



Q2 2023

# STATUS AND PROGRESS

14 SEPTEMBER 2023



# Q2 PRESENTATION 2023

## AGENDA

Introduction

Quarterly highlights and subsequent events

First harvest

Successful financing

Next build-out phase

Summary and outlook



Martin Rasmussen  
CEO



Bjarne Martinsen  
CFO



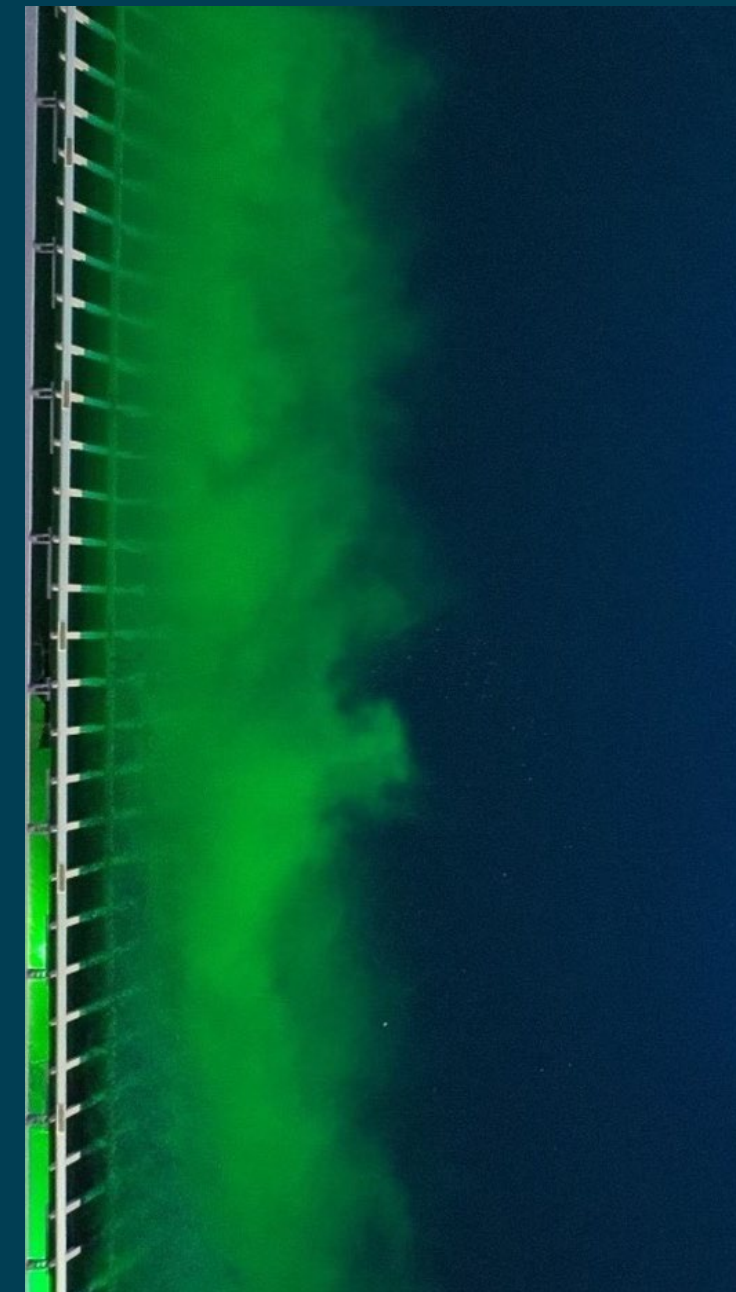
# ANDFJORD SALMON IN BRIEF: THE BEST OF **TWO WORLDS**

## 3 BENEFITS FROM SEA BASED NET-PEN FARMING



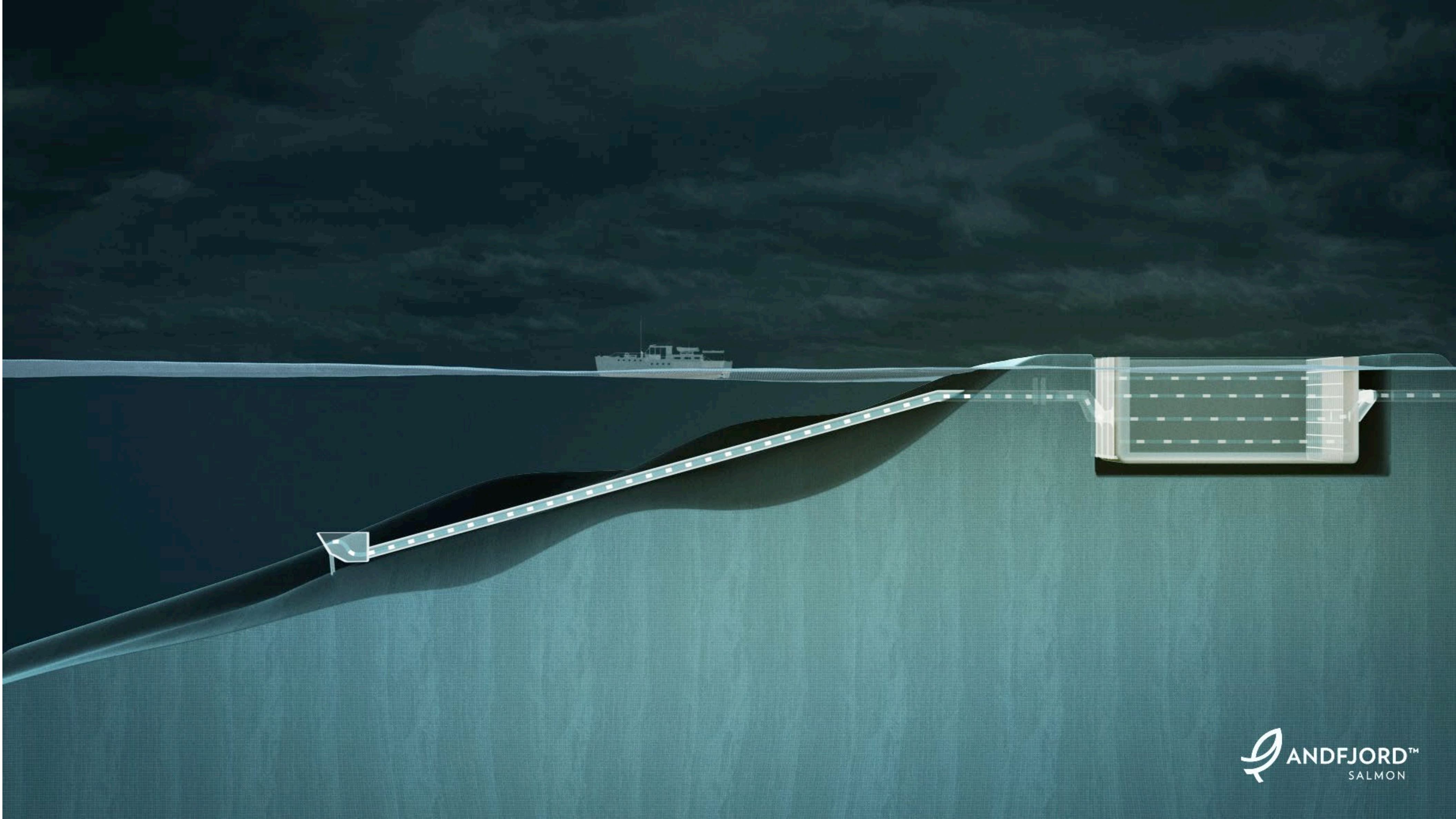
- 1** OPTIMAL WATER TEMPERATURES
- 2** OXYGEN-RICH AND CLEAN ARCTIC SEAWATER
- 3** LOW ENERGY COSTS. NO LIFTING, HEATING OR COOLING

## 3 BENEFITS FROM LAND BASED FARMING



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







*Egga 3.000 mbsl*

*Gulf Stream*

*Bleiksdjupet 1.000 mbsl*

*Kvalnes, Andøya*



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- Introduction
- **QUARTERLY HIGHLIGHTS**
- First harvest
- Successful financing
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# HIGHLIGHTS Q2 AND SUBSEQUENT PERIOD



Bank and equity financing secured to fund next build-out phase (8,000 t) at Kvalnes and shared infrastructure to enable production volume up to 40,000 t



Build-out plan revealed: Roadmap to 40,000 t at Kvalnes



Successful first production cycle completed with strong biological results and exceptional survival rate

June/July harvest chosen to mitigate project execution risks for Kvalnes expansion



Salmon sold to strategically selected European distributors

Very positive customer feedback, with filet colour and yield highlighted



Kvalnes expansion in full momentum



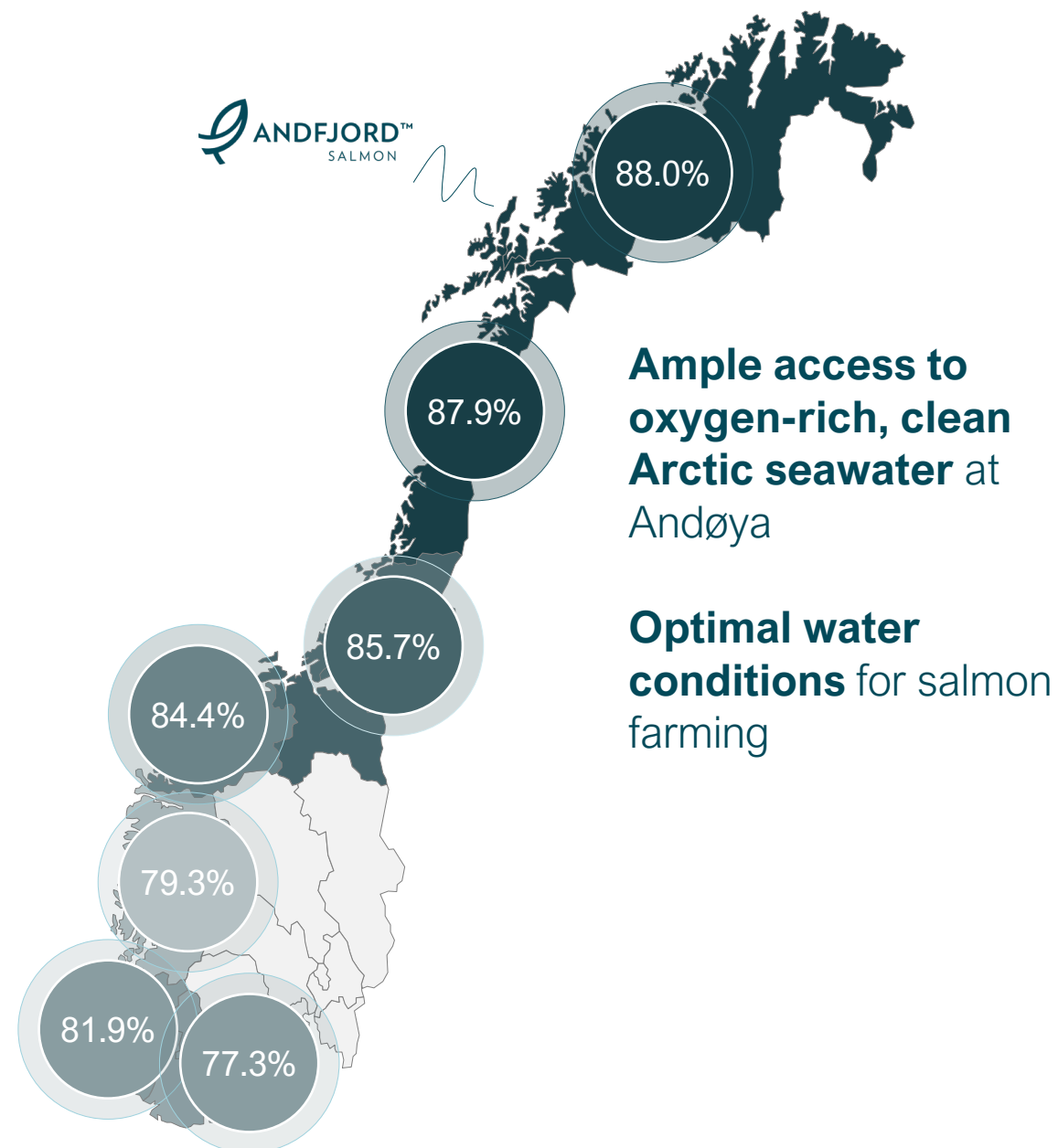
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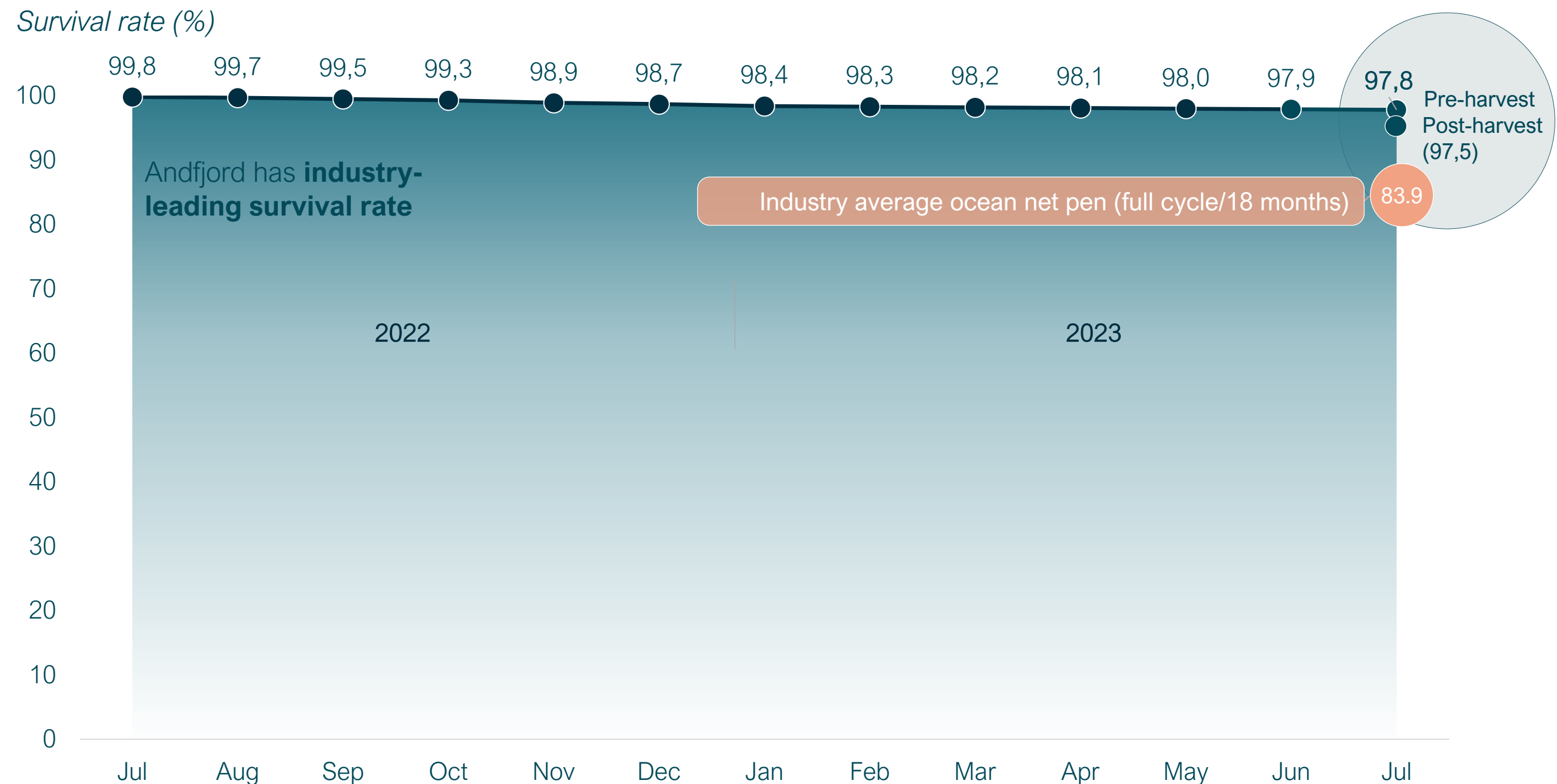


# SUPREME BIOLOGICAL PERFORMANCE

Salmon survival rate by county (conventional farming, 2022)



Excellent biology proven by industry leading survival rate in Andfjord's first pool

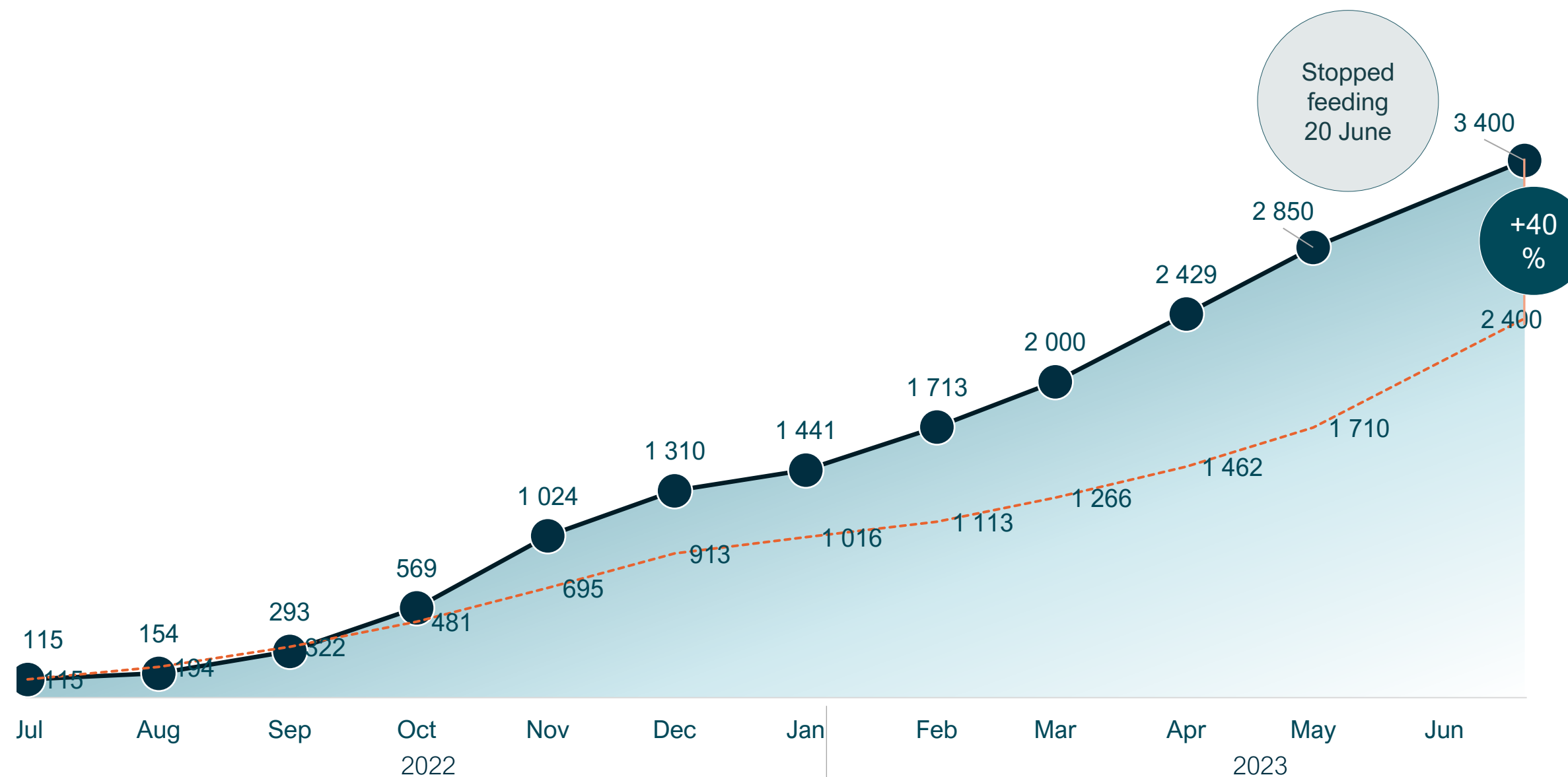


Source: Andfjord Salmon, The Norwegian Veterinary Institute's Fish Health Report 2022, Nofima



# STEEP GROWTH RATES FROM FIRST PRODUCTION CYCLE

Average weight per fish (grams)



**40% ahead of expectations based on benchmarking against conventional farming**

- Fish **growth 40% ahead of original schedule** based on Skretting's growth table for ocean net pen
- Stopped feeding from June 20<sup>th</sup> in preparation for harvest
- Harvest in June/July 2023: 646 MT
- Average weight 3.4 kg
- Accumulated feed conversion ratio of 1.05
- Time of harvest chosen to mitigate project execution risks for Kvalnes expansion





# SUCCESSFUL FIRST PRODUCTION CYCLE

**97.5%**

An industry leading survival rate

**91.1%**

Superior share of first harvest of salmon

**3.4 kg**

Average weight per fish

**646 t**

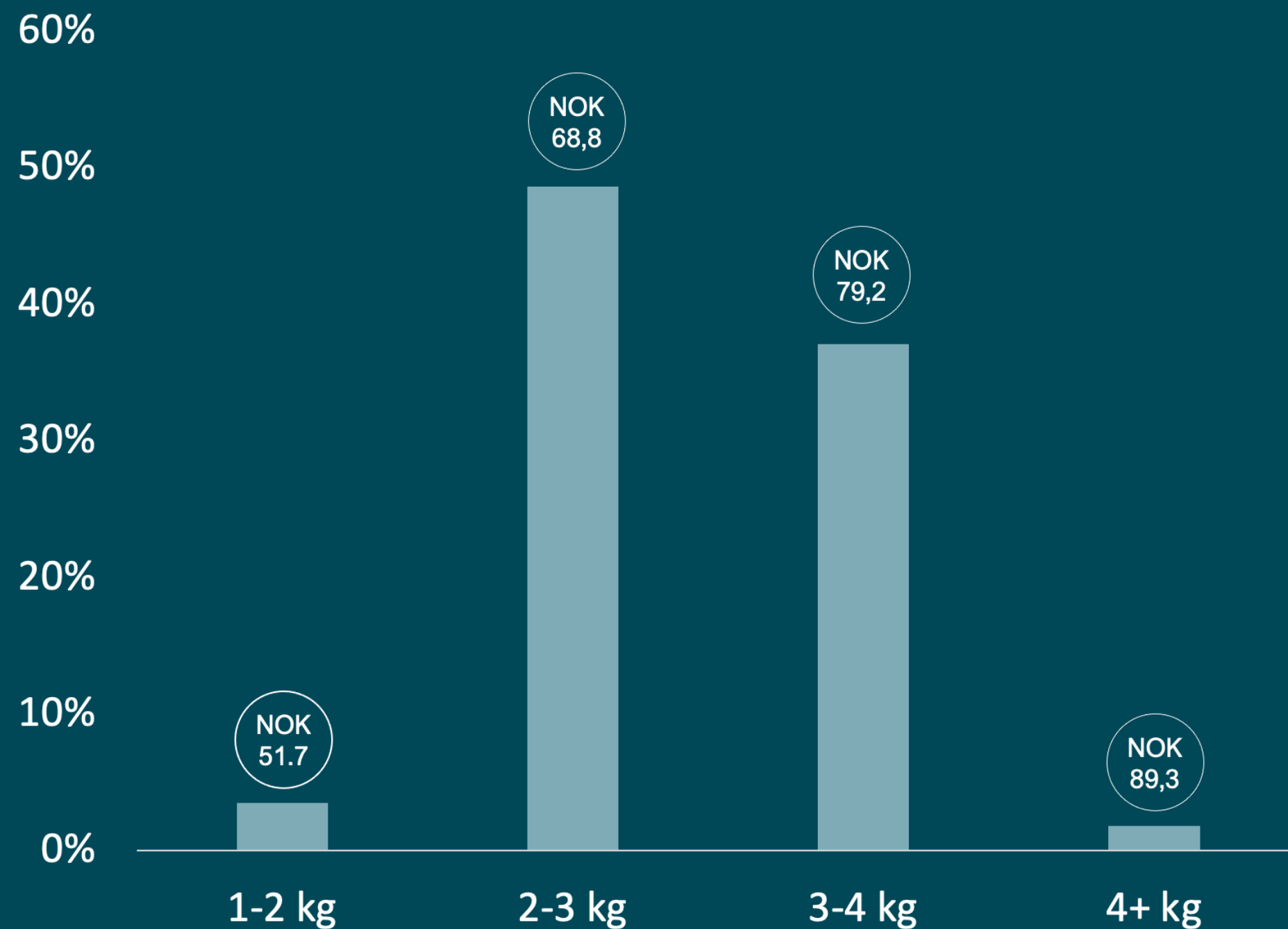
Total biomass

**530 t**

Head-On Gutted (HOG)



# SALMON SOLD TO STRATEGICALLY SELECTED PROCESSORS IN EUROPE



Circles: Average price achieved per kilo superior salmon



# POSITIVE RESPONSE FROM THE INTERNATIONAL MARKETS

*“Very satisfied with yield and colour.  
Willing to pay more for the next batch.”*

Polish customer that produces fresh,  
smoked and frozen salmon products

*“Very satisfied and would have liked to  
buy more if it was available”.*

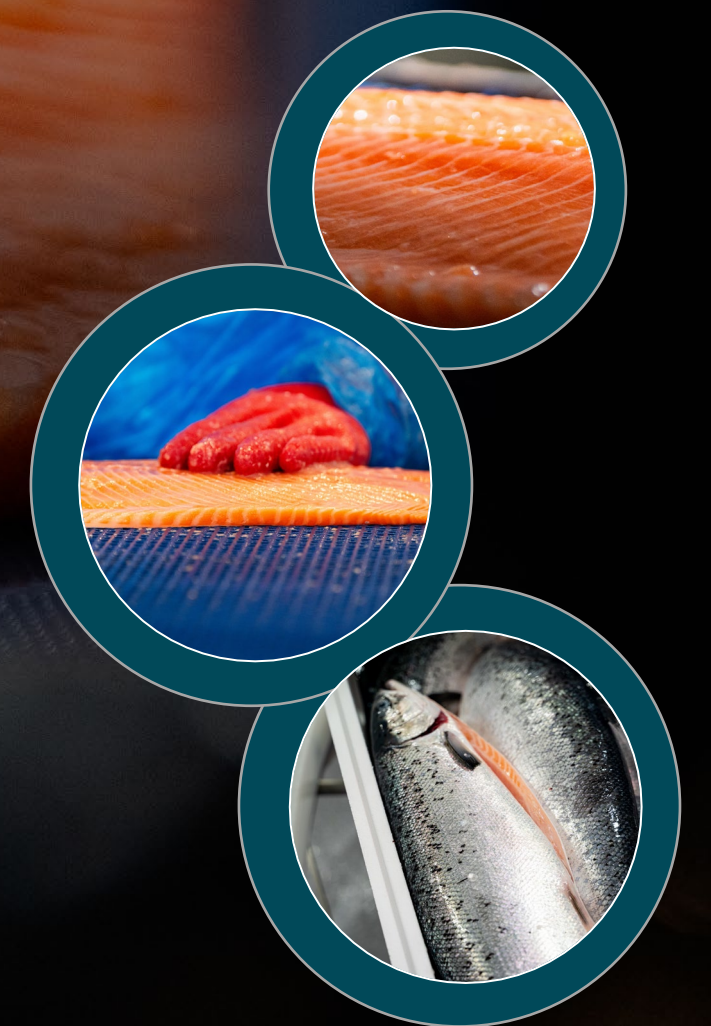
Dutch customer

*“Very pleased, and positively  
surprised by the excellent colour”.*

Irish customer

*“So satisfied that they returned to  
purchase a lot more fish”.*

Lithuanian customer that delivers  
fresh and smoked fish products





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# STATEMENT OF COMPREHENSIVE INCOME

All amounts in 1000 NOK

Statement of comprehensive income	Q2 2023	Q2 2022	HY 2023	HY 2022	2022
	1.4 – 30.6 Unaudited	1.4 – 30.6 Unaudited	1.1 – 30.6 Unaudited	1.1 – 30.6 Unaudited	1.1 – 31.12
<b>Operating income and expenses</b>					
Revenue from contracts with customers	9 625	-	9 625	-	-
Other income	-	-	-	32	113
<b>Total operating income</b>	<b>9 625</b>	<b>-</b>	<b>9 625</b>	<b>32</b>	<b>113</b>
Change in biological assets at cost and other inventories	-1 829	-	-1 864	-	700
Cost of materials	-17 512	-	-22 047	-	-12 704
Fair value adjustments of biological assets	13 294	-	25 707	-	14 285
Employee benefit expenses	-5 676	-2 954	-12 389	-8 018	-23 211
Depreciation and amortisation expenses	-6 165	-763	-12 317	-1 600	-13 603
Other operating expenses	-9 830	-6 699	-18 748	-10 753	-21 691
<b>Total operating expenses</b>	<b>-27 717</b>	<b>-10 416</b>	<b>-41 657</b>	<b>-20 371</b>	<b>-56 224</b>
<b>Operating profit/loss</b>	<b>-18 092</b>	<b>-10 416</b>	<b>-32 032</b>	<b>-20 340</b>	<b>-56 111</b>
<b>Financial income and expenses</b>					
Financial income	-	-	-	-	1 836
Net financial costs	-143	-302	-283	-304	-2 402
<b>Net financial result</b>	<b>-143</b>	<b>-302</b>	<b>-283</b>	<b>-304</b>	<b>-566</b>
<b>Profit/loss for the period</b>	<b>-18 235</b>	<b>-10 718</b>	<b>-32 315</b>	<b>-20 644</b>	<b>-56 677</b>



# STATEMENT OF FINANCIAL POSITION

All amounts in 1000 NOK

<b>Assets</b>	<b>30.06.2023 - Unaudited</b>	<b>31.12.2022</b>	<b>30.06.2022 - Unaudited</b>
Intangible assets	12 570	8 556	3 599
Property, plant & equipment	521 109	498 386	481 911
Right-of-use assets	19 496	22 539	24 104
Other non-current assets	71	89	106
<b>Total non-current assets</b>	<b>553 246</b>	<b>529 570</b>	<b>509 720</b>
Biological assets	29 836	14 285	6 673
Other inventories	-	1 162	-
Trade and other receivables	10 987	-	-
Other current assets	152 157	7 803	8 922
Cash and cash equivalents	94 698	82 911	191 191
<b>Total current assets</b>	<b>287 678</b>	<b>106 161</b>	<b>206 787</b>
<b>Total assets</b>	<b>840 924</b>	<b>635 731</b>	<b>716 507</b>



# STATEMENT OF FINANCIAL POSITION

All amounts in 1000 NOK

Equity and liabilities	30.06.2023 - Unaudited	31.12.2022	30.06.2022 - Unaudited
<b>Total equity</b>	643 061	475 704	515 300
Borrowings	63 417	67 375	122 562
Lease liabilities	11 027	13 296	14 517
<b>Total non-current liabilities</b>	<b>74 444</b>	<b>80 671</b>	<b>137 079</b>
Borrowings	59 417	56 168	3 166
Lease liabilities	4 514	4 683	3 520
Trade payables	45 461	10 361	56 023
Other current liabilities	14 027	8 144	1 419
<b>Total current liabilities</b>	<b>123 419</b>	<b>79 356</b>	<b>64 128</b>
<b>Total liabilities</b>	<b>197 863</b>	<b>160 027</b>	<b>201 207</b>
<b>Total equity and liabilities</b>	<b>840 924</b>	<b>635 731</b>	<b>716 507</b>



# STATEMENT OF CASH FLOWS

All amounts in 1000 NOK

Statement of cash flows	Q2 2023	Q2 2022	HY 2023	HY 2022	2022
	1.4 – 30.6 Unaudited	1.4 – 30.6 Unaudited	1.1 – 30.6 Unaudited	1.1 – 30.6 Unaudited	1.1 – 31.12
<b>Net cash flow from operating activities</b>	<b>-27 315</b>	<b>-2 520</b>	<b>-41 612</b>	<b>-18 383</b>	<b>-88 443</b>
<b>Net cash flow from investing activities</b>	<b>-20 142</b>	<b>-45 300</b>	<b>-33 455</b>	<b>-63 586</b>	<b>-90 702</b>
<b>Net cash flow from financing activities</b>	<b>88 632</b>	<b>220 140</b>	<b>86 853</b>	<b>258 243</b>	<b>247 139</b>
<b>Net change in cash and cash equivalents</b>	<b>41 176</b>	<b>172 319</b>	<b>11 787</b>	<b>176 273</b>	<b>67 993</b>



# FINANCING SECURED FOR KVALNES BUILD-OUT

## NOK 825 MILLION BANK LOAN COMMITMENT

- SpareBank 1 Nord-Norge, SpareBank 1 SR-bank, SpareBank 1 SMN, with support from Eksfin. Bank loan for 50 % of the investment
- In addition previously outstanding NOK ~75m loan to be refinanced and replaced
- Overdraft facility related to working capital financing of NOK 20m which can be increased up to NOK 120m (uncommitted at this stage)
- Attractive terms including 24 months amortization holiday after estimated production start
- Construction loan combined with the NOK 75m existing financing to be converted into a term loan of NOK 900m upon production start in 2025

## NOK 615 MILLION PRIVATE PLACEMENT

Strong support from main shareholders, including:

- Jerónimo Martins Agro-Alimentar, S.A.
- Eidsfjord Sjøfarm AS
- Andfjord Holding AS
- UFI AS
- Skagerak Vekst AS

### TOP 10 SHAREHOLDERS (PER 4 SEPTEMBER 2023)

Jerónimo Martins Agro-Alimentar, S.A.	25.12%
Andfjord Holding AS	11.45%
KG Investment Comp AS	5.68%
Eidsfjord Sjøfarm AS	4.54%
Skagerak Vekst AS	3.96%
OG Invest AS	3.89%
UFI AS	3.56%
Karstein Gjersvik	2.44%
Verdipapirfondet DNB SMB	2.26%
Traaseth Property AS	2.22%

### Jerónimo Martins

Ranked the 18<sup>th</sup> largest food retailer in Europe  
5,358 stores, 131,094 employees, and sales of EUR 25.4 billion (2022)

Founded in 1792, listed on Euronext Lisbon with a market cap of EUR 14.4 billion<sup>2</sup>



Eidsfjord Sjøfarm (part of Holmøy Maritime) produces around 25,000 tons of salmon annually (2023e) based on conventional licenses in Nordland and Troms

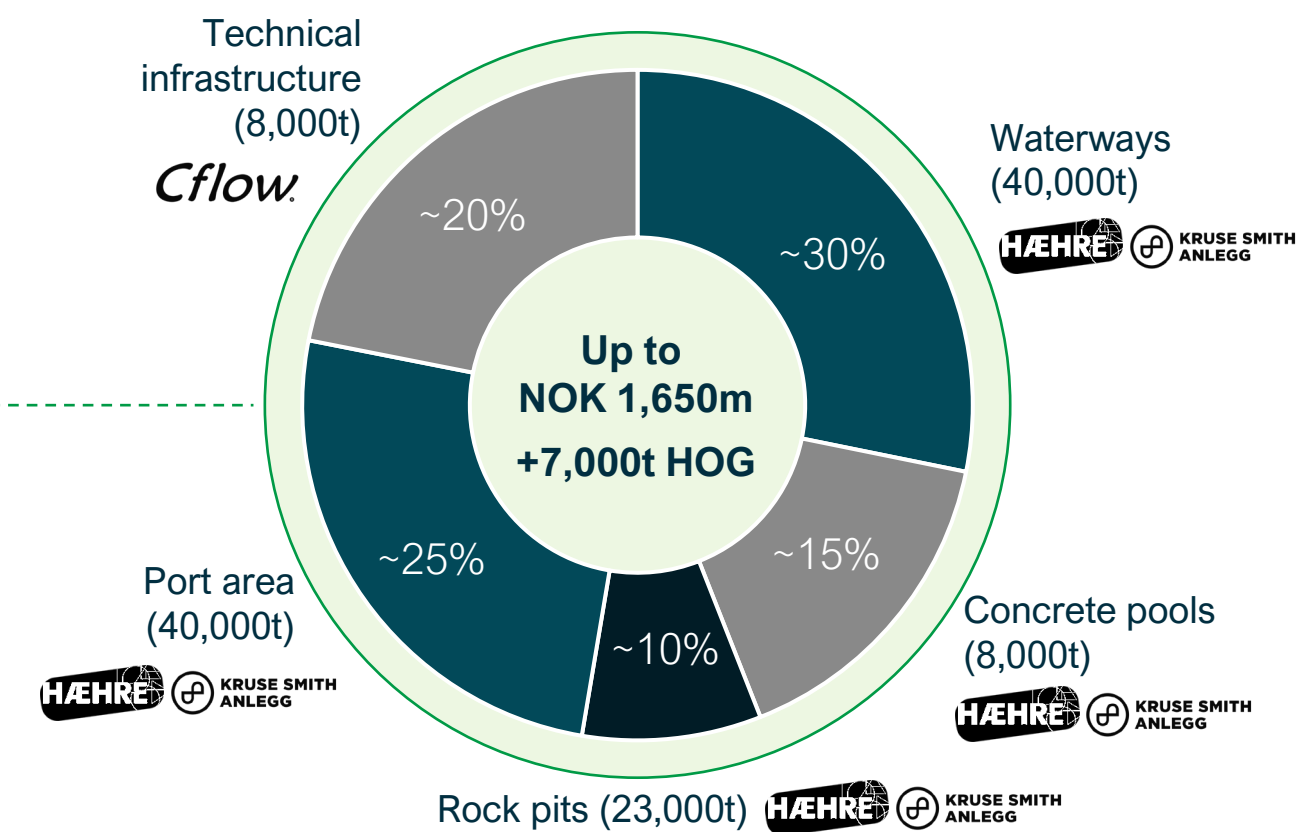


# SCALE-UP TAILORED FOR CAPITAL EFFICIENCY

## Kvalnes build-out plan

Stage, Kvalnes	Capex (NOK, est.)	Added production (HOG, est.)	Accum. production (HOG, est.)
Pilot	~ 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	+12,000 t	40,000t

## Uses of capital, Kvalnes phase 1



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

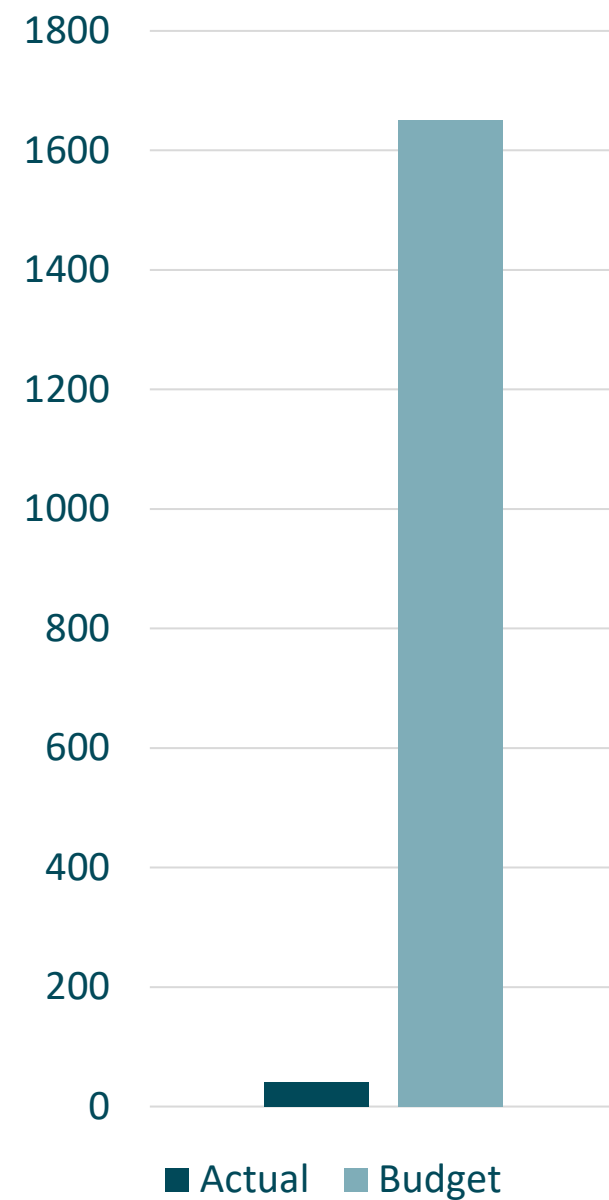
- **Large part of investments towards shared infrastructure** for full Kvalnes site
- **Terms agreed and aligned with reputable construction partners**
- **Shared upside and downside: 60/40 between AF Hæhre-Contur and Andfjord Salmon**

In this upcoming step of construction, the Company is planning to establish major infrastructure such as waterways and port area to support 40,000 tons of production at Kvalnes. Together with highly reputable construction partners AF Hæhre-Contur and Cflow, a budget of NOK 1,300 million plus a buffer of NOK 350 million has been estimated for the next two years.

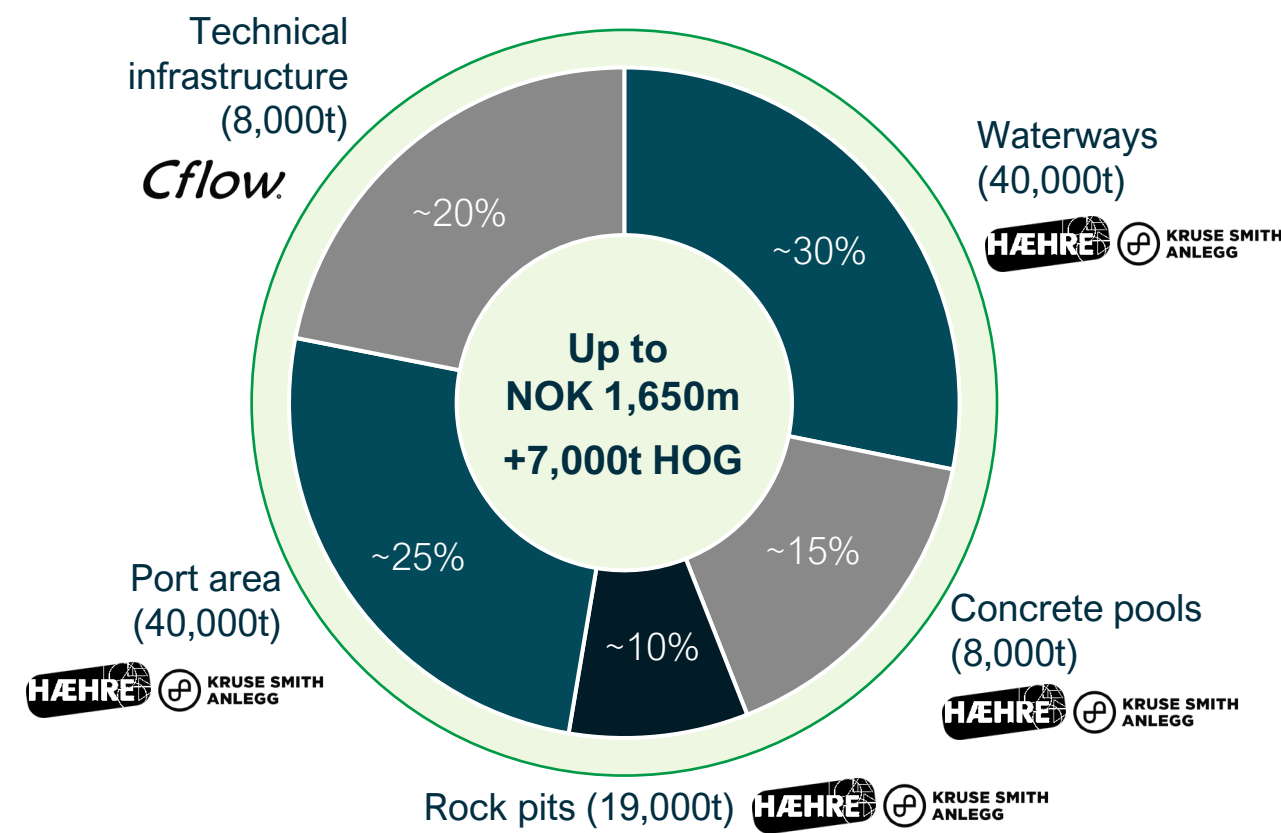


# PROGRESS AS PLANNED

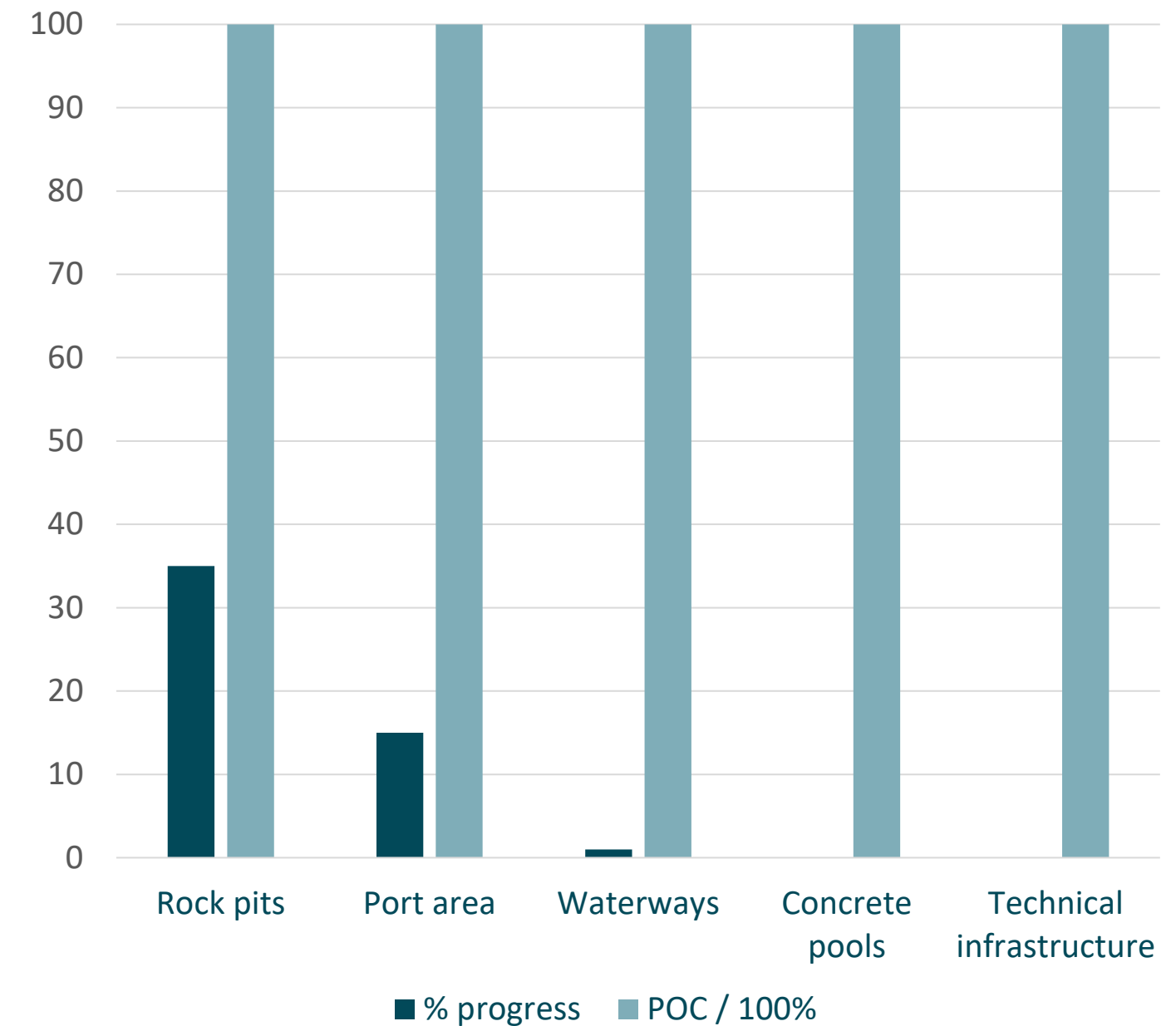
Incurring costs vs estimated budget cost, incl. buffer (per 30 June 2023)



Uses of capital, Kvalnes phase 1



Project progress per main workstream (per 31 August 2023)



In this upcoming step of construction, the Company is planning to establish major infrastructure such as waterways and port area to support 40,000 tons of production at Kvalnes. Together with highly reputable construction partners AF Hæhre-Contur and Cflow, a budget of NOK 1,300 million plus a buffer of NOK 350 million has been estimated for the next two years.

Note: Stated capex numbers relate to investments (working capital/biomass, finance and operational costs not included). Estimates only.

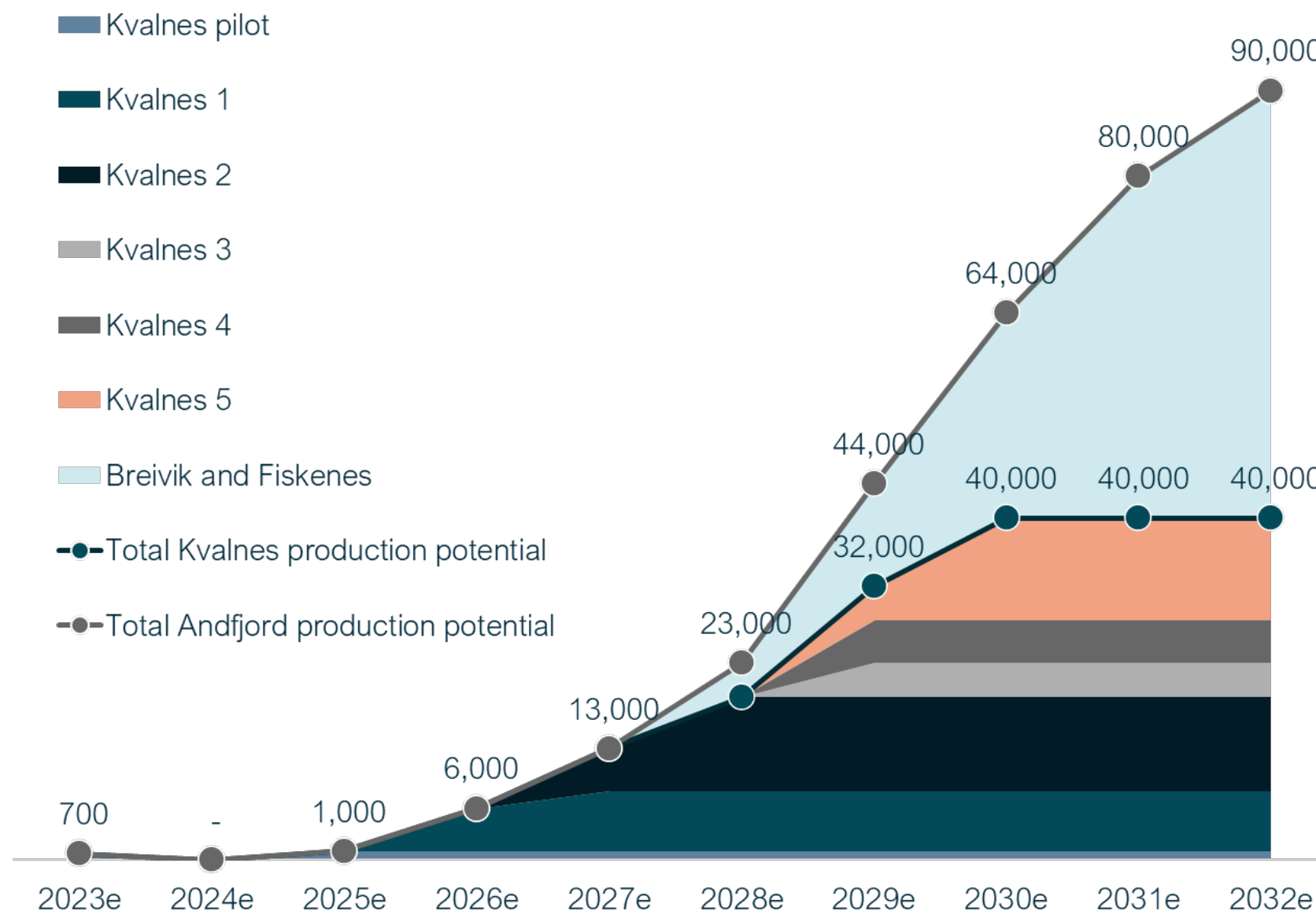


# PRODUCTION VOLUME OF 40,000 TONS AT KVALNES WITH TOTAL POTENTIAL OF 90,000 TONS

## Kvalnes build-out plan

Stage, Kvalnes	Added production (HOG, est.)	Accum. production (HOG, est.)
Pilot	+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 profile by stages (HOG)



## Comments

- Targeting first harvest of up to 700 tons (HOG) in **June/July 2023**
- **Gradual ramp-up to full capacity of 40,000 tons at Kvalnes**, focusing on capital efficiency
- **Next step at Kvalnes encompasses 4 new pools**, bringing total production capacity to 8,000 tons, followed by further expansion
- **Larger interventions and blasting to be taken in this step**, meaning that the only required pause in production due to ground works will be in 2024
- **Current production license of 19,000 tons** (10,000 tons MAB) at Kvalnes, with further license applications to be submitted in accordance with original business plan



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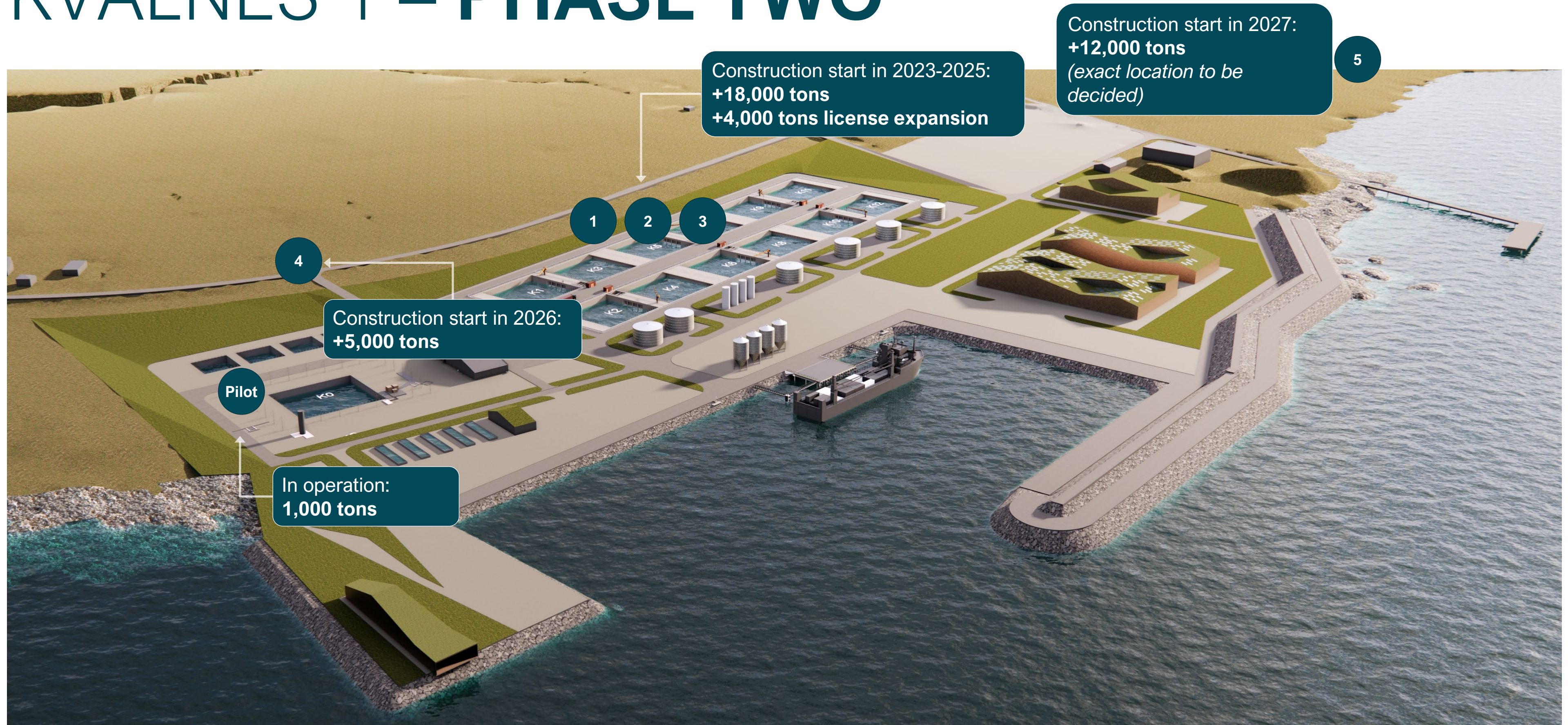


# KVALNES 1, PHASE TWO





# KVALNES 1 – PHASE TWO





- POOLS
- PORT
- CONCRETE GROUNDWORK

PILOT POOL

• Extensive preparation work carried out at Kvalnes

• Concrete injected to stabilize the sections surrounding the 12 pools

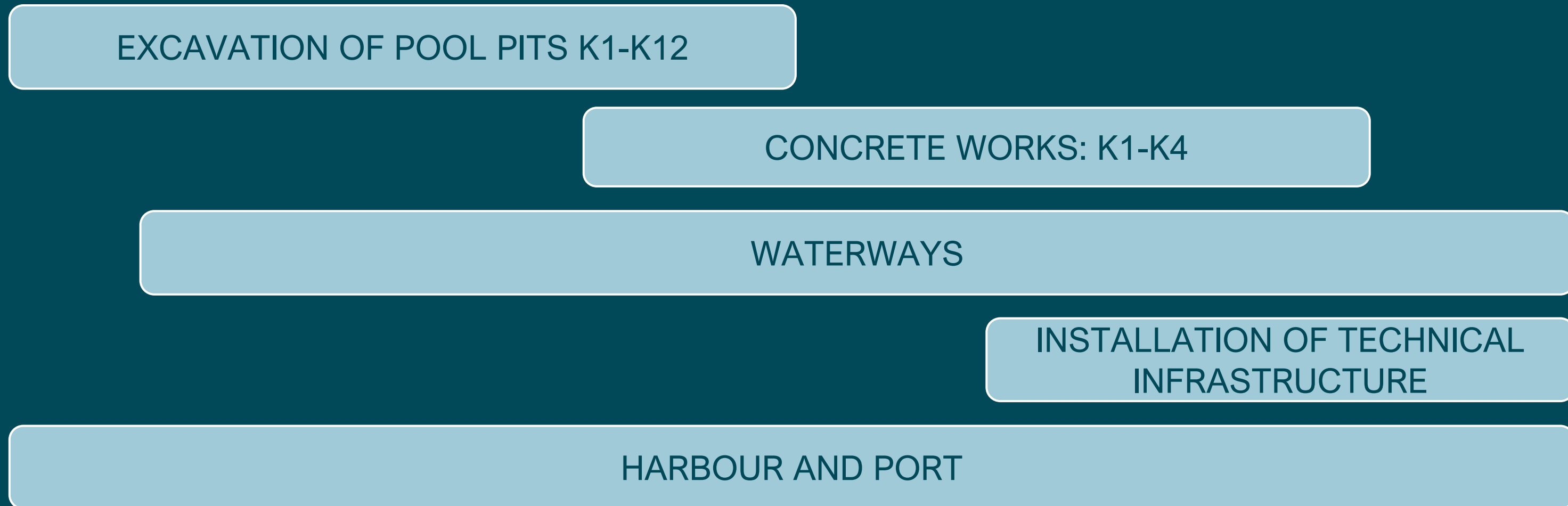
• Excavated masses from pool pits and waterways utilised for port and quay development.





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

Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025	Q4 2025
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**SMOLT  
RELEASE**



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- **SUMMARY AND OUTLOOK**



# SUMMARY AND OUTLOOK



**Bank and equity financing secured to fund next build-out phase (8,000 t) at Kvalnes and shared infrastructure to enable production volume up to 40,000 t**



**Build-out plan revealed: Roadmap to 40,000 t at Kvalnes**



**Successful first production cycle completed with strong biological results and exceptional survival rate**



**Salmon sold to various European distributors**  
**Very positive customer feedback, with filet colour and yield highlighted**



**Kvalnes expansion in full momentum**  
**Excavation of pool pits + development of harbour area main focus next 10 months**  
**Waterway excavation commenced early September as planned**



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VESTERÅLEN  
NORWAY

# Q & A



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