THE KINGFISH COMPANY

Annual Report 2023

THE KINGFISH COMPANY

The Kingfish Company sparks a fish revolution

This is our 2023 integrated annual report

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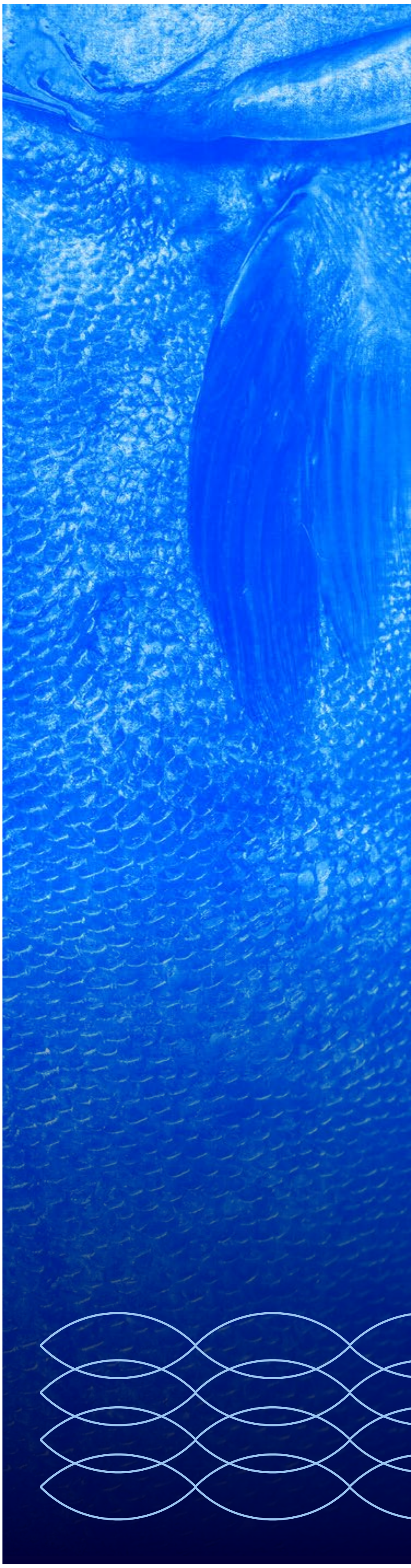


Introduction


KINGFISH
ZEELAND

I am proud of our people's passion and diversity ...

Vincent Erenst
Chief Executive Officer

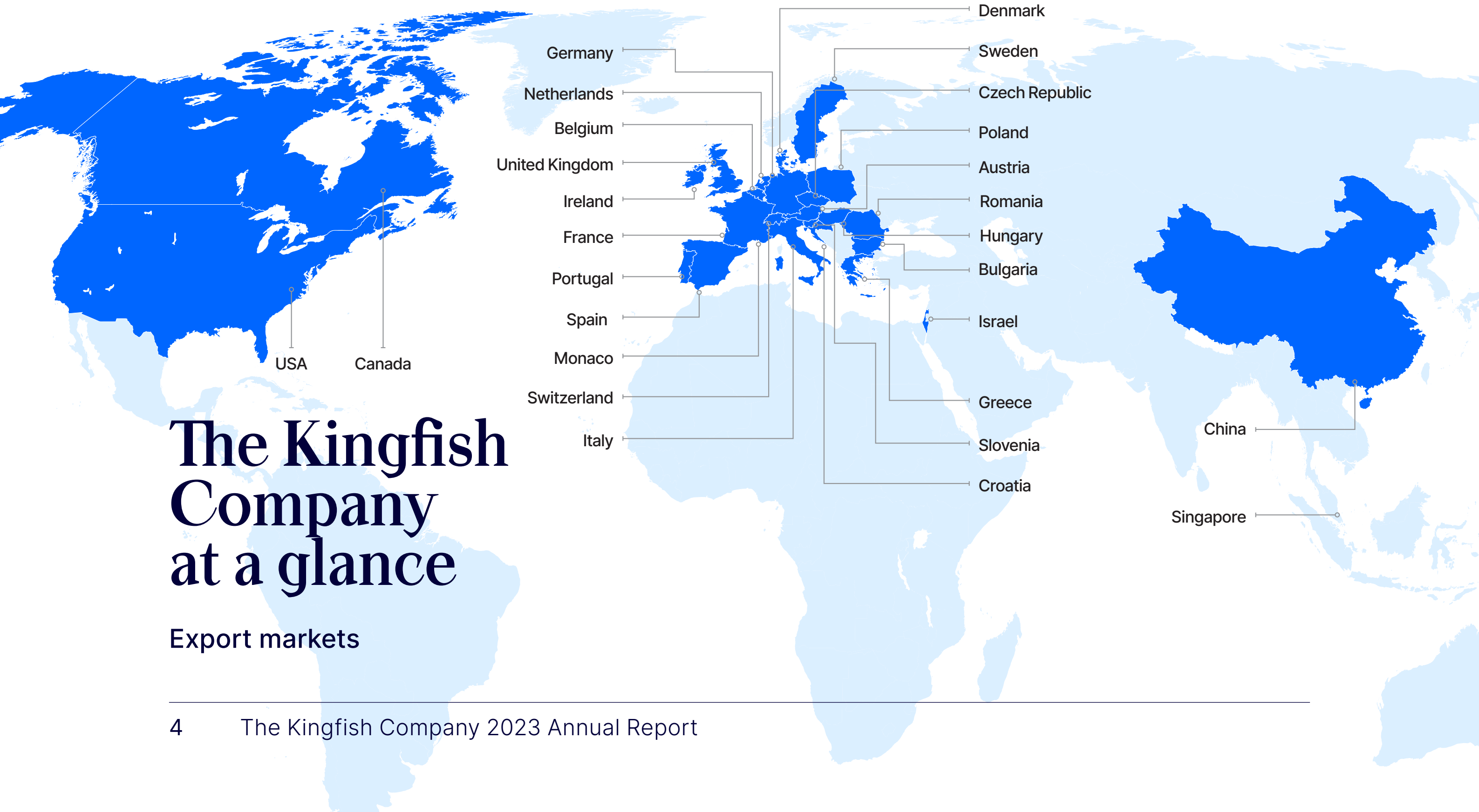
CEO Message

As we wrap up the year, I am pleased to announce several significant achievements. Our Phase 2 expansion in the Netherlands has been successfully completed, enlarging our production capacity from 1 500 tons to 3 500 tons per year. Biomass production increased by 45%, from 1 511 tons in 2022 to 2 195 in 2023. The record biomass growth and improvement in feed conversion rates of our fish have exceeded expectations.

In 2023, a slightly higher sales volume, 1 457 tons of whole fish equivalent, and an increase of revenue per kilogram resulted in a 17% increase of revenue. The higher revenue per kg was due to increased prices and more favorable product mix. Gross margin increased by 56% as compared to the year prior, in spite of higher production costs.

The new facilities in the Phase 2 expansion were fully stocked by year end. A new in-house packing and processing plant with increased capacity has started operation in March 2024 and is functioning to full satisfaction.

These encouraging results are due to our staff's dedication in ensuring the best possible growing conditions for our fish and optimal operation of our technical systems. I am proud of our people's passion



The Kingfish Company at a glance

Export markets

and diversity – 25 nationalities are represented in the company. With the growing complexity of our farm and processing facilities, the need for learning and development is increasing and, in 2023, we provided 952 hours of skills development. We also started offering English courses to improve communication. In 2023, a number of employees were promoted to a more senior role.

The Kingfish Company strives to be a good employer, to provide employees with a healthy and safe working environment and to have a zero-harm record. We have launched a new digital notification system to improve the reporting of incidents and near misses. To establish a company-wide safety culture we are selecting and training safety ambassadors to support our Health & Safety Committee in working towards the goal of zero lost-time incidents.

In response to the rapid growth of the business and staff numbers this year, the company updated its Human Resources Manual, Code of Conduct and Reward and Remuneration Policy. We established a Works Council, to better understand our employees' wants and needs, and are in the process of updating the organizational and salary structures.
In 2024, an employee engagement survey will be conducted to gain better insight into employee well-being and the working environment. We also support community-based initiatives, such as the local hockey club, and organized seven shore clean-ups this year.

One of the highlights of the year was being shortlisted for the prestigious National Entrepreneurship Prize, which acknowledges small and medium-sized enterprises (SMEs) that are at the forefront of their respective fields.

As we enter our sixth year of operations, we are confident that the company will continue to enhance operational efficiency, while expanding our customer base and increasing sales, to meet the strong market demand for high value Dutch Yellowtail, in Europe and North America.

The History of The Kingfish Company

2016 · 2017 · 2018 · 2019 · 2020

AUG 2016
Closing production cycle

SEPT 2016
First pole ceremony

OCT 2017
First harvest

APR 2018
Official opening Phase 1A

SEPT 2018
ASC & BAP certification

JAN 2019
Full production Phase 1A

MAY 2019
Seafood Excellence Award

DEC 2019–JAN 2020
Funding secured for expansion


Nutreco invests in huge Kingfish Zeeland expansion

Kingfish Zeeland bags funding from Rabobank, PE for EU, US expansion

Kingfish Zeeland expanding into US with Maine RAS facility

Kingfish Zeeland Secures Strategic Funding for Its EU and US Expansion, Led by Rabo Corporate Investments and Creadev

FEB 2020
Start of expansion Phase 1B

NOV 2020
Listing at Oslo Børs

FEB 2021
First stocking of Phase 1B

April, 2022
Land-based The Kingfish Company signs up to €81 million debt facility.
Financing will allow for further development in the United States and Europe

APR 2022
€81 million debt facility

MAY 2022
Flying Yellowtail – first export of fingerlings to Maine

FEB 2023
Appointment of new CEO Vincent Erenst

APR 2023
Kingfish Maine celebrates its first harvest of small batch, limited release yellowtail

MAY 2023
First stocking of Phase 2 production systems

MAY 2021
Start of expansion Phase 2

July, 2022
Kingfish Company receives "overwhelming support, as Maine Town rejects aquaculture moratorium"

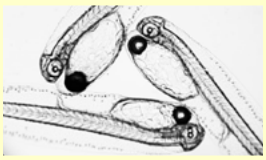
JULY 2022
Maine Town rejects aquaculture moratorium

MAR 23
Kingfish Maine building permit upheld by Jonesport's Board of Appeals

AUG 23
Kingfish Maine's site permits are upheld in court

2021 2022 2023 2024

OCT 2021
First stocking of 3rd generation larvae



NOV 2022
Commissioning of Pumphouse 2

OCT 2022–JAN 2023
Completed €35 million equity raise

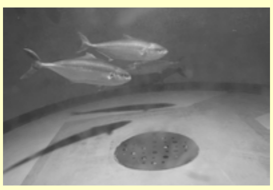
Q2-Q3 2023
Commissioning of wastewater treatment installations

€32 million convertible loan

FEB 2024
Commissioning new processing plant

DEC 2023
Phase 2 expansion fully stocked, increasing production capacity to 3 500 tons

DEC 2022
Flying Yellowtail – first broodstock export to Maine



JAN 2023
Stocking of new hatchery

JUL 2023
Successful completion of €32 million convertible loan for completion of Phase 2 and path to profitability

This year, we reached major milestones ...

Jeroen Scheelbeek
Chairman of the Supervisory Board

Chairman Message

This year, we reached major milestones of our 25×25 Sustainability Campaign, reducing both our dependency on marine resources and our residual waste by 25% per ton of biomass produced. The additional wastewater treatment plants are 85% operational and, when fully operational in 2024, will improve the water quality significantly.

During 2023, we raised about €32 million in additional financing through a convertible, fixed interest, four-year loan, reflecting the trust of both existing and new investors in the company. The funding was used to complete the Phase 2 expansion and will support the company to reach positive cash flow and profitability.

This year, The Kingfish Company completed its Phase 2 expansion in the Netherlands and began harvesting Dutch Yellowtail in the United States, with the first deliveries across Maine and New England. Operations continued during the expansion work of our farm in the Netherlands, and production increased to record levels (45% higher than last year). The biological performance of fish in our new facilities exceeded our expectations, and the hatchery produced a high volume of high-quality fingerlings. We continued to have zero mass mortalities. Our gross margin was 19% of revenue or €4,3 million (56% higher than last year), and our gross profit per kilogram was €2,9, an increase of 54%.

> As we look forward to 2024, we will continue to optimize our operational performance.

Our focus will be on developing new sales channels and markets for our premium quality Dutch Yellowtail by expanding our market positions in Europe and the US.

On behalf of the full board, I would like to thank our employees for their continuous dedication and to thank all our suppliers, customers, shareholders, financiers and other stakeholders for supporting our mission!

2023
Key Figures

€22M
17% REVENUE INCREASE
compared to prior year

SALES VOLUME
1 457 tons
whole fish equivalent (WFE)

REVENUE PER KG
€15,1/kg
WFE, 15% increase

2 195 tons
PRODUCTION
45% increase

eFCR 1,36
7,5% IMPROVEMENT

€2,9
GROSS PROFIT PER KG

19%
GROSS MARGIN

€-2,7/kg
OPERATIONAL EBITDA

€21 114k
CAPEX SPENT

ALL NEW
Phase 2 systems
fully stocked and operational

25 nationalities
represented in the company

Zero
MASS MORTALITIES
from the start of operation

100%
OF HARVESTED FISH
allocated to premium seafood products, green energy and animal feeds

Zero
USE OF ANTIBIOTICS OR TREATMENTS

7,5%
REDUCTION IN CARBON FOOTPRINT
(compared to 2022)

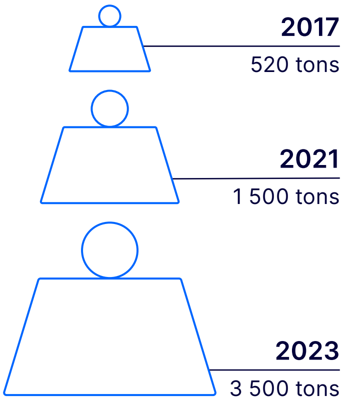
100%
OF CERTIFICATIONS RETAINED
ASC, BAP, Friend of the Sea, BRCGS Food Safety

33%
REDUCTION IN MARINE RESOURCE DEPENDENCY
(compared to 2022)

77%
of the 25x25 Sustainability Campaign
TARGETS MET
(on track)

About Us

ANNUAL PRODUCTION CAPACITY



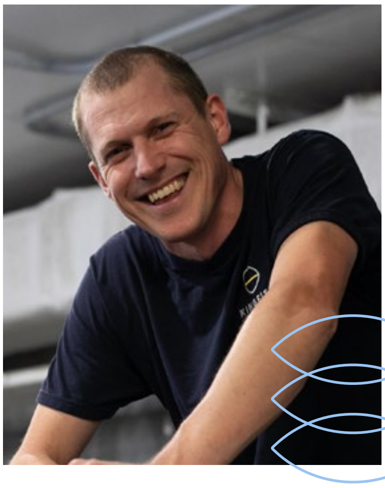
Since 2017, The Kingfish Company has been producing sustainably farmed, premium yellowtail kingfish known in the marketplace as Dutch Yellowtail (also known as Seriola lalandi, Pacific Yellowtail, Ricciola, Greater Amberjack and Hiramasa and often used interchangeably with its close cousin Hamachi). The company is vertically integrated, owning all stages of the value chain, and is a pioneer and world leader in land-based recirculating aquaculture systems (RAS) and the production of sustainable yellowtail kingfish.

> The company is on a mission to promote sustainable aquaculture, offering responsible choices to the consumer and growing awareness and care for the planet and people.

By the end of 2023, the company's new 15 415 m^2 grow-out facility, hatchery, wastewater treatment facility and pump house were fully operational. The hatchery, which is based at the Kingfish Zeeland facility, raises juvenile fish from quality eggs delivered by carefully selected parent fish.

Once the juvenile fish have reached market size, ranging from 800 grams to 3–4 kg, they are harvested and transferred to the processing plant, which is located in the nearby village of Colijnsplaat. In 2024, processing will move to a new on-site facility in Zeeland, ensuring higher premium quality and freshness. Currently, fish are harvested on demand and arrive at their final destinations within 24–48 hours. The company's Sales and Marketing Office manages all product sales and promotion.

In the USA, The Kingfish Company has obtained the necessary federal, state and municipal regulatory permits for the development of Kingfish Maine. The local community strongly supports the Kingfish Maine's plans for a new farm, but these plans have been temporarily put on hold due to appeals against two permits. The company continues to operate a research hatchery in Franklin, Maine and in 2023, following the transfer of two shipments of broodstock, had two successful harvests (in April and December) and distributed a limited supply of Dutch Yellowtail across Maine and New England.



The local community strongly supports the Kingfish Maine's plans for a new farm ...

Tom Sorby
Operations Manager
Kingfish Maine

KINGFISH MAINE'S FIRST HARVEST OF DUTCH YELLOWTAIL

After three years, the Kingfish Maine team had obtained all required permits for the Jonesport facility and harvested their first locally produced Dutch Yellowtail. This limited batch was served at restaurants in Maine, Boston DC and California.

Management Report

The Kingfish Company produces and supplies sustainable, safe and high-quality yellowtail kingfish in its target markets. Yellowtail kingfish is a highly versatile premium fish species, well known in Italian and Asian fusion cuisines. Production is based on advanced RAS technology, which protects biodiversity and ensures biosecurity. Animal welfare is paramount, and so the fish are grown without the use of antibiotics or genetically modified organisms. Operations run on 100% renewable electricity. The company's facilities operate on sea water, avoiding the wasting of precious fresh water.

The Kingfish Company N.V. is a public limited company under Dutch law, and is traded at Euronext Growth in Oslo, Norway.

The Kingfish Company produces and supplies sustainable, safe and high-quality yellowtail kingfish in its target markets.

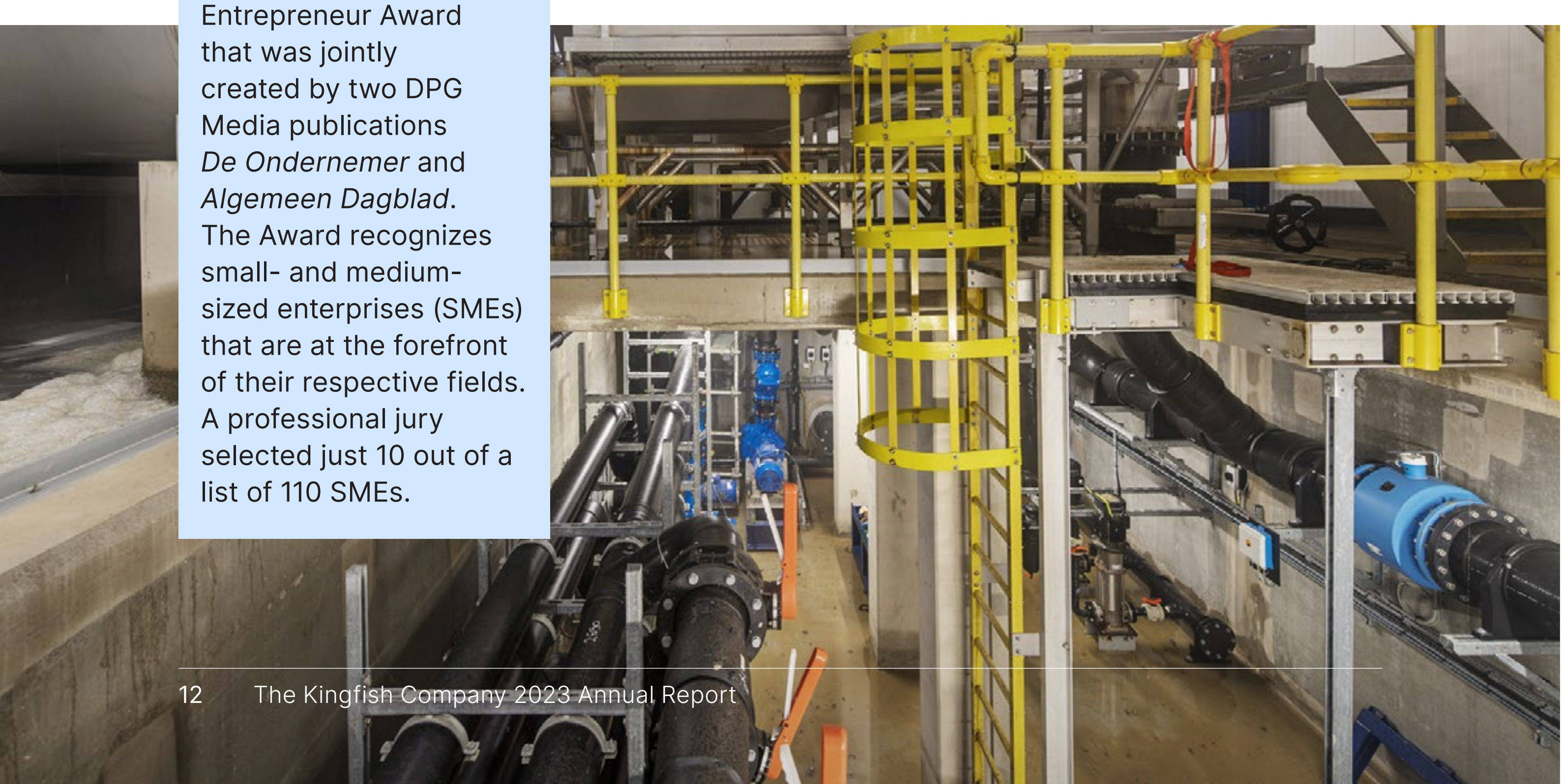
Jean-Charles Valette
Chief Financial Officer

Business Update

In a landmark year, The Kingfish Company achieved in 2023 a significant milestone with the successful completion of the Phase 2 expansion, marked by the opening of a cutting-edge hatchery, the extension of our grow-out facility with 18 grow-out tanks integrating the most advanced technologies, and the commissioning of a new discharge water treatment plant. This expansion not only signifies a pivotal moment in The Kingfish Company's growth trajectory but also lays the groundwork for accelerating our market penetration across strategic regions in Europe and North America.

NOMINEE FOR THE NATIONAL ENTREPRENEUR AWARD 2023

Kingfish Zeeland was nominated for the prestigious National Entrepreneur Award that was jointly created by two DPG Media publications *De Ondernemer* and *Algemeen Dagblad*. The Award recognizes small- and medium-sized enterprises (SMEs) that are at the forefront of their respective fields. A professional jury selected just 10 out of a list of 110 SMEs.



Farming Performance Exceeding Expectations

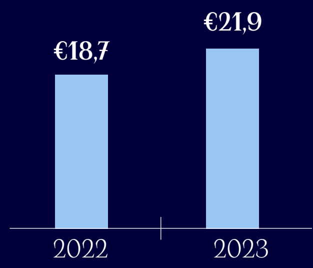
Throughout the year, The Kingfish Company demonstrated unparalleled production excellence. Our farm's biological performance surpassed expectations, achieving a record biomass growth of 2 195 tons (+45% vs. 2022). By the end of the year, we reached a closing biomass of 967 tons, significantly higher than the 408 tons recorded at the end of 2022. The remarkable efficiency of our expanded facilities pushed The Kingfish Company to new heights of productivity, maintaining our position as an industry leader with a growth rate of 0,76 kg per cubic meter per day. The introduction of improved feed formulations and the superior performance of our 3rd generation fish contributed to a reduced eFCR of 1,36, down from 1,47 in 2022. Our farm is now fully stocked with 3rd generation fish, demonstrating a reduction in the growth cycle to 3 kg by up to two months.

In January 2023, the new hatchery began operations and produced over 3 million fingerlings throughout the year. This state-of-the-art facility produces fingerlings year-round, ensuring a consistent supply of high-quality fish to our grow-out facility. Moreover, Kingfish has enhanced its R&D capabilities with four independent systems spanning from larvae to grow-out. We completed 13 R&D trials in 2023, focusing on developing more efficient feed formulations, reducing the Forage Feed Dependency ratio (FFDR) and carbon footprint, enhancing fish welfare, and deepening our understanding of the biological needs of yellowtail kingfish.

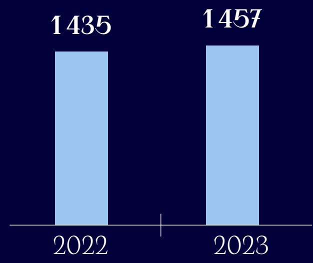
Investments in Sales and Marketing to Strengthen Market Presence

The Kingfish Company experienced a 17% revenue increase in 2023, reaching €21,9 million (2022: €18,7 million). Volume sold remained stable at 1 457 tons (2022: 1 435 tons) due to capacity constraints until the third quarter of 2023. The average revenue per kg continued to increase reaching €15,1 in 2023 (2022: €13,1). This increase results from a favorable size mix, and strong demand for our fresh Dutch Yellowtail. The U.S. frozen market presented more competition, with some pressure on price. However, fresh sales in North America saw significant growth, underscoring the appeal and potential of our product in premium food service segment and retail markets.

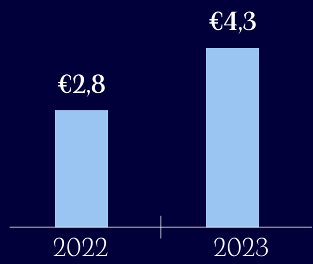
Revenue (million)



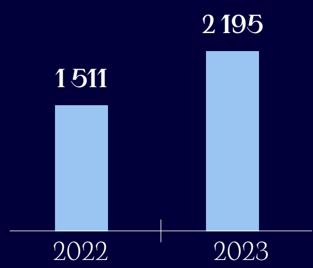
Sales Volume (tons)



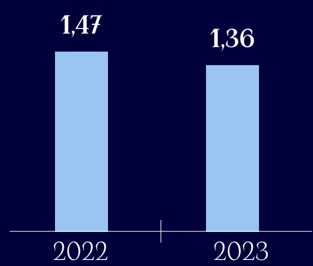
Gross Margin (million)



Production (tons)



Feed Conversion Ratio



To further drive the development and market penetration of Dutch Yellowtail, Kingfish is enhancing its sales and marketing activities across key markets in Europe, North America, and other promising export destinations. We were also delighted to welcome Gudo Klein Gebbink as our new Commercial Director, who joined us in January 2024, bringing a wealth of experience to develop our brand, expand our customer base and boost sales in existing and new markets.

On the Path to Profitability

Our journey towards profitability has gained momentum, with a 54% increase in gross margin per kg to €2,9 (2022: €1,9/kg) despite rising input costs. This achievement is attributed to the increased volume produced (+684 tons vs. 2022) as well as enhanced operational efficiency, driven by the lower FCR and the new feed formulations introduced in the farm. Higher average sales prices and a more favorable sales mix have also contributed to the improved gross margin.

Operational EBITDA has been stable in 2023 at €–3,9 million (2022: €–3,8 million). EBITDA per kg was €–2,7 (2022: €–2,7 per kg). SG&A costs increased by 25% year-on-year, driven by need to strengthen the support functions as well as some restructuring costs. The excellent operational performance, increased production and the strengthening of our sales and marketing capabilities will be the key drivers of future profitability.

Cash Flow and Liquidity

The Company reported €–7,3 million of operating cash flow in 2023 (2022: €–7,0 million). The cash flow from operations was impacted in 2023 by a €3.5 million increase in working capital, mainly driven by the higher closing biomass (+€2 million vs 2022). Biomass at 2023 year-end is approaching its steady-state level.

Cash flow from investing activities amounted to €22,8 million in 2023. The total investment until the end of 2023 in the Phase 2 project amounted to €93 million, of which €21 million was spent in 2023.

Cash flow from financing activities amounted to €48 million in 2023. The Company raised €19,7 million in January 2023, in the last tranche of the capital increase arranged in October 2022. At the start of July 2023, the Company successfully raised €32 million by way of a convertible loan with a fixed interest rate and a duration of 4 years with most of its existing shareholders as well as with the sustainability-focused Ocean 14 Capital fund.

Net debt on December 31, 2023, amounted to €77,1 million, an increase of €9 million compared to €68,1 million on September 30, 2023. The Company has €31 million in liquidity, consisting of cash and short-term deposits of €19,6 million and financing facilities for €11 million. The Company is closely monitoring the liquidity position to support the sales ramp-up and remains optimistic about the financial trajectory and the opportunities ahead.

Business Outlook

As Kingfish continues to navigate through its growth journey, we are excited about the potential that lies ahead. The Company is focusing on accelerating revenue growth, while optimizing operations. The Kingfish Company is investing significantly in sales and marketing to accelerate the expansion of its customer base and develop existing and new markets. Whereas the current main priority is on optimizing the operations in the Netherlands, the Company also continues to investigate expansion plans in the US, Europe, and other regions. The Company expects to benefit from the scaling effect and further improvement in operations and productivity to become profitable and cash positive. The Company is closely monitoring the development of its liquidity position and is focused on ensuring that it remains fully financed to sustain the current growth trajectory and pursue expansion opportunities. Our unwavering commitment to sustainability, innovation, and market expansion sets us on a promising path toward delivering value to our stakeholders and contributing to a more sustainable future.

Performance Summary

	2023	2022	2021
Gross profit/kg	2,9	3,3	2,2
Gross margin	19%	15%[1]	20%
EBITDA (million)	0,6	–4,8	–5,5
Capex spent (million)	–21,1	–53,9	–31,0
Profit/loss (million)	–9,9	–7,3	–6,2
Cash flow from operations (million)	–7,3	–6,9	–5,7
Total assets (million)	187,2	141,7	77,3
Revenue (million)	21,9	18,7	10,3
Sales volume (ton WFE)	1 457	1 435	903
Sales price per kg	15,1	13,1	11,4
Number of employees (FTE)	134,4	137,2	95,2
Food safety certifications *	Yes	Yes	Yes
Sustainability certifications **	Yes	Yes	Yes
Carbon emissions/kg produced	5,2	5,6	5,7
Fish Forage Dependency Ratio (FFDR)	1,7	2,5	2,1

* BAP Seafood Processing, BRCGS Food Safety
** ASC, BAP, Friend of the Sea

1 Based on 2023 definition of gross margin. As of 2023 we included all direct production costs in costs of goods sold.

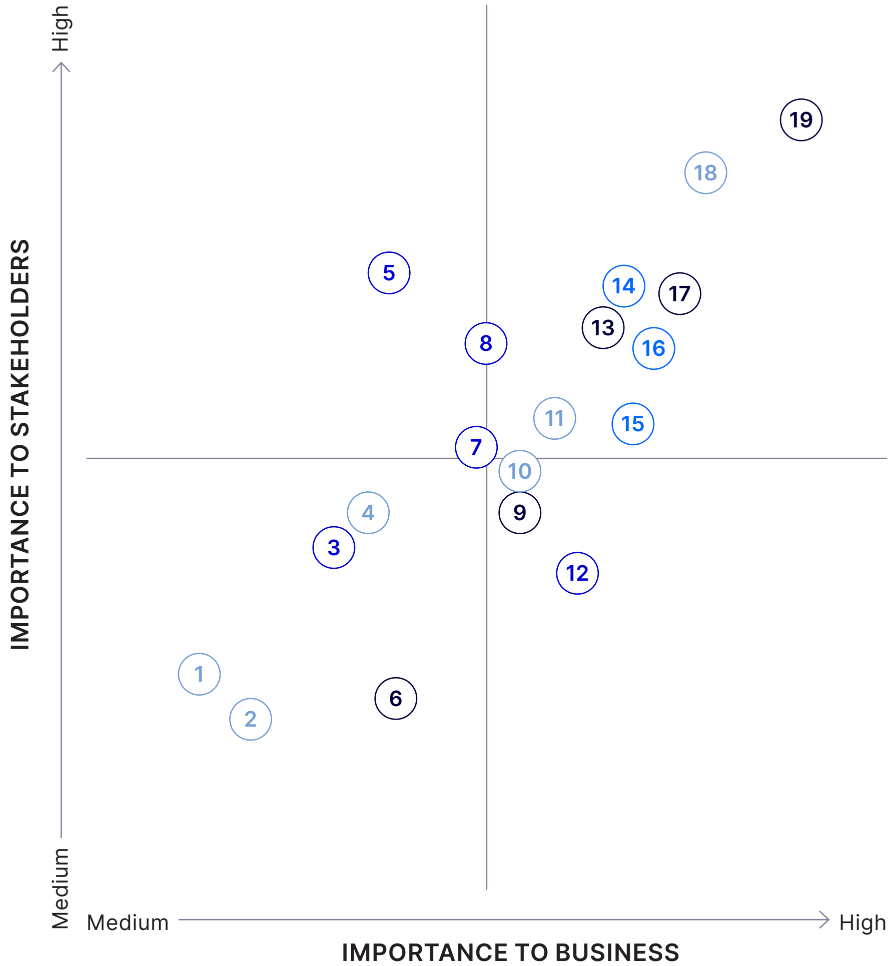
Materiality Analysis

The United Nations 17 Sustainable Development Goals (SDGs) provide a blueprint for peace and prosperity for people and the planet, now and in the future. The Kingfish Company strives to contribute to all 17 SDGs in its daily practices and aligns its guiding principles to the SDGs (see Sustainability Report).

In 2022, for the first time, The Kingfish Company undertook a comprehensive materiality assessment of its business, to understand which environmental, social and governance (ESG) topics matter most to its internal and external stakeholders, and which would have the greatest impact on the business. The results informed the company's ESG Framework and reporting. Key ESG topics are allocated and ranked within the company's four guiding principles and value drivers: People and Community, Fish Health and Welfare, Environment and Innovation, and Product Quality and Safety.

In 2023, the materiality analysis was updated based on the results of a survey sent to internal and external stakeholders, which included (but were not limited to) employees, board members, customers and other business relationships. Although the ESG topics remained largely unchanged compared to 2022, there was a greater focus on Research and Innovation, Health and Safety, and Animal Welfare, and three topics were added: Diversity and Inclusion, Biodiversity and Waste Management (Figure 1).

Figure 1: Materiality matrix



People and Community

1. Community Impact
2. Diversity and Inclusion
4. Governance
10. Skills Development
11. Company Culture
18. Health and Safety

Fish Health and Welfare

14. Fish Health Monitoring
15. Productivity Management
16. Animal Welfare

Environment and Innovation

3. Carbon Footprint Management
5. Biodiversity
7. Waste Management
8. Sustainable Fish Feed
12. Research and Innovation

Product Quality and Safety

6. Certifications
9. No Antibiotics
13. Food Safety and Quality Culture
17. Product Quality
19. Consumer Safety

Sustainability Report


KINGFISH
ZEELAND
Miguel
KINGFISH
ZEELAND

The company's key values of sustainability and respect for fish and the environment ...

Hope Kitterman
Head of Marketing

The Kingfish Company recognizes that wild-catch fishing and traditional aquaculture are insufficient to meet the increasing demand for seafood, especially as new offshore licences are limited in key harvesting regions, such as the United Kingdom, Norway and Canada. RAS offer an environmentally responsible solution to meet the demand and, being land-based, can be located close to the markets, thereby reducing transport emissions.

The company's key values of sustainability and respect for fish and the environment underpin all design, operations and technology decisions. Great effort and expense go into ensuring that operations are safe and healthy for customers, stress-free and humane for fish and have a minimum impact on the environment.

Our sustainability report is structured around the company's four guiding principles and according to the requirements of the Global Reporting Initiative (GRI). The report's alignment to GRI requirements is given in the GRI Index on page 128.

People and Community

People are key to the success of The Kingfish Company, as there are no fish without people. What is crucial is having the right people with the right skillset. We are proud of the diversity of our staff, each of whom bring their own unique insight – 25 nationalities are represented within the company. We offer equal opportunities for all and expect everyone to be treated with respect and dignity.

Collaboration, innovation, ownership and passion underpin our company culture. Internally, departments work together to improve processes and procedures, while externally, we pride ourselves on being a good neighbor, supporting the local community and contributing to economic growth in the surrounding region.

PASSION FOR SUSTAINABLE FOOD

Our employees share a passion to create an innovative and sustainable food system and are encouraged to come up with ideas for improvement at all levels. We seek to continually evolve our products, processes and technology, use our creativity and improve our customers' experience.

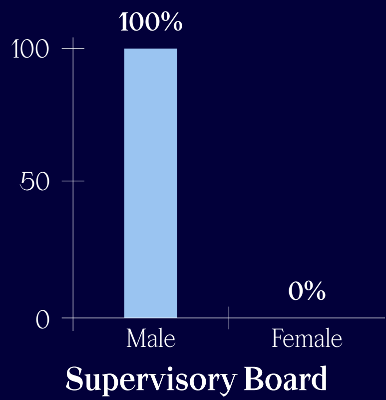
2023 People and Community Impacts

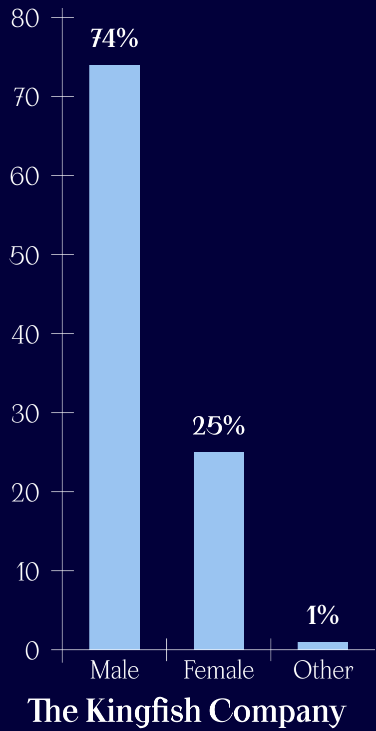
In moving from a start-up to a scale-up company, The Kingfish Company has grown its human resource systems, following best practices in human resource governance. It has policies in place for comprehensive health and safety and responsible work conditions. The company does not tolerate any form of discrimination and/or bullying based on race, descent, national or ethnic origin, color, financial position, age, gender, sexual orientation, marital status, beliefs, political affiliation, physical characteristics, disability or otherwise. The Code of Conduct lays out the principles of diversity and inclusion.

In 2023, the company reviewed and updated its Human Resources Manual, Code of Conduct and Reward Strategy and Remuneration Policy, and appointed a new provider for registering working hours and integrating the payroll systems.

During 2023, the staff turnover rate was 51%, as a result of 73 people leaving the company due to the completion of construction work and to seek new opportunities. There were 64 new hires, and at the end of 2023, the company had a total of 138 employees (134,4 FTEs). Figure 2 shows the gender split for the Board and staff. The salary per job function is the same for all genders, and no employee is paid less than the minimum wage. The difference between average male and female pay is insignificant, with the average female salary representing 104% of the average male salary, based on three weighted salary classes (not managers/non-managers and seniority). This does not include staff employed by the entities based in the USA.

Figure 2: Gender split for the Board and staff





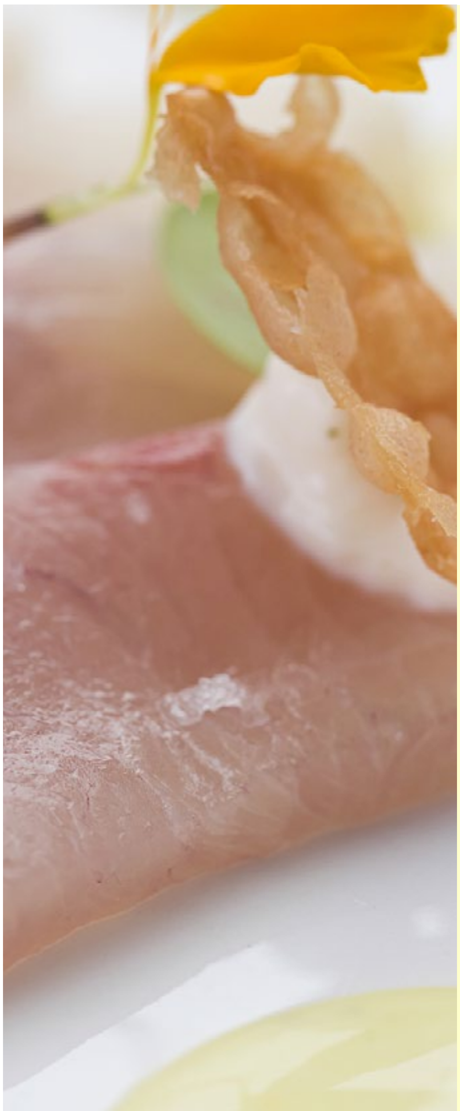
Get the best out of each other to work together to make the perfect fish.

Bram Rohaan
Head of Production

In recent years, our business and staff have grown at a rapid pace. During 2023, 6% of employees were promoted to a more senior role in the company.

We are committed to supporting the continuous learning and development of our employees. In 2023, subsidies received were used to offer 51 training sessions, amounting to 952 hours of skills development (seven hours per employee). Topics ranged from health and safety to electricals and food safety. This year saw the start of English courses, to improve communication among the many different nationalities within the company. A total of 22 employees passed their higher English exams, and the courses will continue in the next year.

During 2023, we hosted 24 students and interns, in collaboration with educational institutes in the Netherlands and beyond. Three of these students joined the company upon graduation.



FOCUS ON PRODUCTION: MEET OUR FARMERS

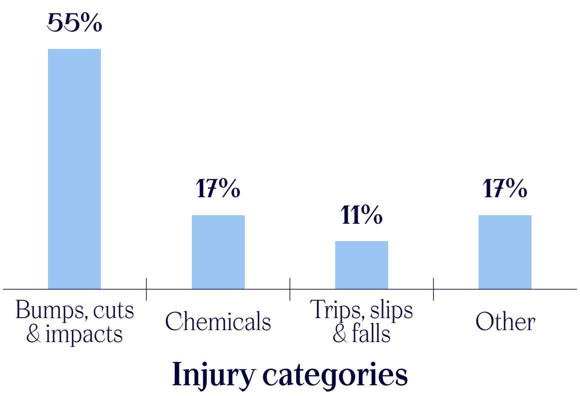
The production team focuses on the well-being of the fish and their life-support systems, keeping the rearing environment as pristine as possible for the fish to thrive. This includes the constant monitoring of feed, conditions and general welfare. The production team (of 40 qualified and experienced people) care for the fish 24 hours a day, seven days a week.

The success of the production team lies in its flexibility, which is essential when working in such a rapidly transforming and growing environment that embraces new technology. For Bram Rohaan, Head of Production, "the best part about the team is that it consists of many young and ambitious professionals that stimulate each other to sustain continuous improvement". The team are motivated by the huge potential of the yellowtail kingfish and "to get the best out of each other to work together to make the perfect fish".

When not raising the fish, the team can be found having BBQs, playing football and (unsurprisingly) enjoying water activities. Many of the team members have a pond or aquarium at home, enjoy angling, go scuba diving and smoke kingfish at home. The love for water systems and aquaculture runs deep in the team.

The Kingfish Company aims to have a zero-harm record, ensuring that employees work in a healthy and safe working environment and go home safely at the end of every day. In 2023, the CEO pushed for a greater focus on employee health and safety, and strict guidance and rules were implemented to improve employee safety. At the start of 2023, a new digital notification system was launched to improve the registration and reporting of incidents and near misses. Employees are encouraged to report both incidents and unsafe actions or situations. In 2023, a total of 325 notifications were received, including 12 minor injuries on duty and six lost time injuries. The lost time incident frequency rate in 2023 was 30,2 per million hours worked, based on a total of 198 661 hours worked. Just over half of the injuries were bumps, cuts and other impacts (Figure 3). Absenteeism was 5,96%, compared to 7,08% in 2022, with the main cause being long-term illnesses.

Figure 3: Injury categories



The focus for the upcoming year will be on implementing an integrated health and safety system and more extensive training, which all employees will be required to attend. In addition, our Health & Safety Management Committee will be supported by ambassadors, to foster a culture of health and safety and to work towards the goal of zero lost time incidents.

The Kingfish Company makes every effort to ensure that operations and standards of behavior comply with the law, regulations and its own Code of Conduct. Any concerns can be reported through the whistleblower channel, including but not limited to health and safety, environment, labor rights, equality and harassment. In 2023, two cases were reported through our whistleblower channel, both related to workplace harassment. In line with the whistleblower procedure, all cases are recorded, evaluated, investigated and followed up within 90 days.

To better understand employee wants and needs, a Works Council was elected in December 2022. The Works Council represents Kingfish employees in the best possible manner and discusses ongoing matters with the CEO. In 2024, an employee engagement survey will be conducted, to gain a deeper insight into employee well-being and the working environment. The company is also working towards updating its organizational structure and salary scales.

A procurement manager was hired in 2023, to assist in improving procurement because suppliers are an important part of the company's journey to become more sustainable.

This year, as part of being a good neighbor, the company supported eight community-based initiatives, including festivals and the local hockey club, and continued to contribute to economic growth within the local community.

In the USA, an economic impact study found that the Kingfish Maine project could potentially contribute US$44 million to the local economy over two years (excluding the initial investment) and create 366 full- and part-time employment opportunities during the planning and construction phase. Once operational, the project will contribute an estimated US$28 million to the local economy and create 129 full- and part-time jobs. The Kingfish Maine project is fully permitted and has tremendous community support, but the progress of the project has been stalled by the appeals against two permits. In the meantime, staff are running the pilot hatchery in Franklin, Maine. During 2023, the community was invited to a chef's event at which Chef Barton Seaver prepared delicious yellowtail kingfish and also attended the end-of-year celebration in Jonesport organized by Kingfish Maine.

People and Community Contribution to SDGs

SDG 4
Quality Education

Through our partnerships with schools and universities, students have access to valuable learning experiences in the form of internships, while staff are provided with learning opportunities to keep developing their skills.

SDG 5
Gender Equality

We believe in equal opportunity and fairness and promote equal rights, opportunities, responsibilities and rewards to people of all genders.

SDG 8
Decent Work and Economic Growth

We believe that decent work conditions are important for employee health and well-being, and the company is certified by the Aquaculture Stewardship Council (ASC) and Best Aquaculture Practices (BAP), part of the Global Seafood Alliance. Inclusive and sustainable economic growth is promoted by creating employment opportunities and contributing to the local economy through purchasing practices.

Fish Health and Welfare

The Kingfish Company has a world-class aquaculture production facility and is responsible for ensuring the highest standards of animal health and welfare. Positive animal welfare can be defined as a state experienced by an animal when its physical and psychological needs are met. Fish Health and Welfare, and good animal husbandry are at the heart of the business, which operates according to its Fish Welfare Commitment and Code of Ethics and Welfare. An extensive health and welfare evaluation system is in place, and the Veterinary Health Program monitors animal health and tracks a welfare index monthly. The company is independently audited on best practice fish husbandry and welfare for the ASC and BAP certifications.

COMMITMENT

The Kingfish Company is firmly committed to strict fish health and welfare. We collectively work towards the best performance throughout the entire integrated production process. The dedication of our staff has been essential for the success of our production performance.

Happy, Healthy Kingfish

Next generation RAS create and control the best rearing environment for our fish.

RAS filtration units clean and sterilize source water and system water, eliminating the need for antibiotics and vaccines.

Three years of independent research informed the environment for our fish, whose well-being is constantly monitored and supported by a health and welfare program.

A scientifically based feed formulation meets all the nutritional needs of our fish while contributing to the ultimate delicious end product.

Veterinary health expert surveillance ensures optimal health of our fish.

2023 Fish Health and Welfare Impacts

A happy, healthy fish performs better. In January 2023, The Kingfish Company opened a new hatchery facility, which increased capacity from 11 to 32 larval-rearing tanks and resulted in close to three million fingerlings being delivered to its grow-out systems.

As shown in the materiality matrix on page 17, productivity management is part of the Fish Health and Welfare value driver. With the completion of the Phase 2 expansion, the number of tanks increased from 42 to 66, and production volume grew from 5 450m^3 to 12 500m^3. The new systems performed better than expected, especially for the start-up phase, resulting in a new record production output of 2 195 tons, an increase of 45%. This increase was also due to ongoing productivity improvements, and a productivity ratio of 0,76 kg/m^3/day was maintained. In 2023, the FCR improved by 7,5% compared to 2022, thanks to improved farming practices and feed research.

At the end of 2023, the Phase 1 production systems (A–E) performed at full capacity and the new Phase 2 production systems (B2 and F) were fully stocked, resulting in an 8% increase in harvesting volumes.

To create the optimal environment for larvae, the company maps the microbiology in collaboration with KYTOS, which develops microbiome management solutions for the aquaculture industry. The interdepartmental project “Track & Trace for Growth” tracks the development of fish from larvae to final product in collaboration with the vet.

The third-generation fingerlings continued to show excellent growth and performance. This year, the third-generation broodstock were carefully selected, marking the way to our fourth-generation Dutch Yellowtail. Two more shipments of broodstock were successfully transferred to the hatchery in Maine as part of our Flying Yellowtail project, and the fingerlings transferred in 2022 were harvested in April and December 2023.

FOCUS ON FISH WELFARE: LUCA MARTINS, SENIOR PRODUCTION BIOLOGIST

Animal Scientist Luca Martins relocated from South Africa to the Netherlands to work at The Kingfish Company. One of Luca's main responsibilities is fish welfare. As he explains, "We give the fish the best kick-start in life, starting from the hatchery, and we monitor the fish throughout the entire process, watching the behavior of our fish 24/7".

The production team performs daily visual checks of the fish and assesses their feeding behavior four times per day. "This helps us understand the fish within our systems to get the best growth and performance out of them."

The production biologists carry out extensive external health monitoring, checking for indicators such as gill and skin condition. The advantage of in-house processing is that the fish's internal health can also be checked, by looking at the health of organs and for any abnormalities. The company works closely with specialized veterinary health experts to develop a more in-depth in-house program for microscopy and bacteriology. In addition, vets paid four visits during 2023 to assess the fish's health. This ongoing monitoring means that any abnormalities can be caught early on and, as Luca says, "allows us to understand what is going on in our systems and our tanks". He adds, "we are very fortunate to not have experienced issues with the health of our fish".

In 2023, a total of 17 welfare assessments were conducted at the farm, and a lot of time was spent on improving fish handling and husbandry practices, which resulted in an all-time low mortality of 3% – a remarkable achievement. "Sometimes we forget how much we have accomplished in a year; we don't take time to stop and look. All teams have done exceptionally well."

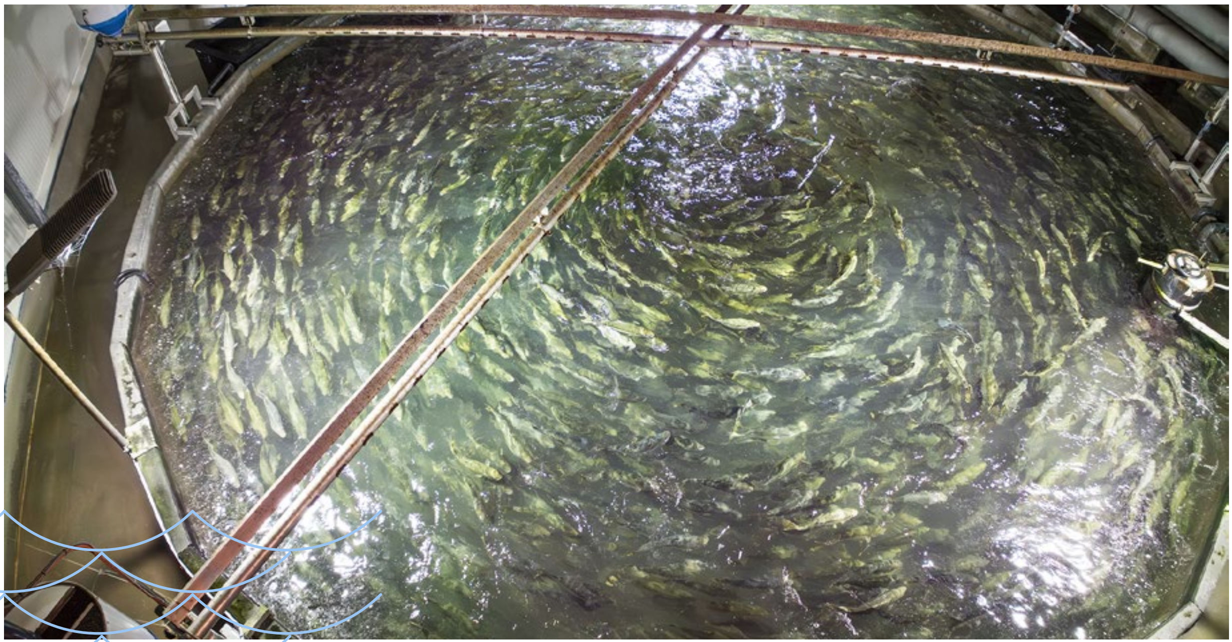
Fish Health and Welfare Contribution to SDGs

SDG 12
Responsible Consumption and Production

We grow our fish responsibly, selecting the most responsibly sourced resources, from energy to feed, to ensure optimal productivity and welfare of the fish with minimal environmental impacts. We continue to monitor, measure and report on our activities and impacts.

SDG 14
Life Below Water

Not only the fish in the oceans but also the life below our water is hugely important – our fish. We provide them with the best care, monitoring 24/7.



Environment and Innovation

The Kingfish Company is fully committed to producing yellowtail in the most sustainable manner. Sustainability underpins every choice, including farming using 100% green electricity, supplemented by solar energy generated on site, and installing custom-made heat exchangers. Renewable sources accounted for 88% of our energy requirements and were supplemented by gas and diesel due to the ongoing expansion in 2023. Between 2022 and 2023, the total energy requirement per ton of production increased slightly from 9,6 MWh to 10,1 MWh because of testing our Phase 2 operations before commissioning.

With the farm located next to the Oosterschelde estuary, which is part of the Natura 2000 network of nature protection areas in the EU, we limit the impact on the natural maritime ecosystem through using indoor, closed RAS filtrations, which make it practically impossible for fish to escape and predators to infiltrate. In 2023, the wastewater treatment installations for Phase 1 and Phase 2 were finalized and will further lower the impact on the surroundings. The company is permitted to extract marine water from the Oosterschelde estuary, which is a non-commercial water source, and monitors and controls the volume utilized and effluent water parameters. In 2023, freshwater use remained stable at $4m^3$ per ton of biomass produced.

> The Kingfish Company continues to explore ways of getting our fish to customers as quickly, efficiently, safely and environmentally sound as possible.

Having 85% of sales going to the European continent limits the impact of shipping. To further reduce waste and emissions through sustainable procurement practices, we have been investigating sustainable alternatives to Styrofoam packaging. In 2023, we completed tests of corrugated cardboard packaging to replace Styrofoam boxes. We will look at options to implement this packaging once the new processing plant is operational.

Our Eco-team is an environmental committee that works on creating more sustainability awareness within the company. Activities include organizing clean-ups – in 2023, seven clean-ups took place: three at the fish farm and four at the local beaches, including one that was part of World Oceans Day 2023 and covered three locations.

Performance is measured against our definition of sustainable aquaculture and is audited by the certification bodies. In 2023, all certifications were successfully renewed after independent audits.

> Every single fish produced and sold is certified by ASC, BAP and Friend of the Sea.

In addition, our fish is recognized as a Green Choice by the Good Fish Foundation.

ASC
The Aquaculture Stewardship Council (ASC) logo distinguishes farms that care for the environment, their workers and the communities in which they operate.

In 2018, our fish became the world's first ASC-certified source of yellowtail kingfish. We are both Farm and Chain of Custody certified.

BAP
As part of the Global Seafood Alliance, Best Aquaculture Practices (BAP) ensures aquaculture is done responsibly through its third-party certification program, which certifies every step of the production chain.

In 2018 our farm became the world's first BAP certified land-based farm. We are Hatchery, Farm and Seafood Processing certified.

Friend of the Sea
Friend of the Sea's mission is to conserve the marine environment while ensuring sustainable fish stocks for generations to come. The label is used on products and services which respect and protect the marine environment.

We are Farm and Chain of Custody certified.

Good Fish Foundation
The Good Fish Foundation has all the information needed for the consumer to make good choices about sustainable fish consumption. Farmed fish is a 'Green Choice' if sustainable feed is used, the effects on the surrounding area are minimal, and the farm is well-managed and adheres to regulations.

Our yellowtail has been a Green Choice since 2017.

CERTIFICATIONS ARE OUR BENCHMARK

The Kingfish Company operates transparently and welcomes thorough assessments by certification organizations. These organizations review and scrutinize all activities, from sourcing feed and energy to social responsibility, food safety and environment protection. We continuously work to raise the bar on best practices, such as operating in the Netherlands on 100% renewable electricity and not using antibiotics, GMO, medications or hormones.

Innovation is the driving force behind The Kingfish Company.

John van Doorn
Chief Technology Officer

25×25 SUSTAINABILITY CAMPAIGN

Carbon emissions
25% REDUCTION
per ton of biomass produced by 2025

Residual waste created
25% REDUCTION
per ton of biomass produced by 2025

Recycling efforts
25% INCREASE
by 2025

Dependency on marine resources
25% REDUCTION
per ton of biomass produced by 2025

2023 Environment and Innovation Impacts

In 2023, we continued to work towards our environmental commitments through the 25×25 Sustainability Campaign, which had set clear targets in 2020.

Reducing carbon emissions

ON TRACK
75% of the 2025 target achieved

A tool from independent service provider Futureproofed calculates the product carbon footprint using the reporting requirements of the Product Standard of the Greenhouse Gas Protocol (GHGP) for cradle-to-gate production. Categories included in the product carbon footprint for the main production site, Kingfish Zeeland, are company facilities (Scope 1), purchased electricity (Scope 2), purchased goods and services (Scope 3), energy-related activities (Scope 3) and waste (Scope 3). Excluded are emissions caused by construction of the new facilities.

Although total carbon emissions increased due to higher production volumes, the increase was at a slower rate than the production increase (0,76 to 1). As Table 1 shows, material acquisitions (feed, oxygen, raw materials) contributed to 95% of carbon emissions, with actual production activities accounting for the other 5%.

Reducing residual waste

TARGET ACHIEVED

Residual waste (or general waste) is material that is not separated for recycling or cannot be recycled. In 2023, residual waste per ton of biomass produced decreased to 35 kgs, a reduction of 52% compared to 2020.

Increasing recycling efforts

WORK IN PROGRESS
32% of 2025 target achieved

Recycling efforts refer to the percentage of the total waste that goes into recycling streams, such as paper/cardboard, plastics, and organic waste. In 2023, 23% of the total waste went into recycling streams, an increase of just 8,1% compared to 2020. Of the total generated waste, 83% got a new life as raw materials, green energy or grey energy (Figure 4).

Table 1: Inventory results per GHGP category

	2023	2022	2021	2020
	kg CO_{2e}/kg produced			
Company facilities	0,23	0,21	0,14	0,35
Purchased electricity	0,04	0,02	0,01	0,01
Purchased goods & services	4,90	5,10	5,25	5,67
Energy-related activities	0,03	0,27	0,31	0,35
Waste	0,01	0,03	0,03	0,05
Total	**5,21**	5,63	5,74	6,42

Reducing our dependency on marine resources

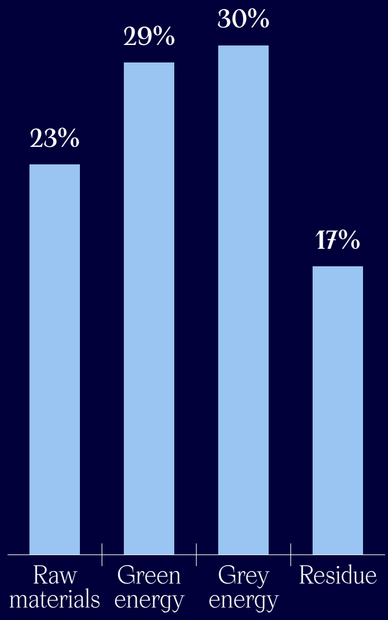
TARGET ACHIEVED

Dependency on marine resources is calculated as the Forage Fish Dependency Ratio (FFDR), which is defined as the kilograms of wild forage fish needed to produce one kilogram of farmed biomass. The Kingfish Company works closely with its feed suppliers to further develop a RAS-specific yellowtail diet. In 2023, the Research and Development (R&D) Department conducted 13 trials, among others testing feeds that contained fewer marine-derived ingredients and included plant ingredients and alternative ingredient oils but still met the nutritional demands of our fish and maintained production performance. A research priority is to further improve sustainable feed for fish.

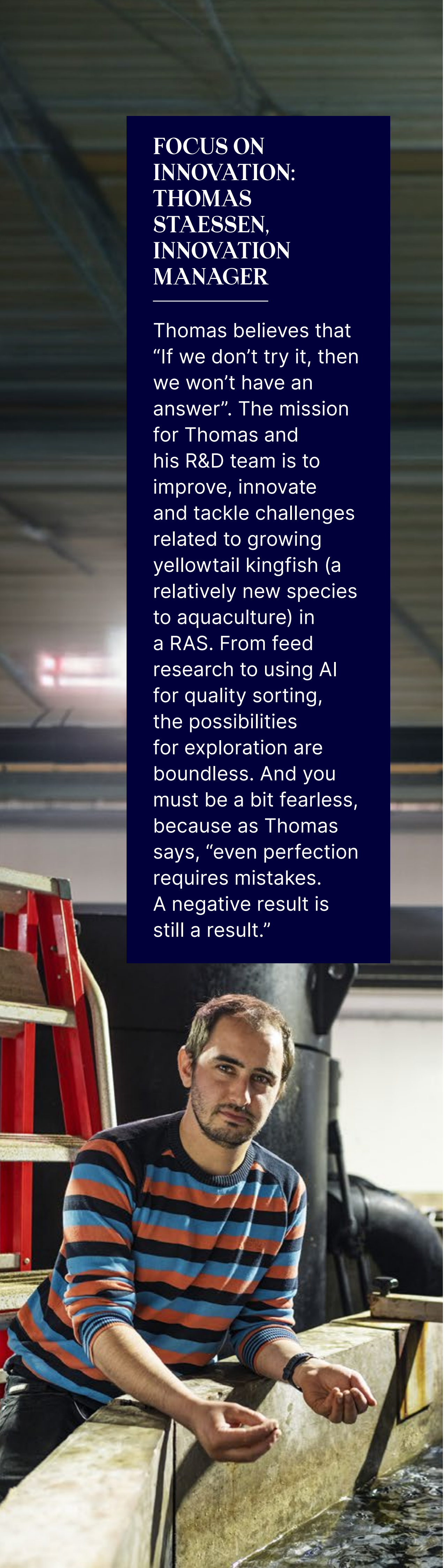
> The Kingfish Company focuses on decreasing its FCR, as a way of contributing to reducing carbon emissions and marine resource dependency.

Between 2022 and 2023, FCR improved by 7,5% and FFDR reduced by an impressive 33% (to 1,71), resulting in the company achieving its 2025 target for lowering dependency on marine resources. The R&D Department continues to work on reducing this dependency further through optimizing feed formulations and investigating alternative ingredients.

Figure 4: Total waste reused



100% of fish harvested was used in the food and energy system, with all processing waste allocated to animal feed and green energy through responsible uptake agreements.



FOCUS ON INNOVATION: THOMAS STAESSEN, INNOVATION MANAGER

Thomas believes that "If we don't try it, then we won't have an answer". The mission for Thomas and his R&D team is to improve, innovate and tackle challenges related to growing yellowtail kingfish (a relatively new species to aquaculture) in a RAS. From feed research to using AI for quality sorting, the possibilities for exploration are boundless. And you must be a bit fearless, because as Thomas says, "even perfection requires mistakes. A negative result is still a result."

Innovation

Innovation is the driving force behind The Kingfish Company, setting new standards and pushing boundaries. To keep improving, the dedicated R&D Department is organized around three pillars, Welfare and Health, Systems, and Business, that contribute to a more efficient and sustainable production of our yellowtail kingfish.

This comprehensive R&D framework (Figure 5) highlights our dedication to innovation, the well-being of our fish, sustainability and the continuous enhancement of production processes.

Figure 5: R&D pillars

WELFARE AND HEALTH	SYSTEMS	BUSINESS
TOPICS		
○ Broodstock genetics ○ Fish nutrition ○ Product quality	○ Advanced life-support systems ○ Efficient handling and processing ○ Sustainable waste and circularity practices	○ Data-driven decision-making ○ Sustainability-centric approach ○ Balanced strategy for long-term viability

During 2023, the R&D Department was involved in 10 projects, most of which were in partnership with provincial and national government bodies, universities, various companies, research institutes and expert groups. These partnerships demonstrate the company's commitment to collaboration.

As part of the "Happy, Healthy Kingfish" project, a PhD research study is nearing completion at Wageningen University and Research. To further increase our in-house research possibilities, we have opened up a third R&D system for larvae, allowing us to investigate research topics across all life stages.

To gain further insight into our fish transport system, an initial trial was done with Sensor Globe, which is a sensor that measures oxygen levels, pH and G-force and can pass through pumps and pipes. The sensor simulates the different sizes of fish passing through the transport system, giving the production team insights into the fish's experience. The plan is to extend this project in 2024, to further enhance our transport system and optimize fish welfare during transport.

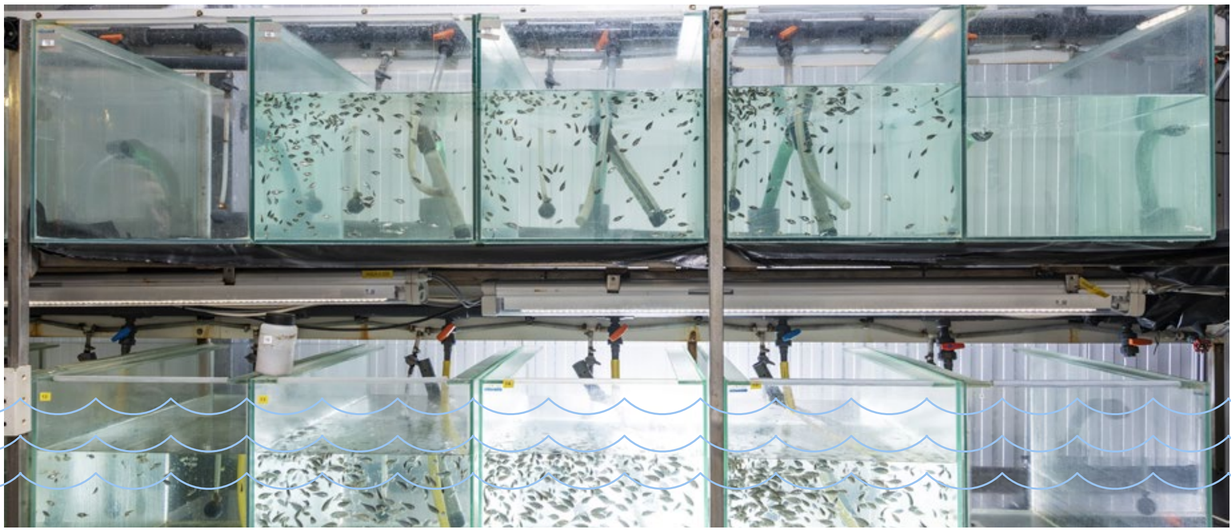
In 2023, a major project was the commissioning of additional wastewater treatment plants for Phase 1 and Phase 2. These will enable the removal of 95% of phosphate and nitrogen in the wastewater and a significant portion of the suspended solids. The plants are 85% operational and should be completed in 2024. The project took the combined effort of specialized companies and the Kingfish team, which comprised three production team members, a chemical engineer and the R&D Department. The manure isolated from the wastewater treatment is dewatered and collected by a specialized company for fermentation.

Although our facility uses impressive technology, there is room for further automation. In 2023, new feeding software was introduced that increased by 300% the transport speed of feed within our farm. The feed is automatically distributed to the tanks from feed silos, to ensure that fish always have access to feed within the feeding window. Feed is provided to our fish at automatic intervals based on their feeding behavior.

In Phase 2, a new feeding technology was introduced that allows for better distribution over the tank and contributes to improved size distribution of the fish. Our Phase 2 systems are also equipped with fully automated valves and automatic cleaning of filter systems, thereby streamlining operations and promoting optimal conditions for our fish.

We have opened up a third R&D system for larvae, allowing us to investigate topics at all life stages.

Sander Ruizeveld de Winter
Head of Hatchery



The new processing plant is controlled by the integrated software program LINSiGHT, a collaboration between Maritech and The Kingfish Company. The focus is on improving automation, with the aim of working towards a plant where people stand in place, while the fish move. The plant's automatic batch grader can pack two tons of fish per hour.

FOCUS ON IT INTEGRATION: VAIBHAV VETAL, IT INTEGRATIONS ENGINEER

In 2021, Vaibhav Vetal moved to Zeeland from India with his wife and two daughters. His job involves monitoring the centralized networks for all the systems to make sure the different processes are not interrupted. With a growing company comes major transformation, including increased security to maintain a secure and stable environment which runs smoothly 24/7. For Vaibhav, "If we can mitigate our salty farm air that causes corrosion, we have a strong network. And with a strong IT network, we can feed thousands of fish in minutes".

Environment and Innovation Contribution to SDGs

SDG 7
Affordable and Clean Energy

We have our own solar panels on the roof of our farm. Additional electricity supplied to our production facilities is green certified. In 2023, renewable sources accounted for 88% of total energy consumption.

SDG 9
Industry, Innovation and Infrastructure

To produce protein in the most sustainable way, our focus is on designing and implementing infrastructure and processes that have a limited or no environmental impact. Partnerships with designers, engineers and researchers drive innovation within The Kingfish Company and thus in sustainable land-based aquaculture.

SDG 13
Climate Action

By monitoring and reducing our carbon emissions, we directly contribute to reducing climate change. We aim to create awareness around sustainability and the impact of our actions on climate change, not only for customers but also within the company through our Eco-team.

SDG 14
Life Below Water

By sustainably producing our yellowtail kingfish, we continuously work to reduce the pressure on wild fish stocks. Our dependency on marine resources decreased by 33% in 2023.

SDG 15
Life On Land

As a land-based RAS, we identify, manage, monitor and reduce our environmental impacts, to minimize impacts on biodiversity while growing our operations. We work within our permit conditions and legislative requirements as a responsible production plant. Land-based feed ingredients in the diets of our fish are sustainably sourced.

Product Quality and Safety

Our yellowtail naturally lends itself to multiple uses, from cold smoke to grilled, baked or raw, and the fish combines well with different flavors. The product is well-known in Japanese and Italian cuisine and has a continued growing presence across Europe and the USA.

Consumer satisfaction is key and directly linked to food safety, premium quality and delivering on our sustainability commitments. We enjoy open communications with our customers and welcome their feedback to help us improve further.

At The Kingfish Company, the health and safety of our consumers is one of our highest value drivers. We are always working to deliver a safe product to our customers according to strict standards and regulations. Our Quality Management System and verification by external certification and audit processes allow us to deliver a healthy and high-quality product. Our processing plant fully complies with food safety regulations and is certified by BAP Seafood Processing Standard and BRCGS Food Safety. In 2023, our BRCGS status improved from A-level to AA+.

At The Kingfish Company, the health and safety of our consumers is one of our highest value drivers.

Gudo klein Gebbink
Commercial Director

PROCESSING PERFECTION

The processing plant of Kingfish Zeeland is the final station that fish pass through before being sent to the customer. Here the fish are sorted by size, processed further (if needed) and packed – every week, our specialized team processes 40 tons of yellowtail kingfish. The new state-of-the-art fish processing facility takes our food safety to an even higher level and is able to process up to 6 000 tons of premium yellowtail kingfish annually.

Our production system allows for optimal control of the environmental conditions for our fish and thoroughly treats incoming water before it reaches our fish. Contaminants in the feed are kept well below safe levels and are strictly controlled by our suppliers. As a result, levels of environmental contaminants, such as mercury, dioxins and PCBs, are well below European Food Safety Authority (EFSA) and Federal Drug Administration (FDA) limits (Table 2). Our products are fully free from antibiotics, hormones and other veterinary drug residues.

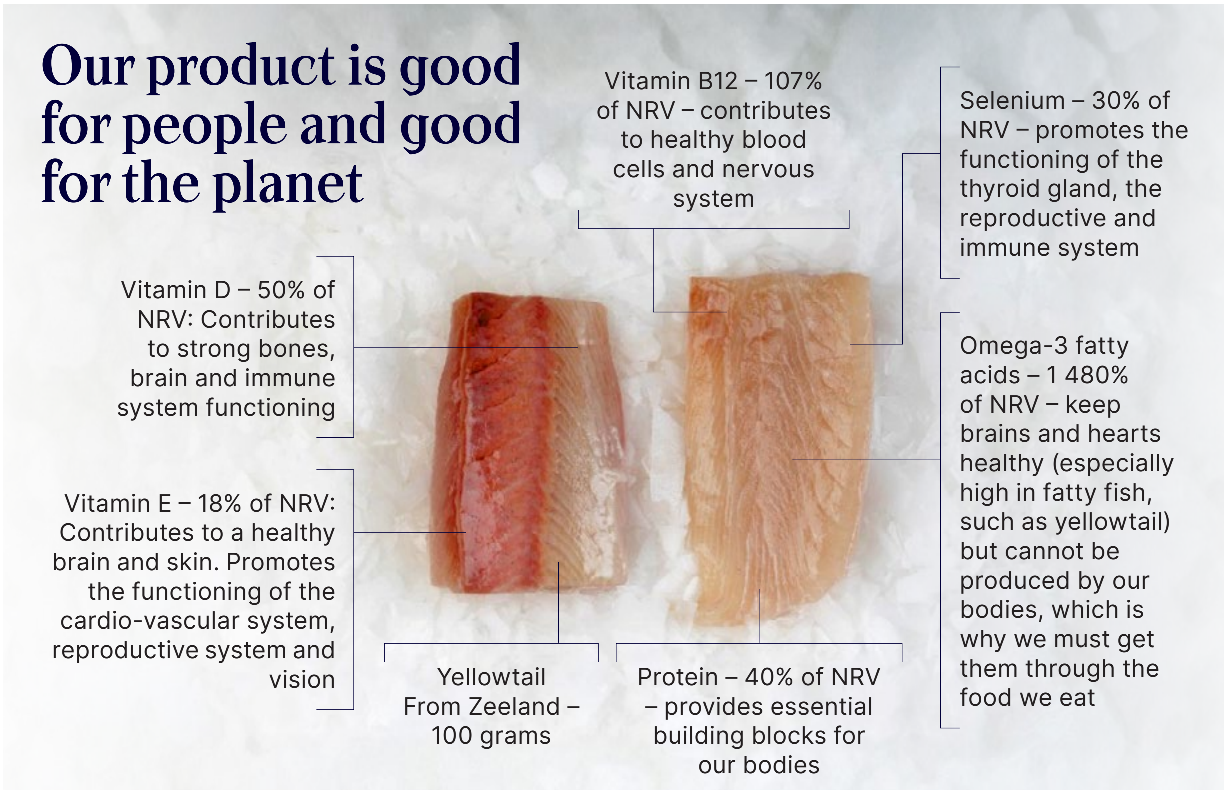
Seafood is an excellent source of protein and essential nutrients, vitamins and omega-3 fatty acids. Most dietary guidelines recommend at least two servings of fish per week for adults, to ensure sufficient intake of key nutrients and promote good health.

> Our yellowtail is nutritious and delivers high quantities of omega-3 fatty acids, making it a very healthy food source.

Table 2: Levels of environmental contaminants

Environmental contaminant	EU limit	FDA limit	2019	2020	2021	2022	2023
Mercury [ppm]	0,5	1,0	0,048	0,045	0,029	0,019	0,021
Lead [ppm]	0,3	Not defined					<0,029*
Cadmium [ppm]	0,05	Not defined					<0,011*
Sum of dioxins and dioxin-like PCBs (WHO-TEQ) [ppt]	6,5	Not defined	0,307	1,130	0,740	1,270	1,260
Total PCBs [ppm]	0,075	2,0	0,036	0,028	0,029	0,034	0,022

*Method detection limit is 0,029 ppm for lead and 0,011 for cadmium.



NRV refers to nutrient reference value, which is used in food labelling and related to the recommended dietary allowances that meet the needs of 97-98% of healthy individuals to prevent nutrient deficiencies.

CHEF TESTIMONIALS

"For me, besides the quality, the sustainable way of breeding and the right taste, this fish also has an inspiring story that we like to share with our guests."
CHEF MART SCHERP, *Restaurant Scherp*

"Farmed fish had a bad image in my opinion. The Kingfish Company has shown how it can be done and are making a difference."
Noble Kitchen

"Kingfish is sustainable and it matches the times."
CHEF YAMAMOTO HIROAKI,
YAMA Rotterdam

"The taste of the fish itself is so good and self-contained that it doesn't need much to be used in a good way. It is versatile and so can be used in many different ways. It also helps in the conservation of certain other fish, such as tuna, because it is the perfect substitute!"
CHEF TERENCE VAN LENTEN,
Restaurant Le Poirier

"To me, the texture, fat gradation and size of kingfish is a perfect fish to serve as a raw starter. We also use the whole fish, the belly pieces often go into tartare as a small side dish, the back pieces we marinate very briefly according to the preparation. The daily supply and consistent quality of products is very important to us and both are very strong with Kingfish."
TESSA D'HAENE AND
CHEF MARTIJN DEFAUW,
Restaurant Rebelle

"The fish is sustainable and comes from the Netherlands. I like working with beautiful Dutch products."
CHEF PASKAL KARELS,
Restaurant Karels

2023 Product Quality and Safety Impacts

In 2023, The Kingfish Company harvested and processed close to 980 000 fish, or 9,8 million portions of premium quality fish, that were delivered to customers in 27 different countries.

In 2023, there were no food safety incidents or recalls of products due to compromised food safety. Our BRCGS Food Safety and BAP Seafood Processing certifications ensure that we have an effective recall procedure in the event of any food safety breaches or concerns, and full traceability is guaranteed.

Strict procedures and trained staff are essential for maintaining quality products. Multiple times per week, our in-house taste panel tests the look, taste and texture of our fish, to ensure the customer is supplied with a high quality, tasty product. During 2023, the panel conducted 246 individual tastings.

The Kingfish Company is constantly improving its procedures and quality assurance and monitoring systems, working with professionals within the sector to take food safety to even higher levels.

Since 2021, The Kingfish Company has installed a culture of food safety and quality, through creating overall awareness across the value chain, from the hatchery to the grow-out and processing plant, to when our product eventually ends up on a customer's plate. A good food culture is also about sharing information across departments and empowering employees to report issues and make positive changes. Therefore, we have a dedicated interdepartmental team for food safety that addresses risks and opportunities throughout the entire value chain. In 2023, the team held 12 meetings. A food safety program is also in place at the processing plant, where the quality of the end product is checked before sending to customers, and random samples are taken for additional microbiological analysis. This culture of good food is developing, as shown by the results of internal surveys in 2022 and 2023 that found consumer safety to be one of the most important topics to our employees. We will continue to foster a food safety and quality culture throughout 2024.

Product Quality and Safety Contribution to SDGs

SDG 3
Good Health and Well-being

The consumption of fish is associated with many health benefits. Our fish contains essential nutrients, such as omega-3 fatty acids, and is a great source of protein. We are always working to deliver a safe product to our customers according to strict standards and regulations.

QUALITY CONTROL

Our RAS and in-house processing give us more control over the quality of our products. To ensure optimal quality and the safety of our customers, our products also undergo rigorous testing and analysis every step of the way, from egg to plate. In 2023, more than 1 000 samples were analyzed internally and over 600 samples were sent to external laboratories for testing.

2023

45%
Increase
in growth

8%
Increase
in harvest volume

0,76 kg/m³/day
Maintained
record productivity

Full stocking
of Phase 2
in the Netherlands

limited release
Harvest
in Maine

77%
Targets achieved
2025 sustainability

2024

Retain
All certifications
and standards

Completion
of Phase 2
processing facility

Fully operational
Wastewater treatment plants

Work towards
Zero LTIs

Continued
Market development

People, Planet, Profit

Governance

Business Ethics

The Kingfish Company has implemented sound organizational governance, which is the result of ethical leadership, social responsibility, compliance and accountability. This builds stakeholder confidence and trust. The company operates within an ethical business culture, pursuing excellence while implementing effective control strategies to ensure strategic targets are achieved.

> Sustainable development underpins the company's governance and includes integrated thinking, corporate citizenship, stakeholder inclusivity, and demonstrating social responsibility.

The Kingfish Company has a two-tier board structure, with the Management Board and Supervisory Board being the principal custodians of corporate governance. The boards comprise the appropriate balance of knowledge, skills, experience, and independence and offer objective guidance and support. They ensure that evaluation of their own performance and that of the board committees, chair and individual members supports continued improvements of company performance.

The Management Board leads ethically and effectively with integrity, competence, fairness, accountability, transparency and responsibility. The established ethical culture is based on a best practice Code of Conduct and Ethics Policy. The company has a medium-to-long-term strategy in place, measures and assesses objectives as per operational plans, and its general viability is regularly evaluated by both boards.

The Kingfish Company Management Principles

The Kingfish Company N.V. is the parent company of the Kingfish group of companies, owning 100% of Kingfish (Netherlands) Holdings B.V., of Yellowtail Hatchery USA Inc and of Kingfish Maine Inc. Kingfish (Netherlands) Holdings B.V. owns 100% of the issued share capital of Kingfish Zeeland B.V. and Kingfish Property One B.V. The Kingfish Company owns 50% of the shares in Windfish Assets B.V. and 51% in Windfish Management B.V. Figure 6 illustrates the Group's legal structure.

Figure 6: The Kingfish Group's legal structure

THE KINGFISH COMPANY N.V.

- Kingfish Maine Inc (100%)
- Yellowtail Hatchery USA Inc (100%)
- Kingfish (Netherlands) Holdings B.V. (100%)
  - Kingfish Zeeland B.V. (100%)
  - Kingfish Property One B.V. (100%)
- Windfish Assets B.V (50%)
- Windfish Management B.V. (51%)

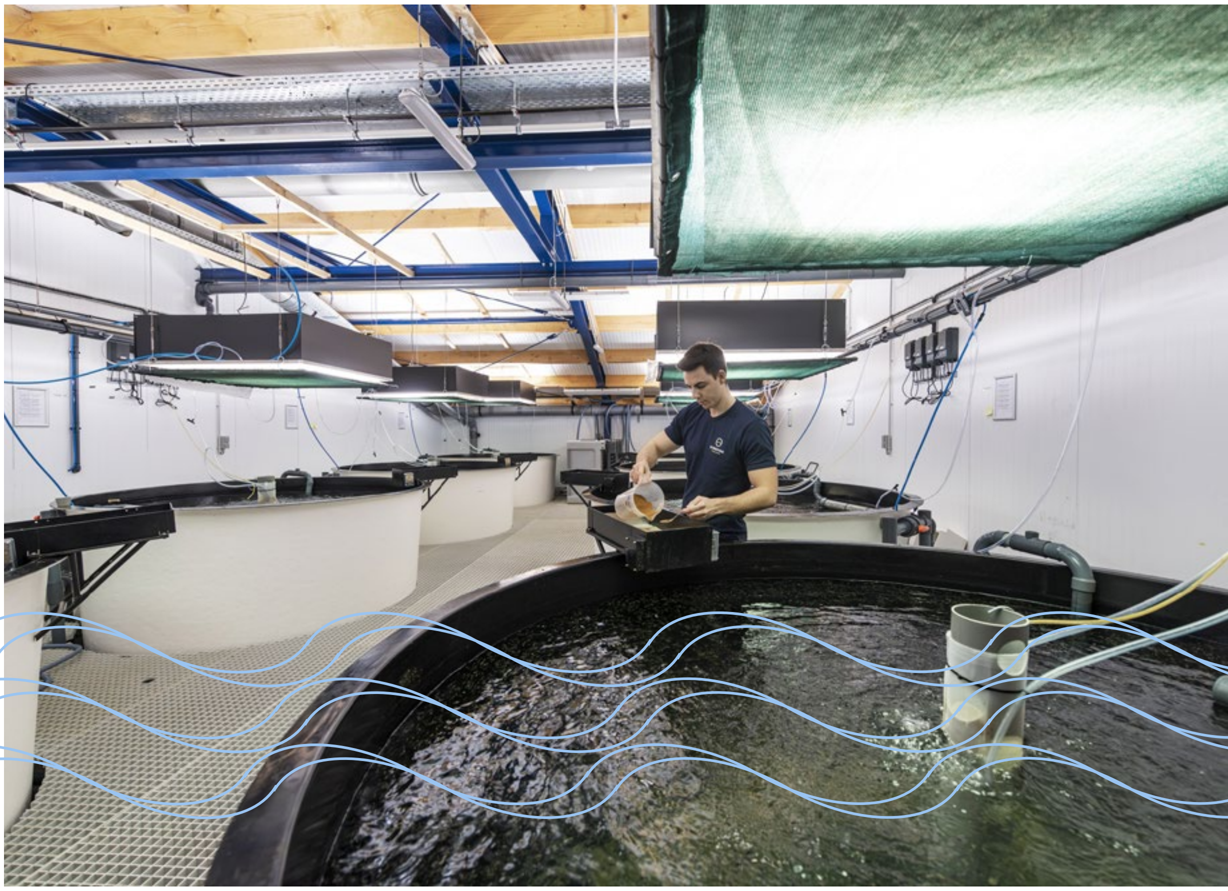
The Management Board

The Management Board ensures that the company is managed in the best interest of its shareholders and other stakeholders. It is responsible for the company's strategy and ensuring the company achieves its operational and financial objectives. It supervises the day-to-day business of the company and appoints the staff members who represent the company. Composed of The Kingfish Company's Chief Executive Officer and Chief Financial Officer, the Management Board is accountable to the Supervisory Board and answerable to shareholders of the company at the Annual General Meeting.

The Management Board members are recommended by the Supervisory Board members and appointed by the General Meeting of Shareholders. The Management Board members are specialists in the fields of aquaculture, finance, economics, management and other areas of expertise. The different experiences and backgrounds of the members allow them to make decisions that promote the growth of The Kingfish Company and secure its values.

The Management Board protects itself from conflicts of interest by making sure they act independently and in the best interest of the company. This is done by observing the Dutch Corporate Governance Code in relation to all decisions undertaken by the Board.

Remuneration of the members of the Management Board is determined by the Supervisory Board in accordance with the remuneration policy, which is aligned with internal and industry standards.



Members of the Management Board

VINCENT ERENST
CEO

Vincent Erenst brings a strong international, operational, and transformational track record with more than 35 years of experience leading aquaculture companies. Most recently, he worked as Chief Operating Officer at Barramundi Group, having previously been COO of Avramar. For over a decade, he was Managing Director of Mowi Canada West, where he was responsible for strong profit growth through increased harvest volumes, improved efficiencies and strengthened the company's market position in North America.

JEAN-CHARLES VALETTE
CFO

Jean-Charles Valette has held various financial leadership positions at food and production companies, both in listed and private environments. Most recently, he worked as the Vice-President Finance of Dott, a fast growing scale-up. Prior to this role, he was senior Vice-President Finance for CEVA Logistics, where he was directly involved in generating US$1,2 billion through a successful IPO on the SIX Swiss stock exchange. Jean-Charles brings great added value towards building, growing and transforming companies. Furthermore, he has strong expertise in corporate finance, process organization and transformation.

The Supervisory Board

The Kingfish Company's Supervisory Board oversees the policies, management and general affairs of the company. It also advises the Management Board, to ensure that the best interests of the company is maintained.

It supports the setting and steering of strategic direction, approves policies and planning that give effect to the strategy, oversees and monitors the implementation and execution by management, and ensures accountability for organizational performance.

The General Meeting appoints members of the Supervisory Board, based on recommendations from the Nomination Committee, independent from any other governance body within the organization.

At the AGM of 20 June 2023, the following members of the Supervisory Board were reappointed: Jeroen Scheelbeek (Chairman), Hans den Bieman, Noam Kleinfeld, Jordi Trias Fita and Alexandre Van Der Wees. Two members, Martin Jansen and Helge Moen, resigned from the Supervisory Board.

Members of the Supervisory Board

JEROEN SCHEELBEEK
Chairman

Mr. Scheelbeek (1968) is the Chairman of the Supervisory Board and served on the company's 1-tier board of directors prior to the conversion of the company to a public limited liability company. Mr. Scheelbeek currently works at Bauhinia, an independent financial advisory boutique firm. In addition, he acts as senior financial advisor to the Dutch Ministry of Economic Affairs. He is also board member and chairman of the risk committee of Moza Banco, a regulated financial institution in Mozambique. Mr. Scheelbeek served, amongst other roles, as global head of structured finance, head of corporate clients and head of corporate finance Asia, in the Rabobank wholesale clients division. He has also acted as member of the highest credit risk committees of the bank. Mr. Scheelbeek has participated in executive management courses at Harvard, IMD, Insead and Kellogg University. He holds a Master's degree in Business Administration from the Free University of Amsterdam. Mr. Scheelbeek is also a member of the Supervisory Board of Protix.

HANS DEN BIEMAN
Member

Mr. Den Bieman (1959) served as the company's former (interim) CEO and Chairman of the Board. He is currently a shareholder and director of Sealand – the largest smolt producer in Chile. Amongst various top management positions in the field, Mr. Den Bieman served as COO of Nutreco Aquaculture (2000–2005) and as CEO of the Netherlands-based Marine Harvest, the world's largest fish-farming company, listed on Oslo Børs (now Mowi ASA) (2005–2007). He holds a Master's degree in Aquaculture (Msc,) from Wageningen University. Via his personal holding company, Mr. Den Bieman held 2 171 331 shares in the capital of the company on 31 December 2023.

ALEXANDRE VAN DER WEES
Member

Mr. Van Der Wees (1991) is a member of the Supervisory Board and served on the company's 1-tier board of directors prior to the conversion of the company to a public limited liability company. Mr. Van Der Wees was an Investment Associate at Creadev International S.A.S. where he specialized in aquaculture and agriculture investments, and from where he invested amongst others in InnovaFeed, M2i Life Sciences and Toopi Organics. Prior to joining Creadev, Mr. Van Der Wees worked as financial advisor at Accuracy in Paris. Mr. Van Der Wees holds a Master's degree in Finance (MSc) from Grenoble Graduate School of Business (GGSB).

JORDI TRIAS FITA
Member

Mr. Trias Fita (1977) became President of Stolt Sea Farm in January 2018 after joining the business as Managing Director in 2016. Prior to this he spent 14 years with GBFoods, where he held several positions in marketing, sales and business unit management, located in Spain, Kazakhstan, Russia, Ukraine and Senegal. Mr. Trias Fita holds a degree in Business Administration from the University of Barcelona, a Master's degree in marketing, and an MBA from the Instituto de Empresa. He is a citizen of Spain. Mr. Trias Fita held no shares in the capital of the company on the Record Date. Mr. Trias Fita also serves as a President of Stolt Sea Farm, part of Stolt-Nielsen M.S. Ltd which owns ~8,3% of the shares in the capital of the company on 31 December 2023.

NOAM KLEINFELD
Member

Mr. Kleinfeld (1977) acted as Managing Director at HSBC Investment Bank, with over 16 years of experience in cross-border M&A, Corporate Finance, Equity/Debt Capital Markets, Leverage Acquisition Finance, Project Finance and Corporate/Debt Restructuring. Further, Mr. Kleinfeld is a co-founder of several businesses, including The Griffin Fund, a leading real estate player in Atlanta's multifamily segment. Mr. Kleinfeld is an active venture capital investor in early-stage companies with a large TAM, unique technological edge, and strong execution capabilities. Mr. Kleinfeld holds a BA in Business Administration with a Major in Finance from Reichman University. Mr. Kleinfeld held 3 247 883 shares in the capital of the company on 31 December 2023.

Reporting

The Kingfish Company has a multi-disciplinary management team that use integrated enterprise resource management systems to ensure accurate and on-time reporting of all business activities. The Management Team and Supervisory Board review the monthly operational reports and management accounts. The Management Board prepares a quarterly report and an operational business update for all shareholders and stakeholders. The Annual Integrated Report includes annual financial statements and the sustainability report, with the materiality index guiding the inclusion of information valued by internal and external stakeholders. The Kingfish Company publishes these quarterly and annual reports on its website.

Investor Relations Policy

The Kingfish Company's Investor Relations Policy contains the basic principles for communications and dialogue with capital markets, including guidelines for contacting shareholders outside general meetings. We are committed to providing our shareholders with accurate, clear, relevant and complete information on our performance and market position.

Communications with stakeholders are based on the principles of equal treatment and transparency, with the aim of ensuring trust and stakeholder confidence. The CFO is responsible for investor relations. In line with the Oslo Stock Exchange's recommendations, the company provides quarterly reports and gives presentations on the disclosure of the interim results, to provide an overview of operational and financial developments. These presentations are open to the public and made available through a webcast.

All information is provided in English and distributed to our shareholders through:

- Oslo Stock Exchange's news channel https://newsweb.oslobors.no/
- and our website at: https://www.thekingfishcompany.com/news.

Shareholder Information

Since 25 November 2020, The Kingfish Company has been listed on Euronext Growth (Oslo, Norway). As per 31 December 2023, The Kingfish Company had 110 849 291 issued shares. The closing price for the company's share was NOK 7,90 per share as per 29 December 2023, which corresponds to a market capitalization of NOK 876 million. The 15 largest shareholders own 85,9% of the shares in the company.

31 DECEMBER 2023
THE KINGFISH COMPANY N.V.

Rank	Name	Holding	Stake
1	Creadev International S.A.S	24.261.893	21,9%
2	Rabo Participaties B.V.	15.591.011	14,1%
3	Stolt-Nielsen M.S. Ltd	9.237.663	8,3%
4	Bank Julius Bär & Co. AG	6.645.976	6,0%
5	Claris B.V.	6.493.354	5,9%
6	ASR	6.154.957	5,6%
7	Kverva Finans AS	4.642.685	4,2%
8	Pershing LLC	4.072.138	3,7%
9	Terra Mare B.V.	4.000.000	3,6%
10	Noam Kleinfeld	3.247.883	2,9%
11	JPMorgan Chase Bank	2.692.983	2,4%
12	Silver Oak Investments Holding CV	2.249.021	2,0%
13	HDB Beheer B.V.	2.171.331	2,0%
14	Nutreco International B.V.	1.954.958	1,8%
15	Cibus Enterprises Fund LP	1.782.742	1,6%
Total 15 largest shareholders		**95.198.595**	**85,9%**
Other shareholders		15.650.696	14,1%
Total number of shares		**110.849.291**	**100,0%**

Compliance

The Kingfish Company is governed by and complies with various standards and regulations as set out in bylaws, codes and best practice requirements. The company's governance is aligned with the Dutch Corporate Governance Code.

The company has an active Quality and Sustainability Department whose mission is to ensure 100% compliance and conformity with regulations and quality standards. The Kingfish Company guarantees that the fish is farmed in a sustainable manner that complies with all regulations and guidelines set out by government and any other related organizations and professional bodies.

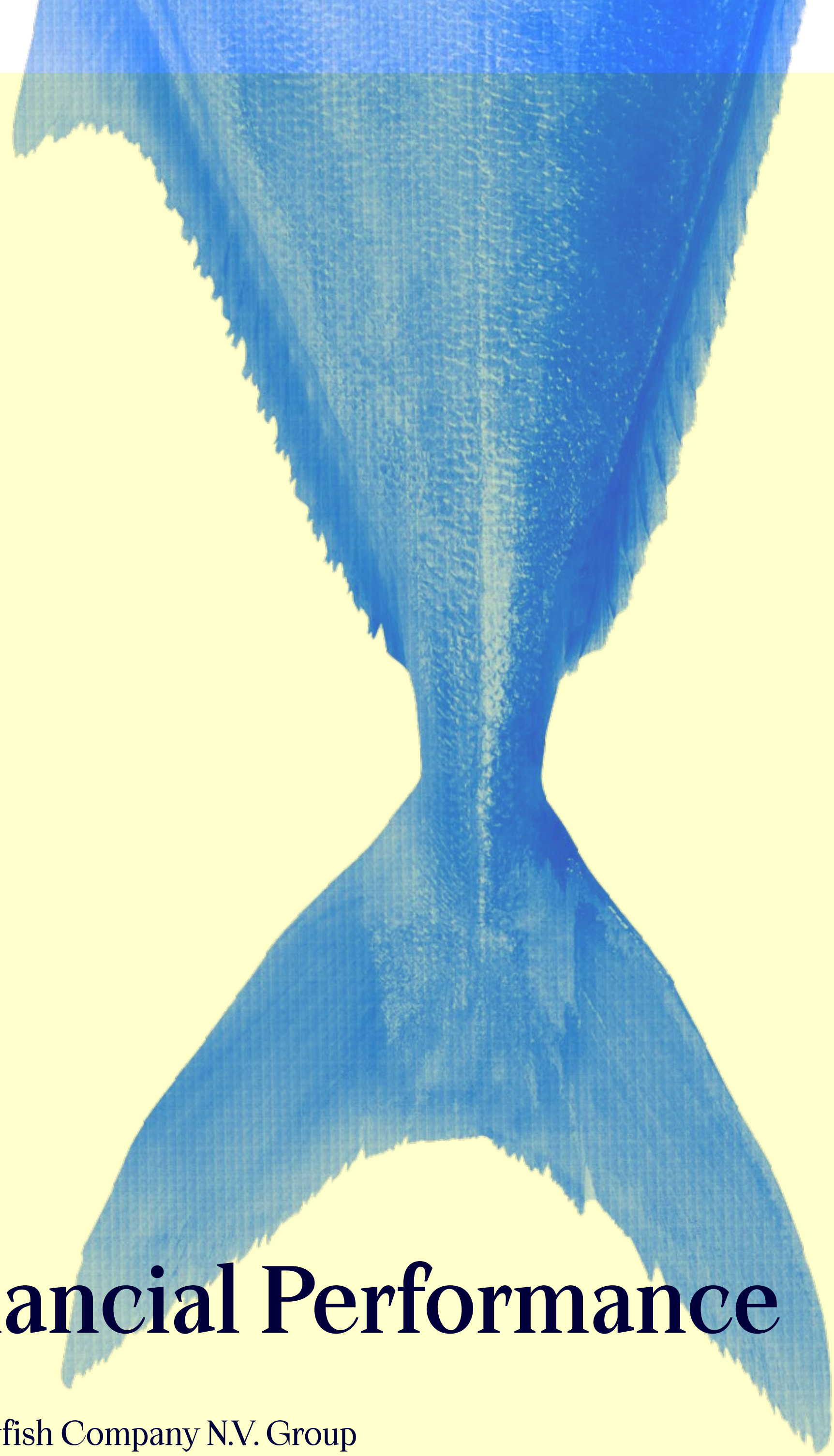
Employees are well informed about the processes they can follow should they need to raise concerns or seek advice within The Kingfish Company. Anonymous and independent advisors have been contracted in, and employees can contact them directly to discuss any potential concerns.

Business Continuity and Resilience

The Kingfish Company's goal is to lead in technology-driven aquaculture and the sustainable production of high value, land-based yellowtail kingfish. The company is focused on creating the best preconditions offered by the sea to farm fish on land through its RAS technology. Its production process is truly sustainable and controlled, with optimal growth conditions, and limits operational and biological risk.

The Kingfish Company achieves business resilience by carefully managing the production process, maintaining customer satisfaction and continuing the delivery of fish. Despite difficult macro conditions, due to rising interest rates and concern over the Ukraine/Russia crisis and the conflict in Gaza, the company was able to grow and increase margins even with higher feed and energy costs. During 2023, the company partially hedged its exposure to energy prices through energy contracts and will continue to do so in 2024.

The Kingfish Company sells its product to 27 countries, diversifying country-specific risks. Risks are analyzed and ranked on probability and impact in a detailed risk matrix, to ensure mitigating factors are in place in all areas of risk.



Financial Performance

The Kingfish Company N.V. Group

The Kingfish Company N.V.


Alberto
KINGFISH
ZEELAND

Statement of Financial Position
as at 31 December 2023

Figures in Euro thousand	Notes	2023	2022
Assets			
Non-Current Assets			
Property, plant and equipment	4	132.773	112.170
Right-of-use assets	5	2.347	2.155
Biological assets	6	1.382	1.192
Financial assets	8	1.195	2.399
Deferred tax	9	9.234	9.062
		146.931	**126.978**
Current Assets			
Biological assets	6	13.402	5.600
Inventories	10	3.253	1.157
Trade and other receivables	11	4.103	6.317
Financial assets	8	–	60
Cash and cash equivalents	12	19.533	1.624
		40.291	**14.758**
Total Assets		**187.222**	**141.736**
Equity and Liabilities			
Equity			
Share capital	13	111.225	97.185
Reserves		5.062	2.689
Accumulated loss		(34.185)	(24.224)
		82.102	**75.650**
Liabilities			
Non-Current Liabilities			
Borrowings	16	96.426	51.407
Lease liabilities	5	1.328	1.605
		97.754	**53.012**
Current Liabilities			
Trade and other payables	17	6.152	7.195
Borrowings	16	531	5.332
Lease liabilities	5	592	454
Deferred income	18	91	93
		7.366	**13.074**
Total Liabilities		**105.120**	**66.086**
Total Equity and Liabilities		**187.222**	**141.736**

Statement of Profit or Loss and Other Comprehensive Income

Figures in Euro thousand	Notes	2023	2022
Revenue	19	21.910	18.738
Other operating income	20	–	18
Other operating gains (losses)	21	(167)	(524)
Stock movements and transport and logistics cost	22	8.738	630
Raw materials	22	(13.472)	(11.121)
Employee costs	23	(9.725)	(7.139)
Lease expenses	23	(348)	(267)
Depreciation, amortization and impairment expenses	23	(5.538)	(2.792)
Other operating expenses		(6.349)	(5.139)
Operating loss	23	**(4.951)**	**(7.596)**
Finance costs	24	(5.192)	(1.582)
Loss before taxation		**(10.143)**	**(9.178)**
Taxation	25	182	1.865
Loss for the year		**(9.961)**	**(7.313)**
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		46	(26)
Deferred cost of hedging on cash flow hedges not subject to basis adjustments		(923)	1.721
Total items that may be reclassified to profit or loss		**(877)**	**1.695**
Other comprehensive income for the year net of taxation	26	**(877)**	**1.695**
Total comprehensive loss for the year		**(10.838)**	**(5.618)**
Earnings per share			
Per share information			
Basic loss per share (c)	29	(0,12)	(0,09)
Diluted loss per share (c)	29	(0,13)	(0,09)

Statement of Changes in Equity

Figures in Euro thousand	Share capital	Share premium	Total share capital	Foreign currency translation reserve	Cash flow hedging reserve	Share option reserve	Convertible instruments reserve	Total reserves	Accumulated	Total equity loss
Balance at 1 January 2022	**677**	**77.449**	**78.126**	**(21)**	**–**	**834**	**–**	**813**	**(16.911)**	**62.028**
Loss for the year	–	–	–	–	–	–	–	–	(7.313)	(7.313)
Other comprehensive income	–	–	–	(26)	1.721	–	–	1.695	–	1.695
Total comprehensive Loss for the year	**–**	**–**	**–**	**(26)**	**1.721**	**–**	**–**	**1.695**	**(7.313)**	**(5.618)**
Issue of shares	243	19.426	19.669	–	–	–	–	–	–	19.669
Employees share option expense	–	–	–	–	–	181	–	181	–	181
Gross funding fee	–	(824)	(824)	–	–	–	–	–	–	(824)
Tax on funding fee	–	214	214	–	–	–	–	–	–	214
Total contributions by and distributions to owners of group recognized directly in equity	**243**	**18.816**	**19.059**	**–**	**–**	**181**	**–**	**181**	**–**	**19.240**
Balance at 1 January 2023	**920**	**96.265**	**97.185**	**(47)**	**1.721**	**1.015**	**–**	**2.689**	**(24.224)**	**75.650**
Loss for the year	–	–	–	–	–	–	–	–	(9.961)	(9.961)
Other comprehensive income	–	–	–	46	(923)	–	–	(877)	–	(877)
Total comprehensive Loss for the year	**–**	**–**	**–**	**46**	**(923)**	**–**	**–**	**(877)**	**(9.961)**	**(10.838)**
Issue of shares	188	14.654	14.842	–	–	–	–	–	–	14.842
Employees share option expense	–	–	–	–	–	269	–	269	–	269
Gross funding fee	–	(1.009)	(1.009)	–	–	–	–	–	–	(1.009)
Tax on funding fee	–	207	207	–	–	–	–	–	–	207
Equity portion of convertible loan	–	–	–	–	–	–	2.981	2.981	–	2.981
Total contributions by and distributions to owners of group recognized directly in equity	**188**	**13.852**	**14.040**	**–**	**–**	**269**	**2.981**	**3.250**	**–**	**17.290**
Balance at 31 December 2023	**1.108**	**110.117**	**111.225**	**(1)**	**798**	**1.284**	**2.981**	**5.062**	**(34.185)**	**82.102**
Notes	13	13	13	15&26	26	26			26	

Statement of Cash Flow

Figures in Euro thousand	Note(s)	2023	2022
Cash flows from operating activities			
Cash receipts from customers		24.123	19.619
Cash paid to suppliers and employees		(31.444)	(26.579)
Cash utilized in operations	27	(7.321)	(6.960)
Finance costs		-	(17)
Net cash from operating activities		**(7.321)**	**(6.977)**
Cash flows from investing activities			
Investment in property, plant and equipment	4	(22.792)	(53.929)
Net cash from investing activities		**(22.792)**	**(53.929)**
Cash flows from financing activities			
Net proceeds on share issue	13	17.022	18.845
Proceeds/(Repayment) of borrowings		31.198	45.365
Repayment of lease liabilities		(139)	(1.581)
Finance costs on leases		(59)	(45)
Payment of hedge premium		-	(1.276)
Net cash from financing activities		**48.022**	**61.308**
Total cash movement for the year		**17.909**	**402**
Cash at the beginning of the year		1.624	1.222
Total cash at end of the year	12	**19.533**	**1.624**

Accounting Policies

1 Significant accounting policies

The principal accounting policies applied in the preparation of these annual report are set out below.

1.1 Basis of preparation

The annual report has been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing this annual report and the Part 9 of Book 2 of the Dutch Civil Code.

The annual report has been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Euros, which is the group's functional currency.

1.2 Consolidation

Basis of consolidation

The consolidated annual report in corporates the annual report of the company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use of its power over the entity.

The results of subsidiaries are included in the consolidated annual report from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the annual report of subsidiaries to bring their accounting policies inline with those of the group.

All inter–company transactions, balances, and unrealized gains on transactions between group companies are eliminated in full on consolidation. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The group comprises of The Kingfish Company N.V. as the parent company and includes wholly–owned subsidiaries, namely Kingfish (Netherlands) Holdings B.V., Kingfish Zeeland B.V., Kingfish Property One B.V., Kingfish Maine Inc., Yellowtail Hatchery USA Inc., all of which represent 100% controlling interest. Additionally, the group has two joint arrangements with Windfish Management B.V. and Windfish Asset B.V. which represent 51% and 50% controlling interest, respectively. The group structure remained unchanged from 2022.

Accounting Policies

1.2 Consolidation *(continued)*

Business combinations

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortized as part of the effective interest and costs to issue equity which are included in equity.

Any contingent consideration is included in the cost of the business combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments. Otherwise, all subsequent changes to the fair value of contingent consideration that is deemed to be an asset or liability is recognized in either profit or loss or in other comprehensive income, in accordance with relevant IFRS's. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

1.3 Significant judgements and sources of estimation uncertainty

The preparation of annual report in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the annual report.

Key sources of estimation uncertainty

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group’s past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty *(continued)*

Allowance for slow moving, damaged and obsolete inventory

Management assesses whether inventory is impaired by comparing its cost to its estimated net realizable value. Where an impairment is necessary, inventory items are written down to net realizable value. The write down is included in cost of sales.

Fair value estimation

Several assets and liabilities of the group are either measured at fair value or disclosure is made of their fair values, whereas biological assets have the most estimation uncertainty.

Biological assets are measured at fair value less costs to sell, with any change there indirectly recognized in profit and loss. The estimated fair value of the biological assets is based on the most relevant prices at the reporting period date in the respective markets in which the group operates.The fair value calculation considers estimates of biomass volumes, quality, size distribution, production cost, mortality and normal costs of harvest and sale.

Information about the specific techniques and inputs of the various assets and liabilities is disclosed in note 6 and note 7.

Impairment testing

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions.

Useful lives of property, plant and equipment

Management assesses the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of buildings, motor vehicles and office equipment are determined based on group replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters. The useful life of manufacturing equipment is assessed annually based on factors including wear and tear, technological obsolescence and usage requirements.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty *(continued)*

Deferred tax asset

Deferred tax assets are carried on the basis of the tax consequences of the realization or settlement of assets as planned by the group at the balance sheet date. A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available for set–off.

In this assessment, the group includes the possibility of planning of fiscal results and the level of future taxable profits in combination with the time and/or period in which the deferred tax assets are realized.

1.4 Biological assets

An entity shall recognize a biological asset or agricultural produce when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits associated with the asset will flow to the entity; and
- the fair value or cost of the asset can be measured reliably.

Biological assets ("biomass") are measured at their fair value less costs to sell.

Biomass comprise of live fish in tanks from fry to market–sized fish. All fish held in production tanks are considered sale able and are therefore measured at fair value less cost to sell.

The cost of biological assets (“biomass costs”) includes all direct costs required to raise fish from larvae to harvest. Biomass costs are generally recognized on a historical basis and include fish feed, other raw materials, direct salary and personnel costs and utilities from production.

The valuation of biological assets under IAS 41 is based on estimated fair value of the fish in a hypothetical market. The estimate of the unrealized fair value adjustment under IFRS 13 is based on actual size class of fish in tanks and historical sales prices and costs to sell. The difference between the fair value and the biomass costs is recognized under fair value adjustments in the accompanying consolidated statements of operations.

Under the provisions of IAS 41, the fair value of the group's biological assets is calculated based on the market price for the relevant fish quality and size on the reporting period date. As the biomass input is not readily observable, biomass valuation is categorized at Level 3 in the fair value hierarchy under IFRS 13.

Accounting Policies

1.4 Biological assets *(continued)*

Biomass quantity is recorded upon grading of fish at younger ages into individual tanks and adjusted for actual mortalities recorded per tank. Total weight is calculated upon grading of fish and continually adjusted based on a feed intake based model. The average weight of fish per tank is regularly controlled by way of sampling of fish from each tank, whereafter adjustments are made to reflect the sample results. Although some degree of variation is expected, actual fish size is not expected to deviate substantially from the average sampling size.

The fair value of the group's biological assets was calculated based on different parameters. The key element in the fair value model of biological assets is the price that is expected to be received in the future when the fish is harvested. This fair value calculation is based on realized sales per size–category around balance sheet date.

Breeding stock are held for periods longer than 12 months after reporting date and are therefore classified as non–current assets. The live fish stock qualify as biological assets to be harvested within 12 months from reporting date and are therefore classified as current assets.

Again or loss arising on initial recognition of agricultural produce at fair value less costs to sell is included in profit or loss for the period in which it arises.

Fair value adjustments of live fish stock are accounted for as cost of sales.

1.5 Property, plant and equipment

Property, plant and equipment are tangible assets which the group holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognized as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalized if it is probable that future economic benefits associated with the expenditure will flow to the group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Accounting Policies

1.5 Property, plant and equipment *(continued)*

Costs incurred as work in progress in respect of activities to develop, expand or enhance items of property, plant and equipment are capitalized as assets under construction. When the activities are complete the costs are reallocated to the specific item of property, plant and equipment.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognized.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	20 - 30 years
Equipment	Straight line	5 - 7 years
Motor vehicles	Straight line	5 - 7 years
Office equipment	Straight line	7 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognized in profit or loss.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognized immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognized.

Accounting Policies

1.6 Financial instruments

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 Financial Instruments. Broadly, the classification possibilities, which are adopted by the group, as applicable, are as follows:

Financial assets which are debt instruments:
- Amortized cost.
- Fair value through other comprehensive income.

Financial liabilities:
- Amortized cost.

Note 34 Financial instruments and risk management presents the financial instruments held by the group based on their specific classifications.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the group are presented below:

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortized cost (note 11).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognized when the group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortized cost.

The amortized cost is the amount recognized on the receivable initially, minus principal repayments, plus cumulative amortization (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Accounting Policies

1.6 Financial instruments *(continued)*

Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in investment income (company–only).

The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortized cost before adjusting for a loss allowance.

Trade and other receivables denominated in foreign currencies

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the Euro equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognized in profit or loss in other operating gains (losses).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management (note 34).

Impairment

The group recognizes a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The group measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors,general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 11.

Accounting Policies

1.6 Financial instruments *(continued)*

An impairment gain or loss is recognized in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 23).

Write off policy

The group writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Credit risk

Details of credit risk are included in the trade and other receivables note (note 11) and the financial instruments and risk management note (note 34).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Borrowings

Classification

Borrowings (note 16) are classified as financial liabilities subsequently measured at amortized cost.

Recognition and measurement

Borrowings are recognized when the group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 24.)

Accounting Policies

1.6 Financial instruments *(continued)*

Borrowings expose the group to liquidity risk and interest rate risk. Refer to note 34 for details of risk exposure and management thereof.

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Trade and other payables

Classification

Trade and other payables (note 17), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortized cost.

Recognition and measurement

They are recognized when the group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 24).

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 34 for details of risk exposure and management thereof.

Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Euro equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognized in profit or loss in the other operating gains (losses).

Details of foreign currency risk exposure and the management thereof are provided in the financial instruments and risk management note (note 34).

Accounting Policies

1.6 Financial instruments *(continued)*

Derecognition

Refer to the “derecognition” section of the accounting policy for the policies and processes related to derecognition.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method.

Derecognition

Financial assets

The group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Financial liabilities

The group derecognizes financial liabilities when, and only when, the group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non–cash assets transferred or liabilities assumed, is recognized in profit or loss.

Reclassification

Financial assets

The group only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates are classification.

Financial liabilities

Financial liabilities are not reclassified.

Accounting Policies

1.7 Hedge accounting

The group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations as appropriate. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the group actually hedges and the quantity of the hedging instrument that the group actually uses to hedge that quantity of hedged item.

1.8 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognized as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognized for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. A deferred tax asset is not recognized when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Accounting Policies

1.8 Tax *(continued)*

A deferred tax asset is recognized for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognized as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognized, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.9 Leases

The group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is “identified”, which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Accounting Policies

1.9 Leases *(continued)*

Group as lessee

A lease liability and corresponding right–of–use asset are recognized at the lease commencement date, for all lease agreements for which the group is a lessee, except for short–term leases of 12 months or less, or leases of low value assets. For these leases, the group recognizes the lease payments as an operating expense (note 23) on a straight–line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non–lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand–alone prices of the lease components and the aggregate stand–alone price of the non–lease components (where non–lease components exist).

Details of leasing arrangements where the group is a lessee are presented in note 5 Leases (group as lessee).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in–substance fixed payments, less any lease incentives;
- the amount expected to be payable by the group under residual value guarantees;
- the exercise price of purchase options, if the group is reasonably certain to exercise the option;

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 24).

The group remeasures the lease liability (and makes a corresponding adjustment to the related right–of–use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the group will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

Accounting Policies

1.9 Leases *(continued)*

- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right–of– use asset, or is recognized in profit or loss if the carrying amount of the right–of–use asset has been reduced to zero.

Right-of-use assets

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right–of–use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right–of–use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right–of–use asset reflects that the group expects to exercise a purchase option, the related right–of–use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right–of–use assets which are depreciated over their useful lives, the useful lives are presented in the following table:

Item	Depreciation method	Average useful life
Buildings	Straight line	3 - 20 years
Equipment	Straight line	5 - 7 years
Motor vehicles	Straight line	5 - 7 years

Accounting Policies

1.9 Leases *(continued)*

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right–of–use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognized in profit or loss unless it is included in the carrying amount of another asset.

1.10 Inventories

Raw materials and consumables

Raw materials and consumables are stated at the lower of cost and net realizable value.

Cost comprises direct materials and, where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost excludes borrowing costs. Costs are assigned to individual items of inventory on the first–in–first–out basis. Costs of purchased inventory are determined after deducting rebates and discounts.

Frozen fish stock

The frozen fish stock is the harvested product from the live fish stock which is a biological asset and therefore qualifies as Agricultural Produce. Agricultural produce is measured at fair value less estimated costs to sell at the point of harvest. The point of harvest represents the transition to inventory measured under IAS 2. The fair value less estimated selling expenses at the point of harvest forms the cost price of the inventory at the date of transition.

When inventories are sold, the carrying amount of those inventories are recognized as an expense in the period in which the related revenue is recognized. The amount of any write–down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write–down or loss occurs. The amount of any reversal of any write–down of inventories, arising from an increase in net realizable value, are recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

The harvested fish stock is subsequently measured at the lower of cost and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Obsolete, redundant and slow moving items are identified on a regular basis and are written down to their estimated net realizable values.

Accounting Policies

1.11 Impairment of assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash–generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash–generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortization is recognized immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognized in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortization is recognized immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.12 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.13 Share based payments

Mid– and senior management of the group receive long term incentives in the form of stock options.

Accounting Policies

1.13 Share based payments *(continued)*

Goods or services received or acquired in a share–based payment transaction are recognized when the goods or as the services are received. A corresponding increase in equity is recognized if the goods or services were received in an equity– settled share–based payment transaction or a liability if the goods or services were acquired in a cash–settled share–based payment transaction.

When the goods or services received or acquired in a share–based payment transaction do not qualify for recognition as assets, they are recognized as expenses.

For equity–settled share–based payment transactions the goods or services received and the corresponding increase in equity are measured, directly, at the fair value of the goods or services received provided that the fair value can be estimated reliably.

If the share based payments granted do not vest until the counterparty completes a specified period of service, group accounts for those services as they are rendered by the counterparty during the vesting period, or on a straight line basis over the vesting period.

In circumstances where the group is involved in a share based payment transaction among entities in the group, the following is applied in the entity's separate annual report:

- Where the group is the recipient of the goods or services, the transaction is measured as an equity settled share based payment transaction only if the awards are granted in its own equity instruments or if the entity has no obligation to settle the transaction. In all other cases, the transaction is measured as a cash settled share based payment transaction.
- Where the group settles the share based payment transaction and another entity in the group receives the goods or services, the entity recognizes the transaction as an equity settled share based payment transaction only if it is settled in the entity's own equity instruments. In all other circumstances, the transaction is recognized as a cash settled share based payment transaction.

1.14 Employee benefits

Short-term employee benefits

The cost of short–term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non–monetary benefits such as medical care), are recognized in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognized as an expense as the employees render services that increase their entitlement or, in the case of non–accumulating absences, when the absence occurs.

Accounting Policies

1.14 Employee benefits *(continued)*

The expected cost of profit sharing and bonus payments is recognized as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry–managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the group's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.15 Government grants

Government grants are recognized when there is reasonable assurance that:

- the group will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognized as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognized as income of the period in which it becomes receivable.

Government grants related to assets, including non–monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Grants related to income are deducted from the related expense.

1.16 Revenue

Revenue represents income arising in the course of ordinary activities, being the sale of Yellowtail Kingfish, cultivated through aquaculture farming.

Revenue is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the group expects to be entitled in exchange for those goods or services. The group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Accounting Policies

1.16 Revenue *(continued)*

Sale of fish

Revenue from the sale of fish is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the fish at the customer's location.

The group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of fish, the group considers the effects of variable consideration, existence of a significant financing component, non–cash consideration, and consideration payable to the customer, if any.

All revenue earned by the group, results in the recognition of trade receivables, to the extent unpaid by the customer, as only the passage of time is required, being the agreed payment terms. There are no significant payments terms.

If the consideration in a contract includes a variable amount, the group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. During both the 2023 and 2022 years there were no variable consideration included as part of a contract, except discounts as discussed below.

In exceptional cases discount is granted to customers on an ad–hoc basis. The discount can not be estimated at contract inception and are usually immaterial. Discount are therefore accounted for on a case–by–case basis as discount is granted.

The group provides retrospective volume rebates to certain customers once the quantity of fish purchased during the period exceeds the threshold specified. The rebates are usually immaterial. Rebates are accounted for on a case–by–case basis as thresholds are met and therefore no refund liabilities are recognized.

Due to the nature of the product sold, return of goods hardly ever happens.

1.17 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized. The amount of any write–down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write–down or loss occurs. The amount of any reversal of any write–down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

Accounting Policies

1.18 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalization is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalized do not exceed the total borrowing costs incurred.

The capitalization of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred,and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalization is suspended during extended periods in which active development is interrupted.

Capitalization ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognized as an expense in the period in which they are incurred.

1.19 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Euros, except for the companies in the US, where a foreign currency transaction is recorded in USD, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non–monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non–monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Accounting Policies

1.19 Translation of foreign currencies *(continued)*

In circumstances where the group receives or pays an amount in foreign currency in advance of a transaction, the transaction date for purposes of determining the exchange rate to use on initial recognition of the related asset, income or expense is the date on which the group initially recognized the non–monetary item arising on payment or receipt of the advance consideration.

If there are multiple payments or receipts in advance, group determines a date of transaction for each payment or receipt of advance consideration.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual report are recognized in profit or loss in the period in which they arise.

When a gain or loss on a non–monetary item is recognized to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognized to other comprehensive income and accumulated in equity. When a gain or loss on a non–monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Euros by applying to the foreign currency amount the exchange rate between the Euro and the foreign currency at the date of the cash flow.

Investments in subsidiaries, joint ventures and associates

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each item of profit or loss are translated at exchange rates at the average rate for the year; and
- all resulting exchange differences are recognized to other comprehensive income and accumulated as a separate component of equity.

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognized initially to other comprehensive income and accumulated in the translation reserve. They are recognized in profit or loss as a reclassification adjustment through to other comprehensive income on disposal of net investment.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation.

Notes to the Annual Report

2. Group information

During 2020, the holding company converted from a 'Besloten Vennootschap' (BV) into a 'Naamloze Vennootschap' (NV) and changed its legal name to The Kingfish Company N.V. (previously: Kingfish Zeeland B.V.). Per November 2020 the Company is listed on Euronext Growth in Oslo (Norway), share code: KING.

The address and domicile of The Kingfish Company N.V. group is:
Oost Zeedijk 13
4485 PM
Kats
The Netherlands

The company is registered at the Dutch Chamber of Commerce under number 64625060.

The Kingfish Company N.V. group engages in the production and supply of sustainable, safe and high quality seafood in its target markets.

In 2016 the group sanctioned its first project: a commercial scale pilot farm in the Netherlands for the production of more than 500 tons per annum of the supply constrained lucrative fish species 'Yellowtail Kingfish' via a proprietary recirculating aquaculture system. Since then the group completed the construction of the farm, closed the 'production cycle' and reached industry leading operational results.

The group is currently considering developing its first North America site (Maine, US). The Kingfish Company N.V group continues to explore additional market opportunities across various species and locations in Europe and North America.

The majority of the group's assets are in the Netherlands (2023: EUR 175.780k; 2022: EUR 130.433k) and the remainder is in North America (2023: EUR 11.442k; 2022: EUR 11.303k)

The consolidated annual report of The Kingfish Company N.V. group for the year ended 31 December 2023 were authorized for issue by the Executive Board on 11 April 2024, were signed by the Executive Board and the Supervisory Board on 10 April 2024 and will be submitted for adoption to the General Meeting on 19 June 2024.

Article 32 paragraph 1 of the company's Articles of Association state that profit is at the disposal of the general meeting of shareholders. The board of directors proposes that the result for the financial year 2023 amounting to € 9.961K (negative) should be transferred to the general reserve. The financial statements reflect this proposal.

Notes to the Annual Report

3. New Standards and Interpretations

3.1 Standards and interpretations effective and adopted in the current year

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023, as well as the accounting policy regarding the convertible loan, as explained below. The group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Compound instruments

Convertible loans are compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non–convertible debt. The difference between the proceeds of issue of the convertible instruments and the fair value assigned to the liability component, representing the embedded option to convert the liability into shares of the company, is included in equity.

Combined units are compound instruments, consisting of a debenture (liability) component and a share (equity) component. The debentures are carried at amortized cost, and any premium or discount on issue is written off over the redemption period using the effective interest rate method.

Issue costs are apportioned between the liability and equity components of the compound instruments based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
IFRS 17 Insurance Contracts	1 January 2023	Unlikely there will be a material impact
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023	Unlikely there will be a material impact
Definition of Accounting Estimates - Amendments to IAS8	1 January 2023	Unlikely there will be a material impact
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	1 January 2023	Unlikely there will be a material impact
International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12	23 May 2023	Unlikely there will be a material impact

Notes to the Annual Report

3.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 1 January 2024 or later periods:

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
Non-current Liabilities with Covenants - Amendments to IAS 1 and Classification of Liabilities as Current or Non-current - Amendments to IAS 1	1 January 2024	Unlikely there will be a material impact
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	1 January 2024	Unlikely there will be a material impact
Supplier Finance Arrangements - Amendments to IAS 7and IFRS 7	1 January 2024	Unlikely there will be a material impact

4. Property, plant and equipment

	2023			2022		
	Cost or revaluation	**Accumulated depreciation**	**Carrying value**	**Cost or revaluation**	**Accumulated depreciation**	**Carrying value**
Land and buildings	59.672	(4.713)	54.959	22.138	(2.988)	19.150
Equipment	77.233	(8.223)	69.010	14.296	(4.882)	9.414
Motor vehicles	53	(36)	17	112	(81)	31
Office equipment	1.182	(450)	732	1.030	(261)	769
Assets under construction	8.055	–	8.055	82.806	–	82.806
Total	**146.195**	**(12.973)**	**132.773**	**120.382**	**(8.212)**	**112.170**

Notes to the Annual Report

4. Property, plant and equipment *(continued)*

Reconciliation of property, plant and equipment – 2023

	Opening balance	Additions	Reclassification	Discontinue	Forex adjustment	Depreciation	Total
Land and buildings	19.150	113	37.423	–	–	(1.727)	54.959
Equipment	9.414	26.393	36.564	–	(18)	(3.343)	69.010
Motor vehicles	31	–	–	(5)	–	(9)	17
Office equipment	769	–	253	(100)	–	(190)	732
Assets under construction	82.806	565	(74.240)	(818)	(258)	–	8.055
	112.170	**27.071**	**–**	**(923)**	**(276)**	**(5.269)**	**132.773**

Reconciliation of property, plant and equipment – 2022

	Opening balance	Additions	Reclassification	Forex adjustment	Depreciation	Total
Land and buildings	19.208	853	–	–	(911)	19.150
Equipment	6.328	2.604	2.103	20	(1.641)	9.414
Motor vehicles	38	–	19	–	(26)	31
Office equipment	318	539	–	–	(88)	769
Assets under construction	29.931	52.408	–	467	–	82.806
	55.823	**56.404**	**2.122**	**487**	**(2.666)**	**112.170**

Property, plant and equipment encumbered as security

Assets have been pledged as security for the secured long–term borrowings. Refer to note 16.

Assets under construction

Assets under construction as of 31 December 2023 only relate to the initial investments for a farm in the USA.

Notes to the Annual Report

Figures in Euro thousand	2023	2022

5. Leases (group as lessee)

The group has lease contracts for various motor vehicles, production equipment and buildings in its operations. Leases of motor vehicles and production equipment generally have lease terms of between 5 and 7 years and buildings between three and twenty years. The group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the group is restricted from assigning and subleasing the leased assets.

Details pertaining to leasing arrangements, where the company is lessee are presented below:

Net carrying amounts of right–of–use assets

The carrying amounts of right–of–use assets are as follows:

	2023	2022
Buildings	345	261
Equipment	14	19
Motor vehicles	247	134
Assets under construction	1.741	1.741
	2.347	**2.155**

Additions to right-of-use assets

	2023	2022
Buildings	236	–
Motor vehicles	207	–
Assets under construction	–	1.741
	443	**1.741**

Depreciation recognized on right–of–use assets

Depreciation recognized on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 23), as well as depreciation which has been capitalized to the cost of other assets.

	2023	2022
Buildings	149	59
Equipment	5	5
Motor vehicles	95	62
	249	**126**

Lease liabilities

The maturity analysis of lease liabilities is as follows:

	2023	2022
Within one year	637	500
Two to five years	1.237	1.523
More than five years	202	225
	2.076	2.248
Less finance charges component	(156)	(189)
	1.920	**2.059**
Non-current liabilities	1.328	1.605
Current liabilities	592	454
	1.920	**2.059**

Notes to the Annual Report

Figures in Euro thousand	2023	2022

5. Leases (group as lessee) *(continued)*

	2023	2022
As at 1 January	2.059	1.815
Additions	443	1.741
Interest	62	44
Payments	(–644)	(–1.540)
As at 31 December	1.920	2.059

Exposure to liquidity risk

Refer to note 34 Financial instruments and risk management for the details of liquidity risk exposure and management.

6. Biological assets

	2023			2022		
	Cost or Valuation	Accumulated depreciation	Carrying value	Cost or Valuation	Accumulated depreciation	Carrying value
Live stock fish	13.402	–	13.402	5.600	–	5.600
Broodstock	1.382	–	1.382	1.192	–	1.192
Total	**14.784**	**–**	**14.784**	**6.792**	**–**	**6.792**

Reconciliation of biological assets – 2023

	Opening balance	Increase due to production	Decreases due to harvest/ sales	Decreases due to mortality	Gains (losses) arising from changes in fair value	Total
Live fish stock	5.600	40.582	(31.702)	(1.259)	181	13.402
Broodstock	1.192	–	–	–	190	1.382
	6.792	**40.582**	**(31.702)**	**(1.259)**	**371**	**14.784**

Reconciliation of biological assets – 2022

	Opening balance	Increase due to production	Decreases due to harvest/ sales	Decreases due to mortality	Gains (losses) arising from changes in fair value	Total
Livefishstock	4.496	22.451	(20.621)	(1.157)	431	5.600
Broodstock	1.177	–	–	–	15	1.192
	5.673	**22.451**	**(20.621)**	**(1.157)**	**446**	**6.792**

Notes to the Annual Report

Figures in Euro thousand	2023	2022

6. Biological assets *(continued)*

Pledged as security

All current and future biological assets are pledged as security as part of the senior financing agreement. Refer to note 16.

Methods and assumptions used in determining fair value

The cost of Biological assets ("biomass costs") includes all direct costs required to raise fish from larvae to harvest. Biomass costs are generally recognized on a historical basis and include fish feed, other raw materials, direct salary and personnel costs and utilities from production.

The valuation of Biological assets is based on estimated fair value of the fish in a hypothetical market. The estimate of the unrealized fair value adjustment under IFRS 13 is based on actual size class of fish in tanks and historical sales prices and costs to sell. Refer to note 7 for more detailed information.

Financial risk management strategies related to agricultural activity

Since The Kingfish Company N.V. group is in the aquaculture industry, there are various risks related to biological assets, that should be mitigated. A detailed risk matrix has been designed by the management of the group, which can be inspected at the register office. The three highest risks within the production department are a viral infection in the hatchery, unsuccessful hatchery production with unknown cause and an introduction of disease into the farm.

These risks are mitigated by the following strategies:

- the hatchery building is compartmentalized into separate production areas to spread risks;
- a back–up hatchery is available in a separate building;
- the group employs an experienced hatchery team and consultants with a track record of successful production;
- an experienced veterinarian can be called upon to assist in isolating and treating any disease as soon as detected.

As of 31 December 2023 and 2022, the group's physical volumes of biological assets consisted of the following:

	2023	2022
Live fish weight (in tons)	967	408
Number of fish(in thousands)	1248	739
Volume of fish harvested during the year (tons whole round weight)	1647	1520
Net biological assets		
Non–current assets	1.382	1.192
Current assets	13.402	5.600
	14.784	**6.792**

Notes to the Annual Report

Figures in Euro thousand	2023	2022

7. Fair value information

Fair value hierarchy

The table below analyses assets carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the group can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements

Level 3

Recurring fair value measurements

Assets	Note		
Biological assets	6		
Live fish stock		13.402	5.600
Broodstock fish		1.382	1.192
Total biological assets		**14.784**	**6.792**
Total		**14.784**	**6.792**

Reconciliation of assets and liabilities measured at level 3

2023/2022

Refer to note 6 for the movement in fair value.

Movements within the fair value of live fish stock is recognized within cost of sale and movements within broodstock is recognized in fair value adjustments.

Information about valuation techniques and inputs used to derive level 3 fair values

Biological assets – live fish stock

The key unobservable inputs, together with the weighted average range of probabilities, are as follows:

Biomass quantity is recorded upon grading of fish at younger ages into individual tanks and adjusted for actual mortalities recorded per tank. Total weight is calculated upon grading of fish and continually adjusted based on a feed intake based model. The average weight of fish per tank is regularly controlled by way of sampling of fish from each tank, where after adjustments are made to reflect the sample results. Although some degree of variation is expected, actual fish size is not expected to deviate substantially from the average sampling size.

The fair value of the group's biological assets was calculated based on different parameters. The key element in the fair value model of biological assets is the price that is expected to be received in the future when the fish is harvested. This fair value calculation is based on realized sales and cost to sell per size–category around balance sheet date. The distribution per size– category as of 31 December 2023 and 2022 was as follows:

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Figures in Euro thousand	2023	2022

7. Fair value information *(continued)*

	Price range in €/kg		Counts (thousand units)	
	2023	2022	2023	2022
Fish below 2 kg	9,36–14,89	8,81–14,00	1,070	681
Fish above 2 kg	14,89–17,07	14,00–16,30	178	57

Fish under 700 grams are valued between EUR 3 and EUR 5,60 each.

Incident based Mortality

No significant mortality incidents were noted for the years ended 31 December 2023 and 2022.

8. Financial assets

	2023	2022
Hedging derivatives		
Rabobank currency option	–	60
Rabobank interest cap	1.195	2.399
Split between non–current and current portions		
Non–current assets	1.195	2.399
Current assets	–	60
	1.195	**2.459**

Rabobank currency option

The Kingfish Company N.V group entered into a plain currency option transaction with Rabobank on 22 December 2022 and paid a premium of EUR 76.800. This call currency was in Euros and was for an amount of EUR 14.392.523,36 and the put currency was in NOK for an amount of NOK 154.000.000. The option expired 30 January 2023 and the premium was amortized over 1.5 months.

Rabobank interest cap

The Kingfish Company N.V group entered into an interest cap transaction with Rabobank on 27 May 2022 and paid a fixed premium of EUR 841.000. The notional amount is EUR 75.000.000 and the transaction is for a period of 3 years.

The transaction caps EURIBOR at 2% on the loan with P Capital Partner AB and the floating amount payment dates commence on 30 September 2022 and then every 3 months there after on the last day of the month up to and including the termination date.

Refer to note 7 Fair value information for details of valuation policies and processes.

Refer to note 34 Financial instruments and risk management further details.

Notes to the Annual Report

9. Deferred tax

Figures in Euro thousand	2023	2022
Deferred tax asset		
Deferred tax losses available for offsetting against future taxable income	9.234	9.062
The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:		
Deferred tax asset	9.234	9.062
Reconciliation of deferred tax asset/(liability)		
At beginning of year	9.062	6.977
Increases (decrease) in tax loss available for set off against future taxable income – gross of valuation allowance	172	2.085
	9.234	**9.062**

Recognition of deferred tax asset

Deferred income tax assets relate to unutilized tax losses. These losses are expected to be offset with future profits

10. Inventories

Figures in Euro thousand	2023	2022
Raw materials and consumables	807	336
Finished goods–frozen fish	2.446	894
	3.253	1.230
Inventories (write-downs)	–	(73)
	3.253	**1.157**

Write-downs of inventories were minimal. The write-downs were recognized as an expense during the years ended 31 December 2023 and 31 December 2022 and included in cost of sales in the statement of profit or loss. All inventories are reviewed regularly to ensure that it is measured at the lower of cost or net realizable value.

Inventory pledged as security

Inventories have been pledged as security for the secured long-term borrowings. Refer to note 16.

Notes to the Annual Report

11. Trade and other receivables

Figures in Euro thousand	2023	2022
Financial instruments:		
Trade receivables	2.089	2.546
Accrued income	40	–
Loss allowance	(82)	(23)
Trade receivables at amortized cost	**2.047**	**2.523**
Deposits	59	75
Lease credits	597	735
Non-financial instruments:		
VAT	1.048	2.043
Prepayments	352	941
Total trade and other receivables	**4.103**	**6.317**

Trade and other receivables pledged as security

Trade and other receivables have been pledged as security for the secured long–term borrowings. Refer to note 16.

Exposure to credit risk

Trade receivables inherently expose the group to credit risk, being the risk that the group will incur financial loss if customers fail to make payments as they fall due.

Management regularly monitors trade receivables for aging. The group trades only with recognized and creditworthy third parties. The group subjects all potential customers to credit verification procedures as part of its policy and monitors its outstanding trade receivable balances on an ongoing basis. The group makes use of credit insurance on customers where available. The group monitors exposure towards individual customers closely and was not substantially exposed in relation to any individual customer or contractual partner as of 31 December 2023 and 2022.

A loss allowance is recognized for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The group measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

The group's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

Notes to the Annual Report

Figures in Euro thousand	2023	2022

11. Trade and other receivables

Expected credit loss rate:	2023 Estimated gross carrying amount at default	2023 Loss allowance (Lifetime expected credit loss)	2022 Estimated gross carrying amount at default	2022 Loss allowance (Lifetime expected credit loss)
Not past due: 2,9% (2022:0,3%)	1.726	50	1.841	5
Less than 30 days past due: 3,6% (2022:2,2%)	359	13	445	10
31–60 days past due: 3,8% (2022:5,6%)	29	1	70	4
61–90 days past due: 4,0% (2022:6,4%)	7	–	15	1
91–120 days past due: 100% (2022:21,6%)	17	18	14	3
Total	**2.138**	**82**	**2.385**	**23**

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for lease receivables:

	2023	2022
Opening balance	**(23)**	**(42)**
Remeasurement of loss allowance – comparative	(58)	19
Closing balance	**(81)**	**(23)**

Exposure to currency risk

Refer to note 34 for details of currency risk management for trade receivables.

12. Cash and cash equivalents

Cash and cash equivalents consist of:	2023	2022
Bank balances	19.533	1.624

Cash and cash equivalents pledged as security

Cash and cash equivalent shave been pledged as security for the secured long–term borrowings. Refer to note 16.

Exposure to currency risk

Refer to note 34 Financial instruments and financial risk management for details of currency risk management for cash and cash equivalents.

Notes to the Annual Report

Figures in Euro thousand	2023	2022

13. Share capital

Authorized		
550.000.000 Ordinary shares of par value of EUR 0.01	5.500	2.000
Reconciliation of number of shares issued:		
Reported as at 1 January 2023/2022	91.965	67.741
Issue of shares – ordinary shares	18.885	24.224
	110.850	**91.965**
Issued		
Ordinary	1.108	920
Share premium	114.294	99.640
Share issue costs written off against share premium	(4.177)	(3.375)
	111.225	**97.185**

During 2023 18.884.315 common shares with a nominal value of EUR 0,01 were issued for EUR 14.843k. Costs of EUR 802k were offset against this equity raise.

All issued shares are fully paid.

The shareholders shall have the right to vote in respect of the Shares in which an usufruct has been created. However, the beneficiary of an usufruct shall be entitled to vote, if this was so provided for at the creation of the usufruct. Shares may be pledged as security. The Shareholder shall have the right to vote in respect of the Shares which have been pledged. However, the voting rights shall accrue to the pledgee, if this was so provided for at the creation of the pledge. The Receipt Holder's Right shall vest in a Shareholder who in consequence of usufruct or a pledge created on his Shares is not entitled to vote, and in usufructuaries and pledges who are entitled to vote. The Receipt Holder's Rights shall not vest in usufructuaries and pledgees who are not entitled to vote.

14. Share based payments

Share Option Group	Number (thousand)	Weighted exercise price
Options awarded at the beginning of the year	2.674	1,60
Granted during the year	1.315	0,90
Forfeited during the year	(1.014)	1,55
Options awarded at the end of the year	2.975	1,30
Options remaining in the common shares pool at the end of the year	1.031	1,53

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Figures in Euro thousand	2023	2022

14. Share based payments *(continued)*

Details	Total Options @ Eur 1,2788	Vested	Total Options @ Eur 2,53	Vested	Total Options @ Eur 1,67	Vested	Total Vested Options @ Eur 1,90	Vested
O. Maiman	591.908	591.908	–	–	–	–	–	–
C.J. Kloet	607.717	607.717	–	–	–	–	–	–
J.C. Valette	–	–	–	–	–	–	180.000	20.000
Other staff	300.508	300.508	260.000	103.333	20.000	5.556	–	–
	1.500.133	**1.500.133**	**260.000**	**103.333**	**20.000**	**5.556**	**180.000**	**20.000**

Details	Total Options @ Eur 1,00	Vested	Total Options @ Eur 0,93	Vested	Total Options @ Eur 0,77	Vested	Total Options @ Eur 0,85	Vested
V. Erenst	–	–	200.000	–	–	–	–	–
Other staff	430.000	113.750	–	–	335.254	–	50.000	–
	430.000	**113.750**	**200.000**	**–**	**335.254**	**–**	**50.000**	**–**

On 30 October 2020, at an extraordinary general meeting an employee stock option plan (ESOP) was approved, pursuant to which options for a total of 4 006 762 common shares may be awarded to members of the mid- and senior management and key employees, equivalent to approximately 8,8% of the then issued share capital on a fully diluted basis. A four year vesting schedule applies to each grant under the ESOP including an one-year cliff during which no options vest. After the one-year cliff awarded options vest in 36 equal monthly numbers. Vesting is based on the recipient remaining in service and contains bad leaver provisions. As at the reporting date 1 500 133 options were issued with an exercise price of EUR 1,2788 each, 260 000 with an exercise price of EUR 2,53, 20 000 with an exercise price of EUR 1,67, 180 000 with an exercise price of EUR 1,90, 430 000 with an exercise price of EUR 1,00, 200 000 with an exercise price of EUR 0,93, 335 254 with an exercise price of EUR 0,77, and 50 000 with an exercise price of EUR 0,85. The exercise price is based on the value of the shares when capital was raised or latest average price on the exchange. The expected volatility is 40% based on similar companies listed for a couple of years. The model is based on a 10 year expiration date with no expected dividends, the risk-free interest rate is assumed as 1,48%, the average fair value is EUR 0,62 at the end of 2023 and the last options vesting 30 April 2027.

Based on the Binomial compensation model, an amount of EUR 268.885 (2022: 180.648) was recognized in the P&L versus equity under Share options reserve. This amount represents the potential cost of the ESOP and has not been paid.

15. Foreign currency translation reserve

	2023	2022
Translation reserve comprises exchange differences on consolidation of foreign subsidiaries.		
Kingfish Maine Inc.	2	(7)
Kingfish Yellowtail USA Inc.	(3)	(40)
	(1)	**(47)**

Notes to the Annual Report

Figures in Euro thousand	2023	2022

16. Borrowings

Held at amortized cost		
P Capital Partner AB	67.268	51.739
Coöperatieve Rabobank U.A.	–	5.000
Convertible loan	29.376	–
Machias loan	313	–
	96.957	**56.739**
Split between non–current and current portions		
Non-current liabilities	96.426	51.407
Current liabilities	531	5.332
	96.957	**56.739**

The loan with P Capital Partners AB consists of facility A, B and C. Facility A is EUR 19.000.000 and this facility was used to repay the loans and leases with Rabobank. Facility B is for an amount of EUR 45.000.000 and is used to cover capex of phase 2 and working capital and facility C is EUR 11.000.000 and this is used to cover the interest and commitment fees payable on both facility A and B.

Interest is the aggregate of 8% and EURIBOR 3 months (with a minimum of 0%) and is payable on a quarterly basis. A commitment fee of 2% is payable on the part of the loan that is not utilized and are payable on the last day of each successive period of three months. An arrangement fee of 1% is payable on every amount requested.

Property, plant and equipment, biological assets, inventory, trade and other receivables, cash and cash equivalents and share capital have been pledged as security.

Coöperatieve Rabobank U.A.

During 2022, The Kingfish Company N.V. group entered into an ancillary facility agreement with Coöperatieve Rabobank U.A. of EUR 5.000.000.

The interest rate on an Advance in euro shall be based on EURIBOR 3 months plus 2.65% (subject to the operation of the Sustainability Adjustment) per annum. Interest on an Advance shall be due on each Maturity Date of the Advance. The full amount was repaid after year–end. On the November 3, 2023, there was an amendment which changed the interest rate on an Advance in euro to be based on EURIBOR 3 months plus 2.95% (subject to the operation of the Sustainability Adjustment) per annum. The signed amendment linked the ancillary facility agreement with Coöperatieve Rabobank U.A. of EUR 5.000.000 to the amended and senior facilities agreement with P Capital Partners AB.

An upfront fee in the amount of EUR 5.000 was paid, as well as a commitment fee of 35% of the margin per annum, on such amount of the Ancillary Facility as remains undrawn at any time during the availability of the Ancillary Facility.

Convertible loan

The Kingfish Company N.V. successfully raised EUR 32 million in an unsecured convertible loan in 2023. The majority of the convertible loan was allocated to existing key shareholders, while EUR 11 million was allocated to a new investor. The duration of the convertible loan is 4 years.

The Convertible Loan is split into two tranches:

- Tranche 1 consists of EUR 10 million, based on the authorization granted by the company's annual general meeting held on June 20, 2023. The supervisory board has resolved to grant 10.763.182 rights to subscribe for shares (of which each right gives a right to subscribe for one new share) to the lenders (excluding Ocean 14); and
- Tranche 2 consists of EUR 22 million. At the EGM held on July 24, 2023, the supervisory board was granted the right to issue and/or grant rights to subscribe for up to a maximum of 70 million shares.

Notes to the Annual Report

Figures in Euro thousand	2023	2022

16. Borrowings *(continued)*

On June 29, 2023, The Kingfish Company entered into a EUR 5 million loan agreement. On July 5, 2023, this loan amount was settled with the issuance of Tranche 1 of the convertible loan agreement of EUR 32 million. The convertible loan carries a fixed interest rate of 15% per annum.

The drawdown date for Tranche 1 was July 5, 2023, for Tranche 2 the drawdown date was August 17, 2023.

At any time following the relevant drawdown date, each lender may convert its part of the convertible loan, including any accrued and unpaid interest and any underwriting commission, into shares, each with a nominal value of EUR 0.01, at a strike price of EUR 0.929 (approximately NOK 11) per share. Upon full conversion, at maturity, of all amounts under the convertible loan (including accrued but unpaid interest and underwriting commission), up to a maximum of 61 million new shares shall be issued in the capital of the company.

The equity component of the convertible loan amounts to EUR 2.981.207 as of December 31, 2023 based on the interest rate of comparable non-convertible loans with a mark-up of 2%. This equity portion relates to the loan agreement entered into with the group as stated above for the total amount of EUR 32.000k.

Machias loan

Kingfish Maine Inc. has entered into a loan agreement with Machias Savings Bank for an amount of up to two million dollars ($2.000.000) with a loan term of 24 months.

The purpose of the loan is for funds to be used as a bridge loan for working capital.

The loan has an interest rate of 7.50%, adjusted every day to zero (0.00%) percent above the Wall Street Journal prime or the rate equal to the floor rate (if applicable) whichever is greater. Interest is calculated on a 365/360–day basis. During the term of the loan, a Floor shall apply, and the interest rate shall not be lower than six and one quarter percent (6.25%).

The assets in Kingfish Maine Inc. and Kingfish Yellowtail USA Inc. have been pledged as security for the Machias loan.

Exposure to liquidity and interest rate risk

Refer to note 34 Financial instruments and financial risk management for details of liquidity risk exposure and management, as well as details of interest rate risk management for borrowings.

17. Trade and other payables

Financial instruments:		
Trade payables	2.804	4.145
Payables relating to taxes and social security contributions	431	381
Accrued leave pay and holiday allowance	446	408
Accrued bonus	760	116
Accrued expenses and fees to be paid	157	100
Other accruals	1.554	2.045
	6.152	**7.195**

Exposure to currency risk, liquidity risk and interest rate risk

Refer to note 34 Financial instruments and financial risk management for details of currency risk management, liquidity risk exposure and management and interest rate risk management for trade and other payables.

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

Notes to the Annual Report

Figures in Euro thousand	2023	2022

18. Deferred income

Government grants have been received for the reimbursement of costs.

Figures in Euro thousand	2023	2022
As at 1 January	93	88
Released to the statement of profit or loss	–	–
Forex adjustment	(2)	5
As at 31 December	91	93
	91	**93**

There are no unfulfilled conditions or contingencies attached to these grants and no significant decreases are expected in the level of government grants.

19. Revenue

Revenue from contracts with customers		
Sale of goods	21.910	18.738
Disaggregation of revenue from contracts with customers		
The company disaggregates revenue from customers as follows:		
Sale of goods		
Fish	21.910	18.738
Timing of revenue recognition		
At a point in time		
Sale of goods	**21.910**	**18.738**
Geographical markets		
Western Europe	6.662	5.629
Southern Europe	9.685	8.680
Rest of the World	5.563	4.429
	21.910	**18.738**

Performance obligation

The performance obligation is satisfied upon delivery of the fish and payment is generally due within 30 days from delivery.

The customer pays the transaction price equal to the cash selling price upon delivery of the fish. There is not a significant financing component for any of the sales transactions.

In exceptional cases discount is granted to customers on an ad–hoc basis. The discount cannot be estimated at contract inception and is usually immaterial. Discount on therefore accounted for on a case–by–case basis as discount is granted.

Notes to the Annual Report

Figures in Euro thousand		2023	2022

20. Other operating income

Compensation from insurance claims		–	18

21. Other operating gains (losses)

Foreign exchange gains (losses)			
Net foreign exchange loss		(17)	–
Fair value gains (losses)			
Biological assets	6	190	16
Net loss on the hedged item in fair value hedges		(60)	(376)
Cash flow hedging in effectiveness loss		(280)	(164)
		(150)	**(524)**
Total other operating gains (losses)		**(167)**	**(524)**

22. Cost of sales

Sale of goods		1.018	985
Frozen inventory write–down		–	142
Stock movements		(1.954)	(653)
Live fish stock movements		(7.802)	(1.104)
Raw materials		13.472	11.121
		4.734	**10.491**

Notes to the Annual Report

Figures in Euro thousand	2023	2022

23. Operating profit (loss)

Operating loss for the year is stated after charging (crediting) the following, amongst others:

Auditor's remuneration – external		
Audit fees	265	259
Tax and secretarial services	10	–
	275	**259**
Employee costs		
Salaries,wages and other benefits	8.772	6.491
Share based compensation expense	259	146
Retirement benefit plans: defined contribution expense	694	502
Total employee costs	**9.725**	**7.139**
Average number of persons employed during the year		
Total number of Full Time Equivalents	**134**	**137**
Leases		
Leases of short term and low value assets	**348**	**267**
Depreciation and amortization		
Depreciation of property, plant and equipment	5.269	2.666
Depreciation of right-of-use assets	249	126
Amortization of in tangible assets	20	–
Total depreciation and amortization	**5.538**	**2.792**

24. Finance costs

Net foreign exchange losses (gains) on foreign currency borrowings	364	(531)
Lease liabilities	60	44
Borrowings	4.768	2.069
Total finance costs	**5.192**	**1.582**

Finance cost capitalized to qualifying assets were EUR 3.328k and EUR 1.522k for the year ending 31 December 2023 and 31 December 2022, respectively.

Notes to the Annual Report

25. Taxation

Figures in Euro thousand	2023	2022
Major components of the tax income		
Deferred		
Originating and reversing temporary differences	**(182)**	**(1.865)**
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense		
Accounting loss	(10.143)	(9.178)
Tax at the applicable tax rate of 25,8% (2022: 25,8%)	(2.617)	(2.368)
Tax effect of adjustments on taxable income		
Non-deductible expenses	2.440	746
Difference between tax and IFRS accounting policies	163	2
US included	(388)	(157)
Deductible expenses	–	(336)
Effect of lower tax bracket	13	14
Prior year correction	–	21
Tax on funding fee	207	213
	(182)	**(1.865)**

Kingfish Maine Inc. and Yellowtail Hatchery USA Inc. have not implemented the two-pillar global tax plan as it is not yet implemented and required by the US Government. They are part of The Kingfish Company group and the rest of the group is located in the Netherlands. Based on this we assume that the Pillar 2 regulations will not affect The Kingfish Company group.

26. Other comprehensive income

Components of other comprehensive income – 2023	Gross	Tax	Net
Items that maybe reclassified to profit (loss)			
Exchange differences on translating foreign operations			
Exchange differences arising during the year	46	–	46
Deferred cost of hedging on cash flow hedges not subject to basis adjustments			
Deferred cost of hedging	(923)	–	(923)
Total items that maybe reclassified to profit (loss)	**(877)**	**–**	**(877)**

Notes to the Annual Report

Figures in Euro thousand	2023	2022

26. Other comprehensive income *(continued)*

Components of other comprehensive income – 2022	Gross	Tax	Net
Items that maybe reclassified to profit (loss)			
Exchange differences on translating foreign operations			
Exchange differences arising during the year	(26)	–	(26)
Deferred cost of hedging on cash flow hedges not subject to basis adjustments			
Deferred cost of hedging	1.721	–	1.721
Total items that maybe reclassified to profit (loss)	**1.695**	**–**	**1.695**

27. Cash utilized in operations

	2023	2022
Loss before taxation	(10.143)	(9.178)
Adjustments for:		
Depreciation	5.538	2.792
Amortization on interest rate hedge	280	164
Losses (gains) on foreign exchange	89	(523)
Finance costs	5.751	2.113
Fair value gains	(7.992)	(744)
Non-cash movement in right-of-use assets	(192)	–
Employee share option expense	269	181
Changes in working capital:		
Inventories	(2.097)	(20)
Trade and other receivables	2.214	(2.429)
Trade and other payables	(1.036)	679
Deferred income	(2)	5
	(7.321)	**(6.960)**

Notes to the Annual Report

Figures in Euro thousand	2023	2022

28. Directors' emoluments

Executive

2023

Directors' emoluments	Basic salary	Other renumeration	Pensions receivable or received	Fees for acceptance of office	Share options received	Total
Services as director or prescribed officer						
Interim CEO – H. den Bieman	118	–	–	–	–	118
COO – C.J. Kloet	103	110	6	–	–	219
CFO – J.C. Valette	198	16	11	–	69	294
CEO – V. Erenst	217	18	10	–	186	431
Chairman – J. Scheelbeek	–	–	–	75	–	75
Board member – H. den Bieman	–	–	–	26	–	26
Board member – A. Van Der Wees	–	–	–	40	–	40
Board member – M. Jansen (10 months)	–	–	–	19	–	19
Board member – H. Moen (10 months)	–	–	–	19	–	19
Board member – J. Fita	–	–	–	35	–	35
Board member – N. Kleinfeld	–	–	–	29	–	29

2022

Directors' emoluments	Basic salary	Other renumeration	Pensions receivable or received	Fees for acceptance of office	Share options received	Total
Services as director or prescribed officer						
Interim CEO – H. den Bieman	20	–	–	–	–	20
COO – C.J. Kloet	195	7	9	–	69	280
CFO – J.C. Valette (4 months)	70	3	3	–	18	94
Former CEO – O. Maiman	220	159	9	–	48	436
Former CFO – C.M. du Plessis	89	3	3	–	20	115
Chairman – H. den Bieman (10 months)	–	–	–	58	–	58
Board member – J. Scheelbeek (2 months Chairman)	–	–	–	46	–	46
Board member – A. Van Der Wees	–	–	–	40	–	40
Board member – M. Jansen	–	–	–	40	–	40
Board member – H. Moen	–	–	–	40	–	40
Board member – J. Fita	–	–	–	7	–	7

Notes to the Annual Report

Figures in Euro thousand	2023	2022

29. Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing profit (loss) attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Basic loss per share		
From continuing operations (c per share)	(0,12)	(0,09)

Basic earnings per share was based on weighted average number of ordinary shares of 80.111.199 (2022: 80.111.199).

Reconciliation of profit (loss) for the year to basic earnings		
Profit(loss) for the year attributable to equity holders of the parent	(9,961)	(7.313)

Diluted earnings per share

In the determination of diluted earnings per share, profit (loss) attributable to the equity holders of the parent and the weighted average number of ordinary shares are adjusted for the effects of all dilutive potential ordinary shares.

Where there is a discontinued operation, diluted earnings per share is determined for both continuing and discontinued operations.

Diluted loss per share		
From continuing operations (c per share)	(0,13)	(0,09)

Diluted earnings per share was based on a weighted average number of ordinary shares of 77.192.118 (2022: 78.128.742).

Reconciliation of basic earnings to earnings used to determine diluted earnings per share		
Basic loss	(9.961)	(7.313)
Reconciliation of weighted average number of ordinary shares used for earnings per share to weighted average number of ordinary shares used for diluted earnings per share		
Weighted average number of ordinary shares used for basic earnings per share	80.111	72.519
Adjusted for:		
Options	(2.919)	(1.982)
	77.192	**70.537**

Notes to the Annual Report

Figures in Euro thousand	2023	2022

30. Going concern

The annual report has been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors have considered the company's financial position and future prospects, and believe that the company will have access to sufficient funding facilities to be able to meet its obligations as they fall due. The directors are not aware of any new material changes that may adversely impact the group. The directors are also not aware of any material non–compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group.

We draw attention to the fact that at 31 December 2023, the company had accumulated losses of EUR (34.185) and that the company's total assets exceed its liabilities by EUR 82.102. This is mainly due to the group still being in a scale-up phase.

Despite the current loss–making status of the company, management sees no cause to question the company's ability to continue operating as a going concern considering the company's balance sheet position at the balance sheet date and the current compliance with loan covenants and the expected future compliance with these covenants.

31. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

32. Comparative figures

Certain comparative figures have been reclassified for presentation purposes.

33. Commitments

Authorized capital expenditure

This group has committed to spend an amount of EUR 2 million towards the installation of an upgraded power connection to the national grid and also expected to spend EUR 250k towards the installation of the fire alarm system.

Electricity hedge

The group has committed to purchase electricity at a fixed rate from ENGIE from 2024, for a period of 3 years, at a price of EUR 242k per annum, capped to 5 megawatt hours.

Notes to the Annual Report

Figures in Euro thousand		2023	2022

34. Financial instruments and risk management

Capital risk management

The group's objective when managing capital (which includes mainly equity and debt) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the group's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximize stakeholder returns sustainably.

The group manages capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

The group monitors capital utilizing a number of measures, such as inspecting monthly management reports and monitoring ratios of the borrowings bi-annually, which are externally imposed capital requirements by P Capital Partners. These requirements are incorporated in the management of capital by inspecting it bi-annually and by taking it into consideration when deciding on future equity/debt raise.

The main objective for managing capital is to get the Zeeland farm to a point where it will be at full capacity of 3500t, and where it will be profitable. The group is meeting this objective by obtaining external borrowings.

There has been no changes to the group's objective, policy and processes for managing capital from the previous period and no changes in what the group manages as capital.

During the period the group has complied with externally imposed capital requirements to which it is subject to.

The capital of the group at the reporting date was as follows:

Borrowings	16	96.957	56.739
Lease liabilities		1.920	2.059
Equity		75.650	62.027

Financial risk management

Overview

The group's financial instruments primarily comprise of cash, current receivables, payables, debt, financial and operational leases. Credit risk arising from the failure of a customer to pay its debts is–to a large extent–covered by an insurance contract. This also applies to the property and equipment which are all covered by insurances. Most borrowings are at an Euribor rate plus a fixed mark up, except for the convertible loan which has an interest rate of 15%. The main non–financial risk relates to health and safety and the focus is and will remain on personal and operational safety.

The group is exposed to credit risk, liquidity risk and market risk (currency risk and interest rate risk). The group's finance department oversees the management of these risks. The group's finance department ensures that the group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the group's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

Notes to the Annual Report

Figures in Euro thousand	2023	2022

34. Financial instruments and risk management *(continued)*

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The group is exposed to credit risk on trade and other receivables, cash and cash equivalents and loan commitments.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The group only deals with reputable counter parties with consistent payment histories. The group subjects all potential customers to credit verification procedures as part of its policy and monitors its outstanding trade receivable balances on an on going basis. If the credit rating (risk) of a financial instrument has increased significantly during the year, the credit risk agency will provide the group with the updated information. The group makes use of credit insurance on customers where available. The group monitors exposure towards individual customers closely and was not substantially exposed in relation to any individual customer or contractual partner as of 31 December 2023 and 2022. The credit risk of financial instruments are deemed low for the group, as the risks are mitigated by insurance on clients and if not applicable, only small amounts are sold to the client. The presumption, that there have been significant increases in credit risk since initial recognition when financial assets are more than 30 days past due, has been rebutted, since most debtors are insured and only a small percentage of debtors are outstanding for more than 30 days. A client is seen as in default, if the balance is outstanding for more than 30 days.

Credit risk exposure arising on cash and cash equivalents is managed by the group through dealing with well–established financial institutions with high credit ratings.

Credit loss allowances for expected credit losses are recognized for all debt instruments, but excluding those measured at fair value through profit or loss.

For trade receivables which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability–weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The group evaluates the concentration of risk with respect to trade receivables as low as its customers are located in several jurisdictions and industries. A financial instrument is seen as credit impaired when the balance has been outstanding for more than 90 days.

The maximum exposure to credit risk is presented in the table below:

		2023			2022		
		Gross carrying amount	Credit loss allowance	Amortized cost/fair value	Gross carrying amount	Credit loss allowance	Amortized cost/fair value
Trade and other receivables	11	4.185	(82)	4.103	6.340	(23)	6.317
Cash and cash equivalents	12	19.533	–	19.533	1.624	–	1.624
		23.718	**(82)**	**23.636**	**7.964**	**(23)**	**7.941**

Notes to the Annual Report

Figures in Euro thousand	2023	2022

34. Financial instruments and risk management *(continued)*

Liquidity risk

The group is exposed to liquidity risk, which is the risk that the group will encounter difficulties in meeting its obligations as they become due.

The Group continuously monitors liquidity and financial projections through budgets and monthly updated forecasts. Liquidity risks include the impacts from fluctuations in production and harvest volumes, biological issues, changes in feed prices and the timely completion of construction of the expansion in Kats.

The maturity profile of contractual cash flows of non–derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

2023

		Less than 1 year	2 to 5 years	Over 5 years	Total	Carrying amount
Non–current liabilities						
Borrowings	16	–	96.426	–	96.426	96.426
Lease liabilities		–	1.125	203	1.328	1.328
Current liabilities						
Trade and other payables		6.158	–	–	6.158	6.158
Borrowings	16	531	–	–	531	531
Lease liabilities		592	–	–	592	592
		(7.281)	**(97.551)**	**(203)**	**(105.035)**	**(105.035)**

2022

		Less than 1 year	2 to 5 years	Over 5 years	Total	Carrying amount
Non-current liabilities						
Borrowings	16	–	51.407	–	51.407	51.407
Lease liabilities		–	1.399	206	1.605	1.605
Current liabilities						
Trade and other payables	17	7.195	–	–	7.195	7.195
Borrowings	16	5.332	–	–	5.332	5.332
Lease liabilities		454	–	–	454	454
		(12.981)	**(52.806)**	**(206)**	**(65.993)**	**(65.993)**

Notes to the Annual Report

Figures in Euro thousand		2023	2022

34. Financial instruments and risk management *(continued)*

Foreign currency risk

The group is exposed to foreign currency risk as a result of certain transactions and borrowings which are denominated in foreign currencies. The foreign currencies in which the group deals primarily are US Dollars, GBP, NOK, CAD and DKK.

There have been no significant changes in the foreign currency risk management policies and processes since the prior reporting period.

Exposure in Euro

The net carrying amounts, in Euro, of the various exposures, are denominated in the following currencies. The amounts have been presented in Euro by converting the foreign currency amounts at the closing rate at the reporting date:

US Dollar exposure:			
Current assets:			
Trade and other receivables	11	184	322
Cash and cash equivalents	12	672	249
Current liabilities:			
Trade and other payables	17	29	22
Net US Dollar exposure		**885**	**593**
GBP exposure:			
Current assets:			
Trade and other receivables	11	2	–
Cash and cash equivalents	12	1	1
Current liabilities:			
Trade and other payables	17	–	14
Net GBP exposure		**3**	**15**
NOK exposure:			
Current assets:			
Cash and cash equivalents	12	5	7
Current liabilities:			
Trade and other payables	17	45	29
Net NOK exposure		**50**	**36**
CAD exposure:			
Current liabilities:			
Trade and other payables	17	8	–

Notes to the Annual Report

34. Financial instruments and risk management *(continued)*

Figures in Euro thousand		2023	2022
DKK exposure:			
Current assets:			
Cash and cash equivalents	12	1	40
Net exposure to foreign currency in Euro		**947**	**684**
Exposure in foreign currency amounts			
The net carrying amounts, in foreign currency of the above exposure was as follows:			
US Dollar exposure:			
Current assets:			
Trade and other receivables	11	199	346
Cash and cash equivalents	12	681	267
Current liabilities:			
Trade and other payables	17	31	24
Net US Dollar exposure		**911**	**637**
GBP exposure:			
Current assets:			
Trade and other receivables	11	2	–
Cash and cash equivalents	12	1	1
Current liabilities:			
Trade and other payables	17	–	12
Net GBP exposure		**3**	**13**
NOK exposure:			
Current assets:			
Cash and cash equivalents	12	60	77
Current liabilities:			
Trade and other payables	17	513	304
Net NOK exposure		**573**	**381**

Notes to the Annual Report

Figures in Euro thousand		2023	2022

34. Financial instruments and risk management *(continued)*

	Note	2023	2022
CAD exposure:			
Current liabilities:			
Trade and other payables	17	13	–
DKK exposure:			
Current assets:			
Cash and cash equivalents	12	1	298

Exchange rates	2023	2022
Euro per unit of foreign currency:		
USD	1,104	1,073
CAD	1,462	–
GBP	0,867	0,887
NOK	11,229	10,496
DKK	7,454	7,456

Interest rate risk

Fluctuations in interest rates impact the value of investments and financing activities, giving rise to interest rate risk.

The group's interest rate risk relates primarily from borrowings from financial institutions with variable interest rate. When possible, the group manages its interest rate risk by entering fixed-interest loans. The group currently holds debt with a floating interest rate and maintain a program to hedge this exposure by obtaining the hedge referred to in note 8. Changes in the interest rate may affect future investment opportunities.

There have been some significant changes in the interest rate risk management policies and this has been mitigated by obtaining the interest rate hedge.

Interest rate profile

The interest rate profile of interest bearing financial instruments at the end of the reporting period was as follows:

	Note	Average effective interest rate		Carrying amount	
		2023	2022	2023	2022
Liabilities					
Coöperatieve Rabobank U.A.		–%	0,51%	–	5.000
P Capital Partner AB	16	11,25%	6,41%	67.268	51.740
Convertible Loan	16	15,00%	–%	29.376	–
				96.644	**56.740**

Statement of Financial Position
as at 31 December 2023

Figures in Euro thousand	Notes	2023	2022
Assets			
Non-Current Assets			
Property, plant and equipment	2	537	523
Right-of-use assets	3	247	134
Investments in subsidiaries	4	100	101
Loans to group companies	5	112.212	73.680
Deferred tax	6	9.448	9.266
		122.544	**83.704**
Current Assets			
Trade and other receivables	7	179	468
Financial assets	8	–	60
Cash and cash equivalents	9	678	264
		857	**792**
Total Assets		**123.401**	**84.496**
Equity and Liabilities			
Equity			
Share capital	10	111.225	97.185
Reserves		4.265	1.015
Accumulated loss		(24.202)	(15.948)
		91.288	**82.252**
Liabilities			
Non-Current Liabilities			
Borrowings	12	29.376	–
Lease liabilities	3	163	84
		29.539	**84**
Current Liabilities			
Trade and other payables	13	2.484	2.104
Lease liabilities	3	90	56
		2.574	**2.160**
Total Liabilities		**32.113**	**2.244**
Total Equity and Liabilities		**123.401**	**84.496**

Statement of Profit or Loss and Other Comprehensive Income

Figures in Euro thousand	Notes	2023	2022
Other operating income	14	–	18
Other operating gains (losses)	15	(72)	(377)
Employee costs	16	(4.158)	(2.264)
Lease expenses	16	(31)	(51)
Depreciation, amortization and impairment expenses	16	(191)	(98)
Other operating expenses		(2.163)	(2.811)
Operating loss	16	**(6.615)**	**(5.583)**
Investment income		490	409
Finance costs	17	(1.274)	(84)
Income from equity accounted investments		(1.037)	(339)
Loss before taxation		**(8.436)**	**(5.597)**
Taxation	18	182	1.707
Loss for the year		**(8.254)**	**(3.890)**
Total comprehensive loss for the year		**(8.254)**	**(3.890)**

Statement of Changes in Equity

Figures in Euro thousand	Share capital	Share premium	Total share capital	Foreign currency translation reserve	Cash flow hedging reserve	Convertible instruments reserve	Share option reserve	Total reserves	Accumulated loss	Total equity
Balance at 1 January 2022	**677**	**77.449**	**78.126**	**–**	**–**	**–**	**834**	**834**	**(12.058)**	**66.902**
Loss for the year	–	–	–	–	–	–	–	–	(3.890)	(3.890)
Total comprehensive Loss for the year	–	–	–	–	–	–	–	–	**(3.890)**	**(3.890)**
Issue of shares	**243**	**19.426**	**19.669**	–	–	–	–	–	–	19.669
Employees share option expense	–	–	–	–	–	–	181	181	–	181
Gross funding fee	–	(824)	(824)	–	–	–	–	–	–	(824)
Tax on funding fee	–	214	214	–	–	–	–	–	–	214
Total contributions by and distributions to owners of group recognized directly in equity	**243**	**18.816**	**19.059**	**–**	**–**	**–**	**181**	**181**	**–**	**19.240**
Balance at 1 January 2023	**920**	**96.265**	**97.185**	**–**	**–**	**–**	**1.015**	**1.015**	**(15.948)**	**82.252**
Loss for the year	–	–	–	–	–	–	–	–	(8.254)	(8.254)
Total comprehensive Loss for the year	–	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(8.254)**	**(8.254)**
Issue of shares	188	14.654	14.842	–	–	–	–	–	–	14.842
Employees share option expense	–	–	–	–	–	–	269	269	–	269
Gross funding fee	–	(1.009)	(1.009)	–	–	–	–	–	–	(1.009)
Tax on funding fee	–	207	207	–	–	–	–	–	–	207
Equity portion of convertible loan	–	–	–	–	–	2.981	–	2.981	–	2.981
Total contributions by and distributions to owners of group recognized directly in equity	**188**	**13.852**	**14.040**	**–**	**–**	**2.981**	**269**	**3.250**	**–**	**17.290**
Balance at 31 December 2023	**1.108**	**110.117**	**111.225**	**–**	**–**	**2.981**	**1.284**	**4.265**	**(24.202)**	**91.288**
Notes	10	10	10							

Notes to the Annual Report

1. Accounting information and policies

The Company annual report of The Kingfish Company N.V. has been prepared in accordance with Section 9, Book 2 of the Dutch Civil Code. In accordance with sub-article 8 of article 362, Book 2 of the Dutch Civil Code, the Company's financial statements are prepared based on the accounting principles of recognition, measurement and determination of profit, as applied in the consolidated annual report.

These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities.

In the event that no other policies are mentioned, we refer to the accounting policies as described in the accounting policies in the consolidated annual report.

In the company's separate annual report, investments in subsidiaries are carried at cost less any accumulated impairment losses.

Loans to group companies are classified as financial liabilities subsequently measured at amortized cost.

2. Property, plant and equipment

	2023			2022		
	Cost or revaluation	**Accumulated depreciation**	**Carrying value**	**Cost or revaluation**	**Accumulated depreciation**	**Carrying value**
Motor vehicles	11	(10)	1	75	(63)	12
Office equipment	678	(142)	536	559	(48)	511
Total	**689**	**(152)**	**537**	**634**	**(111)**	**523**

Reconciliation of property, plant and equipment – 2023	**Opening balance**	**Additions**	**Discontinue**	**Depreciation**	**Total**
Motor vehicles	12	–	(9)	(2)	1
Office equipment	511	119	–	(94)	536
	523	**119**	**(9)**	**(96)**	**537**

Reconciliation of property, plant and equipment – 2022	**Opening balance**	**Additions**	**Depreciation**	**Total**
Motor vehicles	11	19	(18)	12
Office equipment	39	490	(18)	511
	50	**509**	**(36)**	**523**

Notes to the Annual Report

Figures in Euro thousand	2023	2022

3. Leases (group as lessee)

The company has lease contracts for various motor vehicles. Leases of motor vehicles generally have lease terms of between 5 and 7 years. The group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the group is restricted from assigning and subleasing the leased assets.

Details pertaining to leasing arrangements, where the company is lessee are presented below:

Net carrying amounts of right-of-use assets

The carrying amounts of right–of–use assets are as follows:

Motor vehicles	247	134
Additions to right-of-use assets		
Motor vehicles	208	–

Depreciation recognized on right–of–use assets

Depreciation recognized on each class of right–of–use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 16), as well as depreciation which has been capitalized to the cost of other assets.

Motor vehicles	95	62

Lease liabilities

The maturity analysis of lease liabilities is as follows:

Within one year	97	60
Two to five years	171	88
	268	148
Less finance charges component	(15)	(8)
	253	**140**
Non-current liabilities	163	84
Current liabilities	90	56
	253	**140**

Notes to the Annual Report

4. Investments in subsidiaries

The following table lists the entities which are controlled directly by the company, and the carrying amounts of the investments in the company's separate financial statements.

Name of company	% holding 2023	% holding 2022	Carrying amount 2023	Carrying amount 2022
Yellowtail Hatchery USA Inc.	100,00%	100,00%	62	48
Kingfish Maine Inc.	100,00%	100,00%	38	53
Kingfish (Netherlands) Holding B.V.	100,00%	100,00%	–	–
			100	**101**

Acquisitions

During 2022, the company incorporated Kingfish (Netherlands) Holdings B.V., a non–listed company based in the Netherlands. The company obtained 100 shares for a consideration of EUR 1. The company holds 100% of the issued share capital. The company mainly acts as a separate entity for the financing activities of the group. Kingfish (Netherlands) Holding B.V. also obtained all of the shares in both Kingfish Zeeland B.V. and Kingfish Property One B.V.

At the date of incorporation there were no assets to be acquired and no liabilities to be assumed.

5. Loans to group companies

Subsidiaries

Kingfish Maine Inc.	9.564	8.990
Yellowtail Hatchery USA Inc.	1.456	1.686
Kingfish Property One B.V.	56.736	38.413
Kingfish Zeeland B.V.	31.920	12.054
Kingfish (Netherlands) Holding B.V.	12.536	12.537
	112.212	**73.680**

The loans to group companies are unsecured, interest is charged at 4 % per annum to Kingfish Maine Inc and Yellowtail Hatchery USA Inc, as it is not part of the Dutch fiscal unit, and no repayments are due within the next year.

Split between non–current and current portions

Non-current assets	112.212	73.680

Exposure to credit risk

Loans receivable inherently expose the company to credit risk, being the risk that the company will incur financial loss if counter parties fail to make payments as they fall due.

In determining the amount of expected credit losses, the company has taken into account any historic default experience, the financial positions of the counterparties as well as the future prospects in the industries in which the counterparties operate.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The maximum exposure to credit risk is the gross carrying amount of the loans as presented below. The company does not hold collateral or other credit enhancements against group loans receivable.

Notes to the Annual Report

5. Loans to group companies *(continued)*

Credit loss allowances

The following tables set out the carrying amount, loss allowance and measurement basis of expected credit losses for group loans receivable by credit rating grade:

2023

Instrument	Basis of loss allowance	Gross Carrying amount	Loss allowance	Amortized cost
Loans to subsidiaries				
Kingfish Maine Inc.	Other	9.952	(388)	9.564
Yellowtail Hatchery USA Inc.	Other	2.908	(1.452)	1.456
Kingfish Property One B.V.	Other	56.736	–	56.736
Kingfish Zeeland B.V.	Other	31.920	–	31.920
Kingfish (Netherlands) Holding B.V.	Other	12.536	–	12.536
		114.052	**(1.840)**	**112.212**

2022

Instrument	Basis of loss allowance	Gross Carrying amount	Loss allowance	Amortized cost
Loans to subsidiaries				
Kingfish Maine Inc.	Other	8.990	–	8.990
Yellowtail Hatchery USA Inc.	Other	2.490	(804)	1.686
Kingfish Property One B.V.	Other	38.413	–	38.413
Kingfish ZeelandB.V.	Other	12.054	–	12.054
Kingfish (Netherlands) Holding B.V.	Other	12.537	–	12.537
		74.484	**(804)**	**73.680**

6. Deferred tax

Deferred tax asset		
Deferred tax losses available for offsetting against future taxable income	9.448	9.266
The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:		
Deferred tax asset	9.448	9.266
Reconciliation of deferred tax asset/(liability)		
At beginning of year	9.266	7.346
Increases (decrease) in tax loss available for set off against future taxable income – gross of valuation allowance	182	1.920
	9.448	**9.266**

Recognition of deferred tax asset

Deferred income tax assets relate to unutilized tax losses. These losses are expected to be offset with future profits.

Notes to the Annual Report

Figures in Euro thousand	2023	2022

7. Trade and other receivables

Financial instruments:		
Trade receivables	–	1
Deposits	9	15
Non-financial instruments:		
VAT	–	140
Prepayments	170	312
Total trade and other receivables	**179**	**468**

8. Financial assets

Hedging derivatives		
Rabobank currency option	**–**	**60**
Split between non-current and current portions		
Current assets	–	60

9. Cash and cash equivalents

Cash and cash equivalents consist of:		
Bank balances	**678**	**264**

10. Share capital

Authorized		
550.000.000 Ordinary shares of par value of EUR 0.01	5.500	2.000
Reconciliation of number of shares issued:		
Reported as at 1 January 2023/2022	91.965	67.741
Issue of shares – ordinary shares	18.885	24.224
	110.850	**91.965**
Issued		
Ordinary	1.108	920
Share premium	114.294	99.640
Share issue costs written off against share premium	(4.177)	(3.375)
	111.225	**97.185**

Notes to the Annual Report

Figures in Euro thousand	2023	2022

11. Share based payments

Share Option Group	Number (thousand)	Weighted exercise price
Options awarded at the beginning of the year	2.674	1,60
Granted during the year	1.315	0,90
Forfeited during the year	(1.014)	1,55
Options awarded at the end of the year	2.975	1,30
Options remaining in the common shares pool at the end of the year	1.031	1,53

Details	Total Options @ Eur 1,2788	Vested	Total Options @ Eur 2,53	Vested	Total Options @ Eur 1,67	Vested	Total Options @ Eur 1,90	Vested
O. Maiman	591.908	591.908	–	–	–	–	–	–
C.J. Kloet	607.717	607.717	–	–	–	–	–	–
J.C. Valette	-	-	–	–	–	–	180.000	20.000
Other staff	300.508	300.508	260.000	103.333	20.000	5.556	–	–
	1.500.133	**1.500.133**	**260.000**	**103.333**	**20.000**	**5.556**	**180.000**	**20.000**

Details	Total Options @ Eur 1,00	Vested	Total Options @ Eur 0,93	Vested	Total Options @ Eur 0,77	Vested	Total Options @ Eur 0,85	Vested
V. Erenst	–	–	200.000	–	–	–	–	–
Other Staff	430.000	113.750	–	–	335.254	–	50.000	–
	430.000	**113.750**	**200.000**	**–**	**335.254**	**–**	**50.000**	**–**

12. Borrowings

	2023	2022
Held at amortized cost		
Convertible loan	29.376	–
Split between non-current and current portions		
Non-current liabilities	29.376	–

Please refer to Note 16 of the consolidated group financial statements for detailed disclosure.

Notes to the Annual Report

Figures in Euro thousand	2023	2022

13. Trade and other payables

Financial instruments:		
Trade payables	539	980
Payables relating to taxes and social security contributions	384	378
Accrued leave pay and holiday allowance	318	276
Accrued bonus	760	–
Accrued expenses and fees to be paid	157	100
Other accruals	326	370
	2.484	**2.104**

14. Other operating income

Compensation from insurance claims	**–**	**18**

15. Other operating gains (losses)

Foreign exchange gains (losses)		
Net foreign exchange loss	(12)	(1)
Fair value gains (losses)		
Net loss on the hedged item in fair value hedges	(60)	(376)
Total other operating gains (losses)	**(72)**	**(377)**

16. Operating profit (loss)

Operating loss for the year is stated after charging (crediting) the following, amongst others:

Auditor's remuneration – external		
Audit fees	265	259
Tax and secretarial services	10	–
	275	**259**
Employee costs		
Salaries, wages and other benefits	3.705	2.024
Share based compensation expense	270	115
Retirement benefit plans: defined contribution expense	183	125
Total employee costs	**4.158**	**2.264**

Notes to the Annual Report

Figures in Euro thousand	2023	2022

16. Operating profit (loss) *(continued)*

	2023	2022
Leases		
Leases of short term and low value assets	**31**	**51**
Depreciation and amortization		
Depreciation of property, plant and equipment	96	36
Depreciation of right–of–use assets	95	62
Total depreciation and amortization	**191**	**98**

17. Finance costs

	2023	2022
Lease liabilities	9	6
Borrowings	1.265	78
Total finance costs	**1.274**	**84**

18. Taxation

	2023	2022
Major components of the tax income		
Deferred		
Originating and reversing temporary differences	(182)	(1.707)
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting loss	(8.436)	(5.597)
Tax at the applicable tax rate of 25,8% (2022: 25,8%)	(2.176)	(1.444)
Tax effect of adjustments on taxable income		
Non–deductible expenses	2.019	746
Participants included	(245)	(923)
Deductible expenses	–	(336)
Effect of lower tax bracket	13	14
Prior year correction	–	23
Tax on funding fee	207	213
	(182)	**(1.707)**

Notes to the Annual Report

Figures in Euro thousand		2023	2022

19. Related parties

		2023	2022
Relationships			
Holding company	The Kingfish Company N.V.		
Subsidiaries	Refer to note 4		
Related party balances			
Loan accounts – Owing (to) by related parties			
Kingfish Maine USA Inc.		9.564	8.990
Kingfish Yellowtail Inc.		1.456	1.686
Kingfish Zeeland B.V.		31.920	12.054
Kingfish Property One B.V.		56.736	38.413
Kingfish (Netherlands) Holding B.V.		12.536	12.537
Related party transactions			
Interest paid to (received from) related parties			
Yellowtail Hatchery USA Inc.		(112)	(82)
Kingfish Maine Inc.		(378)	(327)
Management fees paid to (received from) related parties			
Kingfish Maine Inc.		281	486

The Company has issued a declaration of joint and several liability as referred to in section 403, book 2 of the Dutch Civil Code in respect of three of its consolidated participants. The declaration concerns Kingfish Zeeland B.V., Kingfish Property One B.V., Kingfish (Netherlands) Holding B.V. all located in Kats.

20. Comparative figures

Certain comparative figures have been reclassified for presentation purposes.

Signing of the financial statements on April 10, 2024

Originally signed by

Management Board

Vincent Erenst, CEO

Jean-Charles Valette, CFO

Supervisory Board

Jeroen Scheelbeek, Chairman

Hans den Bieman

Alexandre van der Wees

Jordi Trias Fita

Noam Kleinfeld

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To the shareholders and supervisory board of The Kingfish Company N.V.

Independent Auditor's Report

Report on the audit of the financial statements 2023 included in the annual report

Our opinion

We have audited the financial statements 2023 of The Kingfish Company N.V. based in Kats.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of The Kingfish Company N.V. as at 31 December 2023 and of its result and its cash flows for 2023 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:
1. the consolidated and company statement of financial position as at 31 December 2023;
2. the following statements for 2023:
   the consolidated and company statement of profit or loss and other comprehensive income, changes in equity and cash flows; and
3. the notes comprising material accounting policy information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of The Kingfish Company N.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Audit approach fraud risks

Our responsibility

Although we are not responsible for preventing fraud or noncompliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. Non-compliance with laws and regulations may result in fines, litigation or other consequences for the Company that may have a material effect on the financial statements.

Our audit response related to fraud risks

We identify and assess the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the Company and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control, as well as the outcomes. We refer to the management board report in which management reflects on this fraud risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud. We evaluated whether these factors indicate that a risk of material misstatement due fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We identified the following fraud risks and performed the following specific procedures:

Risks related to management override of controls	
Risk:	**Responses:**
Fraud risk related to management override and alteration of (financial) results to meet internal and external expectations.	We evaluated the design and the implementation of internal controls that mitigate fraud risks with respect to journal entries. We performed data analyses on journal entries, among others to determine whether journal entries follow the expected route We performed substantive testing on deviations and manual bookings. We evaluated key estimates and judgements for bias by management, such as estimates relating to impairment of tangible fixed assets and valuation of live fish stock. For the tangible fixed assets we performed a test of details on capital expenditures made in the financial year, we established that tangible fixed assets investments are physically present and in use and we performed a search for unrecorded liabilities by verification of payments and recorded purchase invoices in the subsequent period to verify the completeness of recorded liabilities with respect to investment obligations. For the live fish stock we attended stock counts, we assessed management's estimate for determining the amount of inventory (live fish) at balance sheet date based on the growth model applied by the company, we assessed management's fair value valuation of the live fish stock as per the end of the financial year, we performed back testing procedures on management's prior year estimates and we verified the correct application of IAS 41 and IFRS 13.

Based on our risk analysis and the nature of the entity, we did not identify a risk regarding the completeness of the revenue recognition. This is mainly caused by the phase that the company is in a crucial phase where it needs to meet outside expectations, therefore we did not identify a fraud risk regarding completeness.

Revenue recognition	
Risk:	**Responses:**
The revenue is not accurately accounted for/does not exist. The risk consists of using incorrect prices, as well as possible fictitious revenue. Based on the need to meet outside expectations, we established that there is an incentive to overstate the revenue.	We evaluated the design and the implementation of internal controls that mitigate the identified fraud risks with respect to revenue recognition. As part of our audit procedures we verified that recognized revenues exist on the basis of payments made by customers, initial orders, contracts and delivery documentation. Furthermore, we inspected selected deliveries shipped around year-end to assess whether revenue was recognized in the correct reporting period.

The risk of unauthorized payments	
Risk:	**Responses:**
Risk of fraudulent payments due to inaccurate changes in creditor master data and management's ability to make payments.	We performed an analysis based on all bank mutations in which we paid attention to creditors with more than one bank account number and bank account numbers with separate creditors. For certain payments, we have verified the authenticity of the bank account numbers as stated on the payment details by making a comparison with the bank account numbers as included in the bank application. We have determined by means of data analysis whether there are unexpected journal entries on accounts payable and performed further substantive work for these entries if considered necessary.

Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

Audit approach going concern

The management board has performed its going concern assessment as included in the general notes on page 103 of the financial statements and where the management board states that the annual report has been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. We performed the following procedures on the statement of management:

- we considered whether the management board's assessment of the going concern assumption includes all relevant information of which we are aware as a result of our audit;
- we assessed the reasonableness of management board's assumptions made in the company's long-term financial forecast for 2023 to 2030 and performed sensitivity analysis by challenging the underlying scenarios;
- we assessed management board's assumptions in the cashflow forecasts for 2024 and 2025 and we evaluated whether the requirements of the financing covenants are being complied with;
- we performed back testing procedures on the financial forecast 2023 and compared the outcomes to the assessments as made by management board in prior years;
- we have taken note of the available interim figures for 2024;
- we have read the future outlook paragraph of the management board's report with respect to the future results of the entity.

The outcome of our audit procedures did not give reason to perform additional procedures on management's going concern assessment. However, future events or conditions could affect the going concern assumption.

Report on the other information included in the annual report

The annual report contains other information, in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all the information regarding the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements 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.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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;

- obtaining 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 entity's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding 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 a company to cease to continue as a going concern.
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

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

Rotterdam, 10 April 2024
Baker Tilly (Netherlands) N.V.

Was signed
drs. H.J. van den Burg RA

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*GRI-303 concerns fresh water, therefore our marine water consumption is not included. Our fish is farmed in marine water.

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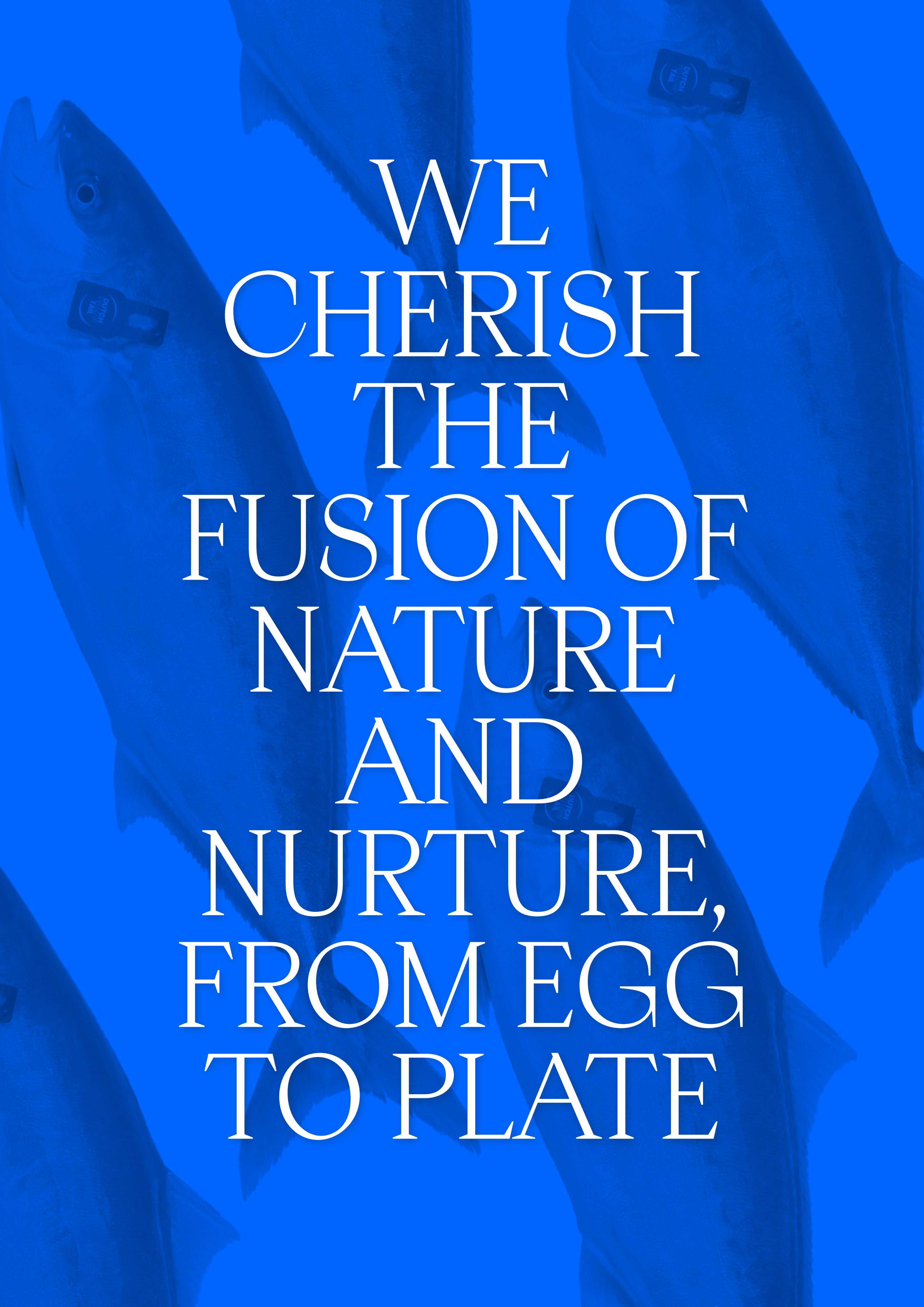
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