

Arctic Fish ehf.  
Financial Statements  
2019

Arctic Fish ehf.  
Suðurgata 12  
400 Ísafirði

Reg. no. 480711-0840

# Contents

---

Endorsement by the Board of Directors and CEO .....	3
Independent Auditor's Report .....	4
Income Statement .....	6
Balance Sheet .....	7
Statement of Cash Flows .....	8
Notes to the Financial Statements .....	9

## Endorsement by the Board of Directors and the CEO

---

Arctic Fish ehf. ("the Company") is a parent company for a fish farming operation based on various locations in Iceland. The financial statements incorporate the consolidated financial statements of Arctic Fish ehf. and its subsidiaries and the financial statements of the parent company. The company owned directly three subsidiaries at year-end 2019.

The Company's Financial Statements for the year 2019 are the Company's first financial statements presented in Euros (EUR). The Icelandic Corporate Registry accepted the Company's request of presenting their Financial Statements in EUR which is their functional currency. The permission took effect on 1 January 2019. Comparative figures are translated to EUR at the closing exchange rate for the year 2018.

According to the income statement for the year the net loss amounted to EUR 4.1 million. According to the balance sheet for the year, book value of equity is EUR 25.7 million, including share capital in the amount of EUR 37.7 million.

At year-end, shareholders in Arctic Fish ehf. were three as in the beginning of the year. The Company's shares at year-end are divided between Norway Royal Salmon with 50.0% of shares, Bremesco Holding Ltd. with 47.5% with and Novo ehf. with 2.5%.

The Company's Board of Directors proposes that no dividend be paid to shareholders in the year 2020. Reference is made to notes in the financial statement regarding information on changes in equity.

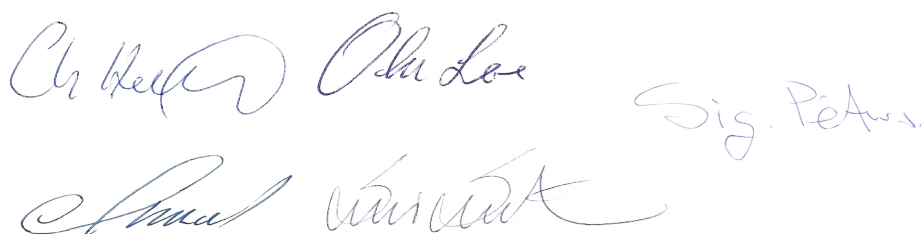
Covid 19 the world pandemic which now sweeps the world will have significant effects all over the world including economic effects. Significant uncertainty prevails regarding the economic impacts of the epidemic e.g. how long it will go on and what the impact will be after it stops. It can be expected that the effects on the operations of the Company will be significant, at least for the short term. It is the assumption of the management of the Company that at the moment it is not possible to fully estimate the effects of the epidemic on the Company due to above mentioned uncertainties. The Company has responded to those condition by an effective co-operations with its lenders, owners and financial institutions. It is the managements judgment that the epidemic will not affect the going concern of the Company.

It is the opinion of the Board of Directors and the CEO that the financial statements include all information necessary to give a fair view of the balance sheet at year-end, operating results for the year and changes in cash and cash equivalents for the year 2019.

The Board of Directors and the CEO of Arctic Fish ehf. hereby confirm the company's financial statements for the year 2019 by means of their signatures.

Ísafjörður, 26 May 2020

Board of Directors:

The image shows four handwritten signatures in blue ink. The first two are on the top line, and the last two are on the line below. The signatures are cursive and difficult to read, but they appear to be the names of the board members.

CEO:

The image shows a single handwritten signature in blue ink, which is the signature of the CEO, Steinar Örn Sveinsson.

# Independent Auditor's Report

---

To the Board of Directors and shareholder of Arctic Fish ehf.

## **Report on the Audit of the Financial Statements of the Group and the Parent Company**

### **Opinion**

We have audited the financial statements of Arctic Fish ehf. ("the Group and Parent Company") for the year 2019. The financial statements of the Group and the Parent Company comprise the balance sheet as at December 31, 2019, the income statement, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Parent Company as at December 31, 2019, and of the financial performance and cash flows for the Group and the Parent Company for year then ended in accordance with the Icelandic Financial Statement Act.

### **Basis for opinion**

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

### **Responsibilities of the Board of Directors and CEO for the Financial Statements of the Group and the Parent Company**

The Board of Directors and CEO are responsible for the preparation and fair presentation of the financial statements of the Group and the Parent Company in accordance with the Icelandic Financial Statement Act, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and CEO are responsible for assessing the ability of the Group and the Parent Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Parent Company's financial reporting process.

## Independent Auditors' Report, continued:

---

### **Auditor's Responsibilities for the Audit of the Financial Statements of the Group and the Parent Company**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

### **Report on Other Legal and Regulatory Requirements**

Pursuant to the legal requirement under Article 104, Paragraph 2 of the Icelandic Financial Statement Act No. 3/2006, we confirm that, to the best of our knowledge, the report of the Board of Directors and CEO accompanying the financial statements of the Group and the Parent Company includes the information required by the Financial Statement Act if not disclosed elsewhere in the financial statements.

Reykjavík, 26 may 2020.

**KPMG ehf.**



## Income Statement for the year 2019

	Notes	Consolidation		Parent Company	
		2019	2018	2019	2018
Operating revenue .....		16,615,601	585,536	2,005,346	1,176,912
Cost of goods sold .....		17,749,578	529,355	0	0
Impairment on biological assets .....		899,661	716,460	0	0
Administration and management .....		449,660	538,407	2,089,929	1,547,467
		<u>19,098,899</u>	<u>1,784,223</u>	<u>2,089,929</u>	<u>1,547,467</u>
<b>Operating loss</b> .....		( 2,483,298)	( 1,198,686)	( 84,583)	( 370,555)
Interest revenue .....		1,729	4,609	1,121	2,184
Interest expense .....		( 2,395,958)	( 1,062,899)	( 2,113,623)	( 785,641)
Exchange rate difference .....		( 29,773)	( 1,429,190)	52,107	( 1,083,998)
		<u>( 2,424,002)</u>	<u>( 2,487,480)</u>	<u>( 2,060,395)</u>	<u>( 1,867,455)</u>
Share of loss of subsidiaries .....		0	0	( 2,762,322)	( 1,448,157)
<b>Loss before income tax</b> .....		( 4,907,300)	( 3,686,167)	( 4,907,300)	( 3,686,167)
Income tax .....	21	0	0		0
<b>Loss for the year</b> .....		<u>( 4,907,300)</u>	<u>( 3,686,167)</u>	<u>( 4,907,300)</u>	<u>( 3,686,167)</u>

## Balance sheet as at 31 December 2019

		Consolidation		Parent Company	
		2019	2018	2019	2018
<b>Assets:</b>					
Property, plant and equipment .....	14	48,460,676	38,991,571	353,693	327,036
Intangible assets .....	15	2,146,394	1,518,472	0	0
Investments in subsidiaries .....	16	0	0	81,855,498	19,070,307
Investments in other companies .....		53,419	53,419	37,529	37,529
Total non-current assets		<u>50,660,489</u>	<u>40,563,462</u>	<u>82,246,720</u>	<u>19,434,872</u>
Biological assets .....	17	25,301,159	15,376,229	0	0
Inventories .....	18	1,043,740	396,352	0	0
Trade receivables .....		1,223,314	25,970	3,359	240
Loans to related parties .....	22	146,930	1,114,854	9,219,678	33,142,108
Other receivables .....		5,052,331	1,869,676	248	480
Cash and cash equivalents .....		981,476	857,097	799,759	802,650
Total current assets		<u>33,748,950</u>	<u>19,640,179</u>	<u>10,023,044</u>	<u>33,945,478</u>
<b>Total assets</b>		<u><u>84,409,439</u></u>	<u><u>60,203,640</u></u>	<u><u>92,269,764</u></u>	<u><u>53,380,350</u></u>
<b>Equity:</b>					
Share capital .....		43,772,153	43,772,153	43,772,153	43,772,153
Accumulated deficit .....		( 18,113,950)	( 13,206,650)	( 18,113,950)	( 13,206,650)
Total equity	19	<u>25,658,203</u>	<u>30,565,503</u>	<u>25,658,203</u>	<u>30,565,503</u>
<b>Liabilities:</b>					
Loans and borrowings .....	20	21,567,647	11,746,551	21,509,938	8,755,340
Liabilities from related parties .....	22	14,325,619	0	14,325,619	12,084,688
Provision for subsidiary .....	22	0	0	2,934,843	0
Deferred tax liability .....	21	239,661	239,661	239,661	239,661
Total non-current liabilities		<u>36,132,927</u>	<u>11,986,212</u>	<u>39,010,061</u>	<u>21,079,689</u>
Trade payables .....		6,083,503	3,658,042	347,720	173,024
Loans and borrowings .....	20	16,209,373	1,659,356	16,198,879	1,459,221
Liabilities from related parties .....	22	0	12,084,688	10,927,523	0
Other payables .....		325,433	249,839	127,378	102,912
Total current liabilities		<u>22,618,309</u>	<u>17,651,925</u>	<u>27,601,500</u>	<u>1,735,157</u>
Total liabilities		<u>58,751,236</u>	<u>29,638,137</u>	<u>66,611,561</u>	<u>22,814,847</u>
<b>Total equity and liabilities</b>		<u><u>84,409,439</u></u>	<u><u>60,203,640</u></u>	<u><u>92,269,764</u></u>	<u><u>53,380,350</u></u>

# Statement of Cash Flows for the period 1 January to 31 December 2019

	<b>Consolidation</b>		<b>Parent Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Cash flows from operations</b>				
Loss for the year .....	( 4,907,300)	( 3,686,167)	( 4,907,300)	( 3,686,167)
Adjustments for:				
Gain on sale of property, plant and equipm. ....	48,267	0	0	0
Depreciation ..... 15	2,986,199	1,286,265	29,042	67,717
Net finance expense .....	2,424,002	2,487,480	2,060,395	1,867,455
Share of loss of subsidiaries ..... 16	0	0	2,762,322	1,448,157
	<u>551,168</u>	<u>87,579</u>	<u>( 55,541)</u>	<u>( 302,837)</u>
Change in operating assets and liabilities:				
Biological assets, (increase) .....	( 9,924,930)	( 10,736,598)	0	0
Inventories, (increase) decrease .....	( 647,388)	( 16,100)	0	0
Receivables, (increase) decrease .....	( 4,380,000)	( 692,734)	( 2,886)	9,472
Current liabilities, increase (decrease) .....	2,500,687	2,438,948	199,162	1,392,329
Change in operating assets and liabilities	<u>( 12,451,630)</u>	<u>( 9,006,485)</u>	<u>196,275</u>	<u>1,401,801</u>
Interest income received .....	1,729	8,932	1,121	2,184
Interest expenses paid .....	( 1,775,025)	( 668,896)	( 1,492,690)	( 391,661)
Net cash (used in) from operating activities	<u>( 13,673,758)</u>	<u>( 9,578,870)</u>	<u>( 1,350,835)</u>	<u>709,487</u>
<b>Cash flows to investment activities</b>				
Investm. in subsidiaries, net of cash acquired .....	0	0	( 64,203,207)	0
Purchases of property, plant and equipment ..... 14	( 12,553,975)	( 7,218,750)	( 55,696)	( 392,021)
Proceeds from sale of property and equipment ..... 14	60,989	0	0	0
Capitalised R&D cost ..... 15	( 638,507)	0	0	0
Loans to related parties, changes ..... 15	0	( 960,414)	0	0
	<u>( 13,131,493)</u>	<u>( 8,179,164)</u>	<u>( 64,258,903)</u>	<u>( 392,021)</u>
<b>Cash flows from (to) financing activities</b>				
Long-term loans and borrowings, changes .....	26,499,002	7,170,802	29,687,749	8,213,345
Related parties, changes .....	430,628	8,492,621	35,919,099	( 10,390,835)
Bank overdrafts, change .....	0	0	0	0
	<u>26,929,630</u>	<u>15,663,423</u>	<u>65,606,848</u>	<u>( 2,177,490)</u>
<b>Changes in cash and cash equivalents .....</b>	<b>124,379</b>	<b>( 2,094,611)</b>	<b>( 2,890)</b>	<b>( 1,860,024)</b>
<b>Cash and cash equivalents at the beg. of the year</b>	<u>857,097</u>	<u>2,951,708</u>	<u>802,650</u>	<u>2,662,674</u>
<b>Cash and cash equivalents at the end of the year .</b>	<u>981,476</u>	<u>857,097</u>	<u>799,759</u>	<u>802,650</u>



# Notes to the Financial Statement

---

## **Summary of accounting policies**

### **1. Basis of preparation**

Arctic Fish ehf. "the Company", is a parent company for a fish farming operation various locations based in Iceland. The Financial Statements have been prepared in accordance with the Financial Statements Act and the Regulation on the Presentation and Contents of the Financial Statements and Consolidated Financial Statements. The financial statements for the year 2018 comprise the consolidated financial statement of Arctic Fish ehf. (the parent company) and its subsidiaries (together referred to as "the group"), and the financial statements of the parent company.

The Financial Statements are prepared in Euros (EUR) and have been prepared using the historical cost method and accounting policies. The Company's Financial Statements for the year 2019 are the Company's first financial statements presented in Euros (EUR). The Icelandic Corporate Registry accepted the Company's request of presenting their Financial Statements in EUR which is their functional currency. The permission took effect on 1 January 2019. Comparative figures are translated to EUR at the closing exchange rate for the year 2018.

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

### **2. Revenue recognition**

Revenue from sales of goods is recognised in the Income Statement on delivery and when passing of the risks and rewards of ownership have been transferred to the buyer.

### **3. Property, plant and equipment**

Property, plant and equipment are capitalized at cost price less depreciation. Depreciation is calculated on a straight-line basis over the estimated useful life of fixed assets.

### **4. Capitalised R&D cost**

R&D cost is capitalised at cost price less depreciation. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets.

### **5. Deferred tax assets**

The Company's deferred income tax asset is not recorded in the balance sheet due to uncertainty of utilisation. The liability represents the timing difference in the accounting methods used for tax purposes compared to the methods used in the Financial Statements. A deferred income tax asset is only recognised to the extent that it is probable that future taxable profits will be available against the asset. Deferred income tax asset is reviewed at each reporting date.

### **6. Investments in subsidiaries**

Shares in subsidiaries are recorded at value that corresponds to the company's share in the book value of the shareholders' equity of the subsidiaries, taking into account the difference of between the purchase price of the shares and the company's share in the shareholders' equity of the subsidiaries when acquired. Net result of subsidiaries is accounted in parent company income statement.

## Notes, cont.:

---

### 7. Investment in other companies

Investment in other companies are stated at cost.

### 8. Deferred tax liabilities

Deferred tax liabilities is calculated using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The reason for this difference is that the tax assessment is based on premises other than those used in the financial statements.

### 9. Biological assets

Biological assets are valued at cost less impairment. Cost price consist of the cost of smolts, feed, salaries, depreciation and related expenses

### 10. Inventories

Inventories consist of finished goods and feed.

Feed is valued at cost. The FIFO principle is used concerning the periodic assignment of inventory costs.

Finished goods in inventory, fresh or frozen, are measured at the lesser of cost or the expected sales price less cost of sale. In a case where cost price exceeds sales price less sales cost, impairment is entered and charged to the income statement.

### 11. Accounts receivables

Account receivables are measured at cost net of provision for doubtful accounts, based on individual and over all assessment.

### 12. Cash and cash equivalents

Cash and cash equivalents consist of demand deposits at banks.

### 13. Salaries and related expenses

Salaries and related expenses for the parent company and the group are specified as follows:

	Consolidation		Parent company	
	2019	2018	2019	2018
Salaries .....	3,070,351	2,133,551	732,926	574,856
Pension fund .....	356,519	251,452	87,479	64,220
Salary related expenses .....	300,386	206,553	60,857	60,294
Total salaries and salary-related expenses .....	<u>3,727,256</u>	<u>2,591,556</u>	<u>881,262</u>	<u>699,370</u>
Average number of employee .....	42	29	8	6
Number of employee end of year .....	47	29	8	6

## Notes, cont.:

### 14. Property, plant and equipment

Property, plant and equipment and depreciation are specified as follows:

#### Parent company

	Buildings and land	Ship, shipping equipment, fish pens equipment	Transport vehicles and equipment	Total
Total value 1.1.2019 .....	273,962	0	69,384	343,346
Addition during the year .....	0	0	55,696	55,696
Total value 31.12.2019 .....	273,962	0	125,080	399,042
Total depreciation 1.1.2019 .....	5,479	0	10,831	16,310
Depreciation .....	8,220	0	20,819	29,039
Total depreciation 31.12.2019 .....	13,699	0	31,650	45,349
Carrying amount 31.12.2019 .....	260,263	0	93,430	353,693

#### Group

Total value 1.1.2019 .....	26,472,619	10,020,979	6,089,619	42,583,217
Addition during the year .....	1,228,106	10,705,143	620,726	12,553,975
Transferred .....	16,990	488,630	( 638,420)	( 132,800)
Sold and disposed during the year .....	0	0	( 111,357)	( 111,357)
Total value 31.12.2019 .....	27,717,715	21,214,752	5,960,568	54,893,035
Depreciation 1.1.2019 .....	300,788	2,175,561	1,115,297	3,591,646
Sold during the year .....	0	0	( 2,101)	( 2,101)
Transferred .....	( 37,442)	81,147	( 43,705)	0
Depreciation during the year .....	801,561	1,501,711	539,542	2,842,814
Depreciation 31.12.2019 .....	1,064,907	3,758,419	1,609,033	6,432,359
Book value 31.12.2019 .....	26,652,808	17,456,333	4,351,536	48,460,676
Depreciation ratio .....	2- 5%	5 -12%	8 - 15%	

Depreciation is included in cost of good sold in the income statement. Official assessment value for the buildings is EUR 5.3 million (2018: EUR 5.2 million) and insurance value is EUR 29.2 million (2018: ISK 29.4 million).

### 15. Intangible assets

Intangible assets for the group are specified as follows:

	Goodwill	Capitalised R&D cost	Total
Carrying amount 1.1.2019 .....	235,300	1,283,172	1,518,472
Addition during the year .....	0	638,507	638,507
Transferred .....	0	132,800	132,800
Depreciation during the year .....	( 51,475)	( 91,910)	( 143,385)
Carrying amount 31.12.2019 .....	183,825	1,962,569	2,146,394

## Notes, cont.:

### 15. Intangible assets, contd.:

Depreciation are specified as follows:

	Consolidation		Parent company	
	2019	2018	2019	2018
Property, plant and equipment - note 14 .....	2,842,814	1,200,549	29,039	16,250
Intangible assets - note 15 .....	143,385	85,716	51,475	51,467
Total depreciation .....	<u>2,986,199</u>	<u>1,286,265</u>	<u>80,514</u>	<u>67,717</u>

### 16. Investments in subsidiaries

Investments in subsidiaries are specified as follows:

	Ownership	Nominal value	Carrying amount
Arctic Sea Farm hf., Iceland .....	99.96%	60,100,578	48,033,639
Arctic Smolt hf., Iceland .....	99.96%	38,570,106	33,821,859
Arctic Oddi ehf., Iceland .....	100.00%	3,753	( 2,934,843)
Total investments in subsidiaries .....			<u>78,920,655</u>
Reclassified as provision for subsidarie .....			<u>2,934,843</u>
Total investments in subsidiaries acc. to balance sheet .....			<u>81,855,498</u>

Share of loss of subsidiaries are specified as follows:

	2019	2018
Share of loss of Arctic Sea Farm hf. ....	( 319,699)	( 310,508)
Share of loss of Arctic Smolt hf. ....	( 1,046,498)	( 805,749)
Share of profit Arctic Oddi ehf. ....	( 1,396,125)	( 331,900)
Total share of loss of subsidiaries .....	<u>( 2,762,322)</u>	<u>( 1,448,157)</u>

### 17. Biological assets

Biological assets are specified as follows:

	2019	2018
Smolt, biomass < 400 gr. ....	2,389,692	2,312,872
Biomass >400 gr. ....	<u>22,911,467</u>	<u>13,063,357</u>
Total biological assets .....	<u>25,301,159</u>	<u>15,376,229</u>
Biological assets 1.1 .....	15,376,229	4,639,631
Increase due to production .....	29,323,969	10,868,813
Reduction due to sale and harvesting .....	( 18,499,378)	( 132,215)
Impairment on biological assets .....	( 899,661)	0
Biological assets 31.12 .....	<u>25,301,159</u>	<u>15,376,229</u>
Total number of fish .....	3,823,834	2,353,999
Estimated average weight per fish .....	1580 gr.	1326 gr.
Carrying amount, biomass > 400 gr. ....	<u>22,911,467</u>	<u>13,063,357</u>

## Notes, cont.:

### 18. Inventories

Inventories are specified as follows:

	2019	2018
Feed .....	1,043,740	328,800
Finished products .....	0	67,552
Total inventories .....	<u>1,043,740</u>	<u>396,352</u>

Finished products include all products ready for sale, such as fresh and frozen whole salmon, as well as processed salmon products. Biological assets and inventories are pledged for loans and borrowings.

### 19. Equity

The Company's share capital according to its Articles of Association is ISK 5.832 million. Each share has the nominal value of one ISK. Changes in equity are as follows:

	Share capital	Accumulated deficit	Total
Equity 1.1.2019 .....	43,772,153	( 13,206,650)	30,565,503
Net loss for the year .....		( 4,907,300)	( 4,907,300)
Equity 31.12.2019 .....	<u>43,772,153</u>	<u>( 18,113,950)</u>	<u>25,658,203</u>

### 20. Loans and borrowings

Loans and borrowings are specified as follows:

	Interest	2019	2018
Debts in EUR .....	4.5%	37,708,817	13,321,572
Debts in ISK .....	8,7%	0	84,335
Total long term liabilities, incl. current maturities .....		<u>37,708,817</u>	<u>13,405,907</u>
Current maturities .....		( 2,315,174)	( 1,659,356)
Bank overdraft .....		( 13,883,705)	0
Total long term liabilities .....		<u>21,509,938</u>	<u>11,746,551</u>

Annual maturities of the Company's long term liabilities at year end are specified as follows over the next years:

Bank overdraft .....	13,883,705	0
Less than 12 months .....	2,315,174	1,659,356
13 to 24 months .....	2,795,232	3,118,637
25 to 36 months .....	18,714,706	3,118,367
37 to 48 months .....	0	3,112,362
49 to 60 months .....	0	191,616
Later .....	0	2,205,569
Total long term liabilities, incl. current maturities .....	<u>37,708,817</u>	<u>13,405,907</u>

## Notes, cont.:

### 21. Deferred tax liabilities

Deferred tax liabilities is specified as follows:

	Consolidation		Parent company	
	2019	2018	2019	2018
Deferred tax liabilities at 1.1 .....	( 239,661)	( 239,661)	( 239,661)	( 239,661)
Deferred tax liabilities at 31.12 .....	( 239,661)	( 239,661)	( 239,661)	( 239,661)

Deferred tax liabilities is attributable to the following items:

	Consolidation		Parent company	
	2019	2018	2019	2018
Property, plant and equipment .....	( 288,593)	( 187,585)	2,737	1,058
Deferred taxable exchange rate .....	56,539	104,421	72,468	149,839
Tax loss carry-forwards .....	5,033,221	3,821,645	771,561	267,416
Decrease in value of tax assets .....	( 5,040,828)	( 3,978,142)	( 1,086,427)	( 657,974)
Deferred tax liabilities at 31.12 .....	( 239,661)	( 239,661)	( 239,661)	( 239,661)

A deferred tax asset amounting to EUR 5,040 thousand (2018: EUR 3,822 million) is not recognised due to uncertainty of future taxable profit. Carry forward loss expires if it is not used to offset taxable income within ten years. Carry forward tax losses can be used as follows:

Loss to be used before end of 2019 .....	0	26,713	0	0
Loss to be used before end of 2020 .....	121,553	121,215	0	0
Loss to be used before end of 2021 .....	1,051,972	1,049,051	0	0
Loss to be used before end of 2022 .....	1,173,659	1,170,400	0	0
Loss to be used before end of 2023 .....	1,232,054	1,228,632	0	0
Loss to be used before end of 2024 .....	4,138,302	4,126,809	475,260	473,940
Loss to be used before end of 2025 .....	1,917,091	1,911,767	0	0
Loss to be used before end of 2026 .....	5,781,651	5,765,594	0	0
Loss to be used before end of 2027 .....	1,665,410	1,660,785	0	0
Loss to be used before end of 2028 .....	2,052,959	2,047,258	865,549	863,146
Loss to be used before end of 2029 .....	6,031,456	0	2,516,998	0
Total tax loss carry-forwards .....	25,166,107	19,108,224	3,857,807	1,337,085

## Notes, cont.:

---

### 22. Related parties

The Company's related parties are parties that have significant influence on the Company, directly or indirectly, including the parent company, owners and their immediate families, significant investors, key employees and their immediate families in addition to parties controlled by or that are significantly depending on the Company, such as associated companies and joint operations. Transactions with related parties have been carried out on an arm's length basis.

#### Related parties transactions

	Consolidation		Parent company	
	2019	2018	2019	2018
Sales of goods/services .....	12,995,185	3,276,447	2,003,299	764,295
Interest expenses .....	( 635,201)	( 122,750)	( 635,201)	( 122,750)
Investment in buildings .....	968,571	10,029,618	0	0

#### Related parties balance

Receivables* .....	146,930	1,114,854	9,219,678	33,142,108
Liabilities .....	14,325,619	12,084,688	25,253,142	12,084,688