

Report of the Board of Directors 2024 for Hofseth International AS

Nature of the business

The company is the parent company in a group engaged in farming and processing of salmon and trout, as well as sales and distribution. The business is located in the Sunnmøre district in Norway's Møre og Romsdal County. Its registered office is in the municipality of Ålesund. The parent company provides shared administration services to a group of subsidiaries, including administration, HR/HSE, finance/accounting, IT and project management. The parent company also assists the subsidiaries with sales, procurement, and logistics.

The Hofseth International Group is Norway's largest processor of salmon and trout and processed approximately 46,700 tons of raw materials in 2024. The Group also has a fully integrated farming operation, with a farming volume of approximately 15,950 tons of trout, salmon, and organic salmon in 2024. All processing of salmon and trout in the Group takes place in Norway. The Hofseth International Group is a fully integrated seafood company, selling its value added products through its own full-fledged sales companies in main markets in the US, Asia and Europe as well as through dedicated partnerships in selected markets. The US sales company also sells some products from third-party producers. Hofseth International has seen increased sales in Asia, through the sales company Hofseth Asia.

Sustainability is at the core of Hofseth International's business focus. All farms are ASC certified. Reduction in carbon emissions is pivotal to the Group's business operations and more than 94% of the total volumes are either transported by ships or trucks to European and overseas markets. The Hofseth Groups has a goal of reducing its scope 1, 2 and 3 carbon emissions by 46% by 2030, within the 1.5 °C target of the Science Based Target initiative.

In December 2008, the company acquired 100 per cent of the shares in Hofseth AS and Seafood Farmers of Norway AS and established the Hofseth International Group. The companies engage in the secondary processing of salmon and trout, and are located in the municipalities of Vanylven and Giske, respectively.

In 2015, the company established Hofseth Aalesund AS. This company is located in the municipality of Ålesund and engages in the processing of salmon and trout. The factory went into operation at the start of September 2016. In 2024 a new processing line was established at Hofseth Processing AS, and the Group today has 4 processing facilities.

In 2016, Hofseth International AS and the Japanese company Alliance Seafoods (now merged into Yokorei Co. Ltd.) jointly acquired the aquaculture company Hofseth Aqua AS (formerly Fjordlaks Aqua AS). Hofseth Aqua AS became a fully owned subsidiary of Hofseth International AS, through the purchase of the remaining voting shares from Yokohama Reito in 2021, and from 2022, all shares in Hofseth Aqua are held by Hofseth International. Hofseth Aqua is a leading producer of rainbow trout and organic salmon.

The company has five fish farms in Storfjord, a wellboat and a smolt and postsmolt facility in Tafjord. The Group also has a harvesting plant in Ålesund. The company holds 7.17 farming licenses. With effect from the fourth quarter 2020, a further four R&D licenses were brought in and are being operated in partnership with Ewos Innovation AS. The R&D projects related to these were completed in 2024, while 2 new R&D licenses will be in operation from 2025. Hofseth Aqua received a tourist license in 2022 and opened an exhibition to show production of salmon to visiting tourist at Atlanterhavsparken aquarium in Ålesund.

Hofseth International holds 50% of the voting shares in Hauge Aqua Innovation Holding and acquired 100% of the A shares in 2025. The company holds 6 development licenses to develop the closed containment technology Egget ('the egg'). In 2024 Hofseth International acquired 77.4% of Nekst, a company which holds 2 development licenses to develop a submerged farming technology. Both ownership is a central part of Hofseth International's strategy for a sustainable farming business.

The Group also has its own sales and distribution companies in the USA, UK, Singapore and China (Shanghai), and partnership structures for sales and distribution in Europe, Japan and Australia.

Presentation of the annual financial statements

Hofseth International AS

The parent company made a net profit of NOK -102.5 million in 2024. At year-end, the company had a total equity of NOK 1,344 million.

Net cash flow from operating activities totalled NOK -76.4 million in 2024. Net cash flow from investing activities came to NOK -211.4 million, while net cash flow from financing activities came to NOK 133.6 million. The company's total cash flow amounted to NOK -1.5 million. The company had an interest-bearing debt of NOK 720.8 million.

Hofseth International Group

The Group generated gross operating revenues of NOK 6,488 million in 2024, an increase from NOK 5,684 million in 2023. The Group made an operating profit of NOK 423.9 million in 2024, compared to NOK 529.1 million in 2023. The Farming business area posted somewhat weaker results in 2024 than in the previous year. The VAP

business area had better results in 2024 than in 2023. The Group made a net profit after tax for the year of NOK -35.3 million.

The Group's total equity at year end was NOK 1,963 million.

Net cash flow from operating activities totalled NOK 588.4 million in 2024. Net cash flow from investing activities totalled NOK -382.0 million, while net cash flow from financing activities came to NOK -373.8 million. The Group therefore generated a total cash flow of NOK -167.4 million. Interest-bearing debt at the end of 2024 totalled NOK 2,874 million, with NOK 1,863 million being long-term debt and NOK 1,011 million short-term operating credits.

The board believes that the annual accounts give a true and fair view of the company's and the Group's assets and liabilities, financial position, and result.

Market and financial risk

Market risk

The Group is exposed to financial risk, particularly foreign exchange risk, in a variety of areas. To reduce the foreign exchange risk, forward currency contracts are used. Currency hedging is performed for the Group as a whole by the parent company. The company is exposed to changes in interest rates, with all company financing at floating interest rates. The company is further, exposed to fluctuations in raw material prices (salmon and trout commodity prices), which affect margins and sales prices. The target is to cover these exposures through customer and supplier agreements to the extent feasible. Time lags in price adjustments between purchase prices and selling prices is part of the market risk.

Credit risk

Group companies have, historically, suffered few uncollectable trade receivables. The Group has credit insurance on the majority of trade receivables. Credit risk is therefore considered low.

Liquidity and financing risk

The wholly owned companies are financed largely at Group level. Liquidity risk is mainly linked to strongly fluctuating commodity prices and necessary liquidity reserves in connection with hedging in the form of forward F/X contracts. Rising raw material prices increase the financing need for the Group's working capital. Refinancing parts of the Group's debt in order to establish a more suitable financing structure is in progress.

The Group's financing includes certain loan covenants. A waiver of one of these covenants has been granted per year end 2024 and first quarter 2025. The company did in April 2025 enter an agreement on new loan covenants, valid from second quarter 2025 and expects to comply with conditions and covenants in coming quarters. In 2025,

the Group issued an unsecured bond loan. There are no specific covenants in relation to the bond loan.

Going concern

The annual financial statements for 2024 have been prepared on the assumption that the company is a going concern. The board confirms that the conditions required for continuation as a going concern are in place.

Working environment

The board considers the working environment to be good. The companies have well-implemented and active HSE systems. In 2024 there were no serious injury related to work in the Group. There were a total of 6 lost-time injuries in the Group in 2024, which is less than in 2023. There were no injuries registered in the parent company in 2024. Sick leave among employees in the parent company was 2.45% in 2024, which is higher than in 2022. Sick leave among employees in the Group was 8.13% in 2024.

Equality and discrimination

The Group employed 534 employees. Of the Group's total workforce, 40% are women and 60% are men. Among the parent company's employees, 35% are women and 65% are men. The Group's management team consists of 7 men and 1 woman. Both the share of women among the employees and the number of women in higher positions in the Group is increasing.

In 2024, there were a total of 14 parental leaves in the Group, of which 4 men and 10 women. The average number of days of parental leave was 104.8 days in total, 57.7 days among men and 123.7 days among women

Working hours and wages are distributed equally between the genders. The company's personell policy is gender neutral in all areas. The Group treats all its employees equally, regardless of gender, ethnicity, or religion.

The board consists of two people, both men.

In relation to the Transparency Act

The Transparency Act came into force on 1 July 2022 and will ensure that larger businesses carry out and publish their due diligence assessments in order to ensure basic human rights and decent working conditions throughout the value chain for the manufacturing of the company's products. An updated report is available on the company website. Reference is also made to Hofseth International's ESG report, which can be found on <https://www.hofseth.no/about/esg-reporting/>.

External environment

Hofseth International has strong focus on sustainable seafood production and distribution and is aiming at being the leading supplier of sustainably produced and distributed seafood products on the global market. Aquaculture is among the most efficient and sustainable production of proteins. Most of the negative environmental impact is related to transportation of raw materials for feed production as well as the transport of ready products to the markets.

Hofseth International is working with its feed suppliers to increase the usage of locally sourced raw materials including off cuts to reduce carbon emissions in the supply chain. Hofseth International is also a pioneer in refreshed trout and salmon sales, allowing transportation by sea of truck as opposed to air freight, substantially reducing carbon emissions related to the Hofseth products. As much as 94% of the Hofseth production is transported by road or sea, with a mere remaining 6% air-freighted to overseas markets.

From 2021, Hofseth International has collaborated closely with IceFresh, a company holding a patented and proprietary thawing technology, to commercialize the technology. This technology will be utilized in further developing and creating high quality, low carbon footprint supply chain models in the global seafood market. In 2024, the first defrosting hub was opened in Chicago, USA and in June 2025 the second hub was opened in Los Angeles, USA. Work is ongoing with large customers in several markets to establish efficient and sustainable supply chains based on the IceFresh technology. Compared to airfreight, the IceFresh technology enables a reduction of 96% in total CO₂ emissions. In combination with improved product quality, this unlocks a significant potential for increased consumption and competitiveness in all parts of the supply chain.

Hofseth International is processing most of its production volumes into value added products. This enables by-products to be used for high quality food ingredients production by Hofseth Biocare, as well as limiting carbon emissions to the volume of edible meat. This alone reduces carbon emissions with 1/3 compared to traditional international whole fish trading of trout and salmon.

The Group is continuously working with its external suppliers of salmon and trout to reduce carbon footprint through optimizing inbound logistics. All expanded polystyrene packaging of inbound raw materials are fully recycled.

The Hofseth Groups has a goal of reducing its scope 1, 2 and 3 carbon emissions 46% by 2030, within the 1.5 °C target of the Science Based Target initiative.

The Group has established good operational routines to prevent accidental escape of fish, prevent disease, ensure retrieval of dead fish and safeguard good fish health and welfare. The Group had no reported 'escape incidents' in 2024 or so far in 2025. Today, Hofseth Aqua has 5 farming sites in Storfjorden and is currently working on approval of 2 additional sites, targeted for submerged or closed containment production.

Additionally, Hofseth Aqua has applied for increased area and site allowable biomass at two existing sites. Hofseth Aqua's landbased post-smolt facility for production of large smolt in Tafjord was opened at the turn of the year 2022/23 and the company has through 2024 worked on increasing production and optimizing the production between land and sea. This is also a measure to optimize the biological performance. In 2025, the first submerged production site was taken into operation, as a measure to reduce sea lice prevalence, the number of sea lice treatments and to improve fish welfare. Hofseth Aqua has worked targeted to reduce mortalities and biomass mortality was reduced with close to 510 tons compared to 2023.

The fish farming part of the Group had certified all its sites in accordance with the ASC, GlobalGAP and Debio standards. ASC and GlobalGAP are independent certification schemes for responsible and sustainable aquaculture. Debio is a certification scheme for organic salmon farming.

Hofseth International's ESG report can be found on <https://www.hofseth.no/about/esg-reporting/>.

Research and development (R&D)

In 2024, the Group had one project qualifying for the Norwegian SkatteFUNN R&D tax incentive scheme. In addition, the Group is continuously developing and testing new products and flavour combinations that can be adapted to different markets.

Liability insurance for board members and CEO

The Group has personal liability insurance for board members and the CEO.

Outlook

North America is the largest market for the Group. The markets in Australia, Asia and Europe also represent a significant proportion of the Group's sales. The Group has developed a solid market and production position which represents a good foundation for the future development.

The market situation in 2024 was once again characterised by periods of limited supply and high raw material prices, in particular at the end of the year and in the beginning of 2025. The increase in market prices following the rapid increase in raw material prices for salmon and trout over the last three years, has led to decreased demand in the retail segment in many markets. From second quarter 2025, raw material prices has reduced significantly following increased supply. It is expected that this will contribute to increased demand in the global retail markets over time.

The outlook for Hofseth International products remains positive in the global market.

Other matters

The board is not aware of any other matters that could significantly influence an assessment of the company and Group's financial position and results beyond what is reflected in the financial statements and accompanying notes. No matters have occurred after the close of the reporting period which the board considers of significance for an assessment of the financial statements.

Ålesund, 30 June 2025



Roger Hofseth
Chair of the Board



Hiroshi Okada
Member of the Board

Note: This translation from Norwegian has been prepared for information purposes only

Hofseth International AS
Consolidated financial statements 2024

Parent company		Income statement (amounts in NOK)		Group	
2024	2023		Note	2024	2023
Operating income and operating expenses					
113 525 338	99 174 764	Revenue	2,3,21	6 319 353 527	5 651 093 823
328 597	2 390 989	Other operating income	3	168 674 780	33 224 673
113 853 935	101 565 753	Operating Income		6 488 028 307	5 684 318 496
2 817 676	7 382 330	Cost of goods sold	3,14	4 879 089 789	4 092 921 577
-	-	Change in inv. of goods		-228 143 570	-
51 769 583	42 427 241	Payroll expenses	3,4	513 551 686	392 830 535
2 748 574	2 586 290	Depreciation	3,8,9	212 554 998	170 539 504
60 216 216	48 191 793	Other operating expenses	3,4,5	687 119 629	498 937 047
117 552 049	100 587 653	Operating expenses		6 064 172 532	5 155 228 664
-3 698 114	978 100	Operating profit		423 855 775	529 089 832
Financial income and expenses					
19 948 352	86 442 826	Income from subsidiaries		-	-
-	-	Income from associates	10	-	-
18 099 632	30 269 079	Interest income from group entities		-	-
40 807 587	31 303 707	Other interest income		53 957 718	50 609 808
48 574 227	178 400 157	Other financial income	6	88 302 330	231 264 715
-54 638 928	-39 578 142	Change in fair value of marketable securities	15	-54 638 928	-39 578 142
56 000 125	18 875 472	Interest expense to group entities		-	-
68 492 121	104 564 938	Other Interest expenses		355 220 169	309 854 322
60 810 107	123 275 638	Other financial expenses	6	178 904 605	238 666 933
-112 511 483	40 121 578	Net financial income and expenses		-446 503 654	-306 224 875
-116 209 597	41 099 678	Result before tax		-22 647 879	222 864 957
-13 665 160	2 835 845	Tax on ordinary result	7	12 669 993	32 036 121
-102 544 437	38 263 833	Annual net profit	18	-35 317 872	190 828 836
		Minority share		10 003 690	9 218 385
		Majority share		-45 321 562	181 610 452
Allocations					
-102 544 437	38 263 833	Transferred to other equity			

Hofseth International AS
Consolidated financial statements 2024

Parent company		Balance as of 31.12 (amounts in NOK)		Group	
2024	2023		Note	2024	2023
<i>Assets</i>					
<i>Non-current assets</i>					
<i>Intangible fixed assets</i>					
1 361 919	383 542	Licences, trademarks and similar rights	8	975 436 519	941 683 542
47 965 685	34 300 525	Deferred tax asset	7	-	-
-	-	Goodwill	8	102 194 250	9 406 413
49 327 604	34 684 067	Total intangible assets		1 077 630 769	951 089 955
<i>Tangible fixed assets</i>					
-	-	Buildings and fixed properties		1 022 730 208	1 032 632 126
-	-	Machinery		819 214 888	811 996 763
-	-	Ships		22 129 256	26 820 253
5 418 701	7 278 428	Equipment and other movables		15 698 267	17 882 158
5 418 701	7 278 428	Total tangible fixed assets	9,19	1 879 772 619	1 889 331 299
<i>Financial fixed assets</i>					
2 370 905 552	2 284 138 476	Investments in subsidiaries	10,19	-	-
224 274 344	219 930 597	Investments in associated companies	10,19	224 274 344	219 930 597
258 052 249	115 199 384	Investments in shares	11,19	258 893 999	116 041 134
309 347 898	350 683 770	Other long-term receivables	3,13,19	267 639 556	361 288 382
3 162 580 043	2 969 952 228	Total financial fixed assets		750 807 899	697 260 114
3 217 326 348	3 011 914 723	Total non-current assets		3 708 211 287	3 537 681 368
<i>Current assets</i>					
-	-	Inventories	14,19	1 585 797 128	1 783 773 809
<i>Debtors</i>					
4 612 088	52 345 607	Accounts receivables		1 831 483 238	1 576 035 970
140 914 333	207 624 899	Other receivables		254 882 404	403 511 296
145 526 421	259 970 507	Total debtors	12,13,19	2 086 365 642	1 979 547 267
<i>Investments</i>					
100 963 237	155 602 165	Marketable securities	15,19	100 963 237	155 602 165
100 963 237	155 602 165	Total investments		100 963 237	155 602 165
10 397 033	11 917 932	Cash and bank deposits	16,21	90 431 628	257 842 311
256 886 691	427 490 604	Total current assets		3 863 557 635	4 176 765 552
3 474 213 039	3 439 405 327	Total assets		7 571 768 922	7 714 446 920

Hofseth International AS
Consolidated financial statements 2024

Balance as of 31.12
(amounts in NOK)

Parent company			Note	Group	
2024	2023			2024	2023
		<i>Equity and liabilities</i>			
		<i>Restricted equity</i>			
107 948 667	109 923 939	Share capital	17	107 948 667	109 923 939
-1 553 100	-1 553 100	Own shares		-1 553 100	-1 742 461
1 659 385 570	1 736 421 178	Share premium reserve		1 659 385 570	1 736 421 178
-	-	Other paid-in capital		-	-
-	-	Other paid-in capital minority interests		-	-
1 765 781 137	1 844 792 018	Total restricted equity		1 765 781 137	1 844 602 657
		<i>Retained earnings</i>			
-421 754 378	-319 148 342	Other equity		192 255 026	225 320 150
-	-	Minority interests		4 530 990	-3 419 844
-421 754 378	-319 148 342	Total retained earnings		196 786 016	221 900 305
1 344 026 759	1 525 643 676	Total equity	18	1 962 567 153	2 066 502 962
		<i>Liabilities</i>			
		<i>Provisions</i>			
-	-	Deferred tax	7	55 744 343	66 777 632
-	-	Total provisions		55 744 343	66 777 632
		<i>Other long-term liabilities</i>			
590 561 821	626 193 134	Liabilities to financial institutions	9,19	1 705 635 044	1 741 654 730
130 285 116	56 007 340	Other long-term liabilities	12,19	157 328 524	57 708 544
720 846 937	682 200 474	Total of other long term liabilities		1 862 963 568	1 799 363 274
		<i>Current liabilities</i>			
-	512 167 394	Liabilities to financial institutions	19	1 010 845 393	1 366 275 237
20 136 407	9 326 733	Trade creditors	12	2 474 105 120	2 001 436 333
-	-	Taxes payable	7	22 523 165	3 696 437
4 556 385	12 655 720	Public duties payable		41 739 718	25 606 502
1 384 646 552	697 411 330	Other short term liabilities	12	141 280 463	384 788 543
1 409 339 344	1 231 561 177	Total short term liabilities		3 690 493 859	3 781 803 051
2 130 186 281	1 913 761 651	Total liabilities		5 609 201 770	5 647 943 957
3 474 213 040	3 439 405 327	Total equity and liabilities		7 571 768 923	7 714 446 919

Ålesund, 30. juni 2025


Roger Hofseth
CEO and Chairman of the Board


Hiroshi Okada
Board member

Note: This translation from Norwegian has been prepared for information purposes only

Hofseth International AS
Consolidated financial statements 2024

Parent company		Cash Flow statement (amounts in NOK) Indirect model		Group	
2024	2023		Note	2024	2023
<i>Cash flows from operating activities</i>					
-116 209 597	41 099 678	Profit/loss before income taxes		-22 647 879	222 864 957
2 748 574	2 586 290	Depreciation	8,9	212 554 998	170 539 504
-	-	Taxes paid in the period	7	-3 696 437	-
46 800	-70 216 029	Loss/gain from sale of non-current assets		-	-70 216 029
54 638 928	39 578 142	Change in fair value on marketable securities	15	54 638 928	39 578 142
-	-	Change in inventory	14	197 976 681	-365 734 532
47 733 519	-41 781 118	Change in accounts receivable		-255 447 268	-16 739 984
10 809 674	732 324	Change in trade creditors		472 668 787	200 722 916
76 605 273	-161 301 026	Change in other provisions		-67 635 871	-60 285 567
76 373 172	-189 301 739	Net cash flows from operating activities		588 411 940	120 729 407
<i>Cash flows from investment activities</i>					
-1 914 024	-4 411 759	Purchase of fixed assets	9	-333 000 592	-315 586 116
-	-	Proceeds from sale of fixed assets		4 531 928	1 395 149
-39 963 688	-207 167 962	Purchase of shares in other companies	10,11	-3 196 612	-85 549 871
-	58 022 900	Proceeds from sale of shares in other companies		-	58 022 900
-169 567 883	-259 095 958	Net proceeds from other investments		-50 351 174	-144 000 000
-211 445 595	-412 652 779	Net cash flows from investment activities		-382 016 450	-485 717 938
<i>Cash flows from financing activities</i>					
-40 364 418	-84 071 610	Net proceeds from long term loans	19	-15 410 586	-30 043 323
173 977 542	96 529 999	Net proceeds from short term loans	19	-	-
-	512 167 394	Net change in bank overdraft	19	-355 429 844	392 157 240
-	-8 850 954	Payment of dividend	18	-	-8 850 954
-61 600	-22 490 639	Net proceeds from equity transactions	18	-2 965 743	-41 070 883
133 551 524	493 284 190	Net cash flows from financing activities		-373 806 173	312 192 080
-1 520 899	-108 670 328	Net change in cash and cash equivalents		-167 410 683	-52 796 451
11 917 932	120 588 260	Cash and cash equivalents 01.01.		257 842 311	310 638 763
10 397 033	11 917 932	Cash and cash equivalents 31.12.		90 431 628	257 842 311

Hofseth International AS

Konsernregnskap 2024

Note 1 Accounting principles

The annual financial statements have been prepared in accordance with the Accounting Act and generally accepted accounting principles. The financial statements for 2024 were approved by the Board of Directors on 30 June 2025.

Consolidation principles

Consolidated companies

The consolidated financial statements include the parent company Hofseth International AS and its subsidiaries:

- Hofseth AS (77,44%)
- Seafood Farmers of Norway AS (100%)
- Hofseth Aalesund AS (100%)
- Hofseth Logistics AS (100%)
- Hofseth Property AS (100%) med datterselskapet Eeek AS (100%)
- Hofseth Processing AS (100%)
- Meerbiocare GmbH (100%)
- Hofseth International Inc (100%) med datterselskapet Hofseth LLC (100%)
- Hofseth Asia Pte Ltd (56%) med datterselskapet Hofseth Shanghai Ltd (100%)
- Nekst AS (77,44%)
- HIYR AS (100%) med datterselskapene:
 - Hofseth Aqua AS (100%) med datterselskapet Aspøy AS (100%)
 - Hofseth Sea Farming AS (100%)
 - Hofseth Aqua Property AS (100%)
 - Hofseth Innovation AS (100%)

Hofseth International AS, together with its subsidiaries, is included in the consolidated financial statements of RH Investments AS. These statements also include the other subsidiaries of RH Investments AS: RH Industri AS, Hofseth Sales AS, World Heritage Salmon AS, Nye Icefresh AS, and Raud Invest AS. These companies are not consolidated into the consolidated financial statements of Hofseth International AS, but are classified as group companies.

The consolidated financial statements present the financial position, results of operations, and cash flows of the companies as a single economic entity. Uniform accounting principles have been applied to all companies included in the group.

In the consolidated financial statements, the item 'shares in subsidiaries' is replaced by the subsidiaries' assets and liabilities. Transactions, unrealized gains, and intercompany balances between the group companies are eliminated.

The consolidated financial statements are presented in NOK, which is the parent company's functional currency. Translation of foreign subsidiaries is performed by converting the balance sheet at the exchange rate on the balance sheet date, and the income statement at an average exchange rate. Any significant transactions are translated at the exchange rate on the transaction date. All translation differences are recognized directly in equity.

Associated companies are entities over which the group has significant (but not controlling) influence over financial and operational management (normally through an ownership interest of between 20% and 50%). The consolidated financial statements include the group's share of the results of associated companies accounted for using the equity method from the date significant influence is obtained until such influence ceases. When the group's share of losses exceeds its investment in an associated company, the carrying amount of the investment is reduced to zero, and further losses are not recognized unless the group has an obligation to cover those losses.

Use of estimates

In preparing the annual financial statements, estimates and assumptions have been applied that affect the income statement and the valuation of assets and liabilities, as well as uncertain assets and liabilities as of the balance sheet date, in accordance with generally accepted accounting principles. Areas involving significant judgment, a high degree of complexity, or areas where assumptions and estimates are material to the annual financial statements are described in the notes.

Revenue recognition

Revenue from the sale of goods is recognized at the time of delivery. The point of delivery depends on the delivery terms specified in each sales contract. Services are recognized as revenue as they are rendered. For sales in foreign currencies, revenue is recorded at the exchange rate on the transaction date, or at the hedging rate in cases where forward contracts or other hedging instruments are used. Operating revenues are stated net of value-added tax (VAT), discounts, and bonuses.

Expenses are matched with and recognized as costs in the same period as the revenues to which they relate. Expenses that cannot be directly attributed to revenues are recognized as they are incurred.

Significant income and expenses that are not related to ordinary operations are classified as other operating income and expenses.

Hofseth International AS

Konsernregnskap 2024

Note 1 Accounting principles (continued)

Classification and valuation of balance sheet items

Assets intended for long-term ownership or use are classified as fixed assets. Fixed assets are measured at acquisition cost, less depreciation and impairments. Long-term liabilities are recognized at nominal value at the transaction date. Assets related to the operating cycle are classified as current assets. Other receivables are classified as current assets if they are due within one year. The same criteria are applied analogously to liabilities. However, the first-year installments on long-term receivables and long-term liabilities are not classified as current assets or short-term liabilities.

Goodwill, research and development, and other intangible assets

Goodwill has arisen in connection with the acquisition of subsidiaries. Goodwill is amortized over its expected economic useful life.

Development expenses are capitalized to the extent that a future economic benefit related to the development of an identifiable intangible asset can be demonstrated, and the costs can be measured reliably. Otherwise, such expenses are expensed as incurred. Capitalized development costs are amortized on a straight-line basis over their economic useful life.

Concessions are capitalized at cost and are not amortized, but are tested for impairment.

Tangible fixed assets

Tangible fixed assets are capitalized and depreciated over their estimated useful economic life. Significant assets composed of substantial components with different useful lives are decomposed, with separate depreciation schedules applied to each component. Direct maintenance costs are expensed as incurred under operating expenses, whereas upgrades or improvements are added to the asset's cost price and depreciated in line with the asset. Tangible fixed assets are written down to their recoverable amount when an impairment is expected to be non-temporary. The recoverable amount is the higher of net selling price and value in use. Value in use is the present value of future cash flows associated with the asset. The impairment is reversed when the basis for the impairment is no longer present.

Ordinary depreciation is calculated on a straight-line basis over the useful economic life of the assets, based on historical cost. The depreciation is classified as ordinary operating expenses.

A distinction is made between financial and operational leasing. Assets financed through financial leasing are classified in the accounts under tangible fixed assets. The corresponding liability is recorded as long-term debt. Lease payments are allocated between interest expenses and repayment of the debt. Operational leases are expensed as operating costs based on the invoiced lease payments.

Subsidiaries and associated companies.

Subsidiaries and associated companies are accounted for using the cost method in the parent company's financial statements. The investment is measured at the acquisition cost of the shares, unless a write-down has been necessary. A write-down to fair value has been made when a decline in value is due to reasons that are not considered temporary, and it is deemed necessary in accordance with generally accepted accounting principles. Write-downs are reversed when the basis for the impairment is no longer present.

Dividends, group contributions, and other distributions from subsidiaries are recognized as income in the same year they are allocated in the accounts of the distributing entity. If the dividend/group contribution exceeds the share of earnings earned after the acquisition date, the excess amount represents a repayment of invested capital, and the distributions are deducted from the carrying value of the investment in the parent company's balance sheet.

Investments in market-based shares

The fair value principle is applied to short-term investments in market-based shares. The balance sheet value corresponds to the market value of the investments as of December 31. Dividends received, as well as realized and unrealized gains/losses, are recognized as financial items in the income statement.

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Note 1 Accounting principles (continued)

Inventory

Inventories are valued at the lower of acquisition cost (according to the FIFO principle) and fair value. Raw materials are valued at original purchase cost. The acquisition cost for internally produced goods is calculated at full production cost, which includes direct material costs, direct labor costs, and indirect production costs. Financing costs are not included. For work-in-progress, net realizable value is calculated as the sales value of finished goods less remaining production and selling costs. Internally produced goods and work-in-progress (biomass) are valued at the lower of full production cost and estimated fair value. Normal mortality is included in the production costs; abnormal mortality is recognized as a loss. Full production cost is allocated on an average cost basis. When determining fair value, the estimated future selling price is used, less selling expenses and estimated production costs expected to be incurred to make the biomass ready for sale.

Accounts receivable

Accounts receivable and other receivables are recorded at nominal value, less provisions for expected losses. Provisions for losses are made based on an individual assessment of each receivable. In addition, a general provision is made for other receivables to cover anticipated losses.

Foreign currency

Transactions in foreign currency are converted at the exchange rate on the transaction date. Monetary items in foreign currency are converted into Norwegian kroner using the exchange rate on the balance sheet date. Non-monetary items measured at historical cost in a foreign currency are converted into Norwegian kroner using the exchange rate on the transaction date. Non-monetary items measured at fair value in a foreign currency are converted using the exchange rate at the date the fair value was determined. Foreign exchange gains and losses are recognized continuously in the accounting period under other financial items. Hedged transactions and monetary items are measured using the hedging rate.

Forward contracts and hedge accounting

The company and the group enter into forward contracts for the sale of foreign currency to secure a future exchange rate for expected future receipts in foreign currency. Forward contracts and other hedging instruments that replace them and effectively hedge future foreign currency receipts are not recognized in the accounts.

Liabilities

Liabilities, with the exception of certain provisions for obligations, are recognized in the balance sheet at their nominal amount.

Pension obligations and pension expense

The company and the group have pension plans based on defined contribution schemes. Under defined contribution plans, the company pays contributions to an insurance company. The company has no further payment obligations once the contributions are made. The contributions are recognized as payroll expenses. Any prepaid contributions are recognized as an asset (pension assets) to the extent that the contribution can be refunded or reduce future payments.

Warranties and claims

Warranties/claims related to completed sales are assessed based on estimated warranty costs. The estimate is calculated using historical data, but adjusted for expected deviations due to, for example, changes in quality assurance procedures and product mix. The provision is recognized under 'Other current liabilities,' and changes in the provision are expensed.

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Note 1 Accounting Principles (continue)

Income tax

The income tax expense in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at relevant tax rates on the basis of the temporary differences which exist between accounting and tax values, and any carryforward losses for tax purposes at the year-end. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been eliminated. The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and carryforward losses, is based on estimated future earnings. Deferred tax and tax benefits which may be shown in the balance sheet are presented net.

Tax reduction on group contributions provided and tax on group contribution received and recognized as a reduction of cost price, are offset against tax in the balance sheet (offset against payable taxes if the group contribution has affected payable taxes and offset against deferred taxes if the group contribution has affected deferred taxes). Deferred tax and deferred tax assets are recognized at nominal amount in both parent and group. See note 7 for details on resource rent tax on sea farming.

Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term investments.

Note 2 Revenue

Revenue by business area:

	Parent company		Group	
	2024	2023	2024	2023
Fish processing	-	-	5 144 702 225	5 037 438 084
Fish farming	-	-	1 142 678 417	594 501 073
Other revenues	113 525 338	99 174 764	31 972 885	19 154 665
Total	113 525 338	99 174 764	6 319 353 527	5 651 093 823

Revenue by geographical distribution:

	Parent company		Group	
	2024	2023	2024	2023
Norway	113 525 338	99 174 764	917 296 596	809 391 539
North America	-	-	3 008 279 638	2 988 138 532
Europe (ex. Norway)	-	-	1 631 073 202	1 026 456 605
Asia, Oceania	-	-	762 704 091	827 107 147
Rest of the world	-	-	-	-
Total	113 525 338	99 174 764	6 319 353 527	5 651 093 823

Note 3 Transactions with group companies and related parties

	Parent company		Group
	Group companies	Other related parties	Other related parties
Revenues, other income and interest income			
Sales of goods and services	3 431 999	2 553 388	2 410 222 278
Reimbursed expenses and leases	328 597	312 000	-
Management fee income	105 468 000	-	-
Interest- and finance income	21 323 877	6 357 137	-
Total	130 552 473	9 222 525	2 410 222 278
Expenses			
Purchase of goods and services	-	-	2 169 629 508
Manpower, rent and other purchases	3 420 164	4 892 670	229 745 006
Management fee cost	-	-	-
Interest- and finance expenses	56 000 125	1 118 271	47 065 827
Total	59 420 289	6 010 941	2 446 440 341

Transactions with related parties are based on the Arm's Length Principle. The following companies are considered as related parties:

Alsvåg lakseslakteri AS, Key P1 AS, Brilliant Invest AS, Ava Ocean Holding AS, Framroze Holding AS, RHI AS, Hofseth Biocare ASA, HBC Berkåk AS, Platina Seafood AS, Hauge Aqua Innovation Holding AS, Sætregruppen AS, Sætre settefisk AS, Icefresh AS, Nye Icefresh AS, Finnvik Eiendom AS, Ålesund Kipervikgata 13 AS, Incrementum Eiendom AS, Atlas Premium SIA (Latvia), Hofseth Europe GmbH (Germany) and Yokorei Co. Ltd. (Japan).

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Note 4 Payroll costs, remuneration, fees etc.

	Parent company		Group	
	2024	2023	2024	2023
<i>Payroll costs</i>				
Salaries	40 488 131	33 339 032	252 234 115	218 620 851
Employer's national insurance contribution	6 618 871	5 246 279	31 892 474	25 778 589
Pension costs	1 949 592	1 555 342	11 216 165	6 785 213
Other remuneration (incl. hired labour)	2 712 989	2 286 588	219 961 716	141 898 601
Refund seamen	-	-	-1 752 784	-252 718
Total	51 769 583	42 427 241	513 551 686	392 830 536
Average number of full-time employers	55	45	365	318
Average number of hired labour	-	-	299	293
Total	55	45	664	611

In 2024, the company changed its model from an enterprise setup to employing more permanent staff and using standard contracted labor, which reflects a higher proportion of payroll expenses compared to 2023. The reported number of full-time equivalents for contracted labor in 2023 also includes those covered by the enterprise model, and the enterprise itself was considered a purchased service and therefore not included as part of payroll expenses.

Parent company

Remuneration to executive management

CEO

Salary	946 401
Pension costs	28 392
Other benefits	285 780
Total	1 260 573

In 2023 a consultancy fee of NOK 1 500 000 from Finnvik Eiendom AS was expensed. The company wholly-owned by CEO Roger Hofseth. No loans or guarantees have been given to CEO, members of the Board or shareholders.

Pension liabilities

The company is required to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon"). The company's pension scheme meets the requirements of that law. Pension expenses are presented in the income statement as "Payroll expenses".

Audit fee

	Parent company	Group
Statutory audit fee	2 509 597	7 396 771
Other services	1 135 738	1 230 963
Total	3 645 335	8 627 734

VAT is not included in the fee specified above.

Note 5 Rent and operational leases

	Parent company		Group	
	2024	2023	2024	2023
<i>The companies within the group rent premises</i>				
Rental cost premises	4 597 256	3 067 631	19 762 669	24 579 578
Reimbursed rent by third parties	-	200 000	12 248 900	11 948 430
Net rental cost premises	4 597 256	2 867 631	7 513 769	12 631 148
Total cost other operational leases	10 263 044	7 079 327	22 084 203	19 110 625

Note 6 Specification of financial income and expenses

Specifications of other financial income and other financial expenses:

	Parent company		Group	
	2024	2023	2024	2023
Other financial income:				
Unrealized agio	-	9 792 705	22 751 013	38 261 205
Realized agio	47 577 677	94 933 665	63 171 401	118 166 151
Other financial income	996 550	275 058	2 379 916	1 438 630
Gain on realization of shares	-	73 398 729	-	73 398 729
Total	48 574 227	178 400 157	88 302 330	231 264 715
Other financial expenses:				
Unrealized disagio	-	-	38 786 228	19 620 000
Realized disagio	57 648 972	114 216 640	77 455 173	140 693 888
Other financial expenses	3 161 134	5 658 997	62 663 204	74 953 045
Total	60 810 106	119 875 638	178 904 605	235 266 933

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Note 7 Income taxes

	Parent company		Group	
	2024	2023	2024	2023
Tax expense of the year:				
Tax payable	-	-	22 523 165	43 530 882
Change in deferred tax/tax assets	-13 665 160	2 835 845	-9 853 171	-11 494 761
Tax on ordinary result	-13 665 160	2 835 845	12 669 994	32 036 121
Tax base calculation:				
Ordinary result before tax	-116 209 597	41 099 678	-22 647 879	222 864 957
Permanent differences	54 095 234	-28 091 873	-27 402 772	-101 901 271
Changes in temporary differences	-4 593 925	-11 249 744	-287 573 354	18 093 460
Deduction on taxable deficit	-	-1 758 061	-	-139 057 146
Tax base	-66 708 288	-0	-337 624 005	0
Taxes payable:				
Taxes payable in foreign countries	-	-	22 173 928	3 696 437
Taxes payable in Norway	-	-	18 855 326	16 844 497
Tax payable group contributions	-	-	-18 506 089	-16 844 497
Taxes paid during the year	-	-	-	-
Total taxes payable per balance sheet	-	-	22 523 165	3 696 437
Calculation of effective tax rate:				
Ordinary result before tax	-116 209 597	41 099 678		
Tax based on ordinary result	-25 566 111	9 041 929		
Tax effect by permanent differences	11 900 951	-6 180 212		
Total	-13 665 160	2 861 717		
Effective tax rate	-	-		
Specification of temporary differences as basis for deferred tax / deferred tax benefit (-):				
Fixed assets	-217 315	561 727	285 280 998	290 524 931
Current assets and short term liabilities	-	-	587 976 117	310 589 980
Financial lease	-90 303	-56 862	67 512 210	38 594 313
Long-term liabilities	19 721 849	14 315 441	4 438 536	14 315 441
Taxable gains and losses	-	-	23 937 417	29 921 773
Other differences	-	-	-9 834 435	-12 208 949
Total	19 414 231	14 820 306	959 310 844	671 737 490
Taxable deficit brought forward	-205 719 189	-139 010 901	-607 543 185	-269 919 180
Other differences	-	-	-	-
Deductible interest expenses brought forward	-31 720 884	-31 720 884	-98 384 283	-98 283 620
Basis for deferred tax / deferred tax benefit (-)	-218 025 842	-155 911 479	253 383 376	303 534 690
Deferred tax / deferred tax asset (-)	-47 965 685	-34 300 525	55 744 343	66 777 632

Deferred tax asset is recognized in the balance sheet based on the assumption of future taxable income.

Deferred tax as at 31.12.2023 includes deferred tax on excess of purchase price above assets acquired arising from acquisition of subsidiaries.

Resource rent income in aquaculture is taxed at an effective rate of 25% on taxable resource rent income exceeding a set basic allowance. A deduction is also granted for the production tax against payable resource rent tax. The structure of the resource rent tax results in a progressive tax burden as taxable resource rent income increases.

When recognizing deferred resource rent tax, the average expected tax rate is used as it represents the best estimate of the effective tax rate on expected resource rent income upon reversal of temporary differences. Deferred resource rent tax is calculated based on the temporary difference between the accounting value and the tax value for resource rent tax purposes, and is recognized as the temporary difference multiplied by the expected average resource rent tax rate. The best estimate of the company's expected average resource rent tax rate is 0%.

From July 1, 2024, taxable income from resource rent will be determined using a theoretical income based on a norm price. For 2024, this resulted in no significant adjustment compared to the accounting income.

There is uncertainty related to the future development of the norm price and, consequently, the company's future tax base, which may affect the deferred resource rent tax.

In 2023, companies in the group were engaged in SkatteFUNN projects, where 19 % of the project costs are refunded by the Norwegian tax authorities. The refunded project costs are deducted from payroll expenses with NOK 535 500 and other operating expenses with NOK 1 810 808.

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Note 8 Intangible assets and goodwill

Parent company	Other rights
Accumulated acquisition cost as at 01.01	6 349 255
Additions	1 311 240
Disposals	-
Accumulated acquisition cost as at 31.12	7 660 495
Accumulated depreciations as at 01.01	5 965 713
Depreciations for the year	332 863
Depreciations on disposals	-
Accumulated depreciations as at 31.12	6 298 576
Net carrying value as at 01.01	383 542
Net carrying value as at 31.12	1 361 919
Useful economic life	5 - 7 years
Depreciation plan	Linear

Group	Other rights	Goodwill	Licences	Total
Accumulated acquisition cost as at 01.01	6 349 255	14 445 999	941 300 000	962 095 254
Additions	1 311 240	101 833 310	32 774 600	135 919 150
Disposals	-	-	-	-
Currency translation differences	-	-	-	-
Accumulated acquisition cost as at 31.12	7 660 495	116 279 309	974 074 600	1 098 014 404
Accumulated depreciations as at 01.01	5 965 713	5 039 584	-	11 005 297
Depreciations for the year	332 863	8 636 313	-	8 969 176
Depreciations on disposals	-	-	-	-
Currency translation differences	-	409 162	-	409 162
Accumulated depreciations as at 31.12	6 298 576	14 085 059	-	20 383 635
Net carrying value as at 01.01	383 542	9 406 415	941 300 000	951 089 957
Net carrying value as at 31.12	1 361 919	102 194 250	974 074 600	1 077 630 769
Useful economic life	5 - 7 years	Up to 10 years	Perpetual	
Depreciation plan	Linear	Linear		

Note 9 Tangible fixed assets

Parent company	Machinery and equipment	Fixtures and equipment	Total
Accumulated acquisition cost as at 01.01	2 752 460	10 918 500	13 670 960
Additions	-	602 783	602 783
Disposals	-	-46 798	-46 798
Accumulated acquisition cost as at 31.12	2 752 460	11 474 485	14 226 945
Accumulated depreciations as at 01.01	635 355	5 757 179	6 392 535
Depreciations for the year	573 123	1 842 587	2 415 710
Depreciations on disposals	-	-	-
Accumulated depreciations as at 31.12	1 208 478	7 599 767	8 808 245
Net carrying value as at 01.01	2 117 105	5 161 321	7 278 426
Net carrying value as at 31.12	1 543 982	3 874 718	5 418 701
Useful economic life	5 - 10 years	5 - 10 years	
Depreciation plan	Linear	Linear	

The parent company has entered into and recognized long term financial lease agreements as tangible fixed assets.

Book value of leased assets are included in Machinery and equipment with NOK 2 836 782 as of 31 Dec 2024 (31 Dec 2023: NOK 3 332 465).

Corresponding lease obligations are included in long term liabilities with NOK 2 311 820 as of 31 Dec 2024 (31 Dec 2023: NOK 2 943 134).

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Note 9 Tangible fixed assets (continued)

Group	Land and buildings	Machinery and equipment	Vessels and installations	Fixtures and equipment	Total
Accumulated acquisition cost as at 01.01	1 224 145 510	1 570 149 176	76 158 216	39 156 730	2 909 609 632
Additions	42 094 491	151 305 074	-	3 681 878	197 081 442
Disposals	-	-14 700 996	-	-504 428	-15 205 424
Currency translation differences	-	36 277	-	2 370 248	2 406 525
Accumulated acquisition cost as at 31.12	1 266 240 001	1 706 789 531	76 158 216	44 704 428	3 093 892 175
Accumulated depreciations as at 01.01	192 063 278	755 697 869	50 248 960	22 268 228	1 020 278 335
Depreciations for the year	51 446 514	142 423 328	3 780 000	5 935 980	203 585 822
Depreciations on disposals	0	-10 582 830	-	-90 667	-10 673 496
Currency translation differences	-	36 277	-	892 620	928 896
Accumulated depreciations as at 31.12	243 509 792	887 574 643	54 028 960	29 006 161	1 214 119 557
Net carrying value as at 01.01	1 032 082 232	814 451 307	25 909 256	16 888 502	1 889 331 297
Net carrying value as at 31.12	1 022 730 208	819 214 888	22 129 256	15 698 267	1 879 772 619
Useful economic life	10 - 25 years	5 - 10 years	20 years	5 - 10 years	
Depreciation plan	Linear	Linear	Linear	Linear	

The group has entered into and recognized long term financial lease agreements as tangible fixed assets.

Book value of leased assets are included in Machinery and equipment with NOK 307 706 746 as of 31 Dec 2024 (31 Dec 2023: NOK 250 779 691).

Corresponding lease obligations are included in long term liabilities with NOK 234 026 526 as of 31 Dec 2024 (31 Dec 2023: NOK 185 225 385).

Note 10 Investment in subsidiaries and associates

Parent company

Investment in subsidiaries	Location	Ownership/ voting rights	Book value
Hofseth AS	Syvde	100 %	507 000 000
Hofseth Aalesund AS	Ålesund	100 %	216 420 000
Seafood Farmers of Norway AS	Valderøya	100 %	209 047 889
Hofseth Logistics AS	Ålesund	100 %	7 000 000
Hofseth Property AS ****	Ålesund	100 %	209 005 000
Hofseth Processing AS	Ålesund	100 %	10 000 000
HIYR AS***	Ålesund	100 %	1 183 644 064
Meerbiocare GmbH	Hamburg	100 %	9 565 525
Hofseth International Inc*	Chicago	100 %	1 096 584
Hofseth Asia Pte. Ltd.**	Singapore	56,0 %	1 670 998
Nekst AS *****	Ålesund	77,4 %	16 455 492
Book value as at 31.12			2 370 905 552

* Hofseth International Inc. owns 100 % of Hofseth LLC.

** Hofseth Asia Pte Ltd. owns 100 % of Hofseth Shanghai.

*** HIYR AS owns 100 % of Hofseth Sea Farming AS, Hofseth Innovation AS, Hofseth Aqua Property AS and Hofseth Aqua AS. Hofseth Aqua AS owns 100 % of Aspy AS.

**** Hofseth Property AS owns 100% of Eeek AS.

***** There is contingent consideration related to the acquisition of shares in Nekst AS. Due to significant uncertainty associated with the estimate, it has not been recognized in the balance sheet as of 31 December 2024. If the contingent consideration is triggered, the carrying amount of the shares will increase accordingly.

Investment in associates	Business office	Ownership/ voting rights	Book value
Alsvåg Lakselakteri AS	Alsvåg	33 %	3 000 000
Atlas Premium SIA**	Riga	49 %	137 346 138
One Fish Company Ltd*	Torshavn	49 %	5 897 848
Sætregruppen AS	Vestnes	35 %	28 054 400
Hauge Aqua Innovation Holding AS	Bergen	50 %	49 975 958
Book value as at 31.12			224 274 344

* Share of equity does not include preferred shares.

** Including preference capital kr 137 346 138

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Note 11 Shares and interests in other companies

Parent company

<u>Company</u>	<u>Ownership interest</u>	<u>Acquisition cost</u>	<u>Book value</u>
Ava Ocean Holding AS	15,5 %	42 251 551	42 251 551
Norwegian Hydrogen AS	13,8 %	20 082 132	20 082 132
Nye Icefresh AS	37,0 %	44 459 630	44 459 630
Hofseth Biocare ASA (B-share)	18,4 %	150 740 936	150 740 936
Other investments		518 000	518 000
Total		258 052 249	258 052 249

Group

<u>Company</u>	<u>Ownership Interest</u>	<u>Acquisition cost</u>	<u>Book value</u>
Ava Ocean Holding AS	15,5 %	42 251 551	42 251 551
Norwegian Hydrogen AS	13,8 %	20 082 132	20 082 132
Nye Icefresh AS	37,0 %	44 459 630	44 459 630
Hofseth Biocare ASA (B-share)	18,4 %	150 740 936	150 740 936
Other investments		1 359 750	1 359 750
Total		258 893 999	258 893 999

Note 12 Intercompany balances with group companies and related parties

	Parent company		Group	
	2024	2023	2024	2023
<i>Long-term receivables</i>				
Group companies	111 505 643	23 871 397	-	-
Other related parties	181 435 946	326 810 373	209 529 277	332 782 512
Total	292 941 589	350 681 770	209 529 277	332 782 512
<i>Short-term receivables</i>				
Group companies	56 867 667	158 472 170	1 529 023 352	1 239 884 674
Other related parties	72 272 248	20 577 254	88 411 791	27 416 529
Total	129 139 915	179 049 424	1 617 435 143	1 267 301 203
<i>Long-term liabilities</i>				
Group companies	-	-	-	-
Other related parties	51 274 236	56 007 340	51 274 236	56 007 340
Total	51 274 236	56 007 340	51 274 236	56 007 340
<i>Short-term liabilities</i>				
Group companies	1 306 265 949	679 943 581	347 442 574	367 915 652
Other related parties	2 562 183	277 631	413 429 084	375 819 737
Total	1 308 828 132	680 221 212	760 871 658	743 735 389

For the parent company, balances with group companies includes dividends and group contributions recognized in 2024. The same applies to 2023. Long term receivables and liabilities between related parties are subject to interest calculation.

The following companies are considered as related parties: Nekst AS, Alsvåg lakseslakteri AS, Key P1 AS, Brilliant Invest AS, Ava Ocean Holding AS, Framroze Holding AS, RHI AS, Hofseth Biocare ASA, HBC Berkåk AS, Platina Seafood AS, Hauge Aqua Innovation Holding AS, Sætre settefisk AS, Icefresh AS, Nye Icefresh AS, Finnvik Eiendom AS, Ålesund Kipervikgata 13 AS, Incrementum Eiendom AS, Atlas Premium SIA (Latvia), Hofseth Europe GmbH (Germany) and Yokorei Co. Ltd. (Japan).

Note 13 Receivables

Maturity profile of long term receivables:

	Parent company		Group	
	2024	2023	2024	2023
Due within one year after the reporting period	-	-	-	-
Due within five years after the reporting period	309 347 898	350 683 770	267 639 556	361 288 382
Due more than five years after the reporting period	-	-	-	-
Total	309 347 898	350 683 770	267 639 556	361 288 382
Accounts receivable at nominal amount	4 612 088	52 345 607	1 833 267 118	1 584 551 703
Bad debt reserve	-	-	-1 783 880	-8 515 733
Accounts receivable net book value	4 612 088	52 345 607	1 831 483 238	1 576 035 970
Changes in bad debt reserve	-	-	-6 731 853	7 914 921
Realized losses	-	-	7 721 102	1 087 826
Total losses for the year	-	-	989 249	9 002 747

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Note 14 Inventory

	Parent company		Group	
	2024	2023	2024	2023
<i>Inventory</i>				
Raw materials	-	-	84 881 785	105 245 164
Finished goods, including goods for resale	-	-	1 375 745 961	1 332 755 028
Work in progress	-	-	133 946 537	358 258 000
Purchased finished goods for resale	-	-	-	-
Provision for obsolete inventory	-	-	-8 777 155	-12 484 383
Total	-	-	1 585 797 128	1 783 773 809

Change in finished goods and work in progress - - -181 320 530 381 272 261

Inventories at year-end are valued at the lower of cost and fair value.

Note 15 Investment in marketable securities

Company	Number of shares	Acquisition cost	Book value
Hofseth Biocare ASA	59 176 565	153 303 284	100 963 237

The shares are classified as current assets based on the purpose of the investment and are valued at fair value in accordance with the Accounting Act § 5-8. In 2024 the Group recognized a reduction in value in the income statement of NOK 54 638 928 (in 2023: reduction of NOK 39 578 142).

Note 16 Bankinnskudd og likvider

	Parent company		Group	
	2024	2023	2024	2023
Employee taxes, deposited in restricted bank account	2 032 540	1 728 159	11 807 120	7 737 815

Note 17 Share capital and shareholder information

The share capital in Hofseth International AS as at 31.12.2023 comprise of:

	Number of shares	Nominal value	Book value
Ordinary shares (A-shares)	1 079 486 673	0,10	107 948 667
Preferred shares (B-shares)	19 752 720	0,10	1 975 272
Total			109 923 939

B shares have no voting rights, but preferential rights over A shares. Shares in the same class have equal rights.

Hofseth International AS with subsidiaries is controlled by RH Investments AS and is included in the consolidated financial statements of RH Investments AS. The consolidated financial statements can be obtained from the company's office in Ålesund.

The shareholders of Hofseth International AS as at 31.12.2024 (ordinary shares):

Shareholders (A-shares)	Number of shares	Shareholding/ voting right
RH Industri AS	294 174 680	27,3 %
RH Investments AS	296 650 846	27,5 %
Yokorei Co. Ltd.	300 494 682	27,8 %
Asinvest AS	41 771 095	3,9 %
Håberg AS	28 780 121	2,7 %
Mixer Holding AS	27 480 000	2,5 %
Blackrock R. and C. Strategy Trust	18 993 283	1,8 %
Key P1 AS	17 050 030	1,6 %
Hofseth International AS (own shares)	27 560 998	2,6 %
Hofseth AS (subsidiary)	1 893 611	0,2 %
Other shareholders	24 637 327	2,3 %
Total	1 079 486 673	100,0 %

As of 31 December 2024, a total of 19,752,720 preference shares (B shares) with a nominal value of NOK 0.1 per share have been issued.

In 2024, 392,585,390 of Yokorei's B shares were converted into A shares, and 188,466,310 A shares were sold to RH Investments. In connection with the conversion, Yokorei temporarily received a higher number of A shares than what was justified by the underlying financial value at the time of conversion. The temporary excess number of A shares does not grant Yokorei any shareholder rights or obligations until it has been clarified whether a final adjustment to the number of A shares will be made. Once clarified, the final excess number of A shares will be cancelled in accordance with Chapter 12 of the Norwegian Companies Act.

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Note 18 Equity

Parent company	Share capital	Share premium	Treasury shares	Other equity / Uncovered loss	Total
Equity as of 01.01	109 923 939	1 736 421 179	-1 553 100	-319 148 342	1 525 643 676
Net result of the year				-102 544 437	-102 544 437
Capital reduction of preference share:	-1 975 272	-77 035 608			-79 010 880
Other changes in equity				-61 600	-61 600
Equity as of 31.12	107 948 667	1 659 385 571	-1 553 100	-421 754 379	1 344 026 759

Group	Share capital	Share premium	Treasury shares	Minority interest	Other equity	Total
Equity as of 01.01	109 923 939	1 736 421 178	-1 742 461	-3 419 844	225 320 150	2 066 502 962
Net result of the year				10 003 690	-45 321 562	-35 317 872
Capital reduction of preference share:	-1 975 272	-77 035 608				-79 010 880
Capital reduction						
Other changes in equity					820 219	820 219
Minority interest transactions				-2 965 743		-2 965 743
Currency translation differences and other items		-155 311		912 888	11 780 890	12 538 467
Equity as of 31.12	107 948 667	1 659 230 259	-1 742 461	4 530 990	192 599 698	1 962 567 153

Note 19 Long term liabilities, interest-bearing debt, guarantees and securities

	Parent company		Group	
Maturity profile of long term liabilities	2024	2023	2024	2023
Due within one year after the reporting period	95 535 233	95 505 233	207 951 252	213 459 364
Due within five years after the reporting period	372 887 698	376 523 156	1 315 158 749	1 292 585 242
Due more than five years after the reporting period	252 424 005	210 172 084	339 853 567	293 318 668
Total	720 846 937	682 200 474	1 862 963 568	1 799 363 274

Book value of debt and liabilities secured by collateral

Long term liabilities	590 561 821	626 193 134	1 705 635 044	1 741 654 730
Short term liabilities		512 167 394	1 010 845 393	1 366 275 237
Total	590 561 821	1 138 360 528	2 716 480 437	3 107 929 967

Book value of assets pledged as collateral for own debt

Licenses and other intangibles			974 074 600	941 300 000
Tangible fixed assets	5 418 701	7 278 428	1 879 772 619	1 889 331 299
Inventory			1 585 797 128	1 783 773 809
Receivables	454 874 319	610 654 277	2 354 005 198	2 340 835 649
Marketable securities	100 963 237	155 602 165	100 963 237	155 602 165
Other securities	2 853 232 145	2 619 268 458	483 168 343	335 971 731
Total	3 414 488 402	3 392 803 328	7 377 781 125	7 446 814 654

The parent company has on behalf of the company, Hofseth AS, Hofseth Aalesund AS, Seafood Farmers of Norway AS, Hofseth Aqua AS and Hofseth Aqua Property AS a syndicated loan with a drawdown limit of NOK 1.900 million and EUR 30 million, of which NOK 1.640 million and EUR 27.5 million has been utilized as of 31. december 2024. NOK 650 million of the utilized facility relates to inventory financing and is classified as short-term debt.

There are terms and financial covenants linked to the group's financing. An exemption from one of these terms has been granted as of the balance sheet date and for the first quarter of 2025. In April 2025, the company entered into new terms for the syndicated loan, effective from the second quarter of 2025, and expects to comply with the terms and covenants in future quarters.

Financial lease liability is included in long-term liabilities in the balance sheet. For the parent company, the book value of financial leasing debt amounts to NOK 2 311 821 as of 31.12.2024 (31.12.2023: NOK 2 943 134). For the group, the book value of financial leasing debt amounts to NOK 234 026 526 as at 31.12.2024 (31.12.2023: NOK 185 225 385).

The parent company has established a group banking account agreement.

In addition the parent company has provided a company banking account guarantee to the bank syndicate of NOK 151 million.

The parent company has also provided guarantees for the obligations of its subsidiaries associated with leasing facilities, credit insurance and factoring agreements.

Hofseth International AS has provided a guarantee of NOK 180 million to Yokorei Co. Ltd. (Japan) related to preference capital in Hauge Aqua Innovation Holding AS. The company's shares in Hofseth BioCare AS with a book value of NOK 100 963 237 is pledged as collateral for this guarantee and as guarantee for the syndicated loan.

Hofseth International AS has provided guarantees of approx. NOK 92 million on behalf of the associated company Atlas Premium.

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Note 20 Financial risk assesment

Market risk

The group is exposed to financial risk, particularly currency risk, in several areas. The group enters into foreign exchange forward contracts to reduce the currency risk. Currency hedging is carried out for the group by the parent company. With financing at floating interest rates, the group is exposed to changes in interest rates. The group is also exposed to fluctuations in raw material prices (raw material prices for salmon and trout), which affect margins and the determination of sales prices. The aim is to cover these exposures through customer and supplier agreements to the greatest extent possible. Time lags in price adjustments between purchase prices and sale prices are part of the market risk.

Credit risk

Historically the group companies have little loss on trade receivables. The group has credit insurance on most of its sale. As a result the credit risk is considered to be low.

Liquidity risk

The wholly owned companies are mainly financed with internal group financing. Liquidity risk is mainly linked to highly volatile commodity prices and liquidity reserves required for the currency hedging activities. Increase in raw material prices also increase the financing need for the group's working capital. Refinancing of the groups debt is in process in order to establish a more suitable financing structure.

Note 21 Hedge accounting

Foreign exchange forward contracts

Together with a related party the parent company enters into foreign exchange forward contracts on behalf of Hofseth AS, Seafood Farmers of Norway AS, Hofseth Aalesund AS og Hofseth Aqua AS to secure fixed exchange rates on expected future sales in USD, GBP, JPY and EUR, when sales may be reliably estimated by sales orders. The FX contracts are not recognized in the balance sheet. The company and group had the following open contracts at year end (numbers are reported net for each currency pair):

Contract	Buy	Sell	MTM -value 31.12
USD forward contract	NOK 937 658 634	USD 87 650 000	-NOK 58 393 205
EUR forward contract	NOK 956 863 170	EUR 80 800 000	-NOK 1 566 206
JPY forward contract	NOK 3 200 000	JPY 3 445 700	-NOK 1 439 139
USD put option		USD 111 433 000	-NOK 50 367 082
EUR put option		EUR 15 000 000	-NOK 1 561 016
Total			-NOK 113 326 649

MTM (mark-to-market) value as at 31. december 2024 represents an unrealized agio on open FX forward contracts, considering the implicit interest parts. As of 31.12.2024 the corresponding MTM was an unrealized disagio of NOK 56,4 million.

The parent company utilizes forward currency contracts and a currency account within the group account banking arrangement as hedging instruments for hedging of sale orders (hedged objects). Realized and unrealized agio/disagio are recognized in the income statement in the same period as realization of the hedged item. On 31 December 2024, NOK 73,3m is recognized on the balance sheet as current assets in the parent company related to hedging instruments. In addition, NOK 86,4m is recognized on the balance sheet as a short-term receivable in a sister company, for hedging instruments where the parent company has provided security.

Note 21 Contingent liabilities

Upon the termination of the R&D licenses in September 2024, Hofseth Aqua AS presented a settlement proposal to Ewos Innovation AS in accordance with the cooperation agreement entered into between the parties. The settlement process is ongoing, and relevant provisions have been recognized in the accounts as of year-end.