Austevoll Seafood ASA

FINANCIAL REPORT

Q2 and H1 2023

Austevoll Seafood ASA

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NORWAY

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Index

Q2 IN BRIEF

- Group's revenue growth driven by strong prices, partly because of the weak krone
- Seasonally low harvest volume for salmon in Q2
  - » Higher prices realised year on year
  - » Cost pressure remains high as a result of inflation
- Seasonally good level of activity within pelagic segment in the North Atlantic; FoodCorp in Chile continues to develop positively
- Low level of activity within pelagic segment in Peru
  - » No fishery in the first season, other than a few days of trial fishery
- Issued new senior unsecured bond loans in Austevoll Seafood ASA and Lerøy Seafood Group ASA
- The government's proposal on resource rent tax on aquaculture (in the sea) was adopted by the Storting on 31 May 2023
  - » Tax in Q2 2023 includes a significant implementation effect linked to the value of biomass in the sea at 1 January 2023

RESULT HIGHLIGHTS

All figures in MNOK	Note	Q2 2023	Q2 2022	YTD 2023	YTD 2022	2022
Operating revenue and other income		8 452	7 852	16 454	14 417	31 150
Operational EBITDA	7	1 441	1 769	3 068	3 251	6 062
Operational EBIT	7	**982**	**1 465**	**2 231**	**2 563**	**4 845**
Profit before tax and biomass adjustments		774	1 116	1 890	2 160	4 226
Income tax expenses		-193	-471	-537	-784	-1 142
Implementation effects of resource tax (aquculture)	9	-1 803	-	-1 803	-	-
Net profit		-1 139	1 752	85	2 805	4 285
EPS adj. (NOK)	*	*-3.2*	*2.5*	*-0.8*	*4.3*	*9.9*
Total assets				51 933	47 748	48 062
Net interest bearing debt				6 930	5 902	5 140
Equity ratio				52%	56%	59%
Group operational EBITDA incl. 50% of Pelagia		**1 606**	**1 900**	**3 426**	**3 474**	**6 906**
Operational EBITDA Salmon/whitefish		1 307	1 249	2 644	2 459	4 797
Operational EBITDA Pelagic incl. proportional Pelagia		299	651	782	1 015	2 109

* Before fair value adjustments related to biological assets

AUSTEVOLL SEAFOOD ASA

Since it was established in 1981, Austevoll Seafood ASA (AUSS) has developed into an active and long-term owner of world-leading portfolio companies within aquaculture, fisheries, processing, sales and distribution. This is also reflected in the company's vision:

"Passionate owner of globally leading seafood companies"

The company's values – Look to the Future, Act with Integrity, Enhance Knowledge and Strive for Excellence – shall lay the foundations for the company's ownership and be reflected in the activities of the company's portfolio companies.

FINANCIAL REVIEW

PROFIT/LOSS Q2 2023

Group operating revenue in Q2 2023 totalled NOK 8,452 million, compared with NOK 7,852 million in Q2 2022, an increase of 8%. The growth in revenue comes from the farming companies and is driven by strong prices as well as by the weak Norwegian krone.

Operating EBIT in Q2 2023 was NOK 982 million, against NOK 1,465 million in Q2 2022. The decrease in operating EBIT is mainly because the first fishing season in Peru was cancelled after just a few days' trial fishery. This has resulted in negative performance for the Peruvian operation in Q2. Inflation over the past year means higher selling prices for the Group's products but also rising prices for virtually all input factors, impacting costs. The operating EBIT margin for Q2 2023 was 12%, compared with 19% in Q2 2022.

Norskott Havbruk AS and Pelagia Holding AS are joint ventures and the two largest associates. Income from associates before fair value adjustment related to biological assets in Q2 2023 totalled NOK 14 million (Q2 2022: NOK 110 million). The equivalent figure including fair value adjustment of biological assets was NOK 20 million (Q2 2022: NOK 164 million). Pelagia has continued its positive development and improved its results compared with Q2 2022. Cost focus/rationalisation, growth and good sales volumes for end products combined with higher prices realised for fishmeal, protein concentrate and fish oil all contributed to the earnings improvement. However, Norskott's earnings continued to be affected by the challenging biological situation in the second half of 2022. The company posted a loss for the quarter. The Group's joint ventures and associates have generated good results over time, are significant enterprises in their segments and represent substantial values for Austevoll Seafood ASA. Please refer to note 5 for more detailed information on associates.

Operating profit after fair value adjustment of biological assets and income from joint ventures and associates totalled NOK 992 million in Q2 2023 (Q2 2022: NOK 2,356 million). Fair value adjustment related to biological assets was NOK 76 million, a significant decrease from NOK 1,053 million in the equivalent quarter of 2022.

The Group's net interest expense in Q2 2023 totalled NOK -142 million (Q2 2022: NOK -108 million). A rising interest rate level means higher interest expenses for the Group. Net other financial items for the quarter were positive at NOK 7 million. The equivalent figure in Q2 2022 was NOK -25 million.

The Group reported profit before tax in the quarter of NOK 857 million (Q2 2022: NOK 2,223 million).

On 31 May 2023, the Storting voted to introduce resource rent tax of 25% on earnings from sea-based production of salmon and trout. The enactment was retroactive from 1 January 2023. The resource rent tax comes on top of ordinary tax of 22%, giving a total tax rate of 47% for the activity concerned. The resource rent tax in 2023 will comprise both an implementation effect (one-time effect) and the resource rent tax for the period.

The implementation effect of the tax being applied retroactively has been estimated at NOK 1.8 billion for the Group . The breakdown into tax payable/deferred tax, and hence the liquidity effect, depends on the change in inventory and will not be known until the final tax computation for 2023 is available. The Group is fully integrated by means of an extensive and complex value chain from "roe to market". The new, extraordinary tax of 25% creates a "tax wedge" for taxation of the value creation in the sea-based phase. This tax wedge imposes rigorous requirements in terms of using the correct tax base. The Group is working to ensure that its systems, routines and documentation support the correct tax base. Until this work is complete, we do not consider it possible to provide a sound estimate of the so-called resource rent tax for the period. The Group will report its estimate of the relevant tax no later than in connection with the reporting of its tax accounts for 2023. Please refer to note 9 for further details.

The Group posted a loss of NOK -1,139 million for H1 2023, including the implementation effects mentioned above (Q2 2022: profit of NOK 1,752 million).

OPERATIONAL REVIEW OF SEGMENTS FOR Q2 2023

The Group's activities are divided into the following operating segments: Lerøy Seafood Group ASA (Europe), Austral Group S.A.A. (Peru), FoodCorp Chile S.A. (Chile), Br. Birkeland AS (Norway), Br. Birkeland Farming AS (Norway) and the joint venture Pelagia Holding AS (Europe).

Lerøy Seafood Group ASA (LSG)

LSG's operations comprise farming, wild catch (Lerøy Havfisk and LNWS), VAP and Sales & Distribution. LSG's farming operations comprise three farming regions in Norway: Lerøy Aurora in Troms and Finnmark, Lerøy Midt in Nordmøre and Trøndelag, and Lerøy Sjøtroll in Vestland.

In 2022 the market for salmon and trout experienced a rebound following the reopening of society, with prices through the year high, volatile and reflecting a strong seasonal pattern. Growth in demand measured by value was extremely strong. Demand for Norwegian salmon and trout measured by value remains good in 2023, but is not experiencing the same growth as in 2022.

In Q2 2023, LSG reported revenue of NOK 7,671 million (Q2 2022: NOK 6,566 million) and operating EBITDA of NOK

KEY FIGURES (LSG):

(MNOK)	**Q2 2023**	Q2 2022	YTD 2023	YTD 2022	2022
Revenue and other income	7 671	6 566	14 645	12 091	26 652
Operational EBITDA	1 307	1 249	2 644	2 459	4 797
Operational EBIT	950	927	1 939	1 816	3 471
Operational EBIT margin	*12%*	*14%*	*13%*	*15%*	*13%*
Total assets			**40 124**	**36 679**	**37 062**
Slaugthered volume (GWT)	**29 659**	**33 083**	**58 261**	**65 140**	**174 629**
EBIT*/kg ex. wildcatch (NOK)	28.7	25.2	27.6	22.8	17.9
Havfisk catch volume (MT)	**23 709**	**18 649**	**48 978**	**43 765**	**71 726**
EBIT wildcatch (MNOK)	99	93	328	330	348

* Operational EBIT

1,307 million (Q2 2022: NOK 1,249 million). Operating EBIT was NOK 950 million, compared with NOK 927 million in Q2 2022. This gives an operating EBIT margin of 12%, down from 14% in Q2 2022.

LSG harvested 29,659 GWT salmon and trout in the quarter, down 11% on Q2 2022.

Norwegian exports of salmon were 4% higher by volume in Q2 2023 than in the same period of 2022. Export prices were 3% lower in EUR and 13% higher in NOK than in Q2 2022. This shows how the export price in NOK reflects both volume and exchange rate movements, but also a strong underlying market. Year to date, the market dynamic has been affected by the market in Europe losing market share to markets such as the Americas and Asia. There are several reasons for this, including the lower contract share sold to European grocery chains as a result of the Norwegian government's resource rent proposal which in turn leads to more volatile prices for consumers. This development is worrying because, alongside quality, availability and stability have been important demand drivers for Norwegian salmon. This distortion of demand is manifesting itself in significant price differences for different size categories of salmon.

The spot price for salmon in Q2 2023, measured according to NSI (sales price FCA Oslo), was NOK 104.8/kg, compared with NOK 103.7/kg in Q1 2023 and NOK 105.4/kg in Q2 2022. This means the spot prices are roughly unchanged from both Q1 2023 and Q2 2022.

There are a number of factors that influence the Group's prices realised compared with the spot price for whole salmon, including contract share, sizes, quality and time of harvest. The contracts are entered into long before the fish are harvested and will therefore reflect the market conditions prevailing at the sale date.

The Group's prices realised in Q2 2023 compared with the average spot price for superior-grade fish in Oslo have been negatively impacted by harvest quality, contract share and average sizes. However, the variance to this benchmark price is significantly lower than in Q2 2022 because the contract share for farmed salmon has fallen from 46% in 2022 to 17% this year. Contract prices are considerably higher than in 2022 but still significantly below the spot price in the quarter. Factors affecting prices realised other than contract share are commented on in more detail in the discussion of costs associated with the various farming regions.

For Lerøy Sjøtroll, 32% of the harvest volume in Q2 2023 was trout, and prices realised for whole trout were NOK 2 higher than those for whole salmon in the quarter.

In line with developments nationally and globally, higher costs for virtually all input factors are manifesting themselves strongly in the Group's costs. This is being exacerbated by the weak krone rate. Higher feed costs are the most significant factor, followed by higher energy and packaging costs. As expected, release from stock costs in Q2 2023 were significantly higher than in both Q1 2023 and Q2 2022.

Biological development in Lerøy Aurora is very good, but the cost level has been impacted by the lower harvest volume in the quarter. Release from stock costs were lower than in Q1 2023 but higher than in Q2 2022 because of inflation in input factors. Much work has been done, and continues to be done, in Aurora. This includes further development and implementation of the Group's "Lerøy Way" (based on LEAN principles) in Farming, which is producing gradual, ongoing improvements. In light of higher harvest volumes, industry costs are expected to be lower in the second half of the year, which, combined with good biological development, is expected to generate significantly lower release from stock costs for the remainder of 2023. Lerøy Aurora expects a harvest volume in the region of 47,000 GWT for 2023, compared with 40,000 GWT in 2022.

For Lerøy Midt, biological development has been good year to date. As discussed previously, growth in Lerøy Midt in the second half of 2022 was not satisfactory, and this has affected harvest volume and costs in the first half of 2023. As expected release from stock costs are significantly higher than in Q2 2022, with feed costs the main driver. Significantly lower release from stock costs relative to Q2 are expected for the remainder of 2023. Lerøy Midt currently estimates a harvest volume in the region of 64,000 GWT for 2023.

Lerøy Sjøtroll had positive tests for ILA at two of its sites in July and August 2023 respectively, which means that all the salmon at these locations must be harvested by 15 October 2023. These fish were set out in October 2022 and the enforced harvest will mean a low average weight at the time of harvest.

The negative earnings impact resulting from this is estimated at around NOK 200 million, which will essentially impact Q3. Consequently, Lerøy Sjøtroll is expected to post a negative operating result for the quarter.

A harvest volume in the region of 57,000 GWT is expected for 2023, severely impacted by the above-mentioned ILA outbreaks.

A number of measures have been implemented in Lerøy Sjøtroll to improve biology and the production process. These are already generating measurable positive results for the company's feeding figures and hence ongoing growth. It is also pleasing to note that trout production is good.

LSG's wild catch operations are handled by the wholly owned subsidiary Lerøy Havfisk. Lerøy Havfisk has licence rights to catch just above 10% of the total Norwegian cod quotas in the zone north of 62 degrees latitude, corresponding to around 30% of the total quota allocated to the trawler fleet. Lerøy Havfisk also owns several processing plants, which are mainly leased out to its sister company Lerøy Norway Seafoods (LNWS) on long-term contracts. Lerøy Havfisk's trawler licences stipulate an operational obligation for these processing plants.

Lerøy Havfisk had 10 trawlers in operation in Q2 2023. The catch volume in Q2 2023 totalled 23,709 tonnes, compared with 18,649 tonnes in Q2 2022. The change in catch volume comprised higher volumes of redfish, haddock and Greenland halibut, and lower volumes of other fish species and shrimp. Traditional whitefish species such as cod, haddock and saithe accounted for 31% of the total catch volume in the quarter. Other species including redfish and Greenland halibut accounted for a full 46% and shrimp for 19%. These changes are a result of lower shrimp prices, a decrease in cod quotas and hence greater focus on other fish species such as redfish.

After a protracted period of strong price increases for most fish species, we are now seeing trends towards levelling off and greater variation in developments for different species. Compared with Q2 2022, prices rose by 2% for cod and fell by 25% for haddock and by 14% for shrimp. The prices for redfish and Greenland halibut increased by 10% and 25% respectively in the period. Total prices realised per kilo reflect the catch composition, and a higher share of lower-value species meant total prices realised per kilo were down 11% in Q2 2023 compared with the same period of 2022.

Catch efficiency in Q2 2023 has been good, with high catch rates. This is because higher priority has been given to catching redfish, with several of the vessels using pelagic nets for this fishery. This has resulted in both high catch rates and lower bunkering costs. There were 905 operating days in Q2 2023 compared with 868 in the same quarter in 2022. Total fuel consumption was lower despite more operating days, because fuel used per operating day was 6% lower than in Q2 2022. One of the reasons for this was, as mentioned, permission being granted to use pelagic nets to catch redfish. Fuel prices in Q2 2023 were down 16% on the same quarter of 2022, and total bunkering charges for the quarter were NOK 26 million lower than in Q2 2022.

LNWS's primary business is processing wild-caught whitefish. The company has use of 12 processing plants and purchasing stations in Norway, five of which are leased from Lerøy Havfisk. Significant investments have been made in recent years both to make operations more efficient and to expand the product range. This work is gradually producing results, but cod remains far and away the most important species for LNWS, and a reduction in the quotas and consequent higher prices have been challenging, as the prices for end products have not risen as quickly as raw material prices. This trend has continued in 2023, resulting in ongoing pressure on earnings in the onshore industry, although earnings in Q2 2023 were slightly higher than in the equivalent period of last year. It is expected that it will gradually be possible to increase the prices of the end products in line with the higher raw material prices.

Total earnings in Lerøy Havfisk/LNWS were NOK 99 million in Q2 2023, compared with NOK 93 million in Q2 2022. Operating profit for the trawler fleet was lower than in the equivalent period of 2022, and the improvement in the segment can be attributed to higher earnings in the onshore industry.

KEY FIGURES (PERU):

(MNOK)	**Q2 2023**	Q2 2022	YTD 2023	YTD 2022	2022
Revenue and other income	238	531	703	1 184	2 563
Operational EBITDA	-157	169	-106	299	663
Operational EBIT	-222	120	-231	205	466
Operational EBIT margin	*-93%*	*23%*	*-33%*	*17%*	*18%*
Total assets			**3 217**	**3 445**	**2 845**
Raw material (MT):	**10 375**	**234 657**	**70 562**	**271 231**	**423 824**
Sales volumes:					
Fishmeal (MT)	7 345	27 269	27 670	60 031	114 369
Fish oil (MT)	317	1 488	887	4 568	12 950
Frozen/fresh JM/M(MT)	9 682	1 963	16 323	12 277	12 277

On 20 February 2019, the EU competition authorities ("the EU Commission") started an investigation into suspected anticompetitive practices in the salmon market. Lerøy Seafood Group ASA is one of the companies named in the case. It is unclear precisely what form the EU Commission believes any illegal collusion may have taken, when it may have occurred and what negative consequences it may have had. Lerøy Seafood Group ASA is providing the authorities with every assistance in the matter. Procedures in this type of case normally continue for several years, and it is as yet too early to say whether the case may lead to sanctions or other negative consequences for the companies involved.

Regarding the investigation opened by the US Department of Justice (DOJ) into the Norwegian salmon industry in November 2019, Lerøy Seafood Group ASA was informed in January 2023 that the investigation had been closed.

In the wake of the EU Commission's ongoing investigations, several Norwegian-owned aquaculture companies, including companies in the Lerøy Seafood Group, were sued by customers in the USA and Canada. The Group considers these claims to be groundless, but due to factors such as significant litigation costs in the USA and commercial reasons, the Group chose to settle the two US class actions in 2022. The settlements in no way represent any admission of liability or wrongdoing. Please refer to LSG's stock exchange announcement of 25 May 2022 and the Q2 2022 interim report.

See also LSG's report and presentation for Q2 2023.

Austral Group S.A.A. (Peru)

Austral Group S.A.A. 's (Austral) integrated value chain comprises fisheries, production of fishmeal and oil, and production of consumer products. Austral has fishing rights that correspond to 6.98% of the total quota for anchoveta fisheries in Central/North Peru, and just under 4% of the quota in South Peru. In addition, the company has fishing rights for horse mackerel and mackerel. Anchoveta is used to produce fishmeal and oil, while horse mackerel/mackerel is fished for consumer products. In addition to its own catches, the company purchases raw materials (anchoveta) from the coastal fleet for use in its production of fishmeal and oil. Fishmeal and fish oil are produced in four factories, located in Coishco, Chancay, Pisco and Ilo. The company also produces consumer products in two facilities that share premises with the fishmeal and fish oil factories in Coishco and Pisco.

The main fishing seasons for anchoveta in Central/North Peru are from April to July (first season) and November to January (second season). The company's results have of course been affected by the lack of fishery in the first season of 2023. Historically, this has happened at more or less regular intervals as a result of the weather phenomenon El Niño. Fishery has bounced back strongly after previous El Niños.

As usual, IMARPE started its exploratory voyage ahead of the first season in March. Based on the higher sea temperature recorded in the course of this voyage, a second, smaller-scale exploratory voyage took place in mid-April and a further one in mid-May. Trial fishery then began at the start of June. Continuing large proportions of small fish meant that the trial fishery was halted after just a few days and the first season cancelled. IMARPE has subsequently undertaken regular exploratory voyages to monitor developments, leading to a second phase of trial fishery from 3-12 August. This was subject to significant restrictions, including strict zoning and restrictions linked to catch times through the day. The trial fishery finished as planned on 12 August.

A quota of 337,000 tonnes was set for the first half of 2023 in

KEY FIGURES (CHILE):

(MNOK)	**Q2 2023**	Q2 2022	YTD 2023	YTD 2022	2022
Revenue and other income	337	327	620	515	821
Operational EBITDA	138	125	259	209	200
Operational EBIT	126	116	236	158	162
Operational EBIT margin	*37%*	*35%*	*38%*	*31%*	*20%*
Total assets			**1 602**	**1 397**	**1 311**
Raw material intake:	**33 564**	**35 234**	**98 474**	**86 360**	**106 600**
Sales volumes:					
Fishmeal (MT)	2 724	3 591	4 321	5 307	9 603
Fish oil (MT)	2 358	2 097	3 200	2 761	3 408
Frozen (MT)	15 693	21 755	37 075	36 801	57 682

South Peru. This fishery, too, has been impacted by high sea temperatures and difficult catch conditions, resulting in significantly lower volumes of raw material for the factory in Ilo in the first half of the year compared with the same period of 2022.

Operating revenue in Q2 2023 totalled NOK 238 million (Q2 2022: NOK 531 million). The limited sales volume of end products because of the halt to fishery has led to a loss for the company. Operating EBITDA was negative at NOK -157 million (Q2 2022: positive at NOK 169 million). Operating EBIT was negative at NOK -222 million, against a positive figure of NOK 120 million in Q2 2022.

The company entered the second quarter with a low inventory of end products, and production has been extremely limited in the quarter. The company's prices realised for fishmeal were 2% higher than in Q2 2022. Prices realised for fish oil have been high because of the combination of low oil yields in the second fishing season of 2022 and limited production in Q2 2023. The sales volume in Q2 2023 totalled 317 tonnes, compared with 1,500 tonnes in Q2 2022.

The company had a fishmeal and fish oil inventory of 3,000 tonnes at the end of Q2 2023, compared with 48,000 tonnes at the end of Q2 2022.

Peru is usually the world's largest producer of fishmeal and fish oil. Production volumes in Peru therefore have a significant influence on global prices for fishmeal and fish oil. As discussed, the ongoing weather situation (El Niño) has affected fishery in Peru in Q2 and Q3 2023. There is significant uncertainty concerning the level of activity we can expect in the upcoming fishing season in 2023.

FoodCorp Chile S.A. (Chile)

FoodCorp Chile S.A (FC) has an integrated value chain comprising fisheries, production of consumer products, and production of fishmeal and fish oil. FC's fishing rights correspond to 8.6% of the horse mackerel quota set for the fleet to which its vessels belong. FC also has a quota for sardine/anchoveta. In addition to its own catches, the company purchases raw materials (anchoveta/sardine) from the coastal fleet for use in its production of fishmeal and oil. The main season for horse mackerel fisheries is from December to July. The main season for sardine/anchoveta fisheries is divided into two periods. The first season starts in March and lasts until July/August. The second season normally starts in October/November and lasts until the end of December.

All FC's onshore industrial activities share the same premises in the coastal town of Coronel. Thanks to higher quotas and efficient operations, the company is continuing the positive trend seen in recent years.

The quota recommended by SPRFMO for horse mackerel in the South Pacific in 2023 represented a further increase of 20%. SPRFMO's recommendation reflects the positive development in horse mackerel fishery in recent years. This attests to continuing satisfactory development in the Group's activities in Chile. The company's quota for horse mackerel in 2023 is 56,500 tonnes, up from 46,000 tonnes in 2022. The company has purchased additional quota of 3,000 tonnes from third parties, which will be caught by FC's own vessels.

As normal, the company had a high level of activity again in the second quarter. The company caught 17,500 tonnes of horse mackerel, compared with 26,700 tonnes in Q2 2022. The company had caught its entire quota, including purchased quota, by the end of June 2023 – in total 60,500 tonnes. In 2022 the company purchased a larger quota from third parties, and the total volume caught by its own vessels in the first half of 2022 was 61,400 tonnes. The company purchases anchoveta/sardine from the coastal fleet as raw material

KEY FIGURES (BRBI):

(MNOK)	**Q2 2023**	Q2 2022	YTD 2023	YTD 2022	2022
Revenue and other income	59	117	149	185	333
Operational EBITDA	-0	37	17	48	37
Operational EBIT	-17	23	-15	23	-18
Operational EBIT margin		*20%*		*12%*	
Total assets			**634**	**730**	**701**
Catch volume pelagic fish (MT)	**7 724**	**5 048**	**22 215**	**20 288**	**32 008**

KEY FIGURES (BFARM):

(MNOK)	**Q2 2023**	Q2 2022	YTD 2023	YTD 2022	2022
Revenue and other income	233	303	477	425	743
Operational EBITDA	147	195	270	244	370
Operational EBIT	127	179	234	211	304
Operational EBIT margin	54%	59%	49%	50%	41%
Total assets			**1 470**	**1 182**	**1 296**
Slaugthered volume (GWT)	1 988	2 776	4 412	4 324	8 631
EBIT*/kg ex. wildcatch (NOK)	63.7	64.3	53.0	48.8	35.2

* Operational EBIT

for its production of fishmeal and oil. This fishery started at the end of Q1, and the company purchased a volume of just over 16,000 tonnes in Q2, compared with 8,000 tonnes of anchoveta/sardine in Q2 2022. Volume growth in combination with strong oil prices has produced good results for the segment.

Operating revenue in Q2 2023 amounted to NOK 337 million (Q2 2022: NOK 327 million) and operating EBITDA was NOK 138 million (Q2 2022: NOK 125 million). Operating EBIT in Q2 2023 totalled NOK 126 million (Q2 2022: NOK 116 million). This gives an operating EBIT margin of 37%, up from 35% in Q2 2022.

Sales of frozen products totalled 15,700 tonnes in Q2 2023, down from 21,800 tonnes in Q2 2022. The company's prices realised in Q2 2023 were 8% lower than in the same period of 2022. At the end of Q2 2023, the company had inventory of 10,400 tonnes of frozen products, compared with 14,800 tonnes at the end of Q2 2022.

There has been a strong price development for fishmeal and fish oil in the quarter, increasing the company's margin on sales of these products.

As usual, there will be limited activity for the company in the second half of the year. The company's activity within frozen products in the second half of the year will depend on its access to raw materials from third parties.

Br. Birkeland Farming AS (BFARM)
and the fisheries company Br. Birkeland AS (BRBI)

AUSS owns 55.2% of the shares in Br. Birkeland Farming AS and 42.9% of the shares in the fisheries company Br. Birkeland AS.

The company's harvest volume for salmon was 1,988 tonnes in Q2 2023, down 28% from 2,776 tonnes in Q2 2022. The company has no processing operations and sells all its salmon on the spot market. The average price for salmon in Q2 2023, measured according to NSI (sales price FCA Oslo), was NOK 104.8/kg, compared with NOK 105.4/kg in Q2 2022. The market dynamic has, however, manifested in the quarter in significant price differences for different size categories of salmon.

In Q2 2023, the BFARM segment reported operating revenue of NOK 233 million

(Q2 2022: NOK 303 million). Operating EBITDA was NOK 147 million (Q2 2022: NOK 195 million). Operating EBIT/kg in Q2 2023 was NOK 63.7/kg, compared with NOK 64.3 in

KEY FIGURES (PELAGIA):

(MNOK)	**Q2 2023**	Q2 2022	YTD 2023	YTD 2022	2022
Revenue and other income	2 514	2 270	5 557	4 489	11 282
Operational EBITDA	331	262	717	446	1 691
Operational EBIT	232	176	522	275	1 336
Operational EBIT margin	*9%*	*8%*	*9%*	*6%*	*12%*
Total assets			**9 303**	**8 301**	**9 137**
Net interest bearing debt (NIBD)			4 160	3 756	4 036
Sales volumes (MT)					
Frozen (MT)	37 200	39 800	121 000	124 200	304 000
Fishmeal, FPC. Fish oil (MT)	92 800	91 400	165 200	150 400	336 000

Q2 2022. Prices realised per kilo have increased significantly in the quarter, but the increase in release from stock costs per kilo was considerably higher in Q2 2023 than in Q2 2022.

Price rises for key input factors are affecting the company's production costs and tied-up working capital, but it is pleasing to see the company's continued positive biological performance in the second quarter.

BRBI had a seasonally lower level of activity in Q2. The company's two ring net vessels caught blue whiting and North Sea herring in the quarter. The prices realised for the raw material were higher in Q2 2023 than in Q2 2022.

Snow crab fishing had finished by 3 April this year because all the Norwegian quota had been caught. In 2022, fishing continued until 7 June. The vessels used for this have therefore been inactive in the quarter, and this will continue in the second half of the year. Prices realised for snow crab fell significantly through 2022, and this situation has continued in 2023. Snow crab fishing is challenging, and results have been negative.

In Q2 2023, the BRBI segment reported operating revenue of NOK 59 million (Q2 2022: NOK 117 million). Operating EBITDA was NOK 0 million (Q2 2022: NOK 37 million) and operating EBIT NOK -17 million (Q2 2022: NOK 23 million).

JOINT VENTURE

Pelagia Holding AS (Pelagia)

In the consolidated financial statements, Pelagia Holding AS (Pelagia) is defined as a joint venture and accounted for under the equity method. In note 4 Segments, Pelagia is consolidated using the "proportionate consolidation method", in accordance with AUSS's 50% shareholding.

The company's operations comprise production of fishmeal, protein concentrate and fish oil as well as frozen pelagic consumer products. Pelagia purchases all its raw material from third parties. The company has production facilities in Norway, the UK and Ireland. Through its subsidiary Epax, Pelagia is a leading global manufacturer of Omega-3 products based on marine ingredients, with applications within dietary supplements and pharmaceutical products. Epax is a world leader in its segment.

The figures for Pelagia in this section reflect 100% of the company's financial and operational figures.

There has been a good level of activity within the fishmeal, protein concentrate and fish oil segment, while as usual there has been lower activity in the segment for frozen consumer products. The volume of raw material received for consumer products in the quarter was 18,000 tonnes, compared with 27,000 tonnes in Q2 2022. Total receipt of raw material in Pelagia for fishmeal/protein concentrate and fish oil production was 275,000 tonnes in Q2 2023, compared with 223,000 tonnes in Q2 2022. Cuttings from consumer products form part of the raw material used in fishmeal/protein concentrate and fish oil production.

Revenue for Pelagia in the quarter was NOK 2,514 million (Q2 2022: NOK 2,270 million) and EBITDA was NOK 331 million (Q2 2022: NOK 262 million). The company reported EBIT in Q2 2023 of NOK 232 million (Q2 2022: NOK 176 million).

The sales volume for frozen products in the quarter was 37,200 tonnes, up from 39,800 tonnes in the same period in 2022. Sales of fishmeal/FPC and fish oil in Q2 2023 totalled 92,800 tonnes, against 91,400 tonnes in Q2 2022. Higher prices realised for fishmeal, protein concentrate and fish oil combined with increased productivity have contributed to the earnings improvement.

CASH FLOW Q2 2023

Cash flow from operating activities in Q2 2023 was NOK 926 million (Q2 2022: NOK 678 million). Cash flow from investing activities in Q2 2023 was NOK -143 million (Q2 2022: NOK -410 million). Dividends from associates received in the quarter totalled NOK 228 million, compared with NOK 128 million in Q2 2022.

Cash flow from financing activities in Q2 2023 was NOK 85 million (Q2 2022: NOK -784 million).

The Group, represented by the parent company Austevoll Seafood ASA (AUSS) and Lerøy Seafood Group ASA (LSG), has issued new senior unsecured bond loans in the quarter. AUSS has issued two senior unsecured bond loans for NOK 550 million and NOK 250 million with maturity of 5 and 7 years respectively. The bond loans are subject to interest based on 3-month Nibor + 2.00% for the 5-year bond and a fixed rate of 5.98% p.a. for the 7-year bond. AUSS used part of the proceeds to redeem its existing NOK 500 million bond loan that matured in June 2023. LSG has issued three new senior unsecured green bond loans each of NOK 500 million, with maturity of 5, 7 and 10 years. The bond loans are subject to interest based on 3-month Nibor +1.5% for the 5-year bond and fixed rates of 5.10% p.a. and 5.32% p.a. for the 7-year and 10-year bonds respectively.

The parent company and Group companies paid NOK 1,881 million in dividends (to non-controlling interests) in the quarter, compared with NOK 1,742 million in Q2 2022.

The Group's cash and cash equivalents at 30 June 2023 totalled NOK 5,352 million, compared with NOK 4,349 million at 30 June 2022.

FINANCIAL INFORMATION H1 2023

The Group reported operating revenue of NOK 16,454 million for H1 2023 (H1 2022: NOK 14,417 million). Operating EBIT was NOK 2,231 million, against NOK 2,563 million in the same period of 2022. The decrease in operating EBIT mainly reflects cancellation of first fishing season in Peru. This has resulted in negative performance for the Peruvian operation in H1. Inflation over the past year means higher prices for the Group's products but is also driving costs for virtually all input factors. The operating EBIT margin for H1 2023 was 14%, compared with 18% in H1 2022.

Income from associates before fair value adjustment related to biological assets in H1 2023 totalled NOK 88 million (H1 2022: NOK 169 million). The equivalent figure including fair value adjustment of biological assets was NOK 86 million (H1 2022: NOK 294 million). Pelagia has continued its positive development and improved its H1 results compared with 2022. Cost focus/ rationalisation, growth and good sales volumes for end products combined with higher prices realised for fishmeal, protein concentrate and fish oil all contributed to the earnings improvement. However, Norskott's earnings continued to be affected by the challenging biological situation in the second half of 2022, with the company posting a negative result in H1 2023. Please refer to note 5 for more detailed information on associates.

Operating profit after fair value adjustment of biological assets and income from joint ventures and associates totalled NOK 2,671 million in H1 2023 (H1 2022: NOK 3,740 million). Fair value adjustment related to biological assets was NOK 537 million, a significant decrease from NOK 1,305 million in the equivalent period of 2022.

The Group's net interest expense in H1 2023 was NOK -258 million (H1 2022: NOK -178 million). A rising interest rate level combined with higher tied-up working capital means higher interest expenses for the Group. Net other financial items in H1 2023 were positive at NOK 12 million, compared with NOK 28 million in H1 2022.

The Group reported profit before tax in H1 2023 of NOK 2,425 million (H1 2022: NOK 3,589 million).

The government's Proposition to the Storting (78 LS) of 28 March 2023 concerning resource rent tax on aquaculture was adopted by the Storting on 31 May 2023. The Group's tax estimates in the interim financial reporting are therefore severely impacted by the implementation of resource rent tax linked to biomass in the sea at 1 January 2023. See note 9 for a more detailed description of resource rent tax on aquaculture from 1 January 2023 and the Group's valuations in the interim report.

Tax in H1 2023 has been estimated at NOK -2,340 million, of which NOK -1,803 million is implementation effects related to biomass in the sea at 1 January 2023. The tax figure is not comparable with the same period of 2022 because of the implementation of the so-called resource rent tax on aquaculture (in the sea) from 1 January 2023.

The Group posted a loss of NOK 85 million for H1 2023, including the implementation effects mentioned above (H1 2022: profit of NOK 2,805 million).

CASH FLOW H1 2023

Cash flow from operating activities for H1 2023 was NOK 1,376 million (H1 2022: NOK 974 million). Cash flow from operating activities has been significantly impacted by higher tied-up capital as a result of inflation. Tax payments in H1 2023 totalled NOK 251 million (H1 2022: NOK 450 million). Cash flow from investing activities in H1 2023 was NOK -663 million (H1 2022: NOK -801 million). Cash flow from financing activities in H1

2023 was NOK 278 million (H1 2022: NOK -1,192 million), of which NOK 1,903 million relates to payment of dividends from the parent company and Group companies (to non-controlling interests) in the period. Dividends paid at 30 June 2022 totalled NOK 1,750 million.

The parent company Austevoll Seafood ASA and Lerøy Seafood Group ASA have issued new senior unsecured bond loans in H1 2023, for a total of NOK 800 million and NOK 1,500 million respectively. The parent company used part of the proceeds to redeem its existing NOK 500 million bond loan that matured in June 2023. See also discussion under Cash flow Q2 2023.

Net change in cash for the Group in H1 2023 was NOK 991 million (H1 2022: NOK -1,019 million).

The Group's cash and cash equivalents at 30 June 2023 totalled NOK 5,352 million, compared with NOK 4,349 million at 30 June 2022.

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2023

The Group's statement of financial position at 30 June 2023 showed a total of NOK 51,933 million, compared with NOK 47,748 million at 30 June 2022. Some Group companies have a functional currency other than the Norwegian krone. Changes in foreign exchange rates will therefore result in periodic changes in the amounts recognised in the Group's statement of financial position, due to translation to Norwegian krone.

The Group is financially sound with book equity at 30 June 2023 of NOK 27,061 million, corresponding to an equity ratio of 52%. Book equity at 30 June 2022 was NOK 26,798 million, representing an equity ratio of 56%.

At 30 June 2023, the Group had net interest-bearing debt excluding debt relating to right-of-use liabilities other than to credit institutions totalling NOK 6,930 million, compared with NOK 5,902 million at 30 June 2022.The Group's net interest-bearing debt including right-of-use liabilities other than to credit institutions was NOK 8,870 million at 30 June 2023, compared with NOK 7,809 million at 30 June 2022. Among other things, the increase in debt reflects higher tied-up working capital.

The Group and parent company's financial position is very good. The Board of Directors considers it important that the Group, through its operations, retains the confidence of participants in the various capital markets. The Group has and shall continue to have a high level of financial flexibility to allow it to finance further organic growth, carry out strategic acquisitions and sustain the company's dividend policy.

At 30 June 2023, the parent company Austevoll Seafood ASA had cash and cash equivalents of NOK 625 million. The parent company has long-term credit facilities totalling NOK 1,100 million, of which NOK 1,022 million remained unutilised at 30 June 2023. In June 2023 the parent company issued two new senior unsecured bond loans for NOK 550 million and NOK 250 million with maturity of 5 and 7 years respectively. See also discussion under Cash flow Q2 2023.

OTHER ISSUES

Risks and uncertainties

The Group's risk exposure is described in the Annual Report 2022. The Group's activities are essentially global and will always be impacted to varying degrees by developments in the world economy. In light of the global economic turmoil of recent years, including trade barriers and geopolitical risk, the general consensus is that macroeconomic uncertainty is still greater than what was previously considered normal.

The Group's risk profile includes pandemics, of which the COVID-19 outbreak was an example. COVID-19 led to national and global authorities introducing extensive restrictions in an attempt to prevent uncontrolled spread of the infection. COVID-19 impacted global value chains in that, at a global level, the necessary measures implemented by public authorities together with sickness and fear significantly affected people's daily lives.

In February 2022 the world bore witness to Russia's invasion of Ukraine. The invasion is causing unimaginable human suffering for those directly involved in the conflict. The conflict we are now experiencing in Europe is also impacting financial markets, exchange rates, supply chains, and the supply and price of input factors.

The Group's results will continue to be affected by developments in the relationship between supply and demand in the future.

Although the uncertainty may have negative impacts on the real economy in most markets, it is our opinion that AUSS's core business is founded on long-term sustainable assets within interesting segments of the global seafood industry.

The Group is exposed to risk related to the value of its assets. Risk arises mainly as a result of changes in the prices of raw material and end products, to the extent that these changes impact the company's competitiveness and earnings potential over time. Other key parameters that affect the Group's risk level include operational factors such as biomass in the sea, fishing conditions and price trends for the Group's input factors.

At 30 June 2023, the Group had live fish on its statement of financial position worth NOK 9.1 billion. Biological risk has been and will remain a substantial risk factor in the Group's operations. Assessing and managing biological risk must therefore be part of the Group's core expertise.

Changes in fishing patterns and quota adjustments bring fluctuations in catch volumes from quarter to quarter and year to year, and hence varying utilisation of the Group's production facilities. The seasonal fluctuations in catch volumes cause equivalent fluctuations in the Group's quarterly key figures. Weather phenomena such as El Niño and La Niña are examples of natural events that can affect catch patterns for periods of time. Austral's operational situation in the period under review is a case in point; see separate discussion.

Since LSG's acquisition of Havfisk and LNWS, the Group has had substantial exposure to catches of various species of whitefish subject to Norwegian quotas.

After many years of investments, the Group is a significant owner of farming licences and of whitefish and pelagic quotas. The Group faces political risk linked to decisions by the various authorities, including framework conditions for fish farming and licence terms related to fisheries legislation. Political risk, including a lack of predictability, could impair the industry's competitiveness and capacity for development and value creation. This risk was laid bare when the Norwegian government tabled a proposal to introduce so-called resource rent taxation in the Norwegian aquaculture industry in September 2022 and subsequently published its final Proposition to the Storting (Prop. 78 LS) concerning so-called resource rent tax on aquaculture on 28 March 2023. The purpose of the tax, according to the government, is to "target" specific companies. It is being implemented retroactively from 1 January 2023. The Storting approved the proposal by a one-vote majority on 31 May 2023. Adoption of the new tax entails a "tax wedge", in a complex value chain, of 25% on top of ordinary corporation tax.

Industrial development and employment in capital-intensive activities exposed to global competition, such as fish farming, fisheries and related industry, are challenging and demand predictability where possible. Achieving predictability requires national political leaders to pursue a responsible long-term business policy. The government's proposal and the Storting's adoption of so-called resource rent taxation, including the process itself, is an example of an extremely irresponsible process and lack of predictability. Political behaviour of this kind constitutes a serious risk to the industry's opportunities to continue developing and contributing to the common good.

In 2021, the then government appointed the "Aquaculture Tax Committee", which published its report on 16 December 2022. The proposals included the introduction of resource rent tax on fisheries. Since publication of the report, the Norwegian government has been clear that it does not wish to introduce such a tax. It is worth mentioning that, a short time ago, the same parties now in government were similarly opposed to resource rent tax on aquaculture. It makes sense and is important to point out in this connection that the Group's whitefish activities already pay a resource rent tax through the system of obligations.

The Norwegian Ministry of Trade, Industry and Fisheries has submitted four memoranda on key themes in the new quota report, which the government has indicated it will submit to the Storting for consultation. Among other things, these concern allocation of structural profit from expired time limits in the structural quota scheme and quota allocation for North East Arctic cod. A new quota report is expected to be presented in 2023. The final decisions could have negative consequences for the Group's basis of operations and hence for our employees. We fervently hope that the government's public statements in this connection can be trusted and that we can therefore expect responsible proposals and measures that will help to safeguard product development, processing and jobs in Havfisk and LNWS.

Assuming there are liveable political framework conditions in place, the Group's strategy centres on a long-term perspective to ensure a globally competitive structure that can continue to safeguard future industrial development in the numerous local communities where the Group has operations.

In the approval granted by the Norwegian Ministry of Trade, Industry and Fisheries, LSG's ownership of Lerøy Havfisk and LNWS is linked to the ownership structure approved when the application was submitted, such that any changes in ownership not covered by the exemption granted by the Ministry require approval. The nationality requirement in section 5 of the Act relating to the right to participate in fishing must also be met.

The majority of the Group's debt is at floating interest rates, but fixed-rate contracts have been entered into for approx. 28% of the Group's interest-bearing debt.

The Group is exposed to fluctuations in foreign exchange rates, particularly the EUR, GBP, USD, Chilean peso and Peruvian sol. Measures to reduce this risk in the short term include forward contracts and multi-currency overdraft facilities. Furthermore, parts of the long-term debt are matched to earnings in the same currency.

In common with society at large, the Group has stepped up its focus on climate risk. Overall, and as mentioned in the Group's presentation of risk, the Group's risk assessment covers various scenarios involving geopolitical and market-related factors, etc. In recent years, the risk assessment has also encompassed climate-related aspects to a greater extent. In general, opportunities and risk are assessed on the basis of what are considered the most likely future scenarios. The Group is working to improve its risk management, to take even greater account of climate risk where possible. The company's Board of Directors has established an ESG committee comprising three of the Board members.

SHAREHOLDER INFORMATION

The company had 9,708 shareholders at 1 April 2023 and 10,020 at 30 June 2023.

The share price was NOK 93.90 at the start of the quarter and NOK 74.15 at the end.

A list of the company's 20 largest shareholders can be found in note 6 in this report.

AUSTEVOLL SEAFOOD ASA'S FOCUS AREAS FOR SUSTAINABILITY

Since it was established in 1981, Austevoll Seafood ASA (AUSS) has remained loyal to its strategic foundations of "creating lasting values through sustainable, expert use of freshwater resources and the ocean, in thriving communities". The entire value chain in the Group's portfolio companies has its "origins" in sustainable use of the sea, and the Group's growth has been and shall continue to be sustainable both financially and in terms of the climate/environment. Sustainable growth places stringent requirements on the Group within the areas of financial management, corporate governance, climate and the environment as well as social conditions. Sustainability is a prerequisite for gaining access to capital and is vital to the Group's existence and continued development. We are therefore proud that the Group's food production contributes to the UN Sustainable Development Goals (SDGs). Social sustainability is important for maintaining viable local communities and access to the Group's most important resource: the people who make up the organisations. For more detailed information, please read the company's sustainability report for 2022 on the website https://auss.no/sustainability/sustainability-report/

MARKET AND OUTLOOK

Production, sale and distribution of salmon, trout and whitefish

The Q1 2023 report stated that adopting resource rent tax on aquaculture would entail significant changes in the Group's tax computations. Although the retroactive resource rent tax has now been adopted, a number of issues remain unclear. The industry is still waiting for detailed provisions. In addition, proposals for setting a norm price as a basis for taxation are out for consultation.

The Group has implemented an estimated tax effect of biomass in the sea at 1 January 2023. The Group has a long and complex value chain for the production of salmon and trout, and it is obvious that a substantial part of this lies outside the sea-based phase. Historically, transfers between different stages in the value chain have largely been made at cost, but continuing this practice would render new investments unviable. The Group is working to update all its internal agreements, which need to reflect the value creation in the different parts of the value chain. Until this work is complete, it is not possible to provide reliable estimates of the share of earnings in the sea-based phase.

Where a norm price is concerned, the Group is adamant that this must be based on actual prices realised and that it must be possible to control using the mechanisms currently in place for transfer pricing. Prices realised form the basis for corporate taxation, and it seems inconsistent not to be able to use them as the basis for resource rent tax too. The underlying challenge with a norm price is that it could affect actors' choices and could result in significant efficiency losses for the Norwegian aquaculture industry. The detrimental effects of the original resource rent proposal are probably already apparent in terms of sales volume, particularly in Norway and markets in Europe. This type of behaviour is definitely not positive for the industry's long-term development. It may seem, in the norm price consultation, that establishing a market price in Oslo is straightforward, but the price that is relevant to the tax base is the price realised at the cage, i.e. when the fish are removed from the sea. There are extremely large differences in the cost, and the value creation, in moving the fish from the cage to Oslo – in terms of season, geography and local market conditions – and deciding to establish a single norm price for all facilities in Norway would have serious harmful consequences for industrial development in Norway. The Board of Directors would, in the strongest terms, encourage the government to listen to feedback from the industry in this area and apply the actual price, so as to mitigate the detrimental effects of the resource rent.

The total quotas for cod and haddock were reduced in 2023. Allocation of the third-country quotas has mitigated the reduction. Compared with 2022, the quotas for cod have been reduced by 15%, while those for haddock were 8% higher at the end of H1 2023 because of reallocations. At 30 June 2023 the quotas for saithe north of 62 degrees latitude were 11% higher than 2022, and the quotas for saithe in the North Sea were up 19%. Despite remaining cod quotas being lower at the end of Q2 than in 2022, the remaining catch volume provides a good basis of operations for the remainder of the year, and the Board of Directors must commend Havfisk and the trawler fleet on how well they have managed a lower basis of operations.

In June, ICES (the International Council for the Exploration of the Sea) published its recommendations for total cod and haddock quotas in 2024. These recommendations entail further reductions in the cod and haddock quotas of 20% and 25% respectively. A 25% increase is recommended in the quota for saithe in the North Sea, but no quota recommendation for saithe north of 62 degrees latitude was published in June. The final quotas will be set by the Norwegian authorities in the autumn.

Results for the Farming segment in H1 2023 continue to be impacted by the challenging situation experienced in two of the regions in the second half of 2022. Year to date, development has been good in two of the Group's regions, while remaining challenging in Lerøy Sjøtroll. A number of measures have been implemented in all regions, which are expected gradually to take effect. For example, the Group has decided to divert a substantial part of the investment budget to shielding technology to tackle louse in Lerøy Midt and Lerøy Sjøtroll. The Group has made significant investments in evaluation and development of various alternative technologies, and the current target is for shielding technology to be used for 20% of the salmon by the start of 2024. Innovative technology and solutions will always be associated with risk when first implemented, but the Board of Directors believes these investments will lead to improved operations. The investment costs exceed the costs of the current technology, but the Group also has significant costs for dealing with louse, and these could potentially be substantially reduced.

The Group's Norwegian farming operations are expected to harvest around 168,000 GWT in 2023. The downwards adjustment from the previous estimate relates to Lerøy Sjøtroll. The Group's share from the joint venture is forecast to be around 13,500 tonnes, giving a total harvest volume for LSG of around 181,500 GWT. For the Norwegian operations, release from stock costs were higher in Q2 than in Q1 2023 but are currently expected to be significantly lower in H2 2023.

LSG works to develop an efficient and sustainable value chain for seafood. This not only delivers cost-efficient solutions, but also quality, availability, a high level of service, traceability and competitive climate-related and environmental solutions. Investments – leading to good, full-year jobs – in downstream entities in recent years, including in a new industrial facility for Lerøy Midt, a new factory in Stamsund and new factories in Spain, the Netherlands and Italy, are expected to make a positive contribution going forward. Political risk for LSG's value chain has increased, but the Group has a clear ambition to grow operating profit in this segment in the next few years.

Like all industries, Norwegian aquaculture has the potential to improve, but it is important to remember that the starting point is good. Norwegian aquaculture is something as rare as a globally competitive regional industry that scores relatively well in terms of environmental, social and economic sustainability. The industry can be part of the global green shift, at the same time as safeguarding communities and interesting jobs along Norway's coastline, but this requires politicians to understand the industry, its opportunities and challenges. The resource rent tax is an example of a tax that inhibits growth and constitutes a significant risk to the industry's further development, including weakening its ability to continue contributing to society. The Board of Directors can only hope that the government and authorities will make it possible for the industry to continue developing, including in terms of knowledge and capital. This will require joined-up political understanding.

PwC published its latest climate index for Norwegian companies on 15 August 2023. LSG is one of nine companies to have cut emissions pursuant to the Paris Agreement in 2022. This is the second year in a row that LSG has featured in this exclusive list.

At the start of 2023, we are seeing demand for seafood in some market segments being negatively affected by general economic developments, but overarching demand for seafood is strong. Historically, demand for seafood products has held up relatively well in economic downturns.

Fishmeal and fish oil

According to the IFFO*, total fishmeal production in Peru, Chile and the North Atlantic as of week 31 2023 (week beginning 31 July 2023) was down 33.4% on the same period in 2022. The loss of the first fishing season in Peru is the main reason for the decrease in production volume. There has been an increase in production from the operators in the North Atlantic. As usual, IMARPE in Peru started its exploratory voyages ahead of the first season in March. Based on the higher sea temperature recorded in the course of this voyage, a second, smaller-scale exploratory voyage took place in mid-April and a further one in mid-May. Trial fishery then began at the start of June. Continuing large proportions of small fish meant that the trial fishery was halted after just a few days. IMARPE has subsequently undertaken regular exploratory voyages to monitor developments. This resulted in a second phase of trial fishery from 3-12 August. This was subject to significant restrictions, including strict zoning and restrictions linked to catch times through the day. The trial fishery finished as planned on 12 August. The cautiousness of the regulatory authorities attests to good stock management and, as in the past, fisheries are expected to be good once the current El Niño period has passed.

ICES's recommended quota for blue whiting in the North Atlantic in 2023 represents an increase of 80% on the recommendation for 2022. Blue whiting fishery was also carried out in Q2 2023.

**Source: IFFO, week 31, 2023 (Regions Chile, Peru, Denmark/ Norway, Iceland/North Atlantic)*

Consumer products (pelagic)
The Group's production of consumer products takes place in Europe and South America. In Europe, the fishing season for Norwegian spring-spawning herring usually runs from January to April and the season for North Sea herring from May onwards. The main season for mackerel fishing in Europe is in the autumn and, until 2022, started in September. For the last two years, the season has started as soon as early August, because of restricted access to UK waters for the Norwegian fleet. An agreement has been entered into this year between Norway and the UK that allows Norwegian vessels to catch 60% of the mackerel quota in UK waters. This means that fishing can be resumed more in line with historical practice. The remaining quotas for Norwegian spring-spawning herring are also caught during this period. The first half of the year is the main season for horse mackerel in South America.

ICES's recommended quota for catches in the North Atlantic in 2023 reflects a small (2%) reduction for mackerel and a 15% reduction for Norwegian spring-spawning herring compared with the recommended quotas for 2022. However, there is no international consensus among the parties on the total quota for mackerel and Norwegian spring-spawning herring. ICES recommended a reduction of 22% in the quota for North Sea herring in 2023 compared with the recommendation for 2022.

The quota recommended by SPRFMO for horse mackerel in the South Pacific in 2023 implies a further increase of 20%. SPRFMO's recommendation reflects the positive development in horse mackerel fishery in recent years. This attests to continuing satisfactory development in the Group's activities in Chile.

Summary
The Group is financially sound, has shown positive development and is currently well positioned in several parts of the global seafood industry. The Group's products are healthy and tasty, and production is sustainable from a financial, climate and environmental perspective.

The Group's strategy going forward is to continue to grow and further develop within its current operating segments. The Group has and shall continue to have the financial flexibility to support its strategy of further organic growth, carry out strategic acquisitions and sustain the company's dividend policy.

Over the years, the Board of Directors and management have focused on building a strong group of companies, which includes ensuring that the Group has organisations ready to solve challenges under difficult and changeable framework conditions. The management and Group employees are doing what they can every day to ensure that the Group fulfils its underlying social responsibility by keeping the value chain and hence food supplies cost-effective and operational even in challenging times.

Industrial development and employment in capital-intensive activities exposed to global competition, such as fish farming, fisheries and related industry, are challenging and demand knowledge and predictability from the regulatory authorities. In turn, predictability of this kind requires businesses and, not least, national political leaders to implement a responsible long-term business policy. The government's proposal of so-called resource rent tax on Norwegian aquaculture, adopted by the Norwegian parliament on 31 May 2023, is an example of the precise opposite. Adoption of the tax constitutes a significant risk to the further industrial development of aquaculture, including weakening its ability to continue contributing to society. Regrettably, the fact that the tax was adopted is an example of political risk of a kind we have not experienced in recent times in Norway.

The seafood companies need to retain capital in line with other comparable industries if they are not to lose ground in international competition. One distinctive feature of the aquaculture industry is the dominance of Norwegian private capital. This capital – the foundation of non-urban Norway – pays corporation tax and charges like other industries, but also already contributes billions in production fees, export duties and tax on purchase of production capacity. Given that the aquaculture industry owes its existence to Norwegian private capital, the dividend tax and wealth tax paid mean that the industry's capital is the most heavily taxed of all capital.

It is difficult to find an industry, apart from the oil and gas sector, that already contributes more to the community, both locally and nationally. The Storting's adoption of resource rent tax on aquaculture (in the sea) is detrimental to the industry and will have significant negative repercussions for the industry's development in Norway. The industry's ability to maintain its unique position as a Norwegian regional industry that is globally competitive and has the potential to safeguard employment and settlement along the coast, including when Norway's oil- and gas-related activities come to an end, will be severely weakened.

As in previous reports, the Board of Directors underlines that uncertainties related to assessments of future developments remain higher than normal, not least as a result of the increased political risk.

The Group and the parent company are financially sound and have access to competitive financing. This was rendered visible through the trust demonstrated by well-regarded investors when the Group issued new bond loans in Q2. The Group's products are healthy and tasty, and production is sustainable from a financial, climate and environmental perspective. For these reasons, the Board of Directors expects the good underlying growth in demand to continue in the years ahead. The Group's strong position within the global seafood industry underpins the Board's positive outlook for the Group's future development.

DECLARATION OF THE BOARD OF DIRECTORS AND CEO

We declare that, to the best of our knowledge, the half-yearly financial statements for the period 1 January to 30 June 2023 have been prepared in accordance with IAS 34 – Interim Financial Reporting, and that the information in the financial statements provides a true and fair illustration of the Group's assets, liabilities, financial position and result as a whole. We also declare that, to the best of our knowledge, the half-yearly report provides a correct overview of significant events during the accounting period and their impact on the half-yearly accounts, the key risks and uncertainties faced by the Group during the next accounting period, and significant transactions with related parties.

Storebø, 22 August 2023
The Board of Directors of Austevoll Seafood ASA

Helge Singelstad
Chairman of the Board

Lill Maren Møgster
Board member

Hege Charlotte Bakken
Deputy Chairman of the Board

Eirik D. Melingen
Board member

Petter Dragesund
Board member

Helge Møgster
Board member

Hege Solbakken
Board member

Siren Grønhaug
Board member

Arne Møgster
CEO

FINANCIAL REPORT, Q2 AND H1 2023

INCOME STATEMENT (unaudited)

All figures in MNOK	Note	Q2 2023	Q2 2022	YTD 2023	YTD 2022	(audited) 2022
Operating revenue and other income		**8 452**	**7 852**	**16 454**	**14 417**	**31 150**
Raw material and consumable used		4 720	3 959	8 692	6 997	16 294
Salaries and personnel expenses		1 112	1 038	2 406	2 216	4 519
Operating expenses		1 214	1 302	2 345	2 207	4 556
Depreciation and amortisation		473	414	926	856	1 732
Impairment		38	0	38	1	1
Operating profit before fair value adjustments		**895**	**1 139**	**2 048**	**2 141**	**4 051**
Fair value adjustment related to biological assets		76	1 053	537	1 305	1 189
Income from associated companies		20	164	86	294	494
Operating profit and income from JV and associates (EBIT)		**992**	**2 356**	**2 671**	**3 740**	**5 735**
Net interest expenses		142	108	258	178	353
Net other financial items		7	25	12	28	45
Profit before tax		**857**	**2 223**	**2 425**	**3 589**	**5 428**
Income tax expenses		193	471	537	784	1 142
Implementation effects of resource tax (aquculture)	9	1 803	-	1 803	-	-
Net profit		**1 139**	**1 752**	**85**	**2 805**	**4 285**
Profit to non controlling interest		534	790	20	1 327	1 795
Profit to controlling interests		605	963	64	1 478	2 490
Earnings per share (EPS) in NOK		3.0	4.8	0.3	7.3	12.3
Diluted EPS in NOK		3.0	4.8	0.3	7.3	12.3
Adjusted EPS* in NOK		3.2	2.5	0.8	4.3	9.9

Definitions:
EBIT = Earnings before interest and tax
JV = Joint ventures
Adjusted EPS* = before fair value adj.related to biological assets

CONDENSED STATEMENT OF COMPREHENSIVE INCOME (unaudited)

All figures in MNOK	Q2 2023	Q2 2022	YTD 2023	YTD 2022	(audited) 2022
Net earnings in the period	**-1 139**	**1 752**	**85**	**2 805**	**4 285**
Other comprehensive income					
Currency translation differences	290	518	779	519	422
Other comprehensive income from associated companies	-	14	-	14	15
Cash flow hedges	17	1	-16	17	16
Others incl. tax effect	0	-10	-7	-11	-10
Total other comprehensive income	**307**	**523**	**756**	**540**	**442**
Comprehensive income in the period	**-831**	**2 275**	**841**	**3 346**	**4 728**
Allocated to;					
Minority interests	-451	894	189	1 399	1 869
Majority interests	-381	1 381	651	1 947	2 858

STATEMENT OF FINANCIAL POSITION (unaudited)

All figures in MNOK	Note	30.06.2023	30.06.2022	(audited) 31.12.2022
Assets				
Intangible assets		12 301	12 078	12 007
Vessels		2 679	2 455	2 628
Property, plant and equipment		8 173	7 281	7 629
Right-of-use assets	8	3 282	3 229	3 222
Investments in associated companies	5	3 474	3 254	3 382
Investments in other shares		39	47	43
Other long-term receivables		244	207	223
Total non-current assets		**30 191**	**28 550**	**29 134**
Inventories	3	12 042	10 957	10 928
Accounts receivable		3 270	2 861	2 909
Other current receivables		1 078	1 031	751
Cash and cash equivalents		5 352	4 349	4 340
Total current assets		**21 742**	**19 198**	**18 928**
Total assets		**51 933**	**47 748**	**48 062**
Equity and liabilities				
Share capital	6	101	101	101
Treasury shares		-18	-18	-18
Share premium		3 714	3 714	3 714
Retained earnings and other reserves		11 033	10 630	11 525
Non-controlling interests		12 232	12 372	12 841
Total equity		**27 061**	**26 798**	**28 162**
Deferred tax liabilities		5 702	4 002	3 581
Pensions and other obligations		13	14	13
Borrowings		9 050	6 210	5 968
Lease liabilities to credit institutions		949	953	903
Lease liabilities other than to credit institutions		1 560	1 606	1 527
Other non-current interest bearing debt		1	1	1
Other long-term liabilities		40	32	29
Total non-current liabilities		**17 316**	**12 817**	**12 021**
Short term borrowings		775	1 117	1 111
Lease liabilities to credit institutions		259	247	345
Lease liabilities other than to credit institutions		380	301	323
Overdraft facilities		1 249	1 723	1 153
Account payable		2 617	2 230	2 374
Other current liabilities		2 277	2 514	2 573
Total current liabilities		**7 556**	**8 133**	**7 879**
Total liabilities		**24 871**	**20 950**	**19 900**
Total equity and liabilities		**51 933**	**47 748**	**48 062**
Net interest bearing debt (NIBD)		6 930	5 902	5 140
Lease liabilities other than to credit institutions		1 940	1 907	1 850
NIBD incl. right of use assets liabilities		**8 870**	**7 809**	**6 991**
Equity ratio		52%	56%	59%

CONDENSED STATEMENT OF CHANGES IN EQUITY (unaudited)

All figures in MNOK	30.06.2023	30.06.2022	31.12.2022
Equity at period start	**28 162**	**25 187**	**25 187**
Comprehensive income in the period	**841**	**3 346**	**4 728**
Dividends	-1 903	-1 750	-1 752
Transactions with non-controlling interest	-6	16	-0
Other	-33	-	-
Total changes in equity in the period	**-1 101**	**1 611**	**2 975**
Equity at period end	**27 061**	**26 798**	**28 162**

CASH FLOW STATEMENT (unaudited)

All figures in MNOK	Q2 2023	Q2 2022	YTD 2023	YTD 2022	(audited) 2022
Cash flow from operating activities					
Profit before income tax	857	2 223	2 425	3 589	5 428
Fair value adjustment of biological assets	-76	-1 053	-537	-1 305	-1 189
Taxes paid in the period	-148	-291	-251	-450	-775
Depreciation and amortisation	473	414	926	856	1 732
Impairments	38	-0	38	-1	-1
Associated companies - net	-20	-164	-86	-294	-494
Interest expense	178	98	314	183	431
Interest income	-35	10	-56	-5	-79
Change in inventories	-88	-1 060	-575	-1 547	-1 634
Change in receivables	-319	-176	-649	-854	-623
Change in payables	453	273	236	310	459
Other operating cash flow incl. currency exchange	-386	405	-408	491	-59
Net cash flow from operating activities	**926**	**678**	**1 376**	**974**	**3 195**
Cash flow from investing activities					
Purchase of intangible and fixed assets	-440	-550	-911	-890	-1 834
Purchase of shares and equity investments	-	-	-85	-49	-59
Proceeds from sale of fixed assets/equity investments	53	29	63	33	56
Cash inflow from business combinations	-1	-	-1	-	-
Dividends received	228	128	228	131	131
Interest income	35	-10	56	5	79
Other investing activities - net	-18	-7	-13	-30	-46
Net cash flow from investing activities	**-143**	**-410**	**-663**	**-801**	**-1 675**
Cash flow from financing activities					
Proceeds from new long term debt	3 311	201	3 479	281	292
Repayment of long term debt	-774	-237	-1 114	-723	-1 288
Change in short term debt	-399	1 003	82	1 100	570
Interest paid	-200	-104	-336	-190	-441
Dividends paid	-1 881	-1 742	-1 903	-1 750	-1 752
Other finance cash flow - net	28	95	71	90	72
Net cash flow from financing activities	**85**	**-784**	**278**	**-1 192**	**-2 547**
Net change in cash and cash equivalents	868	-516	991	-1 019	-1 027
Cash, and cash equivalents at start of period	4 484	4 822	4 340	5 329	5 329
Exchange gains/losses (-)	-0	43	22	40	38
Cash and cash equivalents at period end	**5 352**	**4 349**	**5 352**	**4 349**	**4 340**

SELECTED NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 ACCOUNTING POLICIES

This interim report has been prepared in accordance with International Financial Reporting Standards (IFRS) and the related standard for interim financial reporting (IAS 34). All figures not included in the financial statements for 2022 are unaudited. The interim financial statements, including historical comparative amounts, are based on current IFRS standards and interpretations. Changes in the standards and interpretations may result in changes to the result.

This interim report does not include all the information required by International Financial Reporting Standards (IFRS) for annual financial statements and should therefore be read in conjunction with the Group's financial statements for 2022.

Please refer to the Group's financial statements for 2022 for information on standards and interpretations applicable as of 1 January 2022.

NOTE 2 RELATED PARTY TRANSACTIONS

There were related party transactions in Q2 2023. Related party transactions take place on market terms, and the relevant types of transactions are described in more detail in the Annual Report 2022.

NOTE 3 BIOLOGICAL ASSETS

The Group recognises and measures biological assets at fair value according to IAS 41 and IFRS 13. For salmon and trout, including broodstock, a present value model is applied to estimate fair value. For roe, fry, smolt and cleaner fish, historical cost is assumed to be the best estimate of fair value. The value of fish in the sea is estimated as a function of the estimated biomass at the time of release from stock, multiplied by the estimated sales price. For fish not ready for harvest, a deduction is made to cover estimated residual costs to grow the fish to harvest weight. The cash flow is discounted monthly by a discount rate. The discount rate comprises three main components: (1) the risk of incidents that have an effect on cash flow, (2) hypothetical licence lease and (3) the time value of money.

Estimated biomass (volume) is based on the actual number of individuals in the sea on the date of the statement of financial position, adjusted to cover projected mortality up to harvest date and multiplied by the estimated harvest weight per individual on the harvest date. The measurement unit is the individual fish. However, for practical reasons, these estimates are carried out per locality. The live weight of fish in the sea is translated to gutted weight in order to arrive at the same measurement unit as for pricing.

Pricing is based on Fish Pool's forward prices. The forward price for the month in which the fish is expected to be harvested is applied in order to estimate cash flow. The price stipulated by Fish Pool is adjusted to take into account export costs and clearing costs, and represents the reference price. This price is then adjusted to account for estimated harvesting cost (well boat, harvesting and boxing) and transport to Oslo. Adjustments are also made for any projected differences in size and quality. The adjustments to the reference price are made per locality. Common regional parameters are applied, unless factors specific to an individual locality require otherwise.

Valuation and classification are based on the principle of highest and best use according to IFRS 13. The actual market price per kilo may vary in relation to fish weight. When estimating fair value, the optimal harvest weight, i.e. the weight when the fish is ready for harvest, is defined as the live weight that results in a gutted weight of 4 kg. This corresponds to a live weight of 4.65 kg for salmon and 4.76 kg for trout. The optimal harvest weight may, however, be lowered slightly if required by factors at an individual locality (biological challenges etc.). In terms of valuation, only fish that have achieved an optimal harvest weight are classified as fish ready for harvest.

The Group enters into contracts related to future deliveries of salmon and trout. As biological assets are recognised at fair value, the fair value adjustment related to biological assets will be included in the estimated expenses required to fulfil the contract. This implies that the Group may experience loss-making (onerous) contracts according to IAS 37 even if the contract price for physical delivery contracts is higher than the actual production cost for the products. In such a scenario, a provision is made for the estimated negative value. The provision is classified in the financial statements as other current liabilities.

NOTE 3 BIOLOGICAL ASSETS (cont.)

The fair value adjustment related to biological assets recognised in the income statement for the period comprises (1) fair value adjustment related to biological assets, (2) change in fair value (provision) related to onerous contracts and (3) change in unrealised gain/loss related to financial sale and purchase contracts (derivatives) for fish on Fish Pool. Fish Pool contracts are treated as financial instruments in the statement of financial position, where unrealised gain is recognised as other current receivables and unrealised loss as other current liabilities.

Conversion to live weight:
The figures for harvested volume and net growth in the tables below have been estimated on the basis of gutted weight (GWT) and converted to live weight (LWT). The gutting loss ratios applied in this conversion are 14% for salmon and 16% for trout. The table for Lerøy Seafood Group ASA includes salmon and trout. The table for Br. Birkeland Farming AS only includes salmon.

LWT = live weight measured in tonnes
GWT = gutted weight measured in tonnes

Lerøy Seafood Group ASA (amounts in NOK 1,000)

FAIR VALUE ADJUSTMENTS RELATED TO BIOLOGICAL ASSETS

FV adjustments over profit and loss	**Q2 2023**	Q2 2022	**YTD 2023**	YTD 2022	2022
Change FV adj. of biological assets	**-20 921**	1 342 227	**543 823**	1 749 256	1 057 508
Change in FV of onerous contracts	**99 119**	-306 383	**8 533**	-497 902	30 658
Change in FV of fishpool contracts	**0**	0	**0**	0	0
Total FV adjustments over profit and loss	**78 198**	1 035 844	**552 356**	1 251 354	1 088 166

Fair value adjustments over OCI					
Change in FV of fishpool contracts *	**0**	-115	**0**	-1 621	-1 649
Total FV adjustments over OCI	**0**	-115	**0**	-1 621	-1 649

* Included in change in FV financial instruments (hedges) in statement of comprehensive income. Amount is after tax.

BALANCE SHEET ITEMS RELATED TO BIOLOGICAL ASSETS
Positive amounts are assets and negative amounts are liabilities

Biological assets	**30.06.2023**	30.06.2022	31.12.2022
Cost on stock for fish in sea	**5 235 699**	4 666 678	4 632 941
Cost on stock for fry, brood, smolt and cleaning fish	**497 895**	377 328	476 507
Total cost on stock for biological assets *	**5 733 594**	5 044 006	5 109 448
FV adj. of fish in sea	**3 051 968**	3 199 894	2 508 145
FV adj. of fry, brood, smolt and cleaning fish	**0**	0	0
Total FV adj. of biological assets	**3 051 968**	3 199 894	2 508 145
Monthly discount rate applied	**4.0 %**	5.0 %	4.0 %
FV of fish in sea	**8 287 667**	7 866 573	7 141 086
FV of fry, brood, smolt and cleaning fish	**497 895**	377 328	476 507
Carrying amount of biological assets	**8 785 562**	8 243 901	7 617 593

Onerous contracts (liability)			
Carrying amount of onerous contracts	**-5 067**	-542 161	-13 600

Fish Pool contracts			
Carrying amount of Fish Pool contracts	**0**	0	0

* Cost on stock is historic costs after expensed mortality

NOTE 3 BIOLOGICAL ASSETS (cont.)

SLAUGHTERED VOLUME:

Volume in gutted weight (GWT)	**Q2 2023**	Q2 2022	**YTD 2023**	YTD 2022	2022
Salmon	**24 914**	27 246	**24 914**	55 158	151 942
Trout	**3 687**	5 837	**3 687**	9 982	22 687
Total	**28 602**	33 083	**28 602**	65 140	174 629

VOLUME

Volume of fish in sea (LWT)	**Q2 2023**	Q2 2022	**YTD 2023**	YTD 2022	2022
Volume at beginning of period	**92 816**	103 516	**97 923**	107 242	107 242
Net growht during the period	**42 071**	44 940	**36 964**	78 604	194 366
Slaughtered volume during the period	**-33 360**	-38 630	**-33 360**	-76 020	-203 685
Volume at end of period (LWT)	**101 527**	109 826	**101 527**	109 826	97 923

Specification of fish in sea (LWT)	**30.06.2023**	30.06.2022	31.12.2022
Salmon	**86 484**	96 382	85 391
Trout	**15 043**	13 444	12 532
Total	**101 527**	109 826	97 923
Salmon > 4.65 kg (live weight) *	**0**	13 756	384
Trout > 4.76 kg (live weight) *	**149**	153	0

* Defined as mature biological assets

Br. Birkeland Farming AS (amounts in MNOK)

FAIR VALUE ADJUSTMENTS RELATED TO BIOLOGICAL ASSETS

Fair value adjustment over profit and loss	**Q2 2023**	Q2 2022	**YTD 2023**	YTD 2022	2022
Change FV adj. biological assets	**-2**	17	**-16**	53	101
Total FV adjustments over profit and loss	**-2**	17	**-16**	53	101

BALANCE SHEET ITEMS RELATED TO BIOLOGICAL ASSETS
Positive amounts are assets and negative amounts are liabilities

Biological assets	**YTD 2023**	YTD 2022	2022
Cost on stock for fish in sea	**257**	191	237
Fair value adjustment fish in sea	**102**	70	118
Fair value fish in sea	**359**	261	354
Fry, brood and smolt			-
Carrying amount of biological assets	**359**	261	354

SLAUGHTERED VOLUME

Slaughtered volume in gutted weight (GWT)	**Q2 2023**	Q2 2022	**YTD 2023**	YTD 2022	2022
Total volume	**1 988**	2 776	**4 412**	4 324	8 631
- Salmon	**1 988**	2 776	**4 412**	4 324	8 631

VOLUME

Volume of fish in sea (LWT)	**Q2 2023**	Q2 2022	**YTD 2023**	YTD 2022	2022
Volume at beginning of period	**4 146**	4 682	**4 784**	4 379	4 379
Net growth during the period	**2 594**	2 525	**4 897**	4 693	10 755
Slaughtered volume during the period	**-2 561**	-3 315	**-5 502**	-5 180	-10 350
Volume at end of period (LWT)	**4 179**	3 892	**4 179**	3 892	4 784

Fish > 4.65 kg (live weight)					2 708

NOTE 4 SEGMENTS

All figures in MNOK	Note	Lerøy Seafood Group ASA	Austral Group S.A.A.	Foodcorp Chile S.A.	Br. Birkeland AS	Br. Birkeland Farming AS	Other/ Joint ventures/ elimin.	Total Group	Pelagia (50% of figures and volumes)	Total Group incl. Pelagia (50%)
Q2 2023										
Operating revenue and other income		7 671	238	337	59	233	-86	**8 452**	1 257	**9 709**
Operating profit before fair value adj.		878	-222	126	-17	125	4	**895**	116	**1 011**
Operating profit %		*11%*		*37%*		*54%*		***11%***	*9%*	***10%***
Operational EBITDA	7	1 307	-157	138	-0	147	5	**1 441**	165	**1 606**
EBITDA %		*17%*		*41%*		*63%*		***17%***	*13%*	***17%***
Operational EBIT	7	950	-222	126	-17	127	18	**982**		
EBIT %		*12%*		*37%*		*54%*		***12%***		
Volumes sold:										
Salmon (GWT tonnes)		29 659				1 988		**31 647**		**31 647**
Fishmeal/oil/FPC (tonnes)			7 662	5 082				**12 744**	46 400	**59 144**
Frozen/fresh fish (tonnes)			9 682	15 693				**25 375**	18 600	**43 975**
Q2 2022										
Operating revenue and other income		6 566	531	327	117	303	8	**7 852**	1 135	**8 987**
Operating profit before fair value adj.		712	121	116	23	177	-10	**1 139**	88	**1 227**
Operating profit %		*11%*	*23%*	*35%*	*20%*	*58%*		***15%***	*8%*	***14%***
Operational EBITDA	7	1 249	169	125	37	195	-6	**1 769**	131	**1 900**
EBITDA %		*19%*	*32%*	*38%*	*31%*	*64%*		***23%***	*12%*	***21%***
Operational EBIT	7	927	120	116	23	179	101	**1 465**		
EBIT %		*14%*	*23%*	*35%*	*20%*	*59%*		***19%***		
Volumes sold:										
Salmon (GWT tonnes)		33 083				2 776		**35 859**		**35 859**
Fishmeal/oil/FPC (tonnes)			28 757	5 688				**34 445**	45 700	**80 145**
Frozen/fresh fish (tonnes)			1 963	21 755				**23 718**	19 900	**43 618**
YTD 2023										
Operating revenue and other income		14 645	703	620	149	477	-139	**16 454**	2 779	**19 232**
Operating profit before fair value adj.		1 847	-231	236	-15	231	-21	**2 048**	261	**2 309**
Operating profit %		*13%*		*38%*		*49%*		***12%***	*9%*	***12%***
Operational EBITDA	7	2 644	-106	259	17	270	-17	**3 068**	358	**3 426**
EBITDA %		*18%*		*42%*	*12%*	*57%*		***19%***	*13%*	***18%***
Operational EBIT	7	1 939	-231	236	-15	234	67	**2 231**		
EBIT %		*13%*		*38%*		*49%*		***14%***		
Volumes sold:										
Salmon (GWT tonnes)		58 261				4 412		**62 673**		**62 673**
Fishmeal/oil/FPC (tonnes)			28 557	7 521				**36 078**	82 600	**118 678**
Frozen/fresh fish (tonnes)			16 323	37 075				**53 398**	60 500	**113 898**
YTD 2022										
Operating revenue and other income		12 091	1 184	515	185	425	17	**14 417**	2 244	**16 661**
Operating profit before fair value adj.		1 564	205	158	23	213	-20	**2 141**	137	**2 279**
Operating profit %		*13%*	*17%*	*31%*	*12%*	*50%*		***15%***	*6%*	***14%***
Operational EBITDA	7	2 459	299	209	48	244	-9	**3 251**	223	**3 474**
EBITDA %		*20%*	*25%*	*41%*	*26%*	*58%*		***23%***	*10%*	***21%***
Operational EBIT	7	1 816	205	158	23	211	151	**2 563**		
EBIT %		*15%*	*17%*	*31%*	*12%*	*50%*		***18%***		
Volumes sold:										
Salmon (GWT tonnes)		65 140				4 324		**69 464**		**69 464**
Fishmeal/oil/FPC (tonnes)			64 599	8 068				**72 667**	75 200	**147 867**
Frozen/fresh fish (tonnes)			12 277	36 801				**49 078**	62 100	**111 178**
2022										
Operating revenue and other income		26 652	2 562	821	333	743	38	**31 150**	5 641	**36 790**
Operating profit before fair value adj.		3 195	468	128	-18	300	-22	**4 051**	668	**4 719**
Operating profit %		*12%*	*18%*	*16%*		*40%*		***13%***	*12%*	***13%***
Operational EBITDA	7	4 797	663	200	37	370	-6	**6 061**	845	**6 906**
EBITDA %		*18%*	*26%*	*24%*	*11%*	*50%*		***19%***	*15%*	***19%***
Operational EBIT	7	3 471	466	162	-18	304	460	**4 845**		
EBIT %		*13%*	*18%*	*20%*		*41%*		***16%***		
Volumes sold:										
Salmon (GWT tonnes)		174 629				8 631		**183 260**		**183 260**
Fishmeal/oil/FPC (tonnes)			127 319	13 011				**140 330**	168 000	**308 330**
Frozen/fresh fish HC (tonnes)			12 277	57 682				**69 959**	152 000	**221 959**

NOTE 5 ASSOCIATES

All figures in MNOK	Share of net profit	Q2 2023	Q2 2022	YTD 2023	YTD 2022	2022
Norskott Havbruk AS* [a]	50.0%	-78	122	-95	219	41
Pelagia Holding AS [b]	50.0%	64	38	140	67	418
Others		34	3	41	8	35
Income from joint ventures and associates		**20**	**164**	**86**	**294**	**494**
Fair value adjustment biological assets		-6	-54	2	-125	-12
Income from joint ventures and associates before FV adj.		**14**	**110**	**88**	**169**	**483**
Investment in associates:						
Norskott Havbruk				1 232	1 372	1 184
Pelagia Holding AS				1 770	1 476	1 765
Others				472	407	434
Total investment				**3 474**	**3 254**	**3 382**
Dividend received from JV and associates						
Norskott Havbruk						
Pelagia Holding AS		225	125	225	125	125
Others		3	3	3	6	6
Total dividend received		**228**	**128**	**228**	**131**	**131**

a) Lerøy Seafood Group ASA owns 50% of Norskott Havbruk AS
b) Austevoll Seafood ASA owns 50% of Pelagia Holding AS

NOTE 6 LIST OF THE 20 LARGEST SHAREHOLDERS PER 30.06.2023

Investor	Number of shares	% of top 20	% of total
LACO AS	112 605 876	73.80	55.55
STATE STREET BANK AND TRUST COMP	5 172 497	3.39	2.55
J.P. MORGAN SE	3 921 279	2.57	1.93
PARETO AKSJE NORGE VERDIPAPIRFOND	3 377 805	2.21	1.67
OM HOLDING AS	3 005 636	1.97	1.48
FOLKETRYGDFONDET	2 950 377	1.93	1.46
SIX SIS AG	2 713 216	1.78	1.34
STATE STREET BANK AND TRUST COMP	2 120 075	1.39	1.05
CLEARSTREAM BANKING S.A.	1 964 229	1.29	0.97
THE NORTHERN TRUST COMP, LONDON BR	1 917 044	1.26	0.95
THE BANK OF NEW YORK MELLON SA/NV	1 835 438	1.20	0.91
JPMORGAN CHASE BANK, N.A., LONDON	1 797 025	1.18	0.89
J.P. MORGAN SE	1 457 779	0.96	0.72
STATE STREET BANK AND TRUST COMP	1 354 793	0.89	0.67
DANSKE INVEST NORSKE INSTIT. II.	1 204 963	0.79	0.59
J.P. MORGAN SE	1 092 998	0.72	0.54
VERDIPAPIRFONDET STOREBRAND NORGE	1 076 730	0.71	0.53
PARETO INVEST NORGE AS	1 048 717	0.69	0.52
STATE STREET BANK AND TRUST COMP	1 031 693	0.68	0.51
VERDIPAPIRFONDET ALFRED BERG GAMBA	934 358	0.61	0.46
Total number owned by top 20	**152 582 528**	**100.00**	**75.27**
Total number of shares	**202 717 374**		

NOTE 7 ALTERNATIVE PERFORMANCE MEASURES

Austevoll Seafood Group's financial statements are prepared in accordance with international standards for financial reporting (IFRS) and interpretations established by the International Accounting Standards Board (IASB) and adopted by the EU. In addition, the Board and management have chosen to present certain alternative performance measures to aid understanding of the Group's development. The Board and management are of the opinion that these performance measures are sought and utilised by investors, analysts, credit institutions and other stakeholders. The alternative performance measures are derived from the performance measures defined in IFRS. The figures are defined below. They are calculated consistently and presented in addition to other performance measures, in line with the Guidelines for Alternative Performance Measures from the European Securities and Markets Authority (ESMA).

Operating EBITDA and operating EBIT

Operating EBITDA and operating EBIT are two alternative performance measures used by the Group that are commonly used within aquaculture. In order to provide the information required by management, investors and analysts regarding performance and industry comparability, the Group has now implemented the two specified alternative performance measures. These replace the previous alternative performance measures operating profit/loss before fair value adjustments related to biological assets and operating profit/loss before depreciation and fair value adjustments related to biological assets.

Operating EBITDA and operating EBIT exclude certain items, most significantly fair value adjustment of biological assets. This is excluded because it has nothing to do with the Group's operating performance. The change in fair value derives from changes in forward prices for salmon, published by Fish Pool. Another item excluded is provision for onerous contracts. This item is indirectly related to biological assets, as the loss is calculated based on the increased value of fish in the sea as a result of fair value adjustment. Production fees on the harvest volume of salmon and trout, which were introduced in 2021, are also excluded.

This is because production fees are tax-related. Production fees were introduced as an alternative to resource rent tax. Also excluded are one-off events not expected to happen again, such as settlement costs. These types of costs are not considered relevant to the current operating activity and hence not relevant to persons wanting to analyse operating profit in the period. Finally, unrealised internal gains associated with inventories are also excluded. Feedback from investors and analysts suggests that this accrual item has interfered with evaluation of operating profit for the period. Since this item is insignificant to profit for the period, it has been excluded from the two alternative performance measures.

The Group has investments in joint ventures and associates that are significant enterprises in their segments and represent substantial values for Austevoll Seafood ASA. Revenue from joint ventures and associates is therefore included in operating EBIT.

NOTE 7 ALTERNATIVE PERFORMANCE MEASURES (cont.)

All figures in MNOK		Q2 2023	Q2 2022	YTD 2023	YTD 2022	(audited) 2022
Operating revenue and other income		**8 452**	**7 852**	**16 454**	**14 417**	**31 150**
Raw material and consumable used	-	4 720	3 959	8 692	6 997	16 294
Salaries and personnel expenses	-	1 112	1 038	2 406	2 216	4 519
Operating expenses	-	1 214	1 302	2 345	2 207	4 556
Production fee	+	18	14	35	28	74
Change in unrealised internal margin	+	2	-9	6	15	-3
Other non-operational items	+	15	211	15	211	209
Operational EBITDA		**1 441**	**1 769**	**3 067**	**3 251**	**6 061**
Depreciation and amortisation	-	473	414	926	856	1 699
Income from joint ventures and associates	+	20	164	86	294	494
Fair value adj. biomasss in joint ventures and associates		6	54	-2	125	12
Operational EBIT		**981**	**1 465**	**2 230**	**2 563**	**4 845**
Change in unrealised internal margin	-	2	-9	6	15	-3
Production fee	-	18	14	35	28	74
Fair value adjustment related to biological assets	+	76	1 053	537	1 305	1 189
Fair value adjustment related to biological assets in associates	+	6	54	-2	125	12
Impairment	-	38	-0	38	-1	32
Other non-operational items (incl. litigation fee in 2022)	-	15	211	15	211	209
Operating profit and income from JV and associates (EBIT)		**992**	**2 356**	**2 670**	**3 740**	**5 734**
Net interest expenses	+	-142	-108	-258	-178	-353
Net other financial items		7	-25	12	28	45
Profit before tax		**857**	**2 223**	**2 424**	**3 589**	**5 427**
Income tax expenses	+	-193	-471	-537	-784	-1 142
Implementation effects resource tax (aquaculture)	+	-1 803	-	-1 803	-	-
Net profit		**-1 139**	**1 752**	**84**	**2 805**	**4 285**

Reconciliation between the new APM, operating EBITDA, and the previous APM, EBITDA before fair value adjustments related to biological assets

All figures in MNOK	Q2 2023	Q2 2022	YTD 2023	YTD 2022	(audited) 2022
Operational EBITDA	1 441	1 769	3 067	3 251	6 061
EBITDA before fair value adjustment related to biological assets	1 406	1 553	3 011	2 997	5 782
Difference	**34**	**216**	**56**	**254**	**280**
Difference					
Change in unralised internal margin	2	-9	6	15	-3
Production fee	18	14	35	28	74
Other non-operational items	15	211	15	211	209
Total	**34**	**216**	**56**	**254**	**280**

NOTE 7 ALTERNATIVE PERFORMANCE MEASURES (cont.)

Net-interest-bearing debt (NIBD)

NIBD is an APM utilised by the Group. The figure shows how much capital the Group employs and is an important key figure for stakeholders who are planning to grant financing to the Group and for stakeholders who want to value the company. The Group therefore defines NIBD as interest-bearing commitments, both short-term and long-term, to persons or institutions with the main purpose of providing financing and/or credit, minus interest-bearing cash or cash equivalents. This implies that long-term interest-bearing receivables (assets) and other lease commitments with the exception of leasing debt to credit institutions (liability) are not included. The latter component comprises most of the new lease commitments carried in connection with implementation of IFRS 16. The following components from the statement of financial position are included:

(All figures in MNOK)	30.06.2023	30.06.2022	31.12.2022
Loans from credit institutions *			
+ Lease liabilities to credit institutions *	1 207	1 200	1 248
+ Other long term loans *	9 826	7 328	7 079
+ Overdrafts/other short term loans	1 249	1 723	1 153
- Cash and cash equivalents	5 352	4 349	4 340
= Net interest bearing debt (NIBD)	**6 930**	**5 902**	**5 140**

* Both long-term and short-term portion

NOTE 8 RIGHT-OF-USE ASSETS

With effect from 1 January 2019, the Group implemented IFRS 16 Leases. This new standard requires practically all leases to be capitalised, as there is no longer a distinction, for the lessee, between operating and finance leases. According to the new standard, the asset (right of use) and the liability to pay rent are recognised in the financial statements. Exemptions are made for short-term leases and low-value leases.

Liabilities (previous operating leases) are valued at the current value of the future lease payments. The lease payments are discounted by the Group's estimated marginal average interest rate on loans (4%). The interest on the lease liability in each accounting period of the lease period shall be the amount that provides a constant periodic interest rate for the remaining balance of the lease liability (annuity principle). The interest expense related to the liability is presented as a financial expense. Lease costs that were previously included in cost of goods sold and other operating expenses are now presented in the income statement as depreciation and interest expense.

The right-of-use assets are depreciated on a straight-line basis from the date of commissioning until the end of the useful life of the right-of-use asset or the end of the lease period, whichever comes first. In the statement of cash flows, cash payments for the lease liability's principal (instalment part) are presented under financing activities. The same applies to cash payments for the interest part of the lease liability.

The table shows the distribution of the Right-of-use assets (all figures in MNOK).

Right-of-use assets	Land	Buildings	Plant, equipment and other fixtures	Vessels	Total
Carrying value 01.01.	**33**	**497**	**1 380**	**1 312**	**3 222**
Foreign currency translation differences	1	14	13	0	28
Right-of-use assets acquired	3	66	70	210	349
Disposal	-1	-2	-2	-	-5
Depreciation	-3	-33	-134	-142	-312
Business combinations	-		-2	-	-2
Reclassification	-	-	2	-	2
Carrying value 30.06.2023	**33**	**542**	**1 327**	**1 379**	**3 282**

All figures in MNOK

NOTE 9 NEW RESOURCE RENT TAX ON AQUACULTURE FROM 1 JANUARY 2023

On 31 May 2023 the Norwegian Government decided to adopt a resource rent tax of 25% on earnings from the production of salmon and trout in sea. The law was given retroactively with effect from 1 January 2023. The resource rent tax comes on top of standard corporate tax of 22%, so that the total tax rate for the affected activity is 47%.

The resource rent tax cost in 2023 will consist of two elements, first an implementation effect (one-off effect) and secondly resource rent tax for the period.

The implementation effect is estimated at NOK 1.8 billion, and recognized in the second quarter of 2023, the same quarter as the law was adopted. The entire amount comes from increased deferred tax on the stock of fish in the sea at the beginning of the year. The resource rent tax is calculated as 25% of the difference between the accounting value and the tax value. One reason why the implementation effect is significant, is because the majority of the Norwegian Storting members seem to agree on the fact that no deduction should be given in resource rent tax for costs on stock incurred on the fish up to the time of entry into force. This creates an asymmetry, where the income from the fish that was in stock at the beginning of 2023 receives a total taxation of 47%, standard corporate tax plus resource tax rent tax, while only a 22% tax deduction is given. Therefore, this is a controversial and disputed point, which also deviates from historical political practice. However, this asymmetry only applies to the stock of fish in the sea that the affected companies had at the time of entry into force. New costs incurred from 1 of January 2023 will obtain a full tax deduction of 47%.

Deferred tax on stocks will become payable tax as the stock of fish in the sea is harvested and sold. The income from this fish will be included in the basis of calculation of payable resource rent tax. At the same time, cost on stock on new fish added to the stock, will be deducted in the basis of calculation of payable resource rent tax. This means that if cost on stock of fish in the sea is higher on the balance sheet date than it was at the start of the period, the change in stock will represent a net reduction in the basis for calculation of payable ground rent tax. In the opposite case, if the cost on stock of fish in the sea is lower on the balance sheet date than it was at the beginning of the period, the change in stock will represent an increase in the basis for calculation of payable ground rent tax. The inventory changes have no impact on the tax cost overall. But the change affects the time when the tax is due for payment.

The resource rent tax calculation for the period shall be based on the earnings from the production of salmon and trout in the sea. Although the main principles have been defined through the Prop. 78 LS (2022-2023) from 28th of March 2023, a lot of important details are still missing in order to carry out a reliable calculation. There remain several regulatory clarifications from the Ministry of Finance. Among other things, the Ministry of Finance has through a public hearing proposed to establish a price council for aquaculture and rules for the determination of gross income in resource rent tax, with a deadline of 4th of September 2023 for responses. In addition, the calculation of resource rent tax in accordance with chapter 19 of the Tax Act, requires a number of analyzes and clarifications relating to tax-related transfer pricing in accordance with Section 13-1 of the Tax Act and the OECD guidelines for transfer pricing. The main challenge is to segregate the aquaculture activity in sea, which are subjected to resource rent tax, from other activities not subject to basic rent tax. These are complex and comprehensive exercises in a fully integrated value chain, where both land and sea activities have traditionally been carried out by one and the same company and accounting measurement has been arranged accordingly. In addition, the differences in profitability between the regions is a complicating element. The group's transfer pricing work is ongoing.

Taking these elements into account, the group has therefore decided not to include any estimate of the resource rent tax for the period in the figures for the second quarter of 2023. Thus, the resource rent tax cost does only consist of the implementation effect. Consequently, the resource rent tax cost is not reduced either with the standardized deduction amount nor the production fee paid. The group considers it very likely that the deductions can be utilized in 2023. If these deductions cannot be utilized in the income year, the right to deduct will lapse. They cannot be carried forward. As of 30 June 2023, an effective standardized deduction amount for the first half of the year, as well as a deduction for paid production fee, would represent a deduction in payable resource rent tax cost of NOK 42 million.

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