



# Annual report 2021



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## Introduction and disclaimer

### Introduction

This report is the annual report for the fiscal year of 2021. The main purpose of this report is to give its shareholders a comprehensive overview of the operations and the financial performance of 2021. It contains informative sections describing the business, the board report, as well as the audited consolidated financial statements with its relevant notes.

### Disclaimer

This annual 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



## Abbreviations

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In some cases, industry specific abbreviations are used as well as other abbreviations, a list of them is as follows:

**ASC:** Aquaculture Stewardship Council certification

**BFCR:** Biological feed conversion ratio

**BOD:** Board of Directors

**EBIT:** Earnings before interest and taxes

**EBITDA:** Earnings before interest, taxes, depreciation, and amortization.

**EFCR:** Economic Feed conversion ratio

**ESG:** Environmental, Social and Governance.

**EUR:** Euros

**FCA:** Free Carriage – a shipping term.

**GDP:** Gross Domestic Production

**GHG:** Green House Gas protocol

**GW:** Gutted Weight of Salmon

**HOG:** Head on Gutted weight of Salmon

**HORECA:** The hotel, restaurant, and catering industry

**HSE:** Health, safety, and environment

**HSMI:** Heart, Skeleton and Muscle inflammation

**ISK:** Icelandic Kroner

**KPI:** Key Performance Indicators

**LW:** Live Weight of Salmon

**MAB:** Maximum allowed biomass

**MOM B:** Production area monitoring, where evaluation is carried out by a third party and involves extraction of samples from the seabed under and around the cages in a facility.

**NOK:** Norwegian Kroner

**NRS:** Norway Royal Salmon

**RAS:** Recirculating Aquaculture System

**ROCE:** Return on capital employed

**ROE:** Return on equity

**TGC:** Thermal Growth Coefficient

**USD:** United States Dollars

## Overview from the CEO

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### **An eventful year**

The year 2021 was an eventful year for Arctic Fish. Kicking off the year in a process to list the company Euronext Growth stock market in Oslo and a successful listing on the 19th of February. Demand for shares was high, showing the interest and faith the investors and now current shareholders have in Arctic Fish. Furthermore, in the process the majority ownership of Norway Royal Salmon (NRS) was fortified, with NRS exceeding 50% as a shareholder and therefore showing its commitment to the project and its long-term goals. The listing also secured funding for our exciting future growth.

The production of the year was good. 2021 was the largest year in the history of the company in terms of harvested volume as well as produced biomass. The success in the production stem from our own excellent smolt, favourable conditions for sea farming and focus on sustainable practices, all of which has been handled diligently by our dedicated staff. It was satisfying to see our strategy verified with fish harvested after 16 months, reaching 6,5 kg, and having a TGC of 3.38 at end of production. This shows the potential and will be a strong benchmark for years to come.

COVID effects were visible in the market of our products as well in logistical chains and for various inputs for our production. We overcame the challenges with good operational performance and planning.

Uncertainty in licenses and regulations continue to be a challenge we face in our external business environment, and it takes time to get improvements. Despite this uncertainty and waiting, we have become one of the largest exporters of salmon in Iceland, one of the biggest job creators in the Westfjords of Iceland and a significant contributor to the Icelandic economy and GDP. The knock-on effect also clearly visible in the communities we operate, which in return contributes to the pride that we as team in Arctic Fish have.

A major contributing factor to the success of 2021 is without a doubt the dedicated and skilled workforce within Arctic Fish. The willingness of the team to achieve the best and become leaders of the industry, while at times navigating through and



around uncharted obstacles, has a great impact on the mindset and culture of the company. It is ultimately down to the excellent people, our strong local leaders and production employees, that we have been able to run our operations with good results. This certainly became visible within the results of 2021, with the year being our largest in terms of sales, revenue, profit, and our best cost performance in the history of the company.

The Arctic Fish team will build on the results of 2021 and the continued commitment to our core competence and sustainable values will create a strong foundation for years to come.



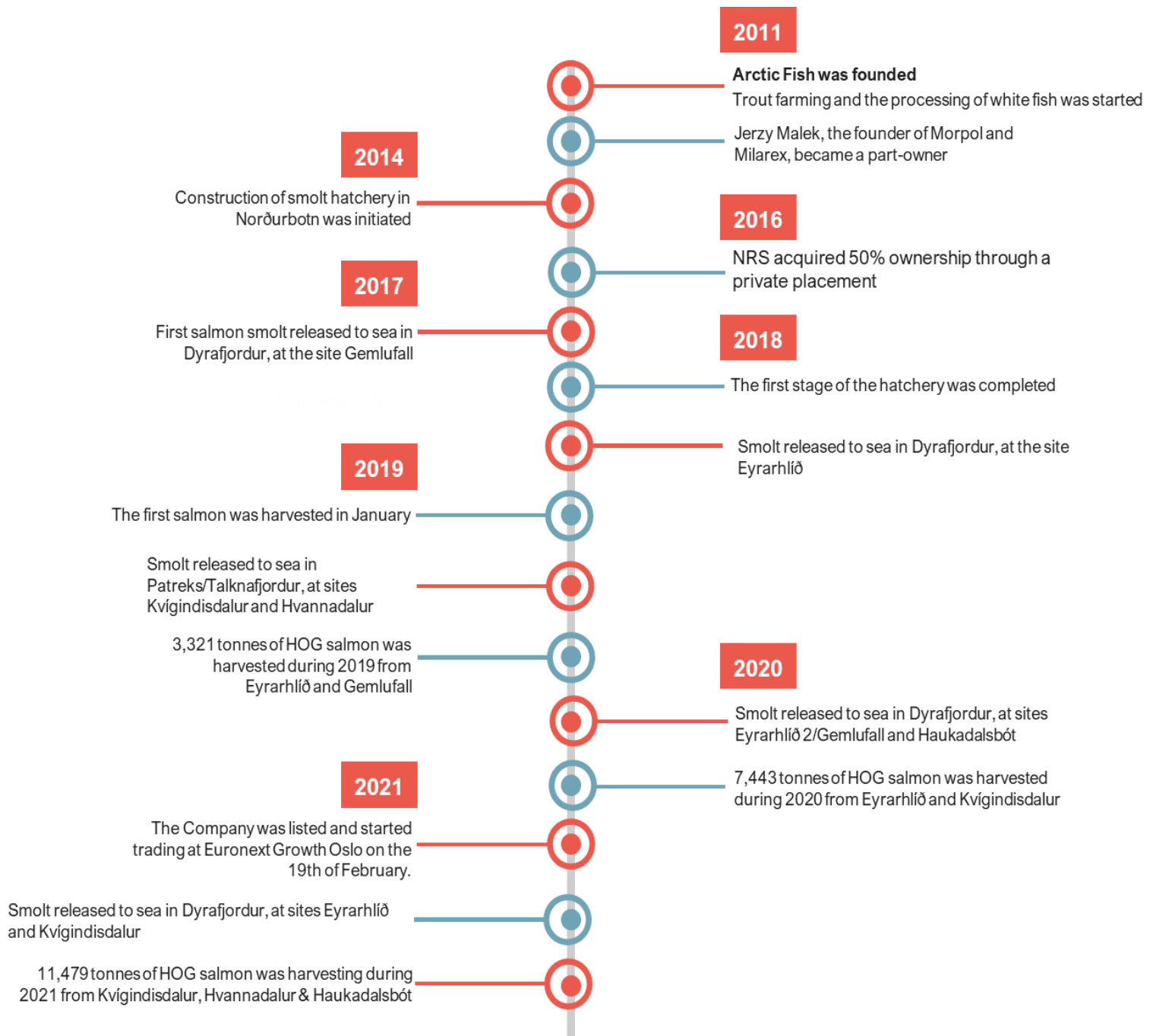
A handwritten signature in black ink that reads "Stein Ove Tveiten".

**Stein Ove Tveiten**

Chief Executive Officer

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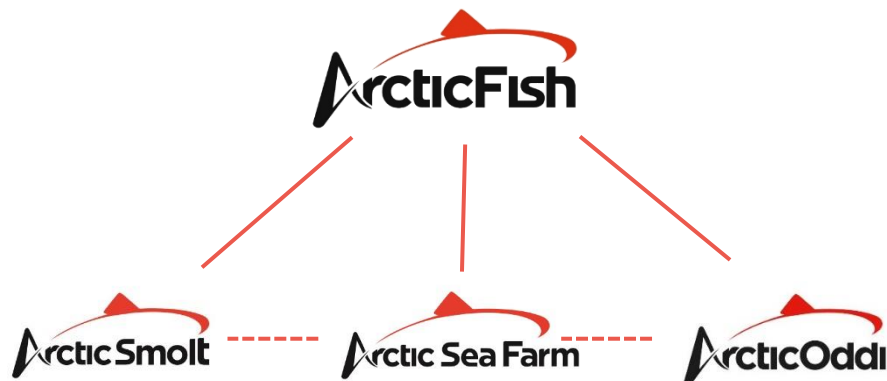
## Milestones



## The business

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Arctic Fish is a group of companies that has operations mainly in the Westfjords of Iceland. 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.



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, that was 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 and high growth potential.

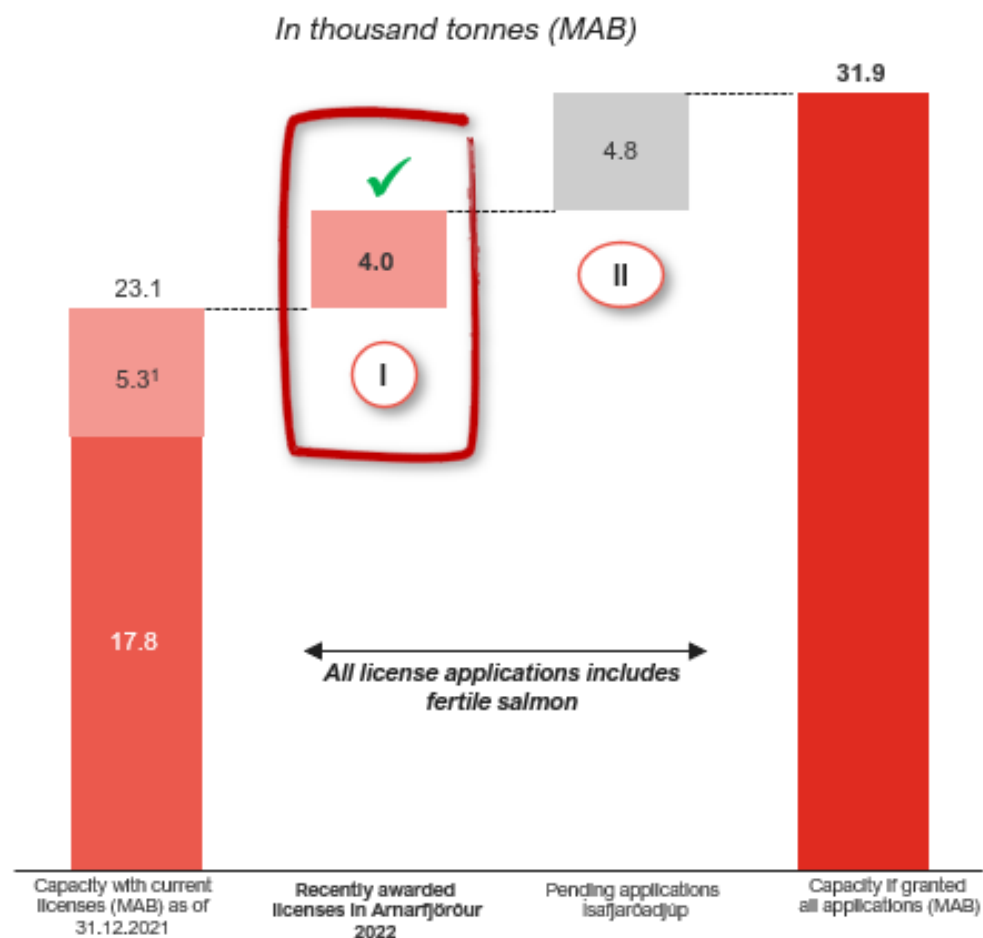
The Group has a modern and high capacity smolt facility with recirculating aquaculture systems ("RAS") technology, being currently the only RAS facility in Iceland with large-scale production capacity. 7,443 tonnes of head-on gutted ("HOG") salmon were harvested by the Group in 2020 and 11,479 tonnes HOG in 2021, or a 54% growth year over year.



The Group has farming licences for a total of 27.1 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 achieved a new 4,000 tonnes MAB for salmon in Arnarfjörður, seen highlighted in the image below. This is a new license in a fjord and at a site that the Group has not operated in before.

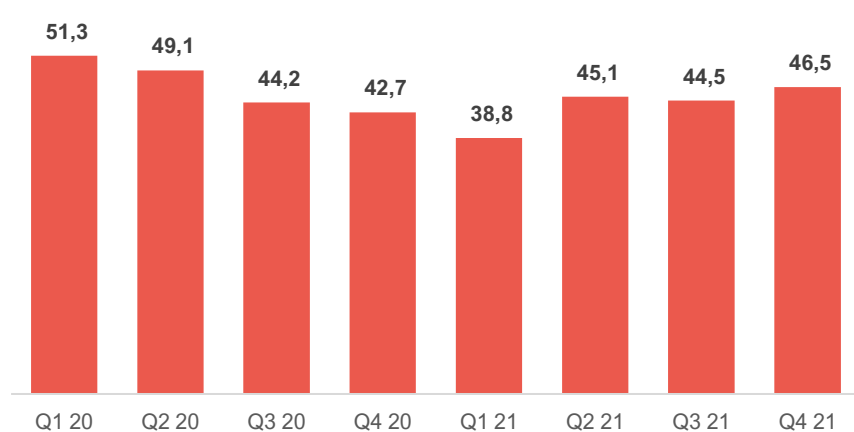
The Group also has applications for an additional 4.8 thousand tonnes of MAB for salmon which is expected to be finalized in 2022. Additionally, the Group holds a license for land based smolt production on its own land in Norðurbotn, which is required for the Group's ongoing smolt production.



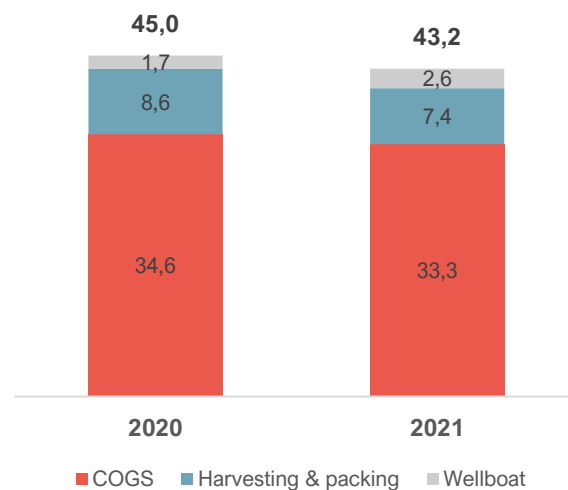
## Production highlights

### Production cost (NOK pr. kg)

#### Quarterly



#### Yearly

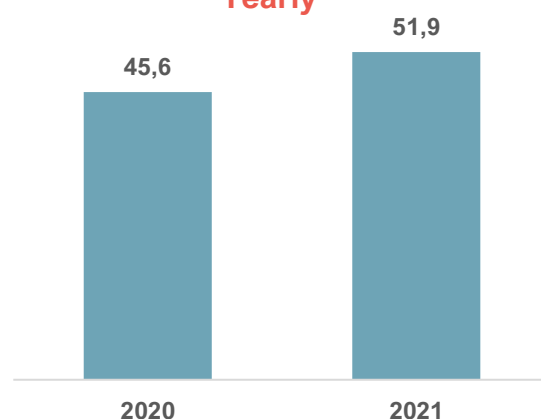


### Price achievement (NOK pr. kg)

#### Quarterly

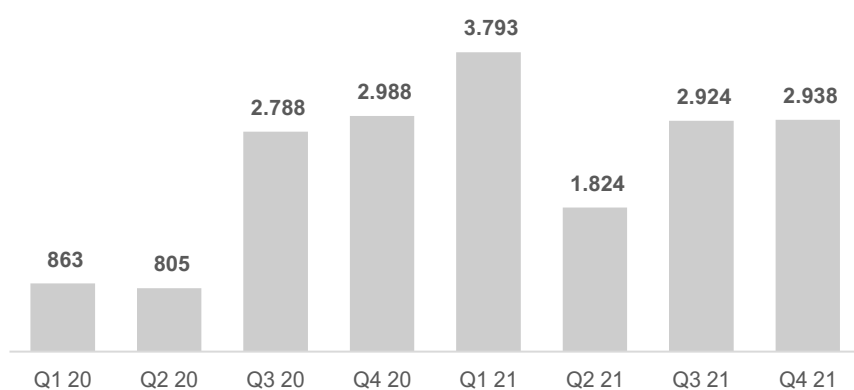


#### Yearly

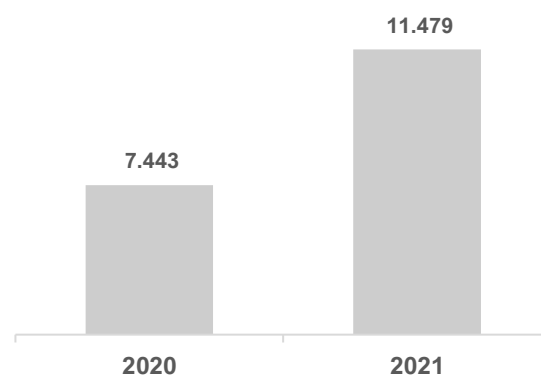


### Harvesting quantity (tonnes)

#### Quarterly

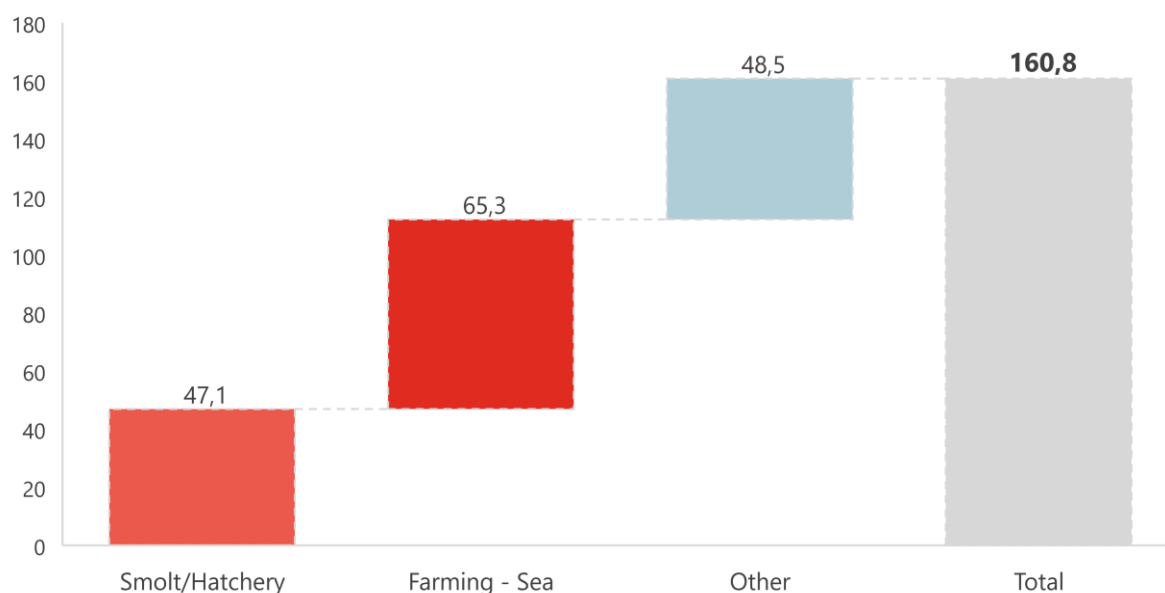


#### Yearly



## Capital Expenditure summary

Capital expenditures for the year 2021 amounted to 160.8 million NOK. The company invested into its two main growth projects, a new harvesting facility and smolt facility expansion alongside its biomass build up.



Categories	CAPEX
Boats	19.474
Cages and nets	38.998
Feeding equipment	513
Other	6.308
Construction/Maintenance	4.656
Increased need	1.440
Licenses cost	18.234
Precosts for growth projects and other	71.222
<b>Total</b>	<b>160.846</b>



Arctic Fish has participated in research and development regarding the cooling and harvesting techniques, both of which aim at extending the shelf life and quality of fish, making ocean freight a more viable option for longer distances, and this can reduce the carbon footprint if ocean freight can be substituted for air freight.

## Freshwater production

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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 13 million smolt having been produced at the hatchery since 2017. The Group also owns a considerable land area near the smolt facility, which it is currently using for a smolt facility expansion. The existing facility is sufficient to enable the annual production of 17.5 thousand tonnes of salmon HOG (Head on Gutted weight).

## Seawater production

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The Group's seawater sites are strategically located in all fjords in the Westfjords of Iceland, with seven 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 27,100 tonnes MAB with additional applications for 4,800 tonnes MAB that the Group is optimistic of receiving in 2022.

Existing licenses are divided into 21,800 tonnes MAB of salmon and 5,300 tonnes MAB of trout that is in process of being converted to salmon licenses as mentioned earlier.

## Processing

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All processing of the Group's salmon is currently handled externally through a contractor at a processing facility in Bildudalur, Arnarfjörður in a facility that has limited capacity for growth and lack potential to gain economies of scale and increased efficiency. The Group has already made decisions that relate to increasing

harvesting capacity. The Group considers the current slaughtering price as high and the ongoing decisions and planned future investments have a clear target of decreasing the slaughtering price.

## Sales

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The last years have been periods of growth for Arctic Fish, with harvesting volumes increasing rapidly from 2019 and to the end of 2021, which was the biggest year in terms of harvested and sold volumes with 11.5 thousand tonnes. All sales activities are handled by a well-established sales company and distributor of Icelandic and Norwegian salmon. All fish is sold to the sales company at the factory door in Bildudalur. The sales are to all the major markets and the long-term vision is to increase the proportion of sold volumes to high paying markets with more focused marketing strategies that build on an image of high quality, pristine natural conditions, and sustainability.

## Growth and development

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The Group is already engaged in growth projects that have been ongoing and started in 2021. An ongoing project is licensing, as it is an underlying foundation, an awarded license needs to be utilized and realized. The issuing agencies awarding licenses are in the final stages of issuing a new license to the Group in Isafjardardjup. The total license capacity when Isafjardardjup will be issued brings the total license capacity up to 31.9 thousand tonnes.

The Group started in Q2 2021 to expand the smolt production. The planned expansion is to increase the production capacity both in terms of tonnes and number of smolt. It is expected that the facility can produce 5 million smolt or more depending on size and with at least a capacity of thousand tonnes of biomass. This expansion is done so that the Group can fully utilize its production potential of an expected 25 thousand tonnes HOG.

The Group started in Q4 2021 to invest in increased harvesting capacity and a facility was purchased that has the potential to harvest future expected volumes at a low and competitive cost pr. kg.

## Shareholder information

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. As of 31<sup>st</sup> of December the company has 31,876,653 shares outstanding and Arctic Fish Holding does not own any of its own shares. The company has 200 individual and nominee accounts that are comprised of multiple individuals listed on the 31<sup>st</sup> of December 2021.

**Top 20 shareholders of Arctic Fish Holding own 31,325,576 shares, or 98,27%.**

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.	3.031.424	9,51%
4	Landsbankinn hf.	519.716	1,63%
5	VERDIPAPIRFONDET PARETO INVESTMENT	351.000	1,10%
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	CLEARSTREAM BANKING S.A.	181.391	0,57%
10	VERDIPAPIRFONDET EIKA SPAR	172.312	0,54%
11	MP PENSJON PK	165.000	0,52%
12	PACTUM AS	152.751	0,48%
13	VERDIPAPIRFONDET EIKA NORGE	125.225	0,39%
14	J.P. Morgan Bank Luxembourg S.A.	83.849	0,26%
15	VERDIPAPIRFONDET NORDEA NORGE PLUS	82.702	0,26%
16	State Street Bank and Trust Comp	80.605	0,25%
17	ROTH	80.000	0,25%
18	Euroclear Bank S.A./N.V.	68.154	0,21%
19	VERDIPAPIRFONDET HOLBERG TRITON	50.733	0,16%
20	TRETHOM AS	41.101	0,13%
<b>Ownership of 20 largest shareholders</b>		<b>31.325.576</b>	<b>98,27%</b>



## ESG

### Our stakeholders

Arctic Fish has several stakeholders both locally and internationally. We value an open, honest, and respectful dialogue with our stakeholders. We want to be upfront and honest about our difficulties and demonstrate how we are working to overcome them.

*Arctic Fish stakeholders*

Internal influence	Business associates	Customer groups	External influence
Employees	Partners	External customers	Authorities
Investors	Suppliers	New customer	Local communities
	Service providers	International customers	Interest organization
		National customers	Research institutions

### Healthy and safe seafood

When it comes to healthy eating, few products can compare with salmon. Thanks to its high proportion of Omega -3, proteins, vitamins, and minerals. Despite cold winter temperatures, Iceland has some ideal key factors to raise salmon successfully. Our sites, located inside the fjords, are sheltered by the surrounding mountains. While the wind, waves and current ensure a good movement of water that provides the salmon with oxygen-rich seawater. Also, Icelandic waters are free of most of the harmful pathogens that can be found affecting some other farming nations, making the Icelandic salmon farming antibiotic free.

## KPI and ambitions

Our ESG performance is measured and monitored internally with the following KPI's

	KPI's	AMBITIONS	2021	2020
<b>PROFITABLE SALMON FARMER</b>				
Shareholder returns	ROCE	> 15%	<b>9,9 %</b>	0,2 %
	ROE (after tax)	> 15%	<b>15,6 %</b>	-8,0 %
<b>COMMITTED TO CUSTOMERS</b>				
Product certification	Conduct external and internal audits to ensure that our production is in accordance with laws, regulations and internationally accepted standards	Compliant with laws, regulations and standards	<b>Yes</b>	Yes
Healthy and safe seafood	Conduct monitoring program for contaminant levels	Compliant with own standards	<b>Yes</b>	Yes
<b>COMMITTED TO NATURE</b>				
	ASC-share of active sites	all new site will be ASC	<b>100%</b>	100%
	Share of sites with MOM-B state 1 or 2	100%	<b>100%</b>	100%
Prevent escapes	Incidents of escapes	Zero	<b>0</b>	0
Ensure good fish health / welfare	Survival	> 92%	<b>95,9 %</b>	
Sea lice management	Minimize number of sites above sea lice action limit	Number of sites above action limit shall be less than 1 % of number of active weeks on sites	<b>Yes</b>	Yes
	Use of antibiotics per tonne produced fish	0.0 %	<b>0,0 %</b>	0,00%
Low medicine use	Medicine use in sea lice treatments per tonne produced fish	Reduction in medicine use in sea lice treatments	<b>No</b>	Yes
Sustainable and efficient fish feed	Feed according to ASC requirements and GLOBAL G.A.P. certification	Compliant with standards	<b>Yes</b>	Yes
Waste management	Conduct audit of waste management procedures	100 % waste management	<b>Yes</b>	Yes
<b>COMMITTED TO PEOPLE</b>				
Ethical guidelines	No identified violations of ethical guidelines	Compliant with ethical guidelines	<b>Yes</b>	Yes
	Absence rate	< 4%	<b>1,6 %</b>	
Health, safety and environment	Number of injuries which led to absence	Reduction in injuries leading to absence	<b>4</b>	
Education and development	Increase number of trained employees in the company	Yes	<b>Yes</b>	Yes

## **Fish health and fish welfare**


Arctic Fish focuses on creating good health and welfare conditions for the fish by applying established best practices into procedures and routines. This helps to prevent illness and reduces mortality and demanding treatments in the wake of the outbreak of disease, which is positive for both the environment and the fish.

The farming strategy is to prevent diseases using vaccination, cleaner fish, and other natural means rather than to introduce medical treatments after outbreaks of diseases.

Arctic Fish follows ASC standard to the maximum permitted number of lice numbers, which is 0,1 adult female lice per fish, in sensitive period which is defined by the time wild salmonid smolts are entering the sea. All lice numbers are reported to the Food and Veterinary Authorities in Iceland and published on Arctic Fish website within a week from the lice count.

## **Sustainable feed**

We require our feed suppliers to ensure that the ingredients they use are certified, so we can confidently sell a product that has been sustainably produced. This means that the feed ingredients are not genetically modified, have not been produced in areas threatened by deforestation, and do not depend on endangered fish stocks. Our feed is reviewed every year in our ASC audits.





## Certifications

In Arctic Fish we work according to the standard Aquaculture Stewardship Council (ASC).

### **Aquaculture stewardship Council (ASC)**

Aquaculture Stewardship Council (ASC) is an environmental standard negotiated with World Wildlife Fund (WWF). It sets strict standards for how the fish is produced. The standard requires documentation related to fish health, environmental impact, use of feed, relations with neighbours, and requirements for suppliers. ASC – certified fish is produced in a responsible and sustainable way within very strict requirements.

Arctic Fish farms are 100 percent certified and the aim is to get all new sites certified in the future.

## Certifications

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100%

ASC – Certified sites

## Fresh water

Fresh water is a critical key resource for the planet and important for the value chain. Arctic Fish Salmon has a very low water usage compared to other traditional livestock. Our smolt production facility is the only RAS (Recirculating Aquaculture Systems) in Iceland.

## **Waste management**

Arctic Fish is dependent on a clean ocean to continue offering premium salmon in the future. Arctic Fish seeks to minimize the environmental impact caused by our operations and has established a range of control and monitoring systems to safeguard the environment in the fish farm's surroundings. Our waste management plans are in a responsible way, and we have procedures to ensure that. As we move forward, we work to improve and do better every year.

## **Emission and energy**

We use a sustainability management system to register and monitor our energy consumption and our carbon footprint. The system is in accordance with the Greenhouse Gas Protocol (GHG). The standard is used worldwide for measuring greenhouse gas emissions. Below is a summary of our energy consumption and emissions of greenhouse gases converted into CO<sub>2</sub> equivalents. Our reporting is based on the emissions from operations managed by Arctic Fish, which can have an influence on the environment.

Arctic Fish has been delivering green accounting reports to Iceland's Environmental Agency for years, which are available on their website. The report contains every chemical, waste, and medicine consumption, as well as electricity and oil usage for the company's production. Arctic Fish will report emissions based on green account numbers for the first time in 2021. Our goal is to cut emissions per tonne of fish produced, therefore we've begun planning for a land connection to connect one of our barges to a renewable energy source, as well as the arrival of our first hybrid barge in 2022.

*Energy consumption*

Energy consumption	unit	2021
Scope 1: Fossil Fuel	liter	403,457
Scope 2: Electricity	MWH	7,709
<b>GHG Emissions</b>		
Scope 1: Fossil Fuel	tCO <sub>2</sub> e	1,951
Scope 2: Electricity	tCO <sub>2</sub> e	-
Total emission	tCO <sub>2</sub> e	1951
<b>KgCo<sub>2</sub>e/tonne fish</b>		<b>130</b>

**Emission of nutrient salts**

Arctic Fish has established an operational centre with expertise in feeding where the sites are closely monitored. Feeding systems and personnel training is adapted to the fish appetite, which prevents overfeeding. Benthic samples are conducted by a third party on sites twice during each generation to monitor accumulation of organic materials as well as a fallowing sample is also taken to see if sites are ready for a new generation. MOM-B survey is one of the regular surveys performed. This survey monitors environmental impact on the seabed in the immediate vicinity of the site. Our status as of 2021 is that four out of 5 sites have a rating of 1 (very good) and one has a rating of 2 (good) based on the last reported MOM-B survey. The company also has MOM-C surveys conducted to get a better understanding on the benthic community as well as in first generation sites additional sampling have been taken after peak biomass sampling to better understand the pre-fallowing period.

**Logistics and transport**

Arctic Fish has a strategic focus on increasing transport of products by sea cargo routes. This is possible for certain markets in N-America. By using sea cargo, the carbon footprint can be reduced as conventionally fresh products to N-America are sent via air cargo. The sea cargo route to N-America is a future logistical solution Arctic Fish will utilize rather than air cargo.

## **Prevent escapes**

Our equipment at sea has a certificate confirming that it complies with the requirements of the NS 9415 standard. The certificate certifies that the technical and remotely operated vehicles (ROVs) are used during operations to prevent damage to nets and escapes. Arctic Fish is working on employee training as well as reviewing and enhancing our systems in order to maintain zero escapes.

## HSE

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### **People and society**

We at Arctic Fish are committed to create good relations and values in the local communities which we operate in and offer a safe workplace. Arctic Fish is a major employer and an important member of society and therefore we have multiple responsibilities to people, society, and industry.

Arctic Fish has a large number of skilled and capable people from all over the world working on the common goal of delivering world-class salmon in harmony with nature. Employee ideas and innovative thinking are a crucial driver of Arctic Fish's performance, and the company welcomes forward-thinking and honest dialogue.

The safety of our people is a top priority and active measures are taken to reduce accidents by using a dynamic quality system and functioning Health & Safety work.

### **Ethical guidelines and human rights**

Arctic Fish has a continuous focus on compliance with guidelines and standards for areas that are under the company's social responsibility. Our values are also reflected in the ethical guidelines. The ethical guidelines describe Arctic Fish's goals as well as requirements for how the company and the company's employees should behave and what external shareholder can expect from us.

Arctic Fish shall in its daily operations act comply with applicable laws and regulations, and in an ethical and responsible manner. The guidelines have been communicated to all employees and are reviewed regularly. We aim to operate in an honest, proper, and trustworthy manner, and take pride in showing off what we do.

Arctic Fish had no cases of committed or alleged corruption or discrimination in our business in 2021 and there have been no breaches of our ethical guidelines.

### **Responsible employer**

The employee's efforts and contributions have been essential for Arctic Fish's operations in 2021. The employees are our most valuable resources, and we want to offer safe and meaningful jobs. Arctic Fish seeks to be a preferred employer, by



offering competitive benefits, employee follow-ups, and a safe and stable employment.

## **Employee health, safety and environment**

Health, safety, and environment (HSE) has the highest priority in Arctic Fish. HSE vision on no injuries on personnel, environment and equipment is a governing and long-term goal for the company. We encourage our employees to partake in physical activities and more movement with an annual sport grant. We believe that healthier employees lead to less sickness.

Focused HSE work is necessary to achieve a safe and efficient operation.

Continuous efforts are made to firmly establish the importance of safety in all parts of the organisation. There is a close connection between systematic HSE work and good value creation. Internally, continuous efforts are done to create a corporate culture where effective and preventive HSE work is one of the pillars.

We perform continuous training in HSE and other areas. To clarify all matters relating to the Arctic Fish employees, an employee handbook has been prepared and introduced to employees when hired.

Arctic Fish conducts employee satisfaction surveys regularly in cooperation with HR Monitor, a company that specialized in such surveys. In the survey, the employee's experience of the organisation is measured in relation to trust in the management, pride of the work being done and the fellowship of colleagues. The purpose is that, through observations in this survey, we will prioritise our improvement areas and through various measures improve productivity and competitiveness by developing a trust-based leadership and corporate culture.

## **Worker's rights and social matters**

In Arctic Fish we value diversity and equal opportunities. The aquaculture industry has traditionally been a male-dominated workplace. On the 31<sup>st</sup> of December 2021, women made up 19 percent of Arctic Fish workforce. The top management is entirely made up of men. One of five members of Arctic Fish board of directors is a woman. Our subsidiaries in Iceland, where our main operations are, meet the

requirements for gender equality on company boards by law. There shall be no gender-based discrimination with respect to pay, promotion or recruitment, or in any other matter. Arctic Fish shall be a good and safe workplace where there is no discrimination on the grounds of ethnicity, country of origin, colour, religious persuasion or reduced functional capacity or in any other matter. All employees have freedom of association and the right to collective bargaining.

## Education and development

Within Arctic Fish we have employees with a high level of expertise in both salmon farming, and many other fields. We facilitate our employees to achieve the certificate as private students whilst they are in paid employment. We stimulate employees to study for certificates by providing supplementary salary to those who have accomplished certificate requirements. Our employees are trained and educated continuously in several (both statutory and preferred) areas, within both management, production, fish health, HSE and technical areas. Highly skilled and trained workers are essential to ensure that our operations can take place in the most professional, safe, and careful manner.

		Target	2021
<b>Employees</b>	No. of full - time equivalents (FTE)		63
	No. of women		19%
<b>Safety and sickness absence</b>	No. of fatalities	0	0
	LTI's	0	4
	H-factor	<6	10
	Sickness absence	<4%	1,56%
<b>Regulatory compliance</b>	No. of violations	0	0
	Fines in ISK	0	0

## Board of Directors

Arctic Fish has five board members. 4 men and 1 woman.



**Svein Sivertsen**

***Chairman since 2016***

Board member and advisor in a wide range of industries  
Previously MD of Fokus Bank ASA (now Danske Bank)



**Ola Loe**

***Board Member since 2016***

Ola Loe is a Certified Public Accountant from the Norwegian School of Economics and Business Administration (NHH). Prior to joining Norway Royal Salmon in February 2009, Ola worked as a senior manager at KPMG and as group auditor for Cermaq, Norway Pelagic, Mowi and Fjord Seafood.



**Charles Høstlund**

***Board Member since 2016***

Previous CEO of Norway Royal Salmon  
Previously Regional Director and Production Manager in Mowi  
and board member in Nova Sea.



**Nicolaj Weiergang**

***Board Member since 2021***

CEO of Arctic Seafood Group AS since 2013. Previous CFO of Codfarmers ASA Experience in raising private and public capital. Skilled in business strategy and development.



**Hildur Árnadóttir**

***Board Member since 2021***

Board member and advisor in a wide range of industries. Experience as a senior manager and partner at KPMG Iceland, CFO at Bakkavör Group hf. and Director of Treasury at Islandsbanki hf.

## Board of Directors' report

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### Group operations and locations

Arctic Fish is a fish farming company with its main activities in Iceland.

The Group's business is to supply the market with healthy salmon of high quality. The Group's strategy is to run effective fish farming operations, as well as to sell the output of our own production. Arctic Fish wishes to be a leader in salmon farming in Iceland as well a leader in the effort to develop the growing industry in the best way possible from a sustainable perspective.

Arctic Fish Holding AS is the parent company of Icelandic entities, and 100% owns the following: Arctic Fish ehf., Arctic Smolt ehf., Arctic Sea Farm ehf., and Arctic Oddi ehf.

Arctic Fish Holding AS is listed on the Euronext Growth and Arctic Fish ehf is the Icelandic parent company of the other Icelandic entities.

The Group's fish farming operations are in the Westfjords of Iceland and the Group has licenses equivalent to 27,100 tonnes MAB. Sales are outsourced.

### Highlights of 2021

Arctic Fish established its position of being one of the largest salmon producers in Iceland with the following highlights:

- Harvested and sold 11,479 tonnes of salmon.
- Produced 3.3 million smolt, there of 2.7 million that was put in our own farming sites and 0.6 sold to other salmon farmers
- Listed on the Euronext Growth market on the 19<sup>th</sup> of February, with 350 MNOK raised to finance the growth and strengthen the capacity of the company.
- Awarded 6,000 tonnes MAB for salmon in Dyrafjordur.

- Started building an expansion on the smolt facility at an estimated cost of 260 MNOK, that will be fully operational in 2023, raising capacity up to 5 million smolt annually.
- Purchased facilities to secure harvesting capacity in the long run.
- All sites received ASC recertification.

## Research and development projects

Arctic Fish is actively developing the company and in 2021 some of the research and development projects the company focused on were:

Expansion of RAS smolt production started in 2021 a total project that is estimated to be in development and construction until 2023. The total cost of the project is expected to be 260 M Nok and already invested 58 M NOK in 2021, with two separate contracts committed regarding the development of the facility. The expansion builds on the previous success in building a RAS facility that utilized the newest available technology. The facility will expand our production capacity to 5 million smolt with additional capacity to grow out smolt to a larger size. This expansion is the foundation for our future growth in harvesting volume.

In 2021, long term licence development projects yielded positive results. After extensive research in the previous years an expansion in Dyrafjordur was achieved, that expanded our production capacity of 6,000 tonnes MAB. Other research activities on site feasibility and site alteration were also undertaken with results to be expected in 2022. It is expected that the total license capacity of Arctic Fish will be 31.9 thousand tonnes in the coming years.

In cooperation with local and national educational institutions Arctic Fish has supported the development of a curriculum for general workers in fish farming. Furthermore, there was development on training and education regarding feeding activities and fish health, both of which supported and developed by external specialists. There has also been a focus on lice and lice treatments, where Arctic Fish has participated in seminars and workshops in Iceland and internationally. Furthermore, the company is engaged in researching the effect of the farming




activities on lice on wild salmon caught in neighbouring rivers, a monitoring project that is co funded by government grants.

Arctic Fish has participated in research and development regarding the cooling and harvesting techniques, both of which aim at extending the shelf life and quality of fish, making ocean freight a more viable option for longer distances such as to the North American Market, and this can reduce the carbon footprint if ocean freight can be substituted for air freight. Results are promising and the indications are that ocean freight to the North American market will be the future logistical solution for fresh salmon from Arctic Fish.

Arctic Fish received certification for organic production of salmon and the first batch of eggs was hatched in 2021. The production planning aims at a first generation to be harvested in 2023 the earliest. The organic production is aimed at a growing market segment that can yield better price achievements. This is a long-term development project that will be reviewed periodically.

An ongoing project in 2021 was to secure the possibilities of land connection of some of our feeding barges. This is an ongoing development project as the electrical infrastructure in remote areas of the Westfjords need improvements to be able to connect the barges. This project has therefore a double effect, social and environmental. It will strengthen the rural infrastructure with better 3-phase power and electrical lines and decrease the carbon footprint of our feeding barges. In 2021 design and planning of the project was done as well as groundwork for lines in a remote area in Dyrafjordur.



## Financial performance

Consequent to the listing of Arctic Fish on Euronext Growth the board made considerations on the accounting principles and chose to adopt IFRS in 2021. IFRS bring transparency by enhancing the international comparability and quality of financial information, enabling investors and other market participants to make informed economic decisions.

For the 2021 reported figures, Arctic Fish Group is consolidated from 1 January 2021. For all corresponding figures for 2020, Arctic Fish Group was accounted as an associated company and not fully consolidated in the 2020 figures. Further key comparative information between 2021 and 2020 can be found within the table “Financial performance summary”.

### Income statement

Arctic Fish generated consolidated operating revenues of NOK 595.8 million in 2021, compared to NOK 375.6 million in 2020. Operational EBIT totalled NOK 86.9 million (2020: NOK 6.3 million). The Group had a consolidated operating result of NOK 128.0 million (2020: NOK 1.4 million).

Price achievement increased by 14% year over year and amounted to 51.9 NOK pr. kg compared to 45.6 NOK pr. kg in 2020. Alongside the improvement in price achievement the Group was also successful in decreasing the production costs down from 44.95 NOK pr. kg in 2020 to 43.23 NOK pr. kg in 2021, or an improvement of 4% year over year. Fair Value Adjustments in 2021 totalled to NOK 44.9 million compared to a negative Fair Value Adjustment of NOK 4.6 million in 2020.

The Group had net financial item income of NOK 2.6 million (2020: net financial item expenses NOK 39.9 million).

The Group made a net result for the year of NOK 152.6 million in 2021 (2020: NOK -38.5 million).

The fish farming operations of the company generated operating revenues of NOK 595.9 million in 2021 (2020: NOK 339.4 million). The segment of the company harvested 11,479 tonnes in 2021, compared with 7,443 tonnes the year before, an increase of 54.2 percent.

The farming operations resulted in an operational EBIT of NOK 99.5 million (2020:

NOK 4.8 million). Operational EBIT came to NOK 8.67 pr. kg harvested in 2021 (2020: NOK 0.64 pr. kg). Operational EBIT increased because of the realization of higher prices and subsequently lower production costs compared to the prior year.

### Balance sheet

At year end of 2021, the Group had total assets of NOK 1,434 million (2020: NOK 1,138 million).

The change in total assets is attributable to several factors. Deferred tax assets increased by NOK 19.5 million, licenses increased by NOK 17.8 million, property, plant and equipment increased by NOK 101.6 million. The biological assets increased from NOK 402.2 million to NOK 512.0 million during the year. Other inventory increased by NOK 6.8 million. Receivables increased by NOK 81.5 million. The Group's net interest bearing debt as of 31 December 2021 totalled NOK 320.7 million, compared with NOK 467.2 million at the close of the previous year. As of 31 December 2021, the Group's equity ratio was 68.0 percent which represents an increase of 25.9 percent as at the end of 2020 the equity ratio amounted to 42.1 percent.

### Cash flow

The Group's cash flow from operating activities in 2021 was NOK -34.3 million (2020: NOK -24.8 million). The negative cash flow is mainly due to a change in inventory and biological assets of NOK 71.7 million and change in accounts receivables and payables of NOK 91.1 million, these two items had the largest impact on the overall operational cash flow.

Net cash outflows relating to investing activities in 2021 totalled NOK 160.8 million (2020: NOK 99.7 million). Investments in operating assets of NOK 142.6 million and licenses of NOK 18.2 million had a negative effect on the cash flow.

The Group had a positive cash flow from financing activities of NOK 154.1 million (2020: NOK 193.5 million) which mostly relates to the share issuance in early 2021. The total cash flow of NOK -41.0 million has resulted in net bank deposits totalling NOK 38.1 million (2020: NOK 79.2 million).

In the tables and graphs below we compare certain key items and results from 2021 to 2020 and show the percentage change between years along with comments on the reasons for changes in the following items:

## Financial performance summary

Financial performance summary	Unit	2021	2020	% YoY	Commentary on changes between years:
Operating revenue	NOK '000	<b>595,895</b>	375,667	<b>58.6%</b>	Increased volumes as well as better price achievement
Harvested volume	Tonnes	<b>11,479</b>	7,443	<b>54.2%</b>	Company is growing steadily, with increased license and production capacity
Average price	NOK pr. kg	<b>51.91</b>	45.59	<b>13.9%</b>	Covid influenced prices more in 2020 than 2021
Production cost of sold fish	NOK pr. kg	<b>43.23</b>	44.95	<b>-3.8%</b>	Economies of scale in production as well as stable quality of smolt which contribute to lower production costs
Operational EBIT	NOK '000	<b>86,944</b>	6,319	<b>1275.8%</b>	Stable cost performance was the foundation for the result
Operational EBIT/KG	NOK pr. kg	<b>8.67</b>	0.64	<b>1244.6%</b>	Good biological production creates a stable and competitive cost level
Fair value adjustment	NOK '000	<b>44,897</b>	-4,638	<b>1068.0%</b>	Negative fair value adjustments in 2020 resulting from low forward price estimates at the time
Financial items	NOK '000	<b>2,580</b>	-39,870	<b>106.5%</b>	Currency development was favourable for us in 2021 creating currency gains
Assets	NOK '000	<b>1,433,695</b>	1,137,847	<b>26.0%</b>	Increased due to investment in property, plant, equipment, licenses and biomass growth
NIBD	NOK '000	<b>320,651</b>	467,166	<b>-31.3%</b>	Proceeds from IPO used to pay down revolving credit facilities
Cash	NOK '000	<b>38,126</b>	79,171	<b>-51.8%</b>	Liquidity is good with unused facilities that can be utilized in future growth

## Going concern

Arctic Fish Holding AS Board of Directors confirms that the year-end financial statements have been prepared on the basis that the enterprise is a going concern, in accordance with Section 3-3a of the Norwegian Accounting Act. This assessment rests on the Group's results, financial position, and budgets.

## Operational risk and risk management

The Group has identified risk factors that are as follows:

- **Operating risks**
  - Biological production and subcontractors in harvesting
  - Feed costs
  - Export and export barriers
  - Access to skilled personnel
  - Risks related to third party suppliers e.g., egg/ova/feed
  - Risks related to internal production of smolt
- **Licenses, legal and regulatory framework**
- **Financial risks**
  - Currency fluctuations
  - Receivables and one channel of sales
  - Financing, covenants

*The above is detailed further in the following:*

### Operating risks

The main risk in the operation of the company relates to the biological assets of the company and the production, this applies both for the biological production on land and in sea. Challenges in the land-based facility mainly relate to water quality, filtration, degassing, oxygen production, bio filtration, temperature, and electrical supply. Challenges in the sea farming phase of the operations relate to the smolt quality, diseases, sea lice, algae blooms, oxygen levels, temperatures, exposed farming sites with powerful wind, wave, and current conditions. Internal procedures are in place to mitigate the risks both in the land-based production and in the sea water production. Constant monitoring and monitoring systems of critical parameters for successful production is already practiced and regularly reviewed by external



consultants and suppliers. Feeding procedures are monitored and reviewed by external consultants that ensure best practice in feeding. In production planning considerations and risk mitigation decisions are made regarding density, stocking and output schedule, lice treatments, seasonal challenges and other fish handling that can impact the fish health and overall production. A secondary risk in the biological production relates to the access to sufficient harvesting capacity. As the Group is not in full control of wellboat operations and harvesting operation these important contractors have an influence on production planning and if there are issues with capacity, malfunctions, accidents, or other unforeseen incidents there is a risk that it will impact the production plans of the Group. Actions have already been made to address this risk with the investments that have started in 2021.

The Group is reliant upon a steady and increased supply of ova/eyed eggs, smolt, feed, well boat capacity and other important supplies. The Group is also reliant on its outsourcing of the processing of fish. As all as all salmon farmers in Iceland, the Group is particularly reliant on its supply of eggs from Benchmark, the only brood stock company in Iceland. Egg contracts have been secured for the Group for its ongoing operations. Feed costs account for a significant portion of the Group's total production costs, and an increase in feed prices could have a major impact on the Group's profitability. The feed industry is characterised by large, global suppliers operating under cost plus contracts, and feed prices are accordingly directly linked to the global markets for fishmeal, vegetable meal, animal proteins and fish/vegetable/animal oils which are the main ingredients in fish feed. Increases in the prices of these raw materials will accordingly result in an increase in feed prices.

Feed contracts have been secured for the Group for its ongoing operations. If other supplies are disrupted, there is an inherent replacement delay risk whilst alternative suppliers are put in place. There is also an inherent production risk in relation to the production amount of smolt, and the Group may not be able to supply smolt to itself in sufficient quantities,

A significant portion of the Group's products are exported out of Iceland. Export activities also subject the Group to additional regulatory risks in its current and new export markets, including in relation to trade barriers. The Group's business is reliant on continued global demand for farmed Atlantic salmon. The seafood industry is a

global industry and considered highly competitive, with many producers ensuring supply of a broad range of various fish and other seafood products worldwide. Many of the Group's competitors produce similar products as the Group does, use the same suppliers as the Group and serves the same customer base, which can drive the price of the Group's products down whilst the cost of raw materials, labour and energy is subject to its own respective variability. A failure by the Group to meet new and existing customer requirements may lower the demand for its products.

Moreover, this also exposes the Group to the risk of product liability claims from its customers as well as end-consumers

The outbreak of the corona virus (COVID-19) and resulting pandemic had an effect in 2021 with volatility in salmon prices being the factor most affected. There were also logistical delays for production inputs and investments.

The Group's performance is to a large extent dependent on highly skilled personnel and management, and the Group's continued ability to compete effectively, implement its strategy and further develop its business depends on its ability to attract new and skilled employee candidates (with experience from the aquaculture sector) and retain and motivate existing employees. Any loss of key employees, particularly to competitors, or the inability to attract and retain highly skilled personnel could have a material adverse effect on the Group's business, operating result, financial position and/or prospects.

#### Licenses, legal and regulatory framework

The Group is depended upon licenses and permits from the Icelandic regulators.

The legal and regulatory framework is relatively new and for an industry that is growing fast. More maturity and increased efficiency in handling of operational improvements, license improvements and applications is needed in the legal and regulatory framework. The requirements from the Group do not discount any factors that relate to the environment or the integrity of sustainability. This need for efficiency and maturity, with a focus on sustainability, optimal fish health, fish welfare and minimizing environmental impact is communicated by the Group to the relevant authorities and government both directly and indirectly.

In general, changes in law may have a material adverse effect on the business' operations and profitability. The aquaculture industry is highly politically influenced.

Fish farm operators are highly dependent on access to suitable fish farming sites along the coastline and is subject to the potential opinions and actions of neighbours, local fisherman and environmental organisations amongst others. The industry also has an environmental impact which is debated, particularly with respect to sustainability. Political decisions in Iceland, as well as influence from other countries such as Norway, the UK and the European Union may influence the regulation of the industry and consequently the Group's operations and profitability.

#### Financial risks

The Group's operations are carried out in Iceland, with a substantial part of operating expenses being denominated in NOK with links to EUR and USD, while a majority of the Group's total revenue is generated from its export markets, with NOK as its main export currency but the price achievement linked to the EUR. In addition, part of the operating expenses of the Group are in ISK. Factors affecting the exchange rate between NOK and EUR may have adverse effects on the obtainable price for the Group's products, and factors affecting the exchange rate between ISK and NOK may have adverse effects on the operating expenses of the Group denominated in ISK, both of which may ultimately result in lower profitability for the Group. The Group has mitigated this risk to some extent with currency hedging.

The Group is reliant on the credit worthiness of its customers. In 2021 there was only one trader of the harvested volumes. The company is therefore exposed to the risk of failure of payment from this single trader. To reduce this risk, trade receivables are monitored constantly.

The Group is primarily financed by loans and credit lines from Arion Bank hf. and DNB Bank ASA provided to Arctic Fish. The Credit Agreements contain various financial covenants and undertakings binding Arctic Fish. The Group's ability to comply with the covenants, as well as maintaining adequate security is of significant importance. In 2021 the Group has been in compliance with all covenants with good headroom.

The Group's debt is based on floating interest rates, which means that the Group is exposed to movements in interest rates.

Liquidity risk is a product of the Group's earnings, financial position and access to financing in the capital markets. The largest single factor affecting liquidity risk is represented by fluctuations in the price of salmon. Overall, the Group's liquidity risk is at an acceptable level.

## **Market conditions and future outlook**

The groups future outlook is slightly compromised from earlier predictions and forecasts due to the mortality incident in Q1 of 2022. Total mortality in Dyrafjordur amounted to 2.512 tonnes in the quarter. The impacted fish health and consequent mortalities is thought to have been caused by circulations issues in the cages, suboptimal gill conditions, Heart and Skeletal Muscle Inflammation (HSMI), that is considered as endemic in Iceland. Limitations on the harvesting capacity increased the loss for the company, both as a preventive measurement and to reduce the loss when the situation occurred. The situation is currently stable with necessary measures having been taken to minimize losses. Further examinations and analysis are ongoing to secure a sufficient evaluation and conclusions, including implementation of relevant measurement to prevent similar incidents in the future.

2021 was both challenging and a good year for the salmon industry. Covid-19 has influenced the market but now in 2022 restriction have eased and markets are recovering. Due to Covid-19 restrictions, consumers were increasingly preparing meals at home other key markets in the hotel, restaurant, and catering industry (HORECA) experienced a drop in demand that influenced the price. The HORECA industry showed signs of recovery in late 2021 and so far in 2022 a strong recovery has been the case for this market.

Two factors might influence the market conditions in 2022, firstly the pandemic and then the war in Ukraine and unforeseen economic consequences of the war. Despite this uncertainty Arctic Fish has a positive outlook on the key markets it serves.

Early signs of market recovery in 2022 were positive but the uncertainties lead to cautious expectations. The Board of Directors is committed to react to changes in the

external business environment and will do so swiftly and efficiently. It can do so due to the talented and dedicated human resources the company has, furthermore the financial position of the company, good funding and financially strong owners will contribute to the ability to overcome these unforeseen challenges.

## **Corporate Social Responsibility**

Arctic Fish will ensure long-term profitability through sustainable food production. Social responsibility is exercised as part of our everyday operations and focus on sustainability.

An overview of how Arctic Fish takes social responsibility is available in the annual report in the chapter "ESG" as well as "HSE".

Issues described in the chapter "ESG" with regards to Corporate social responsibility are:

- The external environment
- Employee rights, diversity, and social issues
- Human rights
- Anti-Corruption

## **External environment**

Arctic Fish's farming operations are based on renewable resources and are located along the coast. Arctic Fish's value chain is dependent on sustainability where natural resources are not consumed. This is a prerequisite, so Arctic Fish can continue to farm fish. The desire and need for long-term solutions are the foundation for the company's approach to environmental issues.

## **Work environment**

On 31 December 2021, the Group had 63 full-time employees.

On 31 December 2021, women made up 19 percent of the Group's workforce.

The Group shall have a working environment in which women and men enjoy complete equality. There shall be no gender-based discrimination with respect to

pay, promotion or recruitment, or in any other matter. There must be no discrimination at Arctic Fish on the grounds of ethnicity, race, age, disability, sexual orientation, language, religious persuasion, political affiliation, or any other situation where a person is not treated as an individual. The Groups policy for working environment is therefore complete equal for both men and women. Our subsidiaries in Iceland, where our main operations are, meet the requirements for gender equality on company boards by law. Furthermore, the subsidiaries in Iceland where the Groups' employees primarily work, have equality and diversity policies that comply with laws and regulations in Iceland. There have not been any discrimination cases nor wage related complaints filed with the union or courts in 2021.

The Group had a sickness absence rate of 1.6 percent in 2021. Four injuries, which led to absences in 2021.

## **The share and shareholders**

As of 31<sup>st</sup> of December the company has 31,876,653 shares outstanding and Arctic Fish Holding does not own any of its own shares. The company has 200 individual and nominee accounts that are comprised of multiple individuals listed on the 31<sup>st</sup> of December 2021. The share price at the end of the year was 89 NOK pr share.

## **Anti-Corruption**

Arctic Fish has established the following anti-corruption principles:

Arctic Fish shall strive for a culture of transparency in all areas concerning customer care, relationship building, sponsorships, gifts, entertainment, travel, etc. The Group's employees shall act in accordance with the Group's guidelines for giving and receiving gifts, travel, and other benefits, and clearly denounce all forms of corruption. All costs related to travel arrangements should be recognized transparent and correct and be approved by a supervisor or the next appropriate personnel. The company always requires dual approval when paying invoices.



## Corporate governance

The BOD and the Group both refers to the Norwegian Code of Practice for Corporate Governance as well as the Corporate Governance guideline from the Chamber of Commerce in Iceland. The purpose of the guidelines regulates the division of roles between shareholders, the board of directors and executive management.

The BOD has adopted ethical guidelines for the Group. The purpose of the guidelines is to create a healthy business culture and uphold the Group's integrity by helping employees to set high standards for good business practice. The guidelines are further intended to serve as a tool for self-evaluation and to develop the Group's identity.

Norway Royal Salmon ASA, the parent company of Arctic Fish has global Directors and Officers liability insurance. That insurance covers board members and senior executives with overall management responsibility, their personal liability for property damage caused to third parties in connection with their role or position. The parent company has over 50% ownership in the company, and the Directors and officers in Norway have been covered by the Director and Officers liability insurance of the parent. In 2022 the policy will be expanded to ensure similar coverage of the Icelandic management of subsidiaries. The Icelandic subsidies already have general liability insurance that covers liability to third party.

## Allocation of profit for the year

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The parent company made a net profit for the year of MNOK 2.616 in 2021.

The Board of Directors proposes the following allocation of the net profit for the year:

Transferred to accumulated earnings (MNOK)	2.616
<b>Total allocation of funds (MNOK)</b>	<b>2.616</b>

12.05.2022

### 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



## BOD declaration

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We confirm that, to the best of our knowledge, the consolidated financial statements for the period for 2021 have been prepared in accordance with IFRS and applicable additional disclosure requirements in the Norwegian Accounting Act, and that the financial statement of the parent company for 2021 have been prepared in accordance with the Norwegian Accounting Act and Norwegian accounting standards, and that the accounts give a true and fair view of the group and the company's consolidated assets, liabilities, financial position and results of the operations per 31 December 2021. We also confirm to the best of our knowledge, that the Board report provides a true and fair view of the development and performance of the business and the position of the group and the company including description of key risks and uncertainty factors pertaining to the group going forward.

12.05.2022

### 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**



## Consolidated income statement

(NOK 1 000)	Note	2021	2020
<b>Operating revenues</b>	2	<b>595.895</b>	<b>375.667</b>
Cost of materials		299.189	192.800
Personnel expenses	18	54.151	42.025
Depreciation and amortisation	3,7	46.501	40.113
Other operating expenses	6,12,23,24	109.110	94.410
<b>Total operating expenses</b>		<b>508.951</b>	<b>369.348</b>
<b>Operational EBIT</b>		<b>86.944</b>	<b>6.319</b>
Fair value adjustments	14	44.897	-4.638
Production fees		-3.843	-312
<b>Net operating result</b>		<b>127.998</b>	<b>1.369</b>
<b>Financial items</b>			
Financial income	19	25.104	519
Financial expenses	19	-22.524	-40.389
<b>Net financial items</b>		<b>2.580</b>	<b>-39.870</b>
<b>Result before tax</b>		<b>130.578</b>	<b>-38.500</b>
Income tax	13	21.985	0
<b>Net profit/loss and comprehensive income</b>		<b>152.563</b>	<b>-38.500</b>
<b>Profit attributable to:</b>			
Owners of the parent company		152.563	-38.500
<b>Net result for the year</b>		<b>152.563</b>	<b>-38.500</b>
Earnings per share (NOK)	21	4,97	-2,19
Earnings per share – diluted (NOK)	21	4,97	-2,19

## Consolidated statement of financial position

		31.12	31.12	01.01
(NOK 1 000)	Note	2021	2020	2020
<b>Non-current assets</b>				
<b>Intangible assets</b>				
Deferred tax asset	13	19.479	0	0
Goodwill		6.915	6.915	6.915
Licences	3	45.204	27.382	21.235
<b>Total intangible assets</b>		<b>71.598</b>	<b>34.297</b>	<b>28.150</b>
<b>Property, plant and equipment</b>				
Buildings, boats, barges & other operating assets	7,10	657.161	559.988	506.610
Right-of-use assets	8	4.435	0	0
<b>Total property plant and equipment</b>		<b>661.596</b>	<b>559.988</b>	<b>506.610</b>
<b>Non-current financial assets</b>				
Other financial assets		629	626	559
<b>Total non-current financial assets</b>		<b>629</b>	<b>626</b>	<b>559</b>
<b>Total non-current assets</b>		<b>733.824</b>	<b>594.911</b>	<b>535.319</b>
<b>Current assets</b>				
Inventories	10,22	33.785	27.046	10.914
Biological assets	5,10,14	512.010	402.191	276.246
<b>Total inventory</b>		<b>545.795</b>	<b>429.237</b>	<b>287.160</b>
<b>Receivables</b>				
Accounts receivables	6,10,15	57.192	5.856	14.328
Other short-term receivables and prepayments	6,15,16	58.759	28.672	52.238
<b>Total short-term receivables</b>		<b>115.951</b>	<b>34.528</b>	<b>66.566</b>
Cash	9,15,17	18.380	79.171	10.162
Restricted bank deposits	9,15,17	19.746	0	0
<b>Total current assets</b>		<b>699.871</b>	<b>542.936</b>	<b>363.889</b>
<b>Total assets</b>		<b>1.433.695</b>	<b>1.137.847</b>	<b>899.207</b>

(NOK 1 000)	Note	31.12 2021	31.12 2020	01.01 2020
<b>Equity</b>				
Share capital	20,21	31.877	689.476	457.719
Share premium	20,21	1.001.739	0	0
Accumulated earnings	20,21	-58.108	-210.672	-172.171
<b>Total equity</b>		<b>975.508</b>	<b>478.805</b>	<b>285.548</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	13	0	2.506	2.506
Non-current interest bearing debt	9,10,15	318.152	245.184	375.230
Non-current leasing liabilities	9,10,23	3.424	0	0
<b>Total non-current liabilities</b>		<b>321.576</b>	<b>247.690</b>	<b>377.736</b>
<b>Current liabilities</b>				
Current interest bearing debt	9,10,15	36.063	301.154	169.499
Current leasing liabilities	9,10,23	1.138	0	0
Accounts payables	15	91.052	100.703	62.785
Other current liabilities	11,15,16	8.357	9.495	3.639
<b>Total current liabilities</b>		<b>136.610</b>	<b>411.353</b>	<b>235.923</b>
<b>Total liabilities</b>		<b>458.186</b>	<b>659.042</b>	<b>613.660</b>
<b>Total equity and liabilities</b>		<b>1.433.695</b>	<b>1.137.847</b>	<b>899.207</b>



12.05.2022

**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**



## Consolidated statement of cash flows

(NOK 1 000)	Note	2021	2020
<b>Operational EBIT</b>		<b>86.944</b>	<b>6.319</b>
Adjusted for:			
Production fee		-3.843	-312
Depreciation and amortisation	7	46.501	40.113
Change in inventories/biological assets	5	-71.661	-146.716
Change in receivables and accounts payables		-91.074	69.957
Change in other current assets and other current liabilities		-1.138	5.856
<b>Net cash flow from operating activities</b>		<b>-34.271</b>	<b>-24.782</b>
<b>Cash flow from investing activities</b>			
Payments for purchase of fixed assets	7	-142.612	-93.184
Payments for purchase of licences	3	-18.234	-6.521
<b>Net cash flow from investing activities</b>		<b>-160.846</b>	<b>-99.705</b>
<b>Cash flow from financing activities</b>			
Receipts from new non-current debt	9	119.797	597.944
Non-current debt repayment	9	-39.425	-622.640
Payments for the principal portion of lease liabilities	9,23	-528	0
Payments for the interest portion of lease liabilities	23	-153	0
Net change in bank overdraft	9	-247.450	26.306
Share issue		344.140	231.757
Net interest payments		-22.311	-39.870
<b>Net cash flow from financing activities</b>		<b>154.071</b>	<b>193.497</b>
Net increase in bank deposits		-41.046	69.010
Bank deposits as of 1 January		79.171	10.162
<b>Cash and cash equivalents as of 31 December</b>		<b>38.126</b>	<b>79.171</b>

## Consolidated statement of changes in equity

### Equity attributable to owners of the parent company

(NOK 1 000)	Note	Share capital	Share premium	Accumulated earnings	Total equity
<b>Equity as of 1 January 2021</b>		<b>689.476</b>	<b>0</b>	<b>-210.672</b>	<b>478.804</b>
Net result for the year		0	0	152.563	152.563
<b>Total comprehensive income</b>		<b>0</b>	<b>0</b>	<b>152.563</b>	<b>152.563</b>
<b>Transactions with shareholders</b>					
Reclassification due to new parent	1	-689.476	12.888	0	-676.588
Proceeds from issue of new share capital		26.158	650.430	0	676.588
Proceeds from issue of new share capital		5.719	344.281	0	350.000
Transaction costs		0	-5.859	0	-5.859
<b>Total transactions with shareholders</b>		<b>-657.600</b>	<b>1.001.740</b>	<b>0</b>	<b>344.141</b>
<b>Equity as of 31 December 2021</b>		<b>31.877</b>	<b>1.001.740</b>	<b>-58.109</b>	<b>975.508</b>

### Equity attributable to owners of the parent company

(NOK 1 000)	Note	Share capital	Share premium	Accumulated earnings	Total equity
<b>Equity as of 31 December 2019</b>		<b>457.719</b>	<b>0</b>	<b>-189.415</b>	<b>268.304</b>
Effect of implementation IFRS 01.01.2020	27	0	0	17.244	17.244
<b>Equity as of 1 January 2020</b>		<b>457.719</b>	<b>0</b>	<b>-172.171</b>	<b>285.548</b>
Net result for the year		0	0	-38.501	-38.501
<b>Total comprehensive income</b>		<b>0</b>	<b>0</b>	<b>-38.501</b>	<b>-38.501</b>
<b>Transactions with shareholders</b>					
Share issue		231.757	0	0	231.757
<b>Total transactions with shareholders</b>		<b>231.757</b>	<b>0</b>	<b>0</b>	<b>231.757</b>
<b>Equity as of 31 December 2020</b>		<b>689.476</b>	<b>0</b>	<b>-210.672</b>	<b>478.804</b>

## Notes to the annual consolidated financial statements

### Note 1. Corporate information and accounting policies

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#### Corporate information

Arctic Fish Holding AS is a publicly listed company on Euronext Growth, with the ticker symbol AFISH. Arctic Fish Holding AS and its subsidiaries are collectively referred to as "the Group", or "Arctic Fish Group" in the financial statements.

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. Arctic Fish is a subsidiary of Norway Royal Salmon ASA that is a subsidiary of NTS ASA.

The consolidated financial statements of the Group were authorised for issue in accordance with a resolution of the Board of Directors on 12<sup>th</sup> of May 2022.

These consolidated financial statements have been approved for issue by the Board of Directors and CEO on 12<sup>th</sup> of May 2022. These Consolidated Financial Statements as presented in this report are subject to the adoption by the Annual General Meeting of Shareholders, to be held on 3<sup>rd</sup> of June 2022.

#### 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 parent 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 the parent

company, had always existed, including for the purpose of presenting comparative information in respect of the preceding period.

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

In Note 27 there is a reconciliation of the 2020 consolidated financial statements that were previously prepared for the Icelandic parent company Arctic Fish ehf. in accordance with the Icelandic Financial Statements Act (IS-GAAP) and the Regulation on the Presentation and Contents of the Financial Statements and Consolidated Financial Statements. The 2020 consolidated financial statements have been restated in accordance with International Financial Reporting Standards (IFRSs).

The consolidated financial statements are presented in Norwegian Kroner (NOK) which in accordance with IAS 21 has been determined to be the functional currency of Arctic Fish Holding AS as of 01.01.2021 and onwards. From the year 2021 all the revenues of all the entities are in NOK and the Company's shares are registered on the Euronext Growth stock exchange and traded in NOK. Management has determined that NOK is the currency that most faithfully represents effects of underlying transactions, events, and conditions. As a result, management has concluded that NOK is the Company's functional currency. All comparative figures for the prior year have been translated to NOK using the conversion rate at year-end 2020 which was 10.4569, including financial information presented in the notes. All comparative amounts were translated to new functional currency using the exchange rate at the date of the change. For further information reference is made to note 27.

## Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Norwegian disclosure requirements for consolidated financial statements of listed companies.

## Use of estimates and judgements

The preparation of the consolidated 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. The principal estimate uncertainty is with respect to determination of fair value of biomass. For further information reference is made to note 5.

## Operating revenue

Revenue from sales of goods is recognised in the Income Statement on delivery, i.e. when control of the goods have been transferred to the buyer. The Group's revenue consists of sale of harvested fish. 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 many countries. Current export routes are considered well-established, and there is potential to enter new markets in the future.

## 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 the assets. Amortisation methods and useful lives are reviewed at each reporting date and changed if necessary.

**Intangible assets**

Intangible assets consist of licences and are capitalised at cost. Licences have indefinite useful life and are therefore not subject to annual amortisation but reviewed annually for possible impairment.

**Deferred tax asset**

The deferred tax asset represents the timing difference in the accounting methods used for tax purposes compared to the methods used in the consolidated financial statements. A deferred income tax asset is only recognised to the extent that it is probable that future taxable profits will be available towards the asset. Deferred income tax asset is reviewed at each reporting date.



## Note 2. Segment reporting

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 2021 (and 2020 for comparison) in the table below relates to administration costs and some non-recurring costs related to the listing of the Group.

	Farming		Eliminations / other		TOTAL	
(NOK '000)	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020
<b>Total operating revenues</b>	595.895	339.374		36.293	595.895	375.667
Operating costs	496.368	334.574	12.583	34.774	508.951	369.348
<b>Operational EBIT</b>	<b>99.527</b>	<b>4.800</b>	<b>-12.583</b>	<b>1.519</b>	<b>86.944</b>	<b>6.319</b>
Fair value adjustments	44.897	-4.638	0		44.897	-4.638
Production fees	-3.844	-312			-3.844	-312
<b>Net operating result</b>	<b>140.580</b>	<b>4.488</b>	<b>-12.583</b>	<b>1.519</b>	<b>127.998</b>	<b>1.369</b>
Volume harvested (HOG)	11.479	7.443			11.479	7.443
Operational EBIT per kg Farming	8,67	0,64			8,67	0,64

## Note 3. Intangible assets

<b>Cost:</b> (NOK 1 000)	<b>Fish farming licenses</b>	
	<b>2021</b>	<b>2020</b>
Book value as of 1 January	27.382	22.535
Additions during the year	18.234	6.521
Amortisation during the year	-412	-1.674
Book value as of 31 December	45.204	27.382

### Specification of fish farming licenses by region:

(NOK 1 000)	<b>Licenses tonnes</b>	<b>Book value</b>	
	<b>MAB</b>	<b>Cost</b>	<b>31.12.2021</b>
Westfjords, Iceland	23.100	45.204	45.204
<b>Total</b>	<b>23.100</b>	<b>45.204</b>	<b>45.204</b>

### Licenses

At the end of 2021 Arctic Fish Holding has licenses in Iceland equivalent to 17 800 tonnes MAB for salmon farming and 5 300 MAB for trout farming. In Iceland, licences are granted for a period of 16 years and must then be renewed. Licences will be renewed if the applicant meets the prevailing statutory and regulatory requirements at the time the licence comes up for renewal. A small charge must be paid for the licence's renewal. Because licences have a 16-year lifespan, with the possibility of renewal, Arctic Fish Holding has chosen to assume that these licences have an indefinite usable life. The main condition for ordinary licenses is that they shall be operated in accordance with current laws and regulations.

Serious breaches of the terms of the licenses may give rise to loss of the licenses.

## Note 4. Companies in group

(NOK 1 000)	Registered Office	Nominal share capital	Shareholding %	
			2021	2020
Parent company				
Arctic Fish Holding AS	Trondheim	31.877		
Subsidiaries				
Arctic Fish ehf	Isafjordur	689.476	100,00%	100,00%
Arctic Smolt ehf	Isafjordur	403.322	100,00%	100,00%
Arctic Sea Farm ehf	Isafjordur	628.463	100,00%	100,00%
Arctic Oddi ehf	Isafjordur	39	100,00%	100,00%

All subsidiaries are included in the consolidation. The proportion of the voting rights in the subsidiary held directly by the parent company do not differ from the proportion of ordinary shares held.

## Note 5. Biological assets

### Book value of biological assets:

(NOK 1 000)	31.12.2021	31.12.2020
Biological assets - freshwater	29.575	26.202
Biological assets - seawater	482.435	375.989
<b>Total biological assets</b>	<b>512.010</b>	<b>402.191</b>

### Specification of biological assets:

(NOK 1 000)	31.12.2021	31.12.2020
Biological assets valued at cost	459.778	395.535
Fair value adjustments of the biological assets	52.232	6.656
<b>Total biological assets</b>	<b>512.010</b>	<b>402.191</b>

### Specification of changes in book value of biological assets:

(NOK 1 000)	2021	2020
Biological assets as of 1 January according to IS-GAAP	395.535	264.869
Effect of adoption of IFRS	6.656	11.675
Biological assets as of 1 January according to IFRS	402.191	276.544
Increase due to production in the period	447.558	447.655
Reduction due to harvesting in the period	-382.636	-317.370
Fair value adjustments of the biological assets	44.897	-4.638
<b>Biological assets as of 31 December</b>	<b>512.010</b>	<b>402.191</b>

### Specification of biological assets – tonnes (live weight)

	2021	2020
Biological assets as of 1 January	10.513	6.042
Increase due to smolt releases in the period	436	413
Increase due to production in the period	14.541	13.834
Reduction due to mortality in the period	-631	-971
Reduction due to harvesting in the period	-13.382	-8.805
<b>Biological assets as of 31 December</b>	<b>11.477</b>	<b>10.513</b>

**Note 5.** cont.

Specification of biological assets in sea status on the balance sheet date 31 December 2021	Number of fish (1000)	Biomass (tonnes)	Costs	Fair value adjustments	Accounted value
Smaller than 1 kg	1.145	444	16.702	2.028	18.730
1-4 kg	2.774	7.213	269.912	32.771	302.682
Larger than 4 kg	690	3.820	143.589	17.433	161.022
<b>Biological assets</b>	<b>4.609</b>	<b>11.477</b>	<b>430.203</b>	<b>52.232</b>	<b>482.435</b>

Specification of biological assets in sea status on the balance sheet date 31 December 2020	Number of fish (1000)	Biomass (tonnes)	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>375.989</b>

**Fair value of biological assets**

In accordance with IAS 41, biological assets have to be valued at fair value less costs to sell. Fair value is calculated in accordance with IFRS 13. Changes to valuation adjustments are recognised in the income statement on an ongoing basis and classified on a separate line in order to highlight operating results before and after fair value adjustments. The valuation model for biomass makes the fair value within level 3 in the fair value hierarchy.

**Valuation model**

Efficient markets for sale of live fish do not exist and the valuation of biological assets involves estimating fair value in a theoretical market for live fish.

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. 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 adjusted for the export cost is the reference price. This rate is further adjusted for expected harvest costs (well boat, harvest, and packing) and transport to Oslo. 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 harvest plans.

The valuation model uses the following forward prices:

<b>Fish Pool forward prices 31.12.2021</b>	<b>NOK/kg</b>
Q1 22	68,67
Q2 22	68,23
Q3 22	56,43
Q4 22	62,27
Q1 + Q2 23	65,25
Q3 + Q4 23	62,88

<b>Fish Pool forward prices 31.12.2020</b>	<b>NOK/kg</b>
Q1 21	50,33
Q2 21	58,90
Q3 21	53,67
Q4 21	55,83
Q1 + Q2 22	61,85
Q3 + Q4 22	58,00



The following discount factor is used in the valuation model:

Discount factor	31.12.2021	31.12.2020
Discount factor	4%	2%

### Sensitivity analysis:

Based on the Group's biomass at 31 December 2021, a change in some factors will affect the book value of the biomass in the following manner:

		Effect on biomass value at 31 December 2021	Effect on biomass value at 31 December 2021
	Increase		Reduction
Change in price	NOK 5,- per kg	68.645	NOK -5,- per kg
Change in production cost on finished projects, gutted weight	NOK 1,- per kg	-13.729	NOK -1,- per kg
Change in discount factor	0,5 %	-20.403	-0,5 %
Change in discount factor	1%	-39.493	-1%
Change in time of harvest	1 month earlier	14.769	1 month later
Biomass at 31 December 2021	1%	1.759	-1%
Biomass at 31 December 2021	5%	8.793	-5%

## Note 6. Accounts receivables, other receivables and prepayments

### Specification of accounts receivables, other receivables, and prepayments:

(NOK 1 000)	31.12.2021	31.12.2020
Account receivables	57.243	5.907
Provision for bad debts	-51	-51
Net accounts receivables	57.191	5.856
Other short-term receivables and prepayments	58.759	28.672
<b>Total accounts receivables, other receivables, and prepayments</b>	<b>115.950</b>	<b>34.528</b>

### Other short-term receivables and prepayments comprise:

(NOK 1 000)	31.12.2021	31.12.2020
Fair value derivatives	2.205	0
Prepayments	18.615	8.464
Value added tax repayable	37.054	19.573
Other receivables	885	635
<b>Total other short-term receivables and prepayments</b>	<b>58.759</b>	<b>28.672</b>

At 31 December 2021, accounts receivables of TNOK 2 241 (2020: TNOK 3 838) were past their due date but not impaired. These relate to a number of different customers that have not previously defaulted on their obligations to the group. Management does not consider credit risk of trade and other receivables to be material. Expected loss is therefore immaterial.

The age distribution of these receivables are:

(NOK 1 000)	31.12.2021	31.12.2020
Less than 1 month	37	516
Between 1 and 3 months	573	903
More than 3 months	1.630	2.419
<b>Accounts receivables past due date, but not impaired</b>	<b>2.241</b>	<b>3.838</b>

### Change in provision for bad debts

(NOK 1 000)	2021	2020
Provision for bad debts as of 1 January	-51	-283
Bad debts recorded in the year	0	232
<b>Provision for bad debts as of 31 December</b>	<b>-51</b>	<b>-51</b>

**Foreign currency exposure on receivables:**

(NOK 1 000)	31.12.2021	31.12.2020
ISK	611	113
EUR	1.245	2.648
DKK	21	0
USD	0	423
NOK	55.366	2.723
<b>Total book value trade receivables</b>	<b>57.243</b>	<b>5.907</b>

## Note 7. Property, plant and equipment

(NOK 1 000)	Land and buildings	Machinery & equipment	Boats and barges	Other operating assets	Total
<b>Acquisition cost as of 1 January</b>					
<b>2020</b>	<b>289.840</b>	<b>171.806</b>	<b>103.138</b>	<b>9.226</b>	<b>574.010</b>
Additions	3.534	46.895	39.346	1.434	91.209
Disposals	0	-382	0	-477	-859
<b>Acquisition cost as of 31</b>					
<b>December 2020</b>	<b>293.374</b>	<b>218.319</b>	<b>142.484</b>	<b>10.183</b>	<b>664.360</b>
<b>Acquisition cost as of 1 January</b>					
<b>2021</b>	<b>293.374</b>	<b>218.319</b>	<b>142.484</b>	<b>10.183</b>	<b>664.360</b>
Additions	68.632	43.666	22.679	12.594	147.571
Reclassification to receivables	0	0	0	2	2
Effect of remeasurement	130	0	0	0	130
<b>Acquisition cost as of 31</b>					
<b>December 2021</b>	<b>362.136</b>	<b>261.985</b>	<b>165.163</b>	<b>22.779</b>	<b>812.063</b>
<b>Accumulated depreciation as of</b>					
<b>1 January 2020</b>	<b>11.136</b>	<b>45.395</b>	<b>6.466</b>	<b>4.266</b>	<b>67.263</b>
Depreciation for the year	8.661	22.180	5.227	1.404	37.472
Disposals	0	-153	0	-210	-363
<b>Accumulated depreciation as of</b>					
<b>31 December 2020</b>	<b>19.797</b>	<b>67.422</b>	<b>11.693</b>	<b>5.460</b>	<b>104.372</b>
<b>Accumulated depreciation as of</b>					
<b>1 January 2021</b>	<b>19.796</b>	<b>67.423</b>	<b>11.693</b>	<b>5.459</b>	<b>104.371</b>
Depreciation for the year	9.496	27.628	7.679	1.286	46.089
<b>Accumulated depreciation as of</b>					
<b>31 December 2021</b>	<b>29.292</b>	<b>95.051</b>	<b>19.372</b>	<b>6.745</b>	<b>150.460</b>
Book value as of 1 January 2020	278.704	126.411	96.673	4.959	506.747
<b>Book value as of 31 December</b>					
<b>2020</b>	<b>273.577</b>	<b>150.897</b>	<b>130.791</b>	<b>4.723</b>	<b>559.988</b>
<b>Book value as of 31 December</b>					
<b>2021</b>	<b>332.844</b>	<b>166.933</b>	<b>145.789</b>	<b>16.031</b>	<b>661.596</b>
Economic life	33 years	3–15 years	5–15 years	3–5 years	
Depreciation method	Straight-line	Straight-line	Straight-line	Straight-line	

## Note 8. Right of use assets

(NOK 1 000)	Land and buildings	Total
<b>Acquisition cost as of 31 December 2020*</b>	<b>0</b>	<b>0</b>
Additions	4.959	4.959
Effect of remeasurement	130	130
<b>Acquisition cost as of 31 December 2021</b>	<b>5.089</b>	<b>5.089</b>
<b>Accumulated depreciation as of 1 January 2021*</b>	<b>0</b>	<b>0</b>
Depreciation for the year	654	654
<b>Accumulated depreciation as of 1 January 2021</b>	<b>654</b>	<b>654</b>
Book value as of 1 January 2020	0	0
<b>Book value as of 31 December 2020</b>	<b>0</b>	<b>0</b>
<b>Book value as of 31 December 2021</b>	<b>4.435</b>	<b>4.435</b>

\* No right-to-use assets were recognised in the year 2020.

Economic life

20-50 years

Depreciation method

Straight-line

## Note 9. Interest bearing debt

<b>Non current interest bearing debt:</b>		
(NOK 1 000)	<b>31.12.2021</b>	<b>31.12.2020</b>
Debt to financial institutions	318.152	245.184
Non-current lease liabilities	3.424	0
<b>Total non current interest bearing debt</b>	<b>321.576</b>	<b>245.184</b>
<b>Current interest bearing debt:</b>		
(NOK 1 000)	<b>31.12.2021</b>	<b>31.12.2020</b>
Liabilities to financial institutions	36.063	301.154
Current lease liabilities	1.138	0
<b>Total current interest bearing debt</b>	<b>37.201</b>	<b>301.154</b>
<b>Total interest bearing debt</b>	<b>358.777</b>	<b>546.338</b>
Cash and bank deposits	38.126	79.171
<b>Net interest bearing debt</b>	<b>320.651</b>	<b>467.167</b>
Total long term financial facility	751.432	331.000
Drawn upon long term financial facility	-354.163	-285.980
Limit credit facility	30.000	330.000
Drawn upon credit facility	-52	-260.358
<b>Unutilised drawing rights</b>	<b>427.217</b>	<b>114.662</b>

### Group loan agreements

The group's credit facilities to banks total TNOK 781,432. TNOK 300,000 is a revolving loan facility for biomass and receivables. TNOK 301,000 is a term loan with security on property, plant and equipment and has a 7-year repayment profile. TNOK 30,000 is an overdraft facility and TNOK 150,432 is a construction facility. The loan agreement is set to expire in December 2023 but has an optional add on for one year. The interest rates are linked to the operational performance and a margin that is linked to EURIBOR.

### Financial covenants

The group's main loan terms (covenants) are based on standard ratios. The agreement has a financial requirement for a minimum 40% equity ratio. 12-month EBITDA, rolling at the end of each quarter has to be at least 30 MNOK, this applies until the end of 2021. Leverage ratios NIBD/ EBITDA shall not exceed 5 at year end 2021 and consequently 4,5 for all subsequent periods.

**Note 9. cont.****Foreign currency exposure in connection with company's interest bearing debt at 31 December 2021:**

(NOK 1 000)	EUR	ISK	Total
Long term liabilities to financial institutions	317.707	445	318.152
Non-current lease liabilities	0	3.424	3.424
Short term liabilities to financial institutions	36.036	27	36.063
Current lease liabilities	0	1.138	1.138
<b>Total interest bearing debt</b>	<b>353.743</b>	<b>5.034</b>	<b>358.777</b>

**Foreign currency exposure in connection with company's interest bearing debt at 31 December 2020:**

(NOK 1 000)	EUR	ISK	Total
Long term liabilities to financial institutions	244.712	472	245.184
Short term liabilities to financial institutions	301.127	27	301.154
<b>Total interest bearing debt</b>	<b>545.839</b>	<b>499</b>	<b>546.338</b>

**Maturity structure of Group's interest-bearing debt**

(NOK 1 000)	31.12.2021	2022	2023	2024	2025	2026	After 2026
Non current liabilities to financial institutions	318.153	0	317.734	27	27	27	338
Interest on non current liabilities	24.419	12.787	11.417	27	25	23	140
Current liabilities to financial institutions	36.063	36.063	0	0	0	0	0
Non current lease liabilities	3.424	0	1.092	927	903	327	175
Interest on lease liabilities	510	200	144	93	48	17	9
Current lease liabilities	1.138	1.138	0	0	0	0	0
<b>Total interest bearing debt</b>	<b>383.707</b>	<b>50.188</b>	<b>330.287</b>	<b>1.074</b>	<b>1.003</b>	<b>394</b>	<b>662</b>



**Note 9. cont.****Maturity structure of  
Group's interest-bearing  
debt**

(NOK 1 000)	31.12.2020	2021	2022	2023	2024	2025	After 2025
Non current liabilities to financial institutions	245.184	0	40.823	204.009	27	27	298
Interest on non current liabilities	29.238	11.434	9.678	7.922	27	25	152
Current liabilities to financial institutions	301.154	301.154	0	0	0	0	0
<b>Total interest bearing debt</b>	<b>575.576</b>	<b>312.588</b>	<b>50.501</b>	<b>211.931</b>	<b>54</b>	<b>52</b>	<b>450</b>

**Note 10. Pledges and guarantees****Reported liabilities secured by pledge:**

(NOK 1 000)	31.12.2021	31.12.2020
Non current liabilities to financial institutions	354.164	546.338
<b>Total liabilities secured by pledges</b>	<b>354.164</b>	<b>546.338</b>

**Book value of assets pledged:**

(NOK 1 000)	31.12.2021	31.12.2020
Property, plant and equipment	657.161	559.988
Inventories	33.785	27.046
Biological assets	512.010	402.191
<b>Total book value of pledged assets</b>	<b>1.202.956</b>	<b>989.225</b>

## Note 11. Other current liabilities

### Specification of other short-term liabilities

(NOK 1 000)

	31.12.2021	31.12.2020
Official taxes due	1.068	4.072
Holiday pay	2.899	2.363
Other short-term liabilities and accruals	4.389	3.061
<b>Total other short-term liabilities</b>	<b>8.357</b>	<b>9.495</b>

## Note 12. Other operating expenses

### Specification of other operating expenses:

(NOK 1 000)

	2021	2020
Short term rental of equipment and offices	6.336	9.229
Maintenance	21.720	22.157
Fuel	7.690	4.755
External fees	13.898	6.908
Insurance	8.074	6.078
Other	51.392	45.284
<b>Total other operating expenses</b>	<b>109.110</b>	<b>94.410</b>

## Note 13. Taxation

### Tax on the result is as follows:

(NOK 1 000)	2021	2020
Change in deferred tax	21.985	0
<b>Tax</b>	<b>21.985</b>	<b>0</b>

### Reconciliation of nominal and actual tax rates:

(NOK 1 000)	2021	2020
Result before tax	130.578	-38.500
Tax calculated at nominal tax rate in Norway (22%)	-28.727	8.470
Effect on tax ratios of foreign tax regions – Iceland (20%)	2.611	-770
Valuation of tax asset	48.101	-7.700
<b>Tax income</b>	<b>-21.985</b>	<b>0</b>
<b>Effective tax rate</b>	<b>-16,8%</b>	<b>0,0%</b>

### Deferred tax asset

#### Breakdown of deferred tax and basis for deferred tax:

(NOK 1 000)	31.12.2021	31.12.2020	Change
Property, plant and equipment	-7.850	-12.150	4.300
Property, plant and equipment under leasing	-4.435	0	-4.435
Leasing liabilities	4.560	0	4.560
Current assets	-52.240	-6.655	-45.585
Deferred taxable exchange rate	-14.435	924	-15.359
Tax-loss carry-forward	179.530	256.812	-77.282
Decrease in value of tax assets	-7.735	-251.460	243.725
<b>Basis for deferred tax</b>	<b>97.395</b>	<b>-12.529</b>	<b>109.924</b>
Tax rate in Iceland	20%	20%	
<b>Estimated deferred tax asset (liabilities)</b>	<b>19.479</b>	<b>-2.506</b>	<b>21.985</b>

#### Change in deferred tax asset (liabilities) in balance sheet:

(NOK 1 000)	2021	2020
Book value as of 1 January	-2.506	-2.506
Deferred tax posted in income statement	21.985	0
<b>Book value 31 December</b>	<b>19.479</b>	<b>-2.506</b>

**Note 13. cont.**

A deferred tax asset amounting to NOK 1.5 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:

(NOK 1 000)	2021	2020
Loss for the year 2012, to be used before end of 2022	7.734	4.993
Loss for the year 2013, to be used before end of 2023	0	8.045
Loss for the year 2014, to be used before end of 2024	0	10.965
Loss for the year 2015, to be used before end of 2025	7.683	36.831
Loss for the year 2016, to be used before end of 2026	52.000	51.457
Loss for the year 2017, to be used before end of 2027	14.979	17.062
Loss for the year 2018, to be used before end of 2028	15.722	14.822
Loss for the year 2019, to be used before end of 2029	43.289	53.918
Loss for the year 2020, to be used before end of 2030	38.121	58.718
<b>Total tax loss carry-forwards</b>	<b>179.528</b>	<b>256.812</b>

## Note 14. Fair Value Adjustments

Fair value is part of consolidated EBIT but is presented on a separate line to give a better understanding of the Group's operating results on goods sold.

### Specification of fair value adjustments in the income statement:

(NOK 1 000)	Note	2021	2020
Change in fair value adjustments of biomass	5	45.435	-4.638
Change in provision for sales contracts		-538	0
<b>Total fair value adjustments</b>		<b>44.897</b>	<b>-4.638</b>

### Specification of fair value adjustments in the balance sheet:

(NOK 1 000)		31.12.2021	31.12.2020	Change
Fair value adjustments biomass (biological assets)	5	52.770	6.656	46.114
Provision for onerous sales contracts (other current liabilities)		-538	0	-538
<b>Total fair value adjustments</b>		<b>52.232</b>	<b>6.656</b>	<b>45.576</b>

## Note 15. Financial instruments by category

The principles applied for subsequent measurement of financial instruments in the balance sheet are as follows:

### As of 31 December 2021

(NOK 1 000)	Note	Financial assets			Total
		Financial assets at amortised cost	Financial assets at fair value through profit or loss	Hedge accounting	
Fair value hedging	16	0	2.205	0	2.205
Trade and other receivables*	6	95.130	0	0	95.130
Cash and and restricted bank deposits	17	38.126	0	0	38.126
<b>Total</b>		<b>133.256</b>	<b>2.205</b>	<b>0</b>	<b>135.461</b>

\* Trade and other receivables exclude prepayments

(NOK 1 000)	Note	Financial liabilities			Total
		Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Hedge accounting	
Loans (excluding leasing liabilities)	8	354.215	0	0	354.215
Trade and other payables *	11	99.409	0	0	99.409
<b>Total</b>		<b>453.624</b>	<b>0</b>	<b>0</b>	<b>453.624</b>

\* Trade and other payables excluding statutory liabilities

**Note 15. cont.**

As of 31 December 2020

(NOK 1 000)	Note	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Hedge accounting	Total
Trade and other receivables*	6	26.064	0	0	26.064
Cash	17	79.171	0	0	79.171
<b>Total</b>		<b>105.235</b>	<b>0</b>	<b>0</b>	<b>105.235</b>

\* Trade and other receivables exclude prepayments

(NOK 1 000)	Note	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Hedge Accounting	Total
Loans (excluding leasing liabilities)	8	546.338	0	0	546.338
Trade and other payables*	11	110.198	0	0	110.198
<b>Total</b>		<b>656.536</b>	<b>0</b>	<b>0</b>	<b>656.536</b>

\* Trade and other payables excluding statutory liabilities

**Fair value of financial instruments***Fair value of financial instruments recognised at amortised cost*

The Group assumes that the recognised value of financial assets and liabilities that are recognised at amortised cost is approximately equal to the fair value of those instruments.

*Fair value measurement of financial instruments*

Financial instruments which are valued at fair value at the balance sheet date under IFRS 13 are grouped according to a valuation hierarchy based on the level of observability of the market value for establishment and disclosure of fair value of financial instruments:

**Level 1:** Listed price in an active market for an identical asset or liability

**Level 2:** Valuation based on other observable factors either directly (price) or indirectly (price-derived) than listed price (used in level 1) for assets or liabilities

**Level 3:** Valuation based on factors not taken from observable markets (non-observable assumptions)



**Note 15.** cont.

The table below shows the Group's assets and liabilities measured at fair value as of 31 December 2021:

(NOK 1 000)	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Financial assets at fair value through profit or loss				
– Forward currency contracts	0	2.205	0	2.205
<b>Total assets</b>	<b>0</b>	<b>2.205</b>	<b>0</b>	<b>2.205</b>

No currency contracts were recognised in 2020.

## Note 16. Derivatives

The Group uses derivatives to reduce risk and to add desired risk exposure.

### As of 31 December 2021

(NOK 1 000)	Bank overdraft	Other short-term receivables	Other current liabilities
Forward currency contracts		2.205	0
<b>Total</b>	<b>0</b>	<b>2.205</b>	<b>0</b>

### Derivatives used to reduce risk

The Group uses forward currency contracts to hedge against currency fluctuations.

### Forward currency contracts

Forward currency contracts are recognised at fair value at the balance sheet date. At 31 December 2021 forward currency contracts were nominated in ISK. These contracts mature between 14 January 2022 and 27 October 2022 and are used to hedge cash flows expected to arise during this period and reduce foreign currency exposure on receivables.

### As of 31 December 2021

(NOK 1 000)	Type	Currency	Currency amount	Currency period	Exchange rate range	Book value
<b>Total forward currency contracts - cash flow hedging</b>						
						<b>0</b>
Forward currency contracts – fair value hedging	Buy	ISK	875.342	27.10.21-27.10.22	0,0649-0,0652	2.205
<b>Total forward currency contracts - fair value hedging</b>						
						<b>2.205</b>
<b>Total forward currency contracts</b>						
						<b>2.205</b>

### As of 31 December 2020

(NOK 1 000)	Type	Currency	Currency amount	Currency period	Exchange rate range	Book value
<b>Total forward currency contracts - cash flow hedging</b>						
						<b>0</b>
<b>Total forward currency contracts - fair value hedging</b>						
						<b>0</b>
<b>Total forward currency contracts</b>						
						<b>0</b>

## Note 17. Bank deposits

(NOK 1 000)	31.12.2021	31.12.2020
Cash	18.380	79.171
Restricted bank deposits	19.746	0
<b>Bank deposits</b>	<b>38.126</b>	<b>79.171</b>

The restricted bank deposits are payment guarantees for investment contracts.

## Note 18. Personnel expenses and benefits

<b>Wages and personnel expenses</b> (NOK 1 000)	2021	2020
Wages and salaries	45.448	31.986
Pension fund	4.561	3.855
Other salary-related expenses	4.142	6.184
<b>Total wages and personnel expenses</b>	<b>54.151</b>	<b>42.025</b>
<b>Average full-time equivalents</b>	<b>63</b>	<b>47</b>

### Remuneration to senior management and Board of Directors:

<b>Remuneration to management</b> (NOK 1 000)	2021	2020
Management - CFO and COO's (3 persons)	4.225	2.950
Board of directors	455	249

The CEO of the company is an employee of the parent Company and fee for his service are paid to the ultimate parent company. Annual payments to the parent company amounted to 3.2 MNOK for the CEO's salaries, payroll taxes and other salary expenses.

## Note 19. Financial income and financial expenses

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(NOK 1 000)	2021	2020
Interest income	2.752	519
Foreign exchange gain	22.352	0
<b>Financial income</b>	<b>25.104</b>	<b>519</b>
Interest expenses	-22.524	-39.349
Foreign exchange loss	0	-1.040
<b>Finance expenses</b>	<b>-22.524</b>	<b>-40.389</b>
<b>Net financial items</b>	<b>2.580</b>	<b>-39.870</b>

## Note 20. Share capital and shareholder information

### Share premium

Share premium represents excess of payments above nominal value that shareholders have fully paid for shares sold by the Group. According to the Icelandic Act on Limited Liability Companies, 25% of the nominal share capital must be held in reserve which may not be paid out as dividend to shareholders.

### Retained earnings

Profit (loss) for the year is recognised in retained earnings (accumulated deficit).

#### Share capital in parent company as of 31

December 2021:	No. of shares	Nominal	Value
Ordinary shares	31.876.653	1,00	31.876.653

The company only has one class of shares.

All shares confer the same rights in the company.

#### Ownership structure – the 20 largest shareholders as of 31 December 2021:

Shareholder	No. of shares	Shareholding	Voting rights
NORWAY ROYAL SALMON ASA	16.346.824	51,28%	51,28%
BREMESCO HOLDINGS LIMITED	9.104.582	28,56%	28,56%
J.P. Morgan Bank Luxembourg S.A.	3.031.424	9,51%	9,51%
Landsbankinn hf.	519.716	1,63%	1,63%
VERDIPAPIRFONDET PARETO INVESTMENT	351.000	1,10%	1,10%
KVERVA FINANS AS	258.000	0,81%	0,81%
VERDIPAPIRFONDET NORDEA AVKASTNING	237.107	0,74%	0,74%
VERDIPAPIRFONDET NORDEA KAPITAL	193.100	0,61%	0,61%
CLEARSTREAM BANKING S.A.	181.391	0,57%	0,57%
VERDIPAPIRFONDET EIKA SPAR	172.312	0,54%	0,54%
MP PENSJON PK	165.000	0,52%	0,52%
PACTUM AS	152.751	0,48%	0,48%
VERDIPAPIRFONDET EIKA NORGE	125.225	0,39%	0,39%
J.P. Morgan Bank Luxembourg S.A.	83.849	0,26%	0,26%
VERDIPAPIRFONDET NORDEA NORGE PLUS	82.702	0,26%	0,26%
State Street Bank and Trust Comp	80.605	0,25%	0,25%
ROTH	80.000	0,25%	0,25%
Euroclear Bank S.A./N.V.	68.154	0,21%	0,21%
VERDIPAPIRFONDET HOLBERG TRITON	50.733	0,16%	0,16%
TRETHOM AS	41.101	0,13%	0,13%
<b>Total 20 largest shareholders</b>	<b>31.325.576</b>	<b>98,27%</b>	<b>98,27%</b>
<b>Total other shareholders</b>	<b>551.077</b>	<b>1,73%</b>	<b>1,73%</b>
<b>Total no. of shares</b>	<b>31.876.653</b>	<b>100.00 %</b>	<b>100.00 %</b>

**Note 20.** cont.**Shares held by members of the board, CEO and senior executives:**

	Occupation	No. of shares	Shareholding	Voting rights
Svein Sivertsen v/ Radin Invest	Chairman of the board	26.339	0,08%	0,08%
Nicolaj Weiergang v/ Weier AS	Board member	1.634	0,01%	0,01%
Ola Loe v/ Ramsfjell AS	Board member	40.849	0,13%	0,13%
Charles Høstlund	Board member	18.000	0,06%	0,06%
Hildur Arnadottir	Board member	0	0,00%	0,00%
Stein Ove Tveiten	CEO	4.084	0,01%	0,01%
Neil Shiran Thorisson	CFO	375.000	1,18%	1,18%

**Note 21. Earnings per share**

Earnings per share is calculated as profit (loss) for the year divided by the weighted average number of shares outstanding during the year. The Company has not issued any dilutive potentially ordinary shares such as convertible debt. Therefore, diluted earnings per share is the same as basic earnings per share.

<b>Result allocated to majority shareholders</b> (NOK 1 000)	<b>2021</b>	<b>2020</b>
<b>Majority share of net result for the year</b>	<b>152.563</b>	<b>-38.500</b>
The majority's share of fair value adjustments on biomass after tax	-44.897	4.638
<b>Majority share of value-adjusted result for the year</b>	<b>107.666</b>	<b>-33.862</b>
Number of shares per 1 January (NOK 1 000)	689.476	457.719
Issued share capital due to new parent - effect	-663.318	-440.354
Issued share capital - effect	4.528	244
<b>Weighted average number of ordinary shares outstanding</b>	<b>30.686</b>	<b>17.609</b>

**Note 21.** cont.

<b>Earnings per share</b>	<b>2021</b>	<b>2020</b>
Basis	4,97	-2,19
Diluted	4,97	-2,19
<b>Earnings per share pre fair value adjustments</b>	<b>2021</b>	<b>2020</b>
Basis	3,51	-1,92
Diluted	3,51	-1,92
<b>Shares outstanding:</b>		
(NOK 1 000)	<b>2021</b>	<b>2020</b>
Shares outstanding as of 1 January	689.476	457.719
Reclassification due to new parent	-689.476	0
Issued share capital due to new parent	26.158	0
Issued share capital	5.719	231.757
<b>Shares outstanding as of 31 December</b>	<b>31.877</b>	<b>689.476</b>

## Note 22. Inventory

(NOK 1 000)	31.12.2021	31.12.2020
Raw materials	33.785	27.046
<b>Total inventory</b>	<b>33.785</b>	<b>27.046</b>

Inventory mainly comprise feed for the farming business.

That is at the lower of cost and realisable value.

## Note 23. Lease liabilities

The Group leases office premises, warehouses, and land. These leases are generally for 10-20 years with extension options at the end of the lease term. Most of the leases are connected to the consumer price index and are in ISK.

Information on leases where the group is the lessee is presented in the table below, see also note 8 for an overview of the right-to-use assets:

	2021	2020
Opening balance	0	0
Additions	4.959	0
Other effects	130	0
Interest on leasing obligation	153	0
<i>Cash flow effect: Rent payments</i>	-680	0
<b>Book value 31.12.</b>	<b>4.562</b>	<b>0</b>
<b>Breakdown of lease liabilities</b>	<b>2021</b>	<b>2020</b>
Non-current lease liabilities	3.424	0
Current lease liabilities	1.138	0
<b>Total lease liabilities</b>	<b>4.562</b>	<b>0</b>
<b>Cash flow effect on leasing obligation</b>	<b>2021</b>	<b>2020</b>
Interest	-153	0
Instalment	-527	0
<b>Total cash flow due to leasing</b>	<b>-680</b>	<b>0</b>



Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

## Note 24. Auditor's fees

### Auditor's fees:

(NOK 1 000)	2021	2020
Statutory auditing services	693	612
<b>Total auditor's fees</b>	<b>693</b>	<b>612</b>

All auditor's fees are exclusive VAT.

## Note 25. Related parties

### Group transactions with related parties:

#### Goods and services purchased

(NOK 1 000)	2021	2020
Enterprise controlled by large shareholder – purchase of products	17.784	890
Enterprise controlled by board members – purchase of services	3.526	2.037
<b>Total goods and services purchased from related parties</b>	<b>21.310</b>	<b>2.927</b>

All goods and services are purchased at an arm's length distance. The board is not aware of any transactions with related parties in 2021 that in any way have a significant impact on the Group's financial position or result for the period.

**Trade receivables due to goods and services sold:**

(NOK 1000)	2021	2020
Shareholders in Arctic Fish Holding AS	588	591
<b>Total trade receivables related parties</b>	<b>588</b>	<b>591</b>

**Trade payables due to goods and services purchased:**

(NOK 1 000)	2021	2020
Shareholders in Arctic Fish Holding AS	2.099	376
<b>Total trade payables related parties</b>	<b>2.099</b>	<b>376</b>

## Note 26. Events after balance sheet date

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### High mortality in Dyrafjordur in Q1 2022

There has been extraordinarily high mortality in Dyrafjordur, at two of our sites in the fjord. Due to this incident, there was a write down of biological assets and non-recurring costs for dead fish handling. The net financial effect of the mortality amounted to 102 MNOK that has been accounted for in Q1 22. Total realized mortality due to the incident was as previously stated 2.5 thousand tonnes LW.

The harvesting estimates for the year 2022 will be 10.1 thousand tonnes GW and 13.0 thousand tonnes GW for the year 2023.

## Note 27. Adoption of IFRS

Impact of adoption of IFRS on the statement of financial position at the date of transition to IFRS, 1 January 2020

(NOK '000)	31 December 2019 IS-GAAP	IFRS implementation	1 January 2020 IFRS
Intangible assets	22.581	5.569	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>
Biological assets	264.571	11.675	276.246
Inventories	10.914		10.914
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
Accumulated deficit	-189.415	17.244	-172.171
<b>Equity</b>	<b>268.304</b>	<b>17.244</b>	<b>285.548</b>
Deferred tax	2.506		2.506
<b>Defered tax</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
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>

**Impact of adoption of IFRS on the  
statement of financial position at 1 January  
2021**

	31 December 2020	IFRS	1 January
(NOK '000)	IS-GAAP	implementation	IFRS
Intangible assets	27.672	6.625	34.297
Property, plant and equipment	559.988		559.988
Non-current financial assets	626		626
<b>Non-current assets</b>	<b>588.286</b>	<b>6.625</b>	<b>594.911</b>
Biological assets	395.153	7.038	402.191
Inventories	27.046		27.046
Receivables	34.528		34.528
Bank deposits	79.171		79.171
<b>Current assets</b>	<b>535.898</b>	<b>7.038</b>	<b>542.936</b>
<b>TOTAL ASSETS</b>	<b>1.124.184</b>	<b>13.663</b>	<b>1.137.847</b>
Share capital	689.476		689.476
Other equity	-224.335	13.663	-210.672
<b>Equity</b>	<b>465.141</b>	<b>13.663</b>	<b>478.804</b>
Deferred tax	2.506		2.506
<b>Deferred tax</b>	<b>2.506</b>	<b>0</b>	<b>2.506</b>
<b>Long-term interest-bearing debt</b>	<b>245.184</b>		<b>245.184</b>
Short-term interest-bearing debt	301.154		301.154
Trade payables	100.703		100.703
Other current liabilities	9.496		9.496
<b>Current liabilities</b>	<b>411.353</b>	<b>0</b>	<b>411.353</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1.124.184</b>	<b>13.663</b>	<b>1.137.847</b>

**Impact of adoption of IFRS on the  
statement of comprehensive income for  
the year 2020**

(NOK '000)	IS-GAAP	IFRS	
		implementation	IFRS
Operating revenue	375.667		375.667
Cost of goods sold	-192.800		-192.800
Salaries and salary related expenses	-42.025		-42.025
Depreciation	-41.170	1.057	-40.113
Other operating costs	-94.410		-94.410
Fair value adjustment	0	-4.638	-4.638
Production tax	-311		-311
Net finance expenses	-39.870		-39.870
<b>Loss of the year</b>	<b>-34.919</b>	<b>-3.581</b>	<b>-38.500</b>

The IFRS adjustment on intangible assets reflects the difference between the booked value of goodwill and licenses in Arctic Fish ehf. and the cost value on 1 January 2020.

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

## Note 28. Alternative performance measures

The consolidated financial statements of Arctic Fish Holding AS are prepared in accordance with the International Financial Reporting Standards (IFRS). In addition, the management prepares alternative performance measures to provide useful and relevant information to the users of the financial statements. Alternative performance measures are designed to increase the understanding of the underlying operational performance and is not a substitute for the consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS). The performance measures are regularly reviewed by the Board. The alternative performance measures can be defined and used differently by other companies.

### Net interest-bearing debt

Net interest-bearing debt is defined as the net of long-term debt, short-term debt, bank deposits and interest-bearing receivables. 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 1 000)	31.12.2021	31.12.2020
Reported long-term interest-bearing debt	321.576	245.184
Reported short-term interest-bearing debt	37.201	301.154
Reported bank deposits, cash	-38.126	-79.171
<b>Net interest bearing debt (NIBD)</b>	<b>320.651</b>	<b>467.167</b>
Leasing (IFRS 16 effects)	-4.562	0
<b>NIBD according to bank covenant</b>	<b>316.089</b>	<b>467.167</b>

### Equity ratio

The equity ratio is defined as equity divided by total assets. The measure is expressed as a percentage. The measure is relevant to users of the financial statements to see how much of the assets are financed with equity, the measure also indicate something about the solvency of the group.

(NOK 1 000)	31.12.2021	31.12.2020
Reported equity	975.508	478.805
Reported total assets	1.433.695	1.137.847
<b>Equity ratio</b>	<b>68,0 %</b>	<b>42,1 %</b>
Total assets adjusted for Right-of-use-assets	1.429.260	1.137.847
Total liabilities adjusted for leasing liabilities	453.624	659.042
<b>Equity ratio according to bank covenant</b>	<b>68,3 %</b>	<b>42,1 %</b>

**Operational EBIT per kg**

Operational EBIT per kg is defined as a central performance measure for Arctic Fish Holding AS. The measure is used to evaluate the profitability of sold goods and the operations of the Group. The performance measure is useful to users of the financial statements to evaluate the profitability of sold goods and the production. The measure is calculated before unallocated costs and non-recurring events, fair value adjustments, income from associated companies, financial expenses and taxes. The measure is expressed per kg harvested volume.

<b>Operational EBIT per kg - Group</b>		
(NOK 1 000)	<b>2021</b>	<b>2020</b>
Operational EBIT	86.944	6.319
Harvested volume	11.479	7.443
<b>Operational EBIT per kg</b>	<b>7,57</b>	<b>0,85</b>
<b>Operational EBIT per kg - Farming</b>		
(NOK 1 000)	<b>2021</b>	<b>2020</b>
Operational EBIT (note 2)	99.527	4.800
Harvested volume	11.479	7.443
<b>Operational EBIT per kg</b>	<b>8,67</b>	<b>0,64</b>

**Fair value-adjusted earnings per share**

Earnings per share before fair value adjustments is defined as the period's result adjusted for fair value adjustments after tax. The performance measure is expressed per share and is useful for the users of Arctic Fish Holding's financial information. The performance measure is used as raw data in analysis like of P/E.

(NOK 1 000)	<b>2021</b>	<b>2020</b>
Majority share of net result for the period	152.563	-38.500
Majority share of fair value adjustments of biomass	-45.435	4.638
Majority share of fair value of sales contracts and Fish Pool contracts	538	0
<b>Majority share of value-adjusted result for the period</b>	<b>107.666</b>	<b>-33.862</b>
Weighted average number of ordinary shares outstanding	30.686	17.609
Fair value-adjusted earnings per share	3,51	-1,92



## Note 29. Risk factors and risk management

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The Group has identified risk factors that are as follows:

- **Operating risks**
  - Biological production and subcontractors in harvesting
  - Feed costs
  - Export and export barriers
  - Access to skilled personnel
  - Risks related to third party suppliers e.g., egg/ova/feed
  - Risks related to internal production of smolt
- **Licenses, legal and regulatory framework**
- **Financial risks**
  - Currency fluctuations
  - Receivables and one channel of sales
  - Financing, covenants

*The above is detailed further in the following:*

### **Operating risks**

The largest risk in the operation of the company relate to the biological assets of the company and the production, this applies both for the biological production on land and in sea. Challenges in the land-based facility mainly relate to water quality, filtration, degassing, oxygen production, bio filtration, temperature, and electrical supply. Challenges in the sea farming phase of the operations relate to the smolt quality, diseases, sea lice, algae blooms, oxygen levels, temperatures, exposed farming sites with powerful wind, wave, and current conditions. Internal procedures are in place to mitigate the risks both in the land-based production and in the sea water production. Constant monitoring and monitoring systems of critical parameters for successful production is already practiced and regularly reviewed by external consultants and suppliers. Feeding procedures are monitored and reviewed by external consultants that ensure best practice in feeding. In production planning considerations and risk mitigation decisions are made regarding density, stocking and output schedule, lice treatments, seasonal challenges and other fish handling that can impact the fish health and overall production. A secondary risk in the biological production relates to the access to sufficient harvesting capacity. As the

Group is not in full control of wellboat operations and harvesting operation these important contractors have an influence on production planning and if there are issues with capacity, malfunctions, accidents, or other unforeseen incidents there is a risk that it will impact the production plans of the Group. Actions have already been made to address this risk with the investments that have started in 2021.

The Group is reliant upon a steady and increased supply of ova/eyed eggs, smolt, feed, well boat capacity and other important supplies. The Group is also reliant on its outsourcing of the processing of fish and its sole third-party distributor, Seaborn. As all as all salmon farmers in Iceland, the Group is particularly reliant on its supply of eggs from Benchmark, the only brood stock company in Iceland. Egg contracts have been secured for the Group for its ongoing operations. Feed costs account for a significant portion of the Group's total production costs, and an increase in feed prices could have a major impact on the Group's profitability. The feed industry is characterised by large, global suppliers operating under cost plus contracts, and feed prices are accordingly directly linked to the global markets for fishmeal, vegetable meal, animal proteins and fish/vegetable/animal oils which are the main ingredients in fish feed. Increases in the prices of these raw materials will accordingly result in an increase in feed prices. Feed contracts have been secured for the Group for its ongoing operations. If other supplies are disrupted, there is an inherent replacement delay risk whilst alternative suppliers are put in place. There is also an inherent production risk in relation to the production amount of smolt, and the Group may not be able to supply smolt to itself in sufficient quantities,

A significant portion of the Group's products are exported out of Iceland. Export activities also subject the Group to additional regulatory risks in its current and new export markets, including in relation to trade barriers. The Group's business is reliant on continued global demand for farmed Atlantic salmon. The seafood industry is a global industry and considered highly competitive, with many producers ensuring supply of a broad range of various fish and other seafood products worldwide. Many of the Group's competitors produce similar products as the Group does, use the same suppliers as the Group and serves the same customer base, which can drive the price of the Group's products down whilst the cost of raw materials, labour and energy is subject to its own respective variability. A failure by the Group to meet new

and existing customer requirements may lower the demand for its products.

Moreover, this also exposes the Group to the risk of product liability claims from its customers as well as end-consumers

The outbreak of the corona virus (COVID-19) and resulting pandemic had an effect in 2021 with volatility in salmon prices being the factor most affected. There were also logistical delays for production inputs and investments.

The Group's performance is to a large extent dependent on highly skilled personnel and management, and the Group's continued ability to compete effectively, implement its strategy and further develop its business depends on its ability to attract new and skilled employee candidates (with experience from the aquaculture sector) and retain and motivate existing employees. Any loss of key employees, particularly to competitors, or the inability to attract and retain highly skilled personnel could have a material adverse effect on the Group's business, operating result, financial position and/or prospects.

### **Licenses, legal and regulatory framework**

The Group is depended upon licenses and permits from the Icelandic regulators.

The legal and regulatory framework is relatively new and for an industry that is growing fast. More maturity and increased efficiency in handling of operational improvements, license improvements and applications is needed in the legal and regulatory framework. The requirements from the Group do not discount any factors that relate to the environment or the integrity of sustainability. This need for efficiency and maturity, with a focus on sustainability, optimal fish health, fish welfare and minimizing environmental impact is communicated by the Group to the relevant authorities and government both directly and indirectly.

In general, changes in law may have a material adverse effect on the business' operations and profitability. The aquaculture industry is highly politically influenced. Fish farm operators are highly dependent on access to suitable fish farming sites along the coastline and is subject to the potential opinions and actions of neighbours, local fisherman and environmental organisations amongst others. The industry also has an environmental impact which is debated, particularly with respect to sustainability. Political decisions in Iceland, as well as influence from other countries

such as Norway, the UK and the European Union may influence the regulation of the industry and consequently the Group's operations and profitability.

### **Financial risks**

The Group's operations are carried out in Iceland, with a substantial part of operating expenses being denominated in NOK with links to EUR and USD, while a majority of the Group's total revenue is generated from its export markets, with NOK as its main export currency but the price achievement linked to the EUR. In addition, part of the operating expenses of the Group are in ISK. Factors affecting the exchange rate between NOK and EUR may have adverse effects on the obtainable price for the Group's products, and factors affecting the exchange rate between ISK and NOK may have adverse effects on the operating expenses of the Group denominated in ISK, both of which may ultimately result in lower profitability for the Group. The Group has mitigated this risk to some extent with currency hedging.

The Group is reliant on the credit worthiness of its customers. In 2021 there was only one trader of the harvested volumes. The company is therefore exposed to the risk of failure of payment from this single trader. To reduce this risk, trade receivables are monitored constantly.

The Group is primarily financed by loans and credit lines from Arion Bank hf. and DNB Bank ASA provided to Arctic Fish. The Credit Agreements contain various financial covenants and undertakings binding Arctic Fish. The Group's ability to comply with the covenants, as well as maintaining adequate security, may be impacted by events beyond its control and it may be unable to comply. Upon the occurrence of an event of default, the lenders could inter alia declare all amounts outstanding under the Credit Agreements to be immediately due and payable. In addition, the lenders would have the right to proceed against the assets the Group provided as collateral pursuant to the related security agreements. In 2021 the Group has been in compliance with all covenants with good headroom.

The Group's debt is based on floating interest rates, which means that the Group is exposed to movements in interest rates.

Liquidity risk is a product of the Group's earnings, financial position and access to financing in the capital markets and is defined as the risk that the Group will not be

able to meet its day-to-day financial obligations. The largest single factor affecting liquidity risk is represented by fluctuations in the price of salmon. Overall, the Group's liquidity risk is at an acceptable level.

### **Note 30. Capital management**

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The Board of Directors' policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the Group's leverage, defined as net debt divided by EBITDA, this is also monitored as it is a financial covenant in existing loan agreements. The Group seeks to maintain a balance between the higher returns on equity that might be possible with higher levels of borrowings and the advantages and security of a sound capital position. The Group uses the leverage ratio in its approach to capital management.

The Board of directors has not implemented a dividend policy as the Group is still in its growth phase with extensive growth investments and capital expenditure ongoing. In the long term a dividend policy post completion of these growth projects will be made that will support these aforementioned goals mentioned in this Capital Management Policy.



## Arctic Fish Holding – Income Statement

(NOK '000)	Note	2021	2020
Other operating expenses	2	4.432	
<b>Total operating expenses</b>		<b>4.432</b>	<b>0</b>
<b>Net operating result</b>		<b>-4.432</b>	<b>0</b>
<b>Financial items</b>			
Net other financial expenses		94	
Net interest income from group companies	6	7.136	
Other interest income		6	
<b>Net financial items</b>		<b>7.048</b>	<b>0</b>
<b>Result before tax</b>		<b>2.616</b>	<b>0</b>
Tax	7	0	
<b>Net result for the year</b>		<b>2.616</b>	<b>0</b>
<b>Allocations:</b>			
Allocated to other equity	5	2.616	
<b>Total allocations</b>		<b>2.616</b>	<b>0</b>

## Arctic Fish Holding – Financial position

### Assets

(NOK 1 000)	Note	31.12.2021	31.12.2020
<b>Assets</b>			
<b>Non-current financial assets</b>			
Investments in subsidiaries	5	676.588	
Other non-current receivables	6	338.137	
<b>Total non-current financial assets</b>		<b>1.014.725</b>	<b>0</b>
<b>Total non-current assets</b>		<b>1.014.725</b>	<b>0</b>
<b>Current assets</b>			
<b>Receivables</b>			
Other receivables			24
<b>Total receivables</b>		<b>0</b>	<b>24</b>
Bank deposits and cash	8	11.274	
<b>Total current assets</b>		<b>11.274</b>	<b>24</b>
<b>Total assets</b>		<b>1.026.000</b>	<b>24</b>



## Equity and liabilities

(NOK 1 000)	Note	31.12.2021	31.12.2020
<b>Equity</b>			
<b>Paid-in capital</b>			
Share capital	3, 4	31.877	30
Other paid-in equity	4	988.852	-6
<b>Total paid-in capital</b>		<b>1.020.729</b>	<b>24</b>
<b>Retained earnings</b>			
Other equity	4	2.616	
<b>Total retained earnings</b>		<b>2.616</b>	<b>0</b>
<b>Total equity</b>		<b>1.023.345</b>	<b>24</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Other Group payable	6	2.655	
<b>Total current liabilities</b>		<b>2.655</b>	<b>0</b>
<b>Total liabilities</b>		<b>2.655</b>	<b>0</b>
<b>Total equity and liabilities</b>		<b>1.026.000</b>	<b>24</b>

## Arctic Fish Holding – Cash flow

(NOK 1 000)	Note	2021	2020
<b>Profit/loss before tax</b>		<b>2.616</b>	<b>0</b>
Change in accounts payables		2.655	
Change in other current assets and other liabilities		-7.138	
<b>Net cash flow from operating activities</b>		<b>-1.867</b>	<b>0</b>
<b>Cash flow from investing activities</b>			
Loans to subsidiaries		-331.000	
<b>Net cash flow from investing activities</b>		<b>-331.000</b>	<b>0</b>
<b>Cash flow from financing activities</b>			
Capital Increase		350.000	
Transaction costs relating to receipt of equity		-5.859	
<b>Net cash flow from financing activities</b>		<b>344.141</b>	<b>0</b>
Net increase/ reduction in cash and cash equivalents		11.274	0
Cash and cash equivalents as of 1 January		0	0
<b>Cash and cash equivalents as of 31 December</b>		<b>11.274</b>	<b>0</b>

## Arctic Fish Holding – notes to the financial statements

### Note 2. Payroll costs, no. of employees, remuneration, employee loans, etc

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The company has no employees of its own.

The company's CEO is employed by and receives a salary from the subsidiary Arctic Fish ehf.

The company is not obliged to provide an occupational pension scheme pursuant to the Norwegian Mandatory Occupational Pensions Act because it has no employees of its own.

<b>Auditor</b>		
(NOK 1 000)		
	<b>2021</b>	<b>2020</b>
Statutory auditing services	0	0
Other services	8	0
<b>Total auditor's fees</b>	<b>8</b>	<b>0</b>

Fees are presented inclusive of VAT

## Note 3. Share capital and shareholder information

Share capital in parent company as of			
31 December 2021:	No. of shares	Nominal	Value
Ordinary shares	31.876.653	1,00	31.876.653

The company only has one class of shares. All shares confer the same rights in the company.

### Ownership structure – the 20 largest shareholders as of 31 December 2021:

Shareholder	No. of shares	Shareholding	Voting rights
NORWAY ROYAL SALMON ASA	16.346.824	51,28%	51,28%
BREMESCO HOLDINGS LIMITED	9.104.582	28,56%	28,56%
J.P. Morgan Bank Luxembourg S.A.	3.031.424	9,51%	9,51%
Landsbankinn hf.	519.716	1,63%	1,63%
VERDIPAPIRFONDET PARETO INVESTMENT	351.000	1,10%	1,10%
KVERVA FINANS AS	258.000	0,81%	0,81%
VERDIPAPIRFONDET NORDEA AVKASTNING	237.107	0,74%	0,74%
VERDIPAPIRFONDET NORDEA KAPITAL	193.100	0,61%	0,61%
CLEARSTREAM BANKING S.A.	181.391	0,57%	0,57%
VERDIPAPIRFONDET EIKA SPAR	172.312	0,54%	0,54%
MP PENSJON PK	165.000	0,52%	0,52%
PACTUM AS	152.751	0,48%	0,48%
VERDIPAPIRFONDET EIKA NORGE	125.225	0,39%	0,39%
J.P. Morgan Bank Luxembourg S.A.	83.849	0,26%	0,26%
VERDIPAPIRFONDET NORDEA NORGE PLUS	82.702	0,26%	0,26%
State Street Bank and Trust Comp	80.605	0,25%	0,25%
ROTH	80.000	0,25%	0,25%
Euroclear Bank S.A./N.V.	68.154	0,21%	0,21%
VERDIPAPIRFONDET HOLBERG TRITON	50.733	0,16%	0,16%
TRETHOM AS	41.101	0,13%	0,13%
<b>Total 20 largest shareholders</b>	<b>31.325.576</b>	<b>98,27%</b>	<b>98,27%</b>
<b>Total other shareholders</b>	<b>551.077</b>	<b>1,73%</b>	<b>1,73%</b>
<b>Total no. of shares</b>	<b>31.876.653</b>	<b>100.00 %</b>	<b>100.00 %</b>

**Shares held by members of the board, CEO and senior executives:**

	Occupation	No. of shares	Shareholding	Voting rights
Svein Sivertssn v/ Radin Invest	Chairman of the board	26.339	0,08%	0,08%
Nicolaj Weiergang v/ Weier AS	Board member	1.634	0,01%	0,01%
Ola Loe v/ Ramsfjell AS	Board member	40.849	0,13%	0,13%
Charles Høstlund	Board member	18.000	0,06%	0,06%
Hildur Arnadottir	Board member	0	0,00%	0,00%
Stein Ove Tveiten	CEO	4.084	0,01%	0,01%
Neil Shiran Thorisson	CFO	375.000	1,18%	1,18%

## Note 4. Share capital

(NOK 1 000)	Share capital	Other paid-in equity	Other equity	Total
Equity as of 31 December 2020	30	-6	0	24
<i>Change in the year:</i>				
Net result for the year	0	0	2.616	2.616
Reduction of share capital	-30	6		-24
Capital increase with contributions in kind	26.158	650.431		676.588
Capital contribution	5.719	344.281		350.000
Transaction costs on capital contribution	0	-5.859		-5.859
<b>Equity as of 31 December 2021</b>	<b>31.877</b>	<b>988.852</b>	<b>2.616</b>	<b>1.023.345</b>

In connection to establishing Arctic Fish Holding AS as a holding company for Arctic Fish ehf., the share capital was decreased to NOK 1 and shares in Arctic Fish ehf. was transfer to Arctic Fish Holding AS. The transfer of the shares in Arctic

Fish ehf. occurred through a share capital increase by way of a contribution in kind, where each subscriber received an equivalent proportion of shares in the Arctic Fish Holding AS as they held in Arctic Fish ehf.

Pursuant to the resolution passed by the extraordinary general meeting of shareholders, 5,718,954, new shares were issued, each with a nominal value of NOK 1.00, at a price of NOK 61,2 per share. At the same time, the company was listed on the Euronext Growth equity trading market, with 19 February 2021 as the first day of trading.

## Note 5. Subsidiaries

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<b>Company</b>	<b>Registered office</b>	<b>Voting and shareholding</b>	<b>Book value</b>	<b>Net profit/loss 2021</b>	<b>Book value of equity at 31 Dec 2021</b>
Arctic Fish ehf.	Iceland	100,00%	676.588	-12.674	477.618

The Group's reporting currency is NOK. The figures above are presented in NOK. Arctic Fish ehf. owns 100% of Arctic Sea Farm ehf., Arctic Oddi ehf. and Arctic Smolt ehf.

## Note 6. Intra-group transactions and balances

<b>Intra-group balances:</b>		
<b>Non-current receivables</b>		
(NOK 1 000)	<b>2021</b>	<b>2020</b>
Loan to group company*	338.137	
<b>Total non-current receivables</b>	<b>338.137</b>	<b>0</b>
<b>Current Group receivables</b>		
(NOK 1 000)	<b>2021</b>	<b>2020</b>
Other short term receivables group companies		24
<b>Total current Group receivables</b>	<b>0</b>	<b>24</b>
<b>Group trade payables</b>		
(NOK 1 000)	<b>2021</b>	<b>2020</b>
Group companies	2.655	
<b>Total Group trade payables</b>	<b>2.655</b>	<b>0</b>
<b>Transactions with group companies:</b>		
(NOK 1 000)	<b>2021</b>	<b>2020</b>
Other operating expenses**	1.500	
Other interest income*	7.136	

\* Interest for the year is capitalized to the loan

\*\* Norway Royal Salmon ASA and Arctic Fish ehf. has a management fee agreement with the company

## Note 7. Taxation

### Breakdown of the year's taxable income:

(NOK 1 000)	31.12.2021	31.12.2020
Profit/loss before tax	2.616	0
Permanent differences	-5.282	-6
<b>Year's taxable income</b>	<b>-2.665</b>	<b>-6</b>

### Specification of temporary differences and deferred tax:

(NOK 1 000)	31.12.2021	31.12.2020	Change
Accumulated tax-loss carry forwards	-2.671	-6	-2.665
Not included in the calculation of deferred tax	2.671	6	2.665
<b>Basis for deferred tax</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Deferred tax assets</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Tax rate used to calculate deferred tax</b>	<b>22%</b>	<b>22%</b>	

Because the company has elected not to capitalise the net deferred tax asset, profit and loss was unaffected by any change in deferred tax.

### Reconciliation of nominal and actual tax rates:

(NOK 1 000)	2021	2020
Result before tax	2.616	0
Expected tax after nominal tax rate (22 %)	-576	0
Actual tax	0	0
<b>Difference</b>	<b>576</b>	<b>0</b>
<b>Explanation of difference</b>		
Permanent differences (22%)	-1.162	-1
Uncapitalised deferred tax asset	586	1
<b>Tax on ordinary result</b>	<b>-576</b>	<b>0</b>
<b>Effective tax rate</b>	<b>0,0 %</b>	<b>0,0 %</b>



## Note 8. Bank deposits

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(NOK 1 000)	31.12.2021	31.12.2020
Bank deposits	713	0
Restricted bank deposits	10.561	0
<b>Bank deposits</b>	<b>11.274</b>	<b>0</b>

Of the restricted deposits TNOK 10 561 (2020: TNOK 0) are payment guarantees for investment contracts in Iceland.



To the General Meeting of Arctic Fish Holding AS

## Independent Auditor's Report

### Report on the Audit of the Financial Statements

#### Opinion

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We have audited the financial statements of Arctic Fish Holding AS, which comprise:

- The financial statements of the parent company Arctic Fish Holding AS (the Company), which comprise the financial position as at 31 December 2021, the income statement and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Arctic Fish Holding AS and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at 31 December 2021, the consolidated income statement, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

#### Basis for Opinion

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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 and the Group as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information

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The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if

#### Offices in:

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statsautoriserede revisorer - medlemmer av Den norske Revisorforening

Oslo	Elverum	Mo i Rana	Stord
Alta	Finnsnes	Molde	Straume
Arendal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandefjord	Trondheim
Bodø	Knarvik	Sandnessjøen	Tynset
Drammen	Kristiansand	Stavanger	Ålesund

there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines 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, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

#### Auditor's Responsibilities for the Audit of the Financial Statements

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 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 scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We 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 Company's or 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 Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- 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

The annual financial statements are presented in English language. This is not in accordance with the Norwegian Accounting Act § 3-4 paragraph 2 as the Company, as at the date of the annual financial statements, has applied for, but not yet received an exemption to present these financial statements in another language than Norwegian.

Trondheim, 12 May 2022  
KPMG AS

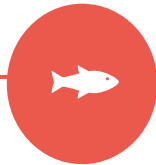


Yngve Olsen  
State Authorised Public Accountant

## The building blocks of Arctic Fish

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**Excellence in Sea Farming  
and Smolt Production**



**A robust and strong  
sustainability profile**



**Attractive licenses and  
production potential**



**Growing markets and  
strategic marketing vision**







# **Arctic Fish**

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Iceland

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