

# Interim Report

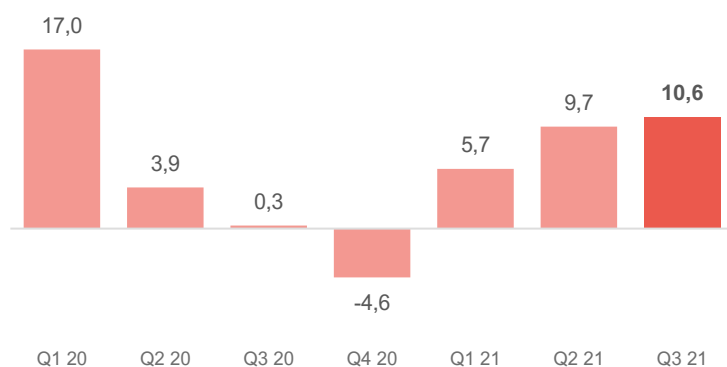
# Q3 - 2021

8<sup>th</sup> of November 2021

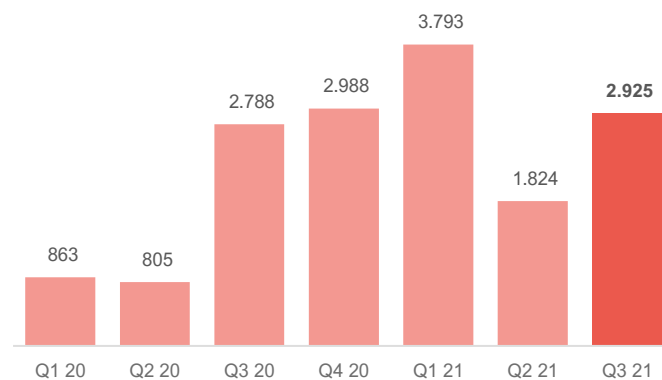


## Key information

Farming Operational EBIT pr. kg (NOK)



Harvesting volume (HOG tonnes)



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## Cautionary note regarding forward-looking statements

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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

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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 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 11,500 tonnes HOG for 2021. The Group has more potential for harvesting in 2021 but will move harvesting to Q1 2022 that will increase volumes in 2022.

The Group has farming licences for a total of 23.1 thousand tonnes maximum allowed biomass ("MAB"), of which 5.3 thousand tonnes relate to licences for rainbow trout that are in the process of being converted to salmon licences. The Group is in the final stages of achieving 4,000 tonnes MAB for salmon in Arnarfjordur. This is a new license in a fjord and at a site that the Group has not operated in before.

The Group also has applications for an additional 4.8 thousand tonnes of MAB for salmon. Additionally, the Group 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
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 salmon 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 at Euronext Growth Oslo on the 19 <sup>th</sup> 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

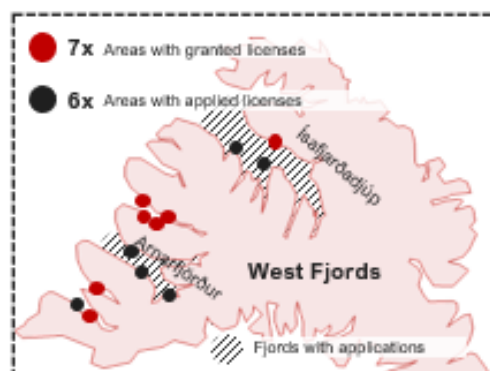
The Group has a modern freshwater hatchery in Norðurbotn (Tálknafjörður), using RAS technology. The hatchery is the largest single investment by the Group at NOK 300 million and is 100% owned by Arctic Fish. It has access to natural water temperatures of between 6°C and 22°C all year round and good geothermic conditions. The hatchery has a proven record of smolt production, with roughly 12 million smolt having been produced at the hatchery since 2017. The Group also owns a 36.3 km<sup>2</sup> land area in close proximity to the smolt facility, which it is using for a smolt facility expansion. The construction project is well underway and has started as expected, with timing and cost estimations on track.

## Seawater sites

The Group's seawater sites are strategically located in all fjords on the West Coast of Iceland, with ten sites with granted licenses, and another three 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 of Q4 2021 and in early 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 in Q4 2021 and in early 2022.



## 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 all major markets, with strategic marketing activities focussing in the long term on more high paying markets. Current export routes have developed positively, and there is potential to enter new markets in the future efficiently.

## Third Quarter 2021 Performance

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The third 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 posted operating revenues of NOK 161.0 million (Q3-2020: NOK 127.7 million) in the third quarter of 2021, an increase of 26.1 % from the corresponding prior-year period. The Group achieved an operational EBIT of NOK 26.9 million (Q3-2020: NOK -1.3 million), an increase of NOK 28.2 million. The group recognised a negative fair value adjustment of NOK -24.2 million (Q3-2020: NOK 0 million) of the biomass in sea, a decrease of NOK 24.2 million compared to the corresponding quarter in 2020, as no fair value adjustments were used in last year's third quarter. The negative fair value adjustment is due to harvesting plan alterations.

From farming operations there were harvested 2,925 tonnes (Q3-2020: 2,788 tonnes) gutted weight in the quarter, an increase of 5% from the corresponding quarter last year. The farming operations achieved a farming operational EBIT pr. kg of NOK 10.6 (Q3-2020: NOK 0.3 pr kg). The increase in operational EBIT pr. kg is due to higher salmon price achievement on the harvested quantities sold, with production costs slightly increasing year over year.

#### Financial items

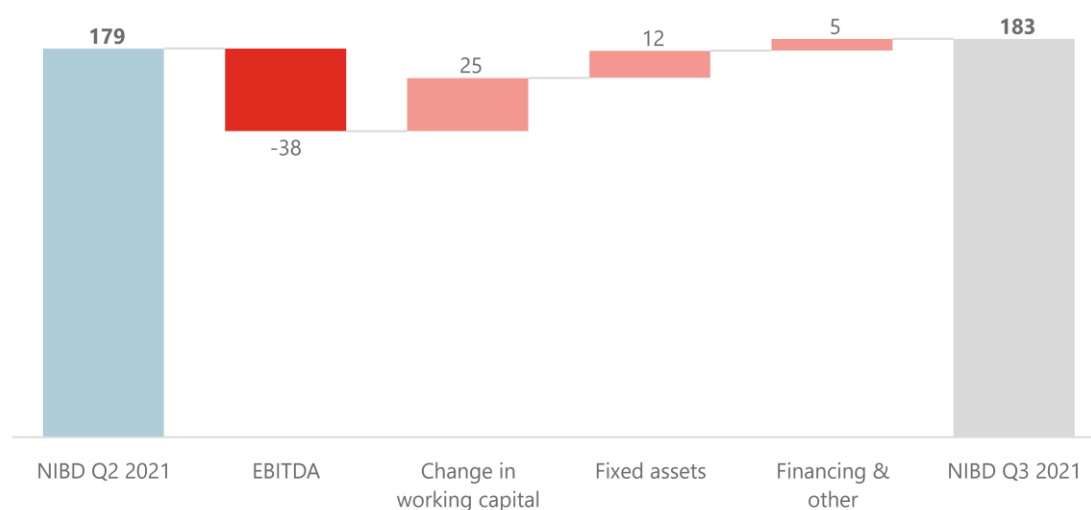
Net financial costs were NOK 5.1 million (Q3-2020: NOK 4.0 million), difference from previous quarter relate to currency rate differences.

#### Balance sheet

At the end of the reporting period, total assets amounted to NOK 1,303 million, a decrease of NOK 8 million from the prior quarter end. The change in total assets

is attributable to several factors. Property, plant, and equipment decreased by NOK 1 million. Receivables increased by NOK 3 million, and bank deposits decreased by NOK 27 million. Biological assets and feed inventories increased by 15 million NOK from the end of the last quarter.

The Group's net interest-bearing debt (NIBD) increased by NOK 4 million, from NOK 179 million at the end of the second quarter of 2021 to NOK 183 million at the end of the third quarter 2021. The increase is attributable to investments in fixed assets and working capital changes.



At the end of the quarter, the Group's equity totalled NOK 940 million, a decrease of NOK 4 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. The sold volume HOG was 2,925 tonnes (in Q3 2020 2,788 tonnes and 7,443 tonnes in the full year). The average price was 55.1 NOK (in Q3 2020 the average price was 44.5 NOK



and the average price for the year 2020 was 46 NOK). The price achievement developed positively mostly due to a demand shift after Covid-19 restrictions were lifted.

The price achievement in the quarter improved by 10.5 NOK pr. kg. compared to the previous year or increased by 23.7%. The price achievement increased by 0.3 NOK pr. kg from Q2-2021.

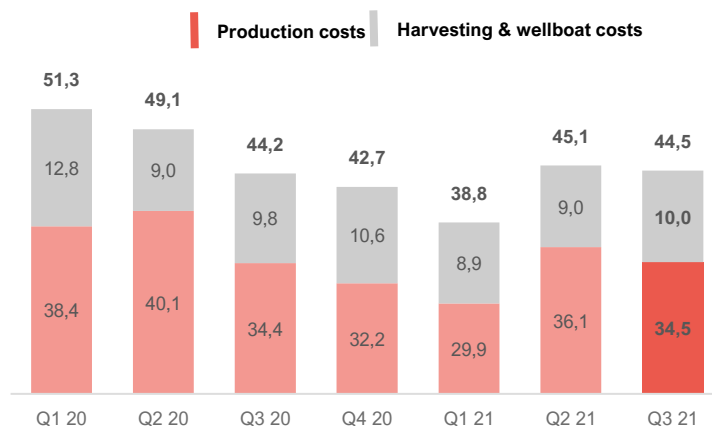
## Seawater

The biomass at the end of the quarter was 10,945 tonnes in the sea and the closing average weight was close to 2.3 kgs, resulting in both larger fish and more biomass in the sea compared to Q3 2020 (at the same time in 2020 the biomass was 10,205 tonnes in the sea and average weight 1.9 kgs).

From a production cost perspective, the first quarter 2021 was the best performance in the history of the company at 38.8 NOK pr. kg.

In Q2 2021 the harvesting was from a different site that had higher overall production costs. The production costs rose in that quarter to 45.1 NOK pr. kg.

The third quarter showed signs of a minor decrease due to good growth with the production costs amounting to 44.5 NOK pr.kg within the quarter. In the second and third quarter fish was harvested from the same site.



The production costs are expected to slightly decrease in the 4<sup>th</sup> quarter 2021 as we are starting to harvest from the 2020 generation.

The production so far this year has been better than expected and will increase the estimated harvest volume for 2022 to 13 thousand tonnes.

## Smolt production

In the smolt facility at the end of the period there are 4.3 million fry and smolt with a very similar size distribution as at the same time in the previous year (Q3-2020: 3.9 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 other farming and production equipment.

Investments have already started in the smolt expansion as construction work has commenced with the chosen contractors Eyvi from Norway for the technical aspects, including RAS system and Eykt a leading Icelandic contractor for the civil works.

The harvesting capacity investment project is ongoing as planned and site selection is at the final stages, with technical plans already finalized for the site of choice.

## 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 30<sup>th</sup> of September 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 59.10 NOK pr. share. Closing price at the end of Q3 21 was 63.00 NOK pr. share, or an increase of 6,5% from last quarter. The stock traded at a high of 68.50 and a low of 56.00 within the quarter. 391 trades were executed, with the number of shares traded amounting to 404,689 shares.



## Outlook

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### Markets and sales

In general, there is a positive view on the salmon price for the fourth quarter 2021 due to expected negative global harvest growth of 3%. Total sold volumes are expected to be 11,500 tonnes in 2021 and 13,000 tonnes in 2022.

### Investments

Construction project expenditure on the smolt expansion was the key investments in the quarter. Minor investments were made in farming and other smolt production investments.

### Licenses

A significant milestone was reached when MAST (Iceland Food and Veterinary Authority) and Umhverfisstofnun (The Environment Agency of Iceland) have both advertised their proposal of new farming licences for Arctic Sea Farm a 100% owned subsidiary of Arctic Fish Holding AS, for 4,000 tonnes (MAB) in Arnarfjordur. This is a new license in a fjord and at sites that Arctic Fish has not operated before.

Within the course of 2022 the Group expects to receive the following salmon sea farming licenses:

- Conversion of 5,300 tonnes of trout licenses to salmon licenses and further expansion up to 10,100 tonnes in Ísafjarðardjúp.

### Farming

The Group has already put out 2.7 million smolt for the year at an average weight of 161 gr. The output was in line with the schedule and biological budgets. In 2022 an expected output will be 3.5 million smolt.

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

## Board declaration

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

8<sup>th</sup> of November 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)	Q3 2021	Q3 2020	YTD 2021	YTD 2020	FY 2020
<b>Operating revenues</b>	<b>161.000</b>	<b>127.659</b>	<b>429.642</b>	<b>245.158</b>	<b>375.667</b>
Cost of goods sold	68.516	80.279	208.457	99.843	192.800
Salaries	17.253	10.297	42.624	30.093	42.025
Depreciation	11.961	9.842	33.562	28.358	40.113
Other operating costs	36.366 0	28.257	85.584	68.838	94.410
<b>Operational EBIT</b>	<b>26.904</b>	<b>-1.017</b>	<b>59.414</b>	<b>18.026</b>	<b>6.319</b>
Fair value adjustments	-24.183	0	58.837	0	-4.638
Production tax	-818	-312	-3.054	-312	-312
<b>EBIT</b>	<b>1.904</b>	<b>-1.328</b>	<b>115.198</b>	<b>17.714</b>	<b>1.369</b>
Other net financial items	-5.141	-4.044	2.286	-19.071	-39.870
<b>Earnings before tax (EBT)</b>	<b>-3.237</b>	<b>-5.373</b>	<b>117.484</b>	<b>-1.357</b>	<b>-38.500</b>
Taxes	0	0	0	0	0
<b>Net profit/loss</b>	<b>-3.237</b>	<b>-5.373</b>	<b>117.484</b>	<b>-1.357</b>	<b>-38.500</b>
<b>Profit attributable to:</b>					
Parent company shareholders	-3.237	-5.373	117.484	-1.357	-38.500
Minority interests	0			0	0
Earnings per share (NOK)	-0,10	-0,13	3,69	-0,04	-1,21
Earnings per share - diluted	-0,10	-0,13	3,69	-0,04	-1,21

### COMPREHENSIVE INCOME STATEMENT

(NOK '000)	Q3 2021	Q3 2020	YTD 2021	YTD 2020	FY 2020
<b>Net profit/loss</b>	<b>-3.237</b>	<b>-5.373</b>	<b>117.484</b>	<b>-1.357</b>	<b>-38.500</b>
<b>Total comprehensive income</b>	<b>-3.237</b>	<b>-5.373</b>	<b>117.484</b>	<b>-1.357</b>	<b>-38.500</b>
<b>Total comprehensive income attributable to:</b>					
Parent company shareholders	-3.237	-5.373	117.484	-1.357	-38.500

## Statement of Financial Position

### STATEMENT OF FINANCIAL POSITION

(NOK '000)	30.9.2021	30.6.2021	30.9.2020	31.12.2020
Intangible assets	49.340	48.243	31.914	34.297
Property, plant and equipment	605.124	605.706	545.257	559.988
Non-current financial assets	629	629	623	626
<b>Non-current assets</b>	<b>655.094</b>	<b>654.579</b>	<b>577.794</b>	<b>594.911</b>
Biological assets	496.880	469.846	398.415	402.191
Other inventory	18.800	30.900	18.536	27.046
Receivables	76.480	73.331	110.675	34.528
Bank deposits	55.517	82.701	54.088	79.171
<b>Current assets</b>	<b>647.676</b>	<b>656.777</b>	<b>581.714</b>	<b>542.936</b>
<b>TOTAL ASSETS</b>	<b>1.302.770</b>	<b>1.311.356</b>	<b>1.159.508</b>	<b>1.137.847</b>
Share capital	31.877	31.877	457.719	689.476
Other equity	908.552	911.791	-173.529	-210.672
<b>Equity</b>	<b>940.429</b>	<b>943.668</b>	<b>284.191</b>	<b>478.805</b>
Deferred tax	2.506	2.506	2.506	2.506
<b>Provisions</b>	<b>2.506</b>	<b>2.506</b>	<b>2.506</b>	<b>2.506</b>
<b>Long-term interest-bearing debt</b>	<b>201.720</b>	<b>221.242</b>	<b>433.217</b>	<b>245.184</b>
Short-term interest-bearing debt	36.621	40.125	279.112	301.154
Trade payables	112.110	93.003	152.336	100.703
Other current liabilities	9.384	10.812	8.147	9.495
<b>Current liabilities</b>	<b>158.115</b>	<b>143.941</b>	<b>439.594</b>	<b>411.353</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1.302.770</b>	<b>1.311.356</b>	<b>1.159.508</b>	<b>1.137.847</b>

## Statement of Equity

### STATEMENT OF EQUITY

30.9.2021	Equity allocated to parent company shareholders			Total	Non-controlling interests	Total equity
	Share capital	Treasury shares	Retained earnings			
(NOK '000)						
<b>Equity at 01.01.2021</b>	689.476	0	-210.672	478.805	0	478.805
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>117.484</b>	<b>117.484</b>	<b>0</b>	<b>117.484</b>
<b>Transactions with shareholders</b>						
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
<b>Total transactions with shareholders</b>	<b>-657.600</b>	<b>0</b>	<b>1.001.740</b>	<b>344.141</b>	<b>0</b>	<b>344.141</b>
<b>Equity at 30.9.2021</b>	<b>31.877</b>	<b>0</b>	<b>908.553</b>	<b>940.429</b>	<b>0</b>	<b>940.429</b>

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



## Statement of Cash Flow

### Statement of cash flow

(NOK '000)	Q3 2021	Q3 2020	YTD 2021	YTD 2020	FY 2020
<b>Operational EBIT</b>	<b>26.904</b>	<b>-1.017</b>	<b>59.414</b>	<b>18.026</b>	<b>6.319</b>
Adjusted for:					
Depreciation	11.961	9.842	33.562	28.358	40.113
Production tax	-818	-312	-3.054	-312	-312
Change in inventories/biological assets	-39.117	-58.064	-27.605	-129.791	-146.716
Change in account receivables and accounts payables	15.958	21.662	-30.545	45.442	69.957
Change in other current assets and liabilities	-1.429	3.398	-112	4.508	5.856
<b>Net cash flow from operating activities</b>	<b>13.459</b>	<b>-24.491</b>	<b>31.660</b>	<b>-33.769</b>	<b>-24.782</b>
<b>Cash flow from investing activities</b>	<b>0</b>				
Payments for purchase of fixed assets and licenses (MAB)	-12.476	-13.822	-93.745	-70.833	-99.705
<b>Net cash flow from investing activities</b>	<b>-12.476</b>	<b>-13.822</b>	<b>-93.745</b>	<b>-70.833</b>	<b>-99.705</b>
<b>Cash flow from financing activities</b>	<b>0</b>				
Proceeds from borrowings	0	32.464	0	79.520	597.944
Repayment of borrowings	-19.822	-7.307	-69.738	-31.692	-622.640
Current debt change	-3.203	63.384	-238.258	119.772	26.306
Issued new share capital	0		344.140	0	231.757
Net interest payments	-5.496	-4.044	-16.499	-19.071	-39.870
Adjustment due to Currency difference interest bearing debt	355		18.786	0	0
<b>Net cash flow from financing activities</b>	<b>-28.167</b>	<b>84.497</b>	<b>38.431</b>	<b>148.529</b>	<b>193.497</b>
Net increase in bank deposits	-27.183	46.184	-23.654	43.926	69.010
Bank deposits as of start of period	82.701	7.905	79.171	10.162	10.162
<b>Bank deposits as of 30th of September</b>	<b>55.517</b>	<b>54.088</b>	<b>55.517</b>	<b>54.088</b>	<b>79.171</b>

## Note 1 – Accounting Principles

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### 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 8th of November 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	<b>A</b>	28.150
Property, plant and equipment	506.610			506.610
Non-current financial assets	559			559
<b>Non-current assets</b>	<b>529.750</b>	<b>5.569</b>		<b>535.319</b>
Inventory and biological assets	275.485	11.675	<b>B</b>	287.160
Receivables	66.566			66.566
Bank deposits	10.162			10.162
<b>Current assets</b>	<b>352.213</b>	<b>11.675</b>		<b>363.888</b>
<b>TOTAL ASSETS</b>	<b>881.963</b>	<b>17.244</b>		<b>899.207</b>
Share capital	457.719			457.719
Other equity	-189.415	17.244	<b>A,B</b>	-172.171
Non-controlling interests	0			0
<b>Equity</b>	<b>268.304</b>	<b>17.244</b>		<b>285.548</b>
Pensions	0			0
Deferred tax	2.506			2.506
<b>Provisions</b>	<b>2.506</b>	<b>0</b>		<b>2.506</b>
<b>Long-term interest-bearing debt</b>	<b>375.230</b>			<b>375.230</b>
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
<b>Current liabilities</b>	<b>235.923</b>	<b>0</b>		<b>235.923</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>881.963</b>	<b>17.244</b>		<b>899.207</b>

**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 smolt production, 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).

The eliminations in year to date in 2021 in the table below relates to administration costs and some non-recurring costs related to the listing of the Group.

(NOK '000)	Farming		Eliminations / other		TOTAL	
	Q3 2021	Q3 2020	Q3 2021	Q3 2020	Q3 2021	Q3 2020
<b>Total sales revenues</b>	161.000	127.659			161.000	127.659
Operating costs	130.143	126.815	3.954	1.860	134.097	128.675
<b>Operational EBIT</b>	30.858	843	-3.954	-1.860	26.904	-1.017
Fair value adjustments	-24.183	0			-24.183	
Production tax	-817	-312			-818	-312
<b>EBIT</b>	5.858	531	-3.954	-1.860	1.904	-1.328
Volume harvested (HOG)	2.925	2.788			2.925	2.788
Operational EBIT per kg Farming	10,55	0,30			10,55	0,30

(NOK '000)	Farming		Eliminations / other		TOTAL	
	YTD 2021	YTD 2020	YTD 2021	YTD 2020	YTD 2021	YTD 2020
<b>Total sales revenues</b>	429.642	229.157		16.001	429.642	245.158
Operating costs	359.642	210.555	10.586	16.577	370.228	227.132
<b>Operational EBIT</b>	<b>70.000</b>	<b>18.602</b>	<b>-10.586</b>	<b>-576</b>	<b>59.414</b>	<b>18.026</b>
Fair value adjustments	58.837	0	0		58.837	0
Production tax	-3.054	-312			-3.054	-312
<b>EBIT</b>	125.783	18.290	-10.586	-576	115.198	17.714
Volume harvested (HOG)	8.541	4.456			8.541	4.456
Operational EBIT per kg Farming	8,20	4,17			8,20	4,17

## Note 3 - Biomass

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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 ex 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.

<b>Book value of inventory:</b> (NOK '000)	<b>30.9.2021</b>	<b>30.6.2021</b>	<b>30.9.2020</b>	<b>31.12.2020</b>
Raw materials	18.800	30.900	18.536	27.046
Biological assets - freshwater	25.772	27.349	21.759	26.204
Biological assets - seawater	471.108	442.497	376.656	375.987
Finished goods	0	0	0	0
<b>Total inventory</b>	<b>515.680</b>	<b>500.746</b>	<b>416.951</b>	<b>429.237</b>

<b>Specification of the biological assets:</b> (NOK '000)	<b>30.9.2021</b>	<b>30.6.2021</b>	<b>30.9.2020</b>	<b>31.12.2020</b>
Biological assets at cost	430.708	379.490	386.442	395.535
Fair value adjustments of the biomass	66.172	90.356	11.973	6.656
<b>Book value biological assets</b>	<b>496.880</b>	<b>469.846</b>	<b>398.415</b>	<b>402.191</b>

## Note 3 Continued – Biomass

<b>Specification of biological assets - tonnes</b> (NOK '000)	<b>Q3 2021</b>	<b>Q2 2021</b>	<b>Q3 2020</b>	<b>FY 2020</b>
Opening balance biological assets	9.203	8.585	7.298	6.042
Increase due to fish put in the sea	149	240	200	413
Increase due to production in the period	5.053	2.686	6.169	13.834
Reduction due to mortality in the period	-53	-182	-134	-971
Reduction due to harvesting in the period	-3.409	-2.125	-3.328	-8.805
Non-recurring events and other	0	0	0	0
<b>Closing balance biological assets</b>	<b>10.945</b>	<b>9.203</b>	<b>10.205</b>	<b>10.513</b>

<b>Specification of changes in book value of biological assets:</b> (NOK '000)	<b>Q3 2021</b>	<b>Q2 2021</b>	<b>Q3 2020</b>	<b>FY 2020</b>
Opening balance biological assets	469.847	401.730	348.390	276.544
Increase due to production in the period	152.025	91.441	133.439	447.655
Non-recurring events and other at cost		0		0
Reduction due to harvesting in the period	-100.809	-66.072	-83.414	-317.370
Fair value adjustments of the biological assets	-24.183	42.748	0	-4.638
<b>Closing balance biological assets</b>	<b>496.880</b>	<b>469.847</b>	<b>398.415</b>	<b>402.191</b>

Groups of biological assets in sea, status as of 30.9.2021	Number of fish (1000)	Biomass (tonnes)	Production costs	Fair value adjustments	Accounted value
Smaller than 1 kg	2.291	1.432	52.962	8.655	61.617
1-4 kg	1.291	3.489	129.073	21.092	150.165
Larger than 4 kg	1.239	6.025	222.900	36.425	259.325
<b>Biological assets</b>	<b>4.822</b>	<b>10.945</b>	<b>404.936</b>	<b>66.172</b>	<b>471.108</b>

Groups of biological assets in sea, status as of 30.6.2021	Number of fish (1000)	Biomass (tonnes)	Production 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
<b>Biological assets</b>	<b>4.442</b>	<b>9.204</b>	<b>352.141</b>	<b>90.356</b>	<b>442.497</b>

Groups of biological assets in sea, status as of 30.09.2020	Number of fish (1000)	Biomass (tonnes)	Production costs	Fair value adjustments	Accounted value
Smaller than 1 kg	2.741	1.426	50.944	1.673	52.617
1-4 kg	1.291	2.947	105.329	3.458	108.787
Larger than 4 kg	1.201	5.832	208.410	6.842	215.252
<b>Biological assets</b>	<b>5.232</b>	<b>10.205</b>	<b>364.683</b>	<b>11.973</b>	<b>376.656</b>

Groups of biological assets in sea, status as of 31.12.2020	Number of fish (1000)	Biomass (tonnes)	Production 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
<b>Biological assets</b>	<b>4.488</b>	<b>10.513</b>	<b>369.331</b>	<b>6.656</b>	<b>375.987</b>



## 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)	Q3 2021	Q3 2020	YTD 2021	YTD 2020
Change in fair value adjustments of the biomass	-24.183	0	58.837	0
<b>Total fair value adjustments</b>	<b>-24.183</b>	<b>0</b>	<b>58.837</b>	<b>0</b>

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

(NOK '000)	30.9.2021	30.6.2021	30.9.2020	31.12.2020
Fair value adjustments biomass (inventory and biological assets)	66.172	90.356	11.973	6.656
<b>Net fair value adjustments in the balance sheet</b>	<b>66.172</b>	<b>90.356</b>	<b>11.973</b>	<b>6.656</b>

## 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 Q3 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)	Q3 2021	Q3 2020	YTD 2021	YTD 2020	FY 2020
Companies controlled by large shareholder - products purchased	135	141	14.301	527	890
Companies controlled by large shareholder - services purchased	991	375	2.663	1.474	2.037
<b>Total goods and services purchased from related parties</b>	<b>1.126</b>	<b>516</b>	<b>16.964</b>	<b>2.001</b>	<b>2.927</b>

## 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 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 September 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.

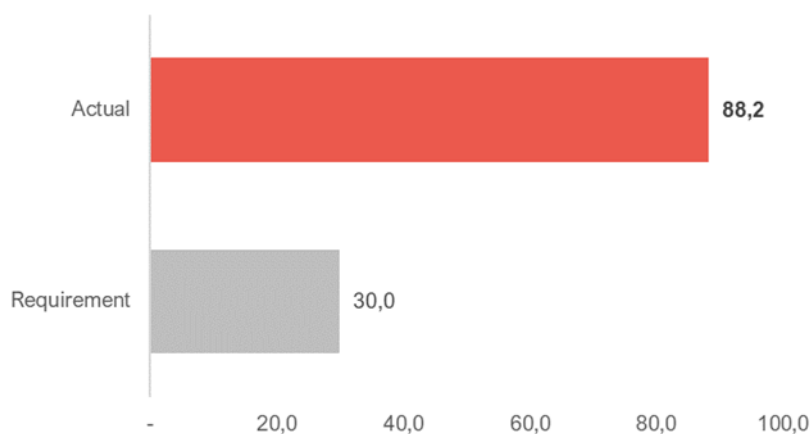
(NOK '000)	30.09.2021	31.12.2020
Reported long-term interest-bearing debt	201.720	245.184
Reported short-term interest-bearing debt	36.621	301.154
Reported bank deposits	-55.517	-79.171
<b>Total net interest bearing debt</b>	<b>182.825</b>	<b>467.166</b>
Lease liabilities (IFRS 16 effects)	0	0
<b>NIBD according to bank covenant</b>	<b>182.825</b>	<b>467.166</b>

## Equity ratio

(NOK '000)	30.09.2021	31.12.2020
Reported equity	940.429	478.805
Reported total assets	1.302.770	1.137.847
<b>Equity ratio</b>	<b>72,2 %</b>	<b>42,1 %</b>

## 12 Month Rolling EBITDA

The 12 month rolling EBITDA on the 30<sup>th</sup> of September 2021 was 88.2 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 30.09.2021:

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.	2.967.456	9,31%
4	Landsbankinn hf.	485.675	1,52%
5	VERDIPAPIRFONDET PARETO INVESTMENT	346.235	1,09%
6	KVERVA FINANS AS	258.000	0,81%
7	VERDIPAPIRFONDET NORDEA AVKASTNING	237.107	0,74%
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	PACTUM AS	152.751	0,48%
12	CLEARSTREAM BANKING S.A.	148.765	0,47%
13	VERDIPAPIRFONDET EIKA SPAR	136.242	0,43%
14	VERDIPAPIRFONDET EIKA NORGE	99.750	0,31%
15	J.P. Morgan Bank Luxembourg S.A.	83.849	0,26%
16	ROTH	80.000	0,25%
17	VERDIPAPIRFONDET NORDEA NORGE PLUS	74.904	0,23%
18	SKEIE ALPHA INVEST AS	69.053	0,22%
19	Euroclear Bank S.A./N.V.	68.726	0,22%
20	State Street Bank and Trust Comp	51.636	0,16%
<b>Ownership of 20 largest shareholders</b>		<b>31.237.688</b>	<b>98,00%</b>
<b>Total number of shares</b>		<b>31.876.653</b>	<b>100,00%</b>

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

