



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 932 201 070
Organisasjonsform: Aksjeselskap
Foretaksnavn: ANDFJORD SALMON AS
Forretningsadresse: Kvalnesveien 69
8485 DVERBERG

Regnskapsår

Årsregnskapets periode: 01.01.2023 - 31.12.2023

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Martin Rasmussen
Dato for fastsettelse av årsregnskapet: 18.06.2024

Grunnlag for avgivelse

År 2023: Årsregnskapet er elektronisk innlevert
År 2022: Tall er hentet fra elektronisk innlevert årsregnskap fra 2023

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 15.06.2025



Resultatregnskap

Beløp i: NOK	Note	2023	2022
RESULTATREGNSKAP			
Inntekter			
Revenue from contracts with customers	3.2	37 279 000	0
Other operating income		0	113 000
Sum inntekter		37 279 000	113 000
Kostnader			
Changes in biological assets at cost and other inventories	5.1	1 162 000	-700 000
Cost of materials	5.2	59 638 000	12 704 000
Fair value adjustments of biological assets	5.1	-25 707 000	-14 285 000
Employee benefit expenses	3.3	25 208 000	23 211 000
Depreciation and amortisation expenses	4.1, 4.2, 6.3	24 904 000	13 603 000
Other operating expenses	3.4	31 501 000	21 691 000
Sum kostnader		116 706 000	56 224 000
Driftsresultat		-79 427 000	-56 111 000
Finansinntekter og finanskostnader			
Financial income	3.5	11 282 000	1 836 000
Sum finansinntekter		11 282 000	1 836 000
Net financial costs	3.5	2 340 000	2 402 000
Sum finanskostnader		2 340 000	2 402 000
Netto finans		8 942 000	-566 000
Ordinært resultat før skattekostnad		-70 485 000	-56 677 000
Skattekostnad på ordinært resultat		0	0
Ordinært resultat etter skattekostnad		-70 485 000	-56 677 000
Årsresultat		-70 485 000	-56 677 000
Andre resultatkomponenter for IFRS-foretak		0	0
Totalresultat		-70 485 000	-56 677 000



Resultatregnskap

Beløp i: NOK	Note	2023	2022
Overføringer og disponeringer			
Retained earnings		-70 485 000	-56 677 000
Sum overføringer og disponeringer		-70 485 000	-56 677 000



Balanse

Beløp i: NOK	Note	2023	2022
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Intangible assets	4.2	14 389 000	8 556 000
Sum immaterielle eiendeler		14 389 000	8 556 000
Varige driftsmidler			
Property, plant and equipment	4.1	876 632 000	498 386 000
Right-of-use assets	6.3	17 640 000	22 539 000
Sum varige driftsmidler		894 272 000	520 925 000
Finansielle anleggsmidler			
Other non-current assets		53 000	89 000
Sum finansielle anleggsmidler		53 000	89 000
Sum anleggsmidler		908 714 000	529 570 000
Omløpsmidler			
Varer			
Biological assets	5.1	0	14 285 000
Other inventories	5.2	1 697 000	1 162 000
Sum varer		1 697 000	15 447 000
Fordringer			
Other current assets	5.3	52 380 000	7 803 000
Sum fordringer		52 380 000	7 803 000
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	5.4	0	82 911 000
Sum bankinnskudd, kontanter og lignende		0	82 911 000
Sum omløpsmidler		54 077 000	106 161 000
SUM EIENDELER		962 791 000	635 731 000



Balanse

Beløp i: NOK	Note	2023	2022
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	6.6	3 000 000	41 039 000
Overkurs	6.6	408 515 000	557 413 000
Sum innskutt egenkapital		411 515 000	598 452 000
Opptjent egenkapital			
Retained earnings		-3 940 000	-125 438 000
Other reserves		854 000	2 690 000
Sum opptjent egenkapital		-3 086 000	-122 748 000
Sum egenkapital		408 429 000	475 704 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	6.2, 6.4	59 959 000	67 375 000
Lease liabilities	6.3	9 340 000	13 296 000
Sum annen langsiktig gjeld		69 299 000	80 671 000
Sum langsiktig gjeld		69 299 000	80 671 000
Kortsiktig gjeld			
Borrowings	6.2, 6.4	7 666 000	56 168 000
Lease liabilities	6.3	4 511 000	4 683 000
Leverandørgjeld		131 134 000	10 361 000
Other current liabilities		6 362 000	8 144 000
Liabilities to group company		335 391 000	0
Sum kortsiktig gjeld		485 064 000	79 356 000
Sum gjeld		554 363 000	160 027 000
SUM EGENKAPITAL OG GJELD		962 792 000	635 731 000



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

Journalnummer: 2024 678929

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Bekreftet av representant for selskapet: Martin Rasmussen
Dato for fastsettelse av årsregnskapet: 18.06.2024

Revisjon

Ekstern autorisert regnskapsfører har i løpet av regnskapsåret bistått ved den løpende regnskapsføringen eller utført andre tjenester for selskapet enn å utarbeide årsregnskapet: Ja

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Brønnøysundregistrene, 10.08.2024



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ANDFJORD SALMON AS

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Organisasjonsnr: 932 201 070
ANDFJORD SALMON AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note
3.3

Antall årsverk i regnskapsåret
23.00

Note
3.3

Spesifisering av resultatregnskapet

Lønnskostnader

Sum Beløp

Balanseført verdi 31.12. Varige driftsmidler Immaterielle eiend.

Konsernregnskap

Morselskapet sitt navn

Forretningskontor for morselskapet

Begrunnelse for at datterselskap er utelatt fra konsolideringen

Samlet beløp - tilknyttet selskap Årets Fjorårets

Samlet beløp - foretak i samme konsern Årets Fjorårets

Samlet beløp - foretak i samme konsern Årets Fjorårets

Samlet beløp - felles kontrollert virksomhet Årets Fjorårets



Pantstillelse Beløp

Beholdning av egne aksjer Antall Pålydende Andel av aksjek.



Andfjord Salmon AS Board of Directors report 2023

NATURE OF THE ENTERPRISE

Andfjord Salmon AS is a subsidiary in Andfjord Salmon Group. The company is developing the aquaculture industry of the future and has an ambition of building the most fish-friendly and sustainable aquaculture facility of its kind. The benefits of both sea and land-based salmon farming are combined to achieve this. The result is a high level of salmon welfare and sustainable production by using Arctic seawater in land-based pools. Andfjord Salmon AS is a Norwegian company that was established in Andøy municipality in 2023. The company is developing production facilities and operating premises on Andøya. The company has a license to farm 10,000 tonnes of maximum allowed biomass (MAB), at Kvalnes, Andøya. The Company is currently developing the Kvalnes site. Yearly production is expected to be 19,000 tonnes HOG when the build-out has been completed mid-2027. Andfjord Salmon AS has also secured for coastal properties at Fiskeenes and Breivik on Andøya for future expansion. In total, the company has a long-term ambition of an annual production of 90,000 tonnes HOG from all three sites.

OVERVIEW OF THE ANNUAL FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2023 have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU).

During 2023, a restructuring of the company structure was carried out with the establishment of a holding structure. The group now consists of parent company Andfjord Salmon Group AS and one subsidiary, Andfjord Salmon AS.

Loss before income tax for 2023 was NOK 70.5 million for Andfjord Salmon AS, compared to a loss of NOK 56.7 million in 2022. In 2023, the company employed 23 full-time equivalents and employee benefit expenses amounted to NOK 25.2 million after capitalisation of expenses related to construction. Depreciation and amortisation expenses were NOK 24.9 million in 2023, while other operating expenses totalled NOK 31.5 million. The loss is in line with the board's expectations for the current phase of the company. In June 2022 the company released close to 200,000 smolt of 120 grams into its first pool, and the fish was harvested in June/July 2023 with strong biological results. Survival rate after transportation to the processing facility was 97.5 %, which is significantly better than the industry average of 83.3 % in 2023. In total, 540 tonnes (HOG) were harvested. After completion of the first harvest, the focus has been shifted to the construction of four new pools at Kvalnes, which are expected to be completed by mid-2025, reaching a production capacity of 8,000 tonnes HOG per year. This construction period also includes the establishment of shared infrastructure, such as harbour area and waterways, that will support a total annual production capacity of 40,000 tonnes HOG at Kvalnes. The next release of smolt will be when the next four pools are completed in 2025, followed by continuous production.

The company generated its first sales revenue in 2023, with total income of NOK 37.3 million from the first production cycle.

Net cash flow from operating activities was NOK 72.7 million, while operating loss was NOK -79.4 million. Incoming cash flow related to sales income occurred in 2023, which has a positive effect on cash flow from operations. The company's cash flow from investment activities was NOK -326.9 million, which is related to construction of four new pools and associated infrastructure. Net cash flow from financing activities was NOK 171.2 million in 2023.

Total assets at the end of 2023 were NOK 962.8 million for the company. Total non-current assets were NOK 908.8 million, which consisted of investments in property, facility and equipment at Kvalnes, property at the Breivik and Fiskeenes locations and intangible assets of NOK 14.4 million. The company has carried out research and development that has resulted in a patented solution that has been implemented in the first pool. Direct expenses for equipment and external consultants in connection with development of the solution are entered in the balance sheet as intangible assets. Direct expenses related to the patent itself are also accounted for as an intangible asset.



Current assets mainly consist of current receivables.

RISK FACTORS

MARKET RISKS

Liquidity risk

Financing of the construction activity is provided by the parent company with a combination of equity and loan. For more details about the financing of the Group, see the financial statements and Board of Directors Report for Andfjord Salmon Group AS. The group has financed the construction of four new pools, which will increase annual production capacity to 8,000 tonnes HOG, and infrastructure such as waterways and harbour area which will support a complete development of Kvalnes to a production capacity of 40,000 tonnes of HOG per year.

The company's growth strategy and future plans are capital intensive and dependent on further future financing to continue to increase the production capacity beyond 8,000 tonnes HOG yearly. The successful first production cycle has proven the concept and provided the basis for the strong financing the group secured in 2023.

Currency risk

The market for sale of salmon is international and the company is exposed to currency risk in relation to sales income. In the future, currency hedging will be used to reduce such exposure.

Interest rate risk

The company is exposed to fluctuations in interest rate levels through interest-bearing debt. Total interest-bearing debt at the end of 2023 was NOK 67.6 million. Liquidity reserves are deposited on bank accounts and is thus exposed to interest rate fluctuations.

Credit risk

The company is currently exposed to credit risk through the placement of surplus liquidity in Norwegian regulated banks. Customer receivables are limited in the current phase.

CYBERSECURITY RISK

Andfjord Salmon depends on IT systems throughout the company's operations. The risk of falling victim to a cyberattack is rising to companies in general. Disruptions to critical systems could negatively affect Andfjord Salmon's ability to operate safely and effectively.

PANDEMIC RISK

In mid-2023, the World Health Organization announced that the COVID-19 pandemic no longer constituted a public health emergency of international concern. A negative development in the COVID-19 situation or other pandemics may impact Andfjord Salmon and the economy at large. For example, long-term impact on the global economy may result in impairment of assets and future decrease of the market as consumers change their habits and investors reduce their investments. Further, personnel may not be able to work due to illness, quarantines, travel restrictions and social distancing causing shut down of operations of the company and its suppliers.

GOING CONCERN

The accounts have been prepared under the assumption of going concern. In accordance with Section 3-3a of the Norwegian Accounting Act, the board of directors confirms that the company fulfil the requirements necessary for them to continue to operate as a going concern. The board bases this on the company's and the group's financial position, which is good.

WORKING ENVIRONMENT

The board of directors considers the company's working environment to be good. No special measures have been implemented to improve the working environment. Registered sickness absence was 0.83% in 2023, while sickness absence in 2022 was 2%. The company has not had any accidents or incidents in 2023 that have led to personal injuries.



FUTURE OUTLOOK

The company holds a fish farming licence of 10,000 tonnes MAB and expects to reach yearly production volume of 19,000 tonnes (HOG) in the next construction phase at Kvalnes that is expected to be completed by mid-2027. The company has secured rights to coastal properties at Fiskenes and Breivik on Andøya, enabling a potential future production of 90,000 tonnes HOG. The current licence will be used in its entirety at the company's first production facilities at Kvalnes.

The first pool has a production capacity of 1000 tonnes HOG on a stand-alone basis. The current construction phase started in July 2023 and four new pools will be ready by mid-2025. The board considers the future prospects to be good. Successful biological results have strengthened the company's position significantly.

At the same time as the company is working on developing the first location at Kvalnes, it is also working on regulation of the Fiskenes and Breivik sites and will apply for a license for 20,000 tonnes MAB (25,000 tonnes HOG) for each of the locations. The zoning plan for Breivik was approved by the local municipality in 2022. There are also plans to further develop the Kvalnes site to a total production capacity of 40,000 tonnes HOG per year.

Andfjord Salmon benefits from the well-developed salmon farming industry in the Vesterålen area, where the necessary infrastructure with sufficient capacity and expertise has already been established. This makes it possible to have a fully integrated value chain, from smolt production and salmon farming to sales and distribution to end customers.

The company's financial position and outlook is primarily dependent on the price of farmed salmon and the level of production costs. Historically, the market price of farmed salmon has been subject to market fluctuations. Andfjord Salmon's flow-through concept requires low energy consumption. Due to the facilities' unique location directly adjacent to the Gulf Stream, they have access to water at very favourable temperatures year-round. Inlet water is sourced at 40 meters' depth, below the water levels where salmon lice lives. Salmon lice treatment represents a significant production cost in sea based salmon farming, and avoiding this gives a significant production cost advantage compared to traditional sea based industry. The company is largely dependent on maintaining its current license and being awarded new licenses in order to develop the business in the future.

CORPORATE GOVERNANCE

Andfjord Salmon Group AS has prepared a report on corporate governance that is included in the annual report, which is available on the company's website. Although the companies within the Group is not subject to the Norwegian Code of Practice for Corporate Governance, it aims to comply with the principles of the recommendations as the business transitions into an operational phase. The report on corporate governance sets out the Group's status in relation to the recommendations.

GENDER EQUALITY AND DISCRIMINATION

In 2023, 23 full-time equivalents were performed by employees of the company. At the end of 2023, the company had 24 employees in total, of which eight are women. The proportion of woman among employees has increased considerably during the last couple of years. Based on an assessment of the size of the company, the number of employees and job categories, the board has not found it necessary to take further action with respect to gender equality at this time. However, Andfjord Salmon is keen to further increase the share of female employees, both in senior positions and in the company in general. Andfjord Salmon shall be a workplace where there is full gender equality between women and men, and it shall ensure that there is no discrimination based on gender. More information on the status of gender equality in the company can be found in the ESG report, which is part of the annual report of Andfjord Salmon Group AS and available on the company's website.

THE NATURAL ENVIRONMENT

The company does not pollute the natural environment to any significant extent in its current phase, but it has nevertheless implemented environmental measures in connection with the development at Kvalnes. It is a clear goal that the business shall have the smallest possible environmental footprint.



Biological waste from the facility is captured and refined as a commercial resource, limiting emissions from the facility. The company has prepared a separate ESG report as part of the annual report of Andfjord Salmon Group AS, which contains a detailed account of how it works towards achieving sustainability goals.

OTHER MATTERS

Andfjord Salmon performs evaluation and assessment of suppliers in line with the Transparency Act. The group will publish statement on due diligence assessments on its website during 2024.

The board of directors does not know of any other matters of importance to consider the company's position and profit/loss, other than those presented in the annual financial statements and notes to the annual financial statements. No matters have arisen after the end of the financial year that have an impact on the board of directors' assessment of the annual financial statements.

DECLARATION BY THE BOARD OF DIRECTORS AND CEO OF ANDFJORD SALMON AS

We hereby confirm that it is our sincere conviction that the financial statements for the period 1 January to 31 December 2023 have been prepared in accordance with the provisions and good accounting practices set out in the Norwegian Accounting Act, and that the information in the financial statements provides an accurate picture of the company's assets, liabilities, financial position, and profit/loss as a whole. We hereby confirm that the annual report provides an accurate overview of the development, annual profit/loss and position of the company, together with a description of the most important risks and uncertainties the enterprise is facing.

Andøy, 18 June 2024

Roger Brynjulf Mosand
Chair

Martin Rasmussen
CEO



Statsautoriserte revisorer
Ernst & Young AS

Strandgata 8, 9008 Tromsø
Postboks 1212, 9262 Tromsø

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Andfjord Salmon AS

Opinion

We have audited the financial statements of Andfjord Salmon AS (the Company), which comprise the balance sheet as at 31 December 2023, the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable legal requirements.
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management for the financial statements

Management (the board of directors and the general manager) is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



Building a better
working world

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Tromsø, 20. juni 2024
ERNST & YOUNG AS

The auditor's report is signed electronically

Kai Astor Frøseth
State Authorised Public Accountant (Norway)

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Frøseth, Kai Astor

Statsautorisert revisor

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ANDFJORD LAKS AS
Att.Bjarne Martinsen
Kvalnesveien 69
8485 DVERBERG
Norge

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk for Andfjord Laks AS, org.nr. 932 201 070

Vi viser til deres brev av 8.desember 2023 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk for Andfjord Laks AS.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering Andfjord Laks AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som danner grunnlaget for vedtaket ikke endres vesentlig.

Kopi av dette brevet må sendes til Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Den regnskapspliktige må selv dokumentere ved dette brev at tillatelse er gitt.

Bakgrunn

Andfjord Laks AS er eid av et norsk selskap som er registrert på Euronext Growth Oslo. Selskapet satser på drift og utvikling av fasiliteter for landbasert oppdrett av laks.

Engelsk er i stor grad selskapets arbeidsspråk. Selskapet vil eksportere en betydelig del av sin produksjon til utlandet.

Skattekontorets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen [...] være på norsk. Departementet kan ved [...] enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper



som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til “informative regnskaper for ulike grupper av regnskapsbrukere”. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter skattekontorets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har skattekontoret lagt særlig vekt på at selskapet er direkte eid av et norsk selskap som er registrert på Euronext Growth Oslo. Videre er det vektlagt at selskapet driver virksomhet i en bransje der alle sentrale aktører behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Vibeke Horne
Skatteetaten

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Andfjord Salmon AS (the subsidiary)

Annual financial statements

2023



ANNUAL FINANCIAL STATEMENTS 2023

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STATEMENT OF COMPREHENSIVE INCOME

<i>Amounts in NOK thousand</i>	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	(31 501)	(21 691)
Operating profit/(loss)		(79 428)	(56 111)
Financial income	3.5	11 282	1 836
Net financial costs	3.5	(2 340)	(2 402)
Net financial result		8 942	(566)
Profit/(loss) before income tax		(70 486)	(56 677)
Income tax expense	3.6	-	-
PROFIT/(LOSS) FOR THE PERIOD		(70 486)	(56 677)
Net other comprehensive income/(loss)		-	-
COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR		(70 486)	(56 677)



ANNUAL FINANCIAL STATEMENTS 2023

STATEMENT OF FINANCIAL POSITION

<i>Amounts in NOK thousand</i>	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
Share in subsidiary		-	-
Other non-current assets		53	89
Total non-current assets		908 714	529 570
Current assets			
Biological assets	5.1	-	14 285
Other inventories	5.2	1 697	1 162
Receivables on group company		-	-
Other current assets	5.3	52 380	7 803
Cash and cash equivalents	5.4	-	82 911
Total current assets		54 077	106 161
TOTAL ASSETS		962 791	635 731
EQUITY AND LIABILITIES			
EQUITY			
Share capital	6.6	3 000	41 039
Share premium	6.6	408 515	557 413
Retained earnings		(3 940)	(125 438)
Other reserves		854	2 690
Total equity		408 429	475 704
LIABILITIES			
Borrowings	6.2, 6.4	59 959	67 375
Lease liabilities	6.3	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	4 511	4 683
Trade payables		131 134	10 361
Other current liabilities		6 362	8 144
Liabilities to group company		335 391	-
Total current liabilities		485 063	79 356
Total liabilities		554 362	160 027
TOTAL EQUITY AND LIABILITIES		962 791	635 731



ANNUAL FINANCIAL STATEMENTS 2023

Roger Brynjulf Mosand
Chair

Martin Rasmussen
CEO

Andøy
18 June 2024



ANNUAL FINANCIAL STATEMENTS 2023

STATEMENT OF CASH FLOWS

<i>Amounts in NOK thousand</i>	Notes	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES:			
Profit/(loss) before income tax		(70 486)	(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	(8 942)	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		17 570	(39 329)
Change in other current assets and liabilities		(1 565)	9 891
Change in current liabilities to group company		89 445	-
Interests received		11 282	1 836
Interests paid		(7 833)	(5 576)
Net cash flow from operating activities		72 713	(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	3.7	-	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	-	45 000
Repayment of borrowings	6.2	(55 918)	(1 958)
Payment of principal portion of lease liabilities	6.3	(4 128)	(1 195)
Demerger effects		(351 893)	-
Net cash flow from financing activities		171 242	247 138
Net increase/(decrease) in cash and cash equivalents		(82 911)	67 993
Cash and cash equivalents as of 1 January		82 911	14 918
Cash and cash equivalents as of 31 December		-	82 911



ANNUAL FINANCIAL STATEMENTS 2023

STATEMENT OF CHANGES IN EQUITY

<i>Amounts in NOK thousand</i>	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		-	-	(70 486)	-	(70 486)
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-	(70 486)	-	(70 486)
Capital increases June and July 2023	6.6.3	15 974	567 208	-	-	583 182
Capital increase at date of incorporation 21 September 2023	6.6.3	30	-	-	-	30
Predecessor accounting *	1.2.1	(57 013)	(1 124 622)	191 984	(6 424)	(996 075)
Capital increase approved 28 December 2023, not registred*	6.6.3	2 970	408 515	-	-	411 485
Share based payments to employees	3.3.2	-	-	-	4 588	4 588
Balance at 31 December 2023		3 000	408 515	(3 940)	854	408 429

* On 15 December 2023, all operating assets in Andfjord Salmon AS (Mother company) was demerged and merged into Andfjord Salmon AS (the subsidiary). The transaction is considered a capital reorganization with continuity. See note 1.2 and 1.2.1 for further information.



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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.



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1.1 Corporate Information

These financial statements have been prepared for the company *Andfjord Salmon AS (the subsidiary)* ('the Company') for the year ended 31 December 2023. Andfjord Salmon AS (the subsidiary) is a limited liability company incorporated and domiciled in Norway. The Company was established in 2023, and its registered office is located at Kvalnesveien 69, Andøy.

The Company's main activities are the construction of its land-based salmon farming facilities located in the intertidal zone on the eastern shores of Andøya, in Andøy municipality. Upon completion of the farming facilities, the main activity will be to farm salmon with the aim of selling to third parties when the fish has reached a mature state.

The Company is wholly owned by Andfjord Salmon AS (mother company), and it was established as a consequence of a capital reorganisation, by which Andfjord Salmon AS (mother company) transferred its operations to Andfjord Temp AS, and Andfjord Temp AS was subsequently merged with Andfjord Salmon AS (the subsidiary). The end result is that Andfjord Salmon AS (the subsidiary) continues the operations that were previously carried out by Andfjord Salmon AS (mother company), and Andfjord Salmon AS (mother company) remains as holding company in the Group conformed by these two entities. The merger between Andfjord Salmon AS (the subsidiary) and Andfjord Temp AS occurred on 15 December 2023.

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

1.2 Basis of Preparation

The financial statements of the Company 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 for the annual period ended 31 December 2023 together with the comparative periods for the annual period ended 31 December 2022. These are the first financial statements presented by the Company. Since the Company was established during 2023, all comparative information for the Company's financial position, performance and cash-flows are those of Andfjord Salmon AS (mother company) until the merger date between Andfjord Salmon AS (the subsidiary) and Andfjord Temp AS.

Accounting policies

The Company has applied the predecessor accounting for operations carried in Andfjord Salmon AS (mother company) until the merger date, with retrospective presentation of its financial position and performance. This approach has been applied considering the substance of the transaction (common control transaction), where the same operations in the Group previously carried out by Andfjord Salmon AS (mother company) are continued by Andfjord Salmon AS (the subsidiary), with the difference that the operating company in the Group will now be controlled by a holding company: Andfjord Salmon AS (mother company).

Therefore, in substance, Andfjord Salmon AS (the subsidiary)'s information on financial performance, position and changes in cash-flows are presented as a continuation of those carried out by Andfjord Salmon AS (mother company) previous to the reorganisation.



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All amounts are presented in NOK (Norwegian kroner), 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 reorganisation completed on 15 December 2023. In accordance with the merger-plan, these intercompany balances shall be converted to equity in the subsidiary. 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 company) and the subsidiary to regulate the intercompany balances has therefore established with interest rates at arms-length.

1.2.2 Accounting judgements, estimates and assumptions



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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 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.

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.

1.2.3 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



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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 these 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.

1.2.4 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.



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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.



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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 Company 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 Company initiated the production phase for 12 additional pools for growing salmon.	Note 4.1
Andfjord Salmon AS (mother company) entered into a loan facility agreement after the end of the reporting period, to refinance the debt held by Andfjord Salmon AS (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.



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SECTION 3. Results of the year

In brief

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



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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, the Company's CODM. The Group as a whole is operated as a single segment.

The Company 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.



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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
<i>(Amounts in NOK thousand)</i>		
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 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 the following employee benefit expenses:

Employee benefits	2023	2022
<i>(Amounts in NOK thousand)</i>		
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 capitalisation (*)	30 069	25 606
Capitalised employee benefits	(4 861)	(2 395)
Total employee benefits after capitalisation	25 208	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.



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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, the Company 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'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 recognised as 'employee benefit expenses', with a corresponding increase in equity in the form of Group contributions from Andfjord Salmon AS, 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 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 AS 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. As from the capital reorganisation date (see Section 1.2.1), employees and Management are hired by Andfjord Salmon AS (mother entity)'s subsidiary, Andfjord Salmon AS (the 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.



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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 Group assessed fair value at the grant date for the options granted in June 2022 as 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.



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3.4 Other operating expenses

Other operating expenses	2023	2022
<i>(Amounts in NOK thousand)</i>		
Expenses related to short-term and low-value leases	662	789
Legal and consultancy services (incl. remuneration to auditors)	10 473	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	3 833	1 862
Other taxes and levies	109	108
Other expenses	3 376	4 855
Total other operating expenses	31 501	21 691

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



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3.5 Finance income and costs

Finance income and costs	2023	2022
<i>(Amounts in NOK thousand)</i>		
Financial income	11 282	1 836
Interest from bank deposit	11 231	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	8 942	(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
<i>(Amounts in NOK thousand)</i>		
Current income tax	-	-
Change in deferred tax	-	-
Total income tax expense	-	-



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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
<i>(Amounts in NOK thousand)</i>		
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	6 071	6 763
Total deferred tax relating to temporary differences	(1 278)	5 122
Tax losses to carry forward	184 063	161 912
Not included in the deferred tax calculation	(182 785)	(167 034)
Basis for deferred tax assets (liabilities)	-	-
Carrying value of deferred tax assets (liabilities)	-	-

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
<i>(Amounts in NOK thousand)</i>		
Profit before tax	(70 487)	(56 677)
Expected income tax at statutory income tax rate of 22% (2021: 22%)	(15 507)	(12 469)
Permanent differences	(62)	(1 823)
Change in unrecognised deferred tax asset	15 569	14 292
Calculated tax expense/(income)	-	-



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3.7 Government grants

Accounting policies

Government grants are recognised when there is a reasonable assurance that the Company complies with the conditions attached 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

Andfjord Salmon has received during 2023 NOK 4 750 thousand in grants from Skattefunn in connection with the tax settlement for 2022; and is 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.



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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.



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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.



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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



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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.

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' as 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 has significantly exceeded the amount of borrowings held by the Company.



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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
<i>(Amounts in NOK thousand)</i>			
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



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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 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.



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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.



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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, unmaturing 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



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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:

<u>Expected harvesting period</u>	<u>Forward price at harvest dates</u>
<i>(Amount in NOK per kg)</i>	
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.



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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:

	Tonnes	Carrying amount NOK thousand	Tonnes	Carrying amount NOK thousand
Change in biological assets	2023	2023	2022	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.



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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
<i>(Amounts in NOK thousand)</i>		
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
<i>(Amounts in NOK thousand)</i>		
Other receivables	19	-
Prepayments	1 793	1 852
Government grants receivables	903	-
VAT receivables	49 665	5 838
Other current assets	-	113
Total other current assets	52 380	7 803



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5.4 Cash and cash equivalents

Cash and cash equivalents	2023	2022
<i>(Amounts in NOK thousand)</i>		
Cash at bank	-	82 911
Restricted cash (payroll)	-	1 212
Unrestricted cash	-	81 699
Total cash and cash equivalents	-	82 911

Cash has gone to zero as a consequence of the capital reorganisation, where Andfjord Salmon AS (mother company) remains an owner of cash and cash equivalents, as further explained in note 1.2.1.

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.



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SECTION 6. Capital and debt structure

In brief

This section provides insights into the Company's capital and debt structure, including financial risk and capital management.



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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	31 December 2022
<i>(Amounts in NOK thousand)</i>		
Debt instruments measured at amortised cost:	-	82 911
Cash and cash equivalents	-	82 911
Total financial assets	-	82 911

6.1.2 Financial liabilities

Financial liabilities	31 December 2023	31 December 2022
<i>(Amounts in NOK thousand)</i>		
Liabilities measured at amortised cost	548 000	151 883
Borrowings	67 625	123 543
Liabilities to group company	335 391	-
Lease liabilities	13 851	17 979
Total financial liabilities	548 000	151 883

Liabilities to group company arose as a consequence of the Group's reorganisation indicated in Section 1.2.1, and it is also disclosed as a balance with related parties 7.1.



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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
<i>(Amounts in NOK thousand)</i>		
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



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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 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 debt.

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 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.



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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
<i>(Amounts in NOK thousand)</i>				
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



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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 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
<i>(Amounts in NOK thousand)</i>		
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



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The following table discloses the maturity analysis for lease liabilities.

Contractual maturities	2023	2022
<i>(Amounts in NOK thousand)</i>		
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 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
<i>(Amounts in NOK thousand)</i>		
Interest expense (included in finance cost)	(4 830)	700
Expense relating to short-term and low-value leases	-	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
<i>(Amounts in NOK thousand)</i>			
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	-	-	-



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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.

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 prudence, 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 and liabilities to group companies disclosed in note 7.1), 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
<i>(Amounts in NOK thousand)</i>						



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Borrowings	67 625	2 333	5 333	30 669	29 290	67 625
Trade payables	131 134	131 134	-	-	-	131 134
Other current liabilities	6 362	4 705	1 657	-	-	6 362
Total financial liabilities	205 121	138 172	6 990	30 669	29 290	205 121

At 31 December 2022	Carrying amount	Less than 3 months	3-12 months	1-5 years	More than 5 years	Total
<i>(Amounts in NOK thousand)</i>						
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 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 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.



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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 on the profit after tax:

Sensitivity of changes in interest rates on borrowings <i>(Amounts in NOK thousand)</i>	Impact on equity and profit after tax	
	2023	2022
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.

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.



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6.6 Share capital

6.6.1 Share capital and share premium

The Company was incorporated on 21 September 2023. See note 1.2.1. for information on the capital reorganisation the Company has been a part of.

As of 31 December 2023, the share capital consists of 30 000 ordinary shares, with a par value of NOK 100.00 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
	31 December 2023	31 December 2023
Authorised shares		
Fully paid ordinary shares	30 000	3 000 000
Total share capital	30 000	3 000 000

6.6.3 Movements in ordinary shares

	Number of shares	Par value per share (NOK)	Share premium total (TNOK)	Total (TNOK)
Movements in ordinary shares				
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 (June)	5 922 078	1,00	222 078	228 000
Capital increase Tranche 2 (June)	10 051 948	1,00	376 948	387 000
Transaction costs Tranche 1 and Tranche 2	-	-	(31 818)	(31 818)
Capital at inception 21 September 2023	30 000	1,00	-	30
Predecessor accounting adjustment	(57 012 953)	1,00	(1 124 621)	(1 181 634)
Capital increase by debt conversion, not registered	-	100,00	408 515	411 485
Closing balance at 31 December	30 000	100,00	408 515	411 515

Capital increase by Tranche 1 and Tranche 2

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



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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.

Predecessor accounting adjustment

On 23 October the general meeting resolved to demerger of Andfjord Salmon AS followed by implementation of the triangular merger with the subsidiaries. The demerger of the operational assets from Andfjord Salmon AS (mother company) to Andfjord Temp AS, and subsequent merger of Andfjord Temp AS and Andfjord Salmon AS (the subsidiary) was completed on 15 December 2023. As described in note 1.1 and 1.2.1, the Company has applied the predecessor accounting for operations carried in Andfjord Salmon AS (mother company) until the merger date, with retrospective presentation of its financial position and performance. An adjustment to adjust for the predecessors equity movements, an adjustment has been made in the equity. All historical equity effects up until the 15 December 2023 are adjusted out of equity.

Capital increase by debt conversion

The Company converted part of its liabilities to group companies into equity, in accordance with the merger plan (refer to note 1.2.1). The capital increase by debt conversion was approved by the Company's sole owner Andfjord Salmon AS (mother company) on 28 December 2023 and registered in the Norwegian Register of Business Enterprises on 22 January 2024.



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6.6.4 List of the shareholders at 31 December 2023

<u>Shareholders</u>	<u>Number of shares</u>	<u>Ownership percentage</u>	<u>Voting percentage</u>
Andfjord Salmon AS (mother company)	30 000	100,00	100,00



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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.



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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
<i>(Amounts in NOK thousand)</i>						
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
Antonio Serrano, Board member	-	-	-	-	-	-
Gro Skaar Knutsen, Board member	-	135	-	-	-	135



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For the year ended 31 December 2022

	Salary	Board remuneration	Pension costs	Share-based payments	Other remuneration	Total
<i>(Amounts in NOK thousand)</i>						
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
Antonio Serrano, Board member (*)	-	-	-	-	-	-
Gro Skaar Knutsen, Board member	-	70	-	-	-	70

() Figures presented for Jostein Nilssen and Antonio Serrano has been restated in the current year's financial statements. The change has been to include options Jostein Nilssen was granted in 2022 and correct the board remuneration to Antonio 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).



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7.1.2 Transactions with other related parties

Transactions with related parties	Relationship	2023	2022
<i>(Amounts in NOK thousand)</i>			
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

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

At year-end, Andfjord Salomon AS (the subsidiary) has group liabilities of NOK 335 391 thousand. 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 Company 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 Company will be able to take care of the environment and comply with statutory requirements without requiring changes to its properties. It is the Company's assessment that, based on current legislation, there are no obligations related to the potential termination or dismantling of the operations.



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7.3 Commitments

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

Capital commitments	2023	2022
<i>(Amounts in NOK thousand)</i>		
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 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 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.