

Quarterly Report: Q3 2025

Hofseth International AS

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ABOUT HOFSETH GROUP

The Hofseth Group (Hofseth) is a leading Norwegian seafood company with a fully integrated value chain for salmon and trout, delivering responsible and profitable growth for more than 20 years. Hofseth's vision is to be a global leader in sustainable seafood production.

Hofseth is the sole aquaculture operator in Storfjorden in Sunnmøre, where 16,000 tonnes of salmon and trout were produced across five sites in 2024. In Tafjord, smolt is hatched and produced for the nearby farming locations. The fish is transported by the company's own wellboat or harvest vessel to the harvest plant in Ålesund.

Hofseth processed more than 46,000 tonnes of salmon and trout at the Group's four processing plants in 2024. The company utilizes the whole fish, and the residual raw material from salmon processing is refined into high-value products for human consumption through its sister company Hofseth Biocare ASA.

Products are sold through the company's own sales entities and partners worldwide, with the largest markets being the United States and Europe.

Q3 FINANCIAL PERFORMANCE SUMMARY

- Revenue of NOK 1,575m (NOK 1,809m) which is a 13% reduction compared to Q3 2024, due to lower sales in both Processing and Farming
- EBITDA of NOK 179m (NOK 167m), representing a 7% increase YoY mainly from a strong performance in the Processing division due to low salmon prices. This was partially offset by a weaker Farming division performance
- Leverage (ND / TTM EBITDA) at 7.0x and equity ratio at 23.4%

STRATEGIC INITIATIVES SUMMARY

- Activation of two R&D licenses took place during August, increasing MAB by 1,560t to a total of 7,595t, an increase of over 25%
- Egg project: signed contract for the composite mould construction with Brimer and remains on schedule
- Nekst project: construction is underway and remains on schedule
- Completed extension and rebuild at Seafood Farmers processing plant which increases smoke and fillet capacity
- After quarter-end, Hofseth closed the Syvde processing plant in order to proactively manage capacity in response to rising salmon prices
- Also after quarter-end, Hofseth concluded a major debt refinancing with the issue of a EUR300m senior secured green bond and NOK1bn Eksfin-backed RCF



GROUP FINANCIAL REVIEW

The Group delivered revenues of NOK 1,575m (NOK 1,809m), a reduction of 13% compared to the same quarter last year mainly driven by lower volumes sold both in Farming and Processing. Farming revenue saw a steep decline of NOK 183m (-40%) YoY and Processing revenue also reduced by NOK 83m (-5%) YoY. Processing generated revenues of NOK 1,489m (NOK 1,572m), where the decrease is mainly driven by lower volume sold. Farming generated total revenue of NOK 270m (NOK 453m), where the decrease YoY is mainly driven by lower volumes following the discontinued R&D collaboration with EWOS at during Q3 2024, as well as by lower salmon prices.

Group EBITDA was NOK 179m (NOK 167m), a 7% increase YoY. Salmon prices overall dropped significantly into the third quarter, which benefited Processing and offset the weaker performance in Farming. Processing delivered an EBITDA of NOK 161m (NOK 126m) which is a +28% increase YoY. Raw material prices were on average down close to 4% compared to the same period last year. Production volumes ramped up in the third quarter, but total sales volume ended up 15% lower YoY due to high sell-through in the year-ago period. The Farming segment delivered an EBITDA of NOK 18m (NOK 35m), a 50% decline compared to the same quarter last year mainly driven by lower sales price achievement and lower volumes. Overall, Q3 EBITDA is in line with the Company's expectations.

The Company delivered a net loss of NOK - 5.1m (NOK - 7.9m), a slight improvement YoY. The positive effect of higher EBITDA and FX YoY is nearly offset by higher net interest expenses and increased depreciation compared to the same period last year.

The total balance sheet of the Company was at NOK 8,230m (NOK 7,856m). The composition of the balance sheet has changed since the same period last year, impacted mostly by various strategic investments, issuance of the high yield bond and the full consolidation of Hofseth Development AS (the Egg development project), which has contributed to the increase in assets during the quarter. Total non-current assets were at NOK 4,072m (NOK 3,655m) whilst non-current interest-bearing liabilities were at NOK 2,686m (NOK 1,808m) at the end of the quarter. This was partly offset by the development in working capital at NOK 1,712m (NOK 1,228m) and a decrease of current interest liabilities at NOK 864m (NOK 1,175m).

The total equity position of Hofseth is NOK 1,929m (NOK 2,075m), representing a - 7% decline YoY mainly impacted by a negative net profit during the last 12 months along with a reclassification of the Hofseth Development AS B- shares from equity to debt. The equity level corresponds to an equity ratio for the Group of 23.4%.

Cash flow from operations was negative at NOK - 122m during the third quarter compared to NOK 151m in the year- ago period. The main driver of this was a significant reduction in the net working capital of NOK - 287m in the third quarter compared to NOK + 100m in Q3 of the previous year. Cash flow from investing activities was NOK - 130m (NOK - 11m) whilst cash flow from financing activities was largely driven by the increase in overdraft credit facilities. Net cash flow was therefore significantly lower YoY at NOK - 127m (NOK 6m), leading to a cash position at quarter- end of NOK 124m (NOK 87m).

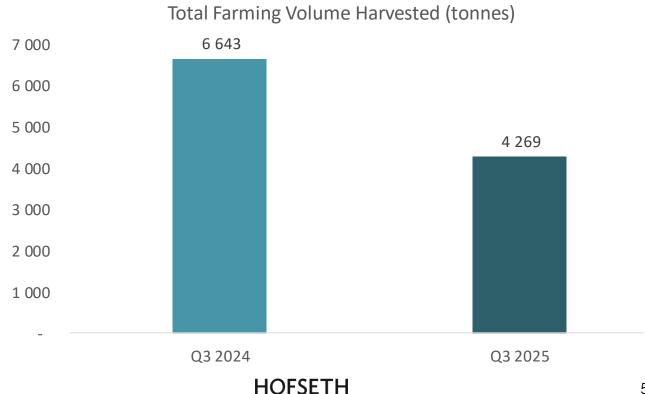
FARMING DIVISION FINANCIAL REVIEW

The Farming division harvested 4,269mt (6,643mt) during the quarter, which is -36% lower YoY. Trout represented 96.5% of the total volume harvested in the quarter. Average harvest-weight continue to improve and were 16% higher vs last quarter and 10% higher YoY. The lower overall harvest volume and higher harvest weight compared to the year-ago period are a direct result of the discontinuation of the EWOS R&D licenses during Q3 2024.

Following the general decline in salmon prices, Farming sales prices reduced by 9% YoY. The value chain optimization process continues with increasing production in the smolt and postsmolt facilities. Biomass was also allocated to the two new R&D licenses during Q3. These R&D licenses increase the MAB by more than 25% and will lead to higher cost efficiency and profit.

The Farming division is continuing the strong biological performance, with 12-month mortality of 5.9% (measured by fish count) and a quarterly mortality of 1.7%. The overall biological status on the fish in the sea is good with low sea lice pressure during Q3. The new submersible pens at the Bugane farming site which were installed in Q1 2025 are continuing to show positive results. The Farming division had full utilization of MAB during the quarter.

The Farming division generated revenues of NOK 269.5m (NOK 452.5m) during Q3, which is a -40% YoY reduction, driven by lower prices and volumes. Q3 EBITDA of NOK 17.7m (NOK 35.2m) decreased by 50% YoY reflecting the MAB constraints despite improving EBIT production cost of NOK64.0/kg, down 5% YoY. The improving production cost reflects the continued positive development in mortality and biological performance. The EBIT/kg for Q3 was at NOK -1.9 (NOK 1.0), reflective of the weaker EBITDA compared to same period last year.



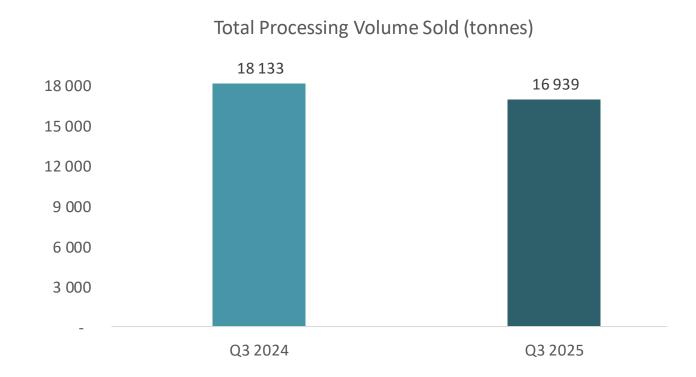
PROCESSING DIVISION FINANCIAL REVIEW

The Processing segment sold a total volume of 16,939mt (18,133mt) during the Q3, -7% lower YoY reflective of lower sell-through of inventories versus the elevated comparison period last year. Raw material prices were on average 5% lower compared to the previous quarter and close to 4% lower than the same quarter last year. Production volumes in the third quarter were 14 382mt, an increase of 11% compared to Q2 2025 and 24% compared to the same period last year. At the end of the quarter, finished inventory was 16% lower compared to levels in Q3 last year.

Average sales prices increased by almost 4% YoY but were 4.3% lower compared to the previous quarter. The Processing segment generated a revenue of NOK 1,489m (NOK 1,572m), a decrease of -5% YoY driven by lower volumes sold. The US market continues to represent the majority of sales for Hofseth's main products, representing more than 45% of total Processing main product sales although overall US sales volume was down -10% compared to YTD 2024 and -20% compared to the same quarter last year.

The Processing segment generated an EBITDA of NOK 161m (NOK 126m) during Q3 which is 28% higher than the same quarter last year.

The factory build out at Seafood Farmers of Norway AS was completed in Q3 and will enable increased production and reduced unit cost going forward. The expansion was the final step in the turnaround the plant has undergone.



OUTLOOK

The salmon price outlook has significantly improved since the end of the third quarter, with rising prices and expectations for similar or higher prices into the balance of the year. This has largely been driven by a tightening supply outlook from Norway.

The expectation previously was for the strong supply period to continue and salmon prices to remain weak into the year-end. Accordingly, this evolving macro dynamic has a material effect on the Company's operational plans and potential earnings. The Farming division is expected to benefit from the higher salmon price outlook but it will be more than offset by weaker results from the Processing division during Q4.

This fast-evolving salmon price picture has led to a mismatch between customer expectations of the salmon price in 2026 vs producer expectations. As a result, the Company took the strategic decision to materially reduce contract exposure heading into 2026. With salmon prices expected to now be very strong through at least the first half of 2026, minimising contract exposure reduces the Company's risk of locking in loss-making business for the year ahead.

The Company has also taken prompt action to temporarily reduce processing capacity. After the third quarter end, the Syvde factory was shuttered in order to reduce ongoing operating costs and right-size capacity versus current production levels.

On the other hand, the Farming division's earnings will benefit from the higher salmon price. Heading into 2026, the Farming division is set to begin a multi-year period of rapid double-digit volume growth thanks to the pipeline of attractive growth projects, which starts with first harvest contributions from both the R&D licenses and Nekst development licenses. Looking further out, farming volumes are set to continue growing very rapidly as Hofseth's farming growth projects progress according to plan.

Q3 profit was largely in line with expectations while Q4 is developing below expectations due to the rapid change in the salmon price. Accordingly, the Company is revising its full year EBITDA guidance to NOK500-575m. Expectations for full year Farming harvested volumes remain at approximately 14,500mt HOG and Processing volumes produced of approximately 49,000mt (previously 52,000mt).

The Company is continuing its strategy with confidence and is in a state of transformation into a fully vertically integrated salmon farmer with a unique and strong asset base, focused on maximising return on capital, developing cost leadership, and pursuing sales direct to the consumer.

CAPITAL STRUCTURE

As of the end of Q3 2025, equity amounted to NOK 1,929m, corresponding to an equity ratio of 23.4%. Net interest-bearing debt was NOK 3,952m, an increase from NOK 2,896m in Q3 2024. The main drivers of the increase in the net interest-bearing debt are the issuance of the senior unsecured bond and conversion of accounts payable from a key supplier into short-term interest-bearing debt of NOK 500m during Q2 2025. The leverage ratio (ND / TTM EBITDA) was 7.0x (5.2x), reflective of a higher lending base combined with somewhat lower TTM EBITDA impacted by the salmon market price volatility and market turmoil over the last year. The Group's main borrowings consist of long-term senior secured syndicate loans of NOK 1,900m, a senior secured loan of EUR 30m, and a revolving credit facility of up to USD 80m for the US distribution entity. In Q3 2025 the Group's total cash reserve was at NOK 124.3m (NOK 86.5m).

CONSOLIDATED INCOME STATEMENT

NOK thousands	Notes	Q3 2025	Q3 2024
Revenue		1 575 174	1 808 664
Cost of goods sold		1 054 180	1 263 201
Gross Profit		520 994	545 463
Salaries and wages		187 215	143 606
Other operating costs		154 885	235 040
EBITDA		178 894	166 817
Depreciation and Amortisation		60 635	54 713
Operating profit		118 258	112 104
Net interest expense		106 260	76 468
Net FX gains or losses		- 2327	20 260
Net other financial income or expenses		10 209	23 495
Unrealised gains or losses on listed securities		796	-
Total financial expenses		114 937	120 224
Profit before tax	•	3 322	- 8 119
Tax expense		8 486	- 209
Net profit for the period		- 5 164	- 7910

NOK thousands	Notes	YTD 2025	YTD 2024	FY 2024
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Revenue		4 469 170	4 918 318	6 488 028
Cost of goods sold		3 194 780	3 507 701	4 650 946
Gross Profit		1 274 390	1 410 618	1837082
Salaries and wages		483 471	366 326	513 552
Other operating costs		388 041	569 705	687 120
EBITDA		402 879	474 587	636 411
Depreciation and Amortisation		171 310	155 981	212 555
Operating profit		231 568	318 606	423 856
Net interest expense		268 413	221 610	301 262
Net FX gains or losses		- 12 048	19 553	
Net other financial income or expenses		34 365	52 443	90 602
Unrealised gains or losses on listed securities		- 4550	-	54 639
Total financial expenses		286 180	293 606	446 504
Profit before tax		- 54 611	25 000	- 22 648
Tax expense		- 4755	1 440	12 670
Net profit for the period		- 49 856	23 560	- 35 318

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NOK thousands	Notes	YTD 2025	YTD 2024	FY 2024
ASSETS	>		· ·	
Intangible non-current assets		1 205 691	941 711	975 437
Tangible non-current assets		2 157 146	1 905 532	1879772
Goodwill		83 126	89 065	102 194
Other non-current assets		626 105	718 528	750 808
Total non-current assets		4 072 069	3 654 836	3 708 211
Inventory	5	1 491 394	1 572 969	1 585 797
Receivables		2 436 620	2 386 514	2 086 366
Securities and shares		105 513	155 602	100 963
Cash and cash equivalents		124 315	86 539	90 432
Total current assets		4 157 841	4 201 624	3 863 558
TOTAL ASSETS		8 229 910	7 856 461	7 571 769
EQUITY AND LIABILITIES				
Equity	3	1 928 667	2 074 743	1 955 690
Non-controlling interests		0	0	6 877
Total equity		1 928 667	2 074 743	1 962 567
Deferred Taxes		34 151	67 449	55 744
Interest-bearing liabilities to financial instituti	ions	1 529 058	1 754 722	1 705 635
Other long term liabilities	4	1 157 398	52 921	157 329
Total non-current liabilities		2 720 608	1 875 092	1 918 708
Trade payables		2 005 485	2 456 552	2 474 105
Revolving credit facilities		864 321	1 175 075	1 010 845
Current provisions and other liabilities		710 830	274 999	205 543
Total current liabilities		3 580 636	3 906 626	3 690 494
TOTAL EQUITY AND LIABILITIES		8 229 910	7 856 461	7 571 769

CONSOLIDATED CASH FLOW STATEMENT

NOK thousands	Notes	١	Q3 2025	Q3 2024	١	/TD 2025	١	/TD 2024
Profit or loss before income taxes			3 322	- 8 119	-	54 611		25 000
Depreciation			60 635	54 713		171 310		155 981
Taxes paid in the period			-	- 23	-	27 299	-	23
Loss or gain from sale of non-current assets		-	0	9 558	-	373		9 558
Change in fair value of marketable securities			796	-	-	4 550		-
Change in inventory		-	143 623	240 815		94 404		210 805
Change in trade receivables		-	317 092	- 451 160	-	320 512	-	460 721
Change in trade payables			173 982	310 324		30 372		455 115
Change in other provisions			100 453	- 4916	-	119 819	-	149 280
Net cash flow from operating activities		-	121 526	151 192	-	231 077		246 435
Purchase of fixed assets		-	163 063	- 20 524	-	314 755	-	136 418
Proceeds from sale of fixed assets			52 535	-		63 737		-
Purchase of shares in other companies		-	19 302	9 115	-	19 302	-	25 885
Proceeds from sale of shares in other compani	ies		-	-		-		-
Net proceeds from other investments			-	-		-		-
Net cash flow from investment activities		-	129 830	- 11 409	-	270 320	-	162 303
Net proceeds from long term loans		-	17 221	4 283		892 755		8 279
Net proceeds from short term loans			-	-		-		-
Net change in bank overdraft			141 443	- 133 613	-	357 475	-	191 200
Payment of dividend			-	-		-		-
Proceeds from sale of shares in own company			-	-		-		-
Net proceeds from equity transactions			-	- 3 976		-	-	72 515
Net cash flow from financing activities			124 222	- 133 306		535 280	-	255 435
Net change in cash and cash equivalents		-	127 135	6 477		33 883	-	171 303
Cash and cash equivalents, beginning of perio	d		251 450	80 062		90 432		257 842
Cash and cash equivalents, end of period			124 315	86 539		124 315		86 539

NOTES TO THE ACCOUNTS

1. Accounting principles

The quarterly financial statements have been prepared in accordance with the Accounting Act and generally accepted accounting principles, including the standard for interim financial reporting (NRS 11). All significant accounting principles applied in the annual financial statements are described in the Group's published annual report.

A complete description of the accounting principles applied can be found in the 2024 Annual Report.

The figures in the interim financial statements are unaudited.

2. Group revenue by region

NOK thousands	Q3 2025	Q3 2024	YTD 2025	YTD 2024	FY 2024
North America	656 053	889 039	2 035 910	2 375 899	3 008 280
Europe ex Norway	384 518	393 393	1 227 974	1 061 545	1 631 073
Norway	306 808	280 588	657 818	838 398	917 297
Asia, Oceania	227 796	245 644	547 467	642 476	762 704
Total	1 575 174	1 808 664	4 469 170	4 918 318	6 319 354

3. Changes in equity

NOK thousands	30.09.2025	30.09.2024	31.12.2024
Total equity opening balance 01.01	1 962 567	2 066 503	2 066 504
Profit/loss of the year	-49 856	23 560	-35 318
Change of treasury shares	47 641	0	0
Capital reduction - preference shares	0	-79 011	-79 011
Other changes in equity	0	0	-2 147
Currency differences	-31 684	63 691	12 538
Total equity, closing balance	1 928 667	2 074 743	1 962 567

4. Specification of Other Long-Term Liabilities

NOK thousands	30.09.2025	30.09.2024	31.12.2024
Bond loan	954 230	0	0
Preference capital (Hofseth Development AS)	160 000	0	0
Other long-term loans	43 169	52 921	157 329
Total	1 157 398	52 921	157 329

5. Specification of inventory

NOK thousands	30.09.2025	30.09.2024	31.12.2024
Raw materials	108 886	145 797	133 933
Finished goods	814 735	945 451	901 934
Biological assets	567 772	481 721	549 929
Total	1 491 394	1 572 969	1 585 797

