

ANNUAL
REPORT
2022

ORFJORD SALMON



CONTENTS

| | |
|--------------------------------|----|
| About Andfjord Salmon AS | 04 |
| Natural Flow System | 05 |
| Andfjord Salmon at a glance | 06 |
| Highlights 2022 | 08 |
| Letter from the CEO | 10 |
| Board of Directors report | 12 |
| Corporate governance statement | 16 |
| Financial report | 26 |
| ESG report | 74 |

ABOUT ANDFJORD SALMON™

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

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

For more information, see www.andfjordsalmon.com

69°N | ANDØYA
VESTERÅLEN
NORWAY

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



ANDFJORD SALMON AT A GLANCE

FOUNDED: 2014

LOCATION: ANDØYA, NORWAY

EURONEXT GROWTH: ANDF

GULF STREAM

Strategically located at Andøya
– with unique access to oxygen-rich
seawater at stable temperatures.



FIRST LOCATION

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



FISH FRIENDLY & SUSTAINABLE

Andfjord Salmon™ aims to build
the world's most fish-friendly and
environmentally friendly facility for
salmon, with the lowest possible energy
consumption and cost.



~90,000 TONNES IN TOTAL

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



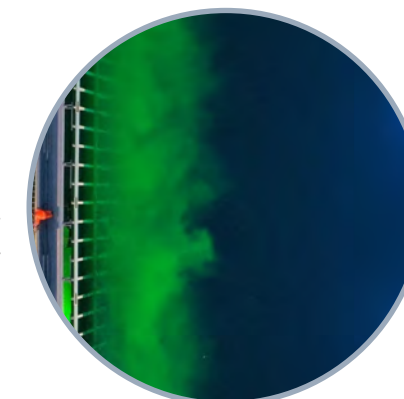
LOW ENERGY FACILITIES

No need to lift the water above the
surface. No need to heat or cool the
seawater, or other costly operations.



FLOW-THROUGH

A closed flow-through system combines
the benefits of both traditional and land-
based aquaculture while solving a number
of traditional farming issues.





HIGHLIGHTS 2022

EXCELLENT GROWTH AND FEED CONVERSION RATE

High growth rate during 2022: To 1,434 grams (average)
– ~40% higher than estimated. Accumulated feed conversion rate of 0.94.

SMOLT RELEASE

In June 2022, Andfjord Salmon successfully released smolt into the company's first land-based pool at Kvalnes, Andøya.

HIGH SURVIVAL RATE

Survival rate of 98.4 % per 31 December 2022, after 6+ months in the pool.

INDEPENDENT REPORT CONFIRMS STRONG BIOLOGICAL CONDITIONS

Research report by Nofima (Norwegian Institute of Food, Fisheries and Aquaculture Research) confirms favourable pool conditions and good fish welfare.

CALANUS PLUS BY ANDFJORD SALMON

In June, Andfjord Salmon, Skretting Norway and Sortland-based Zooca® signed a letter of intent to facilitate the provision of a specially designed salmon feed for Andfjord Salmon and a long term cooperation to increase the utilisation of the zooplankton Calanus finmarchicus in salmon feed.

APPROVED ZONING PLAN

The Andøy municipality council approved the zoning plan application from Andfjord Salmon for the development of a land-based fish farming facility at Breivik, Andøya (Andøy Industripark Breivik), Norway.

JERÓNOMI MARTINS INVESTS

Jerónimo Martins, a Portugal based international food industry group agreed to invest NOK 173.9 million (equivalent to approx. €16.8 million) in Andfjord Salmon through a direct private placement.

LOW ENERGY CONSUMPTION AND COSTS

Industry-leading energy efficiency:
Run-rate of 1 kWh per kilo produced salmon.



LETTER FROM THE CEO

GOOD BIOLOGY KEY TO STRONG PERFORMANCE FISH FARMING

In the 2021 annual report I addressed our plans and ambitions for our first pool at Kvalnes. Fast forward 12 months and I am proud to write that the Andfjord Salmon team has delivered as promised, with results above expectations.

Saturday 25 June 2022 marked the start of a new era for Andfjord Salmon. From this date we were not only a fish farming company in theory, but in practice too, as first smolt was released in our first pool at Kvalnes, Andøya, in Norway.

Everything the company had done over the past eight years had built up to this date, which was an immensely proud day for everyone at Andfjord Salmon, including our founder Roy Pettersen.

The smolt release went very well. According to some of my colleagues, who each have several decades of experience from ocean-based fish farming, it was one of the best smolt releases they have witnessed.

Biological conditions

Releasing fish in a pool is one thing. Ensuring that they constantly have the biological conditions to enjoy a healthy life in the pool is a much more complex matter altogether. Because the list of factors that affect the fish behaviour and health is almost endless.

That is why we are constantly monitoring a huge amount of physical and biological parameters to ensure that the fish is thriving and, if necessary, we detect and rectify things before they become a problem. We like to think that we have a solid operation with good biological control, led by highly experienced people.

Nevertheless, we are humble enough to understand that to become best, we must learn from the best. That is why we earlier this year engaged food research institute Nofima to write a welfare documentation report based on an extensive examination of the biological conditions in the first six months of operation of the first pool. Åkerblå was responsible for examination and documentation of fish health. Both Nofima and Åkerblå are independent experts with broad experience from and knowledge about the fish farming industry. They examined, analysed and assessed a large number of operational welfare indicators including physical and biological conditions in the pool, fish behaviour and fish health.

We at Andfjord Salmon are extremely proud of the summary in the Nofima report, which for example highlighted that water temperatures are higher and more stable than expected, that the water quality is high and fish very active as well as healthy. But why is this important, you may ask?

Key to growth

Simply because a thriving salmon is a fast-growing salmon, which is the key to a reliable and profitable fish farming operation. So when Nofima writes in its report that "The growth has been higher throughout the period than that indicated for fish in this weight and temperature range (4 to 14°C) by reference growth tables. It is also in the upper range of

values reported in several previous studies, overall", it means that the salmon in Andfjord Salmon's pool is in the upper range when it comes to growth.

When you combine this growth with an impressively high survival rate, and very low energy cost to achieve such growth conditions, we know that we have the building blocks in place to develop a highly profitable fish farming operation.

Next step

The first pool is, however, only the first step. The next step is to develop phase two of the development we call Kvalnes I. We have during 2022 worked intensively with suppliers to identify the most efficient plan for further development. We will invite shareholders to capital markets update during spring 2023 to present the plans for our next build-out phase,

Third annual sustainability report

Our ambition is still to develop the world's most fish friendly and sustainable fish farming facility of its kind. Everything we have achieved during 2022 has proven that this is a realistic ambition. To realise such a hefty ambition, it is vital that corporate development and sustainability are intertwined. The board's expectation to the management team is that every business decision is considered from a sustainability perspective too. Because we want to be able to serve our salmon with a clear conscience.

How sustainability is integrated with Andfjord Salmon's business strategy, our future targets and how we document our progress are detailed in our third annual sustainability report, which can be found on page XX of this annual report. I hope you will spend some time to digest how we utilise ESG as guideposts to generate long-term value creation for both society and our shareholders.

Martin Rasmussen
CEO of Andfjord Salmon

BOARD OF DIRECTORS REPORT

Nature of the enterprise

Andfjord Salmon is developing the aquaculture industry of the future, and has an ambition of building the most fish-friendly and sustainable aquaculture facility of its kind. The benefits of both sea and land-based salmon farming are combined to 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 of 10 000 MTB 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 eas 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’ debt, 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.

SIGN.

Sign.
Roger Brynjulf Mosand
Chair

Sign.
Tore Traaseth
Director

Sign.
Kim Strandenæs
Director

Sign.
Roy Bernt Pettersen
Director

Sign.
Knut Roald Holmøy
Director

Sign.
Gro Skaar Knutsen
Director

Sign.
Antonio Serrano
Director

Sign.
Bettina Flatland
Director

Sign.
Martin Rasmussen
CEO

Andøy
19 April 2023

CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("the Board") is responsible for ensuring that Andfjord Salmon AS ("Andfjord Salmon" or "the company") is organised, managed and controlled in an appropriate and satisfactory manner in full compliance with applicable laws and regulations.

The Board considers compliance with generally accepted corporate governance guidelines as an important prerequisite for long-term value creation. The company strives to ensure that its internal control mechanisms, organisation and management structures comply with good corporate governance principles.

The Norwegian Code of Practice for Corporate Governance (the "Code") does not apply on Euronext Growth Oslo. However, Andfjord Salmon has started to establish corporate governance systems and seeks to comply with the Code, taking into account that the company is a private (not public) limited liability company, and provides an annual corporate governance statement regarding its progress.

The principal purpose of the Corporate Governance Code is to ensure (i) that listed companies implement corporate governance that clarifies the respective roles of shareholders, the board of directors and executive management more comprehensively than what is required by legislation and (ii) effective management and control over activities with the aim of securing the greatest possible value creation over time in the best interest of companies, shareholders, employees and other parties concerned. The following statement explains how Andfjord Salmon addresses the 15 governance topics covered by the Code.

1. Implementation and reporting on corporate governance

The Board is aware of its responsibility for implementation of internal procedures and

regulations to ensure that the company complies with applicable principles for good corporate governance in line with Norwegian and applicable international standards.

The Board of the Company is actively involved in good corporate governance and will seek to ensure that the Company complies with the requirements of section 3-3b of the Norwegian Accounting Act, which is available at www.lovdata.no, and The Norwegian Code of Practice for Corporate Governance ("NUES"), last revised 14 October 2021, available at www.nues.no. If the Company deviates from NUES recommendation, Andfjord Salmon will adhere to the "comply or explain" principle for each and every clause in the recommendation.

According to Andfjord Salmon's own evaluation, the company deviates from the Corporate

Governance Code on the following points:

- Point 6 – General Meetings: The Public Companies Act stipulates that at least 21 days' notice must be given to call a general meeting of a listed company. As Andfjord Salmon is not a public limited liability company, but a private limited liability company, the Company adheres to the Companies Act which stipulates that at least 7 days' notice must be given to call a general meeting. Andfjord Salmon also deviates from the recommendation to have all board members present at the general meeting as the company has deemed it satisfactory to require the presence of the chairperson of the Board, the chairperson of the nomination committee, and the CEO.

- Point 9 – The work of the Board of Directors: Andfjord Salmon does not have an audit committee as the company is not considered a large company or regulated by the Public Companies Act.

- Point 11 – Remuneration of the Board of Directors: Andfjord Salmon deviates from the point that members of the board of directors and/or companies which they are associated should not take on specific assignments for the company in addition to their appointment as a member of the board.

The Board considers it of value to all shareholders that certain Board members, who possess specialist competence within their fields and have in-depth knowledge of Andfjord Salmon, can provide specific and clearly defined strategic and operation support to the company's administration, which remains small in size in line with the company's objective of running a cost-effective operation.

- Point 12 – Remuneration of executive personnel: Andfjord Salmon has not established guidelines for the remuneration of executive personnel as the Company is a private limited liability company that is not governed by the Public Companies Act.

- Point 14 – Take-overs: Due to the unpredictable nature of a takeover situation, the Company has decided not to implement detailed guidelines on take-over situations. In the event a takeover were to occur, the Board will act in accordance with applicable regulations as well as the general principles of the stock market if such a situation should occur.

2. Business

Andfjord Salmon (ANDF) has developed an innovative and sustainable aquaculture concept for land-based farming of Atlantic salmon. The company's ambition is to build the world's most sustainable and fish-friendly aquaculture facility of its kind.

Andfjord Salmon is a limited liability company organized under the laws of Norway and subject to the provisions of the Norwegian Limited Liability Companies Act.

Andfjord Salmon's purpose is currently defined in the Articles of Association as follows: The company's business is to conduct land-based farming of fish and other matters that naturally coincide with this, including participating in other companies with similar activities, acquiring and divesting shares, or otherwise becoming interested in other businesses including provision of consulting services.

Andfjord Salmon each year publishes a sustainability report where it presents the main social, societal, and environmental challenges Andfjord Salmon faces, and how the company approaches them. Following dialogue with the company's key stakeholders, Andfjord Salmon has identified five priority areas – environment, occupational health and safety, supply chain transparency and control, local value creation, and working environment – that are integrated with the company's business strategy, and concrete goals are each year defined to improve Andfjord Salmon's performance within these areas.

To discuss and evaluate goals, strategy and risk profile, the Board conducts an annual strategy meeting, where the main purpose is to set the long-term direction for the company. This takes into account financial, social and environmental considerations plus the company's impact on people.

A further description of the company's operations, goals, strategy, and risk profile is provided in the group's annual report, which shows how the company's operations and strategies are aligned with objectives defined in the Articles of Association.

3. Equity and dividends

The company's solidity is continuously assessed based on the company's goals, strategies and risk profile. Andfjord Salmon aims to give shareholders a competitive long-term return. Based on Andfjord Salmon's capital requirements for its ongoing development projects, it is unlikely that the Company will pay dividend in the near future. Shareholders' return should therefore primarily be realised through an increase in the value of their shares. However, dividends can be relevant in the future, when the circumstances permit it. Any potential future dividend payment will be determined by the General Meeting, based on the Board's proposal.

The shareholders can give the Board the authority to increase the share capital or purchase the Company's own shares at the Annual General Meeting.

The General Meeting has given the Board authorisation to increase the company’s share capital in connection with capital raises to finance the company’s business, in connection with acquisitions and mergers, and through share issues aimed at the company’s employees and board members and share option programme for employees. The current mandate is valid until the next Annual General Meeting however no longer than 30 June 2023.

4. Equal treatment of shareholders

Equal treatment of all shareholders is a core governance principle. Andfjord Salmon has one class of shares and is listed on Euronext Growth Oslo under the ticker ANDF. Each share carries one vote at the General Meeting.

In situations where normal preferential rights shall be deviated from, the company’s Board is proposed to prepare grounds for such a decision in accordance with the Norwegian Code of Practice for Corporate Governance and shall present these to the General Meeting.

The General Meeting has given the Board authorisation to acquire shares in Andfjord Salmon, on behalf of the company, with an aggregate nominal value of up to NOK 3,689,399. If applicable, any transaction the company carries out in its own shares will be purchased through ordinary trade on Euronext Growth or at prevailing stock price if carried out in any other way. The authorisation is valid until the next Annual General Meeting however no longer than 30 June 2023.

5. Share and negotiability

All Andfjord Salmon shares carry equal rights and are freely negotiable. The Company’s articles of association do not contain any form of restriction on negotiability.

6. General Meetings

The interest of the company’s shareholders is exercised at the General Meetings (GM). The Annual General Meeting is usually held between the end of April and beginning of June. The meeting for 2022 is scheduled on 11 May 2023. The General Meetings deal with and decide on the following matters:

- Adoption of income statement and balance sheet.
- Application of profit or coverage of deficit pursuant to the adopted income statement and balance sheet as well as distribution of dividends.
- Election of board of directors. The general meeting shall elect the chairman of the board.
- Other issues that pursuant to the provisions of the Norwegian laws and Articles of Association are to be treated by the General Meeting.

All shareholders with known address registered in the Norwegian Central Securities Depository (VPS) will receive an invitation to the GM. The invitation is sent at least one week prior to the meeting. Other documents will be made available at Andfjord Salmon’s website. A shareholder may request a print of documents relating to matters to be dealt with at the GM.

The deadline for shareholders to give notice of their intention to attend the meeting is one day prior to the meeting.

Shareholders who are unable to attend the GM may vote by proxy. The proxy form is designed in such a way that voting instructions may be given for each item on the agenda.

The chairperson of the Board, the chairperson of the nomination committee and the CEO are present at the GM, in addition to other Board members when appropriate. Andfjord Salmon has not deemed it necessary to require the presence of all members of the Board at the GM. The general meeting is able to elect an independent chairperson for the general meeting. All shares carry an equal right to vote at General Meetings. Resolutions at GMs are normally passed by simple majority unless otherwise is required by Norwegian law.

The minutes of the GM are made available on Andfjord Salmon’s website.

7. Nomination committee

Pursuant to Andfjord Salmon’s Articles of Association, the company shall have a nomination committee, which is elected by the general meeting. Andfjord Salmon’s nomination committee is called “election committee”, but is in this document referred to as “nomination committee”.

The committee nominates candidates to chairperson, board members, any deputy members to the Board, and members of the nomination committee.

As part of its nomination process, the committee will have contact with major shareholders, the Board and the company’s executive management to ensure that the process takes both the Board’s and the company’s needs into consideration. A justification for a candidate will include information on each candidate’s competence, capacity and independence.

Further, the nomination committee submits proposals to the general meeting regarding remuneration to the board and the nomination committee.

Andfjord Salmon’s nomination committee currently consists of the following members, who have been elected for the period 2021 - 2023: Rode S. Rønning-Hansen (chair), Oddvar Fosse and Rita Karlsen.

All members of the nomination committee are independent of the Board and the company’s executive personnel. The nomination committee does not include any executive personnel or any member of the company’s board of directors. Information regarding the committee members and its procedures is available on the company’s website. Information about how input and proposals may be submitted to the committee is available on the company’s website.

8. Board of directors, composition and independence

Pursuant to Andfjord Salmon’s Articles of Association, the company’s Board shall consist of three to eight members.

The current Board consists of eight members. The chairperson and Board members are elected by the GM.

At GMs in 2021, the shareholders elected the following seven members to the Board:

| | |
|-----------------------|-------------|
| Roger Brynjulf Mosand | Chairperson |
| Roy Bernt Pettersen | Director |
| Tore Traaseth | Director |
| Knut Roald Holmøy | Director |
| Bettina Flatland | Director |
| Kim Marius Strandenæs | Director |
| Gro Skaar Knutsen | Director |

Further, António Serrano was elected to the Board at an Extraordinary General Meeting on 1 July 2022.

Andfjord Salmon strive to ensure that the Board has a composition necessary to safeguard the interest of the shareholders. The Board consider its composition to be diverse and competent with respect to expertise and capacity related to the company’s objectives, main challenges and the common interest of all shareholders. The board consists of six men and two women.

Roy Bernt Pettersen and Tore Traaseth are large shareholders in the company. Kim Marius Strandenæs is employed by UFI AS, which is a large shareholder in Andfjord Salmon. António Serrano is employed by Jerónimo Martins Agro-Alimentar, S.A., which is a large shareholder in Andfjord Salmon. All board members are independent of the of the company’s executive personnel. Further, Bettina Flatland, Knut Roald Holmøy, Roger Brynjulf Mosand and Gro Skaar Knutsen are independent of the major shareholders.

The Board does not include executive management.

Information about each board member is available on the Company’ website.

All board members apart from Kim Marius Strandenæs, Knut Roald Holmøy, Gro Skaar Knutsen and António Serrano own shares in the company. None of the board members hold share options.

9. The work of the board of directors

The Board has the overall responsibility to oversee the organisation, operation and management of Andfjord Salmon, whilst the CEO is responsible for day-to-day management. This means that the Board is responsible for how to organize the company's activities and establishing systems in order to ensure that Andfjord Salmon operates in compliance with laws and regulations, corporate governance guidelines and the guidelines defined in the company's Code of Conduct.

The Board is also responsible for ensuring that the interests of shareholders and other interested parties are safeguarded in a satisfactory manner. The Board has prepared and adopted rules and procedures for the Board of Directors. The Board has an annual plan for its work to ensure that all important issues and business areas are covered, emphasizing objectives, strategy, and implementation of the company's business plan in particular. The rules and procedures for the Board includes instructions to ensure that the company's impact on the economy, environment and people is managed adequately.

The rules of procedures for the Board incorporates procedures on how potential agreements with related parties should be handled.

Andfjord Salmon does not have an audit committee as the company is not considered a large company or regulated by the Public Companies Act.

Andfjord Salmon does not have a remuneration committee. As all Board members are independent of the company's executive personnel, it is the Board's view that it is a suitable body to help ensure a thorough and independent preparation of matters relating to compensation paid to the executive personnel.

The Board evaluates its own performance and expertise on an annual basis. The evaluation is submitted to the nomination committee.

10. Risk management and internal control

The Board ensures that the Company has good internal control and appropriate systems for risk management in relation to the nature and extent of the company's activities. The Board's work with internal control encompasses the company's corporate values and Code of Conduct.

Andfjord Salmon has developed and implemented a management framework and internal control systems that are deemed appropriate for the company's size and operational maturity.

The Board discusses and assesses the group's risk exposures, systems, routines, and internal control to mitigate these risks on an annual basis. Internal control procedures, limiting authorisations, organisational changes and increased reporting are part of the improvements. Procedures have been established for the regular reporting of financial statements. Furthermore, management regularly reports to the Board on the progress of the company's development and other operational processes.

As part of ongoing risk management efforts, the Board and management carry out specific risk reviews of major investments and contracts. As part of the annual budget and strategy process, the Board and executive management conduct an annual review to discuss and identify external and internal opportunities and threats for the group. In addition, the Board carries out a thorough review of the company's financial status in the annual Directors' Report.

11. Remuneration of the Board of Directors

Remuneration of the Board is determined by the GM, based on recommendation from the nomination committee. The recommendation is normally linked to the Board members responsibilities, competence and time commitment, taking the company's size and complexity into consideration.

The remuneration is not linked to the company's performance. There is no share option programme for the Board of Directors. Members of the Board, including companies with whom they are associated, are usually not given separate assignments by Andfjord Salmon in addition to their function as directors.

Such assignments will be based on approval from the Board. The stipulation that members of the board of directors should not undertake additional assignments for the company is based on the need for members of the board to be independent of the company's executive personnel. Currently, board member Roy Bernt Pettersen is employed by Andfjord Salmon to work on certain development projects. However, Roy Bernt Pettersen is not a member of Andfjord Salmon's management team and is therefore considered independent of the company's executive personnel. As Pettersen is the co-founder of Andfjord Salmon, the Board considers it of value to all the company's shareholders that he is actively engaged in the development of the company. Further, Board members Kim Marius Strandenæs and Tore Traaseth, who both have extensive capital markets experience, and chairman Roger Brynjulf Mosand with his extensive aquaculture industry experience, have during 2022 supported the company's administration with specialist competence and capacity related to Andfjord Salmon's financing and business development processes. The Board considers it of value to all shareholders that Board members, who have in-depth knowledge of Andfjord Salmon, can provide specific and clearly defined strategic and operation support to the company's administration, which remains small in size in line with the company's objective of running a cost-effective operation.

Any remuneration in addition to normal directors' fees is specified in Andfjord Salmon's annual report.

12. Salary and other remuneration of executive personnel

The Board determines the principles applicable to the group's policy for compensation of executive management.

The Board is directly responsible for determining the CEO's salary and other benefits. The CEO is, in consultation with the chairperson of the Board, responsible for determining the salary and other benefits for the group's other senior executives.

As Andfjord Salmon is not public company governed by the Public Companies Act, the company is not required to prepare guidelines for the remuneration of executive personnel. The Board's view on management compensation is that it should be competitive and motivating, but not above observed market levels, and help ensure that the executive personnel and shareholders have convergent interests.

Management compensation consists of fixed sum base salary and share options. The Board has the opportunity to allocate discretionary annual performance bonuses to members of management. So far, such bonuses have been limited to the equivalent of two months' salary. In 2023, the Board aims to define specific guidelines, targets and for a performance-related bonus scheme for executive personnel.

13. Information and communication

Andfjord Salmon's reporting and communication policy takes into account the requirement for equal treatment of all stakeholders in the financial markets.

The company has established guidelines for reporting of financial and other information. The purpose of these guidelines is to ensure that timely and correct information is made available to shareholders and other stakeholders. A financial calendar and other shareholder information, including the company's investor relations policy, is available on the company's website.

All information distributed to the company's shareholders is published simultaneously to the company's website and at Newsweb.no (Oslo stock exchange's distribution channel).

14. Take-overs

The company's Articles of Association do not include defence mechanisms aimed towards take-over bids, nor are any other obstacles implemented with the objective of reducing the trade and/or transferability of the company's shares.

The shares are freely negotiable. Transparency and equal treatment of the shareholders are fundamental principles the company adheres to. No additional principles have been established for how Andfjord Salmon will or should act with respect to takeover bids, but the Board will act in accordance with applicable regulations as well as the general principles of the stock market if such a situation should occur.

15. Auditor

The external auditor is independent in relation to Andfjord Salmon and elected by the Annual General Meeting. The auditor's fee is approved by the GM.

The auditor conducts a yearly meeting with the Board in connection with the review of the annual accounts. The company's internal control systems and routines are addressed in the same meeting. The Board reviews the yearly audit plan with the auditor together with identified weaknesses and suggestions for improving the company's internal control.

It has not been deemed necessary by the Board to implement additional guidelines regarding the use of the auditor for services other than auditing.





STATEMENT OF COMPREHENSIVE INCOME

| Amounts in NOK thousand | Notes | 2022 | 2021 |
|------------------------------------------------------------|------------|-----------------|-----------------|
| Revenue from contracts with customers | | - | - |
| Other operating income | | 113 | - |
| Total operating revenue | | 113 | - |
| 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 | 6 | (21 691) | (14 968) |
| Operating profit/(loss) | | (56 111) | (34 405) |
| Financial income | 7 | 1 836 | 283 |
| Financial costs | 7 | (2 402) | (288) |
| Financial income/(expenses), net | | (566) | (5) |
| Profit/(loss) before income tax | | (56 677) | (34 410) |
| Income tax expense | 9 | - | - |
| PROFIT/(LOSS) FOR THE PERIOD | | (56 677) | (34 410) |
| Net other comprehensive income/(loss) | | | - |
| COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR | | (56 677) | (34 410) |
| Earnings per share (in NOK): | | | |
| Basic earnings per share | 10 | (1.48) | (0.96) |
| Diluted earnings per share | 10 | (1.48) | (0.96) |

STATEMENT OF FINANCIAL POSITION

| Amounts in NOK thousand | Notes | 2022 | 2021 | 1 January 2021 |
|--------------------------------------|--------|----------------|----------------|----------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| 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 |
| Total non-current assets | | 529 570 | 447 797 | 224 079 |
| Current assets | | | | |
| 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 |
| Total current assets | | 106 161 | 33 449 | 166 456 |
| TOTAL ASSETS | | 635 731 | 481 246 | 390 535 |
| EQUITY AND LIABILITIES | | | | |
| EQUITY | | | | |
| 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 | - | - |
| Total equity | | 475 704 | 324 399 | 354 137 |
| LIABILITIES | | | | |
| Borrowings | 18, 20 | 67 375 | 78 030 | - |
| Lease liabilities | 13 | 13 296 | 16 346 | 2 262 |
| Total non-current liabilities | | 80 671 | 94 376 | 2 262 |
| 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 |
| Total current liabilities | | 79 356 | 62 471 | 34 136 |
| Total liabilities | | 160 027 | 156 847 | 36 398 |
| TOTAL EQUITY AND LIABILITIES | | 635 731 | 481 246 | 390 535 |

Sign.
Roger Brynjulf Mosand
Chair

Sign.
Tore Traaseth
Director

Sign.
Kim Strandenæs
Director

Sign.
Roy Bernt Pettersen
Director

Sign.
Knut Roald Holmøy
Director

Sign.
Gro Skaar Knutsen
Director

Andøy
19 April 2023

Sign.
Antonio Serrano
Director

Sign.
Bettina Flatland
Director

Sign.
Martin Rasmussen
CEO

STATEMENT OF CASH FLOWS

| Amounts in NOK thousand | Notes | 2022 | 2021 |
|--------------------------------------------------------------------------|------------|-----------------|------------------|
| CASH FLOW FROM OPERATING ACTIVITIES: | | - | - |
| Profit/(loss) before income tax | | (56 677) | (34 410) |
| Adjustments to reconcile profit/loss before tax to net cash flow: | | | |
| Depreciation and amortisation | 11, 12, 13 | 13 603 | 2 035 |
| Finance income/(expense), net | 7 | 566 | 5 |
| Share-based payment expense | | 2 690 | - |
| Fair value adjustments of biological assets | | (14 285) | - |
| Working capital changes: | | | |
| Increase in other inventories and biological assets at cost | 15 | (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) |
| Net cash flow from operating activities | | (88 443) | (10 365) |
| CASH FLOW FROM INVESTMENT ACTIVITIES: | | | |
| Payment for property, plant and equipment | 12 | (89 497) | (213 738) |
| Proceeds from sale of property, plant and equipment | 12 | - | 670 |
| Payment for intangible assets | 11 | (6 204) | (1 479) |
| Payment before commencement date of leases | 13 | - | (6 771) |
| Receipt of government grants | 8 | 5 000 | 13 500 |
| Net cash flow from investing activities | | (90 702) | (207 818) |
| CASH FLOW FROM FINANCING ACTIVITIES: | | | |
| Equity received | 23.3 | 205 292 | 4 857 |
| Proceeds from borrowings | 18 | 45 000 | 80 000 |
| Repayment of borrowings | 18 | (1 958) | - |
| Payment of principal portion of lease liabilities | 13, 18 | (1 195) | (417) |
| Acquisition of treasury shares | | - | (185) |
| Net cash flow from financing activities | | 247 139 | 84 255 |
| 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 |

STATEMENT OF CHANGES IN EQUITY

| | Notes | Share Capital | Share premium | Retained earnings | Other reserves | Total equity |
|-----------------------------------------------------|-------|---------------|----------------|-------------------|----------------|----------------|
| Amounts in NOK thousand | | | | | | |
| Balance at 31 December 2020 (Norwegian GAAP) | | | | | | |
| | | 35 792 | 318 345 | - | - | 354 137 |
| Changes from the IFRS adoption | 4 | | 34 166 | (34 166) | - | - |
| Balance at 1 January 2021 | | | | | | |
| | | 35 792 | 352 511 | (34 166) | - | 354 137 |
| Profit for the year | | - | - | (34 410) | - | (34 410) |
| Other comprehensive income | | - | - | - | - | - |
| Total comprehensive income | | - | - | (34 410) | - | (34 364) |
| Capital increase | | 142 | 4 715 | - | - | 4 857 |
| Purchase of treasury shares | | - | - | (185) | - | (185) |
| Balance at 31 December 2021 | | | | | | |
| | | 35 934 | 357 226 | (68 761) | - | 324 399 |
| Balance at 1 January 2022 | | | | | | |
| | | 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 |
| Balance at 31 December 2022 | | | | | | |
| | | 41 039 | 557 413 | (125 438) | 2 690 | 475 704 |

| | |
|--------------------------------------------------------|----|
| Corporate Information | 32 |
| Basis of Preparation | 32 |
| First-time Adoption of IFRS | 32 |
| Overview of significant accounting policies | 33 |
| Segment Information | 44 |
| Other Operating Expenses | 44 |
| Finance Income and Costs | 45 |
| Government grants | 45 |
| Income tax | 46 |
| Earnings per share | 47 |
| Intangible assets | 48 |
| Property, plant and equipment | 49 |
| Leases | 50 |
| Biological assets | 53 |
| Other inventories | 55 |
| Other current assets | 56 |
| Cash and cash equivalents | 56 |
| Reconciliation of Cash-Flows from Financing Activities | 57 |
| Financial Assets and Liabilities | 58 |
| Borrowings | 59 |
| Financial risk and capital management | 60 |
| Employee benefits | 63 |
| Share capital | 63 |
| Assets pledged as security for liabilities | 67 |
| Related parties | 68 |
| Provisions and contingent liabilities | 70 |
| Commitments | 70 |
| Critical judgements and estimates | 71 |
| Events After the Reporting Period | 71 |

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 kroner), 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.

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

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

the location and condition necessary for them to be capable of operating in the manner intended by management.

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:

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.
- 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.

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.

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.

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 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, unmatured 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’.

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.

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.

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.

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.

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.

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)

| Amounts in NOK thousand | Notes | Norwegian GAAP | Adjustments and reclassifications | IFRS 1 January 2021 |
|---------------------------------|-------|-------------------|--------------------------------------|------------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Intangible assets | | 1 220 | - | 1 220 |
| Property, plant and equipment | B | 223 842 | (4 079) | 219 763 |
| Right-of-use assets | A | - | 2 937 | 2 937 |
| Other non-current assets | | 159 | - | 159 |
| Total non-current assets | | 225 221 | (1 142) | 224 079 |
| Current assets | | | | |
| Intangible assets | | | - | - |
| Property, plant and equipment | | | - | - |
| Other current assets | | 17 609 | 1 | 17 610 |
| Cash and cash equivalents | | 148 846 | - | 148 846 |
| Total current assets | | 166 455 | 1 | 166 456 |
| TOTAL ASSETS | | 391 676 | (1 141) | 391 535 |

| Amounts in NOK thousand | Notes | Norwegian GAAP | Adjustments and reclassifications | IFRS 1 January 2021 |
|--------------------------------------|-------|-------------------|--------------------------------------|------------------------|
| EQUITY AND LIABILITIES | | | | |
| EQUITY | | | | |
| Share capital | | 35 792 | - | 35 792 |
| Share premium | G | 318 345 | 34 166 | 352 511 |
| Retained earnings | G | - | (34 166) | (34 166) |
| Total equity | | 354 137 | - | 354 137 |
| LIABILITIES | | | | |
| Borrowings | | - | - | - |
| Lease liabilities | A | - | 2 262 | 2 262 |
| Other long term liabilities | B | 4 078 | (4 078) | - |
| Total non-current liabilities | | 4 078 | (1 816) | 2 262 |
| Lease liabilities | A | - | 675 | 675 |
| Trade payables | | 29 789 | - | 29 789 |
| Other current liabilities | | 3 672 | - | 3 672 |
| Total current liabilities | | 33 461 | 675 | 34 136 |
| Total liabilities | | 37 539 | (1 141) | 36 398 |
| TOTAL EQUITY AND LIABILITIES | | 391 676 | (1 141) | 390 535 |

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

| Amounts in NOK thousand | Notes | Norwegian GAAP | Adjustments and reclassifications | IFRS 31 December 2021 |
|---------------------------------|------------|-------------------|--------------------------------------|--------------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| 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 |
| Total non-current assets | | 431 777 | 16 020 | 447 797 |
| Current assets | | | | |
| Other current assets | E | 33 673 | (15 142) | 18 531 |
| Cash and cash equivalents | | 14 918 | - | 14 918 |
| Total current assets | | 48 591 | (15 142) | 33 449 |
| TOTAL ASSETS | | 480 368 | 878 | 481 246 |

| Amounts in NOK thousand | Notes | Norwegian GAAP | Adjustments and reclassifications | IFRS 31 December 2021 |
|--------------------------------------|------------|-------------------|--------------------------------------|--------------------------|
| EQUITY AND LIABILITIES | | | | |
| EQUITY | | | | |
| 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 | - |
| Total equity | | 323 273 | 1 126 | 324 399 |
| LIABILITIES | | | | |
| 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) | - |
| Total non-current liabilities | | 98 670 | (4 294) | 94 376 |
| 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 |
| Total current liabilities | | 58 425 | 4 046 | 62 471 |
| Total liabilities | | 157 095 | (248) | 156 847 |
| TOTAL EQUITY AND LIABILITIES | | 480 368 | 878 | 481 246 |

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)

| Amounts in NOK thousand | Notes | NGAAP | Adjustments and reclassifications | IFRS 31 December 2021 |
|-------------------------------------------------|-------|-----------------|--------------------------------------|--------------------------|
| Revenue from contracts with customers | | - | - | - |
| Other operating income | | - | - | - |
| Total operating revenue | | - | - | - |
| 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) |
| Operating profit/(loss) | | (34 460) | 55 | (34 405) |
| Financial income | | 283 | - | 283 |
| Financial expenses | A, F | (1 359) | 1 071 | (288) |
| Net financial result | | (1 076) | 1 071 | (5) |
| Profit/(loss) before income tax | | (35 536) | 1 126 | (34 410) |
| Income tax expense | B | - | - | - |
| PROFIT/(LOSS) FOR THE PERIOD | | (35 536) | 1 126 | (34 410) |
| Net other comprehensive income/(loss) | | - | - | - |
| COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR | | (35 536) | 1 126 | (34 410) |

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)

| | | Norwegian | Adjustments and | IFRS |
|--------------------------------------------------------------------------|------------|------------------|-------------------|------------------|
| Amounts in NOK thousand | Notes | GAAP | reclassifications | 31 December 2021 |
| CASH FLOW FROM OPERATING ACTIVITIES: | | | | |
| Profit/(loss) before income tax | | (35 536) | 1 126 | (34 410) |
| Adjustments to reconcile profit/loss before tax to net cash flow: | | | | |
| Depreciation and amortisation | A | 1 229 | 806 | 2 035 |
| Finance income/(expense), net | | - | 5 | 5 |
| Working capital changes: | | | | |
| 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) |
| Net cash flow from operating activities | | (20 621) | 10 256 | (10 365) |
| CASH FLOW FROM INVESTMENT ACTIVITIES: | | | | |
| Payment for property, plant and equipment | E, F, H, A | (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 |
| Net cash flow from investing activities | | (207 821) | 3 | (207 818) |
| CASH FLOW FROM FINANCING ACTIVITIES: | | | | |
| 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) |
| Net cash flow from financing activities | | 94 514 | (10 259) | 84 255 |
| 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 |

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 if 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'.

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.

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.

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.

6 OTHER OPERATING EXPENSES

| Other operating expenses | 2022 | 2021 |
|-----------------------------------------------------------------|---------------|---------------|
| (Amounts in NOK thousand) | | |
| 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 |
| Total other operating expenses | 21 691 | 14 968 |

| Auditor's remuneration | 2022 | 2021 |
|---------------------------------------|------------|------------|
| (Amounts in NOK thousand) | | |
| Statutory audit fees | 338 | 177 |
| Other assurance services | 53 | 15 |
| Total other operating expenses | 391 | 192 |

7 FINANCE INCOME AND COSTS GOVERNMENT GRANTS

| Finance income and costs | 2022 | 2021 |
|---------------------------------------|----------------|----------------|
| (Amounts in NOK thousand) | | |
| Financial income | 1 836 | 282 |
| Interest from bank deposit | 1 790 | 279 |
| Other financial income | 46 | 3 |
| Financial costs: | (5 888) | (1 801) |
| 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) |
| Capitalised borrowing costs | 3 486 | 1 514 |
| Net finance result | (566) | (5) |

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 will continue to be presented as 'other non-current liabilities', as the conditions are such that the grant must be repaid if the project becomes commercially profitable.

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), of which the remaining 50% will be paid in line with progress of the first production cycle. This remaining payment has not been recognised in the financial statements as at 31 December 2022.

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

Others

During 2022 the Company has received grants of NOK 1 100 thousand from Samskap. 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.

9 INCOME TAX

9.1 INCOME TAX EXPENSE

| Income tax expense | 2022 | 2021 |
|---------------------------------|----------|----------|
| (Amounts in NOK thousand) | | |
| Current income tax | - | - |
| Change in deferred tax | - | - |
| Total income tax expense | - | - |

9.2 DEFERRED TAX BALANCES

| Deferred tax balances | 2022 | 2021 | 1 January 2021 |
|-------------------------------------------------------------|--------------|---------------|-------------------|
| (Amounts in NOK thousand) | | | |
| 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 | - |
| Total deferred tax relating to temporary differences | 5 122 | 11 650 | 5 230 |
| Tax losses to carry forward | 161 912 | 91 549 | 54 629 |
| Not included in the deferred tax calculation | (167 034) | (103 199) | (59 859) |
| Basis for deferred tax assets (liabilities) | - | - | - |
| Carrying value of deferred tax assets (liabilities) | - | - | - |

Deferred tax asset is not recognized in the balance sheet.

9.3 RECONCILIATION OF INCOME

TAX EXPENSE

| Reconciliation of income tax expense | 2022 | 2021 |
|---------------------------------------------------------------------|----------|----------|
| (Amounts in NOK thousand) | | |
| 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 |
| Calculated tax expense/(income) | - | - |

10 EARNINGS PER SHARE

| Basic and diluted earnings per share | 2022 | 2021 |
|----------------------------------------------------------------------|------------|------------|
| Profit/(loss) for the year | (56 677) | (34 410) |
| Weighted average number of shares used as the denominator | | |
| 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 |

10.1 DILUTIVE EFFECT

| | | |
|-----------------------------------------|---------------|---------------|
| Basic earnings per share (NOK) | (1.48) | (0.96) |
| Diluted earnings per share (NOK) | (1.48) | (0.96) |

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.

11 INTANGIBLE ASSETS

| Intangible assets | Licenses, patents, and similar rights costs | Other intangible assets | Total |
|-----------------------------------------|---------------------------------------------|-------------------------|--------------|
| (Amounts in NOK thousand) | | | |
| At 1 January 2021 | | | |
| Cost | 1 220 | - | 1 220 |
| Accumulated amortisation and impairment | | | |
| Net book amount | 1 220 | - | 1 220 |
| Year ended 31 December 2021 | | | |
| Opening net book amount | 1 220 | - | 1 220 |
| Additions | - | 1 028 | 1 028 |
| Additions - capitalised development | 451 | - | 451 |
| Amortisation charge | - | (34) | (34) |
| Closing net book amount | 1 671 | 994 | 2 665 |
| At 31 December 2021 | | | |
| Cost | 1 671 | 1 028 | 2 699 |
| Accumulated amortisation and impairment | - | (34) | (34) |
| Net book amount | 1 671 | 994 | 2 665 |
| Year ended 31 December 2022 | | | |
| 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) |
| Closing net book amount | 3 714 | 4 842 | 8 556 |
| At 31 December 2022 | | | |
| Cost | 1 671 | 1 028 | 2 699 |
| Accumulated amortisation and impairment | - | (34) | (34) |
| Net book amount | 1 671 | 994 | 2 665 |

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.

12 PROPERTY, PLANT AND EQUIPMENT

| Property, plant and equipment | Land and buildings | Machinery and plant | Furniture, tools and others | Facilities for farming | Assets under construction | Total |
|--------------------------------|--------------------|---------------------|-----------------------------|------------------------|---------------------------|----------------|
| (Amounts in NOK thousand) | | | | | | |
| At 1 January 2021 | | | | | | |
| Cost | 3 823 | - | 1 905 | - | 214 731 | 220 459 |
| Accumulated amortisation | - | - | (696) | - | - | (696) |
| Net book amount | 3 823 | - | 1 209 | - | 214 731 | 219 763 |
| Year ended 31 December | | | | | | |
| Additions | 15 730 | - | 1 209 | 4 448 | 181 879 | 203 266 |
| Disposals | - | - | (670) | - | - | (670) |
| Transfers | - | - | - | - | - | - |
| Depreciation | (111) | - | (229) | (1 452) | - | (1 792) |
| Closing net book amount | 19 442 | - | 1 519 | 2 996 | 396 610 | 420 567 |
| At 31 December 2021 | | | | | | |
| Cost | 19 553 | - | 1 846 | 4 448 | 396 610 | 422 457 |
| Accumulated amortisation | (111) | - | (327) | (1 452) | - | (1 890) |
| Net book amount | 19 442 | - | 1 519 | 2 996 | 396 610 | 420 567 |
| Year ended 31 December | | | | | | |
| 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) |
| Closing net book amount | 98 550 | 30 754 | 5 323 | 290 330 | 73 429 | 498 386 |
| At 31 December 2022 | | | | | | |
| Cost | 98 973 | 32 113 | 6 660 | 299 267 | 73 429 | 510 442 |
| Accumulated amortisation | (423) | (1 359) | (1 337) | (8 937) | - | (12 056) |
| Net book amount | 98 550 | 30 754 | 5 323 | 290 330 | 73 429 | 498 386 |

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.

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 vřicles. 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 | Land and buildings | Machinery, equipment and other | Vřicles | Total |
|------------------------------------|--------------------|--------------------------------|--------------|---------------|
| (Amounts in NOK thousand) | | | | |
| At 1 January 2021 | 682 | 464 | 1 791 | 2 937 |
| Year ended 31 December 2021 | | | | |
| Additions | - | 22 310 | - | 22 310 |
| Depreciation charge | (259) | (136) | (411) | (806) |
| At 31 December 2021 | 423 | 22 638 | 1 380 | 24 441 |
| Year ended 31 December 2022 | | | | |
| Additions | 1 114 | - | - | 1 114 |
| Depreciation charge | (382) | (2 223) | (411) | (3 016) |
| At 31 December 2022 | 1 155 | 20 415 | 969 | 22 539 |

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.

13.3 LEASE LIABILITIES

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

The following table discloses the maturity analysis for lease liabilities.

| Contractual maturities | 2022 | 2021 |
|-------------------------------------|---------------|---------------|
| (Amounts in NOK thousand) | | |
| 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 |
| Total contractual cash-flows | 19 615 | 20 281 |
| 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:

| Amounts recognised in the income statement | 2022 | 2021 |
|-----------------------------------------------------|-------|------|
| (Amounts in NOK thousand) | | |
| 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).

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:

| Expected harvesting period | Forward price at 31.12.2022 |
|----------------------------|-----------------------------|
| (Amount in NOK per kg) | |
| 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 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.

| Volumes of biomass | 2022 |
|---------------------------------------------------------|------------|
| (Tonnes) | |
| Volume of biomass in the pool at year-end (live weight) | 233 |
| Total biological assets held at pool | 233 |

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

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

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

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:

| Sensitivity analysis of biomass - effect on estimated fair value | 2022 |
|------------------------------------------------------------------|---------|
| (Amounts in NOK thousand) | |
| 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

| Other inventories | 2022 |
|--------------------------------|--------------|
| (Amounts in NOK thousand) | |
| Fodder and packaging material | 1 071 |
| Others | 91 |
| Total other inventories | 1 162 |

16 OTHER CURRENT ASSETS

| Other current assets | 2022 | 2021 | 1 January 2021 |
|-----------------------------------|--------------|---------------|----------------|
| (Amounts in NOK thousand) | | | |
| 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 |
| Total other current assets | 7 803 | 18 531 | 17 610 |

17 CASH AND CASH EQUIVALENTS

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

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.

18 RECONCILIATION OF CASH-FLOWS FROM FINANCING ACTIVITIES

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

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

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

19.2 FINANCIAL LIABILITIES

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

20 BORROWINGS

| Overview of borrowings | 2022 | 2021 | 1 January 2021 |
|-------------------------------------|----------------|---------------|----------------|
| (Amounts in NOK thousand) | | | |
| Non-current | | | |
| Debt to credit institutions | 59 250 | 13 500 | - |
| Debt to related parties | - | 50 363 | - |
| Debt to other entities | 14 167 | 15 000 | - |
| Total non-current borrowings | 73 417 | 78 863 | - |
| Current | | | |
| Debt to credit institutions | 1 500 | 1 500 | - |
| Debt to related parties | 50 251 | - | - |
| Total current borrowings | 51 751 | 1 500 | - |
| Total borrowings | 125 168 | 80 363 | - |

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 its 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.

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.

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:

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 |
|-----------------------------|-----------------|--------------------|-------------|-----------|-------------------|---------|
| (Amounts in NOK thousand) | | | | | | |
| 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 |
| Total financial liabilities | 142 048 | 15 942 | 59 106 | 32 667 | 34 333 | 142 048 |

| At 31 December 2021 | Carrying amount | Less than 3 months | 3-12 months | 1-5 years | More than 5 years | Total |
|-----------------------------|-----------------|--------------------|-------------|-----------|-------------------|---------|
| (Amounts in NOK thousand) | | | | | | |
| 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 |
| Total financial liabilities | 138 788 | 56 032 | 5 090 | 56 667 | 21 000 | 138 788 |

| At 31 January 2021 | Carrying amount | Less than 3 months | 3-12 months | 1-5 years | More than 5 years | Total |
|-----------------------------|-----------------|--------------------|-------------|-----------|-------------------|--------|
| (Amounts in NOK thousand) | | | | | | |
| Borrowings | - | - | - | - | - | - |
| Trade payables | 29 789 | 29 789 | - | - | - | 29 789 |
| Other current liabilities | 3 672 | 918 | 2 754 | - | - | 3 672 |
| Total financial liabilities | 33 461 | 30 707 | 2 754 | 4 750 | - | 33 461 |

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.

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.

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:

| Sensitivity of changes in interest rates on borrowings (Amounts in NOK thousand) | Impact on profit after tax | |
|-------------------------------------------------------------------------------------|----------------------------|---------|
| | 2022 | 2021 |
| 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.

22 EMPLOYEE BENEFITS

The Company has incurred in the following employee benefit expenses:

| Employee benefits | 2022 | 2021 |
|-------------------------------------|---------------|---------------|
| (Amounts in NOK thousand) | | |
| 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 |
| Total personnel expenses | 23 211 | 17 402 |

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.

| Employee share option plan | Earliest exercise date - expiry date | Average exercise price per share option | Number of options |
|--------------------------------------------------------|--------------------------------------|-----------------------------------------|-------------------|
| Number of options as at 1 January 2022 | - | - | - |
| Options granted | 1 Jan. 2027 30 June 2031 | 41.945 | 503 520 |
| Adjustment for employees who have left during the year | | | |
| Number of options as at 31 December 2022 | | | 503 520 |
| Weighted average remaining vesting period | | | 1.5 years |

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:

| Assumptions share-based payment program | 2022 |
|-----------------------------------------|--------|
| 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

| (Amounts in NOK thousand) | Number of shares | | Amounts in NOK thousand | |
|----------------------------------------------|-------------------|-------------------|-------------------------|---------------|
| | 31 Dec 2022 | 31 Dec 2021 | 31 Dec 2022 | 31 Dec 2021 |
| Fully paid ordinary shares | 41 038 927 | 35 934 400 | 41 039 | 35 934 |
| Total share capital and share premium | 41 038 927 | 35 934 400 | 41 039 | 35 934 |

23.3 MOVEMENTS IN ORDINARY SHARES

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

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.

23.4 LIST OF THE 20 LARGEST SHAREHOLDERS AT 31 DECEMBER 2022

| Shareholders | Number of shares | Ownership percentage |
|---------------------------------------|-------------------|----------------------|
| 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 Vnst AS | 2 309 999 | 5.6 |
| OG Invest AS | 1 829 261 | 4.5 |
| DNB Bank ASA | 1 740 273 | 4.2 |
| DNB Markets Aksjandel/-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 |
| Total 20 largest shareholders | 30 185 484 | 73.6 |

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.

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 |
| (Amounts in NOK thousand) | | | | | | |
| 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 Mosand, 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 |

| | For the year ended 31 December 2021 | | | | | |
|-------------------------------------|-------------------------------------|--------------------|---------------|----------------------|--------------------|-------|
| | Salary | Board remuneration | Pension costs | Share-based payments | Other remuneration | Total |
| (Amounts in NOK thousand) | | | | | | |
| 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 Vnst 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 |
|-------------------------------------------------|-----------------------|--------------|--------------|
| (Amounts in NOK thousand) | | | |
| Financial advisory | Board members | 1 411 | 270 |
| Other operating expenses | Andfjord Holding AS | 23 | 607 |
| Interest expense | Majority shareholders | 1 500 | 362 |
| Total related party profit or loss items | | 2 934 | 1 239 |

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

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 on 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:

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

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.

30 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors is 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.

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)

ESG
REPORT
2022



ANDFJORD SALMON

CONTENTS

| | |
|------------------------------------------------------|----|
| About this report | 04 |
| CEO letter: Realising sustainable fish farming | 06 |
| Sustainability highlights 2022 | 08 |
| This is Andfjord Salmon: The home of Atlantic salmon | 12 |
| Certifications | 14 |
| Our approach to sustainability | 18 |
| Corporate governance and sustainability approach | 19 |
| UN Sustainable Development Goals (SDGs) | 21 |
| Andfjord Salmon takes part in Project RESIST | 22 |
| Andfjord Salmon's stakeholders | 24 |
| StakZolder dialogue | 26 |
| Materiality assessment | 28 |
| Industry topics | 29 |
| Environment and climate impact | 30 |
| Biodiversity | 31 |
| Fish health and welfare | 32 |
| EU Green Deal: From Farm to Fork | 34 |
| The EU Taxonomy | 34 |
| Emissions | 36 |
| Energy use | 37 |
| Fish sludge | 38 |
| Working environment | 40 |
| Employee wellbeing | 43 |
| Andfjord Salmon attracts young talent | 44 |
| Equality and diversity | 45 |
| Occupational health and safety | 48 |
| Information and training | 49 |
| Risk assessments | 51 |
| Reporting | 51 |
| Business ethics | 52 |
| Suppliers and business partners | 54 |
| Local value creation | 56 |
| Local employment | 57 |
| Goods and services | 57 |
| Appendix 1: Short-term goals and targets | 58 |
| Appendix 2: GRI content index | 59 |

ABOUT THIS REPORT

This is Andfjord Salmon's third sustainability report. It applies to the reporting period 1 January to 31 December 2022, and was published on 20 April 2023.

The report is prepared in accordance with the GRI Standards (2021) and the Euronext guidelines for sustainability reporting.

Andfjord Salmon prepares sustainability reports on an annual basis together with its financial reporting. No restatements of information have been made from previous reporting periods.

The information in this report has been reviewed and approved by Andfjord Salmon's Board of Directors but has not been audited by a third party.

For information about this report and its content, please contact Andfjord Salmon and CFO Bjarne Martinsen: **bjarne.martinsen@andfjord.no**



CEO LETTER: REALISING SUSTAINABLE FISH FARMING

2022 marked the start of fish farming operations for Andfjord Salmon, after having spent the past couple of years developing our first land-based pool. This meant that we could finally start to properly document and prove why we have set an ambition of developing the most fish-friendly and sustainable salmon farming facility of its kind.

When Roy Pettersen founded Andfjord Salmon, it was based on an idea of capitalising on the natural advantages of being located at Andøya in Northern Norway, and utilising them to recreate the salmon's natural habitat on land.

With love and respect for the local environment we are part of, including the wild salmon that swim in the ocean and the rivers in our region, Pettersen and Andfjord Salmon wanted to develop a fish farming facility with the smallest possible environmental footprint and without a negative impact on the marine environment. Sustainability has therefore been fully integrated with Andfjord Salmon's business strategy from day one. And it still is today.

However, talking is one thing. Walking the talk is another. In 2022, we have finally been able to do the latter.

Please don't get me wrong. Everything we have done up until June 2022, has been executed as planned – with our sustainability ambition in mind. Such as the development of our flow-through fish farming concept, the verification of the laminar water flow and proving that all pool functions work as they should. Because we knew that they would be key to unlocking a number of sustainability and fish health benefits. In theory.

From theory to practice

The key to proving our theory worked in practice was to have fish in the pool. On 25 June 2022, we released close to 200,000 smolt in our first pool at Andøya. This has enabled us to actually prove that we can produce salmon with significantly low energy consumption.

It has allowed us to showcase that salmon thrive in our flow-through system, as proven by a higher-than-expected growth rate and highly impressive survival levels. It has given us the opportunity to show that our fish is healthy and tastes excellent. And we have achieved this without negatively affecting the marine environment.

As you probably understand, sustainability and corporate development and performance in Andfjord Salmon go hand-in-hand. Our annual sustainability report shows how we are realising our sustainable fish farming vision defined even before our founding. It also shows the many steps we take every day to make our operations even more sustainable and responsible.

We have identified five main sustainability topics that we believe are central to managing the most important social and environmental challenges that Andfjord Salmon faces: Environment and climate impact, occupational health and safety, supply chain transparency and control, local value creation, and working environment. You can read more about these topics in this report, which has been drawn up in accordance with the 2021 Global Reporting Initiative (GRI) Standard.

Although we have taken massive strides forward in 2022, we are still at the beginning of Andfjord Salmon's adventure. We look forward to continuing to document this journey. I hope you can take some time to dive into the details of our sustainability efforts in 2022 and will continue to follow us for more updates in the future.

Martin Rasmussen

CEO of Andfjord Salmon

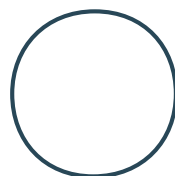
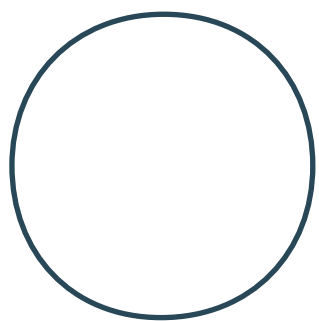


SUSTAINABILITY HIGHLIGHTS 2022

Andfjord Salmon has continued to strengthen its ESG efforts in 2022. In addition to publishing our third sustainability report in accordance with the 2021 GRI Standards, our sustainability strategy has been improved and integrated as a recurring item on the agenda at management and board meetings. Other 2022 sustainability highlights include:

Environment and climate impact

- To better monitor environmental impacts, we have conducted a vast mapping of the marine biodiversity in Andfjorden together with Rådgivende Biologer AS, using ROV technology. The mapping will be made publicly available in 2023.
- As predicted, our fish farming facility has low energy consumption and subsequently low emissions due to the flow-through technology. In 2022, Andfjord Salmon's energy consumption was on average 80,000 kwh per month, which is very low.
- We successfully released smolt in the first land-based pool in June. The fish has a good appetite and shows strong biological performance: Average weight reached 1 kg in November 2022, well ahead of the late December 2022 forecast, and the survival rate was an industry-leading 98.4%.
- We started our fish sludge project in 2022 with preparations for and development of an Antec biogas reactor that will be used by researchers at NMBU and NIBIO to develop an optimal bacterial culture and bioreactor process to produce biogas.
- We have continued our collaboration with Norconsult and DNV to meet the requirements for escape safety, and the latest report, gave Andfjord Salmon the highest score in terms of preventing fish escape.
- Andfjord Salmon has in 2022 taken part in RESIST, a five-year EU-funded project coordinated by SINTEF in collaboration with INOVA+, which supports four demonstrator regions and eight twin regions across the EU in their efforts to build resilience against the impacts of climate change.
- In February, we entered into a strategic feed supply agreement with Skretting, and together with whom we have developed "Calanus® Plus by Andfjord Salmon" – a feed that is specifically tailored to our flow-through technology to ensure optimal water quality, fish welfare and growth conditions.



Working environment, including occupational health and safety

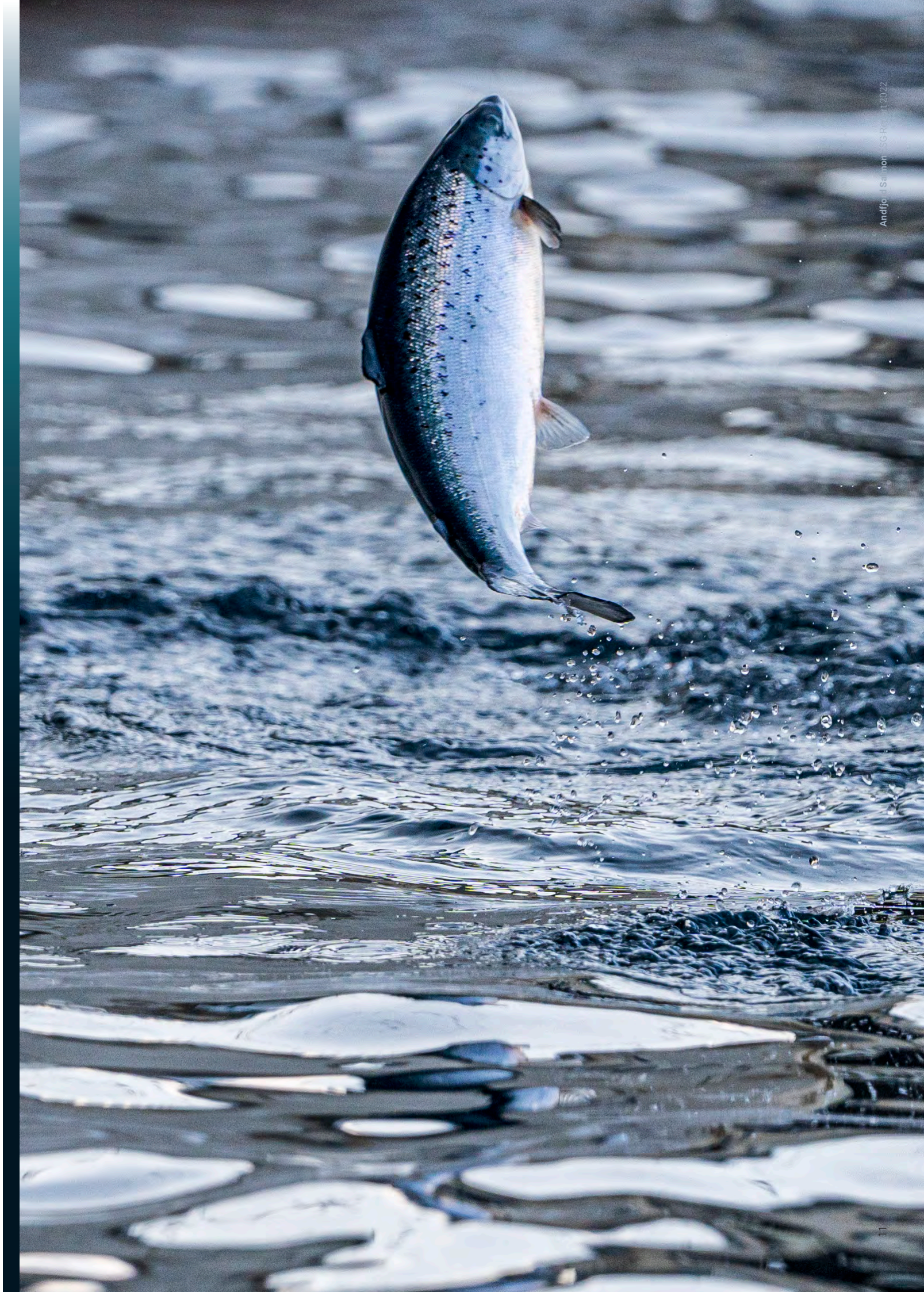
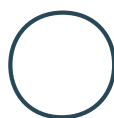
- An employee handbook was introduced in October and a new HR coordinator appointed at the end of the year.
- The annual employee survey was conducted in January, with a participation rate of 89 %. The average score on all questions was 4.08, of a maximum score of 5, where 5 indicates the highest level of employee satisfaction.
- We increased our share of female employees by 11.9 % in the reporting period, and the gender balance of the organisation is now 71 % men and 29 % women.

Business ethics

- Our new Code of Conduct was completed and approved by the Board of Directors in Q1 2022.
- All suppliers and business partners were screened for potential risks related to environmental, social and governance issues during 2022.

Local value creation

- Andfjord Salmon has continued to employ local talent in 2022. We now have 18 employees, representing different parts of the region.
- We have continued to support local suppliers through the purchase of goods and services, amounting to NOK 83 million during the reporting period.
- As part of our local community engagement, Andfjord Salmon supports two specific either initiatives or projects aimed at recruiting and retaining talent in the region including the "Jobb for to" initiative and the municipality's "bo og bli-lyst" project.



THIS IS ANDFJORD SALMON: THE HOME OF ATLANTIC SALMON

Andfjord Salmon is a Norwegian company established in 2014 by founders with extensive salmon farming, financial and business development experience. The company is built on a foundation of innovation and a sustainable aquaculture concept for the land-based farming of Atlantic salmon.

Andfjord Salmon's farming facility is patented, consumes a minimal amount of energy and carries low operating costs. The farming facility is designed to avoid problems with salmon lice and poisonous algae, with robust barriers to prevent escape and minimise pollution of the marine environment. The flow-through farming method is very similar to a flow-through net-pen in the ocean, which gives a healthy robust environment for the salmon.

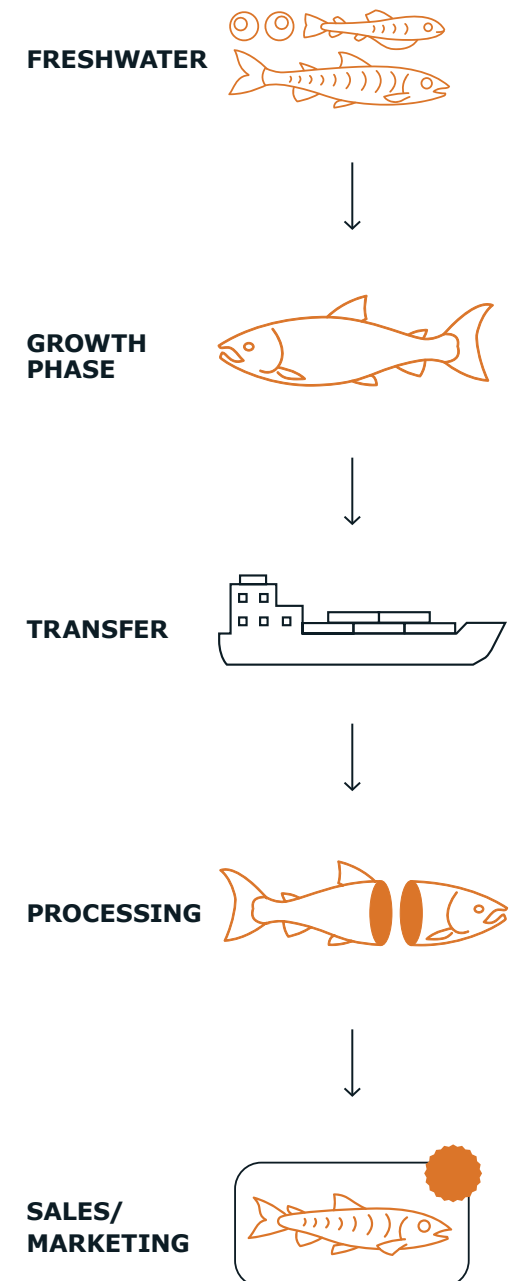
Andfjord Salmon is headquartered at Kvalnes on the northern part of Andøya, in the Arctic Archipelago of Vesterålen. At the end of 2022, Andfjord Salmon had 8 employees, all of which were located at Andøya, in Norway. For more information about employees, please refer to the working environment chapter of this report.

The company is a member of The Norwegian Seafood Federation (Sjømat Norge), where we participate in meetings and pay an annual membership fee.

There have been no significant changes to the sector in which Andfjord Salmon is active, the company's value chain or other relevant business relationships compared to the previous reporting period.

Andfjord Salmon is a limited company listed on Euronext Growth (legal name: Andfjord Salmon, ticker ANDF).

TRADITIONAL / LAND-BASED



CERTIFICATIONS

An important tool in the company’s environmental efforts is to obtain in accordance with international standards. Andfjord Salmon will purposefully work with sustainability certification bodies in both Europe and the Americas, which certifies farmed salmon according to strict and clearly defined environmental criteria. Additionally, the company aims to be certified according to Global G.A.P, which sets out standards for food safety.

| CERTIFICATION | DESCRIPTION | STATUS |
|---------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Global G.A.P. | Global Good Agricultural Practices (G.A.P.) is a standard for both agriculture and aquaculture. The standard covers food safety, animal welfare, sustainability, employment, and traceability. | Andfjord Salmon shall comply with the requirements set out by Global G.A.P Aquaculture Standards. The company has started the Global G.A.P. certification process. |



OUR VISION



**BUILDING THE
WORLD'S MOST
FISH-FRIENDLY
AND SUSTAINABLE
SALMON FARMING
FACILITY OF
ITS KIND**



OUR MISSION



**FISH FARMING
WITH A CLEAR
CONSCIENCE**

OUR APPROACH TO SUSTAINABILITY

CORPORATE GOVERNANCE AND SUSTAINABILITY APPROACH

At Andfjord Salmon, we set the highest standards of integrity for our operations, and continually strive to improve our corporate governance and culture.

Although the company is not subject to the Norwegian Code of Practice for Corporate Governance (NUES), it aims to comply with the principles of the recommendations. Andfjord Salmon has prepared a report on corporate governance that is included in the annual report and has also established its own Code of Conduct which includes the company's guidelines for responsible business conduct (ethical guidelines).

The annual general meeting ("AGM") is Andfjord Salmon's highest governing body, in which shareholders can influence the company's strategic development. Andfjord Salmon's Board of Directors (the Board) is responsible for ensuring satisfactory corporate governance and bears the ultimate responsibility for the company's sustainability approach.

Corporate Executive Management are responsible for Andfjord Salmon's strategy and operations as well as making sure that the company adheres to relevant laws, regulations, and industry specific standards. The CEO is responsible for the day-to-day business to be carried out in accordance with the Code of Conduct.

Governance structure and composition

The annual report (corporate governance statement), describes Andfjord Salmon's governance structure, including the composition of the highest governance body and its committees, as well as responsibilities regarding decision-making and on overseeing the management of the organisation's impacts on the economy, environment, and people.

The explanation of the nomination and selection processes of Board members and the committees, including criteria considering shareholder's views, diversity, independence, and relevant competencies, is mentioned in the Instruction for the Election Committee.

Role of the highest governance body

The Board has delegated responsibility for managing the organisation's impacts on the economy, environment, and people, to senior executives in Andfjord Salmon. Every year, the Board reviews and approves the sustainability report, including the selected material topics. The Board and senior executives have directly or indirectly approved the organisation's purpose, value and mission statements, strategies, policies, and goals related to sustainable development.

The Board evaluates its own performance and expertise on an annual basis, including their performance in relation to sustainability topics, and actions are taken in response to the evaluations.

In order to advance the collective knowledge, skills, and experience on sustainable development, the board discusses ESG matters at at least one meeting per year. As part of these discussions, the Board's performance in overseeing the management of the company's impact on the economy, environment, and people will be evaluated, and improvement points identified.

Remuneration policies

Andfjord Salmon's remuneration policies for members of the Board and senior executives are described in the corporate governance statement of the annual report. The policies set out how remuneration relates to the performance of senior executives and board members in managing the company's ESG impact and objectives.

The corporate governance statement also describes the process for drawing up the remuneration policies and for determining remuneration. The voting results of stakẓolders (including sharẓolders) on remuneration policies and proposals are reported in the Annual General Meeting notices, which are published on Andfjord Salmon's website.

Conflict of interest

Openness and transparency are crucial in dealing with any actual, potential, or perceived conflict of interest, and all three scenarios must be addressed. To ensure that conflicts of interest are prevented and mitigated, the Board does not include members of the executive management group, this also includes the Chair. This is in line with the recommendations set out in the Norwegian Code of Practice for Corporate Governance, and part of the rules and procedures of the Board. The processes for the Board to ensure that conflicts of interest are prevented and mitigated is a policy enshrined in the rules and procedures the Board of Directors.

UN SUSTAINABLE DEVELOPMENT GOALS (SDGS)



In Andfjord Salmon, the health and safety of our employees and suppliers is the highest priority everywhere and in all our activities. Our goal is to have zero work-related injuries. To achieve this, we work systematically to establish an open safety culture.



Andfjord Salmon aims to create great value for the region of which we are a part. We contribute strongly to innovation, research and competence enhancement in a broad perspective. Research and development are a key part of Andfjord Salmon's innovative power.



Our employees and business partners are required to conduct business in accordance with the company's ethical guidelines, and we have established professional systems of accountability, oversight and control within the company. Andfjord Salmon produces premium food and is committed to ensuring high quality in all parts of the company's production. The company therefore prefers to trade with suppliers that have established known quality management systems.



Andfjord Salmon aims to have the highest biosecurity to prevent contagious fish diseases and sea lice. The Andfjord Salmon farming process also prevents toxic algae. The flow-through technology and the low density in the tanks provides the best possible fish welfare.

Andfjord provides the cleanest seawater in the Arctic. The water is kept crystal clear in the farming facility, due to our innovative flow-through farming solution. The farming facility is tightly secured, to prevent any harm to the local stocks of salmon in the rivers. There are several salmon rivers on Andøya, and our farming facility does not have any negative impact on the wild stocks.

Our goal is to write aquaculture history in the field of sustainable production, and our suppliers are required to document that they are actively working to reduce the impact of their operations on the natural environment.

ANDFJORD SALMON TAKES PART IN THE PROJECT RESIST

In 2022, Andfjord Salmon became part of the EU-funded project RESIST, which is among the largest ever research and innovation projects here.

The world is already experiencing the consequences of climate change. RESIST is a five-year EU-funded project coordinated by SINTEF in collaboration with INOVA+, which will support four demonstrator regions and eight twin regions across the EU in their efforts to build resilience against the impacts of climate change.

Know-how and solution pathways will be transferred from the four demonstrator regions to the eight twinned regions through mutual-learning activities and innovative immersive digital twins. This technology creates a virtual environment with real-time data which will facilitate informed decision-making by the regional authorities in Europe. On top of this, the project will also seek to promote further transfer of knowledge and innovative solutions through a sustainable market-oriented approach, in order for them to be more widely utilised.

Vesterålen is one of the twelve regions. Together with Vesterålen regional council and Lofotr Næringsdrift AS/GaiaVesterålen, Andfjord Salmon AS has been asked to participate as the only private Norwegian company.

“

We have been asked to join as a project partner as a result of our involvement in GaiaVesterålen, and because Andfjord Salmon's vision reflects solutions to both existing problems in the farming industry and expected problems as a result of future climate change. Our goal is to build the world's most sustainable farming facility, which takes into account both climate changes and the local environment in Vesterålen. We look forward to contributing to the RESIST project.

”

Stig Pettersen.

Project coordinator in Andfjord Salmon.

The RESIST project started up 1 January 2023 and has a total budget of 26.6 million euro (approximately NOK 270 million). The funds stem from the Horizon Europe programme “EU Mission Adaptation to Climate Change”.

ANDFJORD SALMON'S STAKEHOLDERS

Employees

Andfjord Salmon has a direct impact on and is also directly impacted by its employees and access to skilled labour. .

Shareholders And Board Of Directors

Shareholders and Board members are two key stakeholder groups driving the company's priorities and strategy, including the company's ESG approach.

Civil Society

The company has both a social and environmental impact on the community it operates within, and on local value creation.

Governments

Government and local authorities have a direct impact on Andfjord Salmon through legislation and regulations.

Customers

Customers are driving the company's priorities and strategy, also when it comes to ESG topics. Andfjord Salmon can also indirectly impact customers through providing information about fish health and sustainable fish farming.

Suppliers

The company is dependent on its suppliers for distribution and can also directly and indirectly impact suppliers through transport requirements and Health, Safety and Environment recommendations.

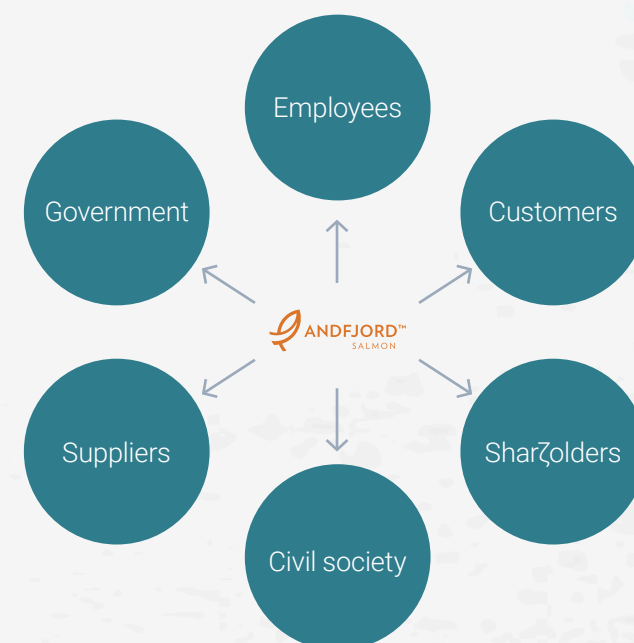


Figure 2: Andfjord Salmon's stakeholders

STAKEHOLDER DIALOGUE

Having an ongoing dialogue with its most relevant stakeholders strengthens Andfjord Salmon’s relationship with the society in which it operates, and allows the company to detect, investigate and manage potential risks arising in its immediate surroundings.

To ensure a strategic approach to sustainability reporting and the GRI Standards Management Approach specifically, Andfjord Salmon has conducted systematic stakeholder dialogue in November and December 2021, and an ongoing dialogue with all stakeholders on a regular basis. For instance, the company has held public meetings with key stakeholder groups during 2022 and conducted an annual employee survey in January.

In the 2021 stakeholder dialogue process, the company spoke to key stakeholder groups, including employees, shareholders, the Board of Directors, members of civil society, and suppliers and business partners. All of these stakeholders were invited to

The interviews were conducted by phone and via Teams by an interdisciplinary working group, representing Finance, Sustainability, Sales and HR (the ESG task force group). Its main findings are shown



TABLE 1: STAKEHOLDER DIALOGUE

| Stakeholder | Description | Status |
|-----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Employees | <ul style="list-style-type: none">• Sustainable food production• Fish health and welfare• Water use / emissions• Circular economy• Biodiversity• Equality and diversity• Working environment• Compensation• Recruitment• Work-life balance• Transparency and openness | <ul style="list-style-type: none">• Meetings• Annual report• Website• Newsletter• Direct dialogue |
| Shareholders / Board of Directors | <ul style="list-style-type: none">• Climate• Biodiversity• Feed• Fish health and welfare• Mortality• Antibiotics• Water use / emissions• Waste• Equality and diversity• Compensation• Working environment• HSE• Recruitment• Transparency and openness• Human rights• Data security• Corruption | <ul style="list-style-type: none">• Website• Company presentation• Quarterly presentations• Reporting• General meetings• Information meetings• Meetings• Public channels• Media• Annual report• Newsletters• Direct dialogue |
| Civil society | <ul style="list-style-type: none">• Innovation• Emissions• Land use• Escape• Job creation• Human resources• Compensation• Equality and diversity• HSE• Quality documentation | <ul style="list-style-type: none">• Internal meetings• Public channels• Media• Annual report• Newsletters• Direct dialogue• Public meetings |
| Government (or Authorities) | <ul style="list-style-type: none">• Job creation• Fish health and welfare | |

MATERIALITY ASSESSMENT

The findings from the stakZolder dialogue were gathered and structured for discussion by Andfjord Salmon’s task force group for sustainability reporting. In a 2021 workshop, the company reviewed each topic and the importance to different stakZolder groups, as well as Andfjord Salmon’s ability to impact the topic.

In this process, the company took a so-called double materiality approach, assessing both how the topic was likely to impact Andfjord Salmon (inward impact), and how Andfjord Salmon directly or indirectly impacts the same topic (outward impact).

The results from the materiality assessment are presented in the below materiality matrix below, with topics considered material in the upper right section.

Material topics for Andfjord Salmon include:

- Environment, including fish health and welfare, effluents and energy use
- Working environment, including gender equality and diversity
- Occupational health and safety
- Business ethics
- Local value creation

The materiality assessment will be updated on a regular basis and of the sustainability context in which we operate or our defined business area changes significantly. In 2022, the ‘supply chain transparency’ topic was renamed to ‘business ethics’. There have been no significant changes to the list of material topics in 2022. Andfjord Salmon is continuously engaging with stakZolders regarding the actions taken relating to each of the material topics, and the outcome of such actions, for example through our annual sustainability reports.

Industry topics

Agriculture, aquaculture, and fishing industries share common impacts associated with the production of food as well as non-food products and are fundamental to the world’s food systems and the making of a variety of materials. Due to the sector’s widely documented impacts across economic, environmental, and social dimensions – including those on climate change and biodiversity, food security, farming and fishing practices, and community engagement, GRI has developed a sector standard for this industry.

GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022 provides information for organisations in the agriculture, aquaculture, and fishing sectors about their likely material topics, on the basis of the sector's most significant impacts on the economy, environment, and people, including on their human rights.

As a relatively small company located in Norway (where both national laws and industry regulations are in place to ensure responsible operations), not all the topics mentioned in the sector-specific standard are considered equally important to Andfjord Salmon. In an impact assessment workshop conducted in December 2022, the ESG task force assessed each of the sector-specific topics to Andfjord Salmon’s

TABLE 2: THE IMPACT ASSESSMENT

| High | Moderate | Low |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none">• Emissions• Climate adaptation and resilience• Biodiversity• Natural ecosystem conversion• Waste• Food security• Food safety• Animal health and welfare• Local communities• Occupational health and safety• Supply chain traceability• Anti-competitive behavior• Anti-corruption | <ul style="list-style-type: none">• Non-discrimination and equal opportunity• Employment practices• Land and resource rights• Forced or compulsory labour• Child labour• Freedom of association and collective bargaining• Living income and living wage• Public policy | <ul style="list-style-type: none">• Soil health• Pesticide use• Economic inclusion• Water and effluents• Rights of indigenous peoples |

The topics ranked as high are related to climate and environment, fishing practices, food and health, ethics, and good governance, and coincide with the material topics established by Andfjord Salmon in the 2021 materiality assessment.

The company will discuss the relevance of these topics on an annual basis in connection with the preparation of its sustainability reports.



ENVIRONMENT AND CLIMATE IMPACT

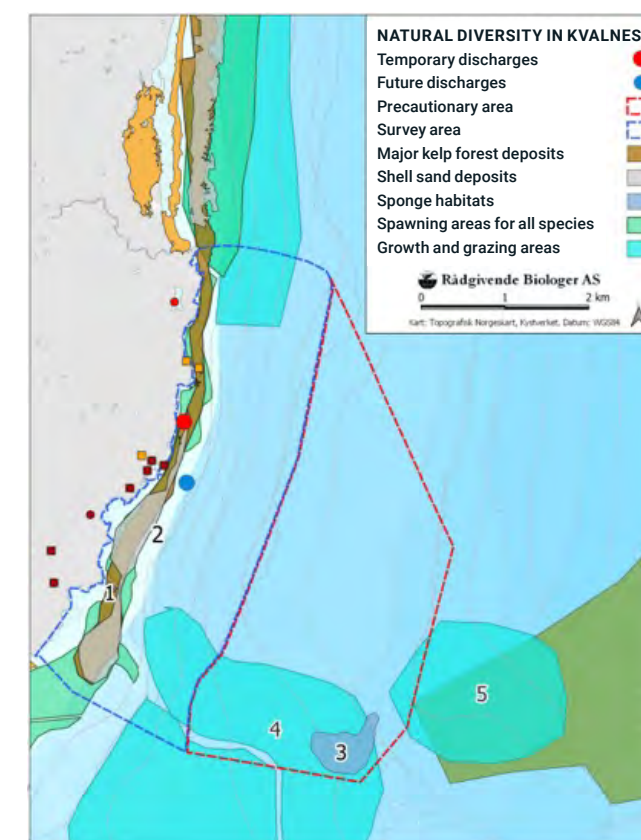
Marine biodiversity is critical to the health of people and the planet and careful management of the oceans is a key feature of a sustainable future. As a seafood company dependent on a healthy environment for its business operation, it is important for Andfjord Salmon to minimise its environmental footprint.

Andfjord Salmon's business operations can have an actual or potential negative impact on the environment through emissions to air and sea, through waste or sludge generation stemming from production, as well as energy use from farming facilities and office buildings. If not managed correctly, the company's business activities can potentially impact wildlife, specifically birds and fish species, the seabed, flora and fauna.

Andfjord Salmon aims to have a positive impact on the environment, and is continuously working to mitigate and minimise risks. The company has established environmental guidelines, monitors its activities carefully, conducts tests and reports on its progress.

Andfjord Salmon should at all times abide by relevant laws and regulations in the areas in which it operates, including:

- The Regulation on the Establishment and Expansion of Aquaculture Facilities
- The Aquaculture Operations Regulations
- The Aquaculture Act
- The Nature Diversity Act
- The Water Regulation Act
- The Pollution Control Act
- Internal Control Regulations
- Municipal zoning plans
- The aquaculture legislation (IKAkva) for environmental sustainability and animal health and welfare



Source: Rådgivende Biologer AS

Biodiversity

Andfjord Salmon is committed to both ethical and statutory obligations governed by Norwegian legislation. All fish farming facilities operating in Norway have effluent permits distributed by the Norwegian environmental authorities, which control the amount of nutrients and organic materials that can be discharged from facilities. This also applies to Andfjord Salmon.

Samples from the seabed are taken regularly below and near the farms in order to monitor the environmental conditions, in accordance with the Norwegian standard for environmental monitoring of benthic impact from marine fish farms (NS 9410). Environmental surveys carried out by the Norwegian Directorate of Fisheries show that effluents of nutrients and organic materials from aquaculture are minor environmental problems in Norway.

Andfjord Salmon started the processes of carrying out an Environmental Risk Assessments (ERA) and an Environmental Impact Assessments (EIA) in 2020 and 2021, as required by Norwegian law and in compliance with the requirement set out by Global G.A.P Aquaculture Standards. The EIA provides the basis for further risk assessments on the various environmental impacts of the company's future business operations.

One of our goals for 2022 was to develop a biodiversity plan as a summary document of Andfjord Salmon's positive and negative impact on the natural environment. As part of the work on the biodiversity plan, Andfjord Salmon has together with Åkerblå AS conducted a modelling of the spread of discharge in Andfjorden, specifically relating to dilution and dispersion of discharge water in full-scale production at three different discharge points outside Kvalnes ("North", "Mid" and "South").

As the spread of discharge water varies during the day and is affected both by the tide and the wind, the average concentration during the year and over the entire modelling area was calculated. The modelling shows that the highest concentrations of discharge water are located around the discharge points. Concentrations will be below 1% on average in surface layers, except for a small area close to land in the case of discharge from the discharge point "South". At the bottom layers, the area of influence with an average concentration above 1% extends about 2000 m southwest (all discharge points) and about 1400 m towards north of all discharge points. For both nitrogen and total phosphorus, it has been simulated that the discharges of

nutrient salt will not deteriorate the water quality in Andfjorden outside Kvalnes, which remains in "good ecological condition".

Based on the modelled discharge, Andfjord Salmon, together with Rådgivende Biologer AS, conducted a mapping of the marine biodiversity in Andfjorden using ROV technology. The survey showed that the modelled influence impact area consists of kelp forest and shell sand, and important breeding areas for several fish species. Andfjord has also mapped the deep-water areas outside Kvalnes as a precautionary measure, in which the marine habitat "sponge community" were registered.

Fish escape

Andfjord Salmon's technology provides robust barriers to limit escape. The company started working with Norconsult and DNV in 2021 to meet the requirements for escape safety in NS 9416 Landbased aquaculture farms for fish. The latest status report gave Andfjord Salmon the highest score in terms of the prevention of fish escape.

Fish health and welfare

Ensuring good health and welfare is both an ethical responsibility and the most important factor in achieving good growth, higher quality, and lower costs.

Fish health and welfare, such as protecting the fish from unnecessary stress and impact, are at the core of Andfjord Salmon's innovation. Continuous water flow from deep waters ensures that our salmon live in an environment where the presence of salmon lice and poisonous algae is close to non-existent. In 2022, Andfjord Salmon has continued to carry out extensive planning and testing to ensure optimal fish health and welfare. The company's fish welfare measures are comprehensive and focus on all aspects of the farming value chain, including feed and nutrition, respiration, thermal regulation, water quality, hygiene, disease management, behaviour control and social contact and rest, and the company's overall goal is to mimic the salmon's living conditions in the sea as much as possible.

On 25 June 2022, Andfjord Salmon released approximately 200,000 smolt at an average weight of 120 grams in the company's first land-based pool at Kvalnes, Andøya. Due to strong biological performance, the average weight of the salmon reached 1 kilogram in November 2022 – well ahead of the late December 2022 forecast. The survival rate stands at an industry leading 98.9 per cent, four months after the smolt was released.

Water quality and thermal regulation

An optimised living environment with the best water quality is a key basis for good fish health and a high survival rate. In 2021, Andfjord Salmon verified the laminar water flow technology at the first pool at Kvalnes, which confirmed that the company was able to recreate wild salmon's natural habit on land and offer the salmon the best possible living environment. Now that the company is in production and is striving to ensure continuous and optimal fish welfare, Andfjord Salmon regularly examines the water quality, including monitoring the presence of pathogens.

The company is also in the process of setting up a complete sensor system based on fish welfare indicators made by Fishwell to monitor, control, and optimise the water quality and living environment of the fish in the pool. The patented Andfjord Salmon flow-through pool system supplies a continuous flow of 100% seawater. As water is pumped from a depth of 40 meters, water temperature is considerably more stable than what would be expected at corresponding depths in net pens and follows seasonal patterns in ambient water temperature.

During the first six months (approximately) of production, over 60% of daily temperature readings were in the range 10–16°C, which is considered optimal for sea farmed salmon.

Health checks, hygiene and disease management

Andfjord Salmon is by law required to carry out sampling and screening for a range of fish pathogens six times a year but does so every month to ensure the best possible living conditions for the salmon. An external supplier conducts monthly sampling and screening for a range of fish pathogens. If the company and if the company experiences increased mortality or suspects disease, additional health check-ups, autopsies and analysis are carried out. The company has entered into contracts with analysis laboratories for fish pathogen screening.

Feed and nutrition

Our ambition is to develop the world's most fish-friendly and sustainable aquaculture facility of its kind. Therefore, having our own specially developed feed, with unique ingredients from a local supplier, is an important building block to be able to achieve this goal, and to adopting a feeding strategy that avoids strong competitive behaviour, ensuring low stress and homogeneous growth.

In February 2022, Andfjord Salmon entered into a strategic feed supply agreement with Skretting, which is the aquaculture business line of global leader in animal nutrition and aquafeed, Nutreco. Under this agreement, Skretting has developed a feed that is specifically tailored to Andfjord Salmon's flow-through technology to ensure optimal water quality, fish welfare and growth conditions in the land-based pool.

The feed has been named "Calanus® Plus by Andfjord Salmon" and consists of feed ingredients that have a proven track record from land-based salmon farming, including the zooplankton *Calanus finmarchicus* (Calanus). Andfjord Salmon is the first salmon farmer in the world that utilises a commercially developed feed that contains Calanus, and the feed composition is specifically tailored to Andfjord Salmon's flow-through system and location at Andøya. This feed will ensure the production of premium quality salmon. Most importantly: The fish LIKES the feed very much!

EU GREEN DEAL: FROM FARM TO FORK

Andfjord Salmon's technology provides robust barriers to limit escape. The company started working with Norconsult and DNV in 2021 to meet the requirements for escape safety in NS 9416 Landbased aquaculture farms for fish. The latest status report gave Andfjord Salmon the highest score in terms of the prevention of fish escape.

- have a neutral or positive environmental impact
- help to mitigate climate change and adapt to its impacts
- reverse the loss of biodiversity
- ensure food security, nutrition and public health, making sure that everyone has access to sufficient, safe, nutritious, sustainable food
- preserve affordability of food while generating fairer economic returns, fostering competitiveness of the EU supply sector and promoting fair trade

Andfjord Salmon closely monitors the developments in the Farm to Fork strategy and aims to contribute to the strategy through reporting on climate action, fish welfare and food safety requirements. As an example, farmed fish has a lower carbon footprint than land-based animal husbandry, and Andfjord Salmon actively works to improve fish health and welfare, such as protecting the fish from unnecessary stress.

THE EU TAXONOMY

Andfjord Salmon is continuously following the development of the EU Taxonomy and the technical screening criteria (TSC) for the fisheries and aquaculture sector. So far, the industry has not received any TSC, hence, the significant economic activities for Andfjord Salmon are per 31 December 2022

EMISSIONS

Carbon accounting is a fundamental tool in identifying tangible measures to reduce GHG emissions and is an integrated part of Andfjord Salmon’s climate strategy. The company’s carbon accounting provides an overview of greenhouse gas (GHG) emissions, and the annual carbon accounting report enables Andfjord Salmon to benchmark its performance indicators and evaluate progress over time.

Although the company was not yet in production, Andfjord Salmon started carbon accounting in 2021 and has updated the report in 2022. The carbon accounting from previous years reflect that the company was in a construction phase, which means that these numbers are not likely to serve as a benchmark for the future.

The carbon accounting covers Andfjord Salmon AS’ operations and production at the Kvalnes site as well as office operations, using an operational control approach. The input data is based on consumption data from internal and external sources, which are converted into tonnes CO2-equivalents (tCO2e), using CEMAsys’ software. The reporting considers the following greenhouse gases, all converted into CO2-equivalents: CO2, CH4 (methane), N2O (laughing gas), SF6, HFCs, PFCs and NF3.

The carbon footprint analysis is based on the international standard; A Corporate Accounting and Reporting Standard, developed by the Greenhouse Gas Protocol Initiative (GHG Protocol), which is the most widely used and recognised international standard for measuring GHG emissions and is the basis for the ISO standard 14064-I.

The company reports on

- Scope 1: direct energy use (transportation)
- Scope 2: electricity purchased (Nordic mix), and a limited

- Scope 3: which includes business travel, purchased goods and services, waste, and fuel and energy related activities. The company’s main sources of carbon emissions in 2022 stems from purchased goods and services. The base year for all calculations is 2021, as this was the first year the company started carbon accounting.

Gross direct (Scope 1) GHG emissions in the reporting period was 9.6 tonnes of CO2e. The main Scope 1 emission source is diesel use for company-owned cars. Andfjord Salmon did not have any biogenic CO2 emissions in Scope 1 in 2022. Total emissions in the base year were 44.0 tonnes of CO2e, equivalent to a 78.2% decrease. The main reason for the big decrease in Scope 1 emissions from 2021 to 2022 is a change in the accounting method.

Gross market-based energy indirect (Scope 2) GHG emissions in the reporting period was 276.7 tonnes of CO2e. The gross location-based Scope 2 emissions in the reporting period was 27.0 CO2e, down from 45.4 tonnes of CO2e in 2021 (minus 40.4%). The main reason for the decrease was a change in the accounting method. The electricity emission factors used are based on national gross electricity production mixes from the International Energy Agency’s statistics (IEA Stat).

Gross other indirect (Scope 3) GHG emissions in the reporting period was 1,061.6 tonnes of CO2e in the reporting period, up from 111.0 in 2021. The big increase in Scope 3 emissions is due to an improved data gathering process in 2022. The company does not have any biogenic CO2. Efficient energy use is a top priority for Andfjord Salmon and is an important step in terms of lowering the company’s environmental footprint. Energy consumption occurs throughout the value chain and is primarily linked to the provision of energy to the fish pools and use of office buildings. For its offices, Andfjord Salmon relies on a waterborne heating system and a heat exchanger.

ENERGY USE

Many of the current land-based facilities for fish farming rely on water recycling as the standard technology (Recirculating Aquaculture Systems – RAS). Such systems require significant amounts of energy in order to remove ammonia, particulate matter and CO2. Andfjord Salmon’s technology is based on flow-through technology which does not require energy to lift, clean, cool or heat up the water, meaning that there is no need for an energy intensive water treatment plant.

As a result, the fish farming facility has low energy consumption and subsequently low emissions. In 2022, Andfjord Salmon’s energy consumption was on average 80,000 kwh per month, which means that for every 1kg produced salmon, the company is using approximately 1kWh of energy.

| Category | Unit | 2020 | 2021* | 2022 |
|-------------------------------------------------------------------|----------------------------|------|-------------|---------|
| Electricity Total (Scope 2) with Market- tCO2e based calculations | tCO2e | - | 341.1 | 276.7 |
| Scope 2 Total with Market-based electricity calculations | tCO2e | - | 341.1 | 276.7 |
| Scope 1+2+3 Total with Market-based electricity calculations | tCO2e | - | 496.0 | 1,347.9 |
| Percentage change | | - | 100% | 171 |
| Electricity total 2022 | | | | |
| Electricity Nordic mix | Energy consumption Kvalnes | | 1,027,651.0 | kWh |
| Electricity Nordic mix | Energy consumption Office | | 12,633.4 | kWh |

* The company changed its accounting approach in 2022, which means that some of the 2021 numbers have been adjusted.

FISH SLUDGE

Andfjord Salmon takes several actions, including circularity measures, to prevent waste generation in the organisation's own activities and upstream and downstream in its value chain, and to manage significant impacts from waste generated.

Every year, the aquaculture industry produces large quantities of fish sludge, both on land and at sea. Since 2021, Andfjord Salmon has, together with the Norwegian Institute of Bioeconomic Research (NIBIO), assessed possibilities for utilising fish sludge from the company's future production as a component in sustainable and high-quality products (including plant growth media, soil improvers and fertilisers) for use in agriculture, gardening, and other related applications. The idea is to use the fish sludge to produce energy that land-based fish farmers can utilise themselves, reduce the volumes that will be returned for agricultural purposes, and recycle the nutrients.

The goal of the project is to be able to run fish sludge through a biogas plant without having to use manure or other substrates. In addition to the production of renewable energy, biogas

production from fish sludge will also result in lower sludge volumes. This will both reduce the amount of energy used for drying and reduce logistics costs.

The participants in the project are leading resources from the Norwegian University of Life Sciences (mellomrom), the Norwegian Institute of Bioeconomy Research (NIBIO), as well as Holmøy Maritime, which is engaged in ocean-based fish farming, and feed producer Skretting. The company Antec Biogas AS is the project owner, while Andfjord Salmon is taking part as a project participant. The Research Council of Norway is participating in the project with a grant of NOK 7.45 million.

The project started in 2022 with preparations for and development of an Antec biogas reactor that will be used by researchers at NMBU and NIBIO to develop an optimal bacterial culture and bioreactor process to optimally produce biogas. Antec Biogas has a distinctive reactor technology, which uses a "plug and flow" system and biofilm and this provides a faster biogas process, which is particularly useful in this context.

WORKING ENVIRONMENT

Andfjord Salmon's employees are at the core of our value creation and essential to the company's operations and business success. The ability to attract and retain skilled workers as well as maintaining a safe and healthy working environment is critical to both the company and its stakeholders.

Andfjord Salmon can have an actual and potential positive impact on the working environment. By ensuring worker's rights, setting clear expectations for the working environment, and ensuring a company culture which celebrates diversity and avoids discrimination, Andfjord Salmon can positively impact this topic. The company has not identified any negative impact that it has on the working environment. Our goal is to create a company where every single employee thrives and succeeds.

Based in Norway, the company operates in accordance with the Norwegian Working Environment Act and related regulations. The company has in 2022 established a separate Employee Handbook through Simployer, which has been implemented. Guidelines for employees are also set out in the company's Code of Conduct, which was approved in Q1 2022. In 2022, the company appointed a new HR coordinator, who joined Andfjord Salmon in Q1 of 2023. The HR coordinator is responsible for overseeing recruitment processes, including on- and offboarding, and together with the management team, be responsible for the overall working environment.

At the end of 2022, Andfjord Salmon had 22 employees at Andøya in Norway. 19 are permanent employees, while the remaining 2 are part time employees. Part time employees receive the same benefits as full time employees. There have been no significant fluctuations in the number of employees during the reporting period and between reporting periods.

In 2022, Andfjord Salmon had one worker that was not an employee. This person was part of the leadership team and responsible for project management. There have been no significant fluctuations in the number of workers who are not employees in the reporting period or between reporting periods.

Due to the company's size and number of employees, Andfjord Salmon has not yet established a Working Environment Committee (WEC) but has appointed a safety representative who safeguards the interests of employees in matters relating to the working environment, together with HR. Employees are also involved in the design and development of their own working environment and regularly participate in conversations with the Management Group.

Andfjord Salmon recognises and respects the right to freedom of association and the right to collective bargaining. If operating in countries where this right is limited through local legislation, we will seek to take mitigating action in accordance with local conditions.

A majority² of Andfjord Salmon's employees are members of trade unions and covered by collective bargaining agreements. For employees not covered by collective bargaining agreements, Andfjord Salmon determines their working conditions and terms of employment based on collective bargaining agreements that cover its other employees.

² In Norway, working hours of 37 hours and more are defined as full-time employment, as well as working hours of 32-36 hours where this constitutes full-time in the profession. NOU 2021: 2 - regjeringen.no



EMPLOYEE WELLBEING

To better understand the employees' perception of their working environment, Andfjord Salmon annually conducts an employee survey measuring the level of individual satisfaction in the workplace.

The results help Andfjord Salmon to identify the main areas for improvement.

The last survey was conducted in January 2022, with a participation rate of 89%, covering all levels of the organisation including top, middle, and lower management levels, and employees.

In the survey, respondents were asked to rank a number of statements on a scale from 1 to 5 belonging in the following categories: Management and communication, information exchange, social support, employee investments, task motivation, job autonomy, extra role performance (the actions of employees beyond what is stated in their job descriptions), turnover intention, role clarity and involvement.

The average score on all questions was 4.08, of a maximum score of 5. This is the same as last year and considered to be a very good score reflecting a healthy working environment. In general, there is little variation in the answers between organisational levels. The category with the lowest score (3.17) on average was information exchange, indicating that this is something Andfjord Salmon should aim to improve.

Today, the company is communicating with employees using Teams, Sharepoint and email. Social support and job autonomy (meaning the degree to which employees feel that they have the opportunity to make decisions or take personal initiative) are the highest ranked categories (average score 4.44), although there were some variations between the groups.

Overall, the working environment in Andfjord Salmon is considered to be good, as demonstrated by the findings in the 2022 employee survey. The next employee survey will be conducted in 2023.

Synnøve Killie Dinessen. One of several young talents in Andfjord Salmon.

ANDFJORD SALMON ATTRACTS YOUNG TALENT

Synneva Berge Giæver (27) and Elias Søreng (19) are equal members of the Andfjord Salmon team, working at the company's facilities at Andøya as a trainee and an apprentice respectively. Both talents bring highly relevant education to Andfjord Salmon.

Synneva Berge Giæver completed a master's degree in fisheries and aquaculture science at The Norwegian College of Fishery Science at University of Tromsø's (UiT) last spring. For almost one year Synneva will be working as a project coordinator trainee at Andfjord Salmon. The traineeship is part of the trainee program "Look North", which aims to attract people and expertise to Lofoten and Vesterålen.

"It feels very good to be in a traineeship and get some practical experience. It is a unique opportunity to be hands-on and figure out what you really want to do, which can be quite difficult to know as a fresh graduate. At Andfjord Salmon, I've been given the opportunity to try out different tasks. Among other things, I have assisted in establishing certification schemes for salmon, in addition to implementing systems for waste

management. Another major task concerned the pilot pool, and enhancing the current design for the next phase," Synneva says.

As of today, Andfjord Salmon is a relatively newly started and small Norwegian company. This means that even young people with little to no professional experience are given a lot of responsibility – and thus, many opportunities. Being a start-up made Andfjord Salmon especially attractive for Elias Søreng: "In a larger company, you may not get as much responsibility. At Andfjord Salmon everyone gets to take part in everything and have a hand in the game. That's quite unique, and also the best way to learn and really get to know the industry. Here, I learn and learn at the same time," says Elias.

Before starting his apprenticeship at Andfjord Salmon, Elias completed a two-year course in aquaculture at Sortland Upper Secondary. The course is planned in close collaboration with the fish farming with practical teaching taking place in commercial facilities. The course was what paved his way for a two-year apprenticeship at Andfjord Salmon.

EQUALITY AND DIVERSITY

Diversity and equal employment opportunities are topics for which there are increasing expectations for corporate action and transparency. Andfjord Salmon has a direct ability and responsibility to ensure that the company has a diverse workforce and that equal opportunities are offered to all employees, regardless of their background.

As stated in the Code of Conduct, Andfjord Salmon is committed to providing an equal opportunity workplace, where hiring and development are based the skills, experience, achievements and potential of each individual. We take the different starting points into account to ensure a fair outcome for all.

Furthermore, we are committed to paying employees fairly for the work they perform, regardless of personal beliefs or any individual characteristics. Individual compensation for an employee, consultant or contractor, only varies based on position, performance and competence. All compensation shall meet the requirements of the national minimum wage. Andfjord Salmon upholds the national laws on working hours and rest periods.

Women's amount of men's pay was 75.3% in 2022. The difference in salary between men and women is due to a higher percentage of men in leading positions. The difference between the remuneration for highest paid individual (CEO) and the median for all employees (not including bonuses) was NOK 580,000 in 2022, translating to a ratio of 55.38% (up from 54.62% in 2021).

In addition to complying with the Norwegian Working Environment Act, Andfjord Salmon also operates in accordance with the Equality and Anti-Discrimination Act, which aims to protect against discrimination based on gender and discrimination.

The company prohibits discrimination in any form, whether it is based on political views, membership in workers' organisations, sexual orientation, gender, disability and/or age. Neither do we tolerate any form of violence or harassment, and the company is committed to providing a safe and diverse workplace for all employees. There were no incidents of discrimination during the reporting period.

Today, the company's workforce comprises 15 (71%) men and 6 (29%) women. Thus, the women's share has increased by 10.6% since the previous reporting period. Andfjord Salmon continuously strives to achieve a better gender balance, and women are encouraged to apply for all open positions. Andfjord Salmon is not part of any external initiatives regarding equality and diversity as of today but will review such initiatives in 2023.

Being open and transparent regarding gender differences in the company is the first step to ensuring equality and inclusion. Although Andfjord Salmon today has less than 50 employees, the company is reporting the following employee data³:

³ All numbers are from the end of the reporting period (31 December 2022). The numbers are provided in head count and the region is Norway.

TABLE 3: PERMANENT EMPLOYEES BY GENDER AND PAYROLL

| GENDER | 2020 NO. OF EMPLOYEES | 2020 PAYROLL (MNOK) | 2021 NO. OF EMPLOYEES | 2021 PAYROLL (MNOK) | 2022 NO. OF EMPLOYEES | 2022 PAYROLL (MNOK) |
|--------|-----------------------------|---------------------------|-----------------------------|---------------------------|-----------------------------|---------------------------|
| Norway | 15 | 7,81 MNOK | 18 | 12,97 MNOK | 21 | 18,66 MNOK |
| Men | 12 (80%) | - | 15 (83,3%) | - | 15 (71,43%) | |
| Women | 3 (20%) | - | 3 (16.7%) | - | 6 (28.3%) | |

TABLE 4: OTHER EMPLOYEE DATA

| ORG. | 2020 | | | 2021 | | | 2022 | | |
|------------------------------------|----------|----------|-----------|----------|----------|----------|----------|----------|-----------|
| | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL |
| Full-time employees ⁵ | 12 (80%) | 3 (20%) | 15 (100%) | 15 (94%) | 1 (6%) | 16(100%) | 15 (75%) | 5 (25%) | 20 (100%) |
| Part time employees ⁶ | 0 (0%) | 2 (100%) | 2 (100%) | 0 (0%) | 2 (100%) | 2 (100%) | 0 (0%) | 1 (100%) | 1 (100%) |
| Temporarily hired ⁷ | 0 (0%) | 0 (0%) | 0 (0%) | 0 (0%) | 0 (0%) | 0(0%) | 1 (50%) | 1 (50%) | 2 (100%) |
| Newly hired employees ⁸ | 6 (67%) | 3 (33%) | 9 (100%) | 5 (100%) | 0 (0%) | 5 (100%) | 2 (40%) | 3 (60%) | 6 (100%) |
| Employee turnover | 0 (0%) | 0 (0%) | 0 (0%) | 2 (100%) | 0 (0%) | 2 (100%) | 1 (100%) | 0 (0%) | 1 (100%) |
| Parental leave | 0 (0%) | 0 (0%) | 0 (0%) | 0 (0%) | 0 (0%) | 0 (0%) | 0 (0%) | 0 (0%) | 0 (0%) |

⁴ Permanent employees are defined as employees with a contract for an indeterminate period (i.e., indefinite contract) for full-time or part- time work.

⁵ Full time employees are defined as employees whose working hours per wen, month, or year are defined according to national law or practice regarding working time.

⁶ Part time employees are defined as employees whose working hours per wen, month, or year are less than the number of working hours for full-time employees.

⁷ The company did not have any involuntary part-time employees in 2022.

⁸ Temporarily hired employees are defined as employees with a contract for a limited period (i.e., fixed term contract) that ends when the specific time period expires, or when the specific task or event that has an attached time estimate is completed, NB: calculation method for 2021 adjusted.

TABLE 5: BREAKDOWN OF EMPLOYEES AND BOARD MEMBERS BY GENDER AS OF 31 DECEMBER 2022

| | 2020 | | | 2021 | | | 2022 | | |
|-----------------------------------------|----------|---------|-----------|----------|---------|-----------|----------|---------|-----------|
| | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL | MEN | WOMEN | TOTAL |
| Organisation Total ⁶ | 17 (81%) | 4 (19%) | 21 (100%) | 20 (80%) | 5 (20%) | 25 (100%) | 21 (72%) | 8 (28%) | 29 (100%) |
| Board of Directors | 5 (83%) | 1 (17%) | 6 (100%) | 5 (71%) | 2 (29%) | 7 (100%) | 6 (75%) | 2 (25%) | 8 (100%) |
| Executive level management ⁷ | 2 (100%) | 0 (0%) | 2 (100%) | 3 (100%) | 0 (0%) | 3 (100%) | 2 (100%) | 0 (0%) | 2 (100%) |
| Non-executive level management | 10 (77%) | 3 (23%) | 13(100%) | 12 (80%) | 3 (20%) | 15 (100%) | | | |

TABLE 6: BREAKDOWN OF EMPLOYEES AND BOARD MEMBERS BY AGE AS OF 31 DECEMBER 2022

| | 2020 | | | 2021 | | | 2022 | | |
|-----------------------------------------|---------|----------|---------|---------|----------|----------|---------|----------|----------|
| | >30 | 30-49 | 50+ | >30 | 30-49 | 50+ | >30 | 30-49 | 50+ |
| Organisation Total ⁸ | 1 (5 %) | 13 (62%) | 7 (33%) | 2 (8%) | 11 (44%) | 12 (48%) | 4 (14%) | 14 (48%) | 11 (38%) |
| Board of Directors | 0 (0%) | 2 (33%) | 4 (67%) | 0 (0%) | 2 (29%) | 5 (71%) | 0 (0%) | 2 (25%) | 6 (75%) |
| Executive level management ⁹ | 0 (0%) | 1 (50%) | 1 (50%) | 0 (0%) | 2 (67%) | 1 (33%) | 0 (0%) | 2 (100%) | 0 (0%) |
| Non-executive level management | 1 (8%) | 7 (54%) | 5 (38%) | 2 (13%) | 7 (47%) | 6 (40%) | | | |

⁹ Calculation method for 2021 has been adjusted.

¹⁰ Calculation method for 2021 has been adjusted.

¹¹ Calculation method for 2021 has been adjusted.

¹² Calculation method for 2021 has been adjusted.



OCCUPATIONAL HEALTH AND SAFETY

Decent and safe working conditions is a key priority area for Andfjord Salmon and its stakeholders. Andfjord Salmon aims to have a positive impact on occupational health and safety through its health and safety policies, by actively communicating with employees and providing health and safety training, and by conducting risk assessments and by establish reporting routines for incidents or injuries.

If not managed adequately, the company can have an actual or potential negative impact on this topic. Andfjord Salmon's CEO and Operations Manager bear the ultimate responsibility for health and safety. The company has implemented a web-based quality system for internal control regarding health and safety (health and safety management system), which has been developed by Extend and which covers all workers (100%). Andfjord Salmon is currently in the process of establishing relevant health and safety documents, including safety brochures, and expects to finalise the guidelines within 2023.

Information and training

Employees' health and safety is the company's highest priority in all its activities. Andfjord Salmon's goal is to have zero work-related injuries, and to achieve this, the company works systematically to promote an open safety culture and inform employees of possible risks relating to their tasks.

All company procedures regarding HSE are available in the EQS. The software has a 'read and understood' function for any procedures and instructions, and if necessary, control questions can be asked before the Operations Manager approves the training for the operators. 'Principles and guidelines for safety management are available at all production departments and shall be followed by all employees and service suppliers working on behalf of the company or in the company's premises.

The Operations Manager is responsible for assessing competence, training in the facility's operating routines and ensuring that internal communications regarding health and safety is functioning well. The safety representative and union representative takes part in the consultation and communication on occupational health and safety.

Andfjord Salmon has established training procedures for all employees, which aim to ensure the safety of employees and that all employees have the necessary up-to-date knowledge of the tasks that they will perform. The trainings cover a wide range of topics in line with the requirements set out in the Norwegian Working Environment Act, regulations and requirements from the Norwegian Food Safety Authority and requirements in the Global G.A.P standard.

Safety trainings is carried out with the assistance of external course providers and internal courses and gatherings. Suppliers and subcontractors carrying out work at Andfjord Salmon's premises must complete the necessary safety training before they can perform the work agreed upon. Both internal and external training is documented in the quality system and any course certificates are also uploaded there. Safety training will be arranged for all employees as soon as the HSE guidelines have been finalised in 2023.

Risk assessments

As for any production environment, working at Andfjord Salmon could involve health and safety risks to employees, primarily related to the production facilities. Andfjord Salmon has previously carried out risk assessment to determine possible hazards related to the company's business operations, and risk assessments are documented through the EQS. Main risks include fall injuries, falling into pools or moats, drowning, and pinch points hazards.

To mitigate such risks, the company has established preventive HSE measures, such as walkways around the entire pool and solid fencing of embankments.

Personal protective equipment, safety equipment and rescue equipment are in place. Andfjord Salmon has also established strict working procedures together with the operators, which are described in the EQS.

In 2021, the company has reviewed all HSE risk assessments, conducted safety inspections and identified needs for updating procedures, instructions and plans to ensure a safe workplace. The review was completed and updated routines launched in Q2 2022. Together with management, the safety representative is responsible for conducting safety inspections, which are arranged annually.

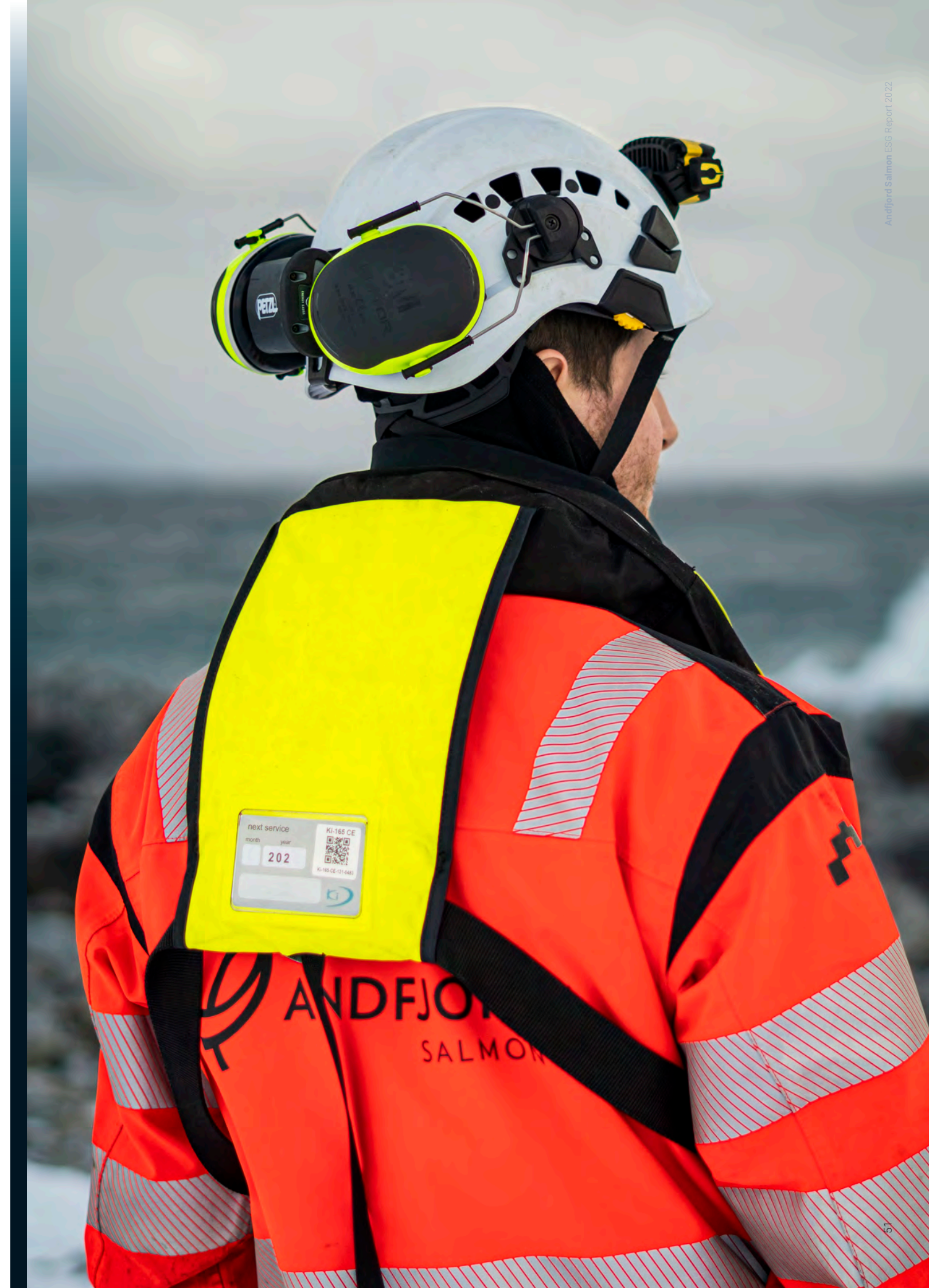
A good working environment is often recognised by a low absence rate. Andfjord Salmon's ambition is to keep absence due to illness below the Norwegian industry average, which was 4.4 % in the reporting period.

Reporting

To ensure a healthy and safe working environment, it is important to have a full overview of any work-related incident or injuries that may arise. Andfjord Salmon has developed a system for employees to report incidents, which has been implemented in 2022. Reporting can be done through the EQS system, or to the employee's nearest line manager.

It is equally important to make sure that the health and safety of Andfjord Salmon's suppliers is considered when working on assignments for the company. Andfjord Salmon has an indirect opportunity to affect suppliers' working environment through our working descriptions and requirements outlined in our contracts with business partners. Suppliers that have been involved in construction at the Kvalnes site have implemented a system for reporting incidents to Andfjord Salmon, and undergoes health and safety trainings.

No work-related incidents or injuries were reported among Andfjord Salmon's employees or suppliers in 2022. If work-related incidents were to happen, the company will investigate these and determine corrective actions and improvements needed.



BUSINESS ETHICS

How we act affects the trust in the company, and it is thus important that all stakeholders affiliated with Andfjord Salmon have high personal and professional integrity.

How we act affects the trust in the company, and it is thus important that all stakeholders affiliated with Andfjord Salmon have high personal and professional integrity.

Andfjord Salmon aims to conduct its business in an ethical and respectful manner. We apply the precautionary principle and commit to respecting human rights.

- Set the highest standards of integrity for its operations, and to communicate these to its employees.
- Provide all employees with the training and tools necessary to address ethics or compliance issues they may face in their work.
- Ensure any reports of violations are treated confidentially and responsibly, and that the reviews of any reports are impartial and diligent.
- Ensure zero tolerance towards retaliation for reports made in good faith.
- Create a safe and diverse workplace for all employees.
- Continually strive to improve our corporate governance and culture.

Our policy commitments for responsible business conduct are embedded throughout our activities and business relationships. The CEO holds the overall responsibility for the day-to-day business being conducted in an ethical manner.

All employees must ensure that and all employees have to make sure that they comply with Andfjord Salmon's policies and procedures, as well as local laws and regulations. Managers have additional responsibilities that go beyond the basic requirements of all employees.

Andfjord Salmon can have both an actual and potential positive and negative impact on business ethics. So far, our internal risk assessment has not revealed any negative impact that the company has on this topic today, and Andfjord Salmon aims to reduce or minimise risks by establishing clear ethical guidelines for employees as well as business partners, conduct due diligence and through proactive communication and training.

Ethical guidelines

As a company headquartered and operating in Norway only, Andfjord Salmon adheres to Norwegian legislation, in addition to relevant international rules and regulations.

In 2021 the company drafted a new Code of Conduct which was presented to and approved by the Board of Directors in Q1 2022. The Code of Conduct is Andfjord Salmon's most important framework for ethics and describes common principles, expectations, obligations and requirements for how we should act, including the company's policies on corruption. Andfjord Salmon's Code of Conduct reflects our values and forms the foundation of our culture. It applies to employees and contracted labour, at production, administration and management level in Andfjord Salmon, and has been communicated to all employees and the company's Board of Directors.

A breach of the ethical guidelines will result in consequences for the employee. Relevant sanctions may be verbal or written warnings and curtailment of prevailing authorisations, and serious breaches of the regulations may result in discharge or dismissal.

Andfjord Salmon is committed to provide for or cooperate in the remediation of negative impacts that it identifies it has caused or contributed to and will track the effectiveness of the grievance mechanism should any concerns be reported.

Furthermore, the company is committed to support and protect individuals who, in good faith, report concerns or violations. Retaliation against the reporter is both illegal and punishable. There have been no significant instances of non-compliance with laws and regulations in the reporting period and no fines or non-monetary sanctions incurred. No critical concerns were communicated to the Board during the reporting period, and there were no confirmed incidents of corruption.

Suppliers and business partners

Salmon relies on third-party suppliers for production and distribution, the company is directly and indirectly exposed to risks and opportunities in its supply chain. Delays, interruptions, quality issues, improper transport, handling and/or delivery, in addition to corruption or other unethical business conduct may have serious implications on the quality and perception of Andfjord Salmon and the company's products. Andfjord Salmon's suppliers and business partners receive information on the company's policies and guidelines related to environmental, social and governance issues. Suppliers are also required to document that they are actively working to reduce the effects of their own operations on the natural environment.

Screening of suppliers / due diligence

Although Norway is usually perceived as a low-risk country regarding corruption or other similar ethical breaches, it is vital for Andfjord Salmon to have an overview of any potential risk that may arise in its supply chain. The company conducts annual risk assessments and all suppliers and business partners of Andfjord Salmon were screened for potential risks related to environmental, social and governance issues in 2022.

In line with the OECD guidelines for multinational enterprises, Andfjord Salmon also carries out thorough risk assessments when choosing new suppliers and business partners following its own procedures, which again draws upon the Norwegian Standard NS 5814 – Requirements for Risk Assessment, the NS 9416 – Requirements for Land Based Facilities, Global G.A.P and Aquaculture Stewardship Council (ASC).

No supplier contracts have been terminated or discontinued in the reporting period due to ethical breaches.

Human Rights

In July 2022, The Norwegian Transparency Act entered into force. Its purpose is to promote enterprises' respect for fundamental human rights and decent working conditions in connection with the production of goods and the provision of services and ensure the general public access to information regarding how enterprises address adverse impacts on fundamental human rights and decent working conditions.

Although the Act applies to larger Norwegian enterprises (meaning organisations with more than 100 employees) and therefore not Andfjord Salmon, the company has a clear policy to respect human rights and decent working conditions.

Andfjord Salmon supports the Universal Declaration of Human Rights and the OECD guidelines for multinational enterprises, and regularly review its operations, including human rights and impact assessments. The company plans to develop its own Human Rights Policy which will be publicly communicated to the company's stakeholders and aims to provide employee and Board of Directors training in human rights.

Any suspicion about human rights abuses or potential human rights abuses, either in Andfjord Salmon or at its business suppliers or partners should be immediately reported to the company's management or Board of Directors through the company's external whistle blowing channel. There were no reported incidents of discrimination in 2022.

LOCAL VALUE CREATION

Andfjord Salmon's objective is to have a positive impact on the environment in which the company operates. We seek to employ local labour when possible, and otherwise contribute to local value creation.

Andfjord Salmon has an actual and potential positive impact on local value creation through local employment, through the payment of taxes to local authorities and through buying local goods and services. The company has not identified any negative impacts (either actual or potential) relating to this topic.

Local employment

Most of Andfjord Salmon's employees are recruited locally. The company is aiming to find local candidates who are qualified for the tasks at hand, and since the industry is very large in the region, Andfjord Salmon has good access to expertise related to our operational activities.

The company also takes part in different initiatives to attract the right workforce to the region, moving to Northern Norway with a family, might be a life-changing decision. Teaming up with Andøya Space, Andfjord Salmon's planned initiative "Jobb for to" ("job for two") is supposed to make such decisions easier, by providing strategic housing, helping partners to get a job, and arranging social gatherings and company visits. The company also supports the municipality's project "Bo and Bli-lyst" (the "stay-project") that aims to keep residents on the island, and to make Andøya an attractive place to work and settle.

Through different efforts to facilitate demographic growth in Andøy municipality, Andfjord Salmon's is trying to make a small community a better place to live.

Goods and services

In the surrounding areas of Andøya, there is a well-developed industry for salmon farming with an already established infrastructure. Andfjord Salmon plans to benefit from excess capacity and competence through local partnerships throughout the value chain, which allows for a fully integrated business structure ranging from smolt production to end customer. Andfjord Salmon will source smolt from Nordland municipality, whereas external processing facilities nearby will perform the slaughtering and processing.

During the construction phase, Andfjord Salmon has had many local suppliers, both major suppliers and local service providers of various types of services. Regarding operations, the company collaborates with the industry locally on important links in the value chain, such as slaughterhouses, smolt, well boats, etc.

The company has bought goods and services from local suppliers, such as LNS, Andøytorgv and KKE, amounting to NOK 83 million during the reporting period. The company is still in the investment phase and, therefore, had no payable tax in 2021, except from VAT and employer's tax.

APPENDIX 1: SHORT-TERM GOALS AND TARGETS

| Topic | Goal |
|----------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Environment and climate impact: | <ul style="list-style-type: none">Achieve Global G.A.P. certification during Q2 2023Complete report for visual mapping + action listComplete installation of sensor system to monitor fish health |
| (Biodiversity, Fish health and welfare, Emissions) | <ul style="list-style-type: none">Turn fish sludge from the company's production into high-quality biogasCarry out a climate risk analysisFind a new solution to effectively keep climate accounts, and expand Scope 3 reportingSet climate targetsReport according to the EU taxonomy (eligibility and adoption) when the TSC has been adopted for fisheries and aquaculture |
| Working environment: | <ul style="list-style-type: none">Conduct a new employee survey (KPI: 100% participation)Look at ways we can further improve the flow of information internallyContinue to attract young talent by continuing the trainee and apprentice schemesOrganise another Andfjord Day for employees focusing on working environmentEmployees to complete fish health and animal welfare course (KPI 100%). |
| (Employee wellbeing, Equality and diversity) | |
| Occupational health and safety: | <ul style="list-style-type: none">Complete relevant HSE documents during Q1 2023Employees to complete first aid course (KPI 100%)Zero vision for accidents or mishaps in the workplace (KPI: 0%)Keep absence due to illness below Norwegian industry average (4,4 %) |
| (Information and training, Risk assessments, Reporting) | |
| Business ethics: | <ul style="list-style-type: none">Create an external notification channel on the websiteCarry out risk assessment of suppliersComplete the Supplier Code of Conduct and publish it on the website, get high risk suppliers and business partners to sign itCreate a Human Rights Policy that is published on the website |
| (Suppliers and business partners, Human rights) | |
| Local value creation: | <ul style="list-style-type: none">Continue to be a positive contributor to local value creation, e.g. through employment, cooperation with local organisations and purchase of local goods and services |
| (Local employment, Goods and services) | |

APPENDIX 2: GRI CONTENT INDEX

| DISCLOSURE | DISCLOSURE DESCRIPTION | REFERENCE | OMISSION |
|-----------------------------------------|-----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2-1 | Organizational details | This is Andfjord Salmon | |
| 2-2 | Entities included in the organization's sustainability reporting | Note 1, Annual Report | |
| 2-3 | Reporting period, frequency and contact point | About this report | |
| 2-4 | Restatements of information | About this report | |
| 2-5 | External assurance | About this report | |
| ACTIVITY AND WORKERS | | | |
| 2-6 | Activities, value chain and other business relationships | This is Andfjord Salmon | |
| 2-7 | Employees | Working environment + Equality and diversity + Table 5 + Table 4 + Footnote 3 | The reporting requirement is met with one minor exception: The company did not manage to gather information about non-guaranteed hours employees in 2022. We will improve data gathering processes and plan to obtain the information in 2023. |
| 2-8 | Workers who are not employees | Working environment | |
| GOVERNANCE | | | |
| 2-9 | Governance structure and composition | Governance structure and composition + + 8. Board of Directors, composition and independence (annual report) + 9. The work of the board of directors (annual report) + Board CVs (website) | Not specified per committee. |
| 2-10 | Nomination and selection of the highest governance body | Governance structure and composition + 7. Nomination committee (annual report) + 8. role of the highest governance body + Instruction for the Election Committee | |
| 2-11 | Chair of the highest governance body | Conflicts of interest | |
| 2-12 | Role of the highest governance body in overseeing the management of impacts | Governance structure and composition + Role of the highest governance body + 2. Business (annual report) | Information unavailable: The company has not managed to gather all of this information in 2022 but serjs to do so in 2023. |
| 2-13 | Delegation of responsibility for managing impacts | Corporate governance and sustainability approach + Role of the highest governance body | |
| 2-14 | Role of the highest governance body in sustainability reporting | About this report | |
| 2-15 | Conflict of interest | Conflicts of interest + Instruction for the Board of Directors | The organisation has not managed to identify the extent to how conflicts of interest are disclosed to stakçolders. |
| 2-16 | Communication of critical concerns | Whistleblowing | |
| 2-17 | Collective knowledge of the highest governance body | Role of the highest governance body | |
| 2-18 | Evaluation of the performance of the highest governance body | Role of the highest governance body + 9. The work of the board of directors (annual report) | |
| 2-19 | Remuneration policies | Remuneration policies + 11. Remuneration of the Board of Directors (annual report) | The remuneration policies does not contain information about fixed and variable pay; sign-on bonuses or recruitment incentive payments; termination payments; clawbacks; or retirement benefits. |
| 2-20 | Process to determine remuneration | Remuneration policies + 11. Remuneration of the Board of Directors (annual report) + Annual General Meeting Notices (website) | The results of votes of stakçolders on remuneration policies and proposals are not mentioned. |
| 2-21 | Annual total compensation ratio | Table 8 | |
| STRATEGY, POLICIES AND PRACTICES | | | |
| 2-22 | Statement on sustainable development strategy | CEO letter | |
| 2-23 | Policy commitments | Business ethics + Ethical guidelines + Human rights + Suppliers and business partners | |

| | | | |
|---------------------------------|---------------------------------------------------------------------------|------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2-24 | Embedding policy commitments | Business ethics | |
| 2-25 | Processes to remediate negative impacts | Whistleblowing | |
| 2-26 | Mechanisms for senjing advice and raising concerns | Whistleblowing | |
| 2-27 | Compliance with laws and regulations | Whistleblowing | |
| 2-28 | Membership associations | This is Andfjord Salmon | |
| STAKEHOLDER ENGAGEMENT | | | |
| 2-29 | Approach to stakZolder engagement | Andfjord Salmon's stakZolders + StakZolder dialogue | Information unavailable: Although the company knows that most of its workers are covered by collective bargaining agreements, it does not have the exact percentage. |
| 2-30 | Collective bargaining agreements | Working environment | |
| MATERIAL TOPCIS | | | |
| GRI 3: MATERIAL TOPICS 2021 | | | |
| 3-1 | Process to determine material topcis | StakZolder dialogue + Materiality assessment | |
| 3-2 | List of material topics | Materiality assessment | |
| ENVIRONMENT | | | |
| 3-3 | Management of material topics | Environment and climate impact (all chapters) + Materiality assessment | |
| GRI 304 BIODIVERSITY 2016 | | | |
| 304-2 | Significant impacts of activities, products, and services on biodiversity | Biodiversity | |
| OWN KPIS | | | |
| KPI | Fish health and welfare | Fish health and welfare | |
| KPI | Water quality and thermal regulations | Water quality and thermal regulations | |
| KPI | Health checks, hygiene and disease management | Health checks, hygiene and disease management | |
| GRI 305: EMISSIONS | | | |
| 305-1 | Direct (scope 1) GHG emissions | Emissions | |
| 305-2 | Energy indirect (scope 2) GHG emissions | Emissions | |
| 305-3 | Other indirect (scope 3) GHG emissions | Emissions | |
| WASTE | | | |
| 306-2 | Management of significant waste-related impacts | Fish sludge | |
| WORKING ENVIRONMENT | | | |
| 3-3 | Management of material topics | Working environment (entire chapter) + Materiality assessment | |
| GRI 401: Employment | | | 306-2 |
| 401-1 | New employee hires and employee turnover | Table 4 | The reporting requirement is met with one minor exception: We do not report age group of new hires and employees who have left the company. |
| OWN KPI | | | |
| Parental leave | | | |
| Employee survey | | | |
| GRI 405: EQUALITY AND DIVERSITY | | | |
| 405-1 | Diversity of governance bodies and employees | Table 5 + Table 6 | The reporting requirement is met with one minor exception: We do not map or report other indicators of diversity. |
| GRI 406: NON-DISCRIMINATION | | | |
| 406-1 | Incidents of discrimination and corrective actions taken | Equality and diversity | |

| | | | |
|------------------------------------------------|---------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|--|
| OCCUPATIONAL HEALTH AND SAFETY | | | |
| 3-3 | Management of material topics | Occupational health and safety (entire chapter) + Materiality assessment | |
| GRI 403: OCCUPATIONAL HEALTH AND SAFETY | | | |
| 403-1 | Occupational health and safety management system | Occupational health and safety | |
| 403-2 | Hazard identification, risk assessment, and incident investigation | Occupational health and safety + Risk assessments + Reporting | |
| 403-3 | Occupational health services | Occupational health and safety + Information and training | |
| 403-4 | Worker participation, consultation, and communication on occupational health and safety | Occupational health and safety + Information and training | |
| 403-5 | Worker training on occupational health and safety | Occupational health and safety + Information and training | |
| 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | Occupational health and safety | |
| Own KPI | | | |
| KPI | Work incidents | Reporting | |
| BUSINESS ETHICS | | | |
| 3-3 | Management of material topics | Business ethics (entire chapter) + Materiality assessment | |
| GRI 414: SUPPLIER SOCIAL ASSESSMENT | | | |
| 414-1 | New suppliers that were screened using social criteria | Screening of suppliers / due diligence | |
| GRI 205: ANTI-CORRUPTION | | | |
| 205-3 | Confirmed incidents of corruption and actions taken | Whistleblowing | |
| LOCAL VALUE CREATION | | | |
| 3-3 | Management of material topics | Local value creation (entire chapter) + Materiality assessment | |
| OWN KPIS | | | |
| KPI | Local initiatives | Local employment | |
| KPI | Goods and services | Goods and services | |

69°N

ANDØYA
VESTERÅLEN
NORWAY



ANDEFJORD™
SALMON

andfjord.no / andfjordsalmon.com