Brønnøysundregistrene

# ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

**Enheten**

| | |
|---|---|
| Organisasjonsnummer: | 931 693 670 |
| Organisasjonsform: | Allmennaksjeselskap |
| Foretaksnavn: | AKVA GROUP ASA |
| Forretningsadresse: | Svanavågveien 30<br>4374 EGERSUND |

**Regnskapsår**

| | |
|---|---|
| Årsregnskapets periode: | 01.01.2020 - 31.12.2020 |

**Konsern**

| | |
|---|---|
| Morselskap i konsern: | Ja |
| Konsernregnskap lagt ved: | Ja |

**Regnskapsregler**

| | |
|---|---|
| Regler for små foretak benyttet: | Nei |
| Benyttet ved utarbeidelsen av årsregnskapet til selskapet: | Forenklet IFRS |
| Benyttet ved utarbeidelsen av årsregnskapet til konsernet: | IFRS |

**Årsregnskapet fastsatt av kompetent organ**

| | |
|---|---|
| Bekreftet av representant for selskapet: | Kim Ellingsen |
| Dato for fastsettelse av årsregnskapet: | 06.05.2021 |

**Grunnlag for avgivelse**

År 2020: Årsregnskapet er elektronisk innlevert

År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 21.06.2022

**Brønnøysundregistrene**
Postadresse: 8910 Brønnøysund
Telefoner: Opplysningstelefonen 75 00 75 00 Telefaks 75 00 75 05
E-post: firmapost@brreg.no Internett: www.brreg.no
Organisasjonsnummer: 974 760 673

# Resultatregnskap

| Beløp i: NOK | Note | 2020 | 2019 |
|---|---|---|---|
| **RESULTATREGNSKAP** | | | |
| **Inntekter** | | | |
| Salgsinntekt | 6 | 1 140 286 000 | 899 041 000 |
| Annen driftsinntekt | 9,15 | -5 596 000 | 41 669 000 |
| **Sum inntekter** | 2,6,17,20 | **1 134 690 000** | **940 710 000** |
| **Kostnader** | | | |
| Varekostnad | 6,10,23,24 | 932 486 000 | 720 988 000 |
| Lønnskostnad | 3,4 | 163 687 000 | 144 213 000 |
| Avskrivning på varige driftsmidler og immaterielle eiendeler | 2,7,8 | 25 638 000 | 34 686 000 |
| Annen driftskostnad | 3,4,7,11,15,18,23,24 | 34 561 000 | 44 423 000 |
| **Sum kostnader** | 2,20 | **1 156 372 000** | **944 310 000** |
| **Driftsresultat** | | **-21 682 000** | **-3 600 000** |
| **Finansinntekter og finanskostnader** | | | |
| Annen finansinntekt | 15,16 | 249 534 000 | 65 171 000 |
| **Sum finansinntekter** | | **249 534 000** | **65 171 000** |
| Annen finanskostnad | 15,16,18 | 22 141 000 | 29 387 000 |
| **Sum finanskostnader** | | **22 141 000** | **29 387 000** |
| **Netto finans** | | **227 393 000** | **35 784 000** |
| **Ordinært resultat før skattekostnad** | | **205 711 000** | **32 184 000** |
| Skattekostnad på ordinært resultat | 5 | 7 843 000 | -4 835 000 |
| **Ordinært resultat etter skattekostnad** | | **197 868 000** | **37 019 000** |
| **Årsresultat** | | **197 868 000** | **37 019 000** |
| **Overføringer og disponeringer** | | | |

# Resultatregnskap

| Beløp i: NOK | Note | 2020 | 2019 |
|---|---|---|---|
| Ordinært utbytte | 21 | 33 156 000 | 58 136 000 |
| Overføringer til/fra annen egenkapital | | 164 714 000 | -21 117 000 |
| **Sum overføringer og disponeringer** | | **197 870 000** | **37 019 000** |

# Balanse

| Beløp i: NOK | Note | 2020 | 2019 |
|---|---|---|---|
| **BALANSE - EIENDELER** | | | |
| **Anleggsmidler** | | | |
| **Immaterielle eiendeler** | | | |
| Forskning og utvikling | 7 | 62 901 000 | 43 536 000 |
| Goodwill | 7 | 53 000 000 | 53 000 000 |
| **Sum immaterielle eiendeler** | | **115 901 000** | **96 536 000** |
| **Varige driftsmidler** | | | |
| Tomter, bygninger og annen fast eiendom | 8,14 | 15 414 000 | 12 617 000 |
| Maskiner og anlegg | 8,14 | 11 244 000 | 64 569 000 |
| Right-of-use assets | 8,14,18 | 45 340 000 | 38 233 000 |
| **Sum varige driftsmidler** | | **71 998 000** | **115 419 000** |
| **Finansielle anleggsmidler** | | | |
| Investering i datterselskap | 9 | 1 461 407 000 | 1 372 109 000 |
| Lån til foretak i samme konsern | 6 | 75 622 000 | 76 156 000 |
| Investeringer i tilknyttet selskap | 9 | 1 151 000 | 5 378 000 |
| Investeringer i aksjer og andeler | 9 | 46 972 000 | 0 |
| Andre fordringer | 11,16 | 5 986 000 | 98 000 |
| **Sum finansielle anleggsmidler** | | **1 591 138 000** | **1 453 741 000** |
| **Sum anleggsmidler** | | **1 779 037 000** | **1 665 696 000** |
| **Omløpsmidler** | | | |
| **Varer** | | | |
| Varer | 10,14,23 | 107 808 000 | 65 107 000 |
| **Sum varer** | | **107 808 000** | **65 107 000** |
| **Fordringer** | | | |
| Kundefordringer | 11,14,16,20,23 | 115 172 000 | 64 581 000 |
| Andre fordringer | 4,6,15,16,17 | 126 173 000 | 58 118 000 |

# Balanse

| Beløp i: NOK | Note | 2020 | 2019 |
|---|---|---|---|
| Konsernfordringer | 6,14,15 | 344 670 000 | 199 833 000 |
| **Sum fordringer** | | **586 015 000** | **322 532 000** |
| | | | |
| **Bankinnskudd, kontanter og lignende** | | | |
| Bankinnskudd, kontanter og lignende | 12,16 | 58 221 000 | 6 178 000 |
| **Sum bankinnskudd, kontanter og lignende** | | **58 221 000** | **6 178 000** |
| | | | |
| **Sum omløpsmidler** | | **752 044 000** | **393 817 000** |
| | | | |
| **SUM EIENDELER** | 2 | **2 531 081 000** | **2 059 513 000** |

**BALANSE - EGENKAPITAL OG GJELD**

| | | | |
|---|---|---|---|
| **Egenkapital** | | | |
| **Innskutt egenkapital** | | | |
| Selskapskapital | | 33 334 000 | 33 334 000 |
| Beholdning av egne aksjer | | -378 000 | -178 000 |
| Overkurs | | 853 529 000 | 853 529 000 |
| Annen innskutt egenkapital | | 1 116 000 | 1 116 000 |
| **Sum innskutt egenkapital** | 13,14, 19,21, 22 | **887 601 000** | **887 801 000** |
| | | | |
| **Opptjent egenkapital** | | | |
| Annen egenkapital | | 146 124 000 | -4 127 000 |
| **Sum opptjent egenkapital** | 14,19, 21,22 | **146 124 000** | **-4 127 000** |
| | | | |
| **Sum egenkapital** | | **1 033 725 000** | **883 674 000** |
| | | | |
| **Gjeld** | | | |
| **Langsiktig gjeld** | | | |
| Utsatt skatt | 5 | 14 685 000 | 13 087 000 |
| **Sum avsetninger for forpliktelser** | | **14 685 000** | **13 087 000** |
| **Annen langsiktig gjeld** | | | |
| Gjeld til kredittinstitusjoner | 14,16 | 750 000 000 | 550 000 000 |

# Balanse

| Beløp i: NOK | Note | 2020 | 2019 |
|---|---|---|---|
| Øvrig langsiktig gjeld | 14,16 | 4 980 000 | 5 811 000 |
| Lease liability | 16,18 | 41 257 000 | 34 278 000 |
| **Sum annen langsiktig gjeld** | | **796 237 000** | **590 089 000** |
| | | | |
| **Sum langsiktig gjeld** | | **810 922 000** | **603 176 000** |
| | | | |
| **Kortsiktig gjeld** | | | |
| Gjeld til kredittinstitusjoner | 14 | 0 | 96 157 000 |
| Leverandørgjeld | 16,20 | 75 721 000 | 62 808 000 |
| Betalbar skatt | 5 | 2 544 000 | 0 |
| Skyldige offentlige avgifter | 16 | 15 283 000 | 31 483 000 |
| Kortsiktig konserngjeld | 6,15 | 339 220 000 | 269 952 000 |
| Annen kortsiktig gjeld | 6,14,15,16,17,19,23 | 248 342 000 | 107 726 000 |
| Lease liability | 16,18 | 5 323 000 | 4 536 000 |
| **Sum kortsiktig gjeld** | | **686 433 000** | **572 662 000** |
| | | | |
| **Sum gjeld** | 2 | **1 497 355 000** | **1 175 838 000** |
| | | | |
| **SUM EGENKAPITAL OG GJELD** | | **2 531 080 000** | **2 059 512 000** |
| | | | |
| **POSTER UTENOM BALANSEN** | | | |
| Garantistillelser | 14 | 40 930 000 | 40 575 000 |
| Pantstillelser | 14 | 686 807 000 | 500 444 000 |

# Konsernets resultatregnskap

| Beløp i: NOK | Note | 2020 | 2019 |
|---|---|---|---|
| **RESULTATREGNSKAP** | | | |
| **Inntekter** | | | |
| Salgsinntekt | | 3 159 453 000 | 3 050 514 000 |
| Annen driftsinntekt | 9,15 | 17 392 000 | 26 226 000 |
| **Sum inntekter** | 2,17,20 | **3 176 845 000** | **3 076 740 000** |
| **Kostnader** | | | |
| Varekostnad | 10,23 | 1 906 982 000 | 1 861 353 000 |
| Lønnskostnad | 3,4 | 774 439 000 | 766 115 000 |
| Avskrivning på varige driftsmidler og immaterielle eiendeler | 2,7,8 | 190 928 000 | 209 594 000 |
| Annen driftskostnad | 3,4,7,11,15,18,23,24 | 157 333 000 | 177 362 000 |
| **Sum kostnader** | 2,20 | **3 029 682 000** | **3 014 424 000** |
| **Driftsresultat** | | **147 163 000** | **62 316 000** |
| **Finansinntekter og finanskostnader** | | | |
| Annen finansinntekt | 15,16 | 25 105 000 | 6 304 000 |
| **Sum finansinntekter** | | **25 105 000** | **6 304 000** |
| Annen finanskostnad | 15,16,18 | 50 794 000 | 55 145 000 |
| **Sum finanskostnader** | | **50 794 000** | **55 145 000** |
| **Netto finans** | | **-25 689 000** | **-48 841 000** |
| **Ordinært resultat før skattekostnad** | | **121 474 000** | **13 475 000** |
| Skattekostnad på ordinært resultat | 5 | 30 776 000 | -3 129 000 |
| **Ordinært resultat etter skattekostnad** | | **90 698 000** | **16 604 000** |
| **Årsresultat** | | **90 698 000** | **16 604 000** |
| Minoritetsinteresser | | 25 000 | 1 971 000 |

## Konsernets resultatregnskap

| Beløp i: NOK | Note | 2020 | 2019 |
|---|---|---|---|
| **Årsresultat etter minoritetsinteresser** | | **90 673 000** | **14 633 000** |

# Konsernets balanse

| Beløp i: NOK | Note | 2020 | 2019 |
|---|---|---|---|
| **BALANSE - EIENDELER** | | | |
| **Anleggsmidler** | | | |
| **Immaterielle eiendeler** | | | |
| Forskning og utvikling | 7 | 192 437 000 | 184 843 000 |
| Utsatt skattefordel | 5 | 10 872 000 | 16 354 000 |
| Goodwill | 7 | 850 914 000 | 826 409 000 |
| **Sum immaterielle eiendeler** | | **1 054 223 000** | **1 027 606 000** |
| **Varige driftsmidler** | | | |
| Tomter, bygninger og annen fast eiendom | 8,14 | 36 148 000 | 18 759 000 |
| Maskiner og anlegg | 8,14 | 170 339 000 | 204 498 000 |
| Right-of-use assets | 8,14,18 | 542 637 000 | 557 849 000 |
| **Sum varige driftsmidler** | | **749 124 000** | **781 106 000** |
| **Finansielle anleggsmidler** | | | |
| Investeringer i tilknyttet selskap | 9 | 93 689 000 | 73 776 000 |
| Investeringer i aksjer og andeler | 9 | 47 499 000 | 1 008 000 |
| Andre fordringer | 11,16 | 7 249 000 | |
| **Sum finansielle anleggsmidler** | | **148 437 000** | **74 784 000** |
| **Sum anleggsmidler** | | **1 951 784 000** | **1 883 496 000** |
| **Omløpsmidler** | | | |
| **Varer** | | | |
| Varer | 10,14,23 | 474 930 000 | 513 549 000 |
| **Sum varer** | | **474 930 000** | **513 549 000** |
| **Fordringer** | | | |
| Kundefordringer | 11,14,16,20,23 | 341 490 000 | 317 212 000 |
| Andre fordringer | 4,15,16,17 | 233 605 000 | 158 379 000 |
| **Sum fordringer** | | **575 095 000** | **475 591 000** |

## Konsernets balanse

| Beløp i: NOK | Note | 2020 | 2019 |
|---|---|---|---|
| **Bankinnskudd, kontanter og lignende** | | | |
| Bankinnskudd, kontanter og lignende | 12,16 | 224 884 000 | 160 999 000 |
| **Sum bankinnskudd, kontanter og lignende** | | **224 884 000** | **160 999 000** |
| **Sum omløpsmidler** | | **1 274 909 000** | **1 150 139 000** |
| **SUM EIENDELER** | 2 | **3 226 693 000** | **3 033 635 000** |

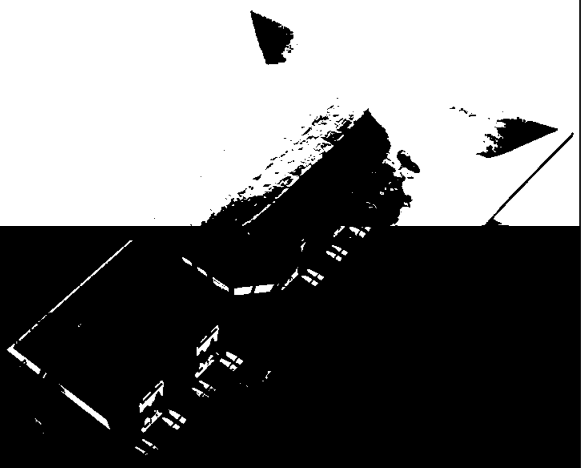
**BALANSE - EGENKAPITAL OG GJELD**

| | | | |
|---|---|---|---|
| **Egenkapital** | | | |
| **Innskutt egenkapital** | | | |
| Selskapskapital | | 33 334 000 | 33 334 000 |
| Beholdning av egne aksjer | | -378 000 | -178 000 |
| Overkurs | | 847 215 000 | 847 215 000 |
| Annen innskutt egenkapital | | -759 000 | -759 000 |
| **Sum innskutt egenkapital** | | **879 412 000** | **879 612 000** |
| **Opptjent egenkapital** | | | |
| Annen egenkapital | | 162 124 000 | 106 727 000 |
| **Sum opptjent egenkapital** | | **162 124 000** | **106 727 000** |
| Minoritetsinteresser | | 158 000 | 4 165 000 |
| **Sum egenkapital** | 13,14, 19,21, 22 | **1 041 694 000** | **990 504 000** |
| **Gjeld** | | | |
| **Langsiktig gjeld** | | | |
| Utsatt skatt | 5 | 58 272 000 | 55 791 000 |
| **Sum avsetninger for forpliktelser** | | **58 272 000** | **55 791 000** |
| **Annen langsiktig gjeld** | | | |
| Gjeld til kredittinstitusjoner | 14,16 | 750 000 000 | 550 000 000 |
| Øvrig langsiktig gjeld | 14,16, 19 | 38 375 000 | 73 537 000 |

## Konsernets balanse

| Beløp i: NOK | Note | 2020 | 2019 |
|---|---|---|---|
| Lease liability | 16,18 | 455 145 000 | 484 216 000 |
| **Sum annen langsiktig gjeld** | | **1 243 520 000** | **1 107 753 000** |
| | | | |
| **Sum langsiktig gjeld** | | **1 301 792 000** | **1 163 544 000** |
| | | | |
| **Kortsiktig gjeld** | | | |
| Gjeld til kredittinstitusjoner | 14,16 | 0 | 97 013 000 |
| Leverandørgjeld | 16,20 | 227 516 000 | 228 376 000 |
| Betalbar skatt | 5 | 24 265 000 | 27 509 000 |
| Skyldige offentlige avgifter | 16 | 54 620 000 | 60 952 000 |
| Annen kortsiktig gjeld | 14,15, 16,17, 19,23 | 482 984 000 | 385 610 000 |
| Lease liability | 16,18 | 93 821 000 | 80 123 000 |
| **Sum kortsiktig gjeld** | | **883 206 000** | **879 583 000** |
| | | | |
| **Sum gjeld** | 2 | **2 184 998 000** | **2 043 127 000** |
| | | | |
| **SUM EGENKAPITAL OG GJELD** | | **3 226 692 000** | **3 033 631 000** |

# Annual Report 2020

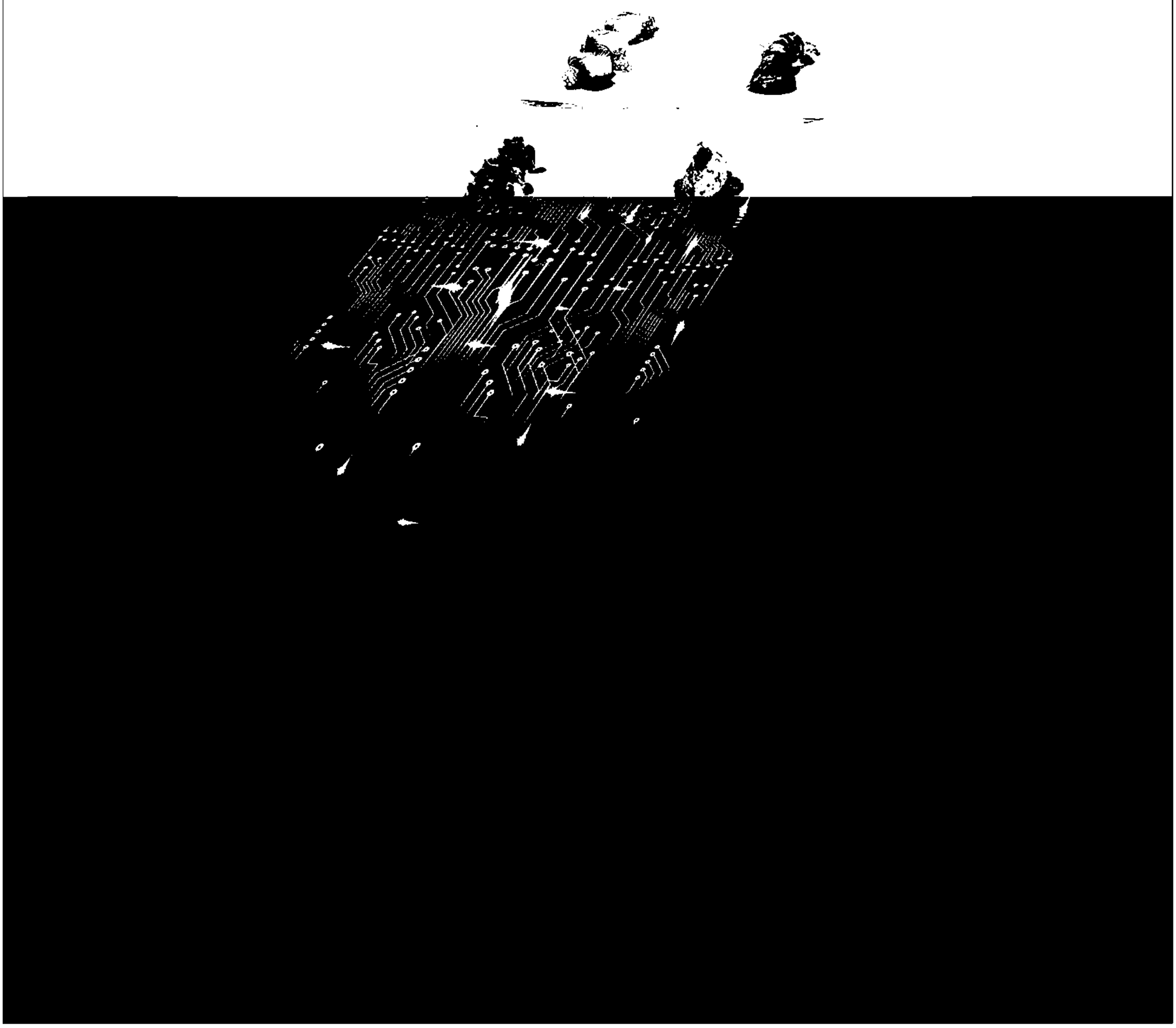


AKVA GROUP

# AKVA group in brief

AKVA group is the leading technology and service partner to the aquaculture industry worldwide. The Group has 1 447 employees, offices in 10 countries and a total turnover of NOK 3.2 billion in 2020.

We are a public listed company operating in one of the world's fastest growing industries and supply everything from single components to complete installations, both for cage farming and land based aquaculture. AKVA group is recognized as a pioneer and technology leader through more than 40 years.



# Contents

# Highlights 2020

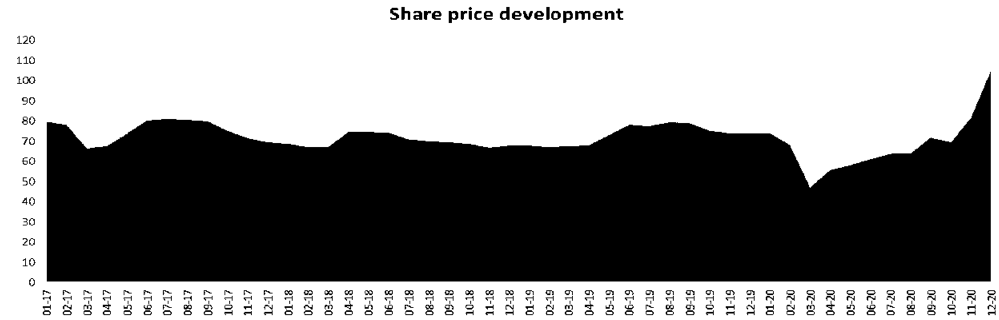
- Order intake of 3,370 MNOK in 2020, compared to MNOK 3,409 in 2019
- Revenue in 2020 of MNOK 3,177 – a 3% increase compared to revenue in 2019
- Net profit in 2020 of MNOK 91 – an increase from MNOK 17 in net profit in 2019
- Dividend of 1.00 NOK per share paid in March 2020
- Order backlog end of 2020 of MNOK 1,881
- Acquisition of the remaining shares (34%) in Sperre AS
- Signed 100 MNOK contract for delivery of Tubenet™
- Awarded 500 MNOK grow-out facility contract with Nordic Aqua Ninbo, China

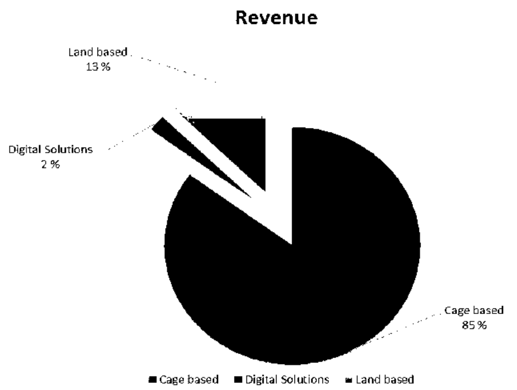
# Financial key figures

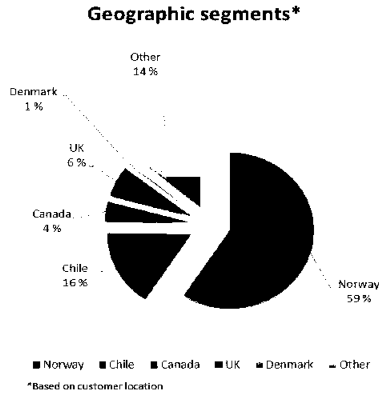
| (in NOK 1 000) | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| **Profitability** | | | | | |
| Revenues | 3 176 845 | 3 076 740 | 2 579 473 | 2 087 910 | 1 603 072 |
| EBITDA | 338 091 | 271 910 | 237 767 | 239 913 | 144 193 |
| EBIT | 147 163 | 62 316 | 129 866 | 157 128 | 75 036 |
| Profit before tax | 121 475 | 13 476 | 111 516 | 135 573 | 48 590 |
| Net profit | 90 698 | 16 604 | 89 285 | 99 829 | 27 598 |
| **Net Profit (Loss) Attributable to:** | | | | | |
| Non-Controlling interests | 25 | 1 971 | -334 | 142 | 98 |
| Equity holders of AKVA group ASA | 90 673 | 14 633 | 89 618 | 99 687 | 27 500 |
| | | | | | |
| Cash flow from operations | 304 970 | 210 768 | 153 914 | 72 684 | 211 645 |
| EBITDA margin | 10,6 % | 8,8 % | 9,2 % | 11,5 % | 9,0 % |
| EBIT margin | 4,6 % | 2,0 % | 5,0 % | 7,5 % | 4,7 % |
| Return on capital employed | 6,9 % | 2,9 % | 7,0 % | 15,4 % | 9,8 % |
| Return on equity | 8,7 % | 1,7 % | 8,4 % | 20,0 % | 6,4 % |
| | | | | | |
| **Financial position** | | | | | |
| Non-current assets | 1 951 784 | 1 883 496 | 1 458 814 | 848 405 | 732 436 |
| Current assets | 1 274 910 | 1 150 138 | 1 244 117 | 814 392 | 643 515 |
| Total assets | 3 226 694 | 3 033 634 | 2 702 931 | 1 662 797 | 1 375 951 |
| | | | | | |
| Equity attributable to equity holders of AKVA group ASA | 1 041 538 | 986 340 | 1 062 423 | 499 907 | 434 590 |
| Non-controlling interests | 158 | 4 165 | 184 | 518 | 376 |
| Total equity | 1 041 696 | 990 505 | 1 062 607 | 500 425 | 434 966 |
| Long-term debt | 1 301 792 | 1 163 545 | 549 010 | 517 938 | 469 068 |
| Short-term debt | 883 207 | 879 584 | 1 091 314 | 644 433 | 471 917 |
| Total equity and liabilities | 3 226 694 | 3 033 634 | 2 702 931 | 1 662 797 | 1 375 951 |
| | | | | | |
| Gross interest-bearing debt[1)] | 1 310 804 | 1 217 447 | 761 409 | 473 049 | 377 875 |
| Cash and cash equivalents | 524 884 | 564 843 | 336 476 | 420 496 | 255 543 |
| Net interest-bearing debt | 1 085 920 | 1 056 448 | 604 547 | 356 080 | 212 332 |
| Working capital | 261 484 | 286 691 | 355 798 | 175 164 | 36 029 |
| Equity ratio | 32,3 % | 32,7 % | 39,3 % | 30,1 % | 31,6 % |
| Debt to equity ratio[1)] | 125,8 % | 122,9 % | 71,7 % | 94,5 % | 86,9 % |

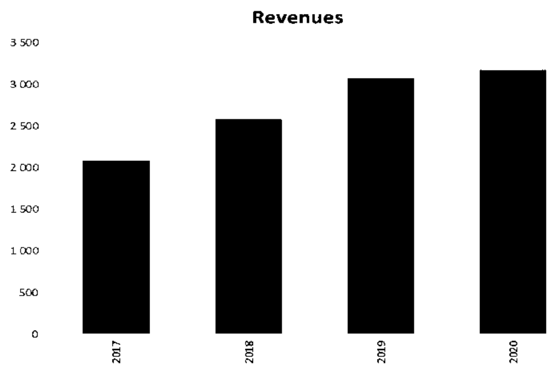
| (in NOK) | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| **Share data** | | | | | |
| Earnings per share | 2,74 | 0,44 | 3,17 | 3,86 | 1,06 |
| Diluted earnings per share | 2,74 | 0,44 | 3,17 | 3,86 | 1,06 |
| Cash flow per share | 1,92 | 0,12 | 1,20 | -1,88 | 2,17 |
| Dividend per share | 1,00 | 1,75 | 1,50 | 1,25 | 0,75 |
| Shareholders´equity per share at year-end | 31,25 | 29,59 | 31,87 | 19,35 | 16,82 |
| Share price at year-end | 105,00 | 74,00 | 68,00 | 69,50 | 84,00 |
| Market capitalization at year-end | 3 500 102 | 2 466 738 | 2 266 733 | 1 795 484 | 2 170 081 |
| Number of shares outstanding at year-end | 33 334 303 | 33 334 303 | 33 334 303 | 25 834 303 | 25 834 303 |
| Weighted average number of ordinary shares | 33 116 506 | 33 204 736 | 28 306 420 | 25 811 877 | 25 828 889 |

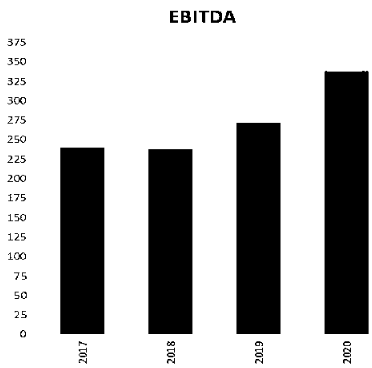
1) For 2020 and 2019 this includes lease liabilities following the implementation of IFRS 16.

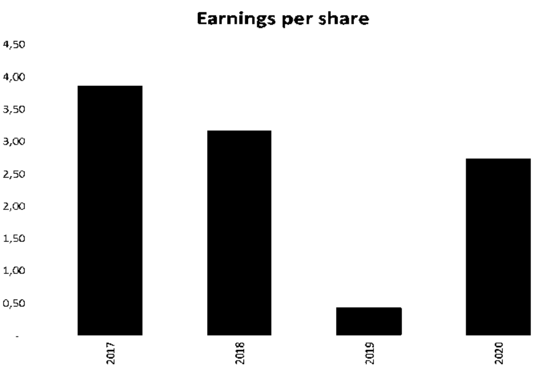

Share price development
120
110
100
90
80
70
60
50
40
30
20
10
0

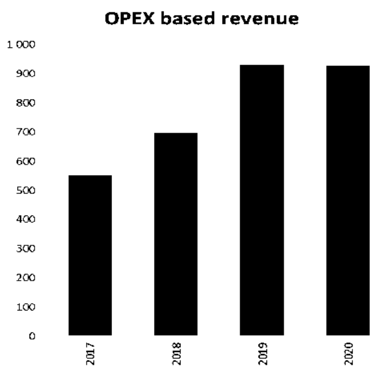

Revenue
Land based
13 %
Digital Solutions
2 %
Cage based
85 %
Cage based
Digital Solutions
Land based


Geographic segments*
Other
14 %
Denmark
1 %
UK
6 %
Canada
4 %
Chile
16 %
Norway
59 %
Norway
Chile
Canada
UK
Denmark
Other
*Based on customer location


Revenues
3 500
3 000
2 500
2 000
1 500
1 000
500
0
2017
2018
2019
2020


EBITDA
375
350
325
300
275
250
225
200
175
150
125
100
75
50
25
0
2017
2018
2019
2020


Earnings per share
4,50
4,00
3,50
3,00
2,50
2,00
1,50
1,00
0,50
-
2017
2018
2019
2020

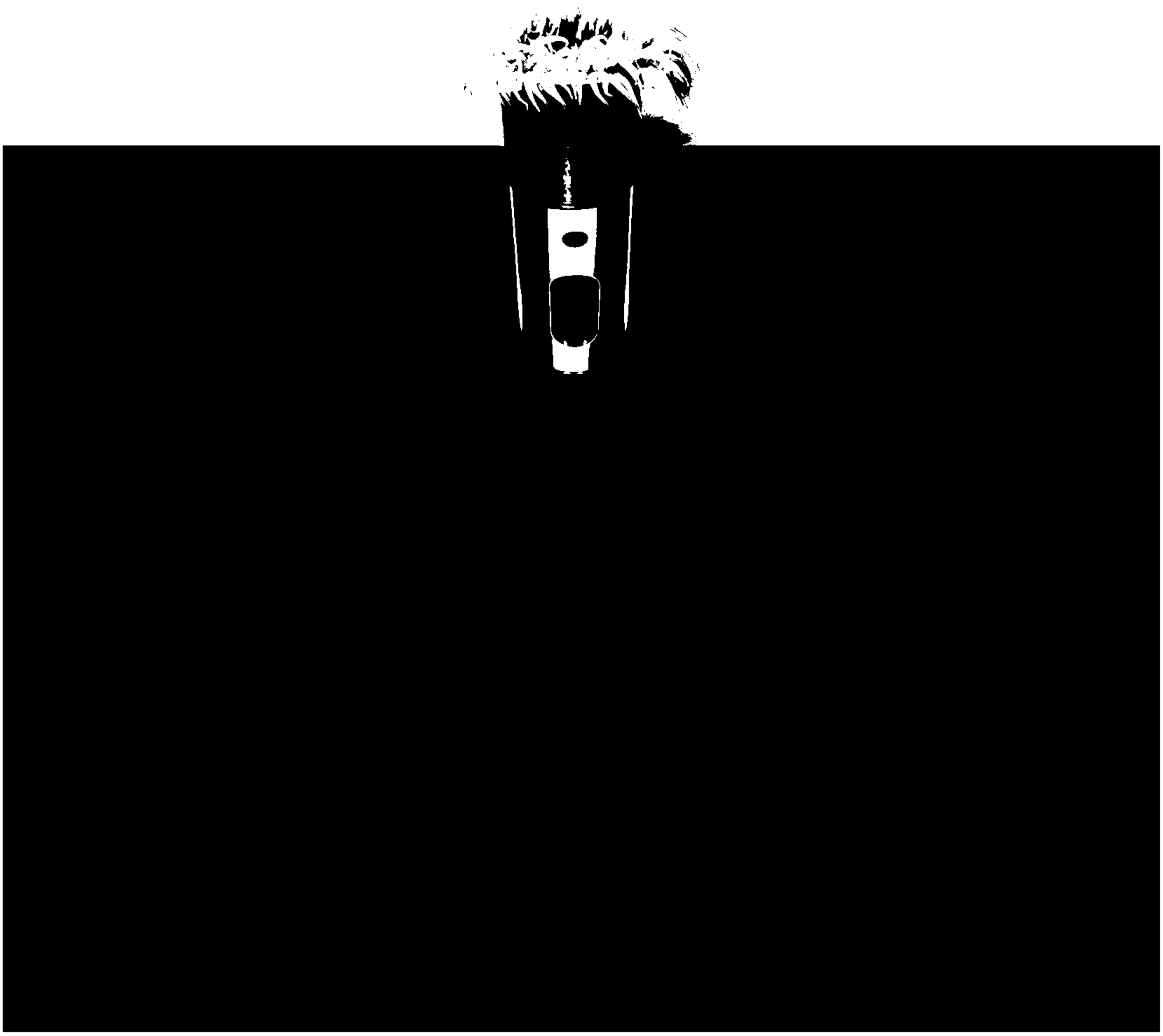

OPEX based revenue
1 000
900
800
700
600
500
400
300
200
100
0
2017
2018
2019
2020

**CEO’s report**

**Group Management**

**Board of Directors’ report**

**Board of Directors**



# CEO's report

**Dear stakeholders and shareholders**

**AKVA group started 2020 with optimism, a strong order backlog and a solid pipeline of prospects.**

**Unfortunately, COVID-19 became a global pandemic and impacted the economics worldwide. We took immediate action with focus on securing health and safety of our employees, maintain and optimize the Group's liquidity, maintain the security of supply, and ensure work for all our employees through a steady order intake.**

**We believe we to a large extent have managed the situation well due to the great commitment and hard work all AKVA employees have contributed with throughout a challenging 2020.**

This has also been important for what became a respectable financial performance:

- Revenues increase with 3% to 3,177 MNOK
- EBIT up from 62 MNOK in 2019 to 147 MNOK in 2020
- Net profit of 91 MNOK, up from 17 MNOK in 2019
- ROACE from 3.3% end of 2019 to 8.0% end of 2020

**Market**
AKVA group is the global market leader of technology, products, and services to the fish farming industry, whereof 90% of our deliveries are to the salmon industry. Salmon prices have over the past years been relatively high due to high demand and constraints on supply. The global COVID-19 pandemic that hit the market in the first quarter of the year led to full stop in the HORECA market diverging volumes into the retail market.

Lower demand for salmon put pressure on prices and low salmon prices in a middle to long-term perspective can impact the activity and profitability of AKVA group. We are dependent of our customers' financial capacity and willingness to invest in new technology and sustainable solutions.

However, there are indications of change in consumer preferences resulting in the retail market stabilizing on a higher level, and expectations that the HORECA market will recover post COVID-19. The above expectations together with market intelligence implies a demand growth of 1-2 million ton by 2030. AKVA group believes that the demand will be driven by increased focus on environment and health, and distribution of salmon to new markets.

The increased demand will be covered through both conventional and unconventional supply sources. Increase in conventional production will require investments in new technology to increase capacity and utilization in existing facilities. However, a significant part of the increased demand needs to be covered from unconventional production and AKVA group believes that full grow out facilities on land will play an important role in the future.

Our focus is to make sure that AKVA group remains an attractive global supplier so that the salmon industry can meet the expected demand growth worldwide. We made significant progress in 2020, which amongst other included two strategically important contracts, the 100 MNOK contract awarded for delivery of Tubenet's™ and the 500 MNOK contract awarded for delivery of a full grow-out RAS facility in China.

**Innovation and digitalization**
To continue to be in the forefront by offering state of the art solutions and services to our customers we acknowledge a significant ramp-up in innovation capabilities is required. We have set out a target of 50% increase in spending within this area to support our growth ambitions. By establishing one Centre of Excellence and focusing on top collaboration in the Group we are confident that we will succeed to further strengthen our position as the global market leader of technology to the salmon industry.

Combining a strong innovation agenda with digital opportunities is key to enable our organic growth ambitions. To achieve this, we will also do a step change in development and improvement of our digital solutions; AKVAconnect, AKVA Observe and Fishtalk. The acquisition of 33.67% of the shares in Observes Technologies in February 2021 was an important strategic milestone to improve our digital agenda.

Our ongoing and future innovation program will also play an important part in improving sustainability within the industry through improving fish health, reducing $CO^2$ emissions, waste management, and recycling fabricates and water. We have started an internal process to make our environmental, social and governance focus more visible and measurable, and prioritize actions by their importance.

**Operational excellence**
We have strengthened our management team in 2020 and focus to strengthen our performance culture through our operational excellence program "The AKVA way".

In 2020 we conducted a project manager training program, and we plan to execute new development programs in 2021 ensuring that our employees have the competence and the capabilities to further develop the Group. We also strive to simplify work methods and ensure top collaboration across the Group improving efficiency and customer satisfaction.

We will proceed with implementation of a group ERP system supporting standardization of our business processes, improve supply chain management and project execution, and increase visibility for better decision making. Finally, we have strengthened our project- and controlling capabilities for better monitoring of performance and relevant KPI's.

**The future**
AKVA group is in a very attractive position for future profitable growth. Our strategy outlines a strong organic topline growth and minimum 25% increase in EBIT year-on-year the coming years. My role is to make sure we make the right priorities and execute our innovation and digital agenda to the best for AKVA, our customers, shareholders, and stakeholders.

Despite falling victim to a cyber extortion attack hampering our organization at the start of 2021 the long-term fundamentals remain unchanged and we are confident that we will reach our targets.

**An important part of everything we do is ensuring our values – Customer focus, Aquaculture knowledge, Reliability, Enthusiasm – stays guidance and compass for developing our business.**

Klepp, Norway
14 April 2021
Knut Nesse
Chief Executive Officer

# Group Management

**Knut Nesse**

Chief Executive Officer

Knut Nesse assumed the position as CEO in November 2019. He holds an MBA from the Norwegian school of economics and business administration (NHH) and is on the Board of several companies. Previous roles include extensive CEO experience from international leading companies. 6 years as CEO of Skretting Group (part of Nutreco) (2006 – 2012) and 6 years as CEO of Nutreco (2012 – 2018). Nutreco is a global animal nutrition and fish feed company. Mr. Nesse was first elected to the Board of Directors at the general meeting 9 May 2019. Mr. Nesse later stepped down from the Board to assume the position as CEO. He is a Norwegian citizen and resides in Bryne, Norway.

**Ronny Meinkøhn**

Chief Financial Officer

Ronny Meinkøhn assumed the position as CFO in August 2020. He came from Apply where he held the position as CFO for the past 6 years. He started his career as an auditor in EY in 2003. Mr. Meinkøhn holds an MSc in Finance from the Norwegian School of Economics (NHH). He is a Norwegian citizen and resides in Klepp, Norway.

**Andrew Campbell**

Chief Operating Officer Cage Based International

Andrew Campbell assumed the position as COO Cage Based International in December 2019. He joined AKVA group in 2000 assuming the role of General Manager in Chile in 2006, then in 2009 became COO Americas and Australasia. Prior to working with AKVA he worked as a Production Manager in the salmon industry in New Zealand for the New Zealand Salmon Company Ltd from 1989 to 2000. Mr. Campbell holds a Bachelor of Science degree from New Zealand's Victoria University. He is a New Zealand citizen and resides in Stavanger, Norway.

**Erlend Sødal**

Chief Operating Officer Cage Based Nordic

Erlend Sødal joined AKVA group in May 2020. He came from Skretting/Nutreco where he held various senior management positions. He was Managing Director of Skretting Norway for 8 years and Managing Director of Cluster Norway, UK, and Australia for 3 years. During the Skretting time Mr. Sødal also acted as Skretting Global Operations Director for two periods and has also been a member of the board of directors of Norwegian Seafood federation for 4 years. Mr. Sødal holds a MSC in Industrial Economics and an MBA of Technology from NTNU/MIT. He is a Norwegian citizen and resides in Stavanger, Norway.

**Johan Fredrik Gjesdal**

Chief Operating Officer Land Based

Johan Fredrik Gjesdal assumed the position as COO Land Based in October 2020. He joined AKVA group in 2017 as Vice President Strategy and Business Development. His professional experience includes management and consulting roles within strategy, M&A and operational improvement in Aker Solutions, KPMG, and Accenture. Mr. Gjesdal holds a Master of Science in Industrial Economics and Technology Management from the Norwegian University of Science and Technology (NTNU). He is a Norwegian citizen and resides in Oslo, Norway.

**Espen Fredrik Staubo**

Chief Innovation Officer

Espen Fredrik Staubo assumed the position as CIO in March 2019. Prior to joining AKVA group, he was the CTO of Elopak, an international supplier of paper-based packaging solutions for liquid food. He has extensive management experience from a number of international businesses and industries. Between 1997 and 2005 he worked for Stolt Sea Farm, including four years as President for the company's European division. He has also been the CEO of the US based aquaculture company Low Salinity, where he was hired to build up the company's land based seafood production. Mr. Staubo holds a Dr. of Science degree in Nuclear Physics from the University of Bergen. He is a Norwegian citizen and resides in Oslo, Norway.

**Per Andreas Hjetland**

Chief Commercial Officer

Per Andreas Hjetland assumed the position as CCO in January 2020. He joined AKVA group ASA in 2008 where he was COO from September 2010 until August 2018 and thereafter served as Senior Vice President, International Business Development from August 2018 until January 2020. Prior to joining AKVA group, he held several senior positions with international companies. His professional background covers industrial technologies, and he also brings with him extensive experience in business operations, sales & marketing.  Per Andreas' academic background was gained at the Technical School of Stavanger. He is a Norwegian citizen and resides in Stavanger, Norway.

# Board of Directors' Report

*AKVA group had a record high revenue of MNOK 3,177 in 2020 and a strong order intake of BNOK 3.4. The order backlog increased by BNOK 0.2 and ended at BNOK 1.9. A good basis for future growth is established, and several improvement initiatives have been implemented to secure successful and efficient project deliveries going forward.*

***2020***

AKVA group acquired 70% of the shares in Newfoundland Aqua Service Inc ("NAS") at the end of February 2020, and from that time consolidated the company into the Group. At the end of May 2020, AKVA group acquired 100% of the shares in Austevoll Rørteknikk AS ("Austevoll") and consolidated the company into the Group. Austevoll was later merged with AKVA group Land Based Norway AS, with accounting effect from 31 May 2020. More information about the acquisitions is found in note 19 to the consolidated accounts.

Total revenue for the Group in 2020 was MNOK 3,177, an increase of 3.3% from 2019. Earnings before interest, tax, depreciation, and amortization (EBITDA) was MNOK 338, compared to MNOK 272 for 2019. Net profit was MNOK 91 – an increase from MNOK 17 in 2019.

The Land Based and Digital Solutions segments had an increase in order backlog in 2020 compared to 2019 of MNOK 314, whilst Cage Based had a decrease of MNOK 121. The Cage Based Segment had an increase in revenues in 2020 of MNOK 173. The Land Based Segment and the Digital Solutions segment had a decline in revenues of respectively MNOK 15 and MNOK 57. Adjusted for the sale of Wise the revenues in Digital Solutions increased by MNOK 7. The total order backlog ended at BNOK 1.9, whereof the Land Based segment is included with BNOK 1.0.

**AKVA group – the business segments**

AKVA group is a leading supplier of technology and services to the global aquaculture industry. Our activities include design, purchase, manufacturing, assembly, sale and installation of technology products as well as rental, service and consulting services. The Group's main customer base is the global salmon-farming industry. The Group divides its operations into three business segments: Cage Based Technology (CBT), Digital Solutions (DS) and Land Based Technology (LBT).

Main products in the CBT segment are feed barges, fish farming cages, centralized feed systems, sensors, cameras, biomass estimation systems, light systems, net cleaning systems and remotely operating vehicles (ROV's). The Polarcirkel™ polyethylene (PE) cages are produced at our facility in Mo i Rana, Norway, and is one of the world's leading fish cage brands. The Polarcirkel™ brand also includes Polarcirkel™ PE-boats designed for extreme conditions for the fish-farming industry, diving and the oil and gas service industry. Our manufacturing plant at Mo i Rana is also a well-known supplier of PE pipes up to 1200 mm diameter for installation in Land Based recirculation systems and for sale into the water/wastewater segment. Steel cages sold under the Wavemaster™ brand are market leaders in Chile and Canada. Wavemaster™'s production facility for steel cages is in Puerto Montt, Chile. Feed barges are also marketed and sold as Wavemaster™. barges. The feed barges have a strong international position in the salmon market and are supplied with AKVASmart™ centralized feed systems as well as other technologies from AKVA group. The manufacturing of feed barges designed by AKVA group, are done in amongst others the Baltic's, Poland, and Vietnam by external partners. Sperre AS, a subsidiary located at Notodden, Norway, holds extensive experience in developing and producing a range of advanced ROV solutions, with applications for both aquaculture as well as oil service and marine industries. Egersund Net, a company acquired in 2018, offer nets and moorings and has an extensive service network for net services. Out of filaments Egersund Net produce its own netting in Norway, which is used in the manufacturing of a variety of standard and special fish net designs, all optimized, focusing on quality and user-friendliness.

The Digital segment provides market-leading digital solutions for fish farming as well as for the seafood and other industries.

The LBT segment designs and deliver recirculation systems for land based fish farming operations. The systems ensure optimal water quality conditions for both fresh- and seawater operations. AKVA group designs the systems in both Norway and Denmark as well as having a manufacturing facility for breeding tanks at Sømna (Norway). The delivery capabilities include design, engineering, tanks, piping, feeding systems, software, cameras, sensors etc. AKVA group has a broad portfolio of systems and a strong position in the land-based aquaculture industry.

AKVA group's registered company address is in Egersund, Norway. The company has offices and service stations along the Norwegian coast as well as company and offices in Chile, United Kingdom, Lithuania, Canada, Turkey, Denmark, Australia, Spain, and Greece. In addition, the Group has representation in a few other countries.

**Market situation and operations through 2020**
(2019 figures in brackets).

The order intake decreased by 1.1%, from MNOK 3,409 in 2019 to MNOK 3,370 in 2020. NAS and Austevoll, which were acquired in 2020, are included with MNOK 31 in 2020. The decrease in order intake was 2.1% on a like for like basis excluding NAS and Austevoll.

Revenues increased by 3.3%, from MNOK 3,077 in 2019 to MNOK 3,177 in 2020. The divested company Wise had a revenue of MNOK 64 in 2019. NAS and Austevoll, which were acquired in 2020, are included with MNOK 35 in 2020. On a like for like basis, excluding Wise, NAS and Austevoll, the increase in revenue was 4.3%.

The order backlog increased from BNOK 1.7 in 2019 to BNOK 1.9 in 2020. The Land Based Segment experienced the highest increase in the order backlog, which increased from MNOK 669 in 2019 to MNOK 975 in 2020.

The Americas region had another busy year in 2020. Revenue increased by 18%, after the region delivered the first ever order for four feed barges. The order backlog in the region is 202 MNOK.

The Nordic region had a 0.5% growth in order intake and a 0.7% growth in revenues in 2020. The marine service operations including net services in sea developed well, so did the ROV business. This region also grew its order backlog, from MNOK 533 in 2019 to MNOK 543 in 2020.

Order intake increased in Europe and Middle East (EME) in 2020, especially the export business (mainly to Russia) and Scotland experienced growth, but also Turkey had a positive development in new orders. The total order intake for the region increased from MNOK 316 in 2019 to MNOK 320 in 2020. The revenue in the region which was built on last year's strong order intake increased from MNOK 291 in 2019 to MNOK 359 in 2020. We are still set with a strong order book of MNOK 161 at end of 2020, down from MNOK 200 in 2019.

The Digital Solutions Segment grew in order backlog, whilst it decreased in order intake and revenues mainly due to the divestment of Wise. More importantly, the segment invested in new product modules and business development creating a robust platform for future growth.

The Land Based Segment had a growth in order intake from MNOK 638 in 2019 to MNOK 708 MNOK in 2020, a growth of 11%. Mainly due to phasing of deliveries and several projects coming to an end, the Land Based Segment revenues declined from MNOK 417 in 2019 to MNOK 402 in 2020. The order backlog was MNOK 975 at the end of the year.

Revenues from rental, services and maintenance including software sales ended at MNOK 927 in 2020. This is 29% of total revenue and makes up a solid part of the business mix of the AKVA group.

**Profit and loss AKVA group**
Total revenue for AKVA group in 2020 was MNOK 3,177 (3,077) - an increase of 3.3% compared to 2019. EBITDA for 2020 was MNOK 338 (272).

Depreciation and amortization in 2020 were MNOK 191 (210). EBIT for 2020 was MNOK 147 (62). Net financial expenses were MNOK 26 (49) and Profit before tax was MNOK 121 (13). The calculated tax for 2020 is MNOK 31 (-3). Net profit for the year was MNOK 91 (17).

CBT had operating revenues in 2020 of MNOK 2,706 (2,533), an increase of 6.8% compared to 2019. EBITDA was MNOK 330 (291), an increase of 13.5% compared to 2019. The increase in revenue was driven by the Nordic and Americas regions.

Digital Solutions had operating revenues in 2020 of MNOK 69 (126) with an EBITDA of MNOK 18 (25). The decline in revenue and EBITDA mostly stems from the divestment of Wise (64 in 2019) in 2019.

LBT had operating revenues in 2020 of MNOK 402 (417), a decrease of 3.6% compared to 2019. EBITDA was MNOK -10 (-44). The decline in revenue is partly due to several projects coming to an end, as new projects have been won and the order backlog is very strong.

Earnings per share were NOK 2.74 in 2020 versus NOK 0.44 in 2019. The average total number of outstanding shares has been 33,116,506 in 2020 and 33,204,736 in 2019.

**Profit and loss AKVA group ASA**
Operating revenues for AKVA group ASA in 2020 was MNOK 1,135 (941). EBITDA for 2020 was MNOK 4 (31). Depreciation and amortization in 2020 were MNOK 26 (35). EBIT for 2020 was MNOK -22 (-4). Net financial income was MNOK 227 (36) and profit before tax was MNOK 206 (32). The calculated tax for 2020 was MNOK 8 (-5). Net profit for the year was MNOK 198 (37).

**Statement of Financial Position and cash flow AKVA group**
Total assets at the end of 2020 were MNOK 3,227 (3,034). Total liabilities amounted to MNOK 2,185 (2,043) and equity totalled MNOK 1,042 (991) giving an equity ratio of 32% (33%).

Working capital in the consolidated balance sheet, defined as non-interest-bearing current assets less non-interest-bearing short-term debt, was MNOK 261 at the end of 2020, compared to MNOK 287 at the end of 2019. Working capital in percentage of 12 months rolling revenue was 8.2% at the end of 2020 compared to 9.3% at the end of 2019.

Equity was positively affected during 2020 by this year's result of MNOK 91 (17). Translation differences and cash flow hedges had positive impact on equity of MNOK 18 (-6), out of which MNOK 4 (1) was related to currency effects on goodwill and other intangible assets. Equity was negatively affected during 2020 by the dividend payment of MNOK 35, the buyback of own shares of MNOK 15 and from adjustments of contingent considerations with MNOK 8.

At the end of 2020 gross interest-bearing debt amounted to MNOK 1,311 (1,217). The Company complied with all financial covenants during 2020. Cash and unused credit facilities amounted to MNOK 525 (565). The operating activities gave a net cash contribution of MNOK 305 (211).

**Statement of Financial Position AKVA group ASA**

Total assets at the end of 2020 were MNOK 2,531 (2,060). Total liabilities amounted to MNOK 1,497 (1,176) and equity totalled MNOK 1,034 (884) giving an equity ratio of 41% (43%).

**Risk factors**

AKVA group categorize risk factors into four categories:

1. Market/operational risk
2. Strategic risk
3. Reporting risk
4. Financial risk

***Market/operational risk***

The aquaculture industry is associated with biological and market risk and has historically been subject to cyclicality. AKVA group aims to reduce the risks related to these factors through diversification of its products and technologies to various geographical regions and by increasing revenues from recurring service and after sales.

AKVA group is exposed to fluctuations in prices of certain raw materials used for some of the main products. Reduction of this risk is sought through continuous general awareness and specific attention during major contract negotiation periods, as well as by securing the pricing of raw materials immediately after signing contracts when applicable.

***Strategic risk***

One of AKVA group's focus areas is providing technology to land based fish farming, which is a type of farming that has not been developed on a large scale yet. The investment in this segment therefore entails strategic risk and uncertainty in the form of the fact that this segment currently comprises complex projects with higher uncertainty related to margins than traditional cage based projects. To reduce this risk, AKVA group has built up its own land based organization, which specializes exclusively in this technology. The organization within land based includes engineers, economists, salespeople, lawyers and more, all with the sole focus on being able to deliver this type of projects in a profitable way.

***Reporting risk***

AKVA group are subject to the rules of the Oslo Stock Exchange and other Norwegian and European Union financial market regulations. As such, there is a risk that the performed risk assessment process and internal controls related to financial reporting does not carry the expected results, which could imply that there is a risk of material misstatements in AKVA group's financial figures. AKVA group has implemented internal controls to address this risk, which is considered effective as of 31 December 2020. However, there can be no assurance that, going forward, the implemented internal controls will effectively prevent material misstatements in our financial statements. Hence, AKVA group will continue to focus on the design and implementation of internal controls to have sufficient assurance that the reporting risk is kept to a minimum.

***Financial risk***
For AKVA group the financial risks are mainly related to currency risks, interest rate risks, credit risks and liquidity risks. A reduction in currency risks is sought through matching revenues and costs in the same currency, in combination with forward contracts. The Group is also exposed to fluctuations in foreign exchange rates when calculating the equity of foreign subsidiaries into NOK.

Interest bearing debt is based on floating interest rate and net interest costs will consequently increase and decrease according to fluctuations in the interest rate level. AKVA group targets to always maintain sufficient level of free cash to be able to meet its obligations and planned investment levels.

Historically the Group has had low losses from customer receivables. For larger projects, the Group generally receives partial pre-payment and payments according to the progress of the projects. The credit risk is thereby reduced.

AKVA group continuously monitors its liquidity, and estimates expected liquidity developments based on budgets and forecasts from the units. Any negative development in key liquidity ratios for the units are followed up and analysed. Liquidity improvement measures are implemented for each unit, to ensure that the liquidity risk is kept at a minimum.

**Product development**
In 2020 the Group invested MNOK 84 (93) in product research and development, of which MNOK 39 (44) was capitalized and MNOK 45 (49) expensed. The investments were used to further improve existing products and to develop new products.

**Organisation and work environment**
AKVA group had 1 447 (1 437) employees at the end of 2020. The Group aims at having a gender balance across the different levels of the organisation. The aquaculture industry has historically been a male-dominated industry and the Group realize that it will take time before an equal gender balance is reached. The total gender balance improved somewhat in 2020 compared to 2019 and women accounted for 34% (33%) of the employees. Group Management where all men in 2020, as well as in 2019. Of the seven members of AKVA group ASA's Board of Directors, four are women.

The Norwegian Discrimination Act's objective is to promote gender equality, ensure equal opportunities and rights, and to prevent discrimination due to ethnicity, national origin, descent, skin colour, language, religion, and faith. The Group is working actively to encourage the act's purpose within our business. Included in the activities are recruiting, salary and working conditions, promotion, development opportunities and protection against harassment.

The Group target to be a workplace with no discrimination due to reduced functional ability and is working actively to design and implement physical working conditions to fit all employees. For employees or new applicants with reduced functional ability, individual arrangements of workplace and responsibility are made.

The Group aims to strengthen the competence of its employees to maintain a position as a leading supplier of technology and service to the global aquaculture industry. Through recruitment, the company seeks to employ people with high competence within all areas of its business.

Total sick leave in the Group during 2020 amounted to 5.3% (5.5%). The Group has registered two (seven) incidents causing sick leave exceeding the day the incident occurred during 2020.

The board considers the working environment in the company to be satisfactory.

## Environmental responsibility

AKVA group works systematically to avoid having an undesirable impact on its surroundings. This includes the day-to-day actions of its employees, involvement in research and development, as well as collaboration with government and regulatory authorities, interest groups, other aquaculture companies and suppliers of goods and services. Good environmental, social and governance principles are key to AKVA group's global activities. The Group has started an internal process to make this focus more visible and measurable. Environment and sustainability are central to the innovation agenda in the Group. Product examples include:

- Tubenet™: Reduced lice infections and less use of medication leads to a healthier and cleaner salmon
- Water feeding: Compared to airborne feeding require water feeding less energy and reduce the CO2 emission
- Net and copper recycling and waste management at our net cleaning stations
- Land-based RAS technology based on the zero-water exchange concept

More detailed information is presented in the Group's Corporate Social Responsibility report in this report.

## Future outlook and going concern

The COVID-19 restrictions are still impacting the industry and the company. There are however signs of improvement as the vaccination programs gradually takes effect worldwide.

On 10 January 2021, AKVA group was subject to a cyber-attack impacting several key systems. Most of AKVA group's internally hosted services were shut down and data, including backups, were encrypted. All main IT systems were recovered during Q1 2021 and no data were lost. However, the company will recognize significant non-recurring costs related to the cyber-attack in Q1.

The long-term fundamentals for the industry remain unchanged and the demand for salmon is expected to increase the coming years. Increased production will require new and improved technology both within conventional and unconventional farming.

The strategy for the company outlines a strong organic growth and increased profitability. This is supported by a strong focus on innovation and digital solutions, and operational excellence.

With a record high order backlog AKVA group is well positioned to strengthen its position as global market leader of technology to the aquaculture industry.

The Board confirms that the financial statements have been prepared on the assumption of going concern, in accordance with section 3-3a of the Norwegian Accounting Act, and that such an assumption is justified. This confirmation is based on the Group's reported results, financial situation, and established budgets.

**Allocation of profit**

The board propose the following allocation of the 2020 profit for AKVA group ASA:

| | | |
|---|---|---|
| Proposed dividend | NOK | 0 |
| Dividends paid | NOK | -33,156,420 |
| Transferred to other equity | NOK | 197,869,753 |
| **Total allocation** | **NOK** | **164,713,753** |

At the end of 2020, AKVA group ASA had equity of MNOK 1,034 (884), comprised of MNOK 33 (33) in share capital, MNOK 854 (854) in share premium, MNOK 1 (1) in other paid-in capital and MNOK 146 (-4) in other equity.

A dividend of 1.00 NOK per share was paid out in 2020 (1.00 NOK per share in March 2020) equalling a total amount of 33,156,420 NOK, in accordance with the dividend policy. In addition, a half-yearly dividend of NOK 1.00 per share was decided distributed at the board meeting on 11 March 2021.

A report on Corporate Social Responsibility in AKVA group ASA is included in the second last section of the annual report.

Corporate Governance in AKVA group ASA is described in the last section of the annual report.

Klepp, Norway, 14 April 2021

Hans Kristian Mong (Chairperson) | Anne Breiby (Deputy chairperson) | Frode Teigen

Kristin Reitan Husebø | Helen Helland | Ragnhild Ree

Magnus Røkke | Knut Nesse (CEO)

# Board of Directors

**Hans Kristian Mong**

Chairman

Hans Kristian Mong lives in Egersund, Norway. He is Chairman of the board in Egersund Group AS. In addition, he holds Chairman positions in several companies, including Egersund Trål AS and Ok Marine AS. Mr. Mong was elected to the Board of Directors at the general meeting 9 May 2012.

**Anne Breiby**

Deputy Chairperson

Anne Breiby lives in Ålesund, Norway. She holds a Cand. scient degree in Fishery biology from Tromsø University. She held positions in the Norwegian Fishfarmer's Association and the Regional Fishery Administration before serving as a Political advisor for the Minister of Fishery, Political advisor for fishery and industry matters in Parliament and Deputy Minister in the Ministry of Industry and Energy. She has broad experience from serving as a Board member for several companies and institutions. Amongst these are Domstein ASA, Ulstein group ASA, Folketrygdfondet, Sparebanken Møre, Innovation Norway, Norwegian Research Council, Rem ASA, Kongsberg Satellite Service AS, Scandinavian Business Seating AS and Fiskeribladet Fiskaren AS. Mrs. Breiby was elected to the Board of Directors at the general meeting 25 September 2006.

**Kristin Reitan Husebø**

Board member

Kristin Reitan Husebø lives in Stavanger, Norway. She currently works as a director at the Norwegian Petroleum Directorate. Previously she has held senior positions in Greater Stavanger Economic Development, Mercuri Urval, Stavanger Aftenblad, Prekubator Technology Transfer Office, Stavanger Helseforskning, Equinor ASA and SR-Finans. Kristin holds a Master of Management from the Norwegian Business School (BI). In addition, she has also attended an Executive Board program from the Scandinavian Executive Institute and INSEAD. Mrs. Reitan Husebø was elected to the Board of Directors at the general meeting 9 May 2019.

**Frode Teigen**

Board member

Frode Teigen lives in Egersund, Norway. He is a private investor and is on the board of several Norwagian companies. Mr. Teigen was elected to the Board of Directors at the general meeting 10 June 2009.

**Ragnhild Ree**

Employee elected board member

Ragnhild Ree lives in Bryne, Norway, and joined AKVA group in 2006 as administration and reception employee. From 2012 sha has been payroll manager for AKVA group ASA, Helgeland Plast AS and AKVA group Software AS.

**Helen Helland**

Employee elected board member

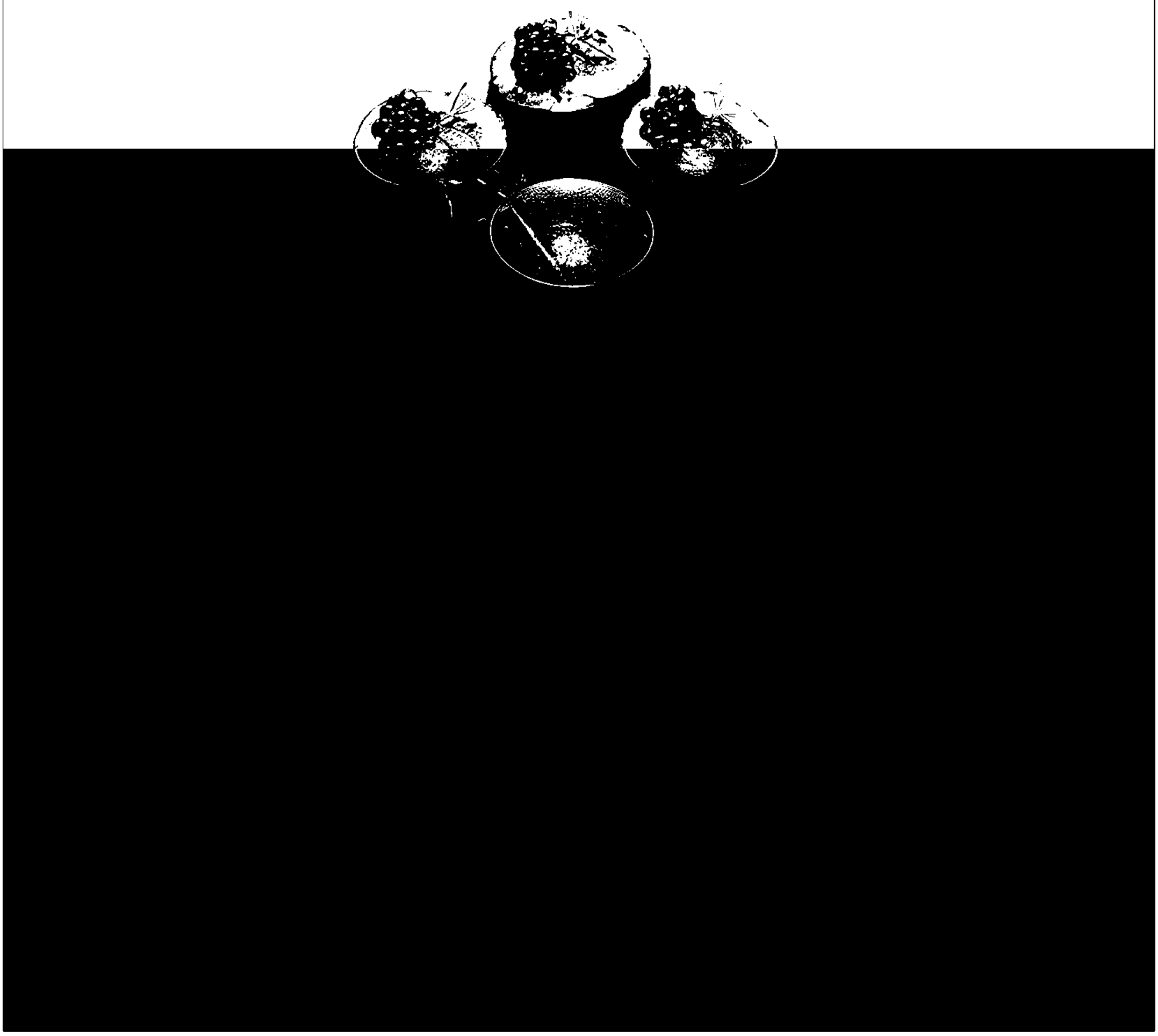
Helen Helland lives in Bjerkreim, Norway, and joined Egersund Net AS in 1995. During these years she has held various managerial positions and for the last two years she has worked as project manager. She also works as technical support for the sales team.

**Magnus Røkke**

Employee elected board member

Magnus Røkke lives in Brønnøysund, Norway. He has been employed as project manager in AKVA group Land Based Norway AS since 2016 and newly started as Head of Project. He is following up a team of 5 project managers, 3 project engineers, 4 technical drawers, 1 technical designer and 1 project assistant whom planning and executing Land Based projects around the world.

# AKVA group Consolidated Financial Statements and notes



# Consolidated Income Statement 01.01. - 31.12.

(in NOK 1 000)

| Group | Note | 2020 | 2019 |
|---|---|---|---|
| **OPERATING REVENUES** | | | |
| Revenues | | 3 159 453 | 3 050 514 |
| Other income | 9,15 | 17 392 | 26 226 |
| **Total revenues** | 2,17,20 | **3 176 845** | **3 076 740** |
| **OPERATING EXPENSES** | | | |
| Cost of materials | 10,23 | 1 906 982 | 1 861 353 |
| Payroll expenses | 3,4 | 774 439 | 766 115 |
| Depreciation and amortization | 2,7,8 | 190 928 | 209 594 |
| Other operating expenses | 3,4,7,11,15,18,23,24 | 157 333 | 177 362 |
| **Total operating expenses** | 2,20 | **3 029 682** | **3 014 423** |
| **OPERATING PROFIT** | | **147 163** | **62 316** |
| **FINANCIAL INCOME AND EXPENSES** | | | |
| Financial income | 15,16 | 25 105 | 6 304 |
| Financial expenses | 15,16,18 | (50 794) | (55 145) |
| **Net financial income (expense)** | | **(25 688)** | **(48 841)** |
| **PROFIT BEFORE TAX** | | **121 475** | **13 476** |
| Taxes | 5 | 30 776 | -3 129 |
| **NET PROFIT FOR THE YEAR** | | **90 698** | **16 604** |
| **NET PROFIT (LOSS) ATTRIBUTABLE TO:** | | | |
| Non-controlling interests | | 25 | 1 971 |
| **Equity holders of AKVA group ASA** | | **90 673** | **14 633** |
| **Earnings per share (NOK)** | 6 | **2,74** | **0,44** |
| **Diluted earnings per share (NOK)** | 6 | **2,74** | **0,44** |

# Consolidated Statement of Comprehensive Income 01.01. - 31.12.

(in NOK 1 000)

| Group | Note | 2020 | 2019 |
|---|---|---|---|
| **NET PROFIT FOR THE YEAR** | | 90 698 | 16 604 |
| **Other comprehensive income** | | | |
| *Items that may be reclassified subsequently to income statement:* | | | |
| Translation differences on foreign operations | | 10 541 | -4 824 |
| Income tax effect | | - | - |
| **Total** | | **10 541** | **-4 824** |
| Gains (+) / losses (-) on cash flow hedges | | 9 183 | -1 624 |
| Income tax effect | 5 | -2 020 | 357 |
| **Total** | 16 | **7 163** | **-1 267** |
| **Total other comprehensive income, net of tax** | | **17 704** | **-6 091** |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX** | | **108 402** | **10 513** |
| Attributable to: | | | |
| Non-controlling interests | | 25 | 1 971 |
| **Equity holders of AKVA group ASA** | | **108 377** | **8 542** |

# Consolidated Statement of Financial Position 31.12.

(in NOK 1 000)

| Group | Note | 2020 | 2019 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| Deferred tax asset | 5 | 10 872 | 16 354 |
| **Intangible assets and goodwill** | | | |
| Goodwill | 7 | 850 914 | 826 409 |
| Other intangible assets | 7 | 192 437 | 184 843 |
| Total intangible assets and goodwill | | 1 043 350 | 1 011 252 |
| **Tangible fixed assets** | | | |
| Land and building | 8,14 | 36 148 | 18 759 |
| Right-of-use asset | 8,14,18 | 542 637 | 557 849 |
| Machinery and equipment | 8,14 | 170 339 | 204 498 |
| Total tangible fixed assets | | 749 124 | 781 105 |
| **Long-term financial assets** | | | |
| Investments in associated companies | 9 | 93 689 | 73 776 |
| Other long-term financial assets | 9,11,16 | 54 748 | 1 008 |
| Total long-term financial assets | | 148 437 | 74 785 |
| **Total non-current assets** | | **1 951 784** | **1 883 496** |
| **CURRENT ASSETS** | | | |
| Inventory | 10,14,23 | 474 930 | 513 549 |
| **Receivables** | | | |
| Accounts receivables | 11,14,16,20,23 | 341 490 | 317 212 |
| Contract assets | 16,17 | 158 642 | 96 390 |
| Other receivables | 4,15,16 | 74 963 | 61 989 |
| Total receivables | | 575 096 | 475 590 |
| Cash and cash equivalents | 12,16 | 224 884 | 160 999 |
| **Total current assets** | | **1 274 910** | **1 150 138** |
| **TOTAL ASSETS** | 2 | **3 226 694** | **3 033 634** |

# Consolidated Statement of Financial Position 31.12.

(in NOK 1 000)

| Group | Note | 2020 | 2019 |
|---|---|---|---|
| **EQUITY** | | | |
| | | | |
| Equity attributable to equity holders of AKVA group ASA | | 1 041 538 | 986 340 |
| Non-controlling interests | | 158 | 4 165 |
| | | | |
| **Total equity** | 13,14,19,21,22 | **1 041 696** | **990 505** |
| | | | |
| **LIABILITIES** | | | |
| | | | |
| **Non-current liabilitites** | | | |
| Deferred tax liabilities | 5 | 58 272 | 55 791 |
| Liabilities to financial institutions | 14,16 | 750 000 | 550 000 |
| Lease Liability | 16,18 | 455 145 | 484 216 |
| Other non-current liabilities | 14,16,19 | 38 375 | 73 537 |
| Total non-current liabilities | | 1 301 792 | 1 163 545 |
| | | | |
| **Current liabilities** | | | |
| Lease Liability | 16,18 | 93 821 | 80 123 |
| Liabilities to financial institutions | 14,16 | - | 97 013 |
| Trade payables | 16,20 | 227 516 | 228 376 |
| Current tax payables | 5 | 24 265 | 27 509 |
| Public duties payable | 16 | 54 620 | 60 952 |
| Contract liabilities | 16,17 | 281 450 | 193 080 |
| Other current liabilities | 14,15,19,23 | 201 534 | 192 530 |
| Total current liabilities | | 883 207 | 879 584 |
| | | | |
| **Total Liabilities** | 2 | **2 184 999** | **2 043 128** |
| | | | |
| **TOTAL EQUITY AND LIABILITIES** | | **3 226 694** | **3 033 634** |

Klepp, Norway, 14 April 2021

Hans Kristian Mong
(Chairperson)

Anne Breiby
(Deputy chairperson)

Frode Teigen

Kristin Reitan Husebø

Helen Helland

Ragnhild Ree

Magnus Røkke

Knut Nesse
(CEO)

# Consolidated Statement of Cash flow 01.01.-31.12.

(in NOK 1 000)

| Group | Note | 2020 | 2019 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Profit before taxes | | 121 475 | 13 476 |
| Taxes paid | | -27 509 | -24 764 |
| Net interest cost | | 41 622 | 42 113 |
| Gain (loss) on disposal of fixed assets | | 5 705 | -384 |
| Net gain/loss from disposals of subsidiaries | | - | -18 153 |
| Gain on financial fixed assets | | -8 283 | - |
| Depreciation and amortization | 7,8 | 190 928 | 209 594 |
| Changes in stock, accounts receivable and trade payables | | 13 480 | 36 453 |
| Changes in other receivables and payables | | 16 547 | 5 333 |
| Net foreign exchange difference | | -7 372 | -10 785 |
| **Cash generated from operating activities** | | **346 592** | **252 882** |
| Interest paid | 15 | -46 089 | -47 206 |
| Interest received | 15 | 4 467 | 5 093 |
| **Net cash flow from operating activities** | | **304 970** | **210 769** |
| **Cash flow from investment activities** | | | |
| Investments in fixed assets | 7,8 | -103 199 | -141 909 |
| Proceeds from sale of fixed assets | 7,8 | 43 925 | 967 |
| Net repayment of long-term receivables | | - | -1 750 |
| Divestment of subsidiary net of cash sold | 19 | - | 41 736 |
| Payment of shares and participations | 9 | -38 585 | - |
| Acquisition of subsidiary net of cash acquired | 19 | -90 542 | -39 144 |
| **Net cash flow from investment activities** | | **-188 401** | **-140 099** |
| **Cash flow from financing activities** | | | |
| Repayment of borrowings | 14 | -98 911 | -6 794 |
| Proceeds from borrowings | 14 | 200 000 | 112 652 |
| Repayment of lease liabilities | 14 | -104 165 | -101 206 |
| Dividend payment | 14,21 | -34 954 | -59 401 |
| Sale/(purchase) own shares | 14,22 | -14 662 | -11 119 |
| **Net cash flow from financing activities** | | **-52 692** | **-65 868** |
| Net change in cash and cash equivalents | | 63 878 | 4 801 |
| Net foreign exchange differences | | 10 | -664 |
| Cash and cash equivalents at 01.01 | 12 | 160 999 | 156 862 |
| **Cash and cash equivalents at 31.12** | 12 | **224 885** | **160 999** |

# Consolidated Statement of changes in equity

(in NOK 1 000)

| Group | Note | Share capital | Share premium | Other paid-in capital | Total paid in capital | Translation differences | Other equity | Total other equity | Retained earnings | Total equity | Non-controlling interest | Equity shareholders AKVA group |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Equity as at 01.01.2019** | | 33 306 | 847 215 | -759 | 879 763 | 1 677 | -6 162 | -4 484 | 187 328 | 1 062 607 | 184 | 1 062 423 |
| Net movement in cash flow hedges | | - | - | - | - | - | -1 267 | -1 267 | - | -1 267 | - | -1 267 |
| Translation difference | | - | - | - | - | -4 824 | - | -4 824 | - | -4 824 | - | -4 824 |
| **Total other comprehensive income** | | - | - | - | - | -4 824 | -1 267 | -6 091 | - | -6 091 | - | -6 091 |
| Profit (loss) for the period | | - | - | - | - | - | - | - | 16 604 | 16 604 | 1 971 | 14 633 |
| **Total comprehensive income** | | - | - | - | - | -4 824 | -1 267 | -6 091 | 16 604 | 10 513 | 1 971 | 8 542 |
| Dividend | 21 | - | - | - | - | - | - | - | -59 401 | -59 401 | - | -59 401 |
| Adjustment of contingent consideration | 19 | - | - | - | - | - | - | - | -12 095 | -12 095 | 2 010 | -14 106 |
| Sale / (purchase) of own shares | 22 | -150 | - | - | -150 | - | -10 969 | -10 969 | - | -11 119 | - | -11 119 |
| **Equity as at 31.12.2019** | 13 | 33 156 | 847 215 | -759 | 879 613 | -3 147 | -18 397 | -21 544 | 132 436 | 990 505 | 4 165 | 986 340 |
| | | | | | | | | | | | | |
| **Equity as at 01.01.2020** | | 33 156 | 847 215 | -759 | 879 613 | -3 147 | -18 397 | -21 544 | 132 436 | 990 505 | 4 165 | 986 340 |
| Net movement in cash flow hedges | | - | - | - | - | - | 7 163 | 7 163 | - | 7 163 | - | 7 163 |
| Translation difference | | - | - | - | - | 10 541 | - | 10 541 | - | 10 541 | - | 10 541 |
| **Total other comprehensive income** | | - | - | - | - | 10 541 | 7 163 | 17 704 | - | 17 704 | - | 17 704 |
| Profit (loss) for the period | | - | - | - | - | - | - | - | 90 698 | 90 698 | 25 | 90 673 |
| **Total comprehensive income** | | - | - | - | - | 10 541 | 7 163 | 17 704 | 90 698 | 108 402 | 25 | 108 377 |
| Dividend | 21 | - | - | - | - | - | - | - | -34 954 | -34 954 | - | -34 954 |
| Non-controlling interests arising on a business combinations | 19 | - | - | - | - | - | - | - | - | - | 144 | -144 |
| Adjustment of contingent consideration | 19 | - | - | - | - | - | - | - | -7 596 | -7 596 | -4 176 | -3 420 |
| Sale / (purchase) of own shares | 22 | -200 | - | - | -200 | - | -14 462 | -14 462 | - | -14 662 | - | -14 662 |
| **Equity as at 31.12.2020** | 13 | 32 956 | 847 215 | -759 | 879 413 | 7 394 | -25 696 | -18 302 | 180 584 | 1 041 696 | 158 | 1 041 538 |

# Notes to the Consolidated Financial Statements – AKVA group

## Contents

## Note 1

### Reporting entity

AKVA group ASA is a public limited liability company registered in Norway. The company is subject to the provisions of the Norwegian Act relating to Public Limited Liability Companies. The company's registered office is at Svanavågveien 30, N-4374 Eigersund, Norway. The Group is primarily involved in delivery of technology and services to the fish farming industry.

These consolidated Financial Statements have been approved for issuance by the board of directors on 14 April and is subject for approval by the Annual General Meeting on 6 May 2021.

### Basis of accounting

The consolidated financial statements of the AKVA group have been prepared in accordance with the international accounting standards published by the International Accounting Standards Board and the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) as per 31 December 2020.

The consolidated financial statements have been prepared on a historical cost basis, except for derivatives and contingent considerations measured at fair value, and financial liabilities recognized due to anticipated acquisitions at the present value of the expected redemption amount.

All amounts have been rounded to the nearest thousand unless otherwise stated. As a result of rounding adjustments, the figures in one or more rows or columns included in the financial statements and notes may not add up to the total of that row or column.

### COVID-19

The outbreak of the COVID-19 pandemic, and the measures adopted by the governments in the countries where the Group operates to mitigate its spread, have impacted the Group. The main influence on the Group related to COVID-19 is that the global mobility restrictions have led to an increase in project costs and consequently lower project margins than the Group would have achieved in a normal year. This has negatively impacted the Group's financial performance during the year. However, the Group do not find itself materially affected by COVID-19, set aside from the restrictions mentioned above.

There is still uncertainty over how the future development of the outbreak will impact the Group's business and customer demand for its products. The impact is monitored continuously by the Group, and Management have identified the following focus areas to mitigate the effects:

- maintain and optimize the Group's liquidity;
- maintain the security of supply; and
- ensure work for all our employees through a steady order intake

Based on these factors, management has assessed that there is no going concern risk related to COVID-19 at the time of publication of the financial statements.

### Fair value measurement

"Fair value" is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Several of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would consider in pricing a transaction.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: inputs for the asset or liability that are not based on observable market data

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 3 – Wages, remunerations, and pensions
- Note 9 – Subsidiaries and other long-term investments
- Note 16 – Financial instruments and risk management
- Note 19 – Business combinations

### Functional and presentation currency

The Group presents its financial statements in NOK. This is also the parent company's functional currency. For consolidation purposes, the statements of financial position of subsidiaries with a different functional currency are translated at the rate applicable at the end of the reporting period, and the income statements have been translated at monthly average rates. Translation differences are recognized in other comprehensive income. When foreign subsidiaries are sold, the accumulated translation differences relating to the subsidiary are recognized as agio gain or loss in the statement of profit or loss.

### Changes in significant accounting policies

The Group has initially adopted *Definition of a Business* (Amendments to IFRS 3) and *Interest Rate Benchmark Reform* (Amendments to IFRS 9, IAS 39 and IFRS 7) from 1 January 2020. None of these adoptions have a material effect on the Group's financial statements.

### Use of judgements and estimates when preparing the annual financial statements

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income, and expense. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

#### Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

- Note 17 – revenue recognition: whether revenue is recognized over time or at a point in time
- Note 9 – equity-accounted investees: whether the Group has significant influence over an investee based on relevant facts and circumstances

**Estimates and assumption uncertainties**
Information about estimates and assumption uncertainties on 31 December 2020 that have the most significant effect on the amounts recognized in the financial statement, is given in the following notes:

- Note 5 – recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised
- Note 7 – impairment test of non-financial assets: key assumptions underlying recoverable amounts, including the recoverability of development costs
- Note 11 – measurement of expected credit losses allowance for trade receivables and contract assets: key assumptions in determining the average loss rate
- Note 19 – business combinations: fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired, and liabilities assumed, measured on a provisional basis

## Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, unless otherwise disclosed.

**Subsidiaries**
The consolidated financial statements incorporate AKVA group ASA and companies that AKVA group ASA (directly or indirectly) control (the Group). Control is achieved when the Group is exposed or has right to variable returns from its involvement with a company in which it has invested and has the ability to use its power to affect its returns from this company. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

**Non-controlling Interests (NCI)**
NCI in subsidiaries is measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition and presented within equity separately from the equity attributable to the owners of the parent. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

**Loss of control**
When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

**Interests in equity-accounted investees**
The Group's interests in equity-accounted investees comprise interests in associates.
Investments in associates are those entities that the Group exercises a significant influence, but not control or joint control, over the financial and operating policies (normally investments of between 20% and 50% of the companies' equity). These investments are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. After initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

When the Group's share of the loss exceeds the investment in associates, the investment, and any long-term interests that in substance is a part of the net investment is carried at zero value. If the Group's share of the loss exceeds the investment, this will be recognized to the extent that the Group has obligations to cover this loss.

**Eliminations in consolidated accounts**
Inter-company transactions and balances, including internal profits and unrealized gains and losses are eliminated in full. Unrealized gains that have arisen due to transactions with associates are eliminated against the Group's share in the associate. Unrealized losses are correspondingly eliminated, but only to the extent that there are no indications of a decline in the value of the asset that has been sold internally.

## Business Combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The acquirer's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognized at their fair values at the acquisition date.

Goodwill arising on acquisition is recognized as an asset measured at the excess of the sum of the consideration transferred, the fair value of any previously held equity interests and the amount of any non-controlling interests in the acquire over the net amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities exceeds the total consideration of the business combination, the excess is recognized in the income statement immediately. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in the income statement as financial income or expense. If the contingent consideration is classified as equity, it should not be re-measured until it is finally settled within equity.

The Group has in some business combinations entered into put and call options for the remaining non-controlling interests (NCI). The group accounts for such agreements using "the anticipated-acquisition method". Under this method, the interest subject to the option is deemed to have been acquired at the date of acquisition. Accordingly, the financial liability arising from the option is included in the consideration transferred. Under the anticipated-acquisition method, the interests of the non-controlling shareholders that hold the options are derecognized when the financial liability is recognized. This is because the recognition of the financial liability implies that the interests subject to the options are deemed to have been acquired already. Therefore, the underlying interests are presented as already owned by the Group, both in the statement of financial position and in the statement of profit or loss and other comprehensive income. The financial liability is recognized at the present value of the expected redemption amount. Changes in the carrying amount of the liability will be recognized within equity. If the option expires unexercised, then the liability is derecognized and NCI is recognized, consistent with a decrease in ownership interests in a subsidiary while retaining control.

Purchase Price Allocation arising from a business combination is finalized within twelve months of completed acquisition.

If the business combination is achieved in stages, the fair value of the Group's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through the income statement.

**Segments**
For management purposes, the Group is organized into three business areas according to their range of products/services. The Chief Operating Decision Maker is the Group's Chief Executive Officer who delegates responsibility to the Chief Operating Officers (COO's) in the business area they are responsible. These business areas comprise the basis for primary segment reporting. Financial information relating to segments and geographical divisions is presented in note 2.

In the segment reporting, the internal gain on sales between the various segments is eliminated.

## Foreign currency

### Foreign currency transactions

Transactions in foreign currencies are initially recognized in the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency using the exchange rate at the reporting date. All exchange differences are recognized in the income statement except for exchange differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity, or monetary items that are regarded as part of the net investments. These exchange differences are recognized as a separate component of other comprehensive income until the disposal of the net investment or settlement of the monetary item, at which time they are recognized in the income statement. Tax charges and credits attributable to exchange differences on those borrowings or monetary items as part of the net investments are also recognized in other comprehensive income. Non-monetary items that are measured at historical cost in foreign currency are translated using the exchange rates at the dates of the initial transactions.

### Foreign operations

The assets and liabilities of foreign subsidiaries, including goodwill and fair value adjustments included in the consolidation are translated into NOK at the exchange rates at the balance sheet date. The income and expenses of foreign operations are translated into NOK using the monthly average exchange rate. Foreign currency differences are recognized in other comprehensive income and accumulated in the translation reserve.

The Group uses the mid-rate on the balance sheet date listed by Norges Bank, the Central Bank of Norway, when translating foreign currencies into NOK. Norges Bank does not quote the exchange rate between NOK and CLP. This exchange rate is calculated based on the quoted rates of NOK per USD and CLP per USD by Norges Bank and the Central Bank of Chile, respectively.

## Revenue recognition

Revenues are recognized either at the point of transfer of control of goods and services or recognized over time on an activity basis. Contracts are reviewed to identify each performance obligation relating to a distinct good or service and the associated consideration. The Group allocates revenue to multiple element arrangements based on the identified performance obligations within the contracts in line with the policies below.

A performance obligation is identified if the customer can benefit from the good or service on its own or together with other readily available resources, and it can be separately identified within the contract. This review is performed by reference to the specific contract terms.

**Construction contracts**
This revenue stream accounts for the majority of Group sales. Contracts related to construction of barges, cages and boats withing the cage based segment, together with contracts for construction of equipment within the land based segment, operates almost exclusively on this basis.

Where multiple performance obligations are identified, revenue is recognised as each performance obligation is met. This requires an assessment of total revenue to identify the allocation across the performance obligations, based on the standalone selling price for each obligation.

AKVA group recognizes revenue over time if one of the following criteria is met:

- The customer simultaneously receives and consumes all of the benefits provided by entity as the entity performs;
- The entity's performance creates or enhances an asset the customer controls as the asset is created; or
- The entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

There are two methods used by AKVA group to measure progress of a project recognized over time, either the input or the output method.

*Input method*
The input method measures performance based on efforts or inputs towards satisfying the performance obligation relative to the total expected inputs. Such inputs are for example resources consumed, cost incurred, time elapsed, labour hour expended, and machine hours used.

The input method is done by the basis of AKVA group's efforts/inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation.

The input method is used for all construction contracts that is not accounted for by the output method, refer the next section.

*Output method*
The output method measures performance based on the value created relative to the total value of the contract/delivery. The control of the good is gradually transferred to the customer, and for construction contracts AKVA group uses milestones for guiding purposes.

The output method is applied for three specific standard customer contracts within the cage based segment; barges, plastic cages and Polarcirkel boats. To measure the output, AKVA uses methods such as surveys of performance completed to date, appraisals of results achieved, and milestones reached. The usage of milestones reached are not used to determine if goods or services is transferred at a discrete point in time, but more as a guideline ("rule of thumb") for evaluation the stage of completion of a project. As long as the progress can be reliably measured, AKVA believes that the abovementioned output methods are considered to be the best way of reflecting satisfaction of performance obligations.

As a result of contracts that meet the requirements for revenue recognition over time, AKVA group will have associated contract assets and contract liabilities on the balance sheet. The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract liabilities primarily relate to the advance consideration received from customers for work performed after the reporting date.

**Service, spare parts and software**
Invoices for goods are raised and revenue is recognised when control of the goods is transferred to the customer. Dependent upon contractual terms this may be at the point of despatch, acceptance by the customer or certification by the customer. The revenue recognised is the transaction price as it is the observable selling price.

For service contracts the benefit is considered to be consumed simultaneously by the customer as it is received from AKVA. Therefore, the service contracts are recognized over a straight line for the period the service is performed.

Cash discounts, volume rebates and other customer incentive programmes are allocated to performance obligations and recorded as a reduction in revenue at the point of sale based on the estimated future outcome.

Variable considerations, such as penalties or prices that depend on uncertain future outcomes, are estimated upfront and considered in the calculation of transaction price by using either the expected value approach or the most likely amount. Before it may be concluded that any amount of variable consideration can be included in the transaction price, AKVA group considers whether the amount of variable consideration is constrained. This means that variable consideration estimated can only be included in the transaction price to the extent that it is highly probable that a significant reversal in the amount of revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

## Employee benefits

**Defined contribution plan**
All Group companies have pension schemes based on contributions from the company to the employees. The companies' payments are recognized in the income statements for the year to which the contribution applies. The companies have no further commitments towards pensions when the agreed contributions are paid.

**Severance pays**
In some countries, the companies are obliged by law to provide severance pay for redundancies due to reductions in the workforce. The costs relating to severance pay are set aside once the management have decided on a plan that will lead to reductions in the workforce and the work of restructuring has started or the reduction in the workforce has been communicated to the employees.

**Share options**
The fair value of the share options is measured at the grant date and the cost is recognized in the income statement, together with a corresponding increase in other paid-in capital, over the period in which the performance and/or service conditions are fulfilled. The fair value is calculated using a Black & Scholes model.

## Finance income and finance costs

The Group's finance income and finance costs include:

- Interest income
- Interest expense
- The foreign currency gain or loss on financial assets and financial liabilities
- Hedge ineffectiveness recognized in profit or loss

Interest income or expense is recognized using the effective interest method.

## Income tax

Income tax comprises current and deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

**Current tax**
Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income tax, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising on dividends.

**Deferred tax**
Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is calculated on all taxable temporary differences, except for:
- Temporary differences relating to investments in subsidiaries, associates, or joint ventures when the Group decides when the temporary differences are to be reversed and this is not expected to take place in the foreseeable future
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized in the balance sheet when it is probable that the company will have a sufficient profit for tax purposes to utilize the tax asset. At each balance sheet date, the Group carries out a review of its unrecognized deferred tax assets and the value it has recognized. The companies recognize formerly unrecognized deferred tax assets to the extent that it has become probable that the company can utilize the deferred tax asset. Similarly, the company will reduce its deferred tax assets to the extent that it can no longer utilize these.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets (tax liabilities) are recognized at their nominal value and classified as non-current asset (long-term liabilities) in the balance sheet.

## Intangible assets and goodwill
Intangible assets are recognized in the balance sheet if it is probable that there are future economic benefits that can be attributed to the asset which is owned by the company, and the asset's cost price can be reliably estimated. Intangible assets are recognized at cost price.

**Research & development costs**
Expenses relating to research are recognized in the income statement when they are incurred. Expenses relating to development are recognized in the income statement when they are incurred unless the following criterions are met in full:
- The product or process is clearly defined, and the cost elements can be identified and measured reliably
- The technical solution for the product has been demonstrated
- The product or process will be sold or used in the company's operations
- The asset will generate future economic benefits
- Sufficient technical, financial, and other resources for completing the project are present.

When all the above criterions are met, the associated development costs will be recognized in the balance sheet. Costs that have been charged as expenses in previous accounting periods are not recognized in the balance sheet.

Amortization of the asset begins when development is complete, and the asset is available for use. During the period of development, the asset is tested for impairment annually.

**Other intangible assets**
Other intangible assets, including customer relationship, product rights, patents, and trademarks, that are acquired by the Group are measured at cost less accumulated amortization and any accumulated impairment losses.

**Goodwill**
Additional value on the purchase of a business that cannot be allocated to assets or liabilities on the acquisition date is classified in the balance sheet as goodwill. In the case of investments in associates, goodwill is included in the cost price of the investment.

**Amortization**
Intangible assets with a finite useful life are amortized and any need for impairment losses to be recognized is considered. Amortization is calculated using the straight-line method over the asset's estimated useful life and is recognized in profit and loss. Intangible assets with indefinite useful lives and goodwill are not amortized, but impairment losses are recognized if the recoverable amount is less than the carrying amount.

The estimated useful lives for current and comparative periods are as follows:

| | |
|---|---|
| Development costs: | 3-5 years |
| Patents (included in other intangible assets): | 20 years |
| Trademarks (included in other intangible assets): | 5 years |
| Product rights (included in other intangible assets): | 5-10 years |
| Internal systems (included in other intangible assets): | 5-10 years |

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

## Tangible fixed assets
Tangible fixed assets are carried at cost less accumulated depreciation and any accumulated impairment losses. When assets are sold or disposed of, the gross carrying amount and accumulated depreciation are derecognized, and any gain or loss on the sale or disposal is recognized in the income statement.

The gross carrying amount of tangible fixed assets is the purchase price, including duties/taxes and direct acquisition costs relating to making the asset ready for use.

Subsequent costs, such as repair and maintenance costs, are normally recognized in profit or loss as incurred. When future economic benefits are increased because of repair/maintenance work can be proven, such costs will be recognized in the balance sheet as additions to tangible fixed assets. If replacing an asset, the replacement will be recognized in the balance sheet and the replaced asset will be de-recognized.

**Depreciation**
Depreciation is calculated using the straight-line method over the asset's estimated useful lives and is generally recognized in profit and loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for current and comparative periods are as follows:

| | |
|---|---|
| Buildings: | > 20 years |
| Right-of-use assets: | 3-15 years |
| Machinery and equipment: | 3-5 years |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted appropriately.

**Leases**

The information on leases provided below relates to the Group as a lessee. The Group's transactions as a lessor are immaterial, with recognition on a straight-line basis over the lease term.

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*Recognition of leases and exemptions*

At the lease commencement date, the Group recognizes a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:

- Short-term leases (defined as 12 months or less)
- Low value assets

For these leases, the Group recognizes the lease payments as other operating expenses in the statement of profit or loss when they incur.

*Lease liabilities*

The lease liability is recognized at the commencement date of the lease. The Group initially measures the lease liability at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease term represents the non-cancellable period of the lease, together with periods covered by an option either to extend or to terminate the lease when the Group is reasonably certain to exercise this option.

The lease payments included in the measurement comprise of:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate.

The Group does not include variable lease payments in the lease liability. Instead, the Group recognizes these variable lease expenses in profit or loss.

*Right-of-use assets*
The Group measures the right-of use asset at cost, less any accumulated depreciation and impairment losses, adjusted for any remeasurement of lease liabilities. The cost of the right-of-use asset comprise:

- The amount of the initial measurement of the lease liability recognized
- Any lease payments made at or before the commencement date, less any incentives received
- Any initial direct costs incurred by the Group.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The Group applies IAS 36 Impairment of Assets to determine whether the right-of-use asset should be impaired and to account for any impairment loss identified.

## Financial instruments

On initial recognition, financial instruments are classified in one of the following categories: amortized cost, fair value through profit and loss or fair value through other comprehensive income.

Financial instruments with fixed or determinable cash flows and a fixed maturity are measured at amortized cost.

Financial instruments that are held with the intention of making a gain on short-term fluctuations in prices are classified as financial assets at fair value through profit or loss.

Financial assets with fixed or determinable cash flows that are not quoted in an active market are classified as loans and receivables, except for instruments that the Group has designated as being at fair value with changes in value through profit or loss or available for sale.

Financial instruments that are held to maturity are included in the non-current asset/liabilities unless the maturity date is less than 12 months after the balance sheet date. Financial instruments at fair value through profit or loss are classified as current assets/liabilities, and financial instruments that are available for sale are presented as current assets if the management has decided to sell the instrument within 12 months of the balance sheet date.

All purchases and sales of financial instruments are recognized on the transaction date. The transaction costs are included in the cost price, but not for financial instruments that are measured at fair value.

Changes in the fair value of financial instruments classified as financial instruments at fair value through profit or loss are recognized in the income statement and included in the net financial income (expenses).

**Fair value of financial instruments**
The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e., the fair value of the consideration given or received.

## Hedging

As part of the international activity the Group's assets and liabilities as well as expected cash inflows and cash outflows are exposed to changes in the currency rates. Such risk is sought reduced by using currency forward contracts. The currency risk is managed by the parent company in cooperation with the subsidiaries.

Before a hedging transaction is carried out, the Group's finance department assesses whether a derivative is to be used to a) hedge the fair value of an asset or liability, b) hedge a future cash flow from an investment, debt payment or future identified transaction or c) hedge a net investment in a foreign operation.

The Group's criteria for classifying a derivative as a hedging instrument are as follows: (1) the hedge is expected to be effective in that it counteracts changes in the fair value of or cash flows from an identified asset - a hedging efficiency within the range of 80-125% is expected, (2) the effectiveness of the hedge can be reliably measured, (3) there is adequate documentation when the hedge is entered into that the hedge is effective, (4) for cash-flow hedges, the forthcoming transaction must be probable, and (5) the hedge is evaluated regularly and has proven to be effective.

*Fair value hedges*
Derivatives designated as hedging instruments are measured at their fair value and changes in the fair value are recognized in the income statement as they arise. Correspondingly, a change in the fair value of the hedged object which is due to the risk that the object is hedged against is recognized in the income statement.

The hedge accounting is discontinued if:
i) the hedging instrument expires or is terminated, exercised, or sold, or
ii) the hedge does not meet the abovementioned hedge requirements, or
iii) the Group chooses to discontinue hedge accounting for other reasons

If the hedge assessment is terminated, the changes which have been made in the carrying amount of the hedged object are amortized over the remaining economic life using the effective interest rate method if the hedging instrument is a financial instrument that has been recognized according to the effective interest rate method.

*Cash-flow hedges*
The hedge is done on 1:1 relationship between the hedged item and the hedging instrument.

Changes in the fair value of a hedging instrument that meet the criteria for cash flow hedge accounting are recognized as gains or losses in other comprehensive income.

The ineffective part of the hedging instrument is recognized directly in the income statement. In these hedge relationships, the main source for ineffectiveness is changes in timing of the hedged transaction.

If the hedge of a cash flow results in an asset or liability being recognized, all former gains and losses recognized directly in other comprehensive income are transferred from other comprehensive income and included in the initial measurement of the asset or liability. For other cash-flow hedges, gains and losses recognized directly in other comprehensive income are reclassified to the income statement in the same period as the cash flow which comprises the hedged object is recognized in the income statement.

If the hedge no longer meets the criteria for hedge accounting, the hedge accounting is discontinued. The cumulative gain or loss on the hedging instrument recognized directly in other comprehensive income remains separately recognized in other comprehensive income until the forecast transaction occurs.

If the hedged transaction is no longer expected to occur, any previously accumulated gain or loss on the hedging instrument that has been recognized directly in other comprehensive income will be recognized in profit or loss. See note 16 for further information.

**Loans and borrowings**
Loans/borrowings are recognized at fair value, net of transaction costs. The loans/borrowings are thereafter recognized at amortized costs using the effective interest rate method, with the difference between the net amount paid out/received and the redemption value being recognized in the income statement over the term of the loan/borrowing.

Loan interest income/borrowing costs are recognized in the income statement when they arise. Borrowing costs are capitalized to the extent that they are directly related to the purchase, construction, or production of a qualifying asset.

Borrowing costs are capitalized when the interest costs are incurred during the non-current asset's construction period. The borrowing costs are capitalized until the date when the non-current asset is ready for use. If the cost price exceeds the non-current asset's fair value, an impairment loss is recognized.

Intragroup loans defined as part of the net investment in a subsidiary is denominated in the functional currency of the foreign operation. An exchange difference arising on a net investment is recognized in other comprehensive income and accumulated in a separate component of equity until the disposal of the foreign operation.

**Inventories**
Inventories, including work in progress, are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in, first-out (FIFO) principle. Finished goods and work in progress include variable costs and fixed costs that can be allocated to goods based on normal capacity. The net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated costs necessary to make the sale. Obsolete inventories have been fully recognized as costs of goods sold.

**Trade receivables**
Trade receivables are carried at amortized cost, less provision for expected credit losses.

**Cash and cash equivalents**
Cash and cash equivalents in the statement of financial position includes cash in hand and at bank. Cash equivalents are short-term liquid investments that can be converted into cash within three months and to a known amount, and which contain insignificant risk elements.

The cash and cash equivalent amount in the cash flow statement do not include overdraft facilities.

**Impairment of assets**
**Financial instruments**
Financial assets which are valued at amortized cost are written down with lifetime expected credit losses. Lifetime expected credit losses are a probability-weighted estimate of credit losses.

The amount of the impairment loss is recognized in the income statement. Any reversal of previous impairment losses is recognized when the expected loss change. However, an increase in the carrying amount is only recognized to the extent that it does not exceed what the amortized cost would have been if the impairment loss had not been recognized.

**Non-financial assets**
At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether

there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Goodwill, intangible assets with indefinite lives and intangible assets not yet available for use are tested annually for impairment. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets (cash-generating units, CGU's). Goodwill arising from a business combination is allocated to CGU's that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and its value in use. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

If an asset's carrying amount is higher than the asset's recoverable amount, an impairment loss will be recognized in the income statement. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

Except for goodwill, impairment losses recognized in the income statements for previous periods are reversed when there is information that the need for the impairment loss no longer exists or is not as great as it was. The reversal is recognized in the same line item as the impairment. However, no reversal takes place if the reversal leads to the carrying amount exceeding what the carrying amount would have been if normal depreciation periods had been used.

## Equity

**Share capital**

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options, net of tax, are shown in equity as a deduction, net of tax, from the proceeds.

**Other equity**

*Translation differences*

Translation differences arise in connection with currency differences when foreign entities are consolidated.

Currency differences relating to monetary items (liabilities or receivables), which are part of a company's net investment in foreign entities are treated as translation differences.

When a foreign operation is sold, the accumulated translation differences linked to the entity are reversed and recognized in the income statement in the same period as the gain or loss on the sale is recognized.

*Hedge reserve*

The hedge reserve includes the total net change in the fair value of the cash-flow hedge until the hedged cash flow arises or is no longer expected to arise.

*Dividends*

Dividends payable to the company's shareholders are recognized as a liability in the Group's financial statements when the dividends are approved by the General Meeting.

## Provisions

Provisions are recognized when, and only when, the company has a valid liability (legal or constructive) as a result of events that have taken place and it can be proven probable (more probable than not) that a financial settlement will take place as a result of this liability, and that the size of the amount can be measured reliably. Provisions are reviewed on each balance sheet date and their level reflects the best estimate of the liability. Provided provisions to cover the liability will be equal to fair value if the effect of time is insignificant. When the effect of time is significant, the provisions will be the present value of future payments to cover the liability. Any increase in the provisions due to time is presented as interest costs.

**Warranties**
A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data.

**Obsolete inventory**
A provision for obsolete inventory is recognized when the net realizable value is deemed to be below the carrying value.

**Bad debt**
A provision for bad debt is recognized for expected credit losses.

### Contingent liabilities and assets

Except for in the event of a business combination, neither contingent liabilities nor contingent assets are recognized.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are disclosed except for contingent liabilities where the probability of the liability having to be settled is remote.

Contingent liabilities acquired upon the purchase of a business are recognized at fair value even if the liability is not probable. The assessment of probability and fair value is subject to constant review. Changes in the fair value are recognized in the income statement.

Contingent assets are possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Information about such contingent assets is provided if inflow of economic benefits is probable.

### Government grants

Government grants are recognized when there is reasonable assurance that they will be received, and the Group will comply with conditions associated with the grant.

Grants related to assets are presented in the balance sheet by deducting the grant when arriving at the carrying amount of the asset and recognized in the income statement over the useful life of the depreciable asset as a reduced depreciation expense.

Grants that compensate the Group for expenses incurred are recognized in profit and loss on a systematic basis over the periods in which the expenses are recognized.

### Events after the balance sheet date

Events after the balance sheet date that do not affect the company's position at the balance sheet date, but which will affect the company's position in the future are disclosed if significant.

**Standards issued but not yet effective**

A number of new standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements. The impact of not early adopting these standards has been assessed to be immaterial for the Group.

## Note 2
Segment information (in NOK 1 000)

**Business segments**
For more detailed description and information about products and services included in the business areas, please go to www.akvagroup.com.

**Cage Based Technology (CBT)**
Main products include Polarcirkel™, Wavemaster™ and Akvasmart™ hardware brands such as: Plastic cages, steel cages, feed barges, feed systems, sensor- and camera systems, underwater lights and net cleaning systems. Various degrees of cage farming projects are also delivered in main export markets. These also include nets and mooring systems from other recognized sub-suppliers. Through Helgeland Plast AS in Norway, AKVA group supplies polyethylene work boats and pipes to aquaculture and other industries.

**Land Based Technology (LBT)**
Recirculation technology forms the main part of our Land Based Aquaculture Technology, which is developing into a major trend in global aquaculture. This technology allows the re-use (recirculation) of close to 100% of the water by cleaning the water and restoring important water quality parameters, using advanced water treatment technology. Main components used include mechanical filters, UV treatment, bio filters, degasser units, oxygenation, cooling/heating systems and lifting pumps.

The main reason for reporting this separately is due to the very different nature of this business compared to the other more traditional part of AKVA group's business and products. Recirculation projects tend to be multiple times larger (in average project value) compared to other delivery projects (other AKVA group products). The sales process is substantially more complex and time consuming as it often requires extensive pre-project engineering, site evaluations and harder to get financing. The longer duration of this type of projects also means that it takes longer for the order backlog to generate corresponding revenue in the income statement.

Main subsidiaries in the Group for Land Based Technology are AKVA group Denmark A/S (Denmark), AKVA group Land Based Norway AS (Norway) and AKVA group Land Based A/S (Denmark).

**Digital Solutions (DS)**
Main products include all Fishtalk™ software brands such as: Production control, planning, traceability and ERP software for both the aquaculture and the fishing industry. Main markets include Norway, Iceland, Canada, Chile and UK. AKVA group is the market leader in software both to the aquaculture and fishing industries in these markets. The main offices for the software activities are in Norway (Trondheim).

Intra segment transactions are immaterial, hence no reconciling items are presented in the tables below.

| **Cage Based Technology** | **2020** | **2019** |
|---|---|---|
| Operating revenue | 2 706 161 | 2 533 465 |
| Operating expenses | 2 375 739 | 2 242 406 |
| Operating profit before depreciation and amortization (EBITDA) | **330 422** | **291 059** |
| Depreciation and amortization | 168 282 | 176 627 |
| Operating profit (EBIT) | **162 139** | **114 432** |
| Segment assets | 2 969 505 | 2 829 399 |
| Segment liabilities | 1 916 877 | 1 810 979 |
| Investments in tangible and intangible assets | 131 113 | 145 583 |

| **Land Based Technology** | **2020** | **2019** |
|---|---|---|
| Operating revenue | 401 827 | 416 921 |
| Operating expenses | 412 219 | 460 955 |
| Operating profit before depreciation and amortization (EBITDA) | **-10 393** | **-44 034** |
| Depreciation and amortization | 11 528 | 19 343 |
| Operating profit (EBIT) | **-21 920** | **-63 377** |
| Segment assets | 198 743 | 156 865 |
| Segment liabilities | 247 010 | 215 162 |
| Investments in tangible and intangible assets | 7 443 | 3 384 |

| **Digital Solutions** | **2020** | **2019** |
|---|---|---|
| Operating revenue | 68 857 | 126 354 |
| Operating expenses | 50 795 | 101 469 |
| Operating profit before depreciation and amortization (EBITDA) | **18 062** | **24 885** |
| Depreciation and amortization | 11 118 | 13 624 |
| Operating profit (EBIT) | **6 944** | **11 261** |
| Segment assets | 58 446 | 47 371 |
| Segment liabilities | 21 112 | 16 988 |
| Investments in tangible and intangible assets | 16 559 | 19 272 |

| Total | 2020 | 2019 |
|---|---|---|
| Operating revenue | 3 176 845 | 3 076 740 |
| Operating expenses | 2 838 754 | 2 804 830 |
| Operating profit before depreciation and amortization (EBITDA) | **338 091** | **271 910** |
| | | |
| Depreciation and amortization | 190 928 | 209 594 |
| Operating profit (EBIT) | **147 163** | **62 316** |
| | | |
| Assets | 3 226 694 | 3 033 634 |
| Liabilities | 2 184 999 | 2 043 129 |
| | | |
| Investments in tangible and intangible assets | 155 115 | 168 239 |

**Geographical information**
The figures listed below are based on where the legal entities are located.

| Operating revenue | 2020 | 2019 |
|---|---|---|
| Norway | 2 134 208 | 2 036 160 |
| Chile | 507 870 | 447 518 |
| Canada | 154 670 | 100 738 |
| UK | 160 866 | 162 475 |
| Denmark | 141 959 | 201 737 |
| Other | 77 272 | 128 113 |
| **Total** | **3 176 845** | **3 076 740** |

| Non-current assets excluding deferred tax assets and long-term financial assets | 2020 | 2019 |
|---|---|---|
| Norway | 1 623 645 | 1 660 191 |
| Chile | 46 896 | 39 741 |
| Canada | 45 953 | 8 296 |
| UK | 31 156 | 34 165 |
| Denmark | 11 942 | 13 355 |
| Other | 32 882 | 36 609 |
| **Total** | **1 792 474** | **1 792 357** |

| Total assets | 2020 | 2019 |
|---|---|---|
| Norway | 2 319 170 | 2 215 681 |
| Chile | 382 156 | 313 574 |
| Canada | 117 224 | 76 383 |
| UK | 112 581 | 140 529 |
| Denmark | 158 982 | 147 673 |
| Other | 136 580 | 139 795 |
| **Total** | **3 226 694** | **3 033 634** |

| Total liabilities | 2020 | 2019 |
|---|---|---|
| Norway | 1 550 070 | 1 498 836 |
| Chile | 239 147 | 203 577 |
| Canada | 79 789 | 43 657 |
| UK | 74 744 | 98 533 |
| Denmark | 155 332 | 125 931 |
| Other | 85 916 | 72 594 |
| **Total** | **2 184 999** | **2 043 129** |

| Investments in the period | 2020 | 2019 |
|---|---|---|
| Norway | 98 089 | 145 672 |
| Chile | 14 409 | 6 015 |
| Canada | 38 921 | 826 |
| UK | 2 111 | 8 204 |
| Denmark | - | 453 |
| Other | 1 586 | 7 433 |
| **Total** | **155 115** | **168 603** |

**Revenues by customer**
The revenue from the 5 largest customers within all segments and geographic areas are as follows:

| Revenues by customer | 2020 | 2019 |
|---|---|---|
| Customer A | 386 225 | 349 911 |
| Customer B | 175 917 | 207 887 |
| Customer C | 141 707 | 154 519 |
| Customer D | 138 369 | 136 475 |
| Customer E | 132 391 | 100 247 |

Revenue from customer A is mainly concentrated around the cage based technology segment.

## Note 3

Wages, remunerations and pensions (in NOK 1 000)

| Payroll expenses | 2020 | 2019 |
|---|---|---|
| Salaries | 680 136 | 662 098 |
| Payroll tax | 50 751 | 48 819 |
| Pension costs | 27 399 | 27 385 |
| Other benefits | 16 154 | 27 813 |
| **Total** | **774 439** | **766 115** |
| The number of employees in full time equivalent in the company at year end is: | 1 447 | 1 437 |

### Remuneration

The following tables specifies renumeration to group management and the Board of Directors for the presented periods:

| Remuneration to Group management 2020 | Salary | Pension | Other | Accrued - not paid Bonus |
|---|---|---|---|---|
| Knut Nesse (CEO) | 2 659 | 69 | 138 | 3 311 |
| Ronny Meinkøhn (CFO)[1] | 750 | 69 | 54 | 521 |
| Simon Nyquist Martinsen (CFO)[2] | 1 565 | 46 | 6 | - |
| Espen Fredrik Staubo (CIO) | 1 930 | 69 | 131 | 818 |
| Per Andreas Hjetland (CCO) | 1 532 | 69 | 10 | 738 |
| Erlend Sødal (COO Cage Based Nordic)[3] | 1 363 | 69 | 90 | 721 |
| Andrew Campbell (COO International)[4] | 1 833 | 69 | 8 | 858 |
| Johan Fredrik Gjesdal (COO Land Based)[5] | 1 441 | 69 | 44 | 491 |
| Morten Nielsen (COO Land Based)[6] | 1 516 | 152 | 23 | 1 176 |
| Petter Idar Jenssen (CDO)[7] | 1 156 | 40 | 61 | - |

1) Ronny Meinkøhn assumed his position as CFO in August 2020
2) Simon Nyquist Martinsen stepped down as CFO in August 2020
3) Erlend Sødal assumed his position as COO Cage Based Nordic in May 2020
4) Andrew Campbell receives salary in his local currency, which is translated to NOK using average rate during 2020
5) Johan Fredrik Gjesdal assumed his position as COO Land Based in October 2020. Prior to assuming the position as COO Land Based, Johan Fredrik Gjesdal held the position as Vice President of Strategy & Business Development.
6) Morten Nielsen stepped down as COO Land Based in October 2020
7) Petter Idar Jenssen stepped down as CDO in July 2020

| Remuneration to Group management 2019 | Salary | Pension | Other | Accrued - not paid Bonus |
|---|---|---|---|---|
| Knut Nesse (CEO)[1] | 444 | 68 | 22 | - |
| Hallvard Muri (CEO)[1] | 2 672 | 68 | 182 | 3 000 |
| Simon Nyquist Martinsen (CFO)[2] | 1 833 | 68 | 22 | 229 |
| Espen Fredrik Staubo (CIO)[5] | 1 333 | 68 | 110 | 175 |
| Per Andreas Hjetland (COO Cage Based Nordic) | 1 414 | 68 | 10 | 467 |
| Geir Henning Risholm (COO Cage Based Egersund Net) | 1 401 | 49 | 10 | 150 |
| Andrew Campbell (COO Cage Based International)[3] | 1 891 | - | 14 | 536 |
| Morten Nielsen (COO Land Based)[3] | 2 011 | 211 | 120 | 441 |
| Petter Idar Jenssen (CDO)[4] | 431 | 17 | 27 | - |

1) Knut Nesse assumed his position as CEO in November 2019 after Hallvard Muri stepped down.
2) Simon Nyquist Martinsen has resigned as CFO after YE 2019.
3) Morten Nielsen and Andrew Campbell receives salary in their local currency, and they are translated to NOK using average rate during 2019
4) Petter Idar Jenssen assumed his position in October 2019
5) Espen Fredrik Staubo assumed his position in March 2019

| Fees to the Board of Directors | Position | 2020 | 2019 |
|---|---|---|---|
| Hans Kristian Mong | Chairperson of the Board | 374 | 309 |
| Anne Breiby | Deputy Chairperson of the Board | 285 | 282 |
| Frode Teigen | Member of the Board | 109 | 112 |
| Evy Vikene | Member of the Board | - | 95 |
| Anthony James[1] | Member of the Board | 153 | 221 |
| Kristin Reitan Husebø | Member of the Board | 235 | 104 |
| Odd Jan Håland[2] | Member of the Board | 39 | 51 |
| John Morten Kristiansen[2] | Member of the Board | 39 | 51 |
| Hanne Cecilie Pettersen[2] | Member of the Board | 39 | 51 |
| Ragnhild Ree[3] | Member of the Board | 13 | - |
| Magnus Røkke[3] | Member of the Board | 13 | - |
| Helen Helland[3] | Member of the Board | 13 | - |

1) Anthony James stepped down as Member of the Board in October 2020
2) Odd Jan Håland, John Morten Kristiansen and Hanne Cecilie Pettersen stepped down as Members of the Board in November 2020
3) Ragnhild Ree, Magnus Røkke and Helen Helland assumed their positions as Member of the Board in November 2020

**Incentive schemes**
The incentive scheme for group management consists of two components: i) an annual bonus limited to between 30% and 50% of annual salary dependent upon 60% weight on financial targets based on EBIT and 40% weight on strategic KPI's, payable in cash, for the period 2020, 2021, 2022, 2023 and 2024, and ii) a deferred bonus dependent upon strategic KPI's and financial performance targets (as set out in item i) above), payable in shares, for the same period.

The CEO has an annual fixed salary of MNOK 2.7 and a monthly car allowance of KNOK 10. The bonus agreement of the CEO is as described above, limited to 50% of annual salary for the annual plan and deferred part payable in shares for the period 2020-2023 with a maximum annual share allocation of 44,520 shares. The CEO is entitled to 12-month severance payment if his employment agreement is terminated.

As of 26 August 2019, AKVA entered into an option agreement with the CEO which gives the CEO right to acquire 50,000 shares for NOK 75,60/share. The options can be exercised in the period from 1 April 2022 to 31 August 2022, conditional on the CEO, being a member of the board or employed in AKVA group or in one of its subsidiaries. The options can also be exercised prior to the said period if a takeover offer is made and completed, resulting in a change of control in the company. The company can settle the options by issuing new shares, deliver own shares (treasury shares) or paying cash compensation equal to the difference between the strike price and the market price for the company's shares at the time of exercise.

| Fair value parameters on granted instruments in 2020 | Performance Share Unit instruments |
|---|---|
| Quantity 31.12.2020 (shares) | 372 840 |
| Contractual life* | 3,81 |
| Share price* | 55,78 |
| Expected lifetime* | 2,23 |
| Volatility* | 29,94 % |
| Interest rate* | 0,05 % |
| FV per instrument* | 55,78 |

*Weighted average parameters at grant of instrument

No shares were granted under the option agreement in 2020.

| Outstanding instruments at year-end | Performance Share Unit instruments | Option instruments |
|---|---|---|
| Outstanding 01.01.2020 (shares) | 92 272 | 50 000 |
| Granted | 372 840 | 0 |
| Released | 0 | 0 |
| Terminated | -122 272 | 0 |
| Expired | 0 | 0 |
| Outstanding 31.12.2020 | 342 840 | 50 000 |
| Vested 31.12.2020 | 0 | 0 |
| Weighted average remaining contractual life | 3,22 | 0,00 |
| Weighted average strike price | 1,67 | 75,60 |

**Pensions**
The pension schemes in all legal entities are defined contribution plans where agreed contributions are expensed as paid. The companies have no further commitments towards pensions when the agreed contributions are paid. All pension costs are included in payroll expenses in the profit and loss statement.

As of 31 December 2020, the Group has no pension liability.

According to Norwegian legislation the entities need to have a pension scheme for the employees. The existing pension schemes meet the requirements in the legislation.

**Loan and pledge**
The Group has not given any loans or pledges to members of the board or group management as of 31 December 2020.

**Establishment of salaries and other remuneration to executive management**
The remuneration of the executive management is based on the principle that the base salary shall promote value creation in the company and contribute to coincident interests between owners and the executive management.

As the leading aquaculture technology supplier, AKVA group is dependent to offer salaries and remunerations that secure that the most competent management is recruited. It is the policy of the Board of Directors that to recruit the most competent management, the company has to offer salaries and remunerations which are satisfactory to the management and can compete in an international market.

The Board of Directors has established a remuneration committee which shall act as a preliminary organ in relation to the board’s role in the establishment of remuneration to the chief executive officer and other members in the group management. It is the company's policy that the remuneration of the executive management principally is based on a fixed monthly salary which reflects the tasks and responsibility of the employment.

The remuneration is established on an individual basis. The fixed monthly salary is determined amongst other of the following factors:
- Experience and competence of the executive manager
- Responsibility
- Competition from the market

The agreed pension plan is the same for the executive management as for the rest of the Norwegian employees.

Salary payments after termination of employment is normally related to confidentiality and restrictive competitor agreements in which these payments shall only compensate for the constraints to the resigned employees' permission to enter into a new employment agreement. AKVA group ASA does not use agreements of salary payments after termination of employment without a distinct reason.

| **Fees to auditor** | **2020** | **2019** |
|---|---|---|
| Audit | 3 673 | 3 343 |
| Tax services | 872 | 588 |
| Attestation services | - | 47 |
| Other services | 1 193 | 973 |
| **Total** | **5 738** | **4 952** |

All fees to the auditor are excluded of VAT.

## Note 4
Government grants and subsidies (in NOK 1 000)

| **Government grants received** | **2020** | **2019** |
|---|---|---|
| "Skattefunn" | 7 047 | 4 839 |
| Other | 3 837 | 2 137 |
| **Total** | **10 884** | **6 976** |

Grants and subsidies cover the operating expenses recognized for the specific projects that are basis for the application of such grants and subsidies.

## Note 5

Taxes (in NOK 1 000)

| Tax expense reported in profit or loss | 2020 | 2019 |
|---|---|---|
| Current taxes payable | 25 092 | 26 807 |
| Adjustment related to previous periods | -1 559 | 175 |
| Change in deferred taxes | 7 243 | -30 111 |
| **Total tax expense reported in profit or loss** | **30 776** | **-3 129** |

| Tax expense reported in other comprehensive income | 2020 | 2019 |
|---|---|---|
| Cash flow hedges | -2 020 | 357 |
| **Total tax expense reported in other comprehensive income** | **-2 020** | **357** |

| Specification of temporary differences | 2020 | 2019 |
|---|---|---|
| Current assets | 79 183 | 77 518 |
| Fixed assets | 186 761 | 221 464 |
| Provisions | 12 487 | -37 331 |
| Losses carried forward | -75 303 | -93 271 |
| Other | 1 222 | -25 468 |
| **Total** | **204 350** | **142 911** |

| Specification of deferred tax | 2020 | 2019 |
|---|---|---|
| Calculated deferred tax assets | 12 702 | 33 840 |
| Deferred tax asset not recognised in balance sheet | -1 830 | -8 898 |
| Calculated deferred tax | -58 272 | -64 378 |
| **Deferred tax asset** | **10 872** | **16 354** |
| **Deferred tax liability** | **58 272** | **55 791** |

| Effective tax rate | 2020 | 2019 |
|---|---|---|
| Expected income taxes, statutory tax rate of 22% | 24 994 | 2 789 |
| Permanent differences (22%) | -2 497 | -5 481 |
| Deviation between Norwegian and foreign tax rate | 802 | 446 |
| Excess(-)/insufficient(+) provisions in former years | 6 599 | -435 |
| Change in non-recognized deferred tax asset | 878 | -448 |
| **Income tax expense reported in profit or loss** | **30 776** | **-3 129** |
| Income tax expense reported in other comprehensive income | **-2 020** | 357 |
| **Total income tax expense reported** | **28 756** | **-2 772** |

The nominal tax rate in Norway was 22% in 2020. Business operations outside Norway is subject to local tax rates in their country of operation, and nominal tax rates range from 15% to 30%.

In some periods, tax losses carried forward that are not recognised in the balance sheet have caused variations in the effective tax rate. In periods when such assets have not been recognised, the effective tax rate has been higher than the long-term expectation, whereas it has been lower in periods when tax losses not recognised as assets have been utilised.

The Group has a tax loss carry forward of MNOK 75.3. The total tax loss carried forward is included in the balance sheet as deferred tax asset.

The deferred tax asset recognized in the balance sheet is made probable due to future earnings in the subsidiaries and tax planning. About 55% of the tax loss carried forward is related to AKVA group Denmark A/S.

An assessment of the future profit for the Danish entities is done, and for the tax loss carried forward included in the balance sheet as deferred tax asset it is expected that profit before tax in the next couple of years will offset the recognized deferred tax asset. The current market conditions look promising for the salmon industry worldwide, and especially within the segment the Danish entities operate.

## Note 6
Earnings per share

| | 2020 | 2019 |
|---|---|---|
| Ordinary profit / net income (in NOK 1 000) | 90 673 | 14 633 |
| Number of ordinary shares outstanding as of 31.12. | 33 334 303 | 33 334 303 |
| Weighted average number of ordinary shares | 33 116 506 | 33 204 736 |
| Earnings per share (NOK) | 2,74 | 0,44 |
| Diluted number of shares | 33 116 506 | 33 204 736 |
| Diluted earnings per share (NOK) | 2,74 | 0,44 |

On 31 December 2020, the weighted average number of shares was lower than number of ordinary shares due to the company owning own shares throughout the year. See note 22 Buyback and Sale of own shares.

**Note 7**
Intangible assets (in NOK 1 000)

| 2020 | Goodwill | Develop-ment costs | Other intangible assets | Total |
|---|---|---|---|---|
| Acquisition cost at 01.01. | 826 804 | 249 363 | 275 203 | **1 351 370** |
| Additions related to acquisitions | 19 774 | 2 886 | - | **22 660** |
| Additions | - | 20 653 | 18 363 | **39 016** |
| Translation differences | 4 780 | 1 113 | -202 | **5 691** |
| Reclassified from tangible assets | - | 11 122 | - | **11 122** |
| Disposals | - | -2 170 | -101 | **-2 271** |
| Acquisition cost 31.12. | 851 357 | 282 967 | 293 263 | **1 427 587** |
| Accumulated amortization at 01.01. | 395 | 168 417 | 171 306 | **340 118** |
| Accumulated amortization related to acquisitions | - | 297 | - | **297** |
| Amortization | - | 19 661 | 23 011 | **42 672** |
| Translation differences | 50 | 1 052 | 150 | **1 251** |
| Accumulated amortization disposals | - | - | -101 | **-101** |
| Accumulated amortization 31.12. | 445 | 189 427 | 194 366 | **384 237** |
| **Net book value at 31.12.** | **850 914** | **93 540** | **98 897** | **1 043 350** |

| 2019 | Goodwill | Develop-ment costs | Other intangible assets | Total |
|---|---|---|---|---|
| Acquisition cost at 01.01. | 834 897 | 205 637 | 275 458 | **1 315 992** |
| Additions | - | 44 370 | 116 | **44 485** |
| Translation differences | -8 093 | 3 073 | -370 | **-5 390** |
| Disposals | - | -3 717 | - | **-3 717** |
| Acquisition cost 31.12. | 826 804 | 249 363 | 275 203 | **1 351 370** |
| Accumulated amortization at 01.01. | 395 | 127 790 | 150 325 | **278 510** |
| Amortization | - | 40 943 | 21 152 | **62 095** |
| Translation differences | - | -3 669 | -172 | **-3 841** |
| Accumulated amortization disposals | - | 3 354 | - | **3 354** |
| Accumulated amortization 31.12. | 395 | 168 417 | 171 306 | **340 118** |
| **Net book value at 31.12.** | **826 409** | **80 946** | **103 897** | **1 011 252** |

Goodwill balances are not amortized. For remaining intangible assets, straight-line amortization over the asset's useful economic life is applied. The useful economic life for the intangible assets is estimated as:

| | |
|---|---|
| Development costs: | 3-5 years |
| Patents (included in other intangible assets): | 20 years |
| Trademarks (included in other intangible assets): | 5 years |
| Product rights (included in other intangible assets): | 5-10 years |
| Internal systems (included in other intangible assets): | 5-10 years |

During the year, the Group expensed MNOK 44.8 (MNOK 48.8 in 2019) on research and development on new products and technology as well as upgrades on existing products. The amount does not include capitalized development costs according to IAS 38 (see table above in this note).

**Goodwill:**
Goodwill relates to the acquisitions of Wavemaster, Polarcirkel, Maritech, UNI Aqua, Idema, Plastsveis AS, YesMaritime AS, Aquatec Solutions A/S, AD Offhore AS, Sperre AS, Egersund Net AS and Newfoundland Aqua Service Ltd. See impairment test of goodwill below.

**Development Costs:**
The Group has capitalized all direct costs that are expected to create economic benefits and meet the requirements for capitalization in IAS 38. The capitalized costs relate to software solutions and modules for integrating equipment on fish farming sites, ERP solutions and upgrades for the fish farming industry and upgrades for traditional ERP solutions. It also relates to improved product solutions to help the fish farming industry in becoming more efficient.

**Other intangible assets:**
The acquisition cost is mostly related to the acquisitions of Superior Systems AS (2001), Vicass (2002), Cameratech (2004), Ocean Service Log (2004), Polarcirkel/Wavemaster (2006), Maritech/UNI Aqua (2007), Idema Aqua (2008), Plastsveis AS (2013), YesMaritime AS (2014), Aquatec Solutions A/S (2015), AD Offshore AS (2016), Sperre AS (2016) and Egersund Net AS (2018).

**Impairment test of goodwill and intangible assets with indefinite useful life:**
Intangible assets with indefinite useful life and goodwill are not amortized. These assets are tested annually for impairment. The brand of Sperre, AD Offshore and Egersund Net are assessed to have an indefinite lifespan effect due to their strong standing and position already achieved within the markets they operate. The fair value of these three intangible assets are the only ones defined with indefinite useful life. Goodwill and intangible assets acquired through business combinations have been allocated to the following cash-generating units:

| **Book value of goodwill:** | **2020** | **2019** |
|---|---|---|
| Cage Based Technology | 659 255 | 642 975 |
| S&AS Cage Based Technology Norway | 81 049 | 81 049 |
| AKVA group Software | 9 600 | 9 600 |
| Land Based Technology | 101 008 | 92 785 |
| **Total goodwill** | **850 914** | **826 409** |

| **Book value of intangible assets with indefinite useful lifetime** | **2020** | **2019** |
|---|---|---|
| S&AS Cage Based Technology Norway | 17 945 | 17 945 |
| Cage Based Technology | 27 057 | 27 057 |
| **Total intangible assets** | **45 002** | **45 002** |

Discounted cash flow models are used to determine the recoverable amount for the cash-generating units. The Group has projected cash flows based on financial budgets and forecasts approved by the Board of Directors. Beyond the explicit budget and forecast period of five years, the cash flows are extrapolated using a constant nominal growth rate.

**Key assumptions used for calculations:**
***Growth rates***
The expected growth rates from the cash-generating units converges from its current level experienced over the last few years to the long-term growth level expected for the aquaculture industry. Cash flows beyond a five-year period are extrapolated using a 2.0% growth rate.

***Revenue***
Revenue is based on budget for the coming year and strategy figures for the period 2022-2023, assessed through a thorough process for all cash-generating units. Thereafter the outlook and expectations within each cash-generating unit is considered and revenue is estimated with a reasonable, but conservative growth rate.

***Gross margin***
The gross margins, revenues subtracted for cost of goods sold, are only with immaterial changes based on achieved gross margins during the last three years and is aligned with achievements the last year. It is assumed the gross margin will be stable in the years to come. It is expected that any change in the raw material prices during a reasonable time period will be reflected in product market prices and thus not have any material effect on achieved gross margins.

***Market share***
The calculations assume that market share will not change significantly from the date of the calculation.

***Discount rates***
Discount rates are based on Weighted Average Cost of Capital (WACC) derived from the Capital Asset Pricing Model (CAPM) methodology. The cost of a company's equity and debt, weighted to reflect its capital structure of 72|28 respectively, derive its weighted average cost of capital. The discount rates take into account the debt premium, market risk premium and gearing, corporate tax rate and asset beta.

In the recoverable amount assessment, the Group has applied estimated cash flows after tax and a corresponding discount rate after tax of 6.99% for all cash-generating units. A variation of +/- 1% does not materially affect the conclusion of the impairment tests.

**Sensitivity to changes in assumptions IAS 36.134(f)**
With regards to the assessment of value-in-use of the different cash-generating units, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to exceed its recoverable amount.

## Note 8

Tangible fixed assets (in NOK 1 000)

| 2020 | Land and building | Right-of-use assets | Machinery and equipment | Total |
|---|---|---|---|---|
| Acquisition cost at 01.01. | 26 134 | 641 338 | 606 921 | **1 274 392** |
| Additions related to acquisitions | 18 943 | 2 309 | 6 478 | **27 731** |
| Additions | 656 | 73 704 | 63 528 | **137 888** |
| Translation differences | -847 | 6 270 | 12 818 | **18 240** |
| Reclassified to intangible assets | - | - | -11 122 | **-11 122** |
| Disposals | - | -14 293 | -40 538 | **-54 831** |
| Acquisition cost 31.12. | 44 887 | 709 328 | 638 084 | **1 392 297** |
| Accumulated depreciation 01.01. | 7 375 | 83 489 | 402 423 | **493 287** |
| Accumulated depreciation related to acquisitions | - | - | 1 247 | **1 247** |
| Depreciation | 1 393 | 83 693 | 63 168 | **148 254** |
| Translation differences | -30 | -305 | 2 871 | **2 536** |
| Accumulated depreciation disposals | - | -186 | -1 963 | **-2 149** |
| Accumulated depreciation 31.12. | 8 739 | 166 690 | 467 746 | **643 175** |
| **Net book value 31.12.** | **36 148** | **542 637** | **170 339** | **749 124** |

| 2019 | Land and building | Right-of-use assets | Machinery and equipment | Total |
|---|---|---|---|---|
| Acquisition cost at 01.01. | 26 258 | 602 569 | 655 598 | **1 284 425** |
| Additions related to acquisitions | - | - | -128 935 | **-128 935** |
| Additions | 323 | 39 288 | 84 707 | **124 317** |
| Translation differences | -82 | -519 | 612 | **10** |
| Disposals | -364 | - | -5 061 | **-5 425** |
| Acquisition cost 31.12. | 26 134 | 641 338 | 606 921 | **1 274 392** |
| Accumulated depreciation 01.01. | 6 691 | - | 342 784 | **349 474** |
| Depreciation | 685 | 83 840 | 62 988 | **147 513** |
| Translation differences | - | -351 | 868 | **517** |
| Accumulated depreciation disposals | - | - | -4 216 | **-4 216** |
| Accumulated depreciation 31.12. | 7 375 | 83 489 | 402 423 | **493 287** |
| **Net book value 31.12.** | **18 759** | **557 849** | **204 498** | **781 105** |

Land balances are not depreciated. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. For remaining tangible assets, straight-line depreciation over the asset's useful economic life is applied. The useful economic life is estimated as:

| | |
|---|---|
| Buildings: | > 20 years |
| Right-of-use assets: | 3-15 years |
| Machinery and equipment: | 3-5 years |

**Note 9**

Subsidiaries and other long-term investments (in NOK 1 000 unless stated otherwise)

| Subsidiaries (consolidated in the Group accounts) | Consolidated from | Location | Ownership interest 2020 | Ownership interest 2019 |
|---|---|---|---|---|
| AKVA group North America Inc. | 1995 | Canada | 100 % | 100 % |
| Newfoundland Aqua Service Ltd | 2020 | Canada | 70 % | 0 % |
| AKVA group Chile S.A. | 1998 | Chile | 100 % | 100 % |
| AKVA group Denmark A/S | 2007 | Denmark | 100 % | 100 % |
| AKVA group Land Based A/S | 2015 | Denmark | 100 % | 100 % |
| UAB Egersund Net 2) | 2018 | Lituania | 100 % | 100 % |
| AKVA group Software AS | 1997 | Norway | 100 % | 100 % |
| AKVA group Services AS | 2001 | Norway | 100 % | 100 % |
| Helgeland Plast AS | 2006 | Norway | 100 % | 100 % |
| Polarcirkel AS | 2010 | Norway | 100 % | 100 % |
| AKVA group Land Based Norway AS | 2013 | Norway | 100 % | 100 % |
| AKVA Marine Services AS | 2016 | Norway | 100 % | 100 % |
| Sperre AS | 2016 | Norway | 100 % | 66 % |
| Egersund Net AS | 2018 | Norway | 100 % | 100 % |
| Egersund Trading AS 2) | 2018 | Norway | 100 % | 100 % |
| AKVA group Scotland Ltd. | 1997 | Scotland | 100 % | 100 % |
| AKVA Ltd 1) | 1998 | Scotland | 100 % | 100 % |
| Grading Systems Ltd. 2) | 2018 | Shetland | 70 % | 70 % |
| AKVA smart Ltd. (Turkey) | 2005 | Turkey | 100 % | 100 % |
| AKVA group Australasia Pty Ltd | 2013 | Australia | 100 % | 100 % |
| AKVA group Espana S.L | 2017 | Spain | 100 % | 100 % |
| AKVA group Hellas SM PEC | 2017 | Greece | 100 % | 100 % |

1) Subsidiary of AKVA group Scotland Ltd.
2) Subsidiary of Egersund Net AS

AKVA group ASA exercised their option to buy out the remaining shares in Sperre AS in 2020, refer further information in note 19.

The anticipated acquisition method is used for the acquisition of Newfoundland Aqua Service Ltd and Grading Systems Ltd. In Newfoundland Aqua Service, AKVA group ASA has a put / call option to buy 28% of the shares, whilst Egersund Net AS has the option to buy the remaining 30% of the shares in Grading Systems Ltd, refer also note 19. The underlying non-controlling interests are presented as already owned by the Group, both in the statement of financial position and in the statement of profit or loss and other comprehensive income, even though legally they are still non-controlling interests.

Other long-term investments are accounted for, either:

1. using the equity method (investments where AKVA group owns between 20 and 50%) or
2. as financial assets (investments where AKVA group owns less than 20%).

| Associates (equity-accounted investees) | Acquisition year | Location | Ownership interest 2020 | Ownership interest 2019 | Book value |
|---|---|---|---|---|---|
| NOFI Oppdrettservice AS | 2018 | Norway | 50 % | 50 % | 72 577 |
| Emel Balik | 2018 | Turkey | 50 % | 50 % | 14 881 |
| Atlantis Subsea Farming AS[1)] | 2018 | Norway | 67 % | 67 % | 6 231 |
| **Total** | | | | | **93 689** |

[1)] AKVA group ASA owns 33% and Egersund Net AS owns 33%

The Group owns more than 50% of the shares in Atlantis, but AKVA group does not have control according IFRS 10 and hence does not consolidate the company as subsidiary with non-controlling interests. AKVA group ASA's share is recognized according to the equity method recognizing the company's share of net profit as other income.

According to stock notice on 23 July 2018, it is agreed between seller and buyer of Egersund Net AS that, in the event of a sale by Egersund Net of 33% of the shares in Atlantis, Egersund Group shall share any gain or loss. The gain or loss shall be calculated net of any ownership costs, investments, capex, opex and financing costs etc. incurred in relation to the Atlantis Shares.

Egersund Net's shares in Atlantis is recognized at fair value. Fair value equals the cost of the shares as described above.

The following table provides key financials for the material associate, NOFI Oppdrettservice AS:

| NOFI Oppdrettservice AS (100 %) | 2020 | 2019 |
|---|---|---|
| Revenue | 63 667 | 48 514 |
| Profit or loss | 8 224 | 3 538 |
| | | |
| Current assets | 14 030 | 13 800 |
| Non-current assets | 90 455 | 51 616 |
| | | |
| Equity | 36 723 | 26 231 |
| Current liabilities | 22 124 | 10 040 |
| Non-current liabilities | 45 638 | 29 145 |

The following table summarizes the Group's share of profit or loss for the remaining immaterial associates:

| Immaterial associates - Group's share of: | 2020 | 2019 |
|---|---|---|
| Profit or loss | 8 775 | 3 101 |

The following table list the remaining investments in the Group:

| Other investments (financial assets) | Acquisition year | Location | Ownership interest 2020 | Ownership interest 2019 | Book value |
|---|---|---|---|---|---|
| Nordic Aqua Partners Holding ApS[1)] | 2020 | Denmark | 9 % | 0 % | 41 368 |
| Ecofisk AS | 2020 | Norway | 3 % | 0 % | 5 500 |
| Centre for Aquaculture Competence AS[2)] | 2002 | Norway | 33 % | 33 % | 150 |
| Blue Planet AS | 2004 | Norway | 15 % | 15 % | 300 |
| Other investments | | | <5 % | <5 % | 181 |
| **Total** | | | | | **47 499** |

[1)] The purpose of Nordic Aqua Partners Holding ApS is solely to own shares in Nordic Aqua Partners ApS, which is a listed entity on Euronext Growth. Hence, the booked value of the shares in Nordic Aqua Partners Holding ApS is continuously adjusted to reflect the underlying share value of Nordic Aqua Partners ApS.
[2)] Despite the fact that the group owns more than 20% of Centre for Aquaculture Competence AS, this investment is not booked according to the equity method. This is based on the purchase agreement which specifies that AKVA group ASA (owner of the shares) is not entitled to the results earned in the company.

## Note 10
Inventory (in NOK 1 000)

| Inventory | 2020 | 2019 |
|---|---|---|
| Raw materials (at cost) | 150 907 | 169 061 |
| Work in progress (at cost) | 66 221 | 73 374 |
| Finished goods (at net realisable value) | 257 803 | 271 114 |
| **Total** | **474 930** | **513 549** |

| | | |
|---|---|---|
| Write-down of obsolete inventory 01.01. | 12 330 | 9 627 |
| Change in write-down of obsolete inventory during the year | 1 189 | 2 703 |
| **Write-down of obsolete inventory 31.12.** | **13 519** | **12 330** |

The write down of obsolete inventory at year-end is related to finished goods.

**Note 11**
Receivables (in NOK 1 000)

| Receivables due in more than one year | 2020 | 2019 |
|---|---|---|
| Other long-term receivables | 7 249 | 1 008 |
| **Total** | **7 249** | **1 008** |

**Accounts receivables**
The recorded accounts receivables are shown net of estimated bad debt loss. The estimated bad debt loss is:

| Bad debt provisions | 2020 | 2019 |
|---|---|---|
| Bad debt provision 01.01. | 18 329 | 7 599 |
| Provisions made during the year | 9 152 | 11 389 |
| Provisions used during the year | -16 834 | -659 |
| **Bad debt provision 31.12.** | **10 647** | **18 329** |

| | | |
|---|---|---|
| Recorded bad debt cost during the year | 16 482 | -206 |
| Change in bad debt provision | -7 682 | 11 145 |
| **Total bad debt cost during the year** | **8 800** | **10 939** |

Actual credit losses experienced over the last 3 years are analysed to assess the credit risk within receivables and expected credit loss (ECL). In the risk assessment, economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables are considered. In the assessment of ECL the Group analyses the aging of trade receivables and take into consideration segment specific risk factors identified as part of the analysis of actual historical losses. Segment specific factors to be considered may be credit risk characteristics such as geographic region, age of customer relationship and type of product purchased.

Based on the credit risk assessment and expected credit loss, a provision for bad debt is recognized based on the calculation of lifetime expected losses. In addition, specific provisions are recorded if risks of credit losses on specific trade receivable balances are identified.

Reference is made to note 16 for more details of credit and currency risk related to accounts receivables.

| As of 31 December 2020, the Group had the following ageing profile of accounts receivables: | 2020 | 2019 |
|---|---|---|
| Not due | 232 554 | 155 548 |
| Due <30 days | 73 485 | 85 680 |
| Due 31-60 days | 11 784 | 38 448 |
| Due 61-90 days | 7 917 | 9 877 |
| Due >91 days | 26 396 | 45 989 |
| **Total** | **352 137** | **335 541** |
| Bad debt provisions | 10 647 | 18 329 |

## Note 12
Cash and cash equivalents (in NOK 1 000)

| | 2020 | 2019 |
|---|---|---|
| Cash | 220 559 | 130 213 |
| Restricted funds | 4 326 | 30 786 |
| **Total cash and cash equivalents** | **224 884** | **160 999** |

Restricted funds are employee tax deduction funds. The decrease in restricted funds is due to the fact that the majority of the Group has entered into an agreement on a tax withholding guarantee during 2020.

The company has an overdraft facility of MNOK 300 and a revolving credit line of MNOK 200 in Danske Bank. As of 31 December 2020, MNOK 0 of the overdraft facility was utilized compared to MNOK 96 at year-end 2019. The revolving credit line was fully used as of 31 December 2020, compared to being unused end of last year.

## Note 13
Shareholders

**AKVA group ASA**
The company's share capital is MNOK 33.3 divided into 33.3 million shares, each with a par value of NOK 1. The company has only one category of shares and all shares entitle shareholders to equal rights in the company.

The Annual General Meeting (AGM) in May 2020 authorized the Board of Directors to acquire shares for up to an amount of NOK 833,358 which equals approximately 2.5 % of the company's share capital. Acquisition of shares pursuant to this authorization may only take place if the company's distributable reserves according to the most recent balance sheet exceed the remuneration for the shares to be acquired. The authorization was valid until the AGM in May 2021, however, not later than until 30 June 2021. This authorization replaces the authorization to the board to purchase own shares, given by the General Meeting on 9 May 2019.

In the same AGM in 2020 the Board of Directors were authorized to increase the company's share capital by up to NOK 3,333,430, through subscription of new shares. The authorization does not authorize the board to waive the pre-emptive right of shareholders pursuant to section 10-4 of the Public Limited Liability Companies Act (the "Act"), nor carry out a capital increase through payments in non-monetary assets, nor incur special obligations on behalf of the company as set out in section 10-2 of the Act, nor decisions on mergers pursuant to section 13-5 of the Act and may not be used in connection with the company's option program. The authorization shall be in force until the earlier of the time of the Annual General Meeting in 2021 and 30 June 2021. This authorization replaces all previous authorizations to the board to increase the company's share capital.

| The 20 largest shareholders at 31.12.20 | Number of shares | Ownership % |
|---|---|---|
| EGERSUND GROUP AS | 20 703 105 | 62,11 % |
| PARETO AKSJE NORGE VERDIPAPIRFOND | 1 614 718 | 4,84 % |
| VERDIPAPIRFONDET NORDEA KAPITAL | 1 037 411 | 3,11 % |
| SIX SIS AG | 987 116 | 2,96 % |
| VERDIPAPIRFONDET ALFRED BERG GAMBA | 975 932 | 2,93 % |
| VERDIPAPIRFONDET NORDEA AVKASTNING | 800 014 | 2,40 % |
| VERDIPAPIRFONDET NORDEA NORGE PLUS | 587 640 | 1,76 % |
| FORSVARETS PERSONELLSERVICE | 475 000 | 1,42 % |
| VERDIPAPIRFONDET ALFRED BERG NORGE | 430 000 | 1,29 % |
| MP PENSJON PK | 381 300 | 1,14 % |
| AKVA GROUP ASA | 377 883 | 1,13 % |
| J.P. MORGAN BANK LUXEMBOURG S.A. | 327 950 | 0,98 % |
| EQUINOR PENSJON | 323 883 | 0,97 % |
| J.P. MORGAN BANK LUXEMBOURG S.A. | 300 000 | 0,90 % |
| JAKOB HATTELAND HOLDING AS | 161 200 | 0,48 % |
| BJØRN DAHLE | 150 000 | 0,45 % |
| ASKVIG AS | 100 000 | 0,30 % |
| BERGEN KOMMUNALE PENSJONSKASSE | 100 000 | 0,30 % |
| BKK PENSJONSKASSE | 97 200 | 0,29 % |
| VERDIPAP EQUINOR AKSJER NORGE | 91 941 | 0,28 % |
| Other shareholders | 3 312 010 | 9,94 % |
| **Total** | **33 334 303** | **100,00 %** |

| Shares owned by members of the Board of Directors | Number of shares |
|---|---|
| Frode Teigen and Hans Kristian Mong as owners of Egersund Group AS [1] | 20 703 105 |
| Anne Breiby (Kjerby AS) | 63 800 |
| Ragnhild Ree | 8 |

[1] Frode Teigen, through Kontrazi AS, and Hans Kristian Mong, through Hådyr AS, owns 50% each in Egersund Group AS

| Shares owned by group management | Number of shares |
|---|---|
| Knut Nesse (CEO) | 50 000 |
| Erlend Sødal (COO Cage Based Nordic) | 9 300 |
| Per Andreas Hjetland (COO Cage Based Nordic) | 4 048 |
| Andrew Campbell (COO Cage Based International) | 1 548 |
| Johan Fredrik Gjesdal (COO Land Based) | 662 |

## Note 14

Loans and borrowings (in NOK 1 000)

| Interest-bearing debt: | 2020 | 2019 |
|---|---|---|
| Non-current liabilities to financial institutions | 750 000 | 550 000 |
| Non-current lease liabilities | 455 145 | 484 216 |
| Other non-current interest-bearing debt | 10 994 | 6 095 |
| Current liabilities to financial institutions | - | 97 013 |
| Current lease liabilities | 93 821 | 80 123 |
| Other current interest-bearing debt | 844 | - |
| **Total** | **1 310 804** | **1 217 447** |
| Average interest rate | 2,35 % | 2,87 % |

### Repayment of debt

During 2020 the debt has been reorganized. The total amount has been increased from MNOK 721 in 2019 to a total of MNOK 789 in 2020. In addition, AKVA group has a credit facility of MNOK 300, where MNOK 0 is utilized on the 31 of December 2020.

| The Group's interest-bearing debt matures as follows: | 2020 | 2019 |
|---|---|---|
| 2020 | - | 177 136 |
| 2021 | 94 665 | 67 537 |
| 2022-2024 | 1 037 258 | 752 611 |
| 2025 or later | 178 882 | 220 162 |
| **Total** | **1 310 804** | **1 217 447** |

The terms and conditions of outstanding loans toward Danske Bank are as follows:

| Outstanding bank loans from Danske Bank | Currency | Nominal interest rate | Carrying amount 2020 | Carrying amount 2019 |
|---|---|---|---|---|
| Secured bank loan | NOK | Nibor + 1.50% | 200 000 | 200 000 |
| Secured bank loan | NOK | Nibor + 1.50% | 100 000 | 100 000 |
| Secured bank loan | NOK | Nibor + 1.75% | 250 000 | 250 000 |
| Secured bank loan revolving credit facility | NOK | Nibor + 1.75% | 200 000 | - |
| **Total** | | | **750 000** | **550 000** |

| Liabilities secured: | 2020 | 2019 |
|---|---|---|
| Liabilities secured with assets | 761 838 | 792 555 |
| Bank guarantee liabilitites | 58 368 | 21 800 |
| Parent company guarantee liabilities | 40 930 | 40 600 |

| Assets pledged as security for debt: | 2020 | 2019 |
|---|---|---|
| Accounts receivable | 185 764 | 142 536 |
| Inventory | 291 945 | 280 280 |
| Shares in subsidiaries[1)] | 330 781 | 332 233 |
| Other assets | 480 808 | 536 129 |
| **Total** | **1 289 298** | **1 291 178** |

[1)] The shares in AKVA group Land Based A/S, AKVA group Denmark A/S, and Sperre AS are pledged

**Loan covenants to Danske Bank**
In the loan documents from Danske Bank the following financial loan covenants are set:

- The ratio net interest-bearing debt over twelve months rolling EBITDA < 4,25
- Equity ratio for AKVA group > 25%
- Equity in NOK for AKVA group > 300 million

Net interest-bearing debt over twelve months rolling EBITDA was 3.2 as of 31 December 2020. The equity ratio in AKVA group was 32% and equity was MNOK 1,021 as of 31 December 2020.

The Group was compliant with all covenants in 2020.

Reconciliation of movements in liabilities to cash flows arising from financing activities:

| | Bank overdraft | Non-current liabilities to financial institutions | Other non-current liabilities | Lease liabilitites | Share capital / premium | Reserves (translation differences) | Retained earnings | NCI | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at 01.01.2020** | **96 157** | **550 000** | **73 537** | **564 339** | **879 613** | **-3 147** | **114 039** | **4 165** | **2 278 703** |
| Changes from financing cash flows | | | | | | | | | |
| Repayment of borrowings | -96 157 | - | -2 754 | - | - | - | - | - | -98 911 |
| Proceeds from borrowings | - | 200 000 | - | - | - | - | - | - | 200 000 |
| Repayment of lease liabilities | - | - | - | -104 165 | - | - | - | - | -104 165 |
| Proceeds from purchese/sale own shares | - | - | - | - | -200 | - | -14 462 | - | -14 662 |
| Dividend payment | - | - | - | - | - | - | -34 954 | - | -34 954 |
| **Total changes from financing cash flows** | **-96 157** | **200 000** | **-2 754** | **-104 165** | **-200** | - | **-49 416** | - | -52 692 |
| The effect of changes in foreign exchange rates | - | - | - | - | - | 10 541 | | - | 10 541 |
| Changes in fair value | - | - | - | - | - | - | 7 163 | - | 7 163 |
| **Other changes** | | | | | | | | | |
| **Liability-related** | | | | | | | | | |
| Payments related to investments | - | - | -54 461 | - | - | - | - | - | -54 461 |
| Acquired in business combination | - | - | 22 053 | 6 077 | - | - | - | 144 | 28 274 |
| New leases | - | - | - | 82 714 | - | - | - | - | 82 714 |
| Interest expense | 1 998 | 23 217 | - | 20 874 | - | - | - | - | 46 089 |
| Interest paid | -1 998 | -23 217 | - | -20 874 | - | - | - | - | -46 089 |
| **Total liability-related other changes** | - | - | -32 408 | 88 791 | - | - | - | 144 | 56 527 |
| **Total equity-related other changes** | - | - | - | - | - | - | 83 102 | -4 151 | 78 951 |
| **Balance at 31.12.2020** | **0** | **750 000** | **38 375** | **548 966** | **879 413** | **7 394** | **154 888** | **158** | **2 379 193** |

**Note 15**

Specification of items that are grouped in the financial statement
(in NOK 1 000)

| **Other income** | **2020** | **2019** |
|---|---|---|
| Share of profit (-loss) from associates | 9 666 | 8 073 |
| Profit from sale of tangible fixed assets | 3 051 | - |
| Profit from sale of subsidiaries | - | 18 153 |
| Other | 4 675 | - |
| **Total other income** | **17 392** | **26 226** |

| **Other operating expenses** | **2020** | **2019** |
|---|---|---|
| Accomodation, materials, equipment and maintenance | 58 878 | 73 028 |
| Marketing, travelling and communication | 26 116 | 51 087 |
| Other operating expenses | 72 338 | 53 246 |
| **Total other operating expenses** | **157 333** | **177 362** |

| **Financial Income** | **2020** | **2019** |
|---|---|---|
| Other interest income | 4 467 | 5 093 |
| Agio gain | 10 766 | - |
| Change in fair value of financial assets | 8 283 | - |
| Other financial income | 1 589 | 1 211 |
| **Total financial income** | **25 105** | **6 304** |

| **Financial Expenses** | **2020** | **2019** |
|---|---|---|
| Interest expenses | 25 215 | 26 765 |
| Interest on lease liabilities | 20 874 | 20 441 |
| Agio loss | - | 4 517 |
| Other financial expenses | 4 705 | 3 421 |
| **Total financial expenses** | **50 794** | **55 145** |

| **Other receivables** | **2020** | **2019** |
|---|---|---|
| Hedging balance | 8 468 | - |
| Grants receivable | 10 884 | 6 976 |
| Prepaid expenses | 23 204 | 21 151 |
| Other receivables | 32 407 | 33 862 |
| **Total other receivables** | **74 963** | **61 989** |

| **Other current liabilities** | **2020** | **2019** |
|---|---|---|
| Hedging balance | - | 2 245 |
| Accrued costs | 43 906 | 52 872 |
| Warranty provision | 42 882 | 37 514 |
| Other current liabilities | 114 746 | 99 899 |
| **Total other current liabilities** | **201 534** | **192 530** |

The provisions for warranties relate to projects and products in the cage based and land based segment. The provisions have been estimated based on historical warranty data associated with similar projects, products, and services, and are calculated solely on the basis of the expected compensation AKVA group gives. The timeframe for settlement of the warranty provisions varies based on type of product and project.

## Note 16

Financial instruments and risk management (in NOK 1 000)

**Determination of fair value**

The fair value of forward exchange contracts is determined using the forward exchange rate at the balance sheet date. The fair value of currency swaps is determined by the present value of future cash flows. The fair value of options is determined using option pricing models. For all the above-mentioned derivatives, the fair value is confirmed by the financial institution with which the Group has entered the contracts.

The following of the Group's financial instruments are not measured at fair value: cash and cash equivalents, trade receivables, contract assets and liabilities, other current assets, overdraft facilities, long-term debts, and financial leasing obligations.

The carrying amount of cash and cash equivalents and overdraft facilities is approximately equal to fair value since these instruments have a short term to maturity. Similarly, the carrying amount of trade receivables and trade payables is approximately equal to fair value since they are entered into on "normal" terms and conditions.
The borrowings are at floating interest rates which implies a book value in accordance to fair value.

The fair value of financial assets and liabilities recognized at their carrying amount is calculated as the present value of estimated cash flows discounted by the interest rate that applies to corresponding liabilities and assets at the balance sheet date.

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments.

| | 2020 | | 2019 | |
|---|---|---|---|---|
| | **Book value** | **Fair value** | **Book value** | **Fair value** |
| **Financial assets** | | | | |
| Cash | 224 884 | 224 884 | 160 999 | 160 999 |
| Trade receivables | 341 490 | 341 490 | 317 212 | 317 212 |
| Contract assets | 158 642 | 158 642 | 96 390 | 96 390 |
| Other current assets | 74 963 | 74 963 | 61 989 | 61 989 |
| Other long-term financial assets | 54 748 | 54 748 | 1 008 | 1 008 |
| Forward currency contracts[1)] | 9 499 | 9 499 | - | - |
| **Total** | **864 227** | **864 227** | **637 598** | **637 598** |
| | | | | |
| **Financial liabilities** | | | | |
| Bank overdraft | - | - | 96 157 | 96 157 |
| Trade payables | 227 516 | 227 516 | 228 202 | 228 202 |
| Contract liabilitites | 281 450 | 281 450 | 193 080 | 193 080 |
| Loans | 788 375 | 788 375 | 696 410 | 696 410 |
| Forward currency contracts[2)] | - | - | 174 | 174 |
| **Total** | **1 297 342** | **1 297 342** | **1 214 023** | **1 214 023** |

[1)] The amount is included in other receivables in the Consolidated Statement of Financial Position
[2)] The amount is included in other current liabilities in the Consolidated Statement of Financial Position

**Fair value hierarchy**
As of 31 December 2020, the Group held financial instruments measured at fair value as mentioned below:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

| **Financial instruments at fair value** | **31.12.20** | **Level 1** | **Level 2** | **Level 3** |
|---|---|---|---|---|
| Financial assets - Forward currency contracts | 9 499 | - | 9 499 | - |
| Financial liabilities - Forward currency contracts | - | - | - | - |

| **Financial instruments at fair value** | **31.12.19** | **Level 1** | **Level 2** | **Level 3** |
|---|---|---|---|---|
| Financial assets - Forward currency contracts | - | - | - | - |
| Financial liabilities - Forward currency contracts | 174 | - | 174 | - |

There have been no transfers between levels during the period.

**Currency risk**
As part of the international activity the Group's assets and liabilities as well as expected cash inflows and cash outflows are exposed to changes in the currency rates. Such risk is sought reduced by using currency forward contracts. The currency risk is managed by the parent company in cooperation with the subsidiaries.

In order to hedge the value of the items in the balance sheet denominated in a foreign currency the Group had the following positions through forward contracts, all contracts with maturity in 2020:

| **Currency (in 1 000)** | | Bought/sold | Net currency amount |
|---|---|---|---|
| British Pound | GBP | Sold | 2 500 |
| Norwegian Kroner | NOK | Bought | 29 736 |

Profit and loss from the above currency contracts are recorded directly via the income statement under financial items. At the end of the year MNOK 0.620 was recorded as an unrealized gain. The forward contracts are valued at estimated fair value.

The Group uses currency forward contracts to reduce the exposure of changes in currency rates due to having revenues and costs denominated in different currencies. At the end of the year the Group had the following positions in forward contracts in order to hedge expected future cash flow. The expected cash flows subject to hedging are expected to take place during the 2021 and hence be recognized in the income statement during the same period.

| **Currency (in 1 000)** | | Bought/sold | Net currency amount |
|---|---|---|---|
| Euro | EUR | Bought | 10 416 |
| American Dollar | USD | Sold | -5 699 |
| Canadian Dollar | CAD | Sold | -5 203 |
| Norwegian Kroner | NOK | Bought | 17 878 |

At the end of the year, it was recorded a profit of MNOK 7.163 directly against other comprehensive income related to hedging of expected future cash flow.

On 31 December 2020, the Group held the following instruments to hedge exposure to changes in foreign currency:

| | Maturity | | |
|---|---|---|---|
| **Forward currency contracts** | 1-3 months | 4-12 months | >12 months |
| Net exposure (in 1 000 NOK) | 25 959 | 2 926 | -11 007 |
| Average NOK:EUR forward contract rate | 10,69 | 11,03 | 10,54 |
| Average NOK:USD forward contract rate | 9,82 | 10,95 | |
| Average NOK:CAD forward contract rate | 6,85 | 6,96 | |

When the expected cash flow is translated into an item in the balance sheet or actually takes place, the recorded profit or loss which has been booked directly against the equity is reversed and included in the income statement together with the actual hedged object. Any non-effective part of the hedge is booked as currency loss or gain under financial items in the income statement.

In the long run it is not possible to hedge the effects of changing currency rates. In 2020 the Group had export sales of MNOK 261 of products which predominantly had its cost base in NOK. A 10% strengthening of the NOK would then decrease the earnings with about MNOK 26.1 before possible price increases in the market. Approximately 8% of this exposure was related to sales in GBP (sales in UK), 50% related to sales in USD (sales in South America) and 18% related to sales in CAD (sales in Canada).

To decrease this exposure the Group is working towards a more flexible cost structure and have more diversified costs in terms of currencies.

**Foreign currency sensitivity**

In the management of foreign currency risk, the Group seeks to reduce the effect from currency rate changes on monetary assets and liabilities as well as the value of the future cash flows denominated in a foreign currency. Through the internal financing structure within the Group, most of the monetary asset and liability risk is allocated to the parent company, which also has most of the cash flow risk with regards to currency fluctuation. The major currencies in 2020 are EUR, CAD, and USD. Below it is made a partial analysis in order to do an estimate of the impact from a change in EUR, CAD, and USD on the pre-tax profit and on the book equity at year end. The effect of net investment in subsidiaries are not included in the analysis.

| **31.12.2020** | **KNOK effect on profit before tax by +10%/-10% change in** | | | **KNOK effect on book equity by +10%/-10% change in** | | |
|---|---|---|---|---|---|---|
| | **EUR** | **CAD** | **USD** | **EUR** | **CAD** | **USD** |
| 10 % | -3 583 | 740 | 59 | 10 906 | -3 485 | -4 863 |
| -10 % | 3 583 | -740 | -59 | -10 906 | 3 485 | 4 863 |

| **31.12.2019** | **KNOK effect on profit before tax by +10%/-10% change in** | | | **KNOK effect on book equity by +10%/-10% change in** | | |
|---|---|---|---|---|---|---|
| | **EUR** | **GBP** | **TRY** | **EUR** | **GBP** | **USD** |
| 10 % | 6 179 | 2 700 | 904 | 2 142 | -1 005 | 3 677 |
| -10 % | -6 179 | -2 700 | -904 | -2 142 | 1 005 | -3 677 |

The effect on the profit before tax and thus book equity in the parent company is the result of change in monetary assets and the financial instruments denominated in EUR, CAD, and USD, respectively. The effect on OCI and book equity at year end 2020 is the effect from the change in fair value of currency contracts assigned to future cash flow hedge.

**Interest rate risk**
The Group's interest-bearing debt is based on a floating interest rate which implies that interest payments over time will fluctuate according to the changes in the interest rate level. Most of the interest-bearing debt is in NOK. To reduce the interest rate risk, it is the strategy of the Group to have a balanced mix between equity and debt financing vs the market risk in its industry. With the interest-bearing debt at year end, interest cost would have been MNOK 8.0 higher with a 1% higher average interest rate during the year and MNOK 8.0 lower with a 1 % lower average interest rate during the year.

**Credit risk**
Part of the sale is credit sales where the Group is exposed to credit risk towards the customer. For larger projects there are normally pre-payments from the customers and milestone payments along the progress of the project which reduces the credit risk towards the customers. To some extent the Group uses trade finance instruments, such as letter of credit and guarantee letters, to reduce credit risk. The Group has generally had low losses on outstanding receivables despite having old receivables in the balance sheet occasionally. In general, old receivables relates to delays or stop in projects whereas the responsible entity for the delivery of the project has made an agreement with the customer to await payment of the invoice. For details of ageing of accounts receivables, see note 11.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

**Macroeconomic risk**
In 2020 about 90% of the revenues of the Group came from customers producing salmon, down from a share of 94% in 2019. To decrease the Group’s dependency of the salmon industry the Group works to increase the share of revenues related to the aquaculture of other species than salmon. Due to the market variation in the different salmon markets the revenues can vary between years. Still, the aquaculture industry in general is expected to be a high growth industry in the foreseeable future although the financial turmoil in the short run increases the uncertainty.

Based on the assumption that a change in sales will not affect the product gross margin and that other operating costs short term only will change 50% of the change in sales - a change in the revenues of the Group would have had the following impact on net income (22% tax rate used):

| Change in sales | Change in net profit/ equity (in NOK 1 000) |
|---:|---:|
| 10 % | 62 710 |
| 5 % | 31 355 |
| 2 % | 12 542 |
| -2 % | -12 542 |
| -5 % | -31 355 |
| -10 % | -62 710 |

To further evaluate the Group's sensitivity to changes in the different markets see more details in note 2 about market size.

**Capital structure and equity**
The primary focus of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximize shareholders value. The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

| **Dividends paid** | **Per share** |
|---|---|
| 2014 | 1,00 |
| 2015 | 1,00 |
| 2016 | 0,75 |
| 2017 | 1,25 |
| 2018 | 1,50 |
| 2019 | 1,75 |
| 2020 | 1,00 |

The Group has been compliant with the dividend policy when paying out dividend, see note 21. The Group monitors capital using a gearing ratio, which is net interest-bearing debt divided by total equity plus net debt. The Group includes within net interest-bearing debt, interest bearing loans and borrowings less cash and cash equivalents. Capital includes equity attributable to equity holders of the parent less the net unrealized gains reserve.

| | **2020** | **2019** |
|---|---|---|
| Interest bearing debt | 1 310 804 | 1 217 447 |
| Less cash | 224 884 | 160 999 |
| Net interest bearing debt | 1 085 919 | 1 056 448 |
| Equity | 1 041 538 | 986 340 |
| Total equity and net interest bearing debt | 2 127 457 | 2 042 788 |
| Debt ratio | 51 % | 52 % |

The Group has been compliant with all covenants in 2020, see note 14.

The ratio of the equity share attributable to AKVA group ASA's shareholders was 32.3 % as of 31 December 2020.

**Liquidity risk**
The Group monitors its risk to a shortage of liquid funds using cash flow prognosis. The objective is to maintain a balance in the funding using bank overdrafts, bank loans with different pay back periods, debentures, and finance lease. The Management follows the development of the working capital closely because the development in the working capital has the most important impact on the liquidity situation on short term.

**Financial risk management**
The table below summarizes the maturity profile of the Group's financial liabilities based on contractual discounted payments.

| 2020 | On demand | Less than 3 months | 3 to 12 months | 1 to 5 years | > 5 years | Total |
|---|---|---|---|---|---|---|
| Interest-bearing loans and borrowings | - | - | 844 | 754 829 | 6 166 | 761 839 |
| Lease liabilities | - | 12 284 | 81 536 | 279 613 | 175 532 | 548 966 |
| Trade and other payables | - | 290 862 | 29 448 | - | - | 320 310 |
| Financial derivatives | - | 121 386 | 104 633 | 10 935 | - | 236 955 |
| **Total** | **-** | **424 532** | **216 462** | **1 045 377** | **181 698** | **1 868 069** |

| 2019 | On demand | Less than 3 months | 3 to 12 months | 1 to 5 years | > 5 years | Total |
|---|---|---|---|---|---|---|
| Interest-bearing loans and borrowings | - | 97 013 | - | 553 376 | 2 719 | 653 108 |
| Lease liabilities | - | 20 031 | 60 092 | 266 772 | 217 444 | 564 339 |
| Trade and other payables | - | 289 328 | 27 509 | 67 442 | - | 384 279 |
| Financial derivatives | - | 36 897 | 86 138 | 15 488 | - | 138 522 |
| **Total** | **-** | **443 268** | **173 739** | **903 078** | **220 163** | **1 740 248** |

## Note 17

Revenue and contract assets (in NOK 1 000)

In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major revenue lines, timing of revenue recognition and relevant positions on 31 December. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see note 2).

| | Reportable segments | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **For the year ended 31 December** | **Cage Based** | | **Land Based** | | **Digital Solutions** | | **Total reportable segments** | |
| **Primary geographical markets** | **2020** | **2019** | **2020** | **2019** | **2020** | **2019** | **2020** | **2019** |
| Europe | 2 043 450 | 2 025 432 | 380 677 | 416 921 | 68 857 | 126 354 | 2 492 985 | 2 568 707 |
| Other | 662 711 | 508 033 | 21 150 | - | - | - | 683 860 | 508 033 |
| | **2 706 161** | **2 533 465** | **401 827** | **416 921** | **68 857** | **126 354** | **3 176 845** | **3 076 740** |
| **Major revenue lines** | | | | | | | | |
| Construction contracts | 1 669 530 | 1 294 282 | 343 231 | 356 175 | - | - | 2 012 761 | 1 650 457 |
| Service & spare parts | 980 623 | 1 114 082 | 58 596 | 60 746 | - | - | 1 039 219 | 1 174 828 |
| Software | - | - | - | - | 68 857 | 126 354 | 68 857 | 126 354 |
| Other | 56 007 | 125 101 | - | - | - | - | 56 007 | 125 101 |
| | **2 706 161** | **2 533 465** | **401 827** | **416 921** | **68 857** | **126 354** | **3 176 845** | **3 076 740** |
| **Timing of revenue recognition** | | | | | | | | |
| Products and services transferred over time according to output method | 1 454 021 | 716 622 | - | - | - | - | 1 454 021 | 716 622 |
| Products and services transferred over time according to input method | 215 509 | 577 659 | 343 231 | 356 175 | - | - | 558 740 | 933 834 |
| Products and services transferred at point in time | 980 623 | 1 114 082 | 58 596 | 60 746 | 68 857 | 126 354 | 1 108 076 | 1 301 182 |
| Other revenue | 56 007 | 125 101 | - | | - | - | 56 009 | 125 101 |
| **External revenue as reported in note 2** | **2 706 161** | **2 533 465** | **401 827** | **416 921** | **68 857** | **126 354** | **3 176 845** | **3 076 740** |
| **Positions at 31 December** | | | | | | | | |
| Total sales included from ongoing contracts | 787 109 | 509 318 | 191 196 | 355 608 | - | - | 978 305 | 864 926 |
| Contract assets | 107 254 | 84 869 | 42 606 | 11 519 | 6 | - | 149 866 | 96 388 |
| Contract liabilities | 148 926 | 95 715 | 131 899 | 97 365 | 68 | - | 280 893 | 193 080 |

Reference is made to note 2 for further details of revenue per segment.

**Lease income**
AKVA group has signed rental contracts with customers which is a service bundled with products. The future minimum payments related to these rental contracts fall due as follows for the Groups customers:

| Lease receivables to be collected | Within 1 year | 1 - 5 years | After 5 years |
|---|---|---|---|
| Rental agreements | 38 096 | 45 647 | - |

## Note 18
Leasing (in NOK 1 000)

AKVA group leases offices and buildings, machinery and equipment and vehicles. The highest portion of the Groups lease portfolio is for leasing of buildings and offices. Lease terms are negotiated on individual basis and contain a wide range of renewal and termination options. The leased assets by the Group are included as Right-of-use assets in note 8.

The future undiscounted lease liabilities and maturity of cash outflows by class of underlying asset falls due as follows for the Group:

| Lease liabilities due | Within 1 year | 1 - 5 years | After 5 years |
|---|---|---|---|
| Offices and buildings | 64 951 | 210 555 | 170 100 |
| Vehicles | 17 333 | 44 147 | 5 432 |
| Office equipment and other | 11 537 | 24 911 | - |
| **Total** | **93 821** | **279 613** | **175 532** |

Leasing expenses recognized in the profit and loss:

| Amounts recognized in profit or loss | 2020 | 2019 |
|---|---|---|
| Interest on lease liabilities | 20 874 | 20 441 |
| Expenses relating to short-term leases | 21 998 | 27 970 |
| Expenses relating to leases of low-value assets | 2 830 | 2 665 |
| **Total** | **45 702** | **51 076** |

## Note 19

Business combinations

**Acquisition of Austevoll Rørteknikk**

In May 2020 AKVA group Land Based Norway AS (a subsidiary of AKVA group ASA, refer note 9) acquired 100% of the shares in Austevoll Rørteknikk AS for a total consideration of MNOK 5.5. The acquisition has been accounted for using the acquisition method and Austevoll Rørteknikk has been consolidated into AKVA group from 31 May 2020. Austevoll Rørteknikk AS was merged into AKVA group Land Based Norway AS with accounting effect from 31 May 2020.

| Values at the acquisition date in NOK 1.000 | Book value | Adjusted value | Fair value |
|---|---|---|---|
| **ASSETS** | | | |
| Deferred tax asset | 914 | 36 | 951 |
| Research and development | 2 165 | -665 | 1 500 |
| Machinery and equipment | 986 | 500 | 1 486 |
| Right-of-use assets | 2 743 | - | 2 743 |
| Trade receivables | 2 885 | - | 2 885 |
| Inventories | 2 029 | - | 2 029 |
| Other current assets | 252 | - | 252 |
| Cash | 124 | - | 124 |
| | **12 098** | **-129** | **11 970** |
| | | | |
| **LIABILITIES** | | | |
| Long term debt | -980 | - | -980 |
| Right-of-use liabilities | -2 743 | - | -2 743 |
| Liabilities to financial institutions (overdraft) | -2 131 | - | -2 131 |
| Trade payables | -2 416 | - | -2 416 |
| Tax payables | 1 045 | - | 1 045 |
| Other current liabilities | -2 381 | - | -2 381 |
| | **-9 606** | **-** | **-9 606** |
| **Total identifiable net assets** | **2 493** | **-129** | **2 364** |
| | | | |
| Purchase price, payable in cash | -5 500 | - | -5 500 |
| **Total consideration** | **-5 500** | **-** | **-5 500** |
| | | | |
| **Goodwill arising on acquisition** | | | **3 136** |
| | | | |
| Cash acquired with subsidiary | 124 | - | 124 |
| Purchase price, payable in cash | -5 500 | - | -5 500 |
| **Net cash outflow** | **-5 376** | **-** | **-5 376** |

The acquisition of Austevoll Rørteknikk contributed with MNOK 14.5 in revenues and MNOK -0.7 in net profit to the Group for the period from 31 May 2020 to 31 December 2020. If the acquisition had taken place on 1 January 2020, the corresponding figures would have been MNOK 23.0 and MNOK -1.9, respectively.

**Acquisition of Newfoundland Aqua Service**
In February 2020 AKVA group ASA acquired 70% of the shares in Newfoundland Aqua Service Ltd for a total consideration of MNOK 20.0. The acquisition has been accounted for using the acquisition method and Newfoundland Aqua Service has been consolidated into AKVA group from 28 February 2020.

| Values at the acquisition date in NOK 1.000 | Book value | Adjusted value | Fair value |
|---|---|---|---|
| **ASSETS** | | | |
| Deferred tax asset | 114 | - | 114 |
| Land and Buildings | 18 918 | - | 18 918 |
| Machinery and equipment | 5 160 | - | 5 160 |
| Trade receivables | 4 653 | - | 4 653 |
| Inventories | 1 570 | - | 1 570 |
| Other current assets | 133 | - | 133 |
| Cash | 4 534 | - | 4 534 |
| | **35 083** | **-** | **35 083** |
| **LIABILITIES** | | | |
| Trade payables | -1 438 | - | -1 438 |
| Deferred tax | - | - | - |
| Long term liabilities | -21 073 | - | -21 073 |
| Tax payable | -21 | - | -21 |
| Other current liabilities | -2 825 | - | -2 825 |
| | **-25 356** | **-** | **-25 356** |
| **Total identifiable net assets** | **9 727** | **-** | **9 727** |
| Purchase price, payable in cash | -19 993 | - | -19 993 |
| Contingent consideration | -6 374 | - | -6 374 |
| **Total consideration** | **-26 366** | **-** | **-26 366** |
| **Goodwill arising on acquisition** | | | **16 639** |
| Cash acquired with subsidiary | 4 534 | - | 4 534 |
| Purchase price, payable in cash | -19 993 | - | -19 993 |
| **Net cash outflow** | **-15 458** | **-** | **-15 458** |

The acquisition of Newfoundland Aqua Service contributed with MNOK 20.2 in revenues and MNOK 1.7 in net profit to the Group for the period from 28 February 2020 to 31 December 2020. If the acquisition had taken place on 1 January 2020, the corresponding figures would have been MNOK 21.4 and MNOK -1.2, respectively.

**Exercising of option Sperre**
On the 28 May 2020 AKVA group exercised their option to buy out all remaining minority shareholders of Sperre AS. AKVA group ASA acquired the remaining (34%) shares from Sperre Group AS for a total of MNOK 69.7, increasing the ownership and voting rights in Sperre AS from 66% in 2019 to 100% in 2020. The exercising of the option in Sperre resulted in an accounting effect of MNOK 2.248 in 2020 booked against the equity.

**Earn-out AKVA Marine Services**
AKVA group have booked MNOK 7.5 as a liability in the statement of financial position relating to an earn out arising from the buyout of Deep Sea Marine's and AØ Holdings shares in AKVA Marine Services AS. This earn out will be paid in 2021.

**Options Grading Systems**
The Minority Shareholders of Grading Systems Ltd has an option to sell to Egersund Net AS (subsidiary of AKVA group ASA, refer note 9) and Egersund Net AS has an option to purchase from the Minority Shareholders the remaining shares. The pricing is based on financial performance.

The option is calculated at present value of the redemption amount. The liability is classified as other short-term liabilities in the statement of financial position.

The estimated liability of MNOK 6.8 is accounted for based on a mutual option agreement between Egersund Net AS and Viking Atlantic AS to buy/sell the remaining 30% of the shares in Grading Systems Ltd. The pricing of the remaining 30% of the shares is linked to the performance of the company in 2018, 2019 and 2020. The option is exercisable in a limited period after the approval of the 2020 annual accounts of Grading Systems Ltd.

**Options Newfoundland Aqua Service**
The Minority Shareholders of Newfoundland Aqua Service Ltd has an option to sell to AKVA group ASA and AKVA group ASA has an option to purchase from the Minority Shareholders most of the remaining shares. The pricing is based on financial performance.

The option is calculated at present value of the redemption amount. The liability is classified as other long-term liabilities in the statement of financial position.

The estimated liability of MNOK 6.1 is accounted for based on a mutual option agreement between AKVA group ASA and to buy/sell 28% of the shares in Newfoundland Aqua Service Ltd. The pricing of the 28% of the shares is linked to the performance of the company in 2020, 2021 and 2022. The option is exercisable in a limited period after the approval of the 2022 annual accounts of Newfoundland Aqua Service Ltd.

## Note 20
Related parties (2019 figures in brackets)

See consolidated accounts note 3 about remuneration to CEO and executive management and fees to the Board of Directors.

Atlantis Subsea Farming AS (ASF) is a related party due to AKVA group ASA's and Egersund Net's ownership of 33% each of the shares in ASF. The Group has as part of their role in ASF recorded revenues from ASF of MNOK 3.3 (6.5) in 2020. The outstanding balance towards ASF on 31 December 2020 was a receivable of MNOK 0.9 (1.3).

Centre of Aquaculture Competence AS (CAC) is a related party due to AKVA group ASA's ownership of 33% of the shares in CAC. The Group has as part of their role in CAC recorded revenues from CAC of MNOK 1.5 (0.3) in 2020. The outstanding balance towards CAC on 31 December 2020 was a receivable of MNOK 1.7 (0.0).

NOFI Oppdrettservice AS (NOFI) is a related party due to Egersund Net AS's ownership of 50% of the shares in NOFI. The Group has as part of their role in NOFI recorded revenues from NOFI of MNOK 4.6 (1.9) in 2020. The outstanding balance towards NOFI on 31 December 2020 was a receivable of MNOK 1.2 (0.1) and a payable of MNOK 1.9 (0.0).

Emel Balik is a related party due to Egersund Net AS's ownership of 50% of the shares in the company. The Group has as part of their role in Emel Balik recorded revenues from the company of MNOK 29.4 (3.7) in 2020. The outstanding balance towards Emel Balik on 31 December 2020 was a receivable of MNOK 4.3 (0.0).

Egersund Group AS is a related party due to its controlling ownership share of the AKVA group ASA. The Group have, in line with the Group's ordinary course of business with Egersund Group and its subsidiaries, revenues and costs of respectively MNOK 18.9 (16.5) and MNOK 58.6 (57.1) in 2020.

Outstanding balances at year-end are unsecured and interest free and settlement occurs in cash. As of 31 December, the company had MNOK 8.3 (2.2) in trade receivables and MNOK 2.0 (1.0) in trade payables towards Egersund Group and its subsidiaries.

The sales and purchases to related parties are made on terms equivalent to those that prevail in arm's length transactions.

## Note 21
Dividend

The company is aiming to give the shareholders a competitive return on investment by a combination of cash dividend and share price increase. The company's dividend policy shall be stable and predictable.

When deciding the dividend, the board will take into consideration expected cash flow, capital expenditure plans, financing requirements/compliance, appropriate financial flexibility, and the level of net interest-bearing debt.

The company need to be in compliance with all legal requirements to pay dividend.

In total a dividend of 1.00 NOK per share was paid out on 3 March 2020, totalling a distributed amount of NOK 33,156,420.

| **Dividend** | **2020** | **2019** |
|---|---|---|
| Per share | 1,00 | 1,75 |
| Total distributed amount [1)] | 33 156 420 | 58 136 235 |

[1)] The total distributed amount in 2020 is reduced with MNOK 0.178 as the company owned 177,883 shares at the time of the dividend payment. The total distributed amount in 2019 is reduced with MNOK 0.198 as the company owned 27,883 shares during the first dividend and 177,883 shares during the second.

## Note 22
Sale and buyback of own shares

At the start of 2020 AKVA group ASA owned 177,883 own shares. The Board of Directors of AKVA group was granted an authorization by the annual general meeting held on 7 May 2020 for buy back of own shares, to a maximum of 803,358 shares. During 2020 AKVA group exercised this right and purchased a total of 200,000 shares. AKVA group owns a total of 377,883 shares at year-end 2020.

## Note 23
Provisions (in NOK 1 000)

AKVA group has booked the following provisions as of 31 December 2020:

| | Warranties | Obsolete inventory | Bad debt | Total |
|---|---|---|---|---|
| **Balance at 01.01.2020** | **37 514** | **12 330** | **18 328** | **68 172** |
| Provisions made during the year | 12 910 | 1 913 | 9 146 | 23 970 |
| Provisions used/reversed during the year | -8 047 | -1 074 | -17 861 | -26 982 |
| Revaluation | 505 | 350 | 1 035 | 1 889 |
| **Balance at 31.12.2020** | **42 882** | **13 519** | **10 647** | **67 049** |
| Non-current | - | - | 55 | 55 |
| Current | 42 882 | 13 519 | 10 586 | 66 988 |

## Note 24
Subsequent events

**Dividend**
At the board meeting on 11 March 2021 the Board of Directors in AKVA group ASA resolved to distribute a half-yearly dividend of NOK 1.00 per share. The ex-dividend trading date was announced to be 7 April 2021 with payment date no later than 14 April 2021.

**Cyber-attack**
On 10 January 2021, AKVA group was subject to a cyber-attack impacting several key systems. Most of AKVA group's internally hosted services were shut down and data, including backups, were encrypted. Global and regional expertise, together with police, were engaged immediately. No data were lost, and main IT systems are now recovered in combination with a massive job on security environment. Because of the cyber-attack significant non-recurring costs will be recognized in Q1 2021. Directs costs is estimated to be in the area MNOK 40-50. More details to be reported in the Q1 report. The cyber-attack will not have any impact in Q2 and onwards.

**Covid-19**
The outbreak of the Corona virus does not have a material impact on the 2020 financials for AKVA group. However, the impacts of the Corona virus are inevitably causing uncertainty across the Globe and has already had impact in the financial markets. Large exchange rate fluctuations can impact raw material prices and other goods used for the Group's production and assembly of products. There will also be a risk that the supply of goods will be delayed or stopped and affect our delivery capacity.

The board of directors and group management have taken required actions to safeguard the Group through the crisis. First and foremost, precautions are taken to secure the health and safety for all our employees and all personnel we interact with in our day-to-day business. Thereafter a plan is implemented to secure the Group is cash positive and remain solid throughout the crisis, including communicating with customers and suppliers assuring needed information is exchanged timely for the best of all parties.

**Observe Technologies**
On 26 February 2021, AKVA group ASA ("AKVA") acquired 33.7 % of the shares in Observe Technologies Ltd for a total consideration of MGBP 3.5. The acquisition was made to further strengthen AKVA's digital strategy.

# AKVA group ASA Financial Statements and notes

# Income Statement and Statement of Comprehensive Income 01.01. - 31.12.

(in NOK 1 000)

| **Parent company** | **Note** | **2020** | **2019** |
|---|---|---|---|
| **OPERATING REVENUES** | | | |
| Revenues | 6 | 1 140 286 | 899 041 |
| Other income | 9,15 | -5 596 | 41 669 |
| **Total revenues** | 2,6,17,20 | **1 134 691** | **940 710** |
| **OPERATING EXPENSES** | | | |
| Cost of materials | 6,10,23,24 | 932 486 | 720 988 |
| Payroll expenses | 3,4 | 163 687 | 144 213 |
| Depreciation and amortization | 2,7,8 | 25 638 | 34 686 |
| Other operating expenses | 3,4,7,11,15,18,23,24 | 34 561 | 44 423 |
| **Total operating expenses** | 2,20 | **1 156 371** | **909 623** |
| **OPERATING PROFIT** | | **-21 680** | **-3 599** |
| **FINANCIAL INCOME AND EXPENSES** | | | |
| Financial income | 15,16 | 249 534 | 65 171 |
| Financial expenses | 15,16,18 | -22 141 | -29 387 |
| **Net financial income (expense)** | | **227 393** | **35 784** |
| **PROFIT BEFORE TAX** | | **205 713** | **32 184** |
| Taxes | 5 | 7 843 | -4 835 |
| **NET (LOSS)/PROFIT AND COMPREHENSIVE (LOSS)/PROFIT FOR THE YEAR** | | **197 870** | **37 019** |
| **ALLOCATION OF PROFIT FOR THE YEAR** | | | |
| Transferred to other equity | | 197 870 | 37 019 |
| Dividends paid | 21 | -33 156 | -58 136 |
| Net allocated | | 164 714 | -21 117 |

# Statement of Financial Position 31.12.

(in NOK 1 000)

| Parent company | Note | 2020 | 2019 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | | |
| | | | |
| **Intangible assets and goodwill** | | | |
| Goodwill | 7 | 53 000 | 53 000 |
| Other intangible assets | 7 | 62 901 | 43 536 |
| Total intangible assets | | 115 900 | 96 536 |
| | | | |
| **Tangible fixed assets** | | | |
| Land and building | 8,14 | 15 414 | 12 617 |
| Right-of-use assets | 8,14,18 | 45 340 | 38 233 |
| Machinery and equipment | 8,14 | 11 244 | 64 569 |
| Total tangible fixed assets | | 71 998 | 115 419 |
| | | | |
| **Long-term financial assets** | | | |
| Investments in subsidiaries | 9 | 1 461 407 | 1 372 109 |
| Loans to group companies | 6 | 75 622 | 76 156 |
| Other long-term financial assets | 9,11,16 | 54 109 | 5 476 |
| Total long-term financial assets | | 1 591 137 | 1 453 740 |
| | | | |
| **Total non-current assets** | | **1 779 036** | **1 665 695** |
| | | | |
| **CURRENT ASSETS** | | | |
| | | | |
| Inventory | 10,14,23 | 107 808 | 65 107 |
| | | | |
| **Receivables** | | | |
| Accounts receivables | 11,14,16,20,23 | 115 172 | 64 581 |
| Accounts receivables - group companies | 6,14 | 61 047 | 36 482 |
| Contract assets | 6,16,17 | 109 608 | 48 467 |
| Other receivables | 4,15,16 | 16 563 | 9 651 |
| Other receivables - group companies | 6,15 | 283 623 | 163 351 |
| Total receivables | | 586 015 | 322 532 |
| | | | |
| Cash and cash equivalents | 12,16 | 58 221 | 6 178 |
| | | | |
| **Total current assets** | | **752 044** | **393 817** |
| | | | |
| **TOTAL ASSETS** | 2 | **2 531 079** | **2 059 512** |

# Statement of Financial Position 31.12.

(in NOK 1 000)

| **Parent company** | **Note** | **2020** | **2019** |
|---|---|---|---|
| **EQUITY** | | | |
| **Paid-in capital** | | | |
| Share capital | | 32 956 | 33 156 |
| Share premium | | 853 529 | 853 529 |
| Other paid-in capital | | 1 116 | 1 116 |
| Total paid-in capital | 13,14,19,21,22 | 887 601 | 887 801 |
| **Retained earnings** | | | |
| Other equity | | 146 124 | -4 127 |
| Total retained earnings | 14,19,21,22 | 146 124 | -4 127 |
| **Total equity** | | **1 033 725** | **883 674** |
| **LIABILITIES** | | | |
| **Non-current liabilitites** | | | |
| Deferred tax | 5 | 14 685 | 13 087 |
| Liabilities to financial institutions | 14,16 | 750 000 | 550 000 |
| Lease Liability | 16,18 | 41 257 | 34 278 |
| Other non-current liabilities | 14,16 | 4 980 | 5 811 |
| Total non-current liabilities | | 810 921 | 603 176 |
| **Current liabilities** | | | |
| Lease Liability | 16,18 | 5 323 | 4 536 |
| Liabilities to financial institutions | 14 | - | 96 157 |
| Trade payables | 16,20 | 75 721 | 62 808 |
| Trade payables - group companies | 6 | 9 010 | 11 385 |
| Taxes payable | 5 | 2 544 | - |
| Public duties payable | 16 | 15 283 | 31 483 |
| Contract liabilities | 6,16,17 | 194 441 | 51 104 |
| Other current liabilities | 14,15,19,23 | 53 900 | 56 622 |
| Other current liabilities - group companies | 6,15 | 330 210 | 258 567 |
| Total current liabilities | | 686 433 | 572 662 |
| **Total Liabilities** | 2 | **1 497 354** | **1 175 838** |
| **TOTAL EQUITY AND LIABILITIES** | | **2 531 079** | **2 059 512** |

Klepp, Norway, 14 April 2021

Hans Kristian Mong
(Chairperson)

Anne Breiby
(Deputy chairperson)

Frode Teigen

Kristin Reitan Husebø

Helen Helland

Ragnhild Ree

Magnus Røkke

Knut Nesse
(CEO)

# Cash Flow Statement 01.01.-31.12.

(in NOK 1 000)

| **Parent company** | **Note** | **2020** | **2019** |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Profit before taxes | | 205 713 | 32 184 |
| Taxes paid | 5 | -894 | -3 482 |
| Gain on sale from disposals of subsidiaries | 15 | - | -39 859 |
| Loss on disposal of fixed assets | 15 | 5 571 | - |
| Gain on financial fixed assets | 15 | -8 283 | |
| Net interest cost | 15 | 17 208 | 14 768 |
| Depreciation | 7,8 | 25 638 | 34 686 |
| Changes in stock, trade receivable and payables | | -107 319 | -6 300 |
| Changes in other receivables and payables | | 4 031 | 18 376 |
| **Cash generated from operating activities** | | **141 663** | **50 374** |
| Interest paid | 15 | -21 694 | -19 786 |
| Interest received | 15 | 4 486 | 5 018 |
| **Net cash flow from operating activities** | | **124 456** | **35 606** |
| **Cash flow from investment activities** | | | |
| Investments in tangible and intangible fixed assets | 7,8 | -24 178 | -73 044 |
| Sale of tangible fixed assets | 8,15 | 31 415 | - |
| Payment of shares and participations | 9,19 | -123 751 | 21 705 |
| Net changes in other long-term financial assets | | -1 765 | 3 232 |
| **Net cash flow from investment activities** | | **-118 278** | **-48 106** |
| **Cash flow from financing activities** | | | |
| Repayment of borrowings | 14 | -96 989 | -223 174 |
| Proceeds from borrowings | 14 | 200 000 | 300 000 |
| Repayment of lease liabilities | 14 | -5 306 | -4 934 |
| Net payment loans to group companies | 6,14 | -4 022 | 11 071 |
| Dividend payment | 14,21 | -33 156 | -58 136 |
| Sale/(purchase) own shares | 14,22 | -14 662 | -11 119 |
| **Net cash flow from financing activities** | | **45 865** | **13 707** |
| Net change in cash and cash equivalents | | 52 043 | 1 207 |
| Cash and cash equivalents at 01.01. | 12 | 6 178 | 4 971 |
| **Cash and cash equivalents at 31.12.** | 12 | **58 221** | **6 178** |

# Statement of changes in equity

(in NOK 1 000)

| Parent company | Note | Share capital | Share premium | Other paid-in capital | Total paid in capital | Other equity | Total retained earnings | Total equity |
|---|---|---|---|---|---|---|---|---|
| **Equity as at 01.01.2019** | | 33 306 | 853 529 | 1 116 | **887 951** | 27 959 | **27 959** | **915 910** |
| Profit (loss) for the period | | - | - | - | **-** | 37 019 | **37 019** | **37 019** |
| **Total income and expense for the year** | | - | - | - | **-** | 37 019 | **37 019** | **37 019** |
| Dividend | 21 | - | - | - | - | -58 136 | **-58 136** | **-58 136** |
| Sale / (purchase) of own shares | 22 | -150 | - | - | **-150** | -10 969 | **-10 969** | **-11 119** |
| **Equity as at 31.12.2019** | | 33 156 | 853 529 | 1 116 | **887 801** | -4 127 | **-4 127** | **883 674** |
| | | | | | | | | |
| **Equity as at 01.01.2020** | | 33 156 | 853 529 | 1 116 | **887 801** | -4 127 | **-4 127** | **883 674** |
| Profit (loss) for the period | | - | - | - | **-** | 197 870 | **197 870** | **197 870** |
| **Total income and expense for the year** | | - | - | - | **-** | 197 870 | **197 870** | **197 870** |
| Dividend | 21 | - | - | - | - | -33 156 | **-33 156** | **-33 156** |
| Sale / (purchase) of own shares | 22 | -200 | - | - | **-200** | -14 462 | **-14 462** | **-14 662** |
| **Equity as at 31.12.2020** | | 32 956 | 853 529 | 1 116 | **887 601** | 146 124 | **146 124** | **1 033 725** |

# Notes to the Financial Statements – AKVA group ASA

## Contents

**Note 1**
Summary of significant accounting policies

AKVA group ASA is a public limited company registered in Norway. The Company's registered address is Svanavågveien 30, N-4374 Egersund, Norway.

The financial statement for AKVA group ASA has been prepared in accordance with the Norwegian accounting Act's §3-9 and the related regulation on simplified IFRS as approved by the Ministry of Finance on November 3rd, 2014. As a result, the principles for recognition and measurement applied when preparing the financial statements are according to International Financial Reporting Standards as adopted by EU (IFRS) and the disclosure notes have been prepared in accordance with the requirements of the Norwegian Accounting Act and accounting principles generally accepted in Norway (NGAAP). See note 1 in Group accounts for more details of the accounting policy.

Subsidiaries are valued at cost in the company accounts. The investment is valued as cost of acquiring shares in the subsidiary, providing they are not impaired. Write down to recoverable amount will be carried out and recognized as a financial cost if an impairment is deemed necessary according to IFRS. Impairments are reversed when the indication no longer exist. Investments in associates are valued according to the equity method and recognized as other income. AKVA group ASA accounts for group contributions and dividends in the same fiscal year as the subsidiary receives/grants group contribution and dividends, in accordance with the exemption in the simplified IFRS accounting framework.

## Note 2

Segment information (in NOK 1 000)

**Business segments**

AKVA group ASA sells products and services within the business area Cage Based Technology. For more detailed description and information about products and services, please go to www.akvagroup.com. More information is also given in note 2 in the consolidated accounts.

| Cage Based Technology | 2020 | 2019 |
|---|---|---|
| Operating revenue | 1 134 691 | 940 710 |
| Operating expenses | 1 130 734 | 909 623 |
| Operating profit before depreciation and amortization (EBITDA) | 3 957 | 31 087 |
| | | |
| Depreciation and amortization | 25 638 | 34 686 |
| Operating profit (EBIT) | -21 680 | -3 599 |

**Geographical information – customer's country of origin**

| Operating revenue | 2020 | 2019 |
|---|---|---|
| Norway | 704 930 | 691 165 |
| Europe | 29 287 | 21 003 |
| Russia | 163 711 | 100 247 |
| Iceland | 49 961 | 82 351 |
| Chile | 143 314 | 15 318 |
| Canada | 39 918 | 5 410 |
| Other | 3 570 | 25 216 |
| **Total** | **1 134 691** | **940 710** |

## Note 3

Wages, remunerations, and pensions (in NOK 1 000)

| Payroll expenses | 2020 | 2019 |
|---|---|---|
| Salaries | 117 539 | 116 632 |
| Payroll tax | 16 407 | 15 594 |
| Pension costs | 7 081 | 6 546 |
| Other benefits | 22 659 | 5 442 |
| **Total** | **163 687** | **144 213** |

| | | |
|---|---|---|
| The number of employees in full time equivalent in the company at year end is: | 148 | 151 |

See consolidated accounts note 3 about remuneration to CEO and executive management, and fees to the Board of Directors.

**Pensions**
The pension schemes in AKVA group ASA are defined contribution plans where agreed contributions are expensed as paid. The company has no further commitments towards pensions when the agreed contributions are paid. All pension costs are included in payroll expenses in the profit and loss statement.

As of 31 December, the company has no pension liability.

According to Norwegian legislation the entities need to have a pension scheme for the employees. The existing pension schemes meet the requirements in the legislation.

**Loan and pledge**
The company has not given any loans or pledges to members of the board or group management as of 31 December.

For details of establishment of salary and other remuneration to executive management, see note 3 in consolidated accounts.

| **Fees to auditor** | **2020** | **2019** |
|---|---|---|
| Audit | 960 | 666 |
| Tax services | 142 | 39 |
| Other services | - | 251 |
| **Total** | **1 102** | **956** |

All fees to the auditor are excl. VAT.

## Note 4
Government grants and subsidies (in NOK 1 000)

| **Government grants received** | **2020** | **2019** |
|---|---|---|
| "Skattefunn" | 3 201 | 2 522 |
| Norges Forskningsråd | 2 000 | 2 000 |
| **Total** | 5 201 | 4 522 |

**Note 5**
Taxes (in NOK 1 000)

| **Tax expense** | **2020** | **2019** |
|---|---|---|
| Current taxes payable | 5 052 | - |
| Adjustment related to previous year | 1 194 | 402 |
| Change in deferred taxes | 1 597 | -5 237 |
| **Total tax expense** | **7 843** | **-4 835** |

| **Calculation of the basis for taxation** | **2020** | **2019** |
|---|---|---|
| Profit before tax[1)] | 205 713 | 32 184 |
| Permanent differences | -182 349 | -52 552 |
| Change in temporary differences | -404 | 20 367 |
| **Tax base** | **22 960** | **-** |

[1)] Includes received Group contribution of MNOK 217.5

| **Specification of temporary differences** | **2020** | **2019** |
|---|---|---|
| Current assets | 42 250 | 32 486 |
| Fixed assets | 54 403 | 63 355 |
| Provisions | -29 906 | -31 132 |
| Losses carried forward | - | -5 223 |
| **Total** | 66 747 | 59 486 |
| | | |
| Calculated deferred tax assets (-liabilities) | -14 684 | -13 087 |
| **Deferred tax asset (-liabilities)** | **-14 684** | **-13 087** |

| **Effective tax rate** | **2020** | **2019** |
|---|---|---|
| Expected income taxes, statutory tax rate of 22% | 45 257 | 7 081 |
| Permanent differences (22%) | -40 117 | -11 561 |
| Excess(-)/insufficient(+) provisions in former years | 2 703 | -354 |
| **Income tax expense** | **7 843** | **-4 835** |
| | | |
| Effective tax rate in percent of profit before tax | 3,8 % | -15,0 % |

The company has MNOK 0 in tax loss carried forward at year-end 2020.

**Note 6**
Inter-company transactions and balances (in NOK 1 000)

| **Receivables** | **2020** | **2019** |
|---|---|---|
| Loans to group companies | 75 622 | 76 156 |
| Accounts receivables towards group companies | 61 047 | 36 482 |
| Other receivables towards group companies | 352 400 | 163 351 |
| **Total** | **489 068** | **275 989** |

| **Payables** | **2020** | **2019** |
|---|---|---|
| Trade payables towards group companies | 9 010 | 11 385 |
| Other current liabilities towards group companies | 363 224 | 258 568 |
| **Total** | **372 234** | **269 953** |

Overdraft facilities is included in other receivables and other current liabilities in the amounts presented above.

| **Intercompany transactions with subsidiaries** | **2020** | **2019** |
|---|---|---|
| Product sales | 209 098 | 62 122 |
| Purchased goods | 374 690 | 237 186 |
| Purchased services | 14 118 | 8 580 |

**Note 7**
Intangible assets (in NOK 1 000)

| **2020** | **Goodwill** | **Develop-ment costs** | **Other intangible assets** | **Total** |
|---|---|---|---|---|
| Acquisition cost at 01.01. | 53 000 | 125 032 | 36 092 | **214 124** |
| Additions | - | 14 924 | 5 736 | **20 660** |
| Reclassified from tangible fixed assets | - | - | 11 122 | **11 122** |
| Acquisition cost 31.12. | 53 000 | 139 956 | 52 950 | **245 906** |
| Accumulated amortization at 01.01. | - | 81 496 | 36 092 | **117 588** |
| Amortization during the year | - | 9 177 | 3 242 | **12 419** |
| Accumulated amortization 31.12. | - | 90 673 | 39 334 | **130 007** |
| **Net book value at 31.12.** | **53 000** | **49 284** | **13 617** | **115 900** |

| **2019** | **Goodwill** | **Develop-ment costs** | **Other intangible assets** | **Total** |
|---|---|---|---|---|
| Acquisition cost at 01.01. | 53 000 | 100 973 | 36 092 | **190 065** |
| Additions | - | 24 059 | - | **24 059** |
| Acquisition cost 31.12. | 53 000 | 125 032 | 36 092 | **214 124** |
| Accumulated amortization at 01.01. | - | 60 320 | 36 092 | **96 412** |
| Amortization during the year | - | 21 176 | - | **21 176** |
| Accumulated amortization 31.12. | - | 81 496 | 36 092 | **117 588** |
| **Net book value at 31.12.** | **53 000** | **43 536** | **-** | **96 536** |

Goodwill balances are not amortized. For remaining intangible assets, straight-line amortization over the asset's useful economic life is applied. The useful economic life for the intangible assets is estimated as:

| | |
|---|---|
| Development costs: | 3-5 years |
| Patents (included in other intangible assets): | 20 years |
| Trademarks (included in other intangible assets): | 5 years |
| Product rights (included in other intangible assets): | 5-10 years |
| Internal systems (included in other intangible assets): | 5-10 years |

During the year, the company expensed MNOK 23.8 (MNOK 19.1 in 2019) on research and development on new products and technology as well as upgrades on existing products.

**Goodwill:**
The goodwill balance is partly related to the merger with Maritech International AS and Idema Aqua AS and partly to the transfer of the aquaculture business from Helgeland Plast AS to AKVA group ASA, carried out in 2009.

**Development Costs:**
The company has capitalized all direct costs that are expected to create economic benefits and meet the requirements for capitalization in IAS 38. The capitalized costs relate to software solutions and modules for integrating equipment on fish farming sites, and improved product solutions to help the fish farming industry in becoming more efficient.

**Other intangible assets:**
Most of the net book value of other intangible assets relates to capitalized expenses related to the company's new ERP-system.

## Note 8

Tangible fixed assets (in NOK 1 000)

| 2020 | Land and building | Right-of-use assets | Machinery and equipment | Total |
|---|---|---|---|---|
| Acquisition cost at 01.01. | 14 472 | 42 409 | 124 620 | **181 501** |
| Additions | 2 951 | 13 078 | 567 | **16 596** |
| Reclassified to intangible assets | - | - | -11 122 | **-11 122** |
| Disposals during the year | - | - | -36 986 | **-36 986** |
| Acquisition cost 31.12. | 17 423 | 55 487 | 77 079 | **149 989** |
| | | | | |
| Accumulated depreciation 01.01. | 1 856 | 4 176 | 60 051 | **66 083** |
| Depreciation | 154 | 5 971 | 7 095 | **13 219** |
| Accumulated depreciation 31.12. | 2 010 | 10 147 | 65 836 | **77 992** |
| | | | | |
| **Net book value 31.12.** | **15 414** | **45 340** | **11 244** | **71 998** |

| 2019 | Land and building | Right-of-use assets | Machinery and equipment | Total |
|---|---|---|---|---|
| Acquisition cost at 01.01. | 14 141 | 9 936 | 75 967 | **100 044** |
| Additions | 332 | 32 473 | 48 653 | **81 458** |
| Acquisition cost 31.12. | 14 472 | 42 409 | 124 620 | **181 501** |
| | | | | |
| Accumulated depreciation 01.01. | 1 702 | - | 50 871 | **52 573** |
| Depreciation | 154 | 4 176 | 9 181 | **13 510** |
| Accumulated depreciation 31.12. | 1 856 | 4 176 | 60 051 | **66 083** |
| | | | | |
| **Net book value 31.12.** | **12 617** | **38 233** | **64 569** | **115 419** |

Land balances are not depreciated. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. For remaining tangible assets, straight-line depreciation over the asset's useful economic life is applied. The useful economic life is estimated as:

| | |
|---|---|
| Buildings: | > 20 years |
| Right-of-use assets: | 3-15 years |
| Machinery and equipment: | 3-5 years |

## Note 9
Subsidiaries and other long-term investments

Subsidiaries are accounted for using the cost method in the parent company accounts.

| Company name | Location | Ownership interest[1)] | Share capital (NOK 1 000) | Number of shares | Par value (NOK) | Book value (NOK 1 000) |
|---|---|---|---|---|---|---|
| AKVA group Software AS | Norway | 100 % | 2 174 | 500 | 4 348 | 45 073 |
| AKVA group Services AS | Norway | 100 % | 100 | 1 000 | 100 | 100 |
| Helgeland Plast AS | Norway | 100 % | 1 100 | 1 100 000 | 1 | 66 543 |
| AKVA group Land Based Norway AS | Norway | 100 % | 1 462 | 2 150 | 680 | 19 476 |
| Polarcirkel AS | Norway | 100 % | 100 | 1 000 | 100 | 110 |
| AKVA Marine Services AS | Norway | 100 % | 134 | 1 342 | 100 | 149 638 |
| Sperre AS | Norway | 100 % | 500 | 50 | 10 000 | 160 528 |
| Egersund Net AS | Norway | 100 % | 2 297 | 500 | 4 594 | 737 999 |
| AKVA group Denmark A/S | Denmark | 100 % | 1 463 | 1 040 000 | 1 | 59 777 |
| AKVA group Land Based A/S | Denmark | 100 % | 704 | 500 | 1 408 | 101 780 |
| AKVA group Scotland Ltd. | Scotland | 100 % | 18 368 | 14 186 377 | 1 | 27 417 |
| AKVAsmart Ltd. (Turkey) | Turkey | 100 % | 2 887 | 200 | 14 435 | 7 910 |
| AKVA group Espana S.L | Spain | 100 % | 5 267 | 3 000 | 1 756 | 5 040 |
| AKVA group Hellas SM PEC | Greece | 100 % | 1 571 | 20 000 | 79 | 1 471 |
| AKVA group Chile S.A.[2)] | Chile | 100 % | 46 889 | 11 264 | 4 163 | 51 887 |
| AKVA group Land Based Americas S.A.[2)] | Chile | 100 % | 6 266 | 11 264 | 556 | 1 113 |
| AKVA group North America Inc | Canada | 100 % | 502 | 419 760 | 1 | 5 253 |
| Newfoundland Aqua Service Ltd.[3)] | Canada | 70 % | 1 | 93 | 11 | 19 993 |
| AKVA group Australasia Pty Ltd. | Australia | 100 % | 329 | 50 000 | 7 | 301 |
| **Total** | | | | | | **1 461 407** |

[1)] All ownership interests entitle the same interest of voting rights.

[2)] AKVA group ASA owns 87% directly of the shares in the Chilean subsidiaries. However, the remaining 13% shares are owned by 100% owned subsidiaries of AKVA group ASA. Hence, the investments are listed with 100% ownership in the overview above.

[3)] AKVA group ASA owns 70% of the shares in Newfoundland Aqua Service Ltd. However, the company has a put / call option to buy 28% of the remaining shares as of 31 December 2020. Hence, 28% of the underlying non-controlling interests are presented as already owned, both in the statement of financial position and in the statement of profit or loss, even though legally they are still non-controlling interests.

Other long-term investments are accounted for, either:

1. using the equity method (investments where AKVA group ASA owns between 20 and 50%) or
2. as financial assets (investments where AKVA group ASA owns less than 20%).

| Other long-term investments | Currency | Ownership interest[1] | Share capital (NOK 1 000) | Number of shares | Par value (NOK) | Book value |
|---|---|---|---|---|---|---|
| Nordic Aqua Partners Holding ApS[2] | NOK | 9 % | 7 273 | 470 091 | 1,4 | 41 368 |
| Ecofisk AS | NOK | 3 % | 922 | 151 934 | 0,2 | 5 500 |
| Atlantis Subsea Farming AS | NOK | 33 % | 762 | 200 | 1 270 | 1 001 |
| Centre for Aquaculture Competence AS[3] | NOK | 33 % | 450 | 150 | 1 000 | 150 |
| Blue Planet AS | NOK | 5 % | 1 950 | 2 | 50 000 | 100 |
| Blue Farm AS | NOK | 12 % | 30 | 36 | 100 | 4 |
| **Total** | | | | | | **48 123** |

[1] All ownership interests entitle the same interest of voting rights.

[2] The purpose of Nordic Aqua Partners Holding ApS is solely to own shares in Nordic Aqua Partners ApS, which is a listed entity on Euronext Growth. Hence, the booked value of the shares in Nordic Aqua Partners Holding ApS is continuously adjusted to reflect the underlying share value of Nordic Aqua Partners ApS.

[3] Despite the fact that the group owns more than 20% of Centre for Aquaculture Competence AS, this investment is not booked according to the equity method. This is based on the purchase agreement which specifies that AKVA group ASA (owner of the shares) is not entitled to the results earned in the company.

## Note 10
Inventory (in NOK 1 000)

| Inventory | 2020 | 2019 |
|---|---|---|
| Finished goods (at net realisable value) | 107 808 | 65 107 |
| **Total** | **107 808** | **65 107** |
| | | |
| Write-down of obsolete inventory 1.1 | 2 851 | 2 010 |
| Change in write-down of obsolete inventory during the year | 1 327 | 841 |
| **Write-down of obsolete inventory 31.12** | **4 178** | **2 851** |

**Note 11**
Receivables (in NOK 1 000)

| Receivables due in more than one year | 2020 | 2019 |
|---|---|---|
| Other long-term receivables | 5 986 | 98 |
| **Total** | **5 986** | **98** |

**Accounts receivables**
The recorded accounts receivables are shown net of estimated bad debt loss. The estimated bad debt loss is:

| Bad debt provisions | 2020 | 2019 |
|---|---|---|
| Bad debt provision 01.01. | 1 200 | - |
| Change in bad debt provision | -200 | 1 200 |
| **Bad debt provision 31.12.** | **1 000** | **1 200** |
| | | |
| Recorded bad debt cost during the year | 799 | - |
| Change in bad debt provision | -200 | 1 200 |
| **Total bad debt cost during the year** | **599** | **1 200** |

| As of 31.12. the company had the following ageing profile of accounts receivables: | 2020 | 2019 |
|---|---|---|
| Not due | 83 327 | 23 165 |
| Due <30 days | 24 816 | 28 878 |
| Due 31-60 days | 262 | 6 203 |
| Due 61-90 days | 5 759 | 15 |
| Due >91 days | 2 009 | 7 521 |
| **Total** | **116 172** | **65 781** |
| Bad debt provisions | 1 000 | 1 200 |

Reference is made to note 16 for more details of credit and currency risks related to accounts receivables.

**Note 12**
Bank deposits (in NOK 1 000)

| | 2020 | 2019 |
|---|---|---|
| Cash | 58 221 | 15 |
| Restricted funds | - | 6 164 |
| **Total cash and cash equivalents** | **58 221** | **6 178** |

The company has entered into a tax deduction guarantee agreement in 2020 and thus has no restricted funds as of 31 December 2020.

The company has an overdraft facility of MNOK 300 and a revolving credit line of MNOK 200 in Danske Bank. As of 31 December 2020, MNOK 0 of the overdraft facility was utilized compared to MNOK 96 at year-end 2019. The revolving credit line was fully used as of 31 December 2020, compared to being unused end of last year.

## Note 13
Shareholders

**AKVA group ASA**
The company's share capital is MNOK 33.3 divided into 33.3 million shares, each with a par value of NOK 1. The company has only one category of shares and all shares entitle shareholders to equal rights in the company.

See consolidated accounts note 13 about the 20 largest shareholders and shares owned by members of the Board of Directors and group management.

## Note 14
Loans and borrowings (in NOK 1 000)

| **Interest-bearing debt:** | **2020** | **2019** |
|---|---|---|
| Non-current liabilities to financial institutions | 750 000 | 550 000 |
| Non-current lease liabilities | 41 257 | 34 278 |
| Other non-current liabilities | 4 980 | 5 811 |
| Current liabilities to financial institutions | - | 96 157 |
| Current lease liabilities | 5 323 | 4 536 |
| Other current interest-bearing debt | 844 | - |
| **Total** | **802 404** | **690 781** |
| Average interest rate | 2,35 % | 2,87 % |

**Repayment of debt**
During 2020 the debt has been reorganized. The total amount has been increased from MNOK 550 in 2019 to a total of MNOK 750 in 2020. In addition, AKVA group has a credit facility of MNOK 300, where MNOK 0 is utilized on the 31 of December 2020.

| **The Company's interest-bearing debt matures as follows:** | **2020** | **2019** |
|---|---|---|
| 2020 | - | 101 536 |
| 2021 | 6 168 | 9 414 |
| 2022-2024 | 772 348 | 569 671 |
| 2025 or later | 23 889 | 10 159 |
| **Total** | **802 404** | **690 781** |

| **Liabilities secured:** | **2020** | **2019** |
|---|---|---|
| Liabilities secured with assets | 754 980 | 651 968 |
| Bank guarantee liabilitites | 54 386 | 21 800 |
| Parent company guarantee liabilities | 40 930 | 40 600 |

| **Assets pledged as security for debt:** | **2020** | **2019** |
|---|---|---|
| Accounts receivables third parties | 115 172 | 65 781 |
| Accounts receivables group companies | 61 047 | 36 482 |
| Inventory | 107 808 | 65 107 |
| Shares in subisidiaries[1)] | 330 781 | 332 233 |
| Other assets | 71 998 | 115 419 |
| **Total** | **686 807** | **615 022** |

[1)] The shares in AKVA group Land Based A/S, AKVA group Denmark A/S, and Sperre AS are pledged

The terms and conditions of outstanding loans are as follows:

| **Outstanding loans from financial institutions:** | **Currency** | **Nominal interest rate** | **Carrying amount 2020** | **Carrying amount 2019** |
|---|---|---|---|---|
| Secured bank loan | NOK | Nibor + 1.50% | 200 000 | 200 000 |
| Secured bank loan | NOK | Nibor + 1.50% | 100 000 | 100 000 |
| Secured bank loan | NOK | Nibor + 1.75% | 250 000 | 250 000 |
| Secured bank loan revolving credit facility | NOK | Nibor + 1.75% | 200 000 | - |
| **Total** | | | **750 000** | **550 000** |

The company was compliant with all covenants in 2020, refer note 14 in the consolidated accounts for further information.

Reconciliation of movements of liabilities to cash flows arising from financing activities:

| | **Bank overdraft** | **Non-current liabilities to financial institutions** | **Other non-current liabilities** | **Loans and borrowings to group companies** | **Lease liabilities** | **Share capital / premium** | **Retained earnings** | **Total** |
|---|---|---|---|---|---|---|---|---|
| **Balance at 01.01.2020** | **96 157** | **550 000** | **5 811** | **76 156** | **38 813** | **887 801** | **-4 127** | **1 650 612** |
| **Changes from financing cash flows** | | | | | | | | |
| Repayment of borrowings | -96 157 | - | -832 | - | - | - | - | -96 989 |
| Proceed from borrowings | - | 200 000 | - | - | - | - | - | 200 000 |
| Repayment of lease liabilities | - | - | - | - | -5 306 | - | - | -5 306 |
| Change in loans to group companies | - | - | - | -4 022 | - | - | - | -4 022 |
| Proceeds from purchese/sale own shares | - | - | - | - | - | -200 | -14 462 | -14 662 |
| Dividend payment | - | - | - | - | - | - | -33 156 | -33 156 |
| **Total changes from financing cash flows** | **-96 157** | **200 000** | **-832** | **-4 022** | **-5 306** | **-200** | **-47 618** | **45 865** |
| The effect of changes in foreign exchange rates | - | - | - | 3 488 | - | - | - | 3 488 |
| Changes in fair value | - | - | - | - | - | - | - | - |
| **Other changes** | | | | | | | | |
| **Liability-related** | | | | | | | | |
| New leases | - | - | - | - | 13 074 | - | - | 13 074 |
| Interest expense | 1 998 | 17 949 | - | - | 1 747 | - | - | 21 694 |
| Interest paid | -1 998 | -17 949 | - | - | -1 747 | - | - | -21 694 |
| **Total liability-related other changes** | - | - | - | - | 13 074 | - | - | 13 074 |
| **Total equity-related other changes** | - | - | - | - | - | - | 197 870 | 197 870 |
| **Balance at 31.12.2020** | **0** | **750 000** | **4 980** | **75 622** | **46 581** | **887 601** | **146 124** | **1 910 909** |

## Note 15

Specification of items that are grouped in the financial statement
(in NOK 1 000)

| **Other Income** | **2020** | **2019** |
|---|---|---|
| Share of profit (-loss) from associates | -5 596 | 4 079 |
| Profit from sale of subsidiaries | - | 37 589 |
| **Total other income** | **-5 596** | **41 669** |

The profit from sale of subsidiaries in 2019 was related to divestment of the wholly owned subsidiary Wise lausnir ehf.

| **Other operating expenses** | **2020** | **2019** |
|---|---|---|
| Accomodation, materials, equipment and maintenance | 13 308 | 26 095 |
| Marketing, travelling and communication | 7 603 | 17 515 |
| Loss on disposal of fixed assets | 5 571 | - |
| Other operating expenses | 8 080 | 813 |
| **Total other operating expenses** | **34 561** | **44 423** |

| **Financial income** | **2020** | **2019** |
|---|---|---|
| Interest income from group companies | 2 713 | 3 877 |
| Other interest income | 1 774 | 1 141 |
| Group contribution recognized as income | 217 524 | 45 870 |
| Dividend | 6 000 | 14 283 |
| Change in fair value of financial assets | 8 283 | - |
| Agio gain | 5 174 | - |
| Other financial income | 8 067 | - |
| **Total financial income** | **249 534** | **65 171** |

| **Financial expenses** | **2020** | **2019** |
|---|---|---|
| Interest expenses | 19 947 | 19 786 |
| Interest on lease liabilities | 1 747 | 1 339 |
| Agio loss | - | 5 738 |
| Other financial expenses | 447 | 2 525 |
| **Total financial expenses** | **22 141** | **29 388** |

| **Other receivables** | **2020** | **2019** |
|---|---|---|
| Receivables from group companies | 283 623 | 163 351 |
| Hedging balance | 8 468 | - |
| Grants receivable | 5 942 | 6 420 |
| Other receivables | 2 154 | 3 231 |
| **Total other receivables** | **300 187** | **173 002** |

| Other current liabilities | 2020 | 2019 |
|---|---|---|
| Liabilities to group companies | 330 210 | 258 567 |
| Hedging balance | - | 2 245 |
| Payroll accruals | 31 340 | 23 263 |
| Warranty provision | 10 000 | 13 080 |
| Other current liabilities | 12 560 | 18 035 |
| **Total other current liabilities** | **384 111** | **315 190** |

The provisions for warranties relate to projects and products in the cage based segment. The provisions have been estimated based on historical warranty data associated with similar projects, products, and services, and are estimated solely based on the expected compensation AKVA group gives. The timeframe for settlement of the warranty provisions varies based on type of product and project.

## Note 16
Financial instruments and risk management

**Determination of fair value**
The fair value of forward exchange contracts is determined using the forward exchange rate at the balance sheet date. The fair value of currency swaps is determined by the present value of future cash flows. The fair value of options is determined using option pricing models. For all the above-mentioned derivatives, the fair value is confirmed by the financial institution with which the Company has entered the contracts.

The following of the Company's financial instruments are not measured at fair value: cash and cash equivalents, trade receivables, contract assets and liabilities, other current assets, overdraft facilities, long-term debts, and financial leasing obligations.

The carrying amount of cash and cash equivalents and overdraft facilities is approximately equal to fair value since these instruments have a short term to maturity. Similarly, the carrying amount of trade receivables and trade payables is approximately equal to fair value since they are entered into on "normal" terms and conditions. The borrowings are at floating interest rates which implies a book value in accordance with fair value.

The fair value of financial assets and liabilities recognized at their carrying amount is calculated as the present value of estimated cash flows discounted by the interest rate that applies to corresponding liabilities and assets at the balance sheet date.

Set out below is a comparison by category of carrying amounts and fair values of all the Company's financial instruments.

| | 2020 | | 2019 | |
|---|---|---|---|---|
| | **Book value** | **Fair value** | **Book value** | **Fair value** |
| **Financial assets** | | | | |
| Cash | 58 221 | 58 221 | 6 178 | 6 178 |
| Trade receivables | 176 220 | 176 220 | 101 063 | 101 063 |
| Contract assets | 109 608 | 109 608 | 48 467 | 48 467 |
| Other current assets | 300 187 | 300 187 | 173 002 | 173 002 |
| Other long-term financial assets | 54 109 | 54 109 | 5 476 | 5 476 |
| Forward currency contracts[1)] | 9 499 | 9 499 | - | - |
| **Total** | **707 844** | **707 844** | **334 186** | **334 186** |

| | | | | |
|---|---|---|---|---|
| **Financial liabilities not measured at fair value** | | | | |
| Bank overdraft | - | - | 96 157 | 96 157 |
| Trade payables | 84 731 | 84 731 | 74 193 | 74 193 |
| Contract liabilitites | 194 441 | 194 441 | 51 104 | 51 104 |
| Loans | 754 980 | 754 980 | 555 811 | 555 811 |
| Forward currency contracts[2)] | - | - | 174 | 174 |
| **Total** | **1 034 151** | **1 034 151** | **777 439** | **777 439** |

1) The amount is included in other receivables in the Statement of Financial Position
2) The amount is included in other current liabilities in the Statement of Financial Position

**Fair value hierarchy**
As of 31 December 2020, the Company held financial instruments measured at fair value as mentioned below:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

| **Financial instruments at fair value** | **31.12.20** | **Level 1** | **Level 2** | **Level 3** |
|---|---|---|---|---|
| Financial assets - Forward currency contracts | 9 499 | - | 9 499 | - |
| Financial liabilities - Forward currency contracts | - | - | - | - |

| **Financial instruments at fair value** | **31.12.19** | **Level 1** | **Level 2** | **Level 3** |
|---|---|---|---|---|
| Financial assets - Forward currency contracts | - | - | - | - |
| Financial liabilities - Forward currency contracts | 174 | - | 174 | - |

There have been no transfers between levels during the period.

**Currency risk**
As part of the international activity the Company's assets and liabilities as well as expected cash inflows and cash outflows are exposed to changes in the currency rates. Such risk is sought reduced by using currency forward contracts. The currency risk is managed by the company in cooperation with the subsidiaries.

In order to hedge the value of the items in the balance sheet denominated in a foreign currency the Company had the following positions through forward contracts, all contracts with maturity in 2020:

| **Currency (in 1 000)** | | Bought/sold | Net currency amount |
|---|---|---|---|
| British Pound | GBP | Sold | 2 500 |
| Norwegian Kroner | NOK | Bought | 29 736 |

Profit and loss from the above currency contracts are recorded directly via the income statement under financial items. At the end of the year MNOK 0.620 was recorded as an unrealized gain. The forward contracts are valued at estimated fair value.

The Company uses currency forward contracts to reduce the exposure of changes in currency rates due to having revenues and costs denominated in different currencies. At the end of the year the Company had the following positions in forward contracts in order to hedge expected future cash flow. The expected cash flows subject to hedging are expected to take place during the 2021 and hence be recognized in the income statement during the same period.

| **Currency (in 1 000)** | | Bought/sold | Net currency amount |
|---|---|---|---|
| Euro | EUR | Bought | 10 416 |
| American Dollar | USD | Sold | -5 699 |
| Canadian Dollar | CAD | Sold | -5 203 |
| Norwegian Kroner | NOK | Bought | 17 878 |

On 31 December 2020, the Company held the following instruments to hedge exposure to changes in foreign currency:

| | Maturity | | |
|---|---|---|---|
| **Forward currency contracts** | 1-3 months | 4-12 months | >12 months |
| Net exposure (in 1 000 NOK) | 25 959 | 2 926 | -11 007 |
| Average NOK:EUR forward contract rate | 10,69 | 11,03 | 10,54 |
| Average NOK:USD forward contract rate | 9,82 | 10,95 | |
| Average NOK:CAD forward contract rate | 6,85 | 6,96 | |

In the long run it is not possible to hedge the effects of changing currency rates. In 2020 the Company had export sales of MNOK 231 of products which predominantly had its cost base in NOK. A 10% strengthening of the NOK would then decrease the earnings with about MNOK 23.1 before possible price increases in the market. Approximately 5% of this exposure was related to sales in GBP (sales in UK), 56% related to sales in USD (sales in South America) and 17% related to sales in CAD (sales in Canada).

To decrease this exposure the Company is working towards a more flexible cost structure and have more diversified costs in terms of currencies.

**Foreign currency sensitivity**

In the management of foreign currency risk, the Company seeks to reduce the effect from currency rate changes on monetary assets and liabilities as well as the value of the future cash flows denominated in a foreign currency. Through the internal financing structure within the Group, most of the monetary asset and liability risk is allocated to the parent company, which also has most of the cash flow risk with regards to currency fluctuation. The major currencies in 2020 are EUR, CAD, and USD. Below it is made a partial analysis in order to do an estimate of the impact from a change in EUR, CAD, and USD on the pre-tax profit and on the book equity at year end. The effect of net investment in subsidiaries are not included in the analysis.

| 31.12.2020 | KNOK effect on profit before tax by +10%/-10% change in | | | KNOK effect on book equity by +10%/-10% change in | | |
|---|---|---|---|---|---|---|
| | EUR | CAD | USD | EUR | CAD | USD |
| 10 % | -3 672 | 637 | 55 | 10 906 | -3 485 | -4 863 |
| -10 % | 3 672 | -637 | -55 | -10 906 | 3 485 | 4 863 |

| 31.12.2019 | KNOK effect on profit before tax by +10%/-10% change in | | | KNOK effect on book equity by +10%/-10% change in | | |
|---|---|---|---|---|---|---|
| | EUR | GBP | TRY | EUR | GBP | USD |
| 10 % | 6 179 | 2 700 | 904 | 2 142 | -1 005 | 3 677 |
| -10 % | -6 179 | -2 700 | -904 | -2 142 | 1 005 | -3 677 |

The effect on the profit before tax and thus book equity is the result of change in monetary assets and the financial instruments denominated in EUR, CAD, and USD, respectively.

**Interest rate risk**
The Company's interest-bearing debt is based on a floating interest rate which implies that interest payments over time will fluctuate according to the changes in the interest rate level. Most of the interest-bearing debt is in NOK. To reduce the interest rate risk, it is the strategy of the Company to have a balanced mix between equity and debt financing vs the market risk in its industry. With the interest-bearing debt at year end, interest cost would have been MNOK 8.0 higher with a 1% higher average interest rate during the year and MNOK 8.0 lower with a 1 % lower average interest rate during the year.

**Credit risk**
Part of the sale is credit sales where the Company is exposed to credit risk towards the customer. For larger projects there are normally pre-payments from the customers and milestone payments along the progress of the project which reduces the credit risk towards the customers. To some extent the Company uses trade finance instruments, such as letter of credit and guarantee letters, to reduce credit risk. The Company has generally had low losses on outstanding receivables despite having old receivables in the balance sheet occasionally. In general, old receivables relates to delays or stop in projects whereas the responsible entity for the delivery of the project has made an agreement with the customer to await payment of the invoice. For details of ageing of accounts receivables, see note 11.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure.

**Macroeconomic risk**
In 2020 about 90% of the revenues of the Company came from customers producing salmon, down from a share of 94% in 2019. To decrease the Company's dependency of the salmon industry the Company works to increase the share of revenues related to the aquaculture of other species than salmon. Due to the market variation in the different salmon markets the revenues can vary between years. Still, the aquaculture industry in general is expected to be a high growth industry in the foreseeable future although the financial turmoil in the short run increases the uncertainty.

Based on the assumption that a change in sales will not affect the product gross margin and that other operating costs short term only will change 50% of the change in sales - a change in the revenues of the Group would have had the following impact on net income (22% tax rate used):

| Change in sales | Change in net profit/ equity (in NOK 1 000) |
|---|---|
| 10 % | 8 040 |
| 5 % | 4 020 |
| 2 % | 1 608 |
| -2 % | -1 608 |
| -5 % | -4 020 |
| -10 % | -8 040 |

To further evaluate the Group's sensitivity to changes in the different markets see more details in note 2 about market size.

**Capital structure and equity**
The primary focus of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximize shareholders value. The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

| Dividends paid | Per share |
|---|---|
| 2014 | 1,00 |
| 2015 | 1,00 |
| 2016 | 0,75 |
| 2017 | 1,25 |
| 2018 | 1,50 |
| 2019 | 1,75 |
| 2020 | 1,00 |

The Company has been compliant with the dividend policy when paying out dividend, see note 21. The Company monitors capital using a gearing ratio, which is net interest-bearing debt divided by total equity plus net debt. The Company includes within net interest-bearing debt, interest bearing loans and borrowings less cash and cash equivalents. Capital includes equity attributable to equity holders of the parent less the net unrealized gains reserve.

| | 2020 | 2019 |
|---|---|---|
| Interest bearing debt | 802 404 | 690 781 |
| Less cash | 58 221 | 6 178 |
| Net interest bearing debt | 744 183 | 684 603 |
| Equity | 1 033 725 | 883 674 |
| Total equity and net interest bearing debt | 1 777 908 | 1 568 277 |
| Debt ratio | 42 % | 44 % |

The Company has been compliant with all covenants in 2020, see note 14.

The ratio of the equity share attributable to AKVA group ASA's shareholders was 40.8 % as of 31 December 2020.

**Liquidity risk**
The Company monitors its risk to a shortage of liquid funds using cash flow prognosis. The objective is to maintain a balance in the funding using bank overdrafts, bank loans with different pay back periods, debentures, and finance lease. The Management follows the development of the working capital closely because the development in the working capital has the most important impact on the liquidity situation on short term.

**Financial risk management**
The table below summarizes the maturity profile of the Company's financial liabilities based on contractual discounted payments.

| 2020 | On demand | Less than 3 months | 3 to 12 months | 1 to 5 years | > 5 years | Total |
|---|---|---|---|---|---|---|
| Interest-bearing loans and borrowings | - | - | 844 | 753 376 | 1 604 | 755 824 |
| Lease liabilities | - | 1 528 | 3 796 | 18 972 | 22 285 | 46 581 |
| Trade and other payables | - | 93 163 | - | - | - | 93 163 |
| Financial derivatives | - | 121 386 | 104 633 | 10 935 | - | 236 955 |
| **Total** | **-** | **216 077** | **109 273** | **783 283** | **23 889** | **1 132 523** |

| 2019 | On demand | Less than 3 months | 3 to 12 months | 1 to 5 years | > 5 years | Total |
|---|---|---|---|---|---|---|
| Interest-bearing loans and borrowings | - | 96 157 | 844 | 553 377 | 1 590 | 651 967 |
| Lease liabilities | - | 1 134 | 3 402 | 25 709 | 8 569 | 38 814 |
| Trade and other payables | 62 808 | 31 483 | - | - | - | 94 291 |
| Financial derivatives | - | 36 897 | 86 138 | 15 488 | - | 138 523 |
| **Total** | **62 808** | **165 671** | **90 384** | **594 574** | **10 159** | **923 595** |

## Note 17
Revenue and contracts assets (in NOK 1 000)

In the following table, revenue is disaggregated by timing and pattern of revenue recognition, and principles for measuring progress.

| For the year ended 31 December | | 2020 | 2019 |
|---|---|---|---|
| Construction contracts - output method | Over time | 745 209 | 619 734 |
| Construction contracts - input method | Over time | 215 577 | 127 056 |
| Service & spare part sale | Point in time | 170 776 | 152 251 |
| Rental contracts | | 8 724 | - |
| Other income | | -5 596 | 41 669 |
| **Total operating revenue** | | **1 134 691** | **940 710** |
| Hereof revenue from sales to subsidiaries | | 209 098 | 62 122 |

Reference is made to note 2 for further details of revenue per segment.

The following table provides information about contract assets and contract liabilities from contracts with customers as of 31 December 2020.

| Positions at 31 December | 2020 | 2019 |
|---|---|---|
| Total sales included from ongoing contracts 31.12. | 655 774 | 133 694 |
| Contract assets | 109 608 | 48 467 |
| Contract liabilities | 194 441 | 51 104 |

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional.

The contract liabilities primarily relate to the advance consideration received from customers for contracts with customers for which revenue is recognized over time.

## Note 18

Leasing (in NOK 1 000)

AKVA group leases offices and buildings, machinery and equipment and vehicles. The highest portion of the Groups lease portfolio is for leasing of buildings and offices. Lease terms are negotiated on individual basis and contain a wide range of renewal and termination options.

The future lease liabilities and maturity of cash outflows fall due as follows for the company:

| Lease liabilities due | Within 1 year | 1 - 5 years | After 5 years |
|---|---|---|---|
| Offices and buildings | 4 629 | 17 934 | 22 285 |
| Vehicles | 695 | 1 038 | - |
| **Total** | **5 323** | **18 972** | **22 285** |

Leasing expenses recognized in the profit and loss:

| Amounts recognized in profit or loss | 2020 | 2019 |
|---|---|---|
| Interest on lease liabilities | 1 747 | 1 339 |
| Expenses relating to leases of low-value assets | 1 969 | 4 934 |
| **Total** | **3 716** | **6 273** |

## Note 19
Business combinations

**Acquisition of Newfoundland Aqua Service**
In February 2020 AKVA group ASA acquired 70% of the shares in Newfoundland Aqua Service Ltd for a total consideration of MNOK 20.0. The acquisition has been accounted for using the acquisition method and Newfoundland Aqua Service has been consolidated into AKVA group from 28 February 2020.

| Values at the acquisition date in NOK 1.000 | Book value | Adjusted value | Fair value |
|---|---|---|---|
| **ASSETS** | | | |
| Deferred tax asset | 114 | - | 114 |
| Land and Buildings | 18 918 | - | 18 918 |
| Machinery and equipment | 5 160 | - | 5 160 |
| Trade receivables | 4 653 | - | 4 653 |
| Inventories | 1 570 | - | 1 570 |
| Other current assets | 133 | - | 133 |
| Cash | 4 534 | - | 4 534 |
| | **35 083** | **-** | **35 083** |
| **LIABILITIES** | | | |
| Trade payables | -1 438 | - | -1 438 |
| Deferred tax | - | - | - |
| Long term liabilities | -21 073 | - | -21 073 |
| Tax payable | -21 | - | -21 |
| Other current liabilities | -2 825 | - | -2 825 |
| | **-25 356** | **-** | **-25 356** |
| **Total identifiable net assets** | **9 727** | **-** | **9 727** |
| Purchase price, payable in cash | -19 993 | - | -19 993 |
| Contingent consideration | -6 374 | - | -6 374 |
| **Total consideration** | **-26 366** | **-** | **-26 366** |
| **Goodwill arising on acquisition** | | | **16 639** |
| Cash acquired with subsidiary | 4 534 | - | 4 534 |
| Purchase price, payable in cash | -19 993 | - | -19 993 |
| **Net cash outflow** | **-15 458** | **-** | **-15 458** |

The acquisition of Newfoundland Aqua Service contributed with MNOK 20.2 in revenues and MNOK 1.7 in net profit to the Group for the period from 28 February 2020 to 31 December 2020. If the acquisition had taken place on 1 January 2020, the corresponding figures would have been MNOK 21.4 and MNOK -1.2, respectively.

**Exercising of option Sperre**
On the 28 May 2020 AKVA group exercised their option to buy out all remaining minority shareholders of Sperre AS. AKVA group ASA acquired the remaining (34%) shares from Sperre Group AS for a total of MNOK 69.7, increasing the ownership and voting rights in Sperre AS from 66% in 2019 to 100% in 2020. The exercising of the option in Sperre resulted in an accounting effect of MNOK 2.248 in 2020 booked against the equity.

**Earn-out AKVA Marine Services**
AKVA group have booked MNOK 7.5 as a liability in the statement of financial position relating to an earn out arising from the buyout of Deep Sea Marine's and AØ Holdings shares in AKVA Marine Services AS. This earn out will be paid in 2021.

**Options Newfoundland Aqua Service**
The Minority Shareholders of Newfoundland Aqua Service Ltd has an option to sell to AKVA group ASA and AKVA group ASA has an option to purchase from the Minority Shareholders most of the remaining shares. The pricing is based on financial performance.

The option is calculated at present value of the redemption amount. The liability is classified as other long-term liabilities in the statement of financial position.

The estimated liability of MNOK 6.1 is accounted for based on a mutual option agreement between AKVA group ASA and to buy/sell 28% of the shares in Newfoundland Aqua Service Ltd. The pricing of the 28% of the shares is linked to the performance of the company in 2020, 2021 and 2022. The option is exercisable in a limited period after the approval of the 2022 annual accounts of Newfoundland Aqua Service Ltd.

## Note 20
Related parties (2019 figures in brackets)

See note 6 for transaction and balances with subsidiaries. See consolidated accounts note 3 about remuneration to CEO and executive management and fees to the Board of Directors.

Atlantis Subsea Farming AS (ASF) is a related party due to AKVA group ASA's ownership of 33% of the shares in ASF. AKVA group ASA has as part of their role in ASF recorded revenues from ASF of MNOK 9.6 (6.5) in 2020. The outstanding balance towards ASF on 31 December 2020 was a receivable of MNOK 0.8 (1.3).

Centre of Aquaculture Competence AS (CAC) is a related party due to AKVA group ASA's ownership of 33% of the shares in CAC. AKVA group ASA has as part of their role in CAC recorded revenues from CAC of MNOK 1.5 (0.3) in 2020. The outstanding balance towards CAC on 31 December 2020 was a receivable of MNOK 1.7 (0.0).

Egersund Group AS is a related party due to its controlling ownership share of the AKVA group ASA. AKVA group ASA has, in line with the company's ordinary course of business with Egersund Group and its subsidiaries, had revenues and costs of respectively MNOK 0.3 (16.5) and MNOK 0.6 (57.1) in 2020.

Outstanding balances at year-end are unsecured and interest free and settlement occurs in cash. As of 31 December, the company had MNOK 0.1 (2.2) in trade receivables and MNOK 0.4 (1.0) in trade payables towards Egersund Group and its subsidiaries.

The sales and purchases to related parties are made on terms equivalent to those that prevail in arm's length transactions.

## Note 21
Dividend

In total a dividend of 1.00 NOK per share was paid out on 3 March 2020, totalling a distributed amount of NOK 33,156,420.

See consolidated accounts note 21 for more details.

## Note 22
Sale and buyback of own shares

The Board of Directors of AKVA group was granted an authorization by the annual general meeting held on 7 May 2020 for buy back of own shares, to a maximum of 803,358 shares. During 2020 AKVA group exercised this right and purchased a total of 200,000 shares. AKVA group owns a total of 377,883 shares at year-end 2020.

See consolidated accounts note 22 for more details.

## Note 23
Provisions (in NOK 1 000)

AKVA group ASA has booked the following provisions as of 31 December 2020:

| | Warranties | Obsolete inventory | Bad debt | Total |
|---|---|---|---|---|
| **Balance at 01.01.2020** | **13 080** | **2 851** | **1 200** | **27 935** |
| Provisions made during the year | - | 1 327 | 599 | 1 926 |
| Provisions used/reversed during the year | -3 080 | - | -799 | 13 051 |
| **Balance at 31.12.2020** | **10 000** | **4 178** | **1 000** | **15 178** |
| Non-current | - | - | - | - |
| Current | 10 000 | 4 178 | 1 000 | 15 178 |

## Note 24
Subsequent events

See consolidated accounts note 24 for more details about subsequent events.

# Auditor's Report

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To the General Meeting of AKVA Group ASA

## Independent auditor's report

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of AKVA Group ASA, which comprise:

- The financial statements of the parent company AKVA Group ASA (the Company), which comprise the statement of financial position as at 31 December 2020, the income statement and statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of AKVA Group ASA and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2020, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

#### Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

Offices in:

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

*Valuation of goodwill*
Refer to the accounting policies section *Goodwill, Business Combinations* and *Impairment of non-financial assets* and Note 7 in the consolidated financial statements.

| *The Key Audit Matter* | *How the matter was addressed in our audit* |
|---|---|
| As at 31 December 2020, the Group carries NOK 851 million of goodwill on the balance sheet, which represents approximately 26 % of the consolidated balance sheet.<br><br>Due to the size of the balance and risk of non-recoverability, goodwill impairment is considered a key audit matter. There is an inherent uncertainty of whether future cash flows are sufficient to support the carrying value of goodwill.<br><br>An impairment test of goodwill is carried out annually by the Group, assessing the value in use of individual cash generating units.<br><br>The key judgments applied by management in the impairment testing were:<br><br>• determination of cash generating units;<br>• future cash flows;<br>• growth rate;<br>• profitability; and<br>• discount rate. | We critically assessed the Group's value in use calculation, including the key assumptions applied. Our procedures included:<br>• evaluating the Group's assessment and determination of cash generating units;<br>• assessing the historical accuracy of management's budgets and forecasts and on that basis challenging management on the current year cash flow forecasts as well as the timing of future cash flows;<br>• challenging management on the growth assumptions and management's future business plan assumptions with reference to current market conditions and order backlog;<br>• engaging KPMG valuation specialists to assess the mathematical and methodological integrity of management's impairment models and the discounts rates applied with reference to market data as well as recalculating management's sensitivity analysis;<br>• performing our own independent sensitivity analysis to quantify the downside changes to management's models required to result in impairment;<br>• agreeing the revenues, profit and growth rates with the Group's most recent budgets and long term plans as approved by management; and<br>• considering whether the disclosures regarding key assumptions and sensitivities adequately reflects the underlying goodwill impairment assessments. |

*Revenue recognition of construction contracts*
Refer to the accounting policies section *Revenue recognition* and Note 17 in the consolidated financial statements.

| *The Key Audit Matter* | *How the matter was addressed in our audit* |
|---|---|
| The majority of the Group's revenues relates to construction contracts. There is a risk of incorrect revenue recognition, in particular related to construction contracts in progress as at 31 December. Recognition of revenue from construction contracts is determined based on the five-step model of IFRS 15.<br><br>Revenue recognition is considered a key audit matter due to the significant estimates and judgments applied by management in:<br>• forecasting the profit margin on each contract including the cost to complete the contract, including any contingencies for uncertain costs and incorporation of any contract incentives and variation orders; and<br>• assessing the percentage of completion of the contract based on milestones and costs incurred. | We selected certain construction contracts based on our assessment of financial significance and risk in the contract. Our audit procedures on these contracts included;<br>• agreeing revenue forecasts with signed contracts including variation orders;<br>• assessing the appropriateness of applying construction contract accounting;<br>• inspecting project reporting documentation and internal routines for project monitoring;<br>• an assessment of management's estimate of percentage of completion based on our knowledge of the business and industry, challenging the progress of contracts in accordance with set milestones and cost progression; and<br>• challenging whether the cost and revenue estimates were appropriate in light of the margin development as well as a retrospective review of the historical accuracy of revenue recognition. |

## Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements of the Company in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

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

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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AKVA Group ASA

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

### Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

### Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 14 April 2021
KPMG AS

Svein A Lyngroth

Svein Arthur Lyngroth
*State Authorised Public Accountant*

# Responsibility Statement

*Today, the Board of Directors and the CEO reviewed and approved the Board of Director's report and the consolidated and separate annual financial statements for AKVA group ASA for the year ended 31 December 2020, in accordance with the Securities Trading Act.*

*We confirm, to the best of our knowledge, that the financial statements for the period from 1 January to 31 December, 2020 has been prepared in accordance with applicable accounting standards and gives a true and fair view of the Group and the Company's assets, liabilities, financial position and results of operations, and that the Report of the Board of directors provides a true and fair view of the development and performance of the business and the position of the Group and the Company together with a description of the key risks and uncertainty factors that the companies are facing.*

Klepp, Norway, 14 April 2021

Hans Kristian Mong
(Chairperson)

Anne Breiby
(Deputy chairperson)

Frode Teigen

Kristin Reitan Husebø

Helen Helland

Ragnhild Ree

Magnus Røkke

Knut Nesse
(CEO)

# Alternative Performance Measures - Non IFRS Financial Measures

AKVA group discloses alternative performance measures as a supplement to the financial statements prepared in accordance with IFRS. Such performance measures are used to provide an enhanced insight into the operating performance, financing and future prospects of the company and are frequently used by analysts, investors and other interested parties. The definition of these measures are as follows:

*Available cash is a non-IFRS financial measure, calculated by summarizing all cash in the Group in addition to available cash from established credit facilities.*

*Capital Employed is calculated as the sum of NIBD, at the balance sheet date plus equity, deferred tax, and other long-term liabilities.*

*Capital Employed can also be found by the formula (total assets – cash) – (total current liabilities – liabilities to financial institutions).*

*EBITDA – EBITDA is the earnings before interest, taxes, depreciation, and amortizations. It can be calculated by the EBIT added by the depreciations and amortizations.*

*EBIT – EBIT is the earnings before interest and taxes. It can be calculated by the profit before tax added by the interest.*

*NIBD - Net interest-bearing debt is a non-IFRS financial measure, equal to our long-term interest-bearing debt plus liabilities to financial institutions minus our cash at the balance sheet date.*

*NIBD / EBITDA is a non-IFRS measure, calculated as period end NIBD divided by the prior 12 months EBITDA.*

*Order backlog is a non-IFRS measure, calculated as signed orders and contracts at the balance sheet date. It does not include spot-sales, spare parts, and aftermarket sales.*

*Order intake is a non-IFRS measure, calculated as order backlog at the end of period minus order backlog at start of period and revenue in the period.*

*ROACE - Return on average Capital Employed is a non-IFRS financial measure, calculated by dividing the last 12 months EBIT by the average of the Capital Employed on the opening and closing dates of the period under consideration.*

*ROCE – Return on Capital Employed is a non-IFRS financial measure, calculated by dividing the last 12 months EBIT by capital employed at the balance sheet date. Capital Employed is calculated as the sum of NIBD, at the balance sheet date plus equity, deferred tax, and other long-term liabilities. Capital Employed can also be found by the formula (total assets – cash) – (total current liabilities – liabilities to financial institutions).*

*Working Capital is a non-IFRS financial measure calculated by current assets less cash minus current liabilities less liabilities to financial institutions.*

# Articles of Association of AKVA group ASA

(Unofficial office translation. In case pf discrepancies the Norwegian version shall prevail)

Per 14 August 2018

**§ 1**

The company's name is AKVA group ASA. The company is a public limited company.

**§ 2**

The company's registered office is in Eigersund municipality.

**§ 3**

The purpose of the company is to develop, produce, project, sell and market own and purchased products, and everything connected to such activity, including participation in other companies with similar activities.

The activities of the company shall in particular be directed towards technology for farming of fish and animals.

**§4**

The company's share capital shall be NOK 33,334,303 divided into 33,334,303 shares at NOK 1 each. The company's shares shall be registered in the Norwegian Register of Securities (VPS). Any transfer of shares shall be notified to VPS within 1 – one – month.

**§ 5**

The Board of Directors shall be composed of 4 to 10 members, in accordance with a decision by the General Meeting. The Chairperson and one Board member jointly sign on behalf of the company.

**§ 6**

The ordinary General Meeting of the company shall consider the following:

1. The approval of the annual profit and loss statement and balance sheet.
2. Application of the profit, or settlement of the deficit according to the approved balance sheet, as well as the distribution of dividends.
3. The election of Board of Directors.
4. Other issues that under Norwegian law are to be dealt with by the shareholders General Meeting.

**§ 7**

The company shall have a nomination committee consisting of at least 3 members elected by the general meeting. The nomination committee shall prepare the general meeting's election of board members and propose candidates for nominations. The General Meeting may adopt instructions for the nomination committee.

**§ 8**

When documents concerning matters to be discussed at the general meeting are made available to the shareholders on the Company's website, the requirement in the Public Companies Act that such documents shall be sent to the shareholders shall not apply. This also applies to documents which, according to law, shall be included or enclosed to the notice of the general meeting. A shareholder may nonetheless request hard copies of such documents to be sent to him.

# Corporate Social Responsibility

## OUR COMMITMENT

This policy is made in accordance with the Norwegian Accounting Act, Section 3-3c. AKVA group is expected to assume responsibility for the impact on people, the environment, and the communities and societies in which AKVA group operate. This involves an analysis of AKVA group's list of interests, a materiality assessment and a mapping of risks and opportunities.

The report:

- Refers to the Company's guidelines related to following up its corporate social responsibility, including any principles, procedures, and standards to be adhered to
- Explains how the Company works to translate the principles, procedures, standards, and guidelines mentioned above into actions
- Describes the Company's assessment of the results achieved as a consequence of working with corporate social responsibility and any expectations for future results
- Is made in accordance with the guidelines of the GRI G4 Core reporting standard and the Oslo Stock Exchange's guidance on reporting on corporate social responsibility. AKVA group follow the Euronext guidance on ESG reporting of January 2020.

AKVA group's commitment statement:

***By developing technology focused on solving the biological challenges, we contribute to the continued development of a sustainable industry. Good operational performance and fish welfare are paramount in achieving good results and investing in our technology will help deliver both.***

## BASIS FOR AKVA group's CORPORATE SOCIAL RESPONSIBILITY

*Figure 1 - Corporate Social Responsibility*

The Company's handling of its Corporate Social Responsibility (CSR) is based on AKVA group's core values and principles, applicable laws, and regulations, as well as generally accepted principles and practices for good corporate governance. AKVA group have a desire to facilitate sustainable and environmentally friendly fish farming through its technology and services

AKVA group approaches Corporate Social Responsibility as a continuous process, seeking constant improvement in awareness and processes as well as adoption to new regulations, standards, and understandings.

## AKVA group's VISION AND VALUE

The vision and values of the Group forms the foundation of our commercial activities and strategies.

AKVA group's vision is to provide technology for a sustainable biology and our mission is to provide solutions and services that optimize production and enables a sustainable, cost-efficient, and safe aquaculture industry.

AKVA group's core values are:

- **Customer focus**
- **Aquaculture knowledge**
- **Reliability**
- **Enthusiasm**

Our Vision and Values are actively communicated internally and externally. The vision and values describe AKVA group as an entity and are actively used as general guidelines for behavior, priorities, and decisions in day-to-day management. Our Vision and Values are made available on our website, our intranet as well as in presentations internally and externally.

INTERESTED PARTIES TO AKVA group

The following matrix shows the list of interested parties and assumed expectations towards AKVA group related to corporate social responsibility:

| Interested parties | Expectation to AKVA group | Communication platform | AKVA group's actions |
|---|---|---|---|
| **Shareholders** | Compliance with UN Global Compact and OECD Guidelines for Multinational Companies. | Meetings with investors and analysts.<br>Quarterly reports.<br>Capital market day in November 2020. | Annual reporting including Corporate Social Responsibility.<br>Public information on web pages and in media. |
| **Board of Directors** | In compliance with UN Global Compact and OECD Guidelines for Multinational Companies. | BoD meetings.<br>MoMs from Management Meetings. | Monthly, quarterly, and annual financial reporting. Input to/from BoD meetings.<br>Review of governing documents. |
| **Authorities & Municipalities** | In compliance with Legislation towards workers right, human rights, environmental and anti-corruption.<br>Regional and local legislations towards the environment. | Legislation and regulative supervision. | Annual reporting in accordance with Norwegian Accounting Act, Section 3-3c.<br>Maintain compliance to relevant standards (for instance NS9415, NS9416). Participation in the review of NS9415.<br>Maintain certifications in several subsidiaries to ISO9001:2015 and ISO14001:2015 |
| **Customers** | Product safety, regulations, and documentation. | Customer meetings, web communication, conferences, exhibitions. | Customer satisfaction surveys<br>Participation at relevant exhibitions and market conferences (on hold in 2020 due to the Covid-19 pandemic). |
| **Norwegian Seafood Federation (i.e., Sjømat Norge)** | Open collaboration<br>Respectable working conditions. | Meetings and conferences. | Participation in technical committees and attendance in conferences. |
| **Competitors** | Mutual respect for each other's customers, technology, and market activities. | Customer sites.<br>News.<br>Exhibitions/meetings. | Commitment to AKVA group's Code of Conduct. |
| **Neighbors, local municipalities & Media** | Generate and maintain jobs<br>Limit impact from transportation, noise, and emissions. | Media, web, and social media platforms. | Local recruitment and hires.<br>Cooperation with local suppliers and partners.<br>Press releases. |
| **Employees** | Safe jobs.<br>Predictability.<br>Good working environment.<br>Equality and respectable working conditions. | Open communication channels (intranet, emails etc.). Close cooperation with unions, town hall meetings and department meetings. Safety inspections and social gatherings. | Mutual information and communication between Management Team and employees related to strategies and measures.<br>Issue regular employee satisfaction surveys.<br>Conduct regular employee appraisals.<br>Plan and arrange on-the-job training, competence development and succession planning.<br>E-learning modules for "Code of Conduct" and "IT security" provided to all new employees. |
| **Suppliers** | Open, fair, and honest business collaboration<br>Written and agreed consensus. | Frame agreements.<br>Contracts/Purchase Orders.<br>Day-to-day business. | Initial self-assessment surveys with a clear commitment towards UN's Global Compact.<br>Key supplier audit schedule and follow-up activities. |

*Figure 2 - List of interested parties*

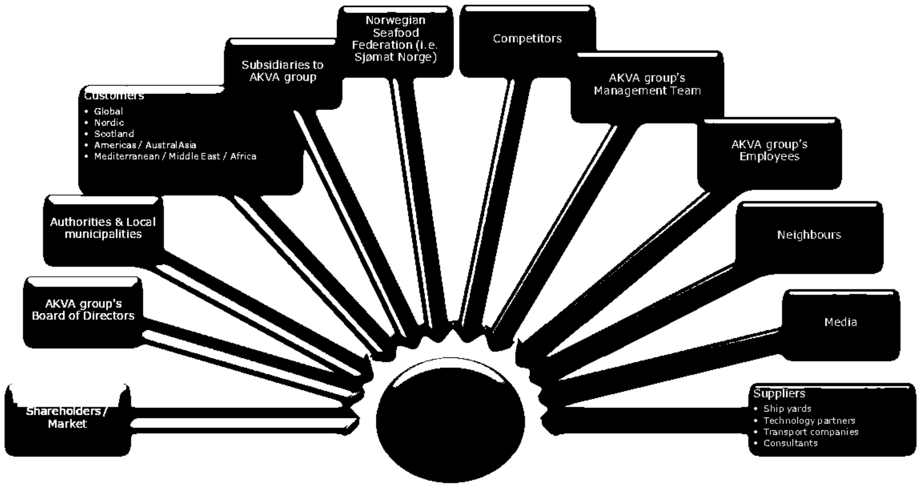



*Figure 3 - List of interested parties*

## SOCIAL RESPONSIBILITY

### External standards AKVA group follows

AKVA group comply with and actively work towards the principles of the UN Global Compact that includes:

***Human Rights***

AKVA group supports and respects the protection of internationally recognized human rights and ensures that the company is not complicit in human right abuses.

***Labor standards***

AKVA group upholds the freedom of association and the effective recognition of the right to collective bargaining. The company agrees with the intention of ending all forms of forced labor, bringing child labor to an end, and put an end to discrimination in respect of employment and occupation.

***Environment***

AKVA group support a precautionary principle in relation to environmental challenges. The company undertakes initiatives to promote greater accountability in relation to the environment and encourages the development and utilization of environmental-friendly technologies.

***Anti-corruption***

AKVA group works against all forms of corruption, including extortion and bribery.

## Requirements for AKVA group's suppliers regarding Social Responsibility

AKVA group's suppliers and sub-contractors shall have implemented standards of Social Responsibility and should follow the principles of the UN Global Compact. Suppliers that violate basic standards of ethics and corporate responsibility will be dismissed as suppliers of AKVA group.

AKVA group ensures this in practice by thorough supplier evaluation and regular risk-based follow-up activities with major suppliers.

## Good working conditions

All employees in AKVA group shall have high levels of safety in their work and we expect our suppliers to maintain responsible labor practices.

Employees in AKVA group are free to join trade unions of their choice. Management in all companies in the Group shall facilitate a good working relationship with staff and trade unions.

## Safe job analysis

In AKVA group there shall be a risk-based approach when planning and preparing for all kinds of field services and workshop activities. Employees are expected to use risk evaluation matrices (i.e., Safe Job Analysis) in the preparation and evaluation of their work. Breach of this practice shall be reported in the Corporate Quality Management System, resulting in corrective measures to prevent reoccurrence and to ensure safe operations.

Any work-related injury or accident (Lost Time Injuries) will be reported monthly to the Board of Directors. Personal injury incidents will also be reported and dealt with in AKVA group's Quality Management System (AQS). Following a root cause analysis, corrective and preventive actions will be implemented within 14 days of the incident.

## Working Environment Act

According to AKVA group's compliance with and continuous improvement work in conjunction with the Norwegian Working Environment Act, personnel and departments are frequently subject to working environment surveys, safety inspections and reviews.

Other initiatives are internal and external communication and knowledge sharing. Individual feedback and engagement are paramount to these processes and the key input to AKVA group's dedication to safe working conditions in all operations.

AKVA group have also implemented an anonymous channel for whistle blowing, which is made available through the company's web pages.

## Training

Onboarding, personal training, and competence mapping is controlled and maintained in various HRM systems in AKVA group's subsidiaries.

All new employees in AKVA group with an AKVA group email account will be invited to various e-learning modules, covering for instance AKVA group's Code of Conduct and IT security. The table below shows the number of e-learning courses completed as part of the onboarding process during 2020.

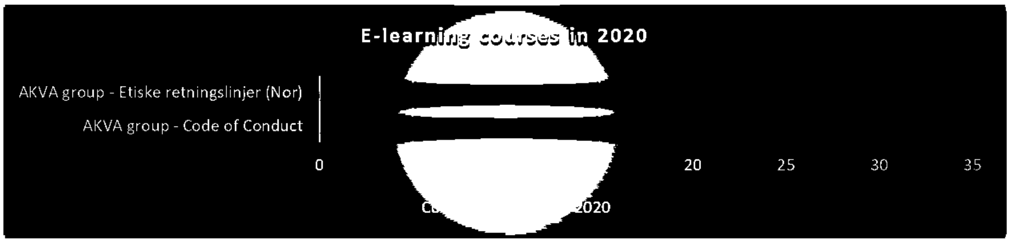



*Figure 4 - E-learning courses completed in 2020*

## Openness and dialogue with stakeholders

AKVA group aims to keep an open and constructive dialogue with people, organizations and other stakeholders affected by our operations. We believe transparency, dialogue and public reporting will help improve our business.

AKVA group's adoption of the UN Global Compact principles has been implemented as standard in contracts with suppliers from 2014 and onwards.

No incidents or violations of policies within the area of Social Responsibility have been reported to the Management or Board of Directors in 2020.

## Equal opportunities and discrimination

AKVA group is committed to create an inclusive work environment and appreciates and recognizes that all people are unique and valuable and should be respected for their individual abilities. AKVA group does not accept any form of harassment or discrimination based on gender, religion, national or ethnic origin, cultural or social background, disability, sexual orientation, marital status, age, or political opinion.

AKVA group shall provide equal employment opportunities and treat all employees fairly. AKVA group employees and business units shall only use merit, qualifications, and other professional criteria as basis for employee-related decisions, regarding for instance recruitment, training, compensation, and promotion. AKVA group encourages initiatives to promote a diverse organization based on the principle of equal opportunity.

The policy for equal opportunities is stated in the Group's Code of Conduct. It is followed up as part of the daily management in the different entities of the Group.

AKVA group currently have subsidiaries in 10 countries and with a diversified work force in terms of gender, religion, national or ethnic origin, cultural background, social group, disability, sexual orientation, marital status, age, and political opinion.

*Figure 5 - Welders in Chile*

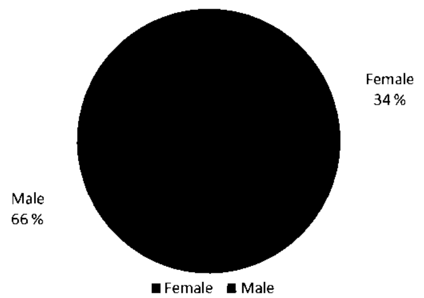
AKVA group Chile have been training welders for many years. The first women-only welding course was completed in March 2019. There are now 23 women in the welding workshops in AKVA group Chile.

Gender equality

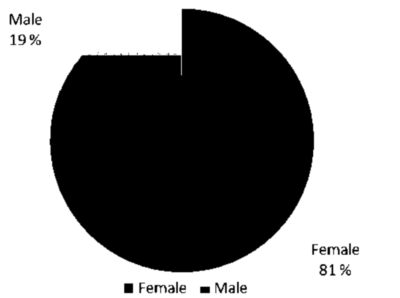
**State of gender equality**

The following tables summarize key statistics on gender equality in AKVA group for the year ended 31 December 2020:

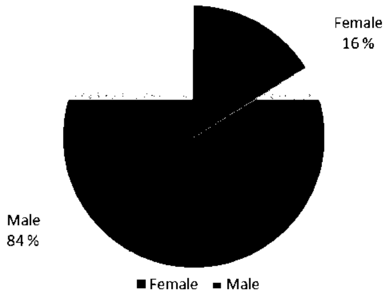
**Gender split of full time employees in the Group at 31 December 2020**



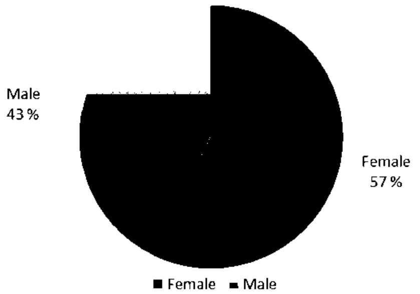

**Gender split of temporary employees in the Group at 31 December 2020**

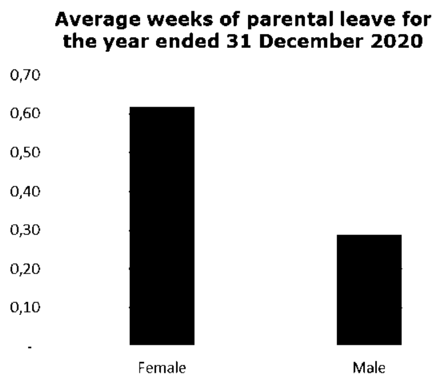


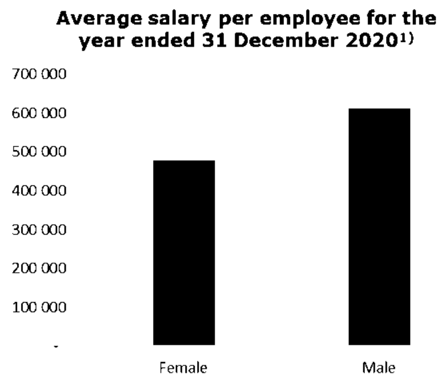

**Gender split of Management employees in the Group at 31 December 2020**




**Gender split of Board of Directors in the Parent Company at 31 December 2020**






1) We have used total salary costs (including pension, social security tax, bonus etc.) for the financial year 2020 to calculate the average salary per employee.

For 2020, there is a difference of 37% in average salaries between women and men in the Group. The main reason for this difference is that there is a predominance of men in leading positions, where men make up 96% and women 4%.

AKVA group acknowledges that as of today there is a male-dominated management in the Group. This is due to the quality of applicants and is not associated with discrimination based on gender. Of the management positions advertised in 2020, there were on average 88% male applicants and 12% female applicants. This means that for an average position there is a greater probability for more qualified male applicants.

AKVA group works towards getting more women into leading positions but points out that this must be done in a sensible progression in relation to the operational needs of the Group. The plan for this area is described in more detail in the next section.

**Our work for gender equality and against discrimination**

Our gender equality work is stated in the Group's various strategies, tools, and guidelines, and is described in detail in the Group's Code of Conduct. Further, gender equality is included in the annual strategy meetings held within Group Management.

The Group has its own HR function, which has the overall responsibility for maintaining and improving the procedures around gender equality. The HR function is also responsible for ensuring that all employees are familiar with the regulations and that they are complied with in practice. The latter is secured by AKVA group's onboarding process, which requires that all new employees must familiarize themselves with the current regulations.

As of today, no formal follow-up has been established from other governing bodies in the Group related to gender equality. This is something the Group wants to improve on going forward and has implemented measures to ensure that gender equality is at least on the agenda of the Group Management in the quarterly meetings.

In addition to the ordinary follow-up of gender equality (such as at department meetings, employee interviews, etc.), a quantitative survey of gender equality has been carried out in 2020, which was completed in connection with the preparation of the annual report. This survey showed that male employees in the Group on average have a higher salary than female employees. This is mainly because there is a predominance of male employees in management positions in the Group. For non-managerial positions (such as project personnel and administrative personnel), no significant differences in salary between men and women were revealed.

For the year 2020, we have had a special focus on competence development, including:

- The competence and capacity in the centralized HR function have been strengthened, so that the Group is better equipped to do sufficient work within the field of gender equality.
- The content of job advertisements has been reviewed for the entire Group. AKVA group has become more aware that the use of images and word choice has consequences for who applies for a job in our companies. We have also raised requirements for non-discriminatory recruitment processes for our recruitment agencies.
- It has been arranged for home office and a business culture has been established that meetings should generally be held between 09:00 and 15:00. This will make it easier to combine work with family life.

For the coming year, we want to build on the work that was started in 2020. Measures have been implemented to formalize procedures and to ensure adequate follow-up on gender equality at a high enough level in the Group.

As part of the strategy work for the period up to and including 2023, a goal has been stated to increase the proportion of women in leading positions in the group. The key to achieving this goal is to attract the most suitable female candidates, which will be a focus area for the Group going forward.

Follow-up of the implemented measures on gender equality is planned quarterly in the future. A larger proportion of female applicants have already been observed in the positions we have advertised in recent times, and we believe that this trend will continue considering the measures that the Group has implemented.

Based on the knowledge of the Management and the Board of Directors in AKVA group, there have been no violation of the Group's procedures on equal opportunities and discrimination in 2020.

## Social Media Guidelines

In October 2017 AKVA group issued internally a new set of Social Media Guidelines which has been made applicable for all employees regarding online presence and responsible use of social media. The guidelines have been translated to English, Spanish and Norwegian.

These guidelines shall be read in conjunction to the Code of Conduct, communication matrices and other relevant policies within AKVA group. The guidelines have also been included in AKVA group's e-learning to new employees.

## ENVIRONMENT

AKVA group develop, design, produce and deliver technology and services to an aquaculture industry that supplies healthy seafood to a global population. A principal part of AKVA group's mission as a technology and service partner is to enhance the sustainability of our customer's operations.

AKVA group's innovation is focused towards the rapidly growing salmon farming industry to realize a strong and growing demand providing sustainable growth. Our innovation strives to enable a successful industry growth both in the sea at land:

- Sustain and develop conventional sea-based salmon production
- Build a sound complimentary land-based RAS industry

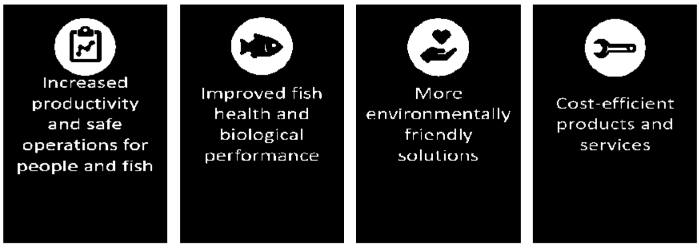



*Figure 6 - AKVA group's environmental measures*

AKVA group designs and produces technology in accordance with high national and international standards implemented to safeguard sustainable production and HSE principles. In Norway, all technology designed and delivered for cage-based production at sea is in accordance with NS 9415 *(Marine fish farms - Requirements for design, dimensioning, production, installation, and operation)*, representing the highest international technology standard in the industry. As a main rule, technology delivered to export markets will also comply with the NS 9415 standard.

Annually, AKVA group allocates substantial financial resources to develop more sustainable technologies for the global aquaculture industry, targeting improved fish welfare as well as solutions to solve environmental issues, such as the challenge of fish escapes and sea lice in the salmon industry.

Well incorporated Environmental, Social and Corporate Governance principles (ESG) are key to AKVA group's global activities. The focus towards ESG permeates AKVA group's daily business in R&D, supply chain, production and end delivery of solutions and services.

The Sustainable Development Goals (SDGs) described in the matrix below are those considered the most material for AKVA group, i.e., SDGs where AKVA group can have the greatest impact and contribution in cooperation with others:

| **SDG goals** | 3 GOOD HEALTH AND WELL-BEING | 6 CLEAN WATER AND SANITATION | 11 SUSTAINABLE CITIES AND COMMUNITIES | 14 LIFE BELOW WATER |
|---|---|---|---|---|
| **AKVA group's Policy goals** | Zero work related accidents and injuries. | Net and copper recycling, and waste management at net cleaning stations.<br><br>Land based RAS solution with zero-water exchange concept. | | Reduced lice infestations, less discharge of lice medication, improve health of salmon and cleaner fish. |

*Figure 7 - Compliance with SDG*

In the matrix below AKVA group have referred to the compliance with the EU Taxonomy:

| EU Taxonomy Objectives | AKVA group's Contribution |
|---|---|
| Climate change mitigation | Significant reduction in the total number of corporate flights and $CO_2$ emissions during 2020. |
| Climate change adaptation | Cooperation with strategic partners to assess recycling of products and materials.<br><br>Marketing of hybrid solutions to offer more climate-friendly energy sources to fish farming plants. |
| sustainable and protection of water and marine resources; | Net and copper recycling, and waste management at net cleaning stations along the Norwegian coastline.<br><br>Contribute to the development of land based RAS solution with zero-water exchange concepts. |
| transition to a circular economy | Net and copper recycling, and waste management at net cleaning stations along the Norwegian coastline.<br><br>Recycling of filament from secondhand nets and equipment.<br><br>Cooperation with strategic partners to assess recycling of products and materials. |
| pollution prevention and control; | Contribute to the development of land based RAS solution with zero-water exchange concepts. |
| protection and restoration of biodiversity and ecosystems. | Sales and delivery of waterborne feeding systems.<br><br>Supply of hybrid energy systems to exposed ocean farming.<br><br>Contribute to the development of land based RAS solution with zero-water exchange concepts. |

*Figure 8 - Compliance with EU's Taxonomy*

AKVA group will play an active role in several initiatives, including the following projects:

- Development of fish farming solutions that responds to the area challenge. The company's groundbreaking Atlantis project explores industrial farming in submersible cages, suitable for both exposed and more sheltered locations

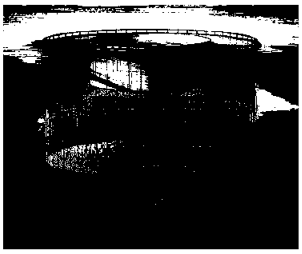
- Development of new waterborne feeding systems and alternative sources for power supply of AKVA group's feed barges, where the outcome is a significant (90%) reduction of energy cost, as well as a reduction in the $CO_2$ emissions and debris from micro plastic

- Participation in the NS9415 standard steering committee

- Both Egersund Net and Helgeland Plast hold and maintain ISO 14001:2015 certificates (i.e., Environmental management systems)

- Egersund Net have in total 8 service stations along the Norwegian coastline to receive, handle and carry out washing of both aquaculture and fishing nets, under a strict bio waste and sludge management. This also includes methods for recycling and dismantling of discarded equipment.

- Over the last few years, Egersund Net have developed the Tubenet™, which is a fully integrated net concept that reduces the lice impact on the salmon, i.e., reduced lice infestations, less discharge of lice medication, improve health of salmon and cleaner fish. The Tubenet™ was released to the market in 2018



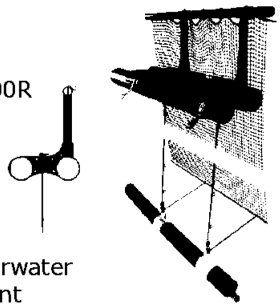
- Participation in industry-driven projects mapping depleted technology and recycling methods

- Control of emissions from materials, i.e., projects that are searching for and evaluating new feeding detection technology as well as new biomass estimation technology. Feed optimisation to explore pellet recognition (reducing impact on seafloor and improving feed utilisation)

- Further development of AKVA group's software technologies in close cooperation with the customers. AKVA group provides software solutions to aquaculture companies that transfers environmental data to the governmental parties

- AKVA group's Land Based division is driving the development of the RAS technology and equipment for water treatment and recirculation, with a zero-water exchange concept

- AKVA group is working actively to reduce the content of styrofoam in the fabrication of all plastic cage PE piping, and in 2019 the new Polarcirkel 500R plastic pen was released. AKVA group and its subsidiary Helgeland Plast are working extensively to reduce plastic waste, cuts, spill and drift-off during the assembly processes.



- Development of underwater lights combined with underwater feeding technology for sea lice control and management

- AKVA group, together with Mowi and Skretting, is one of the partners in the Centre for Aquaculture Competence (CAC) initiative in Rogaland. CAC is driving the research for new diets or novel technologies in full-scale fish farm research facilities

- AKVA group is one of the industrial partners in the project TRACKing of PLASTtic emissions from the aquaculture industry (TrackPlast). The scientific partners are NORCE (IRIS and Uni Research), Veterinærinstituttet (VI), and Havforskningsinstituttet (HI)

AKVA group has currently not initiated any Greenhouse Gas Reporting or implemented a CDP i.e., Carbon Disclosure Project.

AKVA group will report and control any climate-related financial disclosure elements (i.e., Transition Risks and Physical Risks) in relevant top-level risk management tools.

No incidents or violations of AKVA group's policies on sustainable environment have been reported to the Management or the Board of Directors in 2020.

## AKVA group's CODE OF CONDUCT

AKVA group has an established Code of Conduct giving detailed instructions on regulations, policies, and responsibilities as well as acceptable behavior and conduct. The Code of Conduct applies to all employees throughout the world, including temporary personnel, as well as the Board of Directors in AKVA group ASA and its subsidiaries.

The purpose of the Code of Conduct is to ensure that all people acting on behalf of AKVA group perform their activities in an ethical way and in accordance with the standards AKVA group has defined through regulations, policies, and guidelines.

It is AKVA group's policy to comply with all applicable laws and governmental rules and regulations. The code is an important tool to secure compliance with these laws, rules, and regulations.

The Code of Conduct is published on the Group's intranet and enclosed as part of new employment contracts. The code gives clear instructions to all managers in the Group to make sure the code is known and complied with by all employees.

Violation of the Code of Conduct is not tolerated and may result in internal disciplinary actions, dismissal, or even criminal prosecution. Should an improper practice or irregularity occur within the company, the company is committed to make necessary corrections and take remedial action to prevent recurrence.

The Code of Conduct covers the following main areas:
- Policy on personal conduct and behavior based on mutual respect
- Restrictive policy on use of intoxicants
- Policy on equal opportunities
- Policy on anti-corruption and conflict of interest
- Policy on compliance with laws and regulations including laws and regulations on antitrust and competition as well as insider trading

AKVA group's Code of Conduct has been developed into two e-learning modules (English and Norwegian languages) and all new employees will be invited to the e-learning as part of the HRM onboarding process.

The Code of Conduct will be regularly revised to ensure adoptions to new regulations and consensus on good governance and conduct. The Code of Conduct was last revised and presented to the BoD in October 2018.

## POLICIES AND ACTIONS TO PREVENT CORRUPTION

The policies and actions to prevent corruption are all documented, communicated, maintained, and controlled in AKVA group's Quality Management Systems. Any deviation or non-conformity shall be reported herein.

AKVA group has a zero-tolerance policy on corruption.

### 8.1 Bribery

Employees in AKVA group shall not offer or accept any bribes. Bribery occurs when a person gives or offers a gift or favor for himself to achieve an unfair advantage. AKVA group do not allow so-called "facilitation payments", i.e., entitled payments made to secure or expedite something.

### 8.2 Gifts, favors and entertainment

Employees in AKVA group should exercise caution in giving and receiving gifts, services, and other benefits. Gifts, services, and benefits shall not go beyond what is considered normal and reasonable in the country of operation. The size and circumstances of gifts, services and benefits that are given or received shall always be of such character that an employee can speak openly about it.

The policy underlines that gifts etc. under no circumstances shall be offered or received in relation to:

- a negotiation, an application, an offer, or other situations where it is expected to give something in return, or
- money, loans, and private services, or
- frequent gifts or
- gifts to public officials or politicians, or
- gifts with specific conditions or
- a gift with a value exceeding $ 100 (without the prior written consent of the employee's manager)

In addition to these guidelines, employees are required to follow local regulations, including tax laws.

### 8.3 Actions and status

The policy and guidelines to prevent corruption and fraud is stated in AKVA group's Code of Conduct.

Special management attention is given to safeguard the strict anti-corruption policy, enforcing strong awareness among employees on all levels. Actions are systematically implemented, including:

- Sales and projects staff working towards and/or operating in markets with historical records of corruption, are followed up with special information and training courses aimed at enhancing understanding and awareness
- All new suppliers, distributors and cooperating partners in export markets are subject to an Integrity Due Diligence (IDD) process. AKVA group's IDD process includes either an integrity due diligence review or a «Red Flag Screening» of the potential supplier/sub-contractor

- Anti-corruption clauses are implemented in all significant contracts with suppliers and customers from 2014 and onwards
- Anti-corruption clauses are included in new agent and distributor agreements
- Anti-corruption clauses are included in significant contracts in emerging markets

As of today, no incidents of corruption involving AKVA group have been reported to the Management or the Board of Directors in AKVA group.

### 8.4 Conflicts of Interest

Employees in AKVA group shall not attempt to gain advantages for themselves or relatives that are unlawful, or in any way may be in violation of AKVA group's interests or reputation.

### 8.5 Duties, positions, and ownership of external business

Employees in AKVA group shall not be involved in matters or enter into agreements that may either conflict with or damage AKVA group's interests or provide the employee with benefits. This includes conditions that puts a person's independence in question, for instance if an employee or his/her family / close connections have financial interests tied to AKVA group's operations.

Employees in AKVA group shall avoid relationships or agreements that may affect his or her actions or judgement and make others question their independence.

Employees in AKVA group shall avoid ownership interests or directorships in other companies if this is likely to undermine the loyalty to AKVA group. Board positions and/or equity investment in companies that compete or are doing business with AKVA group shall always be subject to prior approval from the employee's supervisor/manager.

### 8.6 Political activity

AKVA group does not provide any form of financial or other support to political parties. AKVA group may however support or promote political views in matters affecting its business interests.

### 8.7 Prohibition on the purchase of sexual services

Purchase of sexual services on a business trip, or in connection with the execution of an assignment or work for AKVA group, is unacceptable and shall not occur.

Purchase of sexual services is prohibited by law in Norway. This prohibition also applies abroad for Norwegian citizens and persons with permanent residence in Norway.

### 8.8 Actions and status

The policy and guidelines on integrity and conflict of interests are stated in AKVA group’s Code of Conduct.

Violation is not tolerated and may, in accordance with relevant legislation, lead to internal disciplinary actions, dismissal or even criminal prosecution. Should an improper practice or deviation occur within the Company, the Company is committed to make necessary corrections and take remedial action to prevent reoccurrence.

No violations of the policy and guidelines for Integrity and Conflict of Interest have been reported to the Management or Board of Directors during 2020.

## COMPLIANCE WITH STANDARDS, LAWS AND REGULATIONS

Compliance with standards, national laws and regulations are the basis for AKVA group's operations in all countries.

Employees and directors in AKVA group shall:

- Comply with all applicable laws and regulations when acting on behalf of the company, including the obligation to report and pay taxes;
- Under no circumstances cause or contribute to violations of the general and specific competition regulations, such as price-fixing, illegal market sharing or other conduct in violation of applicable competition laws;
- Comply with applicable legislation and internal instructions on insider trading and insider information. This includes acting on or providing advice on the sale of securities in AKVA group based on non-public information made available through the employee's work in AKVA group.

The policy and guidelines of compliance with laws and regulations are stated in AKVA group's Code of Conduct and in AKVA group's Quality Management Systems.

AKVA group have developed and issued guidelines for insiders in accordance with the recommendations set by Oslo Stock Exchange. These guidelines are documented, communicated, maintained, and controlled in AKVA group's Quality Management Systems.

No incidents of non-compliance with the policies of Compliance have been reported to the Management or the Board of Directors in 2020.

# Corporate Governance in AKVA group ASA

**AKVA group ASA's objective is to create the greatest possible value for its shareholders over time. Strong corporate governance will contribute to reducing risk and ensure sustainable value creation.**

Pursuant to section 3-3(b) of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance, last revised by the Norwegian Corporate Governance Board (the "**NCGB**") on 17 October 2018 (the "**Code**"; which recommendations are highlighted in blue text below), the board of directors (the "**Board**") of AKVA group ASA ("**AKVA group**" or the "**Company**", and together with its subsidiaries the "**Group**") reviews and updates the Company's principles for corporate governance on an annual basis. This report is included in the Company's annual report.

## 1. Implementation and reporting on corporate governance

The board of directors must ensure that the company implements sound corporate governance. The board of directors must provide a report on the company's corporate governance in the directors' report or in a document that is referred to in the directors' report. The report on the company's corporate governance must cover every section of the Code of Practice. If the company does not fully comply with the Code of Practice, the company must provide an explanation of the reason for the deviation and what solution it has selected.

The board of AKVA group has defined guidelines to ensure that the Company has good corporate governance to, inter alia, support achievement of the Company's core objectives on behalf of its shareholders and to create a strong, sustainable company. The Board believes that good corporate governance involves openness and a trustful cooperation between all parties involved in and with the Group: The shareholders, the Board and the management, employees, customers, suppliers, public authorities, and the society in general.

By pursuing the principles of corporate governance, approved by the Board, the Board and management shall contribute to achieving the following objectives:

- **Openness and honesty**. Communication with the interest groups of AKVA group shall be based on openness and honesty on issues relevant for the evaluation of the development and position of the Company.

- **Independence**. The relationship between the Board, the management and the shareholders shall be based on independence. Independence shall ensure that decisions are made on an unbiased and neutral basis.

- **Equal treatment**. AKVA group has equal treatment and equal rights for all shareholders as one of its primary objectives.

- **Control and management**. Good control and corporate governance mechanisms shall contribute to predictability and reduce the level of risks for shareholders and other interest groups.

The development of, and improvements in, AKVA group's corporate governance principles are considered by the Board as ongoing and important processes.

The individual recommendations in the Code are discussed below. The Code and its recommendations are available on the NCGB website, https://nues.no/. To a large extent AKVA group's principle correspond to the Code. Possible deviations from the Code are discussed under the relevant sections below, and any deviation is accounted for and any alternative practice adopted by the Company explained.

**Deviation from the Recommendation:** None

**2. Business**

The company's articles of association should clearly describe the business that the company shall operate. The board of directors should define clear objectives, strategies, and risk profiles for the company's business activities such that the company creates value for shareholders. The company should have guidelines for how it integrates considerations related to its stakeholders into its value creation. The board of directors should evaluate these objectives, strategies, and risk profiles at least yearly.

The operations of AKVA group shall be in compliance with the business objective as set forth in paragraph 3 of the Company's articles of association (the "**Articles of Association**") which reads as follows:

> "The purpose of the company is to develop, produce, project, sell and market own and purchased products, and everything connected to such activity, including participation in other companies with similar activities. The activities of the company shall in particular be directed towards technology for farming of fish and animals."

The full Articles of Association are included in the annual report and available at https://ir.akvagroup.com. The Company's strategic goals and objectives are described thoroughly in the report.

The Board has defined clear objectives, strategies, and risk profiles for the Company's business activities to ensure that the Company creates value for shareholders. These objectives, strategies and risk profiles are evaluated by the Board yearly.

The Company has established guidelines and a Code of Conduct addressing corporate social responsibility, including matters that relate to human rights, employee rights and social matters, the external environment, the prevention of corruption, the working environment, equal treatment, discrimination, and environmental impact, as well as setting out defined values upon which the Company should base its activities. These are reviewed on a yearly basis and are included in the annual report pursuant to the Norwegian Accounting Act.

**Deviation from the Recommendation:** None

**3. Equity and dividends**

The board of directors should ensure that the company has a capital structure that is appropriate to the company's objective, strategy, and risk profile.

The board of directors should establish and disclose a clear and predictable dividend policy.

The background to any proposal for the board of directors to be given a mandate to approve the distribution of dividends should be explained.

Mandates granted to the board of directors to increase the company's share capital or to purchase own shares should be intended for a defined purpose. Such mandates should be limited in time to no later than the date of the next annual general meeting.

At year end 2020 AKVA group had a consolidated equity of MNOK 1,042 which accounts for 32% of the total consolidated assets of the Company. The view of the Board is that the above stated equity capital level is appropriate in consideration of the Company's objectives, strategy, and risk profile.

*Dividend policy:*
*The Company's main objective is to maximise the value of the investment made by its shareholders through both increased share prices and dividend payments. The Company aims to give the shareholders a competitive return on investment by a combination of cash dividend and share price increase. The Company's dividend policy shall be stable and predictable.*

*When deciding the dividend, the Board will take into consideration expected cash flow, capital expenditure plans, financing requirements/compliance, appropriate financial flexibility, and the level of net interest-bearing debt. The Company needs to be in compliance with all legal requirements to pay dividend. The Company will target to pay dividend twice a year.*

The dividend policy has been established by the Board and is disclosed on the Company's website.

AKVA group paid out a dividend of NOK 1.00 per share in 2020, in total NOK 33,156,420.

In order to enable the Company to maintain the dividend policy, the Board will propose that the Annual General Meeting to be held in May 2021 authorizes the Board pursuant to the Norwegian Public Limited Liability Companies Act (the "**Public Companies Act**" or the "**Act**") § 8-2(2) to approve the distribution of dividends based on the Company's annual accounts for 2020. The proposed authority may be used to approve the distribution of dividends up to an aggregate amount of NOK 100,000,000. The authorization shall, if adopted by the Annual General Meeting, be in force from the date of the general meeting until the earlier of the time of the Annual General Meeting in 2022 and 30 June 2022.

The general meeting held on 7 May 2020 resolved to grant the Board an authorization to increase the Company's share capital by up to NOK 3,333,430 through subscription of new shares. The authorization is in force until the earlier of the date of the Annual General Meeting in 2021 and 30 June 2021 and replaced all previous Board authorizations to increase the Company's share capital. The authorization does not authorize the Board to (i) waive the pre-emptive right of shareholders pursuant to section 10-4 of the Act; (ii) carry out a capital increase by contribution in kind, (iii) incur any special obligations on behalf of the Company, cf. section 10-2 of the Act, (iv) decide on mergers pursuant to section 13-5 of the Act, or (v) use the authorization in connection with the Company's option program.

The Board will proposed that the Annual General Meeting to be held in May 2021 repeats the authorization granted to the Board in 2020 with a limitation corresponding to 10% of authorized share capital, but so that the Board is not authorized to waive the pre-emptive right of shareholders pursuant to section 10-4 of the Act, nor carry out a capital increase by contribution in kind, nor incur special obligations on behalf of the Company, cf. section 10-2 of the Act, and nor decide on mergers pursuant to section 13-5 of the Act, and so that the authorization may not be used in connection with the Company's option program. The new authorization shall, if adopted by the Annual General Meeting, expire at the earliest on the date of the Annual General Meeting in 2022 and 30 June 2022. It is further proposed that the new authorization shall replace all previous authorizations to the Board to increase the Company's share capital.

The general meeting in 2020 also resolved to grant the Board authorization to acquire own shares which have been fully paid in accordance with the rules of §§ 9-2 – 9-4 of the Act. The shares to be acquired under this authorization shall not be acquired at a higher value than market terms on a regulated market where the shares are traded, and the minimum and maximum price that may be paid for each share is NOK 1 and NOK 150, respectively. This authorization may be used one or several times. The aggregate maximum face value of the shares which the Company may acquire pursuant to this authorization is NOK 833,358, which equalled approximately 2.5% of the Company's share capital.

Acquisitions of shares pursuant to this authorization may only take place if the Company's distributable reserves according to the most recent balance sheet exceed the purchase price for the shares to be acquired. The Board is free to determine how the Company's own shares will be acquired and sold, provided that an acquisition under this authorization must be in accordance with prudent and good business practice, with due consideration to losses which may have occurred after the balance-sheet date or to expected losses.

The authorization is valid until the earlier of the date of Annual General Meeting of 2021 and 30 June 2021. This authorization replaced the authorization for acquisition of own shares granted by the Annual General Meeting on 9 May 2019.

The Board has proposed that the Annual General Meeting to be held in May 2021 repeats the authorization granted to the Board in 2020 to acquire own shares of a maximum face value of NOK 833,358 (equal to approximately 2.5%), and that the new mandate shall expire at the earliest of the Annual General Meeting in 2022 and 30 June 2022. It is further proposed that the new authorization shall replace all previous authorizations to the Board to purchase own shares.

**Deviation from the Recommendation:** The Board authorizations granted by the Annual General Meeting in 2020 to increase the share capital and to acquire own shares respectively are not limited to defined purposes. The same applies to the Board authorizations to be proposed to the Annual General Meeting in 2021. The Board however believes that it is in the best interest of the Company that the Board has flexibility to use the authorizations as considered necessary and advantageous from time to time at the Board's discretion, always considering the interests of the Company's shareholders and other stakeholders. It should be noted that the authorization to increase the share capital has restrictions as to waiver of the pre-emptive right of shareholders and certain other restrictions as described above.

**4. Equal treatment of shareholders and transactions with close associates**

Any decision to waive the pre-emption rights of existing shareholders to subscribe for shares in the event of an increase in share capital should be justified. Where the board of directors resolves to carry out an increase in share capital and waive the pre-emption rights of existing shareholders on the basis of a mandate granted to the board, the justification should be publicly disclosed in a stock exchange announcement issued in connection with the increase in share capital.

Any transactions the company carries out in its own shares should be carried out either through the stock exchange or at prevailing stock exchange prices if carried out in any other way. If there is limited liquidity in the company's shares, the company should consider other ways to ensure equal treatment of all shareholders.

In the event of any not immaterial transactions between the company and shareholders, a shareholder´s parent company, members of the board of directors, executive personnel, or close associates of any such parties, the board should arrange for a valuation to be obtained from an independent third party. This will not apply if the transaction requires the approval of the general meeting pursuant to the requirements of the Public Companies Act. Independent valuations should also be arranged in respect of transactions between companies in the same group where any of the companies involved have minority shareholders.

*Pre-emptive rights and transactions in own shares*
If the proposed Board authorization to increase the share capital referred to above is approved by the Annual General Meeting in 2021, the Board is not authorized to waive the shareholder's pre-emptive rights in connection with a share capital increase under the authorization.

In the event the Board would propose to the general meeting that the pre-emptive rights of shareholders should be waived, this proposal will be justified in the notice of the general meeting and disclosed in a stock exchange notice in connection with the capital increase.

Any transactions carried out by the Company in its own shares will be carried out either on the Oslo Stock Exchange or at prevailing stock market prices. In situations with limited liquidity in the Company's shares, the Board will consider alternative means to ensure the equal treatment of shareholders.

*Transactions between related parties*
The Company is not aware of any potential conflicts of interest between the duties owed to the Company by the members of the Board or the Company's management, and their private interests or other duties. The Company is party to facility lease agreements with companies that are controlled by shareholders of AKVA group; however, these are all based on arm's length market terms.

In order to avoid conflicts of interest, the Company has guidelines pursuant to which the members of the Board and the company's management must act.

**Deviation from the Recommendation:** None other than as stated above

**5. Shares and negotiability**

The company should not limit any party's ability to own, trade or vote for shares in the company. The company should provide an account of any restrictions on owning, trading, or voting for shares in the company.

The Company's shares are freely negotiable. The Articles of Association place no restrictions on negotiability.

**Deviation from the Recommendation:** None

**6. General meetings**

The board of directors should ensure that the company's shareholders can participate in the general meeting.

The board of directors should ensure that:
- the resolutions and supporting information distributed are sufficiently detailed, comprehensive, and specific to allow shareholders to form a view on all matters to be considered at the meeting
- any deadline for shareholders to give notice of their intention to attend the meeting is set as close to the date of the meeting as possible
- the members of the board of directors and the chairman of the nomination committee are present at the general meeting
- the general meeting is able to elect an independent chairman for the general meeting
- shareholders should be able to vote on each individual matter, including on each individual candidate nominated for election. Shareholders who cannot attend the

meeting in person should be given the opportunity to vote. The company should design the form for the appointment of a proxy to make voting on each individual matter possible and should nominate a person who can act as a proxy for shareholders

The Annual General Meeting in 2020 was in all material respect carried out in accordance with recommendation no. 6 of the Code with the following exceptions:

- The Company does not appoint an independent proxy to vote on behalf of shareholders. In the Company's opinion the shareholder interests are duly protected through participation with a personal proxy or by granting a proxy with voting instructions to the chairman of the meeting, the chairman of the Board or any person appointed by him
- The agenda and proxy form for the Annual General Meeting did not open for voting in individual candidates for the Board. The nomination committee made a recommendation for a board composition reflecting several criteria, where *inter alia* stakeholder interests, independence, competence, and experience have been weighed to provide a representative and skilled board. This would not be possible to achieve with separate voting for individual candidates.

The Annual General Meeting in 2020 was chaired by an independent chairman. It is the intention of the Board to nominate an independent chairman also for future general meetings.

**Deviation from the Recommendation:** None other than as stated above

**7. Nomination committee**

The company should have a nomination committee, and the nomination committee should be laid down in the company's articles of association.

The general meeting should stipulate guidelines for the duties of the nomination committee, elect the chairperson and members of the nomination committee, and determine the committee's remuneration.

The nomination committee should have contact with shareholders, the board of directors and the company's executive personnel as part of its work on proposing candidates for election to the board.

The members of the nomination committee should be selected to take into account the interests of shareholders in general. The majority of the committee should be independent of the board of directors and the executive personnel. No more than one member of the nomination committee should be a member of the board of directors, and any such member should not offer himself for re-election to the board. The nomination committee should not include the company's chief executive or any other executive personnel.

The nomination committee's duties should be to propose candidates for election to the board of directors and nomination committee (and corporate assembly where appropriate) and to propose the fees to be paid to members of these bodies.

The nomination committee should justify why it is proposing each candidate separately.

The company should provide information on the membership of the committee and any deadlines for proposing candidates.

The Articles of Association provide for a nomination committee. The nomination committee shall evaluate and recommend candidates for directors elected by the shareholders as well as directors' remuneration, both for the Board and for the nomination committee itself. The nomination committee shall consider and recommend resolutions at the general meeting on the following matters:

- Candidates for election as members of the Board
- Candidates for election as members of the nomination committee and the chairman of the committee
- The proposed remuneration of the Board and the members of the nomination committee
- Any proposed amendments to the nomination committee Charter
- Approve the text in the annual report (Corporate Governance section) of the Company, related to the nomination committee

The nomination committee shall consist of three members elected by the general meeting. The general meeting also elects the chairperson of the nomination committee.

The nomination committee's work is based on the nomination committee Charter approved by the Annual General Meeting in May 2007, which includes appropriate arrangements for shareholders to submit proposals to the committee for candidates for election.

*Composition*
The current nomination committee was elected by the Annual General Meeting on 7 May 2020 and consists of:

- Eivind Helland, (chair, for 1 year) General Manager, Blue Planet AS
- Bjørnar Mikalsen (for 1 year), Head of Sales, Skretting Nord
- Ingvald Fardal (for 1 year), MsC Business Administration

None of the nomination committee members are members of the Board.

The nomination committee is of the opinion that the composition reflects the common interest of all the Company's shareholders.

*The work of the committee*
The nominating committee has held 5 meetings since the Annual General Meeting in 2020.

**Deviation from the Recommendation:** None

**8. Board of directors: Composition and independence**

The composition of the board of directors should ensure that the board can attend to the common interests of all shareholders and meets the company's need for expertise, capacity, and diversity. Attention should be paid to ensuring that the board can function effectively as a collegiate body.

The composition of the board of directors should ensure that it can operate independently of any special interests. The majority of the shareholder-elected members of the board should be independent of the company's executive personnel and material business contacts. At least two of the members of the board elected by shareholders should be independent of the company's main shareholder(s).

The board of directors should not include executive personnel. If the board does include executive personnel, the company should provide an explanation for this and implement consequential adjustments to the organisation of the work of the board, including the use of board committees to help ensure more independent preparation of matters for discussion by the board, cf. Section 9.

The general meeting (or the corporate assembly where appropriate) should elect the chairman of the board of directors.

The term of office for members of the board of directors should not be longer than two years at a time.

The annual report should provide information to illustrate the expertise of the members of the board of directors, and information on their record of attendance at board meetings. In addition, the annual report should identify which members are considered to be independent.

Members of the board of directors should be encouraged to own shares in the company.

*Composition of the Board*
According to the Articles of Association, the Board shall consist of four to ten members. The Board currently consists of the following 7 members: Hans Kristian Mong (Chairperson), Anne Breiby (Deputy Chairperson), Kristin Reitan Husebø, Frode Teigen, Ragnhild Ree, Helen Helland and Magnus Røkke. The 3 latter directors have been elected by and from the employees.

All the shareholder-elected members of the Board are independent from executive management and material business contacts. Two of the shareholder-elected members of the Board are independent from the main shareholders of the Company. The Board elects the chair and the deputy chair. All the members of the Board are generally encouraged to own shares in the Company.

Hans Kristian Mong and Frode Teigen represents the largest shareholder of the Company, Egersund Group AS. The other members of the Board are independent of shareholders and other stakeholders. Further details of the individual directors can be found in the annual Report.

The nomination committee's recommendation of candidates, including the basis of the recommendation, will be appended to the notice for the Annual General Meeting, which will be published on the Company's website and on the Oslo Stock Exchange's reporting site, www.newsweb.no.

**Deviation from the Recommendation:** None other than as stated above regarding the Board's competence to elect the chairman of the Board.

**9. The work of the board of directors**

The board of directors should issue instructions for its own work as well as for the executive management with particular emphasis on clear internal allocation of responsibilities and duties.

The board of directors should ensure that members of the board of directors and executive personnel make the company aware of any material interests that they may have in items to be considered by the board of directors.

In order to ensure a more independent consideration of matters of a material character in which the chairman of the board is, or has been, personally involved, the board's consideration of such matters should be chaired by some other member of the board.

The Public Companies Act stipulates that large companies must have an audit committee. The entire board of directors should not act as the company's audit committee. Smaller companies should consider establishing an audit committee. In addition to the legal requirements on the composition of the audit committee etc., the majority of the members of the committee should be independent.

The board of directors should also consider appointing a remuneration committee in order to help ensure thorough and independent preparation of matters relating to compensation paid to the executive personnel. Membership of such a committee should be restricted to members of the board who are independent of the company's executive personnel.

The board of directors should provide details in the annual report of any board committees appointed.

The board of directors should evaluate its performance and expertise annually.

*Board responsibilities*
The Board has the ultimate responsibility for the management and organisation of the Company and supervising routine management and business activities. This involves that the Board is responsible for establishing control arrangements to secure that the Company operates in accordance with the adopted values and the Code of Conduct as well as with shareholders' expectations of good corporate governance. The Board primarily looks after the interests of all the shareholders but is also responsible to the Company's other stakeholders.

The Board's main task is to ensure that the Company develops and creates shareholder value. Furthermore, the Board shall contribute to the shaping of and implementation of the Group's strategy, ensure appropriate supervision and control of management and in other ways ensure that the Group is well operated and organised. The Board sets the objectives for the financial performance and adopts the Company's plans and budgets. Items of major strategic or financial importance for the Group are the responsibility of the Board. The Board appoints the CEO, defines his or her work description and authority and sets his or her salary and other compensation. The Board each year produces an annual plan for its work as recommended.

*Instructions to the Board*
The latest version of the Board's instructions was approved by the Board in a board meeting on 10 April 2014. The instructions cover the following points: Composition of the Board, the Board's duties, day-to-day management, calling of Board meetings and related issues, the Board's decisions, Board minutes, disqualification and conflict of interest, confidentiality obligation, convening general meetings, insider rules and ethical guidelines for conduct of business. The Board can decide to deviate from instructions in certain cases. The members of the Board shall pursuant to the instruction to the Board make the Company aware of any material interests that they may have in items to be considered by the Board.

*Financial Reporting*
The Board receives regular financial reports on the Group's economic and financial status.

*Audit Committee*
In accordance with section 6-41 of the Act, AKVA group has established an audit committee, consisting of Anne Breiby (Chair) and Kristin Reitan Husebø. The Group CFO

acts as the secretary of the committee. The mandate and work of the audit committee is described in further detail under item 10 below.

The audit committee has been operating since 2011. 6 meetings were held in the committee during 2020.

*The remuneration committee*
The Company has established a remuneration committee, and the current Charter for the remuneration committee was approved by the Board in a board meeting on 21 September 2006. The committee's tasks revolve around the CEO's terms of employment and the remuneration of the executive management including salary levels, bonus systems, options schemes, pension schemes, employment contracts etc. The committee submits recommendations to the Board for final approval.

The current members are Hans Kristian Mong (Chair) Kristin Reitan Husebø and Frode Teigen. The committee has had 1 meeting since the 2020 Annual General Meeting.

*The Board's self-evaluation*
The Board completes a self-evaluation annually in terms of efficiency, competence, and the Board's duties in general. The evaluation is made available for the nomination committee.

**Deviation from the Recommendation:** None

**10. Risk management and internal control**

The board of directors must ensure that the company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the company's activities. Internal control and the systems should also encompass the company's guidelines etc. for how it integrates considerations related to stakeholders into its creation of value.

The board of directors should carry out an annual review of the company's most important areas of exposure to risk and its internal control arrangements.

*The Board and internal control*
The Board ensures that the Company has appropriate internal control procedures and appropriate risk management systems tailored to its business. Managing operational risk primarily takes place within the operational subsidiaries, but with the Company's management as an active driving force through its positions in the boards of the subsidiaries. Generally, the subsidiaries have established adequate practices for such risk management.

The Group is exposed to currency, interest rate, and market risk, as well as credit risk and operational risk.

The Group has implemented a quality management system which details the processes related to continuous improvements and operational risks. AKVA group ASA is ISO 9001:2015 certified by the accredited certification body DNV.

The Groups' financial guidelines ensure the monitoring of financial risk. Management of exposure in financial markets, including currency, interest rate and counterparty risk, is emphasised in the Company's governing documents. Further details on these principles are provided in note 16 to the Group's financial statements and AKVA group's financial statements.

The Group has developed an authority matrix which is included in its governing documents.

Management regularly prepares performance reports that are reviewed by the Board. The interim financial statements are subject to review in board meetings.

*The Board's work plan*
The Board has established an annual work plan that includes an annual review of compliance of external and internal laws and regulations, risk and the HSE-situation, financial risks and identification of risk related to the strategic goals and risk handling. By carrying out the established work plan, the Board controls that the Company has sound internal control and systems for risk management for the Company's activities, including systems suitable for controlling the compliance with the Company's guidelines for how it integrates considerations related to stakeholders into its creation of value.

*Audit committee*
The mandate of the committee is to monitor and evaluate the Group's financial reporting, including to evaluate substantial accounting issues, accounting principles and procedures applied by the Group in its financial reporting to the Oslo Stock Exchange. The committee is to evaluate the work of the Group's external auditor, including the auditor's independence from management and compliance with rules and regulations regarding services beyond financial audit. The committee also discusses the scope of the audit with the external auditor as well as evaluates reports from the auditor to the Board and management of the Group. The audit committee nominates external auditor for the Group as well as propose compensation for the external auditor to the Board.

The audit committee is also monitoring the Groups internal control systems, including managements operational and financial risk management.

The audit committee is free to address any other issue it finds necessary to fulfil its mandate.

**Deviation from the Recommendation:** None

**11. Remuneration of the board of directors**

The remuneration of the board of directors should reflect the board's responsibility, expertise, time commitment and the complexity of the company's activities.

The remuneration of the board of directors should not be linked to the company's performance. The company should not grant share options to members of its board.

Members of the board of directors and/or companies with which they are associated should not take on specific assignments for the company in addition to their appointment as a member of the Board. If they do nonetheless take on such assignments this should be disclosed to the full board. The remuneration for such additional duties should be approved by the board.

Any remuneration in addition to normal directors' fees should be specifically identified in the annual report.

It is the Board's opinion that the size of the remuneration of the Board is in compliance with the criteria in the recommendation concerning *inter alia* the Board's responsibility and expertise.
Furthermore, the following applies to the remuneration:

- The remuneration is not linked to the company's performance, and the Board members are not granted share options

- None of the Board members and/or companies with which they are associated, have taken on specific assignments for the Company in addition to their appointment as a member of the Board.
- The remuneration of the Board is proposed to the general meeting by the nomination committee

**Deviation from the Recommendation:** None

**12. Remuneration of the executive management**

The board of directors is required by law to prepare guidelines for the remuneration of the executive personnel. These guidelines are communicated to the Annual General Meeting. The board of director's statement on the remuneration of executive personnel should be a separate appendix to the agenda for the general meeting. It should also be clear which aspects of the guidelines are advisory and which, if any, are binding. The general meeting should vote separately on each of these aspects of the guidelines.

The guidelines for the remuneration of the executive personnel should set out the main principles applied in determining the salary and other remuneration of the executive personnel. The guidelines should help to ensure convergence of the financial interests of the executive personnel and the shareholders.

Performance-related remuneration of the executive personnel in the form of share options, bonus programmes or the like should be linked to value creation for shareholders or the company's earnings performance over time. Such arrangements, including share option arrangements, should be an incentive to good performance and be based on quantifiable factors over which the employee in question can have influence. Performance-related remuneration should be subject to an absolute limit.

*Guidelines and terms*
The main principles for the Company's executive personnel remuneration policy is that the basic salary shall promote value creation in the Company and contribute to aligned interests between shareholders and executive personnel. The basic salary shall not be of a type or size that may negatively affect the Company's reputation.

As the industry leader in our sector, AKVA group is dependent on being able to offer compensation that enable AKVA to recruit the most able managers. It is the Board's policy to employ the most competent managers by offering compensation packages that are competitive with those offered in other similar industries and in the international market.

The Board has established a remuneration committee, which shall make recommendations to the Board with respect to the remuneration of the Company's CEO and other executive personnel.

The Board and the remuneration committee have the responsibility to establish guidelines and recommendations with regards to the remuneration of the CEO and the executive management. Each year the compensation committee undertakes a thorough review of the remuneration and other compensation to the CEO and the executive management. The review is based upon market sampling of similar positions. The structure and level of the remuneration and incentive system for the CEO and the executive management is determined by the Board. The fixed remuneration and performance-based remuneration is described in the notes to the annual accounts.

The total remuneration to the CEO and other members of the executive management consists of base salary, variable salary, benefits in kind and pension schemes. Performance-related remuneration of the executive management in the form of bonus programmes, share-based incentives or similar shall be linked to value creation in the

Company over time. Such arrangements shall incentivise performance and be based on quantifiable factors that the employee may influence. As recommended in the Code, the performance-related remuneration is capped by being limited to a certain fraction of recipients' annual salary. Share based incentive schemes are limited by a maximum number of shares in the Company that can be allocated.

In accordance with the Public Companies Act and the Code, the guidelines for the remuneration of the CEO and the executive management are made available on the Company's website and communicated in the notes to the annual accounts.

**Deviation from the Recommendation:** None.

**13. Information and communications routine**

The board of directors should establish guidelines for the company's reporting of financial and other information based on openness and taking into account the requirement for equal treatment of all participants in the securities market.

The board of directors should establish guidelines for the company's contact with shareholders other than through general meetings.

*Annual and periodic accounts*
The Company normally presents provisional annual accounts in late February. The complete annual report including annual financial statements and the Directors' report is sent to all shareholders and other stakeholders in March/April and presented at the Annual General Meeting. The Company reports financially on a quarterly basis and thus more frequent than required by statutory law. The company also makes its interim accounts publicly available through the Oslo Stock Exchange publication system, as well as through presentations that are open to the public. The Company's financial calendar is published on the Company's website and through the Oslo Stock Exchange publication system. All shareholders have equal access to financial and other material company information.

*Other market information*
Public presentations are conducted in connection with the Company's interim reports. The interim presentation is also made available on the Company's website and through the Oslo Stock Exchange publication system.

In the interim report the CEO reviews the result for the past period and comments on the development for the various products and market segments. Furthermore, the CEO provides a summary of the market outlook and future short-term prospects. The CFO also participates in these presentations. The CEO and CFO also maintain a dialog with and make regular presentations to analysts and potential investors.

The Company considers it essential to keep shareholders and potential investors informed about its economic and financial development. Significant importance is also attached to securing that the same information is released to the whole market at the same time. From time to time the Company will prepare an updated company presentation which is made available on the Company's website, http://ir.akvagroup.com/investor-relations/financial-info-/other-presentations-and-reports.

**Deviation from the Recommendation:** None

**14. Take-overs**

The board of directors should establish guiding principles for how it will act in the event of a take-over bid.

In a bid situation, the company´s board of directors and management have an independent responsibility to help ensure that shareholders are treated equally, and that the company's business activities are not disrupted unnecessarily. The board has a particular responsibility to ensure that shareholders are given sufficient information and time to form a view of the offer.

The board of directors should not hinder or obstruct take-over bids for the company's activities or shares.
Any agreement with the bidder that acts to limit the company's ability to arrange other bids for the company's shares should only be entered into where it is self-evident that such an agreement is in the common interest of the company and its shareholders. This provision shall also apply to any agreement on the payment of financial compensation to the bidder if the bid does not proceed. Any financial compensation should be limited to the costs the bidder has incurred in making the bid.

Agreements entered into between the company and the bidder that are material to the market's evaluation of the bid should be publicly disclosed no later than at the same time as the announcement that the bid will be made is published.

In the event of a take-over bid for the company's shares, the company's board of directors should not exercise mandates or pass any resolutions with the intention of obstructing the take-over bid unless this is approved by the general meeting following the announcement of the bid.

If an offer is made for a company's shares, the company's board of directors should issue a statement making a recommendation as to whether shareholders should or should not accept the offer. The board's statement on the offer should make it clear whether the views expressed are unanimous, and if this is not the case it should explain the basis on which specific members of the board have excluded themselves from the board's statement. The board should arrange a valuation from an independent expert. The valuation should include an explanation and should be made public no later than at the time of the public disclosure of the board´s statement.

Any transaction that is in effect a disposal of the company's activities should be decided by a general meeting (or the corporate assembly where relevant).

The Board has established guidelines in the event of an offer for all or a substantial majority of the shares in AKVA group is made.

In the event of a take-over bid for the shares in the Company, the Board shall ensure that shareholders in the Company are treated equally, and that the Company's business activities are not disrupted unnecessarily. The Board shall ensure that shareholders are given sufficient information and time to form a view of an offer. The Board shall not seek to prevent or obstruct take-over bids for the Company's business or shares unless there are particular reasons to do so.

Any agreement with a bidder for the shares of the Company that acts to restrict the Company's ability to pursue and engage for alternative bids for the Company's shares should only be entered into where such an agreement clearly is in the common interest of the Company and the shareholders. This provision shall also apply to any agreement on the payment of financial compensation to a bidder if the bid does not proceed.

In the event of a take-over bid for the Company's shares, the Board shall not exercise authorizations or pass any resolutions with the intention of obstructing the take-over bid unless this is approved by the general meeting subsequent to the announcement of the bid.

If an offer is made for the shares in the Company, the Board shall issue a statement making a recommendation as to whether shareholders should or should not accept the offer. The Board's statement on a bid shall make it clear whether the views expressed are unanimous, and if this is not the case it shall explain the basis on which specific members of the board have excluded themselves from the board's statement. Before issuing its final statement, the board shall, where appropriate, arrange for an evaluation of the financial aspects of the bid from an independent expert. The evaluation shall include an explanation and shall be made public no later than at the time the Board's statement is made public.

**Deviation from the Recommendation:** None.

**15. Auditor**

The board of directors should ensure that the auditor submits the main features of the plan for the audit of the company to the audit committee annually.

The board of directors should invite the auditor to meetings that deal with the annual accounts. At these meetings, the auditor should report on any material changes in the company's accounting principles and key aspects of the audit, comment on any material estimated accounting figures and report all material matters on which there has been disagreement between the auditor and the executive management of the company.

The board of directors should at least once a year review the company's internal control procedures with the auditor, including weaknesses identified by the auditor and proposals for improvement.

The board of directors should establish guidelines in respect of the use of the auditor by the company's executive management for services other than the audit.

An outline of the work planned by the auditor is presented to the Company's audit committee each year. The auditor is always invited to be present during the Board's discussion of the annual accounts. At this meeting, the board is briefed on the annual accounts and any other issues of particular concern to the auditor. Part of the meeting is also executed without the presence of the CEO and other executive management. The board has implemented guidelines in respect of use of the auditor by the executive management for services other than the audit.

**Deviation from the Recommendation:** None.

AKVA GROUP

Skattedirektoratet

| Saksbehandler | Deres dato | Vår dato |
| --- | --- | --- |
| Rune Tystad | 06.10.2011 | 21.10.2011 |
| Telefon | Deres referanse | Vår referanse |
| 977 59 464 | Arve Ouff | 2011/966135 |

AKVA GROUP ASA
Postboks 271
4349 BRYNE

**Dispensasjon fra kravet om utarbeidelse av årsregnskap og årsberetning på norsk språk for AKVA Group ASA, org.nr. 931 693 670**

Det vises til deres brev av 6. oktober 2011 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for AKVA Group ASA.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering AKVA Group ASA dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

**Bakgrunn**
AKVA Group ASA med datterselskaper tilbyr tjenester innen teknologi og utstyr til fiskeoppdrettsnæringen. Majoriteten av selskapets aksjonærer er investorer bosatt i utlandet, utenlandske personer eller selskaper. Selskapet har verdensomspennende aktivitet og har kontorer i flere land. Konsernets arbeidspråk er engelsk og kommunikasjon med konsernets primære kunder og kreditorer foregår i all hovedsak på engelsk. Kvartalsrapporter og presentasjoner til selskapets aksjonærer og andre interessenter er også på engelsk og det fremstår derfor som unødvendig at årsregnskap og årsberetning må utarbeides på norsk. I telefonsamtale 21. oktober 2011 med Arve Ouff er det opplyst at selskapet har dispensasjon fra å gi opplysninger etter verdipapirhandelloven på norsk.

**Skattedirektoratets vurdering**
Etter regnskapsloven § 3-4 tredje ledd skal "*årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.*"

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:
*"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig*

| Postadresse | Besøksadresse | Sentralbord |
| --- | --- | --- |
| Postboks 9200 Grønland | Se www.skatteetaten.no | 800 80 000 |
| 0134 Oslo | Org. nr: 996250318 | Telefaks |
| For elektronisk henvendelse se www.skatteetaten.no | | 22 17 08 60 |

*prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."*

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *"informative regnskaper for ulike grupper av regnskapsbrukere"*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering om det skal gis dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

I denne vurderingen har Skattedirektoratet lagt vekt på at majoriteten av morselskapets akjonærer er investorer bosatt i utlandet, utenlandske personer eller selskaper og at kommunikasjon med konsernets primære kunder og kreditorer i all hovedsak foregår på engelsk. Videre er det vektlagt at selskapets virksomhet er utpreget internasjonal og at arbeidsspråket er engelsk. Det er også lagt vekt på at selskapet har dispensasjon etter verdipapirhandelloven til å gi opplysninger på engelsk.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

Torstein Kinden Helleland
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Rune Tystad