NORDIC HALIBUT

FINANCIAL STATEMENT AND RESULTS 2021

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FINANCIAL STATEMENTS

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INCOME STATEMENT

	Note	2021	2020
Revenue	6	71 198 515	34 669 402
Other income	6	95 793	182 197
Total operating revenue		71 294 308	34 851 599
Fair value adjustment of live halibut	7	-3 000 650	43 063 285
Cost of materials		-49 626 941	-30 706 002
Salaries and personell expenses	14	-23 772 215	-23 559 733
Depreciation and amortisation	8, 11	-12 420 097	-10 655 198
Other operating expenses	19, 21	-37 199 994	-13 789 214
Operating profit/loss (EBIT)		-54 725 589	-795 263
Financial income	20	2 398 260	2 693 763
Financial expenses	20	-8 626 294	-6 330 129
Net financial items		-6 228 034	-3 636 366
Profit/loss before tax		-60 953 622	-4 431 629
Income tax expense	13	0	0
Profit/loss for the year		-60 953 622	-4 431 629
Basic and diluted earnings per share	17	-2,73	-0,38

COMPREHENSIVE INCOME STATEMENT

	Note	2021	2020
Profit/loss for the year		-60 953 622	-4 431 629
Items that are or may be reclassified to profit or loss			
Total comprehensive income for the period		-60 953 622	-4 431 629

STATEMENT OF FINANCIAL POSITION

	Note	31.12.2021	31.12.2020	01.01.2020*
ASSETS				
Non-current assets				
Licenses, patents and other	8	0	21 888	43 776
Property, plant and equipment	8	114 339 312	90 643 656	91 328 133
Right-to-use assets	11	29 380 612	20 247 088	21 509 537
Non-current biological asset	7	56 642 912	58 582 463	48 412 323
Total non-current assets		200 362 835	169 495 095	161 293 769
Current assets				
Biological assets	7	130 162 020	131 223 118	98 329 973
Other inventory	7	1 843 962	1 786 526	1 432 427
Total biological assets and inventory		132 005 982	133 009 644	99 762 401
Receivables				
Accounts receivable	9	11 339 481	6 389 582	9 658 958
Other short-term receivables	5, 9, 22	9 612 632	7 503 423	6 025 373
Total receivables		20 952 113	13 893 005	15 684 331
Cash and cash equivalents	18	157 341 669	53 106 074	5 659 555
Total current assets		310 299 764	200 008 723	121 106 287
Total assets		510 662 599	369 503 818	282 400 056

* Subject to certain transition elections and exceptions disclosed in note 4, the Company has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at 1 January 2020 throughout all periods presented, as if these policies had always been in effect.

STATEMENT OF FINANCIAL POSITION

	Note	31.12.2021	31.12.2020	01.01.2020*
EQUITY AND LIABILITIES				
Equity				
Share capital	16	145 846 050	89 381 400	55 700 250
Share premium		258 685 135	40 613 686	0
Other equity		21 228 725	81 738 215	86 169 845
Total equity		425 759 910	211 733 301	141 870 095
Liabilities				
Non-current liabilities				
Non-current debt to financial institutions	10	28 383 642	0	91 402 228
Lease liabilities	11	12 911 454	8 451 960	11 410 812
Total non-current liabilities		41 295 096	8 451 960	102 813 040
Current liabilities				
Debt to financial institutions	10	7 358 876	116 206 182	11 874 538
Lease liabilities	11	6 387 304	4 592 042	4 400 826
Trade payables	5	23 832 077	23 665 759	15 388 441
Public duties payable		2 157 090	1 287 185	1 092 926
Other current liabilities	5	3 872 245	3 567 389	4 960 190
Total current liabilities		43 607 592	149 318 556	37 716 921
Total liabilities		84 902 689	157 770 517	140 529 961
Total equity and liablilities		510 662 599	369 503 818	282 400 056

* Subject to certain transition elections and exceptions disclosed in note 4, the Company has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at 1 January 2020 throughout all periods presented, as if these policies had always been in effect.

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Other equity	Total equity
Equity 31.12.2020	89 381 400	40 613 686	81 738 215	211 733 301
Changes in the period				
Profit or loss			-60 953 622	-60 953 622
Other comprehensive income				0
Net proceeds from share issues	56 464 650	218 071 449		274 536 099
Share option expense			444 132	444 132
Dividend				0
Total changes in the period	**56 464 650**	**218 071 449**	**-60 509 490**	**214 026 609**
Equity 31.12.2021	**145 846 050**	**258 685 135**	**21 228 725**	**425 759 910**

	Share capital	Share premium	Other equity	Total equity
Equity 01.01.2020	55 700 250	0	86 169 845	141 870 095
Changes in the period				
Profit or loss			-4 431 629	-4 431 629
Other comprehensive income				0
Net proceeds from share issues	22 181 150	40 613 686		62 794 836
Share increase from debt conversion	11 500 000			11 500 000
Share option expense				0
Dividend				0
Total changes in the period	**33 681 150**	**40 613 686**	**-4 431 629**	**69 863 207**
Equity 31.12.2020	**89 381 400**	**40 613 686**	**81 738 215**	**211 733 301**

CASH FLOW STATEMENT

	Note	2021	2020
Cash flow from operating activities			
Profit/loss before tax		-60 953 622	-4 431 629
Tax paid in the period	13	0	0
Depreciation and amortisation	8, 11	12 420 097	10 655 198
Interest paid	10, 11	6 049 474	5 331 097
Currency translation of cash and cash equivalents		-766 821	0
Change in inventory and biological assets	7	2 943 214	-43 417 383
Change in trade receivables	9	-4 531 590	2 815 838
Change in trade payables		166 318	8 277 318
Change in other accruals		-1 025 613	-1 955 080
Net cash flow from operating activities		-45 698 544	-22 724 641
Cash flow from investing activities			
Payments for property, plant and equipment	8	-31 402 811	-6 466 169
Net cash flow from investing activities		-31 402 811	-6 466 169
Cash flow from financing activities			
Proceeds from issuance of long-term debt	10	3 900 000	11 500 000
Repayment of long-term debt to financial institutions	10	-61 974 683	
Repayment lease liabilities	11	-7 742 833	-4 400 826
Net change in overdraft facilities	10	-22 098 980	12 074 416
Interest paid	10, 11	-6 049 474	-5 331 097
Proceeds from issuance of equity		274 536 099	62 794 836
Net cash flow from financing activities		180 570 129	76 637 329
Net change in cash and cash equivalents in the period		103 468 774	47 446 519
Cash and cash equivalents 01.01		53 106 074	5 659 555
Currency translation of cash and cash equivalents		766 821	0
Cash and cash equivalents 31.12	18	157 341 669	53 106 074

NOTES TO THE FINANCIAL STATEMENT

NOTE 1 | GENERAL INFORMATION

Nordic Halibut AS (the “Company”) is a leading farmer of Atlantic Halibut based in Norway with headquarters in Averøy, Møre and Romsdal, Norway. Production facilities are located at Midsund, Askøy, Averøy and Eide, all in the Western Norway. The Company has a fully integrated and well-developed value chain from genetics to sales and is in progress with a growth plan to expand production volumes considerably. Growth phase 1 will take the Company’s production volumes to 4 500 tonnes HOG halibut within 2026 based on current facilities and expansions in sea phase production. Growth phase 2 is based on a new land-based facility at Tingvoll, Møre and Romsdal that together with expansions in sea phase production will increase volumes to 9 000 tonnes HOG halibut within 2030. Nordic Halibut will create shareholder value by pursuing value accretive organic growth through by increased production.

The Company was listed on Euronext Growth Oslo on 26 April 2021. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and were approved by the Board of Directors on 19 May 2022.

NOTE 2 | ACCOUNTING POLICIES

Basis of preparation

For all periods up to and including the year ended 31 December 2021, the Company has prepared its financial statements in accordance with generally accepted accounting principles in Norway (NGAAP). These financial statements of the Company for the year ended 31 December 2021, will be the first annual financial statements that comply with IFRS as endorsed by the EU. In the financial statements, the term “Norwegian GAAP” or “NGAAP” refers to Norwegian GAAP in use before the adoption of IFRS. Subject to certain transition elections and exceptions, the Company has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position on 1 January 2020 throughout all periods presented, as if these policies had always been in effect. Note 4 discloses the impact of the transition to IFRS on the Company reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's financial statements for the year ended 31 December 2021 prepared under Norwegian GAAP.

Going concern

The annual financial statements for 2021 have been prepared on the assumption that Nordic Halibut is a going concern. This assessment rests on the Company's results and financial position, as well as forecasts for the years ahead, the conditions required for continuation as a going concern are confirmed to exist.

Segment reporting

The Company reports in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the group management. Nordic Halibut farms Atlantic halibut and the Company's operating decision makers identifies the Company's operations as one segment in Atlantic halibut farming.

Leases

The Company leases various offices, warehouses, production equipment and vehicles. Rental contracts are typically made for fixed periods of 6 months to 7 years but may have extension options.

Contracts may contain both lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The Company's financial covenants to financial institutions require the Company to obtain approval to exceed set total and set specific leasing liability limits.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, and
- makes adjustments specific to the lease, e.g., term, country, currency and security.

If a readily observable amortizing loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Company entities use that rate as a starting point to determine the incremental borrowing rate.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received

- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The Company leases smaller office equipment, such as coffee machines with contract terms of 1-3 years. The Company has elected to apply the practical expedient of low-value assets for some of these leases. Leases that have a present value as new of less than USD 5 000, are considered low-value leases. The Company has also applied the practical expedient of short-term leases. Short term is defined as a lease term of 12 months or less at the commencement date. For low-value leases and short-term leases, the Company does not recognize lease liabilities or right-of-use assets. These leases are recognized as operating expenses over the life of the contract.

Extension and termination options are included in a number of property and equipment leases across the Company. These are used to maximize operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

Revenue

Revenue from contracts with customers as defined in IFRS 15 is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods.

The Company's revenue primarily originates from sales of farmed halibut either on spot sales or from contracts. Sales of goods are recognised in the income statement when the Company has delivered its products to the customer and there are no unfulfilled obligations that may affect the customer's acceptance of the delivery. Delivery is not made until the products have been shipped to the agreed place and the risk of loss and control has been transferred to 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.

The sales price is determined upon contract settlement. The price varies according to the quality of the halibut and its size, and the fish is mainly sold Delivery Duty Paid (DDP) to customers delivered by car and Carriage and Insurance Paid (CIP) to customers delivered by airplane. Payment is settled upon delivery. Cash refunds are given to the customer if the sold product is delivered with discrepancies compared to the agreed sales contract, or if the product is damaged. Generally, refunds are not material.

Revenue is shown net of value added tax, returns, rebates and discounts.

Tax

The tax expense in the income statement includes both tax payables for the period and the change in deferred tax. Deferred tax is calculated on the basis of the temporary differences that exist between accounting and tax values, as well as any carry forward loss for tax purposes at the year-end.

Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been eliminated. The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and carry forward losses, is based on estimated future earnings. Deferred tax and tax benefits which may be shown in the balance sheet are presented net.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Property, plant and equipment

Property, plant and equipment are measured at acquisition cost less accumulated depreciation and any impairment. Costs associated with normal maintenance and repairs are expensed as incurred.

Assets include assets intended for long-term ownership and use for the Company and are reflected in the balance sheet and depreciated to residual value over the asset's expected useful life on a straight-line basis. If changes in the depreciation plan occur the effect is distributed over the remaining depreciation period. Direct maintenance of an asset is expensed under operating expenses as and when it is incurred. Additions or improvements are capitalized to the asset's cost price and depreciated together with the asset. The split between maintenance and additions/improvements is calculated in proportion to the asset's condition at the acquisition date.

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.

Asset impairments

Impairment tests are carried out if there is indication that the carrying amount of an asset exceeds the estimated recoverable amount. The test is performed on the lowest level of fixed assets at which independent cashflows can be identified. If the carrying amount is higher than both the fair value less cost to sell and value in use (net present value of future use/ownership), the asset is written down to the highest of fair value less cost to sell and the value in use.

Previous impairment charges are reversed in later periods if the conditions causing the write-down are no longer present.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity. The classification is performed in accordance with the substance of the contractual arrangement, and in line with the definitions of a financial asset, a financial liability and an equity instrument.

Ordinary purchases and sales of investments are recognized on the trade-date, the date on which the Company commits to purchase or sell the asset. All financial assets that are not stated at fair value through profit or loss are initially recognized at fair value plus transaction costs.

Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. The Company has financial assets classified as follows:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through profit or loss

Financial assets measured at amortized cost

The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The Company's financial assets at amortized cost includes trade receivables and other short-term deposit. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15 Revenue from Contracts with Customers.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value, with net changes in fair value recognized in the income statement.

Derivatives are initially recognized at fair value on the date a derivative contract is entered into, and are subsequently stated at fair value on an ongoing basis.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company’s statement of financial position) when:

1 The rights to receive cash flows from the asset have expired, or

2. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement

Receivables

Receivables are recognized in the balance sheet after provision for bad debts. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and other recevables both current and long-term. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Significant financial problems at the customers, the likelihood that the customer will become bankrupt or experience financial restructuring and postponements and insufficient payments, are considered indicators that the account receivables should be written down on an individual basis.

Financial liabilities

Financial liabilities are initially measured at fair value and classified, at initial recognition, at amortized cost (loans and borrowings), or as financial liabilities at fair value through profit or loss.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost. Gains and losses are recognized in profit or loss when the liabilities are derecognized.

Financial liabilities at fair value through profit or loss include financial derivative contracts. Derivatives are initially recognized at fair value on the date a derivative contract is entered into, and are subsequently stated at fair value on an ongoing basis.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the income statement.

Hedging

The Company do not utilize the hedge accounting principles of IFRS 9.

The Company engage in short-term derivative contracts to hedge currency- and interest risk. Such contracts are recognized at fair value through profit or loss and presented as financial income/financial expenses.

Inventory

Inventories are stated at the lower of cost and net realizable value. The net realizable value is the estimated sales price less the estimated costs of completion and sale.

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 sales costs. For fish not ready for harvest (immature fish), cost to completion related to growth and mortality is also deducted.

The model is calculated per unit. The effect of this is that fish that have the same weight and quality are valued similarly. Input to the 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.

Biological assets comprise broodstock fish, eggs, juveniles, 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 6 kg. This corresponds to that fish with live weight of 6 kg, 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 juveniles are measured at cost due to little transformation and as a reasonable proxy of fair value.

Broodstock recruits are measured at accumulated cost (normalized) through development stages from selected juvenile broodstock recruits until the selected group reaches roe producing broodstock stage. The accumulated cost for broodstock recruits is time adjusted for each category to reflect the cost per fish balance throughout the development phases. Producing broodstock fishes are measured at accumulated cost per fish at the time they are considered roe producing with an added margin to reflect value of this fish in a hypothetical market, adjusted for time value and declining value as remaining roe producing periods lessen until ultimately being valued at estimated sales value to consumption.

Transactions with live fish rarely take place, 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 valuation reflects the expected quality grading and size distribution. The valuation is completed for each unit and is based on the biomass in sea for each sea site and the estimated market price in sales market derived from the development in spot market prices. The change in estimated fair value is recognized 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.

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Currency

Items included in the financial statements are presented in the currency of the primary economic environment in which the Company operates. The financial statements are presented in Norwegian kroner (NOK), which is the Company’s functional and presentation currency.

Foreign currency transactions are translated into the functional currency (NOK) using the exchange rates at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognized in profit or loss. Other items in foreign currency are translated into the functional currency (NOK) using the exchange rates at the period-end.

Currency gain and currency loss is recognized in the financial statement as financial items.

Pension

The Company's pension scheme is according to the requirements by law regarding mandatory occupational pension for employees. Pension schemes are defined as contribution plans and financed through payments to an insurance Company.

With contribution plan the Company pays deposits to an insurance Company. The Company has no further liabilities after the deposits have been paid. The deposits are recognized as labour costs. Any prepaid deposits are recognized in the balance sheet as assets (pension funds) to the extent that the deposit can be reimbursed or reduce future payments.

Cash flow

The cash flow statement is prepared in accordance with the indirect method. Cash and cash equivalents comprise cash and bank deposits and other short-term placements. Interest payments are classified as financing activities.

Share option program

The Company has a share-based incentive program. The fair value of the program awarded is recognized as an expense.

The fair value of share options is established when they are awarded and calculating using a Black and Scholes model. The fair value of share options that are not at market terms are valued at the share price in effect when the options are awarded. The probability of the performance criteria being met is considered if assessing how many options will be redeemed. The most important input data when calculating the value of share options are the share price on the date they are awarded, volatility, risk-free interest, expected yield and accrual period.

The value is established when they are awarded and charged in profit and loss over the share option's vesting period, with a corresponding increase in other equity.

NOTE 3 | CRITICAL ESTIMATES AND JUDGMENTS

Preparation of the financial statements in accordance with IFRS requires management to make evaluations, estimates and assumptions which affect the application of accounting principles and the value of assets and liabilities recognized in the balance sheets as well as income and expenses in the income statement for the financial year. Estimates and their underlying assumptions are based on experience and best practice at the time the evaluations are made. These evaluations affect the book value of the assets and liabilities whose valuation is not based on other sources. Estimates are reviewed continuously, and essential assumptions and estimates are further elaborated in the notes of the financial statement.

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 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 broodstock fish, eggs, juveniles, 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 Company measures all deviations in biomass volume compared to estimates when a site is harvested out. Volume deviations are normally minor. Similarly, the quality of the fish can normally be estimated with a relatively high degree of accuracy. The size distribution shows a low degree of variation and normally not to an extent that significantly changes the estimated value of the biomass.

For the estimation of future costs, there is uncertainty with regard to feed prices, other input costs and biological development. The Company measures cost deviations vs. budget as part of the follow up of each unit. The estimation of costs influences the biomass value through the recognized fair value adjustment in the statements of comprehensive income and financial position.

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 periods and eventual contracts most recently entered. Assumed market prices rest on a long-term price level with low degree of fluctuation.

The Company measures broodstock fish at accumulated cost per fish at the time they are considered roe producing with an added margin to reflect value of this fish in a hypothetical market. The accumulated cost and margin factor is set to reflect the replacement cost of these broodstock fishes and an hypothetical market price for these fishes. Accumulated cost at the time the broodstock fish has reach roe producing ability reflects the minimum of which the fish could have been sold in a hypothetical market. If the Company were to sell some if it's broodstock fishes it would have required a margin to reflect the biological and genetical development reached in this phase and to retain value for the competitive advantage sold. The added margin to accumulated cost per fish is set on discretionary assessments by the Company's management on hypothetical terms.

Impairment testing

The Company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions.

NOTE 4 | IMPACT OF TRANSITION TO IFRS

This note discloses the impact of the transition to IFRS on the Company reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's financial statements for the year ended 31 December 2021 prepared under Norwegian GAAP.

For all periods up to and including the year ended 31 December 2021, the Company has prepared its financial statements in accordance with generally accepted accounting principles in Norway (NGAAP). These financial statements of the Company for the year ended 31 December 2021, will be the first annual financial statements that comply with IFRS as endorsed by the EU. In the financial statements, the term “Norwegian GAAP” or “NGAAP” refers to Norwegian GAAP in use before the adoption of IFRS. Subject to certain transition elections and exceptions, the Company has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at 1 January 2020 throughout all periods presented, as if these policies had always been in effect.

INCOME STATEMENT

	Note	2021 NGAAP	2020 NGAAP	2021 IFRS difference	2020 IFRS difference	2021 IFRS	2020 IFRS
Revenue		71 198 515	34 669 402	0	0	71 198 515	34 669 402
Other income		95 793	182 197	0	0	95 793	182 197
Total operating revenue		71 294 308	34 851 599	0	0	71 294 308	34 851 599
Cost of materials		-58 370 791	-34 309 709	8 743 850	3 603 707	-49 626 941	-30 706 002
Fair value adjustment / Change in inventory and biological assets	A	9 607 651	29 474 709	-12 608 301	13 588 576	-3 000 650	43 063 285
Salaries and personell expenses		-23 772 215	-23 559 733	0	0	-23 772 215	-23 559 733
Depreciation and amortisation	B	-15 719 357	-12 600 945	3 299 260	1 945 747	-12 420 097	-10 655 198
Other operating expenses	B, D	-28 880 707	-11 360 985	-8 319 287	-2 428 229	-37 199 994	-13 789 214
Operating profit/loss (EBIT)		-45 841 111	-17 505 064	-8 884 478	16 709 801	-54 725 589	-795 263
Financial income		2 398 260	2 693 763	0	0	2 398 260	2 693 763
Financial expenses	B	-8 728 308	-6 450 996	102 014	120 867	-8 626 294	-6 330 129
Net financial items		-6 330 048	-3 757 233	102 014	120 867	-6 228 034	-3 636 366
Profit/loss before tax		-52 171 159	-21 262 297	-8 782 463	16 830 668	-60 953 622	-4 431 629
Income tax expense		0	0	0	0	0	0
Profit/loss for the year		-52 171 159	-21 262 297	-8 782 463	16 830 668	-60 953 622	-4 431 629

STATEMENT OF FINANCIAL POSITION

ASSETS	Note	31.12.2021 NGAAP	31.12.2020 NGAAP	01.01.2020* NGAAP	31.12.2021 IFRS difference	31.12.2020 IFRS difference	01.01.2020* IFRS difference	31.12.2021 IFRS	31.12.2020 IFRS	01.01.2020* IFRS
Non-current assets										
Licenses, patents and other		0	21 888	43 776	0	0	0	0	21 888	43 776
Property, plant and equipment	B	150 901 240	119 679 906	123 623 398	-36 561 928	-29 036 250	-32 295 265	114 339 312	90 643 656	91 328 133
Right-to-use assets	B				29 380 612	20 247 088	21 509 537	29 380 612	20 247 088	21 509 537
Non-currents biological assets	A				56 642 912	58 582 463	48 412 323	56 642 912	58 582 463	48 412 323
Total non-current assets		150 901 240	119 701 794	123 667 174	49 461 595	49 793 301	37 626 595	200 362 835	169 495 095	161 293 769
Current assets										
Biological assets	A	178 214 864	168 607 213	139 132 504	-48 052 844	-37 384 095	-40 802 530	130 162 020	131 223 118	98 329 973
Other inventory		1 843 962	1 786 526	1 432 427	0	0	0	1 843 962	1 786 526	1 432 427
Total inventory		180 058 826	170 393 739	140 564 931	-48 052 844	-37 384 095	-40 802 530	132 005 982	133 009 644	99 762 401
Receivables										
Accounts receivable	D	11 458 597	6 410 015	9 748 659	-119 116	-20 433	-89 701	11 339 481	6 389 582	9 658 958
Other short-term receivables		9 612 632	7 503 423	6 025 373	0	0	0	9 612 632	7 503 423	6 025 373
Total receivables		21 071 229	13 913 438	15 774 032	-119 116	-20 433	-89 701	20 952 113	13 893 005	15 684 331
Cash and cash equivalents		157 341 669	53 106 074	5 659 555	0	0	0	157 341 669	53 106 074	5 659 555
Total current assets		358 471 724	237 413 251	161 998 518	-48 171 960	-37 404 528	-40 892 231	310 299 764	200 008 723	121 106 287
Total assets		509 372 964	357 115 045	285 665 692	1 289 635	12 388 773	-3 265 636	510 662 599	369 503 818	282 400 056

STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES	Note	31.12.2021 NGAAP	31.12.2020 NGAAP	01.01.2020* NGAAP	31.12.2021 IFRS difference	31.12.2020 IFRS difference	01.01.2020* IFRS difference	31.12.2021 IFRS	31.12.2020 IFRS	01.01.2020* IFRS
Equity										
Share capital		145 846 050	89 381 400	55 700 250	0	0	0	145 846 050	89 381 400	55 700 250
Share premium		258 685 135	40 613 686	0	0	0	0	258 685 135	40 613 686	0
Other equity		17 830 676	69 557 703	90 820 000	3 398 049	12 180 512	-4 650 156	21 228 725	81 738 215	86 169 844
Total equity		422 361 861	199 552 789	146 520 250	3 398 049	12 180 512	-4 650 156	425 759 910	211 733 301	141 870 094
Liabilities										
Non-current liabilities										
Non-current debt to financial institutions	C	33 327 545	91 402 228	91 402 228	-4 943 903	-91 402 228		28 383 642		91 402 228
Other long-term debt		23 722 110	15 440 679	16 177 056	-23 722 110	-15 440 679	-16 177 056			
Lease liabilities	B				12 911 454	8 451 960	11 410 812	12 911 454	8 451 960	11 410 812
Total non-current liabilities		57 049 655	106 842 907	107 579 284	-15 754 559	-98 390 947	-4 766 244	41 295 096	8 451 960	102 813 040
Current liabilities										
Debt to financial institutions	C	100 036	22 199 016	10 124 600	7 258 840	94 007 166	1 749 938	7 358 876	116 206 182	11 874 538
Lease liabilities	B				6 387 304	4 592 042	4 400 826	6 387 304	4 592 042	4 400 826
Trade payables		23 832 077	23 665 759	15 388 441	0	0	0	23 832 077	23 665 759	15 388 441
Public duties payable		2 157 090	1 287 185	1 092 926	0	0	0	2 157 090	1 287 185	1 092 926
Other current liabilities		3 872 245	3 567 389	4 960 190	0	0	0	3 872 245	3 567 389	4 960 190
Total current liabilities		29 961 449	50 719 349	31 566 157	13 646 144	98 599 207	6 150 764	43 607 592	149 318 556	37 716 921
Total liabilities		87 011 104	157 562 256	139 145 441	-2 108 415	208 261	1 384 520	84 902 689	157 770 517	140 529 961
Total equity and liablilities		509 372 964	357 115 045	285 665 692	1 289 634	12 388 772	-3 265 636	510 662 599	369 503 818	282 400 056

CASH FLOW STATEMENT

	Note	2021 NGAAP	2020 NGAAP	2021 IFRS difference	2020 IFRS difference	2021 IFRS	2020 IFRS
Cash flow from operating activities							
Profit/loss before tax		-52 171 159	-21 262 297	-8 782 463	16 830 668	-60 953 622	-4 431 629
Tax paid in the period		0	0	0	0	0	0
Depreciation and amortisation	B	15 719 357	12 600 945	-3 299 260	-1 945 747	12 420 097	10 655 198
Interest paid		6 049 474	5 331 097	0	0	6 049 474	5 331 097
Currency translation of cash and cash equivalents		-766 821	0	0	0	-766 821	0
Change in inventory and biological assets	A	-9 665 087	-29 828 808	12 608 301	-13 588 575	2 943 214	-43 417 383
Change in trade receivables	D	-5 048 582	3 338 644	516 992	-522 806	-4 531 590	2 815 838
Change in trade payables		166 318	8 277 318	0	0	166 318	8 277 318
Change in other accruals		-859 455	-1 841 589	-166 158	-113 491	-1 025 613	-1 955 080
Net cash flow from operating activities		-46 575 955	-23 384 690	877 411	660 049	-45 698 544	-22 724 641
Cash flow from investing activities							
Payments for property, plant and equipment		-31 402 811	-6 466 169	0	0	-31 402 811	-6 466 169
Net cash flow from investing activities		-31 402 811	-6 466 169	0	0	-31 402 811	-6 466 169
Cash flow from financing activities							
Proceeds from issuance of long-term debt		3 900 000	11 500 000	0	0	3 900 000	11 500 000
Repayment of long-term debt to financial institutions	B	-68 840 105	-3 740 777	6 865 422	3 740 777	-61 974 683	0
Repayment lease liabilities	B			-7 742 833	-4 400 826	-7 742 833	-4 400 826
Net change in overdraft facilities		-22 098 980	12 074 416	0	0	-22 098 980	12 074 416
Interest paid		-6 049 474	-5 331 097	0	0	-6 049 474	-5 331 097
Proceeds from issuance of equity		274 536 099	62 794 836	0	0	274 536 099	62 794 836
Net cash flow from financing activities		181 447 540	77 297 378	-877 411	-660 049	180 570 129	76 637 329
Net change in cash and cash equivalents in the period		103 468 774	47 446 519	0	0	103 468 774	47 446 519
Cash and cash equivalents 01.01		53 106 074	5 659 555	0	0	53 106 074	5 659 555
Currency translation of cash and cash equivalents		766 821		0	0	766 821	0
Cash and cash equivalents 31.12		157 341 669	53 106 074	0	0	157 341 669	53 106 074

Notes to statement on impact of transition to IFRS

A | Biological assets

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. All fish at sea are subject to a fair value calculation, while juveniles are measured at cost due to little transformation and as a reasonable proxy of fair value.

Biological assets are split in current and non-current assets with juveniles and broodstock classified as non-current assets as these assets are not part of the operating cycle or tradable under current period.

Broodstock recruits are measured at accumulated cost (normalized) through development stages from selected juvenile broodstock recruits until the selected group reaches roe producing broodstock stage. Producing broodstock fishes are measured at accumulated cost per fish at the time they are considered roe producing with an added margin to reflect value of this fish in a hypothetical market, adjusted for time value and declining value as remaining roe producing periods lessen until ultimately being valued at estimated sales value to consumption.

Under NGAAP biological assets were measured at lower of cost and net realizable value. In practice the value was net realizable value due to the cost being too high in the build-up phase of the company. The net realizable value also estimates future sales price and volumes but had a slightly different approach to cost to complete and risk adjustment. The model was not dynamic enough to fulfil the IFRS 13 requirement for FVLCS and was therefore improved. However, the total value for mature fish was not very material.

To cover IAS 41 and IFRS 13 the Company has developed models to measure fish at sea to fair value less cost to sell, juveniles to cost due to little transformation and as a reasonable proxy of fair value and broodstock to cost with an added margin for roe producing broodstock fish to measure a fair value of this fish in a hypothetical market.

B | Leases

IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases – lease liabilities and right-of-use are recognized in the balance sheets. When first-time adopting lease liabilities and right-of-use assets as a lease, the Company applied an approach according to IFRS 1 D9B a and b ii).

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset’s useful life.

C | Liabilities

According to IFRS liabilities to debt institutions are categorized as current liabilities if waiver for breached financial covenants is accepted after balance sheet date. As of 31.12.2020, the Company was in breach with financial covenants regarding revenue and EBITDA as a result of covid-19 implications on activity and sales. The breached covenants were waived by debt institutions in February 2021 and applicable liabilities are therefore placed as current liabilities at balance sheet date 31.12.2020.

Leasing liabilities was recorded under debt to financial institutions, this is with IFRS registered as specific liability. Other long-term debt is split in non-current and current based on due payments within 12 months.

Under NGAAP these liabilities were placed as non-current liabilities as waivers were granted before report date.

D | Trade receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been companied based on shared credit risk characteristics and the days past due. The measurement of expected credit loss is based on credit risk characteristics accounted for with a loss per receivables maturity.

NGAAP measured expected credit loss based on individual assessments and was not object for any measured expectancy throughout the receivable's lifetime.

NOTE 5 | FINANCIAL RISK MANAGEMENT

Through its activities, the Company is exposed to various kinds of financial risk: market risk, credit risk and liquidity risk. The Company's management oversees the management of these risks and draws up guidelines for dealing with them in accordance with guidelines set by the Board of Directors.

Nordic Halibut's financial risk is mainly related to market prices, costs related to production, currency, interest rates and liquidity.

Capital management

The Company aims to ensure sufficient access to capital to enable the business to develop in accordance with adopted strategies. Historically, the industry has always been vulnerable to price fluctuations in the market and biological risks. For this reason, accounting results may fluctuate considerably from year to year. Consequently, the Company also strives to ensure that the business maintains an appropriate level of disposable liquidity.

The Company has not established any clear dividend policy to date as the Company currently is in a scale-up process and – most likely – will not be in a position to pay dividends in the near future. Future dividends will be dependent on among other things a substantial increase in revenues and positive cash flow from operation.

In deciding whether to propose a dividend and in determining the dividend amount, the Board of Directors will take into account legal restrictions, as well as capital expenditure plans, financing requirements and maintaining the appropriate strategic flexibility.

Market risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities. This risk is particularly relevant with respect to USD, EUR and GBP.

31.12.2021	**NOK**	**USD**	**GBP**	**EUR**	**Other**	**Total**
Trade receivables	2 096 000	6 070 258	3 231 195	86 958	0	**11 484 411**
Trade payables	23 772 336	54 298	0	0	5 443	**23 832 077**

31.12.2020	**NOK**	**USD**	**GBP**	**EUR**	**Other**	**Total**
Trade receivables	2 024 332	3 016 469	1 878 318	33 702	0	**6 952 821**
Trade payables	23 659 908	0	0	0	5 851	**23 665 759**

01.01.2020	**NOK**	**USD**	**GBP**	**EUR**	**Other**	**Total**
Trade receivables	3 223 600	5 371 454	1 055 450	118 155	0	**9 768 659**
Trade payables	15 384 338	0	0	0	4 103	**15 388 441**

31.12.2021	**NOK**	**USD**	**GBP**	**EUR**	**Other**	**Total**
Cash and cash equivalents	148 336 019	4 628 626	2 683 078	1 693 946	0	**157 341 669**
Interest-bearing liabilities	55 041 277	0	0	0	0	**55 041 277**
Net interest-bearing liabilities	**-93 294 742**	**-4 628 626**	**-2 683 078**	**-1 693 946**	**0**	**-102 300 392**

31.12.2020	**NOK**	**USD**	**GBP**	**EUR**	**Other**	**Total**
Cash and cash equivalents	51 273 975	1 054 778	607 368	169 954	0	**53 106 074**
Interest-bearing liabilities	129 250 184	0	0	0	0	**129 250 184**
Net interest-bearing liabilities	**77 976 209**	**-1 054 778**	**-607 368**	**-169 954**	**0**	**76 144 110**

01.01.2020	**NOK**	**USD**	**GBP**	**EUR**	**Other**	**Total**
Cash and cash equivalents	701 427	4 524 077	347 062	86 988	0	**5 659 555**
Interest-bearing liabilities	119 088 404	0	0	0	0	**119 088 404**
Net interest-bearing liabilities	**118 386 976**	**-4 524 077**	**-347 062**	**-86 988**	**0**	**113 428 849**

Sensitivity analysis

31.12.2021	10 % change in FX-rate	USD	GBP	EUR
Assets	+/-	462 863	268 308	169 395
Liabilities	+/-			
Net interest-bearing liabilities	**+/-**	**-462 863**	**-268 308**	**-169 395**

31.12.2020	10 % change in FX-rate	USD	GBP	EUR
Assets	+/-	105 478	60 737	16 995
Liabilities	+/-			
Net interest-bearing liabilities	**+/-**	**-105 478**	**-60 737**	**-16 995**

01.01.2020	10 % change in FX-rate	USD	GBP	EUR
Assets	+/-	452 408	34 706	8 699
Liabilities	+/-			
Net interest-bearing liabilities	**+/-**	**-452 408**	**-34 706**	**-8 699**

The foreign exchange risk associated with revenues in foreign currencies is partly hedged through the use of forward contracts and currency accounts.

Forward currency contracts with changes in value through profit or loss in the income statement as financial items

Currency	Amount currency	Type	Weighted hedging rate	Market rate	Maturity interval	Market value 31.12.2021
USDNOK	800 000	Sold	8,82	9,98	14.01.2022 - 15.02.2022	930 497
USDNOK	400 000	Bought	8,82	9,04	14.01.2022 - 15.02.2022	89 265
Total						**841 232**

Currency	Amount currency	Type	Weighted hedging rate	Market rate	Maturity interval	Market value 31.12.2020
USDNOK	1 800 000	Sold	9,50	8,53	01.01.2021 - 28.02.2022	1 732 983
Total						**1 732 983**

Currency	Amount currency	Type	Weighted hedging rate	Market rate	Maturity interval	Market value 31.12.2019
USDNOK	1 500 000	Sold	8,33	8,78	01.02.2020 - 28.02.2021	678 668
Total						**678 668**

Fair value of the currency forward contracts is calculated and constitutes the discounted difference between the agreed future rate and the future currency rate 31 Dec for a future contract with equivalent terms.

The Company does not apply hedge accounting and changes in the fair value of forward exchange contracts are recorded as foreign exchange gains / losses in the income statement as financial items.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The risk is partly reduced by the opposite effect on cash equivalents which floating interest.

Interest rate risk sensitivity

	Change in interest rate points	**2021**	**2020**
Effect on profit/loss before income tax	+/- 1%	1 870 572	1 308 443

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities, primarily from trade receivables. The Company's policy is to credit insure material trade receivables, and losses due to bad debts have historically been low. The Company has guidelines to ensure that sales are made only to customers that have not previously had material payment problems, and where outstanding balances do not exceed fixed credit limits. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses.

Trade receivables maturity profile presented in note 9.

Credit risk relating to the Company's cash holding is considered low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. Cash flow forecasts are prepared on a regular basis. The Company's objective is to have sufficient cash, cash equivalents or medium-term credit facilities to meet its borrowing requirements in the short term.

The financial position of Nordic Halibut was significantly improved during 2021 through capital raises and new financing structure. The Company raised 274.5 mNOK in two separate private placements during 2021, which fully finances the Company's growth plan towards 9 000 tonnes HOG halibut within 2030 depending on certain assumptions regarding new debt financing and grants.

Nordic Halibut also signed a NOK 100 million overdraft facility agreement with Sparebank 1 SR-Bank at attractive terms during 2021. Consequently, the previous long term debt facility and overdraft facility was repaid in full in December 2021.

The new overdraft facility has strengthened the Company's free liquidity and will be used to finance the planned growth in biomass. The facility also includes uncommitted options that will be released in tranches aligned with the planned growth in biomass.

The following table shows a breakdown of the Company's non-derivative financial liabilities, classified by maturity structure. The amounts in the table are undiscounted contractual cash flows:

31.12.2021	**< 1 year**	**2 years**	**3 years**	**4 years**	**> 5 years**	**Total**
Interest bearing debt	7 358 876	4 943 902	4 943 902	4 943 902	35 742 519	**57 933 102**
Lease liabilities	6 518 043	4 699 415	3 226 295	2 730 117	3 831 306	**21 005 175**
Trade payables	23 832 077	0	0	0	0	**23 832 077**

31.12.2020	**< 1 year**	**2 years**	**3 years**	**4 years**	**> 5 years**	**Total**
Interest bearing debt	116 206 182	0	0	0	0	**116 206 182**
Lease liabilities	4 693 681	4 412 013	2 591 992	1 209 506	1 069 721	**13 976 913**
Trade payables	23 665 759	0	0	0	0	**23 665 759**

01.01.2020	**< 1 year**	**2 years**	**3 years**	**4 years**	**> 5 years**	**Total**
Interest bearing debt	11 874 538	0	66 138 585	4 163 902	103 276 766	**185 453 791**
Lease liabilities	4 054 556	3 811 241	2 381 991	1 891 984	3 857 607	**15 997 379**
Trade payables	15 388 441	0	0	0	0	**15 388 441**

NOTE 6 | OPERATING REVENUES

Revenue from contracts with customers as defined in IFRS 15 is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods.

The Company's revenue primarily originates from sales of farmed halibut either on spot sales or from contracts. Sales of goods are recognised in the income statement when the Company has delivered its products to the customer and there are no unfulfilled obligations that may affect the customer's acceptance of the delivery. Delivery is not made until the products have been shipped to the agreed place and the risk of loss and control has been transferred to 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.

The sales price is determined upon contract settlement. The price varies according to the quality of the halibut and its size, and the fish is mainly sold Delivery Duty Paid (DDP) to customers delivered by car and Carriage and Insurance Paid (CIP) to customers delivered by airplane. Payment is settled upon delivery. Cash refunds are given to the customer if the sold product is delivered with discrepancies compared to the agreed sales contract, or if the product is damaged. Generally, refunds are not material.

Revenue is shown net of value added tax, returns, rebates and discounts.

Operating revenues	2021	2020
Revenue from sale of halibut	71 198 515	34 669 402
Other income	95 793	182 197
Total	71 294 308	34 851 599

Specification of the Company's revenues by geographic market	2021	2020
Norway	16 098 714	11 296 810
USA	32 346 414	9 124 084
UK	20 040 068	11 029 018
Other markets	2 809 112	3 401 687
Total	71 294 308	34 851 599

NOTE 7 | BIOLOGICAL ASSETS AND INVENTORY

Biological assets comprise broodstock fish, eggs, juveniles, 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 6 kg. This corresponds to that fish with live weight of 6 kg, 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 juveniles are measured at cost due to little transformation and as a reasonable proxy of fair value.

Broodstock recruits are measured at accumulated cost (normalized) through development stages from selected juvenile broodstock recruits until the selected group reaches roe producing broodstock stage. The accumulated cost for broodstock recruits is time adjusted for each category to reflect the cost per fish balance throughout the development phases. Producing broodstock fishes are measured at accumulated cost per fish (normalized) at the time they are considered roe producing with an added margin to reflect value of this fish in a hypothetical market, adjusted for time value and declining value as remaining roe producing periods lessen until ultimately being valued at estimated sales value to consumption.

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.

Biomass volume: The biomass volume is in itself an estimate based on the number of juveniles 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.

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 die.

The quality of the biomass: The quality of the biomass can be difficult to assess prior to harvesting. The quality of harvested fish has been good in 2021 and 2020. For the Company, 99,7% and 99,6% of the fish were graded as Superior quality in 2021 and 2020, respectively. Downgraded fish are sold as ordinary grade on spot market.

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 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 size distribution based on historical data is applied.

Market price: The market price assumption is important for the valuation and changes in the market price will result in changes in the valuation. The methodology used for establishing the market price is explained in Note 2.

Cost: For the estimation of future costs, there is uncertainty regarding feed prices, other input costs and biological development. The Company measures cost deviations vs. budget as part of the follow up of units. Although individual sites might show deviations, the estimation is based on what a rational third-party would use as a basis for farming the fish to optimal harvest weight. 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 fair value of the biological assets at sea is calculated using a 2% monthly discounting of the cash flow based on the month in which the fish reaches optimal harvest weight. The discount factor is intended to reflect three main components:

1. Risk of incidents that affect cash flow
2. Hypothetical site rental cost
3. Time value of money

The discount factor is set on the basis of an average for all the Company's sites, which, in the Company's assessment, provides a sensible growth curve for the fish – from juvenile to harvestable size.

The risk adjustment must take into account the biological risks of farming, including the average time in sea for the fish. The number of months left until harvesting will affect the risk. Biological risk, the risk of increased costs and price risk will be the most important elements to be recognized.

Carrying amount of inventory

	31.12.2021	31.12.2020	01.01.2020
Fish feed	1 843 962	1 786 526	1 786 526
Biological assets	186 804 932	189 805 581	146 742 296
Total value of biological assets and inventory	**188 648 894**	**191 592 107**	**148 528 822**

Book value of biological assets

	31.12.2021	31.12.2020	01.01.2020
Biological assets held at sea farms at cost	151 425 436	164 266 787	141 448 632
Fair value adjustment of biological assets	-21 263 416	-33 043 669	-43 118 659
Total biological assets held at sea farms at fair value	**130 162 020**	**131 223 118**	**98 329 973**
Biological assets at land at cost	48 111 653	51 459 037	43 629 820
Fair value adjustment of biological assets at land	8 531 259	7 123 426	4 782 503
Total biological assets held at land at fair value	**56 642 912**	**58 582 463**	**48 412 323**
Total biological assets	**186 804 932**	**189 805 581**	**146 742 296**

Change in biological assets held at sea

	Tonnes		Carrying amount	
	2021	2020	2021	2020
Biological assets at 1 January	**1 211 238**	**964 633**	**131 223 118**	**98 329 973**
Increase due to production	713 653	662 077	53 187 829	55 118 315
Decrease due to sales	-636 521	-342 997	-61 594 407	-25 669 231
Decrease due to mortality	-47 902	-72 475	-4 434 773	-6 630 929
Fair value adjustment at 01.01			-33 043 669	-43 118 659
Fair value adjustment at 31.12			-21 263 416	-33 043 669
Biological assets at 31 December	**1 240 467**	**1 211 238**	**130 162 020**	**131 223 118**

Biological assets held at sea 31.12.2021	Biomass	Cost	Fair value adjustments	Carrying amount
< 2 kg	343 755	62 353 358	-17 562 397	44 790 961
2 - 4 kg	334 670	36 031 647	-5 047 885	30 983 762
> 4 kg	562 042	53 040 431	1 346 865	54 387 297
Biological assets held at sea farms	**1 240 467**	**151 425 436**	**-21 263 416**	**130 162 020**
Other biological assets	28 569	48 111 653	8 531 259	56 642 912
Biological assets	**1 269 036**	**199 537 089**	**-12 732 157**	**186 804 932**

Biological assets held at sea 31.12.2020	Biomass	Cost	Fair value adjustments	Carrying amount
< 2 kg	309 728	76 733 572	-15 537 480	61 196 092
2 - 4 kg	153 702	16 520 886	-2 458 346	14 062 540
> 4 kg	747 808	71 012 329	-15 047 843	55 964 486
Biological assets held at sea farms	**1 211 238**	**164 266 787**	**-33 043 669**	**131 223 118**
Other biological assets	38 594	51 459 037	7 123 426	58 582 463
Biological assets	**1 249 832**	**215 725 824**	**-25 920 243**	**189 805 581**

Biological assets held at sea 01.01.2020	Biomass	Cost	Fair value adjustments	Carrying amount
< 2 kg	191 562	51 615 298	-28 414 420	23 200 878
2 - 4 kg	376 641	47 652 191	-11 603 206	36 048 986
> 4 kg	396 429	42 181 143	-3 101 033	39 080 110
Biological assets held at sea farms	**964 633**	**141 448 632**	**-43 118 659**	**98 329 973**
Other biological assets	53 786	43 629 820	4 782 503	48 412 323
Biological assets	**1 018 419**	**185 078 452**	**-38 336 156**	**146 742 296**

Sensitivity

The change in the estimated fair value of biological assets has been calculated by changing individual parameters in the calculation. The effect on the carrying amount of biological assets is summarised below:

31.12.2021	Increase	Effect on estimates fair value	Decrease	Effect on estimates fair value
Change in prices	+ 5 NOK/kg	11 149 089	- 5 NOK / kg	-11 149 089
Change in discount factor	+ 1%	-23 319 633	-1 %	34 241 926
Change in harvest date	1 month earlier	3 221 705	1 month later	-3 079 373
Change in expected harvest volume	+ 1%	752 337	-1 %	-752 337

31.12.2020	Increase	Effect on estimates fair value	Decrease	Effect on estimates fair value
Change in prices	+ 5 NOK/kg	10 015 212	- 5 NOK / kg	-10 015 212
Change in discount factor	+ 1%	-26 430 110	-1 %	35 396 459
Change in harvest date	1 month earlier	3 114 696	1 month later	-3 018 469
Change in expected harvest volume	+ 1%	743 059	-1 %	-743 059

01.01.2020	Increase	Effect on estimates fair value	Decrease	Effect on estimates fair value
Change in prices	+ 5 NOK/kg	8 433 480	- 5 NOK / kg	-8 433 480
Change in discount factor	+ 1%	-18 969 650	-1 %	26 447 135
Change in harvest date	1 month earlier	2 420 200	1 month later	-2 365 755
Change in expected harvest volume	+ 1%	405 892	-1 %	-405 892

NOTE 8 | PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at acquisition cost less accumulated depreciation and any impairment. Costs associated with normal maintenance and repairs are expensed as incurred.

Assets include assets intended for long-term ownership and use for the Company and are reflected in the balance sheet and depreciated to residual value over the asset's expected useful life on a straight-line basis. If changes in the depreciation plan occur the effect is distributed over the remaining depreciation period. Direct maintenance of an asset is expensed under operating expenses as and when it is incurred. Additions or improvements are capitalized to the asset's cost price and depreciated together with the asset. The split between maintenance and additions/improvements is calculated in proportion to the asset's condition at the acquisition date.

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.

	Land and buildings	**Licences, patents**	**Production facilities**	**Vessels**	**Other operating assets**	**Total**
Acquisition cost 01.01.2021	1 792 000	109 440	101 676 084	5 264 613	44 341 544	**153 183 681**
Additions			18 269 413	0	11 821 926	**30 091 339**
Disposals						**0**
Acquisition cost 31.12.2021	1 792 000	109 440	119 945 497	5 264 613	56 163 470	**183 275 020**
Accumulated depreciation 31.12.2021	0	109 440	36 109 191	4 628 543	28 088 533	**68 935 707**
Book value 31.12.2021	**1 792 000**	**0**	**83 836 306**	**636 070**	**28 074 937**	**114 339 312**
Year's depreciation	0	21 888	4 343 516	1 266 962	2 598 535	**8 230 901**
Economic life		5 years	3 - 50 years	5 - 25 years	5 - 20 years	
Depreciation plan		Straight-line	Straight-line	Straight-line	Straight-line	

	Land and buildings	Licences, patents	Production facilities	Vessels	Other operating assets	Total
Acquisition cost 01.01.2020	1 742 000	109 440	95 872 386	5 166 546	43 807 143	**146 697 515**
Additions	50 000	0	5 803 698	98 067	534 401	**6 486 166**
Disposals	0	0	0	0	0	**0**
Acquisition cost 31.12.2020	1 792 000	109 440	101 676 084	5 264 613	44 341 544	**153 183 681**
Accumulated depreciation 31.12.2020	0	87 552	31 765 861	4 020 350	26 666 262	**62 540 025**
Book value 31.12.2020	**1 792 000**	**21 888**	**69 910 223**	**1 244 263**	**17 675 282**	**90 643 656**
Year's depreciation	0	21 888	3 862 793	836 780	2 479 901	**7 201 362**
Economic life		5 years	3 - 50 years	5 - 25 years	5 - 20 years	
Depreciation plan		Straight-line	Straight-line	Straight-line	Straight-line	

NOTE 9 | RECEIVABLES

Receivables are recognized in the balance sheet after provision for bad debts. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been companied based on shared credit risk characteristics and the days past due.

Significant financial problems at the customers, the likelihood that the customer will become bankrupt or experience financial restructuring and postponements and insufficient payments, are considered indicators that the account receivables should be written down on an individual basis.

Other receivables, both current and long term, are recognized at the lower of nominal and net realizable value. Net realizable value is the present value of estimated future payments. When the effect of a write down is insignificant for accounting purposes this is, however, not carried out. Provisions for bad debts are valued the same way as for the account receivables.

Accounts receivable	**31.12.2021**	**31.12.2020**	**01.01.2020**
Trade receivables at face value	11 484 411	6 952 821	9 768 659
Provisions for losses on trade receivables	-144 930	-563 239	-109 701
Total accounts receivables	**11 339 481**	**6 389 582**	**9 658 958**

Other receivables	**31.12.2021**	**31.12.2020**	**01.01.2020**
VAT receivables	5 244 829	2 431 018	2 007 969
Earned grants	1 355 826	2 231 260	2 193 937
Accrual items	3 011 977	2 841 145	1 823 467
Total other receivables	**9 612 632**	**7 503 423**	**6 025 373**

Book value of fixed assets pledged as security for debt	**31.12.2021**	**31.12.2020**	**01.01.2020**
Property, plant and equipment	114 339 312	90 643 656	91 328 133
Receivables	20 952 113	13 893 005	15 684 331
Inventory and biological assets	188 648 894	191 592 107	148 174 724
Total	**323 940 319**	**296 128 768**	**255 187 188**

Trade receivables maturity profile

	Not due	**0 - 29 days**	**30 - 89 days**	**90 + days**	**Total**
31.12.2021	9 198 263	2 260 816		25 332	**11 484 411**
31.12.2020	4 877 739	1 514 860	456 361	103 861	**6 952 821**
01.01.2020	8 765 732	986 969	15 958		**9 768 659**

Provisions for losses on trade receivables

	Not due	**0 - 29 days**	**30 - 89 days**	**90 + days**	**Total**
31.12.2021	94 647	45 216		5 067	**144 930**
31.12.2020	50 351	30 297	451 819	30 772	**563 239**
01.01.2020	89 163	19 739	799		**109 701**

NOTE 10 | BORROWINGS

Nordic Halibut signed a NOK 100 million overdraft facility agreement with Sparebank 1 SR-Bank during 2021. As a consequence, the previous long term debt facility and overdraft facility was repaid in full. The new overdraft facility has strengthened the Company's free liquidity and will be used to finance the planned growth in biomass. The facility also includes uncommitted options that will be released in tranches aligned with the planned growth in biomass.

The principal financial covenant of the facility is a minimum equity ratio of 30%. As of 31 December 2021, the Company had an equity ratio of 83% (2020: 57%). The second financial covenant to the overdraft facility is that utilized overdraft facility is limited to 65% of book value of biological assets, inventory and trade receivables.

The overdraft facility's interest rate is 3M NIBOR plus a margin set per interest period according to a margin ratchet. The 3M NIBOR and the margin are set per interest period. The facility's interest rate is 3M NIBOR plus a margin of 2,75 percentage points.

The Company has debt financing with Innovasjon Norge. Remaining liabilities to Innovasjon Norge 31 Dec 2021 consist of five low-risk loans amounting to NOK 33 327 545 in total on floating interest rate conditions. The average weighted interest rate for liabilities to Innovasjon Norge was 3,36% in 2021 (2020: 3,95%). In 2019, the Company was granted grace period until 31 Dec 2021 with term of loan agreements extended accordingly.

The debt facility with Innovasjon Norge has a covenant connected to total leasing debt. This covenant was waived by the credit institution during 2021, enabling the Company to establish a lease framework for investments in new sea site locations. The Company was in compliance with all other loan covenants with Innovasjon Norge at year end.

Nordic Halibut was in compliance with its financial covenants as of 31 December 2021. At balance sheet date 31.12.2020 the Company was in breach with some of its financial covenants, mainly as a result of market complications during covid-19. The covenants were waived by all applicable financial institutions in February 2021 and was subsequently categorized as current liabilities at balance sheet date 31.12.2020. Due to the challenges caused by covid-19, the Company applied for, and was granted, a government-guaranteed credit under covid-19 package of measures of NOK 13 500 000. This facility was repaid in total during November 2021.

As a result of the Company's situation during 2018 and 2019 with challenges connected to liquidity, the Company was granted grace period from all applicable financial institution from 2020 until 31.12.2021. The grace period was granted with an agreement to renegotiate terms by year-end 2021

The fair value of borrowings is not materially different from their carrying amounts since the interest payable on the borrowings is either close the current market rates or the borrowings are of short-term nature. Next year's instalments on bank loans and lease agreements are classified as current liabilities in the balance sheet.

Non-current interest-bearing liabilities	**31.12.2021**	**31.12.2020**	**01.01.2020**
Non-current debt to financial institutions	28 383 642	0	91 402 228
Lease liabilities	12 911 454	8 451 960	11 410 812
Total non-current liabilities	**41 295 096**	**8 451 960**	**102 813 040**

Current interest-bearing debt	**31.12.2021**	**31.12.2020**	**01.01.2020**
Debt to financial institutions	7 358 876	116 206 182	11 874 538
Lease liabilities	6 387 304	4 592 042	4 400 826
Total current liabilities	**13 746 180**	**120 798 223**	**16 275 364**

Gross interest-bearing liabilities	**55 041 277**	**129 250 184**	**119 088 404**
Cash and cash equivalent	157 341 669	53 106 074	5 659 555
Net interest-bearing debt	**-102 300 392**	**76 144 110**	**113 428 849**

Average interest rate on debt to financial institutions	**2021**	**2020**
Average interest rate (NOK)	3,40 %	4,26 %

Payment profile debt to financial institutions

31.12.2021	< 1 year	2 years	3 years	4 years	> 5 years	Total
Debt to financial institutions	7 358 876	4 943 902	4 943 902	4 943 902	13 551 935	**35 742 519**

31.12.2020	< 1 year	2 years	3 years	4 years	> 5 years	Total
Debt to financial institutions debt	116 206 182	0	0	0	0	**116 206 182**

01.01.2020	< 1 year	2 years	3 years	4 years	> 5 years	Total
Debt to financial institutions	11 874 538	0	66 138 585	4 163 902	21 099 740	**103 276 766**

Change in liabilities arising from financing activities	Borrowings	Leases	Total
At 01.01.2020	**103 276 766**	**15 811 638**	**119 088 404**
Cash flows	23 574 416	-3 803 170	19 771 246
New leases		1 035 534	1 035 534
Foreign exchange adjustments			0
Other changes	-10 645 000		-10 645 000
-interest expenses	4 733 441	597 656	5 331 097
At 31.12.2020	**116 206 182**	**13 044 002**	**134 581 281**
Cash flows	-80 463 663	-7 151 520	-87 615 183
New leases		13 406 276	13 406 276
Foreign exchange adjustments			0
Other changes			0
-Interest expenses	5 458 160	591 314	6 049 474
At 31.12.2021	**35 742 519**	**19 298 758**	**55 041 277**

NOTE 11 | LEASES

The Company leases various offices, warehouses, production equipment and vehicles. Rental contracts are typically made for fixed periods of 6 months to 7 years but may have extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The Company's financial covenants to financial institutions require the Company to claim approval to exceed set total and set specific leasing liability limits.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Company's leases, the lessee's incremental borrowing rate is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The Company reassesses the incremental borrowing rates applicable to new lease agreements on an annual basis. The applied rate for new leases in 2020 and 2021 was 4%.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Some of the Company's agreements have extension options which may by exercised during the last period of the lease term. The Company assesses at commencement whether it is reasonably certain to exercise the right of renewal.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The Company leases smaller office equipment, such as coffee machines with contract terms of 1-3 years. The Company has elected to apply the practical expedient of low-value assets for some of these leases. Leases that have a present value as new of less than USD 5 000, are considered low-value leases. The Company has also applied the practical expedient of short-term leases. Short term is defined as a lease term of 12 months or less at the commencement date. For low-value leases and short-term leases, the Company does not recognize lease liabilities or right-of-use assets. These leases are recognized as operating expenses over the life of the contract.

Right of use assets

Right of use	Production equipment	Cars and vessels	Buildings and Property	Total
Beginning balance 01.01.2021	17 879 147	1 636 015	731 926	20 247 088
Additions	10 837 470	1 370 636	1 114 614	13 322 720
Impairments	0	0	0	0
Adjustments				0
Depreciation	-3 527 708	-313 847	-347 640	-4 189 196
Terminations	0	0	0	0
Ending balance 31.12.2021	**25 188 909**	**2 692 803**	**1 498 899**	**29 380 612**
Economic life	3 - 10 years	3 - 25 years	3 - 7 years	
Depreciation plan	Straight-line	Straight-line	Straight-line	

Right of use	Production equipment	Cars and vessels	Buildings and Property	Total
Beginning balance 01.01.2020	19 893 613	1 615 924	0	21 509 537
Additions	1 015 638	170 947	1 004 802	2 191 387
Impairments				0
Adjustments				0
Depreciation	-3 030 103	-150 856	-272 877	-3 453 836
Terminations	0	0	0	0
Ending balance 31.12.2020	**17 879 147**	**1 636 015**	**731 926**	**20 247 088**
Economic life	3 - 10 years	3 - 25 years	3 - 7 years	
Depreciation plan	Straight-line	Straight-line	Straight-line	

Lease liabilities

Lease liability	**2021**	**2020**
Beginning balance	-13 044 002	-15 811 638
Additions	-13 406 276	-1 035 534
Effect of changes in currency exchange rate		
Adjustments		
Lease payments	7 742 833	4 400 826
Interests	-591 313	-597 656
Termination settlement		
Ending balance	**-19 298 758**	**-13 044 002**

Maturity analysis lease liabilities, undiscounted cash flow	**2021**	**2020**
Up to 1 year	6 518 043	4 693 681
1-2 years	4 699 415	4 412 013
2-3 years	3 226 295	2 591 992
3-4 years	2 730 117	1 209 506
4-5 years	1 748 835	865 690
More than 5 years	2 082 471	204 032
Total undiscounted liabilities 31.12	21 005 175	13 976 913
Lease liabilities included in the statement of financial position 31.12	-19 298 758	-13 044 002

Amounts recognized in profit or loss	**2021**	**2020**
Interest on leasing liabilities	-591 313	-597 656
Depreciation on right-of-use assets	-4 189 196	-3 453 836
Expenses related to short-term leases or low-value assets	-1 015 450	-202 064
Total	**-25 092 697**	**-17 295 538**

NOTE 12 | MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial instruments 31.12.2021	**FVPL**	**Amortized cost**	**Total**
Financial assets			
Trade receivables		11 484 411	**11 484 411**
Other receivables		9 612 632	**9 612 632**
Cash and cash equivalents		157 341 669	**157 341 669**
Derivatives	841 232		**841 232**
Financial liabilities			
Interest bearing debt		35 742 519	**35 742 519**
Lease liability		19 298 758	**19 298 758**
Trade payables		23 832 077	**23 832 077**

Financial instruments 31.12.2020	**FVPL**	**Amortized cost**	**Total**
Financial assets			
Trade receivables		6 952 821	**6 952 821**
Other receivables		7 503 423	**7 503 423**
Cash and cash equivalents		53 106 074	**53 106 074**
Derivatives	1 732 983		**1 732 983**
Financial liabilities			
Interest bearing debt		116 206 182	**116 206 182**
Lease liability		13 044 002	**13 044 002**
Trade payables		23 665 759	**23 665 759**

Financial instruments 01.01.2020	**FVPL**	**Amortized cost**	**Total**
Financial assets			
Trade receivables		9 768 659	**9 768 659**
Other receivables		6 025 373	**6 025 373**
Cash and cash equivalents		5 659 555	**5 659 555**
Derivatives	678 668		**678 668**
Financial liabilities			
Interest bearing debt		103 276 766	**103 276 766**
Lease liability		15 811 638	**15 811 638**
Trade payables		15 388 441	**15 388 441**

NOTE 13 | TAX

Temporary differences	Change	2021	2020
Fixed assets	22 404 640	47 881 132	25 476 492
Inventory	-1 061 098	130 162 020	131 223 118
Non-current biological asset	-1 939 551	56 642 912	58 582 463
Receivables	-418 309	144 930	563 239
Leased asset and leasing debt	11 901 160	16 336 610	4 435 450
Deferred capital gain (+) / loss (-)	38 948	-155 796	-194 744
Total	**30 925 790**	**251 011 808**	**220 086 018**
Tax loss carried forward	-96 924 637	-561 646 317	-464 721 680
Interest expense carried forward due to interest limitation	-	-16 247 705	-16 247 705
Total temporary differences		**-326 882 214**	**-260 883 367**
Deferred tax asset of temporary differences (22%)		-71 914 087	-57 394 341
Deferred tax asset not recognised		71 914 087	57 394 341
Deferred tax assets		-	-

The Company has incurred tax losses for the last years in the build-up phase. Deferred tax asset is therefore not recognised as future taxable profit may not be evidenced at the current time in accordance with IAS 12.

Tax losses carried forward are indefinite, while interest expense carried forward expires in in 2024 (10m) and 2029 (6m).

Basis for income tax expense	**2021**	**2020**
Profit before tax	-60 953 622	-4 431 629
Permanent differences*	-11 282 934	-4 683 848
Change in temporary differences	-23 106 048	-41 971 139
Taxable income	**-96 924 637**	**-51 086 616**

Income tax expense	**2021**	**2020**
Payable tax on this year's result	-	-
Change in deferred tax	-	-
Tax expense	**-**	**-**

Tax payables in the balance sheet	**2021**	**2020**
Tax payable on this year's result	-	-
Tax payables in the balance sheet	**-**	**-**

* Temporary differences include costs of approximately 10,5 MNOK in 2021 and 3,3 MNOK in 2020 related to capital increases booked as a reduction of proceeds in capital increases.

NOTE 14 | SALARIES, PERSONNEL EXPENSES AND REMUNERATIONS

Payroll costs	**2021**	**2020**
Salaries	18 644 884	19 817 280
Employer's national insurance contributions	3 501 920	2 579 675
Pension costs	891 857	727 948
Other benefits	733 554	434 830
Total	**23 772 215**	**23 559 733**
Employed full-time equivalents	44	35

Remunerations paid to CEO 2021

Name	**Position**	**Salary**	**Bonus**	**Other**	**Total**
Edvard Henden	CEO	1 236 930	900 000		**2 136 930**
Total		**1 236 930**	**900 000**		**2 136 930**

Remunerations paid to CEO 2020

Name	**Position**	**Salary**	**Bonus**	**Other**	**Total**
Edvard Henden	CEO	1 391 724		13 077	**1 404 801**
Total		**1 391 724**		**13 077**	**1 404 801**

CEO is entitled to severance pay for 6 months following resignation on the Company’s request

Remunerations paid to Board members

Diretors fee		**2021**	**2020**
Jan Erik Sivertsen	Chair	0	0
Knut Nesse	Board member	0	0
Kristian Falnes	Board member	0	0
Odd Strøm	Board member	0	0
Tore Hopen	Board member	0	0
Vegard Gjerde	Board member	0	0
Øyvind Schanke	Board member	0	0
Total		**0**	**0**

Auditor's fees excl. VAT	**2021**	**2020**
Statutory audit	938 275	356 052
Other attestation services	23 700	28 942
Tax advice (incl. Technical assistance with tax papers)	33 000	18 376
Other assistance	48 000	54 911
Total audit fee	**1 042 975**	**458 281**

NOTE 15 | SHARE OPTION PROGRAM

Share option program

Nordic Halibut AS resolved to implement a share option program for management and certain key employees of the Company from 24 September 2021. The share option program is implemented to increase the Company's ability to retain, reward and attract talent to help realise the Company's ambitious growth plan. It is considered beneficial for all Company stakeholders to implement an incentive for key employees to have ownership in the Company.

The program comprises 600.000 share options in total. Each option will give the option holder the right to subscribe or purchase one share in the Company at the exercise price, which is set to NOK 22.50, equal to the subscription price in the private placement of shares immediately prior to the listing of the Company's shares on 26 April 2021. On 31 December 2021 the share price for Nordic Halibut (Ticker: NOHAL) was NOK 27,20.

The share options will vest for a period of two years starting at the later of 24 September 2024 and the date when the Company has reached certain performance targets.

Share options that are not exercised within the exercise period will lapse and be of no value to the option holder. The options are non-tradable and conditional upon i.a. the option holder being employed with the Company and not having resigned or being terminated for cause prior to the vesting date.

The Company has the right, in its sole discretion, to settle any vested share options by transfer of existing shares, new shares or a mix of the two. Further, the Company has the right to settle any the economic interest in any vested share option in cash.

Issuing of new shares in the future for the purpose of the options program will depend on required corporate authorizations being in place at the time of exercise of the options.

The cost of equity-settled transactions is recognized as a payroll expense over the vesting period. The cumulative expense is recognized in other equity reserves within equity. The calculated fair value of the stock options will be quarterly expensed linearly over the vesting period.

Valuation of stock options	2021
Valuation model	Black and scholes
Granted	24.09.2021
Expected lifetime	4,00
Expected volatility	40,00 %
Risk free rate	1,24 %
Spot	26,01
Strike	22,50
Dividend yield	-
Call option value	9,87
Number of options	500 000
Total value	4 934 800

Name	Position	Option category	Outstanding options 31.12.2020	Granted options	Exercised options	Expired/ cancelled options	Outstanding options 31.12.2021	Of which share-settled
Edvard Henden	CEO	Share settlement	-	150 000	-	-	150 000	150 000
Kenneth Meyer	CFO	Share settlement	-	75 000	-	-	75 000	75 000
Ann Kristin Fladset	COO	Share settlement	-	75 000	-	-	75 000	75 000
Atle Jacobsen	CCO	Share settlement	-	75 000	-	-	75 000	75 000
Others		Share settlement	-	125 000	-	-	125 000	125 000
Not granted		Share settlement	-	100 000	-	-	100 000	100 000
Total			-	600 000	-	-	600 000	600 000

NOTE 16 | SHARE CAPITAL AND SHAREHOLDERS

Nordic Halibut AS has its registered office at Hendnesveien 124, 6533 Averøy.

The share capital is NOK 145 846 050, and consists of 29 169 210 shares with par value NOK 5. The Company's shares were split 10:1 at 01.03.2021. All shares have the same voting privileges.

Top 20 shareholders 31.12.2021	**Holding**	**Stake**
Kontrari AS	9 330 567	32,0 %
Kontrazi AS	5 289 530	18,1 %
Farvatn Private Equity AS	3 407 358	11,7 %
T.D. Veen AS	2 261 281	7,8 %
Jakob Hatteland Holding AS	1 500 000	5,1 %
Børge Hald	1 373 736	4,7 %
The Bank of New York Mellon SA/NV	638 000	2,2 %
Jahatt AS	600 000	2,1 %
Verdipapirfondet Holberg Triton	436 363	1,5 %
Aino AS	430 065	1,5 %
King Kong Invest AS	404 040	1,4 %
Oroblanco Invest AS	150 000	0,5 %
Kiwano Invest AS	150 000	0,5 %
Tamarillo Invest AS	150 000	0,5 %
Babaco Invest AS	150 000	0,5 %
Farvatn Medinvestering AS	140 940	0,5 %
Bergen Kommunale Pensjonskasse	139 500	0,5 %
Rolfs Holding AS	132 830	0,5 %
Have Holding AS	124 000	0,4 %
Holmodden AS	124 000	0,4 %
Total top 20	26 932 210	92,3 %
Other	2 237 000	7,7 %
Total shares	**29 169 210**	**100,0 %**

Top 20 shareholders 31.12.2020	**Holding**	**Stake**
Kontrari AS	670 052	37,5 %
Kontrazi AS	528 953	29,6 %
Farvatn Private Equity AS	201 342	11,3 %
T.D. Veen AS	134 228	7,5 %
Jakob Hatteland Holding AS	67 114	3,8 %
Aino AS	26 845	1,5 %
Caiano Invest AS	17 948	1,0 %
Farvatn Medinvestering 2 AS	14 094	0,8 %
Rolfs Holding AS	13 283	0,7 %
Oroblanco Invest AS	10 875	0,6 %
Kiwano Invest AS	10 875	0,6 %
Tamarillo Invest AS	10 875	0,6 %
Babaco Invest AS	10 875	0,6 %
Have Holding AS	10 000	0,6 %
Holmodden AS	10 000	0,6 %
Kristian Falnes AS	10 000	0,6 %
Nesse & Co AS	6 500	0,4 %
Tyrihans Invest AS	3 383	0,2 %
Skareide AS	2 700	0,2 %
Frankplads	2 161	0,1 %
Total top 20	1 762 103	98,6 %
Other	25 525	1,4 %
Total shares	**1 787 628**	**100,0 %**

Shares owned by Board members and CEO	Antall
Jan Erik Sivertsen (Holmodden AS)	124 000
Vegard Gjerde (Have holding)	124 000
Olav Kristian Falnes	120 000
Knut Nesse	65 000
Tore Hopen	0 [1]
Odd Lorentz Strøm	0 [2]
Øyvind Gjærevoll Schanke	0 [3]
Aino Olaisen*	0 [2]
Birthe Cecilie Lepsøe*	0
Edvard Henden (Hendvarden AS)	10 000

*Aino Olaisen and Birthe Cecilie Lepsøe was elected to the Board of Directors in the annual general meeting on 26 April 2022.

[1] Tore Hopen represents Farvatn Private Equity AS and Farvatn Medinvestering AS, together holding 3 548 298 shares in the Company
[2] Odd Lorentz Strøm and Aino Olaisen represents Aino AS in Nordic Halibut's board. Aino AS holds 430 065 shares in the Company
[3] Øyvind Schanke represents T.D. Veen AS in Nordic Halibut's board. T.D. Veen AS holds 2 261 281 shares in the Company

Board authorisations

The annual general meeting on 28 May 2021 granted the Board of Directors an authorisation to increase the Company's share capital with an amount up to NOK 57 468 480, by issuance of up to 11 493 696 shares, each with a nominal value of NOK 5. The authorization is valid until the Company's annual general meeting in 2022, but no longer than to and including 30 June 2022.

The annual general meeting on 26 April 2022 granted the Board of Directors an authorisation to increase the Company's share capital with an amount up to NOK 72 923 025, by issuance of up to 14 584 605 shares, each with a nominal value of NOK 5. The authorization is valid until the Company's annual general meeting in 2023, but no longer than to and including 30 June 2023.

NOTE 17 | EARNINGS PER SHARE

Potential ordinary shares are treated as dilutive only when their conversion to ordinary shares would decrease profit or increase loss per share. With negative figures for basic earnings per share, only potential shares with a larger loss per share will be dilutive.

Number of dilutive shares is measured with the treasury stock method and number of ordinary shares are adjusted for the weighted average effect of dilution.

	2021	**2020**
Profit for the year attributable to owners of Nordic Halibut AS	-60 953 622	-4 431 629
Ordinary shares as at 01.01	17 876 280	11 140 050
Contributions of equity – increase in number of shares	11 292 930	6 736 230
Weighted average number of ordinary shares for basic EPS	**22 296 815**	**11 697 751**
Number of dilutive shares	80 969	0
Weighted average number of ordinary shares adjusted for the effect of dilution	**22 318 554**	**11 697 751**
Earnings per share		
Basic	-2,73	-0,38
Dilluted	-2,73	-0,38

In 2020, the company received a convertible loan of NOK 11 500 000 from the main shareholder, which was later during the same year converted to shares at par value. The Teigen family, through Kontrari, Kontrazi and other, owned at this time approx. 95% of the shares in Nordic Halibut AS.

NOTE 18 | RESTRICTED BANK DEPOSITS

Restricted bank deposits	**31.12.2021**	**31.12.2020**	**01.01.2020**
Tax withholdings	1 142 423	976 688	699 644

NOTE 19 | RELATED PARTY TRANSACTIONS

The figures presented below with a related party are with Akva Group which is an affiliated Company through the ownership of Kontrari AS and Kontrazi AS.

Related party transactions	**2021**	**2020**	**2019**
Revenue	0	0	0
Other operating expenses	6 573 995	134 956	54 241
Trade receivables	0	0	0
Trade payables	1 134 614	431 809	10 727

Significant transactions are mainly related to purchases of operating equipment, maintenance and services.

In 2020, the company received a convertible loan of NOK 11 500 000 from the main shareholder, which was later during the same year converted to shares at par value. The Teigen family, through Kontrari, Kontrazi and other, owned at this time approx. 95% of the shares in Nordic Halibut AS.

NOTE 20 | NET FINANCIAL ITEMS

Financial income	**2021**	**2020**
Interest income	59 000	13 566
Currency gain (agio)	2 339 259	365 678
Changes in forward currency contracts	0	2 309 100
Other financial income	0	5 419
Total financial income	**2 398 260**	**2 693 763**

Financial expenses	**2021**	**2020**
Interest expenses	6 261 282	5 448 682
Currency loss (disagio)	1 548 524	771 250
Changes in forward currency contracts	789 241	0
Other financial expenses	27 247	110 196
Total financial expenses	**8 626 294**	**6 330 128**
Net financial items	**-6 228 034**	**-3 636 366**

NOTE 21 | OTHER OPERATING EXPENSES

Other operating expenses	**2021**	**2020**
Maintenance costs	4 501 270	1 909 691
Freight and custom costs	8 686 414	2 895 510
Energy and fuel	3 294 107	2 290 248
Third-party services*	15 918 873	3 119 745
Travel expenses	587 178	410 715
Insurance	847 732	835 856
Rental costs premises and equipment of low value and short period	1 015 450	202 064
Other operating expenses	2 348 970	2 125 385
Total other operating expenses	**37 199 994**	**13 789 214**

*Third-party services are costs related to auditing, accounting, legal and financial services and other remuneration from external services – the increased third-party expenses in 2021 are related to the Company's listing on Euronext Groxth Oslo in April 2021 and the private placement in November 2021.

NOTE 22 | GOVERNMENT GRANTS

Government grants are recognised where there is reasonable assurance that the grant will be received and where the Company will be in compliance with all conditions attached.

Earned government grants 31 Dec	**2021**	**2020**
Earned SkatteFUNN	1 119 000	1 371 260
Earned, not received grant Havbruk2	236 826	860 000
Total earned government grants	**1 355 826**	**2 231 260**

Nordic Halibut has during 2021 and 2020 had one R&D project supported with government grants which was approved as a SkatteFUNN-project. In addition, the project received grants in 2020 and 2021 from the «Aquaculture2»-program with The Research Council of Norway.

Received grants is recognized as reduction of cost. The Company has not received any grants apart from the grants presented in this note.

NOTE 23 | NOT YET ADOPTED STANDARDS

Standards, amendments and interpretations that are issued up to the date of issuance of the financial statement, but not yet effective, are disclosed below. This list is not complete, and merely indicate standards, amendments and interpretation that could be relevant for Nordic Halibut. The Company's intention is to adopt the relevant new and amended standards and interpretations when they become effective, subject to EU approval before the financial statements are issued.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-Current

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2023. The Company does not intend to adopt the amendments early. As at 31 December 2021, the Company does not expect significant impacts from applying the amendment with effect from 1 January 2023.

Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies

The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. The amendments are effective for annual periods beginning on or after 1 January 2023, but earlier application is permitted as long as this fact is disclosed. The Company does not intend to adopt the amendments early. It is not expected that the amendments will significantly impact the disclosure of accounting policies by Nordic Halibut.

Amendments to IAS 8 - Definition of Accounting Estimates

The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

Other standards, amendments, and interpretations

No other new standards, amendments and interpretations not yet adopted at 31 December 2021, are expected to have a material impact on the Company's financial statement.

NOTE 24 | POST-BALANCE SHEET EVENTS

Nordic Halibut signed an agreement with certain landowners during 2021 that secures the location for the Company's new land-based facility to be built at Torjulvågen, Møre & Romsdal for a total committed fee of NOK 6,7 million. The parties to the agreements will aim at completing the transaction during 2022, subject to necessary approvals from relevant authorities, such as required aquaculture licenses, discharge permits and building permits, as well as certain other third-party approvals. The transaction will enable Nordic Halibut to realize phase two of the volume ramp-up plan to 9 000 tonnes HOG. Further, it will also significantly de-risk future production cycles as early-phase production will be spread across numerous locations throughout the production lifecycle.

The new facility is planned to be divided into three 1.500m2 production units and all land-based production phases will be integrated at one location. Production capacity at the facility once fully operational will be 1.25 million juveniles per year. Coupled with the already existing land-based infrastructure, the Company will have the capacity to put over 2 million fish to sea per year, corresponding to a harvest volume of 9 000 tonnes HOG.

The facility will be built with well-established and proven technology and will be based on a 100% flow-through system. The fjords surrounding Torjulvågen are deep, enabling access to water of high quality and stable temperature perfectly suited for land-based halibut production without the need for advanced technological water treatment or heating. This makes the facility energy efficient in addition to minimizing technological risk throughout the production cycle.

As part of the Company's sustainability strategy the ambition is to make the new land-based facility autonomous and close to self-sufficient by utilizing its own renewable solar power installed at the roof-top of the production units.

Construction is planned to commence in 2022 and gradually phased into production in 2023/24. This is ahead of schedule for NOHAL's land-based facility and will enable a possible progressed timeline towards the initial production target of 9 000 tonnes HOG within 2030.

The annual general meeting on 26 April 2022 granted the Board of Directors an authorisation to increase the Company's share capital with an amount up to NOK 72 923 025, by issuance of up to 14 584 605 shares, each with a nominal value of NOK 5. The authorization is valid until the Company's annual general meeting in 2023, but no longer than to and including 30 June 2023.

The annual general meeting on 26 April 2022 elected following members to the Board of Directors:

Vegard Gjerde	Chair
Aino Olaisen	Board Member
Birthe Cecilie Lepsøe	Board Member
Tore Hopen	Board Member
Jan Erik Sivertsen	Board Member
Øyvind Schanke	Board Member

Covid-19 had large implications for the Company during 2020 and 2021, and although the market effects regarding sales and market channels have normalized during 2021 and 2022 there are still some challenges connected to the pandemic. Challenges connected to shipments, deliveries of raw material and uncertainty in markets driving material price levels upwards is a topic the Company's management monitors closely. With the current situation in Europe with war in Ukraine and a volatile and uncertain market the Company is continuously assessing possible effects on the Company's activities.