



Austevoll Seafood ASA



FINANCIAL REPORT

Q4 2023 and
preliminary financial
statements for 2023

Austevoll Seafood ASA

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Index

p.4	Key figures for the quarter
p.5	Austevoll Seafood ASA
p.6	Q4 2023 results
p.6	Operational review of segments Q4 2023
p.13	Joint venture
p.14	Group cash flow in Q4 2023
p.14	Financial information 2023
p.14	Cash flows 2023
p.15	Statement of financial position at 31 December 2023
p.15	Other issues
p.18	Shareholder information
p.18	Austevoll Seafood ASA's focus areas for sustainability
p.18	Market and outlook
p.22	Income statement
p.22	Condensed statement of comprehensive income
p.23	Statement of financial position
p.24	Condensed statement of changes in equity
p.24	Cash flow statement
p.25	Note 1 Accounting policies
p.25	Note 2 Related party transactions
p.25	Note 3 Biological assets
p.28	Note 4 Segments
p.29	Note 5 Associates
p.29	Note 6 List of the 20 largest shareholders
p.30	Note 7 Alternative performance measures
p.32	Note 8 Right-of-use assets
p.33	Note 9 Tax expense incl. new resource rent tax on aquaculture (in the sea) from 1 January 2023

Q4 2023 AND PRELIMINARY FINANCIAL STATEMENTS FOR 2023

- Harvest volume, salmon and trout, was 11% lower in Q4 2023 than in the same period of 2022
 - » The presence of string jellyfish led to forced harvesting and loss of fish in the West Norway region
 - » Forced harvesting means lower average weights and higher costs
 - » Prices realised have been severely impacted by forced harvesting
- The second fishing season in Peru started on 26 October with a quota of 1,682,000 tonnes, compared with 2,283,000 tonnes for the equivalent season in 2022
 - » Fishing was halted on 12 January 2024, at which point the operators had caught 76% of the total quota. In the equivalent season of 2022, 84% of the quota had been caught by the end of the season in January 2023
 - » The company's results in 2023 have been severely negatively impacted by the weather phenomenon El Niño
- Good activity for pelagic fisheries and industry in the North Atlantic in the quarter
- The government's proposal on resource rent tax – a "tax wedge" of 25% on aquaculture – was adopted by the Storting on 31 May 2023
 - » Significant implementation effect on tax expense in 2023
- The Group is financially sound, with good financing, and satisfactory cash flow from operations

The Board of Directors will propose to the AGM a dividend payment of NOK 4.50 per share.

KEY FIGURES FOR THE QUARTER

All figures in MNOK	Note	Q4 2023	Q4 2022	2023	2022
Operating revenue and other income		8 754	7 639	33 774	31 150
Operational EBITDA	7	1 190	1 092	5 269	6 061
Operational EBIT	7	804	794	3 626	4 845
Profit before tax and biomass adjustments		572	727	2 762	4 226
Estimated corporate tax		-165	-66	-590	-1 142
Estimated resource rent tax		112	-	-1 912	-
Net profit		767	405	344	4 285
EPS adj. (NOK)	*	1,6	1,8	1,3	9,9
Total assets				52 825	48 062
Net interest bearing debt				6 715	5 140
Equity ratio				51%	59%
Group operational EBITDA incl. 50% of Pelagia		1 410	1 416	6 129	6 907
Operational EBITDA Salmon/whitefish		1 180	1 163	4 831	4 797
Operational EBITDA Pelagic incl. proportional Pelagia		230	253	1 298	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

Q4 2023 RESULTS

Group operating revenue in Q4 2023 totalled NOK 8,754 million, compared with NOK 7,639 million in Q4 2022, an increase of 15%. The increase in revenue derives mainly from Lerøy Seafood Group (LSG). Revenue from the other companies in the Group is similar to the same period of 2022.

Operating EBIT was NOK 804 million, on par with NOK 794 million in Q4 2022.

The operating EBIT margin for Q4 2023 was 9%, compared with 10% in Q4 2022.

Norskott Havbruk AS (Scottish Sea Farms) and Pelagia Holding AS are the two largest joint ventures. Pelagia is sustaining its positive development via successful operations, economies of scale, synergies through the value chain and good market conditions. As previously reported, Norskott Havbruk (Scottish Sea Farms) had an extremely challenging 2023. Results were critically poor, not only in terms of historical performance but also measured against the company's outlook. It is therefore pleasing to see operational improvements in Q4 2023 relative to the first nine months of the year. A substantial improvement in operating performance is currently expected as early as during 2024. Income from associates before fair value adjustment related to biological assets in Q4 2023 totalled NOK 111 million (Q4 2022: NOK 140 million). The equivalent figure including fair value adjustment of biological assets was NOK 109 million (Q4 2022: NOK 94 million). 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 937 million in Q4 2023 (Q4 2022: NOK 515 million). Fair value adjustment related to biological assets was positive at NOK 250 million, a significant increase from the negative figure of NOK -210 million in Q4 2022.

The Group's net interest expense in Q4 2023 totalled NOK -91 million (Q4 2022: NOK -81 million). Net other financial expenses in the quarter totalled NOK -26 million. The equivalent figure in Q4 2022 was NOK 37 million.

The Group reported profit before tax in Q4 2023 of NOK 820 million (Q4 2022: NOK 471 million).

On 31 May 2023, the Storting voted to introduce a so-called resource rent tax of 25% on earnings from sea-based production of salmon and trout. This new legislation was implemented with retroactive effect 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/scope of the tax wedge. The resource rent tax expense in 2023 comprises an implementation effect (non-recurring effect) and the resource rent tax for the period. An implementation effect of NOK 1.8 billion was recognised in Q2 2023, the quarter in which the legislation was adopted. A sufficiently reliable estimate was not available until Q3 2023, at which point the remaining part of the resource rent tax expense for the period was recognised. The best estimate at 31 December 2023 for the so-called resource rent tax, including implementation effect, is NOK 1.9 billion. On top of this are ordinary corporation tax of NOK 178 million on the activities liable to resource rent tax as well as production fees paid of NOK 129 million. In total, tax and production fees for 2023 on the activities liable to resource rent tax amount to NOK 2.2 billion.

OPERATIONAL REVIEW OF SEGMENTS Q4 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.

KEY FIGURES (LSG):

(MNOK)	Q4 2023	Q4 2022	2023	2022
Revenue and other income	8 246	7 112	30 906	26 652
Operational EBITDA	1 180	1 163	4 831	4 797
Operational EBIT	765	822	3 335	3 471
Operational EBIT margin	9%	12%	11%	13%
Total assets			41 300	37 062
Slaughtered volume (GWT)	47 483	53 310	159 620	174 629
EBIT*/kg ex. wildcatch (NOK)	16,4	15,6	19,2	17,9
Havfisk catch volume (MT)	12 481	13 099	75 893	71 726
EBIT* wildcatch (MNOK)	-13	-9	278	348

* Operational EBIT

The seasonal pattern in harvest volume of salmon and trout in Norway has become even more pronounced over the last year. A substantially higher harvest volume of salmon in the second half of the year generated significantly lower prices than in the first half. This is reflected in a high harvest volume, at a lower price. For the downstream activities, lower raw material prices and higher volumes mean higher earnings.

In Q4 2023, LSG reported revenue of NOK 8,246 million (Q4 2022: NOK 7,112 million) and operating EBITDA of NOK 1,180 million (Q4 2022: NOK 1,163 million). Operating EBIT was NOK 765 million, down from NOK 822 million in Q4 2022. This gave an operating EBIT margin of 9%, down from 12% in the same period of 2022.

LSG harvested 47,483 GWT salmon and trout in the quarter, down 11% on Q4 2022. The presence of string jellyfish meant that Lerøy Sjøtroll harvested some sites earlier and at lower weights than planned, affecting harvest volume. Consequently, the harvest volume in Norway in Q4 2023 amounted to 159,620 tonnes. This was higher than previously guided because of the forced harvesting mentioned, and standing biomass at the start of 2024 is therefore slightly lower.

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. Measured in NOK, demand for Norwegian salmon continued to grow in 2023, but the rate of growth flattened out through the year. In 2023, export volumes for Norwegian salmon were 3% lower, export prices approximately 19% higher and the value of exported salmon 15% higher in NOK than in 2022. For comparison, the increase in value for Norwegian salmon exports measured in EUR was only 2%, showing how the export price in the quarter was impacted above all by the weaker Norwegian krone. The weaker Norwegian krone also affects costs.

The spot price for salmon in Q4 2023 (NOK 80.9/kg) was marginally higher in EUR, but almost NOK 9/kg higher in NOK than in Q4 2022 (NOK 72.1/kg). Compared with the spot price in Q2 2023 (NOK 104.8/kg), the spot prices in Q4 2023 were down by NOK 24/kg, clear evidence of the strong seasonal fluctuations that drive prices realised and margins within aquaculture.

The Group had a contract share of 22% in Q4 2023. For Lerøy Sjøtroll, 45% of the harvest volume in Q4 2023 was trout, and prices realised for whole trout were NOK 3 lower than those for whole salmon.

In line with national and global developments, the Group's costs reflect increased costs for practically all input factors and mean that the release from stock costs in Q4 2023 were substantially higher than in the same quarter of 2022. The cost inflation has been significantly impacted by the weaker Norwegian krone. The key driver of the cost inflation is higher feed costs, which alone represent a cost increase of NOK 6 per kilo harvested.

The biological development in Lerøy Aurora through 2023 was satisfactory, but production in Q4 was affected by string jellyfish, resulting in loss of feeding days and hence lower growth. Consequently, the biomass at year-end was slightly lower than planned and will mean a low harvest volume in Q1 2024. The current estimate for harvest volume for full-year 2024 is approximately 47,000 GWT. Based on the lower expected harvest volume in Q1 2024, costs are expected to be slightly higher than in Q4 2023. Costs for full-year 2024 are currently expected to be on par with 2023.

For Lerøy Midt, biological development in 2023 was better than 2022, with good growth through the year. Lerøy Midt starts 2024 with significantly higher standing biomass than at the start of 2023. The current estimate for harvest volume for full-year 2024 is approximately 70,000 GWT. Costs in Q1 2024 are expected to be slightly higher than in Q4 2023. The cost level for full-year 2024 is currently expected to be slightly higher than in 2023.

Lerøy Sjøtroll experienced a challenging 2023 in terms of biological development. The situation deteriorated as a result of string jellyfish in Q4 2023, rapidly becoming critical. The presence of the string jellyfish meant several sites had to be harvested earlier than planned, resulting in lower average weights. This has led to lower standing biomass at the start of 2024 and will impact the harvest profile through the year. After an extremely challenging 2023, it is pleasing to see a significant improvement in biological development at the start of 2024. A number of measures have been implemented in all parts of the value chain. These are gradually expected to deliver improvements, with the potential for production figures to be substantially higher than the 55,000 GWT harvested in 2023. The current estimate for harvest volume for full-year 2024 is approximately 58,000 GWT, with potential for further growth. Based on the company's estimate for harvest volume in Q1 2024, costs will remain abnormally high in the quarter. Costs for full-year 2024 are currently expected to be lower than in 2023.

LSG's wild catch operations are handled by the wholly owned subsidiary Lerøy Havfisk. Lerøy Havfisk has licences to fish 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 Q4 2023. The catch volume in Q4 2023 totalled 12,481 tonnes, compared with 13,099 tonnes in Q4 2022. The volume of cod, a high-value species, caught in the quarter was down because of the lower quota, while catches of some other species increased. The picture for full-year 2023 is the same, with the catch volume of cod significantly reduced, while catches of lower-value species, such as redfish and saithe, increased.

After an extended period of strong price increases for most fish species, Q4 2023 saw a reduction in prices for the key species, including shrimp. The average price for the total catch in the quarter was 11% lower than in Q4 2022. The catch composition has been a factor, but the reduction is mainly due to the significant price decrease for haddock and saithe, and slight decrease for cod. Demand for most fish species fell in the quarter, possibly because of higher interest rates and reduced purchasing power in key markets in Europe. However, demand picked up at the end of the quarter, which had a positive effect on the inventory situation at year-end.

The number of operating days in Q4 2023 was 658, compared with 717 in Q4 2022, and the catch volume per operating day in the same period was up 4%. The change in catch composition combined with reduced prices for most fish species meant that catch value per operating day was 8% lower than in Q4 2022.

Total fuel consumption per day was on par with 2022, but fewer operating days in Q4 2023 resulted in slightly lower total fuel consumption and an NOK 5 million reduction in bunkering costs compared with Q4 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 delivering results, but cod remains far and away the most important species for LNWS, making a reduction in the quotas challenging.

Total earnings in Lerøy Havfisk/LNWS were NOK -13 million in Q4 2023, on par with NOK -9 million in Q4 2022.

On 19 February 2019, the EU's competition authorities ("the Commission") initiated investigations into suspected collusion in the salmon market. On 25 January 2024, the Commission announced that it had sent Statements of Objections to several Norwegian salmon exporters. The Statement of Objections sets out the Commission's preliminary assessment as to whether the exporters may, in some cases, have exchanged commercially sensitive information in connection with the sale of whole Norwegian farmed salmon in the EU spot market between 2011 and 2019. Lerøy Seafood Group is one of the companies to have received a Statement of Objections.

Lerøy Seafood Group strongly rejects the Commission's allegations. The Statement of Objections is not a final ruling, and is issued as a stage in the ordinary course of events in an investigation. The Commission's Statement of Objections merely provides a preliminary assessment. The company has the right to challenge the Statement of Objections and, after careful review, will submit its comments to the Commission. The company has assisted the Commission throughout the process, and will continue to co-operate in order to facilitate the Commission's further work. It is usual for investigations of this kind to last for several years. It is therefore too early to say whether the investigation will result in sanctions or other negative consequences for the Group, or when a final conclusion will be reached.

In February 2024, a group of UK grocery chains started a civil action for compensation in the UK against several Norwegian-owned aquaculture companies, including companies in Lerøy Seafood Group. The Group strongly rejects the plaintiffs' claims and considers such actions by customers to be groundless. In Europe, this type of action would be relevant first and foremost if the Commission were to make a ruling in its ongoing investigation and the ruling were to be final. The Group believes that the civil action in the UK has been initiated at this stage to interrupt any statutory limitation period for possible claims under certain rules.

See also LSG's report and presentation for Q4 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 corresponding to just under 7% 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 for 2023 have been severely affected by the lack of fisheries in the first season of 2023 due to the weather phenomenon El Niño.

KEY FIGURES (PERU):

(MNOK)	Q4 2023	Q4 2022	2023	2022
Revenue and other income	161	150	1 000	2 563
Operational EBITDA	0	-83	-183	663
Operational EBIT	-44	-134	-418	466
Operational EBIT margin				18%
Total assets			3 109	2 845
Raw material (MT)	95 400	103 155	184 100	423 800
Sales volumes:				
Fishmeal (MT)	6 000	6 686	36 800	114 400
Fish oil (MT)	-	-	1 200	12 950
Frozen/fresh JM/M(MT)	1 000	-	22 500	12 300

The second fishing season started on 26 October, with a total quota of 1,682,000 tonnes. The equivalent season in 2022 started on 23 November, with a quota of 2,283,000 tonnes.

The season was severely affected by zones being intermittently closed as a result of small fish interference. This meant higher catch expenses, partly because of increased sailing times for the vessels and the inefficiency of the fisheries. The season was halted on 12 January 2024, at which point the operators had caught approximately 76% of the total quota. In the equivalent season of 2022, the fleet was able to fish 84% of its quota by the end of season, which was in January 2023.

Austral's quota for the second season of 2023 amounted to 117,600 tonnes, of which the company caught approximately 65,000 tonnes in 2023 and approximately 21,000 tonnes in 2024.

Towards the end of the November, one of the company's vessels, the "Don Lois", was rammed by a third-party fishing vessel in the fishing ground. The "Don Lois" was severely damaged, took in water and sank. Fortunately, the crew escaped with only minor injuries and were immediately taken care of by other vessels in the vicinity.

Operating revenue in Q4 2023 totalled NOK 161 million (Q4 2022: NOK 150 million). Operating EBITDA was NOK 0 million (Q4 2022: NOK -83 million). Operating EBIT was NOK -44 million, against NOK -134 million in Q4 2022.

The company started the fourth quarter with a low inventory of finished goods because of the absence of the first fishing season and severely limited fisheries in South Peru (the Ilo factory). Sales of fish meal totalled 6,000 tonnes in Q4 2023, compared with 6,686 tonnes in Q4 2022. Partly because of low production in Peru, prices realised were 18% higher than in the same period of 2022.

The company's fishmeal and fish oil inventory at the end of Q4 2023 was 16,400 tonnes, compared with 20,800 tonnes at the end of Q4 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 pricing for these products. As previously mentioned, the weather phenomenon El Niño affected fisheries in Peru in 2023. The latest reports show a shift to a moderate/weak El Niño from April/May, but it is still too early to comment on the quota and fisheries for the first season of 2024.

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 their own quotas for horse mackerel, the company purchases raw materials (anchoveta/sardine) from the coastal fleet. The raw materials purchased from the coastal fleet are used in the company's 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. We believe this positive trend will continue in the coming periods.

KEY FIGURES (CHILE):

(MNOK)	Q4 2023	Q4 2022	2023	2022
Revenue and other income	88	75	966	821
Operational EBITDA	-69	-46	225	200
Operational EBIT	-82	-57	176	162
Operational EBIT margin			18%	20%
Total assets			1 435	1 311
Raw material (MT)	21 000	6 800	119 600	106 600
Sales volumes:				
Fishmeal (MT)	1 700	2 100	9 950	9 600
Fish oil (MT)	-	100	4 850	3 400
Frozen/fresh JM/M (MT)	1 400	2 500	47 700	57 700

The total 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 fisheries in recent years. The company's quota for horse mackerel in 2023 was 56,500 tonnes, up from 46,000 tonnes in 2022. In addition to catches under its own quotas, the company purchases quotas from third parties and uses FC's fishing vessels to catch these.

In Q4 2023, FC entered into an agreement on the conditional purchase of an additional 19,500 tonnes of horse mackerel to be caught before the end of the year. The company had fished 17,700 tonnes of this volume by the end of December. The crews and onshore organisation, who did sterling work at the end of the year to catch this volume, deserve our praise. Their achievement has strengthened the company's basis of operations and gives grounds for optimism in terms of capacity utilisation, in all parts of the value chain, in the coming seasons. The majority of the volume that was caught in December was used to make fish meal and oil, and the finished products will be sold in 2024.

Operating revenue in Q4 2023 was NOK 88 million (Q4 2022: NOK 75 million), while operating EBITDA was NOK -69 million (Q4 2022: NOK -46 million). Operating EBIT in Q4 2023 totalled NOK -82 million (Q4 2022: NOK -57 million).

Sales of frozen products totalled 1,400 tonnes in Q4 2023, down from 2,500 tonnes in Q4 2022. At the end of Q4 2023, the company had inventory of 1,400 tonnes of frozen products, compared with 4,300 tonnes at the end of Q4 2022.

SPRFMO has decided to increase the 2024 quotas for horse mackerel by 15%. In combination with previous years' quota increases, this supports a sustainable biomass, good management and a stronger future basis of operations. As a result of higher quotas and access to third-party quotas, the company entered into a contract in 2023 to purchase a second-hand fishing vessel. The vessel was delivered to the company in Q4 2023 and is expected to go into service in Q2 2024. The company will then have a fleet of four fishing vessels.

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.

KEY FIGURES (BFARM):

(MNOK)	Q4 2023	Q4 2022	2023	2022
Revenue and other income	196	241	789	743
Operational EBITDA	51	97	331	370
Operational EBIT	45	81	268	304
<i>Operational EBIT margin</i>	23%	34%	34%	41%
Total assets			1 413	1 296
Slaughtered volume (GWT)	2 210	3 136	7 416	8 631
EBIT*/kg ex. wildcatch (NOK)	20,3	25,8	36,1	35,2

* Operational EBIT

The company's harvest volume for salmon was 2,210 tonnes in Q4 2023, down 30% from 3,136 tonnes in Q4 2022. The company has no processing operations and sells all its salmon on the spot market. The company's prices realised were higher in Q4 2023 than in the corresponding period of 2022. Inflation has meant higher costs for practically all input factors. The higher prices realised have not been sufficient to compensate for lower harvest volumes and higher costs. Operating EBIT for both Q4 and full-year 2023 was lower than in 2022. Operating EBIT/kg was NOK 20.3 in Q4 2023, down from NOK 25.8 in Q4 2022. EBIT/kg for full-year 2023 was NOK 36.1, compared with NOK 35.2 in 2022.

The BFARM segment reported operating revenue of NOK 196 million in Q4 2023 (Q4 2022: NOK 241 million). Operating EBITDA was NOK 51 million (Q4 2022: NOK 97 million). Operating EBIT was NOK 45 million (Q4 2022: NOK 81 million).

KEY FIGURES (BRBI):

(MNOK)	Q4 2023	Q4 2022	2023	2022
Revenue and other income	113	48	357	333
Operational EBITDA	39	-42	91	37
Operational EBIT	24	-58	28	-18
<i>Operational EBIT margin</i>				
Total assets			680	701
Catch volume pelagic fish (MT)	9 200	4 700	37 200	32 000
Catch snowcrab (MT)	-	-	665	678

The company's two ring net vessels caught their remaining quotas of mackerel and herring in the quarter. Prices realised for these raw materials were higher than in 2022.

As previously reported, snow crab fishing had finished by 3 April in 2023 because all the Norwegian quota had been caught. In 2022, fishing continued until 7 June. The vessels used for these fisheries were inactive in the second half of the year. Prices realised for snow crab fell significantly through 2022, and this situation continued into 2023. Snow crab fishing is challenging, and results over time have been negative.

The BRBI segment reported operating revenue of NOK 113 million in Q4 2023 (Q4 2022: NOK 48 million). Operating EBITDA was NOK 39 million (Q4 2022: NOK -42 million) and operating EBIT NOK 24 million (Q4 2022: NOK -58 million). A write-down of NOK 28 million was made on the company's snow crab vessels in Q4 2023, and EBIT after depreciation and write-downs was NOK -4 million (Q4 2022: NOK -58 million).

JOINT VENTURE

Pelagia Holding AS (Pelagia)

Pelagia Holding AS (Pelagia) is accounted for as a joint venture and is therefore recognised using the equity method in the consolidated financial statements. 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, Ireland and Denmark. Through its wholly owned subsidiary Epax, Pelagia is globally a leading manufacturer of Omega-3 products based on marine ingredients. These products are used in 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.

KEY FIGURES (PELAGIA):

(MNOK)	Q4 2023	Q4 2022	2023	2022
Revenue and other income	4 207	3 798	13 001	11 282
Operational EBITDA	439	648	1 721	1 691
Operational EBIT	313	554	1 303	1 336
Operational EBIT margin	7%	15%	10%	12%
Total assets			10 042	9 137
Net interest bearing debt (NIBD)			4 483	4 036
Sales volumes (MT)				
Frozen (MT)	98 400	114 000	264 800	304 000
Fishmeal, FPC. Fish oil (MT)	75 500	89 300	336 200	336 000

The fourth quarter is normally high season in the segment involving production of frozen products for consumption, while activities relating to fishmeal, protein concentrate and fish oil have, as normal, been lower.

Pelagia is sustaining its positive development via successful operations, economies of scale, synergies through the value chain and good market conditions.

The volume of raw material received for consumer products in Q4 2023 was 163,000 tonnes, compared with 138,000 tonnes in Q4 2022. Total receipt of raw material in Pelagia for fishmeal/protein concentrate and fish oil production was 172,000 tonnes in Q4 2023, compared with 240,000 tonnes in Q4 2022. Cuttings from consumer products are significant and form part of the raw material used in fishmeal/protein concentrate and fish oil production.

Revenue for Pelagia in the quarter was NOK 4,207 million (Q4 2022: NOK 3,798 million) and EBITDA was NOK 439 million (Q4 2022: NOK 648 million). The company reported EBIT in Q4 2023 of NOK 313 million (Q4 2022: NOK 554 million).

The sales volume for frozen products in the quarter was 98,400 tonnes, down from 114,000 tonnes in the same period in 2022. Sales of fishmeal/FPC and fish oil in Q4 2023 totalled 75,500 tonnes, against 89,300 tonnes in Q4 2022.

GROUP CASH FLOW IN Q4 2023

Cash flow from operating activities in Q4 2023 was NOK 740 million (Q4 2022: NOK 561 million). Cash flow from investing activities in Q4 2023 was NOK -441 million (Q4 2022: NOK -424 million). Cash flow from financing activities for Q4 2023 was NOK -1,457 million (Q4 2022: NOK -37 million).

The Group's cash and cash equivalents at the end of Q4 2023 totalled NOK 5,475 million, compared with NOK 4,340 million at the end of Q4 2022.

FINANCIAL INFORMATION 2023

The Group's operating revenue of NOK 33,774 million in 2023 was the highest in its history (2022: NOK 31,150 million). Operating EBIT was NOK 3,626 million, against NOK 4,845 million in 2022. The decrease in operating EBIT mainly reflects cancellation of the first fishing season in Peru. The loss of these fisheries resulted in negative performance for the Peruvian operation in 2023. In addition, earnings were negatively affected by the significantly lower harvest volume of salmon in 2023, partly because of the forced harvesting due to string jellyfish and the detection of ILA at Lerøy Sjøtroll. Lerøy Sjøtroll had unusually high costs in 2023. Inflation over the past year and the persistently weak Norwegian krone have meant higher prices for the Group's products, but also increased prices for practically all input factors. The operating EBIT margin in 2023 was 11%, compared with 16% in 2022.

Income from associates before fair value adjustment related to biological assets in 2023 totalled NOK 279 million (2022: NOK 483 million). The equivalent figure including fair value adjustment of biological assets was NOK 285 million (2022: NOK 494 million). Pelagia is sustaining its positive development through cost focus/efficiency improvements, business development/growth and favourable market conditions, particularly for fish meal, protein concentrate and fish oil. Norskott Havbruk, which owns Scottish Sea Farms, had an extremely challenging 2023 with negative results. The company's many years of good results together with causal relationships, measures implemented and current status give us confidence that it will deliver significantly better results as soon as this year. 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 3,438 million in 2023 (2022: NOK 5,735 million). Fair value adjustment related to biological assets was NOK 77 million, a significant decrease from NOK 1,189 million in 2022.

The Group's net interest expense in 2023 totalled NOK -527 million (2022: NOK -353 million). A rising interest rate level combined with high tied-up working capital has meant higher interest expenses for the Group. Net other financial expenses totalled NOK -65 million. The equivalent figure in 2022 was NOK 45 million.

Profit before tax in 2023 was NOK 2,845 million (2022: NOK 5,428 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 expense for 2023 has been severely impacted by implementation effects (non-recurring effect) of resource rent tax on biomass in the sea at 1 January 2023 and the provisional figure for resource rent tax for the year. The estimated resource rent tax expense for 2023 is NOK 1,912 million.

Net profit was NOK 344 million, including the abovementioned implementation effects (2022: NOK 4,285 million).

CASH FLOWS 2023

Cash flow from operating activities in 2023 was NOK 3,202 million (2022: NOK 3,195 million). Tax paid in 2023 totalled NOK 739 million, compared with NOK 775 million in 2022.

Cash flow from investing activities in 2023 was NOK -1,521 million (2022: NOK -1,675 million).

Cash flow from financing activities in 2023 was NOK -551 million (2022: NOK -2,547 million). The Group, represented by the parent company Austevoll Seafood ASA (AUSS) and Lerøy Seafood Group ASA (LSG), issued new senior unsecured bond loans in 2023. AUSS issued two senior unsecured bond loans for NOK 550 million and NOK 250 million with maturity of 5 and 7 years respectively. The Group's margin-based bond loans use NIBOR (3 mth) as the benchmark rate. There is a margin of 2.00% p.a. on the new 5-year loan and a fixed rate of 5.98% p.a. on the 7-year loan. AUSS used part of the proceeds to redeem its existing NOK 500 million bond loan that matured in June 2023. LSG issued three new senior unsecured green bond loans, each of NOK 500 million, with maturity of 5, 7 and 10 years. The 5-year loan has a margin of +1.5% p.a. The loans with maturity of 7 and 10 years have fixed rates of 5.10% p.a. and 5.32% respectively.

Net change in cash for the Group in 2023 was NOK 1,130 million (2022: NOK -1,027 million).

The Group's cash and cash equivalents at 31 December 2023 totalled NOK 5,475 million, compared with NOK 4,340 million at 31 December 2022.

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2023

The Group's statement of financial position at 31 December 2023 showed a total of NOK 52,825 million, compared with NOK 48,062 million at 31 December 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 31 December 2023 of NOK 27,042 million, corresponding to an equity ratio of 51%. At year-end 2022, book equity was NOK 28,162 million, corresponding to an equity ratio of 59%. The introduction of resource rent tax on aquaculture has given rise to a significantly higher tax expense for 2023, most of which is the implementation effect of tax on biomass in the sea at 1 January 2023 (non-recurring effect). The implementation effect alone has caused a 3.4% decrease in the equity ratio.

At year-end 2023, the Group had net interest-bearing debt excluding right-of-use liabilities other than to credit institutions totalling NOK 6,715 million, compared with NOK 5,140 million at year-end 2022. The Group's net interest-bearing debt including right-of-use liabilities other than to credit institutions was NOK 8,434 million at year-end 2023, compared with NOK 6,991 million at year-end 2022.

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 31 December 2023, the parent company Austevoll Seafood ASA had cash and cash equivalents of NOK 1,021 million (31.12.2022: NOK 521 million). The parent company has long-term credit facilities totalling NOK 1,100 million, which were practically unutilised at year-end 2023.

OTHER ISSUES

Risks and uncertainties

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.

In February 2022 the world bore witness to Russia's invasion of Ukraine. The war in Ukraine and the ongoing conflicts in the Middle East are causing unimaginable human suffering for those directly involved and significant global uncertainty. The conflicts we are now experiencing are also impacting financial markets, exchange rates, supply chains, and the supply and price of input factors.

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.

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 31 December 2023, the Group had live fish on its statement of financial position worth NOK 8.8 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 2023 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 resource rent tax on aquaculture on 28 March 2023. The purpose of the tax, according to the government, is to "target" specific companies. It was 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.

In September 2023, the Ministry of Trade, Industry and Fisheries published the Official Norwegian Report, NOU 2023:23 "Comprehensive management of aquaculture for sustainable value creation". This is a very wide-ranging document, and the Group's subsidiary LSG submitted its consultation response ahead of the January 2024 deadline.

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 so-called 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 submitted the new quota report (Report to the Storting 7 (2023-24)) on 12 January 2024. The title of the quota report can be translated into English as “People, fish and community – a quota report for predictability and fair distribution”. Among other things, the report covers allocation of the structural quotas after expiry of time limits in the structural quota scheme and allocation of quotas for Northeast Arctic cod. One of the government’s proposals is that, after the time limits have expired, structural quotas should pass to the vessel group that implemented the structuring. The report also proposes reintroducing the “herring/rawl ladder” mechanism in the allocation of quotas for Norwegian spring-spawning herring and cod. The government has further proposed that quota be transferred from the “top” to the open group, which will lead to a decrease in quotas for the trawler fleet, including Havfisk’s trawler fleet. If adopted, the government’s proposal will result in lower volumes for the Group’s industrial facilities in Nordland, Troms and Finnmark. A volume decrease of this nature undermines important jobs and value creation. This is negative for the company’s seagoing and onshore employees, and is not a policy that helps to safeguard product development, processing and jobs in Havfisk and LNWS.

A new Fishing Act project was introduced by the Government into Congress by the end of December 2023, intended to fully replace the current 1989 fishing Act. It promotes changes in the industrial/artisanal allocations and the proportion between LTP-A and LTP-B from 85%/15% to 50%/50%. Long discussions expected in all stages of the process and uncertain results for now.

Assuming there are viable 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 must also be fulfilled; cf. section 5 of the Act relating to the right to participate in fishing.

The majority of the Group’s debt is at floating interest rates, but fixed-rate contracts have been entered into for approximately 31% 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. As well as the Audit Committee, the company has established an ESG subcommittee comprising three of the Board members.

The Group’s risk exposure is described in more detail in the Annual Report 2022, and the quarterly reports through the year should be read with reference to the most recent annual report.

SHAREHOLDER INFORMATION

The company had 10,368 shareholders at the start of Q4 2023 and 10,614 at the end of the quarter.

The share price was NOK 75.25 at the start of Q4 2023 and NOK 74.15 at the end of the quarter.

The Board of Directors intends to recommend to the company's annual general meeting in May 2024 a dividend payment for 2023 of NOK 4.50 per share. The dividend of NOK 5.50 per share for 2022 was paid out on 9 June 2023.

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

Production of Atlantic salmon was lower than expected in 2023, which affects the estimated harvest volume for 2024. LSG is confident that the measures and actions implemented will gradually produce an improvement. Over the last decade, LSG has invested heavily in infrastructure, including in future-oriented facilities for producing high-quality smolt. There is still work to be done, and it will be some time before the full effects of these investments are seen. A number of measures have been taken within several areas, for example genetic selection, and changes in production processes, temperature control and filter capacities. Considering this is about biological production and that the work comprises a number of small and bigger measures, the effects will come gradually. We are confident that they will materialise and manifest in higher growth rates, more robust fish and improved survival through 2024.

LSG has also made significant investments in new technology for the sea-based production phase. Submersible cages and new protective technology are currently being used in both Lerøy Sjøtroll and Lerøy Midt. This type of innovative technology is not risk-free, but is expected to provide significant improvements in the shape of faster growth and improved survival. At year-end 2023, 12% of the Group's standing biomass of salmon was in facilities using protective technology. This will gradually be increased to approximately 30% by the end of 2024. The largest fish in submersible cages are currently around 2.0 kg and are scheduled for harvesting from late summer/autumn 2024. It is very pleasing to see that the fish benefiting from such technology have to date (February 2024) not required treatment and demonstrate very good fish health. This gives us confidence that the technology will help to substantially reduce the number of treatments, improve fish welfare and boost biological performance, supporting the company's production targets for 2025.

At the end of October 2023, the joint Russian–Norwegian working group for Arctic fisheries reached an agreement on cod and haddock quotas for the Barents Sea for 2024. The final quotas at vessel level have not yet been set, but cod quotas are currently expected to be around 30% lower than in 2023. The reduction for haddock is around 20%, while no change is expected in the quota for saithe fished in the zone north of 62 degrees latitude. A further reduction of 20% in the quota for cod is currently expected for 2025. Operations in LSG's Wild Catch segment are challenging, with decreasing quotas and hence a weakened basis for operations, but quotas have always varied. The Group maintains a consistent focus on improving operational efficiency both at sea and in the onshore industry, but the expected reduction in cod quotas will impact earnings from this part of the Group negatively in 2024 and 2025.

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 in downstream entities in recent years, including in a new industrial facility in 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. Earnings from the Group's various downstream entities varied significantly in 2023, which also offers substantial potential for an overall improvement. Important steps were taken in the right direction in 2023, with purposeful and structured work to improve profitability and return on capital employed.

The Coller FAIRR Protein Producer Index is a ranking of the world's 60 largest listed companies producing meat, fish and dairy products. They are assessed on sustainability, covering carbon footprint, environmental footprint, animal welfare, fresh water use, antibiotic use, social rights etc. The results are used to create the Coller FAIRR Index. The 2023 Index was announced in November and ranked LSG as the world's second most sustainable protein producer. This is recognition, and external validation, of the important work the Group is doing in the sustainability area through projects, investments and, not least, the focus on sustainability in daily operations.

The Board of Directors, and management, continue to focus on establishing ever better sustainability in production. This entails management being evaluated on the basis of the important competitive advantage that sustainable operations represent.

Like most forms of food production and other industries, Norwegian aquaculture has the potential to improve, but it is important to remember that the starting point is extremely good. Norwegian aquaculture is something as rare as a globally competitive regional industry that scores 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 so-called resource rent tax is an example of a tax that inhibits growth, is detrimental to the industry and constitutes a significant risk to its further development, including undermining its ability to continue contributing to society. The Board of Directors can only hope that the current government will amend its own policy or that Norway will have a new government with pro-industry policies that underpin employment and value creation for the common good. Knowledge, venture capital and exercising regulatory wisdom are critically important conditions for the necessary industrial development to continue. This will require joined-up political understanding.

For 2024, LSG currently projects a harvest volume of 193,500 tonnes, including joint ventures.

Through 2023, we saw 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. The Group's products are healthy and tasty. Production is sustainable from an economic, social and environmental perspective.

Fishmeal and fish oil

According to the IFFO*, total fishmeal production from Regions Peru, Chile and North Atlantic decreased by 23.8% in 2023 compared with 2022. The absence of catches in the first fishing season in Peru is the main reason for the fall in production volume. Peru alone experienced a 51.4% decrease in production in 2023 compared with 2022. There has been an increase in production from the operators in the North Atlantic.

The second fishing season in Peru for 2023 began with trial fisheries on 21 October and finally started up on 26 October. By the end of the season in January 2024, 76% of the total quota had been caught, over 100,000 tonnes of which in January. By the end of the 2022 season, 84% of the total quota had been caught and a significantly higher share – over 500,000 tonnes – had been caught in January 2023.

IMPARPE starts its normal exploratory voyage, ahead of the first season, at the end of February, lasting for around a month. The results from IMARPE's exploratory voyage will, as usual, determine the authorities' quota-setting for the different seasons.

For 2024, ICES has recommended an increase of 13% in the quota for capelin in the North Atlantic and 216% in the quota for blue whiting in the Barents Sea, compared with the recommendations for 2023. The Norwegian fishing fleet started fisheries for blue whiting in mid-January

* Source: IFFO, week 52, 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 normally starts in September. However, the season has started early in August in recent years, as the Norwegian fleet has had reduced access to UK waters. The remaining quotas for Norwegian spring-spawning herring are caught in the second half of the year. 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 2024 reflects a small (5%) reduction for mackerel and a 24% reduction for Norwegian spring-spawning herring, compared with the recommended quotas for 2023. However, there is no international consensus among the parties on the total quota for mackerel and Norwegian spring-spawning herring. ICES recommended an increase of 29% in the quota for North Sea herring in 2024 compared with the recommendation for 2023.

SPRFMO has decided to increase the quotas for horse mackerel in the South Pacific in 2024 by 15%. This is in line with the increase in recent years, and confirms that the biomass is sustainable thanks to good management.

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. The Board of Directors would like to thank all the Group's employees for their hard work in 2023.

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 resolution to implement the resource rent tax via a "tax wedge" on value creation 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.

Storebø, 27 February 2024

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 Q4 2023

INCOME STATEMENT (unaudited)

All figure in MNOK	Note	Q4 2023	Q4 2022	2023	(audited) 2022
Operating revenue and other income		8 754	7 639	33 774	31 150
Raw material and consumable used		4 883	4 174	18 739	16 294
Salaries and personnel expenses		1 276	1 153	4 857	4 519
Operating expenses		1 451	1 242	5 051	4 556
Depreciation and amortisation		485	439	1 909	1 698
Impairment		81	-1	142	32
Operating profit before fair value adjustments		578	630	3 076	4 051
Fair value adjustment related to biological assets		250	-210	77	1 189
Income from associated companies		109	94	285	494
Operating profit and income from JV and associates (EBIT)		937	515	3 438	5 735
Net interest expenses		-91	-81	-527	-353
Net other financial items		-26	37	-65	45
Profit before tax		820	471	2 845	5 428
Estimated corporate tax		-165	-66	-590	-1 142
Estimated resource rent tax (aquaculture)		112		-1 912	
Total tax expenses		-53	-66	-2 501	-1 142
Net profit		767	405	344	4 285
Profit to non-controlling interests		334	143	52	1 795
Profit to controlling interests		433	262	292	2 490
Earnings per share (EPS) in NOK		2,15	1,30	1,45	12,34
Diluted EPS in NOK		2,15	1,30	1,45	12,34
Adjusted EPS* in NOK		1,64	1,84	1,28	9,87

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	Q4 2023	Q4 2022	2023	(audited) 2022
Net earnings in the period	767	405	344	4 285
Other comprehensive income				
Currency translation differences	-96	-333	428	422
Other comprehensive income from associated companies	-	4	-	15
Cash flow hedges	-1	1	24	16
Others incl. tax effect	0	7	-5	-10
Total other comprehensive income	-97	-322	446	442
Comprehensive income in the period	670	84	790	4 728
Allocated to:				
Minority interests	327	134	175	1 869
Majority interests	343	-50	615	2 858

STATEMENT OF FINANCIAL POSITION (unaudited)

All figures in MNOK	Note	31.12.2023	(audited) 31.12.2022
Assets			
Intangible assets		12 265	12 007
Vessels		2 730	2 628
Property, plant and equipment		8 368	7 629
Right-of-use assets	8	3 043	3 222
Investments in associated companies	5	3 572	3 382
Investments in other shares		40	43
Other long-term receivables		191	223
Total non-current assets		30 209	29 134
Inventories	3	11 865	10 928
Accounts receivable		3 106	2 909
Other current receivables		2 170	751
Cash and cash equivalents		5 475	4 340
Total current assets		22 616	18 928
Total assets		52 825	48 062
Equity and liabilities			
Share capital	6	101	101
Treasury shares		-18	-18
Share premium		3 714	3 714
Retained earnings and other reserves		11 030	11 525
Non-controlling interests		12 215	12 841
Total equity		27 042	28 162
Deferred tax liabilities		5 970	3 581
Pensions and other obligations		4	13
Borrowings		8 850	5 968
Lease liabilities to credit institutions		939	903
Lease liabilities other than to credit institutions		1 381	1 527
Other non-current interest bearing debt		-	1
Other long-term liabilities		38	29
Total non-current liabilities		17 182	12 021
Short term borrowings		662	1 111
Lease liabilities to credit institutions		256	345
Lease liabilities other than to credit institutions		337	323
Overdraft facilities		1 462	1 153
Account payable		2 671	2 374
Other current liabilities		3 214	2 573
Total current liabilities		8 601	7 879
Total liabilities		25 784	19 900
Total equity and liabilities		52 825	48 062
Net interest bearing debt (NIBD)		6 715	5 140
Lease liabilities other than to credit institutions		1 719	1 850
NIBD incl. right of use assets liabilities		8 434	6 991
Equity ratio		51%	59%

CONDENSED STATEMENT OF CHANGES IN EQUITY (unaudited)

All figures in MNOK	31.12.2023	(audited) 31.12.2022
Equity at period start	28 162	25 187
Comprehensive income in the period	790	4 728
Dividends	-1 905	-1 752
Transactions with non-controlling interest	-6	-0
Other	-	-
Total changes in equity in the period	-1 121	2 975
Equity at period end	27 042	28 162

CASH FLOW STATEMENT (unaudited)

All figures in MNOK	Q4 2023	Q4 2022	2023	(audited) 2022
Cash flow from operating activities				
Profit before income tax	820	471	2 845	5 428
Fair value adjustment of biological assets	-250	210	-77	-1 189
Taxes paid in the period	-349	-282	-739	-775
Depreciation and amortisation	485	439	1 909	1 732
Impairments	81	-1	142	-1
Associated companies - net	-109	-94	-285	-494
Interest expense	186	135	716	431
Interest income	-95	-54	-188	-79
Change in inventories	-158	-357	-857	-1 634
Change in receivables	271	345	-302	-623
Change in payables	-288	-17	281	459
Other operating cash flow incl. currency exchange	148	-235	-243	-59
Net cash flow from operating activities	740	561	3 202	3 195
Cash flow from investing activities				
Purchase of intangible and fixed assets	-578	-464	-1 968	-1 834
Purchase of shares and equity investments	-	-10	-85	-59
Proceeds from sale of fixed assets/equity investments	-	6	83	56
Cash inflow from business combinations	-	-	-1	-
Dividends received	-	-	228	131
Interest income	95	54	188	79
Other investing activities - net	42	-10	33	-46
Net cash flow from investing activities	-441	-424	-1 521	-1 675
Cash flow from financing activities				
Proceeds from new long term debt	437	5	3 948	292
Repayment of long term debt	-667	-267	-2 147	-1 288
Change in short term debt	-996	459	314	570
Interest paid	-190	-149	-777	-441
Dividends paid	-	-	-1 905	-1 752
Other finance cash flow - net	-41	-85	15	72
Net cash flow from financing activities	-1 457	-37	-551	-2 547
Net change in cash and cash equivalents	-1 159	100	1 130	-1 027
Cash, and cash equivalents at start of period	6 654	4 282	4 340	5 329
Exchange gains/losses (-)	-20	-43	6	38
Cash and cash equivalents at period end	5 475	4 340	5 475	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 Q4 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	Q4 2023	Q4 2022	2023	2022
Change FV adj. of biological assets	321 109	-420 862	167 331	1 057 508
Change in FV of onerous contracts	-52 834	185 422	-42 369	30 658
Change in FV of fishpool contracts	0	0	0	0
Total FV adjustments over profit and loss	268 275	-235 440	124 962	1 088 166

Fair value adjustments over OCI

Change in FV of fishpool contracts *	0	-9	0	-1 649
Total FV adjustments over OCI	0	-9	0	-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	31.12.2023	31.12.2022
Cost on stock for fish in sea	5 294 231	4 632 941
Cost on stock for fry, brood, smolt and cleaning fish	454 775	476 507
Total cost on stock for biological assets *	5 749 007	5 109 448
FV adj. of fish in sea	2 675 476	2 508 145
FV adj. of fry, brood, smolt and cleaning fish	0	0
Total FV adj. of biological assets	2 675 476	2 508 145
Monthly discount rate applied	4,0 %	4,0 %
FV of fish in sea	7 969 708	7 141 086
FV of fry, brood, smolt and cleaning fish	454 775	476 507
Carrying amount of biological assets	8 424 483	7 617 593
Onerous contracts (liability)		
Carrying amount of onerous contracts	-55 969	-13 600
Fish Pool contracts		
Carrying amount of Fish Pool contracts	0	0

* Cost on stock is historic costs after expensed mortality

NOTE 3 BIOLOGICAL ASSETS (cont.)

SLAUGHTERED VOLUME:

Volume in gutted weight (GWT)	Q4 2023	Q4 2022	2023	2022
Salmon	40 942	46 487	138 673	151 942
Trout	6 542	6 823	20 947	22 687
Total	47 483	53 310	159 620	174 629

VOLUME

Volume of fish in sea (LWT)	Q4 2023	Q4 2022	2023	2022
Volume at beginning of period	106 145	109 287	97 923	107 242
Net growth during the period	47 226	50 813	186 239	194 366
Slaughtered volume during the period	-55 394	-62 177	-186 185	-203 685
Volume at end of period (LWT)	97 977	97 923	97 977	97 923

Specification of fish in sea (LWT)	31.12.2023	31.12.2022
Salmon	83 230	85 391
Trout	14 747	12 532
Total	97 977	97 923
Salmon > 4.65 kg (live weight) *	10 961	384
Trout > 4.76 kg (live weight) *	0	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	Q4 2023	Q4 2022	2023	(Audited) 2022
Change FV adj. biological assets	-18	26	-48	101
Total FV adjustments over profit and loss	-18	26	-48	101

BALANCE SHEET ITEMS RELATED TO BIOLOGICAL ASSETS

Positive amounts are assets and negative amounts are liabilities

Biological assets	2023	(Audited) 2022
Cost on stock for fish in sea	281	237
Fair value adjustment fish in sea	70	118
Fair value fish in sea	351	354
Fry, brood and smolt		
Carrying amount of biological assets	351	354

SLAUGHTERED VOLUME

Slaughtered volume in gutted weight (GWT)	Q4 2023	Q4 2022	2023	(Audited) 2022
Total volume	2 211	3 136	7 416	8 631
- Salmon	2 211	3 136	7 416	8 631

VOLUME

Volume of fish in sea (LWT)	Q4 2023	Q4 2022	2023	(Audited) 2022
Volume at beginning of period	4 371	5 122	4 784	4 379
Sale of biomass	-356	-	-1 158	
Purchase of biomass	445	-	445	
Net growth during the period	2 637	3 432	9 657	10 755
Slaughtered volume during the period	-2 632	-3 770	-9 263	-10 350
Volume at end of period (LWT)	4 465	4 784	4 465	4 784
Fish > 4.65 kg (live weight)	2 279	2 708	2 279	2 708

NOTE 4 SEGMENTS

All figures in MNOK	Note	Leroy 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%)
Q4 2023										
Operating revenue and other income		8 246	161	88	113	196	-51	8 754	2 104	10 857
Operating profit before fair value adj.		687	-43	-89	-4	43	-16	578	157	734
Operating profit %		8%						7%	7%	7%
Operational EBITDA	7	1 180	0	-69	39	51	-11	1 190	219	1 410
EBITDA %		14%				26%		14%	10%	13%
Operational EBIT	7	765	-44	-82	24	45	95	804		
EBIT %		9%						9%		
Volumes sold:										
Salmon (GWT tonnes)		47 483				2 211		49 694		49 694
Fishmeal/oil/FPC (tonnes)			5 989	1 675				7 664	37 700	45 364
Frozen/fresh fish (tonnes)			978	1 438				2 416	49 200	51 616
Q4 2022										
Operating revenue and other income		7 112	150	75	48	241	12	7 639	1 899	9 538
Operating profit before fair value adj.		800	-134	-57	-58	79	-1	630	277	907
Operating profit %		11%				33%		8%	15%	10%
Operational EBITDA	7	1 163	-83	-46	-42	97	3	1 092	324	1 416
EBITDA %		16%				41%		14%	17%	15%
Operational EBIT	7	822	-134	-57	-58	81	140	794		
EBIT %		12%				34%		10%		
Volumes sold:										
Salmon (GWT tonnes)		53 310				3 136		56 446		56 446
Fishmeal/oil/FPC (tonnes)			6 686	2 211				8 897	44 700	53 597
Frozen/fresh fish (tonnes)			-	2 530				2 530	57 000	59 530
2023										
Operating revenue and other income		30 906	1 000	966	357	789	-244	33 774	6 500	40 275
Operating profit before fair value adj.		3 102	-416	169	-0	263	-42	3 076	631	3 707
Operating profit %		10%		17%		33%		9%	10%	9%
Operational EBITDA	7	4 831	-183	225	91	331	-27	5 269	860	6 129
EBITDA %		16%		23%	26%	42%		16%	13%	15%
Operational EBIT	7	3 335	-418	176	28	268	237	3 626		
EBIT %		11%		18%		34%		11%		
Volumes sold:										
Salmon (GWT tonnes)		159 620				7 416		167 036		167 036
Fishmeal/oil/FPC (tonnes)			37 983	14 790				52 773	168 100	220 873
Frozen/fresh fish (tonnes)			22 516	47 689				70 205	132 400	202 605
2022										
Operating revenue and other income		26 652	2 563	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	-5	6 061	845	6 907
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 (tonnes)			12 277	57 682				69 959	152 000	221 959

NOTE 5 ASSOCIATES

All figures in MNOK	Share of net profit	Q4 2023	Q4 2022	2023	2022
Norskott Havbruk AS* a)	50.0%	-18	-122	-168	41
Pelagia Holding AS b)	50.0%	114	200	388	418
Others		14	17	65	35
Income from JV and associates		109	94	285	494
Fair value adj. related to biological assets		2	46	-6	-12
Income from JV and associates before fair value adj.		111	140	279	483
Investment in JV and associates:					
Norskott Havbruk				1 107	1 184
Pelagia Holding AS				1 980	1 765
Others				485	434
Total investment				3 572	3 382
Dividend received from JV and associates					
Norskott Havbruk					-
Pelagia Holding AS				225	125
Others				3	6
Total dividend received		-	-	228	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 AT 31.12.2023

Investor	Number of shares	% of top 20	% of total
LACO AS	112 605 876	74.01	55.55
STATE STREET BANK AND TRUST COMP	4 331 500	2.85	2.14
J.P. MORGAN SE	3 929 178	2.58	1.94
PARETO AKSJE NORGE VERDIPAPIRFOND	3 730 805	2.45	1.84
OM HOLDING AS	3 005 636	1.98	1.48
FOLKETRYGDFONDET	2 948 377	1.94	1.45
SIX SIS AG	2 601 219	1.71	1.28
THE BANK OF NEW YORK MELLON SA/NV	2 110 798	1.39	1.04
STATE STREET BANK AND TRUST COMP	1 987 565	1.31	0.98
JPMORGAN CHASE BANK, N.A., LONDON	1 797 025	1.18	0.89
THE NORTHERN TRUST COMP, LONDON BR	1 559 682	1.03	0.77
CLEARSTREAM BANKING S.A.	1 462 426	0.96	0.72
DANSKE INVEST NORSKE INSTIT. II.	1 336 963	0.88	0.66
J.P. MORGAN SE	1 313 357	0.86	0.65
STATE STREET BANK AND TRUST COMP	1 301 123	0.86	0.64
VERDIPAPIRFONDET STOREBRAND NORGE	1 282 895	0.84	0.63
VERDIPAPIRFONDET FONDSFINANS NORGE	1 250 000	0.82	0.62
DNB BANK ASA	1 227 107	0.81	0.61
STATE STREET BANK AND TRUST COMP	1 224 829	0.81	0.60
VPF SPAREBANK 1 UTBYTTE	1 140 000	0.75	0.56
Total number owned by top 20	152 146 361	100.00	75.05
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.

Certain items have been excluded from operating EBITDA and operating EBIT. The most significant of these items is fair value adjustment related to 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. A materiality limit of NOK 15 million is applied for the LSG group. 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	Q4 2023	Q4 2022	2023	(audited) 2022
Operating revenue and other income	8 754	7 639	33 774	31 150
Raw material and consumable used	-	4 883	4 174	18 739
Salaries and personnel expenses	-	1 276	1 153	4 857
Operating expenses	-	1 451	1 242	5 051
Production fee	+	45	23	129
Change in unrealised internal margin	+	2	2	-2
Other non-operational items	+	-	-2	15
Operational EBITDA	1 190	1 092	5 269	6 061
Depreciation and amortisation	-	485	439	1 909
Impairment	-	13	-	13
Income from joint ventures and associates	+	109	94	285
Fair value adj. biomass in joint ventures and associates	-	-2	-46	6
Operational EBIT	804	794	3 626	4 845
Change in unrealised internal margin	-	2	2	-2
Production fee	-	45	23	129
Fair value adjustment related to biological assets	+	250	-210	77
Fair value adjustment related to biological assets in associates	+	-2	-46	6
Impairment	-	68	-1	130
Other non-operational items (incl. litigation fee in 2022)	-	-	-2	15
Operating profit and income from JV and associates (EBIT)	937	515	3 438	5 735
Net interest expenses	+	-91	-81	-527
Net other financial items	+	-26	37	-65
Profit before tax	820	471	2 845	5 428
Estimated corporate tax	+	-165	-66	-590
Estimated resource rent tax (aquaculture)		112	-	-1 912
Net profit	767	405	344	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	Q4 2023	Q4 2022	2023	(audited) 2022
Operational EBITDA	1 190	1 092	5 269	6 061
EBITDA before fair value adjustment related to biological assets	1 143	1 069	5 127	5 782
Difference	47	23	142	280
Difference				
Change in unrealised internal margin	2	2	-2	-3
Production fee	45	23	129	74
Other non-operational items	-	-2	15	209
Total	47	23	142	280

NOTE 7 ALTERNATIVE PERFORMANCE MEASURES (cont.)

Net interest-bearing debt (NIBD)

NIBD is an alternative performance measure used by the Group. The figure shows how much capital the Group employs and is an important key figure for stakeholders who are planning to provide financing to the Group and for those who want to value the company. The Group therefore defines NIBD as interest-bearing liabilities, both short-term and long-term, to persons or institutions where the main objective is to provide financing and/or credit, minus interest-bearing cash or cash equivalents. This implies that long-term interest-bearing receivables (assets) and other lease liabilities exceeding lease commitments to credit institutions (liabilities) are not included. The latter component covers the majority of the new lease liabilities capitalised in connection with the implementation of IFRS 16. The following components from the statement of financial position are included:

All figures in MNOK	31.12.2023	31.12.2022
Loans from credit institutions *		
+ Lease liabilities to credit institutions *	1 195	1 248
+ Other long term loans *	9 533	7 079
+ Overdrafts/other short term loans	1 462	1 153
- Cash and cash equivalents	5 475	4 340
= Net interest bearing debt (NIBD)	6 715	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 (All figures in MNOK)	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	12	9	0	22
Right-of-use assets acquired	4	69	245	133	451
Disposal	-1	-2	-2	-	-6
Depreciation	-5	-67	-286	-288	-646
Business combinations	-	-	-2	-	-2
Reclassification	-	-	2	-	2
Carrying value 31.12.2023	31	510	1 345	1 157	3 043

NOTE 9 TAX EXPENSE INCL. NEW RESOURCE RENT TAX ON AQUACULTURE (IN THE SEA) FROM 1 JANUARY 2023

On 31 May 2023, the Norwegian parliament approved an additional resource rent tax on aquaculture with a tax rate of 25%. The tax scheme applies to net profits from commercial sea-phase salmon aquaculture activity and is an additional layer for taxation on aquaculture.

The resource rent tax is in addition to the regular corporate tax of 22% and gives a total tax rate on aquaculture of 47%. This new tax scheme was implemented retrospectively with effect from 1 January 2023.

TOTAL TAX EXPENSES IN COMPREHENSIVE INCOME	Q4 2023	Q4 2022	2023	2022
Regular corporate tax	-165	-66	-590	-1 142
Resource rent tax incl. implementation effect (payable and deferred tax)	112	0	-1 912	0
Income tax expenses in comprehensive income	-53	-66	-2 501	-1 142

Tax expense (-)/tax income (+)

From 1 July 2023, the payable production fee per kg of farmed Atlantic salmon in Norway is NOK 0.9/kg. Furthermore, as of 1 January 2023, the production fee is no longer deductible for the purpose of calculating ordinary corporate income tax in Norway. The fee is, however, deductible for the purpose of calculating the Norwegian resource rent tax payable.

SPECIFICATION OF RESOURCE RENT TAX AND PRODUCTION FEE	Q4 2023	Q4 2022	2023	2022
Resource rent tax (payable and deferred tax)	156	-	-102	-
Resource rent tax - implementation effect (deferred tax)	-44	-	-1 809	-
Total resource rent tax incl. implementation effect	112	0	-1 912	0
Production tax recognised in the period	-45	-23	-129	-74
Total resource rent tax and production tax for the period	67	-23	-2 041	-74

Tax expense (-)/tax income (+)



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