

Q1 2021

Status and progress

4 June 2021

Martin Rasmussen, CEO

Andfjord Salmon™ in brief

Andfjord Salmon™:
Salmon farming

Founded:
2014

Location:
Andøya, Norway

License:
10,000 tonnes
(MAB)

Share:
“ANDF”

- Uses a closed flow-through system, which combines the benefits of both traditional and land-based aquaculture while simultaneously eliminating a number of traditional farming issues.
- Strategically located at Andøya – Access to oxygen-rich seawater with stable temperatures, which is pumped up from 160 and 30 meters deep depending on the season.
- Land based farming mitigates problems with sea lice and escapes, besides enabling lower mortality, emissions, food waste and impact on nearby surroundings including wildstock.
- Andfjord Salmon™ has acquired land and is planning for an annual production of 12,600 tonnes (HOG*) salmon on Kvalnes, Andøya.
- Growth potential with clear roadmap to a total capacity of ~90,000 tonnes (HOG).



Our ambition: Build the world's most fish friendly and sustainable aqua farming facility

Salmon welfare

A salmon that thrives, is a salmon that grows. At Andfjord, the salmon will have the very best growing conditions. Crystal clear and oxygen rich sea water is very important. Ample space for the salmon in the pools is another benefit.



Nutritious food

The world needs more food. We also need healthier food. Andfjord Salmon™ will produce premium Atlantic salmon that is very nutritious, has perfect texture and superior taste.



Footprint

Andfjord Salmon™ is land based in harmony with the beautiful landscape of Andøya. The facility is secured, preventing escapements and thereby protecting local wild salmon. Bio residues are collected and reused as fertilizer.



Energy

The Andfjord Salmon™ method has lower energy consumption than most land based farms per kilo of salmon. Solar panels and wind turbines will contribute to power supply.



Agenda

**Quarterly highlights and
subsequent events**

Operational update

**Kvalnes Phase 3: volume
expansion opportunity**

Summary

Highlights

First quarter 2021 and subsequent to quarter

In process of acquiring further land adjacent to current Kvalnes site

Assessing Kvalnes Phase 3: Opportunity to implement volume expansion plan

- Opportunity to increase production volume with approx. 50% – from ~12,600 to ~19,000 tonnes HOG – through expanded build-out
 - Potential EBIT increase from approximately NOK 350 to 500 million
- Improved economics of scale
- Lower build-out costs if Phase 3 is implemented now
- Further reduced biological risk at Kvalnes phases 1 and 2

First pool technically ready for water

- Time-critical inlet and outline pipeline installations
- Walkway and system for water flow complete
- Grouting of pool 99% complete
- Damage to outer section of inlet pipeline

Roger Brynjulf Mosand elected new chairman



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Overview of secured locations

1
Kvalnes
Potential for up to 12,600 tonnes HOG (license secured), and an additional 25,200 tonnes in the future
Land area purchased, with options to expand into additional areas

2
Breivik
Potential for up to 25,200 tonnes HOG
Land area secured through purchase option

3
Fiskenes
Potential for up to 25,200 tonnes HOG
Land area purchased



Update: Zoning plan process for Fiskenes and Breivik sites

- Process managed by Andøy municipality council
- Zoning plan approved by municipality presidency (“Formannskapet”) in March 2021
- **Currently:** Public hearing for zoning plan proposal submitted by Andfjord Salmon
- **Q3 2021:** Final decision expected from Andøy municipality council

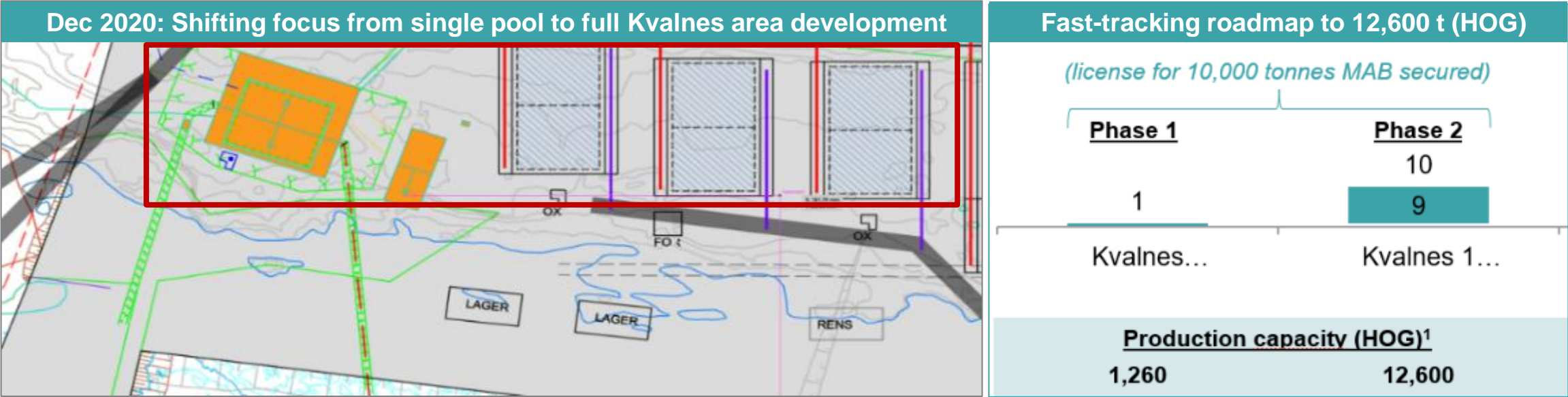
BREIVIK,
25,000 T HOG



FISKENES,
25,000 T HOG



Recap: Fast-tracking and de-risking Kvalnes development, from sequential to full area development



9 1) Management base case assuming WFE/MAB=1.5 and HOG/WFE=0.84

Solid progress on the Kvalnes area development (phase 2)

Status Kvalnes Phase 2

- Excavation and blasting work progresses according to plan
- No unexpected surprises

Benefits of fast-tracking Kvalnes Phase 2:

- De-risks expansion
- Saved expenses on de-mobilization and mobilization of machinery
- Reduces biological risk for fish in Kvalnes Phase 1
- Eliminates risk that fish suffers stress from noise and vibration from nearby construction work



Status first Kvalnes pool (Phase 1): construction finalised, minor details remaining, pool technically ready to be filled with water



- ✓ Pool, including hook-up to nearby Andfjorden
- ✓ Inner sections of inlet pipeline
- ✓ Outlet pipeline
- ✓ Technology
- ✓ Operating personnel and operations centre



Remaining post-construction activities

- Automation and electro work for water measurement systems
- Installation of power switches
- Outer section of inlet pipeline
- Repair outer section of inlet pipeline

Agenda

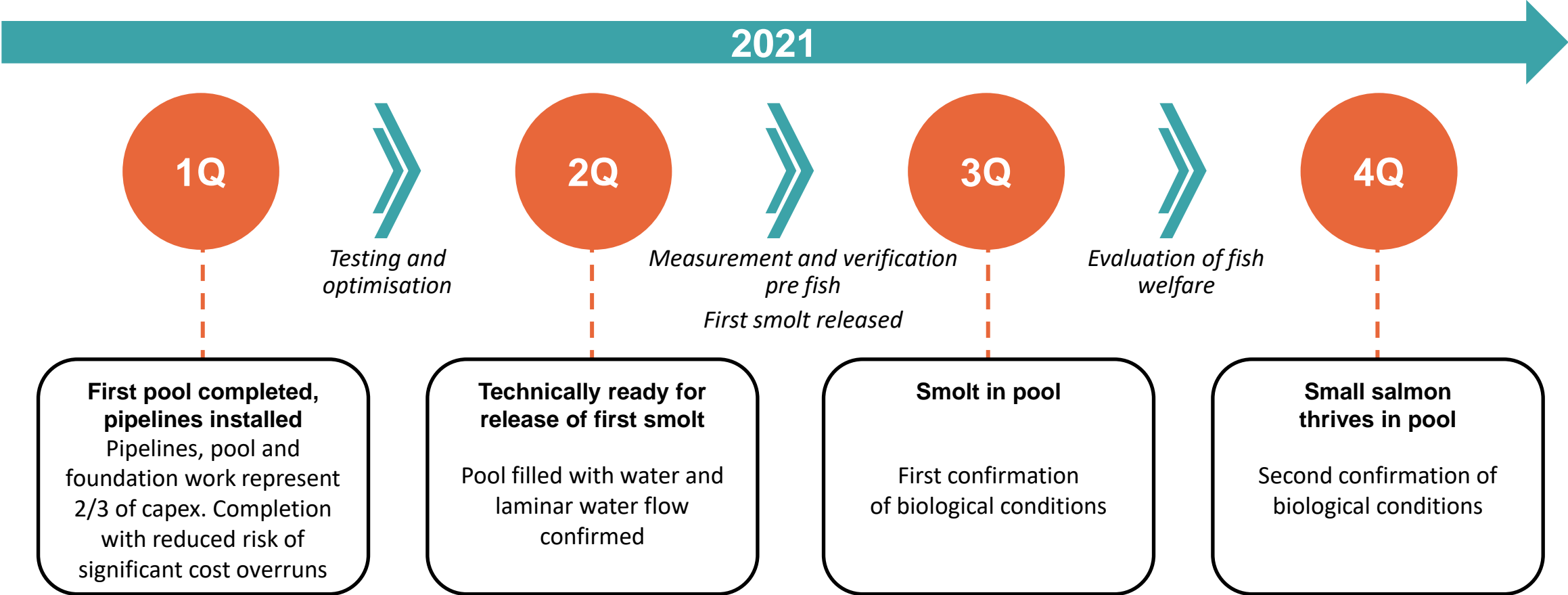
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Summary

Current plan (as shared on 12 March 2021)



New land area in process of being acquired; opens up interesting development opportunity at Kvalnes



Direction from BoD to management: Always look for opportunities to improve the project and find solutions that can reduce development risk, to the long term benefit of our shareholders

Aug 2020: Strategic change #1

Postponement of release of first smolt to spring 2021

Key benefits

- Improved growth conditions for smolt
- Reduced biological risk
- Reduced project risk
- Minimal financial impact

Dec 2020: Strategic change #2

Fast-track development of Kvalnes Phase 2

Key benefits

- De-risks expansion
- Saved expenses on de-mobilization and mobilization of machinery
- Reduces biological risk for fish in Kvalnes Phase 1
- Eliminates risk that fish suffers stress from noise and vibration

Possible strategic change #3

Implement early development of Kvalnes Phase 3

Possible benefits

- Increase production volume with 50% – from ~12,600 to ~19,000 tonnes HOG
- Improved economics of scale
- Lower build-out costs if Phase 3 is initiated now
- Further reduced biological risk at Kvalnes phases 1 and 2

Alternative Kvalnes development plan under consideration: initiate development of Kvalnes Phase 3

Phase 1: 1,260 t HOG

Phase 2: 12,600 t HOG

Phase 3: 19,000 t HOG



Multiple benefits of initiating Kvalnes Phase 3 plan now

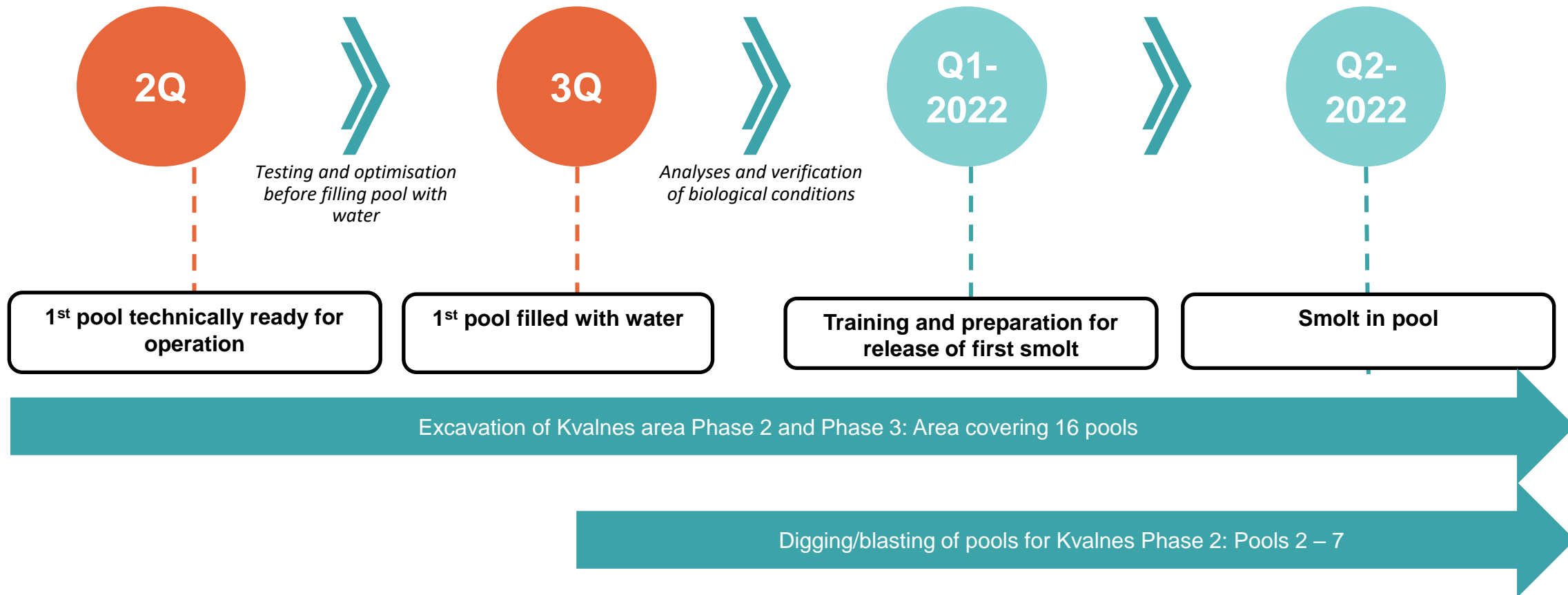
Benefits

- Opportunity to **increase annual production volume with 50%:** from ~12,600 to 19,000 tonnes HOG
 - Represents potential **EBIT increase** from approx. NOK 350 to 500 million
- Increased production significantly **strengthens** mid and long-term **revenue potential** of Andfjord Salmon
- Improved economics of scale = **improved profitability**
- **Lower build-out costs** if Phase 3 is initiated now
- Further **reduces biological risk** at Kvalnes Phases 1 and 2
 - Allows for even longer test period of first pool
 - Further reduces risk fish from Phase 1 and Phase 2 suffers stress from noise/vibrations from nearby construction work

Other considerations

- Eliminates uncertainty associated with damage to outer section of inlet pipeline
- Slightly longer runway to revenues through shifting release of first smolt to Q2 2022
- Debt financing source of financing for early initiation of Phase 3

Alternative plan: early implementation of Kvalnes Phase 3



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Summary and outlook

- **FIRST POOL:** Technically ready to be filled with water
- **NEW LAND:** In process of being acquired
- **INITIATION OF KVALNES PHASE 3:** Attractive way forward, both operationally and financially
- **UNDERLINES** continuous efforts to secure long term value creation for shareholders
- **REAFFIRMS** ambition of building the world's most fish-friendly and sustainable aquaculture facility of its kind



Q & A



Appendix



Income statement

Andfjord Salmon AS <i>All amounts in NOK</i>	Q1 2021 Unaudited	Q1 2020	31.12.2020
Operating income and expences			
Other income	0	0	180 863
Total operating income	0	0	180 863
Salary and personnel expenses	4 325 171	2 066 085	10 342 618
Depreciation of tangible and intangible fixed assets	122 661	78 847	370 704
Other operating expenses	2 804 126	1 173 719	9 085 586
Total operating expenses	7 251 958	3 318 651	19 798 909
Operating profit/loss	-7 251 958	-3 318 651	-19 618 046
Financial income and expences			
Other financial income	132 679	348 297	838 273
Other financial expenses	71 271	403 557	409 703
Net financial income/expences	61 408	-55 260	428 570
Profit/loss before tax	-7 190 550	-3 373 911	-19 189 476
Net profit/loss for the period	-7 190 550	-3 373 911	-19 189 476

Balance sheet

Andfjord Salmon AS	31.03.2021	31.12.2020	31.03.2020
<i>All amounts in NOK</i>	Unaudited		
Assets			
Fixed assets			
Intangible assets			
Research and development	1 327 457	1 219 832	618 631
Total intangible assets	1 327 457	1 219 832	618 631
Property, plant & equipment			
Land facilities for farming	272 631 999	218 810 019	81 593 956
Machinery and plant	670 477	670 477	
Plots and other land	3 725 663	3 822 693	3 885 944
Operating movable property, furniture, tools, other	670 800	538 366	66 236
Total property, plant & equipment	277 698 939	223 841 555	85 546 136
Long-term financial assets			
Other receivables	150 535	159 390	0
Total long-term fixed assets	150 535	159 390	0
Total fixed assets	279 176 932	225 220 777	86 164 767
Current assets			
Receivables			
Accounts receivables	6 154	226 078	
Other receivables	20 285 122	17 383 243	7 496 981
Total receivables	20 291 276	17 609 321	7 496 981
Cash and deposits *	88 795 252	148 846 067	70 032 181
Total current assets	109 086 528	166 455 388	77 529 162
Total assets	388 263 459	391 676 165	163 693 929

Andfjord Salmon AS	31.03.2021	31.12.2020	31.03.2020
<i>All amounts in NOK</i>	Unaudited		
Equity and liabilities			
Paid-in capital			
Share capital	35 791 900	35 791 900	29 874 400
Share premium reserve	311 154 754	318 345 305	113 561 873
Not registered capital increase	3 052 524		
Total paid-in capital	349 999 178	354 137 205	143 436 273
Total equity	349 999 178	354 137 205	143 436 273
Liabilities			
Non-current liabilities			
Liabilities to financial institutions	15 000 000		
Other non-current liabilities	4 078 176	4 078 176	
Total non-current liabilities	19 078 176	4 078 176	
Current liabilities			
Trade payables	17 193 725	29 788 856	19 439 529
Current tax liabilities	451 780	723 106	241 484
Other current liabilities	1 540 600	2 948 823	576 643
Total current liabilities	19 186 105	33 460 785	20 257 657
Total liabilities	38 264 281	37 538 961	20 257 657
Total equity and liabilities	388 263 459	391 676 165	163 693 929

24 * Figure does not include a NOK 35 million undrawn credit facility with Sparebank 1 Nord-Norge and Innovation Norway. In addition NOK 15 million in grants, not included from Innovation Norway (NOK 14 million) and Samskap (NOK 1 million).

Cash flow statement

Andfjord Salmon AS <i>All amounts in NOK</i>	Q1 2021 Unaudited	Q1 2020	31.12.2020
Cash flows from operating activities			
Profit/ loss before income taxes	-7 190 550	-3 373 911	-19 189 476
Depreciation	122 661	78 847	370 704
Change in accounts receivables	219 924	0	-226 078
Change in trade creditors	-12 595 131	15 294 391	25 643 718
Changes in other accruals	-4 680 198	-4 980 501	-12 773 552
Net cash flow from operating activities	-24 123 294	7 018 826	-6 174 684
Cash flows from investing activities			
Purchase of property, plant and equipment	-53 980 045	-30 766 981	-165 276 082
Net cash flow from investing activities	-53 980 045	-30 766 981	-165 276 082
Cash flows from financing activities			
Proceeds from the issuance of new long-term liabilities	15 000 000	0	0
Paid in capital	3 052 524	0	226 516 497
Net cash flow from financing activities	18 052 524	0	226 516 497
Net change in cash and cash equivalents	-60 050 815	-23 748 156	55 065 731
Cash and cash equivalents at the beginning of the period	148 846 067	93 780 337	93 780 337
Cash and cash equivalents at the end of the period	88 795 252	70 032 181	148 846 067



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