



ANDFJORD™  
SALMON

Q1 2024

# STATUS AND PROGRESS

29 MAY 2024



NOTE: ILLUSTRATIVE GRAPHICS



# AGENDA

- **ANDFJORD SALMON IN BRIEF**
- Quarterly highlights and subsequent events
- First production cycle: New independent confirmation of strong biological conditions
- Recap: “Post-smolt” strategy
- Status Kvalnes build-out
- Private placement: Strategic investors
- Financials
- Summary and outlook



Martin Rasmussen  
CEO



Bjarne Martinsen  
CFO



OUR  
VISION



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

OUR  
MISSION



FISH FARMING  
WITH A **CLEAR  
CONSCIENCE**



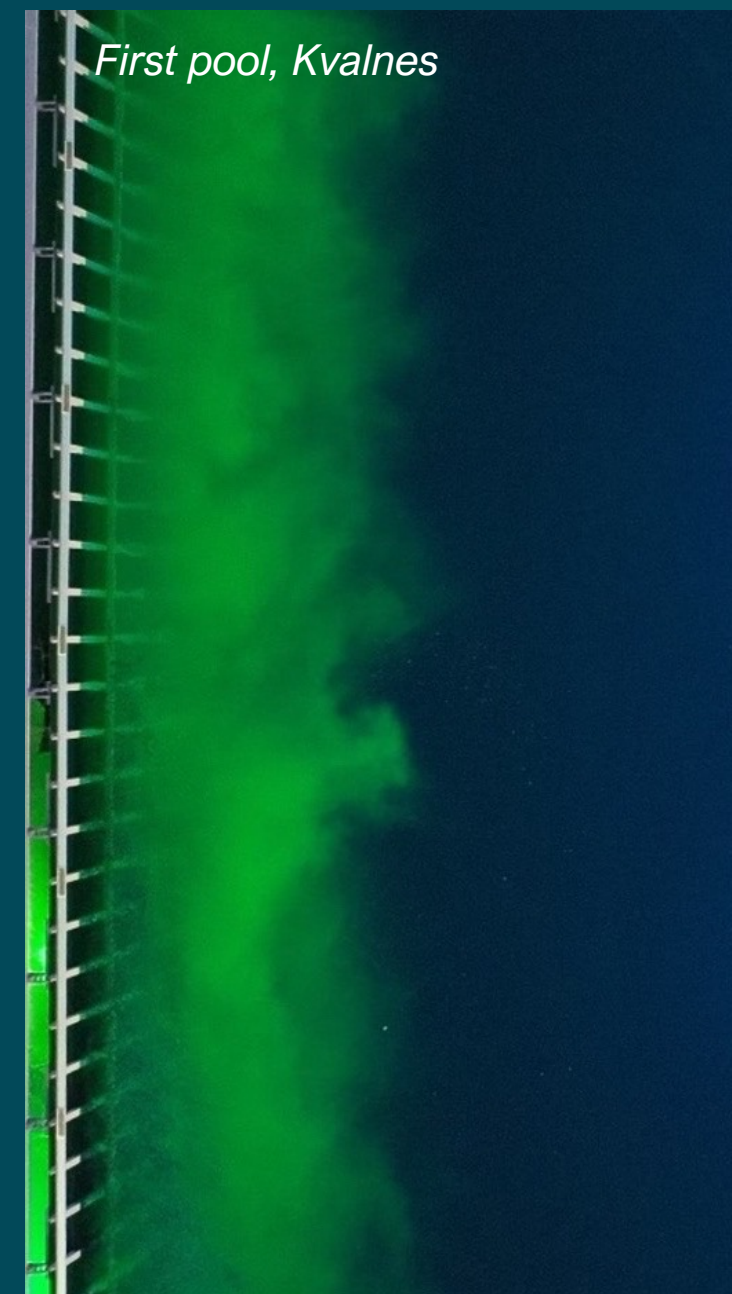
# THE BEST OF TWO WORLDS

## 3 BENEFITS OF SEA BASED NET PEN FARMING



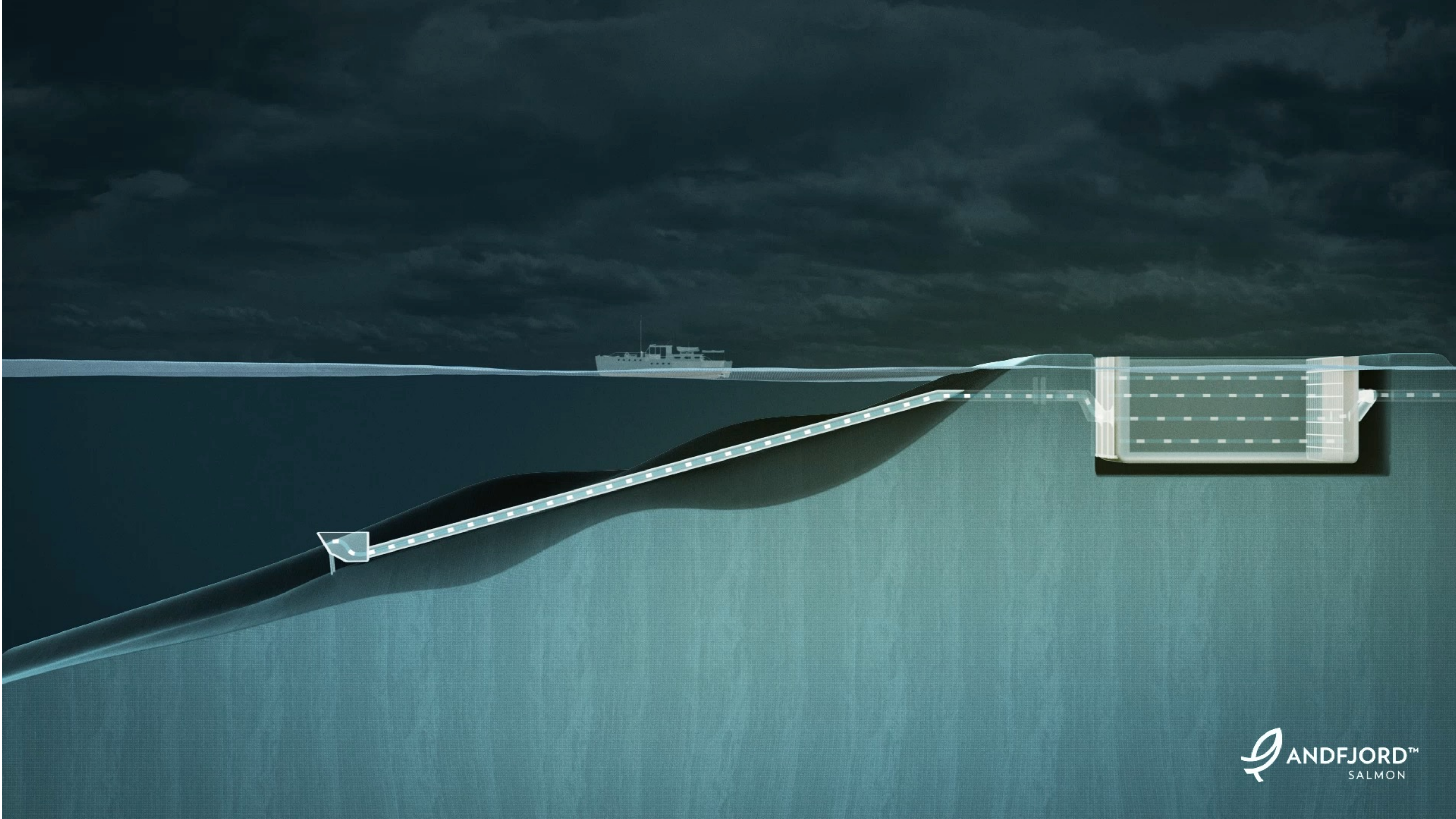
- 1** NATURAL OPTIMAL WATER TEMPERATURES
- 2** OXYGEN-RICH AND CLEAN ARCTIC SEAWATER
- 3** LOW ENERGY COSTS. NO LIFTING, HEATING OR COOLING

## 3 BENEFITS OF LAND BASED FARMING



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







*Egga 3.000 mbsl*

*Gulf Stream*

*Bleiksdjupet 1.000 mbsl*

*Kvalnes, Andøya*



# AGENDA

- Andfjord Salmon in brief
- **QUARTERLY HIGHLIGHTS AND SUBSEQUENT EVENTS**
- First production cycle: New independent confirmation of strong biological conditions
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# HIGHLIGHTS Q1 AND SUBSEQUENT PERIOD



## BUILD-OUT PROGRESSING AS PLANNED

Pool pit excavation completed ahead of schedule, harbour area and waterways workstreams progressing as planned



## INITIATED PRODUCTION OF POOL COMPONENTS

Preparations for pool production executed, initiated production of pool components



## FISH-FRIENDLY FARMING

New Nofima report confirms strong fish welfare and health in first production cycle



## POST-SMOLT STRATEGY

“Post-smolt” production opportunity identified, approved and being realised



## PRIVATE PLACEMENT

Strategic investors supporting Andfjord Salmon’s concept and plans



# AGENDA

- Andfjord Salmon in brief
- Quarterly highlights and subsequent events
- **FIRST PRODUCTION CYCLE: NEW INDEPENDENT CONFIRMATION OF STRONG BIOLOGICAL CONDITIONS**
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# KEY FIGURES – FIRST PRODUCTION CYCLE

HIGH  
SURVIVAL RATE



**97.5%**

Industry average  
= 83.3%\*

LOW FEED  
CONVERSION  
RATE



**1.05**

Industry average  
= 1.27\*\*

STRONGER  
GROWTH



**+1 kilo**

Extra growth  
compared to  
Skretting's growth  
table

LOWER ENERGY  
COSTS



**1 kWh**

Energy use per kilo  
produced salmon

HIGH SUPERIOR  
SHARE



**91.1**

Industry average  
= 84%\*\*



# 2nd NOFIMA REPORT: FULL PRODUCTION CYCLE

Report 11/2024 • Published April 2024



Welfare and health documentation for the Andfjord Salmon farming concept production cycle 2022/2023 – final report

First report covered first six months in pool

Second report covers the entire first production cycle

**Underlines Andfjord Salmon’s science-based approach to land-based fish farming**

Extensive examination of biological conditions, fish welfare and fish health

*“Andfjord Salmon applied a very comprehensive welfare and health documentation plan for the first production cycle.”*



- INPUT BASED OWIs**
- Oxygen
  - Temperature
  - Salinity
  - Water velocity
  - Light
  - Stocking density
  - Total suspended solids
  - Turbidity
  - Carbon dioxide
  - pH

- GROUP BASED OWIs**
- Appetite
  - Growth
  - Mortality
  - Behaviour
  - Emaciated fish
  - Disease/health status

- INDIVIDUAL BASED OWIs**
- First impression
  - Vertebral deformities
  - Emaciation state
  - Scale loss
  - Skin haemorrhaging
  - Lesions/wounds
  - Snout damage
  - Jaw deformities
  - Eye opacity
  - Eye damage
  - Opercular damage
  - Gill status
  - Fin damage



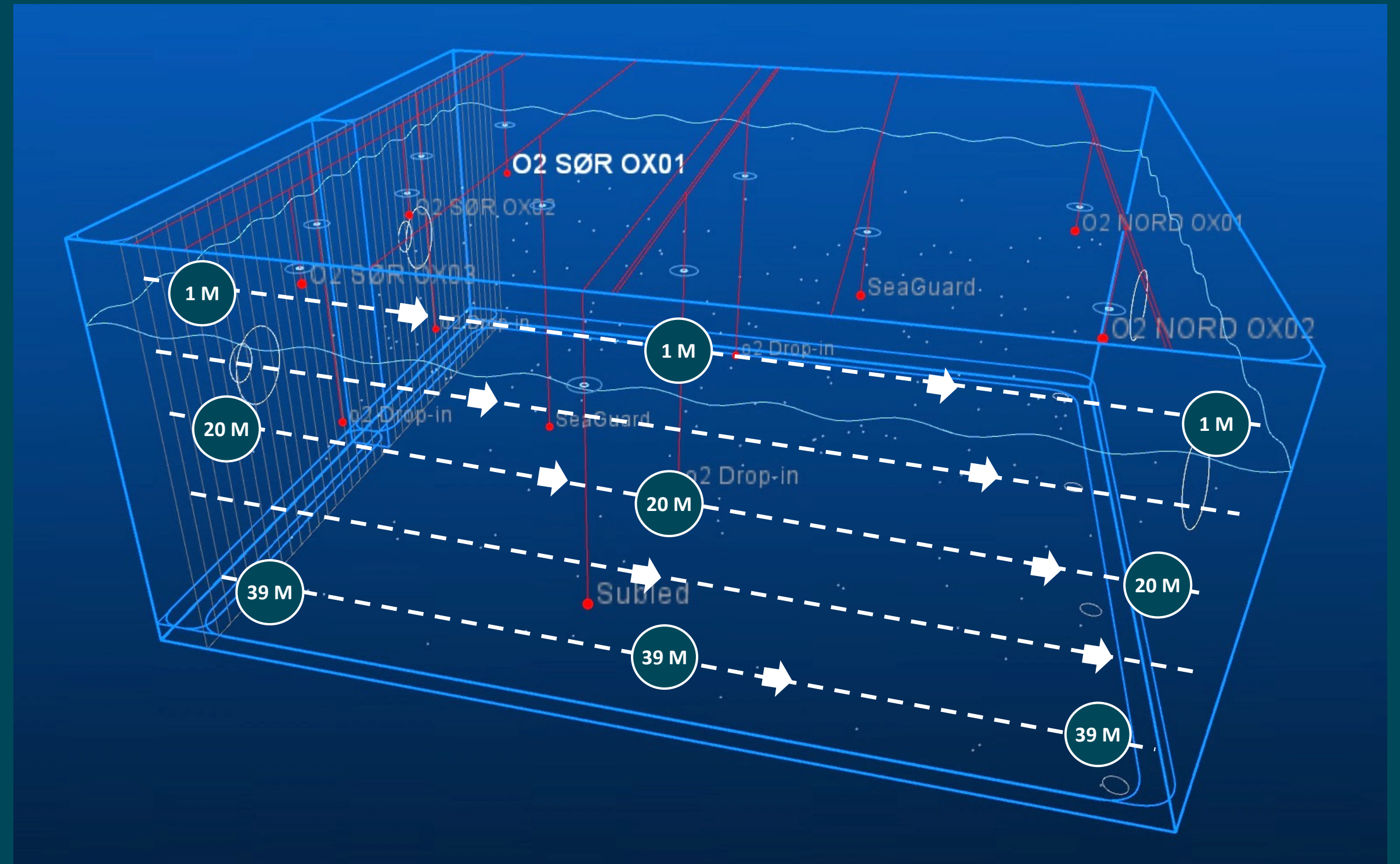
# UNDERLINES HEALTHY POOL CONDITIONS

## ENVIRONMENTAL FACTORS

- “Water current speeds, whilst low, **did not** manifest in poor water quality and may have been increased by the presence of fish in the system.”
- “The water temperature was somewhat **more stable** than what would be expected at corresponding depths in open cages and followed seasonal patterns in ambient temperatures.”
- “The **low natural water temperatures** the fish were subjected to over the autumn through spring **did not manifest in any welfare or performance risks**, or risks for e.g. winter ulcers.”
- “There is presently little to indicate that **increasing the biomass density** in the Andfjord system beyond 25 kg/m<sup>3</sup> will increase the risk of fish welfare states, if good water quality and rearing practices are otherwise maintained.”

## HIGH GROWTH

- “Fish growth...has been **higher** throughout the period than that indicated for fish in this weight and temperature range (4-14 degrees Celsius) by reference growth tables.”
- “It is also **in the upper range** of values reported in several previous studies, overall.”
- “The growth in the Andfjord Salmon system is **high** also when compared with studies utilising semi-closed containment systems.”



**PATENTED LAMINAR WATER FLOW:** Overview of the sampling points for horizontal and vertical water and velocity profiling of the system prior and during salmon production at Andfjord Salmon



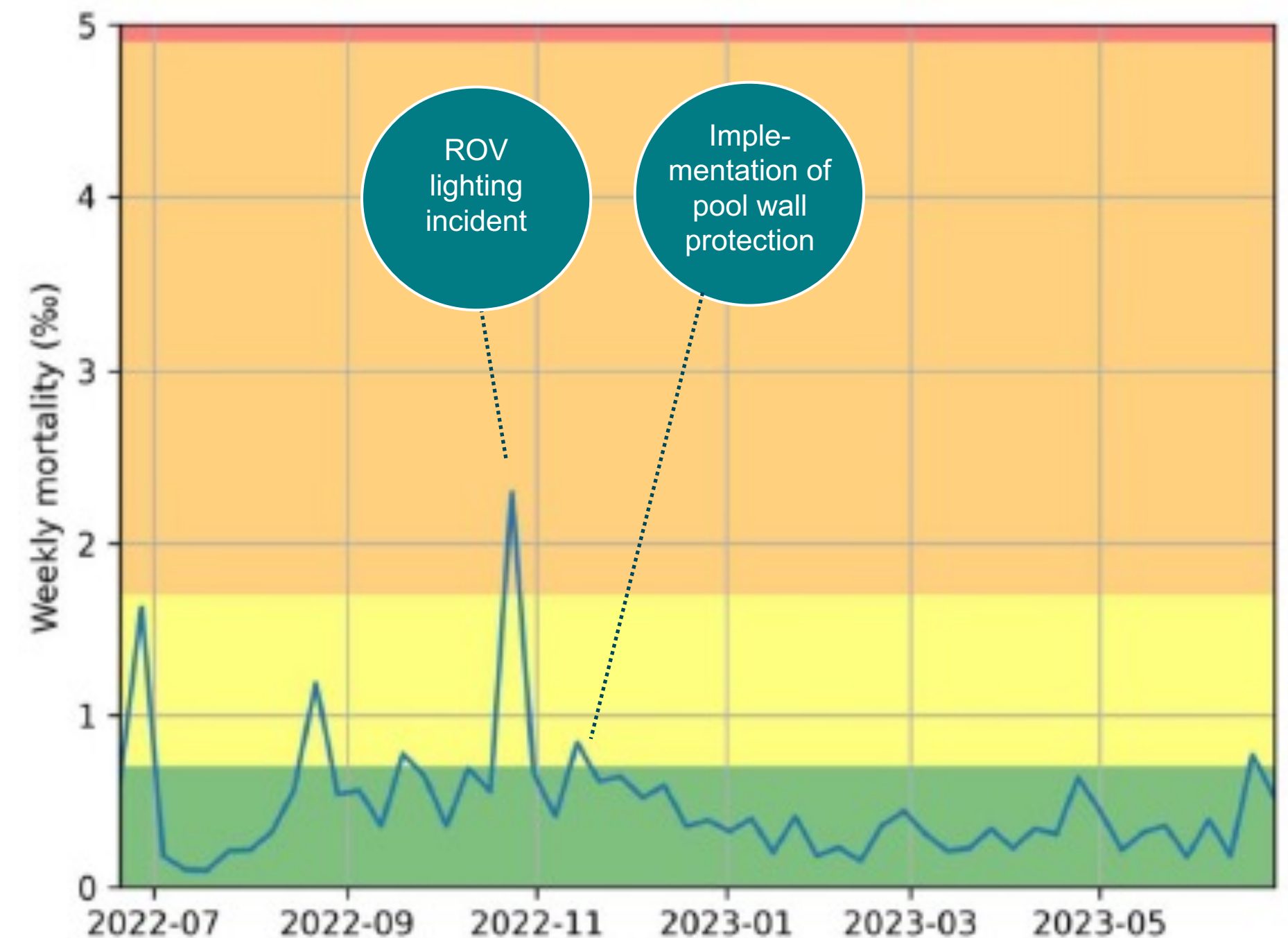
# EMPHASIZES STRONG FISH WELFARE/HEALTH

## FISH BEHAVIOUR

- “Appetite as an OWI was scored according to Laksvel and has been generally been good throughout the documentation period.”
- “The grouping structure of the fish in the pool was relatively consistent at both low and high water throughout the production cycle.”
- “No erratic swimming was noted during any of the low and highwater observation points.”
- “No dense clumping behaviour or fleeing/panic behaviour was noted during any of the daily observation periods from mid-July 2022 until slaughter in late June/July 2023.”
- “The vertical distribution of the majority of the fish became stable two months after smolt transfer, at both low and high water.”

## FISH WELFARE / HEALTH

- “External gill health services have reported good gill health during the production cycle. This correlates with the low number of gill health risks the fish have been exposed to. Various gill health risks can include mechanical delousing, high turbidity and poor water quality.”
- “Overall, the injury status of the fish has generally been good with the majority of injury based OWIs being scored as absent or mild according to the Laksvel scoring system.”
- “Mortalities...were very low in the rearing system (ca. 2.5% for the entire documentation period)”



LAKSVEL: Standardized method to monitor salmon welfare.



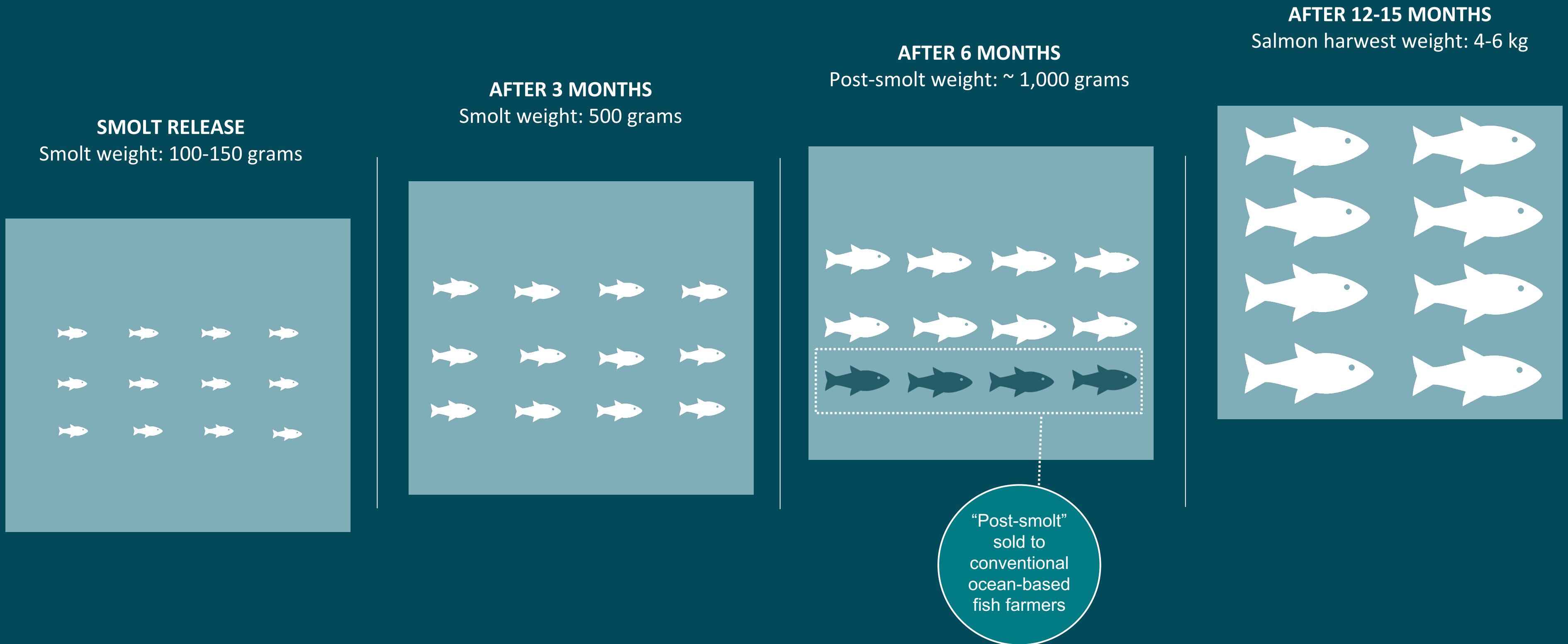
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- Andfjord Salmon in brief
- Quarterly highlights and subsequent events
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- **RECAP: “POST-SMOLT” STRATEGY**
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# THIS IS HOW WE WILL DO IT

NOTE: SIMPLIFIED ILLUSTRATIVE EXAMPLE OF PRODUCTION CYCLE





# MULTIPLE BENEFICIARIES



## OCEAN-BASED FISH FARMERS

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



## THE SALMON

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

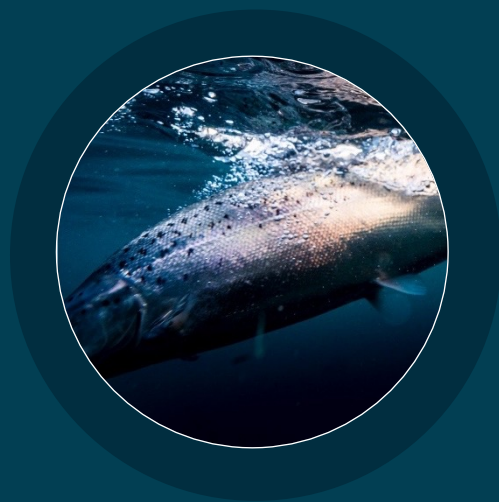


## LOCAL MARINE ENVIRONMENT

- Longer production time in facilities with collection of biological waste (faeces and feed) - circular economy in practice
- Longer production time in facilities with no escape risk
- Possibility to strengthen overall conditions for regional aquaculture clusters



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

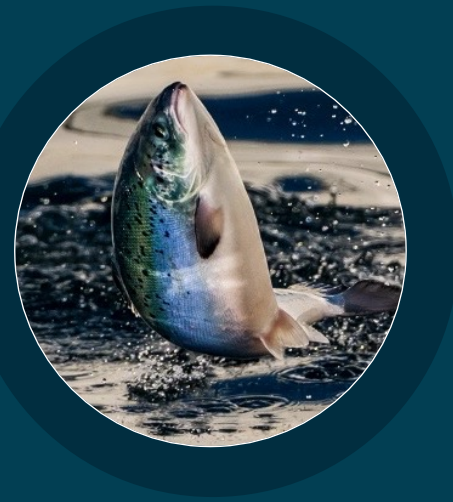


## ADDITIONAL REVENUE STREAM

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

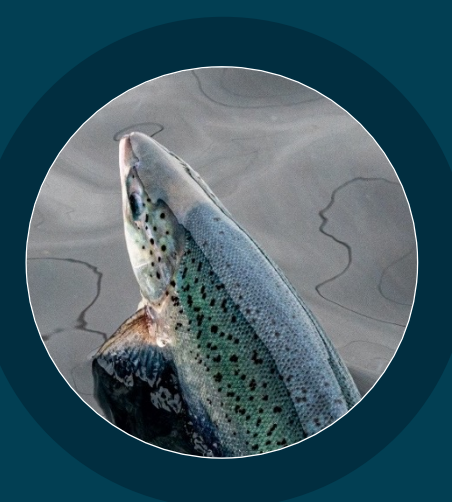
10% increase in biomass turnover

Shorter runway to revenue, positive cash flow effects



## APPROVED BY AUTHORITIES

Initial production plan approved by the Norwegian Directorate of Fisheries



## PARTNERSHIP IN PLACE

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



## INCREASES EBIT

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



## STRENGTHENS SUSTAINABILITY

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



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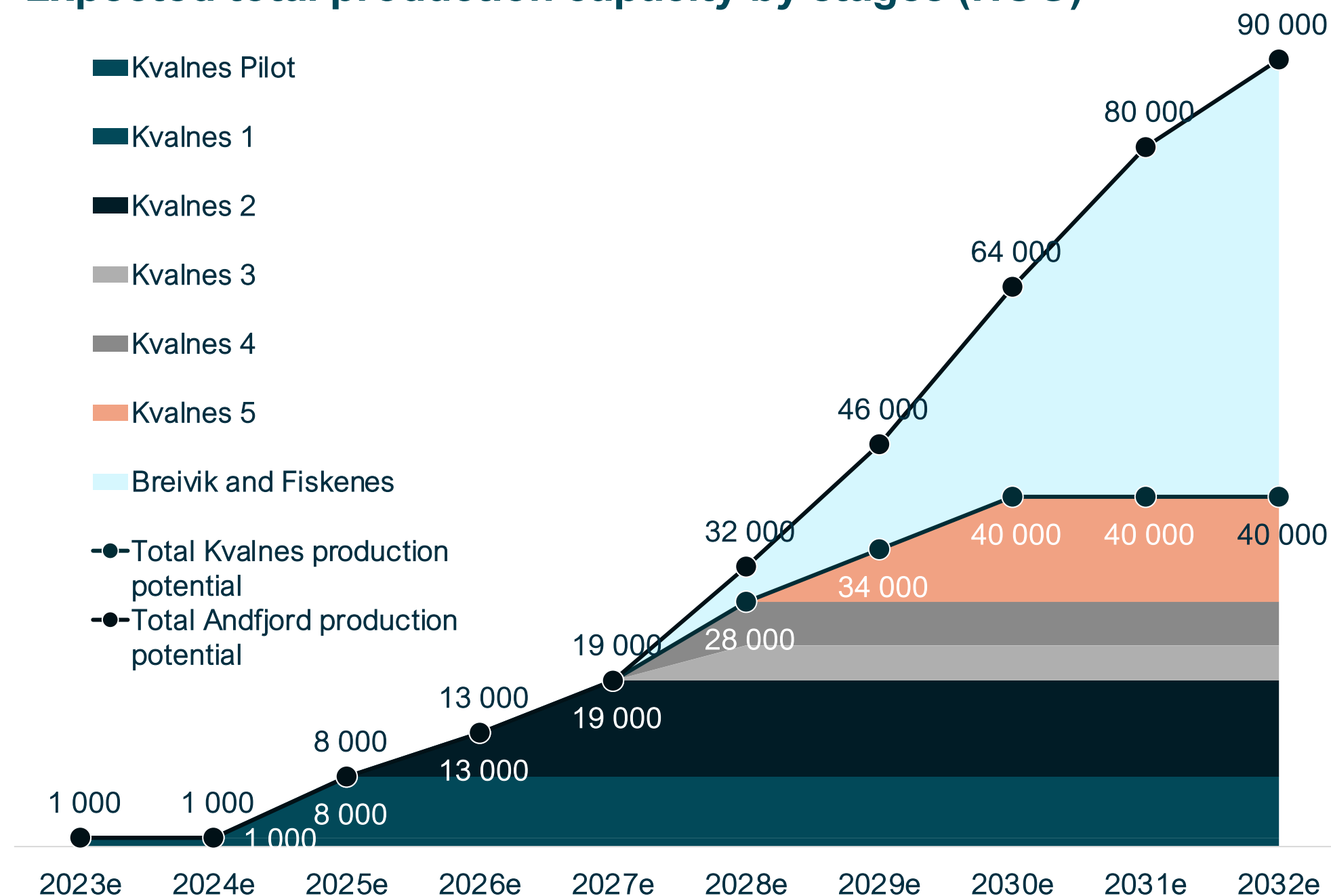


# PRODUCTION VOLUME OF **40,000t** AT KVALNES WITH TOTAL POTENTIAL OF **90,000t**

## Kvalnes build-out plan

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

## Expected total production capacity by stages (HOG)



## Comments

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



Construction 2023-2025:  
**+18,000 tonnes**  
**+4,000 tonnes license expansion**

- 1
- 2
- 3



First pool

Construction start in 2026:  
**+5,000 tonnes**

In operation:  
**1,000 tonnes**

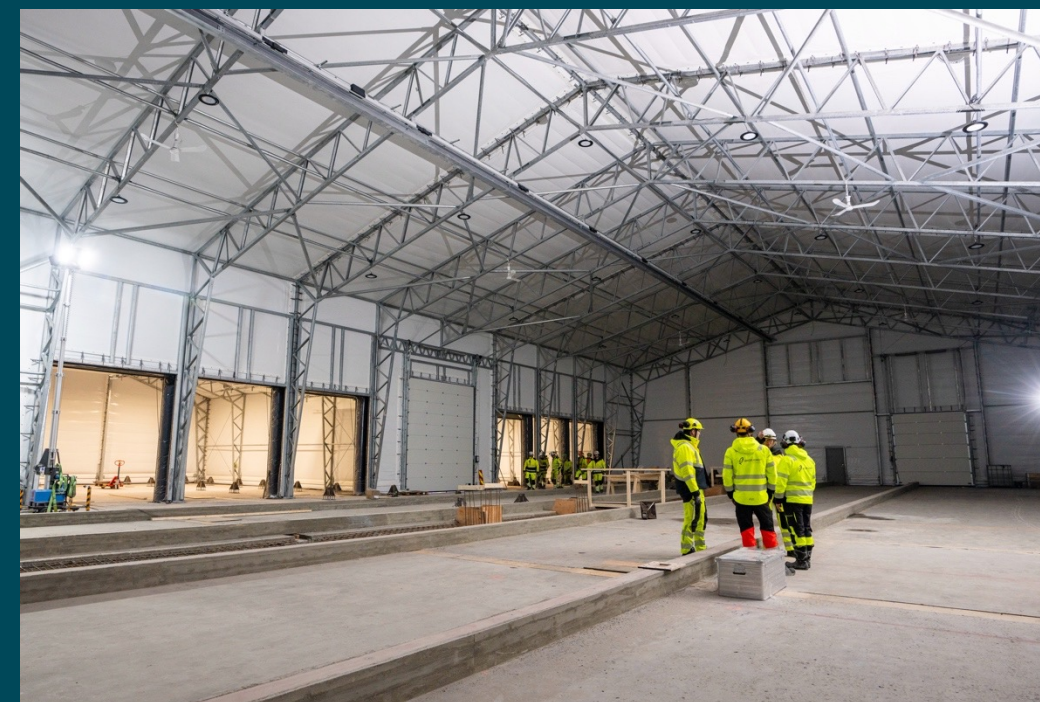
- 4

Construction start in 2027:  
**+12,000 tonnes**  
*(exact location to be decided)*

- 5



# STATUS AND PROGRESS: POOLS



## POOL CONSTRUCTION INITIATED

- Workstream on track
- Concrete elements produced by factory on site
- Masses from pool pits and tunnels utilized as a raw material in concrete (ingredient). reduces the cost and is environmentally sustainable
- Pool excavation reached 100% completion at end-January 2024
- Pool construction initiated earlier as a result of pool excavation being completed one quarter ahead of schedule



# STATUS AND PROGRESS: WATERWAYS



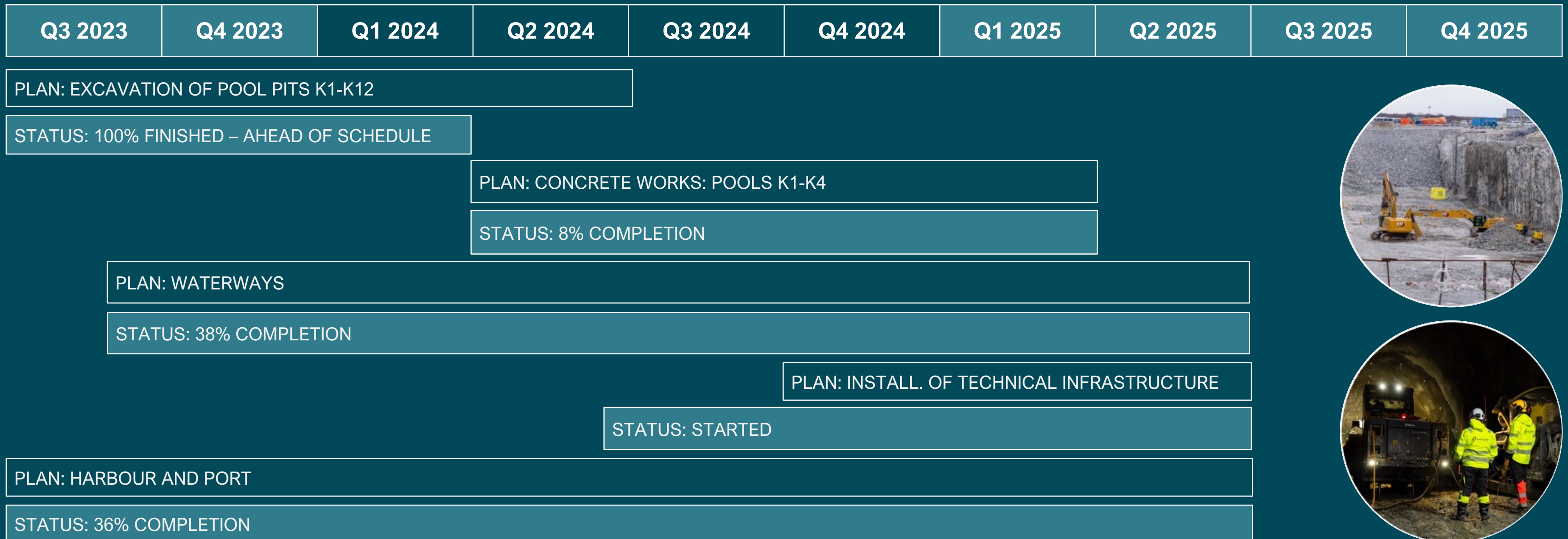
## WATERWAYS ON TRACK

- Capacity to support annual production of 40,000 tonnes (HOG) of Salmon
- Workstream on track
- Quality of bedrock in line with expectations





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





# AGENDA

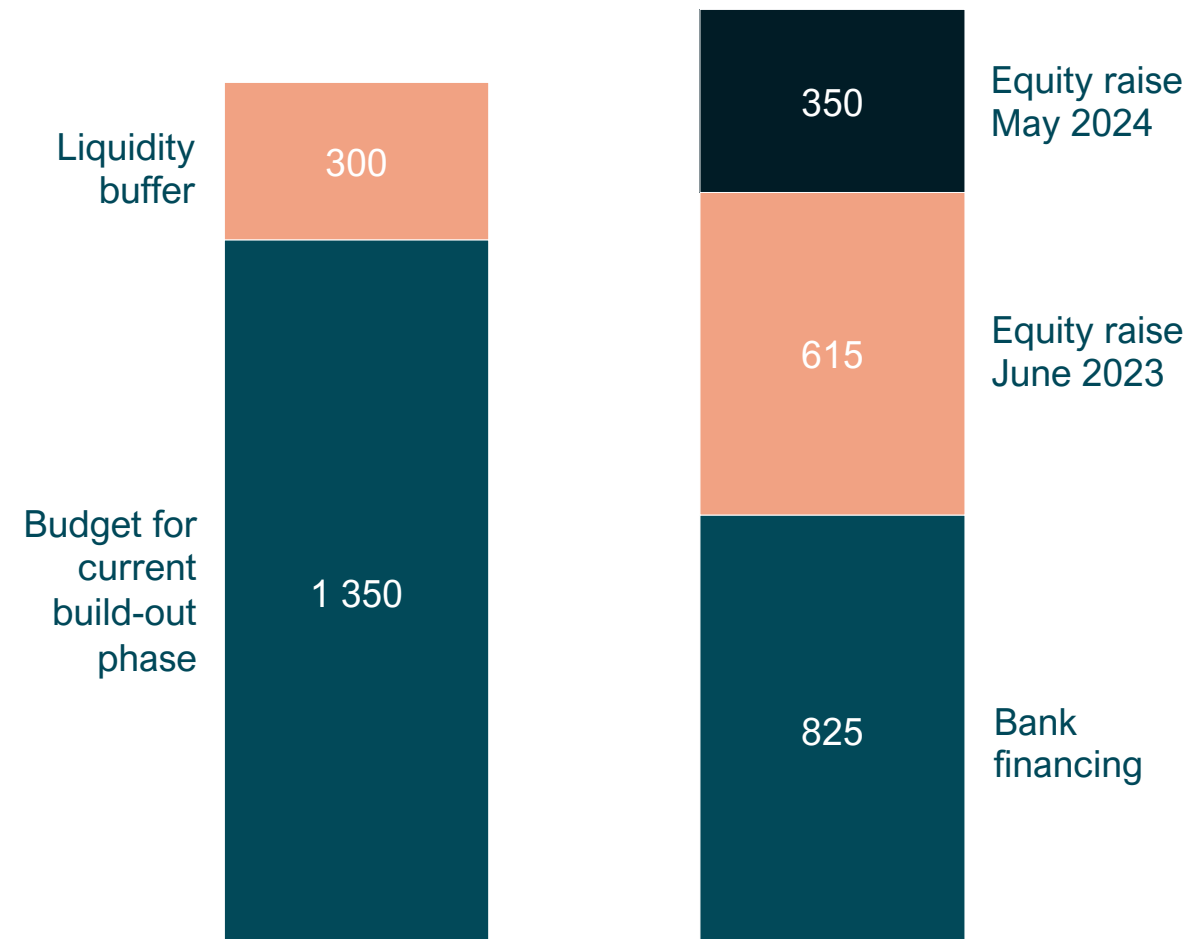
- Introduction
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# SUCCESSFUL PRIVATE PLACEMENT

## RAISED NOK 350 MILLION

- Significantly oversubscribed
- Net proceeds used to expand production capacity at Kvalnes, ramping up biomass, and for general corporate purposes
- Provides added financial flexibility



## STRONG SUPPORT FROM LARGE INDUSTRIAL INVESTORS



- Lisbon-listed group with 230 years of know-how in the food business
- Revenue of EUR 30 billion in 2023
- More than 134,000 employees
- Andfjord Salmon's largest shareholder
- Pro-rata allocation of NOK 87 million



- North American processor and supplier of seafood
- Listed on the Toronto Stock Exchange, Canada
- Sales revenue of almost USD 1.1 billion in 2023
- Explore opportunity for distribution of Andfjord Salmon's fish to the North American market
- Subscribed for approximately NOK 107 million



- Part of Holmøy Maritime
- Produces around 25,000 tonnes of salmon annually (2023e) based on conventional licenses in Nordland and Troms
- Off-taker of "post smolt" from Andfjord Salmon for nearby ocean-based farming locations
- Pro-rata allocation of NOK 15.9 million



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# STATEMENT OF COMPREHENSIVE INCOME

All amounts in 1,000 NOK

Statement of comprehensive income	Q1 2024	Q1 2023	2023
	1.1-31.3 Unaudited	1.1-31.3 Unaudited	1.1 – 31.12
<b>Operating income and expenses</b>			
Revenue from contracts with customers	57	-	37 279
Other income	-	-	-
<b>Total operating income</b>	<b>57</b>	<b>-</b>	<b>37 279</b>
Change in biological assets at cost and other inventories	-	-35	-1 162
Cost of materials	-98	-4 535	-59 638
Fair value adjustments of biological assets	-	12 413	25 707
Employee benefit expenses	-4 811	-6 713	-25 208
Depreciation and amortisation expenses	-6 192	-6 152	-24 904
Other operating expenses	-5 984	-8 918	-31 707
<b>Total operating expenses</b>	<b>-17 085</b>	<b>-13 940</b>	<b>-116 912</b>
<b>Operating profit/loss</b>	<b>-17 028</b>	<b>-13 940</b>	<b>-79 634</b>
<b>Financial income and expenses</b>			
Financial income	1 528	-	12 187
Net financial costs	-205	-140	-2 340
<b>Net financial result</b>	<b>1 324</b>	<b>-140</b>	<b>9 847</b>
<b>Profit/loss for the period</b>	<b>-15 705</b>	<b>-14 080</b>	<b>-69 787</b>



# STATEMENT OF FINANCIAL POSITION

All amounts in 1,000 NOK

<b>Assets</b>	<b>31.03.2024 - Unaudited</b>	<b>31.12.2023</b>	<b>31.03.2023 - Unaudited</b>
Intangible assets	15 077	14 389	10 678
Property, plant & equipment	1 067 333	876 632	499 937
Right-of-use assets	16 243	17 640	21 278
Other non-current assets	44	113	80
<b>Total non-current assets</b>	<b>1 098 698</b>	<b>908 774</b>	<b>531 973</b>
Biological assets	-	-	26 698
Other inventories	1 599	1 697	1 128
Trade and other receivables	46	-	-
Other current assets	2 777	52 361	11 271
Cash and cash equivalents	51 426	250 032	53 521
<b>Total current assets</b>	<b>55 848</b>	<b>304 090</b>	<b>92 618</b>
<b>Total assets</b>	<b>1 154 545</b>	<b>1 212 864</b>	<b>624 591</b>

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



# STATEMENT OF FINANCIAL POSITION

All amounts in 1,000 NOK

Equity and liabilities	31.03.2024 - Unaudited	31.12.2023	31.03.2023 - Unaudited
<b>Total equity</b>	<b>978 819</b>	<b>993 688</b>	<b>462 972</b>
Borrowings	57 626	59 959	66 541
Lease liabilities	8 365	9 340	12 326
<b>Total non-current liabilities</b>	<b>65 991</b>	<b>69 299</b>	<b>78 867</b>
Borrowings	7 666	7 666	56 168
Lease liabilities	4 396	4 511	4 707
Trade payables	73 505	131 134	17 102
Other current liabilities	24 167	6 567	4 775
<b>Total current liabilities</b>	<b>109 736</b>	<b>149 877</b>	<b>82 752</b>
<b>Total liabilities</b>	<b>175 726</b>	<b>219 176</b>	<b>161 619</b>
<b>Total equity and liabilities</b>	<b>1 154 545</b>	<b>1 212 864</b>	<b>624 591</b>



# STATEMENT OF CASH FLOWS

All amounts in 1,000 NOK

Statement of cash flows	Q1 2024	Q1 2023	2023
	1.1-31.3 Unaudited	1.1 – 31.3 Unaudited	1.1 – 31.12
<b>Net cash flow from operating activities</b>	<b>-20 590</b>	<b>-14 297</b>	<b>-29 148</b>
<b>Net cash flow from investing activities</b>	<b>-174 594</b>	<b>-13 313</b>	<b>-326 866</b>
<b>Net cash flow from financing activities</b>	<b>-3 423</b>	<b>-1 779</b>	<b>523 136</b>
<b>Net change in cash and cash equivalents</b>	<b>-198 606</b>	<b>-29 389</b>	<b>167 121</b>



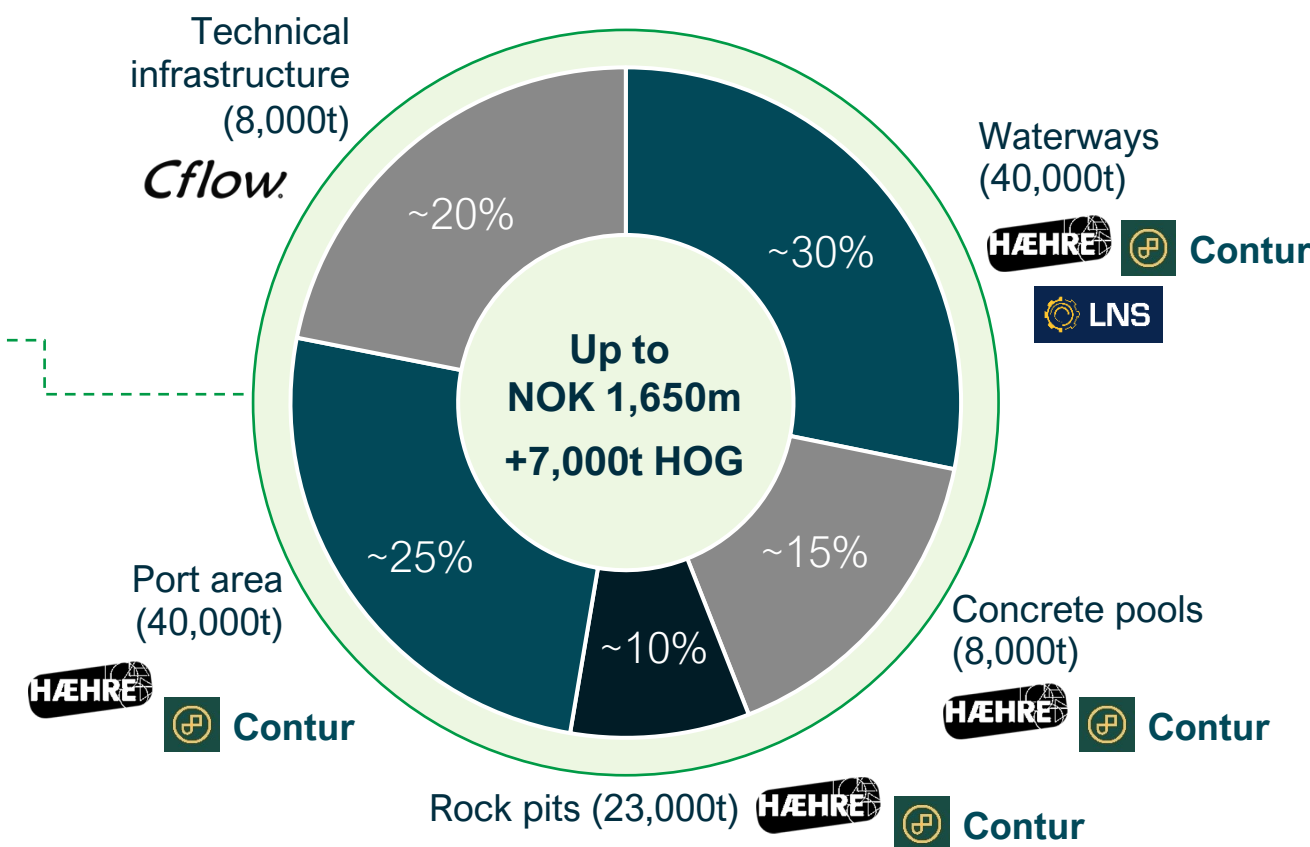
# SCALE-UP TAILORED FOR CAPITAL EFFICIENCY

## Kvalnes build-out plan

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

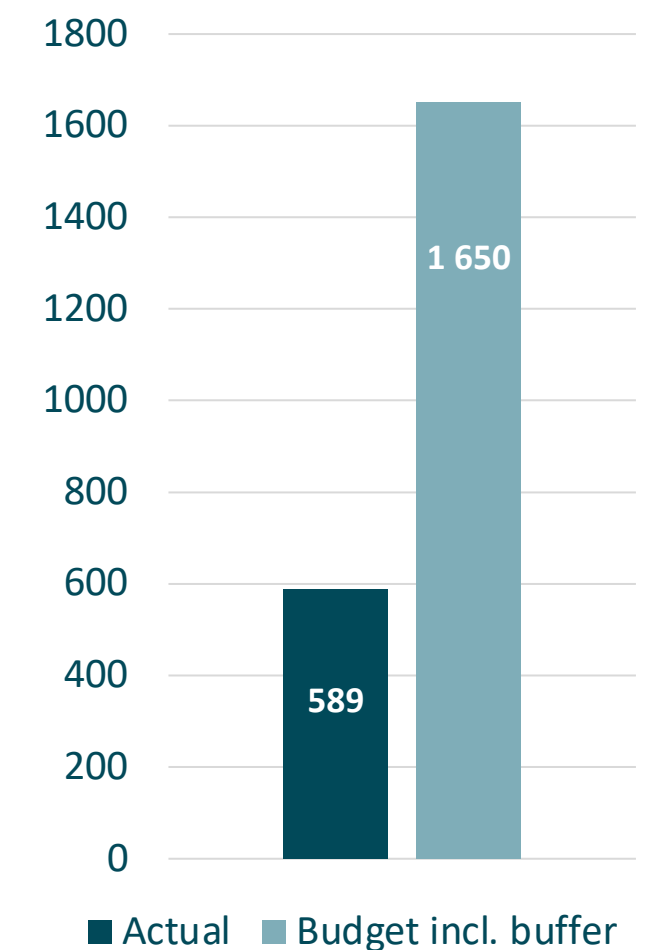
- All future expansions (stage 2 and later) expected to be financed by a mix of **debt and cash flow**
- Significant **shared infrastructure** across stages
- Highly competitive **blended capex for Kvalnes of NOK 114/kg (including substantial buffers)**

## Capital expenditure, Kvalnes phase 1



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

## Incurred costs vs estimated budget cost, incl. buffer



- Actual cost of NOK 589 million per 31 March 2024



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# SUMMARY AND OUTLOOK



## BUILD-OUT PROGRESSING AS PLANNED

Pool pit excavation completed ahead of schedule, harbour area and waterways workstreams progressing as planned



## INITIATED PRODUCTION OF POOL COMPONENTS

Preparations for pool production executed, initiated production of pool components



## FISH-FRIENDLY FARMING

New Nofima report confirms strong fish welfare and health in first production cycle



## POST-SMOLT STRATEGY

“Post-smolt” production opportunity identified, approved and being realised



## PRIVATE PLACEMENT

Strategic investors supporting Andfjord Salmon’s concept and plans



# Q & A



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# Appendix



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



**SMOLT:**  
**100 – 150 GRAMS**

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



**POST-SMOLT:**  
**400 GRAMS – 1,000 GRAMS**

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

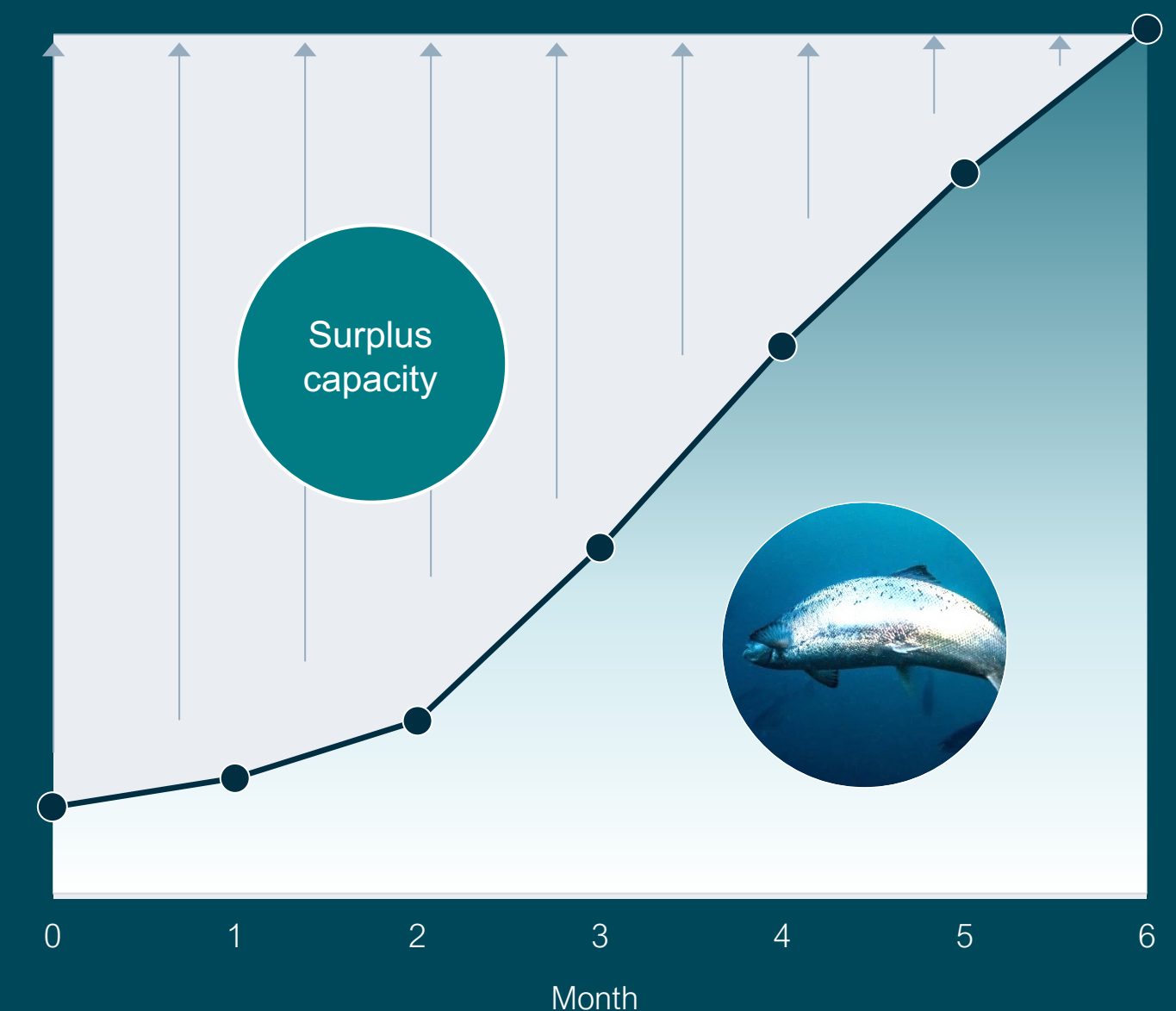
Post-smolt is a more robust fish, considered to be a key to further growth in the Norwegian salmon farming industry, since it provides improved sustainability and fish health.



# A SUPPLEMENT TO PRODUCTION OF HUMAN GRADE SALMON

- Estimated 15-25% increase in EBIT through combined production strategy, strategic collaboration agreed with Eidsfjord Sjøfarm/Holmøy Havbruk to realise plans
- Andfjord Salmon will release smolt of approximately 100-150 grams at the start of each production cycle, which is planned to grow to harvest weights of 4 – 6 kg
- Towards the end of each production cycle and with increased salmon weights, pools will have maximum density level targets of ~35-40 kg/m<sup>3</sup> after splitting
- This implies **significant unused pool capacity** at the start of each production cycle, allowing for an increased number of smolt to be released in order to grow to weights of approx. ~1,000 grams
- **The plan:** Utilise surplus pool capacity for post-smolt production for ocean-based fish farmers

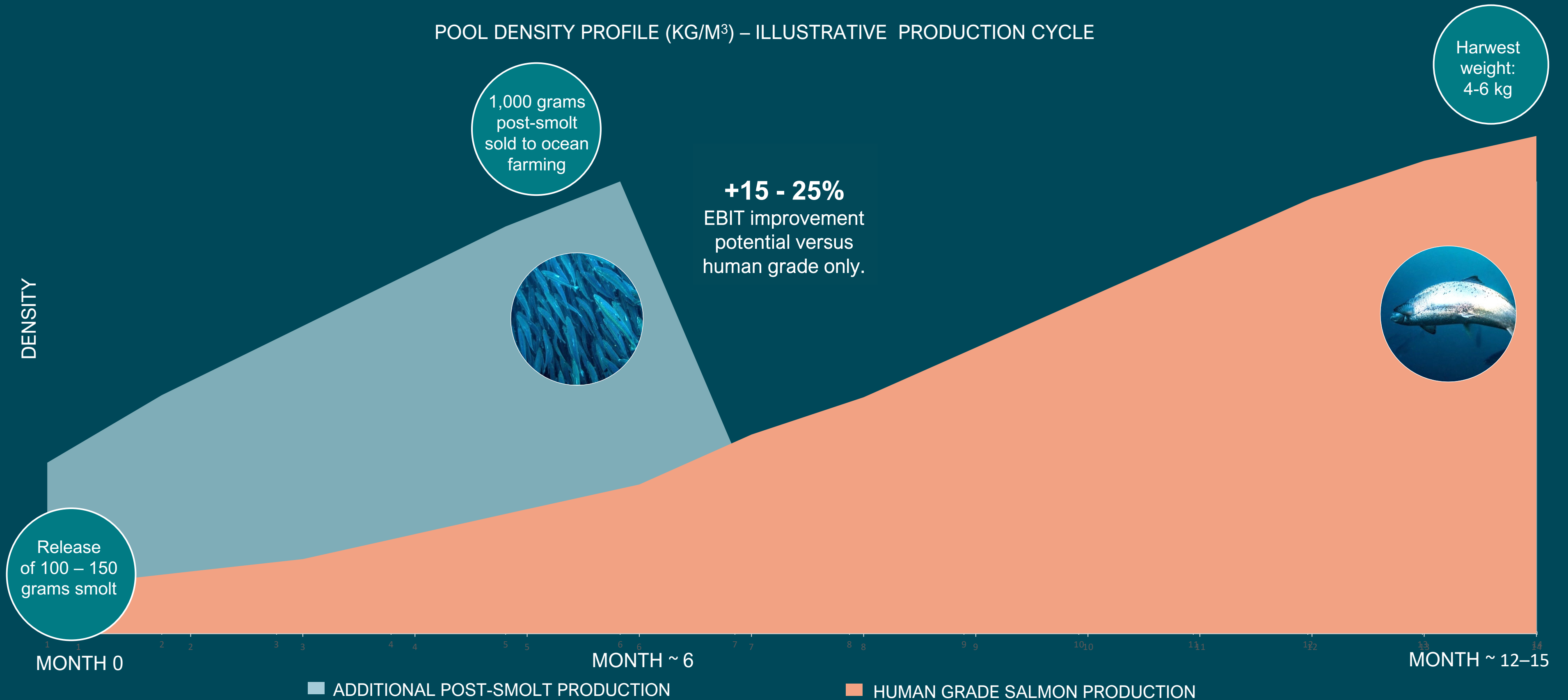
POOL DENSITY PROFILE (KG/M<sup>3</sup>) – ILLUSTRATIVE





# ADDITIONAL “POST-SMOLT” PRODUCTION

POOL DENSITY PROFILE (KG/M<sup>3</sup>) – ILLUSTRATIVE PRODUCTION CYCLE





# BENEFICIAL FOR LOCAL AQUACULTURE INDUSTRY

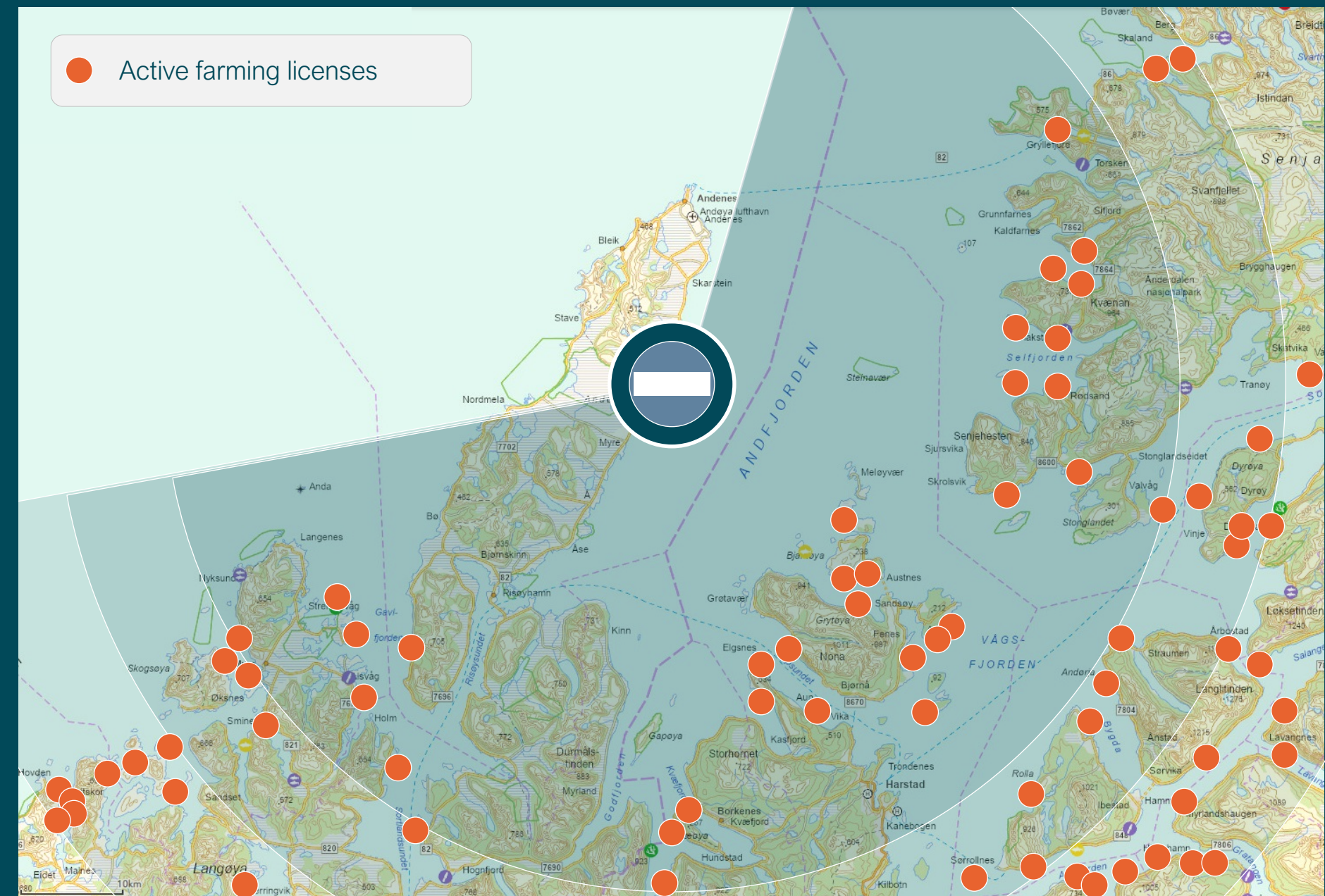
**Enhanced cooperation between ocean-based and land-based farmers = positive for regional economic development**

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

## STRATEGIC POST-SMOLT PARTNERSHIP AGREED

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

**Salmon farming licenses surrounding Andfjord Salmon**





# BENEFITS FOR ANDFJORD SALMON



## OPTIMISING INFRASTRUCTURE AND REVENUE POTENTIAL

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

## FINANCIAL BENEFITS

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

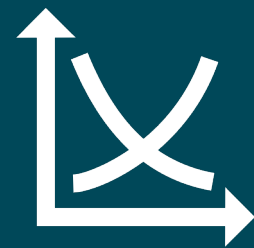
## INDUSTRIAL BENEFITS

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



# KEY DRIVERS: THE POST-SMOLT\* OPPORTUNITY

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



## STRONG DEMAND

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



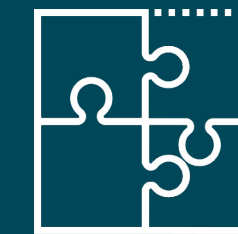
## SUSTAINABLE PRODUCTION

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



## BIOLOGICAL BENEFITS

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



## AVAILABLE POOL SPACE

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

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