



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2024 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	932 201 070
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	ANDFJORD SALMON AS
Forretningsadresse:	Kvalnesveien 69 8485 DVERBERG

Regnskapsår

Årsregnskapets periode:	01.01.2024 - 31.12.2024
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Konsern

Morselskap i konsern:	Nei
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Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Forenklet IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Martin Rasmussen
Dato for fastsettelse av årsregnskapet:	26.05.2025

Grunnlag for avgivelse

År 2024: Årsregnskapet er elektronisk innlevert
År 2023: Tall er hentet fra elektronisk innlevert årsregnskap fra 2024

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 15.06.2025



Resultatregnskap

Beløp i: NOK	Note	2024	2023
RESULTATREGNSKAP			
Inntekter			
Revenue from contracts with customers	3.2	190 000	37 279 000
Other operating income		134 000	0
Sum inntekter		324 000	37 279 000
Kostnader			
Change in biological assets at cost and other inventories	3.3	0	1 162 000
Cost of materials	3.4	375 000	59 638 000
Fair value adjustments of biological assets	3.3	0	-25 707 000
Employee benefit expenses	3.5	21 683 000	25 208 000
Depreciation and amortisation expenses	3.6	24 756 000	24 904 000
Other operating expenses	3.7	21 853 000	31 501 000
Sum kostnader		68 667 000	116 706 000
Driftsresultat		-68 343 000	-79 427 000
Finansinntekter og finanskostnader			
Financial income	3.8	723 000	11 282 000
Sum finansinntekter		723 000	11 282 000
Net financial costs	3.8	32 000	2 340 000
Sum finanskostnader		32 000	2 340 000
Netto finans		691 000	8 942 000
Resultat før skattekostnad		-67 652 000	-70 485 000
Income tax expense	3.9	0	0
Årsresultat		-67 652 000	-70 485 000
Overføringer og disponeringer			
Retained earnings		-67 652 000	-70 485 000
Sum overføringer og disponeringer		-67 652 000	-70 485 000



Balanse

Beløp i: NOK	Note	2024	2023
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Intangible assets	4.1	16 420 000	14 389 000
Sum immaterielle eiendeler		16 420 000	14 389 000
Varige driftsmidler			
Property, plant and equipment	4.2	2 230 854 000	876 632 000
Right-of-use assets	4.3	13 060 000	17 640 000
Sum varige driftsmidler		2 243 914 000	894 272 000
Finansielle anleggsmidler			
Other non-current assets		438 000	53 000
Sum finansielle anleggsmidler		438 000	53 000
Sum anleggsmidler		2 260 772 000	908 714 000
Omløpsmidler			
Varer			
Other inventories	3.4	1 340 000	1 697 000
Sum varer		1 340 000	1 697 000
Fordringer			
Trade and other receivables		44 000	0
Other current assets	5.1	75 067 000	52 380 000
Sum fordringer		75 111 000	52 380 000
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	5.2	34 451 000	0
Sum bankinnskudd, kontanter og lignende		34 451 000	0
Sum omløpsmidler		110 902 000	54 077 000
SUM EIENDELER		2 371 674 000	962 791 000



Balanse

Beløp i: NOK	Note	2024	2023
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	6.1	3 000 000	3 000 000
Overkurs	6.1	408 515 000	408 515 000
Sum innskutt egenkapital		411 515 000	411 515 000
Opptjent egenkapital			
Retained earnings		-71 592 000	-3 940 000
Other reserves		3 136 000	854 000
Sum opptjent egenkapital		-68 456 000	-3 086 000
Sum egenkapital		343 059 000	408 429 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	6.3, 6.5	875 865 000	59 959 000
Lease liabilities	6.4, 6.5	6 163 000	9 340 000
Sum annen langsiktig gjeld		882 028 000	69 299 000
Sum langsiktig gjeld		882 028 000	69 299 000
Kortsiktig gjeld			
Borrowings	6.3, 6.5	0	7 666 000
Lease liabilities	6.4, 6.5	4 276 000	4 511 000
Leverandørgjeld	6.6.2.1	290 170 000	131 134 000
Kortsiktig konserngjeld		843 371 000	335 391 000
Other current liabilities		8 769 000	6 362 000
Sum kortsiktig gjeld		1 146 586 000	485 064 000
Sum gjeld		2 028 614 000	554 363 000



Balanse

Beløp i: NOK	Note	2024	2023
SUM EGENKAPITAL OG GJELD		2 371 673 000	962 792 000



Skatteetaten

Vår dato	Din/Deres dato	Saksbehandler
08.01.2024	08.12.2023	Vibeke Home
800 80 000	Din/Deres referanse	Telefon
Skatteetaten.no		48123176
Org.nr	Vår referanse	Postadresse
974761076	2023/5698889	Postboks 9200 Grønland 0134 OSLO

ANDFJORD LAKS AS
Att.Bjarne Martinsen
Kvalnesveien 69
8485 DVERBERG
Norge

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk for Andfjord Laks AS, org.nr. 932 201 070

Vi viser til deres brev av 8.desember 2023 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk for Andfjord Laks AS.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering Andfjord Laks AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som danner grunnlaget for vedtaket ikke endres vesentlig.

Kopi av dette brevet må sendes til Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Den regnskapspliktige må selv dokumentere ved dette brev at tillatelse er gitt.

Bakgrunn

Andfjord Laks AS er eid av et norsk selskap som er registrert på Euronext Growth Oslo. Selskapet satser på drift og utvikling av fasiliteter for landbasert oppdrett av laks.

Engelsk er i stor grad selskapets arbeidsspråk. Selskapet vil eksportere en betydelig del av sin produksjon til utlandet.

Skattekontorets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen [...] være på norsk. Departementet kan ved [...] enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper



som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til “informative regnskaper for ulike grupper av regnskapsbrukere”. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter skattekontorets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har skattekontoret lagt særlig vekt på at selskapet er direkte eid av et norsk selskap som er registrert på Euronext Growth Oslo. Videre er det vektlagt at selskapet driver virksomhet i en bransje der alle sentrale aktører behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Vibeke Horne
Skatteetaten

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.



Board of Directors' report

Nature of the enterprise

Andfjord Salmon is developing the aquaculture industry of the future and has an ambition of building the most fish-friendly and sustainable aquaculture facility of its kind. The benefits of both sea and land-based salmon farming are combined to achieve this. The result is a high level of salmon welfare and sustainable production by using Arctic seawater in land-based pools. Andfjord Salmon is a Norwegian Company that was established in Andøy municipality in 2014. The Company is developing production facilities and operating premises on Andøya. The Company has a license to farm 10,000 tonnes of maximum allowed biomass (MAB), at Kvalnes, Andøya. The Company is currently developing the Kvalnes site. Yearly production volume under the current license is expected to be 23,700 tonnes (HOG + post-smolt) when the build-out has been completed in mid-2027. Andfjord Salmon has also secured coastal properties at Fiskenes and Breivik on Andøya for future expansion. In total, the Company has a long-term ambition of an annual production of more than 90,000 tonnes HOG from all three sites.

Overview of the annual financial statements

The financial statements for the year ended 31 December 2024 have been prepared in accordance with the simplified International Financial Reporting Standards (IFRS®) Accounting Standards rules as stipulated in the Norwegian Accounting Act's §3-9 and regulation on simplified IFRS issued by the Norwegian Ministry of Finance in 2022.

Loss before income tax for 2024 was NOK 67.7 million for the Company, compared to a loss of NOK 70.5 million in 2023. In 2024, the Company employed 23 full-time equivalents and employee benefit expenses amounted to NOK 21.7 million after capitalisation of expenses related to construction. Depreciation and amortisation expenses were NOK 24.8 million in 2024, while other operating expenses totalled NOK 21.9 million. The loss is in line with the Board's expectations for the current phase of the Company. Focus in 2024 has been on developing the Kvalnes land-based aquaculture facility, including construction of the four next pools and associated pool infrastructure, plus share infrastructure – such as waterways and harbour area – to support a future total annual production capacity of 48,100 tonnes HOG + post-smolt at Kvalnes. The next release of smolt will be in the third quarter of 2025, followed by continuous production thereafter.

The Company generated sales revenue in 2024 of NOK 190 thousand, which were fish remaining from the first production cycle that was harvested in 2023.

Net cash flow from operating activities was NOK -73.1 million, while operating loss was NOK -68.4 million. The Company's cash flow from investment activities was NOK -1,208 million, which is related to construction of four new pools and associated area infrastructure at Kvalnes. Net cash flow from financing activities was NOK 1,316 million in 2024.





Total assets at the end of 2024 were NOK 2,371.7 million for the Company. Total non-current assets were NOK 2,260.8 million, which consisted of investments in property, facility and equipment at Kvalnes, property at the Breivik and Fiskenes locations and intangible assets of NOK 16.4 million. Since its inception in 2014, the group has carried out research and development that has resulted in a patented solution that has been implemented in the first pool. Direct expenses for equipment and external consultants in connection with development of the solution are entered in the balance sheet as intangible assets. Direct expenses related to the patent itself are also accounted for as an intangible asset.

Current assets mainly consist of bank deposits and current receivables.

Risk factors

Market risks

Liquidity risk

The Group has financed the construction of four new pools, which will increase annual production capacity to 11,000 tonnes (HOG + post-smolt), and infrastructure including waterways and a harbour area which will support a complete development of Kvalnes to a production capacity of 48,100 tonnes per year. The financing package consists of equity and a construction loan of NOK 825 million from Sparebank 1 Nord-Norge, Sparebank 1 SR-Bank and Sparebank 1 SMN, supported by a guarantee of 50% from Eksfin. At the end of 2024, the group had a cash balance of NOK 59.2 million, undrawn construction loan of NOK 40 million, and an undrawn credit facility of NOK 20 million.

The Group's growth strategy and future plans are capital intensive and dependent on further future financing to continue to increase the production capacity beyond 11,000 tonnes yearly. The successful first production cycle has proven the concept and provided the basis for the strong financing the group secured in 2023.

Subsequent to year-end 2024, in March 2025, the Group raised funds of approximately NOK 1.4 billion through a bank package of NOK 400 million, potential sale and leaseback agreement of the harbour area valued at NOK 400 million, and a NOK 600 million private placement of new shares. Further, a leasing facility of NOK 175 million is planned for certain equipment financing, and an overdraft facility of up to 60% of the borrowing base, which is expected to be finalised ahead of the first smolt release, is discussed but not yet committed.

Currency risk

The salmon market is international and the Company is exposed to currency risk in relation to sales income. In the future, currency hedging will be used to reduce such exposure.

Interest rate risk

The Company is exposed to fluctuations in interest rate levels through interest-bearing debt. Total interest-bearing debt at the end of 2024 was NOK 832.3 million. Liquidity





reserves are deposited on bank accounts and are thus exposed to interest rate fluctuations.

Credit risk

The Company is currently exposed to credit risk through the placement of surplus liquidity in Norwegian regulated banks. Customer receivables are limited in the current phase.

Cybersecurity risk

Andfjord Salmon depends on IT systems throughout the Company's operations. The risk of falling victim to a cyberattack is rising to companies in general. Disruptions to critical systems could negatively affect Andfjord Salmon's ability to operate safely and effectively.

Pandemic risk

Pandemics may impact Andfjord Salmon and the economy at large. For example, the long-term impact on the global economy may result in impairment of assets and future decrease of the market as consumers change their habits and investors reduce their investments. Further, personnel may not be able to work due to illness, quarantines, travel restrictions and social distancing causing a shutdown of operations of the Company and its suppliers.

Going concern

The accounts have been prepared under the assumption of going concern. In accordance with Section 3-3a of the Norwegian Accounting Act, the Board confirms that the Company fulfil the requirements necessary for them to continue to operate as a going concern. The Board bases this on the Company's financial position, which is good.

Working environment

The Board considers the Company's working environment to be good. No special measures have been implemented to improve the working environment. Registered sickness absence was 2.97% in 2024, while sickness absence in 2023 was 0.83%. The Company has not had any accidents or incidents in 2024 that have led to personal injuries.

Future outlook

The Company holds a fish farming licence of 10,000 tonnes MAB and expects to reach a total annual production volume of 23,700 tonnes (HOG + post-smolt) at Kvalnes under the current production license, The four next pools are being completed in 2025, which will lead to a production capacity of 11,000 tonnes. The Company has secured rights to coastal properties at Fiskenes and Breivik on Andøya, enabling a potential future production of more than 90,000 tonnes HOG. The current licence will be utilised in its entirety at the Company's first production facilities at Kvalnes.

The Board considers the future prospects to be good. Successful biological results have strengthened the Company's position significantly.





The land-based facility at Kvalnes will continue to be the Company's main focal point in the coming years. However, the Company is also working on regulation of the Fiskenes and Breivik sites and will apply for a licence for 20,000 tonnes MAB (25,000 tonnes HOG) for each of the locations. The zoning plan for Breivik was approved by the local municipality in 2022. There are also plans to further develop the Kvalnes site to a total production capacity of 48,000 tonnes per year.

Andfjord Salmon benefits from the well-developed salmon farming industry in the Vesterålen area, where the necessary infrastructure with sufficient capacity and expertise has already been established. This makes it possible to have a fully integrated value chain, from smolt production and salmon farming to sales and distribution to end customers.

The Company's financial position and outlook is primarily dependent on the price of farmed salmon and the level of production costs. Historically, the market price of farmed salmon has been subject to market fluctuations.

Andfjord Salmon's flow-through concept requires low energy consumption. Due to the facilities' unique location directly adjacent to the Gulf Stream, they have access to water at very favourable temperatures year-round. Inlet water is sourced at 50 meters' below the levels inhabited by salmon lice. Salmon lice treatment represents a significant production cost in sea based salmon farming, and avoiding this gives a significant production cost advantage compared to traditional sea-based farming. The Company is largely dependent on maintaining its current licence and being awarded new licences in order to develop the business in the future.

Corporate governance

Andfjord Salmon has prepared a report on corporate governance that is included in the annual report, which is available on the Company's website. Although the Company is not subject to the Norwegian Code of Practice for Corporate Governance, it aims to comply with the principles of the recommendations as the business transitions into an operational phase. The report on corporate governance sets out the Company's status in relation to the recommendations.

Gender equality and discrimination

In 2024, 23 full-time equivalents were performed by employees of the company. At the end of 2024, the Company had 23 employees in total, of which nine are women. The proportion of woman among employees has increased considerably during the last couple of years. Based on an assessment of the size of the Company, the number of employees and job categories, the Board has not found it necessary to take further action with respect to gender equality at this time. However, Andfjord Salmon is keen to further increase the share of female employees, both in senior positions and in the Company in general. Andfjord Salmon shall be a workplace where there is full gender equality between women and men, and it shall ensure that there is no discrimination based on gender. More information on the status of gender equality in the Company can be found in the ESG report, which is part of the annual report available on the Company's website.





The natural environment

The Company does not pollute the natural environment to any significant extent in its current phase, but it has nevertheless implemented environmental measures in connection with the development at Kvalnes. It is a clear goal that the business shall have the smallest possible environmental footprint. Biological waste from the facility is captured and refined as a commercial resource, limiting discharges from the facility. The Company has prepared a separate ESG report as part of the annual report, which contains a detailed account of how it works towards achieving sustainability goals.

Other matters

Andfjord Salmon performs evaluations and assessments of suppliers in line with the Transparency Act. The Group will publish an updated statement on due diligence assessments on its website by the end of June 2025.

The Board does not know of any other matters of importance to consider the Company's position and profit/loss, other than those presented in the annual financial statements and notes to the annual financial statements. No matters have arisen after the end of the financial year that have an impact on the Board's assessment of the annual financial statements.

Board of Directors and CEO of Andfjord Salmon AS

We hereby confirm that it is our sincere conviction that the financial statements for the period 1 January to 31 December 2024 have been prepared in accordance with the provisions and good accounting practices set out in the Norwegian Accounting Act, and that the information in the financial statements provides an accurate picture of the Company's assets, liabilities, financial position, and profit/loss as a whole. We hereby confirm that the annual report provides an accurate overview of the development, annual profit/loss and position of the Company, together with a description of the most important risks and uncertainties the enterprise is facing.

Andøy, 26 May 2025


Roger Brynjulf Mosand
Chair

Martin Rasmussen

Martin Rasmussen
CEO





Verification

Transaction 09222115557547797229

Document

Andfjord Salmon AS - Board of Directors' report

Main document

5 pages

Initiated on 2025-05-26 15:03:30 CEST (+0200) by

Benedicte Marhaug (BM)

Finalised on 2025-05-26 15:29:17 CEST (+0200)

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Medlemmer av Den norske Revisorforening

To the General Meeting in Andfjord Salmon AS

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the annual financial statements of Andfjord Salmon AS (the Company), which comprise the statement of financial position as at 31 December 2024, the statement of comprehensive income, statement of cash flows, statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2024 and its financial performance for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (the IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors and the Managing Director (management) are responsible for the other information presented with the financial statements. Other information consists of Board of Directors report. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

The Board of Directors and the Managing Director (management) are responsible for the preparation of the financial statements that give a true and fair view in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the



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going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Sortland, May 30, 2025
ERNST & YOUNG AS

The auditor's report is signed electronically

Monica Sørensen
State Authorised Public Accountant (Norway)

Independent auditor's report - Andfjord Salmon AS 2024

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"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Sørensen, Monica

Statsautorisert revisor

På vegne av: EY

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IP: 147.161.xxx.xxx

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Andfjord Salmon AS

Annual financial statements

2024



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STATEMENT OF COMPREHENSIVE INCOME

<i>Amounts in NOK thousand</i>	Notes	2024	2023
Revenue from contracts with customers	3.2	190	37 279
Other operating income		134	-
Total operating revenue		324	37 279
Changes in biological assets at cost and other inventories	3.3	-	(1 162)
Cost of materials	3.4	(375)	(59 638)
Fair value adjustments of biological assets	3.3	-	25 707
Employee benefit expenses	3.5	(21 683)	(25 208)
Depreciation and amortisation expenses	3.6	(24 756)	(24 904)
Other operating expenses	3.7	(21 853)	(31 501)
Operating profit/(loss)		(68 343)	(79 428)
Financial income	3.8	723	11 282
Net financial costs	3.8	(32)	(2 340)
Net financial result		691	8 942
Profit/(loss) before income tax		(67 651)	(70 486)
Income tax expense	3.9	-	-
PROFIT/(LOSS) FOR THE PERIOD		(67 651)	(70 486)
Net other comprehensive income/(loss)		-	-
COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR		(67 651)	(70 486)



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STATEMENT OF FINANCIAL POSITION

<i>Amounts in NOK thousand</i>	Notes	2024	2023
ASSETS			
Non-current assets			
Intangible assets	4.1	16 420	14 389
Property, plant and equipment	4.2	2 230 854	876 632
Right-of-use assets	4.3	13 060	17 640
Other non-current assets		438	53
Total non-current assets		2 260 771	908 714
Current assets			
Biological assets	3.3	-	-
Other inventories	3.4	1 340	1 697
Trade and other receivables		44	-
Other current assets	5.1	75 067	52 380
Cash and cash equivalents	5.2	34 451	-
Total current assets		110 902	54 077
TOTAL ASSETS		2 371 673	962 791

<i>Amounts in NOK thousand</i>	Notes	2024	2023
EQUITY AND LIABILITIES			
EQUITY			
Share capital	6.1	3 000	3 000
Share premium	6.1	408 515	408 515
Retained earnings		(71 592)	(3 940)
Other reserves		3 136	854
Total equity		343 059	408 429
LIABILITIES			
Borrowings	6.3, 6.5	875 865	59 959
Lease liabilities	6.4, 6.5	6 163	9 340
Total non-current liabilities		882 027	69 299
Borrowings	6.3, 6.5	-	7 666
Lease liabilities	6.4, 6.5	4 276	4 511
Trade payables	6.6.2.1	290 170	131 134
Other current liabilities		8 769	6 362
Liabilities to group company		843 371	335 391
Total current liabilities		1 146 586	485 063
Total liabilities		2 028 614	554 362
TOTAL EQUITY AND LIABILITIES		2 371 673	962 791



ANNUAL FINANCIAL STATEMENTS 2024

Roger Brynjulf Mosand
Chair

Martin Rasmussen
CEO

Andøy
26 May 2025



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STATEMENT OF CASH FLOWS

<i>Amounts in NOK thousand</i>	Notes	2024	2023
CASH FLOW FROM OPERATING ACTIVITIES:			
Profit/(loss) before income tax		(67 651)	(70 486)
Adjustments to reconcile profit/loss before tax to net cash flow:			
Depreciation and amortisation	<i>4.1, 4.2, 6.3</i>	24 756	24 904
Finance income/(expense), net	<i>3.8</i>	(691)	(8 942)
Share-based payment expense	<i>3.5.2</i>	-	4 588
Fair value adjustments of biological assets		-	(25 707)
Working capital changes:			
Change in other inventories and biological assets at cost		358	39 458
Change in trade and other receivables		(44)	-
Change in trade payables		(8 183)	17 570
Change in other current assets and liabilities		7 701	(1 565)
Change in current liabilities to group company		-	89 445
Interests received		(25 946)	11 282
Interests paid		(3 412)	(7 833)
Net cash flow from operating activities		(73 114)	72 713
CASH FLOW FROM INVESTMENT ACTIVITIES:			
Payment for property, plant and equipment	<i>4.1</i>	(1 204 887)	(320 559)
Payment for intangible assets	<i>4.2</i>	(3 524)	(6 307)
Net cash flow from investing activities		(1 208 411)	(326 866)
CASH FLOW FROM FINANCING ACTIVITIES:			
Equity received	<i>6.1</i>	-	583 182
Proceeds from borrowings from group company	<i>6.2, 6.3</i>	1 387 012	-
Repayment of borrowings	<i>6.2, 6.3</i>	(67 625)	(55 918)
Payment of principal portion of lease liabilities	<i>6.4</i>	(3 411)	(4 128)
Demerger effects		-	(351 893)
Net cash flow from financing activities		1 315 976	171 242
Net increase/(decrease) in cash and cash equivalents		34 451	(82 911)
Cash and cash equivalents as of 1 January		-	82 911
Cash and cash equivalents as of 31 December		34 451	-



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STATEMENT OF CHANGES IN EQUITY

<i>Amounts in NOK thousand</i>	Notes	Share capital	Share premium	Retained earnings	Other reserves	Total equity
Balance at 1 January 2023		41 039	557 414	(125 438)	2 690	475 705
Profit for the year		-	-	(70 486)	-	(70 486)
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-	(70 486)	-	(70 486)
Capital increase June and July 2023	6.1.3	15 974	567 208	-	-	583 182
Capital increase at date of incorporation 21 September 2023	6.1.3	30	-	-	-	30
Predecessor accounting *	1.2.1	(57 013)	(1 124 622)	191 984	(6 424)	(996 075)
Capital increase approved 21 December 2023, not registered *	6.1.3	2 970	408 515	-	-	411 485
Share based payments to employees	3.5.2	-	-	-	4 588	4 588
Balance at 31 December 2023		3 000	408 515	(3 940)	854	408 429
Balance at 1 January 2024		3 000	408 515	(3 940)	854	408 429
Profit for the year		-	-	(67 651)	-	(67 651)
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-	(67 651)	-	(67 651)
Share based payments to employees	3.5.2	-	-	-	2 282	2 282
Balance at 31 December 2024		3 000	408 515	(71 591)	3 136	343 060

* On 15 December 2023, all operating assets in Andfjord Salmon AS (Parent company) was demerged and merged into Andfjord Salmon AS (the subsidiary). The transaction is considered a capital reorganization with continuity. See note 1.2 and 1.2.1 for further information.



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SECTION 1. Corporate information and basis of preparation

In brief

This section includes corporate information, basis of preparation, an overview of general accounting policies, key estimates, and judgements in the Company.



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1.1 Corporate Information

These financial statements have been prepared for the company *Andfjord Salmon AS* ('the Company') for the year ended 31 December 2024. Andfjord Salmon AS is a limited liability company incorporated and domiciled in Norway. The Company was established in 2023, and its registered office is located at Kvalnesveien 69, Andøy.

The Company's main activities are the construction of its land-based salmon farming facilities located in the intertidal zone on the eastern shores of Andøya, in Andøy municipality. Upon completion of the farming facilities, the main activity will be to farm salmon with the aim of selling to third parties when the fish has reached a mature state.

The Company is wholly owned by Andfjord Salmon Group AS, who consolidates the Company into the consolidated financial statements. The consolidated financial statements are available on www.andfjordsalmon.com.

The financial statements for the year ended 31 December 2024 of Andfjord Salmon AS were authorized for issue by the Board of Directors on 26 May 2025.

1.2 Basis of Preparation

The Company's financial statements are prepared in accordance with the simplified International Financial Reporting Standards (IFRS®) Accounting Standards rules as stipulated in the Norwegian Accounting Act's §3-9 and regulation on simplified IFRS issued by the Norwegian Ministry of Finance in 2022.

The Company has prepared financial statements as of 31 December 2024 together with the comparative periods for the year ended 31 December 2023.

All amounts are presented in NOK (Norwegian kroners), and rounded to the nearest thousand, unless stated otherwise. Transactions in foreign currencies are translated at the exchange rate applicable at the date of the transaction. Monetary items in a foreign currency are translated to NOK using the exchange rate applicable on the balance sheet date. Foreign exchange differences arising on translation are recognized in the income statement as they occur.

The financial statements have been prepared based on the going concern assumption. When preparing financial statements, management has assessed the Company's ability to continue as a going concern. There are no material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

1.2.1 Accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

In the case of the Company, the areas involving significant estimates or judgements were mainly related to measuring the fair value of the biomass, until that uncertainty was resolved when the production cycle was completed and salmon was sold during 2023. See Note 5.1 for further information.



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Therefore, Management notes that these financial statements contain no areas subject to significant judgements or estimates, even though some areas require certain degree of judgement and estimates by Management:

- Capitalisation criteria of expenditures with respect to PPE
- Assessing impairment indicators in the PPE being developed by the Company including considerations in regards to the climate-related risks as specified further below in this note.

Estimates and judgements are evaluated on an ongoing basis, and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Climate-related risks

Management has assessed the potential effects that climate-related matters may have on the Company's operations and financial statements.

Climate-related risks can take the form of both physical, political and transition risks, that may lead to potential effects in the Company's financial statements. Physical risks are risks of economic ramifications resulting from climatic events such as extreme weather and long-term environmental changes. Political risks are risks of regulatory changes. Transition risks relate to shifts in consumer behavior and technological advancements, resulting from the process of transitioning away from reliance on fossil fuels towards renewable energy sources. Physical risks are considered when determining the remaining useful life of PPE, and on the assessment of impairment indicators (see Note 4.1).

Andfjord Salmon's flow-through system with laminar water flow consumes a minimal amount of energy with relatively low operating costs, and its land-based facility is sustainable with minimal impact on the surrounding environment. The farming facilities are recently constructed following the appropriate standards, so it is highly unlikely that these will be materially affected by climate-related events in the foreseeable future. Therefore, physical risks and transition risks from climate change are not considered to affect the Company's operations significantly.

Changes in the regulatory and legal environment related to adverse environmental effects from the salmon farming industry may potentially affect the Company's operations and future income tax and levies payments, but no significant policy adjustments for onshore salmon farming have been signaled by the regulators or the current administration.

1.2.2 New standards and interpretations adopted

The Company has applied certain amendments to the standards and interpretations that are effective for annual periods beginning 1 January 2024. None of the amendments and interpretations applied had impacts in the amounts recognised in the current or previous periods and are not expected to affect future periods.

1.2.3 New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Company.



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Out of these standards, amendments or interpretations, mainly IFRS 18 'Presentation and Disclosure in Financial Statements' is expected to have a material impact on the company's future reporting periods and foreseeable future transactions, as described below.

IFRS 18 'Presentation and Disclosure in Financial Statements' (effective for annual periods beginning on or after 1 January 2027)

In April 2024, the IASB® issued IFRS 18, which replaces IAS 1 'Presentation of Financial Statements'. IFRS 18 introduces a defined structure for the statement of profit or loss with new totals and subtotals, and in which all income and expenses should be classified in one of the following categories: operating, investing, financing, income taxes and discontinued operations, where the first three are new. IFRS 18 also requires disclosure of management-defined performance measures.

Additionally, IFRS 18 made narrow scope amendments to IAS 7 'Statements of Cash Flows'. These amendments require companies to start the cash flow statement with the 'operating profit' subtotal (new subtotal introduced by IFRS 18) and requires companies without a specified business activity (i.e. which is the case for the company) to present interests and dividends received within the investing activities, and interests paid within financing activities.

IFRS 18 and corresponding amendments to other standards are effective for annual periods beginning on or after 1 January 2027. Early application is permitted, and application should be made retrospectively.

The management is currently assessing the detailed implications of applying IFRS 18 on the company's financial statements.

1.3 Summary of General accounting policies

1.3.1 Impairment of non-financial assets

At each reporting date, the Company assesses whether there is an indication of impairment of its non-financial assets, of which the most important asset is the property, plant and equipment held by the Company. Management assesses both internal and external sources of information, including but not limited to technological, market, economic or legal environment considerations, in respect to the salmon industry and affecting the land-based facilities. Management has not found any indication of impairment of its non-financial assets during 2024 or 2023.

The Company considers in its assessment whether climate-related risks could have a significant impact on the carrying amount of the Company's assets, such as the effects of long-term environmental changes on fish farming production, or the introduction of emission-reducing legislations that may increase costs. These risks are included as key assumptions where they materially impact the measure of the recoverable amount. See Note 1.2.1 for more information.

1.3.2 Statement of cash flows

The cash flow statement is prepared using the indirect method.

Interest paid on trade payables and interest received on trade receivables are presented as operating cash flows. Interests paid on borrowings are classified as operating cash flows.



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Cash flows are only classified as investing activities if they result in the recognition of an asset in the statement of financial position.

Cash payments for the principal portion of the lease liabilities are presented as cash flows from financing activities, whereas cash payments for short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities are presented as cash flows from operating activities.



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SECTION 2. Significant transactions and events during the reporting period

In brief

This section summarises significant transactions and events that occurred during the reporting period.



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2.1 Significant transactions and events during the reporting period

The main transactions and events in relation to the Company are the following ones:

Transactions and events	Disclosure notes
Strong progress at the construction project at Kvalnes.	Note 4.1

The financial position and the performance of the Company was not, other than mentioned above, particularly affected by any significant events or transactions during 2024.



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SECTION 3. Results of the year

In brief

This section provides insight into the financial performance of the Company over the periods presented, including those relating to financing activities, employee costs, taxes and government grants.



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3.1 Segment Information

Accounting policies

Operating segments are components of the Company regularly reviewed by the chief operating decision maker (CODM) to assess performance and be able to allocate resources. The Board of Directors as a whole is considered to be, collectively, the Company's CODM. The Group as a whole is operated as a single segment.

The Company has no operating pools as at 31 December 2024 due to property development. One pool has been operating until mid-2023.

All non-current assets held by the Company are located in Norway.

3.2 Operating income

Accounting policies – Revenue from contracts with customers

Revenue was recognised at the point in time salmon was physically delivered to the customer and all significant risks and rewards were transferred to the customer. The transaction price was not subject to any significant variable consideration.

Total operating income	2024	2023
<i>(Amounts in NOK thousand)</i>		
Revenue from contracts with customers	190	37 279
Other operating income	134	-
Total operating income	324	37 279

Sales revenue in 2024 were from remaining fish from the first production cycle that was harvested in 2023. See Note 5.1 for further details in respect to this.

3.3 Biological assets

3.3.1 Summary of accounting policies for biological assets

Accounting policies

The Company's biological assets during 2022 and 2023 comprise live salmon stock. The smolt is acquired and released into the Company's operating pool and remain there until it is ready to be harvested, which is when the salmon is considered mature. In 2024, there has not been any live salmon in the pool due to the construction of new pools.

The accounting treatment of biological assets is regulated by IAS 41 'Agriculture'. According to IAS 41, biological assets are recognised and measured at fair value less cost to sell at each reporting period. However, when there is little biological transformation, the cost of biological assets is



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deemed to be a close approximation to its fair value. This is the case of the smolt that has been acquired, but not released into the pools yet.

Management has considered the approach to measure fair value of the biomass, in accordance with IFRS 13 'Fair value', at each reporting period during the growing phase. Transactions with live, unmaturing salmon are rare. Also, those transactions would not reflect the highest and best use for the Company's biological assets. Therefore, the market approach for estimating fair value would not be an optimal approach for the Company.

The income approach is applied to estimate the fair value of the salmon stock, by which future cash flows from selling the salmon at harvest date are discounted to a single current amount. The valuation model for the salmon considers the highest and best use for salmon, which Management believes corresponds to the moment when the salmon is ready to be harvested (see Note 5.1.2 for Management's assumption on optimal weight).

The valuation model requires the use of several significant inputs, part of which are not observable. Therefore, the fair value is considered 'level 3' in the fair value hierarchy. Significant unobservable inputs include the cost to complete; the biomass' weight and quality; the implied discount rate and estimated growth rate of salmon. The significant observable inputs are the forward market price of salmon at the expected time of harvest. Environmental or operational incidents leading to mortality exceeding a rate of 3% from that single incident will be recognised under 'cost of materials' in the statement of comprehensive income.

Only one set of assumptions was used, as the Company only operates one location during 2023.

The change in the fair value of biological assets is recognised in the statement of comprehensive income as 'fair value adjustments of biological assets'. The accumulated costs from incident-based mortality will reduce the fair value of the biological assets in the statement of financial position and is recognised as 'cost of materials' in the statement of comprehensive income.

3.3.2 Main judgements and assumptions for the valuation of the biomass

Accounting judgements and estimates

The valuation model for the salmon livestock considers the highest and best use for salmon, which Management believes corresponds to a live weight of approximately 4.8 kg, and a gutted weight of 4.0 kg when harvested.

The Company estimates the fair value of the biomass at each reporting period using a model following an income approach.

Estimated future cash inflows

Future cash inflows are estimated based on the estimated biomass volume, and price at the expected harvesting date. Biomass volumes are estimated based on the number of fish in the pools, adjusted by expected mortality, and multiplied by the expected average weight of salmon at the harvest date. The expected price at harvesting date is calculated using the Fish Pool forward price at the harvest date, adjusted for costs to sell the fish, such as harvesting costs, transportation etc. The Fish Pool forward prices are also adjusted for differences in quality.

An increase in the forward price will increase the fair value of the salmon biomass. However, the effect will be compensated by the deductions of costs to complete at each point in time. Only changes in prices when the salmon is matured has a full effect on the value of the biomass.



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Equivalent effects can be expected when the source of the change is due to the deduction of costs to sell.

The following forward price was estimated at harvesting time, corresponding to the forward price at optimal weight time, from Fish Pool:

Expected harvesting period	Forward price at harvest dates
<i>(Amount in NOK per kg)</i>	
Aug-23	77.50

At harvest date, the mortality for the live salmon was expected at 3%. The actual rate was 2.5% after transportation to process harvested salmon for sale.

Estimated future cash outflows

Future cash outflows are defined as the costs to complete the salmon lifecycle at each point in time. This includes costs necessary to grow the fish to its optimal weight, which main components are fodder and other direct costs. The estimation of the fodder costs depends on future fodder prices, but also expected conversion rate, measured as gained weight of the salmon stock per kg of fodder released in the fish pools.

Fair value interpolation

Estimated net cash flows are discounted at each point in time using an interpolation method where the two known data points are the value of the smolt when released into the pool, and the expected cash inflows as described above. The discounting follows a natural interpretation to calculate a discount rate representing the time value of money and hypothetical license fees for the salmon farming permits.

Hypothetical license fees are included in the calculation of the discount rate, as it represents the value that a hypothetical buyer of a salmon farming license would have to incur for such a permit, which cannot be obtained in the open market, therefore causing entry barriers.

The interpolation model is updated monthly, considering data on actual forward prices, mortality rates, number of fish in the pools, etc. These estimates are approved by the Company's Management, supported by real quantitative data samples of the biomass, and updated budgets and forecasts.



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3.3.3 Carrying amount reconciliation of biological assets

The Company holds no biological assets 31 December 2024 (31 December 2023: 0 tonnes). No roe, fry or smolt was held year-end 2024 and 2023.

3.4 Other inventories

Accounting policies

Other inventories mainly include fodder, packaging materials, and other materials to be used during the maturing process of the salmon. Inventory is measured at the lower of its cost and its net realisable value. Cost of inventories held by the Company mainly include its cost of purchase.

As at 31 December 2024, the Company does not have any harvested salmon. In the future, harvested salmon will be classified within 'other inventories'.

Inventory is based on the first-in first-out principle, except for fodder where a weighted average is used.

	31 December 2024	31 December 2023
Other inventories		
<i>(Amounts in NOK thousand)</i>		
Others	1 340	1 697
Total other inventories	1 340	1 697

As at year-end 2024 and 2023 inventory consists of frozen salmon for sale.



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3.5 Employee benefits

Accounting policies

The Company recognises the undiscounted amount of short-term employee benefits expected to be paid to its employees in exchange for their services. Obligations for short-term employee benefits mainly include wages and salaries; bonuses; annual leave and accumulated sick leave that are expected to be settled within twelve months of the reporting date. Employee benefit obligations are included in the 'other current liabilities' in the statement of financial position.

The Company has incurred the following employee benefit expenses:

Employee benefits	2024	2023
<i>(Amounts in NOK thousand)</i>		
Salary expenses and bonuses	23 124	21 076
Share based payments	2 282	4 588
Other benefits	383	458
Social security cost	1 599	1 407
Pension cost (defined contribution)	2 947	2 540
Total employee benefits before capitalisation (*)	30 336	30 069
Capitalised employee benefits	(8 653)	(4 861)
Total employee benefits after capitalisation	21 683	25 208

(*) The Company decided to present employee benefits before and after capitalisation made for works performed by the Company, mainly in relation with the construction of its new pools (see Note 4.1).

During 2024, the average number of employees was 23 (2023: 23).

See Section 7.1.1 for further information on remuneration to its key management personnel.

3.5.1 Defined contribution plans

Accounting policies

The Company has a defined contribution plan for its employees, where payments are made through an insurance company. Cost from the defined contribution plans is recognised when payable. The Company does not hold any credit or actuarial risks from these contribution plans.

With respect to its defined contribution plans, the Company has a defined contribution plan in accordance with local laws. The defined contribution plan covers all employees and amounts to between 7.0% and 18.1% of the gross salary. As at 31 December 2024 there were 21 members in the plan (2023: 23).



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3.5.2 Share-based payments

Accounting policies

Share-based compensation programs are provided by Andfjord Salmon Group AS to Andfjord Salmon AS's employees. These programs are equity-settled, since services rendered by the employees will be settled with the Andfjord Salmon Group AS's own equity instruments.

The cost of the equity-settled program is measured at the fair value of the options, at the grant date. The cost is recognised as 'employee benefit expenses', with a corresponding increase in equity in the form of Group contributions from Andfjord Salmon Group AS, over the vesting period. The vesting period is the period over which the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Company revises its best estimates of the number of options expected to vest, recognising in the statement of comprehensive income the difference between the cumulative expense at the beginning and period-end dates, with a corresponding adjustment to equity.

When the options vest in annual instalments over the vesting period, in substance it implies that each instalment has a different vesting period. Therefore, the Group accounts for each "tranche" as a separate award.

The Group recognises social security taxes from its share-based payments in line with IAS 37 'Provisions, contingent liabilities and contingent assets'. The Group assumes that the activity that triggers the payment is the granting of the options to its employees and measures the liability as the share price per the reporting date, minus the strike price of the options, multiplied by the current applicable social security tax rate.

In June 2022 Andfjord Salmon AS established a Long-Term Incentive Program for the Group's Management and employees, under which the Group will deliver share options as part of the consideration for the services rendered by its employees. The incentive program consists of equity settled share options. As from the capital reorganisation date in December 2023, employees and Management are hired by Andfjord Salmon Group AS's subsidiary, Andfjord Salmon AS.

The options granted have equal terms for all employees. The program is divided into three different tranches, with vesting periods ranging from one to three years starting at grant date 30 June 2022. An equal amount of shares vest in each of the three tranches. The earliest exercisable date is 1 January 2027 and the expiry date is 30 June 2031. These dates are the same for all options independently of vesting period or employee. During 2024, additional options have been granted under the same terms.

Employee share option plan	Earliest exercise date - expiry date	Stike price	Number of options
Number of options as at 1 January 2023		41,945	503 520
Options granted	1 January 2027 - 30 June 2031	41,945	248 800
Correction for employees who have left during the year			(15 000)
Number of options as at 31 December 2023			737 320
Weighted average remaining vesting period			1 year



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Employee share option plan	Earliest exercise date - expiry date	Stike price	Number of options
Number of options as at 1 January 2024		41,945	737 320
Options granted	1 January 2027 - 30 June 2031	41,945	-
Correction for employees who have left during the year			(10 320)
Number of options as at 31 December 2024			727 000
Weighted average remaining vesting period			< 1 year

The Group assessed fair value at the grant date for the options granted in June 2022 as NOK 17.49 per option. The Group has calculated the value of the options using the Black-Scholes options pricing model, with the following main assumptions:

Assumptions share-based payment program	
Expected dividend yield	0,0 %
Historical volatility	38,4 %
Risk-free interest rate	3,3 %
Expected life of option (years)	3

Due to the Group's limited length of share price history, expected volatility used in the calculations are estimated based on implied volatility of similar traded entities.

As any dividend payment during the options' vesting period is regulated with a proportional adjustment of the exercise price, the dividend parameter is not included in the calculations.

3.6 Depreciation and amortisation expenses

Table below present a summary of the depreciation and amortisation expenses in Andfjord Salmon. We refer to the relevant section listed in table below for further information regarding these expenses.

Depreciation and amortisation expenses	2024	2023	Further information
<i>(Amounts in NOK thousand)</i>			
Depreciation expenses of property, plant and equipment	17 924	18 172	Section 4.2
Amortisation expenses of intangible assets	1 494	1 164	Section 4.1
Amortisation of leased right of use assets	5 350	5 415	Section 4.3
Depreciation and amortisation expenses	24 756	24 904	



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3.7 Other operating expenses

Other operating expenses	2024	2023
<i>(Amounts in NOK thousand)</i>		
Expenses related to short-term and low-value leases	1 662	662
Legal and consultancy services (incl. remuneration to auditors)	6 922	10 668
Sales and marketing costs	4 244	7 848
Maintenance (incl. materials and other small equipment)	677	2 418
Insurance and bank fees	763	950
Energy expenses (fuel, electricity, water, etc.)	722	1 831
IT costs	4 420	3 844
Other taxes and levies	174	109
Other expenses	2 268	3 376
Total other operating expenses	21 853	31 707

Auditor's remuneration	2024	2023
<i>(Amounts in NOK thousand)</i>		
Statutory audit fees	528	523
Other assurance services	47	1 232
Total auditor's remuneration	575	1 755



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3.8 Finance income and costs

Finance income and costs	2024	2023
<i>(Amounts in NOK thousand)</i>		
Financial income	723	11 282
Interest from bank deposit	694	11 231
Other financial income	29	51
Financial costs:	(30 081)	(7 173)
Interests on borrowings	(29 528)	(5 860)
Net foreign currency loss	(6)	(16)
Interest expense on lease liabilities	(522)	(658)
Other financial expense	(25)	(639)
Capitalised borrowing costs	30 049	4 834
Net finance result	691	8 942

3.9 Income tax

3.9.1 Income Tax Expense

Accounting policies

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Deferred taxes are calculated at 22% of the temporary differences between book value and tax value, in addition to tax losses carried forward at the end of the accounting year.

The income tax rate has been determined by using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax assets are realised or the deferred income tax liabilities are settled.

Income tax expense	2024	2023
<i>(Amounts in NOK thousand)</i>		
Current income tax	-	-
Change in deferred tax	-	-
Total income tax expense	-	-



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3.9.2 Deferred Tax Balances

Accounting policies

The Company is subject to ordinary Norwegian company tax with a tax rate of 22%. Because of timing differences between the financial statements and the tax rules, there will be temporary differences that give rise to deferred tax liabilities or deferred tax assets.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and tax losses.

Deferred tax balances	2024	2023
<i>(Amounts in NOK thousand)</i>		
Tangible fixed assets	(20 787)	(18 041)
Leases	(2 621)	(3 789)
Inventories biological assets	-	-
Receivables	-	-
Allocations and more	14 481	14 481
Other differences	6 071	6 071
Total deferred tax relating to temporary differences	(2 856)	(1 278)
Tax losses to carry forward	250 765	184 063
Not included in the deferred tax calculation	(247 909)	(182 785)
Basis for deferred tax assets (liabilities)	-	-
Carrying value of deferred tax assets (liabilities)	-	-

Deferred tax asset is not recognised in the balance sheet.

3.9.3 Reconciliation of Income Tax Expense

Reconciliation of income tax expense	2024	2023
<i>(Amounts in NOK thousand)</i>		
Profit before tax	(67 651)	(70 487)
Expected income tax at statutory income tax rate of 22% (2023: 22%)	(14 883)	(15 507)
Permanent differences	(565)	(62)
Change in unrecognised deferred tax asset	15 448	15 569
Calculated tax expense/(income)	-	-



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3.10 Government grants

Accounting policies

Government grants are recognised when there is a reasonable assurance that the Company complies with the conditions attached to them; and the grant will be received. When government grants relate to assets, the Company recognises the grant as a reduction in the carrying value of the asset, and therefore as a reduction of the depreciation expense for subsequent measurement. When grants relate to expenses, the Government grant is recognised as a reduction of the expense over the period that the related costs are expensed.

Skattefunn

Andfjord Salmon has received during 2024 NOK 903 thousand in grants from Skattefunn in connection with the tax settlement for 2023. These grants were presented as 'other receivables', until the amounts were settled.



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SECTION 4. Invested capital

In brief

This section provides insights into the disclosures in relation to the capital invested by the Company in its tangible and intangible assets.



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4.1 Intangible assets

Accounting policies

Intangible assets are initially recognised at cost and amortised to their residual values over their economic useful life using the straight-line method.

The following table summarises the useful life and depreciation method by class of intangible asset:

	Licenses, patents, and similar rights	Other intangible assets
Amortisation method	Straight-line	Straight-line
Useful life	10-20 years	5 years

Estimated residual values and expected useful lives of assets are reviewed by the Company at least at each financial reporting date.

Intangible assets	Licenses, patents, and similar rights costs	Other intangible assets	Total
<i>(Amounts in NOK thousand)</i>			
At 1 January 2023			
Cost	3 745	5 158	8 903
Accumulated amortisation and impairment	(31)	(316)	(347)
Net book amount	3 714	4 842	8 556
Year ended 31 December 2023			
Opening net book amount	3 714	4 842	8 556
Additions	-	6 997	6 997
Additions - capitalised development	-	-	-
Amortisation charge	(187)	(977)	(1 164)
Closing net book amount	3 527	10 862	14 389
At 31 December 2023			
Cost	3 745	12 155	15 900
Accumulated amortisation and impairment	(218)	(1 293)	(1 511)
Net book amount	3 527	10 862	14 389
Year ended 31 December 2024			
Opening net book amount	3 527	10 862	14 389
Additions	-	3 524	3 524
Amortisation charge	(187)	(1 307)	(1 494)
Closing net book amount	3 340	13 079	16 419
At 31 December 2024			
Cost	3 745	15 679	19 424



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Accumulated amortisation and impairment	(405)	(2 600)	(3 005)
Net book amount	3 340	13 079	16 419

The difference against the investment in intangible assets in the statement of cash flow comes from timing differences between capitalisation and payment date.

The additions in 'other intangible assets' in 2024 is mainly related to work on licences.

4.1.1 Development costs

During 2024, the Company was developing its Laminar Flow Technology for its current and future salmon farming pools. Expenditures incurred during the development stages of these pools have been capitalised to the extent that they meet the requirements.

4.2 Property, plant and equipment

Accounting policies

Property, plant and equipment ('PPE') is initially recognised at cost and subsequently measured at cost less accumulated depreciation and impairments.

The following table summarises the useful life and depreciation method by class of asset:

	Land and buildings	Machinery and plant	Furniture, tools and others	Facilities for farming	Assets under construction
Depreciation method	Buildings: straight-line. Land not depreciated	Straight-line	Straight-line	Straight-line	Not applicable
Useful life	50 years	5-20 years	3-10 years	5-50 years	Not depreciated

Estimated residual values and expected useful lives of assets are reviewed by the Company at least annually. In estimating the remaining useful lives of the assets, Management considers the expected level of use; the expected physical wear and tear together with the maintenance plans; and any technical, legal or commercial obsolescence arising from, among others, laws and regulations affecting health, safety or environmental regulations.

Each significant component is identified separately for depreciation purposes and depreciated over its individual useful life. When a significant component is replaced, the old component is derecognised and the new component capitalised, if its cost is recoverable.

Property, plant and equipment	Land and buildings	Machinery and plant	Furniture, tools and others	Facilities for farming	Assets under construction	Total
At 1 January 2023						



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Cost	98 973	32 113	6 660	299 267	73 429	510 442
Accumulated depreciation	(423)	(1 359)	(1 337)	(8 937)	-	(12 056)
Net book amount	98 550	30 754	5 323	290 330	73 429	498 386

Year ended 31 December 2023

Opening net book amount	98 550	30 754	5 323	290 330	73 429	498 386
Additions	6 440	(1 213)	891	2 685	393 268	402 071
Other movements	-	-	-	(5 653)	-	(5 653)
Depreciation	(398)	(2 909)	(1 543)	(13 322)	-	(18 172)
Closing net book amount	104 592	26 632	4 671	274 040	466 697	876 632

At 31 December 2023

Cost	105 413	30 900	7 551	296 299	466 697	906 860
Accumulated depreciation	(821)	(4 268)	(2 880)	(22 259)	-	(30 228)
Net book amount	104 592	26 632	4 671	274 040	466 697	876 632

Year ended 31 December 2024

Opening net book amount	104 592	26 632	4 671	274 040	466 697	876 632
Additions	827	242	568	-	1 370 519	1 372 156
Other movements	-	-	-	(149)	149	-
Sale	-	-	(11)	-	-	(11)
Depreciation	(400)	(2 929)	(1 557)	(13 038)	-	(17 924)
Closing net book amount	105 019	23 945	3 671	260 853	1 837 365	2 230 853

At 31 December 2024

Cost	106 240	31 142	8 108	296 150	1 837 365	2 279 005
Accumulated depreciation	(1 221)	(7 197)	(4 437)	(35 297)	-	(48 152)
Net book amount	105 019	23 945	3 671	260 853	1 837 365	2 230 853

	Land and buildings	Machinery and plant	Furniture, tools and others	Facilities for farming	Assets under construction	
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Depreciation method	Buildings: straight-line. Land not depreciated	Straight-line	Straight-line	Straight-line	Not applicable
Useful life	50 years	5-20 years	3 - 10 years	5 - 50 years	Not applicable

The difference against the investment in property, plant and equipment in the statement of cash flow comes from timing differences between capitalisation and payment date.

Note 6.2.2 discloses information on the amount of property, plant and equipment that are pledged as security for borrowings.

Note 7.2 discloses information on contractual obligations to purchase, construct or develop property, plant and equipment or for repairs, maintenance or enhancements.

4.2.1 Significant additions during the period

Accounting judgements and estimates

Management assesses to which extent costs are directly attributable to bringing the assets into the condition for them to operate in the intended manner. In this sense, Management considers own employees with direct responsibilities for the building of the pools to meet the capitalisation criteria for capitalisation, excluding general management, administrative and finance roles.

Kvalnes land-based facility – Phase II

The additions during 2024 mainly relate to the development of the Kvalnes land-based facilities. The Group's construction project at Kvalnes has made strong progress through 2024. It is expected that the Group will have four new pools in operation from mid-2025, in addition to the existing pool in which a production cycle has already been completed. The production capacity will then be 8,000 tonnes HOG annually and continue to increase up to 19,000 tonnes HOG annually from mid-2027.

In this context, the significant additions to assets under construction during 2024 mainly relates to development of the land by excavating the rock pits, improving the port area, building the waterways and pool construction.

Fiskenes and Breivik

Development of Fiskenes and Breivik is at the current stage about formal matters relating to properties and regulation.

4.2.2 Capitalisation of borrowing costs

Accounting policies

Specific borrowing costs that are directly attributable to the construction of an asset that necessarily takes a substantial period to get ready for its intended use (a qualifying asset) are capitalised as part of the cost of the respective asset. The Company interprets 'substantial period'



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as one year or more. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The Company has incurred in general borrowings from its parent company, Andfjord Salomon Group AS, that form part of the funds used to finance a project, and it has capitalised its borrowing costs using a weighted average of rates applicable to relevant general borrowings of the Company during the period.

All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

The amount of borrowing costs capitalised during the 2024 period has been NOK 30 049 thousand (2023: NOK 4 834 thousand), and the amount of assets under constructions have significantly exceeded the amount of borrowings held by the Company.

4.3 Right-of-use assets

Accounting policies

The right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liabilities less any lease payments made at or before the commencement date of the lease, and initial direct costs and lease incentives received.

Subsequently, right-of-use assets are measured at cost less accumulated depreciation and impairments and adjusted for certain remeasurements of the lease liabilities. Depreciation of the right-of-use asset is carried out using the straight-line method over the shorter of the lease term or the useful life of the underlying asset.

See section 6.4 for information about the lease liabilities related to the leased assets.

Right-of-use assets	Land and buildings	Machinery, equipment and other	Vehicles	Total
<i>(Amounts in NOK thousand)</i>				
At 1 January 2023	1 155	20 415	969	22 539
Year ended 31 December 2023				
Additions	413	(7)	110	516
Depreciation charge	(715)	(4 257)	(443)	(5 415)
Closing net book amount	853	16 151	636	17 640
At 31 December 2023	853	16 151	636	17 640
Year ended 31 December 2024				
Additions	771	-	-	771
Depreciation charge	(565)	(4 317)	(468)	(5 350)
Closing net book amount	1 058	11 834	168	13 060
At 31 December 2024	1 058	11 834	168	13 060



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SECTION 5. Other assets

In brief

This section provides insights into the disclosures in relation to items considered part of the working capital of the Company, typically with a short-term nature, and related to its operating activities. For biological assets and inventory, see section 3.3 and 3.4.



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5.1 Other current assets

Other current assets	2024	2023
<i>(Amounts in NOK thousand)</i>		
Other receivables	-	19
Prepayments	1 711	1 793
Government grants receivables	-	903
VAT receivables	73 346	49 665
Other current assets	10	-
Total other current assets	75 067	52 380

5.2 Cash and cash equivalents

Cash and cash equivalents	2024	2023
<i>(Amounts in NOK thousand)</i>		
Cash at bank	34 451	-
Restricted cash (payroll)	1 169	-
Unrestricted cash	33 282	-
Total cash and cash equivalents	34 451	-

5.2.1 Short-term deposits

The Company does not hold bank deposits or other short-term, liquid investments that have been classified as cash equivalents.

5.2.2 Restricted cash

Part of the cash and cash equivalents disclosed is subject to regulatory restrictions on payroll tax liabilities and is therefore not available for general use by the Company.



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SECTION 6. Capital and debt structure

In brief

This section provides insights into the Company's capital and debt structure, including financial risk and capital management.



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6.1 Share capital

6.1.1 Share capital and share premium

The Company was incorporated on 21 September 2023. See note 1.2.1. for information on the capital reorganisation the Company has been a part of.

As of 31 December 2024, the share capital consists of 30 000 ordinary shares, with a par value of NOK 100.00 each. All shares are entitled to equal rights with respect to dividends, voting rights and other rights in accordance with Norwegian corporate law.

6.1.2 Authorised shares and amounts

Authorised shares	Number of shares		Amounts in NOK thousand	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Fully paid ordinary shares	30 000	30 000	3 000	3 000
Total share capital	30 000	30 000	3 000	3 000

6.1.3 Movements in ordinary shares

Movements in ordinary shares	Number of shares	Par value per share (NOK)	Share premium total (TNOK)	Total (TNOK)
At 1 January 2023				
Opening balance	41 038 927	1,00	557 413	598 452
Capital increase Tranche 1 (June)	5 922 078	1,00	222 078	228 000
Capital increase Tranche 2 (June)	10 051 948	1,00	376 948	387 000
Transaction costs Tranche 1 and Tranche 2	-	-	(31 818)	(31 818)
Capital at inception 21 September 2023	30 000	1,00	-	30
Predecessor accounting adjustment	(57 012 953)	1,00	(1 124 621)	(1 181 634)
Capital increase by debt conversion, not registered	-	100,00	408 515	411 485
Closing balance at 31 December	30 000	100,00	408 515	411 515
At 1 January 2024				
Opening balance	30 000	100,00	408 515	411 515
Closing balance at 31 December	30 000	100,00	408 515	411 515

Capital increase by Tranche 1 and Tranche 2

During 2023, the Company completed a private placement on 29 June 2023. As a consequence, the total share capital and premium increased by NOK 615 million, and the number of shares by 15 974 026. Transaction costs corresponding to the incremental directly attributable costs from this increase in capital. The capital increase was approved on 6 July and registered in the Norwegian Register of Business Enterprises on 14 July.



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Predecessor accounting adjustment

On 23 October the general meeting resolved to demerger of Andfjord Salmon AS followed by implementation of the triangular merger with the subsidiaries. The demerger of the operational assets from Andfjord Salmon AS (mother company) to Andfjord Temp AS, and subsequent merger of Andfjord Temp AS and Andfjord Salmon AS (the subsidiary) was completed on 15 December 2023. As described in note 1.1 and 1.2.1, the Company has applied the predecessor accounting for operations carried in Andfjord Salmon AS (mother company) until the merger date, with retrospective presentation of its financial position and performance. An adjustment to adjust for the predecessors equity movements, an adjustment has been made in the equity. All historical equity effects up until the 15 December 2023 are adjusted out of equity.

Capital increase by debt conversion

The Company converted part of its liabilities to group companies into equity, in accordance with the merger plan (refer to note 1.2.1). The capital increase by debt conversion was approved by the Company's sole owner Andfjord Salmon AS (mother company) on 28 December 2023 and registered in the Norwegian Register of Business Enterprises on 22 January 2024.

6.1.4 List of the shareholders at 31 December 2024

<u>Shareholders</u>	<u>Number of shares</u>	<u>Ownership percentage</u>	<u>Voting percentage</u>
Andfjord Salmon Group AS	30 000	100,00	100,00

6.2 Financial assets and liabilities

None of the financial instruments held by the Company are measured at fair value. The financial instruments' amortised cost is considered to be a close approximation to their fair value.

6.2.1 Financial assets

<u>Financial assets</u>	<u>2024</u>	<u>2023</u>
<i>(Amounts in NOK thousand)</i>		
Debt instruments measured at amortised cost:	34 451	-
Cash and cash equivalents	34 451	-
Total financial assets	34 451	-



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6.2.2 Financial liabilities

Liabilities measured at amortised cost	2 019 845	548 001
Borrowings	875 865	67 625
Liabilities to group company	843 371	335 391
Lease liabilities	10 439	13 851
Trade and other payables	290 170	131 134
Total financial liabilities	2 019 845	548 000

Liabilities to group company arose as a consequence of the Group's reorganisation indicated in Section 1.2.1, and it is also disclosed as a balance with related parties 7.1.



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6.3 Borrowings

Accounting policies

Borrowings are initially recognised at fair value, net of transaction costs incurred that are directly attributable to the issuance of the financial liability. After initial recognition, borrowings are measured at amortised cost. Any difference between the net proceeds and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as financial expenses.

Borrowings are classified as current liabilities except for the portion of the liability that is due to be settled more than twelve months after the reporting period, or for the portion the Company has an unconditional right to defer settlement for at least twelve months after the reporting period.

Overview of borrowings	2024	2023
<i>(Amounts in NOK thousand)</i>		
Non-current		
Debt to credit institutions	-	49 126
Debt to related parties	875 865	-
Debt to other entities	-	10 833
Total non-current borrowings	875 865	59 959
Current		
Debt to credit institutions	-	5 999
Debt to related parties	-	-
Debt to other entities	-	1 667
Total current borrowings	-	7 666
Total borrowings	875 865	67 625



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6.3.1 Relevant terms and conditions

Debt with financial institutions

Debt to financial institutions consist of a loan with maturity in 2033. Interest and principal are paid on quarterly instalments. The interest rate continues to be based on the relevant three-month NIBOR reference rate plus a margin of 3.50% p.a.

In 2024, debt with financial institutions held at 31 December 2023 was replaced by a new financing facility. See "debt to group companies" below.

Debt to group companies

During 2024, the Company entered into a loan agreement with its parent entity Andfjord Salmon Group AS, under which the parties agreed to make available to each other an unsecured internal line of credit of up to NOK 1 200 000 thousand. As of 31 December 2024, Andfjord Salmon had drawn down NOK 875 865 thousand under the agreement. Interest is paid annually, at an interest rate based on the relevant three-month NIBOR reference rate plus a margin of 3.90% p.a.

Debt to other parties

Debt to other entities was repaid and settled in 2024. The debt to other entities mainly comprised NOK 15 000 thousand loan facility with Innovasjon Norge maturing in 2031.

In 2024, debt to other parties held at 31 December 2023 replaced by a new financing facility. See "debt to group companies" above.

6.3.2 Assets pledged as securities for liabilities

The company is a guarantor for the debt held by its parent company which requires certain assets to be pledged as security. Assets pledged as security include property, plant and equipment, inventory, trade receivables and licenses.

As of 31 December 2024, assets pledged as security included property, plant and equipment with a carrying amount of NOK 2 230 853 thousand (2023: NOK 876 632 thousand), and intangible assets with a carrying amount of NOK 16 420 thousand (2022: NOK 14 389 thousand).

Assets pledged as security in relation to the outstanding loans and credit facilities held by the parent company also include aquaculture permissions, other inventories, and trade receivables.



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6.3.3 Compliance with covenants

The debt to financial institutions in 2023 includes a financial covenant, to be assessed quarterly. The condition that needs to be fulfilled quarterly is a book/equity ratio higher than 30%. The Company has complied with the financial covenants during the reporting period in 2023.

As disclosed in 6.2.1 above, during 2024, the Company entered into a loan agreement with its parent entity Andfjord Salmon Group AS, under which the parties agreed to make available to each other an unsecured internal line of credit. As such, there are no financial covenants during the reporting period in 2024.



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6.4 Leases

6.4.1 Nature of the lessee's leasing activities

Accounting policies

The Company recognises right-of-use assets and lease liabilities for all lease contracts, except leases that are considered short-term (lease term of 12 months or less), or leases for underlying assets that are of a low value. Management considers as low value those assets that are worth NOK 50 thousand or less when new.

See section 4.3 for information about the right-of-use assets recognised.

The Company has lease agreements related to offices and other buildings; machinery and specialized equipment used in the salmon farming operations; and vehicles. The lease term varies normally from 1 to 5 years with options to both extend and terminate the lease contracts at Management's discretion.

The Company also leases offices, warehouses and machinery, with lease terms being less than 12 months. Some machinery and small equipment also meet the low-value exemption. In both cases, the Company applies the recognition exemption to these leases, and consequently these are recognised as expense linearly over the lease term. These expenses are presented within 'other operating expenses' (see Note 3.4 for further information).

The Company is not typically subject to variable lease payments for its leases.

6.4.2 Lease liabilities

Accounting policies

Lease liabilities are recognised at the lease commencement date. The lease liabilities are measured as the present value of future lease payments, discounting by the Company's incremental borrowing rate.

Lease payments mainly consist of fixed payments, which are typically updated by changes on consumer price indexes or interest rate levels.

Lease liabilities are measured at amortised cost using the effective interest rate method.

If there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or the Company changes its assessment of whether it will exercise a purchase, extension or termination option, the liability is remeasured and a matching adjustment is made to the carrying amount of the related right-of-use asset. No significant changes in this regard have occurred during the period.

Lease liabilities	2024	2023
<i>(Amounts in NOK thousand)</i>		
At 1 January	13 807	17 979
Additions	817	48
		43



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Interest expense	521	654
Lease payments	(4 706)	(4 830)
Balance at 31 December	10 439	13 851
Current	4 276	4 511
Non-current	6 163	9 340

The following table discloses the maturity analysis for lease liabilities.

Contractual maturities	2024	2023
<i>(Amounts in NOK thousand)</i>		
Less than 1 year	4 375	4 615
1-3 years	6 613	7 521
3-5 years	71	2 775
More than 5 years	-	-
Total contractual cash-flows	11 060	14 911
Recognised as liabilities	10 439	13 851

6.4.3 Amounts recognised in the statement of comprehensive income and statement of cash-flows

The following amounts have been recognised in the income statement in relation to leases:

Amounts recognised in the income statement	2024	2023
<i>(Amounts in NOK thousand)</i>		
Interest expense (included in finance cost)	521	654
Expense relating to short-term and low-value leases	133	133
Expense relating to depreciation	5 350	5 415

The total cash outflow for leases in 2024 has been NOK 6 368 thousand (2023: NOK 5 493 thousand).

6.5 Reconciliation of cash flows from financing activities

Reconciliation cash flow from financing activities	Borrowings	Lease liabilities	Total
<i>(Amounts in NOK thousand)</i>			
Liabilities from financing activities at 1 January 2023	123 543	17 979	141 522
Financing cash flow (payments)	(55 918)	(4 176)	(60 094)
New leases	-	48	48
Liabilities from financing activities at 31 December 2023	67 625	13 851	81 476



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Financing cash flow (payments)	(3 833)	(4 185)	(8 018)
Cash inflows from new borrowings	785 404	-	785 404
Capitalised financing costs	(18 625)	-	(18 625)
Amortised financing costs	1 739	-	1 739
New leases	-	773	773
Liabilities from financing activities at 31 December 2024	832 309	10 439	842 748

6.6 Financial risk and capital management

As indicated in Note 6.1, financial assets held by the Group mainly comprise cash and cash equivalents. Financial liabilities are mainly comprised of borrowings, lease liabilities; and trade payables.

In conducting its operations, the Group faces the following main types of risks: credit risk, liquidity risk and market risk. Management keeps track of the evolution of the different risks, and the potential impact to the Group. The Group has not entered into any derivative contracts to manage its exposure to financial risks during 2024 or 2023.

The following sections provide disclosures on the specific exposure to risks and how they arise; the objectives, policies, and processes for managing the risks and the methods used to measure the risk; and any changes thereof.

6.6.1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the Group by failing to settle its obligation. The Group is exposed to credit risks in conducting its ordinary activities.

Cash and cash equivalents from the Group are managed by the Group's Finance Department. The Group limits the amount of deposits that can be held in a single bank to limit the concentration of risks.

6.6.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Company manages its liquidity with a high level of prudence, with rules and policies that ensure an adequate amount of cash and cash equivalents to meet the immediate needs of resources both in the short and long term. Management develops rolling forecasts on liquidity, which are regularly monitored against the contractual maturities of the financial liabilities.

6.6.2.1 Maturities

The following table discloses the maturity analysis for non-derivative liabilities (except for lease liabilities, which are disclosed in Note 6.3 and liabilities to group companies disclosed in note 7.1), showing its undiscounted remaining contractual liabilities:



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At 31 December 2024	Carrying amount	Less than 3 months	3-12 months	1-5 years	More than 5 years	Total
<i>(Amounts in NOK thousand)</i>						
Borrowings	875 865	-	-	159 224	689 971	849 196
Trade payables	290 170	290 170	-	-	-	290 170
Other current liabilities	8 769	6 459	2 310	-	-	8 769
Total financial liabilities	1 174 804	296 629	2 310	159 224	689 971	1 148 135

At 31 December 2023	Carrying amount	Less than 3 months	3-12 months	1-5 years	More than 5 years	Total
<i>(Amounts in NOK thousand)</i>						
Borrowings	67 625	2 333	5 333	30 669	29 290	67 625
Trade payables	131 134	131 134	-	-	-	131 134
Other current liabilities	6 362	4 705	1 657	-	-	6 362
Total financial liabilities	205 121	138 172	6 990	30 669	29 290	205 121

6.6.2.2 Financing facilities

As at 31 December 2024, the Company has undrawn amounts from its line of credit with its parent entity (as disclosed in Note 6.2), which provides the Company with the financing needed to complete the construction projects of its pools.

6.6.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is mainly exposed to interest rate risk.

Foreign exchange risk is not considered relevant for the Company as they do not hold any balances in foreign currencies. The Company is neither exposed to risk related to salmon price as it does not hold any derivatives or other financial contracts based on the price of salmon as of 31 December 2024.



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6.6.3.1 Interest rate risk

The following table summarises the effects that a reasonably possible change in the effective interest rate of the borrowings would have on the profit after tax:

Sensitivity of changes in interest rates on borrowings <i>(Amounts in NOK thousand)</i>	Impact on profit after tax	
	2024	2023
Increase in interest rate of 2%	(17 517)	(1 353)
Decrease in interest rate of 1%	8 759	676

Changes in interest rates on borrowings will not have impact on OCI, and Andfjord has no hedge accounting.

The Company's exposure to interest rate risk arises from long-term borrowings with variable rates (see Note 6.1 and 6.2 for further information) based on the NIBOR rate applicable at each point in time.

The Company has not entered any interest rate swaps agreement or other interest rate hedges to mitigate risk related to increase in the variable interest rate of its loans.

6.6.3.2 Currency risk

The Company is currently exposed to currency risk to a small extent. Although some components for the development have been purchased in EUR, both cost and investments are primarily in NOK. The Company will be increasingly exposed to currency risk once it starts operating the fish farming facility and in the case of future fish sales. Currency hedging will be considered to reduce such exposure.

Due to the very limited currency risk exposure, no sensitivity analysis has been presented.

6.6.4 Capital management: objectives, policies and processes

The Company defines capital as equity, including other reserves. The Company's main objective when managing capital is to ensure the ability of the Company to continue as a going concern and to meet all requirements imposed by external financing agreements in the form of covenants.



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SECTION 7. Other disclosures

In brief

This section provides insights into topics other than those covered in the previous sections, including related parties, provisions, contingent liabilities and events after the reporting period.



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7.1 Related parties

7.1.1 Key management personnel compensation

For the year ended 31 December 2024

	Salary	Board remuneration	Pension costs	Share-based payments	Other remuneration	Total
<i>(Amounts in NOK thousand)</i>						
Martin Rasmussen, CEO	2 249	-	231	849	32	3 360
Bjarne Martinsen, CFO	1 991	-	245	565	15	2 816
Jostein Nilssen, Project director (*)	-	-	-	153	-	153
Christian Torgersen, COO	1 249	-	216	129	19	1 613
Roger Brynjulf Mosand, Chairman (**)	-	280	-	-	1	281
Total	5 489	280	691	1 696	67	8 223

For the year ended 31 December 2023

	Salary	Board remuneration	Pension costs	Share-based payments	Other remuneration	Total
<i>(Amounts in NOK thousand)</i>						
Martin Rasmussen, CEO	1 917	-	235	1 932	18	4 101
Bjarne Martinsen, CFO	1 750	-	273	783	14	2 819
Jostein Nilssen, Project director	-	-	-	348	-	348
Christian Torgersen, COO	1 107	-	108	253	12	1 480
Roger Brynjulf Mosand, Chairman	-	270	-	-	4	274
Roy Bernt Pettersen, Board member	-	135	-	-	4	139
Knut Roald Holmøy, Board member	-	135	-	-	-	135
Tore Traaseth, Board member	-	135	-	-	-	135
Bettina Flatland, Board member	-	135	-	-	-	135
Kim Marius Strandenæs, Board member	-	135	-	-	2	137
António Serrano, Board member	-	-	-	-	-	-
Gro Skaar Knutsen, Board member	-	135	-	-	-	135
Total	4 773	1 080	615	3 316	54	9 839



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(*) Project Director Jostein Nilssen is not employed by Andfjord and delivers key management services as an independent consultant. In 2024, NOK 3 600 thousand was expensed for his services.

(**) Board remuneration of NOK 280 thousand paid to Roger Brynjulf Mosand is pertaining to his role as the Chairman of the Board in Andfjord Salmon Group AS.

As at 31 December 2024, Martin Rasmussen owns 125 000 shares, Bjarne Martinsen 40 000 shares and Christian Torgersen 2 739 shares in Andfjord Salmon Group AS. The Group has not granted any new options in 2024.

In addition to his role as a board member in Andfjord Salmon Group AS, Andfjord Holding AS (Roy Pettersen) has received NOK 375 thousand (2023: NOK 0 thousand) for participation in different projects of the Company.

7.1.2 Transactions with other related parties

Transactions with related parties	Relationship	2024	2023
<i>(Amounts in NOK thousand)</i>			
Financial advisory	Board members	-	4 140
Other operating expenses	Board members	375	-
Interest expense	Majority shareholders	26 669	1 000
Total related party profit or loss items		27 044	5 140

Interest expense is generated by the shareholder loan agreement (see Note 6.2).

7.1.3 Balances with related parties

As part of the capital reorganisation (see note 1.2.1) intercompany liabilities towards the owner Andfjord Salmon Group AS have been established. In addition, as the Company did not have any own bank accounts and cash after the reorganisation at the end of 2023, Andfjord Salmon Group AS has settled the Company's current obligations, mainly trade payables.

At year-end, Andfjord Salmon AS has group liabilities of NOK 1 719 235 thousand. Part of the intercompany balance is expected to be converted to equity in 2025. The Company also has NOK 299 thousand in receivables from group companies.



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7.2 Provisions and contingent liabilities

7.2.1 Dismantling obligations

It has been assessed by Management whether dismantling provisions should be recognised, or contingent liabilities disclosed, in connection with any future termination of the business or license expiry.

In this respect, the Company operates on its own property, which is regulated for this kind of operations. Future disposal of the property must take care of the ecosystem and water quality in accordance with the Biodiversity Act and the Water Regulations, among others. This also applies in the event of termination of activities. The Company will be able to take care of the environment and comply with statutory requirements without requiring changes to its properties. It is the Company's assessment that, based on current legislation, there are no obligations related to the potential termination or dismantling of the operations.

7.3 Commitments

The following significant contractual commitments are present at the end of the reporting period:

Capital commitments	2024	2023
<i>(Amounts in NOK thousand)</i>		
Property, plant and equipment	138 187	66 618
Total capital commitments	138 187	66 618

7.4 Events after the reporting period

In March 2025, the Group raised funds of approximately NOK 1.4 billion through a bank package of NOK 400 million, potential sale and leaseback agreement of the harbour area valued at NOK 400 million, and a NOK 600 million private placement of new shares. Further, a leasing facility of NOK 175 million is planned for certain equipment financing, and an overdraft facility of up to 60% of the borrowing base, which is expected to be finalised ahead of the first smolt release, is discussed but not yet committed.

The Board of Directors is not aware of any events that have occurred after the balance sheet date, or any additional new information regarding existing matters, that can have a material effect on the 2024 financial statements of the Company.