of directors' assessment of the annual financial statements.

## Board of Directors and CEO of Andfjord Salmon AS

We hereby confirm that it is our sincere conviction that the financial statements for the period 1 January to 31 December 2023 have been prepared in accordance with the provisions and good accounting practices set out in the Norwegian Accounting Act, and that the

information in the financial statements provides an accurate picture of the company's and the Group's assets, liabilities, financial position, and profit/loss as a whole. We hereby confirm that the annual report provides an accurate overview of the development, annual profit/loss and position of the company and the Group, together with a description of the most important risks and uncertainties the enterprise is facing.

Sign.

Roger Brynjulf Mosand  
Chair

Sign.

Roy Bernt Pettersen  
Director

Sign.

António Serrano  
Director

Sign.

Tore Traaseth  
Director

Sign.

Bettina Flatland  
Director

Sign.

Kim Strandenæs  
Director

Sign.

Gro Skaar Knutsen  
Director

Sign.

Martin Rasmussen  
CEO

Andøy  
17 April 2024



# MATERIALITY ASSESSMENT

Agriculture, aquaculture, and fishing industries share common impacts associated with the production of food as well as non-food products. These industries are crucial to the world’s food systems and the manufacture of a variety of materials. Due to the sector’s widely documented economic, environmental, and social impacts – including those on climate change and biodiversity, food security, farming and fishing practices, and community engagement – GRI has developed a sector standard for our industry (GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022).

Our materiality assessment is based on systematic and ongoing dialogue with our stakeholders (to get an outside-in perspective), and on internal discussions among Andfjord Salmon’s ESG task force (to get an inside-out perspective). In our assessment, we have also used the GRI 13 standard, which provides information about which topics are likely to be material.

As a relatively small company located in Norway (where both national laws and industry regulations are in place to ensure responsible operations), not all the topics mentioned in the sector standard are considered equally relevant to Andfjord Salmon.

An overview of topics in the applicable sector standard determined as not material is provided in Appendix 2.

### Reviewing material topics

The materiality assessment is updated on a regular basis to reflect changes in our environment and the development/expansion of our business. The ESG task force group held an internal workshop in October 2023 to revise existing material topics. The main purpose of the 2023 workshop was to reduce the number of material topics so as to increase our ability to work strategically with each of them and to be more precise when it comes to actions and reporting.


The discussion resulted in the prioritisation shown in the table below.

Regarding climate, only energy efficiency (Scope 2) is in the 2023 report defined as material as our Scope 1 and 3 emissions are limited. A full carbon accounting report can be found in Appendix 5. Although not defined as our most material topic, information about human rights can be found in the Transparency Act Report (Appendix 3). Detailed information regarding diversity and inclusion is included in the Equality Statement in Appendix 4.

We are continuously engaging with stakeholders regarding actions taken under each of the material topics, and the outcome of such actions, including through direct conversations, quarterly presentations and annual sustainability reports.

**Table: Focus areas and material topics**

Focus area	Material topic(s)
Fish health and welfare	• Water quality, health checks, and feed
Environment	• Biodiversity • Fish sludge
Climate	• Energy efficiency
Working environment	• Occupational health and safety
Local communities	• Local value creation



# FOCUS AREA: **FISH HEALTH AND WELFARE**



A large salmon is shown swimming in clear blue water, viewed from above. The fish is positioned diagonally across the frame, moving from the upper right towards the lower left. Its scales are highly detailed, showing a shimmering texture. The water surface is visible at the top, with ripples and reflections of light. The overall color palette is dominated by various shades of blue and green, with highlights on the fish's body.

AMBITION:

*Develop the world's most  
fish-friendly aquaculture facility*



## MATERIAL TOPIC:

# WATER QUALITY, HEALTH CHECKS, AND FEED

### Materiality

Ensuring good fish health and welfare is both an ethical responsibility and the most important factor in achieving good growth, higher quality, and lower costs. A continuous water flow from deep waters ensures that our salmon live in an environment where salmon lice and poisonous algae are close to non-existent, meaning that we have a minimal negative impact on this topic.

### Stakeholder views

Key stakeholders for this topic include national authorities and shareholders/owners. Stakeholders expect Andfjord Salmon to comply with relevant regulations concerning fish health and welfare.

### Approach

Fish health and welfare is at the core of Andfjord Salmon's innovation. Our goal is to mimic the salmon's natural habitat in the sea as much as possible. Our fish welfare measures are comprehensive and focus on all aspects of the farming value chain, including water quality, thermal regulation, respiration, hygiene, disease management, feed and nutrition, behaviour control, social contact, and rest.

On 25 June 2022, we released approximately 200,000 smolt at an average weight of 120 grams into the company's first land-based pool at Kvalnes, Andøya. Due to strong biological performance, the average weight of the salmon reached 1 kilogram in November 2022 – well ahead of the late December 2022 forecast, and with an industry-leading survival

rate of 98.9%. As of 17 July 2023<sup>1</sup>, the accumulated survival rate was 97.5% for the entire production – nearly 14% better than the industry average in the same period<sup>2</sup>.

In 2021, we verified our laminar water flow technology at our first pool at Kvalnes, which confirmed that we are able to recreate the natural habitat of wild salmon on land and offer the best possible habitat. Now that we are in production, we regularly test the water quality, including monitoring the presence of pathogens, and we have also set up a complete Fishwell sensor system to monitor, control, and optimise the water quality and environment in the pool.

Our patented flow-through technology supplies a continuous flow of 100% seawater. Water is pumped from a depth of 40 meters, which means that the temperature is considerably more stable than what would be expected at corresponding depths in net pens and follows seasonal patterns in ambient water temperature. During the first six months of production, more than 60% of daily temperature readings were in the range of 10–16°C, which is considered optimal for sea farmed salmon.

According to the Norwegian Aquaculture regulations, risk-based health checks must be carried out for farmed fish. Health checks must be planned in consultation with and carried out by a veterinarian or fish health biologist, and necropsies and relevant investigations must be carried out on a representative sample of recently deceased fish and fish with abnormal behaviour. Fish in aquaculture facilities for edible fish with more than 50,000 fish and less than 1,000,000 fish must have at least six health checks per year. As our ambition is to develop the world’s most fish-friendly aquaculture facility of its kind, we choose to have monthly health checks to better monitor fish health although this is not required by law. We will continue with enhanced testing for fish pathogens on a voluntary basis, to document fish health and to use the results as a management tool and basis for improvements.

Adopting a feeding strategy that avoids strong competitive behaviour, ensuring low stress and homogeneous growth is important. In February 2022, we entered into a strategic feed supply agreement with Skretting, which is the aquaculture business line of global leader in animal nutrition

and aquafeed, Nutreco. Under this agreement, Skretting has developed a feed that is specifically tailored to our flow-through technology to ensure optimal water quality, fish welfare and growth conditions in the land-based pool. The feed is called “Calanus® Plus by Andfjord Salmon” and consists of ingredients that have a proven track record from land-based salmon farming, including the zooplankton *Calanus finmarchicus* (Calanus), which we are the first salmon farmer in the world to utilise commercially. The feed will ensure the production of premium quality salmon, but most importantly: It is a sustainable marine source and improves the taste of the feed.

**2024 priorities:**

- Prepare for next smolt release in 2025
- Implement a feeding system for the new farming facility
- Conduct relevant water quality measurements

<sup>1</sup> 17 July 2023 was the last delivery date of fish for harvest and the figures include mortality both during delivery and transport.

<sup>2</sup> Salmon and trout. The number includes withdrawal, dead fish, escaped fish and other waste (Source: [www.barentswatch.com](http://www.barentswatch.com)).

**Table: Fish health and welfare indicators**

KPI	2023	2022
Survival rate	97.5%	98.9%
Sampling and screening of fish pathogens in the reporting period	Monthly	Monthly

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Industry leading

**SURVIVAL**  
RATE 

---

**97.5%**

---

Industry average = 83.3%  
(Fish Health Report 2023)

# FOCUS AREA: **ENVIRONMENT**



A scenic landscape featuring a weathered wooden barn with a grass-covered roof on the right. The foreground is filled with tall, green grasses, some of which are blurred in the lower-left corner. The sky is a clear, deep blue, transitioning to a warm orange glow near the horizon where the sun is setting. The overall atmosphere is peaceful and rural.

AMBITION:

*Fish farming with a  
minimal impact on biodiversity*

# MATERIAL TOPIC: BIODIVERSITY



## UN SDG target

*8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth*

*from environmental degradation, in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead.*

## Materiality

Biodiversity is critical to the health of people and the planet and responsible management of the oceans is a key feature of a sustainable future. Our business operations can have an actual or potential impact on flora, fauna, and ecosystems (birds, fish species/wild salmon

population) through the building of new sites and discharges to sea. Our objective is to minimise this impact.

## Stakeholder views

Our key stakeholders for this topic are NGOs, authorities, and civil society. Their main interest is to preserve local fishing grounds and biodiversity in Norwegian waters.

## Approach

We are committed to complying with both ethical and statutory obligations governed by Norwegian legislation, as well as relevant laws and regulations in the areas in which we operate, including:

- The Regulation on the Establishment and Expansion of Aquaculture Facilities
- The Aquaculture Operations Regulations
- The Aquaculture Act
- The Nature Diversity Act
- The Water Regulation Act
- The Pollution Control Act
- Internal Control Regulations
- Municipal zoning plans
- The Regulation relating to internal control to meet the requirements set out in aquaculture legislation (IK-Akvakultur)

We have carried out a detailed mapping of biodiversity close to our premises at Kvalnes (Figure 1) in order to be able to monitor possible negative impact from effluents in the future. During this ROV mapping, researchers found kelp forest and shell sand near our site, in addition to important spawning and breeding areas for several fish species. We have also mapped the deep-water areas off Kvalnes as a precautionary measure, in which marine habitat sponge communities were registered. Everything that was mapped was assigned specific values, including the distance to our premises, see table 2.

We aim to monitor all activities that may have a direct or indirect impact on biodiversity. Firstly, the impact zone of effluents from the production of salmon (organic compounds and dissolved nutrients) has been identified using advanced dispersion models. Next, the effluents' effects are monitored in accordance with monitoring plans, which are more comprehensive than the Norwegian standards for environmental monitoring. During the first generation of salmon production at Kvalnes, both the benthic and the kelp forest conditions were monitored. The results of the monitoring were that no negative impact on the natural ecological state or loss of species was documented in the areas near the outlet point.

We have also drawn up an environmental monitoring plan for the ongoing construction of our land-based site at Kvalnes, which closely describes how we aim to protect the environment during the construction work. This is a supplement to the requirements of

Norwegian legislation and the terms and conditions of the effluent permits granted by the Norwegian environmental authorities.

As a farmer of Norwegian salmon, we do not introduce invasive species. In addition, the inlet water we utilise is collected at a depth of 40 metres, lowering the risk of pathogens and parasites (salmon lice) entering our production facility.

We have carried out an Environmental Risk Assessment (ERA) and an Environmental Impact Assessment (EIA), as required by Norwegian law and in compliance with the requirements set out by Global G.A.P. Aquaculture Standards, pursuant to which Andfjord Salmon is certified. Environmental surveys carried out by the Norwegian Directorate of Fisheries show that effluents of nutrients and organic materials from aquaculture are minor environmental issues in Norway.

In accordance with the Norwegian standard for environmental monitoring of benthic impact from marine fish farms (NS 9410), we take samples regularly from the seabed below and near our production facilities in order to monitor the environmental conditions.

The escape of fish from net pens is perceived as a threat to natural biodiversity in Europe's marine waters. Escaped fish may cause undesirable genetic effects in native populations through interbreeding, and ecological effects through predation, competition, and the transfer of diseases to wild fish.

Escapes are normally the result of technical and operational failures of fish farming technology. Our land-based facilities and technology provide robust barriers to limit fish escape. We started working with Norconsult and DNV in 2021 to meet the requirements for escape safety set out in NS 9416 Land-based aquaculture farms for fish.

Norconsult and DNV's most recent report gave Andfjord Salmon the highest score in terms of the prevention of fish escape.

Our biodiversity plan (which was established in 2023 lists 17 species observed within a radius of 1.5 kilometres of our premises at Kvalnes (see Figure 1 and Table: Biodiversity mapping). According to Rådgivende Biologer AS, which conducted the biodiversity mapping in 2023, none of these observations indicate that this area is an important nesting and breeding habitat for any of these species.

#### **2024 priorities:**

- Prepare for future treatment and purification of discharged water
- Conduct noise and dust measurements
- Continue our participation in Roksdalsvassdraget / the Å river project together with Andøy municipality (surveillance of wild and humpback salmon)



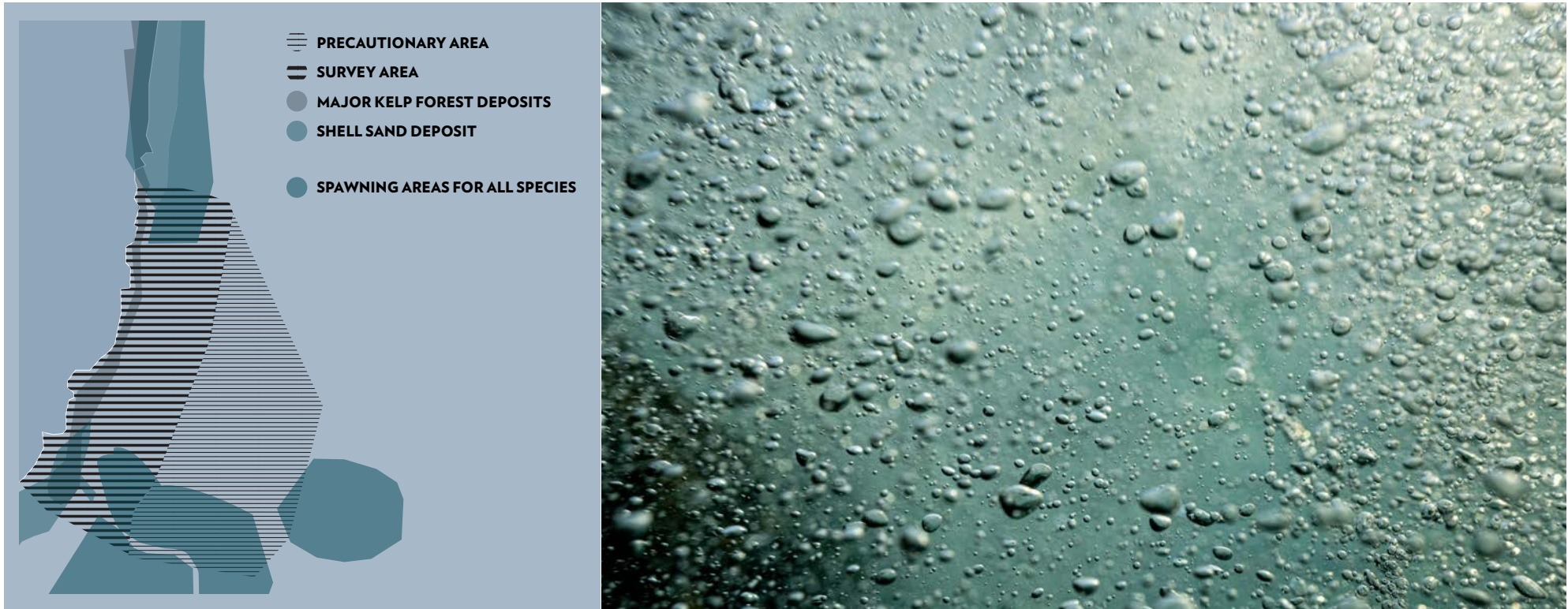


Figure 1: Mapping of marine biodiversity off Kvalnes (Rådgivende Biologer AS).

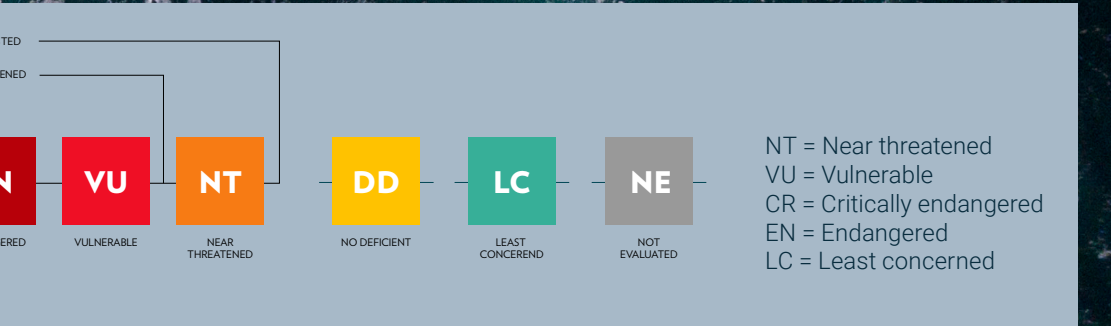
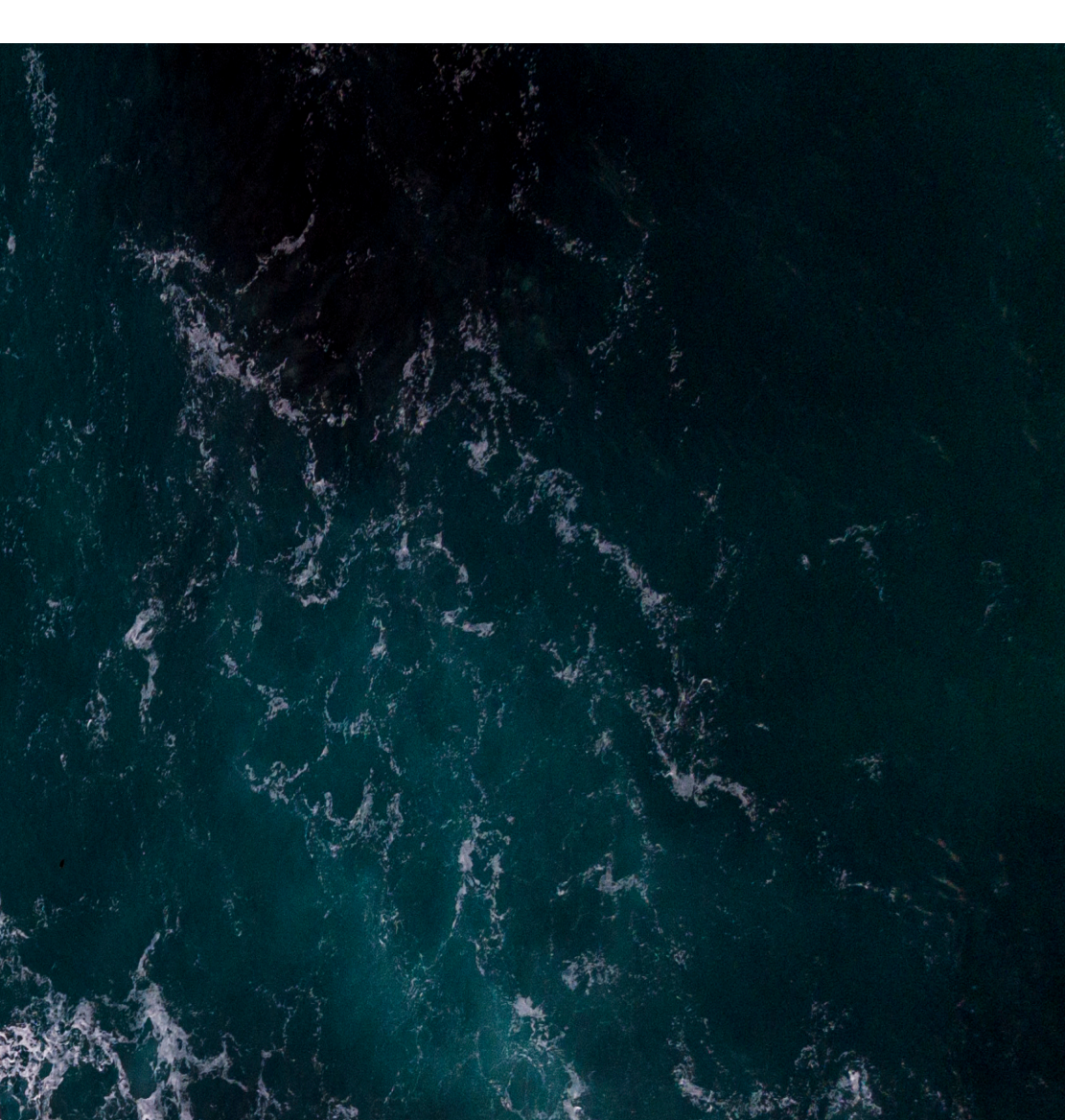
Table: Biodiversity mapping

Topic	Area/sub area	Type	Size	Distance	Value
Biodiversity	1. Andøya	Major kelp forest occurrences	171.3 hectares	–	Large
	2. Kvalnes	Shell sand occurrences	37.0 hectares	–	Large
	3. Saura øst	Fungal community	33.6 hectares	4 km	Large
	4. Sula/Klakken	Functional area coalfish, red-fish	413.0 hectares	2.1 km	Very large
	5. Haue	Functional area coalfish, red-fish	278.1 hectares	3.9 km	Very large
	6. Local area in general	Regular species including functional areas	–	–	Some



RED LIST  
THREAT

<b>CO</b>	<b>CR</b>	<b>EN</b>
COLLAPSED	CRITICALLY ENDANGERED	ENDANG...



**Table: Red List species in a radius of 1.5 km of Kvalnes (naturbase.no).**

Total number of IUCN Red List species and national conservation list species with habitats in areas affected by our operations, categorised by level of extinction risk.

Species	Scientific name	Group	Category
Black Guillemot	Cepphus grylle	Bird	NT
Razorbill	Alca torda	Bird	VU
Northern Lapwing	Vanellus vanellus	Bird	CR
Common Murre	Uria aalge	Bird	CR
Common Tern	Sterna hirundo	Bird	EN
Eurasian Curlew	Numenius arquata	Bird	EN
Eurasian Golden Plover	Pluvialis apricaria	Bird	NT
Black-legged kittiwake	Rissa tridactyla	Bird	EN
Arctic Jaeger	Stercorarius para-siticus	Bird	VU
Common Red-shank	Tringa totanus	Bird	NT
Great Cormorant	Phalacrocorax carbo	Bird	NT
Mew Gull	Larus canus	Bird	VU
European Herring Gull	Larus argentatus	Bird	VU
Black-headed Gull	Chroicocephalus ridibundus	Bird	CR
Eurasian Oystercatcher	Haematopus ostralegus	Bird	NT
Atlantic Puffin	Fratercula arctica	Bird	EN
Golden Redfish	Sebastes norvegicus	Fish	EN



AMBITION:

*Reduce and reuse fish sludge  
in innovative ways*

# MATERIAL TOPIC:

# FISH SLUDGE



## UN SDG target

*12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse.*

## Materiality

Every year, the aquaculture industry produces large quantities of fish sludge, both on land and at sea. This is likely to negatively impact the environment. Although our impact as a land-based farmer is limited compared to traditional sea-based farming, it is our ambition to find new ways to reduce and reuse fish sludge stemming from production, and to thereby inspire other industry players to do the same.

## Stakeholder views

Our key stakeholders for this topic are NGOs, authorities, civil society, shareholders/owners, and Andfjord Salmon's Board of Directors. Their main interest is to prevent pollution, particularly of Norwegian waters, and for Andfjord Salmon to prove that we are in fact the more sustainable investment case.

## Approach

We have several measures in place, including circularity measures, to reduce and prevent waste generation in our own activities and upstream and downstream in our value chain, and to minimise the impact of waste generated. We are committed to both ethical and statutory obligations governed by Norwegian legislation, as well as relevant laws and regulations in the areas in which we operate.

These include:

- The Regulation on the Establishment and Expansion of Aquaculture Facilities
- The Aquaculture Operations Regulations
- The Aquaculture Act
- The Nature Diversity Act
- The Water Regulation Act
- The Pollution Control Act
- Internal Control Regulations
- Municipal zoning plans
- The aquaculture legislation (IKAkva) for environmental sustainability and animal health and welfare.

Since we use a closed land-based pool, fish sludge stemming from production is not discharged to sea but rather sinks to the bottom of the pool. From there, our specially designed and technologically advanced robots clean and collect the fish sludge in small containers.

The containers are regularly emptied, and the sludge is delivered to Kystmiljø (a waste collector specialised in collecting residual raw materials from the aquaculture industry) every quarter, who turn the fish sludge into biofuel.

In 2023, 253,840 kg of fish sludge and 6,820 kg silage was delivered to Kystmiljø. We did not have any fish in the pool in the second half of the year, hence no fish sludge was generated or delivered in this period.

Andfjord Salmon is currently taking part in an innovative project aimed at producing biogas exclusively from fish sludge from farmed fish production. The goal of the project is to be able to run fish sludge through a biogas plant without having to use manure or other substrates. In addition to the production of renewable energy, biogas production from fish sludge will also result in lower sludge volumes. This will both reduce the amount of energy used for drying and reduce logistics costs.

The project is a collaboration between the Norwegian University of Life Sciences (NMBU), the Norwegian Institute of Bioeconomy Research (NIBIO), Holmøy Maritime, which is engaged in ocean-based fish farming, and feed producer Skretting. Antec Biogas AS is the project owner, while Andfjord Salmon AS is taking part as a project participant. The Research Council of Norway is participating in the project with a grant of NOK 7.45 million.

The project started in 2022 with preparations for and development of an Antec biogas reactor that will be used by researchers at NMBU and NIBIO to develop an optimal bacterial culture and bioreactor process to produce biogas. Antec Biogas has a unique reactor technology that utilises a "plug and flow" system and biofilm. This provides a faster biogas process, which is particularly useful in this context.

Aside from the fish sludge, other waste generated through our operations is limited and includes combustible waste, metal, cardboard, plastic, wood, and

residual waste. Such waste is regularly collected and handled by RenoVest, a company in Vesterålen that manages the waste in line with contractual and legislative obligations.

In total, 11,563 kg of waste was collected by RenoVest in 2023. Waste stemming from the development of the new pool pits is reported by the contractor Hæhre and registered in its internal systems.

Both Kystmiljø and RenoVest collect and monitor waste-related data from Andfjord Salmon, and report this back to the company. We also register relevant data in our own internal systems, and through the CEMAsys portal.

**2024 priorities:**

- Prepare for next smolt release in 2025
- Further improve our methods for collecting fish sludge from our pools (R&D)
- Continue our biofuel project together with NIBIO

**Table: Waste treated, incinerated or recycled**

Waste total		
Organic waste, treated	Sludge handling Kystmiljø	260,600.00 kg
Residual waste, incinerated	Residual waste	55,730.00 kg
Residual waste, incinerated	Residual waste	1,440.0 kg
Wood waste, incinerated	Wood waste	2,940.0 kg
Cardboard waste, recycled	Cardboard waste	313.0 kg
Metal waste, recycled	Metal waste	1,140 kg



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# LOW FEED CONVERSION RATE



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# 1.05

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# FOCUS AREA: CLIMATE







AMBITION:

*Set the energy standard  
for our industry*

## MATERIAL TOPIC:

# ENERGY EFFICIENCY



### UN SDG target

*9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.*

### Materiality

Traditional fish farming requires a significant amount of energy for feeding, water circulation, lifting, moving and transportation etc., which can negatively affect the climate. A high energy consumption can also put restraints on the energy consumption of other industries/

companies in the area we operate. It is important for us to use technological progress to be as energy efficient as possible. Our concept is based on flow-through technology which does not require energy to lift, clean, cool or heat up the water, meaning that there is no need for an energy intensive water treatment plant. Through such technological innovations, we aim to have a positive impact on this topic.

### Stakeholder view

Key stakeholders for this topic include authorities, local communities and shareholders/owners. Their main interest is to prevent climate change (that will affect living conditions) and ensure fair power consumption.

### Approach

Energy efficiency is a top priority for us and is an important step in terms of lowering Andfjord Salmon's carbon footprint.

Energy consumption occurs throughout our value chain and is primarily linked to the provision of energy to the fish pools and use of office buildings. For our offices, we rely on a waterborne heating system and a heat exchanger.

Many of the current land-based facilities for fish farming rely on water recycling as the standard technology (Recirculating Aquaculture Systems – RAS). Such systems require significant amounts of energy in order to remove ammonia, particulate matter and CO<sub>2</sub>.

Andfjord Salmon’s business idea is to create a natural environment for the fish, on the fish’s premises. This means ensuring enough space for the fish and a slow and comfortable water flow. The natural conditions at Andøya are perfect for achieving this result: the Gulf Stream naturally pushes the water through the pipes, and helps fill the pool with fresh sea water. This flow-through technology does not require energy to lift, clean, cool or heat up the water, meaning that there is no need for an energy intensive water treatment plant.

As a result, our fish farming facility has low energy consumption, on average 80,000 kwh per month in 2023. This means that for every 1kg produced salmon, Andfjord Salmon is using approximately 1kWh of energy – which is significantly lower than many of our land-based peers.

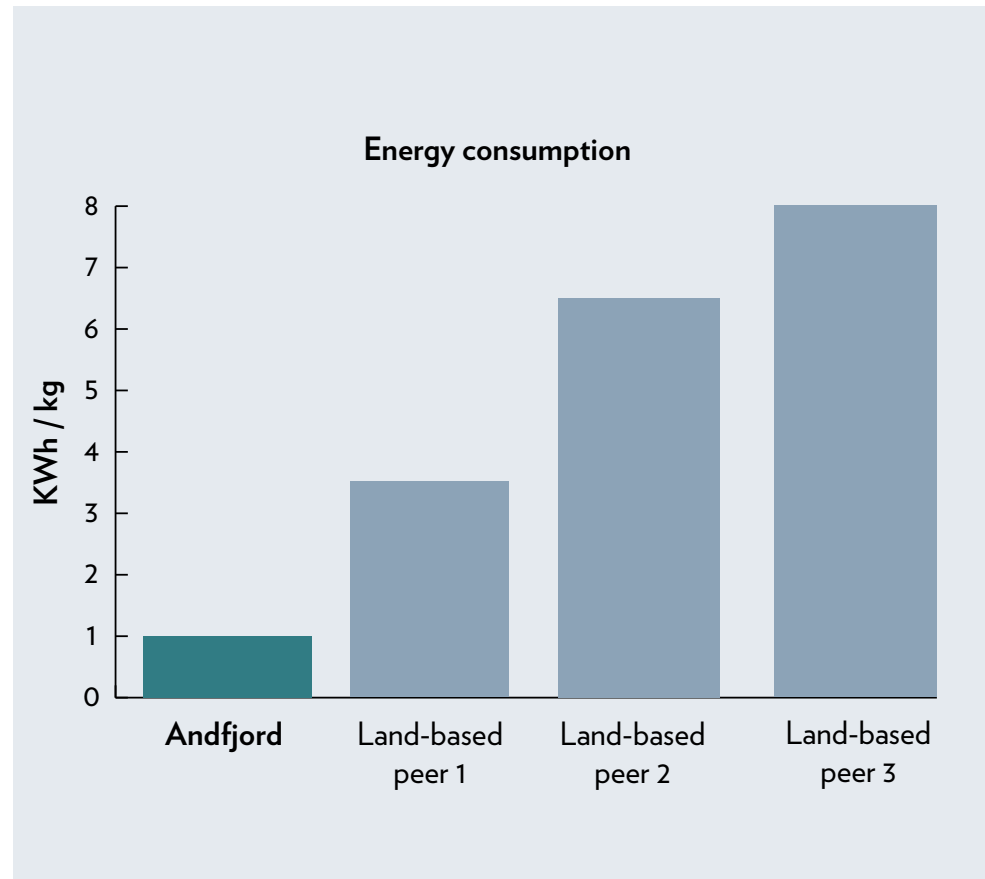


Table: Energy use	2023
Total fuel consumption from non-renewable sources	37 MWh
Total fuel consumption from renewable sources	7.6 MWh
Electricity consumption	926.5 MWh
Heating consumption	0
Cooling consumption	0
Steam consumption	0
Total energy consumption	3495.7 GJ

**2024 priorities:**

- Continue the construction of the Kvalnes site with a focus on energy efficiency
- Develop a climate strategy in line with the Science Based Targets initiative

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# ENERGY CONSUMPTION PER KILO SALMON

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 1 kWh

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# SUPPORTING ENVIRONMENTALLY FRIENDLY LOCAL COMMUNITIES

Andfjord Salmon is participating in RESIST – a research project that aims to improve the ability of rural areas to deal with climate change.

The project is led by the independent research organisation SINTEF. Its purpose is to use technology, innovation, and science to develop regions that will remain sustainable in the face of climate change by conducting large-scale trials of climate adaptation innovations in 12 regions and by sharing knowledge and innovative solutions among the regions.

“Climate vulnerabilities in Vesterålen include higher sea levels, extreme weather and higher ocean temperatures. As a business that is not only reliant on the ocean as a resource but also with a clear sustainability focus, this was of course something that we wanted to commit to and take part in,” says Stig Pettersen, Head of Public Affairs at Andfjord Salmon.

The RESIST project has a budget of EUR 26.6 million, the equivalent of almost NOK 270 million. The project has received EU funding through Horizon Europe’s EU Mission Adaptation to Climate Change programme.

“The project started on 1 January 2023, and some of the actions taken in the first year include organising and structuring the project locally with clear targets and responsibilities, conducting a local opinion survey about climate change and launching the Gaia Arctic Summit that will be arranged in June 2024,” says Pettersen.

Vesterålen is the sole Norwegian region taking part in the project due to its vulnerability to climate change. Other national partners include Vesterålsrådet, Museum Nord, and GAIA Vesterålen.

“As a local Vesterålen business, we want to contribute, collect, and share data that allows us to tackle future climate challenges. Our objective is to build the world’s most sustainable fish farming facility, both out of consideration for the climate and the local environment here in Vesterålen. We look forward to further contributing to the RESIST project,” says Pettersen.



# FOCUS AREA: WORKING ENVIRONMENT





AMBITION:

*Provide a good and safe  
working environment*



## MATERIAL TOPIC:

# OCCUPATIONAL HEALTH AND SAFETY

### Materiality

Employees are at the core of our operations and business success. The ability to attract and retain skilled workers as well as maintaining a healthy working environment – both physically and mentally – is critical to our existence. By promoting a good and safety-oriented company culture, we can positively impact this topic. Failure to engage with employees and abide by laws and regulations can lead to an unsafe working environment.

### Stakeholder views

Key stakeholders include employees, unions, the Norwegian Labour Inspection Authority and corporate management. The stakeholders' main interest is for Andfjord Salmon to provide a safe and positive working environment. Employees are interested in working for an

employer that can provide a good work-life balance and meaningful work, while corporate management is interested in minimal employee turn-over, sick-leave, accidents, and injuries.

### Approach

Andfjord Salmon shall provide a workplace where everyone thrives, feels respected and valued. We communicate openly and speak up if we witness unsafe or unjust situations. Our company operates in accordance with the Norwegian Working Environment Act and associated regulations as well as the Global G.A.P. guidelines. We have also implemented a separate Employee Handbook through Simployer. Guidelines for employee conduct are also set out in our company's Code of Conduct.

Safe working conditions are a key priority for us. As is the case in any production environment, working at Andfjord Salmon involves health and safety risks. A risk assessment has been conducted to determine potential hazards related to the working environment. The main risks identified include fall injuries, falling into pools or moats, drowning, and pinch point hazards.

To mitigate such risks, we have established preventive measures, such as walkways around the pool and solid fencing of embankments. Personal protective equipment and rescue equipment are also in place. We conduct safety inspections on a regular basis – annually, at minimum.

We aim to have a positive impact on health and safety by establishing clear guidelines that are thoroughly enforced. These are available at all production departments and shall be complied with by all employees and service suppliers working on behalf of the company or at the company's premises.

We work systematically to promote a safety culture and always inform employees of potential risks relating to their tasks. The Operations Manager is responsible for assessing competence and ensuring that internal communication regarding health and safety is functioning well.

We provide health and safety training on a regular basis (the last training was conducted in 2022), including training in the facility's operating procedures. This training is carried out with the assistance of external course providers, and is mandatory for all employees, suppliers and subcontractors carrying out work at Andfjord Salmon's premises. We also provide training that covers a wide range of topics that extend beyond safety, including training in line with the Norwegian Food Safety Authority's requirements and Global G.A.P certification.

A web-based health and management (internal control) system has been established, referred to as the EQS. The EQS is developed by Extend and covers all workers (100%), and all company procedures regarding health and safety are available here. The EQS is internally audited on a rolling basis, where all documents have their own deadline for updating/renewal, which is done by the document owner.

The software has a 'read and understood' function for procedures and instructions. If relevant, control questions can also be asked before the Operations Manager approves training for operators. The EQS includes a function for employees to report incidents, but incidents can also be reported to the employee's nearest line manager. Suppliers that have been involved in construction at the Kvalnes site have implemented their own system for reporting incidents to Andfjord Salmon.

We are not aware of any illness, incidents, or injuries involving employees related to their work at Andfjord. All employees at Kvalnes have been offered and undergone a voluntary medical examination in 2023.

There were two incidents involving our suppliers during the construction phase, one of which was categorised as serious (an eye injury) while the other was categorised as minor (a fall injury). Both incidents were investigated and followed-up, and corrective measures and improvements were subsequently drawn up, such as mandatory use of eye protection and replacing faulty equipment.

It is everyone's responsibility to ensure a healthy and safe working environment. We have not established a Working Environment Committee (WEC) but have appointed two safety representatives (one at Kvalnes and one at Sortland) who safeguard the interests of employees in matters relating to the working environment together with the HR manager. Employees are also closely involved in the design and development of their own working environment and regularly participate in conversations about this with the Management Group.

Every year, we conduct an employee survey measuring the level of satisfaction in the workplace, the results of which help us identify key areas for improvement. The most recent survey was conducted in December 2023, with a participation rate of 91.7% (up from 89% in 2022), covering all levels of the organisation. In the survey, respondents were asked to rank a number of statements about the working environment on a scale of 1 to 5. The average score on all questions was 3.97, reflecting a good/very good working environment.

As a good working environment is often characterised by a low absence rate, our ambition is to keep absence due to illness well below the Norwegian industry average, which was 4.4% in the reporting period. At the end of 2023, the absence rate at Andfjord Salmon was as low as 0.83%.

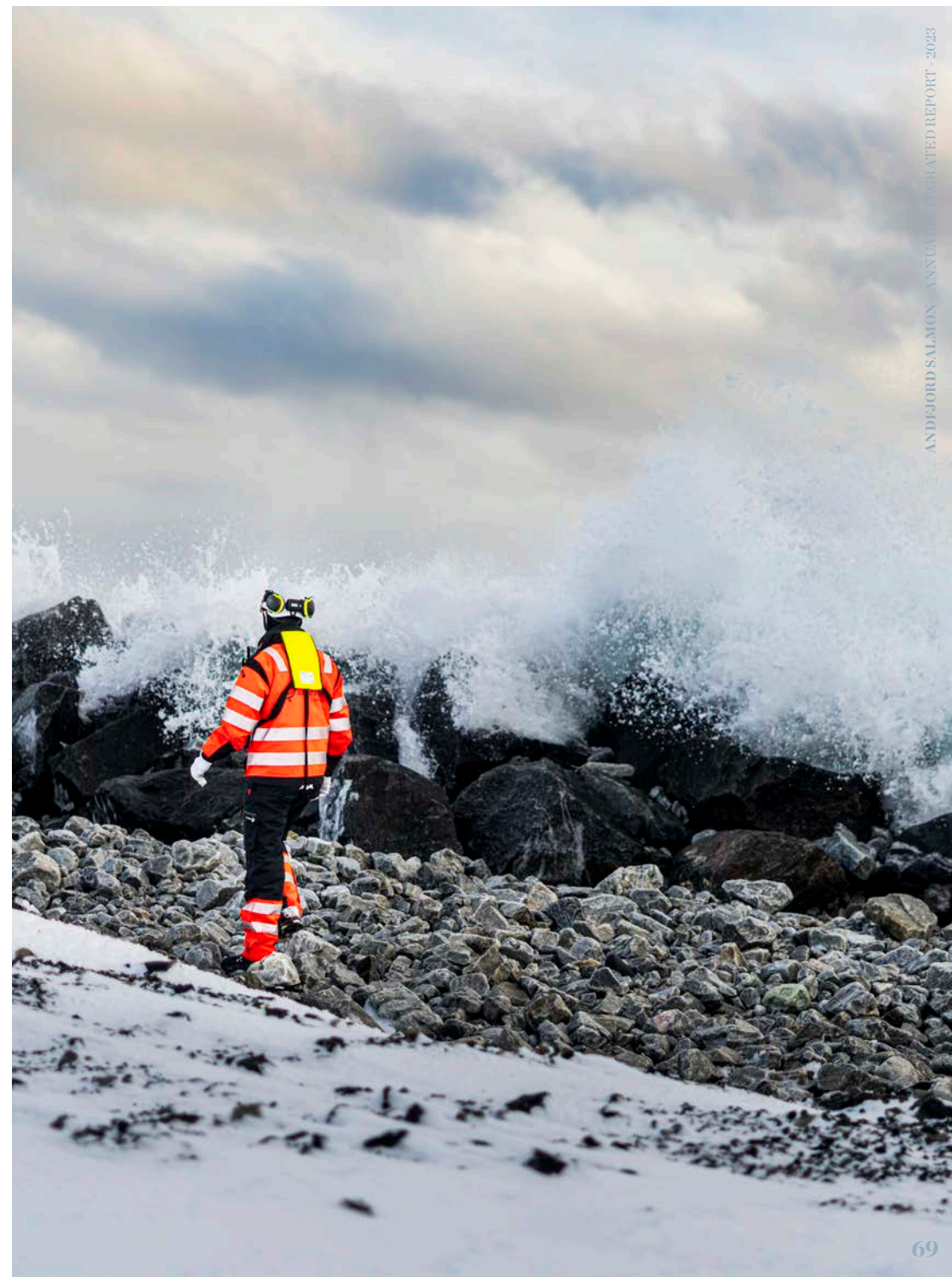
**Table: Occupational health and safety management system** **2023**

No. and % of employees that are covered by the occupational health and safety management system	23 (100%)
No. and % of workers who are not employees that are covered by the occupational health and safety management system	1 (100%)

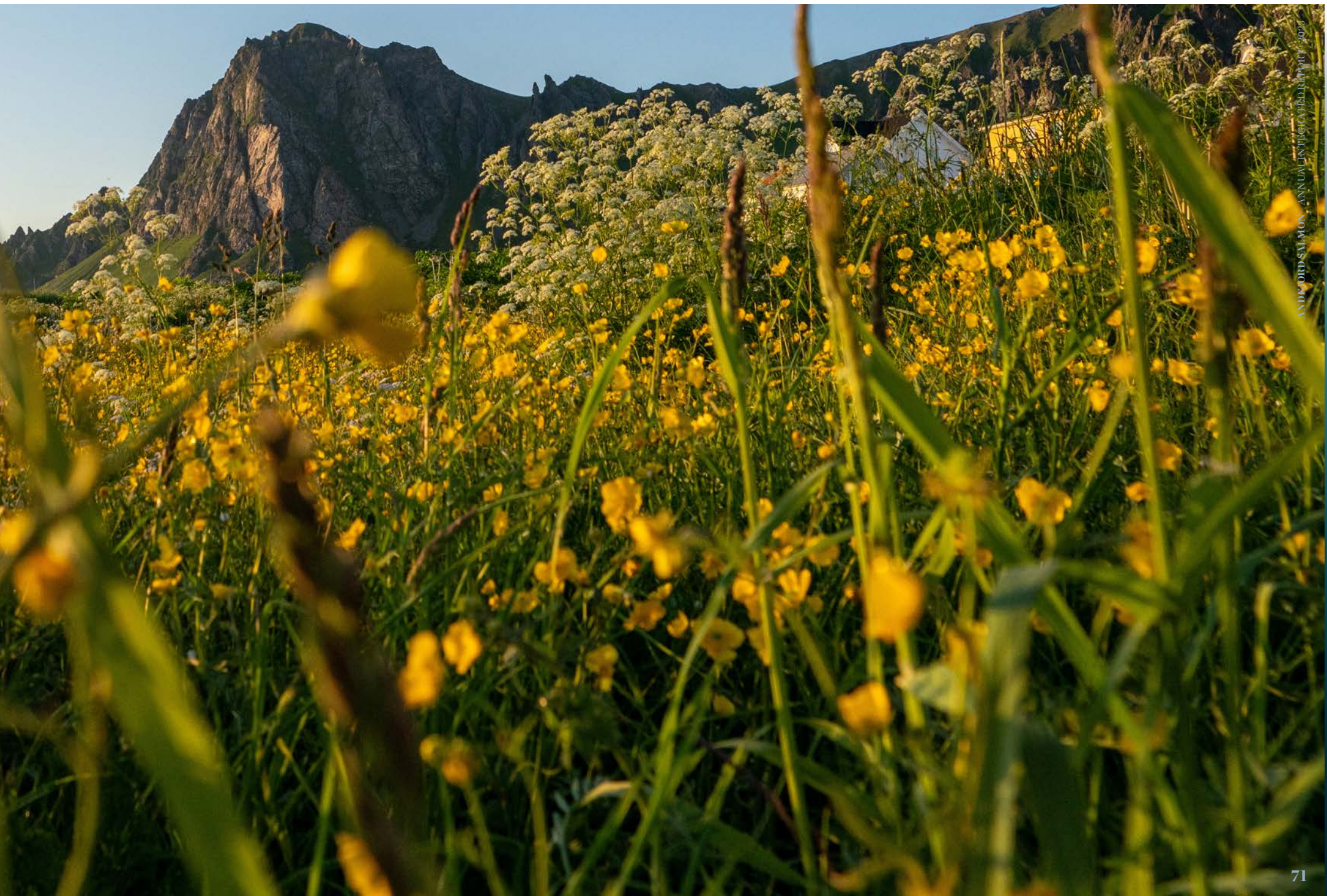
Table: Work-related injuries	2023		2022	
	Workers who are not employees	Employees	Workers who are not employees	Employees
No. and % of fatalities as a result of work-related injury	0	0	0	0
No. and % of high-consequence work-related injuries (excl. fatalities)	0	0	0	0
No. and % of recordable work-related injuries	0	0	0	0
The number of hours worked	200 000	200 000	200 000	200 000

**2024 priorities:**

- Establish a working environment committee
- Arrange safety training for employees
- Activate wellbeing measures for employees
- Arrange our second “Andfjord Day” focusing on employee wellbeing
- Carry out another employee survey



# FOCUS AREA: LOCAL IMPACT





AMBITION:

*Contribute to economic  
growth in the region*



## MATERIAL TOPIC:

# LOCAL VALUE CREATION



### UN SDG target

*8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.*

### Materiality

We have a positive impact on local value creation, through the hiring of local talents and people outside the active workforce, through the payment of taxes to local authorities and through buying goods and services from local suppliers – which all contribute to economic growth in the region. We have not identified any negative impact that we might have on this topic.

### Stakeholder views

Key stakeholders for this topic include local and regional authorities, the local community, local and regional businesses, and NGOs. They would like Andfjord Salmon to contribute to the local community and make Andøya an attractive place to work and live. Specifically, they would like us to create jobs attracting new settlement, but also collaborate with NAV (the Norwegian Labour and Welfare Administration) to employ those that have ended up outside the active workforce.

### Approach

Our goal is to make Andøy an attractive place to work and live and to directly and/or indirectly contribute to economic growth in the region. We are committed to hiring local talents where we can and attract necessary competence to region. We

actively seek out local suppliers and support local projects. We strive to use local subcontractors and collaborate with other local businesses on local projects.

Our goal is to benefit from local and regional expertise and to employ local talent if possible. However, as we are dependent on certain competence to achieve our business goals, we also take part in different initiatives to attract the necessary workforce to the region. We have teamed up with other local companies like Andøya Space for the “Job-for-two” initiative which goal is to provide jobs, strategic housing, and arrange social gatherings and company visits for people in the region. We also support the municipality’s “Great Place to Live” (Bo-og-bli-lyst) that aims to make Andøy an attractive place to work and live.

In the surrounding areas of Andøy, there is a well-developed industry for salmon farming with an already established infrastructure. Andfjord Salmon benefits from excess capacity and competence through local partnerships throughout the value chain, which allows for a fully integrated business structure ranging from smolt production to end customer.

We have used many local suppliers and service providers during the construction phase and now that we have moved into the operational phase, we collaborate with local companies on several areas: We source smolt from locally owned Nordland Aqua, whereas external processing facilities nearby perform the slaughtering and processing, and we use local well boat operators for transportation of fish. In 2023, the goods and

services bought from local suppliers amounted to NOK 36 million.

Since our inception we have supported several local projects in the region, including initiatives to save the local breeding ground for wild salmon, and our salmon experts shares their competence on how to protect important natural salmon populations in the area. We are also involved in the ongoing project of extending the seasonal Andenes – Senja ferry connection to the whole year, which will be important for local cargo transportation as well as ensuring stable access to the island for visitors and workers. We also support local cultural events such as music festivals, theater, and local sports teams.

**2024 priorities:**

- Continued participation in the Job-for-two project
- Continued participation in the Great Place to Live-project

Table: Newly hired employees and employee turnover	2023		2022		2021	
	Men	Women	Men	Women	Men	Women
Newly hired employees (total number and rate)	1 (20%)	4 (80%)	2 (40%)	3 (60%)	5 (100%)	0
Employee turnover (total number and rate)	2 (50%)	2 (50%)	1 (100%)	0	2 (100%)	0





# ANNUAL CONSOLIDATED FINANCIAL STATEMENTS ANDFJORD SALMON GROUP

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## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>Amounts in NOK thousand</i>	<b>Notes</b>	<b>2023</b>	<b>2022</b>
Revenue from contracts with customers	3.2	37 279	-
Other operating income		-	113
<b>Total operating revenue</b>		<b>37 279</b>	<b>113</b>
Changes in biological assets at cost and other inventories	5.1	(1 162)	700
Cost of materials	5.2	(59 638)	(12 704)
Fair value adjustments of biological assets	5.1	25 707	14 285
Employee benefit expenses	3.3	(25 208)	(23 211)
Depreciation and amortisation expenses	4.1, 4.2, 6.3	(24 904)	(13 603)
Other operating expenses	3.4	(31 707)	(21 691)
<b>Operating profit/(loss)</b>		<b>(79 634)</b>	<b>(56 111)</b>
Financial income	3.5	12 187	1 836
Net financial costs	3.5	(2 340)	(2 402)
<b>Net financial result</b>		<b>9 847</b>	<b>(566)</b>
<b>Profit/(loss) before income tax</b>		<b>(69 787)</b>	<b>(56 677)</b>
Income tax expense	3.7	-	-
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>(69 787)</b>	<b>(56 677)</b>
Net other comprehensive income/(loss)		-	-
<b>COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR</b>		<b>(69 787)</b>	<b>(56 677)</b>
<b>Earnings per share (in NOK):</b>			
Basic earnings per share	3.6	(1,43)	(1,48)
Diluted earnings per share	3.6	(1,43)	(1,48)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>Amounts in NOK thousand</i>	<b>Notes</b>	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	4.2	14 389	8 556
Property, plant and equipment	4.1	876 632	498 386
Right-of-use assets	6.3	17 640	22 539
Other non-current assets		113	89
<b>Total non-current assets</b>		<b>908 774</b>	<b>529 570</b>
<b>Current assets</b>			
Biological assets	5.1	-	14 285
Other inventories	5.2	1 697	1 162
Other current assets	5.3	52 361	7 803
Cash and cash equivalents	5.4	250 032	82 911
<b>Total current assets</b>		<b>304 090</b>	<b>106 161</b>
<b>TOTAL ASSETS</b>		<b>1 212 864</b>	<b>635 731</b>

<i>Amounts in NOK thousand</i>	<b>Notes</b>	<b>2023</b>	<b>2022</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	6.6	57 013	41 039
Share premium	6.6	1 124 620	557 413
Retained earnings		(195 224)	(125 438)
Other reserves		7 278	2 690
<b>Total equity</b>		<b>993 688</b>	<b>475 704</b>
<b>LIABILITIES</b>			
Borrowings	6.2, 6.4	59 959	67 375
Lease liabilities	6.3, 6.4	9 340	13 296
<b>Total non-current liabilities</b>		<b>69 299</b>	<b>80 671</b>
Borrowings	6.2, 6.4	7 666	56 168
Lease liabilities	6.3, 6.4	4 511	4 683
Trade payables		131 134	10 361
Other current liabilities		6 567	8 144
<b>Total current liabilities</b>		<b>149 877</b>	<b>79 356</b>
<b>Total liabilities</b>		<b>219 176</b>	<b>160 027</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1 212 864</b>	<b>635 731</b>

Roger Brynjulf Mosand  
Chair

Roy Bernt Pettersen  
Director

António Serrano  
Director

Tore Traaseth  
Director

Knut Roald Holmøy  
Director

Bettina Flatland  
Director

Kim Strandenæs  
Director

Gro Skaar Knutsen  
Director

Martin Rasmussen  
CEO

Andøy  
17 April 2024

## CONSOLIDATED STATEMENT OF CASH FLOWS

<i>Amounts in NOK thousand</i>	<b>Notes</b>	<b>2023</b>	<b>2022</b>	<i>Amounts in NOK thousand</i>	<b>Notes</b>	<b>2023</b>	<b>2022</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>				<b>CASH FLOW FROM INVESTMENT ACTIVITIES:</b>			
Profit/(loss) before income tax		(69 787)	(56 677)	Payment for property, plant and equipment	4.1	(320 559)	(89 498)
<b>Adjustments to reconcile profit/loss before tax to net cash flow:</b>				Payment for intangible assets	4.2	(6 307)	(6 204)
Depreciation and amortisation	4.1, 4.2, 6.3	24 904	13 603	Receipt of government grants	3.8	-	5 000
Finance income/(expense), net	3.5	(9 847)	566	<b>Net cash flow from investing activities</b>		<b>(326 866)</b>	<b>(90 702)</b>
Share-based payment expense	3.3.2	4 588	2 690	<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>			
Fair value adjustments of biological assets		(25 707)	(14 285)	Equity received	6.6	583 182	205 291
<b>Working capital changes:</b>				Proceeds from borrowings	6.2, 6.4	-	45 000
Increase in other inventories and biological assets at cost		39 458	(1 162)	Repayment of borrowings	6.2, 6.4	(55 918)	(1 958)
Change in trade payables		4 556	(39 329)	Payment of principal portion of lease liabilities	6.2, 6.4	(4 128)	(1 195)
Change in other current assets and liabilities		(1 666)	9 891	<b>Net cash flow from financing activities</b>		<b>523 136</b>	<b>247 138</b>
Interest received		12 187	1 836	Net increase/(decrease) in cash and cash equivalents		167 121	67 993
Interest paid		(7 833)	(5 576)	Cash and cash equivalents as of 1 January		82 911	14 918
<b>Net cash flow from operating activities</b>		<b>(29 148)</b>	<b>(88 443)</b>	Cash and cash equivalents as of 31 December		250 032	82 911



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>Amounts in NOK thousand</i>	Notes	Share capital	Share premium	Retained earnings	Other reserves	Total equity
<b>Balance at 1 January 2022</b>		35 934	357 226	(68 761)	-	324 399
Profit for the year		-	-	(56 677)	-	(56 677)
Other comprehensive income		-	-	-	-	-
<b>Total comprehensive income</b>		-	-	<b>(56 677)</b>	-	<b>(56 677)</b>
Capital increase		5 105	200 188	-	-	205 293
Share based payments to employees	3.3.2	-	-	-	2 690	2 690
<b>Balance at 31 December 2022</b>		<b>41 039</b>	<b>557 414</b>	<b>(125 438)</b>	<b>2 690</b>	<b>475 705</b>
<b>Balance at 1 January 2023</b>		<b>41 039</b>	<b>557 414</b>	<b>(125 438)</b>	<b>2 690</b>	<b>475 705</b>
Profit for the year		-	-	(69 787)	-	(69 787)
Other comprehensive income		-	-	-	-	-
<b>Total comprehensive income</b>		-	-	<b>(69 787)</b>	-	<b>(69 787)</b>
Capital increase	6.6	15 974	567 208	-	-	583 182
Share based payments to employees	3.3.2	-	-	-	4 588	4 588
<b>Balance at 31 December 2023</b>		<b>57 013</b>	<b>1 124 622</b>	<b>(195 225)</b>	<b>7 278</b>	<b>993 688</b>

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# SECTION 1.

## CORPORATE INFORMATION AND BASIS OF PREPARATION

### In brief

*This section includes corporate information, basis of preparation, an overview of general accounting policies, key estimates, and judgements in the Group.*

### 1.1 CORPORATE INFORMATION

These consolidated financial statements are made for the group comprised of Andfjord Salmon AS (to be renamed to Andfjord Salmon Group AS) and Andfjord Salmon AS (subsidiary) (the “Group” or “Andfjord Salmon”). The parent entity of the Group is Andfjord Salmon AS (to be renamed to Andfjord Salmon Group AS), which is a limited liability company incorporated and domiciled in Norway. The shares are currently traded in Euronext Growth Oslo. Andfjord Salmon AS (to be renamed to Andfjord Salmon Group AS) was established in 2014 and the registered office is located at Kvalnesveien 69, Andøy.

Andfjord Salmon’s business is to farm salmon with the aim of selling to third parties when the fish has reached a mature state. At 31 December 2023, the Group is only devoted to the construction of its

land-based salmon farming facility located in the intertidal zone on the eastern shores of Andøya, in Andøy municipality. During 2022, and until July 2023, the Group operated one salmon pool facility. The facility uses a seawater flow-through system that avoids issues with salmon lice and poisonous algae, prevents salmon escapement and is at the same time contributing to reduced feed waste.

As at 31 December 2023, Andfjord Salmon AS (to be renamed to Andfjord Salmon Group AS) has one subsidiary: Andfjord Salmon AS (subsidiary) (100% equity interest).

The consolidated financial statements for the year ended 31 December 2023 of Andfjord Salmon AS (to be renamed to Andfjord Salmon Group AS) were authorized for issue by the Board of Directors on 17 April 2024.

### 1.2 Basis of Preparation

The Group’s consolidated financial statements are prepared in accordance with IFRS® Accounting Standards, as adopted by the European Union (EU).

These are the first consolidated financial statement presented by the Group, and have been prepared as a consequence of a triangular merger between Andfjord Salmon AS (to be renamed to Andfjord Salmon Group AS), Andfjord Salmon AS (subsidiary) and Andfjord Temp AS (merged into Andfjord Salmon AS (subsidiary) on 16 December 2023). Andfjord Salmon AS (subsidiary) took over all assets, rights and obligations in Andfjord Temp AS, with the issuance of consideration in Andfjord Salmon AS. These transactions occurred on 16 December, 2023.

The Group has prepared consolidated financial statements at 31 December 2023, together with the comparative periods for the year ended 31 December 2022. As the Group did not exist in 2022, this consolidated financial statements are those reported in the individual annual financial statements of Andfjord Salmon AS.

All amounts are presented in NOK (Norwegian kroners), and rounded to the nearest thousand, unless stated otherwise.

These 2023 consolidated financial statements have been prepared based on the going concern assumption. When preparing consolidated financial statements, management has assessed the Group's ability to continue as a going concern. There are no material uncertainties related to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

### **Accounting judgements, estimates and assumptions**

The preparation of consolidated financial statements in conformity with IFRS® Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

In the case of the Group, the areas involving significant estimates or judgements were mainly related to measuring the fair value of the biomass, until that uncertainty was resolved when the production cycle was completed and salmon was sold during 2023. See Note 5.1 for further information.

Therefore, Management notes that these consolidated financial statements contain no areas subject to significant judgments or estimates, even

though some areas require a certain degree of judgement and estimates by Management:

- Capitalisation criteria of expenditures with respect to Property, Plant, and Equipment (PPE)
- Assessing impairment indicators in the PPE being developed by the Group including considerations in regards to the climate-related risks as specified further below in this note.

Estimates and judgements are evaluated on an ongoing basis, and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

#### **1.2.1 Climate-related risks**

Management has assessed the potential effects that climate-related matters may have on the Group's operations and consolidated financial statements.

Climate-related risks can take the form of both physical, political and transition risks, that may lead to potential effects in the Group's consolidated financial statements. Physical risks are risks of economic ramifications resulting from climatic events such as extreme weather and long-term environmental changes. Political risks are risks of regulatory changes. Transition risk relates to shifts in consumer behaviour and technological advancements, resulting from the process of transitioning away from reliance on fossil fuels towards renewable energy sources. Physical risks are considered when determining the remaining

useful life of PPE, and on the assessment of impairment indicators (see Note 4.1).

Andfjord Salmon's flow-through system with laminar water flow consumes a minimal amount of energy with relatively low operating costs, and its land-based facility is sustainable with minimal impact on the surrounding environment. The farming facilities are recently constructed following the appropriate standards, so it is highly unlikely that these will be materially affected by climate-related events in the foreseeable future. Therefore, physical risks and transition risks from climate change are not considered to affect the Group's operations significantly.

Changes in the regulatory and legal environment related to adverse environmental effects from the salmon farming industry may potentially affect the Group's operations and future income tax and levies payments, but no significant policy adjustments for onshore salmon farming have been signaled by the regulators or the current government.

#### **New standards and interpretations adopted**

The Group has applied certain amendments to the standards and interpretations that are effective for annual periods beginning 1 January 2023. None of the amendments and interpretations applied had an impact on the amounts recognised in the current or previous periods, and are not expected to affect future periods.

The amendments to IAS 1 required companies to provide information about material accounting policy information, as compared to the requirement to disclose “significant” accounting policies before this amendment was effective. To assist companies in assessing materiality, the IFRS Practice Statement 2 Making Materiality Judgements provides guidance and examples on how to make materiality judgements for accounting policy information disclosures.

The application of these amendments to IAS 1 resulted in the review and reorganisation of accounting policy information provided in the previous annual financial statements of the Group, necessary to meet the objective of the IAS 1 amendment.

### **New standards and interpretations not yet adopted**

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards, amendments and interpretations are not expected to have a material impact on the entity in the current or future reporting periods nor on foreseeable future transactions.

## **1.3 SUMMARY OF GENERAL ACCOUNTING POLICIES**

### **1.3.1 Impairment of non-financial assets**

At each reporting date, the Group assesses whether there is an indication of impairment of its non-financial assets, of which the most important

asset is the property, plant and equipment held by the Group. Management assesses both internal and external sources of information, including but not limited to technological, market, economic or legal environment considerations, in respect to the salmon industry and affecting the land-based facilities. Management has not found any indication of impairment of its non-financial assets during 2023 or 2022.

The Group considers in its assessment whether climate-related risks could have a significant impact on the carrying amount of the Group’s assets, such as the effects of long-term environmental changes on fish farming production, or the introduction of emission-reducing legislation that may increase costs. These risks are included as key assumptions where they materially impact the measure of the recoverable amount. See Note 1.2.1 for more information.

### **1.3.2 Statement of cash flows**

The cash flow statement is prepared using the indirect method.

Interest paid on trade payables and interest received on trade receivables are presented as operating cash flows. Interest paid on borrowings are classified as operating cash flows.

Cash flows are only classified as investing activities if they result in the recognition of an asset in the statement of financial position.

Cash payments for the principal portion of the lease liabilities are presented as cash flows from financing activities, whereas cash payments for short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities are presented as cash flows from operating activities.

# SECTION 2.

## SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE REPORTING PERIOD

### 2.1 Significant transactions and events during the reporting period

The table below shows the Group's main transaction and events in the period:

Transactions and events	Disclosure notes
Andfjord Salmon successfully restructured as a Group.	Note 1.2
The Group successfully completed the first production cycle of salmon during the second half of 2023, resulting in the sale of harvested salmon.	Notes 3.1 and 5.1
After the first production cycle of salmon was completed, the Group initiated the production phase for 12 additional pools for growing salmon.	Note 4.1
The Group completed a private placement during 2023.	Note 6.6.3
The Group entered into a loan facility agreement after the end of the reporting period, which including the refinancing of debt held with financial institutions at 31 December 2023.	Note 7.4

Other than those noted above, the Group has presented material information of its financial position, highlighting any material changes, policies, judgements and estimates in the Group for the period presented.

# SECTION 3.

## RESULTS FOR THE YEAR

### In brief

This section provide insights into the financial performance of the Group over the periods presented, including those relating to financing activities, employee costs, taxes and government grants.

### 3.1 SEGMENT INFORMATION

#### Accounting policies

Operating segments are components of the Group regularly reviewed by the chief operating decision maker (CODM) to assess performance and be able to allocate resources. The Board of Directors as a whole is considered to be, collectively, Andfjord Salmon's CODM. The Group as a whole is operated as a single segment.

Andfjord Salmon has no operating pools as at 31 December 2023 due to property development. One pool has been operating until mid-2023. Further details on the sale of salmon during 2023 has been included in Note 3.2.

All non-current assets held by the Group are located in Norway.

### 3.2 OPERATING INCOME

#### Accounting policies

##### – Revenue from contracts with customers

Revenue was recognised at the point in time salmon was physically delivered to the customer and all significant risks and rewards were transferred to the customer. The transaction price was not subject to any significant variable consideration.

Total operating income	2023	2022
<i>(Amounts in NOK thousand)</i>		
Revenue from contracts with customers	37 279	-
Other operating income	-	113
<b>Total operating income</b>	<b>37 279</b>	<b>113</b>

Revenue from contracts with customers arose from the sale of salmon that was recognised as biological assets at 31 December 2022. See Note 5.1 for further details in respect to this.

### 3.3 EMPLOYEE BENEFITS

#### **Accounting policies**

The Group recognizes the undiscounted amount of short-term employee benefits expected to be paid to its employees in exchange for their services. Obligations for short-term employee benefits mainly include wages and salaries; bonuses; annual leave and accumulated sick leave that are expected to be settled within twelve months of the reporting date. Employee benefit obligations are included under "other current liabilities" in the statement of financial position.

The Group has incurred the following employee benefit expenses:

Employee benefits	2023	2022
<i>(Amounts in NOK thousand)</i>		
Salary expenses and bonuses	21 076	17 892
Share based payments	4 588	2 690
Other benefits	458	1 836
National insurance contributions	1 407	1 074
Pension cost (defined contribution)	2 540	2 114
<b>Total employee benefits before capitalisation (*)</b>	<b>30 069</b>	<b>25 606</b>
Capitalised employee benefits	(4 861)	(2 395)
<b>Total employee benefits after capitalisation</b>	<b>25 208</b>	<b>23 211</b>

(\*) The Group decided to present employee benefits before and after capitalisation made for works performed by the Group, mainly in relation

to the construction of its new pools (see Note 4.1). Consequently, amounts presented for 2022 are restated accordingly.

During 2023, the average number of employees was 23 (2022: 19).

See Section 7.1.1 for further information on remuneration to key management personnel.

#### 3.3.1 Defined contribution plans

##### **Accounting policies**

The Group has a defined contribution plan for its employees, where payments are made through an insurance Group. Cost from the defined contribution plans is recognised when payable. The Group does not hold any credit or actuarial risks from these contribution plans.

Andfjord Salmon has a defined contribution plan in accordance with local laws. The plan covers all employees and amounts to between 7.0% and 18.1% of gross salary. As at 31 December 2023 there were 23 members in the plan (2022: 17).

#### 3.3.2 Share based payments

##### **Accounting policies**

Share-based compensation programs are provided to the Group's employees. These programs are equity-settled, since services rendered by the employees will be settled with the Group's own equity instruments.

The cost of the equity-settled program is measured at the fair value of the options, at the grant date. The cost is recognised as 'employee benefit expenses', with a corresponding increase in equity, over the vesting period. The vesting period is the period over which the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its best estimates of the number of options expected to vest, recognising



in the statement of comprehensive income the difference between the cumulative expense at the beginning and period end dates, with a corresponding adjustment to equity.

When the options vest in annual instalments over the vesting period, in substance it implies that each instalment has a different vesting period. Therefore, the Group accounts for each “tranche” as a separate award.

The Group recognises social security taxes from its share-based payments in line with IAS 37 ‘Provisions, contingent liabilities and contingent assets’. The Group assumes that the activity that triggers the payment is the granting of the options to its employees, and measures the liability as the share price on the reporting date, minus the strike price of the options, multiplied by the current applicable national insurance tax rate

In June 2022 Andfjord Salmon established a Long-Term Incentive Program for the Group’s Management and employees, under which the Group will deliver share options as part of the consideration for the services rendered by its employees. The incentive program consists of equity settled share options.

The options granted have equal terms for all employees. The program is divided into three different tranches, with vesting periods ranging from one to three years starting at grant date 30 June 2022. An equal amount of shares vest in each of the three tranches. The earliest exercisable date is 1 January 2027 and the expiry date is 30 June 2031. These dates are the same for all options regardless of vesting period or employee. During 2023, the Group has granted additional options under the same terms.

Employee share option plan	Earliest exercise date - expiry date	Stike price	Number of options
Number of options as at 1 January 2022		-	-
Options granted	1 January 2027 -30 June 2031	41,945	503 520
Correction for employees who have left during the year			-
<b>Number of options as at 31 December 2022</b>			<b>503 520</b>
Weighted average remaining vesting period			1.5 years

Employee share option plan	Earliest exercise date - expiry date	Stike price	Number of options
Number of options as at 1 January 2023		41,945	503 520
Options granted	1 January 2027 -30 June 2031	41,945	248 800
Correction for employees who have left during the year			(15 000)
<b>Number of options as at 31 December 2023</b>			<b>737 320</b>
Weighted average remaining vesting period			1 year

The Group assessed fair value at the grant date for the options granted in June 2022 was NOK 17.49 per option. The Group has calculated the value of the options using the Black-Scholes options pricing model, with the following main assumptions:

Assumptions share-based payment program	2023	2022
Expected dividend yield	0.0 %	0.0 %
Historical volatility	38.4 %	35.6 %
Risk-free interest rate	3.3 %	3.0 %
Expected life of option (years)	3	5.5

Due to the Group's limited length of share price history, expected volatility used in the calculations are estimated based on implied volatility of similar traded entities.

As any dividend payment during the options' vesting period is regulated with a proportional adjustment of the exercise price, the dividend parameter is not included in the calculations.

### 3.4 Other operating expenses

Other operating expenses	2023	2022
<i>(Amounts in NOK thousand)</i>		
Expenses related to short-term and low-value leases	662	789
Legal and consultancy services (incl. remuneration to auditors)	10 668	7 088
Sales and marketing costs	7 848	3 165
Maintenance (incl. materials and other small equipment)	2 418	2 076
Insurance and bank fees	950	728
Energy expenses (fuel, electricity, water, etc.)	1 831	1 020
IT costs	3 844	1 862
Other taxes and levies	109	108
Other expenses	3 376	4 855
<b>Total other operating expenses</b>	<b>31 707</b>	<b>21 691</b>

Auditor's remuneration	2023	2022
<i>(Amounts in NOK thousand)</i>		
Statutory audit fees	523	338
Other assurance services	1 232	53
<b>Total auditor's remuneration</b>	<b>1 755</b>	<b>391</b>

### 3.5 Financial income and expenses

Financial income and expenses	2023	2022
<i>(Amounts in NOK thousand)</i>		
<b>Financial income</b>	<b>12 187</b>	<b>1 836</b>
Interest from bank deposit	12 136	1 790
Other financial income	51	46
<b>Financial expenses:</b>	<b>(7 173)</b>	<b>(5 888)</b>
Interest on borrowings	(5 860)	(4 288)
Net foreign currency loss	(16)	(34)
Interest expenses on lease liabilities	(658)	(700)
Other financial expenses	(639)	(866)
<b>Capitalised borrowing costs</b>	<b>4 834</b>	<b>3 486</b>
<b>Net finance result</b>	<b>9 848</b>	<b>(566)</b>

### 3.6 EARNINGS PER SHARE

#### Accounting policies

Basic earnings per share are calculated by dividing the profit attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares; by the weighted average number of ordinary shares outstanding during the financial year, adjusted for treasury shares (see Note 6.6).

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share, to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and the weighted average number of additional ordinary shares that would have been outstanding, assuming the conversion of all dilutive potential ordinary shares.

A potential ordinary share is a financial instrument or other contract that may entitle its holder to an ordinary share, and whose conversion into an ordinary share would lead to a reduction in earnings per share or an increase in loss per share from continuing operations.

Options granted to its employees by the Group through its Long-Term Incentive Program (Note 3.3.2 contains further information) are considered dilutive potential ordinary shares. Dilutive potential ordinary shares are included in the denominator to arrive at the diluted earnings per share, to the extent they are dilutive. Therefore, these shares have not been treated as dilutive in the diluted earnings per share calculation, as the conversion of these shares would decrease the loss per share of the Group.

Basic and diluted earnings per share	2023	2022
Profit/(loss) for the year	(69 787)	(56 677)
<b>Weighted average number of shares used as the denominator</b>		
Weighted average number of shares used in basic earnings per share	48 657 358	38 291 331
Dilutive effect of granted share options	-	-
Weighted average number of shares used in diluted earnings per share	48 657 358	38 291 331
Basic earnings per share (NOK)	(1,43)	(1,48)
Diluted earnings per share (NOK)	(1,43)	(1,48)

The options have not been included in the determination of basic earnings per share. In the future, these options could potentially dilute basic earnings per share.

## 3.7 INCOME TAX

### 3.7.1 Income Tax Expense

#### **Accounting policies**

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Deferred taxes are calculated at 22% of the temporary differences between book value and tax values, in addition to tax losses carried forward at the end of the accounting year.

The income tax rate has been determined by using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax assets are realised or the deferred income tax liabilities are settled.

Income tax expense	2023	2022
<i>(Amounts in NOK thousand)</i>		
Current income tax	-	-
Change in deferred tax	-	-
<b>Total income tax expense</b>	<b>-</b>	<b>-</b>

### 3.7.2 Deferred Tax Balances

#### **Accounting policies**

The Group is subject to ordinary Norwegian company tax with a tax rate of 22%. Because of timing differences between the financial statements and the tax rules, there will be temporary differences that give rise to deferred tax liabilities or deferred tax assets.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and tax losses.

Deferred tax balances	2023	2022
<i>(Amounts in NOK thousand)</i>		
Tangible fixed assets	(18 041)	(13 128)
Leases	(3 789)	(4 569)
Inventories biological assets	-	2 478
Receivables	-	-
Allocations and more	14 481	13 578
Other differences	7 398	6 763
<b>Total deferred tax relating to temporary differences</b>	<b>49</b>	<b>5 122</b>
Tax losses to carry forward	260 361	161 912
Not included in the deferred tax calculation	(260 410)	(167 034)
<b>Basis for deferred tax assets (liabilities)</b>	<b>-</b>	<b>-</b>
<b>Carrying value of deferred tax assets (liabilities)</b>	<b>-</b>	<b>-</b>

Deferred tax asset is not recognized in the balance sheet.

### 3.7.3 Reconciliation of Income Tax Expense

Reconciliation of income tax expense	2023	2022
<i>(Amounts in NOK thousand)</i>		
Profit before tax	(69 787)	(56 677)
Expected income tax at statutory income tax rate of 22% (2022: 22%)	(15 353)	(12 469)
Permanent differences	(5 189)	(1 823)
Change in unrecognised deferred tax asset	20 542	14 292
<b>Calculated tax expense/(income)</b>	<b>-</b>	<b>-</b>

### 3.8 GOVERNMENT GRANTS

#### **Accounting policies**

Government grants are recognized when there is a reasonable assurance that the Group complies with the conditions attaching to them; and the grant will be received. When government grants relate to assets, the Group recognizes the grant as a reduction in the carrying value of the asset, and therefore as a reduction of the depreciation expense for subsequent measurement. When grants relate to expenses, the Government grant is recognized as a reduction of the expense over the period that the related costs are expensed.

#### *Skattefunn*

Andfjord Salmon has received during 2023 NOK 4 750 thousand in grants from Skattefunn in connection with the tax settlement for 2022; and it's expected to receive NOK 903 thousand for the 2023 tax settlement. These grants are presented as 'other receivables', until the amounts are settled.

#### *Innovasjon Norge*

The Group has not received any payments in 2023 from Innovasjon Norge (2022: NOK 5 000 thousand) and there are no further grants approved or payments to be received as at year-end 2023.

#### *Other grants*

During 2022 the Company has received grants of NOK 1 100 thousand from Samskap, which is a program that supports projects that contribute to innovation, jobs and increased housing in Andøy municipality.

# SECTION 4.

## INVESTED CAPITAL

### In brief

*This section provide insights into the disclosures in relation to the capital invested by the Group in its tangible and intangible assets.*

### 4.1 PROPERTY, PLANT AND EQUIPMENT

#### Accounting policies

Property, plant and equipment ('PPE') is initially recognised at cost and subsequently measured at cost less accumulated depreciation and impairments.

The following table summarizes the useful life and depreciation method by class of asset:

	Land and buildings	Machinery and plant	Furniture, tools and others	Facilities for farming	Assets under construction
Depreciation method	Buildings: straight-line.	Straight-line	Straight-line	Straight-line	Not applicable
Useful life	Land not depreciated 50 years	5-20 years	3-10 years	5-50 years	Not depreciated

Estimated residual values and expected useful lives of assets are reviewed by the Group at least annually. In estimating the remaining useful lives of the assets, Management considers the expected level of use; the expected physical wear and tear together with the maintenance plans; and any technical, legal or commercial obsolescence arising from, among others, laws and regulations affecting health, safety or environmental regulations.

Each significant component is identified separately for depreciation purposes and depreciated over its individual useful life. When a significant component is replaced, the old component is derecognized and the new component capitalized, if its cost is recoverable.

Property, plant and equipment	Land and buildings	Machinery and plant	Furniture, tools and others	Facilities for farming	Assets under construction	Total
<b>At 1 January 2022</b>						
Cost	19 553	-	1 846	4 448	396 610	422 457
Accumulated depreciation	(111)	-	(327)	(1 452)	-	(1 890)
<b>Net book amount</b>	<b>19 442</b>	<b>-</b>	<b>1 519</b>	<b>2 996</b>	<b>396 610</b>	<b>420 567</b>
<b>Year ended 31 December 2022</b>						
Opening net book amount	19 442	-	1 519	2 996	396 610	420 567
Additions	6 588	1 066	3 052	39 384	37 895	87 985
Transfers	72 832	31 047	1 762	255 435	(361 076)	-
Depreciation	(312)	(1 359)	(1 010)	(7 485)	-	(10 166)
<b>Closing net book amount</b>	<b>98 550</b>	<b>30 754</b>	<b>5 323</b>	<b>290 330</b>	<b>73 429</b>	<b>498 386</b>
<b>At 31 December 2022</b>						
Cost	98 973	32 113	6 660	299 267	73 429	510 442
Accumulated depreciation	(423)	(1 359)	(1 337)	(8 937)	-	(12 056)
<b>Net book amount</b>	<b>98 550</b>	<b>30 754</b>	<b>5 323</b>	<b>290 330</b>	<b>73 429</b>	<b>498 386</b>
<b>Year ended 31 December 2023</b>						
Opening net book amount	98 550	30 754	5 323	290 330	73 429	498 386
Additions	6 440	(1 213)	891	2 685	393 268	402 071
Other movements				(5 653)		(5 653)
Depreciation	(398)	(2 909)	(1 543)	(13 322)	-	(18 172)
<b>Closing net book amount</b>	<b>104 592</b>	<b>26 632</b>	<b>4 671</b>	<b>274 040</b>	<b>466 697</b>	<b>876 632</b>
<b>At 31 December 2023</b>						
Cost	105 413	30 900	7 551	296 299	466 697	906 860
Accumulated depreciation	(821)	(4 268)	(2 880)	(22 259)	-	(30 228)
<b>Net book amount</b>	<b>104 592</b>	<b>26 632</b>	<b>4 671</b>	<b>274 040</b>	<b>466 697</b>	<b>876 632</b>

Note 6.2.2 discloses information on the amount of property, plant and equipment that are pledged as security for borrowings.

Note 7.2 discloses information of contractual obligations to purchase, construct or develop property, plant and equipment or for repairs, maintenance or enhancements.

#### 4.1.1 Significant additions during the period

##### **Accounting judgements and estimates**

Management assesses to which extent costs are directly attributable to bringing the assets into the condition for them to operate in the intended manner. In this sense, Management considers own employees with direct responsibilities for the building of the pools to meet the capitalisation criteria for capitalisation, excluding general management, administrative and finance roles.

##### The Kvalnes land-based pool

After the successful production cycle of the first pool at Kvalnes, resulting in the first sale of salmon Andfjord has started the development of 12 additional pools to reach an annual production capacity of 19,000 tonnes HOG yearly. The project is estimated to be completed by mid-2027. The first 4 new pools are expected to be ready for production by mid-2025, increasing the production capacity to 8,000 tonnes HOG yearly.

In this context, the significant additions to assets under construction during 2023 mainly relate to development of the land by excavating the rock pits, improving the port area and building the waterways to the facility.

#### 4.1.2 Capitalisation of borrowing costs

##### **Accounting policies**

Specific borrowing costs that are directly attributable to the construction of an asset that necessarily takes a substantial period to get ready for its intended use (a qualifying asset) are capitalized as part of the cost of the

respective asset. The Group interprets 'substantial period' as one year or more. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The Group has incurred in general borrowings that form part of the funds used to finance a project, and it has capitalized its borrowing costs using a weighted average of rates applicable to relevant general borrowings of the Group during the period.

All other borrowing costs are recognized in the statement of comprehensive income in the period in which they are incurred.

The amount of borrowing costs capitalized during the 2023 period has been NOK 4 834 thousand (2022: NOK 3 487 thousand), and the amount of assets under constructions have significantly exceeded the amount of borrowings held by the Group.

## 4.2 INTANGIBLE ASSETS

##### **Accounting policies**

Intangible assets are initially recognised at cost and amortized to their residual values over their economic useful life using the straight-line method.

The following table summarizes the useful life and depreciation method by class of intangible asset:

	<b>Licenses, patents, and similar rights</b>	<b>Other intangible assets</b>
Amortisation method	Straight-line	Straight-line
Useful life	10-20 years	5 years

Estimated residual value and expected useful life of assets are reviewed by the Group at least at each financial reporting date.



<b>Intangible assets</b>	<b>Licenses, patents, and similar rights costs</b>	<b>Other intangible assets</b>	<b>Total</b>
<i>(Amounts in NOK thousand)</i>			
<b>At 1 January 2022</b>			
Cost	1 671	1 028	2 699
Accumulated amortisation and impairment	-	(34)	(34)
<b>Net book amount</b>	<b>1 671</b>	<b>994</b>	<b>2 665</b>
Year ended 31 December 2022			
Opening net book amount	1 671	994	2 665
Additions	-	4 130	4 130
Additions - capitalised development	2 074	-	2 074
Amortisation charge	(31)	(282)	(313)
<b>Closing net book amount</b>	<b>3 714</b>	<b>4 842</b>	<b>8 556</b>
<b>At 31 December 2022</b>			
Cost	3 745	5 158	8 903
Accumulated amortisation and impairment	(31)	(316)	(347)
<b>Net book amount</b>	<b>3 714</b>	<b>4 842</b>	<b>8 556</b>
Year ended 31 December 2023			
Opening net book amount	3 714	4 842	8 556
Additions		6 997	6 997
Amortisation charge	(187)	(977)	(1 164)
<b>Closing net book amount</b>	<b>3 527</b>	<b>10 862</b>	<b>14 389</b>
At 31 December 2023			
Cost	3 745	12 155	15 900
Accumulated amortisation and impairment	(218)	(1 293)	(1511)
<b>Net book amount</b>	<b>3 527</b>	<b>10 862</b>	<b>14 389</b>

The additions in "other intangible assets" in 2023 is mainly related to work on licences.

#### 4.2.1 Development costs

During 2023, the Group was developing its Laminar Flow Technology for its current and future salmon farming pools. Expenditures incurred during the development stages of these pools have been capitalized to the extent that they meet the requirements.

# SECTION 5. WORKING CAPITAL

## In brief

***This section provide insights into the disclosures in relation to items considered part of the working capital of the Group, typically of a short-term nature, and related to its operating activities.***

## 5.1 BIOLOGICAL ASSETS

### 5.1.1 Summary of accounting policies for biological assets

#### Accounting policies

The Group's biological assets during 2022 and 2023 comprise live salmon stock. The smolt is acquired and released into the Group's operating pool, and remain there until its ready to be harvested, which is when the salmon is considered mature.

The accounting treatment of biological assets is regulated by IAS 41 'Agriculture'. According to IAS 41, biological assets are recognized and measured at fair value less cost to sell at each reporting period. However, when there is little biological transformation, the cost of biological assets is deemed to be a close approximation to its fair value. This is the case of the smolt that has been acquired, but not released into the pools yet.

Management has considered the approach to measure fair value of the biomass, in accordance with IFRS 13 'Fair value', at each reporting period during the growing phase. Transactions with live, unmaturing salmon are rare. Also, those transactions would not reflect the highest and best use for the Group's biological assets. Therefore, the market approach for estimating fair value would not be at optimal approach for the Group.

The income approach is applied to estimate the fair value of the salmon stock, by which future cash flows from selling the salmon at harvest date are discounted to a single current amount. The valuation model for the salmon considers the highest and best use for salmon, which Management believes corresponds to the moment when the salmon is ready to be harvested (see Note 5.1.2 for Management's assumption on optimal weight).

The valuation model requires the use of several significant inputs, part of which are not observable. Therefore, the fair value it is considered 'level 3' in the fair value hierarchy. Significant unobservable inputs include the cost to complete; the biomass' weight and quality; the implied discount rate and estimated growth rate of salmon. The significant observable inputs are the forward market price of salmon at the expected time of harvest. Environmental or operational incidents leading to mortality exceeding a rate of 3% from that single incident. Will be recognised under 'cost of materials' in the statement of comprehensive income.

Only one set of assumptions was used, as the Group only operated one location during 2023.

The change in the fair value of biological assets is recognised in the statement of comprehensive income as 'fair value adjustments of biological assets'. The accumulated costs from incident-based mortality will reduce the fair value of the biological assets in the statement of financial position, and is recognised as 'cost of materials' in the statement of comprehensive income.

## 5.1.2 Main judgements and assumptions for the valuation of the biomass

### Accounting judgements and estimates

The valuation model for the salmon livestock considers the highest and best use for salmon, which Management believes corresponds to a live weight of approximately 4.8 kg, and a gutted weight of 4.0 kg when harvested.

The Group estimates the fair value of the biomass at each reporting period using a model following an income approach.

### Estimated future cash inflows

Future cash inflows are estimated based on the estimated biomass volume, and price at the expected harvesting date. Biomass volumes are estimated based on the number of fish in the pools, adjusted by expected mortality, and multiplied by the expected average weight of salmon at the harvest date. The expected price at harvesting date is calculated using the Fish Pool forward price at the harvest date, adjusted for costs to sell the fish, such as harvesting costs, transportation etc. The Fish Pool forward prices are also adjusted for differences in quality.

An increase in the forward price will increase the fair value of the salmon biomass. However, the effect will be compensated by the deductions of costs to complete at each point in time. Only changes in prices when the salmon is matured has a full effect on the value of the biomass. Equivalent effects can be expected when the source of the change is due to the deduction of costs to sell.

The following forward price was estimated at harvesting time, corresponding to the forward price at optimal weight time, from Fish Pool have been considered by the Group for the expected harvesting dates for its biomass:

Expected harvesting period	Forward price at harvest dates
<i>(Amount in NOK per kg)</i>	
Aug-23	77.50

At harvest date, the mortality for live salmon was expected to be 3%. The actual rate was 2.5% after transportation to process harvested salmon for sale.

### Estimated future cash outflows

Future cash outflows are defined as the costs to complete the salmon lifecycle at each point in time. This includes costs necessary to grow the fish to its optimal weight, which main components are feed and other direct costs. The estimation of the feed costs depends on future feed prices, but also expected conversion rate, measured as gained weight of the salmon stock per kg of feed released in the fish pools.

### Fair value interpolation

Estimated net cash flows are discounted at each point in time using an interpolation method where the two known data points are the value of the smolt when released into the pool, and the expected cash inflows as described above. The discounting follows a natural interpretation to calculate a discount rate representing the time value of money and hypothetical license fees for the salmon farming permits.

Hypothetical license fees are included in the calculation of the discount rate, as it represents the value that a hypothetical buyer of a salmon farming license would have to incur for such a permit, which cannot be obtained in the open market, therefore causing entry barriers.

The interpolation model is updated monthly, taking into account data on actual forward prices, mortality rates, number of fish in the pools, etc. These estimates are approved by the Group's Management, supported by real quantitative data samples of the biomass, and updated budgets and forecasts.

### 5.1.3 Carrying amount reconciliation of biological assets

The Group holds no biological assets 31 December 2023 (31 December 2022: 233 tonnes). No roe, fry or smolt was held year-end 2023 and 2022.

The table below provides a reconciliation of the biological assets held by the Group:

	Tonnes	Carrying amount NOK thousand	Tonnes	Carrying amount NOK thousand
<b>Change in biological assets</b>	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>
<b>Biological assets at 1 January</b>	<b>233</b>	<b>14 285</b>	-	-
Increase due to production	368	25 707	233	-
Fair value adjustment at 31.12	-	-	-	14 285
Decrease due to sale	(601)	(39 992)	-	-
<b>Biological assets at 31 December</b>	<b>-</b>	<b>-</b>	<b>233</b>	<b>14 285</b>

The cost of the smolt acquired in 2022, shown as part of biological assets at 31 December 2022, was NOK 5 233 thousand.

## 5.2 OTHER INVENTORIES

### Accounting policies

Other inventories mainly include fodder, packaging materials, and other materials to be used during the maturing process of the salmon. Inventory is measured at the lower of its cost and its net realisable value. Cost of inventories held by the Group mainly include its cost of purchase.

As at 31 December 2023, the Group does not have any harvested salmon. In the future, harvested salmon will be classified under 'other inventories'.

Inventory is based on the first-in first-out principle, except for feed where a weighted average is used.

<b>Other inventories</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
<i>(Amounts in NOK thousand)</i>		
Fodder and packaging material	-	1 071
Others	1 697	91
<b>Total other inventories</b>	<b>1 697</b>	<b>1 162</b>

As at year-end 2023 inventory consists of frozen salmon for sale.

## 5.3 Other current assets

<b>Other current assets</b>	<b>2023</b>	<b>2022</b>
<i>(Amounts in NOK thousand)</i>		
Other receivables	-	-
Prepayments	1 793	1 852
Government grant receivables	903	-
VAT receivables	49 665	5 838
Other current assets	-	113
<b>Total other current assets</b>	<b>52 361</b>	<b>7 803</b>

## 5.4 CASH AND CASH EQUIVALENTS

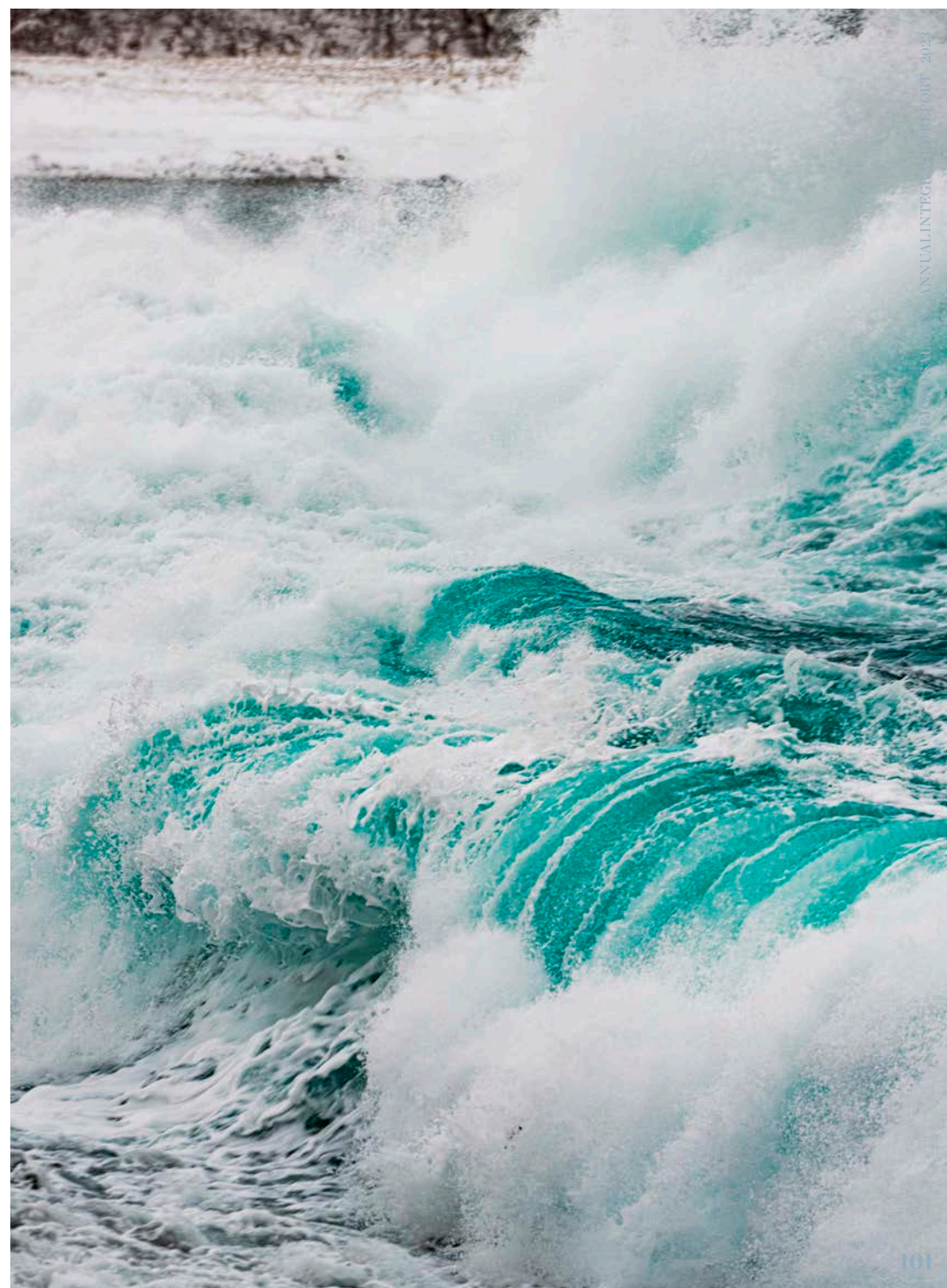
Cash and cash equivalents	2023	2022
(Amounts in NOK thousand)		
<b>Cash at bank</b>	<b>250 032</b>	<b>82 911</b>
Restricted cash (payroll)	1 160	1 212
Unrestricted cash	248 872	81 699
<b>Total cash and cash equivalents</b>	<b>250 032</b>	<b>82 911</b>

### 5.4.1 Short-term deposits

The Group does not hold bank deposits or other short-term, liquid investments that have been classified as cash equivalents.

### 5.4.2 Restricted cash

Part of the cash and cash equivalents disclosed is subject to regulatory restrictions on payroll tax liabilities and is therefore not available for general use by the Group.



# SECTION 6.

## CAPITAL AND DEBT STRUCTURE

### In brief

*This section provide insights into Andfjord Salmon's capital and debt structure, including financial risk and capital management.*

### 6.1 FINANCIAL ASSETS AND LIABILITIES

None of the financial instruments held by the Group are measured at fair value. The financial instruments' amortised cost is considered to be a close approximation to their fair value.

#### 6.1.1 Financial Assets

Financial assets	2023	2022
<i>(Amounts in NOK thousand)</i>		
<b>Debt instruments measured at amortised cost:</b>	<b>250 032</b>	<b>82 911</b>
Cash and cash equivalents	250 032	82 911
<b>Total financial assets</b>	<b>250 032</b>	<b>82 911</b>

#### 6.1.2 Financial Liabilities

Financial liabilities	2023	2022
<i>(Amounts in NOK thousand)</i>		
<b>Liabilities measured at amortised cost</b>	<b>212 610</b>	<b>151 883</b>
Borrowings	67 625	123 543
Lease liabilities	13 851	17 979
Trade and other payables	131 134	10 361
<b>Total financial liabilities</b>	<b>212 610</b>	<b>151 883</b>

### 6.2 Borrowings

#### **Accounting policies**

Borrowings are initially recognized at fair value, net of transaction costs incurred that are directly attributable to the issuance of the financial liability. After initial recognition, borrowings are measured at amortized cost. Any difference between the net proceeds and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are derecognized from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability

that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as financial expenses.

Borrowings are classified as current liabilities except for the portion of the liability that is due to be settled more than twelve months after the reporting period, or for the portion the Group has an unconditional right to defer settlement for at least twelve months after the reporting period.

Overview of borrowings	2023	2022
<i>(Amounts in NOK thousand)</i>		
<b>Non-current</b>		
Debt to credit institutions	49 126	54 875
Debt to related parties	-	-
Debt to other entities	10 833	12 500
<b>Total non-current borrowings</b>	<b>59 959</b>	<b>67 375</b>
<b>Current</b>		
Debt to credit institutions	5 999	4 000
Debt to related parties	-	50 501
Debt to other entities	1 667	1 667
<b>Total current borrowings</b>	<b>7 666</b>	<b>56 168</b>
<b>Total borrowings</b>	<b>67 625</b>	<b>123 543</b>

## 6.2.1 Relevant terms and conditions

### Debt to financial institutions

Debt to financial institutions consist of a loan, with maturity in 2033. Interest and principal are paid in quarterly instalments. The interest rate continues to be based on the relevant three-month NIBOR reference rate plus a margin of 3.50% p.a.

After the reporting period, debt with financial institutions held at 31 December 2023 was replaced by a new financing facility. See further disclosures in Note 7.4.

### Debt to related parties

During the reporting period, Andfjord Salmon repaid its NOK 50 million facility with certain shareholders of the Group, which matured in 2023. There were no significant differences between the loan's carrying value and the repayment amount.

### Debt to other parties

Debt to other entities mainly comprise a NOK 15 000 thousand loan facility with Innovasjon Norge maturing in 2031. Interest is paid biannually, and the interest rate is set by Innovasjon Norge, which may determine new rate terms at six months' notice. For 2023 the Group paid NOK 866 thousand in interest on the loan.

## 6.2.2 Assets pledged as security for liabilities

The debt to credit institutions required certain assets to be pledged as security, being property, plant and equipment, inventory, trade receivables and licenses.

As of 31 December 2023, assets pledged as security included property, plant and equipment with a carrying amount of NOK 876 632 thousand (2022: NOK 498 386 thousand), and intangible assets with a carrying amount of NOK 14 389 thousand (2022: NOK 8 556 thousand).

Assets pledged as security in relation to the outstanding loans and credit facilities also include aquaculture licences, other inventories, and trade receivables.

### 6.2.3 Compliance with covenants

The debt to financial institutions includes financial covenants, to be assessed quarterly. The condition that needs to be fulfilled quarterly is a book/equity ratio higher than 30%.

The Company has complied with the financial covenants during the reporting period, and Management does not expect to breach any covenant in the foreseeable future.

## 6.3 LEASES

### 6.3.1 Nature of the lessee's leasing activities

#### **Accounting policies**

The Group recognizes right-of-use assets and lease liabilities for all lease contracts, except leases that are considered short-term (lease term of 12 months or less), or leases for underlying assets that are of a low value. Management considers as low value those assets that are worth NOK 50 thousand or less when new.

The Group has lease agreements related to offices and other buildings; machinery and specialized equipment used in the salmon farming operations; and vehicles. The lease term normally varies from 1 to 5 years with options to both extend and terminate the lease contracts at Management's discretion.

The Group also leases offices, warehouses and machinery, with lease terms being less than 12 months. Some machinery and small equipment also meet the low-value exemption. In both cases, the Group applies the recognition exemption to these leases, and consequently these are recognised as expense linearly over the lease term. These expenses are presented within 'other operating expenses' (see Note 3.4 for further information).

The Group is not typically subject to variable lease payments for its leases.

### 6.3.2 Right-of-use assets

#### **Accounting policies**

The right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liabilities less any lease payments made at or before the commencement date of the lease, and initial direct costs and lease incentives received.

Subsequently, right-of-use assets are measured at cost less accumulated depreciation and impairments and adjusted for certain remeasurements of the lease liabilities. Depreciation of the right-of-use asset is carried out using the straight-line method over the shorter of the lease term or the useful life of the underlying asset.

Right-of-use assets	Land and buildings	Machinery, equipment and other	Vehicles	Total
<i>(Amounts in NOK thousand)</i>				
<b>At 1 January 2022</b>	<b>423</b>	<b>22 638</b>	<b>1 380</b>	<b>24 441</b>
<b>Year ended 31 December 2022</b>				
Additions	1 114	-	-	1 114
Depreciation charge	(382)	(2 223)	(411)	(3 016)
<b>Closing net book amount</b>	<b>1 155</b>	<b>20 415</b>	<b>969</b>	<b>22 539</b>
<b>At 31 December 2022</b>	<b>1 155</b>	<b>20 415</b>	<b>969</b>	<b>22 539</b>
<b>Year ended 31 December 2023</b>				
Additions	413	(7)	110	516
Depreciation charge	(715)	(4 257)	(443)	(5 415)
<b>Closing net book amount</b>	<b>853</b>	<b>16 151</b>	<b>636</b>	<b>17 640</b>
<b>At 31 December 2023</b>	<b>853</b>	<b>16 151</b>	<b>636</b>	<b>17 640</b>



Significant additions during 2023 is related to operating equipment to be used for the first production pool.

Additions to right-of-use assets relating to 'machinery, equipment and other', amounting to NOK 22 310 thousand, are an integral part of the system of the 'Kvalnes land-based pool – Phase I' (see Note 4.1) and have therefore not been depreciated until the pool was transferred from 'assets under construction' at the end of June 2022.

### 6.3.3 Lease liabilities

#### Accounting policies

Lease liabilities are recognized at the lease commencement date. The lease liabilities are measured as the present value of future lease payments, discounting by the Group's incremental borrowing rate.

Lease payments mainly consist of fixed payments, which are typically updated by changes on consumer price indexes or interest rate levels.

Lease liabilities are measured at amortized cost using the effective interest rate method.

If there is a change in future lease payments arising from a change in an index or rate, there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or the Group changes its assessment of whether it will exercise a purchase, extension or termination option, the liability is remeasured and a matching adjustment is made to the carrying amount of the related right-of-use asset. No significant changes in this regard have occurred during the period.

Lease liabilities	2023	2022
<i>(Amounts in NOK thousand)</i>		
At 1 January	17 979	18 059
Additions	48	1 115
Interest expense	654	700
Lease payments	(4 830)	(1 895)
<b>Balance at 31 December</b>	<b>13 851</b>	<b>17 979</b>
Current	4 511	4 683
Non-current	9 340	13 296

The following table discloses the maturity analysis for lease liabilities.

Contractual maturities	2023	2022
<i>(Amounts in NOK thousand)</i>		
Less than 1 year	4 615	4 786
1-3 years	7 521	8 531
4-5 years	2 775	6 298
More than 5 years	-	-
<b>Total contractual cash-flows</b>	<b>14 911</b>	<b>19 615</b>
Recognised as liabilities	13 851	17 979

### 6.3.4 Amounts recognized in the statement of comprehensive income and statement of cash-flows

The following amounts have been recognized in the income statement in relation to leases:

Amounts recognised in the income statement	2023	2022
<i>(Amounts in NOK thousand)</i>		
Interest expense (included in finance cost)	654	700
Expense relating to short-term and low-value leases	133	789
Expense relating to depreciation	5 415	3 016

The total cash outflow for leases in 2023 was NOK 5 493 thousand (2022: NOK 2 682 thousand).

## 6.4 Reconciliation of cash-flows from financing activities

Reconciliation cash flow from financing activities	Borrowings	Lease liabilities	Total
<i>(Amounts in NOK thousand)</i>			
<b>Liabilities from financing activities at 1 January 2022</b>	<b>80 363</b>	<b>18 059</b>	<b>98 422</b>
Financing cash flow (payments)	(1 958)	(1 195)	(3 153)
Cash inflows from new borrowings	45 000	-	45 000
New leases	-	1 115	1 115
Other changes	138	-	138
<b>Liabilities from financing activities at 31 December 2022</b>	<b>123 543</b>	<b>17 979</b>	<b>141 522</b>
Financing cash flow (payments)	(55 918)	(4 176)	(60 094)
Cash inflows from new borrowings	-	-	-
New leases	-	48	48
Other changes	-	-	-
<b>Liabilities from financing activities at 31 December 2023</b>	<b>67 625</b>	<b>13 851</b>	<b>81 476</b>

## 6.5 FINANCIAL RISK AND CAPITAL MANAGEMENT

As indicated in Note 6.1, financial assets held by the Group mainly comprise cash and cash equivalents. Financial liabilities are mainly comprised of borrowings, lease liabilities, and trade payables.

In conducting its operations, the Group faces the following main types of risks: credit risk, liquidity risk and market risk. Management keeps track of the evolution of the different risks, and the potential impact to the Group. The Group

has not entered into any derivative contracts to manage its exposure to financial risks during 2023 or 2022.

The following sections provide disclosures on the specific exposure to risks and how they arise; the objectives, policies, and processes for managing the risks and the methods used to measure the risk; and any changes thereof.

### 6.5.1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the Group by failing to settle its obligation. The Group is exposed to credit risks in conducting its ordinary activities.

Cash and cash equivalents from the Group are managed by the Group's Finance Department. The Group limits the amount of deposits that can be held in a single bank to limit the concentration of risks.

As at 31 December 2023, the Group has no trade receivables, so there is no credit risk associated with these.

### 6.5.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Group manages its liquidity with a high level of prudence, with rules and policies that ensure an adequate amount of cash and cash equivalents to meet the immediate needs of resources both in the short and long term. Management develops rolling forecasts on liquidity, which are regularly monitored against the contractual maturities of the financial liabilities.

#### 6.5.2.1 Maturities

The following table discloses the maturity analysis for non-derivative liabilities (except for lease liabilities, which are disclosed in Note 6.3), showing its undiscounted remaining contractual liabilities:

At 31 December 2023	Carrying amount	Less than 3 months	3-12 months	1-5 years	More than 5 years	Total
<i>(Amounts in NOK thousand)</i>						
Borrowings	67 625	2 333	5 333	30 669	29 290	67 625
Trade payables	131 134	131 134	-	-	-	131 134
Other current liabilities	6 567	4 705	1 862	-	-	6 567
<b>Total financial liabilities</b>	<b>205 326</b>	<b>138 172</b>	<b>7 195</b>	<b>30 669</b>	<b>29 290</b>	<b>205 326</b>

At 31 December 2022	Carrying amount	Less than 3 months	3-12 months	1-5 years	More than 5 years	Total
<i>(Amounts in NOK thousand)</i>						
Borrowings	123 543	750	55 793	32 667	34 333	123 543
Trade payables	10 361	10 361	-	-	-	10 361
Other current liabilities	8 144	4 831	3 313	-	-	8 144
<b>Total financial liabilities</b>	<b>142 048</b>	<b>15 942</b>	<b>59 106</b>	<b>32 667</b>	<b>34 333</b>	<b>142 048</b>

### 6.5.2.2 Financing facilities

As at 31 December 2023, the Group has undrawn amounts from its loan facility with a credit institution (as disclosed in Note 6.2) until the end of 2025, which provides the Group with the financing needed to complete the ongoing construction of four pools by mid-2025

### 6.5.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is mainly exposed to interest rate risk.

Foreign exchange risk is not considered relevant for the Group as they do not hold any balances in foreign currencies. The Group is neither exposed to risk related to salmon price as it does not hold any derivatives or other financial contracts based on the price of salmon as of 31. December 2023.

### 6.5.3.1 Interest rate risk

The following table summarises the effects that a reasonably possible change in the effective interest rate of the borrowings would have in the profit after tax:

Sensitivity of changes in interest rates on borrowings	Impact on equity and profit after tax	
	2023	2022
<i>(Amounts in NOK thousand)</i>		
Increase in interest rate of 2%	(1 353)	(2 471)
Decrease in interest rate of 1%	676	1 235

The Group's exposure to interest rate risk arises from long-term borrowings with variable rates (see Note 6.1 and 6.2 for further information) based on the NIBOR rate applicable at each point in time. These instruments have no effect on other comprehensive income.

The Group has not entered any interest rate swaps agreement or other interest rate hedges to mitigate risk related to increase in the variable interest rate of its loans.

### 6.5.3.2 Currency risk

The Group is currently exposed to currency risk to a small extent. Although some components for the development have been purchased in EUR, both cost and investments are primarily in NOK. The Group will be increasingly exposed to currency risk once it starts operating the fish farming facility and in the case of future fish sales. Currency hedging will be considered to reduce such exposure.

Due to the very limited currency risk exposure, no sensitivity analysis has been presented.

### 6.5.4 Capital management: objectives, policies and processes

The Group defines capital as equity, including other reserves. The Group's main objective when managing capital is to ensure the ability of the Group to continue as a going concern and to meet all requirements imposed by external financing agreements in the form of covenants.

## 6.6 SHARE CAPITAL

### 6.6.1 Share capital and share premium

As of 31 December 2023, the share capital consists of 57 012 953 ordinary shares (2022: 41 038 927 shares), with a par value of NOK 1.00 each. All shares are entitled to equal rights with respect to dividends, voting rights and other rights in accordance with Norwegian corporate law.

### 6.6.2 Authorised shares and amounts

Authorised shares	Number of shares		Amounts in NOK thousand	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Fully paid ordinary shares	57 012 953	41 038 927	57 013	41 039
<b>Total share capital</b>	<b>57 012 953</b>	<b>41 038 927</b>	<b>57 013</b>	<b>41 039</b>

### 6.6.3 Movements in ordinary shares

Movements in ordinary shares	Number of shares	Par value per share (NOK)	Share premium total (TNOK)	Total (TNOK)
<b>At 1 January 2022</b>				
Opening balance	35 934 400	1,00	357 226	393 160
Capital increase	5 104 527	1,00	200 187	205 292
<b>Closing balance at 31 December</b>	<b>41 038 927</b>	<b>1,00</b>	<b>557 413</b>	<b>598 452</b>
<b>At 1 January 2023</b>				
Opening balance	41 038 927	1,00	557 413	598 452
Capital increase Tranche 1	5 922 078	1,00	222 078	228 000
Capital increase Tranche 2	10 051 948	1,00	376 948	387 000
Transaction costs	-	-	(31 818)	(31 818)
<b>Closing balance at 31 December</b>	<b>57 012 953</b>	<b>1,00</b>	<b>1 124 621</b>	<b>1 181 634</b>

During 2023, The Company completed a private placement on 29 June 2023. As a consequence, the total share capital and premium increased by NOK 615 million, and the number of shares by 15 974 026. Transaction costs corresponding to the incremental directly attributable costs from this increase in capital. The capital increase was approved on 6 July and registered in the Norwegian Register of Business Enterprises on 14 July.

On 23 October the general meeting resolved to demerger Andfjord Salmon AS followed by implementation of the triangular merger with the subsidiaries. The transactions resulted in a share capital reduction of NOK 36.5 million, immediately followed by a share capital increase of NOK 36.5 million.

At 31 December 2023, the Group held 5 thousand (2022: 5 thousand) treasury shares amounting to NOK 185 thousand (2022: NOK 185 thousand). Treasury shares are recognised at cost. These are deducted from equity and no gain or loss is recognised on the purchase, sale, issue or cancellation of these shares.

#### 6.6.4 List of the 20 largest shareholders at 31 December 2023

Shareholders	Number of shares	Ownership percentage	Voting percentage
Jerónimo Martins Agro-Alimentar, S.A.	14 323 493	25,12	25,12
Andfjord Holding AS	4 715 680	8,27	8,27
Kg Investment Comp AS	3 241 000	5,68	5,68
Eidsfjord Sjøfarm AS	2 590 244	4,54	4,54
Sparebank 1 Markets AS	2 570 499	4,51	4,51
Skagerak Vekst AS	2 445 064	4,29	4,29
OG Invest AS	2 250 991	3,95	3,95
DNB Markets Aksjehandel/-analyse	1 790 148	3,14	3,14
Karstein Gjersvik	1 391 384	2,44	2,44
Verdipapirfondet DNB SMB	1 288 812	2,26	2,26
Traaseth Property AS	1 262 916	2,22	2,22
Jan Heggelund	1 102 325	1,93	1,93
Euro TV AS	972 800	1,71	1,71
Sirius AS	927 200	1,63	1,63
Pershing LLC	732 217	1,28	1,28
Omniverse AS	666 000	1,17	1,17
Bliksmark AS	601 000	1,05	1,05
Blue Marine Invest AS	534 029	0,94	0,94
Fontura AS	511 870	0,90	0,90
Nutreco International B.V.	505 050	0,89	0,89
<b>Total 20 largest shareholders</b>	<b>44 422 722</b>	<b>77,9</b>	<b>77,9</b>

# SECTION 7. OTHER DISCLOSURES

## In brief

*This section provide insights into topics other than those covered in the previous sections, including related parties, provisions, contingent liabilities and events after the reporting period.*

## 7.1 RELATED PARTIES

### 7.1.1 Key management personnel compensation

	For the year ended 31 December 2023					
	Salary	Board remuneration	Pension costs	Share-based	Other remuneration	Total
<i>(Amounts in NOK thousand)</i>						
Martin Rasmussen, CEO	1 917	-	235	1 932	18	4 101
Bjarne Martinsen, CFO	1 750	-	273	783	14	2 819
Jostein Nilssen, Project director	-	-	-	348	-	348
Christian Torgersen, COO	1 107	-	108	253	12	1 480
Roger Brynjulf Mosand, Chairman	-	270	-	-	4	274
Roy Bernt Pettersen, Board member	-	135	-	-	4	139
Knut Roald Holmøy, Board member	-	135	-	-	-	135
Tore Traaseth, Board member	-	135	-	-	-	135
Bettina Flatland, Board member	-	135	-	-	-	135
Kim Marius Strandenæs, Board member	-	135	-	-	2	137
António Serrano, Board member	-	-	-	-	-	-
Gro Skaar Knutsen, Board member	-	135	-	-	-	135

**For the year ended 31 December 2022**

	<b>Salary</b>	<b>Board remuneration</b>	<b>Pension costs</b>	<b>Share-based payments</b>	<b>Other remuneration</b>	<b>Total</b>
<i>(Amounts in NOK thousand)</i>						
Martin Rasmussen, CEO	1 300	-	214	1 336	35	2 885
Bjarne Martinsen, CFO	1 100	-	173	240	4	1 517
Jostein Nilssen, Project director (*)	-	-	-	240	-	240
Roger Brynjulf Mosand, Chairman	-	250	-	-	-	250
Roy Bernt Pettersen, Board member	-	125	-	-	-	125
Knut Roald Holmøy, Board member	-	125	-	-	-	125
Tore Traaseth, Board member	-	125	-	-	-	125
Bettina Flatland, Board member	-	125	-	-	-	125
Kim Marius Strandenæs, Board member	-	125	-	-	-	125
António Serrano, Board member (*)	-	-	-	-	-	-
Gro Skaar Knutsen, Board member	-	70	-	-	-	70

(\*) Figures presented for Jostein Nilssen and António Serrano has been restated in the current year financial statements. The change has been to include options Jostein Nilssen was granted in 2022, and corrected the board remuneration to António Serrano to what he actually received.

105 000 options, with a total value of NOK 3 035 thousand. The conditions are the same as for the other employees. In addition, Bjarne Martinsen owns 40 000 shares at 31 December 2023. In 2022 Jostein Nilssen was granted 45 000 options, with a total value of NOK 787 thousand.

In connection with the Long-Term Incentive Program disclosed in Note 3.3.2, Martin Rasmussen was granted 250 000 options in 2022, with a total value of NOK 4 372 thousand. The conditions are the same as for the other employees. In addition, Martin Rasmussen owns 125 000 shares at 31 December 2023. In 2022 Bjarne Martinsen was granted 45 000 options, with a total value of NOK 787 thousand. In 2023 Bjarne Martinsen was granted

In addition to their roles as board members, Roger Mosand, Tore Traaseth and Kim Strandenæs have advised the Group in relation to financing. For this, RBM Invest (Roger Mosand) received NOK 372 thousand (2022: NOK 355 thousand) in 2023. Skagerak Vekst AS (Tore Traaseth) received NOK 180 thousand (2022: NOK 92 thousand). KS Invest AS (Kim Strandenæs) received NOK 3 588 thousand (2022: NOK 960 thousand).

## 7.1.2 Transactions with other related parties

Transactions with related parties	Relationship	2023	2022
<i>(Amounts in NOK thousand)</i>			
Financial advisory	Board members	4 140	1 411
Other operating expenses	Andfjord Holding AS	-	23
Interest expense	Majority shareholders	1 000	1 500
<b>Total related party profit or loss items</b>		<b>5 140</b>	<b>2 934</b>

Interest expense is generated by the shareholder loan agreement (see Note 6.2).

### 7.1.3 Balances with related parties

During 2023, the Group repaid the loan agreement with shareholders which were outstanding at 31 December 2022, amounting to NOK 50 000 thousand.

No other balances were held by the Group at 31 December 2023 or 2022.

## 7.2 PROVISIONS AND CONTINGENT LIABILITIES

### 7.2.1 Dismantling obligations

It has been assessed by Management whether dismantling provisions should be recognised, or contingent liabilities disclosed, in connection with any future termination of the business or license expiry.

In this respect, the Group operates on its own property, which is regulated for this kind of operations. Future disposal of the property must take care of the ecosystem and water quality in accordance with the Biodiversity Act and the Water Regulations, among others. This also applies in the event of termination of activities. The Group will be able to take care of the

environment and comply with statutory requirements without requiring changes to its properties. It is the Group's assessment that, based on current legislation, there are no obligations related to the potential termination or dismantling of the operations.

## 7.3 COMMITMENTS

The following significant contractual commitments are present at the end of the reporting period:

Capital commitments	2023	2022
<i>(Amounts in NOK thousand)</i>		
Property, plant and equipment	66 618	-
<b>Total capital commitments</b>	<b>66 618</b>	<b>-</b>

## 7.4 EVENTS AFTER THE REPORTING PERIOD

### Debt with financial institutions

In January 2024, the Group refinanced its outstanding debt and overdraft facility with credit institutions and the outstanding loans were converted into a new loan facility agreement (see Note 6.2 for additional information). The amount of the facility is up to NOK 900 million, and withdrawals on the facility can be made until 31 December 2025.

The loans matures in 2035, and interest and principal will be paid on quarterly instalment. Until 31 December 2025, the Group does not have the obligation to pay any principal on the loan. The interest rate continues to be based on the three-month NIBOR reference rate plus a margin of 3.90% p.a. After 31 December 2027, the loan will have an updated margin based on a ratio between net bearing debt and 12-month rolling EBITDA, which can make the margin range from 3.9% to 2.9%, that links margin to liquidity risk and credit risk held by the lender.



Additionally, the Group has agreed on an overdraft facility of NOK 20 million at the same interest rate as specified above for the construction loan facility. Debt to financial institutions entered in January (see above) is subject to the following covenants:

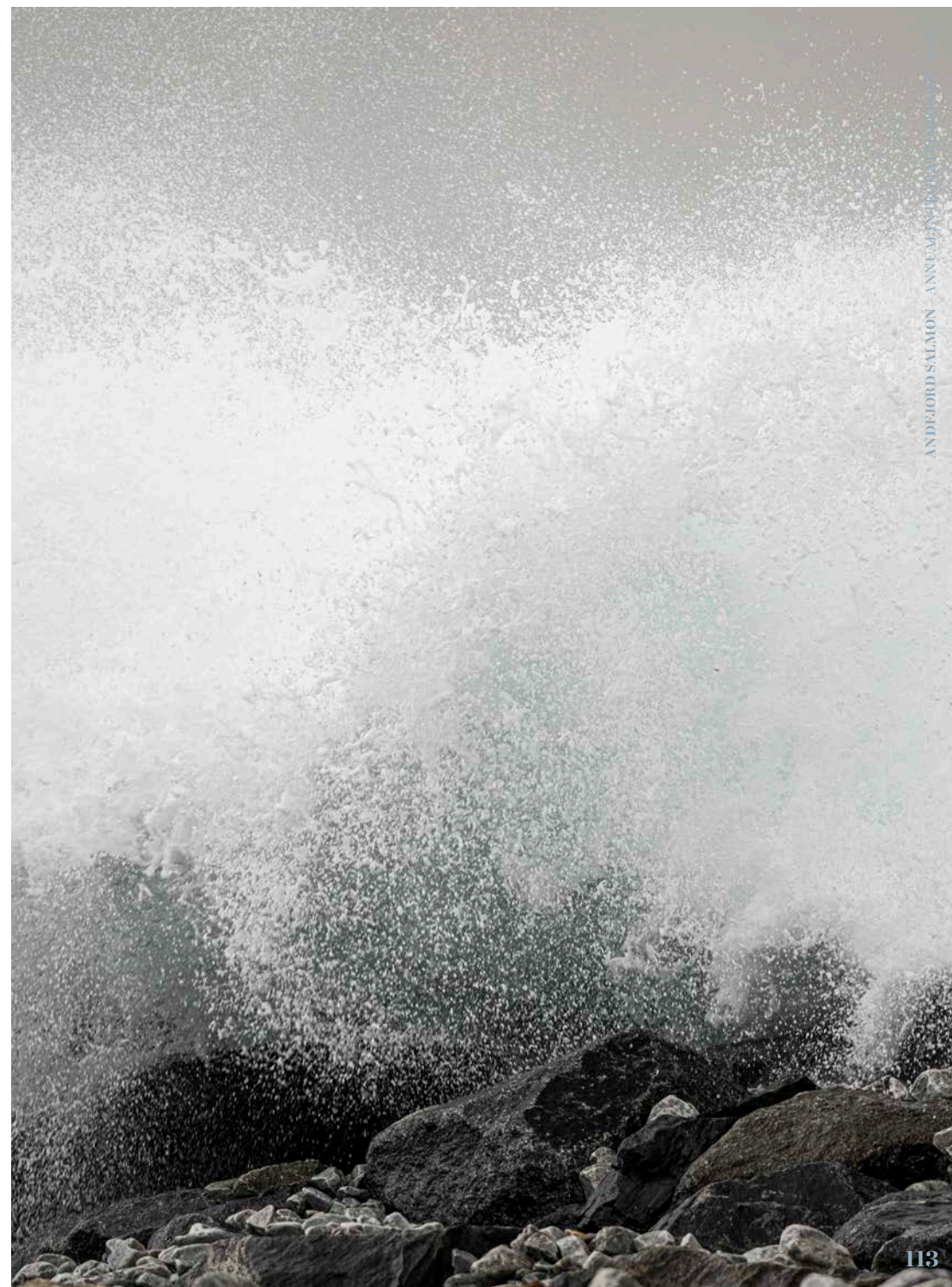
- Overdraft facility within 60 % of borrowing base
- Total equity at minimum 35 % of Total assets at year-end
- Minimum liquidity of NOK 50 million each quarter until 31 December 2027

The following covenants are applicable as of 31 December 2027:

- Net interest-bearing debt / EBITDA shall be above 5.00
- Minimum required work capital of NOK 100 million

#### **Other events**

The Board of Directors is not aware of any other events that have occurred after the balance sheet date, or any additional new information regarding existing matters, that can have a material effect on the 2023 consolidated financial statements for the Group.





# ANNUAL FINANCIAL STATEMENTS ANDFJORD SALMON AS (PARENT COMPANY) 2023

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## STATEMENT OF COMPREHENSIVE INCOME

<i>Amounts in NOK thousand</i>	<b>Notes</b>	<b>2023</b>	<b>2022</b>
Revenue from contracts with customers	3.2	37 278	-
Other operating income		-	113
<b>Total operating revenue</b>		<b>37 278</b>	<b>113</b>
Changes in biological assets at cost and other inventories	5.1	(1 162)	700
Cost of materials	5.2	(59 358)	(12 704)
Fair value adjustments of biological assets	5.1	25 707	14 285
Employee benefit expenses	3.3	(24 783)	(23 211)
Depreciation and amortisation expenses	4.1, 4.2, 6.3	(21 857)	(13 603)
Other operating expenses	3.4	(31 545)	(21 691)
<b>Operating profit/(loss)</b>		<b>(75 721)</b>	<b>(56 111)</b>
Financial income	3.5	12 187	1 836
Net financial costs	3.5	(1 459)	(2 402)
<b>Net financial result</b>		<b>(10 728)</b>	<b>(566)</b>
<b>Profit/(loss) before income tax</b>		<b>(64 992)</b>	<b>(56 677)</b>
Income tax expense	3.6	-	-
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>(64 992)</b>	<b>(56 677)</b>
Net other comprehensive income/(loss)		-	-
<b>COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR</b>		<b>(64 992)</b>	<b>(56 677)</b>

## STATEMENT OF FINANCIAL POSITION

<i>Amounts in NOK thousand</i>	<b>Notes</b>	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	4.2	-	8 556
Property, plant and equipment	4.1	-	498 386
Right-of-use assets	6.3	-	22 539
Shares in subsidiaries	1.2.2	412 339	-
Other non-current assets		30	89
<b>Total non-current assets</b>		<b>412 369</b>	<b>529 570</b>
<b>Current assets</b>			
Biological assets	5.1	-	14 285
Other inventories	5.2	-	1 162
Receivables from group companies	1.2.1, 7.1	335 391	-
Other current assets	5.3	914	7 803
Cash and cash equivalents	5.4	250 032	82 911
<b>Total current assets</b>		<b>586 337</b>	<b>106 161</b>
<b>TOTAL ASSETS</b>		<b>998 705</b>	<b>635 731</b>

## EQUITY AND LIABILITIES

Amounts in NOK thousand	Notes	2023	2022
<b>EQUITY</b>			
Share capital	6.6	57 013	41 039
Share premium	6.6	1 124 620	557 413
Retained earnings		(190 429)	(125 438)
Other reserves		7 278	2 690
<b>Total equity</b>		<b>998 483</b>	<b>475 704</b>
<b>LIABILITIES</b>			
Borrowings	6.2, 6.4	-	67 375
Lease liabilities	6.3	-	13 296
<b>Total non-current liabilities</b>		<b>-</b>	<b>80 671</b>
Borrowings	6.2, 6.4	-	56 168
Lease liabilities	6.3	-	4 683
Trade payables		-	10 361
Other current liabilities		223	8 145
<b>Total current liabilities</b>		<b>223</b>	<b>79 357</b>
<b>Total liabilities</b>		<b>223</b>	<b>160 028</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>998 705</b>	<b>635 731</b>

Roger Brynjulf Mosand  
Chair

Roy Bernt Pettersen  
Director

António Serrano  
Director

Tore Traaseth  
Director

Knut Roald Holmøy  
Director

Bettina Flatland  
Director

Kim Strandenæs  
Director

Gro Skaar Knutsen  
Director

Martin Rasmussen  
CEO

Andøy  
17 April 2024

## STATEMENT OF CASH FLOWS

<i>Amounts in NOK thousand</i>	Notes	2023	2022		2023	2022		
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>				<b>CASH FLOW FROM INVESTMENT ACTIVITIES:</b>				
Profit/(loss) before income tax		(64 992)	(56 677)	Payment for property, plant and equipment	4.1	(231 225)	(89 498)	
<b>Adjustments to reconcile profit/loss before tax to net cash flow:</b>				Payment for intangible assets	4.2	(6 307)	(6 204)	
Depreciation and amortisation	4.1, 4.2, 6.3	21 857	13 603	Receipt of government grants	3.8	-	5 000	
Finance income/(expense), net	3.5	(10 728)	566	<b>Net cash flow from investing activities</b>			<b>(237 532)</b>	<b>(90 702)</b>
Share-based payment expense	3.3.2	3 734	2 690	<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Fair value adjustments of biological assets		(25 707)	(14 285)	Equity received	6.6	583 182	205 291	
<b>Working capital changes:</b>				Proceeds from borrowings	6.2	-	45 000	
Increase in other inventories and biological assets at cost		39 403	-	Repayment of borrowings	6.2	(55 918)	(1 958)	
Change in trade payables		38 541	(39 329)	Payment of principal portion of lease liabilities	6.3	(4 128)	(1 195)	
Change in other current assets and liabilities		(35 499)	9 891	<b>Net cash flow from financing activities</b>			<b>523 136</b>	<b>247 138</b>
Change in current assets to group company		(89 445)	-	Net increase/(decrease) in cash and cash equivalents			167 122	67 993
Interest received		12 187	1 836	Cash and cash equivalents as of 1 January			82 911	14 918
Interest paid		(7 833)	(5 576)	Cash and cash equivalents as of 31 December			250 032	82 911
<b>Net cash flow from operating activities</b>		<b>(118 482)</b>	<b>(88 443)</b>					

## STATEMENT OF CHANGES IN EQUITY

<i>Amounts in NOK thousand</i>	Notes	Share capital	Share premium	Retained earnings	Other reserves	Total equity
<b>Balance at 1 January 2022</b>		<b>35 934</b>	<b>357 226</b>	<b>(68 761)</b>	-	<b>324 399</b>
Profit for the year		-	-	(56 677)	-	(56 677)
Other comprehensive income		-	-	-	-	-
<b>Total comprehensive income</b>		-	-	<b>(56 677)</b>	-	<b>(56 677)</b>
Capital increase		5 105	200 188	-	-	205 293
Share based payments to employees	3.3.2	-	-	-	2 690	2 690
<b>Balance at 31 December 2022</b>		<b>41 039</b>	<b>557 414</b>	<b>(125 438)</b>	<b>2 690</b>	<b>475 705</b>
<b>Balance at 1 January 2023</b>		<b>41 039</b>	<b>557 414</b>	<b>(125 438)</b>	<b>2 690</b>	<b>475 705</b>
Profit for the year		-	-	(64 992)	-	(64 992)
Other comprehensive income		-	-	-	-	-
<b>Total comprehensive income</b>		-	-	<b>(64 992)</b>	-	<b>(64 992)</b>
Capital increase June and July 2023	6.6	15 974	567 208	-	-	583 182
Share based payments to employees	3.3.2	-	-	-	4 588	4 588
<b>Balance at 31 December 2023</b>		<b>57 013</b>	<b>1 124 620</b>	<b>(190 429)</b>	<b>7 278</b>	<b>998 483</b>

## NOTES TO THE FINANCIAL STATEMENTS

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# SECTION 1.

# CORPORATE INFORMATION AND BASIS OF PREPARATION

## In brief

*This section includes corporate information, basis of preparation, an overview of general accounting policies, key estimates, and judgements in the Group.*

## 1.1 CORPORATE INFORMATION

These financial statements have been prepared for Andfjord Salmon AS ('the Company') to be renamed Andfjord Salmon Group AS in 2024, which is the parent entity of the Andfjord Salmon Group ('the Group'). At 31 December 2023, the Group is comprised of Andfjord Salmon AS (mother company) and Andfjord Salmon AS (Subsidiary). The Company is a limited liability company incorporated and domiciled in Norway. Andfjord Salmon AS was established in 2014 and the registered office is located at Kvalnesveien 69, Andøy. The shares are currently traded in Euronext Growth Oslo.

Until December 2023, Andfjord Salmon AS' operations were mainly salmon farming and the construction of its land-based salmon farming facilities. After the subsidiary Andfjord Salmon AS (subsidiary) was established as operating company in the Group, the Company's main activities changed to holding shares in the subsidiary and enter into financing agreements to carry out the planned investments in the Group.

The subsidiary became the operating company in the Group via a triangular merger between the mother company, the subsidiary and Andfjord Temp AS. The mother company transferred its business into Andfjord Temp AS. Right after that transaction, the subsidiary Andfjord Salmon AS (subsidiary) was merged with Andfjord Temp AS and therefore took over all operating assets, rights, and obligations in Andfjord Temp AS. These transactions occurred on 15 December 2023.

The financial statements for the year ended 31 December 2023 of Andfjord Salmon AS (to be renamed Andfjord Salmon Group AS) were authorized for issue by the Board of Directors on 17 April 2024.

## 1.2 Basis of Preparation

The financial statements of Andfjord Salmon AS (to be renamed Andfjord Salmon Group AS) are prepared in accordance with International Financial Reporting Standards (IFRS®) Accounting Standards and interpretations by the IFRS Interpretations Committee (IFRIC), as adopted by the European Union (EU).

The Company has prepared financial statements on 31 December 2023 together with the comparative periods for the year ended 31 December 2022.

All amounts are presented in NOK (Norwegian kroners), and rounded to the nearest thousand, unless stated otherwise.

The financial statements have been prepared based on the going concern assumption. When preparing financial statements, management has assessed the Company's ability to continue as a going concern. There are no material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

### 1.2.1 Capital reorganisation

In the reorganisation explained in Section 1.1., the subsidiary obtained all operating assets and corresponding liabilities in the reorganisation. This included the following assets and liabilities

- Intangible assets
- Property, plant and equipment
- Right-of-use assets
- Other non-current assets
- Other inventories
- Other current assets
- Cash and cash equivalents
- Borrowings
- Lease liabilities
- Trade payables
- Other current liabilities

The only assets not transferred in the reorganisation was cash and cash equivalents, and some minor other assets not directly linked to the operations.

In addition, as a consequence of the reorganisation with demerger and subsequent merger, Andfjord Salmon AS (mother company to be renamed Andfjord Salmon Group AS) received group receivables towards the subsidiary of a total of MNOK 746.9 were created as part of the reorganisation completed on 15 December 2023. In accordance with the merger-plan, these intercompany balances shall be converted to equity. On 28 December 2023, a total of MNOK 411.5 of these Group balances were converted to equity in the subsidiary. The rest of the outstanding Group balances from the capital reorganisation are expected to be converted to equity in the second quarter of 2024 in accordance with the merger plan.

At the time of the reorganisation on 15 December 2023, and also up until year-end 31 December 2023, the subsidiary had not established its own bank accounts. The subsidiary are therefore dependent on its owner Andfjord Salmon AS (parent company) to pay for and settle its current liabilities. A guarantee from Andfjord Salmon AS (parent company) has been made on behalf of the subsidiary towards its main suppliers to ensure the subsidiary's obligations are met. Payments made by Andfjord Salmon AS (parent company) on the subsidiary's behalf towards external creditors are settled with intercompany receivables towards the subsidiary. An agreement between Andfjord Salmon AS (parent company) and the subsidiary to regulate the intercompany balances has therefore established with interest rates at arms-length.

### 1.2.2 Investments in subsidiaries

#### **Accounting policies**

Investments in subsidiaries have initially been measured at cost, which has been set at the carrying amount of the net assets transferred to Andfjord Salmon AS (the subsidiary), at the triangular merger date (see Section 1.1).

Investment in subsidiaries	Voting share/ ownership share	31 December 2023
(Amounts in NOK thousand)		
Andfjord Salmon AS (the subsidiary)	100%	412 339
<b>Total investments in subsidiaries</b>		<b>412 339</b>

### 1.2.3 Accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

In the case of the Company, the areas involving significant estimates or judgements were mainly related to measuring the fair value of the biomass, until that uncertainty was resolved when the production cycle was completed and salmon was sold during 2023. See Note 5.1 for further information.

Therefore, Management notes that these financial statements contain no areas subject to significant judgements or estimates, even though some areas require certain degree of judgement and estimates by Management:

- Capitalisation criteria of expenditures with respect to PPE
- Assessing impairment indicators in the PPE being developed by the Company including considerations in regard to the climate-related risks as specified further below in this note.

Estimates and judgements are evaluated on an ongoing basis, and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

#### ***Climate-related risks***

Management has assessed the potential effects that climate-related matters may have on the Company's operations and financial statements.

Climate-related risks can take the form of both physical, political and transition risks, that may lead to potential effects in the Company's financial statements. Physical risks are risks of economic ramifications resulting from climatic events such as extreme weather and long-term environmental changes. Political risks are risks of regulatory changes. Transitions risk relate to shifts in consumer behavior and technological advancements, resulting from the process of transitioning away from reliance on fossil fuels towards

renewable energy sources. Physical risks are considered when determining the remaining useful life of PPE, and on the assessment of impairment indicators (see Note 4.1).

Andfjord Salmon's flow-through system with laminar water flow consumes a minimal amount of energy with relatively low operating costs, and its land-based facility is sustainable with minimal impact on the surrounding environment. The farming facilities are recently constructed following the appropriate standards, so it is highly unlikely that these will be materially affected by climate-related events in the foreseeable future. Therefore, physical risks and transition risks from climate change are not considered to affect the Company's operations significantly.

Changes in the regulatory and legal environment related to adverse environmental effects from the salmon farming industry may potentially affect the Company's operations and future income tax and levies payments, but no significant policy adjustments for onshore salmon farming have been signaled by the regulators or the current administration.

### 1.2.4 New standards and interpretations adopted

The Company has applied certain amendments to the standards and interpretations that are effective for annual periods beginning 1 January 2023. None of the amendments and interpretations applied had impacts on the amounts recognised in the current or previous periods, and are not expected to affect future periods.

The amendments to IAS 1 required companies to provide information about material accounting policy information, as compared to the requirement to disclose "significant" accounting policies before this amendment was effective. To assist companies in assessing materiality, the IFRS Practice Statement 2 Making Materiality Judgements provides guidance and examples on how to make materiality judgements for accounting policy information disclosures.

The application of these amendments to IAS 1 resulted in the review and reorganisation of accounting policy information provided in the previous annual financial statements of the Company, necessary to meet the objective of the IAS 1 amendment.

### **1.2.5 New standards and interpretations not yet adopted**

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Company. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## **1.3 SUMMARY OF GENERAL ACCOUNTING POLICIES**

### **1.3.1 Impairment of non-financial assets**

At each reporting date, the Company assesses whether there is an indication of impairment of its non-financial assets, of which the most important asset is the property, plant and equipment held by the Company. Management assesses both internal and external sources of information, including but not limited to technological, market, economic or legal environment considerations, in respect to the salmon industry and affecting the land-based facilities. Management has not found any indication of impairment of its non-financial assets during 2023 or 2022.

The Company considers in its assessment whether climate-related risks could have a significant impact on the carrying amount of the Company's assets, such as the effects of long-term environmental changes on fish farming production, or the introduction of emission-reducing legislations that may increase costs. These risks are included as key assumptions where they materially impact the measure of the recoverable amount. See Note 1.2.1 for more information.

### **1.3.2 Statement of cash flows**

The cash flow statement is prepared using the indirect method. Interest paid on trade payables and interest received on trade receivables are presented as operating cash flows. Interests paid on borrowings are classified as operating cash flows.

Cash flows are only classified as investing activities if they result in the recognition of an asset in the statement of financial position.

Cash payments for the principal portion of the lease liabilities are presented as cash flows from financing activities, whereas cash payments for short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities are presented as cash flows from operating activities.

# SECTION 2.

## SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE REPORTING PERIOD

### In brief

*This section summarises significant transactions and events that occurred during the reporting period.*

### 2.1 SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE REPORTING PERIOD

The main transactions and events in relation to the Company are included in the table below:

Transactions and events	Disclosure notes
Andfjord Salmon successfully restructured as a Group.	Note 1.2
The Group successfully completed the first production cycle of salmon during the second half of 2023, resulting in the sale of harvested salmon.	Notes 3.1 and 5.1
After the first production cycle of salmon was completed, the Group initiated the production phase for 12 additional pools for growing salmon, through its subsidiary Andfjord Salmon AS (the subsidiary).	Note 4.1
The Company completed a private placement during 2023.	Note 6.6.3
The Company entered into a loan facility agreement after the end of the reporting period, to refinance the debt held by The subsidiary and further finance the development of the additional pools.	Note 7.4

Other than those noted above, the Company has presented material information of its financial position, highlighting any material changes, policies, judgements and estimates in the Company for the period presented.

# SECTION 3.

## RESULTS FOR THE YEAR

### In brief

*This section provides insights into the financial performance of the Company over the periods presented, including those relating to financing activities, employee costs, taxes and government grants.*

### 3.1 Segment Information

#### Accounting policies

Operating segments are components of the Company regularly reviewed by the chief operating decision maker (CODM) to assess performance and be able to allocate resources. The Board of Directors as a whole is considered to be, collectively, Andfjord Salmon's CODM. The Company as a whole is operated as a single segment.

Andfjord Salmon has no operating pools as at 31 December 2023 due to property development. One pool has been operating until mid-2023. Further details on the sale of salmon during 2023 has been included in Note 3.2.

All non-current assets held by the Company are located in Norway. As described in note 1.2.1, the capital restructuring of the Company transferred all all operational non-current assets into it's subsidiary.

### 3.2 Operating income

#### Accounting policies – Revenue from contracts with customers

Revenue was recognised at the point in time salmon was physically delivered to the customer and all significant risks and rewards were transferred to the customer. The transaction price was not subject to any significant variable consideration.

Total operating income	2023	2022
<i>(Amounts in NOK thousand)</i>		
Revenue from contracts with customers	37 278	-
Other operating income	-	113
<b>Total operating income</b>	<b>37 278</b>	<b>113</b>

Revenue from contracts with customers arose from the sale of salmon that was recognised as biological assets at 31 December 2022. See Note 5.1 for further details in respect to this.

### 3.3 Employee benefits

#### **Accounting policies**

The Company recognises the undiscounted amount of short-term employee benefits expected to be paid to its employees in exchange for their services. Obligations for short-term employee benefits mainly include wages and salaries; bonuses; annual leave and accumulated sick leave that are expected to be settled within twelve months of the reporting date. Employee benefit obligations are included in the 'other current liabilities' in the statement of financial position.

The Company has incurred in the following employee benefit expenses:

<b>Employee benefits</b>	<b>2023</b>	<b>2022</b>
<i>(Amounts in NOK thousand)</i>		
Salary expenses and bonuses	17 392	17 892
Share based payments	3 734	2 690
Other benefits	603	1 836
Social security cost	1 368	1 074
Pension cost (defined contribution)	2 540	2 114
<b>Total employee benefits before capitalisation</b>	<b>25 637</b>	<b>25 606</b>
Capitalised employee benefits	(853)	(2 395)
<b>Total employee benefits after capitalisation</b>	<b>24 783</b>	<b>23 211</b>

(\*) The Company decided to present employee benefits before and after capitalisation made for works performed by the Company, mainly in relation with the construction of its new pools (see Note 4.1). Consequently, amounts presented for 2022 are restated accordingly.

During 2023, the average number of employees was 23 (2022: 19).

See Section 7.1.1 for further information on remuneration to its key management personnel.

#### **3.3.1 Defined contribution plans**

#### **Accounting policies**

The Company has a defined contribution plan for its employees, where payments are made through an insurance company. Cost from the defined contribution plans is recognised when payable. The Company does not hold any credit or actuarial risks from these contribution plans.

With respect to its defined contribution plans, Andfjord Salmon has a defined contribution plan in accordance with local laws. The defined contribution plan covers all employees and amounts to between 7.0% and 18.1% of the gross salary. As at 31 December 2023 there were 23 members in the plan (2022: 17).

### 3.3.2 Share based payments

#### Accounting policies

Share-based compensation programs are provided by Andfjord Salmon AS (parent company) to Andfjord Salmon AS (the subsidiary)'s employees. These programs are equity-settled, since services rendered by the employees will be settled with the Andfjord Salmon AS (parent company)'s own equity instruments.

The cost of the equity-settled program is measured at the fair value of the options, at the grant date. The cost of this share-based payments is recognised as 'shares in subsidiaries', with a corresponding increase in equity, over the vesting period. The vesting period is the period over which the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Company revises its best estimate of the number of options expected to vest, recognising in the investment in subsidiaries the difference between the cumulative expense at the beginning and period-end dates, with a corresponding adjustment to equity.

When the options vest in annual instalments over the vesting period, in substance it implies that each instalment has a different vesting period. Therefore, the Company accounts for each "tranche" as a separate award.

The Company recognises social security taxes from its share-based payments in line with IAS 37 'Provisions, contingent liabilities and contingent assets'. The Company assumes that the activity that triggers the payment is the granting of the options to its employees and measures the liability as the share price per the reporting date, minus the strike price of the options, multiplied by the current applicable social security tax rate.

for its Management and employees, under which the Company will deliver share options as part of the consideration for the services rendered by its employees. The incentive program consists of equity settled share options. As from the capital reorganisation date (see Section 1.2.1), employees and Management are hired by Andfjord Salmon AS' subsidiary, .

The options granted have equal terms for all employees. The program is divided into three different tranches, with vesting periods ranging from one to three years starting at grant date 30 June 2022. An equal amount of shares vest in each of the three tranches. The earliest exercisable date is 1 January 2027 and the expiry date is 30 June 2031. These dates are the same for all options independently of vesting period or employee. During 2023, additional have been granted under the same terms.

Employee share option plan	Earliest exercise date - expiry date	Strike price	Number of options
Number of options as at 1 January 2022		-	-
Options granted	1 January 2027 -30 June 2031	41.945	503 520
Correction for employees who have left during the year			-
<b>Number of options as at 31 December 2022</b>			<b>503 520</b>
Weighted average remaining vesting period			1.5 years

In June 2022 Andfjord Salmon AS established a Long-Term Incentive Program



Employee share option plan	Earliest exercise date - expiry date	Strike price	Number of options
Number of options as at 1 January 2023		41.945	503 520
Options granted	1 January 2022 -30 June 2031	41.945	248 800
Correction for employees who have left during the year			(15 000)
<b>Number of options as at 31 December 2023</b>			<b>737 320</b>
Weighted average remaining vesting period			1 year

The Company assessed fair value at the grant date for the options granted in June 2022 as NOK 17.49 per option. The Company has calculated the value of the options using the Black-Scholes options pricing model, with the following main assumptions:

Assumptions share-based payment program	2023	2022
Expected dividend yield	0.0 %	0.0 %
Historical volatility	38.4 %	35.6 %
Risk-free interest rate	3.3 %	3.0 %
Expected life of option (years)	3	5.5

Due to the Company's limited length of share price history, expected volatility used in the calculations are estimated based on implied volatility of similar traded entities.

As any dividend payment during the options' vesting period is regulated with a proportional adjustment of the exercise price, the dividend parameter is not included in the calculations.

### 3.4 Other operating expenses

Other operating expenses	2023	2022
(Amounts in NOK thousand)		
Expenses related to short-term and low-value leases	1 993	789
Legal and consultancy services (incl. remuneration to auditors)	10 193	7 088
Sales and marketing costs	7 324	3 165
Maintenance (incl. materials and other small equipment)	2 319	2 076
Insurance and bank fees	950	728
Energy expenses (fuel, electricity, water, etc.)	1 713	1 020
IT costs	3 604	1 862
Other taxes and levies	109	108
Other expenses	3 241	4 855
<b>Total other operating expenses</b>	<b>31 545</b>	<b>21 691</b>

Auditor's remuneration	2023	2022
(Amounts in NOK thousand)		
Statutory audit fees	523	338
Other assurance services	1 232	53
<b>Total auditor's remuneration</b>	<b>1 755</b>	<b>391</b>

### 3.5 Financial income and expenses

Finance income and costs	2023	2022
<i>(Amounts in NOK thousand)</i>		
<b>Financial income</b>	<b>12 187</b>	<b>1 836</b>
Interest from bank deposits	12 136	1 790
Other financial income	51	46
<b>Financial costs:</b>	<b>(6 293)</b>	<b>(5 888)</b>
interest on borrowings	(4 965)	(4 288)
Net foreign currency loss	(16)	(34)
Interest expenses on lease liabilities	(658)	(700)
Other financial expenses	(654)	(866)
<b>Capitalised borrowing costs</b>	<b>4 834</b>	<b>3 486</b>
<b>Net finance result</b>	<b>10 728</b>	<b>(566)</b>

### 3.6 Income tax

#### 3.6.1 Income Tax Expense

##### **Accounting policies**

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Deferred taxes are calculated at 22% of the temporary differences between book value and tax value, in addition to tax losses carried forward at the end of the accounting year.

The income tax rate has been determined by using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax assets are realised or the deferred income tax liabilities are settled.

Income tax expense	2023	2022
<i>(Amounts in NOK thousand)</i>		
Current income tax	-	-
Change in deferred tax	-	-
<b>Total income tax expense</b>	<b>-</b>	<b>-</b>

### 3.6.2 Deferred Tax Balances

#### Accounting policies

The Company is subject to ordinary Norwegian company tax with a tax rate of 22%. Because of timing differences between the financial statements and the tax rules, there will be temporary differences that give rise to deferred tax liabilities or deferred tax assets.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and tax losses.

In the tax reporting, the demerger has been treated as effective from 1 January 2023. Therefore in the demerger, Andfjord Salmon AS (mothercompany) kept 34.01%, corresponding to NOK 55 066 thousand of the carry forward losses accumulated up until and reported per 31 December 2022. At 31 December 2023, the Company has used/utilised NOK 3 618 thousand of the carry forward losses to net out a taxable profit in the period for the Company.

Deferred tax asset is not recognised in the balance sheet.

### 3.6.3 Reconciliation of Income Tax Expense

Reconciliation of income tax expense	2023	2022
<i>(Amounts in NOK thousand)</i>		
Profit before tax	(64 992)	(56 677)
Expected income tax at statutory income tax rate of 22% (2022: 22%)	(14 298)	(12 469)
Permanent differences	(6 031)	(1 823)
Change in unrecognised deferred tax asset	4 943	14 292
Demerger effect (*)	15 386	-
<b>Calculated tax expense/(income)</b>	<b>-</b>	<b>-</b>

Permanent differences relate to equity issue costs recognised directly against the share premium

(\*) Demerger effect are due to the tax treatment of the capital reorganisation and the use of predecessor accounting. In the tax reporting, the demerger has been treated as effective from 1 January 2023. In accordance with the demerger plan, the profit is distributed between the transferor company (being the parent company) and the Acquiring Company (the subsidiary) to reflect the business or part of the business that the companies will continue. Only costs relating to the listing of the shares on Euronext Growth, and owning and administrating the subsidiary has been allocated as taxable costs. Also, only interest income on bank deposits have been recognised as taxable income. In total, a taxable profit of NOK 3 618 thousand has been calculated, and have been netted out with carry forward losses from previous years. The tax expense of the Company is therefore zero.

Deferred tax balances	2023	2022
<i>(Amounts in NOK thousand)</i>		
Tangible fixed assets	-	(13 128)
Leases	-	(4 569)
Inventories biological assets	-	2 478
Receivables	-	-
Allocations and more	-	13 578
Other differences	-	6 763
<b>Total deferred tax relating to temporary differences</b>	<b>-</b>	<b>5 122</b>
Tax losses to carry forward (*)	50 161	161 912
Not included in the deferred tax calculation	(50 161)	(167 034)
<b>Basis for deferred tax assets (liabilities)</b>	<b>-</b>	<b>-</b>
<b>Carrying value of deferred tax assets (liabilities)</b>	<b>-</b>	<b>-</b>

(\*) Change in carry forward losses from 2022 to 2023 is due to the capital reorganisation.

### 3.7 Government grants

#### **Accounting policies**

Government grants are recognised when there is a reasonable assurance that the Company complies with the conditions attaching to them; and the grant will be received. When government grants relate to assets, the Company recognises the grant as a reduction in the carrying value of the asset, and therefore as a reduction of the depreciation expense for subsequent measurement. When grants relate to expenses, the Government grant is recognised as a reduction of the expense over the period that the related costs are expensed.

#### *Skattefunn*

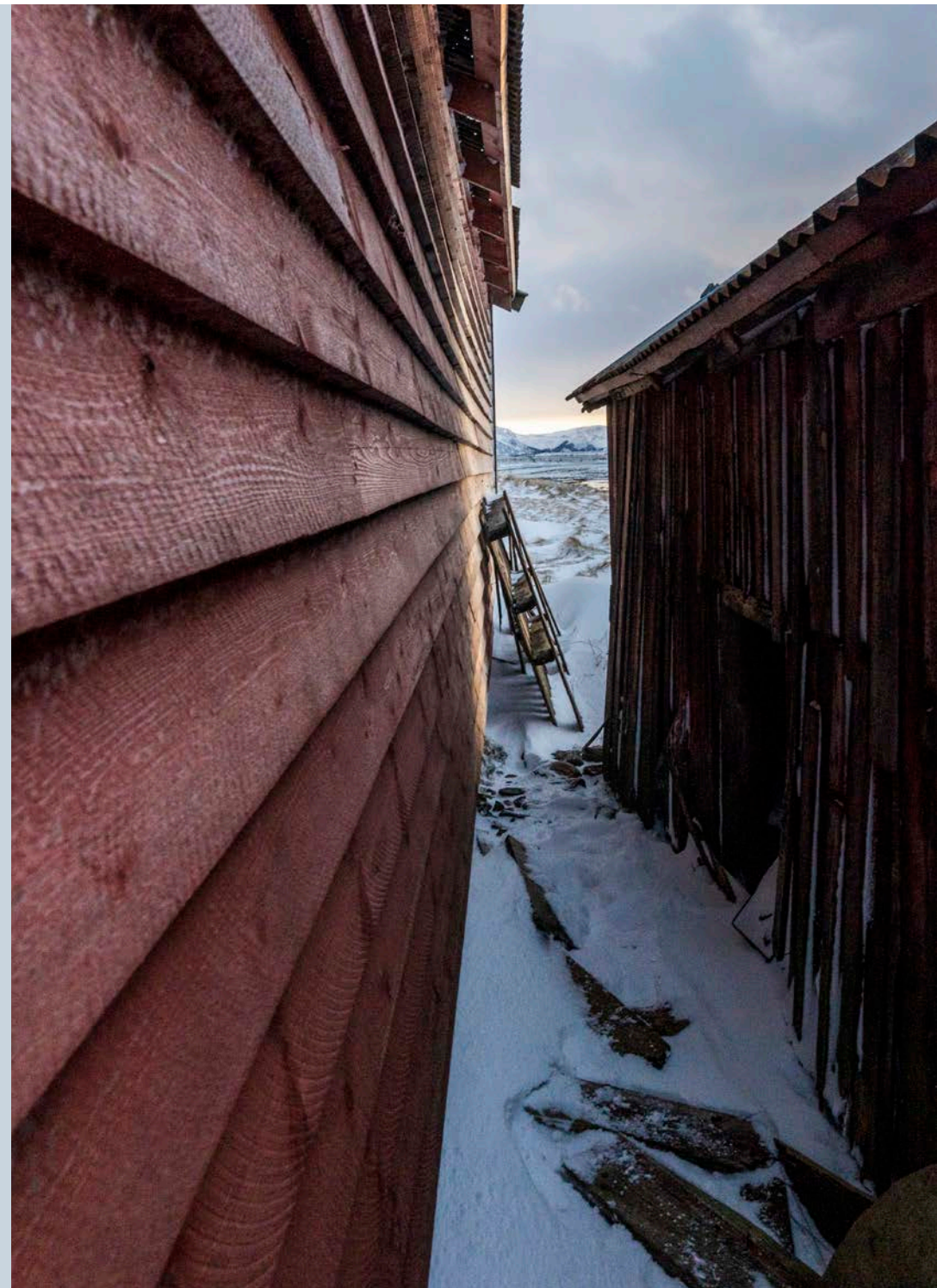
The Company has received during 2023 NOK 4 750 thousand in grants from Skattefunn in connection with the tax settlement for 2022; and it's expected to receive NOK 903 thousand for the 2023 tax settlement. These grants are presented as 'other receivables', until the amounts are settled.

#### *Innovasjon Norge*

The Company has not received any payments in 2023 from Innovasjon Norge (2022: NOK 5 000 thousand) and there are no further grants approved or payments to be received as at year-end 2023.

#### *Others*

During 2022 the Company has received grants of NOK 1 100 thousand from Samskap, which is a program that supports projects that contribute to innovation, jobs and increased housing in Andøy municipality.



# SECTION 4.

## INVESTED CAPITAL

### *In brief*

This section provides insights into the disclosures in relation to the capital invested by the Company in its tangible and intangible assets.

### 4.1 Property, plant and equipment

#### **Accounting policies**

Property, plant and equipment ('PPE') is initially recognised at cost and subsequently measured at cost less accumulated depreciation and impairments.

The following table summarises the useful life and depreciation method by class of asset:

	Land and buildings	Machinery and plan	Furniture, tools and others	Facilities for farming	Assets under construction
Depreciation method	Buildings: straight-line. Land not depreciated	Straight-line	Straight-line	Straight-line	Not applicable
Useful life	50 years	5-20 years	3-10 years	5-50 years	Not depreciated

Estimated residual values and expected useful lives of assets are reviewed by the Company at least annually. In estimating the remaining useful lives of the assets, Management considers the expected level of use; the expected physical wear and tear together with the maintenance plans; and any technical, legal or commercial obsolescence arising from, among others, laws and regulations affecting health, safety or environmental regulations.

Each significant component is identified separately for depreciation purposes and depreciated over its individual useful life. When a significant component is replaced, the old component is derecognised and the new component capitalised, if its cost is recoverable.

Property, plant and equipment	Land and buildings	Machinery and plant	Furniture, tools and others	Facilities for farming	Assets under construction	Total
<b>At 1 January 2022</b>						
Cost	19 553	-	1 846	4 448	396 610	422 457
Accumulated depreciation	(111)	-	(327)	(1 452)	-	(1 890)
<b>Net book amount</b>	<b>19 442</b>	<b>-</b>	<b>1 519</b>	<b>2 996</b>	<b>396 610</b>	<b>420 567</b>
<b>Year ended 31 December 2022</b>						
Opening net book amount	19 442	-	1 519	2 996	396 610	420 567
Additions	6 588	1 066	3 052	39 384	37 895	87 985
Transfers	72 832	31 047	1 762	255 435	(361 076)	-
Depreciation	(312)	(1 359)	(1 010)	(7 485)	-	(10 166)
<b>Closing net book amount</b>	<b>98 550</b>	<b>30 754</b>	<b>5 323</b>	<b>290 330</b>	<b>73 429</b>	<b>498 386</b>
<b>At 31 December 2022</b>						
Cost	98 973	32 113	6 660	299 267	73 429	510 442
Accumulated depreciation	(423)	(1 359)	(1 337)	(8 937)	-	(12 056)
<b>Net book amount</b>	<b>98 550</b>	<b>30 754</b>	<b>5 323</b>	<b>290 330</b>	<b>73 429</b>	<b>498 386</b>
<b>Year ended 31 December 2023</b>						
Opening net book amount	98 550	30 754	5 323	290 330	73 429	498 386
Additions	6 440	(1 213)	891	2 685	303 934	312 737
Disposal cost (demerger)	(105 413)	(30 900)	(7 551)	(296 299)	(377 363)	(817 526)
Disposal of accumulated depreciation (demerger)	821	4 001	2 738	21 035	-	28 583
Other movements	-	-	-	(5 653)	-	(5 653)
Depreciation	(398)	(2 642)	(1 401)	(12 098)	-	(16 539)
<b>Closing net book amount</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 31 December 2023</b>						
Cost	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-
<b>Net book amount</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Note 6.2.2 discloses information on the amount of property, plant and equipment that are pledged as security for borrowings.

Note 7.2 discloses information on contractual obligations to purchase, construct or develop property, plant and equipment or for repairs, maintenance or enhancements.

Note 1.2.1. describes the capital reallocation via demerger of all operational assets from Andfjord Salmon AS (parent company) to its subsidiary, thereby reducing property, plant and equipment to zero at year ended 31 December 2023.

#### 4.1.1 Significant additions during the period

##### ***Accounting judgements and estimates***

Management assesses to which extent costs are directly attributable to bringing the assets into the condition for them to operate in the intended manner. In this sense, Management considers own employees with direct responsibilities for the building of the pools to meet the capitalisation criteria for capitalisation, excluding general management, administrative and finance roles.

##### ***The Kvalnes land-based pool***

After the successful production cycle of the first pool at Kvalnes, resulting in the first sale of salmon, Andfjord has started the development of 12 additional pools to reach an annual production capacity of 19,000 tonnes HOG yearly. The project is estimated to be completed by mid-2027. The first 4 new pools are expected to be ready for production by mid-2025, increasing the production capacity to 8,000 tonnes HOG yearly.

In this context, the significant additions to assets under construction during 2023 mainly relates to development of the land by excavating the rock pits, improving the port area and building the waterways to the facility.

#### 4.1.2 Capitalisation of borrowing costs

##### ***Accounting policies***

Specific borrowing costs that are directly attributable to the construction of an asset that necessarily takes a substantial period to get ready for its intended use (a qualifying asset) are capitalised as part of the cost of the respective asset. The Company interprets 'substantial period' as one year or more. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The Company has incurred in general borrowings that form part of the funds used to finance a project, and it has capitalised its borrowing costs using a weighted average of rates applicable to relevant general borrowings of the Company during the period.

All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

The amount of borrowing costs capitalised during the 2023 period has been NOK 4 834 thousand (2022: NOK 3 487 thousand), and the amount of assets under construction have significantly exceeded the amount of borrowings held by the Company.

## 4.2 Intangible assets

### Accounting policies

Intangible assets are initially recognised at cost and amortised to their residual values over their economic useful life using the straight-line method.

The following table summarises the useful life and depreciation method by class of intangible asset:

	Licenses, patents, and similar rights	Other intangible assets
Amortisation method	Straight-line	Straight-line
Useful life	10-20 years	5 years

Estimated residual value and expected useful life of assets are reviewed by the Company at least at each financial reporting date.

Intangible assets	Licenses, patents, and similar rights costs	Other intangible assets	Total
<i>(Amounts in NOK thousand)</i>			
<b>At 1 January 2022</b>			
Cost	1 671	1 028	2 699
Accumulated amortisation and impairment	-	(34)	(34)
<b>Net book amount</b>	<b>1 671</b>	<b>994</b>	<b>2 665</b>
<b>Year ended 31 December 2022</b>			
Opening net book amount	1 671	994	2 665
Additions	-	4 130	4 130
Additions - capitalised development	2 074	-	2 074

Amortisation charge	(31)	(282)	(313)
<b>Closing net book amount</b>	<b>3 714</b>	<b>4 842</b>	<b>8 556</b>

### At 31 December 2022

Cost	3 745	5 158	8 903
Accumulated amortisation and impairment	(31)	(316)	(347)
<b>Net book amount</b>	<b>3 714</b>	<b>4 842</b>	<b>8 556</b>

### Year ended 31 December 2023

Opening net book amount	3 714	4 842	8 556
Additions	-	6 886	6 886
Disposals cost (demerger)	(3 745)	(12 044)	(15 789)
Disposals accumulated depreciation (demerger)	218	1 253	1 471
Amortisation charge	(187)	(937)	(1 124)
<b>Closing net book amount</b>	<b>-</b>	<b>-</b>	<b>-</b>

### At 31 December 2023

Cost	-	-	-
Accumulated amortisation and impairment	-	-	-
<b>Net book amount</b>	<b>-</b>	<b>-</b>	<b>-</b>

The additions in 'other intangible assets' in 2023 is mainly related to work on licences.

Note 1.2.1. describes the capital reallocation via demerger of all operational assets from Andfjord Salmon AS (mother company) to its subsidiary, thereby reducing intangible assets to zero at year ended 31 December 2023.

### 4.2.1 Development costs

During 2023, the Company was developing its Laminar Flow Technology for its current and future salmon farming pools. Expenditures incurred during the development stages of these pools have been capitalised to the extent that they meet the requirements.



# SECTION 5.

## WORKING CAPITAL

### *In brief*

**This section provides insights into the disclosures in relation to items considered part of the working capital of the Company, typically with a short-term nature, and related to its operating activities.**

### 5.1 Biological assets

#### 5.1.1 Summary of accounting policies for biological assets Accounting policies

The Company's biological assets during 2022 and 2023 comprise live salmon stock. The smolt is acquired and released into the Company's operating pool, and remain there until it is ready to be harvested, which is when the salmon is considered mature.

The accounting treatment of biological assets is regulated by IAS 41 'Agriculture'. According to IAS 41, biological assets are recognised and measured at fair value less cost to sell at each reporting period. However, when there is little biological transformation, the cost of biological assets is deemed to be a close approximation to its fair value. This is the case of the smolt that has been acquired, but not released into the pools yet.

Management has considered the approach to measure fair value of the biomass, in accordance with IFRS 13 'Fair value', at each reporting period during the growing phase. Transactions with live, unmaturing salmon are rare. Also, those transactions would not reflect the highest and best use for the Company's biological assets. Therefore, the market

approach for estimating fair value would not be an optimal approach for the Company.

The income approach is applied to estimate the fair value of the salmon stock, by which future cash flows from selling the salmon at harvest date are discounted to a single current amount. The valuation model for the salmon considers the highest and best use for salmon, which Management believes corresponds to the moment when the salmon is ready to be harvested (see Note 5.1.2 for Management's assumption on optimal weight).

The valuation model requires the use of several significant inputs, part of which are not observable. Therefore, the fair value is considered 'level 3' in the fair value hierarchy. Significant unobservable inputs include the cost to complete; the biomass' weight and quality; the implied discount rate and estimated growth rate of salmon. The significant observable inputs are the forward market price of salmon at the expected time of harvest. Environmental or operational incidents leading to mortality exceeding a rate of 3% from that single incident will be recognised under 'cost of materials' in the statement of comprehensive income.

Only one set of assumptions was used, as the Company only operates one location during 2023.

The change in the fair value of biological assets is recognised in the statement of comprehensive income as 'fair value adjustments of biological assets'. The accumulated costs from incident-based mortality will reduce the fair value of the biological assets in the statement of financial position, and is recognised as 'cost of materials' in the statement of comprehensive income.

## 5.1.2 Main judgements and assumptions for the valuation of the biomass

### **Accounting judgements and estimates**

The valuation model for the salmon livestock considers the highest and best use for salmon, which Management believes corresponds to a live weight of approximately 4.8 kg, and a gutted weight of 4.0 kg when harvested.

The Company estimates the fair value of the biomass at each reporting period using a model following an income approach.

#### *Estimated future cash inflows*

Future cash inflows are estimated based on the estimated biomass volume, and price at the expected harvesting date. Biomass volumes are estimated based on the number of fish in the pools, adjusted by expected mortality, and multiplied by the expected average weight of salmon at the harvest date. The expected price at harvesting date is calculated using the Fish Pool forward price at the harvest date, adjusted for costs to sell the fish, such as harvesting costs, transportation etc. The Fish Pool forward prices are also adjusted for differences in quality.

An increase in the forward price will increase the fair value of the salmon biomass. However, the effect will be compensated by the deductions of costs to complete at each point in time. Only changes in prices when the salmon is matured has a full effect on the value of the biomass. Equivalent effects can be expected when the source of the change is due to the deduction of costs to sell.

The following forward price was estimated at harvesting time, corresponding to the forward price at optimal weight time, from Fish Pool:

<b>Expected harvesting period</b>	<b>Forward price at harvest dates</b>
<i>(Amount in NOK per kg)</i>	
<b>August 2023</b>	77.50

At harvest date, the mortality for the live salmon was expected at 3%. The actual rate was 2.5% after transportation to process harvested salmon for sale.

#### *Estimated future cash outflows*

Future cash outflows are defined as the costs to complete the salmon lifecycle at each point in time. This includes costs necessary to grow the fish to its optimal weight, which main components are feed and other direct costs. The estimation of the feed costs depends on future fodder prices, but also expected conversion rate, measured as gained weight of the salmon stock per kg of feed released into the fish pools.

#### *Fair value interpolation*

Estimated net cash flows are discounted at each point in time using an interpolation method where the two known data points are the value of the smolt when released into the pool, and the expected cash inflows as described above. The discounting follows a natural interpretation to calculate a discount rate representing the time value of money and hypothetical license fees for the salmon farming permits.

Hypothetical license fees are included in the calculation of the discount rate, as it represents the value that a hypothetical buyer of a salmon farming license would have to incur for such a permit, which cannot be obtained in the open market, therefore causing entry barriers.

The interpolation model is updated monthly, considering data on actual forward prices, mortality rates, number of fish in the pools, etc. These estimates are approved by the Company's Management, supported by real quantitative data samples of the biomass, and updated budgets and forecasts.

### 5.1.3 Carrying amount reconciliation of biological assets

The Company holds no biological assets at 31 December 2023 (31 December 2022: 233 tonnes). No roe, fry or smolt was held year-end 2023 and 2022.

The table below provides a reconciliation of the biological assets held by the Company:

	Tonnes	Carrying amount NOK thousand	Tonnes	Carrying amount NOK thousand
Change in biological assets	2023	2023	2022	2022
<b>Biological assets at 1 January</b>	<b>233</b>	<b>14 285</b>	-	-
Increase due to production	368	25 707	233	-
Fair value adjustment at 31.12	-	-	-	14 285
Decrease due to sale	(601)	(39 992)	-	-
<b>Biological assets at 31 December</b>	<b>-</b>	<b>-</b>	<b>233</b>	<b>14 285</b>

The cost of the smolt acquired in 2022, shown as part of biological assets at 31 December 2022, was NOK 5 233 thousand.

### 5.2 Other inventories

#### Accounting policies

Other inventories mainly include fodder, packaging materials, and other materials to be used during the maturing process of the salmon. Inventory is measured at the lower of its cost and its net realisable value. Cost of inventories held by the Company mainly include its cost of purchase.

As at 31 December 2023, the Company does not have any harvested salmon. In the future, harvested salmon will be classified within 'other inventories'.

Inventory is based on the first-in first-out principle, except for feed where a weighted average is used.

Other inventories	31 December 2023	31 December 2022
<i>(Amounts in NOK thousand)</i>		
Feed and packaging material	-	1 071
Others	-	91
<b>Total other inventories</b>	<b>-</b>	<b>1 162</b>

As at year-end 2023 inventory consists of frozen salmon for sale.

### 5.3 Other current assets

Other current assets	2023	2022
<i>(Amounts in NOK thousand)</i>		
Prepayments	-	1 852
Government grant receivables	903	-
VAT receivables	-	5 838
Other current assets	11	113
<b>Total other current assets</b>	<b>914</b>	<b>7 803</b>

### 5.4 Cash and cash equivalents

Cash and cash equivalents	2023	2022
<i>(Amounts in NOK thousand)</i>		
<b>Cash at bank</b>	<b>250 032</b>	<b>82 911</b>
Restricted cash (payroll)	1 160	1 212
Unrestricted cash	248 872	81 699
<b>Total cash and cash equivalents</b>	<b>250 032</b>	<b>82 911</b>

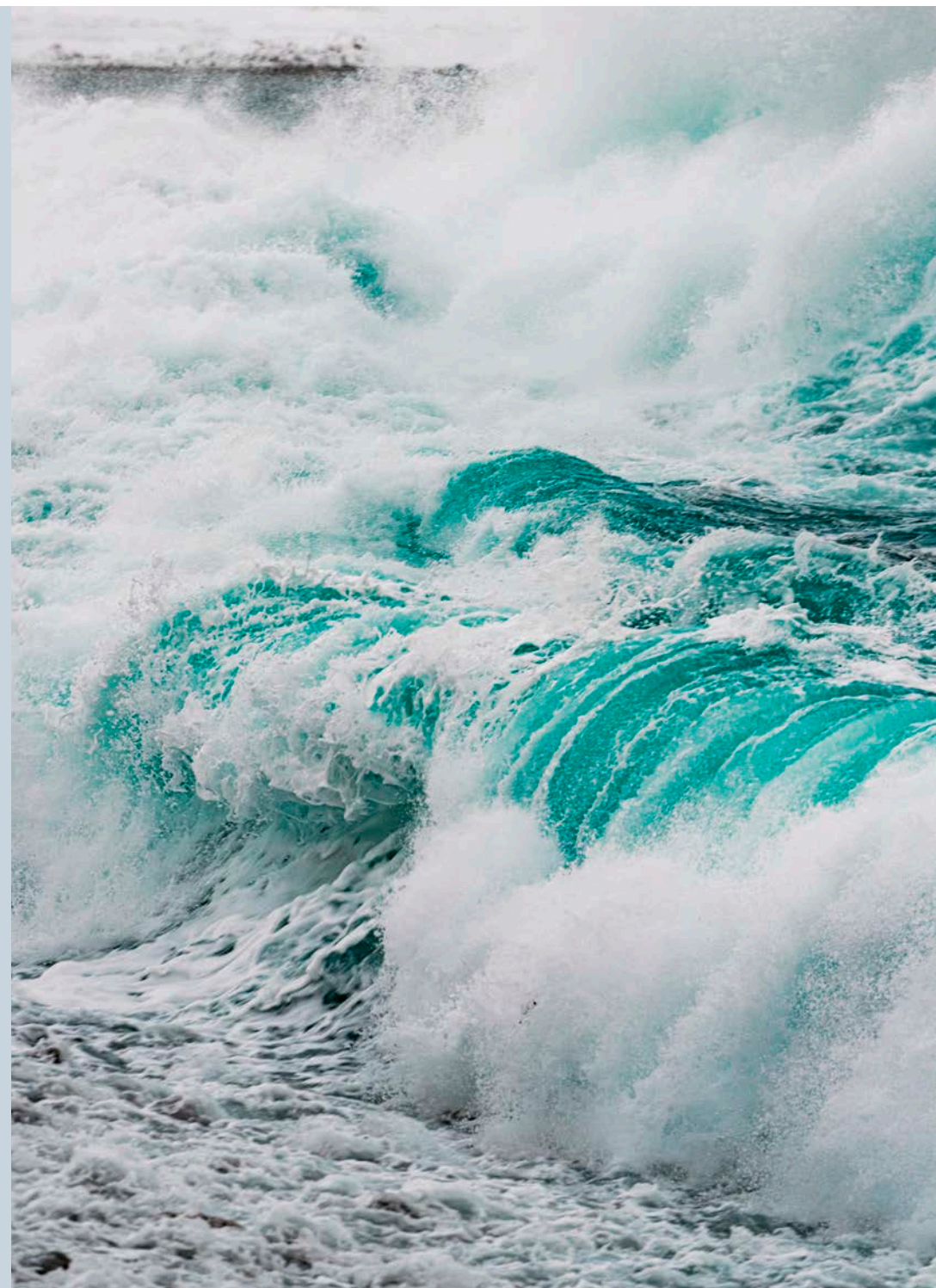
All cash and cash equivalents held by the Company is to be used for the purpose of completing the investment projects that are currently undertaken by Andfjord Salmon AS (subsidiary), and carrying out the holding activities of the Company.

#### 5.4.1 Short-term deposits

The Company does not hold bank deposits or other short-term, liquid investments that have been classified as cash equivalents.

#### 5.4.2 Restricted cash

Part of the cash and cash equivalents disclosed is subject to regulatory restrictions on payroll tax liabilities and is therefore not available for general use by the Company.



# SECTION 6.

## CAPITAL AND DEBT STRUCTURE

### *In brief*

This section provides insight into Andfjord Salmon's capital and debt structure, including financial risk and capital management.

### 6.1 Financial assets and liabilities

None of the financial instruments held by the Company are measured at fair value. The financial instruments' amortised cost is considered to be a close approximation to their fair value.

#### 6.1.1 Financial assets

Financial assets	31 December 2023	2022
<i>(Amounts in NOK thousand)</i>		
<b>Debt instruments measured at amortised cost:</b>	<b>250 032</b>	<b>82 911</b>
Receivables from Group companies	335 391	-
Cash and cash equivalents	250 032	82 911
<b>Total financial assets</b>	<b>250 032</b>	<b>82 911</b>

Receivables from group companies arose as a consequence of the Company's reorganisation indicated in Section 1.2.1, and it is also disclosed as a balance with related parties 7.1.

#### 6.1.2 Financial liabilities

Financial liabilities	2023	2022
<i>(Amounts in NOK thousand)</i>		
<b>Liabilities measured at amortised cost</b>	<b>-</b>	<b>151 883</b>
Borrowings	-	123 543
Lease liabilities	-	17 979
Trade and other payables	-	10 361
<b>Total financial liabilities</b>	<b>-</b>	<b>151 883</b>

## 6.2 Borrowings

### Accounting policies

Borrowings are initially recognised at fair value, net of transaction costs incurred that are directly attributable to the issuance of the financial liability. After initial recognition, borrowings are measured at amortised cost. Any difference between the net proceeds and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as financial expenses.

Borrowings are classified as current liabilities except for the portion of the liability that is due to be settled more than twelve months after the reporting period, or for the portion the Company has an unconditional right to defer settlement for at least twelve months after the reporting period.

Overview of borrowings	2023	2022
<i>(Amounts in NOK thousand)</i>		
<b>Non-current</b>		
Debt to credit institutions	-	54 875
Debt to related parties	-	-
Debt to other entities	-	12 500
<b>Total non-current borrowings</b>	-	<b>67 375</b>
<b>Current</b>		
Debt to credit institutions	-	4 000
Debt to related parties	-	50 501
Debt to other entities	-	1 667
<b>Total current borrowings</b>	-	<b>56 168</b>
<b>Total borrowings</b>	-	<b>123 543</b>

### 6.2.1 Relevant terms and conditions

#### Debt with financial institutions

Debt to financial institutions consist of a loan with maturity in 2033. Interest and principal are paid on quarterly instalments. The interest rate continues to be based on the relevant three-month NIBOR reference rate plus a margin of 3.50% p.a.

After the reporting period, debt with financial institutions held at 31 December 2023 was replaced by a new financing facility. See further disclosures in Note 7.4.

#### Debt to related parties

During the reporting period, Andfjord Salmon repaid its NOK 50 000 thousand facility with certain shareholders of the Company, which matured in 2023. There were no significant differences between the loan's carrying value and the repayment amount.

#### Debt to other parties

Debt to other entities mainly comprise a NOK 15 000 thousand loan facility with Innovasjon Norge maturing in 2031. Interest is paid biannually, and the interest rate is set by Innovasjon Norge, which may determine new rate terms at six months' notice. For 2023 the Company paid NOK 866 thousand in interest on the debt. In the capital reorganisation via demerger, the debt was transferred to the Company's subsidiary, see note 1.2.1 for more details on the capital reorganisation.

### 6.2.2 Assets pledged as securities for liabilities

The debt to credit institutions required certain assets to be pledged as security, being property, plant and equipment, inventory, trade receivables and licenses.

As of 31 December 2023, all assets held by Andfjord Salmon AS are pledged as security for liabilities held by Andfjord Salmon AS (subsidiary). As of 31 December 2022, assets pledged as security included property, plant and equipment with a carrying amount of NOK 498 386 thousand, and intangible assets with a carrying amount of NOK 8 556 thousand).

Assets pledged as security in relation to the outstanding loans and credit facilities also include aquaculture permissions, other inventories, and trade receivables.

### 6.2.3 Compliance with covenants

The debt to financial institutions includes a financial covenant, to be assessed quarterly. The condition that needs to be fulfilled quarterly is a book/equity ratio higher than 30%.

The Company has complied with the financial covenants during the reporting period, and Management does not expect to breach any covenant in the foreseeable future.

## 6.3 Leases

### 6.3.1 Nature of the lessee's leasing activities

#### *Accounting policies*

The Company recognises right-of-use assets and lease liabilities for all lease contracts, except leases that are considered short-term (lease term of 12 months or less), or leases for underlying assets that are of a low value. Management considers as low value those assets that are worth NOK 50 thousand or less when new.

The Company has lease agreements related to offices and other buildings; machinery and specialized equipment used in the salmon farming operations; and vehicles. The lease term varies normally from 1 to 5 years with options to both extend and terminate the lease contracts at Management's discretion.

The Company also leases offices, warehouses and machinery, with lease terms being less than 12 months. Some machinery and small equipment also meet the low-value exemption. In both cases, the Company applies the recognition exemption to these leases, and consequently these are recognised as expense linearly over the lease term. These expenses are presented within 'other operating expenses' (see Note 3.4 for further information).

The Company is not typically subject to variable lease payments for its leases.

### 6.3.2 Right-of-use assets

#### *Accounting policies*

The right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liabilities less any lease payments made at or before the commencement date of the lease, and initial direct costs and lease incentives received.

Subsequently, right-of-use assets are measured at cost less accumulated depreciation and impairments and adjusted for certain remeasurements of the lease liabilities. Depreciation of the right-of-use asset is carried out using the straight-line method over the shorter of the lease term or the useful life of the underlying asset.

Right-of-use assets	Land and buildings	Machinery, equipment and other	Vehicles	Total
<i>(Amounts in NOK thousand)</i>				
<b>At 1 January 2022</b>	<b>423</b>	<b>22 638</b>	<b>1 380</b>	<b>24 441</b>
<b>Year ended 31 December 2022</b>				
Additions	1 114	-	-	1 114
Depreciation charge	(382)	(2 223)	(411)	(3 016)
<b>Closing net book amount</b>	<b>1 155</b>	<b>20 415</b>	<b>969</b>	<b>22 539</b>
<b>At 31 December 2022</b>	<b>1 155</b>	<b>20 415</b>	<b>969</b>	<b>22 539</b>
<b>Year ended 31 December 2023</b>				
Additions	413	(7)	110	516
Disposals cost	(1 568)	(20 408)	(1 079)	(23 055)
Disposals depreciation	538	3 206	334	4 078
Depreciation charge	(538)	(3 206)	(334)	(4 078)
<b>Closing net book amount</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 31 December 2023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Significant additions during 2023 is related to operating equipment to be used on the first production pool.

Additions to right-of-use assets relating to 'machinery, equipment and other', amounting to NOK 22 310 thousand, are an integral part of the system of the 'Kvalnes land-based pool – Phase I' (see Note 4.1) and have therefore not been depreciated until the pool was transferred from 'assets under construction' at the end of June 2022.

Note 1.2.1. describes the capital reallocation via demerger of all operational assets from the Company to its subsidiary, thereby reducing the Right-of-use assets to zero at year ended 31 December 2023.



### 6.3.3 Lease liabilities

#### Accounting policies

Lease liabilities are recognised at the lease commencement date. The lease liabilities are measured as the present value of future lease payments, discounting by the Company's incremental borrowing rate.

Lease payments mainly consist of fixed payments, which are typically updated by changes on consumer price indexes or interest rate levels.

Lease liabilities are measured at amortised cost using the effective interest rate method.

If there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or the Company changes its assessment of whether it will exercise a purchase, extension or termination option, the liability is remeasured and a matching adjustment is made to the carrying amount of the related right-of-use asset. No significant changes in this regard have occurred during the period.

The following table discloses the maturity analysis for lease liabilities.

Contractual maturities	2023	2022
<i>(Amounts in NOK thousand)</i>		
Less than 1 year	-	4 786
1-3 years	-	8 531
4-5 years	-	6 298
More than 5 years	-	-
<b>Total contractual cash flows</b>	<b>-</b>	<b>19 615</b>
Recognised as liabilities	-	17 979

### 6.3.4 Amounts recognised in the statement of comprehensive income and statement of cash flows

The following amounts have been recognised in the income statement in relation to leases:

Amounts recognised in the income statement	2023	2022
<i>(Amounts in NOK thousand)</i>		
Interest expense (included in finance cost)	(4 830)	700
Expense relating to short-term and low-value leases	-	789
Expense relating to depreciation	5 415	3 016

The total cash outflow for leases in 2023 was NOK 5 493 thousand (2022: NOK 2 682 thousand).

Lease liabilities	2023	2022
<i>(Amounts in NOK thousand)</i>		
At 1 January	17 979	18 059
Additions	48	1 115
Interest expense	654	700
Lease payments	(4 830)	(1 895)
Disposal by demerger	(13 851)	-
<b>Balance at 31 December</b>	<b>-</b>	<b>17 979</b>
Current	-	4 683
Non-current	-	13 296

## 6.4 Reconciliation of cash flows from financing activities

Reconciliation of cash flow from financing activities	Borrowings	Lease liabilities	Total
<i>(Amounts in NOK thousand)</i>			
<b>Liabilities from financing activities at 1 January 2022</b>	<b>80 363</b>	<b>18 059</b>	<b>98 422</b>
Financing cash flow (payments)	(1 958)	(1 195)	(3 153)
Cash inflows from new borrowings	45 000	-	45 000
New leases	-	1 115	1 115
Other changes	138	-	138
<b>Liabilities from financing activities at 31 December 2022</b>	<b>123 543</b>	<b>17 979</b>	<b>141 522</b>
Financing cash flow (payments)	(55 918)	(4 176)	(60 094)
Cash inflows from new borrowings	-	-	-
New leases	-	48	48
Foreign exchange adjustments	-	-	-
Other changes	-	-	-
Disposals by demerger	(67 625)	(13 851)	(81 476)
<b>Liabilities from financing activities at 31 December 2023</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 6.5 Financial risk and capital management

As indicated in Note 6.1, financial assets held by the Company mainly comprise cash and cash equivalents. Financial liabilities are mainly comprised of borrowings, lease liabilities; and trade payables.

In conducting its operations, the Company faces the following main types of risks: credit risk, liquidity risk and market risk. Management keeps track of the evolution of the different risks, and the potential impact to the Company. The Company has not entered into any derivative contracts to manage its exposure to financial risks during 2023 or 2022.

The following sections provide disclosures on the specific exposure to risks and how they arise; the objectives, policies, and processes for managing the risks and the methods used to measure the risk; and any changes thereof.

### 6.5.1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the Company by failing to settle its obligation. The Company is exposed to credit risks in conducting its ordinary activities.

Cash and cash equivalents from the Company are managed by the Company's Finance Department. The Company limits the amount of deposits that can be held in a single bank to limit the concentration of risks.

As at 31 December 2023, the Group has no trade receivables, so there is no credit risk associated with these.

### 6.5.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Company manages its liquidity with a high level of prudence, with rules and policies that ensure an adequate amount of cash and cash equivalents to meet the immediate needs of resources both in the short and long term. Management develops rolling forecasts on liquidity, which are regularly monitored against the contractual maturities of the financial liabilities.



### 6.5.2.1 Maturities

The following table discloses the maturity analysis for non-derivative liabilities (except for lease liabilities, which are disclosed in Note 6.3), showing its undiscounted remaining contractual liabilities:

<b>At 31 December 2023</b>	<b>Carrying amount</b>	<b>Less than 3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>More than 5 years</b>	<b>Total</b>
<i>(Amounts in NOK thousand)</i>						
Borrowings	-	-	-	-	-	-
Trade payables	-	-	-	-	-	-
Other current liabilities	205	-	205	-	-	205
<b>Total financial liabilities</b>	<b>205</b>	<b>-</b>	<b>205</b>	<b>-</b>	<b>-</b>	<b>205</b>
<b>At 31 December 2022</b>	<b>Carrying amount</b>	<b>Less than 3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>More than 5 years</b>	<b>Total</b>
<i>(Amounts in NOK thousand)</i>						
Borrowings	123 543	750	55 793	32 667	34 333	123 543
Trade payables	10 361	10 361	-	-	-	10 361
Other current liabilities	8 144	4 831	3 313	-	-	8 144
<b>Total financial liabilities</b>	<b>142 048</b>	<b>15 942</b>	<b>59 106</b>	<b>32 667</b>	<b>34 333</b>	<b>142 048</b>

### 6.5.2.2 Financing facilities

As at 31 December 2023, the Company has undrawn amounts from its loan facility with a credit institution (as disclosed in Note 6.2) until the end of 2025, which provides the Company with the financing needed to complete the ongoing construction of four new production pools by mid-2025.

### 6.5.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is mainly exposed to interest rate risk.

Foreign exchange risk is not considered relevant for the Group as they do not hold any balances in foreign currencies. The Group is neither exposed to risk related to salmon price as it does not hold any derivatives or other financial contracts based on the price of salmon as of 31 December 2023.

#### 6.5.3.1 Interest rate risk

The following table summarises the effects that a reasonably possible change in the effective interest rate of the borrowings would have in the profit after tax:

Sensitivity to changes in interest rates on borrowings	Impact on equity and profit after tax	
	2023	2022
<i>(Amounts in NOK thousand)</i>		
Increase in interest rate of 2%	-	(2 471)
Decrease in interest rate of 1%	-	1 235

The Group's exposure to interest rate risk arises from long-term borrowings with variable rates (see Note 6.1 and 6.2 for further information) based on the NIBOR rate applicable at each point in time. These instruments have no effect on other comprehensive income.

The Group has not entered any interest rate swaps agreement or other interest rate hedges to mitigate risk related to increase in the variable interest rate of its loans.

#### 6.5.3.2 Currency risk

The Group is currently exposed to currency risk to a small extent. Although some components for the development have been purchased in EUR, both cost and investments are primarily in NOK. The Group will be increasingly exposed to currency risk once it starts operating the fish farming facility and in the case of future fish sales. Currency hedging will be considered to reduce such exposure.

Due to the very limited currency risk exposure, no sensitivity analysis has been presented.

### 6.5.4 Capital management: objectives, policies and processes

The Group defines capital as equity, including other reserves. The Group's main objective when managing capital is to ensure the ability of the Group to continue as a going concern and to meet all requirements imposed by external financing agreements in the form of covenants.

## 6.6 Share capital

### 6.6.1 Share capital and share premium

As of 31 December 2023, the share capital consists of 57 012 953 ordinary shares (2022: 41 038 927 shares), with a par value of NOK 1.00 each.

All shares are entitled to equal rights with respect to dividends, voting rights and other rights in accordance with Norwegian corporate law.

### 6.6.2 Authorised shares and amounts

	Number of shares		Amounts in NOK thousand	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
<b>Authorised shares</b>				
Fully paid ordinary shares	57 012 953	41 038 927	57 013	41 039
<b>Total share capital</b>	<b>57 012 953</b>	<b>41 038 927</b>	<b>57 013</b>	<b>41 039</b>

### 6.6.3 Movements in ordinary shares

Movements in ordinary shares	Number of shares	Par value per share (NOK)	Share premium total (TNOK)	Total (TNOK)
<b>At 1 January 2022</b>				
Opening balance	35 934 400	1,00	357 226	393 160
Capital increase	5 104 527	1,00	200 187	205 292
<b>Closing balance at 31 December</b>	<b>41 038 927</b>	<b>1,00</b>	<b>557 413</b>	<b>598 452</b>
<b>At 1 January 2023</b>				
Opening balance	41 038 927	1,00	557 413	598 452
Capital increase Tranche 1	5 922 078	1,00	222 078	228 000
Capital increase Tranche 2	10 051 948	1,00	376 948	387 000
Transaction costs	-	-	(31 818)	(31 818)
Spun off in demerger	(36 482 589)	(1,00)	(375 002)	(411 485)
Triangular merger	36 482 589	1,00	375 002	411 485
<b>Closing balance at 31 December</b>	<b>57 012 953</b>	<b>1,00</b>	<b>1 124 621</b>	<b>1 181 634</b>

During 2023, the Company completed a private placement on 29 June 2023. As a consequence, the total share capital and premium increased by NOK 615 million, and the number of shares by 15 974 026. Transaction costs corresponding to the incremental directly attributable costs from this increase in capital. The capital increase was approved on 6 July and registered in the Norwegian Register of Business Enterprises on 14 July.

On 23 October the general meeting resolved to demerger Andfjord Salmon AS (parent company) followed by implementation of the triangular merger with the subsidiaries. The transactions resulted in a share capital reduction of NOK 36.5 million, immediately followed by a share capital increase of NOK 36.5 million.

On 15 December, a capital reorganisation occurred via a triangular merger. A demerger reduced share capital and share premium, followed by a merger increasing the share capital and share premium, with no (zero) net effect. See section 1.2.1 for further information.

At 31 December 2023, the Company held 5 thousand (2022: 5 thousand) treasury shares amounting to NOK 185 thousand (2022: NOK 185 thousand). Treasury shares are recognised at cost. These are deducted from equity and no gain or loss is recognised on the purchase, sale, issue or cancellation of these shares.

#### 6.6.4 List of the 20 largest shareholders at 31 December 2023

Shareholders	Number of shares	Ownership percentage	Voting percentage
Jerónimo Martins Agro-Alimentar, S.A.	14 323 493	25.12	25.12
Andfjord Holding AS	4 715 680	8.27	8.27
Kg Investment Comp AS	3 241 000	5.68	5.68
Eidsfjord Sjøfarm AS	2 590 244	4.54	4.54
Sparebank 1 Markets AS	2 570 499	4.51	4.51
Skagerak Vekst AS	2 445 064	4.29	4.29
OG Invest AS	2 250 991	3.95	3.95
DNB Markets Aksjehandel/-analyse	1 790 148	3.14	3.14
Karstein Gjersvik	1 391 384	2.44	2.44
Verdipapirfondet DNB SMB	1 288 812	2.26	2.26
Traaseth Property AS	1 262 916	2.22	2.22
Jan Heggelund	1 102 325	1.93	1.93
Euro TV AS	972 800	1.71	1.71
Sirius AS	927 200	1.63	1.63
Pershing LLC	732 217	1.28	1.28
Omniverse AS	666 000	1.17	1.17
Bliksmark AS	601 000	1.05	1.05
Blue Marine Invest AS	534 029	0.94	0.94
Fontura AS	511 870	0.90	0.90
Nutreco International B.V.	505 050	0.89	0.89
<b>Total 20 largest shareholders</b>	<b>44 422 722</b>	<b>77.9</b>	<b>77.9</b>

# SECTION 7.

## OTHER DISCLOSURES

### *In brief*

This section provides insights into topics other than those covered in the previous sections, including related parties, provisions, contingent liabilities and events after the reporting period.

### 7.1 Related parties

#### 7.1.1 Key management personnel compensation

*For the year ended 31 December 2023*

	Salary	Board remuneration	Pension costs	Share-based payments	Other emuneration	Total
<i>(Amounts in NOK thousand)</i>						
Martin Rasmussen, CEO	1 917	-	235	1 932	18	4 101
Bjarne Martinsen, CFO	1 750	-	273	783	14	2 819
Jostein Nilssen, Project director	-	-	-	348	-	348
Christian Torgersen, COO	1 107	-	108	253	12	1 480
Roger Brynjulf Mosand, Chairman	-	270	-	-	4	274
Roy Bernt Pettersen, Board member	-	135	-	-	4	139
Knut Roald Holmøy, Board member	-	135	-	-	-	135
Tore Traaseth, Board member	-	135	-	-	-	135
Bettina Flatland, Board member	-	135	-	-	-	135



*For the year ended 31 December 2023*

	Salary	Board remuneration	Pension costs	Share-based payments	Other emuneration	Total
Kim Marius Strandenæs, Board member	-	135	-	-	2	137
António Serrano, Board member	-	-	-	-	-	-
Gro Skaar Knutsen, Board member	-	135	-	-	-	135

*For the year ended 31 December 2022*

	Salary	Board remuneration	Pension costs	Share-based payments	Other emuneration	Total
<i>(Amounts in NOK thousand)</i>						
Martin Rasmussen, CEO	1 300	-	214	1 336	35	2 885
Bjarne Martinsen, CFO	1 100	-	173	240	4	1 517
Jostein Nilssen, Project director (*)	-	-	-	240	-	240
Roger Brynjulf Mosand, Chairman	-	250	-	-	-	250
Roy Bernt Pettersen, Board member	-	125	-	-	-	125
Knut Roald Holmøy, Board member	-	125	-	-	-	125
Tore Traaseth, Board member	-	125	-	-	-	125
Bettina Flatland, Board member	-	125	-	-	-	125
Kim Marius Strandenæs, Board member	-	125	-	-	-	125
António Serrano, Board member (*)	-	-	-	-	-	-
Gro Skaar Knutsen, Board member	-	70	-	-	-	70

(\*) Figures presented for Jostein Nilssen and António Serrano has been restated in the current year financial statements. The change has been to include options Jostein Nilssen was granted in 2022 and correct the board remuneration to António Serrano to what he actually received.

In connection with the Long-Term Incentive Program disclosed in Note 3.3.2, Martin Rasmussen was granted 250 000 options in 2022, with a total value of NOK 4 372 thousand. The conditions are the same as for the other employees. In addition, Martin Rasmussen owns 125 000 shares at 31 December 2023. In 2022 Bjarne Martinsen was granted 45 000 options, with a total value of NOK 787 thousand. In 2023 Bjarne Martinsen was granted 105 000 options, with a total value of NOK 3 035 thousand. The conditions are the same as for the other employees. In addition, Bjarne Martinsen owns 40 000 shares at 31 December 2023. In 2022 Jostein Nilssen was granted 45 000 options, with a total value of NOK 787 thousand.

In addition to their roles as board members, Roger Mosand, Tore Traaseth and Kim Strandenæs have advised the Group in relation to financing. For this, RBM Invest (Roger Mosand) received NOK 372 thousand (2022: NOK 355 thousand) in 2023. Skagerak Vekst AS (Tore Traaseth) received NOK 180 thousand (2022: NOK 92 thousand). KS Invest AS (Kim Strandenæs) received NOK 3 588 thousand (2022: NOK 960 thousand).

## 7.1.2 Transactions with other related parties

Transactions with related parties	Relationship	2023	2022
<i>(Amounts in NOK thousand)</i>			
Financial advisory	Board members	4 140	1 411
Other operating expenses	Andfjord Holding AS	-	23
Interest expense	Majority shareholders	1 000	1 500
<b>Total related party profit or loss items</b>		<b>5 140</b>	<b>2 934</b>

Interest expense is generated by the shareholder loan agreement (see Note 6.2).

## 7.1.3 Balances with related parties

During 2023, the Company repaid the loan agreement with shareholders which were outstanding at 31 December 2022, amounting to NOK 50 000 thousand.

As part of the capital reorganisation (see note 1.2.1) intercompany receivables towards the subsidiary has been established. In addition, as the subsidiary does not have any own bank accounts and cash after the reorganisation, Andfjord Salmon AS (parent company) has settled the subsidiary's current obligations, mainly trade payables, see note 1.2.1 for further information.

At year-end, the Company has group receivables of NOK 328 434 thousand towards its subsidiary. The intercompany balances are expected to be converted to equity in the second quarter of 2024.

## 7.2 Provisions and contingent liabilities

### 7.2.1 Dismantling obligations

It has been assessed by Management whether dismantling provisions should be recognised, or contingent liabilities disclosed, in connection with any future termination of the business or license expiry.

In this respect, the Group operates on its own property, which is regulated for this kind of operations. Future disposal of the property must take care of the ecosystem and water quality in accordance with the Biodiversity Act and the Water Regulations, among others. This also applies in the event of termination of activities. The Group will be able to take care of the environment and comply with statutory requirements without requiring changes to its properties. It is the Group's assessment that, based on current legislation, there are no obligations related to the potential termination or dismantling of the operations.

### 7.3 Commitments

The following significant contractual commitments are present at the end of the reporting period:

Capital commitments	2023	2022
<i>(Amounts in NOK thousand)</i>		
Property, plant and equipment	-	-
<b>Total capital commitments</b>	<b>-</b>	<b>-</b>

## 7.4 Events after the reporting period

### Debt with financial institutions

In January 2024, the Group refinanced its outstanding debt and overdraft facility with credit institutions and the outstanding loans were converted into a new loan facility agreement (see Note 6.2 for additional information). The amount of the facility is up to NOK 900 million, and withdrawals on the facility can be made until 31 December 2025.

The loan matures in 2035, and interest and principal will be paid on quarterly instalments. Until 31 December 2025, the Group does not have the obligation to pay any principal on the loan. The interest rate continues to be based on the three-month NIBOR reference rate plus a margin of 3.90% p.a. After 31 December 2027, the loan will have an updated margin based on a ratio between net bearing debt and 12-month rolling EBITDA, which can make the margin range from 3.9% to 2.9%, that links margin to liquidity risk and credit risk held by the lender.

Additionally, the Group has agreed on an overdraft facility of NOK 20 million with same interest as specified above for the construction loan facility.

Debt to financial institutions entered during in January 2024 (see above) is subject to the following covenants:

- Overdraft facility within 60 % of borrowing base
- Total equity at minimum 35 % of Total assets at year-end
- Minimum liquidity of NOK 50 million each quarter until 31 December 2027

The following covenants are applicable as of 31 December 2027:

- Net interest-bearing debt / EBITDA shall be above 5,00
- Minimum required work capital of NOK 100 million

### Other events

The Board of Directors is not aware of any other events that have occurred after the balance sheet date, or any additional new information regarding existing matters, that can have a material effect on the 2023 financial statements



# INDEPENDENT AUDITOR'S REPORT/STATEMENT



Statsautoriserte revisorer  
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Medlemmer av Den norske Revisorforening

## INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Andfjord Salmon AS

### Opinion

We have audited the financial statements of Andfjord Salmon AS (the Company), which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company and the Group comprise the statement of financial position as at 31 December 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies for the Company and material accounting policy information for the Group.

In our opinion

- the financial statements comply with applicable legal requirements.
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023 and their financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the general manager) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report contains the information required by legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.

### Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Tromsø, April 17, 2024  
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Kai Astor Frøseth  
State Authorised Public Accountant (Norway)

# Appendices



  
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# APPENDIX 1: STAKEHOLDER DIALOGUE

**Having an ongoing dialogue with relevant stakeholders strengthens our relationship with the society in which we operate, and allows us to detect, investigate and manage potential risks arising in our immediate surroundings.**

To ensure a strategic approach to sustainability reporting and the GRI Standards specifically, we conducted systematic stakeholder dialogue in late 2021, where we spoke to key stakeholder groups, including employees, shareholders, the Board of Directors, members of civil society, and suppliers and business partners.

The interviews were conducted by phone and via Teams by an interdisciplinary working group, representing Finance, Sustainability, Sales, and HR. The main findings are shown on the next page.

## **Employees**

We have a direct impact on and are also directly impacted by our employees and access to skilled labour.

## **Shareholders and Board of Directors**

Shareholders and Board members drive our priorities and strategy, including our sustainability approach.

## **Civil society**

We have a direct and indirect impact on civil society and local value creation.

## **Government**

The government and local authorities have a direct impact on us through legislation and regulations.

## **Customers**

Customers drive our priorities and strategy, especially on sustainability topics. We also indirectly impact customers by providing information about fish health and sustainable fish farming.

## **Suppliers**

We are dependent on suppliers and business partners for distribution and can also directly and indirectly impact suppliers and business partners through our guidelines and strict requirements.



Stakeholder	Key concerns	Arena for dialogue
Employees	<ul style="list-style-type: none"> <li>• Sustainable food production</li> <li>• Fish health and welfare</li> <li>• Water use / emissions</li> <li>• Circular economy</li> <li>• Biodiversity</li> <li>• Equality and diversity</li> <li>• Working environment</li> <li>• Compensation</li> <li>• Recruitment</li> <li>• Work-life balance</li> <li>• Transparency and openness</li> </ul>	<ul style="list-style-type: none"> <li>• Meetings</li> <li>• Annual report</li> <li>• Website</li> <li>• Newsletter</li> <li>• Direct dialogue</li> </ul>
	<ul style="list-style-type: none"> <li>• Climate</li> <li>• Biodiversity</li> <li>• Feed</li> <li>• Fish health and welfare</li> <li>• Mortality</li> <li>• Antibiotics</li> <li>• Water use / emissions</li> <li>• Waste</li> <li>• Equality and diversity</li> <li>• Compensation</li> <li>• Working environment</li> <li>• HSE</li> <li>• Recruitment</li> <li>• Transparency and openness</li> <li>• Human rights</li> <li>• Data security</li> <li>• Corruption</li> </ul>	<ul style="list-style-type: none"> <li>• Website</li> <li>• Company presentations</li> <li>• Quarterly presentations</li> <li>• Reporting</li> <li>• General meetings</li> <li>• Information meetings</li> <li>• Meetings</li> <li>• Public channels</li> <li>• Media</li> <li>• Annual report</li> <li>• Newsletter</li> <li>• Direct dialogue</li> </ul>

Stakeholder	Key concerns	Arena for dialogue
Civil society	<ul style="list-style-type: none"> <li>• Innovation</li> <li>• Discharges</li> <li>• Land use</li> <li>• Fish escape</li> <li>• Job creation</li> <li>• Human resources</li> <li>• Compensation</li> <li>• Equality and diversity</li> <li>• HSE</li> <li>• Quality documentation</li> </ul>	<ul style="list-style-type: none"> <li>• Internal meetings</li> <li>• Public channels</li> <li>• Media</li> <li>• Annual report</li> <li>• Newsletter</li> <li>• Direct dialogue</li> <li>• Public meetings</li> </ul>
	Government	<ul style="list-style-type: none"> <li>• Job creation</li> <li>• Fish health and welfare</li> </ul>



# APPENDIX 2: GRI 13 ASSESSMENT

The following topics have been determined as not material to Andfjord Salmon

## GRI 13 Standard:

Topic	Reason for omission
Topic 13.4 Natural ecosystem conversion	Andfjord Salmon runs its operations with a minimal impact on natural ecosystems and the company evaluates its impact through established routines and internal control measures. The company's activities do not lead to substantial and sustained change in natural ecosystems therefore, this topic is determined as not material.
Topic 13.5 Soil health	Soil health is determined as not material due to fact that our land-based fish farming facility does not take up a lot of space and is not located in an area where operations can negatively or significantly impact soil health. Our operations have a minimal impact on soil health, including soil erosion, soil loss and reduction in soil fertility.
Topic 13.7 Water and effluents	Water and effluents are determined as not material as we do not withdraw or consume fresh water that can impact the overall access to fresh water. Neither do we discharge water or effluents that can impact the quality of fresh water. We use a normal amount of water in both our operation and production, which does not displace other use.
Topic 13.9 Food security	Andfjord Salmon aims to produce premium Atlantic salmon that is very nutritious, has perfect texture and superior taste. The company is built on a foundation of innovation and sustainable salmon farming with the intention to feed people both nationally and internationally. Andfjord Salmon contributes to food security and offers a product that meets people's dietary needs and food preferences for an active and healthy lifestyle.
Topic 13.10 Food safety	Handling food and feed products in a way that prevents food contamination and food borne illness is of the highest importance to Andfjord Salmon. The company adheres to national and industry regulations concerning food safety, and has established thorough routines to prevent contamination. The company has, together with cooperation partners, developed its own feed for its Atlantic Salmon, which does not contain any antibiotics. As a result of our impact assessment, this topic is determined as not material.

Topic	Reason for omission
Topic 13.13 Land and resource rights	Our impact on the availability and accessibility of land for other users is minimal due to our low area use. We are in close contact with the local community for example regarding tenure rights and have no knowledge of any ongoing disputes or complaints.
Topic 13.14 Rights of indigenous peoples	Our office and production are located at Andøya in Norway, where no indigenous people are or have been residing. Our activities therefore do not negatively impact the collective or individual rights of indigenous people. We keep a close dialogue with the local community in Andøya, including the state administrator as well as the Sami Parliament.
Topic 13.22 Economic inclusion	Our business has a positive economic impact on the local community at Andøya. We contribute to local value creation, including job creation, for both our own employees as well as suppliers. We keep a close dialogue with the local community, including local farmers and fishermen. Thus, economic inclusion is not determined as a material topic.
Topic 13.23 Supply chain traceability	Andfjord Salmon's ability to trace the source, origin or production of raw materials and final products is important to the company. The main impact on this area is linked to the production of salmon feed that Andfjord Salmon uses in its production. The company has implemented internal control routines for identifying and preventing potential negative impacts and also adheres to international standards. As a result of our impact assessment, this topic is determined as not material.
Topic 13.24 Public policy	Public policy is not determined as a material topic, as our impact is low to non-existent. We keep an ongoing dialogue with all stakeholders, including governmental authorities, and encourage public policy development that benefits society. We do not make any financial or in-kind contributions to political parties, politicians or causes.

# APPENDIX 3: HUMAN RIGHTS AND TRANSPARENCY ACT REPORT

## About the Transparency Act and this report

In July 2022, The Norwegian Transparency Act entered into force. Its purpose is to promote enterprises' respect for fundamental human rights and decent working conditions in connection with the production of goods and the provision of services and ensure the general public access to information regarding how enterprises address adverse impacts on fundamental human rights and decent working conditions.

Although the Transparency Act applies to larger Norwegian enterprises (meaning organisations with more than 100 employees and therefore not Andfjord Salmon), we have a clear policy to respect human rights and decent working conditions.

In this document, human rights are defined as rights inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion, or any other status. Decent working conditions means work that safeguards fundamental human rights, health, safety and environment in the workplace, and that provides a living wage.

For additional questions about our work on human rights, please contact our CFO, Bjarne Martinsen: [bjarne.martinsen@andfjord.no](mailto:bjarne.martinsen@andfjord.no)

## Our commitment

We shall always operate legally and with an ethical responsibility, set the highest standards of integrity for our operations and inspire others to do the same. We apply the precautionary principle and shall always respect human rights and ensure decent working conditions.

As a company headquartered and operating in Norway only, we adhere to Norwegian law, in addition to relevant international rules and regulations on human rights. We support the UN International Bill of Human Rights, the ILO and the ICRC Conventions and the OECD Guidelines for Multinational Enterprises. Our policy commitment is integrated into our organisational strategies, operational policies and procedures, and throughout our business relationships.

## Human rights in the aquaculture sector

If not carried out with proper care and attention, seafood farming can have negative impacts on human rights and decent working conditions. Globally, the aquaculture sector is exposed to several human rights challenges such as forced labour, limited access to marine resources and markets among small-scale fishers. Illegal, unreported and unregulated fishing, commercial exploitation and lack of respect for indigenous peoples' rights are just some of the problems faced by our industry. Through this report, we aim to demonstrate how we address such challenges.

## Responsibilities

Our CEO holds the overall responsibility for the day-to-day business being conducted in an ethical manner. All employees, workers who are not employees, suppliers and business partners must ensure that they comply with our policies and procedures, local laws and regulations relating to human rights and decent working conditions. Managers have additional responsibilities that go beyond the basic requirements of all employees.

## Guidelines

To mitigate or minimise the risk of human rights breaches we have established clear guidelines, including a Code of Conduct, Supplier Code of Conduct and a Human Rights Policy.

## Code of Conduct

Our Code of Conduct was established in 2021 and approved by the Board of Directors in 2022. The Code of Conduct reflects our values, describes common principles, expectations, obligations, and requirements for how employees should act, and forms the foundation of our culture.

The Code of Conduct applies to Board members, employees, and contracted labour, at production, administration, and management level in Andfjord Salmon, and is communicated to all of these groups as part of the onboarding process. The Code of Conduct is available here: [https://res.cloudinary.com/andfjord/image/upload/v1684784170/Investor/Other/Andfjord\\_Salmon\\_CodeOfConduct\\_3\\_oqfx0m.pdf](https://res.cloudinary.com/andfjord/image/upload/v1684784170/Investor/Other/Andfjord_Salmon_CodeOfConduct_3_oqfx0m.pdf)

## Supplier Code of Conduct

A Supplier Code of Conduct was established in 2023. The Supplier Code of Conduct (internally referred to as Supplier-Specific Compliance Terms) describes the supplier's ("Contractor's") duty to act lawfully and responsibly. In addition to outlining the supplier's general obligations, the Supplier Code of Conduct also contains information about topics such as anti-corruption, sanctions and export control, anti-money laundering, human rights, data privacy and information security, and environment and climate.

The Supplier Code of Conduct has been read and approved by the Board of Directors, and is available here: [https://res.cloudinary.com/andfjord/image/upload/v1713351736/Investor/Reports/Andfjord\\_Salmon\\_Supplier-Specific\\_Compliance\\_Terms\\_2024.pdf](https://res.cloudinary.com/andfjord/image/upload/v1713351736/Investor/Reports/Andfjord_Salmon_Supplier-Specific_Compliance_Terms_2024.pdf)

## Human Rights Policy

A Human Rights Policy was established in 2023. The Human Rights Policy describes our approach to managing human rights risks in our operations and compliments the Code of Conduct and Supplier Code of Conduct. The objective of the Human Rights Policy is to:

- Describe our human rights commitments and how we work to avoid infringements of human rights to employees, business partners and other stakeholders.
- Clarify our expectations on the importance of conducting business consistently with the principles described in the policy, and the internationally recognised human and labour standards as listed above.
- Improve our continuous efforts to eliminate human rights abuses.

The Human Rights Policy has been read and approved by the Board of Directors and is available here: [https://res.cloudinary.com/andfjord/image/upload/v1713351806/Investor/Reports/Andfjord\\_Salmon\\_HR\\_Policy\\_2023\\_-\\_v1\\_-\\_v1.pdf](https://res.cloudinary.com/andfjord/image/upload/v1713351806/Investor/Reports/Andfjord_Salmon_HR_Policy_2023_-_v1_-_v1.pdf)

A breach of any of these guidelines will result in consequences for the person in question. Relevant sanctions may be verbal or written warnings and curtailment of prevailing authorisations, and serious breaches of the regulations may result in discharge or dismissal, or the termination or discontinuance of contracts.



## Risk assessments and results

Andfjord Salmon relies on third-party suppliers for production and distribution, which means that our company is directly and indirectly exposed to supply chain risks, including human rights breaches. In line with the OECD guidelines for multinational enterprises, we conduct due diligence of new suppliers and business partners following our own procedures, which again draws upon the Norwegian Standard NS 5814 Requirements for Risk Assessment, the NS 9416 Requirements for Land Based Facilities, Global G.A.P and Aquaculture Stewardship Council (ASC).

The latest due diligence assessment of our suppliers was conducted in 2023. In the assessment, we first listed our suppliers based on contract value, size (small, medium, big) and whether the supplier is considered critical to our business. Next, we looked at the countries and industries that the supplier operates in. This is important as we know that certain countries and industries have a higher risk of human rights breaches.

Main risks identified include possible health and safety breaches occurring in the construction phase. This risk is not linked a specific supplier, but to the risk associated with the work that is performed. We also identified one supplier that have operations in South America, where laws and regulations concerning human rights are not as extensive as they are in Norway.

To minimise risks, we keep a close dialogue with all suppliers, and receive documentation that they are operating in line with both Andfjord Salmon's

expectations and general terms and conditions for responsible business practice. We have not identified any actual human rights breaches in the reporting period, nor have we received any reports of suspected misconduct.

Non-compliance with laws and regulations	2023	2022
Total instances of non-compliance with laws and regulations	0	0
Instances for which fines were incurred	0	0
Instances for which non-monetary sanctions were incurred	0	0
No. and monetary value of fines for instances of non-compliance with laws and regulations that were paid during the reporting period	0	0
Fines for instances of non-compliance with laws and regulations that occurred in the reporting period	0	0
Fines for instances of non-compliance with laws and regulations that occurred in previous reporting periods	0	0

## Reporting violations / grievance mechanisms

If unsure, employees shall seek advice from their nearest line manager on implementing the organisation's policies and practices for responsible business conduct.

Any suspicion or concerns about actual or potential human rights abuses should immediately be reported to a member of the

management team, and if possible, the Human Resources manager. Critical concerns shall be reported to the Board of Directors. Anonymous reporting is available through Euronext Growth IntergityLog. Employees have been involved in the design, review, operation, and improvement of the whistle blowing channel.

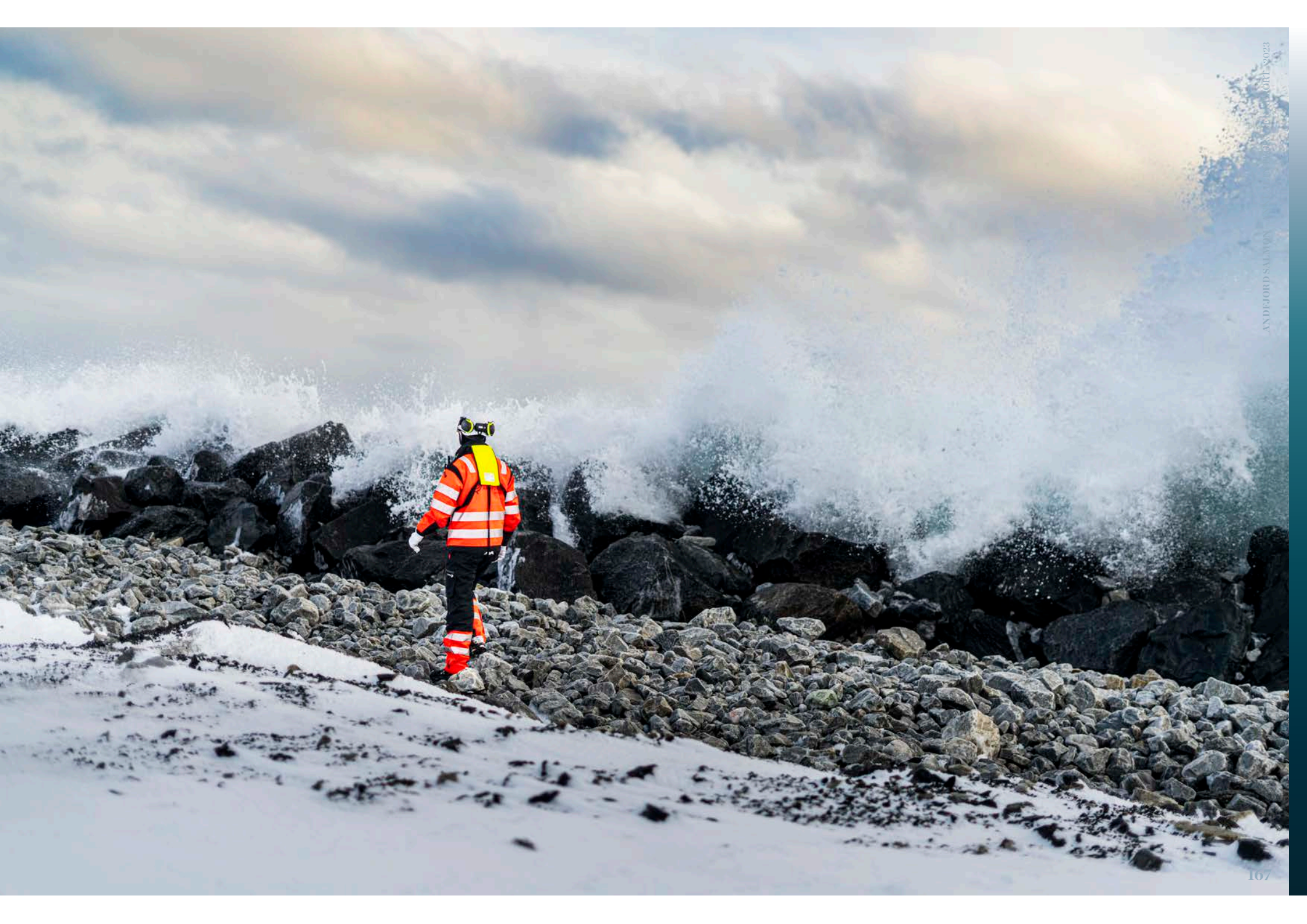
We are committed to support and protect individuals who, in good faith, report concerns or violations. Retaliation against the reporter is both illegal and punishable.

## Process to remediate negative impacts

We are committed to provide for or cooperate in the remediation of negative impacts that we identify Andfjord Salmon has caused or contributed to. Our approach to identify and address grievances is mainly based on the guidelines for reporting. The effectiveness of the grievance mechanism will be evaluated on a continuous basis or whenever a report has been filed.

## Going forward

In 2024 we plan to further systemise our due diligence processes to ensure regular follow-up of both new and existing suppliers, and communicate our guidelines (Supplier Code of Conduct) to all relevant suppliers.



# APPENDIX 4: EQUALITY STATEMENT

## There are increasing expectations relating to corporate action and transparency on diversity, inclusion, and equal employment opportunities.

We aim to be an inclusive workplace that works actively to promote diversity and equality. Recruitment and promotion shall solely be based on the skills, experience, achievements, and potential of each individual. We shall always operate in accordance with the Norwegian Equality and Anti-discrimination Act. Our policy commitment regarding this topic is stated both in our company values and our Code of Conduct.

### Gender balance

We continuously strive to achieve a better gender balance at all levels of the organisation. At the end of 2023, our workforce comprised of 16 (67%) men and 8 (33%) women, an increase of 4% of the total number of employees since the previous reporting period. During the year, we hired 4 women (full-time employees) and 1 man (part-time employee).

### Gender distribution: 1

Permanent employees	2023	2022	2021
Female	8 (38%)	4 (22%)	1 (6%)
Male	13 (62%)	14 (78%)	15 (94%)
<b>Total</b>	<b>21 (100%)</b>	<b>18 (100%)</b>	<b>16 (100%)</b>
Temporary employees	2023	2022	2021
Female	0 (0%)	1 (50%)	1 (100%)
Male	2 (100%)	1 (50%)	0
<b>Total</b>	<b>2 (100%)</b>	<b>2 (100%)</b>	<b>1 (100%)</b>
Non-guaranteed hours employees	2023	2022	2021
Female	0 (0%)	0	0
Male	1 (100%)	0	0
<b>Total</b>	<b>1 (100%)</b>	<b>0</b>	<b>0</b>
Full-time employees	2023	2022	2021
Female	8 (35%)	5 (25%)	1 (6%)
Male	15 (65%)	15 (75%)	15 (94%)
<b>Total</b>	<b>23 (100%)</b>	<b>20 (100%)</b>	<b>16 (100%)</b>
Part-time employees	2023	2022	2021
Female	0	1 (100%)	2 (100%)
Male	0	0	0
<b>Total</b>	<b>0</b>	<b>1 (100%)</b>	<b>2 (100%)</b>

<sup>1</sup> Head count at the end of the reporting period. Norway is the only region in which we are present.



**Table: The organisation's governance body by gender.**

<b>Board of Directors</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Female	2 (25%)	2 (25%)	2 (29%)
Male	6 (75%)	6 (75%)	5 (71%)
<b>Total</b>	<b>8 (100%)</b>	<b>8 (100%)</b>	<b>7 (100%)</b>
<b>Executive level management</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Female	0 (0%)	0	0
Male	3 (100%)	2 (100%)	3 (100%)
<b>Total</b>	<b>3 (100%)</b>	<b>2 (100%)</b>	<b>3 (100%)</b>
<b>Non-executive level management</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Female	6 (50%)	-	3 (20%)
Male	6 (50%)	-	12 (80%)
<b>Total</b>	<b>12 (100%)</b>	<b>-</b>	<b>15 (100%)</b>
<b>Organisation total<sup>2</sup></b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Female	10 (31%)	8 (28%)	5 (20%)
Male	22 (69%)	21 (72%)	20 (80%)
<b>Total</b>	<b>32 (100%)</b>	<b>29 (100%)</b>	<b>25 (100%)</b>

<sup>2</sup> Including the Board of Directors.**Age diversity**

We recognise that inclusion is about more than gender balance. We are therefore focused on attracting and recruiting a workforce that is also diverse when it comes to age and other characteristics. We have good diversity when it comes to age, with 54% of employees being between 30-50 years old. The management group consists of two people under 30. We are looking at a number of different initiatives to increase the number of employees below 30. For example, our internship and trainee schemes aim to inspire more young people to pursue a career in Andfjord Salmon.

**Table: Employee category by gender and age**

2023			
Total employees <sup>3</sup>	< 30 years	30-50 years	50 years >
Female	3	4	1
Male	4	9	3
<b>Total</b>	<b>7</b>	<b>13</b>	<b>4</b>
Full-time employees	< 30 years	30-50 years	50 years >
Female	3	4	1
Male	3	9	3
<b>Total</b>	<b>6</b>	<b>13</b>	<b>4</b>
Part-time employees	< 30 years	30-50 years	50 years >
Female	0	0	0
Male	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>
Permanent employees	< 30 years	30-50 years	50 years >
Female	3	4	1
Male	1	9	3
<b>Total</b>	<b>4</b>	<b>13</b>	<b>4</b>
Temporary employees	< 30 years	30-50 years	50 years >
Female	0	0	0
Male	2	0	0
<b>Total</b>	<b>2</b>	<b>0</b>	<b>0</b>

<sup>3</sup> Not including Board members

**Table: Employee level by gender and age**

2023			
Board of Directors	< 30 years	30-50 years	50 years >
Female	0	1	1
Male	0	1	5
<b>Total</b>	<b>0</b>	<b>2</b>	<b>6</b>
Executive level management	< 30 years	30-50 years	50 years >
Female	0	0	0
Male	0	3	0
<b>Total</b>	<b>0</b>	<b>3</b>	<b>0</b>
Non-executive level management	< 30 years	30-50 years	50 years >
Female	2	3	1
Male	0	5	1
<b>Total</b>	<b>2</b>	<b>8</b>	<b>2</b>
Organisation total	< 30 years	30-50 years	50 years >
Female	3	5	2
Male	4	10	7
<b>Total</b>	<b>7</b>	<b>15</b>	<b>9</b>

## Other indicators of diversity

In Norway, there are strict rules for how to measure and track other indicators of diversity, such as ethnicity, gender identity, disability, nationality, and more. We are in any case keenly interested in attracting a more diverse workforce beyond gender and age characteristics, as we believe this will further strengthen our business. We encourage all people with the relevant skills and experience to apply for open positions in Andfjord Salmon.

## Compensation

We are committed to paying employees fairly for the work they perform, regardless of personal beliefs or any individual characteristics. Individual compensation for an employee, consultant or contractor only varies based on position, performance and competence. In 2023, women were paid 91.91% of the total that was earned by men. The salary difference between men and women is due to a higher percentage of men in senior management positions.

**Table: Compensation men to women<sup>4</sup>**

Employee category	Gender balance in %		% salary of women to men <sup>5</sup>			
	Men	Women	Total benefits	Base salary	Bonus	Overtime
Executive and non-executive level management	60%	40%	86,45%	90,7%	0%	0%
Organisation total	64%	36%	91,91%	95,29%	0%	23,69%

<sup>4</sup> Head count at the end of the reporting period.  
Note that Norway is the only location in which we are operating.

<sup>5</sup> Total benefits is base salary + bonuses. Base salary is calculated by taking the average monthly cash benefit (kontantytelse) excluding holiday pay, based on how many months they have been employed, multiplying it by 12 to find the annual base salary. For employees who have worked the entire year we use the total cash benefit excluding holiday pay. Overtime is the actual paid overtime in each category. These numbers are based on the salary of the full-time employees that were employed 31.12.23, not including apprentices.

## Non-discrimination

We prohibit discrimination in any form, whether it is based on political views, membership in workers' organisations, sexual orientation, gender, disability and/or age, nor do we tolerate any form of violence or harassment. Incidents of discrimination can be reported through our internal whistleblowing channel or to the employee's immediate supervisor.

Non-discrimination	2023	2022
Total number of incidents of discrimination during the reporting period	0	0
Incidents reviewed by the organisation	0	0
Remediation plans being implemented	0	0
Remediation plans that have been implemented, with results reviewed through routine internal management review processes	0	0
Incidents no longer subject to action	0	0

## Going forward

In 2024, Andfjord Salmon will initiate a process to improve the gender balance of the company's Board of Directors, in line with expected requirements for Norwegian limited liability companies (AS) from 2026. Our ambition is to build a diverse company and to increase the number of women throughout the entire organisation and on all leadership levels. However, due to our remote location and since we are a company in a growth and development phase, our current priority is first and foremost to attract candidates based on their knowledge and experience from the fish farming industry. Nevertheless, we will highlight diversity in local and international initiatives to which Andfjord Salmon contributes and will continue to focus on diversity in our trainee and apprenticeship programmes in the future.

# APPENDIX 5: CARBON ACCOUNTING

**Emissions to the atmosphere lead to global warming, higher temperatures, extreme weather, and loss of biodiversity. As a company dependent on a healthy environment, we aim to help mitigate climate change by reducing our own emissions as much as possible.**

We shall ensure that our operation has a minimal impact on the climate. We aim to utilise climate friendly technology (technology which ensures low emissions), establish clear environmental guidelines, monitor our activities, and report on our progress towards net zero.

## **Carbon accounting**

Carbon accounting is a crucial tool to identifying tangible measures to reduce greenhouse gas (GHG) emissions, providing an overview of our greenhouse gas (GHG) emissions, and enabling us to benchmark our performance indicators and evaluate progress over time.

The carbon accounting covers our operations and production at the Kvalnes site as well as office operations. The input data is based on

consumption data from internal and external sources, which are converted into tonnes of CO<sub>2</sub> equivalents (tCO<sub>2</sub>e), using CEMAsys software. The report addresses the following greenhouse gases, all converted into CO<sub>2</sub> equivalents: CO<sub>2</sub>, CH<sub>4</sub> (methane), N<sub>2</sub>O (nitrous oxide), SF<sub>6</sub>, HFCs, PFCs, and NF<sub>3</sub>.

The carbon accounting is based on A Corporate Accounting and Reporting Standard, an international standard developed by the Greenhouse Gas Protocol Initiative (GHG Protocol). The reporting standard is the most widely used and recognised international standard for measuring GHG emissions and is the basis for the ISO standard 14064-1.

We report on Scope 1, direct energy use (transportation), Scope 2, electricity purchased (Nordic mix), and Scope 3, to a more limited extent, which includes purchased goods and services, capital goods, other fuel and energy related activities, upstream transportation and distribution, waste, and business travel. Our main sources of carbon emissions in 2023 stem from purchased goods and services (fish feed). We do

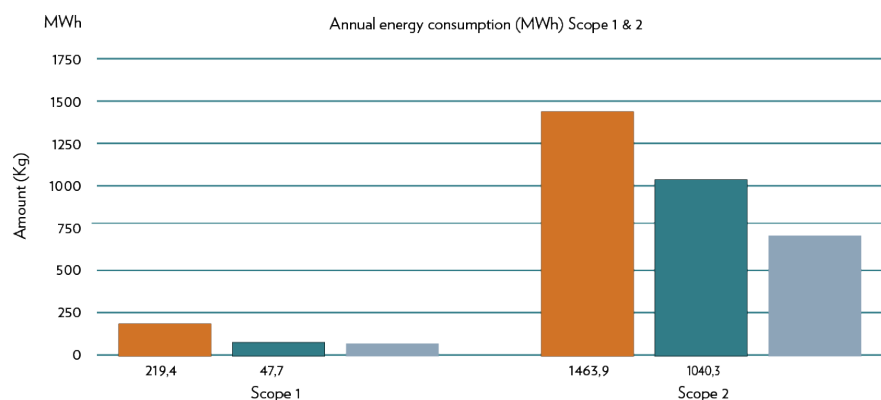
not have any biogenic CO<sub>2</sub> emissions. The base year for all calculations is 2022, as we changed carbon accounting software supplier in 2022 which impacted the numbers from previous years<sup>1</sup>.

Gross direct (Scope 1) GHG emissions in the reporting period totalled 10.4 tonnes of CO<sub>2</sub>e, down from 44.0 tonnes in the base year (equivalent to a 76.36% decrease). The main Scope 1 emission source is diesel for company cars. Although the cars are not owned by Andfjord Salmon, our leasing agreement is more than one year long, which means that we have a direct impact on associated emissions.

Gross market-based energy indirect (Scope 2) GHG emissions totalled 303.9 tonnes of CO<sub>2</sub>e in 2023. The gross location-based Scope 2 emissions in the reporting period totalled 25.9 CO<sub>2</sub>e, down from 45.4 tonnes in 2021 (a 42.95% reduction). Our Scope 2 emissions are calculated using an operational control approach, and the electricity emission factors used are based on national gross electricity production mixes from the International Energy Agency's statistics (IEA Stat).

Gross other indirect (Scope 3) GHG emissions totalled 2,673.5 tonnes of CO<sub>2</sub>e in the reporting period, up from 111.0 in 2021. The fish feed produced by Skretting is one of the main sources of our Scope 3 emissions. In addition, the transport of fish from the pool to the harvesting facility (by well boat chartered from Nordlaks) is also a contributing factor, as is sludge handling.

In 2023, we started the development phase of twelve new pools, which entails excavation work to form the pits. This work is mainly done by Hæhre, which uses heavy machinery that requires fossil fuel. Hæhre's Scope 1 and 2 emissions associated with the project have therefore been accounted for under our Scope 3 emissions.



<sup>1</sup> The main reasons for the major change in Scope 1, 2 and 3 emissions from 2021 to 2022 is due to a change in accounting methods and an improvement in data collection during this period. The company also went from a project phase to production phase.



Table: Emissions	Unit	2023	2022	2021
Electricity Total (Scope 2) with Market-based calculations	tCO <sub>2</sub> e	303.9	276.7	341.1
Scope 2 Total with Market-based electricity calculations	tCO <sub>2</sub> e	303.9	276.7	341.1
Scope 1+2+3 Total with Market-based electricity calculations	tCO <sub>2</sub> e	2,987.7	1,347.9	496.0
Percentage change		121.7%	171.7%	-

# APPENDIX 6: LIST OF ABBREVIATIONS

Abbreviation	Meaning	Abbreviation	Meaning
°C	Degree Celsius	EU	European Union
AGM	Annual General Meeting	GHG	Greenhouse Gas
ASC	Aquaculture Stewardship Council	Global G.A.P.	Global Good Agricultural Practices
CEO	Chief Executive Officer	GM	General Meeting
CFO	Chief Financial Officer	GRI	Global Reporting Initiative
CH4	Methane	GAAP	Generally Accepted Accounting Principles
CO2	Carbon dioxide	HFCs	High-fructose corn syrup
DNV	Det Norske Veritas	HOG	Head-on Gutted
EIA	Environmental Impact Assessment	HR	Human Resources
EQS	Environmental Quality System	HSE	Health, Safety, and Environment
ERA	Environmental Risk Assessment	IAS	International Accounting Standards
ESG	Environmental, Social and Governance	IESBA	International Ethics Standards Board for Accountants

Abbreviation	Meaning
IFRIC	Interpretations by the IFRS Interpretations Committee
IFRS	International Financial Reporting Standards
ISA	International Standards on Auditing
ISO	International Organization for Standardization
KG	Kilogram
KKE	Kongsberg Kommunale Eiendom KF
KPI	Key Performance Indicator
KWH	Kilowatt-hour
LNS	Leonhard Nilsen & Sønner AS
MAB /MTB	Maximum Allowed Biomass / Maksimalt tillat biomasse
N2O	Nitrous oxide
NF3	Nitrogen trifluoride
NGAAP	Norwegian Generally Accepted Accounting Principles
NIBIO	Norwegian Institute of Bioeconomic Research
NOFIMA	Norwegian Institute of Food, Fisheries and Aquaculture Research
NOK	Norwegian krone
NS	Norsk Standard
NUES	The Norwegian Code of Practice for Corporate Governance
OECD	Organization for Economic Cooperation and Development

Abbreviation	Meaning
PFCs	Perfluorinated chemicals
PPE	Property, Plant and Equipment
RAS	Recirculating Aquaculture Systems
ROV	Remotely Operated Vehicle
SDGs	Sustainable Development Goals
SF6	Sulphur hexafluoride
tCO2	Tonnes carbon dioxide
TSC	Technical Screening Criteria
UiT	The Norwegian College of Fishery Science at University of Tromsø
VAT	Value Added Tax
VPS	Norwegian Central Securities Depository
WEC	Working Environment Committee

# APPENDIX 7: GRI CONTENT INDEX

Andfjord Salmon has reported in accordance with the GRI Standards 2021 for the reporting period 1 January to 31 December 2023.

Disclosure	Disclosure description	Reference	Omission
<b>1. The organisation and its reporting practices</b>			
2-1	Organizational details	Andfjord Salmon at a glance	
2-2	Entities included in the organization's sustainability reporting	About the report + 1.2 Basis of preparation	
2-3	Reporting period, frequency and contact point	About the report	
2-4	Restatements of information	About the report	
2-5	External assurance	About the report	N/A: The report has not been externally assured
<b>2. Activity and workers</b>			
2-6	Activities, value chain and other business relationships	This is Andfjord Salmon + Our value chain	
2-7	Employees	Appendix 4: Equality statement (Table: gender distribution + footnote) + Local value value creation (Table: Newly hired employees and employee turnover)	



Disclosure	Disclosure description	Reference	Omission
2-8	Workers who are not employees		In 2023, Andfjord Salmon had one worker that was not an employee. The person was part of the leadership team and responsible for project management. There have been no significant fluctuations in the number of workers who are not employees in the reporting period or between reporting periods.
<b>3. Governance</b>			
2-9	Governance structure and composition	"8. Board of directors, composition and independence + 9. The work of the board of directors + Our Board"	"N/A: The Board is responsible for decisionmaking on and overseeing the management of the organisation's impacts on the economy, environment, and people, but has not delegated this responsibility to any specific Board committee."
2-10	Nomination and selection of the highest governance body	7. Nomination committee	
2-11	Chair of the highest governance body	"8. Board of directors, composition and independence"	N/A: The Chair is not a senior executive
2-12	Role of the highest governance body in overseeing the management of impacts	9. The work of the board of directors	
2-13	Delegation of responsibility for managing impacts	9. The work of the board of directors	
2-14	Role of the highest governance body in sustainability reporting	9. The work of the board of directors	N/A: The report is approved by the Board.
2-15	Conflict of interest		9. Work of the board of directors
2-16	Communication of critical concerns	Reporting violations / grievance mechanisms	
2-17	Collective knowledge of the highest governance body		Information unavailable: We are not aware of measures taken to advance the collective knowledge, skills, and experience of the Board on sustainable development.
2-18	Evaluation of the performance of the highest governance body	9. The work of the board of directors	

Disclosure	Disclosure description	Reference	Omission
2-19	Remuneration policies	"1. Implementation and reporting on corporate governance (Point 12) + 11. Remuneration of the Board of Directors + 12. Salary and other remuneration of executive personnel"	Information incomplete: The remuneration policies does not contain information about fixed and variable pay; sign-on bonuses or recruitment incentive payments; termination payments; clawbacks; or retirement benefits.
2-20	Process to determine remuneration	"11. Remuneration of the Board of Directors + 12. Salary and other remuneration of executive personnel + Annual General Meeting Notices (website)"	Information incomplete: The results of votes of stakeholders on remuneration policies and proposals are not mentioned.
2-21	Annual total compensation ratio	7.1.1 Key management personnel compensation	Information unavailable: The company does not report the ratio or percentage increase of the annual total compensation for the highest paid individual to the median annual total compensation for all employees.
<b>4. Strategy, policies and practices</b>			
2-22	Statement on sustainable development strategy	CEO summary	
2-23	Policy commitments	Appendix 3: Human rights and Transparency Act report (our commitment + guidelines + risk assessments and results) + Documents on Andfjord's website: Code of Conduct + Supplier Code of Conduct + Human Rights Policy	
2-24	Embedding policy commitments	Appendix 3: Human rights and Transparency Act report (our commitment + guidelines + risk assessments and results) + Documents on Andfjord's website: Code of Conduct + Supplier Code of Conduct + Human Rights Policy	
2-25	Processes to remediate negative impacts	Reporting violations / grievance mechanisms + Process to remediate negative impacts	
2-26	Mechanisms for seeking advice and raising concerns	Reporting violations / grievance mechanisms + Process to remediate negative impacts	
2-27	Compliance with laws and regulations	Risk assessments and results (Table: Non-compliance with laws and regulations)	N/A: no instances of non-compliance.
2-28	Membership associations	This is Andfjord Salmon	

Disclosure	Disclosure description	Reference	Omission
<b>5. Stakeholder engagement</b>			
2-29	Approach to stakeholder engagement	Appendix 1 (Stakeholder dialogue)	
2-30	Collective bargaining agreements		Information unavailable: Although the company knows that most of its workers are covered by collective bargaining agreements, it does not have the exact percentage.
<b>Material topics</b>			
<b>GRI 3: Material topics 2021</b>			
3-1	Process to determine material topics	Materiality assessment + Appendix 1: Stakeholder dialogue	
3-2	List of material topics	Materiality assessment + Reviewing material topics	
<b>WATER QUALITY, HEALTH CHECKS AND FEED</b>			
"3-3"	Management of material topics	Water quality, health checks and feed (materiality + approach + Table: Fish health and welfare indicators) + Appendix 1: Stakeholder dialogue	
<b>OWN KPIS</b>			
KPI	Survival rate	Water quality, health checks and feed (Table: Fish health and welfare indicators)	
KPI	Sampling and screening of fish pathogens in the reporting period	Water quality, health checks and feed (Table: Fish health and welfare indicators)	
<b>BIODIVERSITY</b>			
"3-3"	Management of material topics	Biodiversity (materiality + approach) + Appendix 1: Stakeholder dialogue	

Disclosure	Disclosure description	Reference	Omission
<b>GRI 304 BIODIVERSITY 2016</b>			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity (performance + Table: Biodiversity mapping + Figure: Mapping of marine biodiversity off Kvalnes (Rådgivende Biologer AS))	
304-2	Significant impacts of activities, products, and services on biodiversity	Biodiversity (approach)	
304-3	Habitats protected or restored	Biodiversity (approach)	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Biodiversity (approach + Table: Red List species in a radius of 1.5 km of Kvalnes (natur-base.no)).	
<b>FISH SLUDGE</b>			
"3-3"	Management of material topics	Fish sludge (materiality + approach) + Appendix 1: Stakeholder dialogue	
<b>GRI 306 WASTE 2020</b>			
306-1	Waste generation and significant waste-related impacts	Fish sludge (approach)	
306-2	Management of significant waste-related impacts	Fish sludge (approach)	
306-3	Waste generated	Fish sludge (Table: Waste treated, incinerated or recycled)	
<b>ENERGY EFFICIENCY</b>			
"3-3"	Management of material topics	Energy efficiency (materiality + approach) + Appendix 1: Stakeholder dialogue	
<b>GRI 302: ENERGY 2016</b>			

Disclosure	Disclosure description	Reference	Omission
302-1	Energy consumption within the organisation	Energy efficiency (Table: Energy use)	N/A: we do not sell electricity, heating, cooling or steam.
<b>OCCUPATIONAL HEALTH AND SAFETY</b>			
"3-3"	Management of material topics	Occupational health and safety (materiality + approach) + Appendix 1: Stakeholder dialogue	
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY</b>			
403-1	Occupational health and safety management system	Occupational health and safety (approach)	
403-2	Hazard identification, risk assessment, and incident investigation	Occupational health and safety (approach)	
403-3	Occupational health services	Occupational health and safety (approach)	
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational health and safety (approach)	
403-5	Worker training on occupational health and safety	Occupational health and safety (approach)	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational health and safety (approach)	
403-8	Workers covered by an occupational health and safety management system	Occupational health and safety (approach + Table: Occupational health and safety system)	N/A: the occupational health and safety system is not audited by an external party.
403-9	Work-related injuries	Occupational health and safety (approach + Table: Work-related injuries)	
<b>LOCAL VALUE CREATION</b>			
"3-3"	Management of material topics	Local value creation (materiality + approach) + Appendix 1: Stakeholder dialogue	
<b>GRI 401 Employment</b>			
401-1	New employee hires and employee turnover	Local value creation (approach + Table: Newly hired employees and employee turnover)	

**2014**  
JUNE

Andfjord Salmon established

**2018**  
NOVEMBER

Licence granted

**2020**  
JUNE

Andfjord Salmon listed on Euronext Growth

**2020**  
NOVEMBER

Research report from NIBIO confirms commercial potential of fish sludge from Andfjord Salmon

**2021**  
FEBRUARY

First pool hooked up to inlet/outlet pipelines

**2022**  
JUNE

First smolt release in Kvalnes pilot pool

**2022**  
JULY

Andfjord Salmon, Skretting and Zooca (Calanus AS) team up for specially designed salmon feed

**2022**  
OCTOBER

First time delivery of fish sludge to be used for biofuel

**2022**  
NOVEMBER

Rådgivende Biologer conducts biodiversity mapping on behalf of Andfjord Salmon

**2022**  
NOVEMBER

Temporary surveillance plan for the marine area around Kvalnes established

**2023**  
JUNE

Secured bank financing of NOK 825 million and MNOK 615 to fund Kvalnes expansion

**2023**  
JUNE / JULY

Successful first harvest

**2023**  
JULY / AUGUST

Strong results from first production cycle:

- industry leading survival rate (97.5%)
- feed conversion ratio: 1.05
- Low energy consumption: 1kWh per kilo fish produced in first production cycle

Successful first sale of Andfjord Salmon: Superior share of 91.1%

**2023**  
JULY/AUGUST

Successful first sale of Andfjord Salmon: Superior share of 91.1%

**2023**  
AUGUST

Kvalnes expansion gains momentum

**2021**  
APRIL

First annual and sustainability report published (with reference to the GRI and Euronext Standards)

**2021**  
DECEMBER

Successful verification of laminar water flow

**2022**  
FEBRUARY

Leading seafood industry players Nutreco and Holmøy Group makes strategic investment in Andfjord Salmon

**2022**  
APRIL

Second annual and sustainability report published (in accordance with the GRI Standards)

**2022**  
JUNE

Food industry major Jerónimo Martins Group invests in Andfjord Salmon

**2022**  
NOVEMBER

Fish reaches 1 kilogram – well ahead of schedule

**2023**  
JANUARY

Half term report from Nofima and independent fish health expert Åkerblå confirms strong biological conditions, fish health and welfare (biosecurity)

**2023**  
APRIL

Third annual and sustainability report published, climate reporting established through CEMAsys

**2023**  
APRIL

Global G.A.P. certification obtained

**2023**  
JUNE

Kvalnes expansion plan launched: Target production volume of 8,000 tonnes HOG by 2025 and 40,000 tonnes by 2030

**2024**  
JANUARY

Kvalnes pool pit excavation (12 pools) completed one quarter ahead of schedule

**2025**  
MID-YEAR

4 new pools completed (8,000 tonnes HOG + port area and waterways facilitating future production volume of 40,000 tonnes HOG)

**2025**

Grow-out facility strategy: Selling smolt to ocean-based facilities (contributing to better fish health and welfare and stronger collaboration in the region)

**2025**

Continue our fish sludge / biofuel project together with NIBIO

**2025/2026**

Obtain ASC certification

# Our results on a plate

FISH   
**GROWTH**

+1 kg

Additional growth compared to Skretting's growth table

Industry leading  
**SURVIVAL RATE** 

97.5%

Industry average = 83.3%  
(Fish Health Report 2023)

HIGH  
**SUPERIOR SHARE** 

91.1%

Industry average = 84.0% (2023)

**ENERGY CONSUMPTION**  
PER KILO SALMON

 1 kWh

**LOW FEED CONVERSION RATE** 

1.05

Industry average = 1.27

**CALANUS<sup>®</sup> PLUS**

**OUR OWN FEED**

MADE OF CALANUS FINMARCHICUS, ZOOPLANKTON FROM THE ARCTIC



SERVED WITH A  

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**CLEAR  
CONSCIENCE**



# ABOUT THE REPORT

**Publication date: 18 April 2024**

**Photos by: Andfjord Salmon/Maverix**

This report covers the entire Group, in addition to financial statements for the parent company Andfjord Salmon AS and contains both sustainability and financial reporting.

We issue financial and sustainability reports on an annual basis. The information in this report applies to the reporting period from 1 January to 31 December 2023. No restatements of information have been made from previous reporting periods. The sustainability information has not been externally assured.

For more information on this report and its contents, please contact:

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**IDEA AND DESIGN: MAVERIX**