

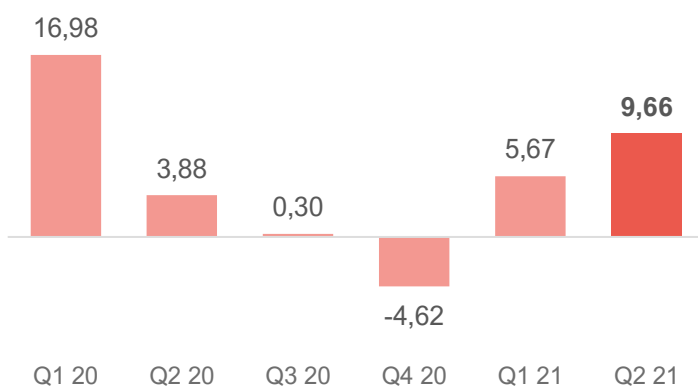
Arctic Fish

Interim report Q2 - 21

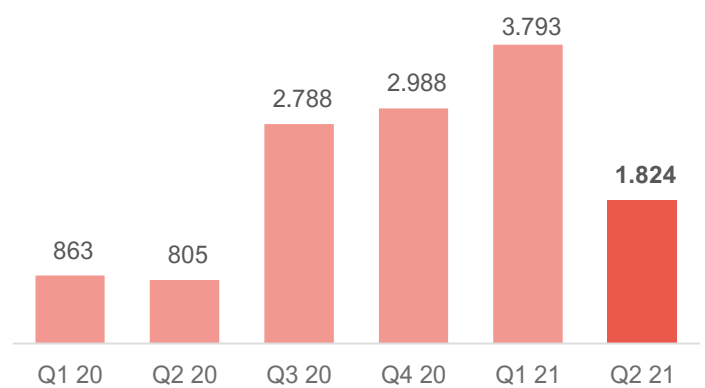


Key information

Farming Operational EBIT pr. kg (NOK)



Harvesting volume (HOG tonnes)



Cautionary note regarding forward-looking statements

This interim report includes forward-looking statements that reflect the Company's current views with respect to future events and financial and operational performance. These forward-looking statements may be identified by the use of forward-looking terminology. These forward-looking statements are not historic facts. The forward-looking statements are not guarantees of future performance. The Company's actual financial position, operating results and liquidity, and the development of the industry in which the Company operates, may differ materially from those made in, or suggested, by the forward-looking statements. The Company cannot guarantee that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur.

By their nature, forward-looking statements involve, and are subject to, known and unknown risks, uncertainties and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, the outcome may differ materially from those set out in the forward-looking statements.

These forward-looking statements speak only as at the date on which they are made. The Company undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this report.

Arctic Fish Holding

Arctic Fish Holding AS was incorporated on 1 October 2020. The Company is a holding company which owns 100% of the shares in Arctic Fish ehf, the former parent company of the Group, incorporated on 1 July 2011. Arctic Fish ehf. was founded in 2011 by Sigurður Pétursson and Gudmundur Stefansson, and is now one of the leading salmon farmers in Iceland, situated in the West Fjords, a region with favourable conditions for fish farming. The West Fjords are known for their pristine nature, good seawater conditions, low density and high growth potential.

The Group has a modern and high-capacity smolt facility with recirculating aquaculture systems ("RAS") technology, being currently the only RAS facility in Iceland with large-scale production capacity. 7,400 tonnes of head-on gutted ("HOG") salmon were harvested by the Group in 2020 and considerable growth is expected in the coming years with a predicted estimated harvest volume of approximately 12,000 tonnes HOG for 2021. The Group has more potential for harvesting in 2021 due to the good production and growth in the sea farming, but the harvesting capacity limits the harvest volume to the previously stated targets. The Group has farming licences for a total of 23,100 tonnes maximum allowed biomass ("MAB"), of which 5,300 tonnes relate to licences for rainbow trout that are in the process of being converted to salmon licences. The Group also has three pending applications for an additional 14,800 tonnes MAB in total, which includes the conversion of the existing trout license to a fertile salmon license. The Group also holds a license for land based smolt production on its own land in Norðurbotn, which is required for the Group's ongoing smolt production.

Important events

Year	Main Events
2011	Arctic Fish was founded by Sigurður Pétursson with his business partner Guðmundur Stefánsson
2011	Trout farming and the processing of white fish was started
2011	Jerzy Malek, the founder of Morpol and Milarex, became a part-owner
2014	Construction of smolt hatchery in Norðurbotn was initiated
2016	NRS acquired 50% of the shares in Arctic Fish ehf.
2017	First smolt released to sea
2018	The first stage of the hatchery was completed
2019	The first salmon was harvested in January 2019
2019	3,300 tonnes of HOG salmon was harvested during 2019
2020	7,400 tonnes of HOG salmon was harvested during 2020
2021	The Company raised approximately NOK 341 million in net proceeds in a private placement completed in February 2021 and started trading in Euronext Growth Oslo on the 19 th of February.

Principal activities

The Group's principal activity is salmon farming, producing smolt in its own freshwater hatchery and farming salmon at sea before the fish is harvested and finally sold to the market.

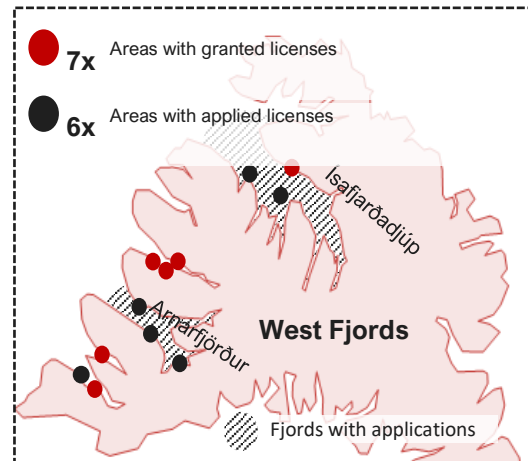
Freshwater smolt

The Group has a modern freshwater hatchery in Norðurbotn (Tálknafjörður), using RAS technology. The hatchery is the largest single investment by the Group at NOK 300 million and is 100% owned by Arctic Fish. It has access to natural water temperatures of between 6°C and 22°C all year round and good geothermic conditions. The hatchery has a proven record of smolt production, with about 10.4 million smolt being produced at the hatchery since 2017. It produced and delivered approximately 487 tonnes of smolt and fry for internal and external sale in 2020. The Group also owns a 36.3 km² land area in close proximity to the smolt facility.

Seawater sites

The Group's seawater sites are strategically located in all fjords on the West Coast of Iceland, with seven sites with granted licenses, and another six sites with license applications pending. This ensures that production may be alternated to minimise biological risk with a proven low mortality rate and feed conversion ratio.

The Group currently holds licenses for a production capacity of 23,100 tonnes MAB with additional applications for 8,800 tonnes MAB that the Group expects to receive within 2022. Existing licenses are divided into 17,800 tonnes MAB of salmon and 5,300 tonnes MAB of trout that is in process of being converted to salmon licenses during 2021.



Processing

All processing of the Group's salmon is currently handled externally through a contractor at a processing facility in Bildudalur, Arnarfjörður. When the fish are ready for harvesting, the fish are transported from different locations with well boats. The Group is in dialogue to increase harvesting capacity or, potentially, build a harvesting plant. The Group considers the current slaughtering price as high and there is ongoing work on new and more modern harvesting solutions

Sales

The fish are currently sold "Free Carriage" through a sales agreement with Seaborn AS, a major distributor of Icelandic and Norwegian salmon. The Group has a global footprint with sales in more than 15 countries in 2019. Current export routes are considered well-established, and there is potential to enter new markets in the future.

Second Quarter 2021 Performance

The second quarter performance will be broken down into the main operating categories, investments and financing. In brackets some historical performance for the year 2020 is provided.

Key financial Performance

(Figures in brackets = 2020, unless otherwise specified).

Revenues and results

Arctic Fish Holding AS posted operating revenues of NOK 99.8 million (Q2-2020: NOK 53.3 million) in the second quarter of 2021, an increase of 87.1 % from the corresponding prior-year period. The Group achieved an operational EBIT of NOK 14.7 million (Q2-2020: NOK 2.1 million), an increase of NOK 12.6 million. The difference from the second quarter of 2020 lies in better price achievement, more volume and lower production costs. The group recognised a positive fair value adjustment of NOK 42.7 million (Q2-2020: NOK 0 million) of the biomass in sea, an increase of NOK 42.7 million compared to the corresponding quarter in 2020 as no fair value adjustments were used in last year's second quarter. The positive fair value adjustment is due to higher forward prices.

From our farming operations were harvested 1,824 tonnes (Q2-2020: 805 tonnes) gutted weight in the quarter, an increase of 126% from the corresponding quarter last year. The farming operations achieved an operational EBIT pr. kg of NOK 9.66 (Q2-2020: NOK 3.88 pr kg). The increase in operational EBIT pr. kg is due to higher salmon price achievement and lower production costs.

Financial items

Net financial costs were NOK 9.9 million (Q2-2020: NOK 8.6 million), difference from previous quarter relate to currency rate differences. The currency rate differences of NOK 4.3 million relate to the fact that the Groups main bank financing is in Euros while the operating currency is in NOK.

Balance sheet

At the end of the reporting period, total assets amounted to NOK 1,311 million, a decrease of NOK 136 million from the prior quarter end. The change in total assets is

attributable to several factors. Property, plant and equipment increased by NOK 25 million. Receivables increased by NOK 17 million, and bank deposits decreased by NOK 265 million. Biological assets and feed inventories increased by 80 million NOK from the end of the last quarter.

The Group's net interest-bearing debt increased by NOK 67 million, from NOK 112 million at the end of the first quarter of 2021 to NOK 179 million at the end of the second quarter 2021. The increase is attributable to investments in fixed assets in working capital.

At the end of the quarter, the Group's equity totalled NOK 944 million, an increase of NOK 47 million from the end of the previous quarter. The equity ratio at the end of the quarter was 72 %.

Sales

The Group sells all harvested salmon FCA Bildudalur through Seaborn. The sold volume HOG was 1,824 tonnes (in Q2 2020 805 tonnes and 7,443 tonnes in the full year). The average price was 54.7 NOK (in Q2 2020 the average price was 52.9 NOK and the average price for the year 2020 was 46 NOK). The price achievement developed positively, but most of the salmon was harvested in April and June at lower prices than in May.

The price achievement in the quarter improved by 10.2 NOK pr. kg. compared to the previous quarter.

The farming EBIT pr. kg for the quarter was 9.66 NOK pr. kg (Q2-2020: 3.88 NOK pr. kg).

Seawater

The biomass at the end of the quarter was 9,204 tonnes in the sea and the closing average weight was 2.1 kgs, both larger fish and more biomass in the sea compared to Q2 2020 (at the same time in 2020 the biomass was 7,298 tonnes in the sea and average weight 1.7 kgs).

Production costs have been on a decreasing trend. The previous quarter was the best performance in the history of the company at 38.8 NOK pr. kg which was a result of good overall production at the site that was completed in that quarter. In Q2 2021 the harvesting was from a different site, a new harvesting site, that had higher overall production costs than the previous site. The production costs rose in the quarter to 45.1 NOK pr. kg. The production costs at this site are expected to decrease resulting in lower production costs in the 3rd quarter.

The production so far this year has been better than expected and will increase estimated harvest volume for 2022.

Smolt production

In the smolt facility there were 4 million fry and smolt with a very similar size distribution as at the same time in the previous year (Q2-2020: 3.8 million fry and smolt).



Investments

In the quarter there were ongoing investments for the current year's growth. The main investments made were in Cages, Moorings and a Workboat.

Detailed planning is ongoing for a previously stated expansion of the smolt production facility. Final negotiations are ongoing with a chosen civil contractor and RAS supplier. Financing of construction of the expansion of the smolt production has been approved and is pending final decisions about farm and further alignment of the cash flow needs of the contracts.

The harvesting capacity investment project is ongoing as planned, detailed feasibility of sites as well as partnerships are being explored.

Shares

Arctic Fish holding was admitted to trading on the Euronext Growth Oslo under the trading symbol "AFISH" with an Initial Public Offering (IPO) on the 19th of February 2021. The listing and private placement before attracted very strong interest from

Norwegian, Icelandic, Nordic, and international high-quality institutional investors. Furthermore, four cornerstone investors subscribed for and were allocated Offer Shares at the Offer Price of 61.20 NOK, for a total amount of NOK 97 million distributed as follows: 50 million NOK from Nordea Asset Management / 28 million NOK from Birta Pension Fund / 15 million NOK from Vestmannaeyja Pension Fund / 4 million NOK from Vördur tryggingar hf.

As of 30th of June the company has 31,876,653 shares outstanding and Arctic Fish holding does not own any of its own shares. The share price at the start of the quarter was 57.00 NOK pr. share. Closing price at the end of the quarter was 60.00 NOK pr. share, or an increase of 5,3%. The stock traded at a high of 65.99 and a low of 55.01 within the quarter. 540 trades were executed, with the number of shares traded amounting to 216,331 shares.

Outlook

Markets and sales

In general, there is a positive view on the salmon price for the year 2021, but COVID-19 is still a risk. Total sold volumes are expected to be 12,000 tonnes in 2021. The production performance currently indicates that the harvesting volumes in 2022 can be increased from previous estimates.

Investments

Delivery of cages and nets will be ongoing in Q3.

A workboat was delivered Q2.

Contracts for Smolt expansion project will be finalized in Q3, groundwork and onsite preparation has started.

The future harvesting setup is in an ongoing process.

Licenses

Within the course of 2021 the Group expects to receive the following salmon sea farming licenses:

- A new site with 4,000 tonnes of licenses in Arnarfjörður.
- Conversion of 5,300 tonnes of trout licenses to salmon licenses and further expansion up to 10,100 tonnes in Ísafjarðardjúp.

Farming

The Group is on schedule with the smolt output for the year that is planned to be 2.8 million smolt at a smolt size range of 140-200 gr. In the second quarter 1.3 million smolt were put in the sea sites with an additional 1.5 million smolt to be put in later in the 3rd quarter.

The group has already received and hatched the first batch of organic eggs, that are scheduled for release in Ísafjarðardjúp.

Harvesting will be from the Hvannadalur site in Tálknafjörður in Q3 and then in the start of the 4th quarter harvesting will be from Dýrafjörður.



Statement of Responsibility

We declare that, to the best of our knowledge, the information provided in this report is fair and accurate and that, to the best of our knowledge, the report is not subject to any material omissions, and that all relevant information is included in this report.

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2021 has been prepared in accordance with IAS 34 – Interim Financial Reporting, and gives a true and fair view of the Group’s assets, liabilities, financial position and profit or loss as a whole.

22nd of August 2021

The Board of Directors of Arctic Fish Holding AS

Svein Sivertsen
Chairman

Charles Hoestlund
Board member

Ola Loe
Board member

Nicolaj Refshall Weiergang
Board member

Hildur Árnadóttir
Board member

The Management of Arctic Fish Holding AS

Stein Ove Tveiten
CEO

Neil Shiran Thorisson
CFO

Consolidated Income Statement

CONSOLIDATED INCOME STATEMENT

(NOK '000)	Q2 2021	Q2 2020	YTD 2021	YTD 2020	FY 2020
Operating revenues	99.798	53.327	268.641	117.499	375.667
Cost of goods sold	35.429	9.179	139.941	19.564	192.800
Salaries	13.352	9.915	25.371	19.796	42.025
Depreciation	11.211	9.371	21.601	18.516	40.113
Other operating costs	25.095	22.723	49.219	40.581	94.410
Operational EBIT	14.710	2.139	32.510	19.042	6.319
Fair value adjustments	42.748	0	83.021	0	-4.638
Production tax	-602	0	-2.236	0	-312
EBIT	56.856	2.139	113.295	19.042	1.369
Other net financial items	-9.855	-6.420	7.427	-15.027	-39.870
Earnings before tax (EBT)	47.001	-4.281	120.722	4.016	-38.500
Taxes	0	0	0	0	0
Net profit/loss	47.001	-4.281	120.722	4.016	-38.500
Profit attributable to:					
Parent company shareholders	47.001	-4.281	120.722	4.016	-38.500
Minority interests				0	0
Earnings per share (NOK)	1,47	-0,13	3,79	0,13	-1,21
Earnings per share - diluted	1,47	-0,13	3,79	0,13	-1,21

COMPREHENSIVE INCOME STATEMENT

(NOK '000)	Q2 2021	Q2 2020	YTD 2021	YTD 2020	FY 2020
Net profit/loss	47.001	-4.281	120.722	4.016	-38.500
Total comprehensive income	47.001	-4.281	120.722	4.016	-38.500
Total comprehensive income attributable to:					
Parent company shareholders	47.001	-4.281	120.722	4.016	-38.500

Statement of Financial Position

STATEMENT OF FINANCIAL POSITION

(NOK '000)	30.6.2021	31.3.2021	30.6.2020	31.12.2020
Intangible assets	48.243	40.149	29.459	34.297
Property, plant and equipment	605.706	581.274	544.321	559.988
Non-current financial assets	629	629	559	626
Non-current assets	654.579	622.052	574.338	594.911
Inventory and biological assets	500.746	421.229	358.887	429.237
Receivables	73.331	56.449	74.507	34.528
Bank deposits	82.701	347.691	7.905	79.171
Current assets	656.777	825.370	441.298	542.936
TOTAL ASSETS	1.311.356	1.447.423	1.015.636	1.137.847
Share capital	31.877	31.877	457.719	689.476
Other equity	911.791	864.790	-167.631	-210.672
Equity	943.668	896.667	290.088	478.805
Deferred tax	2.506	2.506	2.506	2.506
Provisions	2.506	2.506	2.506	2.506
Long-term interest-bearing debt	221.242	214.847	409.346	245.184
Short-term interest-bearing debt	40.125	244.462	214.442	301.154
Trade payables	93.003	80.998	94.506	100.703
Other current liabilities	10.812	7.943	4.749	9.495
Current liabilities	143.941	333.403	313.696	411.353
TOTAL EQUITY AND LIABILITIES	1.311.356	1.447.423	1.015.636	1.137.847

Statement of Equity

STATEMENT OF EQUITY

30.6.2021 (NOK '000)	Equity allocated to parent company shareholders			Total	Non-controlling interests	Total equity
	Share capital	Treasury shares	Retained earnings			
Equity at 01.01.2021	689.476	0	-210.672	478.805	0	478.805
Total comprehensive income	0	0	120.722	120.722	0	120.722
Transactions with shareholders						
Reclassification due to new parent	-689.476		12.888	-676.588		-676.588
Issued share capital	26.158		650.431	676.588		676.588
Issued share capital	5.719		344.281	350.000		350.000
Transaction costs			-5.859	-5.859		-5.859
Total transactions with shareholders	-657.600	0	1.001.740	344.141	0	344.141
Equity at 30.6.2021	31.877	0	911.791	943.668	0	943.668

31.12.2020 (NOK '000)	Equity allocated to parent company shareholders			Total	Non-controlling interests	Total equity
	Share capital	Treasury shares	Retained earnings			
Equity at 31.12.2019 (ICEGAAP)	457.719	0	-189.415	268.304	0	268.304
Effect of implementation IFRS			17.244	17.244		17.244
Equity at 01.01.2020 (IFRS)	457.719	0	-172.171	285.548	0	285.548
Total comprehensive income	0	0	-38.500	-38.500	0	-38.500
Transactions with shareholders						
Issued share capital	231.757			231.757		231.757
Total transactions with shareholders	231.757	0	0	231.757	0	231.757
Equity at 31.12.2020	689.476	0	-210.672	478.805	0	478.805

Statement of Cash Flow

Statement of cash flow

(NOK '000)	Q2 2021	Q2 2020	YTD 2021	YTD 2020	FY 2020
Operational EBIT	14.710	2.139	32.510	19.042	6.319
Adjusted for:					
Depreciation	11.211	9.371	21.601	18.516	40.113
Production tax	-602	0	-2.236	0	-312
Change in inventories/biological assets	-36.769	-42.312	11.512	-71.727	-146.716
Change in account receivables and accounts payables	-4.876	12.109	-46.503	23.780	69.957
Change in other current assets and liabilities	2.869	-8.216	1.317	1.110	5.856
Net cash flow from operating activities	-13.457	-26.910	18.201	-9.279	-24.782
Cash flow from investing activities					
Payments for purchase of fixed assets and licenses (MAB)	-43.738	-51.243	-81.269	-57.011	-99.705
Net cash flow from investing activities	-43.738	-51.243	-81.269	-57.011	-99.705
Cash flow from financing activities					
Proceeds from borrowings	0	47.056	0	47.056	597.944
Repayment of borrowings	-19.579	-7.722	-49.916	-24.385	-622.640
Current debt change	-178.363	39.777	-235.055	56.388	26.306
Issued new share capital	0	0	344.141	0	231.757
Net interest payments	-5.670	-6.800	-11.003	-15.027	-39.870
Adjustment due to Currency difference interest bearing debt	-4.184	0	18.431	0	0
Net cash flow from financing activities	-207.796	72.312	66.597	64.032	193.497
Net increase in bank deposits	-264.991	-5.841	3.529	-2.257	69.010
Bank deposits as of start of period	347.691	13.746	79.171	10.162	10.162
Bank deposits as of 30th of June	82.701	7.905	82.701	7.905	79.172

Note 1 – Accounting Principles

Corporate information

Arctic Fish Holding AS and its subsidiaries (collectively "the Group", or "Arctic Fish Group") is a publicly listed company on Euronext Growth, with the ticker symbol AFISH.

Arctic Fish Holding AS is a Company incorporated in Norway with headquarters in Iceland. The address of its registered office is Ferjemannsveien 10, 7014 Trondheim, Norway. Arctic Fish's headquarter is located at Sindragata 10, 400 Isafjordur, Iceland.

The consolidated financial statements of the Group were authorised for issue in accordance with a resolution of the Board of Directors on 22nd of August 2021.

February 2021 reorganization

The structure of the Group was changed in 2021. Arctic Fish Holding AS is a newly established entity that owns 100% of the shares in Arctic Fish ehf, the Icelandic mother company of the Icelandic subsidiaries Arctic Oddi, Arctic Smolt and Arctic Sea Farm.

In the consolidated financial statements of Arctic Fish Group the values of Arctic Fish Iceland and subsidiaries are continued. The Group has accounted for the reorganization as a continuation of Arctic Fish ehf. The consolidated financial statements are presented as if the Group and Arctic Fish Holding AS as the parent company, had always existed.

Comparative financial information is provided for the preceding period in the Consolidated statement of comprehensive income, Consolidated statement of financial position and Consolidated statement of cash flows.

These condensed, consolidated interim financial statements have been drawn up in accordance with International Financial Reporting Standards (IFRSs) and such interpretations as are determined by the EU and published by the International Accounting Standards Board, including the interim reporting standard (IAS 34). The

interim financial statements do not include all the information required of an annual financial report.

The condensed consolidated interim financial statements have not been audited. As a result of rounding differences, numbers or percentages may not add up to the total.

Following is a reconciliation of the 2020 financial statements that were previously prepared for the Icelandic parent company Arctic Fish ehf. in accordance with the Financial Statements Act (IS-GAAP) and the Regulation on the Presentation and Contents of the Financial Statements and Consolidated Financial Statements. The 2020 financial statements have been restated in accordance with International Financial Reporting Standards (IFRSs).

The consolidated financial statements are presented in Norwegian Kroner (NOK) which is the functional currency of the Group as of 01.01.2021 and onwards.

Reconciliation of equity and financial position as of 1 January 2020

(NOK '000)	ICEGAAP	IFRS adj.	Notes	IFRS
Intangible assets	22.581	5.569	A	28.150
Property, plant and equipment	506.610			506.610
Non-current financial assets	559			559
Non-current assets	529.750	5.569		535.319
Inventory and biological assets	275.485	11.675	B	287.160
Receivables	66.566			66.566
Bank deposits	10.162			10.162
Current assets	352.213	11.675		363.888
TOTAL ASSETS	881.963	17.244		899.207
Share capital	457.719			457.719
Other equity	-189.415	17.244	A,B	-172.171
Non-controlling interests	0			0
Equity	268.304	17.244		285.548
Pensions	0			0
Deferred tax	2.506			2.506
Provisions	2.506	0		2.506
Long-term interest-bearing debt	375.230			375.230
Short-term interest-bearing debt	169.499			169.499
Trade payables	62.785			62.785
Tax payable	0			0
Other current liabilities	3.639			3.639
Current liabilities	235.923	0		235.923
TOTAL EQUITY AND LIABILITIES	881.963	17.244		899.207

A: The IFRS adjustment reflects the difference between the booked value of goodwill and licenses in Arctic Fish ehf and the cost value at 1 January 2020

B: Biological assets have previously been calculated using cost method. According to IFRS, biological assets are valued at fair value less costs to sell (see note 3). The IFRS adjustment reflects the difference between these two accounting principles.

Note 2 – Farming summary

The operating segment Farming is used by Group management to assess performance and profitability at a strategic level. The Group management is defined as the chief operating decision-makers. The fish farming business includes salmon farming, harvesting activities and sales of the harvested fish. All farming sites are located in the Westfjords of Iceland. Group management reviews monthly reports in connection with the production sites and operating segments. Performance is evaluated based on operating results (EBIT).

(NOK '000)	Farming		Eliminations / other		TOTAL	
	Q2 2021	Q2 2020	Q2 2021	Q2 2020	Q2 2021	Q2 2020
Total sales revenues	99.798	42.627		10.699	99.798	53.327
Operating costs	82.178	39.502	2.910	11.686	85.088	51.188
Operational EBIT	17.620	3.126	-2.910	-987	14.710	2.139
Fair value adjustments	42.748	0			42.748	0
Production tax	-602				-602	0
EBIT	59.766	3.126	-2.910	1.271	56.856	4.396
Volume harvested (HOG)	1.824	805			1.824	805
Operational EBIT per kg Farming	9,66	3,88			9,66	3,88

(NOK '000)	Farming		Eliminations / other		TOTAL	
	YTD 2021	YTD 2020	YTD 2021	YTD 2020	YTD 2021	YTD 2020
Total sales revenues	268.641	101.498	0	16.001	268.641	117.499
Operating costs	229.500	83.725	6.632	14.732	236.132	98.457
Operational EBIT	39.142	17.773	-6.632	1.269	32.510	19.042
Fair value adjustments	83.021	0	0		83.021	0
Production tax	-2.236	0			-2.236	0
EBIT	119.927	17.773	-6.632	1.269	113.295	19.042
Volume harvested (HOG)	5.617	1.668			5.617	1.668
Operational EBIT per kg Farming	6,97	10,66			6,97	10,66

The eliminations in Q2 2021 in the above relates to administration costs and some non-recurring costs related to the listing of the Group.

Note 3 - Biomass

In accordance with IAS 41, the biomass is recognised at fair value. The fair value is calculated in accordance with IFRS 13. Adjustments to the fair value of the biomass are presented on a separate line in the income statement. The technical model for calculating fair value is a present value model. Present value is calculated for the biomass on each site/project by estimating the future sales value less remaining production costs discounted to the present value at the balance sheet date.

The fair value of fish in the sea is calculated in the present value model as a function of the expected biomass at the time of harvest multiplied by the expected sales price. For fish that are not harvestable, estimated remaining costs to breed the fish to its harvestable weight are deducted. Cash flows are discounted monthly using a discount factor. The discount factor consists of three main components: 1) risk for events that affect cash flow, 2) hypothetical license and site rent and 3) the time value of money. The discount factor used is 4% (the discount factor has increased from the 2% used in the previous quarters). Expected biomass (volume) is based on the estimated number of individuals in the sea, adjusted for expected mortality until harvesting and multiplied by the expected harvest weight per individual at the time of harvest. The measuring unit is the individual fish, but for practical reasons the calculation is made on site level. Live weight of fish in the sea is translated into gutted weight to get the same measurement unit as the prices are set in.

The price is calculated based on forward prices from Fish Pool. The forward price for the period in which the fish expected to be harvested, is used in the calculation of expected cash flow. The price quoted by Fish Pool is adjusted to reflect an expected harvesting plan price achievement and is a reference price. This price is further adjusted for expected harvest costs (well boat, harvest and packing, sales commission), and the governmental production taxes. Adjustments for expected size differences and quality differences are also made. The adjustment in relation to the reference price is done at site level.

The principle of highest and best use, according to IFRS 13 is the basis for the valuation and classification. In the fair value calculation, optimal harvest weight is defined as harvest weight according to harvest plans.

Book value of inventory:

(NOK '000)	30.6.2021	31.3.2021	30.6.2020	31.12.2020
Raw materials	30.900	19.500	10.497	27.046
Biological assets - freshw ater	27.349	41.511	30.770	26.204
Biological assets - seaw ater	442.497	360.219	317.620	375.987
Finished goods	0	0	0	0
Total inventory	500.746	421.229	358.887	429.237

Specification of the biological assets:

(NOK '000)	30.6.2021	31.3.2021	30.6.2020	31.12.2020
Biological assets at cost	379.490	354.801	336.417	395.535
Fair value adjustments of the biomass	90.356	46.929	11.973	6.656
Book value biological assets	469.846	401.730	348.390	402.191

Note 3 Continued – Biomass

Specification of biological assets - tonnes

(NOK '000)	Q2 2021	Q1 2021	Q2 2020	FY 2020
Opening balance biological assets	8.585	10.513	5.873	6.042
Increase due to fish put in the sea	240	0	213	413
Increase due to production in the period	2.686	2.786	2.476	13.834
Reduction due to mortality in the period	-182	-288	-305	-971
Reduction due to harvesting in the period	-2.125	-4.426	-960	-8.805
Non-recurring events and other	0	0	0	0
Closing balance biological assets	9.203	8.585	7.298	10.513

Specification of changes in book value of biological assets:

(NOK '000)	Q2 2021	Q1 2021	Q2 2020	FY 2020
Opening balance biological assets	401.730	402.191	297.653	276.544
Increase due to production in the period	91.441	73.467	83.138	447.655
Non-recurring events and other at cost		0		0
Reduction due to harvesting in the period	-66.072	-114.201	-32.401	-317.370
Fair value adjustments of the biological assets	42.748	40.273	0	-4.638
Closing balance biological assets	469.846	401.730	348.390	402.191

Groups of biological assets in sea, status as of 30.6.2021	Number of fish (1000)	Biomass (tonnes)	Acquisition costs	Fair value adjustments	Accounted value
Smaller than 1 kg	1.233	368	14.071	3.611	17.682
1-4 kg	2.417	4.636	177.377	45.513	222.890
Larger than 4 kg	792	4.200	160.693	41.232	201.925
Biological assets	4.442	9.204	352.141	90.356	442.497

Groups of biological assets in sea, status as of 31.3.2021	Number of fish (1000)	Biomass (tonnes)	Acquisition costs	Fair value adjustments	Accounted value
Smaller than 1 kg	1.204	794	28.975	4.340	33.316
1-4 kg	1.851	4.927	179.800	26.933	206.733
Larger than 4 kg	653	2.864	104.515	15.656	120.171
Biological assets	3.708	8.585	313.290	46.929	360.219

Groups of biological assets in sea, status as of 30.06.2020	Number of fish (1000)	Biomass (tonnes)	Acquisition costs	Fair value adjustments	Accounted value
Smaller than 1 kg	2.612	1.361	56.988	1.195	58.183
1-4 kg	1.801	5.937	248.659	10.778	259.437
Larger than 4 kg	0	0	0	0	0
Biological assets	4.412	7.298	305.647	11.973	317.620

Groups of biological assets in sea, status as of 31.12.2020	Number of fish (1000)	Biomass (tonnes)	Acquisition costs	Fair value adjustments	Accounted value
Smaller than 1 kg	1.219	556	19.533	352	19.885
1-4 kg	2.581	6.463	227.051	4.092	231.143
Larger than 4 kg	688	3.494	122.747	2.212	124.959
Biological assets	4.488	10.513	369.331	6.656	375.987

Note 4 – Fair Value Adjustments

Fair value adjustments which are a part of the Group's EBIT, is presented on a separate line in order to give a better understanding of the Group's operating profit from goods sold. The item consists of:

(NOK '000)	Q2 2021	Q2 2020	YTD 2021	YTD 2020	FY 2020
Change in fair value adjustments of the biomass	42.748	0	83.021	0	-4.638
Total fair value adjustments	42.748	0	83.021	0	-4.638

The fair value adjustments has the following effect in the balance sheet:

(NOK '000)	30.6.2021	31.3.2021	30.6.2020	31.12.2020
Fair value adjustments biomass (inventory and biological assets)	90.356	46.929	11.973	6.656
Net fair value adjustments in the balance sheet	90.356	46.929	11.973	6.656

Note 5 – Related parties

The Group conducts transactions on normal terms with associates and suppliers who are also Arctic Fish Holding shareholders.

All services and goods are purchased at arm length prices. The table below shows figures from continued operations. The Board is not aware of any changes or transactions in Q2 21 associated with related parties that in any significant way have an impact on the Group's financial position and profit for the period.

Goods and services purchased: (NOK '000)	Q2 2021	Q2 2020	YTD 2021	YTD 2020	FY 2020
Companies controlled by large shareholder - products purchased	12.761	-	14.166	386	890
Companies controlled by large shareholder - services purchased	921	563	1.672	1.099	2.037
Total goods and services purchased from related parties	13.682	563	15.838	1.485	2.927

Note 6 – Financial Covenants

The group has to fulfil the following covenants for the Group's main borrowings

The Equity Ratio for each Relevant Period shall at all times be equal to or exceed 40%.

Leverage: Leverage in respect of any Relevant Period specified in column 1 below shall not exceed the ration set out in column 2 below opposite that Relevant Period. Leverage means, in respect of any Relevant Period, the ratio of Total Net Interest Bearing Debt on the last day of that Relevant Period to EBITDA in respect of that Relevant Period.

Relevant Period Expiring.	Ratio
30 June 2021	5.0:1
30 September 2021	5.0:1
31 December 2021	5.0:1
31 March 2022 and all subsequent Relevant Periods	4.5:1

Minimum EBITDA (measured on a rolling 12-month basis), shall during the Relevant Period ending on and 30th June 2021 exceed NOK 30,000,000.

Net interest-bearing debt

Net interest-bearing debt is defined as the net of long-term debt, short-term debt and bank deposits. The measure is useful and necessary information to investors and other users of the financial statements to assess the net of the interest-bearing external capital used to finance the group. The measure is used to calculate return on capital employed and highlights the Group's ability to take on more debt.

(NOK '000)	30.06.2021	31.12.2020
Reported long-term interest-bearing debt	221.242	245.184
Reported short-term interest-bearing debt	40.125	301.154
Reported bank deposits	-82.701	-79.171
Total net interest bearing debt	178.666	467.166
Lease liabilities (IFRS 16 effects)	0	0
NIBD according to bank covenant	178.666	467.166

Equity ratio

(NOK '000)	30.06.2021	31.12.2020
Reported equity	943.668	478.805
Reported total assets	1.311.356	1.137.847
Equity ratio	72,0 %	42,1 %

12 Month Rolling EBITDA

The 12 month rolling EBITDA on the 30th of June 2021 was 58,7 million NOK.

Compliance

At the end of the first quarter of 2021, the Group is in compliance with the terms and covenants of the loan agreement.

Note 7 – Shareholder List

The largest shareholders as of 30.06.2021:

Rank	Name	# of shares	% ownership
1	NORWAY ROYAL SALMON ASA	16.346.824	51,28%
2	BREMESCO HOLDINGS LIMITED	9.104.582	28,56%
3	J.P. Morgan Bank Luxembourg S.A.	2.874.224	9,02%
4	Landsbankinn hf.	481.893	1,51%
5	KVERVA FINANS AS	258.000	0,81%
6	VERDIPAPIRFONDET NORDEA AVKASTNING	237.107	0,74%
7	VERDIPAPIRFONDET PARETO INVESTMENT	206.000	0,65%
8	VERDIPAPIRFONDET NORDEA KAPITAL	193.100	0,61%
9	VERDIPAPIRFONDET NORDEA NORGE VERD	168.033	0,53%
10	MP PENSJON PK	165.000	0,52%
11	Euroclear Bank S.A./N.V.	164.048	0,51%
12	CLEARSTREAM BANKING S.A.	150.070	0,47%
13	J.P. Morgan Bank Luxembourg S.A.	143.849	0,45%
14	VERDIPAPIRFONDET EIKA SPAR	127.909	0,40%
15	VERDIPAPIRFONDET PARETO NORDIC	103.000	0,32%
16	VERDIPAPIRFONDET EIKA NORGE	99.750	0,31%
17	ROTH	80.000	0,25%
18	VERDIPAPIRFONDET NORDEA NORGE PLUS	74.904	0,23%
19	VERDIPAPIRFONDET HOLBERG TRITON	50.733	0,16%
20	State Street Bank and Trust Comp	50.000	0,16%
Ownership of 20 largest shareholders		31.079.026	97,50%
Total number of shares		31.876.653	100,00%

Arctic Fish Holding AS does not own any of its own shares.