

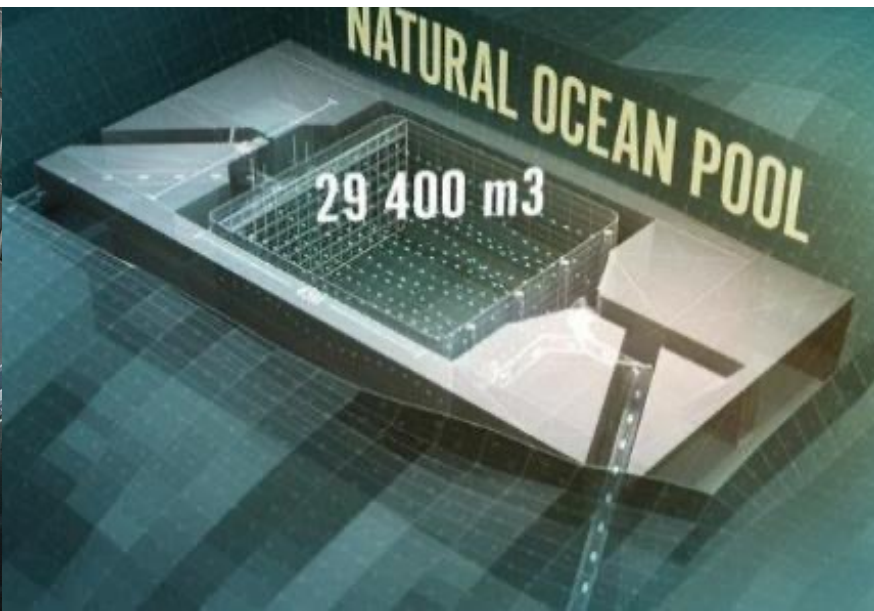


Q  
2



## Q2 / H1 Report 2021 September 3, 2021

Status and progress





# Q2 / H1 Presentation 2021



**Martin Rasmussen**  
CEO



**Bjarne Martinsen**  
CFO



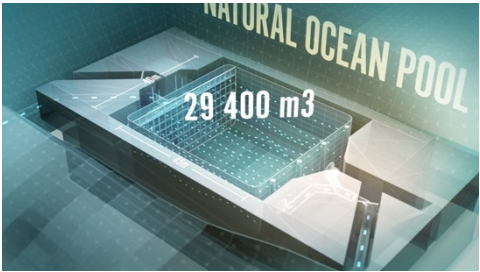
**Ben Tommy Eriksen**  
R&D Director

## Agenda

- Quarterly highlights and subsequent events
- Operational update
- The flow-through technology
- Summary and outlook

# ANDFJORD SALMON AT A GLANCE

FOUNDED: 2014 - LOCATION: ANDØYA, NORWAY - EURONEXT GROWTH: ANDF



**FLOW-THROUGH**  
Uses a closed flow through system, which combines the benefits of both traditional and land based aquaculture while solving a number of traditional farming issues.



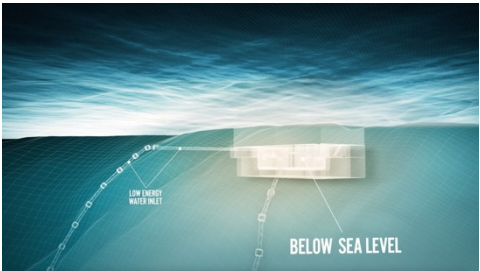
**FIRST LOCATION**  
Andfjord Salmon™ has been granted a license for 10 000 tonnes MAB with potential production volume of 19 000 tonnes HOG at Kvalnes, Andøya.



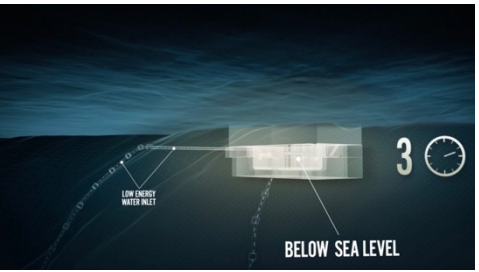
**GULF STREAM**  
Strategically located at Andøya – with unique access to oxygen-rich seawater at stable temperatures. The unit is situated at a depth of 160 to 30 meters, depending on the season.



**~90,000 TONNES IN TOTAL**  
Andfjord Salmon has acquired three locations, with a clear roadmap towards achieving a total capacity of ~90,000 tonnes (HOG).



**UNIQUE SOLUTION**  
Land-based farming avoids or eliminates problems with sea lice, algae and escapes. The system collects organic waste, which is a valuable resource.



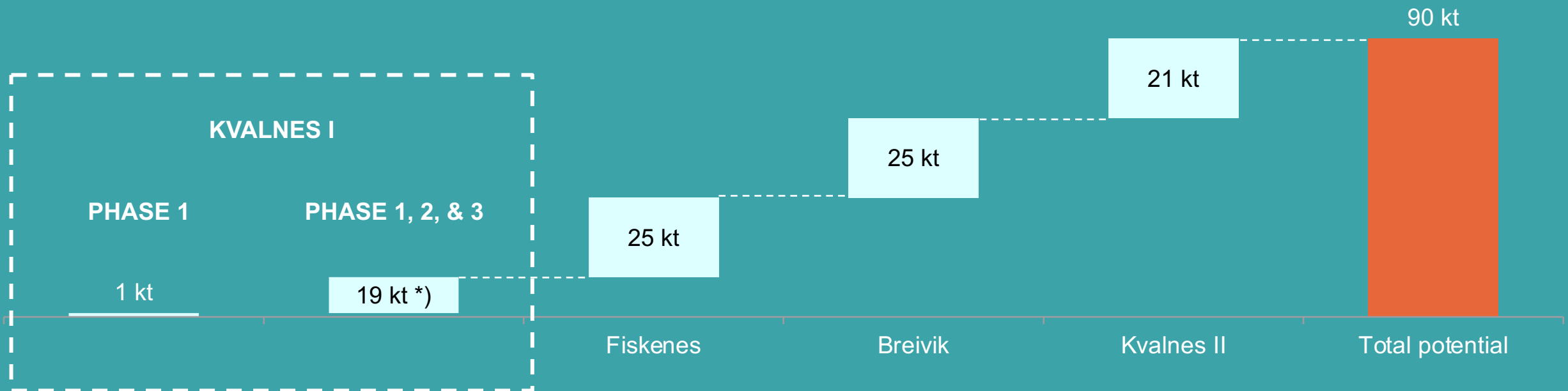
**FISH FRIENDLY**  
Andfjord Salmon™ aims to build the worlds most fish-friendly and environmentally friendly facility for salmon.

# EXPANSION POTENTIAL TO A TOTAL CAPACITY OF ~90.000t (HOG)



- Andfjord Salmon has secured, by purchase or purchase options, land on Andøya enabling an expansion of total annual production volumes to ~90.000t (HOG)
- The Company has secured the license for Kvalnes I and has already started the licensing process for the expansion
- The Company has support from local authorities for its planned project and expansion plans

Indicative\*)



\*) Management base case assuming WFE/MAB=1.5 and HOG/WFE=0.84. 19 kt = 19 000t HOG based on existing license of MAB 10 000t on the regulated production area of Kvalnes I.



# AGENDA



QUARTERLY  
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# HIGH- LIGHTS Q2



## MORE LAND ACQUIRED

Further land acquired  
adjacent to current  
Kvalnes site



## OPERATIONS BUILDING COMPLETED

Operations and  
administration building  
completed

## FIRST POOL COMPLETED

- Outer section of inlet pipeline repaired
- Second section of inlet pipeline successfully installed
- Installation of water intake filter section in progress
- Operational pool testing, including water filling, ongoing

## KVALNES PHASE 3: VOLUME EXPANSION PLAN LAUNCHED

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

## FINANCING SECURED

NOK 50 million unsecured shareholder loan granted, at 3% p.a. interest rate and 2 years unsecured term. No covenants.





# UPDATE ZONING PLAN FOR FISKENES / BREIVIK



## BREIVIK

69 DEGREES NORTH,  
ANDØYA, VESTERÅLEN

# 25,000

HOG, TOTAL POTENTIAL  
PRODUCTION VOLUME



## FISKENES

69 DEGREES NORTH,  
ANDØYA, VESTERÅLEN

# 25,000

HOG, TOTAL POTENTIAL  
PRODUCTION VOLUME

- Process managed by Andøy municipal council
- Zoning plan approved by municipality's executive committee ("Formannskapet") in March 2021
- Public hearing for zoning plan proposal conducted in Q2 2021
- **Q3/Q4 2021:** Final decision expected from Andøy municipal council

# AGENDA



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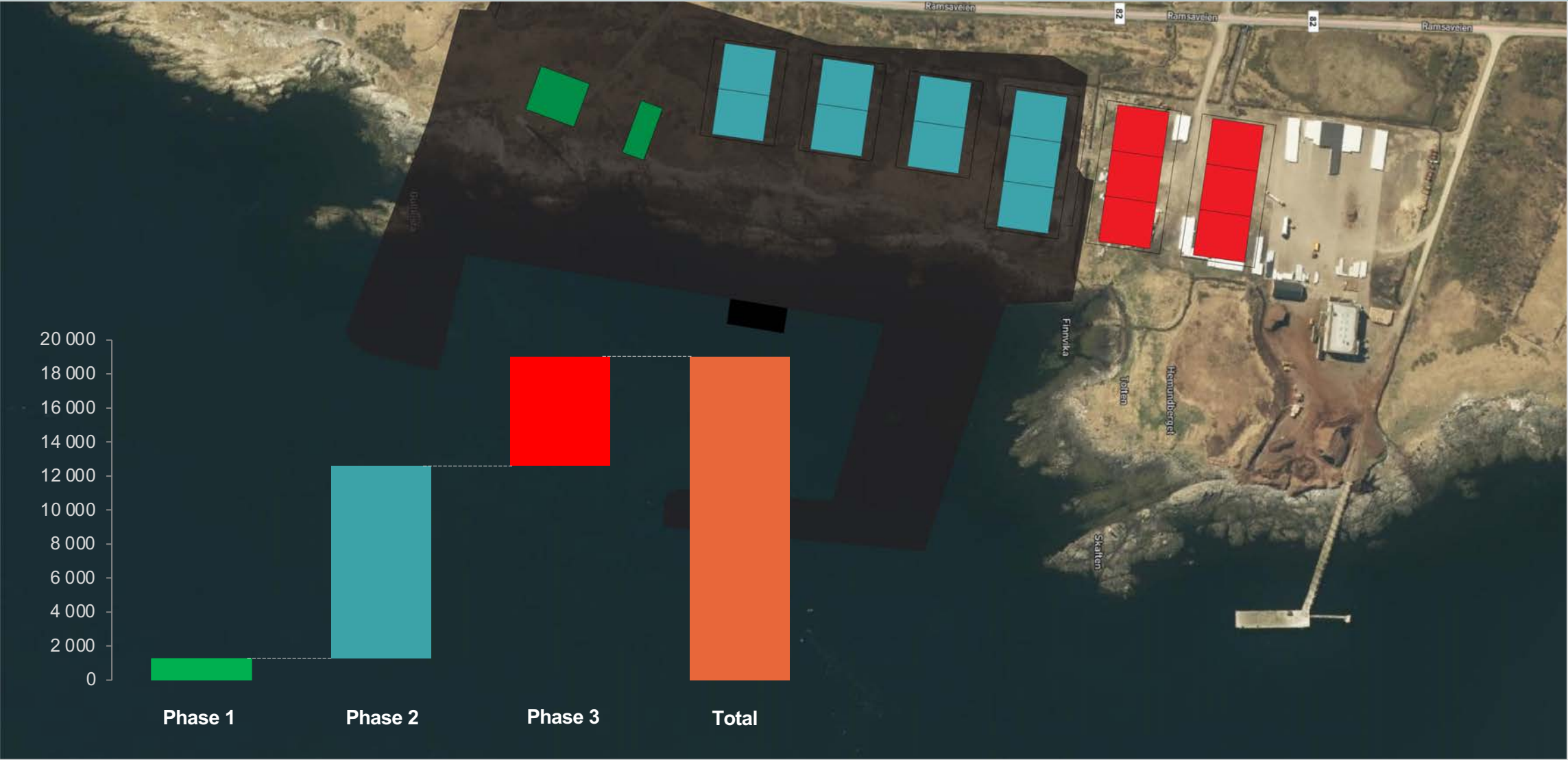
KEY  
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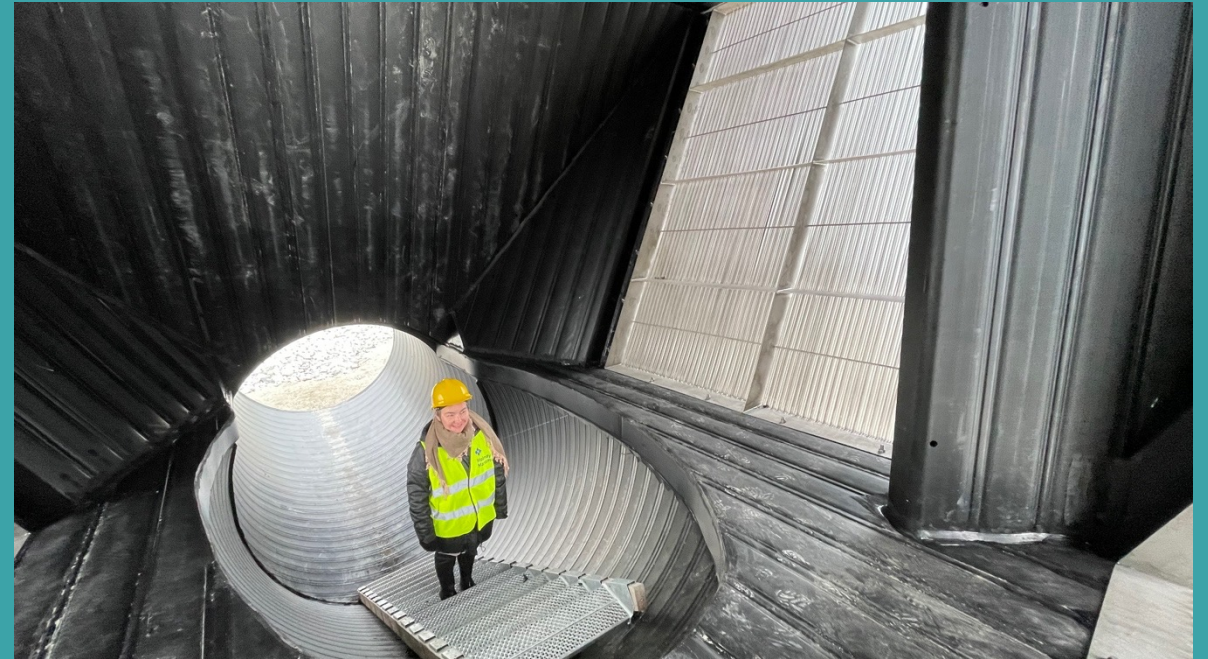


# Maximising long-term earnings potential at Kvalnes



STATUS FIRST KVALNES POOL (PHASE 1):

## Construction finalised, pool soon to be filled with water



### COMPLETED ACTIVITIES

- Pool is connected to Andfjorden
- Inner sections of inlet pipeline repaired and installed
- Technology for operations
- Organisation is ready for operations
- Operations and administration center completed

### REMAINING POST WATER FILL ACTIVITIES:

- Automation and electrical work for water measurement systems
- Installation of power switches
- Final section of water intake filter to be installed, see photo above



# Solid progress on the Kvalnes area development (phase 2)

## STATUS KVALNES PHASE 2:

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

## BENEFITS OF FAST-TRACKING KVALNES PHASE 2:

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



*Photo: Area prepared for expansion and planned blasting of 6 pools in the ground*

# Purchase of adjacent land enables early development of Kvalnes Phase 3

## BENEFITS OF EARLY DEVELOPMENT OF KVALNES PHASE 3:

- Increases production volume by 50%: from ~12,600 to ~19,000 tonnes HOG
- Represents potential EBIT increase from approx. NOK 350 to 500 million \*)
- Significantly strengthens mid and long-term revenue potential at Kvalnes
- Improved economies of scale
- Lower construction costs when phase 3 is initiated earlier than planned
- Further reduces biological risk at Kvalnes phases 1 and 2



*Picture: Additional area for expansion of phase 3 Kvalnes for a total production of 19 000 tonnes HOG*

*\*) Ebit per kg nok 26, based on sales price nok 60 per kg*



# AGENDA



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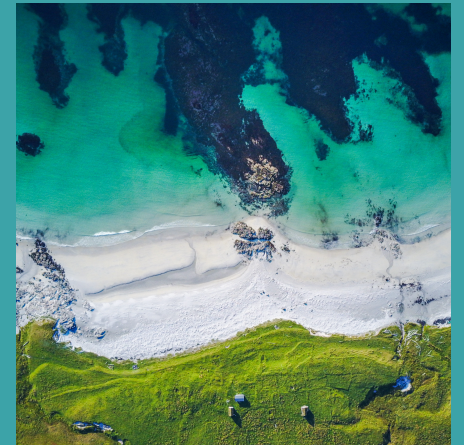
OPERATIONAL  
UPDATE



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TECHNOLOGY

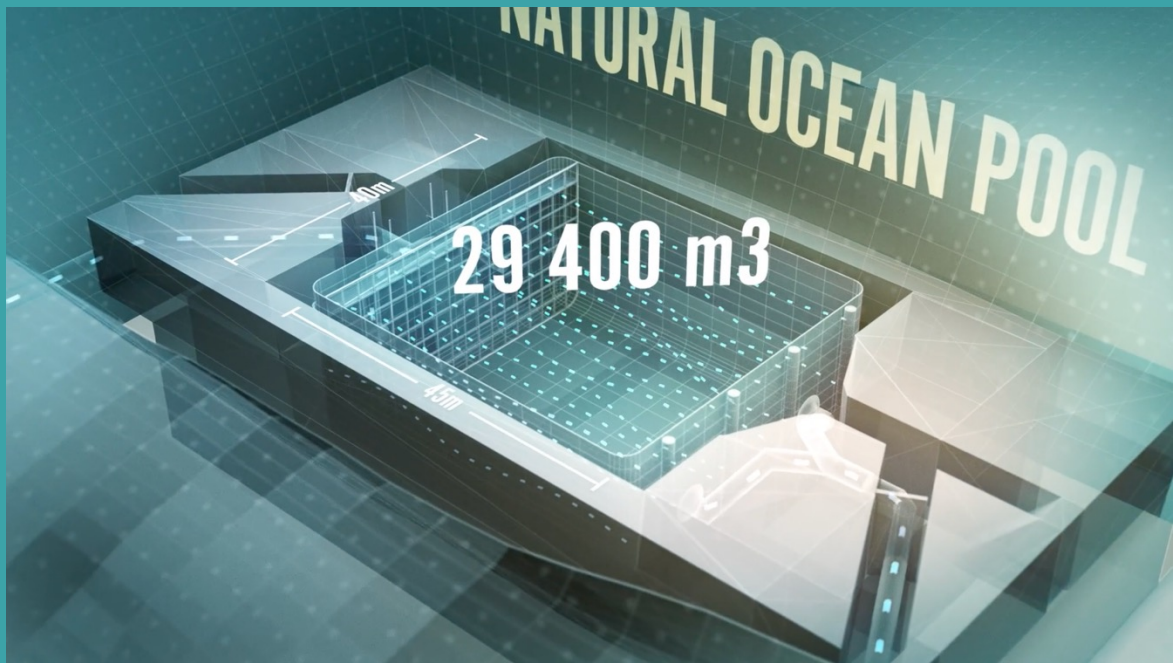


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# NATURAL OCEAN POOLS – BUILT ON ATLANTIC SALMON BIOLOGY

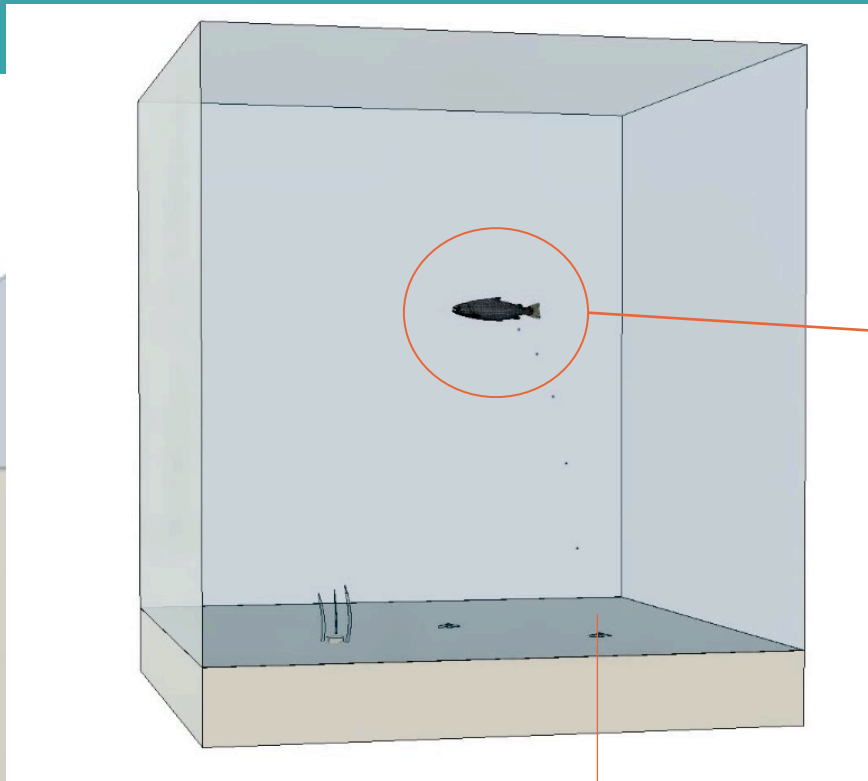


Andfjord Salmon™ recreates the Atlantic Ocean in a flow-through pool on land

We are simply recreating the natural ocean habitat in our natural ocean pools on land, resulting in healthy robust salmon with ample continuous supply of oxygen-rich ocean water



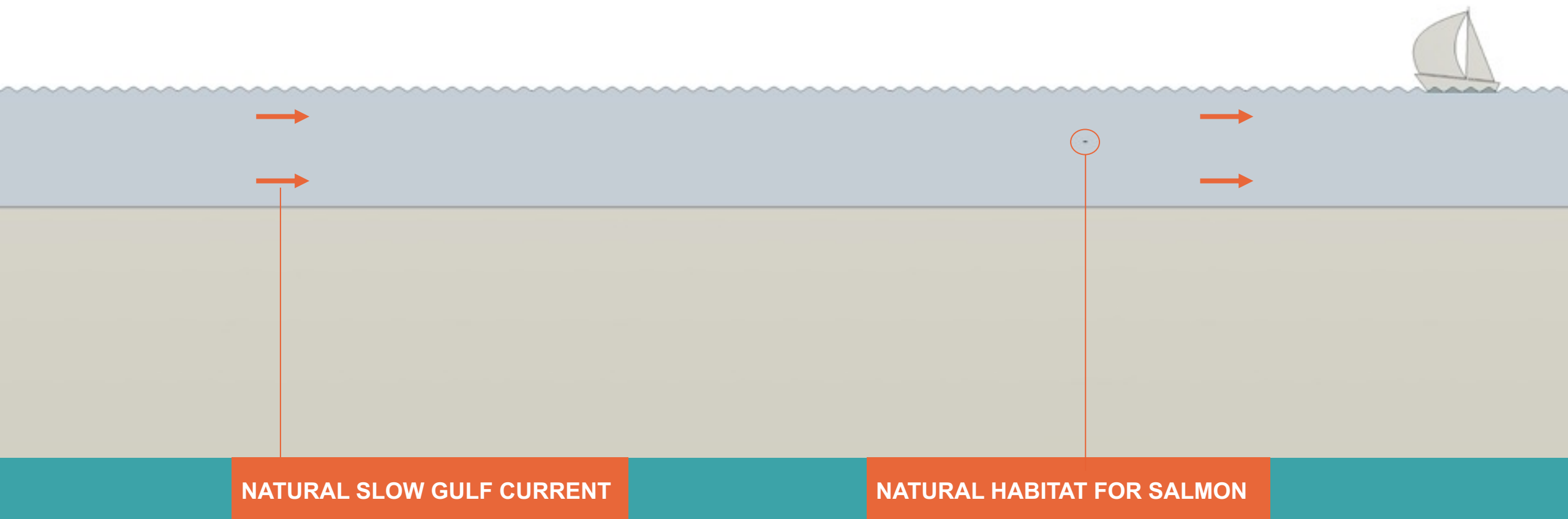
# NATURAL OCEAN POOLS – BUILT ON ATLANTIC SALMON BIOLOGY



NATURAL HABITAT FOR SALMON

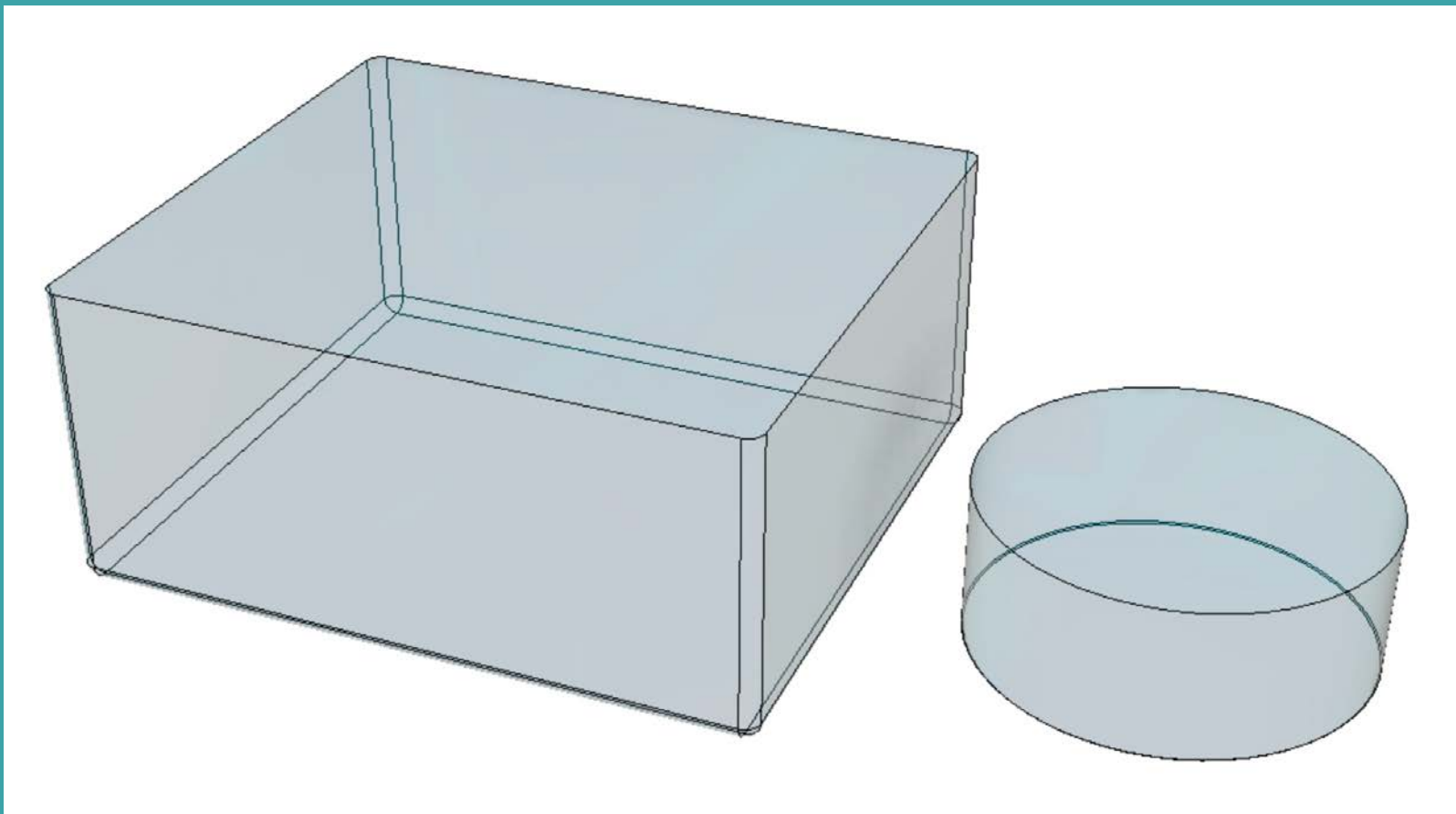
FAECES DROP TO THE BOTTOM

# NATURAL OCEAN POOLS – BUILT ON ATLANTIC SALMON BIOLOGY





# NATURAL OCEAN POOLS – BUILT ON ATLANTIC SALMON BIOLOGY



ANDFJORD SALMON POOL 30 000 M3

TYPICAL RAS SIZE POOL 5 000 M3

# NATURAL OCEAN POOLS – BUILT ON ATLANTIC SALMON BIOLOGY



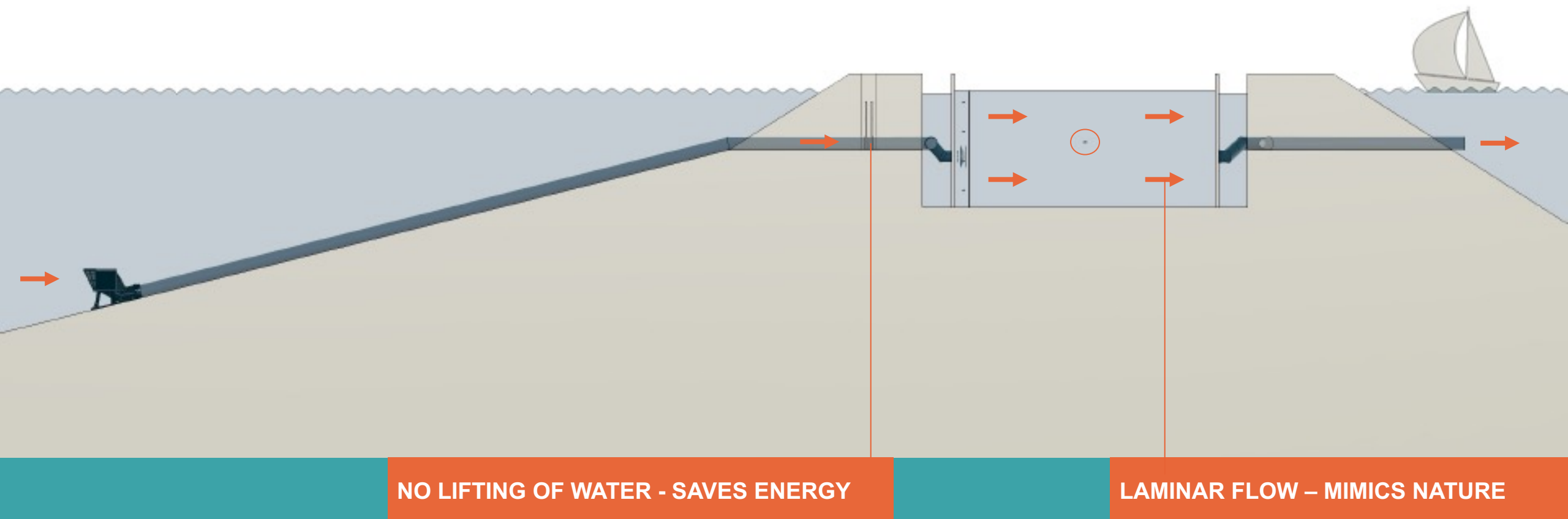
LIFTING WATER – HIGH ENERGY



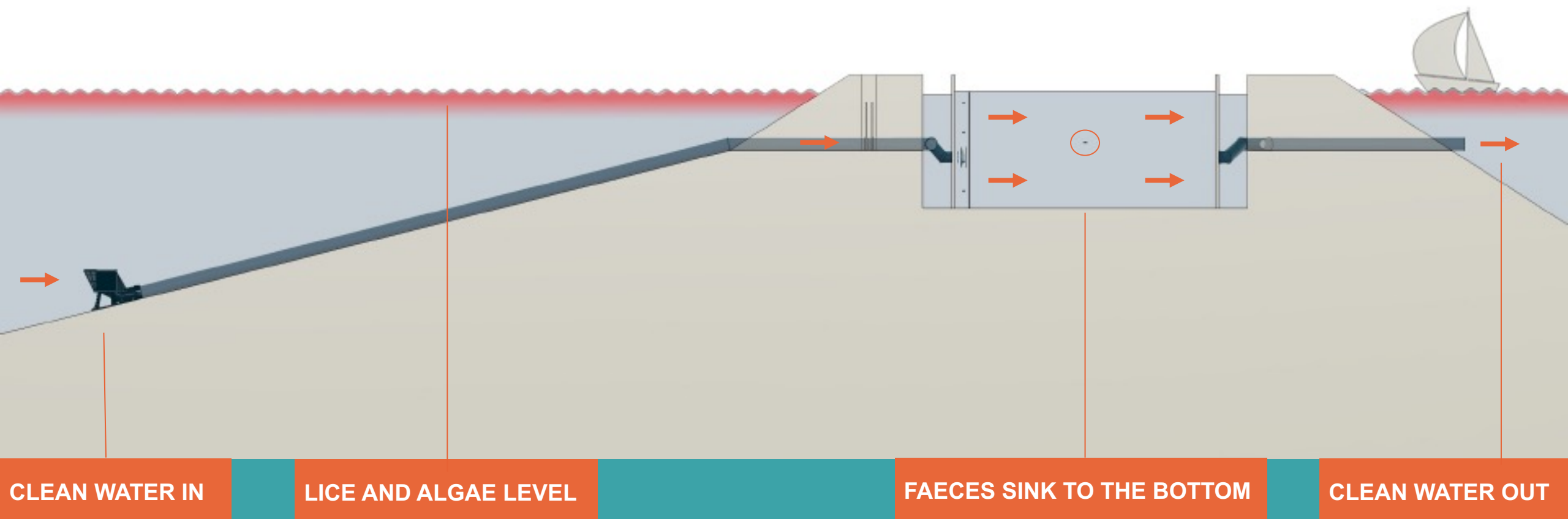
MOVING WATER – LOW ENERGY



# NATURAL OCEAN POOLS – BUILT ON ATLANTIC SALMON BIOLOGY






























# NATURAL OCEAN POOLS – BUILT ON ATLANTIC SALMON BIOLOGY





# TECHNOLOGY SUMMARY – THE BEST OF TWO WORLDS

The benefits of Andfjord Salmon’s solutions and technology are filling in the gaps in alternative salmon farming methods.

SUBJECT	RAS	OCEAN	ANDFJORD	THE ANDFJORD SALMON™ PATENTED TECHNOLOGY
Low energy usage				No need to lift the water above sea surface
Sensory quality				Geosmin occur in biofilters. Most common in RAS-technology. Low risk of geosmin or bad taste in a flow-through facility.
No problems with sea lice and algae				The water is collected below the sea level where lice and algae live.
Crystal clear water				The Andfjord Salmon method provides the salmon with crystal clear oxygen-rich natural Arctic sea water.
No risk of escape				Salmon cannot escape and interfere with wild salmon.
Laminar current				A patented and unique technology provides the facility with great benefits, creating a natural ocean flow.
Collecting bio waste				Biowaste is collected and recycled as fertilizer products, which has commercial value.
Naturally tempered water				High quality, oxygen-rich water. Perfectly tempered for salmon, with 7° C (winter) and not higher than 12° C (summer).
Low risk of contagious diseases				Natural defense against contagious diseases, due to deep water intake.

# AGENDA



QUARTERLY  
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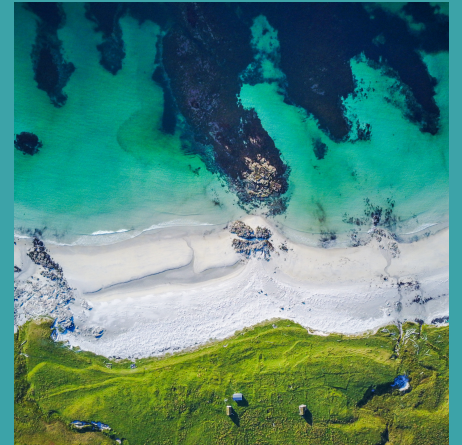
OPERATIONAL  
UPDATE



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## BALANCE SHEET

## Andfjord Salmon AS

All amounts in NOK

Assets	Note	30.06.2021 Unaudited	31.12.2020	30.06.2020
Total intangible assets		1 457 561	1 219 832	869 675
Total property, plant & equipment		330 237 220	223 841 555	124 100 700
Total long-term fixed assets		141 680	159 390	177 100
Total fixed assets		331 836 461	225 220 777	125 147 475
Total receivables		23 551 926	17 609 321	10 591 111
Cash and deposits		61 861 709	148 846 067	175 338 464
Total current assets		85 413 635	166 455 388	185 929 575
Total assets		417 250 097	391 676 165	311 077 049

Figures does not include a NOK 20 million undrawn credit facility with Sparebank 1 Nord Norge. In addition NOK 15 million in grants, not included from Innovation Norway (NOK 14 million) and Samskap (NOK 1 million).

NOK 50 million share-holder loan is agreed after the reporting period and not included in figures.



## BALANCE SHEET

## Andfjord Salmon AS

All amounts in NOK

Equity and liabilities	Note	30.06.2021 Unaudited	31.12.2020	30.06.2020
<b>Total equity</b>		<b>342 714 856</b>	<b>354 137 205</b>	<b>283 140 083</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Liabilities to financial institutions	4	30 000 000		
Other non-current liabilities	3	4 078 176	4 078 176	
<b>Total non-current liabilities</b>		<b>34 078 176</b>	<b>4 078 176</b>	
<b>Current liabilities</b>				
Trade payables		38 666 346	29 788 856	26 823 896
Current tax liabilities		648 376	723 106	585 901
Other current liabilities		1 142 343	2 948 823	807 261
<b>Total current liabilities</b>		<b>40 457 065</b>	<b>33 460 785</b>	<b>28 217 058</b>
<b>Total liabilities</b>		<b>74 535 241</b>	<b>37 538 961</b>	<b>28 217 058</b>

## INCOME STATEMENT

## Andfjord Salmon AS

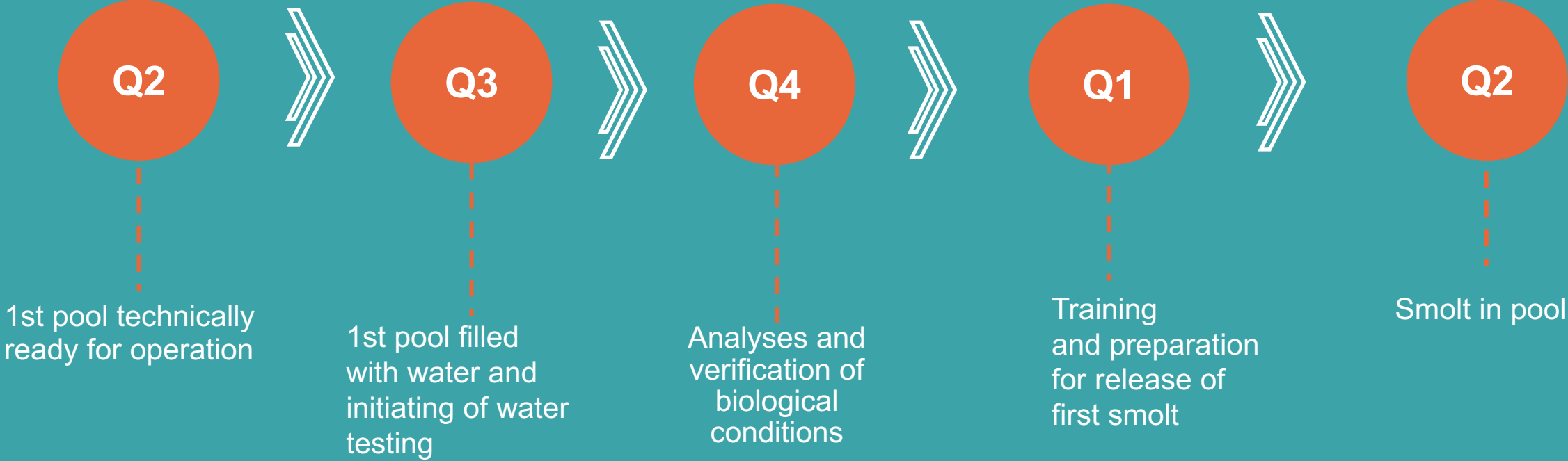
All amounts in NOK

	Note	Q2 2021 1.4 - 30.6 Unaudited	Q2 2020 1.4 - 30.6	YTD 2021 1.1 - 30.6 Unaudited	YTD 2020 1.1 - 30.6	2020 1.1 - 31.12
<b>Operating income and expenses</b>						
Other income		0	0	0	0	180 863
<b>Total operating income</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>180 863</b>
Salary and personnel expenses		3 357 717	2 388 899	7 682 888	4 454 984	10 342 618
Depreciation of tangible and intangible fixed assets	2	122 661	79 488	245 322	158 335	370 704
Other operating expenses		3 380 866	2 542 717	6 184 992	3 716 437	9 085 586
<b>Total operating expenses</b>		<b>6 861 244</b>	<b>5 011 104</b>	<b>14 113 202</b>	<b>8 329 756</b>	<b>19 798 909</b>
<b>Operating profit/loss</b>		<b>-6 861 244</b>	<b>-5 011 104</b>	<b>-14 113 202</b>	<b>-8 329 756</b>	<b>-19 618 046</b>
<b>Financial income and expenses</b>						
Other financial income		52 126	113 251	184 805	461 548	838 273
Other financial expenses		216 854	4 257	288 125	407 813	409 703
<b>Net financial income/expenses</b>		<b>-164 728</b>	<b>108 994</b>	<b>-103 320</b>	<b>53 735</b>	<b>428 570</b>
<b>Profit/loss before tax</b>		<b>-7 025 972</b>	<b>-4 902 110</b>	<b>-14 216 522</b>	<b>-8 276 021</b>	<b>-19 189 476</b>
<b>Net profit/loss for the period</b>		<b>-7 025 972</b>	<b>-4 902 110</b>	<b>-14 216 522</b>	<b>-8 276 021</b>	<b>-19 189 476</b>

# ON TRACK WITH CURRENT PLAN

2021

2022



Excavation of Kvalnes area phase 2 and 3: Area covering 16 pools.



# AGENDA



QUARTERLY  
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SUBSEQUENT EVENTS



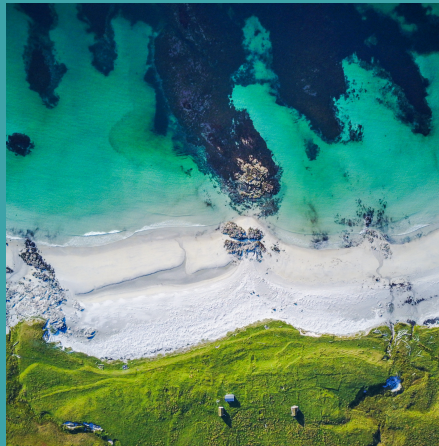
OPERATIONAL  
UPDATE



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# SUMMARY

## FIRST POOL:



First pool at Kvalnes ready to be filled with water.

## FIRST SMOLT:



First smolt to be released in Q2 2022.

## KVALNES 3:



Initiation of Kvalnes phase 3: Attractive way forward, both operationally and financially.

## VALUE CREATION:



Underlines continuous efforts to maximise long term value creation for shareholders.



IN CONCLUSION: We have the solutions and technology to build the world's most fish friendly and sustainable aquaculture facility.





# Q & A





**Contact us:**

Andfjord Salmon / Kvalnes, Andøya, Norway  
[www.andfjordsalmon.com](http://www.andfjordsalmon.com), [post@andfjord.no](mailto:post@andfjord.no)