



ARCTIC FISH

Annual Report
2023

Chapter Overview

Company & annual highlights	6
ESG.....	22
HSE.....	31
Group results	37
Notes.....	65



Table of contents

Overview from the CEO	7
Market	8
Operations	8
Harvesting facilities	9
Milestones	11
The business	13
Production highlights	16
Capital Expenditure summary	17
Freshwater production	18
Seawater production	18
Processing	19
Sales	19
Growth and development	20
Shareholder information	21
Board of Directors	38
Board of Directors' report	39
Allocation of result for the year	56
BOD declaration	57
Consolidated income statement	58
Consolidated statement of financial position	59
Consolidated statement of cash flows	62
Consolidated statement of changes in equity	63
Note 1. Corporate information and accounting policies	66
Note 2. Significant accounting policies	66
Note 3a. Estimates and judgements	76
Note 3b. Environmental risk	79
Note 4. Biological assets	80
Note 5. Inventory	84
Note 6. Intangible assets	85
Note 7. Property, plant and equipment	87
Note 8. Interest bearing debt	89
Note 9. Financial instruments	91
Note 10. Capital and risk management	93
Note 11. Remuneration	97
Note 12. Taxes	98

Note 13. Cash.....	100
Note 14. Trade receivables, other receivables and prepayments	100
Note 15. Trade payables and other current liabilities	102
Note 16. Secured liabilities and guarantees	103
Note 17. Consolidated entities.....	104
Note 18. Share capital	105
Note 19. Earnings per share	108
Note 20. Related party transactions.....	109
Note 21. Other operating expenses	109
Note 22. Leases	110
Note 23. Auditor's fees	112
Note 24. Provisions	113
Note 25. New IFRS standards.....	114
Note 26. Subsequent events.....	114
Arctic Fish Holding – Income Statement	116
Arctic Fish Holding – Financial position.....	117
Arctic Fish Holding – Equity statement	120
Arctic Fish Holding – Cash flow	121
Arctic Fish Holding – notes to the financial statements	122
Note 1. General information	122
Note 2. Intercompany transactions.....	124
Note 3. Remuneration	125
Note 4. Other operating expenses	125
Note 5. Auditor's fees	126
Note 6. Financial items	127
Note 7. Taxes	129
Note 8. Cash.....	130
Note 9. Shares in subsidiaries	131
Note 10. Share capital shareholder information.....	131
Note 11. Subsequent events.....	134
Independent Auditor's Report	135
APM	138

Abbreviations

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

COGS: Cost of Goods Sold

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

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

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



Company & Annual highlights



Overview from the CEO



Stein Ove Tveiten CEO, Arctic Fish

2023 was a year marked by both challenges and significant milestones for Arctic Fish. Amidst the hurdles, we celebrated the successful launch of our new harvesting plant in Bolungarvík, welcomed 38 new team members, and achieved record-breaking harvest volumes. These accomplishments underscore our commitment to the long-term targets of being a leading and sustainable salmon farmer in Iceland, dedicated to providing tasty, healthy, and environmentally friendly food for a growing global population.

Salmon farming has emerged as a vital pillar of the economy in the Westfjords, contributing significantly to the Icelandic export income. This is attributed to Iceland's favourable conditions for salmon growth and a supportive government stance on industry development. Unlike other regions facing growth constraints, Iceland is uniquely positioned for further expansion of sustainable salmon production in favourable environmental conditions.

Market

In 2023, the salmon industry experienced another prosperous year, with spot prices nearing record-high levels. The estimated global value of salmon totalled approximately EUR 20 billion, consistent with the record levels of 2022 and representing an increase of approximately 25% from 2021. However, a noticeable trend intensified regarding harvest volume, highlighting a more pronounced seasonal pattern compared to previous years. This was outlined globally with substantial surge in harvest volume during the latter half of the year, which coincided with a significant decline in prices, contrasting with the relatively higher prices observed in the first half.

Furthermore, European prices demonstrated greater stability relative to prices in the Americas throughout the year, leading to a distinct divergence in pricing dynamics between the two regions.

As for Arctic Fish, the distribution of volumes was relatively balanced between the first and second halves of the year. Which is also reflected in the price achievement for the year as a whole. Additionally, structural changes occurred within our sales operations, with Mowi assuming a majority stake in Arctic Fish. From September the sales and marketing were being done by Mowi. This transition was facilitated by Mowi's global sales force complemented by a local logistic and sales team. With high expectations, we expect that participating in downstream and branding strategies within the Sales & Marketing division of Mowi will further enhance value for Arctic Fish and our shareholders in the future.

Operations

2023 presented its share of challenges but also achievements that marked new milestones for the company. A total of 11,878 tonnes were harvested which was a new record. Operational performance was in general good during the year, but seawater growth, survival rate and costs were negatively impacted by the

challenging lice situation experienced by the industry in the Westfjords during the fall.

The fire in our smolt facility in Norðurbotn in February disrupted short-term smolt operations and has also impacted the pace of the volume ramp-up planned for the coming years. But we did however manage to adjust and deliver the same amount of smolt in 2023 as initially planned. This shows the strength and adaption capability that we have within the company.

Additionally, challenges with lice infestations during summer and fall led to the escape incident at our Kvígindisdalur site in August. While we had maintained an impeccable record since our first salmon release in 2017, without any escapee and addressing lice within governmental guidelines, the incident was a setback in that regards. The incident showed us that the approach was not sufficient and sustainable for maintaining low lice levels, emphasizing the need for additional capacity and approach for having an effective control for lice. The cumbersome procedures around treatment approvals are not fit for purpose and showed a big risk when sea lice levels increased, and efficient handling was critical.

The learning curve both for us as a company and for governmental bodies has been steep but with confidence that we all will come strengthened out of this experience. Our clear goal going forward is to develop Arctic Fish into a streamlined and cost-effective operation. This will be the core focus. Furthermore, Arctic Fish has a target of zero fish escapes and is constantly striving to prevent escapes and improve methods, equipment, and procedures to minimise or eliminate escapes.

Harvesting facilities

We completed the construction of our new harvesting plant in Bolungarvík in July, supporting future growth and paving the way for cost improvements, in-house processing capacity, and new opportunities with regards to sales and marketing together with new improved logistical possibilities. Arctic Fish is no longer dependent on external harvesting capacity and the Bolungarvík processing plant is expected to improve operational efficiency and the cost level over time.

The startup of the harvesting plant has been successful due to good local management and dedicated sub-contractors. And the factory has already proven itself with an excellent outcome where the product is of the highest quality. Super chilling, bringing the salmon to minus one degree before packaging enables us to reach customers with a high-end quality and extended shelf life.

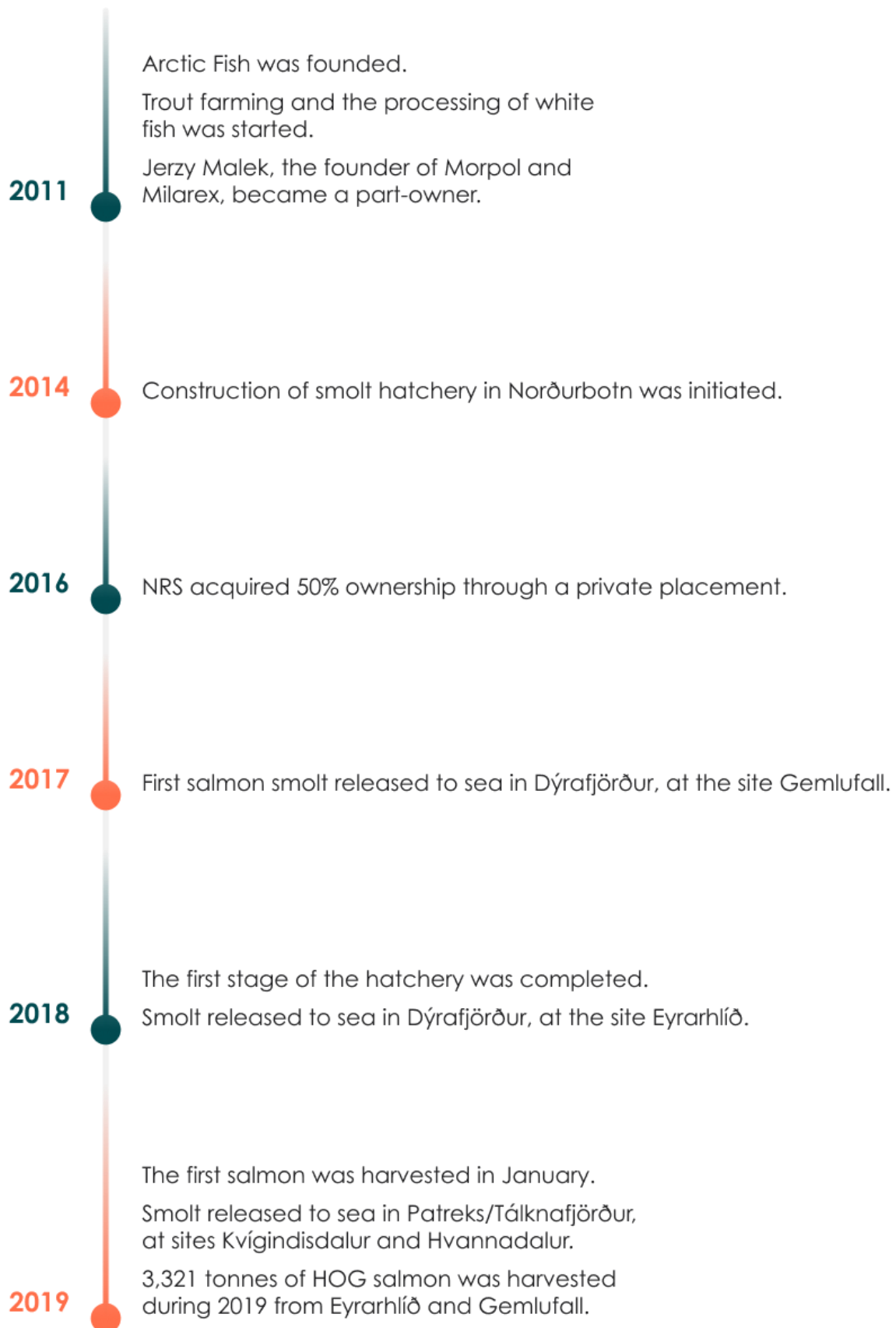
Despite several challenges, I am proud of our team's resilience and achievements. The organisation has demonstrated a willingness to learn and improve, as well as adaptability, innovation, and perseverance. I extend my sincere gratitude to our dedicated colleagues and partners for their unwavering support. Looking ahead, I am confident in our ability to thrive amidst uncertainty and continue leading the way in sustainable salmon farming in what we believe will be an important salmon farming region in the coming years.

A handwritten signature in dark ink, reading "Stein Ove Tveiten". The signature is fluid and cursive, with a stylized "T" at the end.

Stein Ove Tveiten

Chief Executive Officer

Milestones



2020

Smolt released to sea in Dýrafjörður, at sites Eyrarhlíð 2/Gemlufall and Haukadalsbót.

7,443 tonnes of HOG salmon was harvested during 2020 from Eyrarhlíð and Kvígindisdalur.

2021

The company was listed and started trading at Euronext Growth Oslo on the 19th of February.

Smolt released to sea in Dýrafjörður, at sites Eyrarhlíð and Kvígindisdalur.

11,479 tonnes of HOG salmon was harvested during 2021 from Kvígindisdalur, Hvannadalur & Haukadalsbót.

New Smolt expansions in Norðurbotn started.

2022

New harvesting facility project started.

Smolt released in three different Fjords.

8,561 tonnes of HOG salmon harvested from Eyrarhlíð, Eyrarhlíð 2, Haukadalsbót & Hvannadalur.

Mowi purchases 51,28% ownership in Arctic Fish from NRS/Salmar.

2023

11,878 tonnes of HOG salmon harvested from Eyrarhlíð, Hvesta & Kvígindisdalur.

Finalized construction of own harvesting facility.

The business



ARCTIC FISH

ARCTIC
SMOLT

ARCTIC
SEA FARM

ARCTIC
ODDI



Arctic Smolt

Arctic Smolt is the entity responsible for Smolt production. The RAS smolt facility is located in Tálknafjörður where there are good geothermic conditions. The facility has access to natural water temperatures of between 6°C and 22°C all year round. The hatchery has a proven record and history of production, with smolt having been produced at the hatchery since 2017.



Arctic Sea Farm

Arctic Sea Farm is the entity responsible for seawater production and receives smolt from Arctic Smolt. The Group's seawater sites are strategically located in all fjords in the Westfjords. This ensures that production may be alternated and that minimises biological risk. It also positively impacts survival and efficiency in feeding. The licenses awarded cover 13 farming areas in five fjords.



Arctic Oddi

Arctic Oddi is the entity that is responsible for harvesting and packaging the fish is receives from Arctic Sea Farm. The harvesting facility located in Bolungarvík is the Group's newest investment and harvesting operations were initiated in Q3 2023. The facility has been designed to fulfil the short and long-term needs of the Group, with additional growth possibilities for external service contracts for other farmers.

Arctic Fish is a group of companies operating 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 at its own harvesting facility and is then 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. In 2022 the Group harvested 8,561 tonnes HOG or a 25% decrease year over year due to loss of production and lack of harvesting capacity that led to the mortality of market ready fish. In 2023 the Group harvested an all-time high 11,878 tonnes HOG, which is a 39% increase from last year.

The Group has farming licences for a total of 29.8 thousand tonnes maximum allowed biomass ("MAB"), of which 2.8 thousand tonnes are licenses for rainbow trout that are in the process of being converted to salmon licences. as per report publication. The licenses already awarded cover 13 farming areas in five fjords that are: Tálknafjörður and Patreksfjörður (two fjords together as one farming area), Arnarfjörður, Dýrafjörður, Ísafjarðardjúp and Öndarfjörður. Each area has its own maximum allowed biomass according to the awarded licenses.

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.

- Arctic Fish sites
- Pending applications
- Smolt
- Harvesting plant
- Office



Westfjords

Production highlights



24,56%

INCREASE YOY

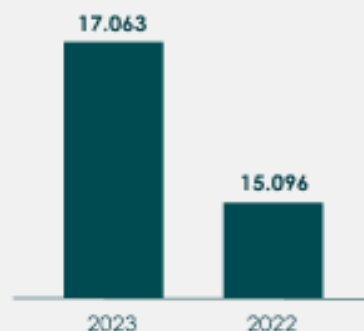
Net growth
tonnes



13,03%

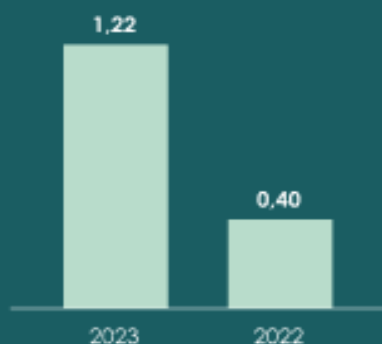
INCREASE YOY

Feeding
tonnes



Operational EBIT

pr. kg



90,8%

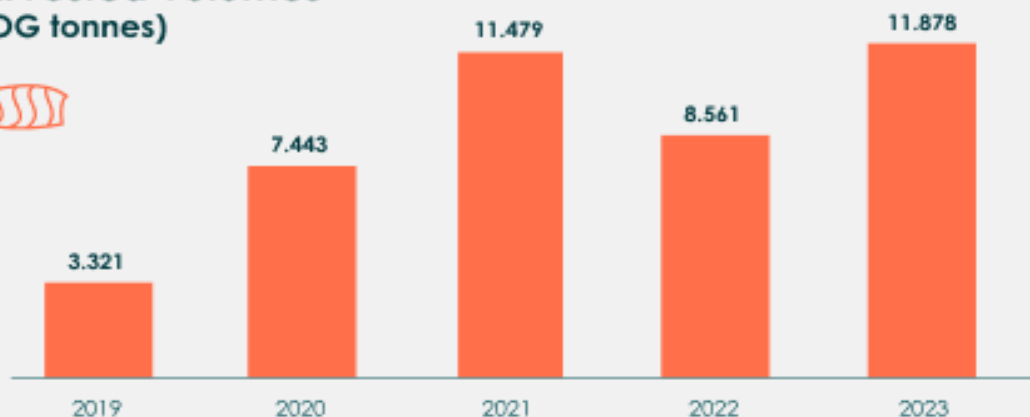


Superior share
of salmon



2023

Harvested volumes (HOG tonnes)



Capital Expenditure summary

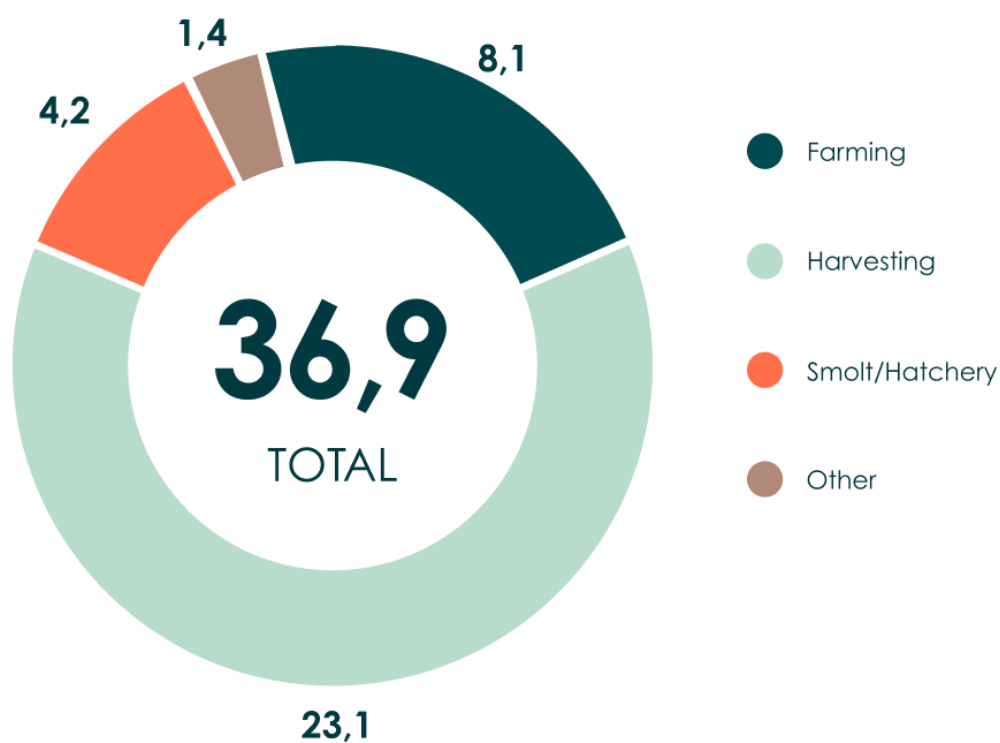


Capital expenditures for the year 2023 amounted to 36.9 million EUR.

The key investments were the harvesting facility in Bolungarvík that became fully operational in the latter half of 2023 and was therefore completed from a CAPEX perspective in Q4 2023. Further investments were made in sea farming related to biomass build-up.

It should be noted that the smolt expansion in Tálknafjörður is still in a restructuring phase after the fire incident at the start of the year.

CAPEX in MEUR



Freshwater production



The Group has a modern freshwater smolt production facility in Norðurbotn (Tálknafjörður), using RAS technology. The production facility 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 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 to expand production capacity.

Seawater production



The Group's seawater sites are strategically located in all fjords in the Westfjords of Iceland. This ensures that production may be alternated which minimises biological risk. It also positively impacts survival and efficiency in feeding. The Group has farming licences for a total of 29.8 thousand tonnes maximum allowed biomass ("MAB"), of which 2.8 thousand tonnes are for rainbow trout that are in the process of being converted to salmon licences.

The licenses awarded cover 13 farming areas in five fjords that are: Tálknafjörður and Patreksfjörður (two fjords together in one license), Arnarfjörður, Dýrafjörður, Ísafjarðardjúp and Öfundarfjörður. Each area has its own maximum allowed biomass according to the awarded licenses.

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.

Processing



All processing of the Group's salmon since Q3 2023 and onwards takes place in the company's brand-new, state of the art harvesting facility in Bolungarvík. The facility has been designed to fulfil the short and long-term needs of Arctic Fish, with growth possibilities for external service contracts for other farmers as well. Prior to that, processing was handled externally through a contractor at a processing facility in Bíldudalur. In 2023 the company also relied on other processing alternatives as it processed salmon via external harvest vessel capacity due to capacity limitations at the processing facility in Bíldudalur. With the new facility in place the company is in a substantially more control over harvesting and therefore its entire value chain.

Sales



Since 2018 Arctic Fish has been growing rapidly. 2023 was a record year in terms of harvested and sold volumes with 11.8 thousand tonnes and overtakes 2021 when the company harvested 11.5 thousand tonnes.

The fish is sold by Mowi in accordance with a sales agreement. The Group sees substantial potential in utilizing the synergies from the majority owner Mowi with sales being handled by Mowi from September 2023 and onwards, prior to that sales were handled by a Norwegian distributor.

Market routes both domestically and internationally are developing positively. The sales are to all the major markets and the long-term vision is to increase the proportion of sold volumes to premium markets with more focused marketing strategies based on our high quality product, the pristine natural conditions and sustainability.

Growth and development



The Group is engaged in growth projects that are ongoing and have been in progress for a considerable period of time. Licenses are important, as this is a prerequisite for farming operations, and an awarded license needs to be utilized and realized.

Now the company has 27.000 tons of MAB for fertile salmon and another 2.800 tonnes of trout as per report publication. With the highest yearly production of 11.800 tonnes the main task ahead is to increase the utilization of our licenses where the long-term ambition is to reach 100% utilization. The government proposal of new legislation will make the license portfolio more flexible and enable the company to put out more smolt from own production and third party partners which will facilitate increased production. Having many sites in many fjords is the key to our short to long term growth.

The company recently completed growth investments in its harvesting facility to expand the value chain that will contribute to the future growth of the company and enable harvesting of increasing volumes at a low and competitive cost pr. kg. One of the key growth projects planned in 2023 was to expand the smolt production, however the growth project is still in a restructuring phase after the fire incident at the start of the year.

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.

As of 31st of December 2023 the company has 31,876,653 shares outstanding, which is unchanged from the previous year.

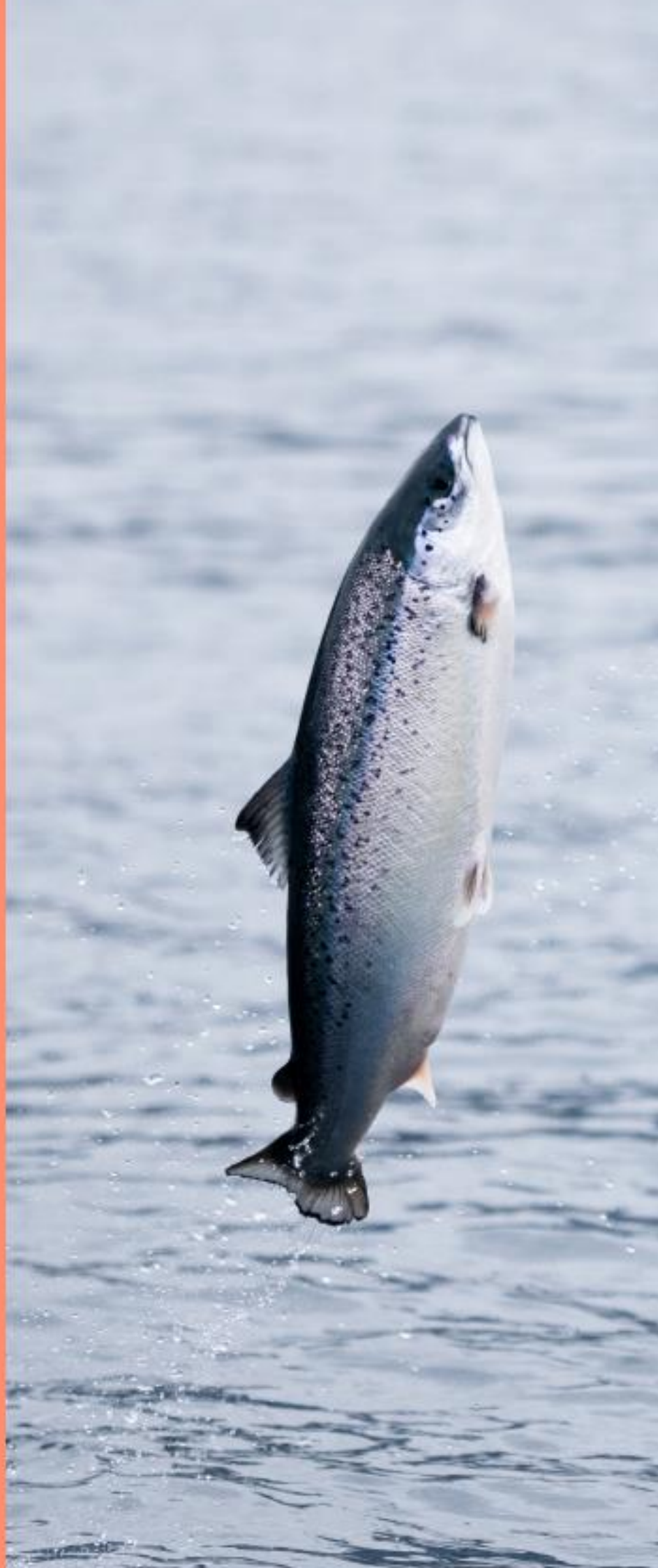
Top 20 shareholders of Arctic Fish Holding own 31,605,462 shares, or 99,15% as of year-end.

Name of shareholder	No. of shares	%
Mowi ASA	16.346.824	51,28%
Síldarvinnslan hf.**	10.899.684	34,19%
J.P. Morgan SE **	1.999.680	6,27%
Landsbankinn hf.	475.724	1,49%
Íslandsbanki hf.	298.616	0,94%
KVERVA FINANS AS	223.776	0,70%
CLEARSTREAM BANKING S.A.	214.557	0,67%
VERDIPAPIRFONDET EKA SPAR	167.406	0,53%
MP PENSJON PK	165.000	0,52%
PACTUM AS	152.701	0,48%
State Street Bank and Trust Comp	149.995	0,47%
VERDIPAPIRFONDET EKA NORGE	121.659	0,38%
PARETO AKSJE NORGE VERDIPAPIRFOND	104.328	0,33%
ROTH	80.000	0,25%
RAMSFJELL AS	40.849	0,13%
VERDIPAPIRFONDET EKA ALPHA	33.705	0,11%
Euroclear Bank S.A./N.V.	33.000	0,10%
Saxo Bank A/S	32.822	0,10%
DNB Luxembourg S.A.	25.231	0,08%
SKEIE ALPHA INVEST AS	21.473	0,07%
VERDIPAPIRFONDET EKA BALANSERT	18.432	0,06%
Total 20 largest shareholders	31.605.462	99,15%
Total other	271.191	0,85%
Total number of shares 31.12.2023	31.876.653	100,00%

** Síldarvinnslan hf. is a part of the nominee account „J.P Morgan SE“



ESG



Our stakeholders

Arctic Fish engages with numerous stakeholders, both on a local and international scale. Effective stakeholder communication is integral to our achievements at Arctic Fish. Our commitment involves consistently updating and engaging with our stakeholders to foster transparency and understanding.

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

Greenhouse Gas Emission

In the realm of greenhouse gas (GHG) emissions, net pen salmon farming stands out as one of the most environmentally friendly methods of protein production. The primary source of GHG emissions in Arctic Fish's production arises from feeding barges and the boat fleet. In 2022, Arctic Sea Farm took a significant step by acquiring its first hybrid feed barge. Looking ahead to 2024, a second barge will be connected to land-based green renewable energy, marking a substantial reduction in our direct carbon footprint. Future barge acquisitions will prioritize land connections or hybrid vessels, further contributing to our commitment to minimizing environmental impact.

Recognizing that feed is a significant indirect contributor to GHG emissions in aquaculture, Arctic Fish proactively monitors developments in novel feed ingredients to reduce our product's carbon footprint. We mandate our feed suppliers to ensure sustainability certification, allowing us to confidently offer a product that meets stringent environmental standards, including non-genetic modification, absence of deforestation threats, and independence from endangered fish stocks. Our feed undergoes an annual review as part of our ASC audits.

Arctic Fish employs a sustainability management system to track and register energy consumption and carbon footprint. Annual green accounting reports, encompassing chemical, waste, and medicine consumption, as well as electricity

and oil usage, are submitted to Iceland's Environmental Agency and made available on their website (www.ust.is). Arctic Fish reports emissions based on green account numbers, demonstrating our commitment to transparently monitor our progress towards reduction in carbon emissions.

Energy consumption	unit	2023	2022
Scope 1: Fossil Fuel	liter	1,395,968	1,287,633
Scope 2: Electricity	MWH	6,854	5,238
GHG Emissions			
Scope 1: Fossil Fuel	tCO ₂ e	3,807	3,474
Scope 2: Electricity	tCO ₂ e		
Total emission	tCO₂e		3,474

Emission of nutrients

Monitoring nutrient emissions in the vicinity of our net cages is crucial to prevent benthic sediment eutrophication. The primary contributors to nutrient discharge from our operations are feed and fish waste. Arctic Fish employs proactive measures to mitigate overfeeding, such as operating a central feeding center. Our adept staff ensures optimal feeding through advanced camera monitoring and feeding systems, minimizing feed wastage. To assess the health of the seabed around our sea sites, third-party benthic samplings are conducted regularly in compliance with certification standards and applicable laws and regulations. The findings from these samplings are subsequently published on the Environmental Agency's website, promoting transparency and accountability.

Logistics and transport

Arctic Fish strategically emphasizes enhancing product transportation via sea rather than air. Opting for sea cargo contributes to a notable reduction in the carbon footprint compared to traditional air freight methods. This aligns with our commitment to environmentally conscious practices and sustainable logistics.

Waste management

Arctic Fish, akin to all ocean salmon farmers, relies on a pristine ocean environment to deliver high-quality Atlantic salmon. Our commitment involves mitigating the environmental footprint associated with our operations, and to achieve this, we have implemented a comprehensive suite of control and monitoring systems. These measures are designed to safeguard the ecological integrity in the vicinity of our fish farms, reflecting our dedication to responsible and sustainable aquaculture practices.

Healthy and safe seafood

Few products rival the nutritional value of Atlantic salmon, thanks to its rich content of Omega-3, proteins, vitamins, and minerals. Recognized as one of the most nutrient-dense protein options, Atlantic salmon stands out.

The cool Arctic Ocean provides an ideal environment for the slow yet consistent growth of our salmon, resulting in superior fillet quality. Nestled in fjords protected by surrounding mountains, our farms benefit from shelter against wind and waves. Meanwhile, the robust currents in our open fjords facilitate the continuous supply of fresh, oxygen-rich seawater to our cages, ensuring optimal conditions for the well-being of our salmon.

KPI and ambitions

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

	KPI's	Ambitions	2023	2022
PROFITABLE SALMON FARMER				
Shareholder returns	ROCE ROE (after tax)	> 15% > 15%	7,6 % -15,0 %	2,1 % 5,9 %
CUSTOMERS				
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	Yes	Yes
Healthy and safe seafood	Conduct monitoring program for contaminant levels	Compliant with own standards	Yes	Yes
ENVIRONMENT				
	ASC-share of active sites	all new site will be ASC	100%	100%
	Share of sites with MOM-B state 1 or 2	100%	100%	100%
Prevent escapes	Incidents of escapes	Zero	1	0
Ensure good fish health / welfare	Survival	> 92%	85,8%	91,4 %
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	No	Yes
Low medicine use	Use of antibiotics per tonne produced fish Medicine use in sea lice treatments per tonne produced fish	0.0 % Reduction in medicine use in sea lice treatments	0,0% no	0,0 % No
Sustainable and efficient fish feed	Feed according to ASC requirements and GLOBAL G.A.P. certification	Compliant with standards	Yes	Yes
Waste management	Conduct audit of waste management procedures	100 % waste management	Yes	Yes
SOCIAL RESPONSIBILITY				
Ethical guidelines	No identified violations of ethical guidelines	Compliant with ethical guidelines	Yes	Yes
Health, safety and environment	Absence rate Number of injuries which led to absence	< 4% Reduction in injuries leading to absence	3,6% 6	2,9 % 1
Education and development	Increase number of trained employees in the company	Yes	Yes	Yes

Fish health and fish welfare

Arctic Fish maintains a steadfast focus on cultivating a healthy environment to ensure optimal welfare for our fish. This commitment is manifested through the implementation of established best practices in our procedures and routines. By employing preemptive measures, we strive to prevent diseases and enhance overall survival rates. Essential tools in this endeavor include vaccination, provision of optimal feed, and maintaining a low biomass density in our cages, all aimed at ensuring optimal conditions for the well-being of our salmon.

Lice is a common concern for salmon farmers. Arctic Fish remains actively engaged in sea lice monitoring initiatives and is committed to exploring innovative approaches to continue to tackle the sea lice problem. All lice numbers are promptly reported to the Food and Veterinary Authorities in Iceland and are made publicly accessible on Arctic Fish's website within a week of counting.

Notably, in 2023, Arctic Fish, alongside the broader Icelandic sea farming community, sustained its leadership role in antibiotic-free farming of Atlantic salmon. This achievement underscores our dedication to responsible and sustainable aquaculture practices.

Unfortunately, Arctic Fish sustained significant losses due to an unexpected lice outbreak in Q3 and Q4 of 2023. Insufficient access to treatment options and a slow reacting regulatory framework led to the need for restructuring of pre-emptive and reactive measures to combat sea lice. Arctic Fish has already made significant adjustments to its lice strategy for 2024, including securing mechanical treatment options to diversify the lice treatment portfolio.

Sustainable feed

We mandate our feed suppliers to guarantee the certification of ingredients used, enabling us to confidently offer a product that adheres to sustainable production standards. This certification ensures that feed ingredients are free from genetic modification, sourced from areas not endangered by deforestation, and do not rely on endangered fish stocks. Our feed undergoes an annual review as part of our ASC audits, reinforcing our commitment to maintaining and verifying the sustainability of our supply chain.

Certifications

At Arctic Fish, our operations are aligned with the Aquaculture Stewardship Council standard (ASC), globally recognized as the foremost environmental and social standard for aquaculture. This comprehensive standard establishes stringent guidelines for fish production, emphasizing harmony with nature and surrounding communities. Key aspects covered by the standard include documentation related to fish health, environmental impact, feed usage, relationships with neighbours, and requirements for suppliers.

Customers can have confidence that ASC certified fish from Arctic Fish is cultivated using responsible and sustainable methods. The ASC certification underscores our commitment to ethical and environmentally conscious aquaculture practices, providing assurance to consumers seeking products with a positive impact on both ecosystems and communities.

Aquaculture stewardship Council (ASC)

At Arctic Fish, our operations are certified by the Aquaculture Stewardship Council standard (ASC), widely acknowledged as the foremost environmental and social standard for aquaculture globally. This stringent standard establishes clear guidelines for the production of fish in harmony with nature and the communities in which we operate. Compliance involves thorough documentation on various aspects, including fish health, environmental impact, feed usage, community relations, and supplier requirements.

Our commitment to the ASC standard assures customers that our fish is certified to be produced through responsible and sustainable methods. With ASC certification, customers can have confidence in the ethical and environmentally conscious practices applied throughout our aquaculture processes.

Certifications

100%

of Active sites are ASC Certified at year end*

Fresh water

Freshwater stands as a crucial and finite resource for our planet, holding significant importance within the value chain. Arctic Fish Salmon distinguishes itself with low water usage in comparison to conventional livestock practices. Our smolt production facility represents a pioneering approach, being the largest Recirculating Aquaculture Systems (RAS) in Iceland. We consistently maintain a freshwater recirculation rate of 95-99%, showcasing our dedication to minimizing the impact on local freshwater resources. This commitment underscores our responsible and sustainable approach to water management within our operations.

Escape prevention

In Q3, Arctic Fish experienced an escape event, leading to the release of an estimated 3,500 salmon. In response, an internal audit of our protocols was promptly conducted to enhance preventive measures and avoid future escape incidents. Significant improvements were implemented, including heightened frequency of inspections, the introduction of an electronic maintenance system, and an intensified focus on training and refining procedures. These proactive measures demonstrate our commitment to continuous improvement and the rigorous mitigation of any potential environmental impacts associated with our aquaculture operations.

All our equipment adheres to the rigorous standards outlined in NS 9415:2016. As part of our operational strategy, we employ Remotely Operated Vehicles (ROVs), and

* ASC certification in Kvígingisdalur was suspended following the escape event, but the certification will be up for renewal at the 2024 ASC audit.

divers to safeguard against potential damage to nets and prevent escapes. This proactive use of technology underscores our commitment to operational excellence, environmental responsibility, and the overall integrity of our aquaculture practices.

Training and Education

In 2023 Arctic Fish has continued its collaboration to launch an aquaculture track for students at the local high school (Menntaskóli Ísafjarðar). This new study track will enhance the opportunities for local education and in time increase the number of skilled aqua culturists in the area.



HSE



People and society

We at Arctic Fish are dedicated to fostering strong relationships and upholding values within the local communities in which we operate, while also providing a safe workplace. As a significant employer and a vital member of society, we recognize our numerous responsibilities to individuals, communities, and the industry at large. Arctic Fish boasts a diverse and skilled workforce from around the globe, all working together towards the shared objective of delivering top-notch salmon in harmony with nature. The company highly values employee input and innovative thinking, which are key drivers of Arctic Fish's success. We encourage forward-thinking and open dialogue.

Ensuring the safety of our employees is of utmost importance, and we consistently implement active measures to minimize accidents through a robust quality system and a comprehensive Health & Safety program.

Ethical guidelines and human rights

At Arctic Fish, we are steadfastly committed to upholding guidelines and standards that fall within the realm of our social responsibility. Our values are deeply ingrained in our ethical guidelines, which outline the company's objectives and the behavioural expectations for both the company and its employees, as well as what our stakeholders can anticipate from us.

In our day-to-day operations, Arctic Fish pledges to adhere to all applicable laws and regulations, conducting business in an ethical and responsible manner. These guidelines are thoroughly communicated to all employees and undergo regular review. Our aim is to operate with transparency, integrity, and trustworthiness, taking pride in the work we do.

In the year 2023, Arctic Fish had no reported cases of corruption or discrimination nor any breaches of our ethical guidelines.

Responsible employer

The employee's efforts and contributions have been essential for Arctic Fish's operations in 2023. 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

At Arctic Fish, the well-being of our employees and the environment is paramount. Our commitment to Health, Safety, and Environment (HSE) is unwavering, with a vision centred on zero harm to personnel, the environment, and equipment. We are dedicated to fostering a culture of safety and wellness within our organization, where the goal of no injuries is not just a target but a fundamental principle guiding our operations.

To encourage physical well-being and overall health, we actively promote employee participation in physical activities through an annual sports grant. We firmly believe that a healthy workforce is a productive one, leading to reduced instances of sickness and improved overall performance.

Our focus on HSE is integral to ensuring a safe and efficient workplace. Through ongoing training and continuous efforts, we strive to ingrain the importance of safety in every aspect of our organization. By fostering a corporate culture that prioritizes effective and preventive HSE practices, we aim to create a work environment where safety is not just a priority but a way of life.

In addition to HSE training, we provide our employees with comprehensive resources, including an employee handbook that outlines all relevant policies and procedures. This handbook serves as a guide for our employees, ensuring clarity and understanding on matters related to their roles and responsibilities within Arctic Fish. To gauge employee satisfaction and continually improve our organizational culture, we conduct regular surveys in collaboration with HR Monitor, a specialized company in this field. These surveys measure various aspects of the employee experience, such as trust in management, pride in their work, and camaraderie with colleagues. By prioritizing areas for improvement based on survey feedback, we aim to enhance productivity, competitiveness, and overall workplace satisfaction through a trust-based leadership approach and a positive corporate culture.

Worker's rights and social matters

At Arctic Fish, we prioritize diversity and equal opportunities. While women make up 26 percent of our workforce, we are actively working towards gender balance in all levels of the organization. We have zero tolerance for gender-based discrimination and strive to create a safe and inclusive workplace where all employees are valued and respected, regardless of ethnicity, origin, religion, or abilities. Every employee has the right to freedom of association and 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 prioritize the professional development of our employees by supporting them as they pursue certifications, even whilst they remain in full-time employment with us. We incentivize certification attainment by offering additional compensation to those who meet the requirements. Continuous education is ingrained in our culture, covering a spectrum of topics including regulatory compliance, best practices, and specialized technical skills across management, production, aquatic health, safety, and environmental standards. We recognize the paramount importance of highly skilled and trained personnel in ensuring the efficacy, safety, and precision of our operations. To facilitate ongoing learning, we've launched the Mowi Academy, a cutting-edge training platform. This platform not only provides access to established industry courses but also empowers us to develop training programs tailored to the linguistic and operational needs of our workforce, thus minimizing any potential misinterpretations.

		Target	2023	2022
Employees	No. of full-time equivalents (FTE)		118	71
	No. of women		31	15
Safety and sickness absence	No. of fatalities	0	0	0
	LTI's	0	6	1
	H-factor	<6	2	6
	Sickness absence	<4%	3,58%	2,94%
Regulatory compliance	No. of violations	0	0	0
	Fines in ISK	0	0	0

KPI's and ambitions

	KPI's	Ambitions	2023	2022
Ethical guidelines	No identified violations of ethical guidelines	Compliant with ethical guidelines	Yes	Yes
Health, safety and environment	Absence rate	< 4%	3,58%	2,94%
	Number of injuries which led to absence	Reduction in injuries leading to absence	6	1
Education and development	Increase number of trained employees in the company	Increase number of trained employees in the company	Yes	Yes



Group
results



Board of Directors

Arctic Fish has five board members, 4 men and 1 woman. 3 board members are of Icelandic nationality, with the other two board members coming from Norway



Øyvind Oaland
Chairman of the board

COO Farming Norway in Mowi since 2020. Previously served as Mowi's Chief Technology officer/ Head of Global Research & Development. Has worked various positions within Mowi since 2000 and also holds various board positions within the industry.



Ivan Vindheim
Board member

Joined Mowi as CFO in 2012. Became CEO of Mowi in 2019. Prior to joining the company, he was the CFO of Lerøy Seafood Group ASA for five years.



Hildur Árnadóttir
Board member

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



Gunnþór Ingvason
Board member

Joined Síldarvinnslan in 2003 after a merger was completed with SR-Mjöl hf. Became CEO of Síldarvinnslan in 2010.



Gunnar Atli Gunnarsson
Board member

Experience as the judge's assistant and project manager at the Supreme Court of Iceland. Currently works as an attorney at Landslög.

Board of Directors' report

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 efficient fish farming operations, as well as to sell the output of our own production. Arctic Fish is a leader in salmon farming in Iceland as well a leader in the effort to develop the growing industry as sustainably as possible.

Arctic Fish Holding AS is the parent company of Icelandic entities, and 100% owner 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 that are all 100% owned by Arctic Fish. The Group's fish farming operations are in the Westfjords of Iceland and the Group has licenses equivalent to 27,100 tonnes MAB.

Highlights of 2023

Arctic Fish is one of the largest salmon producers in Iceland. Highlights in 2023 include:

- Harvested and sold all-time high 11,878 tonnes of salmon during the year.
- 4.2 million smolt produced at our hatchery – a new company record
- Finalized construction of own harvesting facility and harvesting operations have gone according to plan and expectations.
- All sites received ASC certification.
- Refinanced existing credit facility with a 170 MEUR three -year senior secured sustainability-linked term loan and revolving credit facility.

Research and development projects

Arctic Fish is actively developing the company and some of the key projects in 2023 were as follows:

In July 2023 the first fish were harvested at the new harvesting facility in Bolungarvik. The start-up was successful and in September production was ramped up to the designed scope, which is 50 fish per minute, or approximately 15 tonnes of whole fish per hour.

The ongoing expansion of RAS smolt production had a major setback when the new building caught fire on February 23rd 2023. Following the fire incident, the expansion is still in a restructuring phase after the fire incident and outcome of which will decide how we proceed in finalizing the construction.

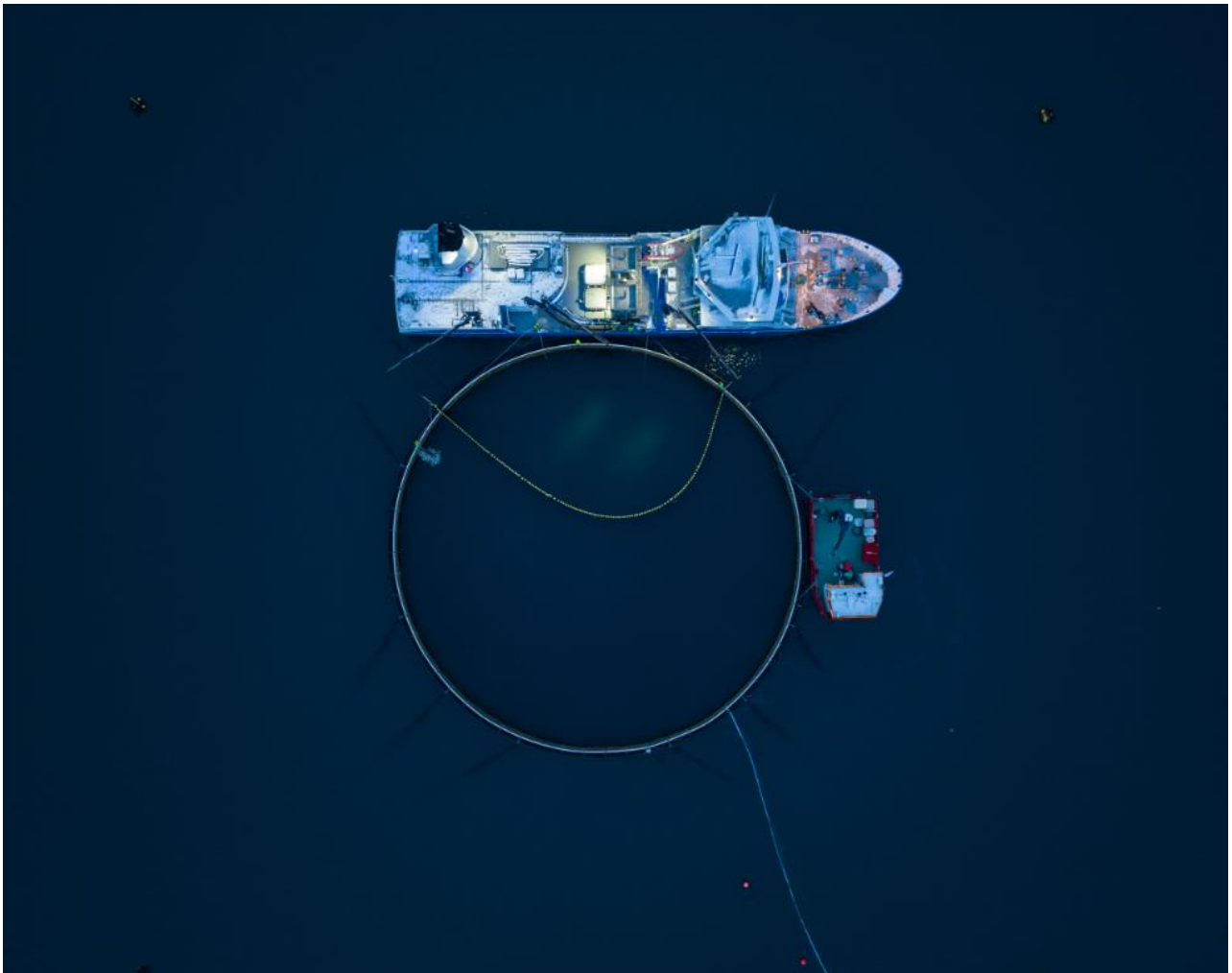
In cooperation with local and national educational institutions Arctic Fish has continued to support the development of a curriculum for general workers in fish farming as well as general training and education regarding feeding activities and fish health, both of which are supported and developed by external specialists. Fish welfare has been a focal point and after our mortality incident at the start of 2022, and our internal training has focused even more on fish welfare.

The company is still engaged in research of the effect of farming activities on lice numbers found on wild salmon caught in neighbouring rivers, a monitoring project co-funded by government grants.

Arctic Fish also continues its development work around cooling and harvesting techniques, with the 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. Substituting ocean freight for air freight would result in a substantial reduction in carbon footprint. We have increased our efforts to develop logistical solutions with key shipping companies engaged in ocean freight to the North American market. The goal is to export from a port in close proximity to the new harvesting plant in Bolungarvik, reducing the need for trucking domestically in Iceland, which will make a good contribution to reducing the carbon footprint, as well as saving cost.

In 2023 we secured part of the required infrastructure for land-based power connections for our feeding barges. This is an ongoing development project as the electrical infrastructure in the remote areas of the Westfjords need improvements to be able to connect the barges. As such, the project has a double effect, both social

and environmental. It will strengthen the rural infrastructure with better 3-phase power and electrical lines and reduce the carbon footprint of our feeding barges. We aim for all our barges that can feasibly be connected to land-based power to be connected.



Financial performance

In the tables, visualizations and text below, we compare certain key items and results from 2023 to 2022 and shows year on year development. Further key comparative information between 2023 and 2022 can be found within the table “**Financial performance summary**” on pages 45 and 46 of the report.

Income statement

Arctic Fish generated consolidated operating revenues of EUR 88.9 million in 2023, compared to EUR 55.5 million in 2022. Operational EBIT totalled EUR 14.5 million (2022: NOK 3.4 million). Operational EBITDA subsequently rose from EUR 8.6 million in 2022 to a total of EUR 21.2 million in 2023. Fair value adjustments in 2023 amounted to EUR - 0.4 million compared to a fair value adjustment of EUR 10.3 million in 2022.

The Group had net financial expenses of EUR 11.6 million (2022: net financial expenses of EUR 5.9 million).

The increase in revenues and operational profits amount is largely related to volume increases year over year. The company harvested all-time high 11,878 tonnes in 2023, compared to 8,561 tonnes the year before which represents an increase of 39 percent.

(EUR '000)	2023	2022
Operational revenue and other income	88.900	55.495
Operational EBITDA	21.239	8.588
Operational EBIT	14.493	3.410
Net interest-bearing debt (NIBD)	114.289	69.374
Underlying EPS (EUR)	0,59	0,07
Net cash flow per share (EUR)	-1,14	-1,11
ROCE	7,6%	2,1%
Equity ratio	38,0%	50,0%
Harvest volume (GWT)	11.878	8.561
Operational EBIT - EUR per kg	1,22	0,40

Balance sheet

At year-end 2023, the Group had total assets of EUR 226 million (2022: EUR 197 million).

The change in total assets is attributable to several factors but driven by property, plant and equipment which increased by EUR 28.3 million. Deferred tax assets increased by EUR 3.3 million. Biological assets decreased from EUR 68.4 million to EUR 65.9 million throughout the year. Other inventory decreased by EUR 0.9 million. Receivables decreased by EUR 4.0 million.

This also affected interest-bearing debt (excluding IFRS 16 effects), which increased by 65% year over year and amounts to 114.3 MEUR at the end of 2023, compared to 69.4 MEUR at the end of 2022.

As of 31 December 2023, the Group's equity ratio was 38.0 percent which represents a decrease from year-end 2022 when the equity ratio amounted to 50.0 percent.

(EUR '000)	31.12.2023	31.12.2022
Non-current assets	138.520	105.878
Current assets	87.110	91.305
Total assets	225.630	197.184
Equity	85.739	98.615
Non-current liabilities	126.799	69.996
Current liabilities	13.093	28.573
Total equity and liabilities	225.630	197.184
Net interest-bearing debt	114.289	69.374
Equity ratio	38,0%	50,0%

Cash flow

The Group's cash flow from operating activities in 2023 was EUR 2.6 million (2022: EUR 9.0 million). The positive cash flow is mainly due to a positive operational EBIT, however other operational items related to the restructuring costs following the mortality event in Hvannadalur caused a reduction in operational cash flow. These two items had the largest impact on the overall operational cash flow.

Net cash outflows relating to investing activities in 2023 totalled EUR 36.9 million (2022: EUR 42.5 million). These two years are the biggest investment years in the company's history.

Furthermore, the Group had a positive cash flow from financing activities of EUR 37.4 million (2022: EUR 39.0 million) which mostly relates to the refinancing of the group's existing bank facilities with a EUR 170 million three-year senior secured term loan and revolving credit facility with Danske Bank, DNB, Nordea and Rabobank.

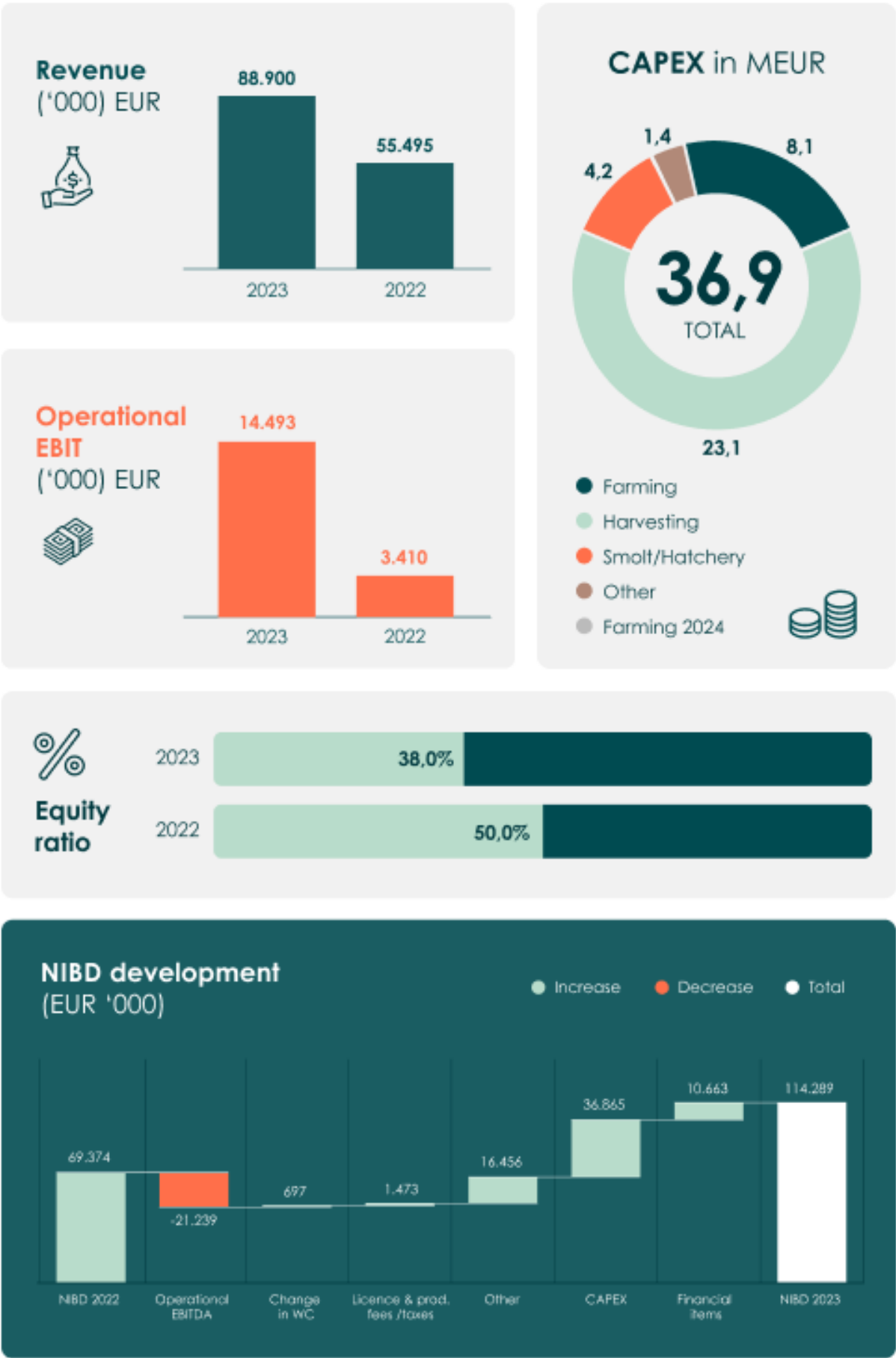
The committed facility comprises a term loan of EUR 120 million and a revolving credit facility of EUR 50 million, and two one-year extension options will provide flexibility for the parties to agree to extend the maturity of the facility.

The total cash flow of the year was therefore positive of EUR 3.2 million and resulted in closing net bank deposits of NOK 12.3 million (2022: EUR 9.1 million).

(EUR '000)	2023	2022
NIBD beginning of period*	-69.374	-32.952
Operational EBITDA*	21.239	8.588
Change in working capital	-697	1.142
License and production fees / taxes	-1.473	-687
Other adjustments	-16.456	
Cash flow from operations	2.612	9.042
Net CAPEX	-36.865	-42.509
Cash flow from Investments	-36.865	-42.509
Net interest and financial items paid	-8.323	-2.858
Other items	-85	-56
Currency effect	-2.253	-41
NIBD end of period*	-114.289	-69.374

*Excluding effects of IFRS 16

Financial performance summary



(EUR '000)	2023	2022
REVENUES		
Revenue and other income	88.900	55.495
Harvest volume (GWT)	11.878	8.561
PROFITABILITY		
Operational EBITDA	21.239	8.588
Operational EBIT	14.493	3.410
EBIT	-4.638	12.992
Operational EBIT (EUR/kg)	1,22	0,40
Profit or loss for the year	-12.876	5.829
Cash flow from operations	2.612	9.042
Net cash flow per share	-1,14	-1,11
ROCE %	7,6%	2,1%
BALANCE SHEET		
Total assets	225.630	197.184
Net interest bearing debt	114.289	69.374
Equity ratio	38,0%	50,0%
Equity	85.739	98.615
THE SHARE		
Total market value (NOK million)	2.024	3.162
Number of shares (million)	31,88	31,88
Earnings per share (EUR) - basic	-0,40	0,18
Underlying earnings per share (EUR)	0,59	0,07
PEOPLE		
Number of FTE's	131	71
LTI incidents	6	1
Absence rate	3,6%	2,9%

Arctic Fish Holding Financial performance

Arctic Fish Holding reported no revenues and operating expenses of 0.7 MEUR, compared to 0.7 MEUR in 2022. Financial items amounted to 1.2 MEUR in expenses compared to 0.9 MEUR in income the year before. Net result of the year amounted to losses of 1.5 MEUR, compared to profit of 0.2 MEUR the year before.

Total assets amounted to 96.3 MEUR at the end of the year compared to 98.5 MEUR at year end 2022, the decrease is largely due to reductions in trade receivables.

Net cash flow changes in 2023 amounted to less than 0.1 MEUR in 2023 and overall bank deposits stand at 1.0 MEUR at year end.



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 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. As seen in previous years these external harvesting capacity issues created issues with harvestable fish that ultimately lead to a mortality incident that could have been avoided with sufficient harvesting capacity. Actions have already been made to address this risk with the investments throughout 2023. The Group is reliant upon a steady and increased supply of ova/eyed eggs, smolt, feed, wellboat capacity and other important supplies. 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. Expansion of the smolt production facility is a risk mitigating investment that will be an ongoing investment. 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 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 dependent upon licenses and permits from the Icelandic regulators. The legal and regulatory framework is relatively new and the industry seeks to grow. Arctic Fish seeks to provide relevant input with regards to regulatory improvements. Amongst other things, this includes improving the cumbersome processes related to approval of lice treatments as well as license applications. Furthermore, a sustainable tax level and tax model is critical to attract investments and support further growth in a build-up phase for the industry.

The aquaculture industry is highly politically influenced. Salmon farmers are dependent on access to suitable fish farming sites along the coastline and is subject to the potential opinions and actions of neighbours, local fishermen and environmental organisations amongst others. Arctic Fish will continue its good dialogue with stakeholders and seek to promote sustainable salmon farming with positive effects on local communities and the Icelandic economy. With its superior ESG credentials, salmon is part of the solution to several of the world's challenges, including carbon emissions and the need for more sustainable food from the ocean.

Financial risks

The Group's operations are carried out in Iceland, with a substantial part of operating expenses being denominated in EUR with links to NOK and ISK, while a majority of the Group's total revenue is generated from its export markets, with EUR as its main export currency and the price achievement linked to the same currency. In addition, part of the operating expenses of the Group are in ISK. Factors affecting the exchange rate may have adverse effects on the price for the Group's products and on the operating expenses of the Group, both of which may ultimately result in lower profitability for the Group. The currency development impacted the Group negatively in the year 2023. The Group has mitigated this risk to some extent by converting its functional currency to EUR in the latter half of 2023.

Credit risk has been reduced through the new sales and marketing agreement with Mowi.

The Group is primarily financed by loans and credit lines from DNB, Danske Bank, Nordea and Rabobank. The credit agreements include a financial covenant requirement. The Group's ability to comply with such requirements as well as maintaining adequate security is of significant importance.

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 points to continued fruitful market performance.

According to estimates, global supply growth for 2024 is expected to be around 2% according to market analysts which is supportive of a continued good supply/demand balance. This is also reflected in a strong forward NASDAQ price for 2024. On the other hand, the industry has seen increased costs following post-Covid inflation. The company expects that macroeconomic factors such as interest rates and inflation, which both indirectly affect the salmon prices and costs incurred, will continue to have an impact on financial performance.

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 of the company. Furthermore the financial position of the company, good funding and financially strong owners will contribute to the ability to overcome any unforeseen challenges.

Escape event and lice

Challenges with lice infestations led to an escape incident at our Kvígingisdalur site in August. This unfortunate event is the only escape event the company has ever experienced in its entire production cycle of salmon but highlights the importance of a diligent approach to lice control and best practices for escape prevention. A more effective lice control approach and additional capacity is needed and the cumbersome processes around treatment approvals poses additional risks related to lice control. The Group is improving and working with authorities for better structure on these matters. The goal is to streamline operations, achieve zero fish escapes and continuously improve the best practices of producing salmon.

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 chapters "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 treated with the highest respect possible. This is a prerequisite, so Arctic Fish can continue to farm fish in a sustainable way. A long-term sustainability perspective, for future generations, is the foundation for the company's approach to environmental issues.

Work environment

On 31 December 2023, the Group had 131 full-time employees.

On 31 December 2023, women made up 26 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 2023.

The Group had a sickness absence rate of 3.6 percent in 2023.

The share and shareholders

As of 31st of December the company has 31,876,653 shares outstanding and Arctic Fish Holding does not own any of its own shares and is therefore unchanged from the previous year.

The company has 171 individual and nominee accounts that are comprised of multiple individuals listed on the 31st of December 2023. The share price at the end of the year was 63.50 NOK pr share.

No large shareholder changes were recognized in 2023.

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. The company always requires dual approval when approving and paying invoices.

Transparency act

Arctic Fish is part of the Mowi group. We refer to the Transparency Act report at Mowi group level available at mowi.com. The purpose of the act is to promote Norwegian businesses' respect for human rights and decent working conditions.

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.

Allocation of result for the year

The parent company realized a net loss for the year of MEUR 1.5 in 2023.

The Board of Directors proposes the following allocation of the result for the year:

Transferred to accumulated earnings (EUR '000)	-1.482
--	--------

Total allocation of funds (EUR '000)	-1.482
---	---------------

19.03.2024

The Board of Directors of Arctic Fish Holding AS

Øyvind Oaland

Chairman



Ivan Vindheim

Board member



Gunnar Atli Gunnarsson

Board member



Gunnþór Ingvason

Board member



Hildur Árnadóttir

Board member



BOD declaration

We confirm that, to the best of our knowledge, the consolidated financial statements for the year 2023 have been prepared in accordance with IFRS and applicable additional disclosure requirements in the Norwegian Accounting Act, and that the financial statements of the parent company for 2023 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 2023. 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.

19.03.2024

The Board of Directors of Arctic Fish Holding AS

Øyvind Oaland

Chairman



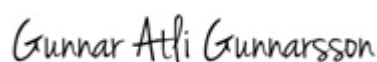
Ivan Vindheim

Board member



Gunnar Atli Gunnarsson

Board member



Gunnþór Ingvason

Board member



Hildur Árnadóttir

Board member



Consolidated income statement

(EUR '000)	Note	2023	2022
Revenue		88.900	55.495
Cost of materials		-45.017	-29.371
Net fair value adjustment biomass	4	-412	10.269
Salaries and personnel expenses	11	-9.397	-5.699
Other operating expenses	21	-13.247	-11.838
Depreciation and amortisation	7	-6.745	-5.178
License and production fees / taxes		-1.473	-687
Restructuring costs	24	-16.456	0
Impairment losses and write-downs	7	-790	0
Earnings before financial items (EBIT)		-4.638	12.992
Interest expenses	9	-9.543	-3.938
Net currency effects	9	-2.250	-2.928
Other financial items	9	243	955
Earnings before tax		-16.188	7.080
Income taxes	12	3.312	-1.251
Profit or loss for the period		-12.876	5.829
Total comprehensive income for the year			
Owners of Arctic Fish Holding AS	17	-12.876	5.829
Basic earnings per share (EUR)	19	-0,40	0,18

Consolidated statement of financial position

(EUR '000)	Note	31.12.2023	31.12.2022
Assets			
Farming licenses	6	5.364	4.710
Goodwill	6	658	658
Deferred tax assets	12	3.914	602
Other intangible assets	6	325	2
Property, plant & equipment	8,22	128.198	99.845
Other shares and other non-current assets		62	62
Total non current assets		138.520	105.878
Inventory	5	2.372	3.278
Biological assets	4	65.903	68.371
Current receivables	14	6.519	10.530
Cash	13	12.316	9.126
Total current assets		87.110	91.305
Total assets		225.630	197.184

(EUR '000)	Note	31.12.2023	31.12.2022
Equity and liabilities			
Equity	18	85.739	98.615
Total equity		85.739	98.615
Non current interest bearing debt	8	126.605	69.719
Non current leasing liabilities	22	194	276
Total non current liabilities		126.799	69.996
Current interest bearing debt	8	0	8.781
Current leasing liabilities	22	95	102
Other current liabilities	15	12.998	19.691
Total current liabilities		13.093	28.573
Total equity and liabilities		225.630	197.184

19.03.2024

The Board of Directors of Arctic Fish Holding AS

Øyvind Oaland

Chairman

Ivan Vindheim

Board member

Gunnar Atli Gunnarsson

Board member

Gunnþór Ingvason

Board member

Hildur Árnadóttir

Board member

Consolidated statement of cash flows

(EUR '000)	Note	2023	2022
Earnings before tax		-16.188	7.080
Interest expense		9.543	3.938
Net currency effect		2.250	2.928
Other financial item(s)		-243	-955
Net fair value adjustment and onerous contracts		412	-10.269
Impairment losses, depreciation and amortization		7.535	5.178
Change in inventory, trade payables and trade receivables		-697	1.142
Cash flow from operations		2.612	9.042
Purchase of fixed asset		-36.211	-42.088
Additions to intangible assets		-654	-421
Cash flow from investments		-36.865	-42.509
Net proceeds from new interest-bearing debt		164.332	46.164
Downpayments interest bearing debt		-116.229	-4.242
Downpayment leasing debt		-88	-56
Net interest and financial items paid		-8.323	-2.858
Currency effects		-2.248	-41
Cash flow from financing		37.442	38.967
Change in cash in the period		3.190	5.500
Cash - opening balance		9.126	3.626
Cash - closing balance		12.316	9.126

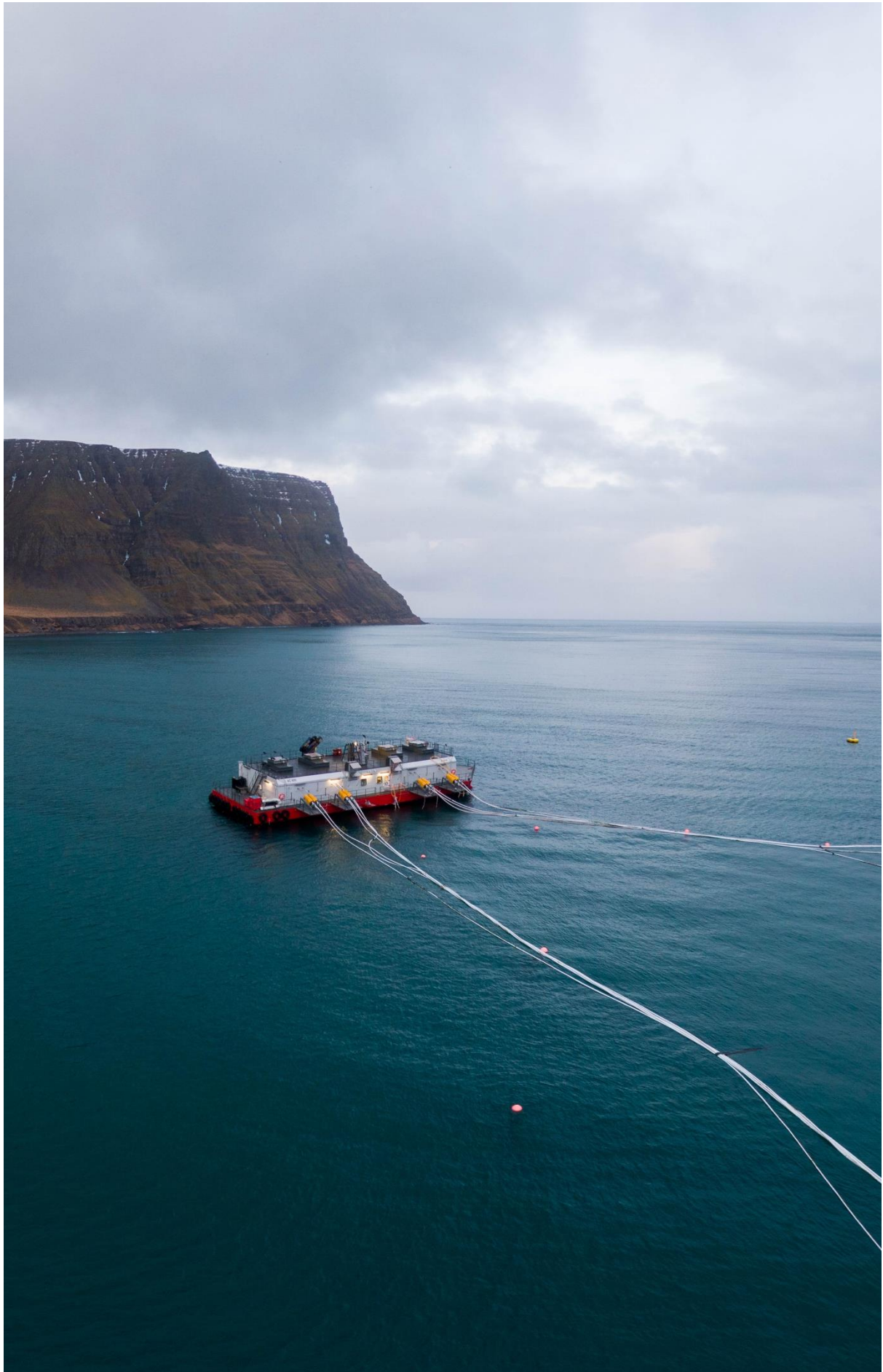
Consolidated statement of changes in equity

2023

(EUR '000)	Share capital	Other paid in capital	Other equity reserves	Total equity
Equity 01.01.2023	3.032	95.281	302	98.615
Comprehensive income			-12.876	-12.876
Total Equity 31.12.2023	3.032	95.281	-12.574	85.739

2022

(EUR '000)	Share capital	Other paid in capital	Other equity reserves	Total equity
Equity 01.01.2022	3.032	95.281	-5.527	92.786
Comprehensive income			5.829	5.829
Total Equity 31.12.2022	3.032	95.281	302	98.615





Notes



Note 1. Corporate information and accounting policies

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 Innovasjonspark Stavanger, Richard Johnsens Gate 4, 4021 Stavanger, Norway. Arctic Fish's headquarter is located at Sindragata 10, 400 Ísafjörður, Iceland. Arctic Fish is a majority owned subsidiary of Mowi.

The consolidated financial statements of the Group were authorised for issue in accordance with a resolution of the Board of Directors on 19th of March 2024.

These consolidated financial statements have been approved for issue by the Board of Directors and CEO on the 19th of March 2024. 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 30th of May 2024.

The consolidated financial statements are presented in Euros (EUR) which in accordance with IAS 21 has been determined to be the functional currency of Arctic Fish Holding AS as of 01.07.2023 and onwards. From the second half of the year 2023 all revenues of all the entities are in EUR, as well as the majority of the operating costs and the Group's financing.

Note 2. Significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are described below.

These policies have been consistently applied to all period presented.

Statement of compliance and basis of preparation

As of December 31, 2023, the consolidated financial statements of Arctic Fish Holding AS and its subsidiaries ("the Group" or "Arctic Fish") have been prepared in accordance with International Financial Reporting Standards (IFRS)

as endorsed by the EU. In compliance with the Norwegian Accounting Act, additional disclosures are included in the notes to the financial statements of Arctic Fish Holding AS.

Any new standards and amendments adopted by the Group in 2023 are described in Note 25. Any relevant effects for the Group are further described in Note 25.

The consolidated financial statements have been prepared on the historical cost basis, except when IFRS requires recognition at fair value. This relates to the measurement and valuation of the biomass as further described below.

The reporting period follows the calendar year.

Consolidation

Consolidated financial statements present the Group's financial position, comprehensive income, changes in equity and cash flow.

All intragroup transactions, receivables and liabilities are eliminated.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Subsidiaries

The Group's consolidated financial statements comprise the financial statements of the Group and its subsidiaries as of December 31, 2023.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Foreign currency translation

The financial statements for the Group are presented in EUR, which is the functional currency of the parent company and subsidiaries.

Transactions in foreign currencies

Foreign currency transactions are translated using the exchange rate at the time of the transaction. Receivables, debt and other monetary items in foreign currency are measured at the exchange rate at the end of the reporting period, and the translation differences are recognised in profit or loss. Other assets in foreign currencies are translated at the exchange rate in effect on the transaction date.

Financial assets

The Group's financial assets are: non-listed equity instruments, trade receivables and cash and cash equivalents.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

The Group classified its financial assets within 2 categories; financial assets at amortised cost and financial asset at fair value through profit and loss.

The Group does not apply hedge accounting.

Financial liabilities

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables, or as financial liabilities at fair value through profit and loss, as appropriate. Financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Revenue

The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods before transferring them to the customer.

Sale of fish products

Revenue for the Group derives mainly from the sale of fish and elaborated fish products either on spot sales or from contracts. The Group recognises revenue from the sale of fish and elaborated fish products at the point in time when control of the goods is transferred to the customer. Control of an asset refers to the ability to direct the use of and obtain substantially all of the remaining benefits from the asset, and the ability to prevent others from directing the use of and receiving the benefits from the asset. Revenue is generally recognised on delivery of the goods (i.e. a certain point in time). Based on group business of sale of fish and elaborated fish products the customers do not pay any advances under normal circumstances. The standard credit term is 30 days upon delivery, and based on the nature of the product there is generally no right of return or warranties. Refund is only given if

delivered goods is damaged or delivered with discrepancy compared to agreement, such is immaterial.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated, currently no multiple performance obligations have been identified.

Biomass

Changes in the estimated fair value of the biomass are recognised in profit or loss.

The fair value adjustment is presented in the statement of comprehensive income as "Net fair value adjustment biomass". The net fair value adjustment consists of "fair value adjustment on biological assets", "fair value adjustment on harvested fish" and "fair value on incident based mortality", see Note 4.

The fair value adjustment on biological assets represents the change in fair value of the biomass less the change in accumulated cost of production for the biomass.

The fair value adjustment on harvested fish is the release from stock of the fair value adjustment related to the fish harvested in the period. The fair value adjustment on incident based mortality is the release from stock of the fair value adjustment related to the fish recognised as incident based mortality in the period. The accumulated cost of incident based mortality is included in "cost of materials" in the statement of comprehensive income.

Interest income

Interest income is included in other financial items in the statement of comprehensive income.

Goodwill and licenses

Goodwill

Goodwill is initially measured at cost, and is the excess of the aggregate of the consideration transferred and the amount recognised for a non-controlling interest in the net identifiable assets acquired and liabilities assumed through a business combination.

Other intangible assets (licenses)

Intangible assets acquired separately are measured on initial recognition at cost.

The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation.

The useful lives of intangible assets are assessed as either finite or indefinite.

The value of licenses acquired in Iceland are considered indefinite. The indefinite life classification is reviewed annually to determine whether it continues to be appropriate. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Property, plant and equipment

Property, plant and equipment are measured at acquisition cost less accumulated depreciation. Costs associated with normal maintenance and repairs are expensed as incurred. Costs of major replacements and renewals that substantially extend the economic life and functionality of the asset are capitalised.

Assets are normally considered property, plant and equipment if the useful economic life exceeds one year. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Straight-line depreciation is applied over the useful life of property, plant and equipment, based on the asset's historical cost and estimated residual value at disposal. If a substantial part of an asset has an individual and different useful life, this part is depreciated separately. The asset's residual value and useful life are evaluated annually. The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset.

At the end of the reporting period, the carrying amounts of the Group's assets are reviewed to determine whether there are indications that specific assets have suffered an impairment loss. If such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of net present value of discounted cash flows (value in use). If estimated recoverable amount is lower than book value impairment is recognised.

Leasing

The determination of whether a contract is, or contains, a lease is assessed at the inception of the lease and is based on whether the contract conveys a right to control the use of an identified asset or assets for a period of time in exchange for consideration. For contracts where the Group is the lessee, right-of-use assets and lease liabilities are recognised at the commencement of the lease.

Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the duration of the lease term and the useful life of the asset. When a purchase option has been included in the cost at recognition, the right-of-use asset is depreciated over the estimated useful life of the asset.

The lease liabilities at commencement date is measured at the present value of the lease payments. The lease payments are discounted using the Group's incremental borrowing rate as the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate for each business unit is based on SOFR with an addition of a country specific margin.

Short term leases (lease term less than 12 months) and leases of low-value assets are not recognised as right-of-use assets and lease liabilities, as the recognition exemptions for these leases is applied. Lease payments of such leases are recognized as expense over the lease term.

For leasing contracts with optional renewal period, and where we are reasonably certain to exercise this option, the renewal periods are included in the calculation of the lease liability and asset.

The Group has lease contracts for various assets used in its operation, the main asset group being transportation. Lease terms and other conditions vary. Refer to note 22 for further information.

Inventory

Inventories mainly comprise feed, goods in progress, packaging materials and finished goods. Inventories of goods are measured at the lower of cost and net realisable value.

The cost of finished goods includes direct material costs, direct personnel expenses and indirect processing costs (full production cost). Interest costs are not included in the inventory value. The cost price of purchased goods is the actual purchase price. The cost is based on the principle of first-in first-out, except for feed and value-added-products, where a weighted average is used.

If fish farmed by the Group is included in inventory as a raw material for further processing in one of the Group's processing entities, such fish is included in inventory at fair value less cost to sell at harvest.

Biological assets

Fair value of biological assets is calculated based on a present value model which does not rely on historical cost. Fish ready for harvest (mature fish), are valued at expected sales price with a deduction of cost related to harvest, transport etc. For fish not ready for harvest (immature fish), cost to completion is also deducted. The model uses an interpolation methodology where the known data points are the value of the fish when put to sea and when recognised as mature fish. Technically, the interpolation is calculated per location. The effect of this is that fish that have the same weight and quality are valued similarly. The interpolation model has a natural interpretation in the form of a present value calculation where an imputed rent of assets (i.e. theoretical license rent) per location is included as part of the rate of return. Thus, the value is to a lesser degree affected by the site because low production cost at a high quality site is offset by a higher imputed rent and vice versa. All surplus return in the future is assigned to the licenses through a similarly high imputed rent of assets, and where any shortage in return is recognised in profit and loss immediately. The interpolation model is updated every month, with best estimates for time of harvest, remaining months at sea, expected price at time of harvest and estimated residual cost to grow the fish to harvest weight.

The methodology has the effect that any changes in price will have full effect on the biomass at hand, while the price effect on increased weight going forward will be allocated to the license and recognised over time as remaining time at sea

decreases. An effect of this is that even with high salmon prices there is no profit at the time the fish is put to sea because all surplus return is assigned to future periods (licenses). Correspondingly the fair value of small fish is rather insensitive to price fluctuations.

An interpolation model as described works best if important variables such as pace of growth, mortality and feed conversion ratios are constant per unit of time or weight increase. Experience shows that in particular there is a deviation from an even development during the first period in sea relating to increased value due, among other things to reduced risk after handling of the fish, vaccination and mortality related to the transfer to sea. This has been adjusted for.

Biological assets comprise eggs, juveniles, smolt and fish in the sea. Biological assets are, in accordance with IAS 41 and IFRS 13, measured at fair value less cost to sell. In line with IFRS 13, the highest and best use of the biological assets is applied for the valuation. In accordance with the principle for highest and best use, the fish is considered to have optimal harvest weight at 4 kg gutted.

This corresponds to that a live weight of approximately 4.8 kg (there may be regional variances) or more are classified as mature fish, while fish that have still not achieved this weight are classified as immature fish. All fish at sea are subject to a fair value calculation, while broodstock and smolt are measured at cost less impairment losses. Cost is deemed a reasonable approximation for fair value for broodstock and smolt. Historically the market prices for eggs (broodstock are not traded) and smolt have not departed significantly from own production cost.

Transactions with live fish rarely take place, partly due to regulatory constraints, so the valuation of live fish under IAS 41 implies the establishment of an estimated fair value of the fish in a hypothetical market. The calculation of the estimated fair value is based on market prices for harvested fish and adjusted for estimated differences in accordance with IFRS 13. The prices are reduced for harvesting costs and freight costs to market, to arrive at a net value back to farm. The valuation reflects the expected quality grading and size distribution. The valuation is completed for each Business Unit and is based on the biomass in sea for each seawater site and the estimated market price in each market derived from the development in recent contracts as well as spot prices. Where reliable forward prices are available, those have been used. The change in estimated fair value is recognised in profit or loss

based on measurement as of each period, and is classified separately. At harvest, the fair value adjustment is classified as fair value adjustment on harvested fish. In cases of incident based mortality, the fair value adjustment is classified as fair value adjustment on incident based mortality when occurring. Both are included in net fair value adjustment of biological assets in the statement of comprehensive income.

Taxes

Income taxes comprise taxes on the taxable profit for the year, changes in deferred taxes and any adjustments in prior years' taxes. Taxes on transactions that are recorded in other comprehensive income or directly in equity do not form part of the tax expense in profit or loss.

Tax payable is calculated using the nominal tax rate for the relevant tax jurisdiction at the end of the reporting period.

Deferred tax is calculated on the basis of temporary differences between accounting and taxation values at the close of the accounting year. Deferred tax assets arise from temporary differences that give rise to future tax deductions.

Deferred tax assets are recognised to the extent that it is probable that a taxable profit will arise, against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, can be utilised.

Tax increasing and tax decreasing temporary differences are offset against each other to the extent that the taxes can be netted within one tax regime.

Provisions

A provision is recognised if the Company has a legal or constructive obligation related to a past event, and it is likely that the obligation will lead to a financial outflow for the Company. Long-term provisions are valued on the basis of discounted expected cash flows.

Restructuring costs

Provisions for restructuring costs will be recognised if the Company has, within the reporting period, published or initiated a restructuring plan, which identifies which parts of the Company and approximately how many employees will be affected,

the actions that will be taken and when the plan will be implemented. Provisions are recognised only for costs that cannot be associated with future earnings.

Costs related to restructuring are presented on a separate line in the statement of comprehensive income.

Cash flow statement and cash

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

Cash comprises cash and bank deposits, except funds which based on restriction does not qualify as cash.

Note 3a. Estimates and judgements

Estimates

The preparation of financial statements in accordance with IFRS requires management to make accounting estimates and judgments that affect the recognised amounts of assets and liabilities, income and expenses.

The estimates and underlying assumptions are based on past experience and information perceived to be relevant and probable when the judgments are made. Estimates are reviewed on an on-going basis and actual values and results may deviate from these estimates. Adjustments to accounting estimates are recognised in the period in which the estimates are revised.

Arctic Fish Holding AS is exposed to a number of underlying economic factors which affect the overall results, such as salmon prices, foreign exchange rates and interest rates, as well as financial instruments with fair values derived from changes in these factors.

The matters described below are considered to be the most important in understanding the key sources of estimation uncertainty that are involved in preparing these consolidated financial statements and the uncertainties that could most significantly impact the amounts reported on the result of operations, financial position and cash flows.

Biological assets

Biological assets comprise eggs, juveniles, smolt and fish in the sea. These assets are measured at fair value less cost to sell, unless the fair value cannot be measured reliably. The estimation of the fair value relies on a series of uncertain assumptions, e.g., biomass volume, biomass quality, size distribution, market prices, expected future costs, remaining time to harvest and total time to harvest.

The Group measures all deviations in biomass volume compared to estimates when a site is harvested out. Except for situations where there has been an incident causing mass mortality, particularly early in the cycle, combined with an inability to count and weigh fish after the event in fear of further stressing the fish, volume deviations are normally minor. Similarly, excluding the effects of soft flesh and

melanin, the quality of the fish can normally be estimated with a relatively high degree of accuracy. Categorisation of quality is normally set per country based on averages, but can be set individually per site when needed. The size distribution shows some degree of variation but normally not to an extent that significantly changes the estimated value of the biomass (the value of two fish at five kg is very similar to the value of two fish weighing four and six kg, respectively).

The accumulated cost of the fish per kg will only deviate from the estimate if the volume is different from the estimate. For the estimation of future costs, there is uncertainty with regard to feed prices, other input costs and biological development. Mowi measures cost deviations vs. budget as part of the follow up of Business Units. Excluding special situations (incidents etc.), the deviations in costs vs budgets are normally limited for a group of sites, although individual sites might show deviations. The estimation of costs influences the biomass value through the recognised fair value adjustment in the statements of comprehensive income and financial position (calculated as fair value less accumulated biological costs). The key element in the estimation of fair value is the assumed market price. The assumed market price is the price that we expect to receive on the future date when the live fish is harvested. We derive these prices from a variety of sources, normally a combination of the prices achieved in the previous month and quoted forward prices (Nasdaq) are used in the estimation, see Note 2 for further details. The use of third-party forward prices improves the reliability and comparability of the price estimation.

For further information about biological asset values please see Note 4, Biological assets.

Judgements

The matters described below are considered to be the most important in understanding the key sources of judgements that are involved in preparing these consolidated financial statements and the uncertainties that could most significantly impact the amounts reported on the result of operations, financial position and cash flows.

Licenses

The Group has assessed that all fish farming licenses have indefinite lives and, as such, are not amortised. The jurisdiction in which the Group operates by requires to obtain a license for each fish farm owned and operated.

The Group has obtained and currently holds a license to own and operate each of our fish farms where a license is required. These licenses have indefinite lives or require renewal after a specific time period, but normally with automatic renewal and, as such, we have assessed that they have indefinite lives. However, the Group's licenses are subject to certain requirements, and we risk penalties (including, in some cases, criminal charges), sanctions or even license revocation if we fail to comply with license requirements or related regulations. Also, local government may change the way licenses are renewed.

Note 3b. Environmental risk

Climate change represents both risks and opportunities for Arctic Fish. We recognise the growing significance of climate change on our business and the increasing role of producing food from the ocean as a solution to climate change.

The risk of climate change on the Group's financial position can be classified into two types of risks; transition risk and physical risk. Transition risks refer to the changes in technological advancements within clean energy, shifts in consumer behaviour and political interventions, such as restrictions and costs related to emissions etc. Physical risks are related to the increase and severity of extreme weather and long-term environmental changes. These risks can affect Arctic Fish in multiple ways, with reduced quality and mortality on fish, increased operating expenses, but also opportunities with faster growing fish and increased revenues. The risk can also impact the carrying amount and useful life of both tangible and intangible assets. These risks and opportunities are part of our risk assessment as part of the annual budget process at year end. The long-term effects of climate change are uncertain, but we believe that Arctic Fish will play an increasing role in producing healthy nutritious food through an eco-efficient value chain. No impairment related to environmental risk is recognised as of year end 2023 and there has been no change in useful life for our assets.

Note 4. Biological assets

Valuation of biological assets

Biological assets are, in accordance with IAS 41, measured at fair value less cost to sell. All fish at sea are subject to a fair value calculation, while broodstock and smolt are measured at cost less impairment losses. Cost is deemed a reasonable approximation for fair value for broodstock and smolt as there is little biological transformation (IAS 41.24).

Biomass measured at fair value, is categorised at Level 3 in the fair value hierarchy, as the input is mostly unobservable. In line with IFRS 13, the highest and best use of the biological assets is applied for the valuation. In accordance with the principle for highest and best use, we consider that the fish have optimal harvest weight at 4 kg gutted. This corresponds to a live weight of approximately 4.8 kg (there may be regional variances). Fish of this weight or above are classified as ready for harvest (mature fish), while fish that have still not achieved this weight are classified as not ready for harvest (immature fish). The valuations are carried out at business unit level based on a common model and basis for assumptions established at group level. All assumptions are subject to monthly quality assurance and analysis at the group level.

The valuations are based on an income approach and takes into consideration unobservable input based on biomass in the sea, the estimated growth rate and cost to completion at site level. Mortality, quality of the fish going forward and market price are considered at business unit level. A special assessment is performed for sites with high/low performance due to disease or other deviating factors. The market prices are derived from observable market prices where available.

Assumptions used for determining fair value of live fish

The estimated fair value of the biomass will always be based on uncertain assumptions, even though the group has built substantial expertise in assessing these factors. Estimates are applied to the following factors; biomass volume, the quality of the biomass, size distribution, cost, mortality and market prices.

Biomass volume: The biomass volume is in itself an estimate based on the number of smolt released into the sea, the estimated growth from the time of stocking,

estimated mortality based on observed mortality in the period, etc. There is normally little uncertainty with regard to biomass volume. The level of uncertainty will, however, be higher if an incident has resulted in mass mortality, especially early in the cycle, or if the fish's health status restricts handling.

The quality of the biomass: The quality of the biomass can be difficult to assess prior to harvesting. In Iceland downgraded fish is normally priced according to standard rates of deduction compared to a Superior quality fish. In our fair value model for salmon of Icelandic origin, we have used EUR 1.2 EUR as deductions from Superior grade to Production grade quality. In other countries the price deductions related to quality are not as standardised and might therefore not be comparable between companies. The quality of harvested fish was good in 2023. For Arctic Fish as a whole, 91% of the fish harvested were graded as Superior quality.

The size distribution: Fish in sea grow at different rates, and even in a situation with good estimates for the average weight of the fish there can be a considerable spread in the quality and weight of the fish. The size distribution affects the price achieved for the fish, as each size category of fish is priced separately in the market. When estimating the biomass value, a normal size distribution is applied.

Cost: For the estimation of future costs, there is uncertainty with regard to feed prices, other input costs and biological development. Arctic Fish measures cost deviations vs. budget as part of the follow up of business units. Excluding special situations (incidents etc.), the deviations in costs vs budgets are normally limited for a group of sites, although individual sites might show deviations. The estimation of costs influences the biomass value through the recognised fair value adjustment in the statements of comprehensive income and financial position (calculated as fair value less accumulated biological costs).

Mortality: Normalised mortality will affect the fair value estimates both as a reduction of estimated harvesting volumes and because cost to completion includes cost incurred on fish that eventually will perish.

Market price: The market price assumption is very important for the valuation and even minor changes in the market price will result in significant changes in the

valuation. The methodology used for establishing the market price is explained in Note 2.

Climate Risk : Climate risk is included in the assessment for calculating the Fair value of live fish. Due to the short time period relevant for the Fair value uplift (maximum of 2 years) climate risk has not had a material effect on the valuation of biomass in sea for further details on climate risk, please refer to Note 3b.

Write-down of biomass and incident-based mortality

Incident-based mortality is accounted for when a site either experiences elevated mortality over time or substantial mortality due to an incident at a site or farm (outbreak of disease, lack of oxygen etc). The cost of incident based mortality is included in "restructuring costs" in the statement of comprehensive income. The fair value element is adjusted through fair value adjustment on incident based mortality, and included in net fair value adjustment in the statement of comprehensive income.

RECONCILIATION OF CHANGES IN THE CARRYING AMOUNT OF BIOLOGICAL ASSETS (EUR '000)	2023	2022
Carrying amount as of 01.01	68.371	48.700
Cost to stock	67.840	52.867
Net fair value adjustment	-412	10.269
Cost of harvested fish	-55.551	-31.975
Write-downs	-14.345	-11.490
Total carrying amount of biological assets as of 31.12	65.903	68.371

FAIR VALUE ADJUSTMENT ON BIOLOGICAL ASSETS IN THE STATEMENT OF FINANCIAL POSITION (EUR '000)	2023	2022
Arctic Fish, Westfjords Iceland	14.825	15.237
Total fair value adjustment included in carrying amount in the statement of financial position	14.825	15.237
Biomass at cost	51.078	53.134
Total biological assets	65.903	68.371

VOLUMES OF BIOMASS (TONNES)	2023	2022
Volume of biomass harvested during the year (gutted weight)	11.878	8.561
Volume of biomass in the sea at year-end (live weight)	9.747	11.376

SENSITIVITY EFFECT ON FAIR VALUE AT YEAR-END (EUR '000)	PRICE -0.1 EUR	BIOMASS -1% LWT	QUALITY -1% SUP
Arctic Fish, Westfjords Iceland	-286	-175	-37
Total sensitivity effect on fair value	-286	-175	-37

FORWARD PRICES USED IN FAIR VALUE CALCULATIONS QUARTER	EUR/KG
Q1 2024	9,65
Q2 2024	10,09
Q3 2024	7,47
Q4 2024	7,69
Q1 2025	7,69
Q2 2025	7,69

Note 5. Inventory

INVENTORY (EUR '000)	2023	2022
Raw materials and goods in process	2.372	3.278
Total inventory	2.372	3.278

Note 6. Intangible assets

SPECIFICATION OF INTANGIBLE ASSETS 2023 (EUR '000)	GOODWILL	LICENSES	OTHER INTANGIBLE ASSETS	TOTAL
Acquisition cost as of 01.01	658	4.710	8	5.375
Additions in the year		654		654
Reclassification			347	347
Total acquisition cost as of 31.12	658	5.364	355	6.377
Accumulated amortisation and impairment losses as of 01.01	0	0	6	6
Amortisation in the year			25	25
Total accumulated amortisation and impairment losses as of 31.12	0	0	30	30
Total carrying amount as of 31.12	658	5.364	325	6.347
Estimated lifetime			5 years	
Amortisation method			Linear	

SPECIFICATION OF INTANGIBLE ASSETS 2022 (EUR '000)	GOODWILL	LICENSES	OTHER INTANGIBLE ASSETS	TOTAL
Acquisition cost as of 01.01	658	4.288	171	5.117
Additions in the year		421	0	421
Disposals / scrapping in the year			-163	-163
Total acquisition cost as of 31.12	658	4.710	8	5.375
Accumulated amortisation and impairment losses as of 01.01			156	156
Amortisation in the year			13	13
Disposals/ scrapping in the year			-163	-163
Total accumulated amortisation and impairment losses as of 31.12	0	0	6	6
Total carrying amount as of 31.12	658	4.710	2	5.370
Estimated lifetime			5 years	
Amortisation method			Linear	

SPECIFICATION OF SEAWATER LICENSES	NUMBER OF LICENSES/ TENURES	NUMBER OF LICENSES/ TENURES IN USE	CURRENT PRODUCTION CAPACITY 1) (T TONNES)	OTHER LIMITATIONS
Arctic Fish	10	10	27,1	

1) Total production capacity HOG, full utilisation.

SPECIFICATION LICENSES 2023	TOTAL CURRENT PRODUCTION CAPACITY 2) (T TONNES)	HARVEST VOLUME (SALMON ONLY)	UTILIZATION BASED ON PRODUCTION CAPACITY	BOOK VALUE 1) (EUR MILLION)	BOOK VALUE PER PRODUCTION VOLUME
Arctic Fish	27,1	11.878	44%	5,4	0,5
Total	27,1	11.878	44%	5,4	0,5

1) Book value includes freshwater licenses in addition to seawater licenses

2) Total production capacity HOG, full utilisation.

Note 7. Property, plant and equipment

SPECIFICATION OF PPE 2023 (EUR '000)	LAND & BUILDINGS	MACHINERY & EQUIPMENT	TRANSPORT	NETS, PENS & MOORINGS	UNDER CONSTRUCTION /PREPAYMENTS*	TOTAL
Acquisition cost as of 01.01	30.676	5.557	21.316	24.902	35.737	118.187
Additions in the year	2.196	2.115	276	6.389	25.235	36.211
Reclassification	24.500	10.412	0	0	-34.979	-67
Disposals / scrapping in the year		-191	-2	0	0	-193
Total acquisition cost as of 31.12	57.372	17.893	21.590	31.291	25.993	154.138
Accumulated depreciation and impairment losses as of 01.01	3.432	2.938	3.074	9.256	0	18.699
Depreciation in the year	1.289	1.268	1.129	3.034	0	6.720
Impairment losses and reversal of previous write-downs in the year	283	0	0	0	507	790
Total accumulated depreciation and impairment losses as of 31.12	5.004	4.206	4.203	12.290	507	26.209
Total carrying amount as of 31.12	52.368	13.687	17.387	19.001	25.486	127.929
Estimated lifetime	Land; infinite Buildings; 0-20 years	5-20 years	3-10 years	5-10 years	n/a	
Depreciation method	Linear	Linear	Linear	Linear	n/a	

* Under construction/prepayments

The Group has evaluated the remaining tanks and building structures at the smolt facility in Norðurbotn after the fire incident in February 2023 and it has been estimated that the recoverable amount exceeds the carrying amount.

SPECIFICATION OF PPE 2022 (EUR '000)	LAND & BUILDINGS	MACHINERY & EQUIPMENT	TRANSPORT	NETS, PENS & MOORINGS	UNDER CONSTRUCTION /PREPAYMENTS	TOTAL
Acquisition cost as of 01.01	34.445	2.167	15.710	24.919	0	77.240
Additions in the year	25.448	4.827	4.951	6.861	0	42.088
Reclassification	-29.217	-1.437	701	-6.879	35.737	-1.093
Disposals / scrapping in the year	0	0	-47	0	0	-47
Total acquisition cost as of 31.12	30.676	5.557	21.316	24.902	35.737	118.187
Accumulated depreciation and impairment losses as of 01.01	2.786	642	1.843	9.041	0	14.311
Depreciation in the year	961	146	845	3.215	0	5.166
Reclassification	-315	2.150	387	-3.000	0	-778
Total accumulated depreciation and impairment losses as of 31.12	3.432	2.938	3.074	9.256	0	18.699
Total carrying amount as of 31.12	27.244	2.619	18.242	15.646	35.737	99.488
Estimated lifetime	Land; infinite Buildings; 0-20 years	5-20 years	3-10 years	5-10 years	n/a	
Depreciation method	Linear	Linear	Linear	Linear	n/a	

Sale of non-current assets

No non-current tangible assets have been sold during the year or within the prior year.

Note 8. Interest bearing debt

INTEREST-BEARING DEBT (EUR '000)	2023	2022
Non-current interest-bearing bank debt	126.605	66.982
Total non-current interest-bearing debt	126.605	66.982
Current interest-bearing bank debt	0	11.519
Current interest-bearing debt	0	11.519
Total interest-bearing debt	126.605	78.500

Financing of the Group is mainly carried out through the subsidiary Arctic Fish ehf. External financing is obtained by subsidiaries only if this is optimal for the Group. Arctic Fish ehf. complied with its loan covenants at the end of 2023.

The following programmes are the main sources of financing for the Group as of December 31, 2023:

Financing lines available and maturity

EUR 170 million term loan & revolving credit facilities

Arctic Fish ehf., a 100%-owned subsidiary of Arctic Fish Holding AS has a EUR 170 million three-year senior secured term loan and revolving credit facility with Danske Bank, DNB, Nordea and Rabobank. The committed facility comprises a term loan of EUR 120 million and a revolving credit of EUR 50 million, and two one-year extension options will provide flexibility for the parties to agree to extend the maturity of the facility. Furthermore, the facility is sustainability-linked, with interest margin tied to the Arctic Fish group's performance against predefined targets related to certain sustainability KPIs, and Danske Bank, DNB, Nordea Bank and Rabobank have been engaged as Joint Sustainability coordinators to assist in this respect.

Cash movements financing activities

CASH MOVEMENTS FINANCING ACTIVITIES (EUR '000)	INTEREST-BEARING DEBT
Balance at January 1, 2023	78.500
Proceeds from loans and borrowings	48.998
Transaction cost related to loans and borrowings	-921
Total changes from financing cash flows	126.577
The effect of changes in foreign exchange rates	2
Liability-related	2
Capitalised borrowing cost	26
Interest expense	8.323
Interest paid	-8.323
Total liability-related other changes	26
Balance at December 31, 2023	126.605

CASH MOVEMENTS FINANCING ACTIVITIES (EUR '000)	INTEREST-BEARING DEBT
Balance at January 1, 2022	35.443
Proceeds from loans and borrowings	43.058
Total changes from financing cash flows	78.500
Balance at December 31, 2022	78.500

Note 9. Financial instruments

FINANCIAL INSTRUMENTS IMPACT ON COMPREHENSIVE INCOME (EUR '000)	2023	2022
Interest expenses	-9.528	-3.919
Interest expenses leasing	-15	-19
Interest expenses	-9.543	-3.938
Net currency effects on interest-bearing debt	-2	-2.886
Net currency effects on cash, trade receivables and trade payables	-2.245	-29
Currency effects on leasing (IFRS 16)	-4	-13
Net currency effects	-2.250	-2.928
Interest income	324	52
Net other financial items	-81	903
Other financial items	243	955
Total financial items	-11.551	-5.911

CATEGORIES OF FINANCIAL INSTRUMENTS IN THE STATEMENT OF FINANCIAL POSITION (EUR '000)	FINANCIAL ASSETS AND LIABILITIES	
	DEBT INSTRUMENTS AT AMORTISED COST	TOTAL
DECEMBER 31, 2023		
Current assets		
Trade receivables	2.792	2.792
Other receivables	3.727	3.727
Cash	12.316	12.316
Non-current liabilities		
Non-current interest-bearing debt	-126.605	-126.605
Non-current leasing liabilities	-194	-194
Current liabilities		
Current leasing liabilities	-95	-95
Trade payables	-6.684	-6.684
Other current liabilities	-6.314	-6.314
Total	-121.057	-121.057

CATEGORIES OF FINANCIAL INSTRUMENTS IN THE STATEMENT OF FINANCIAL POSITION (EUR '000)	FINANCIAL ASSETS AND LIABILITIES	
	DEBT INSTRUMENTS AT AMORTISED COST	TOTAL
DECEMBER 31, 2022		
Current assets		
Trade receivables	4.259	4.259
Other receivables	6.299	6.299
Cash	9.126	9.126
Non-current liabilities		
Non-current interest-bearing debt	-66.981	-66.981
Non-current leasing liabilities	-276	-276
Current liabilities		
Current interest-bearing debt	-11.519	-11.519
Current leasing liabilities	-102	-102
Trade payables	-18.028	-18.028
Other current liabilities	-1.689	-1.689
Total	-78.911	-78.911

Note 10. Capital and risk management

Leverage and capital access

Leverage and Capital access (i.e. Capital management) refers to the process of acquiring and utilising capital in the most efficient manner compared to the available alternatives. The primary objective of the Group's capital management is to ensure access to capital contributing to satisfactory operations and maximum generation of shareholder value. The Group manages its capital structure and makes adjustments in light of changes in underlying economic conditions. Access to borrowed capital is continuously monitored and the Group has a continuous dialogue with its lenders.

Details relating to the main loan programmes in the Group are described in Note 8.

Arctic Fish intends to maintain an equity base suited to the characteristics of its operations, taking into consideration that fish farming is a cyclical business.

At year-end 2023, the equity of Arctic Fish amounted to EUR 86 million. The equity share, defined by equity/total assets, was at the same time 38.0%. Net interest bearing debt, defined as total interest-bearing debt less cash was EUR 114 million at year-end, excluding effects of IFRS 16.

The Group's principal financial liabilities, other than loans, consist mainly of trade payables. These financial liabilities constitute the majority of the Group's third party financing. The Group holds financial assets such as trade receivables, cash and shares.

Details regarding significant accounting policies for financial assets and liabilities are disclosed in Note 2 Significant accounting policies.

Financial risk management

The Group monitors and manages financial risks arising from operations.

These include currency risks, interest rate risk, credit risk and price/liquidity risk.

The Group seeks to manage these risks through operational measures.

Currency exposure in the statement of financial position

As a consequence of the Group's net cash flows being generated in EUR, NOK, ISK and USD, the interest-bearing debt should reflect this currency structure. On December 31, 2023, the portfolio was as follows.

CURRENCY STRUCTURE OF NET INTEREST-BEARING DEBT (EUR '000)	NOK	ISK	EUR	OTHER	TOTAL
Cash and cash equivalents	1.198	1.093	10.024	1	12.316
Current interest-bearing debt					0
Non-current interest-bearing debt			126.605		126.605
Net interest-bearing debt	-1.198	-1.093	116.581	-1	114.289

Sensitivity analysis – change in exchange rates impact on result

The main sources of sensitivity to exchange rate movements are the long-term hedges of exposure to EUR/NOK and EUR/USD and EUR/ISK. Based on the exposure as of December 31, 2023, the effect of a 15% change in exchange rates has been estimated. As no hedge accounting is utilized, there is no impact on other comprehensive income.

CURRENCY PAIR (EUR '000)	EUR/ NOK	EUR/ ISK
Effect in EUR from a 15% increase in the value of	EUR	EUR
Effect on profit before tax	-180	-164

Interest rate risk

The only interest rate risk Arctic Fish is exposed to is the fluctuation of underlying interest rates.

Credit risk

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers are recognised and creditworthy.

Price/Liquidity risk

The Group is continuously monitoring liquidity and estimates expected liquidity development on the basis of budgets and monthly updated forecasts from the business units. Arctic Fish's financial position and development depend significantly on spot price developments for salmon, and these prices have historically been volatile. As such Arctic Fish is exposed to movements in supply and demand for salmon. Other key liquidity risks are fluctuations in production and harvest volumes, biological issues, and changes in the feed price, feed being the most important individual factor on the cost side. Feed costs are correlated to the marine and agricultural commodity prices of the ingredients.

MATURITY PROFILE OF THE FINANCIAL LIABILITIES AND DERIVATIVES BASED ON CONTRACTUAL UNDISCOUNTED PAYMENTS, INCL. INTEREST: 2023 (EUR '000)	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	WITHIN 1 YEAR	1 -2 YEARS	2 - 5 YEARS	MORE THAN 5 YEARS
Non-derivative financial liabilities						
Arctic Fish bank facility	127.500	-148.981	-8.866	-6.383	-133.732	0
Other debt						
Total financial liabilities 1)	127.500	-148.981	-8.866	-6.383	-133.732	0

MATURITY PROFILE OF THE FINANCIAL LIABILITIES AND DERIVATIVES BASED ON CONTRACTUAL UNDISCOUNTED PAYMENTS, INCL. INTEREST: 2022 (EUR '000)	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	WITHIN 1 YEAR	1 -2 YEARS	2 - 5 YEARS	MORE THAN 5 YEARS
Non-derivative financial liabilities						
Arctic Fish bank facility	75.600	-86.100	-14.700	-71.400	0	0
Other debt						
Total financial liabilities 1)	75.600	-86.100	-14.700	-71.400	0	0

1) For maturity profile of financial liabilities related to leasing debt, please see note 22.

Note 11. Remuneration

SALARY AND PERSONNEL EXPENSES (EUR '000)	2023	2022
Salaries	-7.625	-4.645
Social security taxes	-652	-426
Pension expenses	-982	-580
Other benefits	-139	-48
Total salary and personnel expenses	-9.397	-5.699
Average number of FTEs	118	71

At year-end 2023 there were 131 FTEs (full-time employee equivalent) in the Group.

REMUNERATION TO GROUP MANAGEMENT (EUR '000)	2023	2022
Remuneration to management		
Stein Ove Tveiten, CEO	-192	-309
Neil Shiran Thorisson, CFO	-189	-178
Daníel Jakobsson, CBDO	-172	-154
Kristján Rúnar Kristjánsson, COO Processing	-130	0
Other	-133	-110
Remuneration to board of directors	-89	-109
Total remuneration to Group Management	-905	-860

Note 12. Taxes

INCOME TAXES FOR THE YEAR IN THE STATEMENT OF COMPREHENSIVE INCOME (EUR '000)	2023	2022
Norway	418	0
Foreign units	2.894	-1.251
Change in deferred tax	3.312	-1.251
Total income taxes related to profit for the year	3.312	-1.251

RECONCILIATION BETWEEN NOMINAL AND EFFECTIVE TAX RATES (EUR '000)	2023	2022
Profit before tax	-16.188	7.080
Nominal tax rate	22%	22%
Tax calculated with nominal tax rate	-3.561	1.558
Effect of non-recognition of losses and tax assets	-237	-55
Other permanent differences	200	-115
Effect of different tax rates compared to nominal rate	286	-137
Total income taxes	-3.312	1.251

SPECIFICATION OF DEFERRED TAX AND BASIS FOR DEFERRED TAX/TAX ASSETS TAX INCREASING/REDUCING TEMPORARY DIFFERENCES (EUR '000)	2023	2022
Non-current assets	-130	156
Current assets	-14.825	-15.237
Debt	235	378
Tax losses carried forward	32.950	16.358
Other differences	-1.670	1.355
Total temporary differences	16.560	3.010
Tax losses carried forward in Norway	3.496	
Tax losses carried forward abroad	29.454	16.358
Other temporary differences abroad	-16.390	-13.348
Total temporary differences	16.560	3.010

TOTAL DEFERRED TAX ASSET/LIABILITIES IN THE STATEMENT OF FINANCIAL POSITION (EUR '000)	2023	2022
Deferred tax assets	3.914	602
Net deferred tax in the statement of financial position	3.914	602

The Group has recognised deferred tax assets related to tax losses carried forward. This is based on the expectation of probable sufficient earnings in the future. The expectations are based on current earnings and approved budgets.

MATURITY OF TAX LOSSES WHERE DEFERRED TAX LOSS IS RECOGNISED TO YEAR (EUR '000)	NORWAY	ABROAD	TOTAL
2024	0	917	917
2025	0	1.269	1.269
2026	0	3.546	3.546
2027	0	988	988
2028	0	1.799	1.799
2029	0	3.560	3.560
2030	0	4.276	4.276
2031	0	1.171	1.171
2032	0	104	104
2033+	1.900	13.420	15.320
Total 2023	1.900	31.050	32.950
Total 2022	0	16.358	16.358

MATURITY OF TAX LOSSES FOR WHICH NO DEFERRED TAX ASSET IS RECOGNISED TO YEAR (EUR '000)	NORWAY	ABROAD	TOTAL
2033+	0	1.185	1.185
Total 2023	0	1.185	1.185
Total 2022	0	0	0

TAX RATES APPLIED (SELECTED COUNTRIES)	2023	2022
Norway	22%	22%
Iceland	20%	20%

Note 13. Cash

CASH (EUR '000)	2023	2022
Cash in bank	10.419	7.212
Other restricted cash 1)	1.897	1.914
Total cash	12.316	9.126

1) Other restricted cash is mainly composed of payment guarantees.

Note 14. Trade receivables, other receivables and prepayments

SPECIFICATION OF RECEIVABLES (EUR '000)	2023	2022
Trade receivables	1.328	4.263
Provisions for expected credit losses	0	-5
Net trade receivables	1.328	4.259
Prepayments	1.257	812
Pension fund	0	0
Tax prepaid/receivable	3.934	5.259
Other	0	201
Trade receivables, other receivables and prepayments	5.191	6.272
Total trade receivables, other receivables and prepayments	6.519	10.530

Based on the nature of business, the Group does not have any material contract assets.

AGE DISTRIBUTION OF TRADE RECEIVABLES (EUR '000)	2023	2022
Receivables not overdue	1.249	2.002
Overdue 0-6 months	79	2.262
Overdue more than 6 months	0	0
Total trade receivables	1.328	4.263

Movement in provisions for credit losses (trade receivables)

In 2023 there were no provisions for credit losses.

Currency exposure to trade receivables

The Business Units of the Group mainly complete their sales in the functional currency of the Group. The carrying amount of trade receivables per currency is presented below.

CURRENCY SPLIT ACCOUNTS RECEIVABLES	2023	2022
EUR	96%	8%
NOK	2%	88%
Other	2%	4%

Note 15. Trade payables and other current liabilities

CURRENT LIABILITIES (EUR '000)	2023	2022
Trade payables	6.806	17.265
Other current liabilities		
Salaries and vacation pay due	798	389
Social security and other taxes	0	1.220
Accrued expenses	5.393	817
Other liabilities	0	0
Total other current liabilities	6.191	2.426

Based on the nature of business, the Group does not have any material contract liabilities.

CURRENT LEASING LIABILITIES (EUR '000)	2023	2022
Current part (first year) leases	95	102
Total current leasing liabilities	95	102

UNUSED DRAWING RIGHTS (EUR '000)	2023	2022
Unused part of bank overdraft facility (to be renewed within one year)	0	3
Unused part of other drawing rights (to be renewed in more than one year)	42.500	136
Total unused drawing rights	42.500	139

Note 16. Secured liabilities and guarantees

DEBT SECURED BY MORTGAGES AND PLEDGES (EUR '000)	2023	2022
Debt to financial institutions	126.605	78.500
Leasing debt	0	0
Total debt secured by mortgages and pledges	126.605	78.500

The Group loan facility has been established with security in current assets, licenses (where applicable), fixed assets and guarantees from some of the entities in the Group.

ASSETS PLEDGED AS SECURITY FOR DEBT (EUR '000)	2023	2022
Tangible non-current assets	128.198	99.490
Inventory and biological assets	68.275	71.649
Total assets pledged as security	196.473	171.138

Note 17. Consolidated entities

The consolidated financial statements include the following companies:

PARENT COMPANY	COUNTRY	
Arctic Fish Holding AS	Norway	

SUBSIDIARIES - EUROPE	COUNTRY	OWNERSHIP %
Arctic Fish Ehf Iceland	Iceland	100,0%
Arctic Smolt Ehf Iceland	Iceland	100,0%
Arctic Sea Farm Ehf Iceland	Iceland	100,0%
Arctic Oddi Ehf Iceland	Iceland	100,0%

Note 18. Share capital

SHARE CAPITAL	2023	2022
Total number of shares as of 01.01	31.876.653	31.876.653
Shares issued during the year	---	---
Total number of shares as of 31.12	31.876.653	31.876.653
Treasury shares as of 01.01	---	---
Treasury shares purchased during the year	---	---
Treasury shares sold during the year	---	---
Treasury shares as of 31.12	---	---
Nominal value as of 31.12 (NOK)	1,0	1,0
Share capital (EUR '000)	3.032	3.032
Other paid-in capital (EUR '000)	95.281	95.281

OVERVIEW OF THE LARGEST SHAREHOLDERS 31.12.23	NUMBER OF SHARES	SHAREHOLDING %
Mowi ASA	16.346.824	51,28%
Síldarvinnslan hf.**	10.899.684	34,19%
J.P. Morgan SE **	1.999.680	6,27%
Landsbankinn hf.	475.724	1,49%
Íslandsbanki hf.	298.616	0,94%
KVERVA FINANS AS	223.776	0,70%
CLEARSTREAM BANKING S.A.	214.557	0,67%
VERDIPAPIRFONDET EIK SPAR	167.406	0,53%
MP PENSJON PK	165.000	0,52%
PACTUM AS	152.701	0,48%
State Street Bank and Trust Comp	149.995	0,47%
VERDIPAPIRFONDET EIK NORGE	121.659	0,38%
PARETO AKSJE NORGE VERDIPAPIRFOND	104.328	0,33%
ROTH	80.000	0,25%
RAMSFJELL AS	40.849	0,13%
VERDIPAPIRFONDET EIK ALPHA	33.705	0,11%
Euroclear Bank S.A./N.V.	33.000	0,10%
Saxo Bank A/S	32.822	0,10%
DNB Luxembourg S.A.	25.231	0,08%
SKEIE ALPHA INVEST AS	21.473	0,07%
VERDIPAPIRFONDET EIK BALANSERT	18.432	0,06%
Total 20 largest shareholders	31.605.462	99,15%
Total other shareholders	271.191	0,85%
Total number of shares 31.12.23	31.876.653	100,00%

** Síldarvinnslan hf is a part of the nominee account "J.P. Morgan SE".

SHAREHOLDERS PER COUNTRY	NUMBER OF SHARES	SHARE %
Norway	17.729.859	55,62%
Luxembourg*	13.139.807	41,22%
Iceland	777.540	2,44%
USA	150.795	0,47%
Other countries	78.652	0,25%
Total number of shares 31.12.23	31.876.653	100,00%

* Síldarvinnslan hf, an Icelandic shareholder is a part of the nominee account "J.P. Morgan SE" which is registered in Luxembourg.

SHARES OWNED BY BOARD MEMBERS, GROUP MANAGEMENT AND THEIR RELATED PARTIES AS OF 31.12.23	NUMBER OF SHARES
Board of Directors	
Øyvind Oaland (Chairman of board)	0
Gunnar Atli Gunnarsson	0
Gunnþór Ingvason	0
Hildur Árnadóttir	0
Ivan Vindheim	0
Total number of shares held by Board members	0
Group Management	
Stein Ove Tveiten, CEO	4.080
Baldur Smári Einarsson, CFO	0
Daníel Jakobsson, CBDO	3.267
Kristján Rúnar Kristjánsson, COO Processing	0
John Gunnar Grindskar, COO Farming	0
Total number of shares held by Group management	7.347
Total number of shares held by Board members & Group management	7.347
Total number of shares held by Board members & Group management in % of total outstanding shares	0,02%

Note 19. Earnings per share

BASIC AND DILUTED EARNINGS PER SHARE	2023	2022
Profit (loss) for the year attributable to owners of Arctic Fish Holding AS	-12.876	5.829
Profit (loss) from continuing operations attributable to the owners of the parent (EUR '000)	-12.876	5.829
Profit (loss) for the year attributable to owners of Arctic Fish Holding AS (EUR '000)	-12.876	5.829
Time-weighted average of shares issued and outstanding (million)	31,88	31,88
Basic earnings per share attributable to the owners of Arctic Fish Holding AS	-0,40	0,18
Basic earnings per share from continuing operations (EUR)	-0,40	0,18
Basic earnings per share (EUR)	-0,40	0,18
Diluted earnings per share attributable to the owners of Arctic Fish Holding AS	-0,40	0,18
Diluted earnings per share from continuing operations (EUR)	-0,40	0,18
Diluted earnings per share (EUR)	-0,40	0,18

Basic Earnings per share (EPS) is calculated on the weighted average number of shares outstanding during the period.

Note 20. Related party transactions

Transactions with associated companies

The figures presented below are with associated companies, mainly the majority owner and shareholder, Mowi.

RELATED PARTY TRANSACTIONS (EUR '000)	2023	2022
Revenue	28.538	0
Purchase	-24.833	-485
Trade receivables	1.224	0
Trade payables	-4.178	0

All significant transactions are related to the sale or purchase of fish or smolt and related services.

Note 21. Other operating expenses

SPECIFICATION OF OTHER OPERATING EXPENSES (EUR '000)	2023	2022
Maintenance	-3.193	-2.773
Electricity and fuel	-1.815	-1.398
Rent, leases and third-party services	-2.101	-3.889
Insurance	-1.396	-1.065
Consultancy and audit fees	-912	-855
IT costs	-422	-230
Travel cost	-294	-187
Sales and marketing costs	-176	-112
Other operating costs	-2.936	-1.329
Total other operating expenses	-13.247	-11.838

Note 22. Leases

SPECIFICATION OF RIGHT OF USE ASSET 2023 (EUR '000)	LAND & BUILDINGS	OTHER	TOTAL
Opening balance	516	0	516
Foreign currency adjustments	15	0	15
Total acquisition cost as of 31.12	531	0	531
Accumulated depreciation and impairment losses as of 01.01	159	0	159
Depreciation in the year	103	0	103
Total accumulated depreciation as of 31.12	262	0	262
Total carrying amount as of 31.12	269	0	269
Depreciation method	Linear	Linear	

SPECIFICATION OF RIGHT OF USE ASSET 2022 (EUR '000)	LAND & BUILDINGS	OTHER	TOTAL
Opening balance	504	0	504
Foreign currency adjustments	12	0	12
Total acquisition cost as of 31.12	516	0	516
Accumulated depreciation and impairment losses as of 01.01	62	0	62
Depreciation in the year	97	0	97
Total accumulated depreciation as of 31.12	159	0	159
Total carrying amount as of 31.12	357	0	357
Depreciation method	Linear	Linear	

RECONCILIATION RIGHT-OF-USE LIABILITIES (EUR '000)	2023	2022
Opening balance	378	434
Down payment leasing debt (cash movement)	-92	-101
Currency effects	3	45
Closing balance 31.12	289	378
Of which non-current liabilities	194	276
Of which current liabilities	95	102

MATURITY ANALYSIS COMMENCED LEASES (EUR '000)	2023	2022
Less than 1 year	2	9
1-2 years	0	12
2-3 years	220	0
3-4 years	0	289
4-5 years	0	0
More than 5 years	67	69
Sum 31.12	289	378

Note 23. Auditor's fees

FEES TO AUDITORS 2023 (EUR '000)	KPMG
Audit services	-146
Tax services	-11
Other non-audit fees	-18
Total fees for 2023	-175

FEES TO AUDITORS 2022 (EUR '000)	KPMG
Audit services	-135
Tax services	0
Other non-audit fees	0
Total fees for 2022	-135

Auditor's fees are stated exclusive of value added tax.

Note 24. Provisions

SPECIFICATION OF PROVISIONS 2023 (EUR '000)	RESTRUCTURING AND OTHER PROVISIONS
Provisions as of 01.01.	0
New provisions in the year	16.456
Utilised provisions	-16.456
Provision as of 31.12	0

SPECIFICATION OF PROVISIONS 2022 (EUR '000)	RESTRUCTURING AND OTHER PROVISIONS
Provisions as of 01.01.	0
New provisions in the year	0
Utilised provisions	0
Provision as of 31.12	0

The majority of restructuring cost in 2023 was related to extraordinary mortality at the Group's site Hvannadalur. Restructuring costs are accounted for when a site either experiences elevated mortality over time or substantial mortality due to an incident at a site or farm (outbreak of disease, lack of oxygen etc). The aforementioned costs are included in "restructuring costs" in the statement of comprehensive income.

Note 25. New IFRS standards

New standards applied

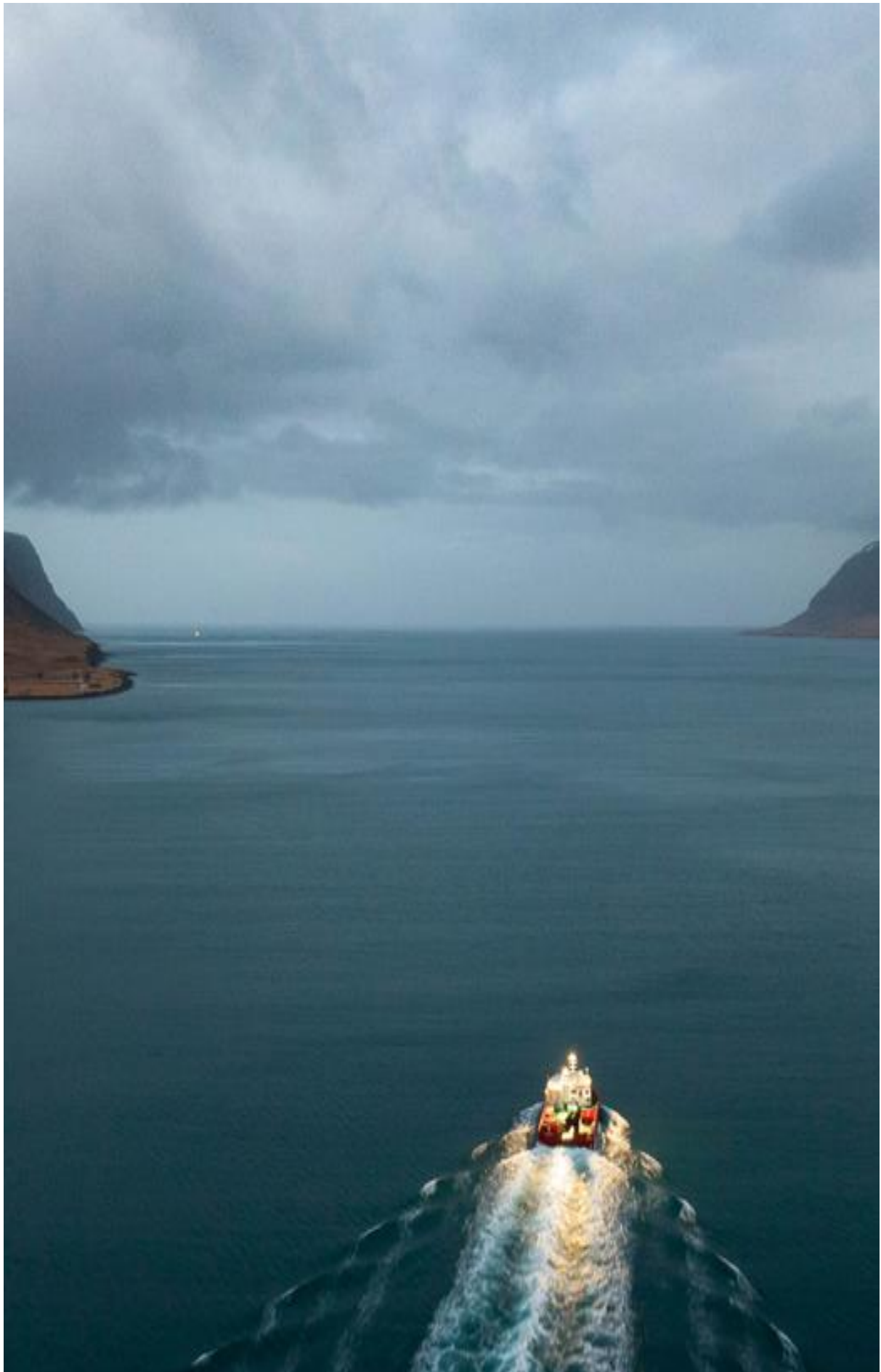
All new standards were implemented and do not have a substantial effect on the Group financial statements.

Note 26. Subsequent events

On February 29th, Arctic Sea Farm a 100% owned subsidiary of Arctic Fish Holding AS, received a license for 8,000 tonnes in Ísafjarðardjúp.

Reference is made to the applications of salmon licenses for up to 8,000 tonnes maximum allowed biomass (MAB) in Ísafjarðardjúp in the Westfjords of Iceland, as disclosed in the Company's market update from 29th of February 2024.

5,200 tonnes are licenses for fertile salmon with the remaining 2,800 tonnes being trout. This replaces an existing license held for 5,300 tonnes of trout. The total MAB capacity for Arctic Fish is now 29,800 tonnes, whereof 27,000 tonnes are for fertile salmon with licences located in 5 different fjords.



Arctic Fish Holding – Income Statement

(EUR '000)	Note	2023	2022
Revenue		0	0
Salaries and personnel expenses	3	-365	0
Other operating expenses	4	-349	-698
Earnings before financial items (EBIT)		-713	-698
Interest expenses	6	-3	-12
Net currency effects	6	-2.094	0
Other financial items	6	911	958
Earnings before tax		-1.900	248
Income taxes	7	418	0
Profit or loss for the year		-1.482	248
Allocation of profit			
To other equity		-1.482	248
Total allocations		-1.482	248

Arctic Fish Holding – Financial position

(EUR '000)	Note	31.12.2023	31.12.2022
Assets			
Deferred tax assets	7	418	0
Shares in subsidiaries	9	64.354	64.354
Intercompany non-current receivables	2	30.517	33.068
Total non current assets		95.289	97.423
Cash	8	1.031	1.042
Total current assets		1.031	1.042
Total assets		96.320	98.465

(EUR '000)	Note	31.12.2023	31.12.2022
Equity and liabilities			
Share capital		3.032	3.032
Other paid in capital		94.055	94.055
Other		-985	497
Total equity		96.102	97.584
Trade payables within group	2	39	814
Other current liabilities		179	67
Total current liabilities		218	881
Total equity and liabilities		96.320	98.465

19.03.2024

The Board of Directors of Arctic Fish Holding AS

Øyvind Oaland

Chairman




Ivan Vindheim

Board member



Gunnar Atli Gunnarsson

Board member



Gunnþór Ingvason

Board member



Hildur Árnadóttir

Board member



Arctic Fish Holding – Equity statement

2023

(EUR '000)	Share capital	Other paid in capital	Other equity reserves	Total equity
Equity 01.01.2023	3.032	94.055	497	97.584
Profit or loss of the year			-1.482	-1.482
Total Equity 31.12.2023	3.032	94.055	-985	96.102

2022

(EUR '000)	Share capital	Other paid in capital	Other equity reserves	Total equity
Equity 01.01.2022	3.032	94.055	249	97.336
Profit or loss of the year			248	248
Total Equity 31.12.2022	3.032	94.055	497	97.584

Arctic Fish Holding – Cash flow

(EUR '000)	Note	2023	2022
Earnings before tax		-1.900	248
Interest expense		0	12
Net currency effect		2.094	0
Other financial item(s)		-908	-958
Change in inventory, trade payables and trade receivables		-205	-278
Cash flow from operations		-919	-976
Purchase of fixed assets			
Cash flow from investments		0	0
Net interest and financial items paid		908	946
Cash flow from financing		908	946
Change in cash in the period		-11	-30
Cash - opening balance		1.042	1.072
Cash - closing balance		1.031	1.042

Arctic Fish Holding – notes to the financial statements

Note 1. General information

The financial statements for Arctic Fish Holding AS have been prepared in accordance with the Norwegian Accounting Act of 1998 and generally accepted accounting practice in Norway.

Principle for valuation and classification of assets and liabilities

Assets intended for long-term ownership or use are classified as non-current assets. Other assets are classified as current assets. Receivables due within one year are classified as current assets. Similar criteria are used when classifying non-current and current liabilities.

Current assets are valued at the lower of acquisition cost and fair value.

Non-current assets are valued at acquisition cost but are written down to their recoverable value if this is lower than book value and the impairment is expected to be permanent. Non-current assets with a limited useful economic life are systematically depreciated or amortised.

Other long-term and current liabilities are valued at nominal value.

Functional and presentation currency

The functional and presentation currency is EUR which in accordance with IAS 21 has been determined to be the functional currency of Arctic Fish Holding AS as of 01.07.2023 and onwards. From the second half of the year 2023 all revenues of all the entities are in EUR, as well as the majority of the operating costs and the Group's financing.

Shares in subsidiaries and associates

Subsidiaries are defined as companies in which the shareholder has a controlling influence, normally where the shareholding exceeds 50 per cent. Associates are defined as companies in which the Group has a significant, but not controlling, influence. This is normally deemed the case where the shareholding is between 20 and 50 per cent. Investments in subsidiaries are recognised at cost price.

Receivables

Trade and other receivables are recognised at nominal value less provisions for bad debts. Trade receivables are monitored continuously, and it is the company's policy to insure all material trade receivables. Provisions for bad debts are based on an individual assessment of each receivable.

Bank deposits, cash and cash equivalents

Bank deposits, cash and cash equivalents include cash, bank deposits and other means of payment which can be immediately and with negligible exchange rate risk converted into cash.

Statement of cash flow

The statement of cash flow has been prepared using the indirect method. The statement of cash flow shows a breakdown of the Company's total cash flow by operating activities, investing activities and financing activities. Cash flow associated with the acquisition and divestment of businesses is presented net under investing activities after deductions for cash reserves held by the acquired company.

Tax

The tax expenses are matched to the result before tax. Tax relating to equity transactions is recognised in equity. The tax expense comprises tax payable and any change in net deferred tax. Deferred tax liabilities and assets are presented net in the balance sheet.

Note 2. Intercompany transactions

INTERCOMPANY TRANSACTIONS (EUR'000)	2023	2022
Group internal receivables and liabilities		
Intercompany non-current receivables*	30.517	33.068
Net intercompany non-current receivables	30.517	33.068
Trade receivables	0	0
Trade payables	-39	-814
Net current receivables/liabilities	-39	-814
Group internal revenue and cost		
Other operating expenses**	-105	-590
Group internal financial income and expense		
Net currency effects on interest-bearing debt group companies	-2.181	0
Interest income group companies	877	944

* Interest for the year is capitalized to the loan.

** Arctic Fish ehf. has a management fee agreement with the company.

Note 3. Remuneration

SALARY AND PERSONNEL EXPENSES (EUR '000)	2023	2022
Salaries	-250	0
Social security taxes	-56	0
Pension expenses *	-59	0
Other benefits	0	0
Total salary and personnel expenses	-365	0
Average number of FTEs	1	0

At year-end 2023 there was 1 FTE (full-time employee equivalent), that is the CEO of Arctic Fish Holding AS.

*An agreement on mandatory occupational pensions has been entered into for the employee

REMUNERATION TO MANAGEMENT (EUR '000)	2023	2022
Remuneration to management		
Stein Ove Tveiten, CEO	-192	0
Remuneration to board of directors	-58	0
Total remuneration to Management Team	-250	0

Note 4. Other operating expenses

SPECIFICATION OF OTHER OPERATING EXPENSES (EUR '000)	2023	2022
Consultancy and audit fees	-349	-698
Total other operating expenses	-349	-698

Note 5. Auditor's fees

FEES TO AUDITORS 2023 (EUR '000)	KPMG
Audit services	-58
Tax services	-7
Other non-audit fees	0
Total fees for 2023	-65

FEES TO AUDITORS 2022 (EUR '000)	KPMG
Audit services	-47
Tax services	0
Other non-audit fees	0
Total fees for 2022	-47

Note 6. Financial items

FINANCIAL INSTRUMENTS IMPACT ON COMPREHENSIVE INCOME (EUR '000)	2023	2022
Interest expenses	-3	-12
Interest expenses	-3	-12
Net currency effects on loan to subsidiaries	-2.094	0
Net currency effects	-2.094	0
Interest income	34	13
Interest income from subsidiaries	877	945
Other financial items	911	958
Total financial items	-1.186	946

CATEGORIES OF FINANCIAL INSTRUMENTS IN THE STATEMENT OF FINANCIAL POSITION (EUR '000)		
DECEMBER 31, 2023	DEBT INSTRUMENTS AT AMORTISED COST	TOTAL
Current assets		
Trade receivables	2.792	2.792
Other receivables	3.727	3.727
Cash	12.316	12.316
Non-current liabilities		
Non-current interest-bearing debt	-126.605	-126.605
Current liabilities		
Trade payables	-6.684	-6.684
Other current liabilities	-6.314	-6.314
Total	-120.768	-120.768

**CATEGORIES OF FINANCIAL
INSTRUMENTS IN THE STATEMENT OF
FINANCIAL POSITION**
(EUR '000)

DECEMBER 31, 2022	DEBT INSTRUMENTS AT AMORTISED COST	TOTAL
Current assets		
Trade receivables	4.259	4.259
Other receivables	6.299	6.299
Cash	9.126	9.126
Non-current liabilities		
Non-current interest-bearing debt	-66.981	-66.981
Current liabilities		
Current interest-bearing debt	-11.519	-11.519
Trade payables	-18.028	-18.028
Other current liabilities	-1.689	-1.689
Total	-78.533	-78.533

Note 7. Taxes

INCOME TAXES FOR THE YEAR (EUR '000)	2023	2022
Change in deferred tax	418	0
Total income taxes related to profit for the year	418	0

RECONCILIATION BETWEEN NOMINAL AND EFFECTIVE TAX RATES (EUR '000)	2023	2022
Profit before tax	-1.900	248
Nominal tax rate	0	0
Tax calculated with nominal tax rate	-418	55
Effect of non-recognition of losses and tax assets	0	-55
Total income taxes	-418	-0

SPECIFICATION OF DEFERRED TAX AND BASIS FOR DEFERRED TAX/TAX ASSETS TAX INCREASING/REDUCING TEMPORARY DIFFERENCES (EUR '000)	2023	2022
Tax losses carried forward	1.900	0
Total temporary differences	1.900	0
Tax losses carried forward	1.900	0
Total temporary differences	1.900	0

TOTAL DEFERRED TAX ASSET/LIABILITIES IN THE STATEMENT OF FINANCIAL POSITION (EUR '000)	2023	2022
Deferred tax assets	418	0
Net deferred tax in the statement of financial position	418	0

Note 8. Cash

CASH (EUR '000)	2023	2022
Cash in bank	41	20
Other restricted cash 1)	990	1.022
Total cash	1.031	1.042

1) Other restricted cash is payment guarantees for investment contracts in Iceland.

Note 9. Shares in subsidiaries

COMPANY (EUR'000)	BUSINESS ADDRESS	OWNER- SHIP%	EQUITY AS OF 31.12.23	LOSS THIS YEAR	CARRYING AMOUNT 31.12.23
Arctic Fish ehf.	Ísafjörður, Iceland	100%	53.991	-11.394	64.354
Total			53.991	-11.394	64.354

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

Note 10. Share capital shareholder information

SHARE CAPITAL	2023	2022
Total number of shares as of 01.01	31.876.653	31.876.653
Shares issued during the year	---	---
Total number of shares as of 31.12	31.876.653	31.876.653
Treasury shares as of 01.01	---	---
Treasury shares purchased during the year	---	---
Treasury shares sold during the year	---	---
Treasury shares as of 31.12	---	---
Nominal value as of 31.12 (NOK)	1,0	1,0
Share capital (EUR '000)	3.032	3.032
Other paid-in capital (EUR '000)	95.281	95.281

OVERVIEW OF THE LARGEST SHAREHOLDERS 31.12.23	NUMBER OF SHARES	SHAREHOLDING %
Mowi ASA	16.346.824	51,28%
Síldarvinnslan hf.**	10.899.684	34,19%
J.P. Morgan SE **	1.999.680	6,27%
Landsbankinn hf.	475.724	1,49%
Íslandsbanki hf.	298.616	0,94%
KVERVA FINANS AS	223.776	0,70%
CLEARSTREAM BANKING S.A.	214.557	0,67%
VERDIPAPIRFONDET EIK SPAR	167.406	0,53%
MP PENSJON PK	165.000	0,52%
PACTUM AS	152.701	0,48%
State Street Bank and Trust Comp	149.995	0,47%
VERDIPAPIRFONDET EIK NORGE	121.659	0,38%
PARETO AKSJE NORGE VERDIPAPIRFOND	104.328	0,33%
ROTH	80.000	0,25%
RAMSFJELL AS	40.849	0,13%
VERDIPAPIRFONDET EIK ALPHA	33.705	0,11%
Euroclear Bank S.A./N.V.	33.000	0,10%
Saxo Bank A/S	32.822	0,10%
DNB Luxembourg S.A.	25.231	0,08%
SKEIE ALPHA INVEST AS	21.473	0,07%
VERDIPAPIRFONDET EIK BALANSERT	18.432	0,06%
Total 20 largest shareholders	31.605.462	99,15%
Total other shareholders	271.191	0,85%
Total number of shares 31.12.23	31.876.653	100,00%

** Síldarvinnslan hf is a part of the nominee account "J.P. Morgan SE".

SHAREHOLDERS PER COUNTRY	NUMBER OF SHARES	SHARE %
Norway	17.729.859	55,62%
Luxembourg*	13.139.807	41,22%
Iceland	777.540	2,44%
USA	150.795	0,47%
Other countries	78.652	0,25%
Total number of shares 31.12.23	31.876.653	100,00%

* Síldarvinnslan hf, an Icelandic shareholder is a part of the nominee account "J.P. Morgan SE" which is registered in Luxembourg.

SHARES OWNED BY BOARD MEMBERS, GROUP MANAGEMENT AND THEIR RELATED PARTIES AS OF 31.12.23	NUMBER OF SHARES
Board of Directors	
Øyvind Oaland (Chairman of board)	0
Gunnar Atli Gunnarsson	0
Gunnþór Ingvason	0
Hildur Árnadóttir	0
Ivan Vindheim	0
Total number of shares held by Board members	0
Group Management	
Stein Ove Tveiten, CEO	4.080
Baldur Smári Einarsson, CFO	0
Daníel Jakobsson, CBDO	3.267
Kristján Rúnar Kristjánsson, COO Processing	0
John Gunnar Grindskar, COO Farming	0
Total number of shares held by Group management	7.347
Total number of shares held by Board members & Group management	7.347
Total number of shares held by Board members & Group management in % of total outstanding shares	0,02%

Note 11. Subsequent events

Please refer to Note 26 of Arctic Fish Group financial statements.



To the General Meeting of Arctic Fish Holding AS

Independent Auditor's Report

Opinion

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 2023, the income statement, equity 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 statement of financial position as at 31 December 2023, 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 material accounting policy information.

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 2023, 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 consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway 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

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. 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 nor the other information accompanying the financial statements.

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements of the Company 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 of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible 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 and 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's 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.

Trondheim, 19 March 2024

KPMG AS



Yngve Olsen
State Authorised Public Accountant

APM

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.

(EUR '000)	31.12.2023	31.12.2022
Reported long-term interest-bearing debt	126.799	67.258
Reported short-term interest-bearing debt	95	11.621
Reported bank deposits, cash	-12.316	-9.126
Net interest bearing debt (NIBD)	114.578	69.753
Leasing (IFRS 16 effects)	-289	-378
NIBD according to bank covenant	114.289	69.375

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 indicates something about the solvency of the group.

(EUR '000)	31.12.2023	31.12.2022
Reported equity	85.739	98.615
Reported total assets	225.630	197.184
Equity ratio	38,0 %	50,0 %
Total assets adjusted for Right-of-use-assets	225.273	196.827
Total liabilities adjusted for leasing liabilities	139.603	98.191
Equity ratio according to bank covenant	38,0 %	50,1 %

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.

(EUR '000)	2023	2022
Operational EBIT continued operations	14.493	3.410
Operational EBIT	14.493	3.410
Harvested volume	11.878	8.561
Operational EBIT per kg	1,22	0,40

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.

(EUR '000)	2023	2022
Majority share of net result for the period	-12.876	5.829
Majority share of fair value adjustments of biomass	412	-10.218
Majority share of fair value of sales contracts and Fish Pool contracts	0	-51
Majority share of value-adjusted result for the period	-12.464	-4.440
Weighted average number of ordinary shares outstanding	31.877	31.877
Fair value-adjusted earnings per share	-0,39	-0,14



Arctic Fish

Annual Report 2023

