



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 913 379 403  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: ANDFJORD SALMON GROUP AS  
Forretningsadresse: Kvalnesveien 69  
8485 DVERBERG

### Regnskapsår

Årsregnskapets periode: 01.01.2022 - 31.12.2022

### Konsern

Morselskap i konsern: Nei

### Regnskapsregler

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

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Martin Rasmussen  
Dato for fastsettelse av årsregnskapet: 19.04.2023

### Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert  
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

*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, 16.08.2024



### Resultatregnskap

Beløp i: NOK	Note	2022	2021
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Other operating income		113 000	0
<b>Sum inntekter</b>		<b>113 000</b>	<b>0</b>
<b>Kostnader</b>			
Changes in biological assets at cost and other inventories		-700 000	0
Cost of materials	15	12 704 000	0
Fair value adjustments of biological assets	14	-14 285 000	0
Employee benefit expenses	22	23 211 000	17 402 000
Depreciation and amortisation expenses	11,12, 13	13 603 000	2 035 000
Other operating expenses		21 691 000	14 968 000
<b>Sum kostnader</b>		<b>56 224 000</b>	<b>34 405 000</b>
<b>Driftsresultat</b>		<b>-56 111 000</b>	<b>-34 405 000</b>
<b>Finansinntekter og finanskostnader</b>			
Financial income	7	1 836 000	283 000
<b>Sum finansinntekter</b>		<b>1 836 000</b>	<b>283 000</b>
Net financial costs	7	2 402 000	288 000
<b>Sum finanskostnader</b>		<b>2 402 000</b>	<b>288 000</b>
<b>Netto finans</b>		<b>-566 000</b>	<b>-5 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-56 677 000</b>	<b>-34 410 000</b>
Income tax expense	9	0	0
<b>Ordinært resultat etter skattekostnad</b>		<b>-56 677 000</b>	<b>-34 410 000</b>
<b>Årsresultat</b>		<b>-56 677 000</b>	<b>-34 410 000</b>
<b>Overføringer og disponeringer</b>			
Retained earnings		-56 677 000	-34 410 000
<b>Sum overføringer og disponeringer</b>		<b>-56 677 000</b>	<b>-34 410 000</b>



### Balanse

Beløp i: NOK	Note	2022	2021
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Intangible assets	11	8 556 000	2 665 000
<b>Sum immaterielle eiendeler</b>		<b>8 556 000</b>	<b>2 665 000</b>
<b>Varige driftsmidler</b>			
Property, plant and equipment	12	498 386 000	420 567 000
Right-of-use assets	13	22 539 000	24 441 000
<b>Sum varige driftsmidler</b>		<b>520 925 000</b>	<b>445 008 000</b>
<b>Finansielle anleggsmidler</b>			
Other non-current assets		89 000	124 000
<b>Sum finansielle anleggsmidler</b>		<b>89 000</b>	<b>124 000</b>
<b>Sum anleggsmidler</b>		<b>529 570 000</b>	<b>447 797 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
Biological assets	14	14 285 000	0
Other inventories	15	1 162 000	0
<b>Sum varer</b>		<b>15 447 000</b>	<b>0</b>
<b>Fordringer</b>			
Other current assets	16	7 803 000	18 531 000
<b>Sum fordringer</b>		<b>7 803 000</b>	<b>18 531 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Cash and cash equivalents	17	82 911 000	14 918 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>82 911 000</b>	<b>14 918 000</b>
<b>Sum omløpsmidler</b>		<b>106 161 000</b>	<b>33 449 000</b>
<b>SUM EIENDELER</b>		<b>635 731 000</b>	<b>481 246 000</b>



## Balanse

Beløp i: NOK	Note	2022	2021
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Share capital	23	41 039 000	35 934 000
Overkurs	23	557 413 000	357 226 000
Annen innskutt egenkapital		-125 438 000	-68 761 000
<b>Sum innskutt egenkapital</b>		<b>473 014 000</b>	<b>324 399 000</b>
<b>Opptjent egenkapital</b>			
Other reserves		2 690 000	0
<b>Sum opptjent egenkapital</b>		<b>2 690 000</b>	<b>0</b>
<b>Sum egenkapital</b>		<b>475 704 000</b>	<b>324 399 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Borrowings	18,20	67 375 000	78 030 000
Lease liabilities	13	13 296 000	16 346 000
<b>Sum annen langsiktig gjeld</b>		<b>80 671 000</b>	<b>94 376 000</b>
<b>Sum langsiktig gjeld</b>		<b>80 671 000</b>	<b>94 376 000</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld		10 361 000	49 690 000
Borrowings	18,20	56 168 000	2 333 000
Lease liabilities	13	4 683 000	1 713 000
Other current liabilities		8 144 000	8 735 000
<b>Sum kortsiktig gjeld</b>		<b>79 356 000</b>	<b>62 471 000</b>
<b>Sum gjeld</b>		<b>160 027 000</b>	<b>156 847 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>635 731 000</b>	<b>481 246 000</b>



## Brønnøysundregistrene

### ÅRSREGNSKAP FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Journalnummer: 2023 539822

#### Enheten

Organisasjonsnummer: 913 379 403  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: ANDEFJORD SALMON AS  
Forretningsadresse: Kvalnesveien 69  
8485 DVERBERG

#### Regnskapsår

Årsregnskapets periode: 01.01.2022 - 31.12.2022

#### Konsern

Morselskap i konsern: Nei

#### Regnskapsregler

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årsregnskapet til selskapet: IFRS

#### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Martin Rasmussen  
Dato for fastsettelse av årsregnskapet: 19.04.2023

#### Revisjon

Årsregnskapet er utarbeidet av ekstern  
autorisert regnskapsfører: Ja  
Ekstern autorisert regnskapsfører har i  
løpet av regnskapsåret bistått ved den  
løpende regnskapsføringen eller utført  
andre tjenester for selskapet enn å  
utarbeide årsregnskapet: Ja

#### Grunnlag for avgivelse

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År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022.

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Brønnøysundregistrene, 03.07.2023

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Brønnøysundregistrene  
Postadresse: Postboks 900, 8910 Brønnøysund  
Telefon: 75 00 75 00  
E-post: firmapost@brreg.no Internett: www.brreg.no  
Organisasjonsnummer: 974 760 673



Organisasjonsnr: 913 379 403  
ANDFJORD SALMON AS

## RESULTATREGNSKAP

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
<b>RESULTATREGNSKAP</b>			
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Other operating income		113 000	0
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<b>Kostnader</b>			
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Organisasjonsnr: 913 379 403  
ANDFJORD SALMON AS

## BALANSE

**Beløp i: NOK** **Note** **2022** **2021**

### BALANSE - EIENDELER

#### Anleggsmidler

##### Immaterielle eiendeler

Intangible assets	11	8 556 000	2 665 000
<b>Sum immaterielle eiendeler</b>		<b>8 556 000</b>	<b>2 665 000</b>

##### Varige driftsmidler

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<b>Sum anleggsmidler</b>		<b>529 570 000</b>	<b>447 797 000</b>
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#### Omløpsmidler

##### Varer

Biological assets	14	14 285 000	0
Other inventories	15	1 162 000	0
<b>Sum varer</b>		<b>15 447 000</b>	<b>0</b>

##### Fordringer

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<b>SUM EIENDELER</b>		<b>635 731 000</b>	<b>481 246 000</b>
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### BALANSE - EGENKAPITAL OG GJELD

#### Egenkapital

##### Innskutt egenkapital

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Organisasjonsnr: 913 379 403  
ANDFJORD SALMON AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

## Note

Antall årsverk i regnskapsåret  
26.00

<u>Sum</u>	<u>Beløp</u>
<u>Balanseført verdi 31.12.</u>	<u>Varige driftsmidler Immaterielle eiend.</u>

## Konsernregnskap

Morselskapet sitt navn

Forretningskontor for morselskapet

## Begrunnelse for at datterselskap er utelatt fra konsolideringen

<u>Samlet beløp - tilknyttet selskap</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Samlet beløp - foretak i samme konsern</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Samlet beløp - felles kontrollert virksomhet</u>	<u>Årets</u>	<u>Fjorårets</u>
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<u>Pantstillelse</u>	<u>Beløp</u>
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<u>Beholdning av egne aksjer</u>	<u>Antall</u>	<u>Pålydende</u>	<u>Andel av aksjek.</u>
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Skatteetaten

Vår dato  
04.05.2023

Din/Deres dato  
28.03.2023

Saksbehandler  
Vibeke Horne

800 80 000  
Skatteetaten.no

Din/Deres referanse  
AR544352046

Telefon  
90518192

Org.nr  
974761076

Vår referanse  
2023/5169153

Postadresse  
Postboks 9200 Grønland  
0134 OSLO

ANDFJORD SALMON AS  
Kvalnesveien 69  
8485 DVERBERG

Att. Bjarne Martinsen

## Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk for Andfjord Salmon AS, org.nr. 913 379 403

Vi viser til deres brev av 28. mars 2023 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk for Andfjord Salmon AS.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering Andfjord Salmon 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 Salmon AS er registrert på Euronext Growth, Oslo og har en betydelig eierspredning, inkludert internasjonale institusjonelle investorer. Selskapet er et oppdrettsselskap og satser på drift og utvikling av fasiliteter for landbasert oppdrett av laks.

Selskapet har i stor grad engelsk som internt arbeidsspråk, og sentrale brukere av regnskapet er profesjonelle og institusjonelle aktører som anvender engelsk som forretningsspråk. Selskapet forventer å eksportere en betydelig del av produksjonen til utlandet.

Selskapet har et utenlandsk styremedlem.

### 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 registrert på Euronext Growth, Oslo og har en betydelig eierspredning, inkludert internasjonale institusjonelle investorer. 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  
rådgiver  
Brukerdialog, brukerkontakt  
Skatteetaten

*Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.*



Statsautoriserte revisorer  
Ernst & Young AS

Strandgata 8, 9008 Tromsø  
Postboks 1212, 9262 Tromsø

Foretaksregisteret: NO 976 389 387 MVA  
Tlf: +47 24 00 24 00

www.ey.no  
Medlemmer av Den norske Revisorforening

## INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Andfjord Salmon AS

### Opinion

We have audited the financial statements of Andfjord Salmon AS (the Company), which comprise the statement of financial position as at 31 December 2022, the statement of comprehensive income, statement of cash flows and 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 legal requirements and give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

### 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)* (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

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the general manager) is responsible for the other information. 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 board of directors' report contains the information required by applicable legal requirements and 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 the other information is materially inconsistent with the financial statements, there is a material misstatement in this other information or that the information required by applicable legal requirements is not included in the board of directors' report, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contain the information required by applicable legal requirements.

### Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, 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.

A member firm of Ernst & Young Global Limited

Penneo document key: V741D-YVEKT-A233P-QHZ6N-G8ED8-7CENT



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working world

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 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.

Tromsø, 19.april 2023  
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Kai Astor Frøseth  
State Authorised Public Accountant (Norway)

Independent auditor's report - Andfjord Salmon AS 2022

A member firm of Ernst & Young Global Limited

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## Kai Astor Frøseth

Oppdragsansvarlig partner

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## Andfjord Salmon Board of Directors report 2023

### 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 make the best of both worlds. The result is a high level of salmon welfare and sustainable production in Arctic waters. 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) and is in the first phase of development on fish farms at Kvalnes on Andøya to exploit the licence. Rights have also been secured for coastal properties at Fiskenes and Breivik on Andøya for further expansion. In total, the company plans future yearly production of 90,000 tonnes HOG. Yearly production under the current license at Kvalnes is expected to be 19 000 tonnes HOG when the build-out has been completed.

### OVERVIEW OF THE ANNUAL FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2022 are the first the Company has prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU). For the year ended 31 December 2021, the Company prepared its financial statements in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway ('Norwegian GAAP' or 'NGAAP'). The conversion to IFRS is described in note 4 to the financial statements.

Loss before income tax for 2022 was NOK 56.7 million, compared to a loss of NOK 34.4 million in 2021. In 2022, the company employed 19 full-time equivalents and employee benefit expenses amounted to NOK 23.2 million. Depreciation and amortisation expenses were NOK 13.6 million in 2022, while other operating expenses totalled to NOK 21.7 million. The loss is in line with the board's expectations for the current phase of the company. In June 2022 the company released close to 200,000 smolt of 120 grams into the first pool. The company's activities consist of operation one pool with fish in it and development and construction of further land-based fish farms. The business is expected to generate its first sales income in 2023.

Net cash flow from operating activities was NOK -88.4 million, while operating loss totalled NOK -56.1 million. The difference is mainly due to changes in accounts payable and fair value adjustments of biological assets. The company's cash flow from investment activities was NOK -90.7 million, mainly related to the development and construction of land-based facilities for fish farming at Kvalnes. Net cash flow from financing activities was NOK 247.1 million in 2022.

Total assets at the end of 2022 were NOK 635.7 million. Total non-current assets were NOK 529.6 million, which consisted of investments in property, facility and equipment at Kvalnes, property at the other locations Breivik and Fiskenes and intangible assets of NOK 8.6 million. Since its inception in 2014, the company has carried out research and development that has resulted in the 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, biological assets and current receivables.

### FINANCIAL RISK

#### Liquidity risk

The company has financed the construction of the first pool and related infrastructure, in addition to planning and groundwork related to the next phase of construction. At the end of the year, the company had a cash balance of NOK 82.9 million and unused credit facilities of NOK 25 million.



The company's growth strategy and future plans are capital intensive and dependent on future financing. Successful first production cycle will prove the concept and provide a good position for financing of further expansion on Andøya.

#### Currency risk

The market for sale of salmon 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 2022 was NOK 125 million, of which 50 million had fixed interest rate. Liquidity reserves are deposited on bank accounts and is 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.

#### GOING CONCERN

The accounts have been prepared under the assumption that the company is a going concern. In accordance with Section 3-3a of the Norwegian Accounting Act, the board of directors confirms that the company fulfils the requirements necessary for it 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 of directors 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% in 2022, while no sickness absence was registered in 2021. The company has not had any accidents or incidents in 2022 that have led to personal injuries.

#### FUTURE OUTLOOK

The company holds a fish farming licence of 10,000 tonnes MAB and expects to reach yearly production volume of 19,000 tonnes (HOG) in the next construction phase at Kvalnes. Andfjord Salmon has secured rights to coastal properties at Fiskenes and Breivik on Andøya, enabling a potential future production of 90,000 tonnes HOG. The company's current licence will be used in its entirety at the company's first production facilities at Kvalnes.

The first pool has a production capacity of 1000 tonnes HOG and production of the first batch started in June 2022 when close to 200,000 smolt were released. The biological results so far are very good, with higher growth than expected and very low mortality. Monthly fish health controls also prove very good biological conditions. Groundwork for the next construction phase is complete and the company is currently in a projecting phase for the construction of increased production capacity to 19,000 tonnes HOG. The board considers the future prospects to be good. Successful biological results so far has strengthened the company's position significantly. During first half-year 2023 the company will invite to a capital markets day where detailed plans for phase 2 construction and financing will be presented.

At the same time as the company is working on developing the first location at Kvalnes, it is also working on regulation of the Fiskenes and Breivik sites and will apply for a license for 20,000 tonnes MAB (25,000 tonnes HOG) for each of the locations. Zoning plan for Breivik was approved by the local municipality during 2022. There are also plans to further develop the Kvalnes site to add a further 20,000 tonnes HOG in the future.

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 40 meters' depth, below the water levels where salmon lice lives. 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 industry. The company is largely dependent on maintaining its current license and being awarded new licenses 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 2022, 19 full-time equivalents were performed by employees of the company. At the end of the year, the board consisted of eight members, of which two are females. At the end of 2022 the company had 21 employees in total, of which 5 are women. The proportion of woman among employees has increased considerably during 2022. 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, the company is keen to further increase the share of female employees, both in senior positions and in the company in general. The company 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 emissions 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 evaluation and assessment of suppliers in line with the Transparency Act. The company will publish statement on due diligence assessments on its website by the end of June 2023.

The company has taken out insurance for the board members and the general manager for their possible liability to the company and third parties, with an insurance sum of NOK 300 million.

The board of directors 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 of directors' assessment of the annual financial statements.

## DECLARATION BY THE 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 2022 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 and the group'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 and the group, together with a description of the most important risks and uncertainties the enterprise is facing.

Andøy, 19 April 2023

Roger Brynjulf Mosand  
*Chair*

Roy Bernt Pettersen  
*Director*

Antonio Serrano  
*Director*

Tore Traaseth  
*Director*

Knut Roald Holmøy  
*Director*

Bettina Flatland  
*Director*

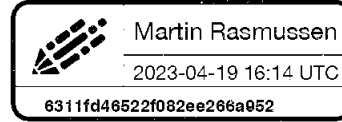
Kim Strandenæs  
*Director*

Gro Skaar Knutsen  
*Director*

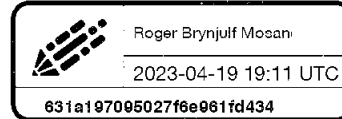
Martin Rasmussen  
*CEO*



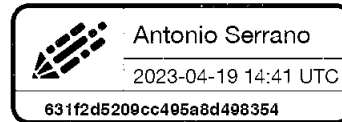
Martin Rasmussen



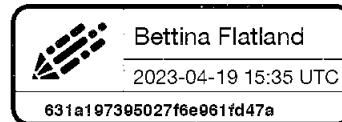
Roger Brynjulf Mosand



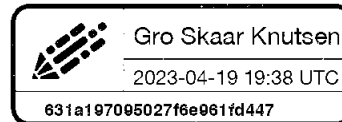
Antonio Serrano



Bettina Flatland



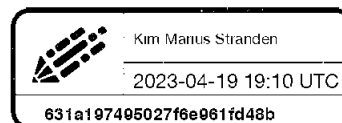
Gro Skaar Knutsen



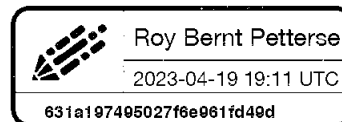
Knut Roald Holmøy



Kim Marius Strandenæs



Roy Bernt Pettersen

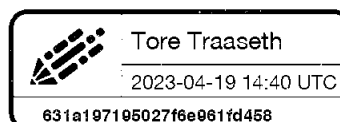




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Tore Traaseth



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– Det originale dokumentet (4 pages)  
– Signature pages at the end (2 pages)



## Andfjord Salmon AS

Annual financial statements

2022



ANNUAL REPORT 2022

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## STATEMENT OF COMPREHENSIVE INCOME

<i>Amounts in NOK thousand</i>	<i>Notes</i>	<b>2022</b>	<b>2021</b>
Revenue from contracts with customers		-	-
Other operating income		113	-
<b>Total operating revenue</b>		<b>113</b>	<b>-</b>
Changes in biological assets at cost and other inventories		700	-
Cost of materials	15	(12 704)	-
Fair value adjustments of biological assets	14	14 285	-
Employee benefit expenses	22	(23 211)	(17 402)
Depreciation and amortisation expenses	11, 12, 13	(13 603)	(2 035)
Other operating expenses		(21 691)	(14 968)
<b>Operating profit/(loss)</b>		<b>(56 111)</b>	<b>(34 405)</b>
Financial income	7	1 836	283
Net financial costs	7	(2 402)	(288)
<b>Net financial result</b>		<b>(566)</b>	<b>(5)</b>
<b>Profit/(loss) before income tax</b>		<b>(56 677)</b>	<b>(34 410)</b>
Income tax expense	9	-	-
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>(56 677)</b>	<b>(34 410)</b>
Net other comprehensive income/(loss)		-	-
<b>COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR</b>		<b>(56 677)</b>	<b>(34 410)</b>
<b>Earnings per share (in NOK):</b>			
Basic earnings per share	10	(1.48)	(0.96)
Diluted earnings per share	10	(1.48)	(0.96)



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## STATEMENT OF FINANCIAL POSITION

<i>Amounts in NOK thousand</i>	<i>Notes</i>	<b>2022</b>	<b>2021</b>	<b>1 January 2021</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	11	8 556	2 665	1 220
Property, plant and equipment	12	498 386	420 567	219 763
Right-of-use assets	13	22 539	24 441	2 937
Other non-current assets		89	124	159
<b>Total non-current assets</b>		<b>529 570</b>	<b>447 797</b>	<b>224 079</b>
<b>Current assets</b>				
Biological assets	14	14 285	-	-
Other inventories	15	1 162	-	-
Other current assets	16	7 803	18 531	17 610
Cash and cash equivalents	17	82 911	14 918	148 846
<b>Total current assets</b>		<b>106 161</b>	<b>33 449</b>	<b>166 456</b>
<b>TOTAL ASSETS</b>		<b>635 731</b>	<b>481 246</b>	<b>390 535</b>

<i>Amounts in NOK thousand</i>	<i>Notes</i>	<b>2022</b>	<b>2021</b>	<b>1 January 2021</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Share capital	23	41 039	35 934	35 792
Share premium	23	557 413	357 226	352 511
Retained earnings		(125 438)	(68 761)	(34 166)
Other reserves		2 690	-	-
<b>Total equity</b>		<b>475 704</b>	<b>324 399</b>	<b>354 137</b>
<b>LIABILITIES</b>				
Borrowings	18, 20	67 375	78 030	-
Lease liabilities	13	13 296	16 346	2 262
<b>Total non-current liabilities</b>		<b>80 671</b>	<b>94 376</b>	<b>2 262</b>
Borrowings	18, 20	56 168	2 333	-
Lease liabilities	13	4 683	1 713	675
Trade payables		10 361	49 690	29 789
Other current liabilities		8 144	8 735	3 672
<b>Total current liabilities</b>		<b>79 356</b>	<b>62 471</b>	<b>34 136</b>
<b>Total liabilities</b>		<b>160 027</b>	<b>156 847</b>	<b>36 398</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>635 731</b>	<b>481 246</b>	<b>390 535</b>



ANNUAL REPORT 2022

Roger Brynjulf Mosand  
*Chair*

Roy Bernt Pettersen  
*Director*

Antonio Serrano  
*Director*

Tore Traaseth  
*Director*

Knut Roald Holmøy  
*Director*

Bettina Flatland  
*Director*

Kim Strandenæs  
*Director*

Gro Skaar Knutsen  
*Director*

Martin Rasmussen  
*CEO*

Andøy  
19 April 2023



ANNUAL REPORT 2022

## STATEMENT OF CASH FLOWS

<i>Amounts in NOK thousand</i>	<i>Notes</i>	<b>2022</b>	<b>2021</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>			
Profit/(loss) before income tax		(56 677)	(34 410)
<b>Adjustments to reconcile profit/loss before tax to net cash flow:</b>			
Depreciation and amortisation	<i>11, 12, 13</i>	13 603	2 035
Finance income/(expense), net	<i>7</i>	566	5
Share-based payment expense		2 690	-
Fair value adjustments of biological assets		(14 285)	-
<b>Working capital changes:</b>			
Increase in other inventories and biological assets at cost	<i>15</i>	(1 162)	-
Change in trade and other receivables		-	226
Change in trade payables		(39 329)	19 901
Change in other current assets and liabilities		9 891	3 311
Interests received		1 836	279
Interests paid		(5 576)	(1 712)
<b>Net cash flow from operating activities</b>		<b>(88 443)</b>	<b>(10 365)</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES:</b>			
Payment for property, plant and equipment	<i>12</i>	(89 497)	(213 738)
Proceeds from sale of property, plant and equipment	<i>12</i>	-	670
Payment for intangible assets	<i>11</i>	(6 204)	(1 479)
Payment before commencement date of leases	<i>13</i>	-	(6 771)
Receipt of government grants	<i>8</i>	5 000	13 500
<b>Net cash flow from investing activities</b>		<b>(90 702)</b>	<b>(207 818)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>			
Equity received	<i>23.3</i>	205 292	4 857
Proceeds from borrowings	<i>18</i>	45 000	80 000
Repayment of borrowings	<i>18</i>	(1 958)	-
Payment of principal portion of lease liabilities	<i>13, 18</i>	(1 195)	(417)
Acquisition of treasury shares		-	(185)
<b>Net cash flow from financing activities</b>		<b>247 139</b>	<b>84 255</b>
Net increase/(decrease) in cash and cash equivalents		67 993	(133 928)
Cash and cash equivalents as of 1 January		14 918	148 846
Cash and cash equivalents as of 31 December		82 911	14 918



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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
<b>Balance at 31 December 2020 (Norwegian GAAP)</b>		35 792	318 345	-	-	354 137
Changes from the IFRS adoption	4	-	34 166	(34 166)	-	-
<b>Balance at 1 January 2021</b>		35 792	352 511	(34 166)	-	354 137
Profit for the year		-	-	(34 410)	-	-
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-	(34 410)	-	(34 410)
Capital increase		142	4 715	-	-	4 857
Purchase of treasury shares		-	-	(185)	-	(185)
<b>Balance at 31 December 2021</b>		35 934	357 226	(68 761)	-	324 399
<b>Balance at 1 January 2022</b>		35 934	357 226	(68 761)	-	324 399
Profit for the year		-	-	(56 677)	-	(56 677)
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-	(56 677)	-	(56 677)
Capital increase		5 105	200 187	-	-	205 292
Share based payments to employees	22.2	-	-	-	2 690	2 690
<b>Balance at 31 December 2022</b>		41 039	557 413	(125 438)	2 690	475 704



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## 1. CORPORATE INFORMATION

Andfjord Salmon AS (the 'Company' or 'Andfjord Salmon') is a limited liability company incorporated and domiciled in Norway, with shares currently traded in Euronext Growth Oslo. The Company was established in 2014 and the registered office is located at Kvalnesveien 69, Andøy.

Andfjord Salmon's business is to farm salmon with the aim of selling to third parties when the fish has reached a mature state. The Company owns and operates a land-based salmon farming facility located in the intertidal zone on the eastern shores of Andøya, in Andøy municipality. The Company currently operates one salmon pool facility and are in the process of developing further facilities in the same geographical area. The facility uses a seawater flow-through system that avoids issues with salmon lice and poisonous algae, prevents salmon escapement and is at the same time contributing to reduced feed waste.

As at 31 December 2022, Andfjord Salmon AS has no subsidiaries or affiliated companies.

The financial statements for the year ended 31 December 2022 of Andfjord Salmon AS were authorized for issue by the Board of Directors on 20 April 2023.

## 2. BASIS OF PREPARATION

The Company's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations by the IFRS Interpretations Committee (IFRIC) as endorsed by the European Union (EU).

The Company has prepared financial statements at 31 December 2022, together with the comparative periods for the year ended 31 December 2021. Additionally, the Company's opening statement of financial position was prepared at 1 January 2021, which is the Company's date of transition to IFRS.

The 2022 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.

All amounts are presented in NOK (Norwegian kroners), and rounded to the nearest thousand, unless stated otherwise.

### 2.1. FIRST-TIME ADOPTION IFRS

These financial statements, for the year ended 31 December 2022, are the first the Company has prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU).

For the year ended 31 December 2021, the Company prepared its financial statements in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway ('Norwegian GAAP' or 'NGAAP').

Refer to Note 4 information on the Company's first-time adoption of IFRS.



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## 2.2. HISTORICAL COST CONVENTION

The financial statements have been prepared on a historical cost basis, except for the following:

- Biological assets (see Note 3.7).
- Share-based payments (see Note 3.14).

## 2.3. SIGNIFICANT 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 judgment in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions change. Management believes the underlying assumptions are appropriate. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 28 '*Critical judgements and estimates*'.

## 2.4. NEW STANDARDS AND INTERPRETATIONS ADOPTED

No new or amended standards with mandatory effect from 1 January 2022 have had a material impact on the Company's financial reporting compared to those that would have been applicable from 1 January 2021.

## 2.5. 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 2022 reporting periods and have not been early adopted by the Company. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## 3. OVERVIEW OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1. FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

The financial statements are presented in NOK which is also the functional currency for the entity.

### 3.2. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment ('PPE') is initially recognised at cost and subsequently measured at cost less accumulated depreciation and impairments. Assets under construction are reclassified into other property, plant and equipment when the assets are capable of operating in the manner intended by Management, which is also the time when depreciation starts.

The cost of PPE includes:

- its construction cost or purchase price, respectively,
- any directly attributable costs;
- the initial estimate of costs related to dismantling obligations (see Note 26.1 for additional information); and
- any borrowing costs incurred when constructing the qualifying assets (see Note 3.4).

Costs are capitalized until the moment PPE assets are in the location and condition necessary for them to be capable of operating in the manner intended by Management.



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Major inspections are capitalised when performed. All other repairs and maintenance costs are recognised in the statement of financial performance during the reporting period in which they are incurred.

Subsequent expenditures in PPE are capitalized to the extent it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

### 3.2.1. Depreciation

PPE assets (except land) are depreciated to their residual values over their economic useful life using the straight-line method. Any change in the residual values, useful lives or depreciation methods is adjusted prospectively when appropriate.

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

	<u>Land and buildings</u>	<u>Machinery and plant</u>	<u>Furniture, tools and others</u>	<u>Facilities for farming</u>	<u>Assets under construction</u>
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 derecognized and the new component capitalized, if its cost is recoverable.

### 3.3. INTANGIBLE ASSETS

Intangible assets acquired separately are initially recognized at cost and subsequently measured at cost less accumulated amortisation and impairment.

Intangible assets held by the Company are amortised to their residual value on a straight-line basis. Amortization starts when the intangible asset is in the location and condition necessary for them to be capable of operating in the manner intended by management.

Research costs are recognized as operating expenses as they occur. Development costs are capitalized to the extent that it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity, the cost of the asset can be measured reliably, and the following conditions are demonstrated by the Company:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- its intention to complete the intangible asset and use or sell it.
- its ability to use or sell the intangible asset.



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- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

### 3.3.1. Amortization

The intangible assets are amortized to their residual values over their economic useful life using the straight-line method.

The following table summarizes 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.

## 3.4. BORROWING COSTS

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 capitalized as part of the cost of the respective asset. The Company interprets 'substantial period' 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 that form part of the funds used to finance a project, and it has capitalized 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 recognized in the statement of comprehensive income in the period in which they are incurred.

## 3.5. GOVERNMENT GRANTS

Government grants are recognized when there is a reasonable assurance that the Company complies with the conditions attaching to them; and the grant will be received. When government grants relate to assets, the Company recognizes 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 recognized as a reduction of the expense over the period that the related costs are expensed.

## 3.6. IMPAIRMENT OF NON-FINANCIAL ASSETS

Non-financial assets, other than goodwill, are tested for impairments whenever there are indications that the carrying amount of the asset may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amounts.

The recoverable amount is the higher of an assets or cash-generating unit's fair value less costs of disposal and value in use. Assets are grouped at the lowest levels for which there are separately



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identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

The Company assesses where 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 29 for more information.

### 3.7. BIOLOGICAL ASSETS

The Company's biological assets comprise live salmon stock. The smolt is acquired and released into the Company's operating pool, and remain there until its ready to be harvested, which is when the salmon is considered mature.

The accounting treatment of biological assets is regulated by IAS 41 '*Agriculture*'. According to IAS 41, biological assets are recognized 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 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 at 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 14 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 it 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 have been used, as the Company only operates one location as at 31 December 2022.

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.

For further information on the significant assumptions made, please see Note 14 '*biological assets*'.



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### 3.8. OTHER INVENTORIES

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 2022, 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.

### 3.9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents presented in the statement of cash flows includes deposits with banks. Other short-term, highly liquid investments can be considered as cash equivalents, as long as its original maturities are three months or less; are readily convertible to known amounts of cash; are held for the purpose of meeting short-term cash commitments; and are subject to an insignificant risk of changes in value.

### 3.10. BORROWINGS

Borrowings are initially recognized 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 amortized cost. Any difference between the net proceeds and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are derecognized 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 recognized 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.

### 3.11. LEASES

The Company recognizes 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.

#### 3.11.1. *Right-of-use assets*

Right-of-use assets are recognized at the lease commencement date. 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.



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### **3.11.2. Lease liabilities**

Lease liabilities are recognized 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 included in the measurement of the lease liabilities comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate; initially measured using the index or rate at the commencement date;
- (if any) amounts expected to be payable under a residual value guarantee;
- (if any) lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

Lease liabilities are measured at amortized 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.

## **3.12. 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.

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.

## **3.13. EMPLOYEE BENEFITS**

### **3.13.1. Short-term employee benefits**

The Company recognizes 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.

### **3.13.2. Defined contribution schemes**

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.



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### 3.14. SHARE-BASED PAYMENTS

Share-based compensation programs are provided to the Company's employees. These programs are equity-settled, since services rendered by the employees will be settled with the Company's own equity instruments. Information related to the specific program is set out in Note 22.2.

The cost of the equity-settled program is measured at the fair value of the options, at the grant date. Details on the fair value model is provided in Note 22.2. The cost is recognized as 'employee benefit expenses', with a corresponding increase in equity, 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 Company accounts for each "tranche" as a separate award. See Note 22.2 for more specific information on the share-based payment programs by the Company.

The Company recognises social security taxes from its share-based payments in line with IAS 37 'Provisions, contingent liabilities and contingent assets'. The Company 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.

### 3.15. INCOME TAXES

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 values, 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.

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 assets and liabilities are offset, as the Company has legally enforceable right to offset current tax assets and liabilities and the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Current and deferred taxes are recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.



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### 3.16. TRANSACTIONS AND BALANCES IN FOREIGN CURRENCY

Foreign currency transactions are initially recognized by applying the foreign currency exchange between the Company's functional currency and the foreign currency the date of the transaction. Foreign exchange gains and losses are resulting from settlement of foreign currency transactions or from translation of monetary assets and liabilities at year end exchange rates are recognized in the statement of financial performance.

All foreign exchange gains and losses are presented within 'other operating expenses', as the Company has not incurred in borrowings in foreign currency in the periods covered in these financial statements.

### 3.17. PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognized when the Company has a present obligation as a result of a past event; it's probable that an outflow of resources will be required to settle the obligation; and the amount can reliably be measured. Present obligations can be legal or constructive. Provisions are not recognized for future operating losses.

Provisions are recognized at the present value of the best estimate made by management of the expenditure required to settle the present obligation at the end of each reporting period. The discount rate applied is the pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the liability. Provisions are increased due to the unwinding of the discount applied to the liability. This increase is recognized as interest expense.

When the outflow of resources does not meet the probability criteria, a provision is not recognized. Unless the probability of an outflow of resources is remote, the Company discloses a contingent liability.

### 3.18. EARNINGS PER SHARE

#### 3.18.1. *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to owners of company, excluding any costs of servicing equity other than ordinary shares; by the weighted average number of ordinary shares outstanding during the financial year, adjusted for treasury shares (see Note 23).

#### 3.18.2. *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share, to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and the weighted average number of additional ordinary shares that would have been outstanding, assuming the conversion of all dilutive potential ordinary shares.

A potential ordinary share is a financial instrument or other contract that may entitle its holder to ordinary share, and whose conversion into an ordinary share would lead to a reduction in earnings per share or an increase in loss per share from continuing operations.



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## 4. FIRST-TIME ADOPTION OF IFRS

### 4.1. OPTIONAL EXEMPTIONS APPLIED ON THE FIRST-TIME ADOPTION OF IFRS

IFRS 1 provides a number of exemptions when applying IFRS for the first time. The Company has applied the following optional implementation exemptions:

#### *4.1.1. Leases*

Lease liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2021. Right-of-use assets are measured at the amount equal to the lease liabilities, adjusted by the amount of any prepayments made before 1 January 2021.

The lease payments associated with leases that end within 12 months as of 1 January 2021 and leases for which the underlying assets are of low value are recognised as an expense on a straight-line basis over the lease term.

#### *4.1.2. Borrowing costs*

Andfjord Salmon has applied the transitional provisions in IAS 23 *Borrowing Costs* and capitalise borrowing costs relating to all qualifying assets (capitalised construction activities) after the date of transition 1 January 2021. Similarly, Andfjord Salmon will not restate for borrowing costs capitalised under Norwegian GAAP on qualifying assets prior to the date of transition to IFRS.



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4.2. RECONCILIATIONS OF THE COMPANY'S EQUITY REPORTED IN ACCORDANCE WITH NORWEGIAN GAAP TO ITS EQUITY IN ACCORDANCE WITH IFRS, AT THE DATE OF TRANSITION TO IFRS (1 JANUARY 2021)

<i>Amounts in NOK thousand</i>	Notes	Norwegian GAAP	Adjustments and reclassifications	IFRS 1 January 2021
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets		1 220	-	1 220
Property, plant and equipment	<i>B</i>	223 842	(4 079)	219 763
Right-of-use assets	<i>A</i>	-	2 937	2 937
Other non-current assets		159	-	159
<b>Total non-current assets</b>		<b>225 221</b>	<b>(1 142)</b>	<b>224 079</b>
<b>Current assets</b>				
Biological assets		-	-	-
Other inventories		-	-	-
Other current assets		17 609	1	17 610
Cash and cash equivalents		148 846	-	148 846
<b>Total current assets</b>		<b>166 455</b>	<b>1</b>	<b>166 456</b>
<b>TOTAL ASSETS</b>		<b>391 676</b>	<b>(1 141)</b>	<b>390 535</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Share capital		35 792	-	35 792
Share premium	<i>G</i>	318 345	34 166	352 511
Retained earnings	<i>G</i>	-	(34 166)	(34 166)
<b>Total equity</b>		<b>354 137</b>	<b>-</b>	<b>354 137</b>
<b>LIABILITIES</b>				
Borrowings		-	-	-
Lease liabilities	<i>A</i>	-	2 262	2 262
Other long term liabilities	<i>B</i>	4 078	(4 078)	-
<b>Total non-current liabilities</b>		<b>4 078</b>	<b>(1 816)</b>	<b>2 262</b>
Lease liabilities	<i>A</i>	-	675	675
Trade payables		29 789	-	29 789
Other current liabilities		3 672	-	3 672
<b>Total current liabilities</b>		<b>33 461</b>	<b>675</b>	<b>34 136</b>
<b>Total liabilities</b>		<b>37 539</b>	<b>(1 141)</b>	<b>36 398</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>391 676</b>	<b>(1 141)</b>	<b>390 535</b>



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4.3. RECONCILIATIONS OF THE COMPANY'S EQUITY REPORTED IN ACCORDANCE WITH NORWEGIAN GAAP TO ITS EQUITY IN ACCORDANCE WITH IFRS, AT 31 DECEMBER 2021

<i>Amounts in NOK thousand</i>	Notes	Norwegian GAAP	Adjustments and reclassifications	IFRS 31 December 2021
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets		2 665	-	2 665
Property, plant and equipment	A, B, E, F	428 988	(8 421)	420 567
Right-of-use assets	A	-	24 441	24 441
Other non-current assets		124	-	124
<b>Total non-current assets</b>		<b>431 777</b>	<b>16 020</b>	<b>447 797</b>
<b>Current assets</b>				
Other current assets	E	33 673	(15 142)	18 531
Cash and cash equivalents		14 918	-	14 918
<b>Total current assets</b>		<b>48 591</b>	<b>(15 142)</b>	<b>33 449</b>
<b>TOTAL ASSETS</b>		<b>480 368</b>	<b>878</b>	<b>481 246</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Share capital		35 934	-	35 934
Share premium	G	287 519	69 707	357 226
Retained earnings	B, D, G, F	-	(68 761)	(68 761)
Treasury shares		(180)	180	-
<b>Total equity</b>		<b>323 273</b>	<b>1 126</b>	<b>324 399</b>
<b>LIABILITIES</b>				
Borrowings	A, C, D	39 478	38 552	78 030
Lease liabilities	A	-	16 346	16 346
Other long term liabilities	B, C	59 192	(59 192)	-
<b>Total non-current liabilities</b>		<b>98 670</b>	<b>(4 294)</b>	<b>94 376</b>
Borrowings	D	-	2 333	2 333
Lease liabilities	A	-	1 713	1 713
Trade payables		49 690	-	49 690
Other current liabilities		8 735	-	8 735
<b>Total current liabilities</b>		<b>58 425</b>	<b>4 046</b>	<b>62 471</b>
<b>Total liabilities</b>		<b>157 095</b>	<b>(248)</b>	<b>156 847</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>480 368</b>	<b>878</b>	<b>481 246</b>

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#### 4.4. RECONCILIATION TO THE COMPANY'S STATEMENT OF COMPREHENSIVE INCOME IN ACCORDANCE WITH IFRS FOR THE LATEST PERIOD IN THE ENTITY'S MOST RECENT ANNUAL FINANCIAL STATEMENTS (31 DECEMBER 2021)

<i>Amounts in NOK thousand</i>	Notes	NGAAP	Adjustments and reclassifications	IFRS 31 December 2021
Revenue from contracts with customers		-	-	-
Other operating income		-	-	-
<b>Total operating revenue</b>		-	-	-
Employee benefit expenses		(17 402)	-	(17 402)
Depreciation and amortisation expenses	A	(1 229)	(806)	(2 035)
Other operating expenses	A	(15 829)	861	(14 968)
<b>Operating profit/(loss)</b>		<b>(34 460)</b>	<b>55</b>	<b>(34 405)</b>
Financial income		283	-	283
Net financial costs	A, F	(1 359)	1 071	(288)
<b>Net financial result</b>		<b>(1 076)</b>	<b>1 071</b>	<b>(5)</b>
<b>Profit/(loss) before income tax</b>		<b>(35 536)</b>	<b>1 126</b>	<b>(34 410)</b>
Income tax expense		-	-	-
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>(35 536)</b>	<b>1 126</b>	<b>(34 410)</b>
Net other comprehensive income/(loss)		-	-	-
<b>COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR</b>		<b>(35 536)</b>	<b>1 126</b>	<b>(34 410)</b>



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**4.5. RECONCILIATION TO THE COMPANY'S STATEMENT OF CASH-FLOWS IN ACCORDANCE WITH IFRS FOR THE LATEST PERIOD IN THE ENTITY'S MOST RECENT ANNUAL FINANCIAL STATEMENTS (31 DECEMBER 2021)**

<i>Amounts in NOK thousand</i>	Notes	Norwegian GAAP	Adjustments and reclassifications	IFRS 31 December 2021
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Profit/(loss) before income tax		(35 536)	1 126	(34 410)
<b>Adjustments to reconcile profit/loss before tax to net cash flow:</b>				
Depreciation and amortisation	A	1 229	806	2 035
Finance income/(expense), net		-	5	5
<b>Working capital changes:</b>				
Change in trade and other receivables		226	-	226
Change in trade payables		19 901	-	19 901
Change in other current assets and liabilities		(6 441)	9 752	3 311
Interests received		-	279	279
Interests paid		-	(1 712)	(1 712)
<b>Net cash flow from operating activities</b>		<b>(20 621)</b>	<b>10 256</b>	<b>(10 365)</b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES:</b>				
Payment for property, plant and equipment	<i>E, F, H, A</i>	(208 491)	(5 247)	(213 738)
Proceeds from sale of property, plant and equipment		670	-	670
Payment for intangible assets		-	(1 479)	(1 479)
Payment before commencement date of leases	A	-	(6 771)	(6 771)
Receipt of government grants	H	-	13 500	13 500
<b>Net cash flow from investing activities</b>		<b>(207 821)</b>	<b>3</b>	<b>(207 818)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Equity received		4 672	185	4 857
Proceeds from borrowings		89 842	(9 842)	80 000
Payment of principal portion of lease liabilities	A	-	(417)	(417)
Acquisition of treasury shares		-	(185)	(185)
<b>Net cash flow from financing activities</b>		<b>94 514</b>	<b>(10 259)</b>	<b>84 255</b>
Net increase/(decrease) in cash and cash equivalents		(133 928)	-	(133 928)
Cash and cash equivalents as of 1 January		148 846	-	148 846
Cash and cash equivalents as of 31 December		14 918	-	14 918

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**4.6. EXPLANATION OF ADJUSTMENTS AND RECLASSIFICATIONS****A Leases**

Andfjord Salmon has under NGAAP differentiated between finance leases and operating leases. The cost of operating leases was recognised linearly on the statement of comprehensive income. For finance leases, the Company recognised the underlying asset, and lease liabilities for the lease term, using the discount rate indicated in the lease.

Under IFRS, the Company follows the principles indicated in Note 3.11, resulting in a number of adjustments and reclassifications. At 1 January 2021, right of use assets and lease liabilities were recognised for NOK 2 937 thousand. For 31 December 2021, assets from finance leases under NGAAP were derecognised (NOK 16 441 thousand) from PPE, and right-of-use assets were recognised for an amount of NOK 24 441 thousand. During 2021.

This adjustment also affected the 2021 statement of comprehensive income and the statement of cash flows. Specifically, it resulted in the recognition of NOK 443 thousand as financial costs.

See Note 13 for further information on the effects from leasing activities of the Company.

**B Reversal other liabilities from government grants**

Management concluded that there is reasonable assurance that conditions for receiving government grants are met, and do not expect repayment of government grants. Therefore, government grants have been reclassified from 'other non-current liabilities' to a reduction in the cost of PPE, amounting to NOK 4 078 thousand and NOK 8 828 thousand in 1 January 2021 and 31 December 2021, respectively.

**C Other non-current liabilities**

Under NGAAP, Andfjord Salmon classified debt arising from the shareholder loan as 'other non-current liabilities'. Under IFRS, the loan has been reclassified to 'borrowings', as its nature is considered the same: interest-bearing loans.

At 31 December 2021, this resulted in the increase of the carrying amount of 'borrowings' for an amount of NOK 50 363 thousand with a corresponding decrease in 'other long-term liabilities'.

**D Current portion of borrowings**

The principal portion of borrowings due within the next twelve months as of 31 December 2021 has been reclassified from non-current to current. At 31 December 2021 this amounted to NOK 2 333 thousand.

**E Cost of PPE**

The Company recognised an insurance claim within 'Other receivables' under NGAAP, with a corresponding decrease of the cost of 'Property, Plant and Equipment'.

Under IFRS, the insurance claim is considered a contingent asset, and therefore it has to be concluded it is virtually certain the economic benefits will flow to the Company. Based on the requirements, guidance, and practice under IFRS, the Company has decided not to recognise the contingent asset under IFRS. As at 31 December 2021, this resulted in a decrease in 'Other current assets' of NOK 15 142 thousand, with a corresponding increase in 'Property, plant and equipment'.



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### F Borrowing costs

The Company has incurred borrowing costs in the development of its land-based salmon farming facilities, which met the definition of a qualifying asset. Under NGAAP, all borrowing costs have been expensed as incurred. Under IFRS, borrowing costs directly attributable to a qualifying asset are recognised as part of the cost of the assets under construction.

In 2021, this resulted in the increase of the carrying amount of 'land facilities for farming' for an amount of NOK 1 514 thousand. Financial expenses have been reversed for the same amount.

### G Retained earnings

Under NGAAP, Andfjord Salmon accumulated its net losses for the period as a reduction of the 'share premium' line item, within equity. Under IFRS, accumulated losses and result for the year has been reclassified to 'other reserves'.

At 1 January 2021, this resulted in the increase of the amount shown in 'share premium' of NOK 34 166 thousand with a corresponding decrease in 'other reserves'.

At 31 December 2021, 'share premium' have been increased by an amount of NOK 69 702 thousand, and 'other reserves' decreased by a corresponding amount.

### H Presentation of cash flows from government grants

Under NGAAP, receipt of government grants was included as part of purchase of property, plant and equipment in the cash flow from investment activities. Under IFRS, these receipts have been reclassified to 'receipt of government grants' in the cash flow from investment activities.

In the cash flow statements for the 2021 financial reporting period, this resulted in an increase in 'receipt of government grants' by an amount of NOK 13 500 thousand, with a corresponding increase in 'payment for property, plant and equipment'.

## 5. SEGMENT INFORMATION

Andfjord Salmon has one operating pool as at 31 December 2022. This pool has been operating since mid-2022.

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, Andfjord Salmon's CODM. The Company as a whole is operated as a single segment.

Andfjord Salmon does currently not have any revenue, as the first salmon harvesting is expected in mid-2023.

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



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### 6. OTHER OPERATING EXPENSES

<b>Other operating expenses</b>	<b>2022</b>	<b>2021</b>
<i>(Amounts in NOK thousand)</i>		
Expenses related to short-term and low-value leases	789	278
Legal and consultancy services (incl. remuneration to auditors)	7 088	4 425
Sales and marketing costs	3 165	1 108
Maintenance (incl. materials and other small equipment)	2 076	724
Insurance and bank fees	728	337
Energy expenses (fuel, electricity, water, etc.)	1 020	377
IT costs	1 862	851
Other taxes and levies	108	108
Other expenses	4 855	6 760
<b>Total other operating expenses</b>	<b>21 691</b>	<b>14 968</b>

<b>Auditor's remuneration</b>	<b>2022</b>	<b>2021</b>
<i>(Amounts in NOK thousand)</i>		
Statutory audit fees	338	177
Other assurance services	53	15
<b>Total auditor's remuneration</b>	<b>391</b>	<b>192</b>

### 7. FINANCE INCOME AND COSTS

<b>Finance income and costs</b>	<b>2022</b>	<b>2021</b>
<i>(Amounts in NOK thousand)</i>		
<b>Financial income</b>	<b>1 836</b>	<b>282</b>
Interest from bank deposit	1 790	279
Other financial income	46	3
<b>Financial costs:</b>	<b>(5 888)</b>	<b>(1 801)</b>
Interests on borrowings	(4 288)	(1 241)
Net foreign currency loss	(34)	(8)
Interest expense on lease liabilities	(700)	(443)
Other financial expense	(866)	(109)
<b>Capitalised borrowing costs</b>	<b>3 486</b>	<b>1 514</b>
<b>Net finance result</b>	<b>(566)</b>	<b>(5)</b>



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## 8. GOVERNMENT GRANTS

### Skattefunn

Andfjord Salmon has received during 2022 NOK 4 750 thousand in grants from Skattefunn in connection with the tax settlement for 2021; and it's expected to receive the same amount for the 2022 tax settlement. This grant was presented as 'other receivables' as at year-end 2021, until the amounts were settled. These grants have been presented as a reduction of the cost of property, plant and equipment to which these grants relate.

### Innovasjon Norge

Additionally, the Company received during 2021 two different investment grants from Innovasjon Norge of NOK 5 000 thousand and NOK 4 000 thousand. These amounts were accounted as a reduction of the carrying amount of property, plant and equipment and subsequently accounted as a reduction of the depreciation of the related assets.

The payment of NOK 5 000 is 50 % of the granted amount (totalling NOK 10 000 thousand). The rest was received in 2022.

### Others

During 2022 the Company has received grants of NOK 1 100 thousand from Samskap, which is a program that supports projects that contributes to innovation, jobs and increased housing in Andøy municipality.



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### 9. INCOME TAX

#### 9.1. INCOME TAX EXPENSE

<b>Income tax expense</b>	<b>2022</b>	<b>2021</b>
<i>(Amounts in NOK thousand)</i>		
Current income tax	-	-
Change in deferred tax	-	-
<b>Total income tax expense</b>	<b>-</b>	<b>-</b>

#### 9.2. DEFERRED TAX BALANCES

<b>Deferred tax balances</b>	<b>2022</b>	<b>2021</b>	<b>1 January 2021</b>
<i>(Amounts in NOK thousand)</i>			
Tangible fixed assets	(13 128)	3 042	230
Leases	(4 569)	(6 763)	-
Inventories biological assets	2 478	-	-
Receivables	-	-	-
Allocations and more	13 578	8 828	5 000
Other differences	6 763	6 543	-
<b>Total deferred tax relating to temporary differences</b>	<b>5 122</b>	<b>11 650</b>	<b>5 230</b>
Tax losses to carry forward	161 912	91 549	54 629
Not included in the deferred tax calculation	(167 034)	(103 199)	(59 859)
<b>Basis for deferred tax assets (liabilities)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Carrying value of deferred tax assets (liabilities)</b>	<b>-</b>	<b>-</b>	<b>-</b>

Deferred tax asset is not recognized in the balance sheet.

#### 9.3. RECONCILIATION OF INCOME TAX EXPENSE

<b>Reconciliation of income tax expense</b>	<b>2022</b>	<b>2021</b>
<i>(Amounts in NOK thousand)</i>		
Profit before tax	(56 677)	(34 410)
Expected income tax at statutory income tax rate of 22% (2021: 22%)	(12 469)	(7 570)
Permanent differences	(1 823)	(1 717)
Change in unrecognised deferred tax asset	14 292	9 287
<b>Calculated tax expense/(income)</b>	<b>-</b>	<b>-</b>



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## 10. EARNINGS PER SHARE

<b>Basic and diluted earnings per share</b>	<b>2022</b>	<b>2021</b>
Profit/(loss) for the year	(56 677)	(34 410)
<b>Weighted average number of shares used as the denominator</b>		
Weighted average number of shares used in basic earnings per share	38 291 331	35 868 678
Dilutive effect of granted share options	-	-
Weighted average number of shares used in diluted earnings per share	38 291 331	35 868 678
<b>Basic earnings per share (NOK)</b>	<b>(1.48)</b>	<b>(0.96)</b>
<b>Diluted earnings per share (NOK)</b>	<b>(1.48)</b>	<b>(0.96)</b>

### 10.1. DILUTIVE EFFECT

Options granted to its employees by the Company through its Long-Term Incentive Program (Note 22.2 contains further information) are considered dilutive potential ordinary shares. Dilutive potential ordinary shares are included in the denominator to arrive to the diluted earnings per share, to the extent they are dilutive.

They have been included in the determination of diluted earnings per share as if the required vesting requirements would have been met, and to the extent to which they are dilutive, considering average market price for the shares of the Company during 2022, and the strike price of the options. At 31 December 2022, this calculation resulted in an amount of 1 935 shares. However, these shares have not been treated as dilutive in the diluted earnings per share calculation, as the conversion of these shares would decrease the loss per share of the Company.

The options have not been included in the determination of basic earnings per share. In the future, these options could potentially dilute basic earnings per share.



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## 11. INTANGIBLE ASSETS

<b>Intangible assets</b>	<b>Licenses, patents, and similar rights costs</b>	<b>Other intangible assets</b>	<b>Total</b>
<i>(Amounts in NOK thousand)</i>			
<b>At 1 January 2021</b>			
Cost	1 220	-	1 220
Accumulated amortisation and impairment	-	-	-
<b>Net book amount</b>	<b>1 220</b>	<b>-</b>	<b>1 220</b>
<b>Year ended 31 December 2021</b>			
Opening net book amount	1 220	-	1 220
Additions	-	1 028	1 028
Additions - capitalised development	451	-	451
Amortisation charge	-	(34)	(34)
<b>Closing net book amount</b>	<b>1 671</b>	<b>994</b>	<b>2 665</b>
<b>At 31 December 2021</b>			
Cost	1 671	1 028	2 699
Accumulated amortisation and impairment	-	(34)	(34)
<b>Net book amount</b>	<b>1 671</b>	<b>994</b>	<b>2 665</b>
<b>Year ended 31 December 2022</b>			
Opening net book amount	1 671	994	2 665
Additions	-	4 130	4 130
Additions - capitalised development	2 074	-	2 074
Amortisation charge	(31)	(282)	(313)
<b>Closing net book amount</b>	<b>3 714</b>	<b>4 842</b>	<b>8 556</b>
<b>At 31 December 2022</b>			
Cost	3 745	5 158	8 903
Accumulated amortisation and impairment	(31)	(316)	(347)
<b>Net book amount</b>	<b>3 714</b>	<b>4 842</b>	<b>8 556</b>

### 11.1. DEVELOPMENT COSTS

During the 2022 and 2021 reporting periods, the Company has been developing its Laminar Flow Technology for its current and future salmon farming pools. Expenditures incurred during the development stages of these pools have been capitalized to the extent that they meet the requirements indicated in Note 3.3.



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## 12. PROPERTY, PLANT AND EQUIPMENT

<u>Property, plant and equipment</u>	<u>Land and buildings</u>	<u>Machinery and plant</u>	<u>Furniture, tools and others</u>	<u>Facilities for farming</u>	<u>Assets under construction</u>	<u>Total</u>
<i>(Amounts in NOK thousand)</i>						
<b>At 1 January 2021</b>						
Cost	3 823	-	1 905	-	214 731	220 459
Accumulated depreciation	-	-	(696)	-	-	(696)
<b>Net book amount</b>	<b>3 823</b>	<b>-</b>	<b>1 209</b>	<b>-</b>	<b>214 731</b>	<b>219 763</b>
<b>Year ended 31 December 2021</b>						
Additions	15 730	-	1 209	4 448	181 879	203 266
Disposals	-	-	(670)	-	-	(670)
Transfers	-	-	-	-	-	-
Depreciation	(111)	-	(229)	(1 452)	-	(1 792)
<b>Closing net book amount</b>	<b>19 442</b>	<b>-</b>	<b>1 519</b>	<b>2 996</b>	<b>396 610</b>	<b>420 567</b>
<b>At 31 December 2021</b>						
Cost	19 553	-	1 846	4 448	396 610	422 457
Accumulated depreciation	(111)	-	(327)	(1 452)	-	(1 890)
<b>Net book amount</b>	<b>19 442</b>	<b>-</b>	<b>1 519</b>	<b>2 996</b>	<b>396 610</b>	<b>420 567</b>
<b>Year ended 31 December 2022</b>						
Opening net book amount	19 442	-	1 519	2 996	396 610	420 567
Additions	6 588	1 066	3 052	39 384	37 895	87 985
Transfers	72 832	31 047	1 762	255 435	(361 076)	-
Depreciation	(312)	(1 359)	(1 010)	(7 485)	-	(10 166)
<b>Closing net book amount</b>	<b>98 550</b>	<b>30 754</b>	<b>5 323</b>	<b>290 330</b>	<b>73 429</b>	<b>498 386</b>
<b>At 31 December 2022</b>						
Cost	98 973	32 113	6 660	299 267	73 429	510 442
Accumulated depreciation	(423)	(1 359)	(1 337)	(8 937)	-	(12 056)
<b>Net book amount</b>	<b>98 550</b>	<b>30 754</b>	<b>5 323</b>	<b>290 330</b>	<b>73 429</b>	<b>498 386</b>

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Note 24 discloses information on the amount of property, plant and equipment that are pledged as security for borrowings.

Note 27 discloses information of contractual obligations to purchase, construct or develop property, plant and equipment or for repairs, maintenance or enhancements.

### 12.1. SIGNIFICANT ADDITIONS DURING THE PERIOD

#### Kvalnes land-based pool – Phase I

The additions made during the 2021 financial reporting period primarily relate to construction works on the Phase I investment in Kvalnes. This resulted in additions of assets under construction for approximately NOK 181 879 thousand.

During 2022, the Company continued testing the Phase I pool in Kvalnes, until the first release of smolt was made on June 25th. At that point in time, costs of Phase I pool in Kvalnes were reclassified from assets under construction to the relevant class of assets.

#### Kvalnes land-based facility – Phase II and Phase III

During 2021, the Company acquired additional land in Kvalnes, where Phase II and Phase III of the Kvalnes land-based facilities will be located.

There are ongoing scraping and excavation works for subsequent fish pools at the facility.

#### Fiskenes and Breivik

In addition, the Company acquired land and land rights for the Fiskenes and Breivik facilities. Additions to property, plant and equipment during 2022 related to these facilities amounting to approximately NOK 9 744 thousand are connected to zoning plans and purchase of property rights.

### 12.2. CAPITALISATION OF BORROWING COSTS

The amount of borrowing costs capitalized during the 2022 period has been NOK 3 487 thousand (2021: NOK 1 514 thousand), and the amount of assets under constructions have exceeded the amount of borrowings held by the Company.



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### 13. LEASES

The company acts as a lessee for a number of underlying assets. The Company does not act as a lessor and this has not been the case during 2022 or 2021.

#### 13.1. NATURE OF THE LESSEE'S LEASING ACTIVITIES

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 6 for further information).

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

#### 13.2. RIGHT-OF-USE ASSETS

Right-of-use assets <i>(Amounts in NOK thousand)</i>	Land and buildings	Machinery, equipment and other	Vehicles	Total
<b>At 1 January 2021</b>	<b>682</b>	<b>464</b>	<b>1 791</b>	<b>2 937</b>
<b>Year ended 31 December 2021</b>				
Additions	-	22 310	-	22 310
Depreciation charge	(259)	(136)	(411)	(806)
<b>At 31 December 2021</b>	<b>423</b>	<b>22 638</b>	<b>1 380</b>	<b>24 441</b>
<b>Year ended 31 December 2022</b>				
Additions	1 114	-	-	1 114
Depreciation charge	(382)	(2 223)	(411)	(3 016)
<b>At 31 December 2022</b>	<b>1 155</b>	<b>20 415</b>	<b>969</b>	<b>22 539</b>

Additions to right-of-use assets relating to 'machinery, equipment and other', amounting to NOK 22 310 thousand, are an integral part of the system of the 'Kvalnes land-based pool – Phase I' (see Note 12) and have therefore not been depreciated until the pool was transferred from 'assets under construction' at the end of June 2022.



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### 13.3. LEASE LIABILITIES

<b>Lease liabilities</b>	<b>2022</b>	<b>2021</b>
<i>(Amounts in NOK thousand)</i>		
At 1 January	18 059	2 937
Additions	1 115	15 539
Interest expense	700	443
Lease payments	(1 895)	(860)
<b>Balance at 31 December</b>	<b>17 979</b>	<b>18 059</b>
Current	4 683	1 713
Non-current	13 296	16 346

The following table discloses the maturity analysis for lease liabilities.

<b>Contractual maturities</b>	<b>2022</b>	<b>2021</b>
<i>(Amounts in NOK thousand)</i>		
Less than 1 year	4 786	1 760
1-3 years	8 531	8 464
4-5 years	6 298	7 358
More than 5 years	-	2 699
<b>Total contractual cash-flows</b>	<b>19 615</b>	<b>20 281</b>
Recognised as liabilities	17 979	18 059

### 13.4. AMOUNTS RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME AND STATEMENT OF CASH-FLOWS

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

<b>Amounts recognised in the income statement</b>	<b>2022</b>	<b>2021</b>
<i>(Amounts in NOK thousand)</i>		
Interest expense (included in finance cost)	700	443
Expense relating to short-term and low-value leases	789	278
Expense relating to depreciation	3 016	806

The total cash outflow for leases in 2022 has been NOK 2 682 thousand (2021: NOK 1 139 thousand).



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## 14. BIOLOGICAL ASSETS

### 14.1. MAIN JUDGMENTS AND ASSUMPTIONS FOR THE VALUATION OF THE BIOMASS

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.

As explained in the accounting policy in Note 3.7, 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. Equivalent effects can be expected when the source of the change is due to the deduction of costs to sell.

The following forward price obtained from Fish Pool have been considered by the Company for the expected harvesting dates for its biomass:

<u>Expected harvesting period</u> <i>(Amount in NOK per kg)</i>	<u>Forward price at 31.12.2022</u>
Q3-2023	75.5

As at 31 December 2022, the mortality for the live salmon in pools has been 1.7%, and the Company expects an additional 1.3% in mortality by harvest date, totalling 3.0% mortality rate over the life cycle.

#### 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



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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.

### 14.2. CARRYING AMOUNT RECONCILIATION OF BIOLOGICAL ASSETS

The only biological assets that the Company has at 31 December 2022 are those in the current operating pool. No roe, fry or smolt is held at cost.

<b>Volumes of biomass</b>	<b>2022</b>
<i>(Tonnes)</i>	
Volume of biomass in the pool at year-end (live weight)	233
<b>Total biological assets held at pool</b>	<b>233</b>

The table below provides a reconciliation of the biological assets held by the Company:

	<b>Tonnes</b>	<b>Carrying amount NOK thousand</b>
<b>Change in biological assets</b>	<b>2022</b>	<b>2022</b>
<b>Biological assets at 1 January</b>	-	-
Fair value adjustment at 31.12	-	14 285
<b>Biological assets at 31 December</b>	<b>233</b>	<b>14 285</b>

The cost of the smolt acquired in 2022, shown as part of biological assets at 31 December 2022, was NOK 5 233 thousand.



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### 14.3. SENSITIVITY ANALYSIS

The fair value of the biomass held by the Company would differ if other values would be used for its significant inputs. Consequently, the value may vary more than valuations based on historical costs. The value of the biomass is most significantly affected by changes in the estimate of (a) forward price of salmon; (b) biomass volume; and (c) discount rate.

The following table shows the sensitivity to given changes in parameters:

<b>Sensitivity analysis of biomass - effect on estimated fair value</b>	<b>2022</b>
<i>(Amounts in NOK thousand)</i>	
Change in discount rate +1%	(1 098)
Change in discount rate -1%	1 190
Changes in sales price +10 NOK/kg	2 795
Changes in sales price -10 NOK/kg	(2 795)
Changes in biomass volume +1% kg	61
Changes in biomass volume -1% kg	(61)

### 15. OTHER INVENTORIES

<b>Other inventories</b>	<b>2022</b>
<i>(Amounts in NOK thousand)</i>	
Fodder and packaging material	1 071
Others	91
<b>Total other inventories</b>	<b>1 162</b>



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### 16. OTHER CURRENT ASSETS

<b>Other current assets</b>	<b>2022</b>	<b>2021</b>	<b>1 January 2021</b>
<i>(Amounts in NOK thousand)</i>			
Other receivables	-	-	226
Prepayments	1 852	699	247
Government grants receivables	-	5 850	4 750
VAT receivables	5 838	11 581	12 317
Other current assets	113	401	69
<b>Total other current assets</b>	<b>7 803</b>	<b>18 531</b>	<b>17 610</b>

### 17. CASH AND CASH EQUIVALENTS

<b>Cash and cash equivalents</b>	<b>2022</b>	<b>2021</b>	<b>1 January 2021</b>
<i>(Amounts in NOK thousand)</i>			
<b>Cash at bank</b>	<b>82 911</b>	<b>14 918</b>	<b>148 846</b>
Restricted cash (payroll)	1 212	1 054	538
Unrestricted cash	81 699	13 864	148 308
<b>Total cash and cash equivalents</b>	<b>82 911</b>	<b>14 918</b>	<b>148 846</b>

#### 17.1. SHORT-TERM DEPOSITS

The Company does not hold bank deposits or other short-term, liquid investments. Short term deposits and the other short-term, liquid investments considered as cash equivalents meet the criteria set in the accounting policies explained in Note 3.9.

#### 17.2. 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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## 18. RECONCILIATION OF CASH-FLOWS FROM FINANCING ACTIVITIES

<u>Reconciliation cash flow from financing activities</u>	<u>Borrowings</u>	<u>Lease liabilities</u>	<u>Total</u>
<i>(Amounts in NOK thousand)</i>			
<b>Liabilities from financing activities at 1 January 2021</b>	-	2 937	2 937
Financing cash flow (payments)		(417)	(417)
Cash inflows from new borrowings	80 000	-	80 000
New leases	-	15 539	15 539
Other changes	363	-	363
<b>Liabilities from financing activities at 31 December 2021</b>	<b>80 363</b>	<b>18 059</b>	<b>98 422</b>
Financing cash flow (payments)	(1 958)	(1 195)	(3 153)
Cash inflows from new borrowings	45 000	-	45 000
New leases		1 115	1 115
Other changes	138	-	218
<b>Liabilities from financing activities at 31 December 2022</b>	<b>123 543</b>	<b>17 979</b>	<b>141 602</b>



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## 19. 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.

### 19.1. FINANCIAL ASSETS

<b>Financial assets</b>	<b>2022</b>	<b>2021</b>	<b>1 January 2021</b>
<i>(Amounts in NOK thousand)</i>			
<b>Debt instruments measured at amortised cost:</b>	<b>82 911</b>	<b>14 918</b>	<b>148 846</b>
Cash and cash equivalents	82 911	14 918	148 846
<b>Total financial assets</b>	<b>82 911</b>	<b>14 918</b>	<b>148 846</b>

### 19.2. FINANCIAL LIABILITIES

<b>Financial liabilities</b>	<b>2022</b>	<b>2021</b>	<b>1 January 2021</b>
<i>(Amounts in NOK thousand)</i>			
<b>Liabilities measured at amortised cost</b>	<b>151 883</b>	<b>148 112</b>	<b>32 726</b>
Borrowings	123 543	80 363	-
Lease liabilities	17 979	18 059	2 937
Trade and other payables	10 361	49 690	29 789
<b>Total financial liabilities</b>	<b>151 883</b>	<b>148 112</b>	<b>32 726</b>



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## 20. BORROWINGS

<b>Overview of borrowings</b>	<b>2022</b>	<b>2021</b>	<b>1 January 2021</b>
<i>(Amounts in NOK thousand)</i>			
<b>Non-current</b>			
Debt to credit institutions	54 875	13 500	-
Debt to related parties	-	50 363	-
Debt to other entities	12 500	14 167	-
<b>Total non-current borrowings</b>	<b>67 375</b>	<b>78 030</b>	-
<b>Current</b>			
Debt to credit institutions	4 000	1 500	-
Debt to related parties	50 501	-	-
Debt to other entities	1 667	833	-
<b>Total current borrowings</b>	<b>56 168</b>	<b>2 333</b>	-
<b>Total borrowings</b>	<b>123 543</b>	<b>80 363</b>	-

### 20.1. RELEVANT TERMS AND CONDITIONS

#### Debt with financial institutions

Andfjord Salmon drew down NOK 15 000 thousand on a loan facility during the 2021 reporting period. The loan matures in 2031. Interest and principal are paid on quarterly instalments. The interest rate is based on the relevant three-month NIBOR reference rate plus a margin of 2.50% p.a.

During 2022, the Company entered into an additional loan of NOK 45 000 thousand, 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.

#### Debt to related parties

During the reporting period, Andfjord Salmon also entered a NOK 50 000 facility with certain shareholders of the Company maturing in 2023. Interest is paid annually at a fixed nominal interest rate of 3.00%, and no principal is paid until it's maturity date.

#### Debt to other parties

During the 2021 reporting period, the Company entered a NOK 15 000 thousand loan facility with Innovasjon Norge maturing in 2031. Interest is paid biannually, and Innovasjon Norge may determine new rate terms at a six-month notice.

### 20.2. ASSETS PLEDGED AS SECURITIES FOR LIABILITIES

The debt to credit institutions required certain assets to be pledged as security, being property, plant and equipment, inventory, trade receivables and licenses. Further information about the amounts and classes of assets pledged is included in Note 24.

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## 20.3. COMPLIANCE WITH COVENANTS

The debt to financial institutions in 2022 and 2021 included 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 2022 and 2021 reporting period, and Management does not expect to breach any covenant in the foreseeable future.

## 21. FINANCIAL RISK AND CAPITAL MANAGEMENT

As indicated in Note 19, financial assets held by the Company mainly comprise cash and cash equivalents. Financial liabilities are mainly comprised of borrowings, lease liabilities; and trade payables.

In conducting its operations, the Company 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 Company. The Company has not entered into any derivative contracts to manage its exposure to financial risks during 2022 or 2021.

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.

### 21.1. CREDIT RISK

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

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

The Company has no trade receivables as of year-end, as smolt was released in the pool during 2022 and is not expected to generate any sale of mature salmon before the third quarter of 2023.

### 21.2. 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.



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### 21.2.1. Maturities

The following table discloses the maturity analysis for non-derivative liabilities (except for lease liabilities, which are disclosed in Note 13), showing its undiscounted remaining contractual liabilities:

At 31 December 2022	Carrying amount	Less than 3 months	3-12 months	1-5 years	More than 5 years	Total
<i>(Amounts in NOK thousand)</i>						
Borrowings	123 543	750	55 793	32 667	34 333	123 543
Trade payables	10 361	10 361	-	-	-	10 361
Other current liabilities	8 144	4 831	3 313	-	-	8 144
<b>Total financial liabilities</b>	<b>142 048</b>	<b>15 942</b>	<b>59 106</b>	<b>32 667</b>	<b>34 333</b>	<b>142 048</b>

At 31 December 2021	Carrying amount	Less than 3 months	3-12 months	1-5 years	More than 5 years	Total
<i>(Amounts in NOK thousand)</i>						
Borrowings	80 363	363	2 333	56 667	21 000	80 363
Trade payables	49 690	49 690	-	-	-	49 690
Other current liabilities	8 735	5 979	2 756	-	-	8 735
<b>Total financial liabilities</b>	<b>138 788</b>	<b>56 032</b>	<b>5 090</b>	<b>56 667</b>	<b>21 000</b>	<b>138 788</b>

At 1 January 2021	Carrying amount	Less than 3 months	3-12 months	1-5 years	More than 5 years	Total
<i>(Amounts in NOK thousand)</i>						
Borrowings	-	-	-	-	-	-
Trade payables	29 789	29 789	-	-	-	29 789
Other current liabilities	3 672	918	2 754	-	-	3 672
<b>Total financial liabilities</b>	<b>33 461</b>	<b>30 707</b>	<b>2 754</b>	<b>4 750</b>	<b>-</b>	<b>33 461</b>

### 21.2.2. Financing facilities

As at 31 December 2022, Andfjord Salmon had undrawn amounts on an overdraft credit facility with SpareBank 1 Nord-Norge amounting to NOK 20 000 thousand as of 31 December 2022. The overdraft credit facility carries an interest based on the relevant three-month NIBOR reference rate plus a margin of 2.50% p.a. Interest is paid on a quarterly basis.

The Company also has NOK 5 million of remaining loan facility from financial institutions at 31. December 2022, which are available under the current agreement to the extent that the Company complies with the relevant financial covenants.



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**21.3. 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 2022.



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### 21.3.1. Interest rate risk

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

<u>Sensitivity of changes in interest rates on borrowings</u> <i>(Amounts in NOK thousand)</i>	<u>Impact on profit after tax</u>	
	<u>2022</u>	<u>2021</u>
Increase in interest rate of 2%	(2 471)	(1 607)
Decrease in interest rate of 1%	1 235	804

The Company's exposure to interest rate risk arises from long-term borrowings with variable rates (see Note 20 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.

### 21.3.2. 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.

## 21.4. 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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## 22. EMPLOYEE BENEFITS

The Company has incurred in the following employee benefit expenses:

<b>Employee benefits</b>	<b>2022</b>	<b>2021</b>
<i>(Amounts in NOK thousand)</i>		
Salary expenses and bonuses	15 781	14 502
Share based payments	2 690	-
Other benefits	1 836	506
Social security cost	1 074	824
Pension cost (defined contribution)	1 830	1 570
<b>Total employee benefits</b>	<b>23 211</b>	<b>17 402</b>

During 2022, the average number of employees was 19 (2021: 17).

See Note 25.1 for further information on remuneration to its key management personnel.

### 22.1. DEFINED CONTRIBUTION PLANS

With respect to its defined contribution plans, Andfjord Salmon 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 2022 there were 17 members in the plan (2021: 17).

### 22.2. SHARE BASED PAYMENTS

In June 2022 Andfjord Salmon established a Long-Term Incentive Program for the Company's Management and employees, under which the Company 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.

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.

<b>Employee share option plan</b>	<b>Earliest exercise date - expiry date</b>	<b>Strike price</b>	<b>Number of options</b>
Number of options as at 1 January 2022	-	-	-
Options granted	1 January 2027 – 30 June 2031	41.945	503 520
Correction for employees who have left during the year			
<b>Number of options as at 31 December 2022</b>			<b>503 520</b>
Weighted average remaining vesting period			1.5 years



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The Company had no active share-based payment programs during 2021.

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

<u>Assumptions share-based payment program</u>	<u>2022</u>
Expected dividend yield	0,0 %
Historical volatility	35,6 %
Risk-free interest rate	3,0 %
Expected life of option (years)	5,5

Due to the Company'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.

## 23. SHARE CAPITAL

### 23.1. SHARE CAPITAL AND SHARE PREMIUM

As at 31 December 2022, the share capital consists of 41 038 927 ordinary shares (2021: 35 934 400 shares), with a par value of NOK 1.00 each. All shares are entitled to equal rights with respect to dividends, voting rights and other rights in accordance with Norwegian corporate law.

### 23.2. AUTHORISED SHARES AND AMOUNTS

	<u>Number of shares</u>		<u>Amounts in NOK thousand</u>	
	<u>31 Dec 2022</u>	<u>31 Dec 2021</u>	<u>31 Dec 2022</u>	<u>31 Dec 2021</u>
Authorised shares				
Fully paid ordinary shares	41 038 927	35 934 400	41 039	35 934
<b>Total share capital and share premium</b>	<b>41 038 927</b>	<b>35 934 400</b>	<b>41 039</b>	<b>35 934</b>



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## 23.3. MOVEMENTS IN ORDINARY SHARES

<u>Movements in ordinary shares</u>	<u>Number of shares</u>	<u>Par value per share (NOK)</u>	<u>Share premium total (TNOK)</u>	<u>Total (TNOK)</u>
<b>At 1 January 2021</b>				
Opening balance	35 791 900	1.00	352 511	388 303
Capital increase	142 500	1.00	4 715	4 858
<b>Closing balance at 31 December</b>	<b>35 934 400</b>	<b>1.00</b>	<b>357 226</b>	<b>393 161</b>
<b>At 1 January 2022</b>				
Opening balance	35 934 400	1.00	357 226	393 160
Capital increase	5 104 527	1.00	200 187	205 292
<b>Closing balance at 31 December</b>	<b>41 038 927</b>	<b>1.00</b>	<b>557 413</b>	<b>598 451</b>

Share capital and share premium as of 1 January 2021 consisted of ordinary shares and other paid-in equity in Andfjord Salmon AS. During 2021, the Company issued 142 500 ordinary shares at a par value of 1.00 NOK and a share capital increase of NOK 143 thousand was registered.

During 2022, the Company issued 5 104 527 ordinary shares at a par value of 1.00 NOK in connection with two separate private placements. As a result, a share capital increase of NOK 5 105 thousand was registered and the new registered share capital of the Company is NOK 41 039 thousand.

The Company acquired treasury shares during 2021. As of 31 December 2022, the Company held 5 (2021: 5 thousand) treasury shares amounting to NOK 185 thousand (2021: NOK 185 thousand). Treasury shares are recognised at cost. These are deducted from equity and no gain or loss is recognised on the purchase, sale, issue or cancellation of these shares.



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## 23.4. LIST OF THE 20 LARGEST SHAREHOLDERS AT 31 DECEMBER 2022

<u>Shareholders</u>	<u>Number of shares</u>	<u>Ownership percentage</u>
Andfjord Holding AS	5 114 525	12.5
Jerónimo Martins Agro-Alimentar, S.A.	4 323 493	10.5
KG Investment Comp AS	3 240 000	7.9
Skagerak Vekst AS	2 309 999	5.6
OG Invest AS	1 829 261	4.5
DNB Bank ASA	1 740 273	4.2
DNB Markets Aksjehandel/-analyse	1 515 714	3.7
Gjersvik	1 391 384	3.4
Traaseth Property AS	1 236 942	3.0
Verdipapirfondet DNB SMB	1 029 072	2.5
Euro TV AS	942 700	2.3
Sirius AS	855 000	2.1
Pershing LLC	742 409	1.8
Omniverse AS	627 000	1.5
Blue Marine Invest AS	618 086	1.5
Bliksmark AS	596 800	1.5
Okeanos Blue AS	533 503	1.3
Lani Invest AS	521 951	1.3
Eidsfjord Sjøfarm AS	512 322	1.2
Nutreco International B.V.	505 050	1.2
<b>Total 20 largest shareholders</b>	<b>30 185 484</b>	<b>73.6</b>



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#### 24. ASSETS PLEDGED AS SECURITY FOR LIABILITIES

Certain assets have been pledged as security in relation to the agreements to obtain the outstanding loans and credit facilities for the Company, see Note 20.2.

As of 31 December 2022, assets pledged as security included property, plant and equipment with a carrying amount of NOK 498 386 thousand (2021: NOK 420 567 thousand), and intangible assets with a carrying amount of NOK 8 556 thousand (2021: NOK 2 665 thousand).

Assets pledged as security in relation to the outstanding loans and credit facilities also include aquaculture permissions, biological assets, other inventories and trade receivables.



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## 25. RELATED PARTIES

### 25.1. KEY MANAGEMENT PERSONNEL COMPENSATION

*For the year ended 31 December 2022*

	Salary	Board remuneration	Pension costs	Share-based payments	Other remuneration	Total
<i>(Amounts in NOK thousand)</i>						
Martin Rasmussen, CEO	1 300	-	214	1 336	35	2 885
Bjarne Martinsen, CFO	1 100	-	173	240	4	1 517
Jostein Nilssen, Project director	-	-	-	-	-	-
Roger Brynjulf Møsand, Chairman	-	250	-	-	-	250
Roy Bernt Pettersen, Board member	-	125	-	-	-	125
Knut Roald Holmøy, Board member	-	125	-	-	-	125
Tore Traaseth, Board member	-	125	-	-	-	125
Bettina Flatland, Board member	-	125	-	-	-	125
Kim Marius Strandenæs, Board member	-	125	-	-	-	125
Antonio Serrano, Board member	-	63	-	-	-	63
Gro Skaar Knutsen, Board member	-	70	-	-	-	70



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	<i>For the year ended 31 December 2021</i>					
	Salary	Board remuneration	Pension costs	Share-based payments	Other remuneration	Total
<i>(Amounts in NOK thousand)</i>						
Martin Rasmussen, CEO	1 335	-	204	-	21	1 560
Bjarne Martinsen, CFO	1 008	-	175	-	8	1 191
Roger Brynjulf Mosand, Chairman	-	32	-	-	1	33
Roy Bernt Pettersen, Board member	1 203	234	169	-	8	1 614
Knut Roald Holmøy, Board member	-	125	-	-	-	125
Tore Traaseth, Board member	-	125	-	-	-	125
Bettina Flatland, Board member	-	125	-	-	-	125
Kim Marius Strandenæs, Board member	-	125	-	-	3	128
Gro Skaar Knutsen, Board member	-	-	-	-	1	1
Berit Pettersen, Deputy member	-	7	-	-	10	17

In connection with the Long-Term Incentive Program disclosed in Note 22.2, Martin Rasmussen was granted 250 000 options, with a total value of NOK 4 372 thousand. The conditions are the same as for the other employees. In addition, Martin Rasmussen owns 125 000 shares of the Company at 31 December 2022.

In addition to their roles as board members, Roger Mosand, Tore Traaseth and Kim Strandenæs have advised the Company in relation to financing. For this, RBM Invest (Roger Mosand) received NOK 355 thousand in 2022. Skagerak Vekst AS (Tore Traaseth) received NOK 92 thousand (2021: NOK 170 thousand). KS Invest AS (Kim Strandenæs) received NOK 960 thousand (2021: NOK 100 thousand).

## 25.2. TRANSACTIONS WITH OTHER RELATED PARTIES

Transactions with related parties	Relationship	2022	2021
<i>(Amounts in NOK thousand)</i>			
Financial advisory	Board members	1 411	270
Other operating expenses	Andfjord Holding AS	23	607
Interest expense	Majority shareholders	1 500	362
<b>Total related party profit or loss items</b>		<b>2 934</b>	<b>1 239</b>

Interest expense is generated by the shareholder loan agreement (see Note 20).



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## 25.3. BALANCES WITH RELATED PARTIES

The Company entered into a loan agreement with seven shareholders during 2021, amounting to NOK 50 000 thousand. See Note 20 for further information one the shareholder loan.

## 26. PROVISIONS AND CONTINGENT LIABILITIES

### 26.1. 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.

## 27. COMMITMENTS

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

<b>Capital commitments</b>	<b>2022</b>	<b>2021</b>	<b>1 January 2021</b>
<i>(Amounts in NOK thousand)</i>			
Property, plant and equipment	-	57 900	184 217
<b>Total capital commitments</b>	<b>-</b>	<b>57 900</b>	<b>184 217</b>



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## 28. CRITICAL JUDGEMENTS AND ESTIMATES

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different when, and to the extent that, uncertainty is resolved. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving significant estimates or judgements are:

- Estimate the fair value of the biomass – see note 14.

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.

## 29. 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. Transitions risk 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 (see Note 3.2), and on the assessment of impairment indicators (see Note 3.6).

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.



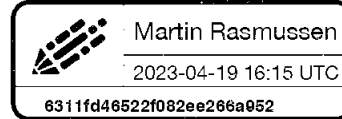
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### **30. EVENTS AFTER THE REPORTING PERIOD**

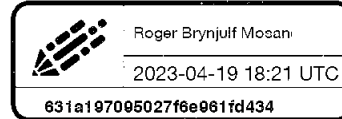
The Board of Directors and the CEO are not aware of any events that have occurred after the balance sheet date, or any new information regarding existing matters, that can have a material effect on the 2022 financial statements of the Company.



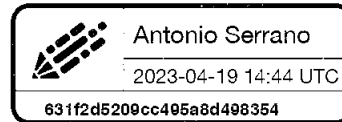
Martin Rasmussen



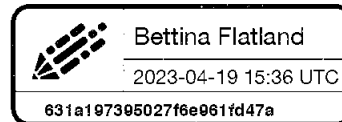
Roger Brynjulf Mosand



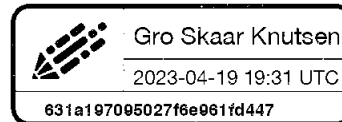
Antonio Serrano



Bettina Flatland



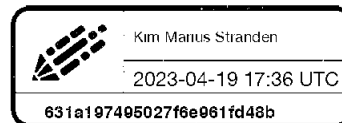
Gro Skaar Knutsen



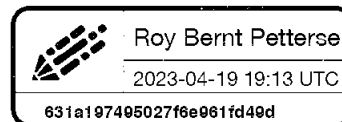
Knut Roald Holmøy



Kim Marius Strandenæs



Roy Bernt Pettersen

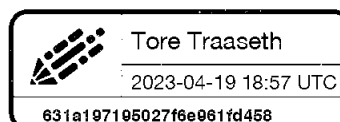




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Tore Traaseth



This document package contains:  
– Det originale dokumentet (54 pages)  
– Signature pages at the end (2 pages)