Andfjord Salmon AS (parent company)

Annual financial statements

2023

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STATEMENT OF COMPREHENSIVE INCOME

Amounts in NOK thousand	**Notes**	**2023**	**2022**
Revenue from contracts with customers	*3.2*	37 278	-
Other operating income		-	113
Total operating revenue		**37 278**	**113**
Changes in biological assets at cost and other inventories	*5.1*	(1 162)	700
Cost of materials	*5.2*	(59 358)	(12 704)
Fair value adjustments of biological assets	*5.1*	25 707	14 285
Employee benefit expenses	*3.3*	(24 783)	(23 211)
Depreciation and amortisation expenses	*4.1, 4.2, 6.3*	(21 857)	(13 603)
Other operating expenses	*3.4*	(31 545)	(21 691)
Operating profit/(loss)		**(75 721)**	**(56 111)**
Financial income	*3.5*	12 187	1 836
Net financial costs	*3.5*	(1 459)	(2 402)
Net financial result		**10 728**	**(566)**
Profit/(loss) before income tax		**(64 992)**	**(56 677)**
Income tax expense	*3.6*	-	-
PROFIT/(LOSS) FOR THE PERIOD		**(64 992)**	**(56 677)**
Net other comprehensive income/(loss)		-	-
COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR		**(64 992)**	**(56 677)**

STATEMENT OF FINANCIAL POSITION

Amounts in NOK thousand	**Notes**	**2023**	**2022**
ASSETS			
Non-current assets			
Intangible assets	*4.2*	-	8 556
Property, plant and equipment	*4.1*	-	498 386
Right-of-use assets	*6.3*	-	22 539
Shares in subsidiaries	*1.2.2*	412 339	-
Other non-current assets		30	89
Total non-current assets		**412 369**	**529 570**
Current assets			
Biological assets	*5.1*	-	14 285
Other inventories	*5.2*	-	1 162
Receivables from group companies	*1.2.1, 7.1*	335 391	-
Other current assets	*5.3*	914	7 803
Cash and cash equivalents	*5.4*	250 032	82 911
Total current assets		**586 337**	**106 161**
TOTAL ASSETS		**998 705**	**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		(190 429)	(125 438)
Other reserves		7 278	2 690
Total equity		**998 483**	**475 704**
LIABILITIES			
Borrowings	*6.2, 6.4*	-	67 375
Lease liabilities	*6.3*	-	13 296
Total non-current liabilities		**-**	**80 671**
Borrowings	*6.2, 6.4*	-	56 168
Lease liabilities	*6.3*	-	4 683
Trade payables		-	10 361
Other current liabilities		223	8 145
Total current liabilities		**223**	**79 357**
Total liabilities		**223**	**160 028**
TOTAL EQUITY AND LIABILITIES		**998 705**	**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

STATEMENT OF CASH FLOWS

Amounts in NOK thousand	**Notes**	**2023**	**2022**
CASH FLOW FROM OPERATING ACTIVITIES:			
Profit/(loss) before income tax		(64 992)	(56 677)
			-
Adjustments to reconcile profit/loss before tax to net cash flow:			-
Depreciation and amortisation	*4.1, 4.2, 6.3*	21 857	13 603
Finance income/(expense), net	*3.5*	(10 728)	566
Share-based payment expense	*3.3.2*	3 734	2 690
Fair value adjustments of biological assets		(25 707)	(14 285)
Working capital changes:			-
Increase in other inventories and biological assets at cost		39 403	(1 162)
Change in trade payables		38 541	(39 329)
Change in other current assets and liabilities		(35 499)	9 891
Change in current assets to group company		(89 445)	
Interests received		12 187	1 836
Interests paid		(7 833)	(5 576)
Net cash flow from operating activities		**(118 482)**	**(88 443)**
CASH FLOW FROM INVESTMENT ACTIVITIES:			
Payment for property, plant and equipment	*4.1*	(231 225)	(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		**(237 532)**	**(90 702)**
CASH FLOW FROM FINANCING ACTIVITIES:			
Equity received	*6.6*	583 182	205 291
Proceeds from borrowings	*6.2*	-	45 000
Repayment of borrowings	*6.2*	(55 918)	(1 958)
Payment of principal portion of lease liabilities	*6.3*	(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

STATEMENT 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		-	-	(64 992)	-	(64 992)
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-	(64 992)	-	(64 992)
Capital increase June and July 2023	*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**	**1 124 620**	**(190 429)**	**7 278**	**998 483**

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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 Company.

1.1 Corporate Information

These financial statements have been prepared for Andfjord Salmon AS ('the Company') to be renamed Andfjord Salmon Group AS in 2024, which is the parent entity of the Andfjord Salmon Group ('the Group'). At 31 December 2023, the Group is comprised of Andfjord Salmon AS (mother company) and Andfjord Salmon AS (Subsidiary). The Company is a limited liability company incorporated and domiciled in Norway. Andfjord Salmon AS was established in 2014 and the registered office is located at Kvalnesveien 69, Andøy. The shares are currently traded in Euronext Growth Oslo.

Until December 2023, Andfjord Salmon AS' operations were mainly salmon farming and the construction of its land-based salmon farming facilities. After the subsidiary Andfjord Salmon AS (subsidiary) was established as operating company in the Group, the Company's main activities changed to holding shares in the subsidiary and enter into financing agreements to carry out the planned investments in the Group.

The subsidiary became the operating company in the Group via a triangular merger between the mother company, the subsidiary and Andfjord Temp AS. The mother company transferred its business into Andfjord Temp AS. Right after that transaction, the subsidiary Andfjord Salmon AS (subsidiary) was merged with Andfjord Temp AS and therefore took over all operating assets, rights, and obligations in Andfjord Temp AS. These transactions occurred on 15 December 2023.

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

1.2 Basis of Preparation

The financial statements of Andfjord Salmon AS (to be renamed Andfjord Salmon Group AS) are prepared in accordance with International Financial Reporting Standards (IFRS®) Accounting Standards and interpretations by the IFRS Interpretations Committee (IFRIC), as adopted by the European Union (EU).

The Company has prepared financial statements on 31 December 2023 together with the comparative periods for the year ended 31 December 2022.

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

The financial statements have been prepared based on the going concern assumption. When preparing financial statements, management has assessed the Company'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 Company's ability to continue as a going concern.

1.2.1 Capital reorganisation

In the reorganisation explained in Section 1.1., the subsidiary obtained all operating assets and corresponding liabilities in the reorganisation. This included the following assets and liabilities

- Intangible assets
- Property, plant and equipment
- Right-of-use assets

- Other non-current assets
- Other inventories
- Other current assets
- Cash and cash equivalents
- Borrowings
- Lease liabilities
- Trade payables
- Other current liabilities

The only assets not transferred in the reorganisation was cash and cash equivalents, and some minor other assets not directly linked to the operations.

In addition, as a consequence of the reorganisation with demerger and subsequent merger, Andfjord Salmon AS (mother company to be renamed Andfjord Salmon Group AS) received group receivables towards the subsidiary of a total of MNOK 746,9 were created as part of the reorgansiation completed on 15 December 2023. In accordance with the merger-plan, these intercompany balances shall be converted to equity. On 28 December 2023, a total of MNOK 411,5 of these group balances were converted to equity in the subsidiary. The rest of the outstanding group balances from the capital reorganisation are expected to be converted to equity in the second quarter of 2024 in accordance with the merger plan.

At time of the reorganisation on 15 December 2023, and also up until year-end 31 December 2023, the subsidiary had not established its own bank accounts. The subsidiary are therefore dependent on its owner Andfjord Salmon AS (mother company) to pay for and settle its current liabilities. A guarantee from Andfjord Salmon AS (mother company) has been made on behalf of the subsidiary towards its main suppliers to ensure the subsidiary's obligations are met. Payments made by Andfjord Salmon AS (mother company) on the subsidiary's behalf towards external creditors are settled with intercompany receivables towards the subsidiary. An agreement between Andfjord Salmon AS (mother compnay) and the subsidiary to regulate the intercompany balances has therefore established with interest rates at arms-length.

1.2.2 Investments in subsidiaries

Accounting policies

Investments in subsidiaries have initially been measured at cost, which has been set at the carrying amount of the net assets transferred to Andfjord Salmon AS (the subsidiary), at the triangular merger date (see Section 1.1).

Investment in subsidiaries	**Voting share/ ownership share**	**31 December 2023**
(Amounts in NOK thousand)		
Andfjord Salmon AS (the subsidiary)	100%	412 339
Total investments in subsidiaries		**412 339**

1.2.3 Accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

In the case of the Company, 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 financial statements contain no areas subject to significant judgements 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 Company including considerations in regard 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.

Climate-related risks

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

Climate-related risks can take the form of both physical, political and transition risks, that may lead to potential effects in the Company's 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 Company's operations significantly.

Changes in the regulatory and legal environment related to adverse environmental effects from the salmon farming industry may potentially affect the Company'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.

1.2.4 New standards and interpretations adopted

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

1.2.5 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 Company. 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 Company 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 Company. 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 Company considers in its assessment whether climate-related risks could have a significant impact on the carrying amount of the Company’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 summarises 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 Company 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, through its subsidiary Andfjord Salmon AS (the subsidiary).	Note 4.1
The Company completed a private placement during 2023.	Note 6.6.3
The Company entered into a loan facility agreement after the end of the reporting period, to refinance the debt held by The subsidiary and further finance the development of the additional pools.	Note 7.4

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

SECTION 3. Results of the year

In brief

This section provides insights into the financial performance of the Company 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 Company 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 Company 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 Company are located in Norway. As described in note 1.2.1, the capital restructuring of the Company transferred all operational non-current assets into it's subsidiary.

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	37 278	-
Other operating income	-	113
Total operating income	**37 278**	**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 Company recognises 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 Company has incurred in the following employee benefit expenses:

Employee benefits	2023	2022
(Amounts in NOK thousand)		
Salary expenses and bonuses	17 392	17 892
Share based payments	3 734	2 690
Other benefits	603	1 836
Social security cost	1 368	1 074
Pension cost (defined contribution)	2 540	2 114
Total employee benefits before capitalisasion	**25 637**	**25 606**
Capitalised emplyee benefits	(853)	(2 395)
Total employee benefits after capitalisasion	**24 783**	**23 211**

(*) *The Company decided to present employee benefits before and after capitalisation made for works performed by the Company, 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 Company has a defined contribution plan for its employees, where payments are made through an insurance Company. Cost from the defined contribution plans is recognised when payable. The Company 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 by Andfjord Salmon AS (mother company) to Andfjord Salmon AS (the subsidiary)'s employees. These programs are equity-settled, since services rendered by the employees will be settled with the Andfjord Salmon AS (mother company)'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 of this share-based payments is recognised as 'shares in subsidiaries', 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 Company revises its best estimate of the number of options expected to vest, recognising in the investment in subsidiaries 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 Company accounts for each "tranche" as a separate award.

The Company recognises social security taxes from its share-based payments in line with IAS 37 'Provisions, contingent liabilities and contingent assets'. The Company 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 AS established a Long-Term Incentive Program for its Management and employees, under which the Company 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. As from the capital reorganisation date (see Section 1.2.1), employees and Management are hired by Andfjord Salmon AS' subsidiary, .

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, additional have been granted under the same terms.

Employee share option plan	**Earliest exercise date - expiry date**	**Strike 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**	**Strike 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 Company assessed fair value at the grant date for the options granted in June 2022 as NOK 17.49 per option. The Company 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 Company’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	1 993	789
Legal and consultancy services (incl. remuneration to auditors)	10 193	7 088
Sales and marketing costs	7 324	3 165
Maintenance (incl. materials and other small equipment)	2 319	2 076
Insurance and bank fees	950	728
Energy expenses (fuel, electricity, water, etc.)	1 713	1 020
IT costs	3 604	1 862
Other taxes and levies	109	108
Other expenses	3 241	4 855
Total other operating expenses	**31 545**	**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:	**(6 293)**	**(5 888)**
Interests on borrowings	(4 965)	(4 288)
Net foreign currency loss	(16)	(34)
Interest expense on lease liabilities	(658)	(700)
Other financial expense	(654)	(866)
Capitalised borrowing costs	**4 834**	**3 486**
Net finance result	**10 728**	**(566)**

3.6 Income tax

3.6.1 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 value, 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	**-**	**-**

3.6.2 Deferred Tax Balances

Accounting policies

The Company 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	-	(13 128)
Leases	-	(4 569)
Inventories biological assets	-	2 478
Receivables	-	-
Allocations and more	-	13 578
Other differences	-	6 763
Total deferred tax relating to temporary differences	**-**	**5 122**
Tax losses to carry forward (*)	50 161	161 912
Not included in the deferred tax calculation	(50 161)	(167 034)
Basis for deferred tax assets (liabilities)	**-**	**-**
Carrying value of deferred tax assets (liabilities)	**-**	**-**

(*) Change in carry forwad losses from 2022 to 2023 is due to the capital reorganisation. In the tax reporting, the demerger has been treated as effective from 1 January 2023. Therefore in the demerger, Andfjord Salmon AS (mother company) kept 34.01%, corresponding to NOK 55 066 thousand of the carry forward losses accumulated up unitl and reported per 31 December 2022. At 31 December 2023, the Company has used/utilised NOK 3 618 thousand of the carry forwad losses to net out a taxable profit in the period for the Company.

Deferred tax asset is not recognised in the balance sheet.

3.6.3 Reconciliation of Income Tax Expense

Reconciliation of income tax expense	**2023**	**2022**
(Amounts in NOK thousand)		
Profit before tax	(64 992)	(56 677)
Expected income tax at statutory income tax rate of 22% (2021: 22%)	(14 298)	(12 469)
Permanent differences	(6 031)	(1 823)
Demerger effect (*)	15 386	-
Change in unrecognised deferred tax asset	4 943	14 292
Calculated tax expense/(income)	**-**	**-**

Permanent differences relate to equity issue costs recognised directly against the share premium

(*) Demerger effect are due to the tax treatment of the capital reorganisation and the use of predecessor accounting. In the tax reporting, the demerger has been treated as effective from 1 January 2023. In accordance with the demerger plan, the profit is distributed between the transferor company (being the mother company) and the Acquiring Company (the subsidiary) to reflect the business or part of the business that the companies will continue. Only costs relating to the listing of the shares on Euronext Growth, and owning and administrating the subsidiary has been allocated as taxable costs. Also, only interest income on bank deposits have been recognised as taxable income. In total, a taxable profit of NOK 3 618 thousand has been calculated, and have been netted out with carry forward losses from previsous years. The tax expense of the Company is therefore zero

3.7 Government grants

Accounting policies

Government grants are recognised when there is a reasonable assurance that the Company complies with the conditions attaching to them; and the grant will be received. When government grants relate to assets, the Company recognises 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 recognised as a reduction of the expense over the period that the related costs are expensed.

Skattefunn

The Company 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 Company 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 provides insights into the disclosures in relation to the capital invested by the Company 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 summarises 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 Company 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 derecognised and the new component capitalised, 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	303 934	312 737
Disposal cost (demerger)	(105 413)	(30 900)	(7 551)	-296 299	(377 363)	(817 526)
Disposal of accumulated depreciation (demerger)	821	4 001	2 738	21 035	-	28 583
Other movements	-	-	-	(5 653)	-	(5 653)
Depreciation	(398)	(2 642)	(1 401)	(12 098)	-	(16 539)
Closing net book amount	**-**	**-**	**-**	**-**	**-**	**-**
At 31 December 2023						
Cost	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-
Net book amount	**-**	**-**	**-**	**-**	**-**	**-**

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 on contractual obligations to purchase, construct or develop property, plant and equipment or for repairs, maintenance or enhancements.

Note 1.2.1. describes the capital reallocation via demerger of all operational assets from Andfjord Salmon AS (mother company) to its subsidiary, thereby reducing property, plant and equipment to zero at year ended 31 December 2023.

4.1.1 Significant additions during the period

Accounting judgements 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 are 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 capitalised as part of the cost of the respective asset. The Company 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 Company has incurred in general borrowings that form part of the funds used to finance a project, and it has capitalised its borrowing costs using a weighted average of rates applicable to relevant general borrowings of the Company during the period.

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

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

4.2 Intangible assets

Accounting policies

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

The following table summarises 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 Company 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	-	6 886	6 886
Disposals cost (demerger)	(3 745)	(12 044)	(15 789)
Disposals accumulated depreciation (demerger)	218	1 253	1 471
Amortisation charge	(187)	(937)	(1 124)

Closing net book amount	**-**	**-**	**-**
At 31 December 2023			
Cost	-	-	-
Accumulated amortisation and impairment	-	-	-
Net book amount	**-**	**-**	**-**

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

Note 1.2.1. describes the capital reallocation via demerger of all operational assets from Andfjord Salmon AS (mothercompany) to its subsidiary, thereby reducing intangible assets to zero at year ended 31 December 2023.

4.2.1 Development costs

During 2023, the Company 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 capitalised to the extent that they meet the requirements.

SECTION 5. Working capital

In brief

This section provides insights into the disclosures in relation to items considered part of the working capital of the Company, 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 Company´s biological assets during 2022 and 2023 comprise live salmon stock. The smolt is acquired and released into the Company's operating pool, and remain there until it is 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 recognised 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 Company's biological assets. Therefore, the market approach for estimating fair value would not be an optimal approach for the Company.

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 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 Company 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 judgements and assumptions for the valuation of the biomass

Accounting judgements 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 Company 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:

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 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 Company'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 Company holds no biological assets at 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 Company:

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 Company mainly include its cost of purchase.

As at 31 December 2023, the Company 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	-	91
Total other inventories	**-**	**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)		
Prepayments	-	1 852
Government grants receivables	903	-
VAT receivables	-	5 838
Other current assets	11	113
Total other current assets	**914**	**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**

All cash and cash equivalents held by the Company is to be used for the purpose of completing the investment projects that are currently undertaken by Andfjord Salmon AS (subsidiary), and carrying out the holding activities of the Company.

5.4.1 Short-term deposits

The Company 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 Company.

SECTION 6. Capital and debt structure

In brief

This section provides 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 Company 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	**31 December 2023**	**2022**
(Amounts in NOK thousand)		
Debt instruments measured at amortised cost:	**250 032**	**82 911**
Receivables from Group companies	335 391	-
Cash and cash equivalents	250 032	82 911
Total financial assets	**250 032**	**82 911**

Receivables from group companies arose as a consequence of the Company's reorganisation indicated in Section 1.2.1, and it is also disclosed as a balance with related parties 7.1.

6.1.2 Financial liabilities

Financial liabilities	**2023**	**2022**
(Amounts in NOK thousand)		
Liabilities measured at amortised cost	**-**	**151 883**
Borrowings	-	123 543
Lease liabilities	-	17 979
Trade and other payables	-	10 361
Total financial liabilities	**-**	**151 883**

6.2 Borrowings

Accounting policies

Borrowings are initially recognised 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 amortised cost. Any difference between the net proceeds and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are derecognised 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 recognised 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 Company 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	-	54 875
Debt to related parties	-	-
Debt to other entities	-	12 500
Total non-current borrowings	**-**	**67 375**
Current		
Debt to credit institutions	-	4 000
Debt to related parties	-	50 501
Debt to other entities	-	1 667
Total current borrowings	**-**	**56 168**
Total borrowings	**-**	**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 thousand facility with certain shareholders of the Company, 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 Company paid thousand 866 NOK in interest on the debt. In the capital reorganisation via demerger, the debt was transferred to the Company's subsidiary, see note 1.2.1 for more details on the capital reorganisation.

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, all assets held by Andfjord Salmon AS are pledged as security for liabilities held by Andfjord Salmon AS (subsidiary). As of 31 December 2022, assets pledged as security included property, plant and equipment with a carrying amount of NOK 498 386 thousand, and intangible assets with a carrying amount of 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 includes 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 Company recognises 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 Company 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 Company 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 Company 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 Company 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
Disposals cost	(1 568)	(20 408)	(1 079)	(23 055)
Disposals depreciation	538	3 206	334	4 078
Depreciation charge	(538)	(3 206)	(334)	(4 078)
Closing net book amount	**-**	**-**	**-**	**-**
At 31 December 2023	**-**	**-**	**-**	**-**

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.

Note 1.2.1. describes the capital reallocation via demerger of all operational assets from the Company to its subsidiary, thereby reducing the Right-of-use assets to zero at year ended 31 December 2023.

6.3.3 Lease liabilities

Accounting policies

Lease liabilities are recognised at the lease commencement date. The lease liabilities are measured as the present value of future lease payments, discounting by the Company'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 amortised 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 Company's estimate of the amount expected to be payable under a residual value guarantee, or the Company 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)
Disposal by demerger	(13 851)	
Balance at 31 December	**-**	**17 979**
Current	-	4 683
Non-current	-	13 296

The following table discloses the maturity analysis for lease liabilities.

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

6.3.4 Amounts recognised in the statement of comprehensive income and statement of cash flows

The following amounts have been recognised 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 4 831 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
Foreign exchange adjustments	-	-	-
Other changes	-	-	-
Disposals by demerger	(67 625)	(13 851)	(81 476)
Liabilities from financing activities at 31 December 2023	**-**	**-**	**-**

6.5 Financial risk and capital management

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

In conducting its operations, the Company 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 Company. The Company 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 Company by failing to settle its obligation. The Company is exposed to credit risks in conducting its ordinary activities.

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

6.5.2 Liquidity risk

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

The Company 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	-	-	-	-	-	-
Trade payables	-	-	-	-	-	-
Other current liabilities	205	-	205	-	-	205
Total financial liabilities	**205**	**-**	**205**	**-**	**-**	**205**

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 Company 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 construction projects of its pools.

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 Company is mainly exposed to interest rate risk.

Foreign exchange risk is not considered relevant for the Company as they do not hold any balances in foreign currencies. The Company 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:

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

The Company'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.

The Company 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 Company 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 Company 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 Company defines capital as equity, including other reserves. The Company's main objective when managing capital is to ensure the ability of the Company 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)
Spun off in demerger	-36 482 589	-1,00	-375 002	411 485
Triangular merger	36 482 589	1,00	375 002	411 485
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 (mother company) 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.

On 15 December, a capital reorganisation occurred via a triangular merger. A demerger reduced share capital and share premium, followed by a merger increasing the share capital and share premium, with no (zero) net effect. See section 1.2.1 for further information.

At 31 December 2023, the Compnay 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 provides 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

	For the year ended 31 December 2022					
	Salary	**Board remuneration**	**Pension costs**	**Share-based payments**	**Other remuneration**	**Total**
(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 correct 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 Company 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 Company repaid the loan agreement with shareholders which were outstanding at 31 December 2022, amounting to NOK 50 000 thousand.

As part of the capital reorganisation (see note 1.2.1) intercompany receivables towards the subsidiary has been established. In addition, as the subsidiary does not have any own bank accounts and cash after the reorganisation, Andfjord Salmon AS (mother company) has settled the subsidiary's current obligations, mainly trade payables, see note 1.2.1 for further information.

At year-end, the Company has group receivables of NOK 328 434 thousand towards its subsidiary. The intercompany balances are expected to be converted to equity in the second quarter of 2024.

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	-	-
Total capital commitments	**-**	**-**

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 loan matures in 2035, and interest and principal will be paid on quarterly instalments. 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 2024 (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 financial statements of the Company.