



# Q2 2024 STATUS AND PROGRESS

4 SEPTEMBER 2024



# AGENDA

- ANDFJORD SALMON IN BRIEF
- Quarterly highlights and subsequent events
- Status Kvalnes build-out
- Private placement: Strategic investors
- Regulations
- Financials
- Summary and outlook



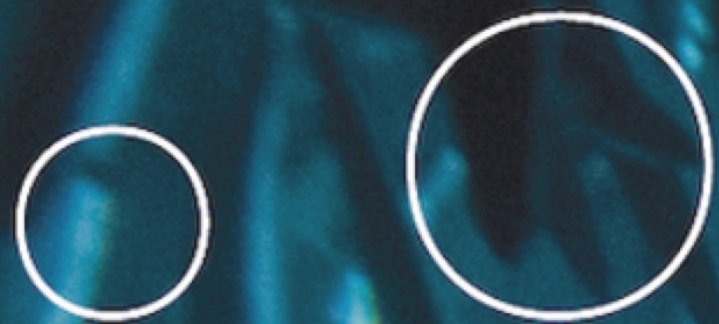
Martin Rasmussen  
**CEO**



Bjarne Martinsen  
**CFO**



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**



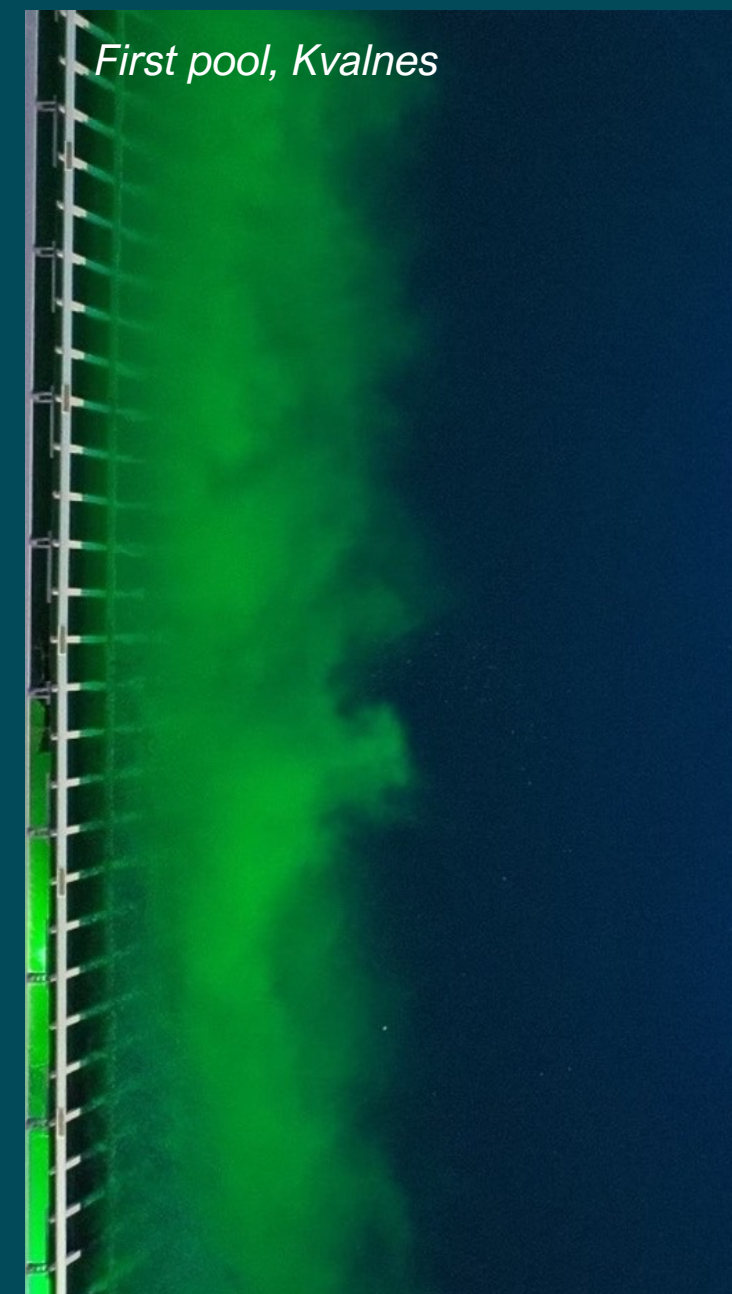
# THE BEST OF TWO WORLDS

## 3 BENEFITS OF SEA BASED NET PEN FARMING



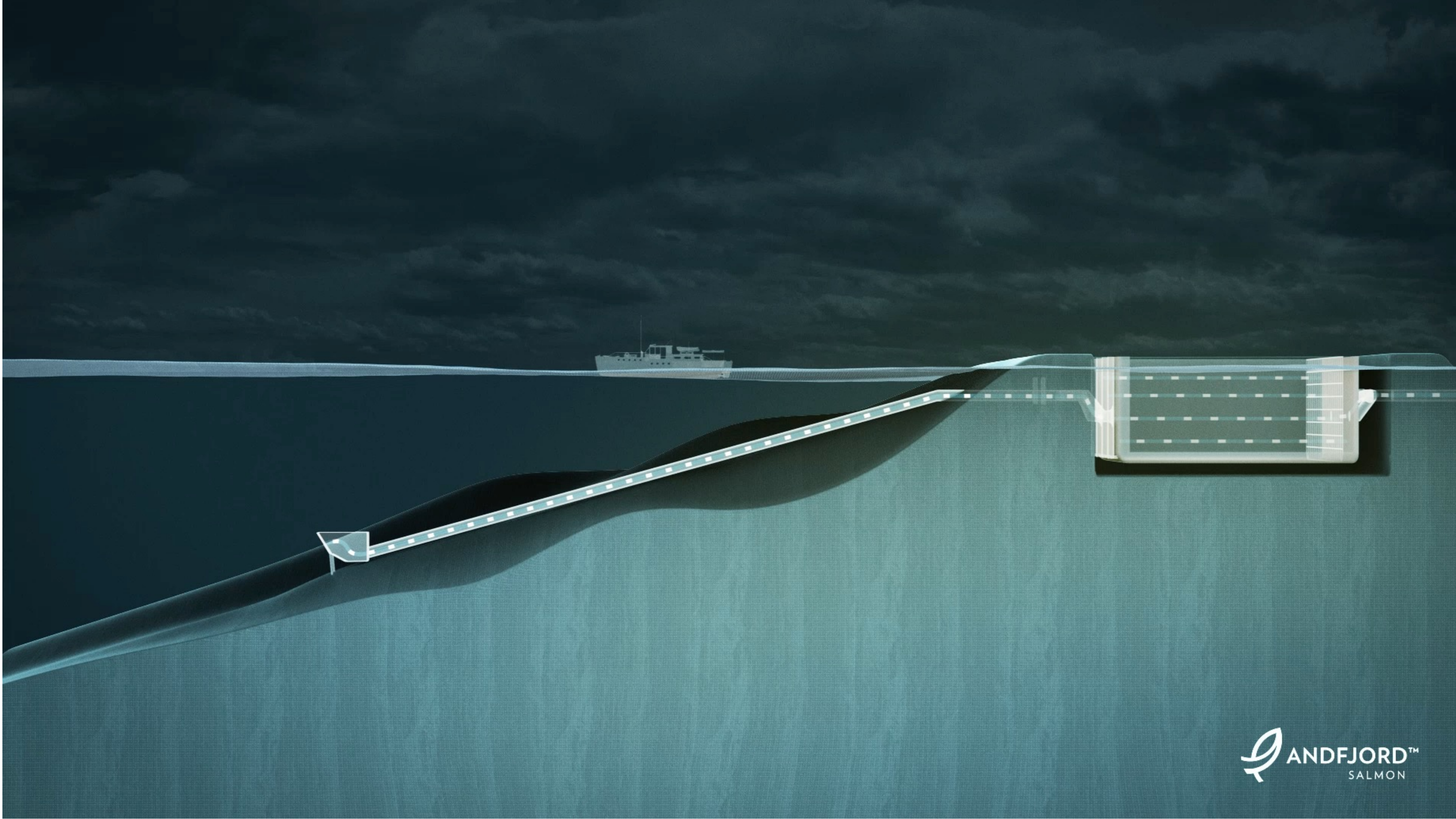
- 1** NATURAL OPTIMAL WATER TEMPERATURES
- 2** OXYGEN-RICH AND CLEAN ARCTIC SEAWATER
- 3** LOW ENERGY COSTS. NO LIFTING, HEATING OR COOLING

## 3 BENEFITS OF LAND BASED FARMING



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







*Egga 3.000 mbsl*

*Gulf Stream*

*Bleiksdjupet 1.000 mbsl*

*Kvalnes, Andøya*



# KEY FIGURES – FIRST PRODUCTION CYCLE

HIGH  
SURVIVAL RATE



**97.5%**

Industry average  
= 83.3%\*

LOW FEED  
CONVERSION  
RATE



**1.05**

Industry average  
= 1.27\*\*

STRONGER  
GROWTH



**+1 kilo**

Extra growth  
compared to  
Skretting's growth  
table

LOWER ENERGY  
COSTS



**1 kWh**

Energy use per kilo  
produced salmon

HIGH SUPERIOR  
SHARE



**91.1%**

Industry average  
= 85.1%\*\*



# AGENDA

- Andfjord Salmon in brief
- **QUARTERLY HIGHLIGHTS AND SUBSEQUENT EVENTS**
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# HIGHLIGHTS Q2 AND SUBSEQUENT PERIOD



## BUILD-OUT PROGRESSING AS PLANNED

All workstreams on or  
ahead of schedule



## STRONG PROGRESS ON WATERWAYS

De-risks a challenging  
part of the build-out



## INITIATED PRODUCTION OF POOL COMPONENTS

Preparations for pool  
production executed,  
initiated production of  
pool components



## SUCCESSFUL PRIVATE PLACEMENT

NOK 350 million from  
strategic investors



# AGENDA

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- **STATUS KVALNES BUILD-OUT**
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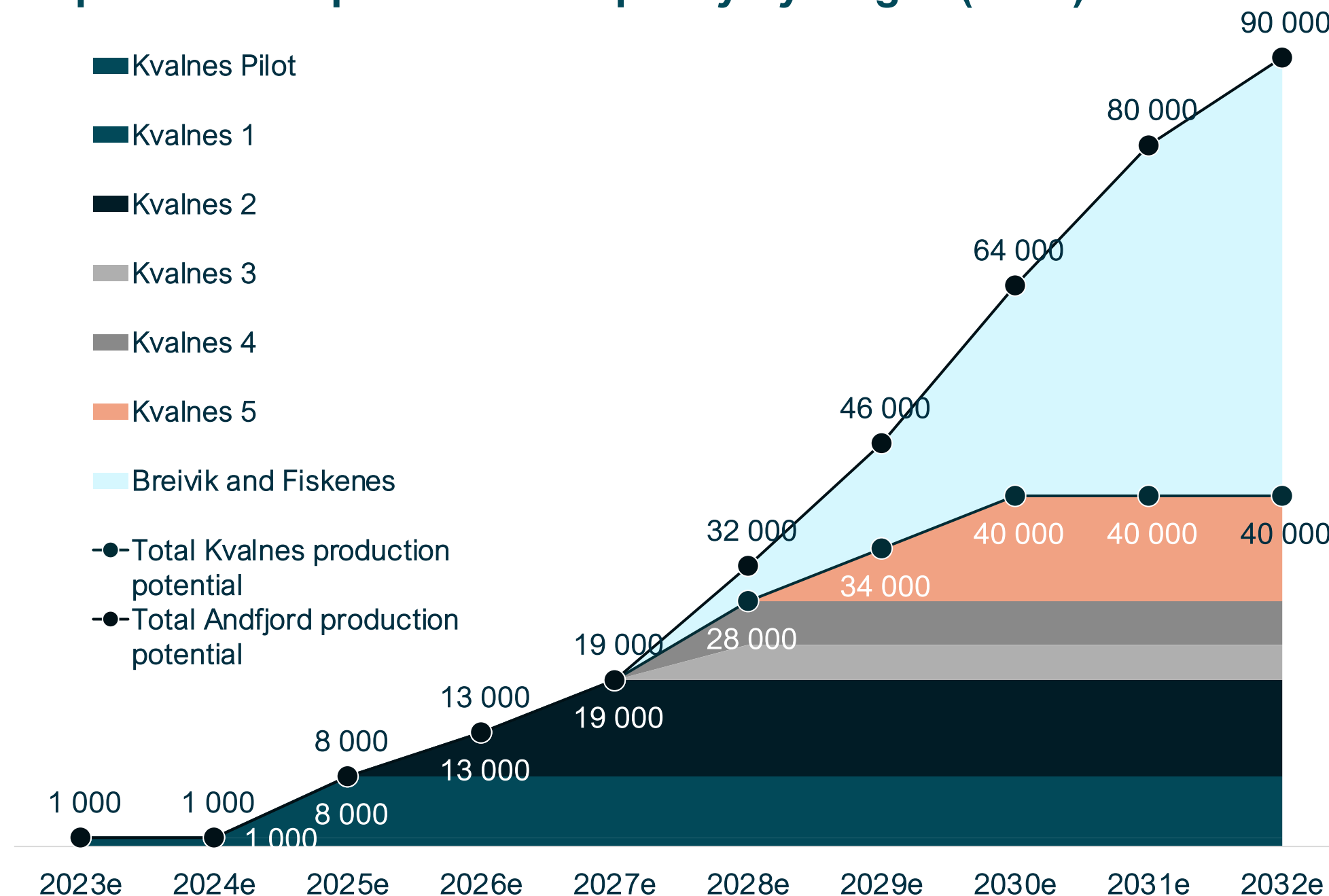


# PRODUCTION VOLUME OF **40,000t** AT KVALNES WITH TOTAL POTENTIAL OF **90,000t**

## Kvalnes build-out plan

Stage, Kvalnes	Added production (HOG, est.)	Accum. production (HOG, est.)
First pool	+1,000t	1,000t
1	+7,000t	8,000t
2	+11,000t	19,000t
3 (license expansion)	+4,000t	23,000t
4	+5,000t	28,000t
5	+12,000 t	40,000t

## Expected total production capacity by stages (HOG)



## Comments

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



Construction start 2023-2025:  
**+18,000 tonnes**  
**+4,000 tonnes license expansion**



Construction start in 2027:  
**+12,000 tonnes**  
*(exact location to be decided)*



Construction start in 2026:  
**+5,000 tonnes**



First pool

In operation:  
**1,000 tonnes**

NOTE: ILLUSTRATIVE GRAPHICS



# STATUS AND PROGRESS – POOLS



## POOL CONSTRUCTION INITIATED

- Workstream on track
- Concrete elements produced by factory on site
- Foundation work for pools K1 and K3 is in the final stage
- Production of pool walls is in progress, with a planned significant increase in concrete production set for September 2024.

*Foundation of pool floors. An on-site crane is placing concrete elements into the pool pits.*



# POOL CONSTRUCTION METHOD



On-site factory



On-site crane



Production of pool elements



Foundation of floors and walls

## ON-SITE FACTORY AND CRANE

- The 24-hour production of concrete elements ensures continuous progress.
- The on-site factory and crane for installing concrete elements have significantly improved progress efficiency.

## CONSTRUCTION STEPS:

- Foundation of walls and floors
- Installation of walls with Ultra-High Performance Concrete (UHPC)
- Casting of floors



# SUSTAINABILITY AT CORE OF BUILD-OUT

## EFFICIENT AND SMART BUILD-OUT PROCESS

- Utilizing masses from pool pits and tunnels as raw material in concrete reduces costs and enhances environmental sustainability.
- Avoiding approximately 23,300 tonnes (equivalent to 780 truckloads) of material being delivered to the facility.



Excavated masses from pool pits...



...turned into concrete elements



... concrete walls covered with Ultra-High Performance Concrete (UHPC)



...and finally becoming part of harbour and concrete pools



# STATUS AND PROGRESS – WATERWAYS

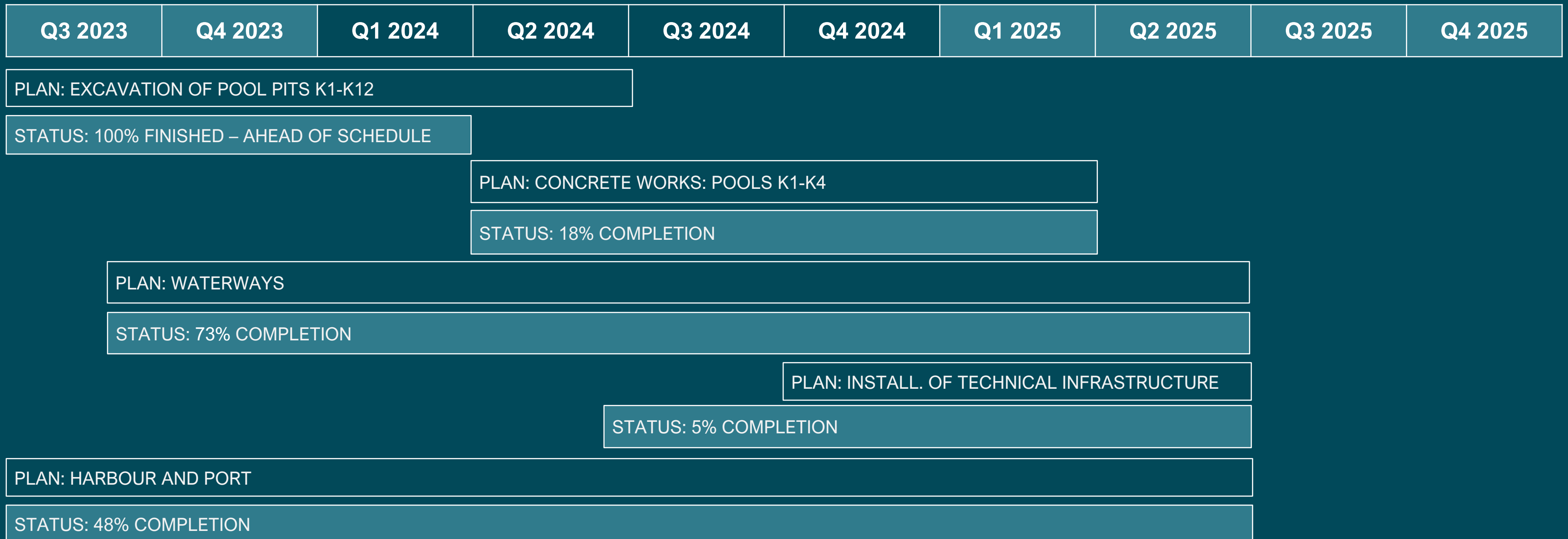


## **WATERWAYS ON TRACK**

- Capacity to support annual production of 40,000 tonnes (HOG) of Salmon
- Workstream on track
- Quality of bedrock is in line with expectations.
- Strong progress in recent months (excluding summer vacation period in July)
- Total length of waterways is 4.4 km, current progress stands at approx. 3.2 km



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



*Note: Status per 3 September 2024*



# AGENDA

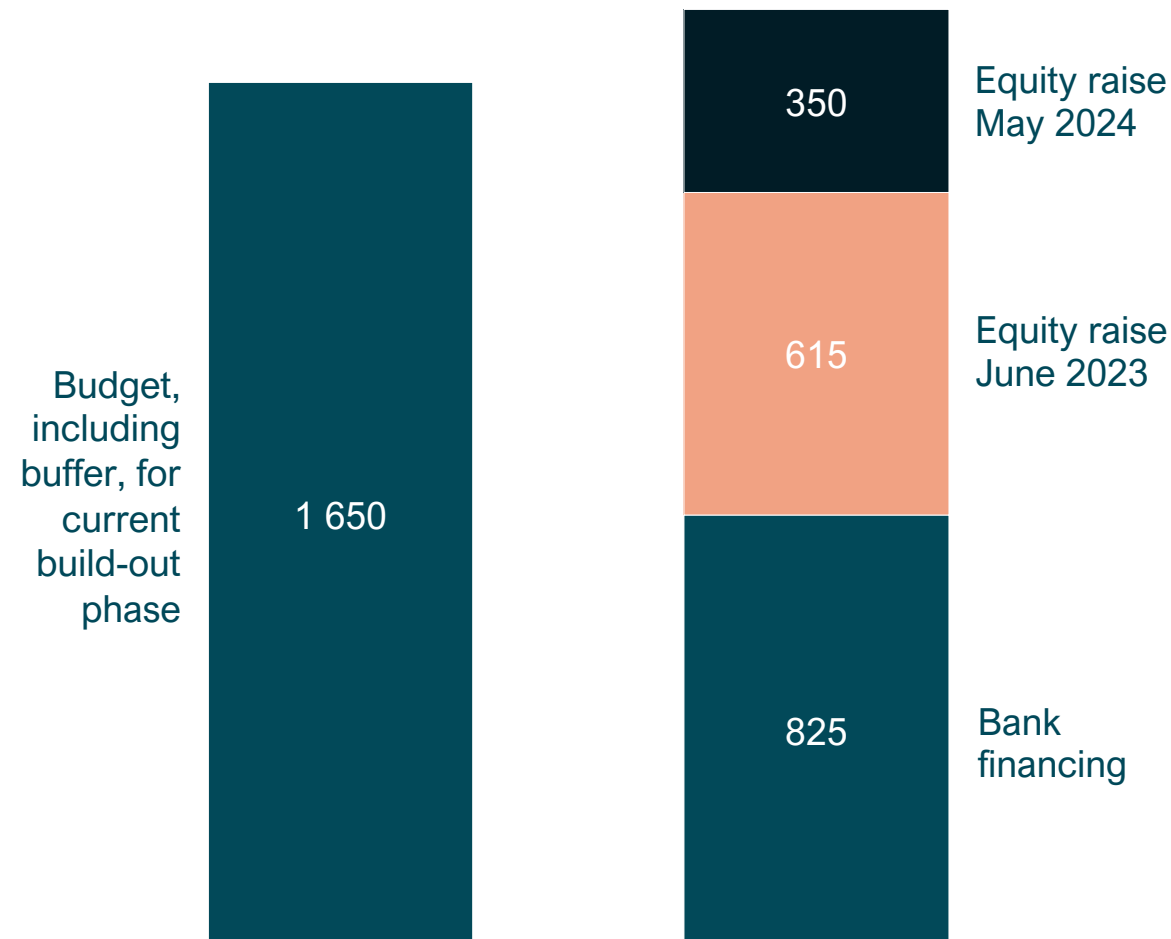
- Introduction
- Quarterly highlights and subsequent events
- Status Kvalnes build-out
- **PRIVATE PLACEMENT: STRATEGIC INVESTORS**
- Regulations
- Financials
- Summary and outlook



# SUCCESSFUL PRIVATE PLACEMENT

## RAISED NOK 350 MILLION

- Significantly oversubscribed
- Net proceeds used to expand production capacity at Kvalnes, ramping up biomass, and for general corporate purposes
- Provides added financial flexibility



## STRONG SUPPORT FROM LARGE INDUSTRIAL INVESTORS



- Lisbon-listed group with 230 years of know-how in the food business
- Revenue of EUR 30 billion in 2023
- More than 134,000 employees
- Andfjord Salmon's largest shareholder
- Pro-rata allocation of NOK 87 million



- North American processor and supplier of seafood
- Listed on the Toronto Stock Exchange, Canada
- Sales revenue of almost USD 1.1 billion in 2023
- Explore opportunity for distribution of Andfjord Salmon's fish to the North American market
- Subscribed for approximately NOK 107 million



- Part of Holmøy Maritime
- Produces around 25,000 tonnes of salmon annually, based on conventional licenses in Nordland and Troms
- Off-taker of "post smolt" from Andfjord Salmon for nearby ocean-based farming locations
- Pro-rata allocation of NOK 15.9 million



# AGENDA

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# PROPOSED NEW REGULATIONS FOR LAND-BASED AQUACULTURE

## BACKGROUND

- After a two-year standstill period for considering license applications for land-based aquaculture, the Norwegian Ministry of Trade, Industry and Fisheries has issued **proposed changes** to the regulations to ensure the sustainable development of aquaculture production on land
- The proposal is now subject to a public hearing, with a deadline for input on 21 November 2024
- After reviewing the consultation input, the ministry will present new regulations for land-based aquaculture

## KEY POINTS FROM THE PROPOSAL

- The proposals will not affect facilities that have already received permission for farming on land\*
- The proposal removes confusion about which aquaculture facilities are defined as being “on land”
- Proposed requirement for disinfection of seawater at water inlet (Note: Andfjord Salmon has flexibility in design, to adapt to changes in functional requirements)
- Positive for the long-term development of land-based aquaculture industry that a revised regulatory framework is getting closer to completion



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# STATEMENT OF COMPREHENSIVE INCOME

All amounts in 1,000 NOK

Statement of comprehensive income	Q2 2024	Q2 2023	HY 2024	HY 2023	2023
	1.4 – 30.6 Unaudited	1.4 – 30.6 Unaudited	1.1 – 30.6 Unaudited	1.1 – 30.6 Unaudited	1.1 – 31.12
<b>Operating income and expenses</b>					
Revenue from contracts with customers	78	9 625	135	9 625	37 279
<b>Total operating income</b>	<b>78</b>	<b>9 625</b>	<b>135</b>	<b>9 625</b>	<b>37 279</b>
Change in biological assets at cost and other inventories	-	-1 829	-	-1 864	-1 162
Cost of materials	-112	-17 512	-210	-22 047	-59 638
Fair value adjustments of biological assets	-	13 294	-	25 707	25 707
Employee benefit expenses	-5 636	-5 676	-10 446	-12 389	-25 208
Depreciation and amortisation expenses	-6 220	-6 165	-12 412	-12 317	-24 904
Other operating expenses	-7 249	-9 830	-13 233	-18 748	-31 707
<b>Total operating expenses</b>	<b>-19 216</b>	<b>-27 717</b>	<b>-36 301</b>	<b>-41 657</b>	<b>-116 912</b>
<b>Operating profit/loss</b>	<b>-19 138</b>	<b>-18 092</b>	<b>-36 166</b>	<b>-32 032</b>	<b>-79 634</b>
<b>Financial income and expenses</b>					
Financial income	572	-	2 100	-	12 187
Net financial costs	-217	-143	-421	-283	-2 340
<b>Net financial result</b>	<b>355</b>	<b>-143</b>	<b>1 679</b>	<b>-283</b>	<b>9 847</b>
<b>Profit/loss for the period</b>	<b>-18 783</b>	<b>-18 235</b>	<b>-34 487</b>	<b>-32 315</b>	<b>-69 787</b>



# STATEMENT OF FINANCIAL POSITION

All amounts in 1,000 NOK

<b>Assets</b>	<b>30.06.2024 - Unaudited</b>	<b>31.12.2023</b>	<b>30.06.2023 - Unaudited</b>
Intangible assets	16 445	14 389	12 570
Property, plant & equipment	1 443 058	876 632	521 109
Right-of-use assets	15 376	17 640	19 496
Other non-current assets	35	113	71
<b>Total non-current assets</b>	<b>1 474 914</b>	<b>908 774</b>	<b>553 246</b>
Biological assets	-	-	29 836
Other inventories	1 487	1 697	-
Trade and other receivables	30	-	10 987
Other current assets	82 831	52 361	152 157
Cash and cash equivalents	228 038	250 032	94 698
Total current assets	312 385	304 090	287 678
<b>Total assets</b>	<b>1 787 299</b>	<b>1 212 864</b>	<b>840 924</b>

*Figures do not include undrawn construction loan of NOK 660 million and an undrawn credit facility of NOK 20 million*



# STATEMENT OF FINANCIAL POSITION

All amounts in 1,000 NOK

Equity and liabilities	30.06.2024 - Unaudited	31.12.2023	30.06.2023 - Unaudited
<b>Total equity</b>	<b>1 287 142</b>	<b>993 688</b>	<b>643 061</b>
Borrowings	218 324	59 959	63 417
Lease liabilities	7 869	9 340	11 027
<b>Total non-current liabilities</b>	<b>226 193</b>	<b>69 299</b>	<b>74 444</b>
Borrowings	7 666	7 666	59 417
Lease liabilities	4 304	4 511	4 514
Trade payables	254 529	131 134	45 461
Other current liabilities	7 465	6 567	14 027
<b>Total current liabilities</b>	<b>273 964</b>	<b>149 877</b>	<b>123 419</b>
<b>Total liabilities</b>	<b>500 157</b>	<b>219 176</b>	<b>197 863</b>
<b>Total equity and liabilities</b>	<b>1 787 299</b>	<b>1 212 864</b>	<b>840 924</b>



# STATEMENT OF CASH FLOWS

All amounts in 1,000 NOK

Statement of cash flows	Q2 2024	Q2 2023	HY 2024	HY 2023	2023
	1.4-30.6 Unaudited	1.4-30.6 Unaudited	1.1 – 30.6 Unaudited	1.1 – 30.6 Unaudited	1.1 – 31.12
Net cash flow from operating activities	-11 141	-27 315	-31 730	-41 612	-29 148
Net cash flow from investing activities	-287 481	-20 142	-462 075	-33 455	-326 866
Net cash flow from financing activities	475 234	88 632	471 811	86 853	523 136
Net change in cash and cash equivalents	176 612	41 176	-21 995	11 787	167 121

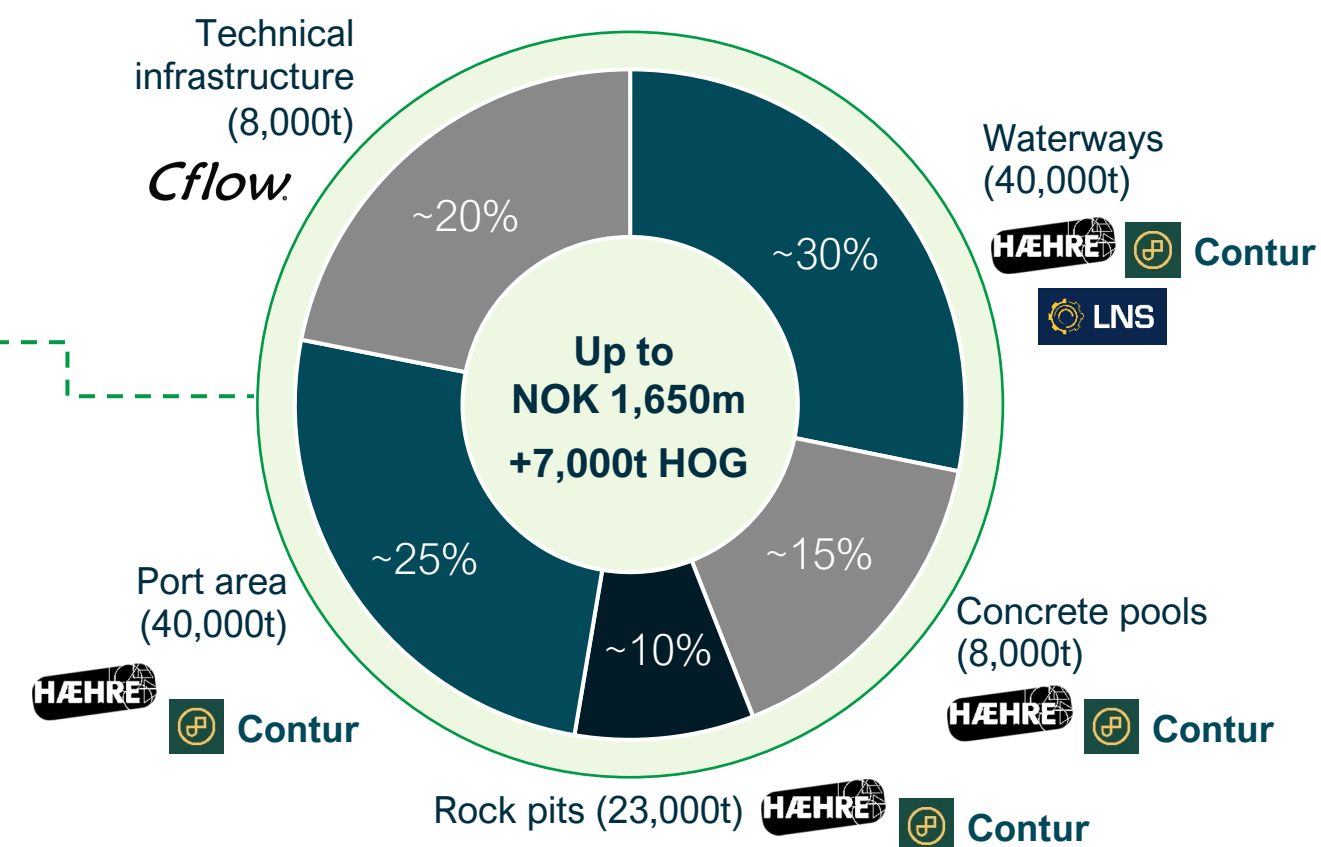


# SCALE-UP TAILORED FOR CAPITAL EFFICIENCY

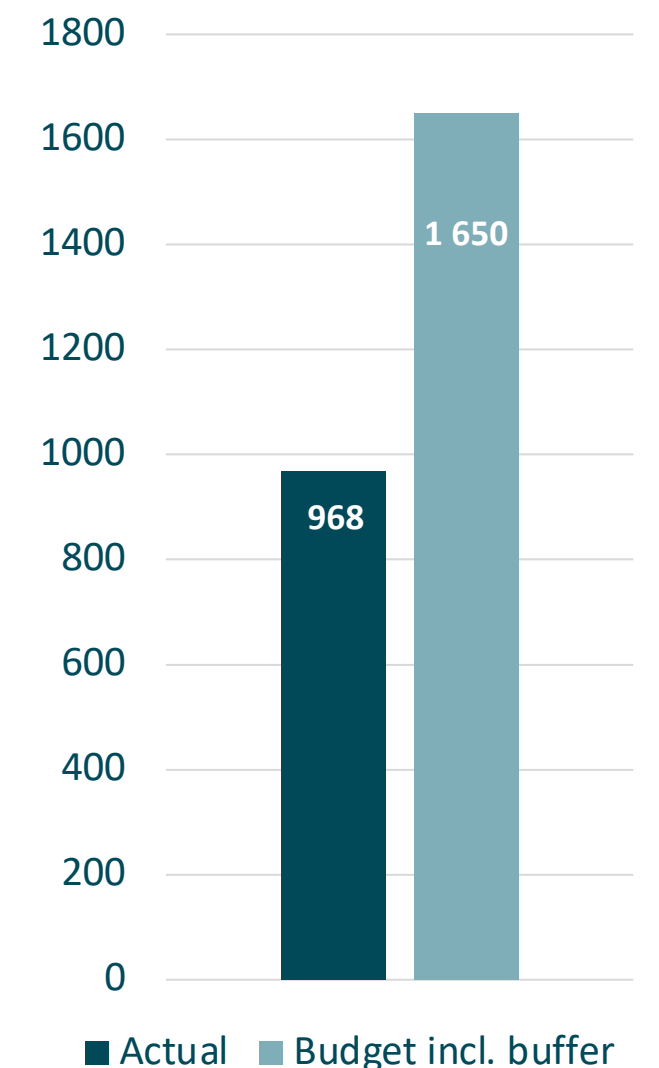
## KVALNES BUILD-OUT PLAN

Stage, Kvalnes	Capex (NOK, est.)	Added production (HOG, est.)	Accum. production (HOG, est.)
First pool	~ 450m	+1,000t	1,000t
1	Up to 1,650m	+7,000t	8,000t
2	~ 1,100m	+11,000t	19,000t
3 (license expansion)	~ 0m	+4,000t	23,000t
4	~ 280m	+5,000t	28,000t
5	~ 1,100m	+12,000t	40,000t

## CAPITAL EXPENDITURE, KVALNES PHASE 1



## INCURRED COSTS VS ESTIMATED BUDGET COST, INCL. BUFFER



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

- Large part of investment towards **shared infrastructure** for full Kvalnes site
- **Shared upside and downside: 60/40** between AF Hæhre-Contur and Andfjord Salmon

- Actual cost of NOK 968 million per 30 June 2024



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- **SUMMARY AND OUTLOOK**



# SUMMARY AND OUTLOOK



## BUILD-OUT PROGRESSING AS PLANNED

All workstreams on or  
ahead of schedule



## STRONG PROGRESS ON WATERWAYS

De-risks a challenging  
part of the build-out



## INITIATED POOL PRODUCTION

Foundation work for  
pools K1 and K3 at final  
stage, production of  
pool walls is in progress,  
momentum increase  
expected in September



## SUCCESSFUL PRIVATE PLACEMENT

Strategic investors  
supporting Andfjord  
Salmon's concept and  
plans



# Q & A



## NEXT QUARTERLY UPDATE:

Q3 Presentation  
28. November 2024

For more information on this presentation  
and its contents, please contact:

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