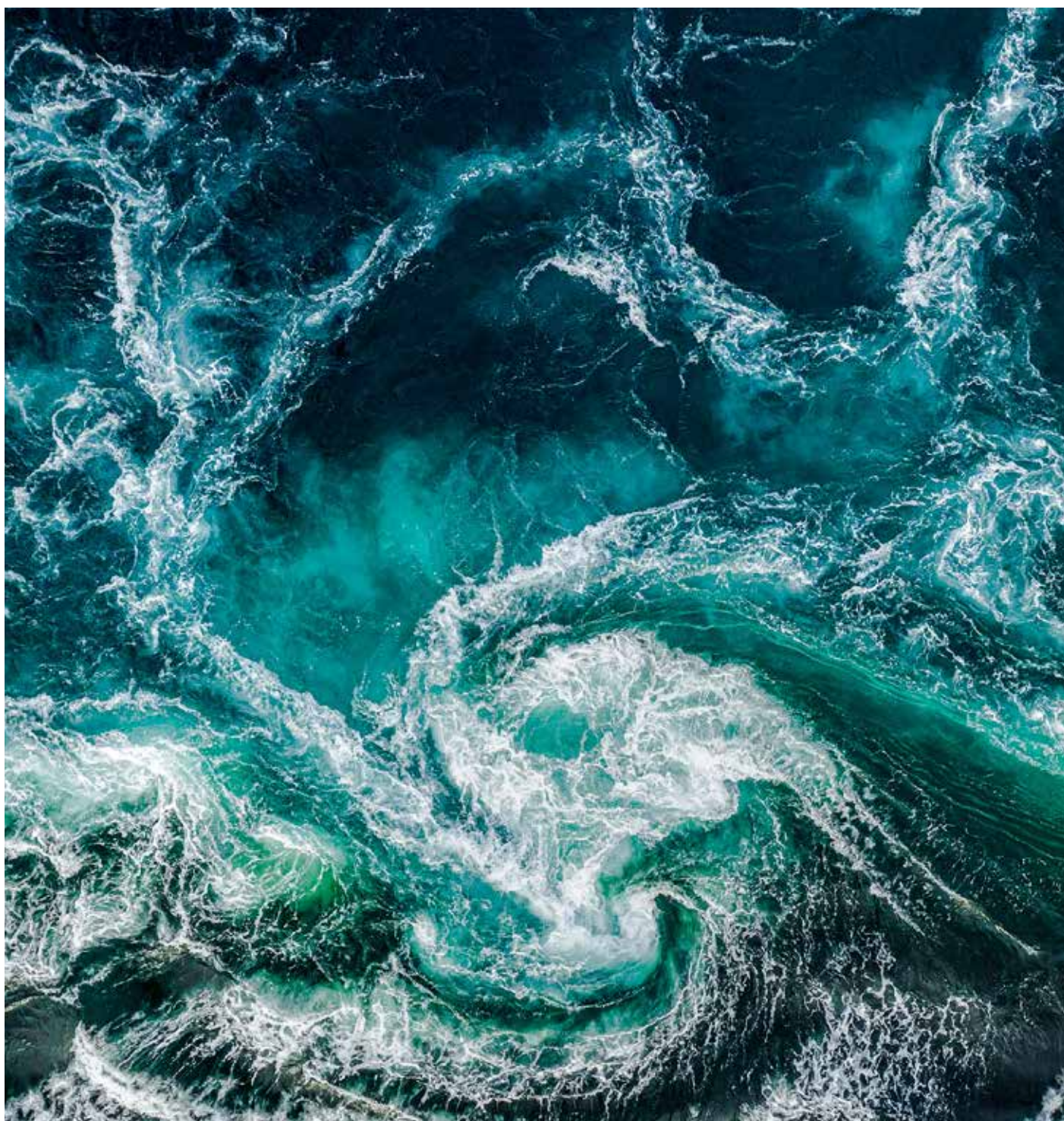


SECOND QUARTER AND HALF- YEAR 2021 FINANCIAL REPORT

Page **2** About Andfjord Salmon™. Page **4** Key highlights during this period.
Page **6** CEO summary. Page **8** Management. Page **14** Financial review.







ABOUT ANDFJORD SALMON™

Located on the island of Andøya on the Arctic Archipelago of Vesterålen, Norway, Andfjord Salmon™ has developed an innovative aquaculture concept for shore-based farming of Atlantic salmon, based on a patented flow-through technology. The concept represents the best of traditional sea-based salmon farming, combined with the advantages of being land-based.

Andfjord Salmon's ambition is therefore to build and operate the world's most sustainable aquaculture facility of its kind. The nearby Gulf Stream provides oxygen-rich water at a higher temperature, unaffected by other salmon farms, which contributes towards a lower risk of infectious diseases. Further, Andfjord Salmon will not face problems with sea lice or algae as it sources seawater below the level where these organisms live. The pools are escape-proof and an innovative cleaning system that utilises biological waste as a resource, while simultaneously avoid polluting marine life. Andfjord Salmon AS is listed on Euronext Growth in Oslo under the ticker "ANDF".

For more information, see www.andfjordsalmon.com

HIGHLIGHTS Q2

MORE LAND ACQUIRED

Further land acquired adjacent to the existing Kvalnes site.

KVALNES PHASE 3: VOLUME EXPANSION PLAN LAUNCHED

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



OPERATIONS BUILDING COMPLETED

Operations and administration building completed.

HIGHLIGHTS Q2

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



FINANCING SECURED – EVENTS SUBSEQUENT TO THE QUARTER

NOK 50 million unsecured share-holder loan granted, at 3% p.a. interest rate and with a 2-year unsecured term. No covenants.





First pool at Kvalnes completed.

CEO SUMMARY

These are exciting times for Andfjord Salmon. We have now completed our first pool and are progressing with the volume expansion plan at Kvalnes. Major shareholders have also provided us with additional financing.



It has been a fun but hectic year so far. Progress has been good throughout, and we remain on track with our current plan.

For the first pool at Kvalnes, construction is finalised and the pool is about to be filled with water. Only minor installation work, which must be performed after the pool has been filled with water, remains.

In May, we discovered damage to the outer connection joint of the water inlet pipeline to the first pool. During the summer we successfully repaired this joint. This week, the second section of the inlet pipeline

was successfully installed. Installation of the final part, the water intake filter section, is in progress and will be installed shortly, thereby enabling full functionality testing of Andfjord Salmon's flow through technology.

To finance the extended test period of the first pool and Andfjord Salmon's patented flow through technology, in preparation for smolt release next year, some of Andfjord Salmon's largest shareholders has granted Andfjord Salmon a NOK 50 million unsecured shareholder loan at very favourable terms.



Operations building completed.

We thoroughly appreciate the support from our shareholders, who are very ambitious on our behalf and eager for us to prove the benefits of Andfjord Salmon's patented flow through technology. This reflects the favourable loan terms they have offered. We look forward to initiating the testing soon.

In addition to the first pool (Phase 1) and the excavation work for the next six pools at Kvalnes (Phase 2), Andfjord Salmon introduced an expansion plan (Phase 3) at Kvalnes in the second quarter 2021.

Key to unlocking the opportunity to enable production volume expansion by 50 percent, is a land purchase agreement for additional 63,000 square metres of land adjacent to our site at Kvalnes. At full production, the Phase 3 production volume increase from 12,600 to 19,000 tonnes HOG is equivalent to a potential annual EBIT increase from approximately NOK 350 million to NOK 500 million.

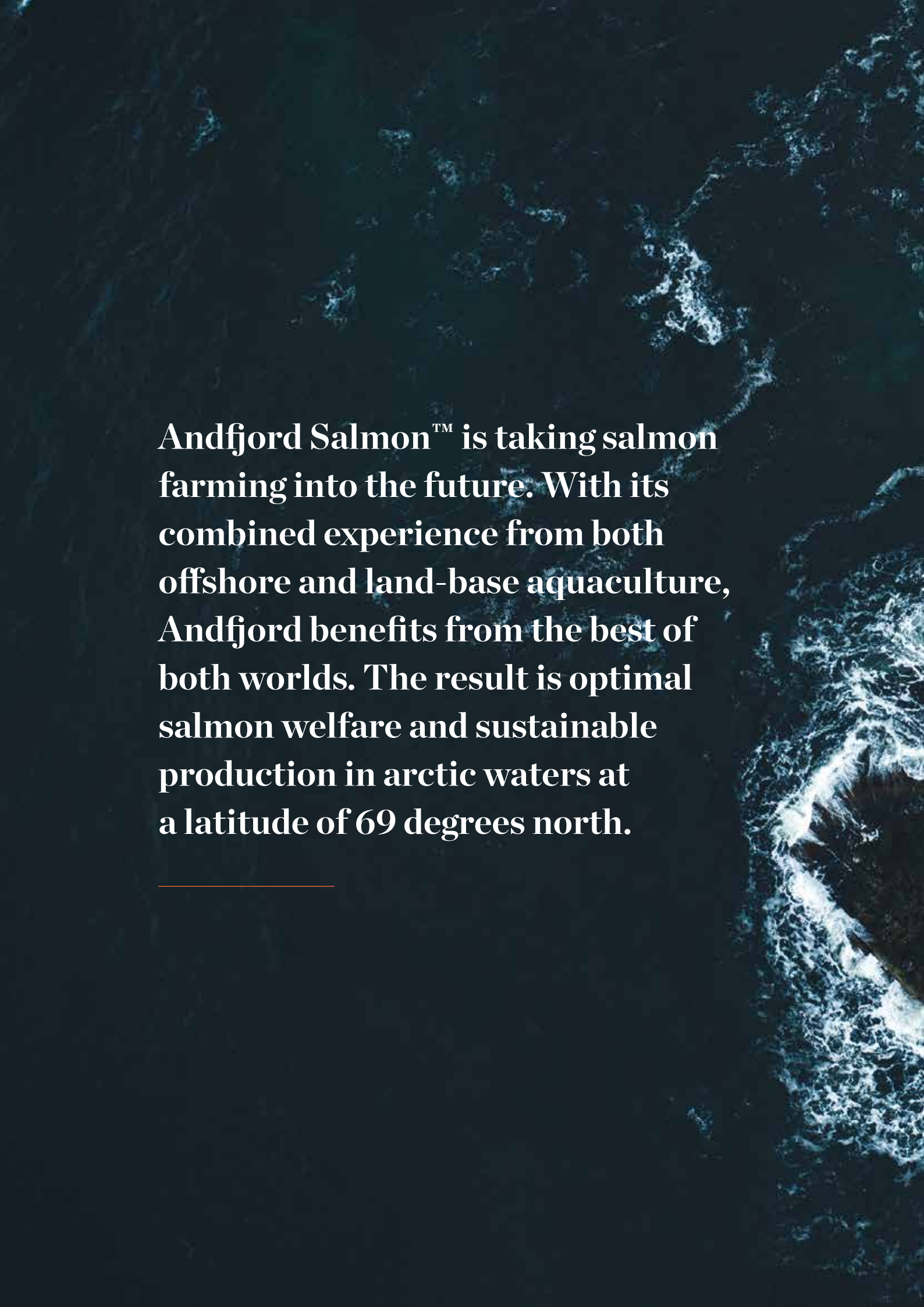
Moreover, by initiating the Kvalnes Phase 3 build-out earlier than originally planned, we are also able to capitalise on lower build-out costs, harvest improved economics of scale earlier than planned, and reduce biological risk at Phase 1 and 2 at Kvalnes.

The Phase 3 build-out is subject to necessary financing. Debt financing will be the source of financing for early initiation of Phase 3 at Kvalnes. We are working on securing financing for the build-out and we interpret the dialogue with lenders as positive. In terms of maximising the long-term revenue potential at Kvalnes, we believe the initiation of Kvalnes Phase 3 is a smart move.

This autumn will be another very hectic period for Andfjord Salmon, both with regards to testing of the first pool and preparations for a Phase 3 build-out. While a consequence of the latter was to move first smolt release to 2022, it is our view that clearing the path to realize a potential 50 percent growth in production volume at Kvalnes is a highly attractive proposition for all our shareholders.

I look forward to updating you on our progress throughout the autumn.

- *Martin Rasmussen*
CEO | Andfjord Salmon

An aerial photograph of a salmon farm in dark, turbulent water. The water is a deep, dark blue-black color, with white foam and spray visible around the farm's structures. The farm's layout is visible as a series of dark, rectangular pens or cages arranged in a grid-like pattern. The overall scene is dramatic and emphasizes the harsh, cold environment of the farm.

Andfjord Salmon™ is taking salmon farming into the future. With its combined experience from both offshore and land-base aquaculture, Andfjord benefits from the best of both worlds. The result is optimal salmon welfare and sustainable production in arctic waters at a latitude of 69 degrees north.



OPERATIONAL REVIEW

Andfjord Salmon is in the final phase of preparing the first pool for the release of smolt.

As reported in the Q1 presentation at the beginning of June, construction work was finalised and the pool was technically ready to be filled with water before summer. The main activity that now remains is completion of the inlet pipe, which was delayed due to damage to the inner section of the pipe that occurred during spring. The damage is now repaired and the outer sections of the inlet pipe will be installed this month.

The first half of the year was characterised by a great deal of construction activity, with ongoing work on pool, pipelines, operating building, groundwork, and infrastructure during the period. The pool was ready before the summer and the administration now operates from its new headquarter at Kvalnes. The company's main focus is now on getting the first pool and its infrastructure testing of the pool and the patented flow-through technology system, however a lot of groundwork has also been done that is related to further the release of smolt.

In addition to the construction work at the Kvalnes location, the company has also been working on the zoning plan process for the company's other locations on Fiskenes and Breivika. The zonal plan was approved by the municipality's executive committee in March and the plan has also been subject to public hearing. The municipal council is expected to make the final decision soon.

The company expects to fill the first pool with water during September and to carry out testing of the laminar water flow in October. It has been decided that smolt will be released in Q2 2022 to optimize the biological conditions for the first release.

Andfjord Salmon holds a license for 10 000 tonnes MAB at Kvalnes, Andøya. In total the company expects to reach a yearly production of 90 000 tonnes HOG when all three locations are built out.

FINANCIAL REVIEW

Income statement

In the first half of 2021, Andfjord Salmon reports operating expenses of NOK 14.1 million, which is up from NOK 8.3 million in the same period last year. The increase is mainly driven by increase in remuneration and personnel costs of NOK 3.2 million, resulting from the hiring of operating personnel and strengthening administration staff, as the company prepares for an operating phase. Other operating expenses increased by NOK 2.4 million.

The company has no operating income. Net loss for the year to date is NOK 14.2 million, which is mainly related to operating expenses.

Financial position and cash flow

Andfjord Salmon™ is in a construction phase, which clearly appears from the balance sheet and the cash flow statement. The book value of property, plant and equipment is NOK 331.8 million as of 30 June 2021, up from NOK 225.2 million at year end 2020. Aside from this, there have only been minor changes to total fixed assets during first half of the year. Current assets include receivables and cash and deposits.

The cash and deposits was NOK 61.9 million as of 30 June, which is a reduction from NOK 148.8 million at year end 2020. Net cash flow from operating activities was NOK -13.1 million, which is related to the operating loss for the period. Cash flow from investing activities is NOK -106.6 million. During the first half of the year the company has received loans from financial institutions of NOK 30 million and paid in the capital of NOK 2.8 million that is related to subscription by employees for shares in the company.

As of 30 June the company has a NOK 20 million undrawn credit facility with Sparebank1 Nord Norge and 15 million in grants from Innovation Norway and Samskap that is unpaid. In addition, subsequent to the end of the second quarter, the company has been granted NOK 50 million through a shareholder loan.

STATEMENT FROM THE BOARD OF DIRECTORS AND CEO

We confirm, to the best of our knowledge, that the condensed consolidated financial statements for the period January 1 to June 20, 2021, have been prepared in accordance with the Norwegian Accounting Act and *generally accepted accounting principles in Norway, and gives a true and fair view of the company's assets, liabilities, financial position and profit and loss as a whole. We also confirm, to the best of our knowledge, that the interim report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related party transactions.

Sortland, September 2, 2021

Roger Brynjulf Mosand
Chairman of the board

Roy Bernt Pettersen
Board Member

Tore Traaseth
Board Member

Kim Strandenæs
Board Member

Knut Roald Holmøy
Board Member

Martin Rasmussen
CEO



INCOME STATEMENT

Andfjord Salmon AS

All amounts in NOK

	Note	Q2 2021 1.4 - 30.6 Unaudited	Q2 2020 1.4 - 30.6 Audited	YTD 2021 1.1 - 30.6 Unaudited	YTD 2020 1.1 - 30.6 Audited	2020 1.1 - 31.12
Operating income and expenses						
Other income		0	0	0	0	180 863
Total operating income		0	0	0	0	180 863
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
Total operating expenses		6 861 244	5 011 104	14 113 202	8 329 756	19 798 909
Operating profit/loss		-6 861 244	-5 011 104	-14 113 202	-8 329 756	- 19 618 046
Financial income and expenses						
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
Net financial income/expenses		-164 728	108 994	-103 320	53 735	428 570
Profit/loss before tax		-7 025 972	-4 902 110	-14 216 522	-8 276 021	-19 189 476
Net profit/loss for the period		-7 025 972	-4 902 110	-14 216 522	-8 276 021	-19 189 476

BALANCE SHEET

Andfjord Salmon AS

All amounts in NOK

Assets	Note	30.06.2021 Audited	31.12.2020	30.06.2020 Audited
Fixed assets				
Intangible assets				
Research and development		1 457 561	1 219 832	869 675
Total intangible assets		1 457 561	1 219 832	869 675
Property, plant & equipment				
Land facilities for farming	2,4	325 218 122	218 810 019	119 775 477
Machinery and plant	2	670 477	670 477	
Plots and other land	2	3 725 663	3 822 693	4 138 527
Operating movable property, furniture, tools, other	2	622 958	538 366	186 696
Total property, plant & equipment		330 237 220	223 841 555	124 100 700
Long-term financial assets				
Other receivables		141 680	159 390	177 100
Total long-term fixed assets		141 680	159 390	177 100
Total fixed assets		331 836 461	225 220 777	125 147 475
Current assets				
Receivables				
Accounts receivable			226 078	
Other receivables	3	23 551 926	17 383 243	7 541 111
Unpaid capital increase				3 050 000
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

BALANCE SHEET

Andfjord Salmon AS

All amounts in NOK

Equity and liabilities	Note	30.06.2021 Audited	31.12.2020	30.06.2020 Audited
Paid-in capital				
Share capital	1	35 874 400	35 791 900	33 624 400
Own Shares	1	-5 000		
Share premium reserve		307 025 456	318 345 305	246 465 683
Not registered capital increase				3 050 000
Total paid-in capital		342 894 856	354 137 205	283 140 083
Retained earnings				
Other equity	1	-180 000		
Total retained earnings		-180 000		
Total equity		342 714 856	354 137 205	283 140 083
Liabilities				
Non-current liabilities				
Liabilities to financial institutions	4	30 000 000		
Other non-current liabilities	3	4 078 176	4 078 176	
Total non-current liabilities		34 078 176	4 078 176	
Current liabilities				
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
Total current liabilities		40 457 065	33 460 785	28 217 058
Total liabilities		74 535 241	37 538 961	28 217 058
Total equity and liabilities		417 250 097	391 676 165	311 357 141

Sortland, September 2, 2021

Roger Brynjulf Mosand
Chairman of the board

Roy Bernt Pettersen
Board Member

Tore Traaseth
Board Member

Knut Roald Holmøy
Board Member

Kim Strandenæs
Board Member

Martin Rasmussen
CEO

CASH FLOW STATEMENT

Andfjord Salmon AS

All amounts in NOK

	Q2 2021 1.4 - 30.6 Unaudited	Q2 2020 1.4 - 30.6 Unaudited	YTD 2021 1.1 - 30.6 Unaudited	YTD 2020 1.1 - 30.6 Unaudited	2020 1.1 - 31.12
Cash flows from operating activities					
Profit/ loss before income taxes	-7 025 972	-4 902 110	-14 216 522	-8 277 279	-19 189 476
Depreciation	122 661	79 488	245 322	158 335	370 704
Change in accounts receivables	6 154	0	226 078	0	-226 078
Change in trade creditors	21 472 622	7 384 366	8 877 491	22 678 758	25 643 718
Changes in other accruals	-3 589 715	-2 947 239	-8 269 913	-4 876 482	-12 773 552
Net cash flow from operating activities	10 985 750	-385 495	-13 137 544	9 683 332	-6 174 684
Cash flows from investing activities					
Purchase of property, plant and equipment	-52 660 942	-38 914 143	-106 640 987	-69 681 125	-165 276 082
Net cash flow from investing activities	-52 660 942	-38 914 143	-106 640 987	-69 681 125	-165 276 082
Cash flows from financing activities					
Proceeds from the issuance of new long-term liabilities	15 000 000	0	30 000 000	0	0
Paid in capital	-258 351	144 605 920	2 794 173	141 555 920	226 516 497
Net cash flow from financing activities	14 741 649	144 605 920	32 794 173	141 555 920	226 514 497
Net change in cash and cash equivalents	-26 933 543	105 306 282	-86 984 358	81 558 127	55 065 731
Cash and cash equivalents at the beginning of the period	88 795 252	70 032 181	148 846 067	93 780 337	93 780 337
Cash and cash equivalents at the end of the period	61 861 709	175 338	61 861 709	175 338 464	148 846 067



STATEMENT OF CHANGES IN EQUITY

Andfjord Salmon AS

	Share capital	Own shares	Share premium reserve	Other equity	Total
As at 01.01.2021	35 791 900	0	318 345 305	0	354 137 205
Issue of shares to employees					
28.04.2021	82 500		2 896 673	0	2 979 173
Purchase own shares		-5 000		-180 000	-185 000
Loss for the year				-14 216 522	-14 216 522
Loss Coverage	0		- 14 216 522	14 216 522	0
As at 30.06.2021	35 874 400	-5 000	307 025 456	-180 000	342 714 856

	Share capital	Share premium	Not registered capital increase	Other equity	Total equity
As at 01.01.2020	29 874 400	116 935 784	0	0	146 810 184
Loss for the period	3 750 000	-8 277 279			-8 277 279
Issue of shares		137 805 920			141 555 920
Issue of shares to employees			3 050 000		3 050 000
As at 30.06.2020 (unaudited)	33 624 400	246 464 425	3 050 000	0	283 138 825

ACCOUNTING PRINCIPLES

These financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

The financial statements have been prepared on the historical cost bases and the same accounting policies, presentation, methods and calculations have been followed in these financial statements as were applied in the preparation of the companies' financial statements for the year ended 31 December 2020. References are made to the annual report for 2020 for a further description of the company's accounting principles. The interim financial statements are unaudited. The interim financial statements were approved by the board of directors on September 1, 2021.

NOTE 1 – SHAREHOLDERS

The share capital in Andfjord Salmon AS as of 30.06.2021 consists of

	Total	Face value	Entered
Ordinary shares	35 874 400	1	35 874 400
Total	35 874 400		35 874 400

Ownership structure

The largest shareholders (in %) at the end of the period.

Shareholders	Ordinary	Owner interest	Share of votes
ANDFJORD HOLDING AS	7 026 000	19.59	19.59
KG INVESTMENT COMP AS	3 000 000	8.36	8.36
MIDDELBORG INVEST AS	2 769 636	7.72	7.72
SKAGERAK VEKST AS	2 309 999	6.44	6.44
UFI AS	1 708 597	4.76	4.76
KARSTEIN GJERSVIK	1 390 309	3.88	3.88
OG INVEST AS	1 123 800	3.13	3.13
TRAASETH PROPERTY AS	1 106 967	3.09	3.09
VERDIPAPIRFONDET DNB SMB	900 389	2.51	2.51
BLUE MARINE INVEST AS	803 086	2.24	2.24
SIRIUS AS	800 972	2.23	2.23
PERSHING LLC	772 863	2.15	2.15
Euro TV AS	760 080	2.12	2.12
BLIKSMARK AS	596 800	1.66	1.66
OKEANOS BLUE AS	526 822	1.47	1.47
NORNET AS	455 571	1.27	1.27
OMNIVERSE AS	449 000	1.25	1.25
HERMIA AS	380 039	1.06	1.06
Total >1% ownership share	26 880 930	74.93	74.93
Total other	8 993 470	25.07	25.07
Total number of shares	35 874 400	100.0	100.0

NOTE 1 – SHAREHOLDERS

Shares owned by board members and the CEO

Name:	Position	Ordinary
Martin Rasmussen, Mer Marin AS	CEO	125 000
Roy Pettersen, Andfjord Holding AS	Member of the board	7 026 000
Tore Traaseth, Skagerak Vekst AS	Member of the board	2 309 999
Knut Roald Holmøy, Eidsfjord Sjøfarm AS	Member of the board	66 400
Bettina Flatland	Member of the board	56 700

Own shares

During first half of the year, the company has bought back 5.000 shares at a price of NOK 37 per share. This was a repurchase of shares that were originally subscribed to during the share offering made to company employees.

NOTE 2 – FIXED ASSETS

Andfjord Salmon AS

	Buildings and land	Plant and machinery	Fixtures and fittings
Purchase cost as of 01.01.21	3 822 694	670 477	817 953
+ Inflow purchased fixed assets	-97 030		
= Acquisition cost 30.06.21	3 725 664	670 477	817 953
Accumulated depreciation 30.06.21			194 995
= Book value 30.06.21	3 725 664	670 477	622 958
This year's ordinary depreciation			95 684
Economic life			3-10 years

NOTE 2 – FIXED ASSETS

Andfjord Salmon AS

	Land facilities for farming	Total
Purchase cost as of 01.01.21	219 406 590	224 717 713
+ Inflow purchased fixed assets	106 557 741	106 460 711
= Acquisition cost 30.06.21	325 964 331	331 178 424
Accumulated depreciation 30.06.21	746 208	941 203
= Book value 30.06.21	325 218 122	330 237 221
This year's ordinary depreciation	149 637	245 322

Economic life

NOTE 3 – GOVERNMENT GRANTS

Andfjord Salmon AS will receive NOK 4 750 000 in grants from Skattefunn in connection with the tax settlement for 2020. The amount is included in other receivables. Of this, NOK 4 078 176 is classified as other non-current liabilities, as this amount relates to a Skattefunn project where the conditions are such that the grant must be repaid if the project becomes commercially profitable. The company expects the fish farm to be commercially profitable in the future. The remaining grants from Skattefunn are accounted for as a reduction of property, plant and equipment in the balance sheet and will affect profit and loss in line with depreciation of the assets.

In addition to this, the company has NOK 15.1 million in grants that remain unpaid as of June 30, 2021.

NOTE 4 – SECURED DEBT

Debt Secured	31.12.2021	31.12.2020
Long-term debt to credit institutions	-30 000 000	0
Total	-30 000 000	0

Book value of secured assets	31.12.2021	31.12.2020
Land facilities for farming Kvalnes	317 125 323	0
Total	317 125 323	0

The company has received loans from Innovation Norway and Sparebank1 Nord Norge of NOK 15 million each, with security in property and farming facilities at Kvalnes. This is based on a joint agreement between the three parties.

NOTE 5 – LOAN FROM SHAREHOLDERS

Subsequent to the end of the second quarter Andfjord Salmon has agreed in principle the terms of a NOK 50 million unsecured shareholder loan to be made available by certain of the company's largest shareholders, including KG Investment Group, Middelborg Invest AS, OG Invest AS, Traaseth Property AS, UFI AS, Euro TV AS and Bliksmark AS. The loan terms include a 3 percent cash interest rate, no amortisation and maturity in 2023. The loan will be subject to a number of share options being granted to the lenders, such share options expected to be granted by certain members of the board of directors and management. Finalisation and execution of the loan agreement and other related documentation is expected to take place shortly.



