Andfjord Salmon AS

Annual consolidated financial statements

2023

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in NOK thousand	**Notes**	**2023**	**2022**
Revenue from contracts with customers	*3.2*	37 279	-
Other operating income		-	113
Total operating revenue		**37 279**	**113**
Changes in biological assets at cost and other inventories	*5.1*	(1 162)	700
Cost of materials	*5.2*	(59 638)	(12 704)
Fair value adjustments of biological assets	*5.1*	25 707	14 285
Employee benefit expenses	*3.3*	(25 208)	(23 211)
Depreciation and amortisation expenses	*4.1, 4.2, 6.3*	(24 904)	(13 603)
Other operating expenses	*3.4*	(31 707)	(21 691)
Operating profit/(loss)		**(79 634)**	**(56 111)**
Financial income	*3.5*	12 187	1 836
Net financial costs	*3.5*	(2 340)	(2 402)
Net financial result		**9 847**	**(566)**
Profit/(loss) before income tax		**(69 787)**	**(56 677)**
Income tax expense	*3.7*	-	-
PROFIT/(LOSS) FOR THE PERIOD		**(69 787)**	**(56 677)**
Net other comprehensive income/(loss)		-	-
COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR		**(69 787)**	**(56 677)**
Earnings per share (in NOK):			
Basic earnings per share	*3.6*	(1,43)	(1,48)
Diluted earnings per share	*3.6*	(1,43)	(1,48)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in NOK thousand	**Notes**	**2023**	**2022**
ASSETS			
Non-current assets			
Intangible assets	*4.2*	14 389	8 556
Property, plant and equipment	*4.1*	876 632	498 386
Right-of-use assets	*6.3*	17 640	22 539
Other non-current assets		113	89
Total non-current assets		**908 774**	**529 570**
Current assets			
Biological assets	*5.1*	-	14 285
Other inventories	*5.2*	1 697	1 162
Other current assets	*5.3*	52 361	7 803
Cash and cash equivalents	*5.4*	250 032	82 911
Total current assets		**304 090**	**106 161**
TOTAL ASSETS		**1 212 864**	**635 731**

Amounts in NOK thousand	**Notes**	**2023**	**2022**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	*6.6*	57 013	41 039
Share premium	*6.6*	1 124 620	557 413
Retained earnings		(195 224)	(125 438)
Other reserves		7 278	2 690
Total equity		**993 688**	**475 704**
LIABILITIES			
Borrowings	*6.2, 6.4*	59 959	67 375
Lease liabilities	*6.3, 6.4*	9 340	13 296
Total non-current liabilities		**69 299**	**80 671**
Borrowings	*6.2, 6.4*	7 666	56 168
Lease liabilities	*6.3, 6.4*	4 511	4 683
Trade payables		131 134	10 361
Other current liabilities		6 567	8 144
Total current liabilities		**149 877**	**79 356**
Total liabilities		**219 176**	**160 027**
TOTAL EQUITY AND LIABILITIES		**1 212 864**	**635 731**

Roger Brynjulf Mosand ***Chair***	Roy Bernt Pettersen ***Director***	António Serrano ***Director***
Tore Traaseth ***Director***	Knut Roald Holmøy ***Director***	Bettina Flatland ***Director***
Kim Strandenæs ***Director***	Gro Skaar Knutsen ***Director***	Martin Rasmussen ***CEO***

Andøy
17 April 2024

CONSOLIDATED STATEMENTS OF CASH FLOWS

Amounts in NOK thousand	**Notes**	**2023**	**2022**
CASH FLOW FROM OPERATING ACTIVITIES:			
Profit/(loss) before income tax		(69 787)	(56 677)
Adjustments to reconcile profit/loss before tax to net cash flow:			
Depreciation and amortisation	*4.1, 4.2, 6.3*	24 904	13 603
Finance income/(expense), net	*3.5*	(9 847)	566
Share-based payment expense	*3.3.2*	4 588	2 690
Fair value adjustments of biological assets		(25 707)	(14 285)
Working capital changes:			
Increase in other inventories and biological assets at cost		39 458	(1 162)
Change in trade payables		4 556	(39 329)
Change in other current assets and liabilities		(1 666)	9 891
Interests received		12 187	1 836
Interests paid		(7 833)	(5 576)
Net cash flow from operating activities		**(29 148)**	**(88 443)**
CASH FLOW FROM INVESTMENT ACTIVITIES:			
Payment for property, plant and equipment	*4.1*	(320 559)	(89 498)
Payment for intangible assets	*4.2*	(6 307)	(6 204)
Receipt of government grants	*3.8*	-	5 000
Net cash flow from investing activities		**(326 866)**	**(90 702)**
CASH FLOW FROM FINANCING ACTIVITIES:			
Equity received	*6.6*	583 182	205 291
Proceeds from borrowings	*6.2, 6.4*	-	45 000
Repayment of borrowings	*6.2, 6.4*	(55 918)	(1 958)
Payment of principal portion of lease liabilities	*6.3, 6.4*	(4 128)	(1 195)
Net cash flow from financing activities		**523 136**	**247 138**
Net increase/(decrease) in cash and cash equivalents		167 121	67 993
Cash and cash equivalents as of 1 January		82 911	14 918
Cash and cash equivalents as of 31 December		250 032	82 911

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Amounts in NOK thousand	**Notes**	**Share capital**	**Share premium**	**Retained earnings**	**Other reserves**	**Total equity**
Balance at 1 January 2022		**35 934**	**357 226**	**(68 761)**	**-**	**324 399**
Profit for the year		-	-	(56 677)	-	(56 677)
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-	(56 677)	-	(56 677)
Capital increase		5 105	200 188	-	-	205 293
Share based payments to employees	*3.3.2*	-	-	-	2 690	2 690
Balance at 31 December 2022		**41 039**	**557 414**	**(125 438)**	**2 690**	**475 705**
Balance at 1 January 2023		**41 039**	**557 414**	**(125 438)**	**2 690**	**475 705**
Profit for the year		-	-	(69 787)	-	(69 787)
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-	(69 787)	-	(69 787)
Capital increase	*6.6*	15 974	567 208	-	-	583 182
Share based payments to employees	*3.3.2*	-	-	-	4 588	4 588
Balance at 31 December 2023		**57 013**	**1 124 622**	**(195 225)**	**7 278**	**993 688**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SECTION 1. Corporate information and basis of preparation

In brief

This section includes corporate information, basis of preparation, an overview of general accounting policies, key estimates, and judgements in the Group.

1.1 Corporate Information

These consolidated financial statements are made for the group comprised of Andfjord Salmon AS (to be renamed to Andfjord Salmon Group AS) and Andfjord Salmon AS (subsidiary) (the "Group" or "Andfjord"). The mother entity of the Group is Andfjord Salmon AS (to be renamed to Andfjord Salmon Group AS), which is a limited liability company incorporated and domiciled in Norway. The shares are currently traded in Euronext Growth Oslo. Andfjord Salmon AS (to be renamed to Andfjord Salmon Group AS) was established in 2014 and the registered office is located at Kvalnesveien 69, Andøy.

Andfjord Salmon's business is to farm salmon with the aim of selling to third parties when the fish has reached a mature state. At 31 December 2023, the Group is only devoted to the construction of its land-based salmon farming facility located in the intertidal zone on the eastern shores of Andøya, in Andøy municipality. During 2022, and until July 2023, the Group operated one salmon pool facility. The facility uses a seawater flow-through system that avoids issues with salmon lice and poisonous algae, prevents salmon escapement and is at the same time contributing to reduced feed waste.

As at 31 December 2023, Andfjord Salmon AS (to be renamed to Andfjord Salmon Group AS) has one subsidiary: Andfjord Salmon AS (subsidiary) (100% equity interest).

The consolidated financial statements for the year ended 31 December 2023 of Andfjord Salmon AS (to be renamed to Andfjord Salmon Group AS) were authorized for issue by the Board of Directors on 17 April 2024.

1.2 Basis of Preparation

The Group's consolidated financial statements are prepared in accordance with IFRS® Accounting Standards as adopted by the European Union (EU).

These are the first consolidated financial statement presented by the Group, and have been prepared as a consequence of a triangular merger between Andfjord Salmon AS (to be renamed to Andfjord Salmon Group AS), Andfjord Salmon AS (subsidiary) and Andfjord Temp AS (merged into Andfjord Salmon AS (subsidiary) on 16 December 2023). Andfjord Salmon AS (subsidiary) took over all assets, rights and obligations in Andfjord Temp AS, with the issuance of consideration in Andfjord Salmon AS. These transactions occurred on 16 December 2023.

The Group has prepared consolidated financial statements at 31 December 2023, together with the comparative periods for the year ended 31 December 2022. As the Group did not exist in 2022, these consolidated financial statements are those reported in the individual annual financial statements of Andfjord Salmon AS.

All amounts are presented in NOK (Norwegian kroners), and rounded to the nearest thousand, unless stated otherwise.

These 2023 consolidated financial statements have been prepared based on the going concern assumption. When preparing consolidated financial statements, management has assessed the Group's ability to continue as a going concern. There are no material uncertainties related to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

Critical accounting judgements, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS® Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

In the case of the Group, the areas involving significant estimates or judgements were mainly related to measuring the fair value of the biomass, until that uncertainty was resolved when the production cycle was completed and salmon was sold during 2023. See Note 5.1 for further information.

Therefore, Management notes that these consolidated financial statements contain no areas subject to significant judgments or estimates, even though some areas require certain degree of judgement and estimates by Management:

- Capitalisation criteria of expenditures with respect to PPE
- Assessing impairment indicators in the PPE being developed by the Group including considerations in regards to the climate-related risks as specified further below in this note.

Estimates and judgements are evaluated on an ongoing basis, and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

1.2.1 Climate-related risks

Management has assessed the potential effects that climate-related matters may have on the Group's operations and consolidated financial statements.

Climate-related risks can take the form of both physical, political and transition risks, that may lead to potential effects in the Group's consolidated financial statements. Physical risks are risks of economic ramifications resulting from climatic events such as extreme weather and long-term environmental changes. Political risks are risks of regulatory changes. Transitions risk relate to shifts in consumer behavior and technological advancements, resulting from the process of transitioning away from reliance on fossil fuels towards renewable energy sources. Physical risks are considered when determining the remaining useful life of PPE, and on the assessment of impairment indicators (see Note 4.1).

Andfjord Salmon's flow-through system with laminar water flow consumes a minimal amount of energy with relatively low operating costs, and its land-based facility is sustainable with minimal impact on the surrounding environment. The farming facilities are recently constructed following the appropriate standards, so it is highly unlikely that these will be materially affected by climate-related events in the foreseeable future. Therefore, physical risks and transition risks from climate change are not considered to affect the Group's operations significantly.

Changes in the regulatory and legal environment related to adverse environmental effects from the salmon farming industry may potentially affect the Group's operations and future income tax and levies payments, but no significant policy adjustments for onshore salmon farming have been signaled by the regulators or the current administration.

New standards and interpretations adopted

The Group has applied certain amendments to the standards and interpretations that are effective for annual periods beginning 1 January 2023. None of the amendments and interpretations applied had impacts on the amounts recognised in the current or previous periods, and are not expected to affect future periods.

The amendments to IAS 1 required companies to provide information about material accounting policy information, as compared to the requirement to disclose “significant” accounting policies before this amendment was effective. To assist companies in assessing materiality, the IFRS® Practice Statement 2 Making Materiality Judgements provides guidance and examples on how to make materiality judgements for accounting policy information disclosures.

The application of these amendments to IAS 1 resulted in the review and reorganisation of accounting policy information provided in the previous annual financial statements of the Group, necessary to meet the objective of the IAS 1 amendment.

New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

1.3 Summary of General accounting policies

1.3.1 Impairment of non-financial assets

At each reporting date, the Group assesses whether there is an indication of impairment of its non-financial assets, of which the most important asset is the property, plant and equipment held by the Group. Management assesses both internal and external sources of information, including but not limited to technological, market, economic or legal environment considerations, in respect to the salmon industry and affecting the land-based facilities. Management has not found any indication of impairment of its non-financial assets during 2023 or 2022.

The Group considers in its assessment whether climate-related risks could have a significant impact on the carrying amount of the Group’s assets, such as the effects of long-term environmental changes on fish farming production, or the introduction of emission-reducing legislations that may increase costs. These risks are included as key assumptions where they materially impact the measure of the recoverable amount. See Note 1.2.1 for more information.

1.3.2 Statement of cash flows

The cash flow statement is prepared using the indirect method.

Interest paid on trade payables and interest received on trade receivables are presented as operating cash flows. Interests paid on borrowings are classified as operating cash flows.

Cash flows are only classified as investing activities if they result in the recognition of an asset in the statement of financial position.

Cash payments for the principal portion of the lease liabilities are presented as cash flows from financing activities, whereas cash payments for short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities are presented as cash flows from operating activities.

SECTION 2. Significant transactions and events during the reporting period

In brief

This section summarizes significant transactions and events that occurred during the reporting period.

2.1 Significant transactions and events during the reporting period

The main transactions and events in relation to the Group are the following ones:

Transactions and events	Disclosure notes
Andfjord Salmon successfully restructured as a Group.	Note 1.2
The Group successfully completed the first production cycle of salmon during the second half of 2023, resulting in the sale of harvested salmon.	Notes 3.1 and 5.1
After the first production cycle of salmon was completed, the Group initiated the production phase for 12 additional pools for growing salmon.	Note 4.1
The Group completed a private placement during 2023.	Note 6.6.3
The Group entered into a loan facility agreement after the end of the reporting period, which including the refinancing of debt held with financial institutions at 31 December 2023.	Note 7.4

Other than those noted above, the Group has presented material information of its financial position, highlighting any material changes, policies, judgements and estimates in the Group for the period presented.

SECTION 3. Results of the year

In brief

This section provide insights into the financial performance of the Group over the periods presented, including those relating to financing activities, employee costs, taxes and government grants.

3.1 Segment Information

Accounting policies

Operating segments are components of the Group regularly reviewed by the chief operating decision maker (CODM) to assess performance and be able to allocate resources. The Board of Directors as a whole is considered to be, collectively, Andfjord Salmon's CODM. The Group as a whole is operated as a single segment.

Andfjord Salmon has no operating pools as at 31 December 2023 due to property development. One pool has been operating until mid-2023. Further details on the sale of salmon during 2023 has been included in Note 3.2.

All non-current assets held by the Group are located in Norway.

3.2 Operating income

Accounting policies – Revenue from contracts with customers

Revenue was recognised at the point in time salmon was physically delivered to the customer and all significant risks and rewards were transferred to the customer. The transaction price was not subject to any significant variable consideration.

Total operating income	**2023**	**2022**
(Amounts in NOK thousand)		
Revenue from contracts with customers	37 279	-
Other operating income	-	113
Total operating income	**37 279**	**113**

Revenue from contracts with customers arose from the sale of salmon that was recognised as biological assets at 31 December 2022. See Note 5.1 for further details in respect to this.

3.3 Employee benefits

Accounting policies

The Group recognizes the undiscounted amount of short-term employee benefits expected to be paid to its employees in exchange for their services. Obligations for short-term employee benefits mainly include wages and salaries; bonuses; annual leave and accumulated sick leave that are expected to be settled within twelve months of the reporting date. Employee benefit obligations are included in the 'other current liabilities' in the statement of financial position.

The Group has incurred in the following employee benefit expenses:

Employee benefits	**2023**	**2022**
(Amounts in NOK thousand)		
Salary expenses and bonuses	21 076	17 892
Share based payments	4 588	2 690
Other benefits	458	1 836
Social security cost	1 407	1 074
Pension cost (defined contribution)	2 540	2 114
Total employee benefits before capitalisasion (*)	**30 069**	**25 606**
Capitalised emplyee benefits	(4 861)	(2 395)
Total employee benefits after capitalisasion	**25 208**	**23 211**

(*) The Group decided to present employee benefits before and after capitalisation made for works performed by the Group, mainly in relation with the construction of its new pools (see Note 4.1). Consequently, amounts presented for 2022 are restated accordingly.

During 2023, the average number of employees was 23 (2022: 19).

See Section 7.1.1 for further information on remuneration to its key management personnel.

3.3.1 Defined contribution plans

Accounting policies

The Group has a defined contribution plan for its employees, where payments are made through an insurance Group. Cost from the defined contribution plans is recognised when payable. The Group does not hold any credit or actuarial risks from these contribution plans.

With respect to its defined contribution plans, Andfjord Salmon has a defined contribution plan in accordance with local laws. The defined contribution plan covers all employees and amounts to between 7.0% and 18.1% of the gross salary. As at 31 December 2023 there were 23 members in the plan (2022: 17).

3.3.2 Share based payments

Accounting policies

Share-based compensation programs are provided to the Group's employees. These programs are equity-settled, since services rendered by the employees will be settled with the Group's own equity instruments.

The cost of the equity-settled program is measured at the fair value of the options, at the grant date. The cost is recognized as 'employee benefit expenses', with a corresponding increase in equity, over the vesting period. The vesting period is the period over which the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its best estimates of the number of options expected to vest, recognising in the statement of comprehensive income the difference between the cumulative expense at the beginning and period-end dates, with a corresponding adjustment to equity.

When the options vest in annual instalments over the vesting period, in substance it implies that each instalment has a different vesting period. Therefore, the Group accounts for each "tranche" as a separate award.

The Group recognises social security taxes from its share-based payments in line with IAS 37 'Provisions, contingent liabilities and contingent assets'. The Group assumes that the activity that triggers the payment is the granting of the options to its employees, and measures the liability as the share price per the reporting date, minus the strike price of the options, multiplied by the current applicable social security tax rate.

In June 2022 Andfjord Salmon established a Long-Term Incentive Program for the Group's Management and employees, under which the Group will deliver share options as part of the consideration for the services rendered by its employees. The incentive program consists of equity settled share options.

The options granted have equal terms for all employees. The program is divided into three different tranches, with vesting periods ranging from one to three years starting at grant date 30 June 2022. An equal amount of shares vest in each of the three tranches. The earliest exercisable date is 1 January 2027 and the expiry date is 30 June 2031. These dates are the same for all options independently of vesting period or employee. During 2023, the Group has granted additional options under the same terms.

Employee share option plan	Earliest exercise date - expiry date	Stike price	Number of options
Number of options as at 1 January 2022		-	-
Options granted	1 January 2027 -30 June 2031	41,945	503 520
Correction for employees who have left during the year			-
Number of options as at 31 December 2022			**503 520**
Weighted average remaining vesting period			1,5 years

Employee share option plan	Earliest exercise date - expiry date	Stike price	Number of options
Number of options as at 1 January 2023		41,945	503 520
Options granted	1 January 2027 -30 June 2031	41,945	248 800
Correction for employees who have left during the year			(15 000)
Number of options as at 31 December 2023			**737 320**
Weighted average remaining vesting period			1 year

The Group assessed fair value at the grant date for the options granted in June 2022 was NOK 17.49 per option. The Group has calculated the value of the options using the Black-Scholes options pricing model, with the following main assumptions:

Assumptions share-based payment program	2023	2022
Expected dividend yield	0,0 %	0,0 %
Historical volatility	38,4 %	35,6 %
Risk-free interest rate	3,3 %	3,0 %
Expected life of option (years)	3	5,5

Due to the Group’s limited length of share price history, expected volatility used in the calculations are estimated based on implied volatility of similar traded entities.

As any dividend payment during the options’ vesting period is regulated with a proportional adjustment of the exercise price, the dividend parameter is not included in the calculations.

3.4 Other operating expenses

Other operating expenses	**2023**	**2022**
(Amounts in NOK thousand)		
Expenses related to short-term and low-value leases	662	789
Legal and consultancy services (incl. remuneration to auditors)	10 668	7 088
Sales and marketing costs	7 848	3 165
Maintenance (incl. materials and other small equipment)	2 418	2 076
Insurance and bank fees	950	728
Energy expenses (fuel, electricity, water, etc.)	1 831	1 020
IT costs	3 844	1 862
Other taxes and levies	109	108
Other expenses	3 376	4 855
Total other operating expenses	**31 707**	**21 691**

Auditor's remuneration	**2023**	**2022**
(Amounts in NOK thousand)		
Statutory audit fees	523	338
Other assurance services	1 232	53
Total auditor's remuneration	**1 755**	**391**

3.5 Finance income and costs

Finance income and costs	**2023**	**2022**
(Amounts in NOK thousand)		
Financial income	**12 187**	**1 836**
Interest from bank deposit	12 136	1 790
Other financial income	51	46
Financial costs:	**(7 173)**	**(5 888)**
Interests on borrowings	(5 860)	(4 288)
Net foreign currency loss	(16)	(34)
Interest expense on lease liabilities	(658)	(700)
Other financial expense	(639)	(866)
Capitalised borrowing costs	**4 834**	**3 486**
Net finance result	**9 848**	**(566)**

3.6 Earnings per share

Accounting policies

Basic earnings per share is calculated by dividing the profit attributable to owners of Group, excluding any costs of servicing equity other than ordinary shares; by the weighted average number of ordinary shares outstanding during the financial year, adjusted for treasury shares (see Note 6.6).

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share, to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and the weighted average number of additional ordinary shares that would have been outstanding, assuming the conversion of all dilutive potential ordinary shares.

A potential ordinary share is a financial instrument or other contract that may entitle its holder to ordinary share, and whose conversion into an ordinary share would lead to a reduction in earnings per share or an increase in loss per share from continuing operations.

Options granted to its employees by the Group through its Long-Term Incentive Program (Note 3.3.2 contains further information) are considered dilutive potential ordinary shares. Dilutive potential ordinary shares are included in the denominator to arrive to the diluted earnings per share, to the extent they are dilutive. Therefore, these shares have not been treated as dilutive in the diluted earnings per share calculation, as the conversion of these shares would decrease the loss per share of the Group.

Basic and diluted earnings per share	**2023**	**2022**
Profit/(loss) for the year	(69 787)	(56 677)
Weighted average number of shares used as the denominator		
Weighted average number of shares used in basic earnings per share	48 657 358	38 291 331
Dilutive effect of granted share options	-	-
Weighted average number of shares used in diluted earnings per share	48 657 358	38 291 331
Basic earnings per share (NOK)	**(1,43)**	**(1,48)**
Diluted earnings per share (NOK)	**(1,43)**	**(1,48)**

The options have not been included in the determination of basic earnings per share. In the future, these options could potentially dilute basic earnings per share.

3.7 Income tax

3.7.1 Income Tax Expense

Accounting policies

The income tax expense or credit for the period is the tax payable on the current period’s taxable income, based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Deferred taxes are calculated at 22% of the temporary differences between book value and tax values, in addition to tax losses carried forward at the end of the accounting year.

The income tax rate has been determined by using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax assets are realised or the deferred income tax liabilities are settled.

Income tax expense	**2023**	**2022**
(Amounts in NOK thousand)		
Current income tax	-	-
Change in deferred tax	-	-
Total income tax expense	**-**	**-**

3.7.2 Deferred Tax Balances

Accounting policies

The Group is subject to ordinary Norwegian company tax with a tax rate of 22%. Because of timing differences between the financial statements and the tax rules, there will be temporary differences that give rise to deferred tax liabilities or deferred tax assets.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and tax losses.

Deferred tax balances	**2023**	**2022**
(Amounts in NOK thousand)		
Tangible fixed assets	(18 041)	(13 128)
Leases	(3 789)	(4 569)
Inventories biological assets	-	2 478
Receivables	-	-
Allocations and more	14 481	13 578
Other differences	7 398	6 763
Total deferred tax relating to temporary differences	**49**	**5 122**
Tax losses to carry forward	260 361	161 912
Not included in the deferred tax calculation	(260 410)	(167 034)
Basis for deferred tax assets (liabilities)	**-**	**-**
Carrying value of deferred tax assets (liabilities)	**-**	**-**

Deferred tax asset is not recognized in the balance sheet.

3.7.3 Reconciliation of Income Tax Expense

Reconciliation of income tax expense	**2023**	**2022**
(Amounts in NOK thousand)		
Profit before tax	(69 787)	(56 677)
Expected income tax at statutory income tax rate of 22% (2021: 22%)	(15 353)	(12 469)
Permanent differences	(5 189)	(1 823)
Change in unrecognised deferred tax asset	20 542	14 292
Calculated tax expense/(income)	**-**	**-**

3.8 Government grants

Accounting policies

Government grants are recognized when there is a reasonable assurance that the Group complies with the conditions attaching to them; and the grant will be received. When government grants relate to assets, the Group recognizes the grant as a reduction in the carrying value of the asset, and therefore as a reduction of the depreciation expense for subsequent measurement. When grants relate to expenses, the Government grant is recognized as a reduction of the expense over the period that the related costs are expensed.

Skattefunn

Andfjord Salmon has received during 2023 NOK 4 750 thousand in grants from Skattefunn in connection with the tax settlement for 2022; and it's expected to receive NOK 903 thousand for the 2023 tax settlement. These grants are presented as 'other receivables', until the amounts are settled.

Innovasjon Norge

The Group has not received any payments in 2023 from Innovasjon Norge (2022: NOK 5 000 thousand) and there are no further grants approved or payments to be received as at year-end 2023.

Others

During 2022 the Company has received grants of NOK 1 100 thousand from Samskap, which is a program that supports projects that contributes to innovation, jobs and increased housing in Andøy municipality.

SECTION 4. Invested capital

In brief

This section provide insights into the disclosures in relation to the capital invested by the Group in its tangible and intangible assets.

4.1 Property, plant and equipment

Accounting policies

Property, plant and equipment ('PPE') is initially recognised at cost and subsequently measured at cost less accumulated depreciation and impairments.

The following table summarizes the useful life and depreciation method by class of asset:

	Land and buildings	**Machinery and plant**	**Furniture, tools and others**	**Facilities for farming**	**Assets under construction**
Depreciation method	Buildings: straight-line. Land not depreciated	Straight-line	Straight-line	Straight-line	Not applicable
Useful life	50 years	5-20 years	3-10 years	5-50 years	Not depreciated

Estimated residual values and expected useful lives of assets are reviewed by the Group at least annually. In estimating the remaining useful lives of the assets, Management considers the expected level of use; the expected physical wear and tear together with the maintenance plans; and any technical, legal or commercial obsolescence arising from, among others, laws and regulations affecting health, safety or environmental regulations.

Each significant component is identified separately for depreciation purposes and depreciated over its individual useful life. When a significant component is replaced, the old component is derecognized and the new component capitalized, if its cost is recoverable.

Property, plant and equipment	Land and buildings	Machinery and plant	Furniture, tools and others	Facilities for farming	Assets under construction	Total
At 1 January 2022						
Cost	19 553	-	1 846	4 448	396 610	422 457
Accumulated depreciation	(111)	-	(327)	(1 452)	-	(1 890)
Net book amount	**19 442**	**-**	**1 519**	**2 996**	**396 610**	**420 567**
Year ended 31 December 2022						
Opening net book amount	19 442	-	1 519	2 996	396 610	420 567
Additions	6 588	1 066	3 052	39 384	37 895	87 985
Transfers	72 832	31 047	1 762	255 435	(361 076)	-
Depreciation	(312)	(1 359)	(1 010)	(7 485)	-	(10 166)
Closing net book amount	**98 550**	**30 754**	**5 323**	**290 330**	**73 429**	**498 386**
At 31 December 2022						
Cost	98 973 -	32 113 -	6 660 -	299 267 -	73 429 -	510 442
Accumulated depreciation	(423) -	(1 359) -	(1 337) -	(8 937) -	- -	(12 056)
Net book amount	**98 550**	**30 754**	**5 323**	**290 330**	**73 429**	**498 386**
Year ended 31 December 2023						
Opening net book amount	98 550	30 754	5 323	290 330	73 429	498 386
Additions	6 440	(1 213)	891	2 685	393 268	402 071
Other movements				(5 653)		(5 653)
Depreciation	(398)	(2 909)	(1 543)	(13 322)	-	(18 172)
Closing net book amount	**104 592 -**	**26 632 -**	**4 671 -**	**274 040 -**	**466 697**	**876 632**
At 31 December 2023						
Cost	105 413	30 900	7 551	296 299	466 697	906 860
Accumulated depreciation	(821)	(4 268)	(2 880)	(22 259)	-	(30 228)

Net book amount	**104 592**	**26 632**	**4 671**	**274 040**	**466 697**	**876 632**

Note 6.2.2 discloses information on the amount of property, plant and equipment that are pledged as security for borrowings.

Note 7.2 discloses information of contractual obligations to purchase, construct or develop property, plant and equipment or for repairs, maintenance or enhancements.

4.1.1 Significant additions during the period

Accounting judgments and estimates

Management assesses to which extent costs are directly attributable to bringing the assets into the condition for them to operate in the intended manner. In this sense, Management considers own employees with direct responsibilities for the building of the pools to meet the capitalisation criteria for capitalisation, excluding general management, administrative and finance roles.

The Kvalnes land-based pool

After the successful production cycle of the first pool at Kvalnes, resulting in the first sale of salmon. Andfjord has started the development of 12 additional pools to reach an annual production capacity of 19,000 tonnes HOG yearly. The project is estimated to be completed by mid-2027. The first 4 new pools is expected to be ready for production by mid-2025, increasing the production capacity to 8,000 tonnes HOG yearly.

In this context, the significant additions to assets under construction during 2023 mainly relates to development of the land by excavating the rock pits, improving the port area and building the waterways to the facility.

4.1.2 Capitalisation of borrowing costs

Accounting policies

Specific borrowing costs that are directly attributable to the construction of an asset that necessarily takes a substantial period to get ready for its intended use (a qualifying asset) are capitalized as part of the cost of the respective asset. The Group interprets ‘substantial period’ one year or more. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

The Group has incurred in general borrowings that form part of the funds used to finance a project, and it has capitalized its borrowing costs using a weighted average of rates applicable to relevant general borrowings of the Group during the period.

All other borrowing costs are recognized in the statement of comprehensive income in the period in which they are incurred.

The amount of borrowing costs capitalized during the 2023 period has been NOK 4 834 thousand (2022: NOK 3 487 thousand), and the amount of assets under constructions have significantly exceeded the amount of borrowings held by the Group.

4.2 Intangible assets

Accounting policies

Intangible assets are initially recognised at cost and amortized to their residual values over their economic useful life using the straight-line method.

The following table summarizes the useful life and depreciation method by class of intangible asset:

	Licenses, patents, and similar rights	**Other intangible assets**
Amortisation method	Straight-line	Straight-line
Useful life	10-20 years	5 years

Estimated residual values and expected useful lives of assets are reviewed by the Group at least at each financial reporting date.

Intangible assets	**Licenses, patents, and similar rights costs**	**Other intangible assets**	**Total**
(Amounts in NOK thousand)			
At 1 January 2022			
Cost	1 671	1 028	2 699
Accumulated amortisation and impairment	-	(34)	(34)
Net book amount	**1 671**	**994**	**2 665**
Year ended 31 December 2022			
Opening net book amount	1 671	994	2 665
Additions	-	4 130	4 130
Additions - capitalised development	2 074	-	2 074
Amortisation charge	(31)	(282)	(313)
Closing net book amount	**3 714**	**4 842**	**8 556**
At 31 December 2022			
Cost	3 745	5 158	8 903
Accumulated amortisation and impairment	(31)	(316)	(347)
Net book amount	**3 714**	**4 842**	**8 556**
Year ended 31 December 2023			
Opening net book amount	3 714	4 842	8 556
Additions		6 997	6 997
Amortisation charge	(187)	(977)	(1 164)
Closing net book amount	**3 527**	**10 862**	**14 389**
At 31 December 2023			
Cost	3 745	12 155	15 900
Accumulated amortisation and impairment	(218)	(1 293)	(1 511)
Net book amount	**3 527**	**10 862**	**14 389**

The additions in «other intangible assets» in 2023 is mainly related to work on licences.

4.2.1 Development costs

During 2023, the Group was developing its Laminar Flow Technology for its current and future salmon farming pools. Expenditures incurred during the development stages of these pools have been capitalized to the extent that they meet the requirements.

SECTION 5. Working capital

In brief

This section provide insights into the disclosures in relation to items considered part of the working capital of the Group, typically with a short-term nature, and related to its operating activities.

5.1 Biological assets

5.1.1 Summary of accounting policies for biological assets

Accounting policies

The Group´s biological assets during 2022 and 2023 comprise live salmon stock. The smolt is acquired and released into the Group's operating pool, and remain there until its ready to be harvested, which is when the salmon is considered mature.

The accounting treatment of biological assets is regulated by IAS 41 'Agriculture'. According to IAS 41, biological assets are recognized and measured at fair value less cost to sell at each reporting period. However, when there is little biological transformation, the cost of biological assets is deemed to be a close approximation to its fair value. This is the case of the smolt that has been acquired, but not released into the pools yet.

Management has considered the approach to measure fair value of the biomass, in accordance with IFRS 13 'Fair value', at each reporting period during the growing phase. Transactions with live, unmatured salmon are rare. Also, those transactions would not reflect the highest and best use for the Group's biological assets. Therefore, the market approach for estimating fair value would not be at optimal approach for the Group.

The income approach is applied to estimate the fair value of the salmon stock, by which future cash flows from selling the salmon at harvest date are discounted to a single current amount. The valuation model for the salmon considers the highest and best use for salmon, which Management believes corresponds to the moment when the salmon is ready to be harvested (see Note 5.1.2 for Management's assumption on optimal weight).

The valuation model requires the use of several significant inputs, part of which are not observable. Therefore, the fair value it is considered 'level 3' in the fair value hierarchy. Significant unobservable inputs include the cost to complete; the biomass' weight and quality; the implied discount rate and estimated growth rate of salmon. The significant observable inputs are the forward market price of salmon at the expected time of harvest. Environmental or operational incidents leading to mortality exceeding a rate of 3% from that single incident. Will be recognised under 'cost of materials" in the statement of comprehensive income.

Only one set of assumptions was used, as the Group only operates one location during 2023.

The change in the fair value of biological assets is recognised in the statement of comprehensive income as 'fair value adjustments of biological assets'. The accumulated costs from incident-based mortality will reduce the fair value of the biological assets in the statement of financial position, and is recognised as 'cost of materials' in the statement of comprehensive income.

5.1.2 Main judgments and assumptions for the valuation of the biomass

Accounting judgments and estimates

The valuation model for the salmon livestock considers the highest and best use for salmon, which Management believes corresponds to a live weight of approximately 4.8 kg, and a gutted weight of 4.0 kg when harvested.

The Group estimates the fair value of the biomass at each reporting period using a model following an income approach.

Estimated future cash inflows

Future cash inflows are estimated based on the estimated biomass volume, and price at the expected harvesting date. Biomass volumes are estimated based on the number of fish in the pools, adjusted by expected mortality, and multiplied by the expected average weight of salmon at the harvest date. The expected price at harvesting date is calculated using the Fish Pool forward price at the harvest date, adjusted for costs to sell the fish, such as harvesting costs, transportation etc. The Fish Pool forward prices are also adjusted for differences in quality.

An increase in the forward price will increase the fair value of the salmon biomass. However, the effect will be compensated by the deductions of costs to complete at each point in time. Only changes in prices when the salmon is matured has a full effect on the value of the biomass. Equivalent effects can be expected when the source of the change is due to the deduction of costs to sell.

The following forward price was estimated at harvesting time, corresponding to the forward price at optimal weight time, from Fish Pool have been considered by the Group for the expected harvesting dates for its biomass:

Expected harvesting period	**Forward price at harvest dates**
(Amount in NOK per kg)	
Aug-23	77.50

At harvest date, the mortality for the live salmon in was expected at 3%. The actual rate was 2.5% after transportation to process harvested salmon for sale.

Estimated future cash outflows

Future cash outflows are defined as the costs to complete the salmon lifecycle at each point in time. This includes costs necessary to grow the fish to its optimal weight, which main components are fodder and other direct costs. The estimation of the fodder costs depends on future fodder prices, but also expected conversion rate, measured as gained weight of the salmon stock per kg of fodder released in the fish pools.

Fair value interpolation

Estimated net cash flows are discounted at each point in time using an interpolation method where the two known data points are the value of the smolt when released into the pool, and the expected cash inflows as described above. The discounting follows a natural interpretation to calculate a discount rate representing the time value of money and hypothetical license fees for the salmon farming permits.

Hypothetical license fees are included in the calculation of the discount rate, as it represents the value that a hypothetical buyer of a salmon farming license would have to incur for such a permit, which cannot be obtained in the open market, therefore causing entry barriers.

The interpolation model is updated monthly, considering data on actual forward prices, mortality rates, number of fish in the pools, etc. These estimates are approved by the Group's Management, supported by real quantitative data samples of the biomass, and updated budgets and forecasts.

5.1.3 Carrying amount reconciliation of biological assets

The holds no biological assets 31 December 2023 (31 December 2022: 233 tonnes). No roe, fry or smolt was held year-end 2023 and 2022.

The table below provides a reconciliation of the biological assets held by the Group:

Change in biological assets	Tonnes 2023	Carrying amount NOK thousand 2023	Tonnes 2022	Carrying amount NOK thousand 2022
Biological assets at 1 January	**233**	**14 285**	**-**	**-**
Increase due to production	368	25 707	233	-
Fair value adjustment at 31.12	-		-	14 285
Decrease due to sale	(601)	(39 992)	-	-
Biological assets at 31 December	**-**	**-**	**233**	**14 285**

The cost of the smolt acquired in 2022, shown as part of biological assets at 31 December 2022, was NOK 5 233 thousand.

5.2 Other inventories

Accounting policies
Other inventories mainly include fodder, packaging materials, and other materials to be used during the maturing process of the salmon. Inventory is measured at the lower of its cost and its net realisable value. Cost of inventories held by the Group mainly include its cost of purchase.

As at 31 December 2023, the Group does not have any harvested salmon. In the future, harvested salmon will be classified within ‘other inventories’.

Inventory is based on the first-in first-out principle, except for fodder where a weighted average is used.

Other inventories	31 December 2023	31 December 2022
(Amounts in NOK thousand)		
Fodder and packaging material	-	1 071
Others	1 697	91
Total other inventories	**1 697**	**1 162**

As at year-end 2023 inventory consists of frozen salmon for sale.

5.3 Other current assets

Other current assets	**2023**	**2022**
(Amounts in NOK thousand)		
Other receivables		-
Prepayments	1 793	1 852
Government grants receivables	903	-
VAT receivables	49 665	5 838
Other current assets	-	113
Total other current assets	**52 361**	**7 803**

5.4 Cash and cash equivalents

Cash and cash equivalents	**2023**	**2022**
(Amounts in NOK thousand)		
Cash at bank	**250 032**	**82 911**
Restricted cash (payroll)	1 160	1 212
Unrestricted cash	248 872	81 699
Total cash and cash equivalents	**250 032**	**82 911**

5.4.1 Short-term deposits

The Group does not hold bank deposits or other short-term, liquid investments that have been classified as cash equivalents.

5.4.2 Restricted cash

Part of the cash and cash equivalents disclosed is subject to regulatory restrictions on payroll tax liabilities and is therefore not available for general use by the Group.

SECTION 6. Capital and debt structure

In brief

This section provide insights into Andfjord Salmon's capital and debt structure, including financial risk and capital management.

6.1 Financial Assets and Liabilities

None of the financial instruments held by the Group are measured at fair value. The financial instruments' amortised cost is considered to be a close approximation to their fair value.

6.1.1 Financial Assets

Financial assets	**2023**	**2022**
(Amounts in NOK thousand)		
Debt instruments measured at amortised cost:	**250 032**	**82 911**
Cash and cash equivalents	250 032	82 911
Total financial assets	**250 032**	**82 911**

6.1.2 Financial Liabilities

Financial liabilities	**2023**	**2022**
(Amounts in NOK thousand)		
Liabilities measured at amortised cost	**212 610**	**151 883**
Borrowings	67 625	123 543
Lease liabilities	13 851	17 979
Trade and other payables	131 134	10 361
Total financial liabilities	**212 610**	**151 883**

6.2 Borrowings

Accounting policies

Borrowings are initially recognized at fair value, net of transaction costs incurred that are directly attributable to the issuance of the financial liability. After initial recognition, borrowings are measured at amortized cost. Any difference between the net proceeds and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are derecognized from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as financial expenses.

Borrowings are classified as current liabilities except for the portion of the liability that is due to be settled more than twelve months after the reporting period, or for the portion the Group has an unconditional right to defer settlement for at least twelve months after the reporting period.

Overview of borrowings	**2023**	**2022**
(Amounts in NOK thousand)		
Non-current		
Debt to credit institutions	49 126	54 875
Debt to related parties	-	-
Debt to other entities	10 833	12 500
Total non-current borrowings	**59 959**	**67 375**
Current		
Debt to credit institutions	5 999	4 000
Debt to related parties	-	50 501
Debt to other entities	1 667	1 667
Total current borrowings	**7 666**	**56 168**
Total borrowings	**67 625**	**123 543**

6.2.1 Relevant terms and conditions

Debt with financial institutions

Debt to financial institutions consist of a loan, with maturity in 2033. Interest and principal are paid on quarterly instalments. The interest rate continues to be based on the relevant three-month NIBOR reference rate plus a margin of 3.50% p.a.

After the reporting period, debt with financial institutions held at 31 December 2023 was replaced by a new financing facility. See further disclosures in Note 7.4.

Debt to related parties

During the reporting period, Andfjord Salmon repaid its NOK 50 000 facility with certain shareholders of the Group, which matured in 2023. There were no significant differences between the loan's carrying value and the repayment amount.

Debt to other parties

Debt to other entities mainly comprise a NOK 15 000 thousand loan facility with Innovasjon Norge maturing in 2031. Interest is paid biannually, and the interest rate is set by Innovasjon Norge, who may determine new rate terms at a six-month notice. For 2023 the Group paid NOK 866 thousand in interest on the loan.

6.2.2 Assets pledged as securities for liabilities

The debt to credit institutions required certain assets to be pledged as security, being property, plant and equipment, inventory, trade receivables and licenses.

As of 31 December 2023, assets pledged as security included property, plant and equipment with a carrying amount of NOK 876 632 thousand (2022: NOK 498 386 thousand), and intangible assets with a carrying amount of NOK 14 389 thousand (2022: NOK 8 556 thousand).

Assets pledged as security in relation to the outstanding loans and credit facilities also include aquaculture permissions, other inventories, and trade receivables.

6.2.3 Compliance with covenants

The debt to financial institutions in included a financial covenant, to be assessed quarterly. The condition that needs to be fulfilled quarterly is a book/equity ratio higher than 30%.

The Company has complied with the financial covenants during the reporting period, and Management does not expect to breach any covenant in the foreseeable future.

6.3 Leases

6.3.1 Nature of the lessee's leasing activities

Accounting policies

The Group recognizes right-of-use assets and lease liabilities for all lease contracts, except leases that are considered short-term (lease term of 12 months or less), or leases for underlying assets that are of a low value. Management considers as low value those assets that are worth NOK 50 thousand or less when new.

The Group has lease agreements related to offices and other buildings; machinery and specialized equipment used in the salmon farming operations; and vehicles. The lease term varies normally from 1 to 5 years with options to both extend and terminate the lease contracts at Management's discretion.

The Group also leases offices, warehouses and machinery, with lease terms being less than 12 months. Some machinery and small equipment also meet the low-value exemption. In both cases, the Group applies the recognition exemption to these leases, and consequently these are recognised as expense linearly over the lease term. These expenses are presented within 'other operating expenses' (see Note 3.4 for further information).

The Group is not typically subject to variable lease payments for its leases.

6.3.2 Right-of-use assets

Accounting policies

The right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liabilities less any lease payments made at or before the commencement date of the lease, and initial direct costs and lease incentives received.

Subsequently, right-of-use assets are measured at cost less accumulated depreciation and impairments and adjusted for certain remeasurements of the lease liabilities. Depreciation of the right-of-use asset is carried out using the straight-line method over the shorter of the lease term or the useful life of the underlying asset.

Right-of-use assets	**Land and buildings**	**Machinery, equipment and other**	**Vehicles**	**Total**
(Amounts in NOK thousand)				
At 1 January 2022	**423**	**22 638**	**1 380**	**24 441**
Year ended 31 December 2022				
Additions	1 114	-	-	1 114
Depreciation charge	(382)	(2 223)	(411)	(3 016)
Closing net book amount	**1 155**	**20 415**	**969**	**22 539**

At 31 December 2022	**1 155**	**20 415**	**969**	**22 539**
Year ended 31 December 2023				
Additions	413	(7)	110	516
Depreciation charge	(715)	(4 257)	(443)	(5 415)
Closing net book amount	**853**	**16 151**	**636**	**17 640**
At 31 December 2023	**853**	**16 151**	**636**	**17 640**

Significant additions during 2023 is related to operating equipment to be used on the first production pool.

Additions to right-of-use assets relating to 'machinery, equipment and other', amounting to NOK 22 310 thousand, are an integral part of the system of the 'Kvalnes land-based pool – Phase I' (see Note 4.1) and have therefore not been depreciated until the pool was transferred from 'assets under construction' at the end of June 2022.

6.3.3 Lease liabilities

Accounting policies
Lease liabilities are recognized at the lease commencement date. The lease liabilities are measured as the present value of future lease payments, discounting by the Group's incremental borrowing rate.

Lease payments mainly consist of fixed payments, which are typically updated by changes on consumer price indexes or interest rate levels.

Lease liabilities are measured at amortized cost using the effective interest rate method.

If there is a change in future lease payments arising from a change in an index or rate, there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or the Group changes its assessment of whether it will exercise a purchase, extension or termination option, the liability is remeasured and a matching adjustment is made to the carrying amount of the related right-of-use asset. No significant changes in this regard have occurred during the period.

Lease liabilities	**2023**	**2022**
(Amounts in NOK thousand)		
At 1 January	17 979	18 059
Additions	48	1 115
Interest expense	654	700
Lease payments	(4 830)	(1 895)
Balance at 31 December	**13 851**	**17 979**
Current	4 511	4 683
Non-current	9 340	13 296

The following table discloses the maturity analysis for lease liabilities.

Contractual maturities	2023	2022
(Amounts in NOK thousand)		
Less than 1 year	4 615	4 786
1-3 years	7 521	8 531
4-5 years	2 775	6 298
More than 5 years	-	-
Total contractual cash-flows	**14 911**	**19 615**
Recognised as liabilities	13 851	17 979

6.3.4 Amounts recognized in the statement of comprehensive income and statement of cash-flows

The following amounts have been recognized in the income statement in relation to leases:

Amounts recognised in the income statement	2023	2022
(Amounts in NOK thousand)		
Interest expense (included in finance cost)	654	700
Expense relating to short-term and low-value leases	133	789
Expense relating to depreciation	5 415	3 016

The total cash outflow for leases in 2023 has been NOK 5 493 thousand (2022: NOK 2 682 thousand).

6.4 Reconciliation of cash-flows from financing activities

Reconciliation cash flow from financing activities	Borrowings	Lease liabilities	Total
(Amounts in NOK thousand)			
Liabilities from financing activities at 1 January 2022	**80 363**	**18 059**	**98 422**
Financing cash flow (payments)	(1 958)	(1 195)	(3 153)
Cash inflows from new borrowings	45 000	-	45 000
New leases	-	1 115	1 115

Other changes	138	-	138
Liabilities from financing activities at 31 December 2022	**123 543**	**17 979**	**141 522**
Financing cash flow (payments)	(55 918)	(4 176)	(60 094)
Cash inflows from new borrowings	-	-	-
New leases	-	48	48
Other changes	-	-	-
Liabilities from financing activities at 31 December 2023	**67 625**	**13 851**	**81 476**

6.5 Financial risk and capital management

As indicated in Note 6.1, financial assets held by the Group mainly comprise cash and cash equivalents. Financial liabilities are mainly comprised of borrowings, lease liabilities, and trade payables.

In conducting its operations, the Group faces the following main types of risks: credit risk, liquidity risk and market risk. Management keeps track of the evolution of the different risks, and the potential impact to the Group. The Group has not entered into any derivative contracts to manage its exposure to financial risks during 2023 or 2022.

The following sections provide disclosures on the specific exposure to risks and how they arise; the objectives, policies, and processes for managing the risks and the methods used to measure the risk; and any changes thereof.

6.5.1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the Group by failing to settle its obligation. The Group is exposed to credit risks in conducting its ordinary activities.

Cash and cash equivalents from the Group are managed by the Group’s Finance Department. The Group limits the amount of deposits that can be held in a single bank to limit the concentration of risks.

As at 31 December 2023, the Group has no trade receivables, so there is no credit risk associated with these.

6.5.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Group manages its liquidity with a high level of prudency, with rules and policies that ensure an adequate amount of cash and cash equivalents to meet the immediate needs of resources both in the short and long term. Management develops rolling forecasts on liquidity, which are regularly monitored against the contractual maturities of the financial liabilities.

6.5.2.1 Maturities

The following table discloses the maturity analysis for non-derivative liabilities (except for lease liabilities, which are disclosed in Note 6.3), showing its undiscounted remaining contractual liabilities:

At 31 December 2023	**Carrying amount**	**Less than 3 months**	**3-12 months**	**1-5 years**	**More than 5 years**	**Total**
(Amounts in NOK thousand)						
Borrowings	67 625	2 333	5 333	30 669	29 290	67 625
Trade payables	131 134	131 134	-	-	-	131 134
Other current liabilities	6 567	4 705	1 862	-	-	6 567
Total financial liabilities	**205 326**	**138 172**	**7 195**	**30 669**	**29 290**	**205 326**

At 31 December 2022	**Carrying amount**	**Less than 3 months**	**3-12 months**	**1-5 years**	**More than 5 years**	**Total**
(Amounts in NOK thousand)						
Borrowings	123 543	750	55 793	32 667	34 333	123 543
Trade payables	10 361	10 361	-	-	-	10 361
Other current liabilities	8 144	4 831	3 313	-	-	8 144
Total financial liabilities	**142 048**	**15 942**	**59 106**	**32 667**	**34 333**	**142 048**

6.5.2.2 Financing facilities

As at 31 December 2023, the Group has undrawn amounts from its loan facility with a credit institution (as disclosed in Note 6.2) until the end of 2025, which provides the Group with the financing needed to complete the ongoing construction projects of four new production pools by mid-2025.

6.5.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is mainly exposed to interest rate risk.

Foreign exchange risk is not considered relevant for the Group as they do not hold any balances in foreign currencies. The Group is neither exposed to risk related to salmon price as it does not hold any derivatives or other financial contracts based on the price of salmon as of 31. December 2023.

6.5.3.1 Interest rate risk

The following table summarises the effects that a reasonably possible change in the effective interest rate of the borrowings would have in the profit after tax:

Sensitivity of changes in interest rates on borrowings	Impact on equity and profit after tax	
	2023	**2022**
(Amounts in NOK thousand)		
Increase in interest rate of 2%	(1 353)	(2 471)
Decrease in interest rate of 1%	676	1 235

The Group’s exposure to interest rate risk arises from long-term borrowings with variable rates (see Note 6.1 and 6.2 for further information) based on the NIBOR rate applicable at each point in time. These instruments have no effect on other comprehensive income.

The Group has not entered any interest rate swaps agreement or other interest rate hedges to mitigate risk related to increase in the variable interest rate of its loans.

6.5.3.2 Currency risk

The Group is currently exposed to currency risk to a small extent. Although some components for the development have been purchased in EUR, both cost and investments are primarily in NOK. The Group will be increasingly exposed to currency risk once it starts operating the fish farming facility and in the case of future fish sales. Currency hedging will be considered to reduce such exposure.

Due to the very limited currency risk exposure, no sensitivity analysis has been presented.

6.5.4 Capital management: objectives, policies and processes

The Group defines capital as equity, including other reserves. The Group’s main objective when managing capital is to ensure the ability of the Group to continue as a going concern and to meet all requirements imposed by external financing agreements in the form of covenants.

6.6 Share capital

6.6.1 Share capital and share premium

As of 31 December 2023, the share capital consists of 57 012 953 ordinary shares (2022: 41 038 927 shares), with a par value of NOK 1.00 each. All shares are entitled to equal rights with respect to dividends, voting rights and other rights in accordance with Norwegian corporate law.

6.6.2 Authorised shares and amounts

	Number of shares		Amounts in NOK thousand	
Authorised shares	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**
Fully paid ordinary shares	57 012 953	41 038 927	57 013	41 039
Total share capital	**57 012 953**	**41 038 927**	**57 013**	**41 039**

6.6.3 Movements in ordinary shares

Movements in ordinary shares	Number of shares	Par value per share (NOK)	Share premium total (TNOK)	Total (TNOK)
At 1 January 2022				
Opening balance	35 934 400	1,00	357 226	393 160
Capital increase	5 104 527	1,00	200 187	205 292
Closing balance at 31 December	**41 038 927**	**1,00**	**557 413**	**598 452**
At 1 January 2023				
Opening balance	41 038 927	1,00	557 413	598 452
Capital increase Tranche 1	5 922 078	1,00	222 078	228 000
Capital increase Tranche 2	10 051 948	1,00	376 948	387 000
Transaction costs	-	-	(31 818)	(31 818)
Closing balance at 31 December	**57 012 953**	**1,00**	**1 124 621**	**1 181 634**

During 2023, The Company completed a private placement on 29 June 2023. As a consequence, the total share capital and premium increased by NOK 615 million, and the number of shares by 15 974 026. Transaction costs corresponding to the incremental directly attributable costs from this increase in capital. The capital increase was approved on 6 July and registered in the Norwegian Register of Business Enterprises on 14 July.

On 23 October the general meeting resolved to demerger Andfjord Salmon AS followed by implementation of the triangular merger with the subsidiaries. The transactions resulted in a share capital reduction of NOK 36.5 million, immediately followed by a share capital increase of NOK 36.5 million.

At 31 December 2023, the Group held 5 thousand (2022: 5 thousand) treasury shares amounting to NOK 185 thousand (2022: NOK 185 thousand). Treasury shares are recognised at cost. These are deducted from equity and no gain or loss is recognised on the purchase, sale, issue or cancellation of these shares.

6.6.4 List of the 20 largest shareholders at 31 December 2023

Shareholders	Number of shares	Ownership percentage	Voting percentage
Jerónimo Martins Agro-Alimentar, S.A.	14 323 493	25,12	25,12
Andfjord Holding AS	4 715 680	8,27	8,27
Kg Investment Comp AS	3 241 000	5,68	5,68
Eidsfjord Sjøfarm AS	2 590 244	4,54	4,54
Sparebank 1 Markets AS	2 570 499	4,51	4,51
Skagerak Vekst AS	2 445 064	4,29	4,29
OG Invest AS	2 250 991	3,95	3,95
DNB Markets Aksjehandel/-analyse	1 790 148	3,14	3,14
Karstein Gjersvik	1 391 384	2,44	2,44
Verdipapirfondet DNB SMB	1 288 812	2,26	2,26
Traaseth Property AS	1 262 916	2,22	2,22
Jan Heggelund	1 102 325	1,93	1,93
Euro TV AS	972 800	1,71	1,71
Sirius AS	927 200	1,63	1,63
Pershing LLC	732 217	1,28	1,28
Omniverse AS	666 000	1,17	1,17
Bliksmark AS	601 000	1,05	1,05
Blue Marine Invest AS	534 029	0,94	0,94
Fontura AS	511 870	0,90	0,90
Nutreco International B.V.	505 050	0,89	0,89
Total 20 largest shareholders	**44 422 722**	**77,9**	**77,9**

SECTION 7. Other disclosures

In brief

This section provide insights into topics other than those covered in the previous sections, including related parties, provisions, contingent liabilities and events after the reporting period.

7.1 Related parties

7.1.1 Key management personnel compensation

	For the year ended 31 December 2023					
	Salary	**Board remuneration**	**Pension costs**	**Share-based payments**	**Other remuneration**	**Total**
(Amounts in NOK thousand)						
Martin Rasmussen, CEO	1 917	-	235	1 932	18	4 101
Bjarne Martinsen, CFO	1 750	-	273	783	14	2 819
Jostein Nilssen, Project director	-	-	-	348	-	348
Christian Torgersen, COO	1 107	-	108	253	12	1 480
Roger Brynjulf Mosand, Chairman	-	270	-	-	4	274
Roy Bernt Pettersen, Board member	-	135	-	-	4	139
Knut Roald Holmøy, Board member	-	135	-	-	-	135
Tore Traaseth, Board member	-	135	-	-	-	135
Bettina Flatland, Board member	-	135	-	-	-	135
Kim Marius Strandenæs, Board member	-	135	-	-	2	137
António Serrano, Board member	-	-	-	-	-	-
Gro Skaar Knutsen, Board member	-	135	-	-	-	135

	Salary	Board remuneration	Pension costs	Share-based payments	Other remuneration	Total
	For the year ended 31 December 2022					
(Amounts in NOK thousand)						
Martin Rasmussen, CEO	1 300	-	214	1 336	35	2 885
Bjarne Martinsen, CFO	1 100	-	173	240	4	1 517
Jostein Nilssen, Project director (*)	-	-	-	240	-	240
Roger Brynjulf Mosand, Chairman	-	250	-	-	-	250
Roy Bernt Pettersen, Board member	-	125	-	-	-	125
Knut Roald Holmøy, Board member	-	125	-	-	-	125
Tore Traaseth, Board member	-	125	-	-	-	125
Bettina Flatland, Board member	-	125	-	-	-	125
Kim Marius Strandenæs, Board member	-	125	-	-	-	125
António Serrano, Board member (*)	-	-	-	-	-	-
Gro Skaar Knutsen, Board member	-	70	-	-	-	70

(*) *Figures presented for Jostein Nilssen and António Serrano has been restated in the current year financial statements. The change has been to include options Jostein Nilssen was granted in 2022, and corrected the board remuneration to António Serrano to what he actually received.*

In connection with the Long-Term Incentive Program disclosed in Note 3.3.2, Martin Rasmussen was granted 250 000 options in 2022, with a total value of NOK 4 372 thousand. The conditions are the same as for the other employees. In addition, Martin Rasmussen owns 125 000 shares at 31 December 2023. In 2022 Bjarne Martinsen was granted 45 000 options, with a total value of NOK 787 thousand. In 2023 Bjarne Martinsen was granted 105 000 options, with a total value of NOK 3 035 thousand. The conditions are the same as for the other employees. In addition, Bjarne Martinsen owns 40 000 shares at 31 December 2023. In 2022 Jostein Nilssen was granted 45 000 options, with a total value of NOK 787 thousand.

In addition to their roles as board members, Roger Mosand, Tore Traaseth and Kim Strandenæs have advised the Group in relation to financing. For this, RBM Invest (Roger Mosand) received NOK 372 thousand (2022: NOK 355 thousand) in 2023. Skagerak Vekst AS (Tore Traaseth) received NOK 180 thousand (2022: NOK 92 thousand). KS Invest AS (Kim Strandenæs) received NOK 3 588 thousand (2022: NOK 960 thousand).

7.1.2 Transactions with other related parties

Transactions with related parties	Relationship	2023	2022
(Amounts in NOK thousand)			
Financial advisory	Board members	4 140	1 411
Other operating expenses	Andfjord Holding AS	-	23
Interest expense	Majority shareholders	1 000	1 500
Total related party profit or loss items		**5 140**	**2 934**

Interest expense is generated by the shareholder loan agreement (see Note 6.2).

7.1.3 Balances with related parties

During 2023, the Group repaid the loan agreement with shareholders which were outstanding at 31 December 2022, amounting to NOK 50 000 thousand.

No other balances were held by the Group at 31 December 2023 or 2022.

7.2 Provisions and contingent liabilities

7.2.1 Dismantling obligations

It has been assessed by Management whether dismantling provisions should be recognised, or contingent liabilities disclosed, in connection with any future termination of the business or license expiry.

In this respect, the Group operates on its own property, which is regulated for this kind of operations. Future disposal of the property must take care of the ecosystem and water quality in accordance with the Biodiversity Act and the Water Regulations, among others. This also applies in the event of termination of activities. The Group will be able to take care of the environment and comply with statutory requirements without requiring changes to its properties. It is the Group's assessment that, based on current legislation, there are no obligations related to the potential termination or dismantling of the operations.

7.3 Commitments

The following significant contractual commitments are present at the end of the reporting period:

Capital commitments	2023	2022
(Amounts in NOK thousand)		
Property, plant and equipment	66 618	-
Total capital commitments	**66 618**	**-**

7.4 Events after the reporting Period

Debt with financial institutions

In January 2024, the Group refinanced its outstanding debt and overdraft facility with credit institutions and the outstanding loans were converted into a new loan facility agreement (see Note 6.2 for additional information). The amount of the facility is up to NOK 900 million, and withdrawals on the facility can be made until 31 December 2025.

The loans matures in 2035, and interest and principal will be paid on quarterly instalment. Until 31 December 2025, the Group does not have the obligation to pay any principal on the loan. The interest rate continues to be based on the three-month NIBOR reference rate plus a margin of 3.90% p.a. After 31 December 2027, the loan will have an updated margin based on a ratio between net bearing debt and 12-month rolling EBITDA, which can make the margin range from 3.9% to 2.9%, that links margin to liquidity risk and credit risk held by the lender.

Additionally, the Group has agreed on an overdraft facility of NOK 20 million with same interest as specified above for the construction loan facility.

Debt to financial institutions entered during in January (see above) is subject to the following covenants:

- Overdraft facility within 60 % of borrowing base
- Total equity at minimum 35 % of Total assets at year-end
- Minimum liquidity of NOK 50 million each quarter until 31 December 2027

The following covenants are applicable as of 31 December 2027:

- Net interest-bearing debt / EBITDA shall be above 5,00
- Minimum required work capital of NOK 100 million

Other events

The Board of Directors is not aware of any other events that have occurred after the balance sheet date, or any additional new information regarding existing matters, that can have a material effect on the 2023 consolidated financial statements of the Group.