

The Kingfish Company

Annual report 2020



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About The Kingfish Company

The Kingfish Company is a pioneer and leader in sustainable land-based aquaculture. Current annual production capacity at its Kingfish Zeeland facility in the Netherlands is 1,250 tons of high quality and high value Yellowtail Kingfish.

Expansion is underway and capacity in the Netherlands will reach 3,000 tons in the second half of 2022. In the US, permitting for the company's 6-8,000 tons capacity facility is progressing as planned, with production start scheduled for second half of 2023.

Production is based on advanced recirculating aquaculture systems (RAS), which protect biodiversity and ensure bio security. Animal welfare is paramount, and the fish is grown without use of antibiotics and vaccines. Operations run on 100 percent renewable energy, sourced from wind, solar and biogas. The company's facilities operate on sea water, avoiding wasting of precious fresh water.

The Kingfish Company's main product at present, the Yellowtail Kingfish (also known as Ricciola/Hiramasa/Greater Amberjack) is a highly versatile premium fish species, well known in the Italian and Asian fusion cuisines. Its products are certified and approved as sustainable and environmentally friendly by Aquaculture Stewardship Council (ASC), Best Aquaculture Practices (BAP) and British Retail Consortium (BRC). It was the winner of the 2019 Seafood Excellence Award, and it is recommended as green choice by Good Fish Foundation.



MESSAGE FROM THE CEO

2020 was a year that tested us all. With the global impact of the pandemic forcing us to adjust on almost every front, operations required strict protective health measures, sales channels changed overnight, and business travel turned virtual.

And yet it is precisely in a time of challenge that we learn what we're made of, and I could not be prouder of our team for tackling this challenge head on, and delivering on all fronts:

Production achieved new records, exceeding design capacity by 30% and reaching a sector leading productivity score of 0.70 by first quarter 2021. In parallel our full cycle hatchery continued to over perform, while improving the quality of fingerlings.

Sales maintained pre-pandemic sales volumes and price levels while adjusting in real time from Horeca to retail and delivered several strategic retail launches with more exciting developments in the pipeline.

And on the Development front we continue to expand from the current 1,250 ton installed capacity achieved in 2020 in The Netherlands, with construction start on schedule for phase 2 that will more than double our capacity again, and are advancing on track with the development of our US site in Maine.

2020 was also a pivotal year in the development of advanced land-based aquaculture in general, and in the scale-up journey of The Kingfish Company in particular, culminating in our IPO on Euronext Growth in November.

When we founded the company in 2015 recirculating aquaculture system (RAS) technology was looked at with a healthy dose of skepticism, as is the case with almost any early stage technology.

Thanks to the hard work and endless dedication of our team, by 2020 we have been able to demonstrate that with our design and operational protocols the technology has crossed the Rubicon from an experimental to a proven and commercially viable production method.

It is with that proven track record of designing, building and successfully operating commercial scale RAS systems, and the positive reception by the market that has forced us to limit client allocations since reaching and exceeding design capacity, that we felt confident to turn the page towards a significant scale-up phase.

With our sights shifting from proving a concept to building a global scale seafood company we continue to follow our core thesis: focusing on high value species, that perform well in our systems, and are import dependent in our EU and US target markets.

While the Yellowtail Kingfish ticks these critical boxes, we often refer to it internally as the "Model S" (yes, a nod to Tesla) since it is the high value product with which we feel comfortable building a technology driven next generation seafood company, but this is only the start.

We are excited when we look ahead at the years to come, we are poised to deliver the intended growth of The Kingfish Company across Europe and North America, and we aim to continue to fulfill our mission:

To further advance our first-mover position in technology driven aquaculture, and continue to establish ourselves as a market leader in the sustainable production of high value marine seafood

Ohad Maiman
Founder/CEO
The Kingfish Company



OUR MISSION

With innovation at the core of The Kingfish Company and a drive to create a better world for future generations we introduced an innovative new way of producing a sustainable high quality fish, locally. In order to achieve a high quality product, we revolve every step of our 100%-inhouse land based process around the wellbeing of our fish. By closely collaborating with Yellowtail experts and constantly monitoring their overall conditions we are able to keep environmental impact to an absolute minimum. That means no antibiotics, no medicines and no vaccines resulting in a sustainable and healthy product.

OUR COMMITMENT

We focus on high quality production with the lowest environmental impact. This environmental focus is realised by using only 100% green energy and installed custom made heat exchangers. But also in our responsible use of natural Oosterschelde water in the basins where we further purify the water on arrival and filter it again before it is returned back to the sea. Our commitment to animal welfare goes hand in hand with our sustainability commitment, and we are proud to provide the best possible living conditions for our fish resulting in a high quality and healthy product for our consumers.



Solar panels on the roof of the Kingfish Zeeland site in Kats, The Netherlands

Management Report

The Kingfish Company's main business activities are the breeding, production and supply of sustainable, safe high-quality seafood in its target markets.

During 2020, the company converted from a 'Besloten Vennootschap' (BV) into a 'Naamloze Vennootschap' (N.V.) 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 Kingfish Company N.V. is the group holding company and owns 100% of the issued share capital of Kingfish Zeeland B.V., Yellowtail Hatchery USA Inc and Kingfish Maine Inc.

Changes in accounting policies

On 1 January 2020, the group elected to change the method of accounting for land and buildings to cost less accumulated depreciation and impairment losses. The group believes that this change provides more relevant information to the users of its financial statements as it is in line with the policy choice adopted by its industry peers. The group applied the cost model retrospectively.

Performance overview

The group posted excellent operational and very solid financial results during a year that saw the Covid-19 pandemic having severe impacts on its markets and operational environment. Tonnage of fish sold and turnover was in line with that of the previous year despite restaurants across Europe and the United States of America being closed for large parts of the year.

Total production value increased 35% year-on-year due to total production in tonnage growth increasing 45% from the previous year.

Expenses increased as the group scaled up during the year in preparation for planned further expansion of production facilities in the Netherlands and later in the US.

Financial costs benefitted from a foreign currency gain realized on converting the proceeds of the issue of new shares from NOK to EUR.

The consolidated loss for the financial year totals € -3.601K compared to € -3.036K for 2019.

The company issued new shares to the value of €50 million in November 2020 for cash, bolstering the bank and cash balance. The proceeds will primarily be used for further imminent expansion of production capacity in the Netherlands.

Financial instruments and risk management

The group's financial instruments primarily comprise of cash, current receivables, payables, debt, financial and operational lease. The estimated fair value of these instruments approximates their book value. 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 borrowing is at an Euribor rate plus a fixed mark up. The main non-financial risk relates to health and safety and the focus is and will remain on personal and operational safety.

Capital expenditures

The group spent € 13.744K on Capital expenditure during the year under review. For the most part the capital related to the extension of the Dutch grow-out facilities which were successfully commissioned in the first quarter of 2021.

Employees

The number of full-time equivalent (FTE) personnel increased from 34 in 2019 (based on a moving average total) to 59 in 2020. This number includes staff employed by the group's US entities.

Research and development

Research and development expenditure is incurred and mainly relates to understanding and improving the breeding and growth of the Dutch Yellowtail. The majority of research and development projects in the Netherlands are undertaken in conjunction with provincial and national government as well as tertiary education institutions.

Outlook

Management remain positive about the outlook for the group despite the ongoing uncertainty caused by the Covid-19 pandemic's effect on the world economy and seafood consumption patterns. The group is benefitting from new equity raised towards the end of 2020 which bolstered the balance sheet and will enable further expansion in production capacity and scaling up.



**GROUP CONSOLIDATED
FINANCIAL STATEMENTS**



Consolidated financial statements

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER

(After distribution of result)

	31-12-2020		31-12-2019	
	€ '000	€ '000	€ '000	€ '000
ASSETS				
FIXED ASSETS				
Property, plant and equipment	1			
Land and buildings		6.363		6.554
Plant and equipment		9.327		9.435
Other fixed assets		1.441		1.358
Property, plant and equipment under construction		13.075		885
				30.206
Financial assets				
Deferred tax assets	2			5.242
				2.657
CURRENT ASSETS				
Inventories and work in progress				
Raw materials and consumables	3	428		376
Live fish stock	4	2.748		2.142
Harvested fish stock	5	920		135
				4.097
Receivables				
Trade debtors	6	786		638
Other receivables and accrued assets	7	829		770
				1.615
Cash and cash equivalents	8			
				40.350
Total assets				
		81.510		35.505

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER

(After distribution of result)

	31-12-2020		31-12-2019	
	€ '000	€ '000	€ '000	€ '000
EQUITY AND LIABILITIES				
GROUP EQUITY	9	67.852		23.752
LONG-TERM LIABILITIES	10			
Payables to banks		9.686		8.682
CURRENT LIABILITIES, ACCRUALS AND DEFERRED INCOME				
Subordinated loans	11	-	222	
Amounts owed to credit institutions	12	1.837	694	
Trade payables		1.268	1.639	
Payables relating to taxes and social security contributions	13			
		301	111	
Other liabilities and accrued expenses	14	566	404	
		3.972		3.071
Total Equity & Liabilities		81.510		35.505

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR

	2020		2019	
	€ '000	€ '000	€ '000	€ '000
Net Turnover	4.973		4.996	
Changes in inventories and live fish stock	1.212		-441	
Production value	<u>6.184</u>		<u>4.555</u>	
Operating income		6.184		4.555
Costs of raw materials	3.663		2.199	
Sales costs	402		519	
Wages and salaries	15 1.795		1.345	
Social security premiums and pensions cost	16 614		392	
Depreciation of property, plant and equipment	17 1.447		1.463	
Other Operating Expenses	18 3.274		2.358	
Total of sum of expenses		<u>11.195</u>		<u>8.275</u>
Total of operating result		-5.010		-3.720
Release from revaluation reserve		-		66
		<u>-5.010</u>		<u>-3.655</u>
Financial income and expense	19	-181		-715
Total of result of activities before tax		<u>-5.191</u>		<u>-4.370</u>
Taxation		1.590		1.334
Total of result after tax		<u><u>-3.601</u></u>		<u><u>-3.036</u></u>

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR

	2020		2019	
	€ '000	€ '000	€ '000	€ '000
Operating Profit/(Loss)		-3.601		-3.036
Items equity accounted for change in revaluation reserve	251		-66	
Total of comprehensive items not in P&L		251		-66
Comprehensive Income/(Loss)		-3.351		-3.101
Equity at beginning of the year		23.752		9.948
Convertible loan into shares	222		205	
Issue of shares	49.994		20.195	
One off funding fees	-2.765		-1.324	
Increase in Equity		47.451		19.076
Total Equity as of December 31st		67.852		25.923
Write back revaluation due to change in accounting policy		-		-2.172
Revised Equity as of December 31st		67.852		23.752

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR

	2020		2019	
	€ '000	€ '000	€ '000	€ '000
Cash Flow from Operating Activities				
Operating Profit/(Loss)		-5.010		-3.720
Adjustments to reconcile to the operating result				
- adjustments for depreciation	1.447		1.463	
- adjustments for other reduction in tangible assets	26		-	
		1.473		1.463
Changes in working capital:				
- decrease (increase) in inventories	-1.236		233	
- decrease (increase) in trade receivables	-148		-843	
- decrease (increase) in other receivables	-59		-	
- increase (decrease) in current payables	-20		-3.348	
Total of changes in working capital		-1.463		-3.958
Cash utilized in Operations		-5.001		-6.215
Net Cash Generated from Operating Activities				
Purchase of property, plant and equipment	-13.494		-1.841	
Net proceeds from the disposal of investments	-		9	
Payments related to self made tangible assets	-421		-	
Cash flow utilized for investment activities		-13.915		-1.832
Cash flow from financing activities				
Repayments of borrowings	-1.166			
Proceeds from other short and long term loans	3.317		175	
Proceeds from issuing shares	46.304		19.076	
Effect of exchange rate changes	676		27	
Interest paid	-421		-715	
Cash flow from financing activities		48.710		18.564
Increase in cash and cash equivalents		29.795		10.516
Turnover movement cash and cash equivalents				
Cash and cash equivalents at the start of the period	10.555		39	
Cash and cash equivalents at the end of the period	40.350		10.555	
Increase in cash and cash equivalents		29.795		10.516

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ENTITY INFORMATION

Registered address and registration number trade register

The registered and actual address of The Kingfish Company N.V. is Oost Zeedijk 13, 4485 PM in Kats, the Netherlands. The Kingfish Company N.V. is registered at the Chamber of Commerce under number 64625060.

During 2020, the 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.

GENERAL NOTES

The most important activities of the entity

Established in 2015, The Kingfish Company N.V. engages in the production and supply of sustainable, safe and high quality seafood in its target markets.

In 2016 the company 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 company completed the construction of the farm, closed the 'production cycle' and reached industry leading operational results.

The company is currently engaged in expanding its production capacity in West Europe (Netherlands site) and developing its first North America site (Maine, US). The Kingfish Company continues to explore additional market opportunities across various species and locations in Europe and North America.

Disclosure of going concern

The net result after taxation for 2020 amounts € 3.601K negative (2019: € 3.036K negative).

The negative results up to 2020 mainly occurred due to the fact that the company is in startup phase. The startup phase is financed by shareholders' equity and bank debt. The shareholders' equity per December 31st, 2020 amounts € 67.852K positive.

The board of The Kingfish Company N.V. has made a cash flow forecast up until the end of 2022 and shows a net cash flow which is sufficient to meet the short term payment obligations. The company has sufficient funds to reach budgeted cash flows positive. Given this information, the financial statements have been prepared on the basis of the going concern assumption.

Reclassifications

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

Disclosure of estimates

In applying the principles and policies for drawing up the financial statements, the directors of The Kingfish Company N.V. make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the transparency required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

The evaluations and estimates deemed to be of greatest significance for the company are as follows:

Fair value adjustment of biomass

Biological assets are measured at fair value less costs to sell, with any change therein directly recognized in equity. 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 company operates. The fair value calculation considers estimates of biomass volumes, quality, size distribution, production cost, mortality and normal costs of harvest and sale.

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.

Reference is made to the notes to financial assets for more information regarding the assumptions and estimates used in determining the amount of the deferred tax assets.

Disclosure of consolidation

The Kingfish Company N.V. is at the head of a group of companies. The group includes Kingfish Maine Inc. (100%), Yellowtail Hatchery USA Inc. (100%) and Kingfish Zeeland B.V. (100%).

The following entities are included in the consolidation:

- Kingfish Maine Inc. (100%);
- Yellowtail Hatchery USA Inc. (100%)
- Kingfish Zeeland B.V. (100%)

GENERAL ACCOUNTING PRINCIPLES

The accounting standards used to prepare the financial statements

The financial statement is drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving'). The financial statements were prepared on 12 April 2021.

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost. In the balance sheet, non-consolidated profit and loss account and the cash flow statement, references are made to the notes.

Changes in accounting policies

The group re-assessed its accounting policy for property, plant and equipment with respect to measurement of buildings. The group had previously measured it building in Kats using the fair value model.

On 1 January 2020, the group elected to change the method of accounting for buildings to cost less accumulated depreciation and impairment losses. The group believes that provides more relevant information to the users of its financial statements as it is in line with the policy choice adopted by its main competitors. The group applied the cost model retrospectively.

Overview of impact on financial figures:

	Land & Buildings	Deferred Tax liability	Equity	Profit & Loss
	€ '000	€ '000	€ '000	€ '000
Book value at 31 December 2019	9.293	-594	-25.923	-
Change in accounting policy	-2.739	594	2.189	45
Revised book value after change in accounting policy	6.554	-	-23.734	45

Finance leases

The group has lease contracts whereby it retains substantially all the risks and rewards of ownership of these assets. These assets are recognized on the balance sheet upon commencement of the lease contract at the lower of the fair value of the asset or the discounted value of the minimum lease payments. The lease instalments to be paid are divided into a repayment and an interest portion, using the annuity method. The liabilities under the lease, excluding the interest payments, are included under long term debts.

The interest component is included in the profit and loss account for the duration of the contract on the basis of a fixed interest percentage of the average remaining redemption component. The assets are depreciated over the remaining economic life or, if shorter, the duration of the contract.

Operating leases

The group has lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of or incurred by the corporation. The lease contracts are recognized as operational leasing. Lease payments are recorded on a straight line basis, taking into account reimbursements received from the lessor, in the profit and loss account for the duration of the contract.

ACCOUNTING PRINCIPLES

Property, plant and equipment

Buildings and land, and plant and equipment are valued at historical cost less straight line depreciation based on the expected life. Land is not depreciated. Impairments expected on the balance sheet date are taken into account.

Other tangible fixed assets are valued at historical cost or production cost including directly attributable costs, less straight line depreciation based on the expected future life and impairments.

Subsidies on investments will be deducted from the historical cost price or production cost of the assets to which the subsidies relate.

Other long terms assets relate to breeding stock net of impairments and does not get depreciated. Breeding stock are valued at fair value. The live fish stock classify as biological assets. Dutch GAAP does not provide specific guidance for the valuation of biological assets. For processing and valuation, guidance is therefore gained from the International Financial Reporting Standards (IFRS). According to IAS 41.6 fish farming qualifies as an agricultural activity. The live fish stock is valued at fair value. Because market quotations on an active market are not available, fair value is determined from recent transaction prices and/or sector references in accordance with IFRS 13. These references are subject to estimation elements regarding the realizable value.

Interest expenses directly attributable to qualifying assets are capitalized during the manufacturing period. Other interest expenses are recognized directly in the income statement.

Major maintenance is recognized using the separate asset component method (capitalized and depreciated).

Financial assets

Newly acquired investments are initially recognized on the basis of the fair value of their identifiable assets and liabilities at the acquisition date. For subsequent valuations, the principles that apply for these financial statements are used, with the values upon their initial recognition as the basis.

The amount by which the carrying amount of the investment has changed since the previous financial statements as a result of the net result achieved by the investment is recognized in the non-consolidated profit and loss account.

Investments over which no significant influence can be exercised are valued at historical cost. The result represents the dividend declared in the reporting year, whereby dividend not distributed in cash is valued at fair value.

In the event of an impairment loss, valuation takes place at the recoverable amount; an impairment is recognized and charged to the non-consolidated profit and loss account.

Deferred tax assets are recognized for all deductible temporary differences between the value of the assets and liabilities under tax regulations on the one hand and the accounting policies used in these financial statements on the other, on the understanding that deferred tax assets are only recognized insofar as it is probable that future taxable profits will be available to offset the temporary differences and available tax losses.

The calculation of the deferred tax assets is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law.

Deferred tax assets are valued at their nominal value.

Impairment of non-current assets

On each balance sheet date, The Kingfish group assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the recoverable amount of the asset is determined. If it is not possible to determine the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined. An impairment occurs when the carrying amount of an asset is higher than the recoverable amount; the recoverable amount is the higher of the realizable value and the value in use. An impairment loss is directly recognized in the profit and loss account while the carrying amount of the asset concerned is concurrently reduced.

The realizable value is initially based on a binding sale agreement; if there is no such agreement, the realizable value is determined based on the active market, whereby usually the prevailing bid price is taken as market price. For the determination of the value in use, an estimate is made of the future net cash flows in the event of continued use of the asset / cash generating unit; these cash flows are discounted.

If it is established that an impairment that was recognized in the past no longer exists or has reduced, the increased carrying amount of the asset concerned is set no higher than the carrying amount that would have been determined if no impairment value adjustment for the asset concerned had been reported. An impairment of goodwill is not reversed.

Inventories

Raw materials and consumables

Inventories (stocks) of raw materials and consumables are valued at cost price based on the FIFO method or lower realizable value.

The cost price consists of the historical cost or production cost and costs incurred in order to bring the stocks to their current location and current conditions.

The realizable value is the estimated sales price less directly attributable sales costs. In determining the realizable value the obsolescence of the inventories is taken into account.

Live fish stock

Inventories (stocks) of livestock are valued at fair value. The live fish stock classify as biological assets. Dutch GAAP does not provide specific guidance for the valuation of biological assets. For processing and valuation, guidance is therefore gained from the International Financial Reporting Standards (IFRS). According to IAS 41.6 fish farming qualifies as an agricultural activity. The live fish stock is valued at fair value less selling expenses. Because market quotations on an active market are not available, fair value is determined from recent transaction prices and/or sector references in accordance with IFRS 13.

These references are subject to estimation elements regarding the realizable value.

Harvested fish stock

The harvested product is valued at fair value less expected cost to sell at the point of harvest. The harvested fish stock classify as biological assets. Dutch GAAP does not provide specific guidance for the valuation of biological assets. For processing and valuation, guidance is therefore gained from the International Financial Reporting Standards (IFRS). According to IAS 41.6 fish farming qualifies as an agricultural activity. The live fish stock is valued at fair value less selling expenses. Because market quotations on an active market are not available, fair value is determined from recent transaction prices and/or sector references in accordance with IFRS 13. These references are subject to estimation elements regarding the realizable value.

Receivables

Receivables are initially valued at the fair value of the consideration to be received, including transaction costs if material. Receivables are subsequently valued at the amortized cost price. If there is no premium or discount and there are no transaction costs, the amortized cost price equals the nominal value of the accounts receivable. Provisions for bad debts are deducted from the carrying amount of the receivable.

Cash and cash equivalents

Cash at bank and in hand are carried at face value.

Cash at bank and in hand are not expected to be at the group's free disposal for longer than twelve months is classified as financial assets under the fixed assets.

Non-current liabilities

On initial recognition long term debts are recognized at fair value. Transaction costs which can be directly attributed to the acquisition of the long term debts are included in the initial recognition. After initial recognition long term debts are recognized at the amortized cost price, being the amount received taking into account premiums or discounts and minus transaction costs. If there is no premium / discount or if there are no transaction costs, the amortized cost price is the same as the nominal value of the debt.

Current liabilities

On initial recognition current liabilities are recognized at fair value. After initial recognition current liabilities are recognized at the amortized cost price, being the amount received taking into account premiums or discounts and minus transaction costs. This is usually the nominal value.

Accounting principles for determining the result

The result is the difference between the realizable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognized in the year in which they are realized.

Revenue recognition

Net turnover comprises the income from the supply of goods and services.

Wages

A description of the benefits payable to personnel are recorded in the non-consolidated profit and loss account on the basis of the employment conditions.

Employee stock option plan

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 Shares may be rewarded to members of the Company's mid- and senior management and key employees, equivalent to approximately 8,8% of the Company's share capital on a fully diluted basis. A four year vesting schedule applies to each grant under the ESOP (in principle, one-year cliff, thereafter monthly vesting over a period of 36 months and contains leaver provisions). As of the reporting date the Company has issued a total of 2.121.763 options with an exercise price of € 1,2788 each. The exercise price is based on the value of the shares when capital was raised in 2019.

Furthermore, based on the resolutions taken by the EGM, a total of 1.884.999 options are reserved for allocation to members of the management board and eligible employees until 31 December 2021. The Supervisory Board will determine if and who these options will be awarded to as well as the the number and price.

During 2020 the following share options were granted to the following Directors and employees together. These options are exercisable per year as follows:

	Total number of options granted	Total number of options exercisable per year		
		2021	2022	2023
	'000	'000	'000	'000
CEO - Ohad Maiman	888	296	296	296
COO - Kees Kloet	706	235	235	236
CFO - Christo du Plessis	228	76	76	76
Other key staff members	301	100	100	101
Total	2.122	707	707	708

These options are exercisable in equal parts over a period of 36 months as of January 1st, 2021. The exercise price is € 1.2788 and no options have been exercised at 31-12-2020. The options are straight share options with no financing linked to it.

Applied policy of pension costs

The Kingfish Company N.V. applies the liability approach to account for all pension schemes. The premium payable during the reporting year is recorded as an expense. The contributions are recorded as personnel costs from the date that they become payable. Prepaid contributions are reported as accrual if this results in a repayment or a reduction in future payments. Contributions that are not yet paid are included as a liability in the balance sheet.

Expenses

Expenses are determined with due observance of the aforementioned accounting policies and allocated to the financial year to which they relate. Foreseeable and other obligations as well as potential losses arising before the financial year-end are recognized if they are known before the financial statements are prepared and provided all other conditions for accrual are met.

Income tax expense

Tax on the result is calculated based on the result before tax in the non-consolidated profit and loss account, taking account of the losses available for set off from previous financial years and exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

Share in results of investments

The result is the amount by which the carrying amount of the Investment has changed since the previous financial statements as a result of the earnings achieved by the Investment to the extent that this can be attributed to The Kingfish Company N.V.

Related party transactions

Below is a summary of the group's related party transactions:

- From time to time certain Supervisory Board members may be asked to provide consultancy services to the group. The fees paid for such services in 2020 were:
 - Hans den Bieman € 40K (2019: € 16K)
- Rabobank, one of the larger shareholders of the group was appointed as a joint bookrunner along with other banks to raise new equity capital as part of the IPO concluded in November 2020. They were paid the same percentage as fees as the other bookrunners.
- Since 2018, the company has granted loans to its wholly owned subsidiaries, Kingfish Main Inc and Yellowtail Hatchery USA Inc, for an aggregate total amount of € 1.606K and € 646K respectively

Financial risk management

The group's risk management is carried out by the Company's finance department. The group's exposure includes, market risk, credit risk and liquidity risk.

Market risk

The group is exposed to interest rate risk and exchange rate risk. The group's interest rate risk relates primarily from borrowings from financial institutions with variable rate interest. 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 does not maintain a program to hedge this exposure. Changes in the interest rate may affect future investment opportunities.

The group's foreign currency risk relates to the group's operating, investing, and financing activities denominated in a foreign currency. This includes the group's revenues, expenses, capital expenditures, and net investments in foreign subsidiaries. The group's reporting currency is the EU euro ("EUR"), and the predominant currencies transacted by the Company's US incorporated subsidiaries are in USD.

The group manages its foreign currency risk by maintaining cash balances in foreign denominated bank accounts, analyzing future obligations by currency, and transferring available funds as needed. The group has not entered into derivative or other agreements to reduce the exchange rate risk and related market risk.

Credit risk

The group is exposed to credit risk from its operating activities, primarily from cash and trade receivables. Cash is maintained with major financial institutions. 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 2020 and 2019.

Liquidity risk

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. As of 31 December 2020, the group was in compliance with all financial covenants.

Consolidated cash flow statement

The cash flow statement has been prepared in accordance with the indirect method.

Cash and cash equivalents consist of cash at bank and in hand and current securities. Cash flows in foreign currencies are translated at estimated average rates. The effect of exchange rate changes on cash and cash equivalents are presented separately in the statement of cash flows.

Interest received and paid, dividends received and income tax received/paid are included under cash flows from (used in) operating activities.

The purchase of group companies are included under cash flow from (used in) investing activities, insofar as payment in cash has been made, net of cash and cash equivalents held by the group companies in question.

Transactions for which no cash or cash equivalents are exchanged, including finance leases, are not included in the cash flow statement. Lease payments under finance leases are considered to be cash outflows from (used in) financing activities to the extent that they relate to repayment installments and as cash outflows from (used in) operating activities to the extent that they relate to interest payments. Income from sale and finance leaseback transactions is presented as cash inflow from (used in) financing activities.

NOTES TO THE CONSOLIDATED BALANCE SHEET

FIXED ASSETS

	Land and Buildings	Plant, equipment and other fixed assets	Other fixed assets: breeding stock	Property, plant and equipment under construction	Total
	€ '000	€ '000	€ '000	€ '000	€ '000
1. Property, plant and equipment					
<u>Balance as at 1 January 2020</u>					
Cost or manufacturing price	6.844	11.330	1.092	885	20.151
Accumulated depreciation	-290	-1.630	-	-	-1.919
Book value as at 1 January 2020	6.554	9.701	1.092	885	18.232
<u>Movements:</u>					
Additions/Investments	24	1.249	-	12.174	13.447
Depreciation	-215	-1.233	-	-	-1.447
Impairments	-	-	-26	-	-26
Balance at 31 December 2020	6.363	9.718	1.067	13.059	30.206
Cost or manufacturing price	6.867	12.580	1.092	13.059	33.598
Accumulated depreciation	-504	-2.862	-	-	-3.366
Accumulated impairment	-	-	-26	-	-26
Book value 31 December 2020	6.363	9.718	1.067	13.059	30.206

The other fixed assets include breeding stock for an amount of € 1.067K at 31 December 2020 (2019: € 1.092K). Impairment of the breeding stock as a result of mortality is presented separately.

The carrying amounts of assets under financial leasing, which are held without legal title by The Kingfish Company N.V. are at 31 December 2020 € 2.263K (2019: € 2.739K)

Property, plant and equipment: Economic life

Depreciation rate	-	5.00	5.00
Start of the range of the depreciation rate of property, plant and equipment	3.33	14.30	14.30

Land and Buildings	Machinery	Other fixed assets
%	%	%
-	5.00	5.00
3.33	14.30	14.30

FINANCIAL ASSETS

2. Deferred tax assets

Deferred tax asset

31-12-2020	31-12-2019
€ '000	€ '000
5.242	2.657

Deferred income tax assets relate to unutilized tax losses of € 21.065K (2019: € 12.491K). These losses are expected to be offset with future profits. Due to a change in estimated tax rates applicable for the Netherlands at the time of settlement of the tax losses, the tax rate of the deferred tax asset changed from approximately 21% in 2019 to almost 25% in 2020. For the USA a tax rate of 27% is assumed. For the calculation of the Dutch tax, please refer to the company only accounts. US losses can be offset indefinitely.

Loss compensation

Year	Assessed loss	Deductable until and including
	€ '000	
2015	61	2024
2016	682	2025
2017	2.465	2026
2018	3.928	2027
2019	5.215	2025
2020	8.400	2026
	20.750	
USA	314	<i>Indefinitely</i>
	21.065	

CURRENT ASSETS

Inventories and work in progress

3. Raw materials and consumables

Feed
Technical inventory
Packaging materials
Goods in transit

31-12-2020	31-12-2019
€ '000	€ '000
284	226
103	109
79	42
-37	-
428	376
2.748	2.142

4. Live fish stock

Life fish stock

Biological Assets

Under the provisions of IAS 41, Agriculture and IFRS 13, Fair Value Measurement, biological assets ("biomass") are measured at fair value less cost to sell, unless fair value is not readily measured. Biomass comprise of live fish in tanks from fry to market sized fish. All fish held in tanks are considered saleable 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.

Fair Value Measurement of Biological Assets

Under the provisions of IAS 41, the fair value of the Companies 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.

As of 31 December 2020 and 2019, the company's biological assets consisted of the following:

	2020	2019
	€ '000	€ '000
Cost of biological assets	1.582	1.033
Fair value adjustments	1.166	1.109
Total biological assets	2.748	2.142

The following represents a reconciliation of changes in the carrying amount of the company's biological assets for the years ended 31 December 2020 and 2019:

	2020	2019
	€ '000	€ '000
Biological assets at beginning of the year	2.142	2.717
Increases due to production and purchases	9.555	7.093
Decreases due to harvest	-8.565	-6.702
Decreases due to mortality	-216	-313
Gain or loss arising from changes in fair value less costs to sell	-169	-653
Biological assets at the end of the year	2.748	2.142

As of 31 December 2020 and 2019, the companies physical volumes of biological assets consisted of the following:

	2020	2019
Live weight of biomass (in tons)	206	166
Number of fish (in thousands)	394	259
Volume of fish harvested during the year (tons whole round weight)	637	485

Sensitivity Analysis

Although the Company has expertise in assessing various factors regarding biomass, the estimate of unrealized fair value adjustment under IFRS 13 is based on several uncertain assumptions, and the realized profit ultimately achieved upon the sale of inventory may differ from the calculations of fair value accordingly. Such assumptions include biomass quantity and total weight and size distribution.

Biomass Quantity and Size Distribution

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 tanks is regularly controlled by way of sampling of fish from each tanks, 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 company'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, the average production and harvesting cost. The distribution per size-category as of 31 December 2020 and 2019 was as follows:

	Price Range per KG		Count (thousand units)	
	2020	2019	2020	2019
Fish below 2kg	7.80 - 11.95	8.00 - 12.42	174	92
Fish above 2kg	11.95 - 13.50	12.42 - 14.00	220	167

Note: All fish under 500 grams are valued at € 3.00 each.

As of 31 December 2020 and 2019, the estimated effect on the book value of biological assets was as follows:

	Increase	2020	2019
		€ '000	€ '000
Change in biomass size	5.00%	3.047	2.289
Change in forward price	5.00%	3.090	2.249

Incident Based Mortality

No significant mortality incidents were noted for the years ended 31 December 2020 and 2019.

	31-12-2020	31-12-2019
	€ '000	€ '000
5. Harvested fish stock		
Frozen inventory	920	135
RECEIVABLES		
6. Trade debtors		
Trade debtors	802	663
Provision for doubtful debts	-16	-25
	786	638
7. Other receivables and accrued income		
Taxes and social security charges	561	292
Current account shareholders	-	128
Other receivables and accrued income	286	349
	829	770
Taxes and social security charges		
Value added tax	561	292

The factoring facility is reported under Other Receivables for a value of € 111K (2019: € 165K) and is provided by Rabobank. The factoring limit is based on 90% of the outstanding debtors with a maximum of € 1 million. The economic ownership of the debtors remains with The Kingfish Company N.V.

Guarantees:

- Pledge on all current and future receivables;
- Pledge on all rights and claims credit insurances.

	31-12-2020	31-12-2019
	€ '000	€ '000
8. Cash and cash equivalents		
Rabobank	40.141	10.520
Deposit	35	35
Other banks	174	-
	40.350	10.555

The maximum current account credit is € 3 million. The account credit consists of a fixed base limit in an amount € 1.500K and a related additional limit of maximum € 1.500K based upon the value of the pledged inventory. The fixed base limit of € 1.500K has been removed on December 31st 2020, the total maximum will then be based upon the value of the pledged inventory. The interest rate is based on 1 month Euribor plus a markup of 2,85%. For the securities provided we refer to note 10 regarding the Rabobank loan.

9. Group equity

The shareholders' equity is explained in the notes to the company-only balance sheet.

	Balance as at 31 December 2020	Repayment due < 1 year	Remaining pay- back time > 1 year
	€ '000	€ '000	€ '000
10. Long term liabilities			
Total	11.523	1.837	9.686

Remaining maturity > 5 years

€ 5.478K

	31-12-2020	31-12-2019
	€ '000	€ '000
Payables to banks		
Loans	8.402	7.090
Lease liabilities	1.284	1.592
	9.686	8.652
Loans		
Rabobank 0050021680	5.089	5.540
Rabobank 0050099049	-	750
Visserij investeringsfonds Nederland 430.005.020	-	500
Visserij investeringsfonds Nederland 430.004.020	-	300
Rabobank 0050152046	3.274	-
PPP Loan USA	39	-
	8.402	7.090

	2020	2019
	€ '000	€ '000
Rabobank 0050021680		
Balance as at 1 January		
Principal amount	6.053	6.053
Cumulative amortization transaction costs / cumulative repayments	-213	-67
Balance as at 1 January	5.840	5.986
Movements		
Repayments	-451	-146
Balance movements	-451	-146
Balance as at 31 December		
Principal amount	6.053	6.053
Cumulative amortization transactions costs / cumulative repayments	-665	-213
Current portion	-300	-300
Balance as at 31 December	5.089	5.540

The principle amount of the loan is € 6.100K. The repayment term amounts to € 75K per quarter as from 30 June 2019 and an additional repayment of € 3.100K on 30 June 2029. The transaction costs attributable to the loan amount € 47K and are deducted from the amount received. The transaction costs will be amortized during the duration of the loan. An amount of € 4K is amortized in 2020.

The interest rate is based on 3 months Euribor plus a markup of 3.25%. The markup of 3.25% is fixed for the duration of three years. The facility is a 20 year mortgage, ending after 10 years.

Besides the loan the company also has a working capital facility at Rabobank with a maximum current account credit of € 3 million.

Guarantees:

- First mortgage on the land and the company hall at Oostzeedijk 11, 4485 OM Colijnsplaat;
- Pledge on insured stock;
- Pledge on all current and future stocks;
- Pledge on all current and future inventories.
- Satisfy a solvency ratio of at least 45%;
- Satisfy a debt service ratio of at least 1.3 (as from 31 December 2021);
- Compliance with the negative pledge and pari passu;
- Compliance with a 'No Change of Control';
- Non-dividend statement.

	2020	2019
	€ '000	€ '000
Rabobank 0050099049		
Balance as at 1 January		
Principal amount	750	-
Balance as at 1 January	750	-
Movements		
Repayments	-38	-
Increase	-	750
Balance movements	-38	750
Balance as at 31 December		
Principal amount	750	750
Cumulative amortization transactions costs / cumulative repayments	-38	-
Current portion	713	-
Balance as at 31 December	-	750

During 2018 the company has entered a new loan agreement with the Rabobank for a loan of € 750K. The loan is withdrawn in 2019 and needs to be repaid in full on 31 December 2021.

For this loan the company guarantees:

First mortgage for an amount of € 1.500K to be increased by € 525K for interest, fees, fines and costs on the pump house on the Oost Zeedijk 15, 4485 PM Kats.

	2020	2019
	€ '000	€ '000
Visserij investeringsfonds Nederland 430.005.020		
Balance as at 1 January		
Principal amount	500	500
Balance as at 1 January	500	500
Movements		
Repayments	-500	-
Balance as at 31 December		
Principal amount	-	500
Balance as at 31 December	-	500

Repaid on the 30th of November 2020.

Visserij investeringsfonds Nederland 430.004.020		
Balance as at 1 January		
Principal amount	300	300
Balance as at 1 January	300	300
Movements		
Repayments	-300	-
Balance as at 31 December		
Principal amount	-	300
Balance as at 31 December	-	300

Repaid on the 30th of November 2020.

Rabobank 0050152046		
Balance as at 1 January	-	-
Movements		
Increase	4.000	-
Repayments	-305	-
Balance movements	3.695	-
Balance as at 31 December		
Principal amount	4.000	-
Cumulative amortization transaction costs / cumulative repayments	-305	-
Current portion	421	-
Balance as at 31 December	3.274	-

The principle amount of the loan is € 4 million. The repayment term amounts to € 105K per quarter as from 31 December 2020.

The interest rate is based on 3 months Euribor plus a markup of 2.7%. The markup of 2.7% is fixed for the duration of three years. The facility is a 20 year mortgage, ending after 10 years.

Guarantees:

- Third right of mortgage on the land and the company hall at Oostzeedijk 11, 4485 OM Colijnsplaat;
- Second right of mortgage on the fish farm, situated at Colijnseplaatse Groeneweg 2 Kats;
- Pledge on CAR insurance
- Satisfy a solvency ratio of at least 45%;
- Satisfy a debt service ratio of at least 1.3.

	31-12-2020	31-12-2019
	€ '000	€ '000
Lease liabilities		
Lease liability Volvo XC70	10	19
Lease liability Rabobank production equipment	1.237	1.526
Lease liability Nissan X-trail	20	24
Lease BPN Paribas, production equipment	17	23
	1.284	1.592

	2020	2019
	€ '000	€ '000
Lease liability Rabobank		
Balance as at 1 January		
Principal amount	3.258	3.258
Cumulative repayments	-1.356	-1.051
Balance as at 1 January	1.902	2.207
Repayments	-281	-305
Balance movements	-281	-305
Balance as at 31 December		
Principal amount	3.258	3.258
Cumulative repayments	-1.637	-1.356
Current portion	-384	-376
Balance as at 31 December	1.237	1.526
Interest percentage	3.00%	3.00%
Term	38 months	50 months

The Kingfish Company N.V. entered a sale and lease back agreement with Rabobank for the total amount of € 3.258K. Legal ownership of the assets under financial leasing has been transferred to Rabobank.

After expiring of the fixed term of 72 months, the company will be entitled to:

- purchase and acquire title to the Asset at the price of € 261K; or
- renew the agreement by one year; or
- return the asset to the lessor to a location in the Netherlands designated for that purpose by the lessor.

CURRENT LIABILITIES AND ACCRUALS AND DEFERRED INCOME**11. Subordinated loans**

Subordinated loan

	31-12-2020	31-12-2019
	€ '000	€ '000
	-	222

The loan was an unsecured loan, which is subordinated to all currently existing debts and obligations of the company to banks and institutional creditors. The loan was provided by 3 shareholders. The interest rate was 10% per annum. The loan was converted to equity in 2020.

12. Amounts owed to credit institutions

Repayment obligations

	1.837	694
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13. Payables relating to taxes and social security contributions

Wage tax

Pensions premiums

	179	68
	122	43
	301	111

14. Other liabilities and accrued expenses

Accrued expenses & Fees to be paid

Holiday allowance & leave days

Deferred Income

Other

	131	244
	241	111
	91	-
	103	50
	566	404

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to their short-term character.

OFF-BALANCE-SHEET RIGHTS, OBLIGATIONS AND ARRANGEMENTS**Disclosure of off balance sheet commitments***Subsidies/grants*

In 2020, the company processed an amount of € 102K (2019: € 284K) in subsidy income in the profit and loss account, which is based on the spent and budgeted costs up to and including December 31, 2020. The actual subsidy benefits depend on the future determination of the subsidy by the subsidy provider.

The total committed subsidy contribution amounts up to a maximum € 931K including the already processed grants.

Off balance sheet liabilities relating to purchase commitments

The group has committed and contracted to spend an amount of € 12.670K towards the construction of further production capacity in the Netherlands.

Disclosure of operating leases

Rent and operating lease expenses amount to € 129K per annum. The main part of future rent commitments relates to the renting of operating space, vehicles, storage space and forklifts. The majority of these contracts have an indefinite term and can be terminated with a few weeks' notice with the vehicles on 60 months.

Subsequent events

The coronavirus outbreak during the first months of 2020 has had major consequences for the global economy. The consequences of the coronavirus outbreak are included in this report. The corona crisis may have a negative effect on the results for the coming year.

In February 2021 the company successfully demerged all major assets into a new entity called Kingfish Property One B.V. Immediately after that the farm operational business was moved into a new entity Kingfish Zeeland B.V. with The Kingfish Company N.V. as the head office and holding company. Both the new entities are 100% owned by The Kingfish Company N.V. These transactions will be financially effective as per January 1, 2021.

NOTES TO THE CONSOLIDATED STATEMENT OF INCOME AND EXPENSES

	2020	2019
	€ '000	€ '000
15. Wages and salaries		
Gross salaries	2.689	1.553
Subsidy WBSO	-42	-68
Capitalized Costs & Billable Labor Income	-603	-141
NOW Sidsidy government Covid-19	-250	-
	1.795	1.345
Average number of employees		
Average number of employees 2020:		59
Average number of employees 2019:		34
16. Social security premiums and pensions cost		
Social security charges	364	235
Pension charges	251	156
	614	392
17. Depreciation of property, plant and equipment		
Depreciation costs Buildings & Equipment	1.434	1.420
Other fixed assets	14	38
	1.447	1.458
Book profit depreciation inventory	-	5
	1.447	1.463
18. Other operating expenses		
Contractors & other staff related expenses	771	1.098
Rent, cleaning & housing expenses	254	177
Operating & machine expenses	871	481
Sales & Marketing expenses	366	219
General, office & other expenses	1.011	382
	3.274	2.358
19. Financial income and expense		
Interest and similar expenses	-421	-715
Currency translation differences	240	-
	-181	-715



Company-only financial statements

COMPANY-ONLY BALANCE SHEET AS AT 31 DECEMBER

(After proposal distribution of result)

	31-12-2020		31-12-2019	
	€ '000	€ '000	€ '000	€ '000
ASSETS				
FIXED ASSETS				
Property, plant and equipment	20			
Land and buildings		6.363		6.554
Plant and equipment		9.327		9.435
Other fixed assets		1.291		1.358
Property, plant and equipment under construction		11.622		589
				28.603
Financial assets				
Shares, certificates of shares and other types of participating interests in group companies	21	1		-
Deferred tax assets	22	5.157		2.657
				5.157
CURRENT ASSETS				
Inventories and work in progress				
Raw materials and consumables	23	428		376
Live fish stock	24	2.748		2.142
Harvested fish stock	25	920		135
				4.097
Receivables				
Trade debtors	26	786		638
Receivables from group companies	27	1.771		493
Other receivables and accrued assets	28	715		737
				3.272
Cash and cash equivalents	29			
				40.176
Total assets		81.305		35.505

COMPANY-ONLY BALANCE SHEET AS AT 31 DECEMBER

(After proposal distribution of result)

	31-12-2020		31-12-2019	
	€ '000	€ '000	€ '000	€ '000
EQUITY AND LIABILITIES				
EQUITY				
30				
Share capital paid called up	677		415	
Share premium reserve	77.449		30.260	
Revaluation reserve	1.166		915	
General Reserve	-11.440		-7.839	
		67.852		23.752
LONG-TERM LIABILITIES				
31				
Payables to banks		9.647		8.682
CURRENT LIABILITIES, ACCRUALS AND DEFERRED INCOME				
32				
Subordinated loans	-		222	
33				
Amounts owed to credit institutions	1.837		694	
Trade payables	1.268		1.639	
34				
Payables relating to taxes and social security contributions	301		111	
35				
Other liabilities and accrued expenses	401		404	
		3.807		3.071
Total Equity & Liabilities		81.305		35.505

COMPANY-ONLY PROFIT AND LOSS ACCOUNT FOR THE YEAR

	2020	2019
	€ '000	€ '000
Total of operating result	-4.765	-3.579
Release from revaluation reserve	-	66
	-4.765	-3.513
36		
Financial income and expense	-	-715
Total of result of activities before tax	-4.765	-4.228
Taxation	1.504	1.334
Total result after tax	-3.261	-2.895
Share in results from Investments	-341	-141
Total of result after investment	-3.601	-3.036

NOTES TO THE COMPANY-ONLY FINANCIAL STATEMENTS

ENTITY INFORMATION

Registered address and registration number trade register

The registered and actual address of The Kingfish Company N.V. is Oost Zeedijk 13, 4485 PM in Kats. The Kingfish Company N.V. is registered at the Chamber of Commerce under number 64625060.

During 2020, the 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.

GENERAL NOTES

The most important activities of the entity

Established in 2015, The Kingfish Company N.V. engages in the production and supply of sustainable, safe and high quality seafood in its target markets.

In 2016 the company sanctioned its first project: a commercial scale pilot farm in the Netherlands for the production of more than 500t / annum of the supply constrained lucrative fish species 'Yellowtail Kingfish' via a proprietary recirculating aquaculture system. Since then the company completed the construction of the farm, closed the 'production cycle' and reached industry leading operational results.

In 2019 the company initiated its scale up plan, targeting to reach production levels of Yellowtail Kingfish of 20.000 t / annum by 2025; The company is currently engaged in expanding its production capacity in W. Europe (Netherlands site) and developing its first N. America site (Maine, US);

The Kingfish Company continues to explore additional market opportunities across various species and production methods.

Reclassifications

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

Disclosure of going concern

The net result after taxation for 2020 amounts € 3.601K negative (2019: € 3.036K negative). The negative results up to 2020 mainly occurred due to the fact that the company is in startup phase. The startup phase is financed by shareholders' equity and bank debt. The shareholders' equity per December 31st, 2020 amounts € 67.852K positive.

The board of The Kingfish Company N.V. has made a cash flow forecast up until the end of 2022 and shows a net cash flow which is sufficient to meet the short term payment obligations. The company has sufficient funds to reach budgeted cash flows positive. Given this information, the financial statements have been prepared on the basis of the going concern assumption.

Disclosure of group structure

The Kingfish Company N.V. is at the head of a group of companies. The group includes Kingfish Zeeland B.V. (100%), Kingfish Maine Inc. (100%) and Yellowtail Hatchery USA Inc. (100%).

Disclosure of estimates

In applying the principles and policies for drawing up the financial statements, the directors of The Kingfish Company N.V. make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the transparency required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

The evaluations and estimates deemed to be of greatest significance for the company are as follows:

Fair Value Adjustment of Biomass

Biological assets are measured at fair value less costs to sell, with any change therein directly recognized in equity. 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 company operates. The fair value calculation considers estimates of biomass volumes, quality, size distribution, production cost, mortality and normal costs of harvest and sale.

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.

Reference is made to the notes to financial assets for more information regarding the assumptions and estimates used in determining the amount of the deferred tax assets.

GENERAL ACCOUNTING PRINCIPLES

The accounting standards used to prepare the financial statements

The financial statement is drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving'). The financial statements were prepared on 12 April 2021.

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost. In the balance sheet, non-consolidated profit and loss account and the cash flow statement, references are made to the notes.

Changes in accounting policies

The company re-assessed its accounting policy for property, plant and equipment with respect to measurement of buildings. The Group had previously measured its building in Kats using the fair value model.

On 1 January 2020, the company elected to change the method of accounting for buildings to cost less accumulated depreciation and impairment losses. The company believes that provides more relevant information to the users of its financial statements as it is in line with the policy choice adopted by its main competitors. The company applied the cost model retrospectively.

Overview of impact on financial figures:

	Land & Buildings	Deferred Tax liability	Equity	Profit & Loss
	€ '000	€ '000	€ '000	€ '000
Book value at 31 December 2019	9.293	-594	-25.923	-
Change in accounting policy	-2.739	594	2.189	45
Revised book value after change in accounting policy	6.554	-	-23.734	45

Finance leases

The corporation has lease contracts whereby it retains substantially all the risks and rewards of ownership of these assets. These assets are recognized on the balance sheet upon commencement of the lease contract at the lower of the fair value of the asset or the discounted value of the minimum lease payments. The lease instalments to be paid are divided into a repayment and an interest portion, using the annuity method. The liabilities under the lease, excluding the interest payments, are included under long term debts.

The interest component is included in the non-consolidated profit and loss account for the duration of the contract on the basis of a fixed interest percentage of the average remaining redemption component. The assets are depreciated over the remaining economic life or, if shorter, the duration of the contract.

Operating leases

The corporation has lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of or incurred by the corporation. The lease contracts are recognized as operational leasing. Lease payments are recorded on a straight-line basis, taking into account reimbursements received from the lessor, in the non-consolidated profit and loss account for the duration of the contract.

ACCOUNTING PRINCIPLES

Property, plant and equipment

Buildings and land, and plant and equipment are valued at historical cost less straight line depreciation based on the expected life. Land is not depreciated. Impairments expected on the balance sheet date are taken into account.

Other tangible fixed assets are valued at historical cost or production cost including directly attributable costs, less straight line depreciation based on the expected future life and impairments.

Subsidies on investments will be deducted from the historical cost price or production cost of the assets to which the subsidies relate.

Other long terms assets relate to breeding stock net of impairments and does not get depreciated. Breeding stock are valued at fair value. The live fish stock classify as biological assets. Dutch GAAP does not provide specific guidance for the valuation of biological assets. For processing and valuation, guidance is therefore gained from the International Financial Reporting Standards (IFRS). According to IAS 41.6 fish farming qualifies as an agricultural activity. The live fish stock is valued at fair value. Because market quotations on an active market are not available, fair value is determined from recent transaction prices and/or sector references in accordance with IFRS 13. These references are subject to estimation elements regarding the realizable value.

Interest expenses directly attributable to qualifying assets are capitalized during the manufacturing period. Other interest expenses are recognized directly in the income statement.

Major maintenance is recognized using the separate asset component method (capitalized and depreciated).

Financial assets

Investments, over which significant influence can be exercised, are valued according to the net asset value method. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence.

The net asset value is calculated in accordance with the accounting principles that apply for these financial statements; with regard to investments in which insufficient data is available for adopting these principles, the valuation principles of the respective investments are applied.

If the valuation of a investments based on the net asset value is negative, it will be stated at nil. If and insofar as The Kingfish Company N.V. can be held fully or partially liable for the debts of the investments, or has the firm intention of enabling the investments to settle its debts, a provision is recognized for this.

Newly acquired investments are initially recognized on the basis of the fair value of their identifiable assets and liabilities at the acquisition date. For subsequent valuations, the principles that apply for these financial statements are used, with the values upon their initial recognition as the basis.

The amount by which the carrying amount of the investment has changed since the previous financial statements as a result of the net result achieved by the investment is recognized in the non-consolidated profit and loss account.

Investments over which no significant influence can be exercised are valued at historical cost. The result represents the dividend declared in the reporting year, whereby dividend not distributed in cash is valued at fair value.

In the event of an impairment loss, valuation takes place at the recoverable amount; an impairment is recognized and charged to the non-consolidated profit and loss account.

Deferred tax assets are recognized for all deductible temporary differences between the value of the assets and liabilities under tax regulations on the one hand and the accounting policies used in these financial statements on the other, on the understanding that deferred tax assets are only recognized insofar as it is probable that future taxable profits will be available to offset the temporary differences and available tax losses.

The calculation of the deferred tax assets is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law.

Deferred tax assets are valued at their nominal value.

Impairment of non-current assets

On each balance sheet date, The Kingfish Company N.V. assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the recoverable amount of the asset is determined. If it is not possible to determine the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined. An impairment occurs when the carrying amount of an asset is higher than the recoverable amount; the recoverable amount is the higher of the realizable value and the value in use.

An impairment loss is directly recognized in the profit and loss account while the carrying amount of the asset concerned is concurrently reduced.

The realizable value is initially based on a binding sale agreement; if there is no such agreement, the realizable value is determined based on the active market, whereby usually the prevailing bid price is taken as market price. For the determination of the value in use, an estimate is made of the future net cash flows in the event of continued use of the asset / cash generating unit; these cash flows are discounted.

If it is established that an impairment that was recognized in the past no longer exists or has reduced, the increased carrying amount of the asset concerned is set no higher than the carrying amount that would have been determined if no impairment value adjustment for the asset concerned had been reported. An impairment of goodwill is not reversed.

Inventories

Raw materials and consumables

Inventories (stocks) of raw materials and consumables are valued at cost price based on the FIFO method or lower realizable value.

The cost price consists of the historical cost or production cost and costs incurred in order to bring the stocks to their current location and current conditions.

The realizable value is the estimated sales price less directly attributable sales costs. In determining the realizable value the obsolescence of the inventories is taken into account.

Live fish stock

Inventories (stocks) of livestock are valued at fair value. The live fish stock classify as biological assets. Dutch GAAP does not provide specific guidance for the valuation of biological assets. For processing and valuation, guidance is therefore gained from the International Financial Reporting Standards (IFRS). According to IAS 41.6 fish farming qualifies as an agricultural activity. The live fish stock is valued at fair value less selling expenses. Because market quotations on an active market are not available, fair value is determined from recent transaction prices and/or sector references in accordance with IFRS 13.

These references are subject to estimation elements regarding the realizable value.

Harvested fish stock

The harvested product is valued at fair value less expected cost to sell at the point of harvest. The harvested fish stock classify as biological assets. Dutch GAAP does not provide specific guidance for the valuation of biological assets. For processing and valuation, guidance is therefore gained from the International Financial Reporting Standards (IFRS). According to IAS 41.6 fish farming qualifies as an agricultural activity. The live fish stock is valued at fair value less selling expenses. Because market quotations on an active market are not available, fair value is determined from recent transaction prices and/or sector references in accordance with IFRS 13. These references are subject to estimation elements regarding the realizable value.

Receivables

Receivables are initially valued at the fair value of the consideration to be received, including transaction costs if material. Receivables are subsequently valued at the amortized cost price. If there is no premium or discount and there are no transaction costs, the amortized cost price equals the nominal value of the accounts receivable.

Provisions for bad debts are deducted from the carrying amount of the receivable.

Cash and cash equivalents

Cash at bank and in hand are carried at face value.

Cash at bank and in hand not expected to be at the company's free disposal for longer than twelve months is classified as financial assets under the fixed assets.

Equity

Share capital paid called up

Costs related to the incorporation and issuance of shares are charged directly to equity, less relevant income tax effects.

Revaluation reserves

Revaluation takes into account the impact of taxes on equity and results by forming a provision for deferred taxation charged to the revaluation reserves.

Non-current liabilities

On initial recognition long term debts are recognized at fair value. Transaction costs which can be directly attributed to the acquisition of the long term debts are included in the initial recognition. After initial recognition long term debts are recognized at the amortized cost price, being the amount received taking into account premiums or discounts and minus transaction costs. If there is no premium / discount or if there are no transaction costs, the amortized cost price is the same as the nominal value of the debt.

Current liabilities

On initial recognition current liabilities are recognized at fair value. After initial recognition current liabilities are recognized at the amortized cost price, being the amount received taking into account premiums or discounts and minus transaction costs. This is usually the nominal value.

Accounting principles for determining the result

The result is the difference between the realizable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognized in the year in which they are realized.

Revenue recognition

Net turnover comprises the income from the supply of goods and services.

Wages

The benefits payable to personnel are recorded on the basis of the employment conditions.

Applied policy of pension costs

The Kingfish Company N.V. applies the liability approach to account for all pension schemes. The premium payable during the reporting year is recorded as an expense. The contributions are recorded as personnel costs from the date that they become payable. Prepaid contributions are reported as accrual if this results in a repayment or a reduction in future payments. Contributions that are not yet paid are included as a liability in the balance sheet.

Expenses

Expenses are determined with due observance of the aforementioned accounting policies and allocated to the financial year to which they relate. Foreseeable and other obligations as well as potential losses arising before the financial year-end are recognized if they are known before the financial statements are prepared and provided all other conditions for forming provisions are met.

Income tax expense

Tax on the result is calculated based on the result before tax in the non-consolidated profit and loss account, taking account of the losses available for set off from previous financial years and exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

Share in results of investments

The result is the amount by which the carrying amount of the investment has changed since the previous financial statements as a result of the earnings achieved by the investment to the extent that this can be attributed to The Kingfish Company N.V.

Related party transactions

Below is a summary of the company's related party transactions:

- From time to time certain Supervisory Board members may be asked to provide consultancy services to the company . The fees paid for such services in 2020 were:
 - o Hans den Bieman € 40K (2019: € 16K)
- Rabobank, one of the larger shareholders of the company was appointed as a joint bookrunner along with other banks to raise new equity capital as part of the IPO concluded in November 2020. They were paid the same percentage as fees as the other bookrunners.
- Since 2018, the company has granted loans to its wholly owned subsidiaries, Kingfish Main Inc and Yellowtail Hatchery USA Inc, for an aggregate total amount of € 1.606K and € 646K respectively.

Financial risk management

The company's risk management is carried out by the company's finance department. The company's exposure includes, market risk, credit risk and liquidity risk.

Market risk

The company is exposed to interest rate risk and exchange rate risk. The company's interest rate risk relates primarily from borrowings from financial institutions with variable rate interest. When possible, the company manages its interest rate risk by entering fixed-interest loans. The company currently holds debt with a floating interest rate and does not maintain a program to hedge this exposure. Changes in the interest rate may affect future investment opportunities.

The company's foreign currency risk relates to the company's operating, investing, and financing activities denominated in a foreign currency. This includes the company's revenues, expenses, capital expenditures, and net investments in foreign subsidiaries. The company's reporting currency is the EU euro ("EUR"), and the predominant currencies transacted by the company's US incorporated subsidiaries are in USD.

The company manages its foreign currency risk by maintaining cash balances in foreign denominated bank accounts, analyzing future obligations by currency, and transferring available funds as needed. The company has not entered into derivative or other agreements to reduce the exchange rate risk and related market risk.

Credit risk

The company is exposed to credit risk from its operating activities, primarily from cash and trade receivables. Cash is maintained with major financial institutions. Management regularly monitors trade receivables for aging. The company trades only with recognized and creditworthy third parties. The company 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 company makes use of credit insurance on customers where available. The company monitors exposure towards individual customers closely and was not substantially exposed in relation to any individual customer or contractual partner as of 31 December 2020 and 2019.

Liquidity risk

The company 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. As of 31 December 2020, the company was in compliance with all financial covenants.

NOTES TO THE COMPANY-ONLY BALANCE SHEET

FIXED ASSETS

20. Property, plant and equipment	Land and Buildings	Plant, equipment and other fixed assets	Other fixed assets: breeding stock	Property, plant and equipment under construction	Total
	€ '000	€ '000	€ '000	€ '000	€ '000
<u>Balance as at 1 January 2020</u>					
Cost or manufacturing price	6.844	11.330	1.092	589	19.855
Accumulated depreciation	-290	-1.630	-	-	-1.919
Book value as at 1 January 2020	6.554	9.701	1.092	589	17.935
<u>Movements:</u>					
Additions/Investments	24	1.083	-	11.033	12.140
Depreciation	-215	-1.233	-	-	-1.447
Impairments	-	-	-26	-	-26
Balance at 31 December 2020	6.363	9.552	1.067	11.622	28.603
Cost or manufacturing price	6.867	12.414	1.092	11.622	31.995
Accumulated depreciation	-504	-2.862	-	-	-3.366
Accumulated impairment	-	-	-26	-	-26
Book value 31 December 2020	6.363	9.552	1.067	11.622	28.603

The other fixed assets include breeding stock for an amount of € 1.067K at 31 December 2020 (2019: € 1.092K). Impairment of the breeding stock as a result of mortality is presented separately.

The carrying amounts of assets under financial leasing, which are held without legal title by The Kingfish Company N.V. are at 31 December 2020 € 2.263K (2019: € 2.739K).

Property, plant and equipment: Economic life

	Land and Buildings	Machinery	Other fixed assets
	%	%	%
Start of the range of the depreciation rate of property, plant and equipment	-	5.00	5.00
End of the range of the depreciation rate	3.33	14.30	14.30

FINANCIAL ASSETS

21. Shares, certificates of shares and other type of investing interests in group companies

Kingfish Zeeland B.V.
Kingfish Maine Inc.
Yellowtail Hatchery USA Inc.

	31-12-2020	31-12-2019
	€	€
Kingfish Zeeland B.V.	500	-
Kingfish Maine Inc.	1	1
Yellowtail Hatchery USA Inc.	1	1
	502	2

Kingfish Maine Inc.

100% subsidiary founded during 2019. The result of 2020 is € 135K (negative), equity € 135K negative.

Yellowtail Hatchery USA Inc.

100% subsidiary founded during 2019. The result of 2020 is € 206K (negative), equity € 347K (negative).

Kingfish Zeeland

100% subsidiary founded during 2020. The result of 2020 is € 0, equity € 1K.

2. Deferred tax assets

Deferred tax asset

	31-12-2020	31-12-2019
	€ '000	€ '000
	5.242	2.657

Deferred income tax assets relate to unutilized tax losses of € 20.750K (2019: € 12.491K). All losses are expected to be offset with future profits. Due to a change in estimated tax rates applicable at the time of settlement of the tax losses the tax rate of the deferred tax asset changed from approximately 21% in 2019 to almost 25% in 2020.

Loss compensation

Year	Assessed loss	Deductible until and including
	€ '000	
2015	61	2024
2016	682	2025
2017	2.465	2026
2018	3.928	2027
2019	5.215	2025
2020	8.400	2026
	20.750	

Calculation taxable amount 2020

Total loss before tax (including result investments)

5.106

Deducted

Payments to Stichting Colijnsplaat

-54

Result US Investments

-341

4.711

Estimate of other non-deductible costs

-11

Operational Tax Loss

4.700

One Off Funding Fees

3.700

Taxable Loss for the year

8.400

Calculation corporate tax

25% of € 4.700K

1.175

Attributable effect of lower tax bracket

-17

1.158

Profit and loss account

Deferred taxes due to charge of future tax rate to 25%

346

Income tax expense from current financial year

1.158

Accumulated company tax

1.504

CURRENT ASSETS

Inventories and work in progress

23. Raw materials and consumables

Feed
 Technical inventory
 Packaging materials
 Goods in transit

24. Live fish stock

Live fish stock

	31-12-2020	31-12-2019
	€ '000	€ '000
	284	226
	103	109
	79	42
	-37	-
	428	376
	2.748	2.142

Under the provisions of IAS 41, Agriculture and IFRS 13, Fair Value Measurement, biological assets ("biomass") are measured at fair value less cost to sell, unless fair value is not readily measured. Biomass comprise of live fish in tanks from fry to market sized fish. All fish held in tanks are considered saleable 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.

Fair value measurement of biological assets

Under the provisions of IAS 41, the fair value of the Companies 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 nor readily observable, biomass valuation is categorized at Level 3 in the fair value hierarchy under IFRS 13.

As of 31 December 2020 and 2019, the company's biological assets consisted of the following:

	2020	2019
	€ '000	€ '000
Cost of biological assets	1.582	1.033
Fair value adjustments	1.166	1.109
Total biological assets	2.748	2.142

The following represents a reconciliation of changes in the carrying amount of the company's biological assets for the years ended 31 December 2020 and 2019:

	2020	2019
	€ '000	€ '000
Biological assets at beginning of the year	2.142	2.717
Increases due to production and purchases	9.555	7.093
Decreases due to harvest	-8.565	-6.702
Decreases due to mortality	-216	-313
Gain or loss arising from changes in fair value less costs to sell	-169	-653
Biological assets at the end of the year	2.748	2.142

As of 31 December 2020 and 2019, the companies physical volumes of biological assets consisted of the following:

	2020	2019
Live weight of biomass (in tons)	206	166
Number of fish (in thousands)	394	259
Volume of fish harvested during the year (tons whole round weight)	637	485

Sensitivity Analysis

Although the company has expertise in assessing various factors regarding biomass, the estimate of unrealized fair value adjustment under IFRS 13 is based on several uncertain assumptions, and the realized profit ultimately achieved upon the sale of inventory may differ from the calculations of fair value accordingly. Such assumptions include biomass quantity and total weight and size distribution.

Biomass Quantity and Size Distribution:

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 tanks is regularly controlled by way of sampling of fish from each tanks, 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 company'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, the average production and harvesting cost. The distribution per size-category as of 31 December 2020 and 2019 was as follows:

As of 31 December 2020 and 2019, the estimated effect on the book value of biological assets was as follows:

	Price Range per KG		Count (thousand units)	
	2020	2019	2020	2019
Fish below 2kg	7.80 - 11.95	8.00 - 12.42	174	92
Fish above 2kg	11.95 - 13.50	12.42 - 14.00	220	167

Note: All fish under 500 grams are valued at € 3.00 each.

Incident Based Mortality

No significant mortality incidents were noted for the years ended 31 December 2020 and 2019.

	Increase	2020	2019
		€ '000	€ '000
Change in biomass size	5.00%	3.047	2.289
Change in forward price	5.00%	3.090	2.249

	31-12-2020	31-12-2019
	€ '000	€ '000
25. Harvested fish stock		
Frozen inventory	920	135
RECEIVABLES		
RECEIVABLES > 1 year		
26. Trade debtors		
Trade debtors	802	663
Provision for doubtful debts	-16	-25
	786	638
27. Receivables from group companies		
Kingfish Maine Inc.	1.471	387
Yellowtail Hatchery USA Inc.	299	106
	1.771	493

No interest has been calculated over the receivables, no securities have been agreed upon.

The negative net asset value of Yellowtail Hatchery USA Inc. of € 206K (2019: € 141K) and Kingfish Main Inc. € 135K (2019: € 0) are deducted from the receivables.

28. Other receivables and accrued income

Taxes and social security charges	561	292
Current account shareholders	-	128
Other receivables and accrued income	155	317
	715	737
Taxes and social security charges		
Value added tax	561	292

The factoring facility is reported under Other Receivables for a value € 111K (2019: € 165K) and is provided by Rabobank. The factoring limit is based on 90% of the outstanding debtors with a maximum of € 1 million. The economic ownership of the debtors remains with The Kingfish Company N.V.

Guarantees:

- Pledge on all current and future receivables;
- Pledge on all rights and claims credit insurances.

	31-12-2020	31-12-2019
	€ '000	€ '000
29. Cash and cash equivalents		
Rabobank	40.141	10.357
Deposit	35	35
	40.176	10.392

The maximum current account credit with Rabobank is € 3 million. The account credit consists of a fixed base limit in an amount € 1.500K and a related additional limit of maximum € 1.500K based upon the value of the pledged inventory. The fixed base limit of € 1.500K has been removed on December 31st 2020, the total maximum will then be based upon the value of the pledged inventory. The interest rate is based on 1 month Euribor plus a markup of 2,85%. For the securities provided we refer to note 14 regarding the Rabobank loan.

30. Equity	Share capital paid called up	Share premium reserve	Revaluation reserves	General reserve	Total Equity
Movements in equity were as follows:	€ '000	€ '000	€ '000	€ '000	€ '000
Balance as at 1 January 2020	415	30.260	3.175	-7.927	25.923
Change of accounting policy	-	-	-2.260	88	-2.172
Restated balance January 1	415	30.260	915	-7.839	23.752
Shares via convertible loan	2	220	-	-	222
Issues of shares	260	49.734	-	-	49.994
Fundraising costs net of tax	-	-2.765	-	-	-2.765
Changes in Fair Value of Assets	-	-	251	-	251
Result of the year	-	-	-	-3.601	-3.601
Balance at 31 December 2020	677	77.449	1.166	-11.440	67.852

Authorised and Issued share capital

As at 31 December 2020 there were 67.740.195 shares issued and fully paid up (2019: 41.524.611)

Revaluation reserve

The company elected to change the method of accounting for buildings to historical cost less accumulated depreciation and impairment losses from a market valuation basis. This decision has been applied to the opening balance of the revaluation reserve as described in the note on the change in accounting policy above.

Employee stock option plan

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 Shares may be rewarded to members of the company's mid- and senior management and key employees, equivalent to approximately 8,8% of the company's share capital on a fully diluted basis. A four year vesting schedule applies to each grant under the ESOP (in principle, one-year cliff, thereafter monthly vesting over a period of 36 months and contains leaver provisions). As of the reporting date the company has issued a total of 2.121.763 options with an exercise price of € 1,2788 each. The exercise price is based on the value of the shares when capital was raised in 2019.

Furthermore, based on the resolutions taken by the EGM, a total of 1.884.999 options are reserved for allocation to members of the management board and eligible employees until 31 December 2021. The Supervisory Board will determine if and who these options will be awarded to as well as the the number and price.

During 2020 the following share options were granted to the following Directors and employees together. These options are exercisable per year as follows:

	Total number of options granted	Total number of options exercisable per year		
		2021	2022	2023
	'000	'000	'000	'000
CEO - Ohad Maiman	888	296	296	296
COO - Kees Kloet	706	235	235	236
CFO - Christo du Plessis	228	76	76	76
Other key staff members	301	100	100	101
Total	2.122	707	707	708

These options are exercisable in equal parts over a period of 36 months as of January 1st, 2021. The exercise price is € 1.2788 and no options have been exercised at 31-12-2020. The options are straight share options with no financing linked to it.

	2020	2019
	€ '000	€ '000
Revaluation reserve live fish stock		
Balance as at 1 January	915	785
Addition in financial year	251	130
Balance as at 31 December	1.166	915
Revaluation reserve tangible fixed assets		
Balance as at 1 January	2.260	2.325
Change of accounting policy	-2.260	-
Release in favor of deficit	-	2.325
Balance as at 31 December	-	2.260

Due to change in accounting policy there is no more revaluation reserve tangible fixed assets.

LONG-TERM LIABILITIES

31. Long-term liabilities

Total

Balance as at 31 December 2020	Repayment due	Remaining pay- back time > 1 year
€ '000	€ '000	€ '000
11.484	1.837	9.647

Remaining maturity > 5 years

€ 5.478K

Payables to banks

Loans

Lease liabilities

Loans

Rabobank 0050021680

Rabobank 0050099049

Visserij investeringsfonds Nederland 430.005.020

Visserij investeringsfonds Nederland 430.004.020

Rabobank 0050152046

	31-12-2020	31-12-2019
	€ '000	€ '000
	8.362	7.090
	1.284	1.592
	9.647	8.682
	5.089	5.540
	-	750
	-	500
	-	300
	3.274	-
	8.362	7.090

Rabobank 0050152046

Balance as at 1 January

Principal amount

Cumulative Amortization

Balance as at 1 January

Movements

Increase

Repayments

Balance movements

Balance as at 31 December

Principal amount

Cumulative amortization transaction costs / cumulative repayments

Current portion

Balance as at 31 December

	2020	2019
	€ '000	€ '000
	-	-
	4.000	-
	-305	-
	3.695	-
	4.000	-
	-305	-
	421	-
	3.274	-

During 2018 the company has entered a new loan agreement with the Rabobank for a loan of € 750K. The loan is withdrawn in 2019 and needs to be repaid in full on 31 December 2021.

For this loan the company guarantees:

First mortgage for an amount of € 1.500K to be increased by € 525K for interest, fees, fines and costs on the pump house on the Oost Zeedijk 15, 4485 PM Kats.

Visserij investeringsfonds Nederland 430.005.020

Balance as at 1 January

Principal amount

Balance as at 1 January

Movements

Repayments

Balance as at 31 December

Principal amount

Balance as at 31 December

	500	500
	500	500
	-500	-
	-	500
	-	500

Repaid on the 30th of November 2020.

Visserij investeringsfonds Nederland 430.004.020

Balance as at 1 January

Principal amount

Balance as at 1 January

Movements

Repayments

Balance as at 31 December

Principal amount

Balance as at 31 December

	300	300
	300	300
	-300	-
	-	300
	-	300

Repaid on the 30th of November 2020.

	2020	2019
	€ '000	€ '000
Rabobank 0050152046		
Balance as at 1 January		
Principal amount		
Cumulative Amortization		
Balance as at 1 January	-	-
Movements		
Increase	4.000	-
Repayments	-305	-
Balance movements	3.695	-
Balance as at 31 December		
Principal amount	4.000	-
Cumulative amortization transaction costs / cumulative repayments	-305	-
Current portion	421	-
Balance as at 31 December	3.274	-

The principle amount of the loan is € 4 million. The repayment term amounts to € 105K per quarter as from 31 December 2020.

The interest rate is based on 3 months Euribor plus a markup of 2.7%. The markup of 2.7% is fixed for the duration of three years. The facility is a 20 year mortgage, ending after 10 years.

Guarantees:

- Third right of mortgage on the land and the company hall at Oostzeedijk 11, 4485 OM Colijnsplaat;
- Second right of mortgage on the fish farm, situated at Colijnseplaatse Groeneweg 2 Kats;
- Pledge on CAR insurance
- Satisfy a solvency ratio of at least 45%;
- Satisfy a debt service ratio of at least 1.3.

	31-12-2020	31-12-2019
	€ '000	€ '000
Lease liabilities		
Lease liability Volvo XC70	10	19
Lease liability Rabobank production equipment	1.237	1.526
Lease liability Nissan X-trail	20	24
Lease BPN Paribas, production equipment	17	23
	1.284	1.592

	31-12-2020	31-12-2019
	€ '000	€ '000
Lease liability Rabobank		
Balance as at 1 January		
Principal amount	3.258	3.258
Cumulative repayments	-1.356	-1.051
Balance as at 1 January	1.902	2.207
Repayments	-281	-305
Balance movements	-281	-305
Balance as at 31 December		
Principal amount	3.258	3.258
Cumulative repayments	-1.637	-1.356
Current portion	384	376
Balance as at 31 December	1.237	1.526
Interest percentage	3.00%	3.00%
Term	38 months	50 months

The Kingfish Company N.V. entered a sale and lease back agreement with Rabobank for the total amount of € 3.258K. Legal ownership of the assets under financial leasing has been transferred to Rabobank.

After expiring of the fixed term of 72 months, the company will be entitled to:

- purchase and acquire title to the Asset at the price of € 260K; or
- renew the agreement by one year; or
- return the asset to the lessor to a location in the Netherlands designated for that purpose by the lessor.

	31-12-2020	31-12-2019
	€ '000	€ '000
CURRENT LIABILITIES AND ACCRUALS AND DEFERRED INCOME		
32. Subordinated loans		
Subordinated loan	-	222

The loan was an unsecured loan, which is subordinated to all currently existing debts and obligations of the company to banks and institutional creditors. The loan was provided by 3 shareholders. The interest rate was 10% per annum. The loan was converted to equity in 2020.

	31-12-2020	31-12-2019
33. Amounts owed to credit institutions		
Repayment obligations	1.837	694
34. Payables relating to taxes and social security contributions		
Wage tax	179	68
Pensions premiums	122	43
	301	111
35. Other liabilities and accrued expenses		
Accrued expenses & Fees to be paid	131	244
Holiday allowance & leave days	241	111
Other	29	50
	401	404

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to their short-term character.

OFF-BALANCE-SHEET RIGHTS, OBLIGATIONS AND ARRANGEMENTS

Disclosure of off balance sheet commitments

Subsidies/grants

In 2020, the company processed an amount of € 102K (2019: € 284K) in subsidy income in the profit and loss account, which are based on the spent and budgeted costs up to and including December 31, 2020. The actual subsidy benefits depend on the future determination of the subsidy by the subsidy provider.

The total committed subsidy contribution amounts up to a maximum of € 932K, including the already processed grants.

Off-balance sheet liabilities relating to purchase commitments

The company has committed itself for purchased regarding the build of an extra production facility amounting to € 12.670K which is part of the total CAPEX program.

Disclosure of operating leases

Rent and operating lease expenses amounted to approximately € 129K per annum. The main part of future rent commitments relates to the renting of operating space, cars, storage space and forklifts. The majority of these contracts have an indefinite term and can be terminated with a few weeks' notice with the cars on 60 months.

Subsequent events

The coronavirus outbreak during the first months of 2020 has had major consequences for the global economy. The consequences of the coronavirus outbreak are included in this report. The corona crisis may have a negative effect on the results for the coming year.

In February 2021 the company successfully demerged all major assets into a new entity called Kingfish Property One B.V. Immediately after that the farm operational business was moved into a new entity Kingfish Zeeland B.V. with The Kingfish Company N.V. as the head office and holding company. Both the new entities are 100% owned by The Kingfish Company N.V. These transactions will be financially effective as per January 1, 2021.

NOTES TO THE COMPANY-ONLY STATEMENT OF INCOME AND EXPENSES

36. Financial income and expense

Interest and similar expenses
Currency translation difference

	2020	2019
	€ '000	€ '000
Interest and similar expenses	-421	-715
Currency translation difference	421	
	-	-715

APPROPRIATION OF RESULT

The board of directors proposes, that the result for the financial year 2020 amounting to € 3.601K (negative) should be transferred to the general reserve.

The financial statements reflect this proposal.

Kats,
The Kingfish Company N.V.

C.M. du Plessis
CFO



O. Maiman
CEO



C.J. Kloet
COO



Auditors



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INDEPENDENT AUDITOR'S REPORT

A. Report on the audit of the financial statements 2020 included in the annual report

Our opinion

We have audited the financial statements 2020 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 2020 and of its result for 2020 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the consolidated and company balance sheet as at 31 December 2020;
2. the consolidated and company profit and loss account for 2020;
3. the consolidated and company statement of other comprehensive income for 2020; and
4. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards of 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.

B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- the management report;
- other information as required by Part 9 of Book 2 of the Dutch Civil Code.

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 the 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.

C. Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance 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 framework 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.

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 those charged with governance 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.

Goes April 12, 2021

Baker Tilly (Netherlands) N.V.

Was signed

Harry van den Burg