



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer:	931 693 670
Organisasjonsform:	Allmennaksjeselskap
Foretaksnavn:	AKVA GROUP ASA
Forretningsadresse:	Svanavågeveien 30 4374 EGRSUND

### Regnskapsår

Årsregnskapets periode:	01.01.2021 - 31.12.2021
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### Konsern

Mørselskap 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:	Ronny Meinkøhn
Dato for fastsettelse av årsregnskapet:	12.05.2022

### Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert  
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

*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, 25.07.2023



### Resultatregnskap

Beløp i: NOK	Note	2021	2020
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt	6	1 129 684 000	1 140 286 000
Andel resultat tilknyttede selskaper	9	-1 019 000	-5 596 000
Annen driftsinntekt	15	815 000	0
<b>Sum inntekter</b>		<b>1 129 480 000</b>	<b>1 134 690 000</b>
<b>Kostnader</b>			
Varekostnad	6,10,2 3,24	939 417 000	932 486 000
Lønnskostnad	3,4	186 413 000	163 687 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	2,7,8	25 096 000	25 638 000
Annen driftskostnad	3,4,7,1 1	105 913 000	34 561 000
<b>Sum kostnader</b>	2,20	<b>1 256 839 000</b>	<b>1 156 372 000</b>
<b>Driftsresultat</b>		<b>-127 359 000</b>	<b>-21 682 000</b>
<b>Finansinntekter og finanskostnader</b>			
Annen finansinntekt	15,16	61 482 000	249 534 000
<b>Sum finansinntekter</b>		<b>61 482 000</b>	<b>249 534 000</b>
Annen finanskostnad	15,16, 18	40 882 000	22 141 000
<b>Sum finanskostnader</b>		<b>40 882 000</b>	<b>22 141 000</b>
<b>Netto finans</b>		<b>20 600 000</b>	<b>227 393 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-106 759 000</b>	<b>205 711 000</b>
Skattekostnad på ordinært resultat	5	-12 881 000	7 843 000
<b>Ordinært resultat etter skattekostnad</b>		<b>-93 878 000</b>	<b>197 868 000</b>
<b>Årsresultat</b>		<b>-93 878 000</b>	<b>197 868 000</b>
<b>Overføringer og disponeringer</b>			
Ordinært utbytte	21	32 956 000	33 156 000



## Resultatregnskap

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
Overføringer til/fra annen egenkapital		-126 834 000	164 714 000
<b>Sum overføringer og disponeringer</b>		<b>-93 878 000</b>	<b>197 870 000</b>



## Balanse

Beløp i: NOK	Note	2021	2020
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Forskning og utvikling	7	65 252 000	62 901 000
Utsatt skattefordel	5	2 908 000	0
Goodwill	7	53 000 000	53 000 000
<b>Sum immaterielle eiendeler</b>		<b>121 160 000</b>	<b>115 901 000</b>
<b>Varige driftsmidler</b>			
Tomter, bygninger og annen fast eiendom	8,14	15 259 000	15 414 000
Maskiner og anlegg	8,14	8 275 000	11 244 000
Bruksrettseiendeler	8,14,1 8	41 022 000	45 340 000
<b>Sum varige driftsmidler</b>		<b>64 556 000</b>	<b>71 998 000</b>
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap	9	1 313 769 000	1 461 407 000
Lån til foretak i samme konsern	6	89 893 000	75 622 000
Investeringer i tilknyttet selskap	9	171 432 000	1 001 000
Investeringer i aksjer og andeler	11,16	64 930 000	53 108 000
<b>Sum finansielle anleggsmidler</b>		<b>1 640 024 000</b>	<b>1 591 138 000</b>
<b>Sum anleggsmidler</b>		<b>1 825 740 000</b>	<b>1 779 037 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
Varer	10,14, 23	102 139 000	107 808 000
<b>Sum varer</b>		<b>102 139 000</b>	<b>107 808 000</b>
<b>Fordringer</b>			
Kundefordringer	11,14, 16	134 163 000	115 172 000
Kontraktseiendeler	6,16,1 7	160 495 000	109 608 000
Andre fordringer	4,15,1	6 011 000	22 765 000



## Balanse

Beløp i: NOK	Note	2021	2020
	6		
Konsernfordringer	6,14,1	200 485 000	344 670 000
	5		
<b>Sum fordringer</b>		<b>501 154 000</b>	<b>592 215 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende	12,16	184 029 000	58 221 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>184 029 000</b>	<b>58 221 000</b>
<b>Sum omløpsmidler</b>		<b>787 322 000</b>	<b>758 244 000</b>
<b>SUM EIENDELER</b>	2	<b>2 613 062 000</b>	<b>2 537 281 000</b>

## BALANSE - EGENKAPITAL OG GJELD

### Egenkapital

#### Innskutt egenkapital

Selskapskapital		37 010 000	33 334 000
Beholdning av egne aksjer		-343 000	-378 000
Overkurs		1 171 871 000	853 529 000
Annen innskutt egenkapital		1 116 000	1 116 000
<b>Sum innskutt egenkapital</b>	13,14, 19	<b>1 209 654 000</b>	<b>887 601 000</b>

#### Opptjent egenkapital

Annen egenkapital		10 879 000	146 124 000
<b>Sum opptjent egenkapital</b>	14,19, 21	<b>10 879 000</b>	<b>146 124 000</b>

<b>Sum egenkapital</b>		<b>1 220 533 000</b>	<b>1 033 725 000</b>
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### Gjeld

#### Langsiktig gjeld

Utsatt skatt	5	0	14 685 000
<b>Sum avsetninger for forpliktelser</b>		<b>0</b>	<b>14 685 000</b>
<b>Annen langsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	14,16	450 000 000	750 000 000



## Balanse

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
Øvrig langsiktig gjeld	14,16	3 262 000	4 980 000
Leasinggjeld	16,18	37 320 000	41 257 000
<b>Sum annen langsiktig gjeld</b>		<b>490 582 000</b>	<b>796 237 000</b>
<b>Sum langsiktig gjeld</b>		<b>490 582 000</b>	<b>810 922 000</b>
<b>Kortsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	14	300 000 000	0
Gjeld til kredittinstitusjoner	16,20	65 059 000	75 721 000
Betalbar skatt	5	0	2 544 000
Skyldige offentlige avgifter	16	26 019 000	15 283 000
Kortsiktig konserngjeld	6,15	194 441 000	339 220 000
Annen kortsiktig gjeld	14,15, 19	39 863 000	60 102 000
Leasinggjeld	16,18	5 643 000	5 323 000
Kontraktsforpliktelser	6,16,1 7	270 921 000	194 441 000
<b>Sum kortsiktig gjeld</b>		<b>901 946 000</b>	<b>692 634 000</b>
<b>Sum gjeld</b>	<b>2</b>	<b>1 392 528 000</b>	<b>1 503 556 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>2 613 061 000</b>	<b>2 537 281 000</b>
<b>POSTER UTENOM BALANSEN</b>			
Garantistillelser	14	50 399 000	40 930 000
Pantstillelser	14	523 007 000	686 807 000



## Konsernets resultatregnskap

Beløp i: NOK	Note	2021	2020
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt		3 111 566 000	3 159 478 000
andel resultat tilknyttede selskaper	9	8 461 000	12 887 000
Annen driftsinntekt	15	1 710 000	4 488 000
<b>Sum inntekter</b>		<b>3 121 737 000</b>	<b>3 176 853 000</b>
<b>Kostnader</b>			
Varekostnad	10,23	1 872 523 000	1 906 989 000
Lønnskostnad	3	796 878 000	774 439 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	2,7,8	182 662 000	190 928 000
Annen driftskostnad	3.7.11. 15	199 870 000	157 333 000
<b>Sum kostnader</b>	2,20	<b>3 051 933 000</b>	<b>3 029 689 000</b>
<b>Driftsresultat</b>		<b>69 804 000</b>	<b>147 164 000</b>
<b>Finansinntekter og finanskostnader</b>			
Annen finansinntekt	15,16	6 281 000	25 105 000
<b>Sum finansinntekter</b>		<b>6 281 000</b>	<b>25 105 000</b>
Annen finanskostnad	15,16, 18	73 537 000	50 794 000
<b>Sum finanskostnader</b>		<b>73 537 000</b>	<b>50 794 000</b>
<b>Netto finans</b>		<b>-67 256 000</b>	<b>-25 689 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>2 548 000</b>	<b>121 475 000</b>
Skattekostnad på ordinært resultat	5	-8 909 000	30 776 000
<b>Ordinært resultat etter skattekostnad</b>		<b>11 457 000</b>	<b>90 699 000</b>
<b>Årsresultat</b>		<b>11 457 000</b>	<b>90 699 000</b>



## Konsernets balanse

Beløp i: NOK	Note	2021	2020
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Forskning og utvikling	7	194 224 000	192 437 000
Utsatt skattefordel	5	11 229 000	10 872 000
Goodwill	7	739 933 000	850 914 000
<b>Sum immaterielle eiendeler</b>		<b>945 386 000</b>	<b>1 054 223 000</b>
<b>Varige driftsmidler</b>			
Tomter, bygninger og annen fast eiendom	8,14	34 067 000	36 148 000
Maskiner og anlegg	8,14	139 000 000	170 339 000
Bruksrettseiendeler	8,14,1 8	469 501 000	542 637 000
<b>Sum varige driftsmidler</b>		<b>642 568 000</b>	<b>749 124 000</b>
<b>Finansielle anleggsmidler</b>			
Investeringer i tilknyttet selskap	9	275 600 000	93 689 000
Investeringer i aksjer og andeler	9,11,1 6	66 595 000	54 748 000
<b>Sum finansielle anleggsmidler</b>		<b>342 195 000</b>	<b>148 437 000</b>
<b>Sum anleggsmidler</b>		<b>1 930 149 000</b>	<b>1 951 784 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
Varer	10,14, 23	556 076 000	474 930 000
<b>Sum varer</b>		<b>556 076 000</b>	<b>474 930 000</b>
<b>Fordringer</b>			
Kundefordringer	11,14, 16	362 442 000	341 490 000
Kontraktseiendeler	16,17	225 010 000	158 642 000
Andre fordringer	4,15,1 6	68 427 000	74 963 000
<b>Sum fordringer</b>		<b>655 879 000</b>	<b>575 095 000</b>



### Konsernets balanse

Beløp i: NOK	Note	2021	2020
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende	12,16	303 442 000	224 884 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>303 442 000</b>	<b>224 884 000</b>
<b>Sum omløpsmidler</b>		<b>1 515 397 000</b>	<b>1 274 909 000</b>
<b>SUM EIENDELER</b>	2	<b>3 445 546 000</b>	<b>3 226 693 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital		36 632 000	33 334 000
Beholdning av egne aksjer		-343 000	-378 000
Overkurs		1 165 558 000	847 215 000
Annen innskutt egenkapital		1 116 000	-759 000
<b>Sum innskutt egenkapital</b>		<b>1 202 963 000</b>	<b>879 412 000</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital		93 921 000	162 124 000
<b>Sum opptjent egenkapital</b>		<b>93 921 000</b>	<b>162 124 000</b>
Minoritetsinteresser		140 000	158 000
<b>Sum egenkapital</b>	13,14, 19	<b>1 297 024 000</b>	<b>1 041 694 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Utsatt skatt	5	21 187 000	58 272 000
<b>Sum avsetninger for forpliktelser</b>		<b>21 187 000</b>	<b>58 272 000</b>
<b>Annen langsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	14,16	450 000 000	750 000 000
Øvrig langsiktig gjeld	14,15, 16	43 121 000	38 375 000
Leasinggjeld	16,18	404 673 000	455 145 000



## Konsernets balanse

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>Sum annen langsiktig gjeld</b>		<b>897 794 000</b>	<b>1 243 520 000</b>
<b>Sum langsiktig gjeld</b>		<b>918 981 000</b>	<b>1 301 792 000</b>
<b>Kortsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	14,16	300 000 000	0
Leverandørgjeld	16,20	275 604 000	227 516 000
Betalbar skatt	5	6 791 000	24 265 000
Skyldige offentlige avgifter	16	63 699 000	54 620 000
Annen kortsiktig gjeld	14,15, 19	150 341 000	201 534 000
Leasinggjeld	16,18	78 201 000	93 821 000
Kontraktsforpliktelser	16,17	354 905 000	281 450 000
<b>Sum kortsiktig gjeld</b>		<b>1 229 541 000</b>	<b>883 206 000</b>
<b>Sum gjeld</b>	<b>2</b>	<b>2 148 522 000</b>	<b>2 184 998 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>3 445 546 000</b>	<b>3 226 692 000</b>
<b>POSTER UTENOM BALANSEN</b>			
Garantistillelser	14	50 399 000	40 930 000
Pantstillelser	14	1 307 890 000	1 289 298 000



# Annual Report

## 2021



AKVA group is the leading technology and service partner to the aquaculture industry worldwide. The Group has 1 414 employees, offices in 11 countries and a total turnover of NOK 3.1 billion in 2021.

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.



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Order intake of MNOK 4,206 in 2021 (hereof MNOK 1,317 related to AquaCon, which is subject to financing), compared to MNOK 3,370 in 2020

Revenue in 2021 of MNOK 3,122 – a 2% decrease compared to revenue in 2020

Net profit in 2021 of MNOK 11 – a decrease from MNOK 91 in net profit in 2020

Dividend of 1.00 NOK per share paid in April 2021

Order backlog end of 2021 of MNOK 2,967 (hereof MNOK 1,317 related to AquaCon)

Private placement of MNOK 322 with new strategic investor

Shares in AKVA Marine Services AS used as non-cash contribution in a share issue in Abyss Group AS, where AKVA group ASA received 25.5% ownership in Abyss Group AS

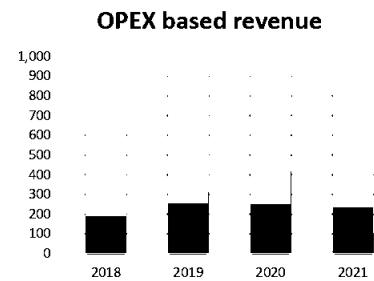
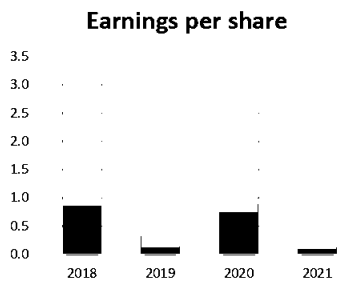
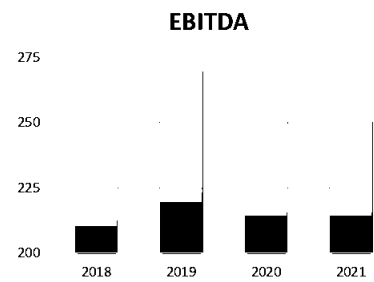
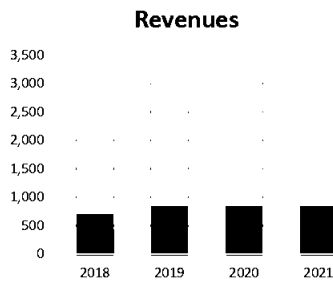
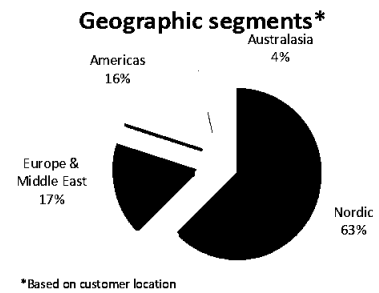
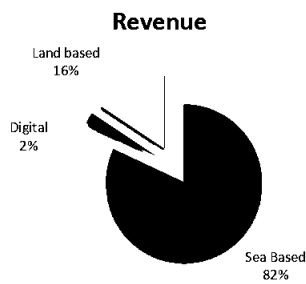
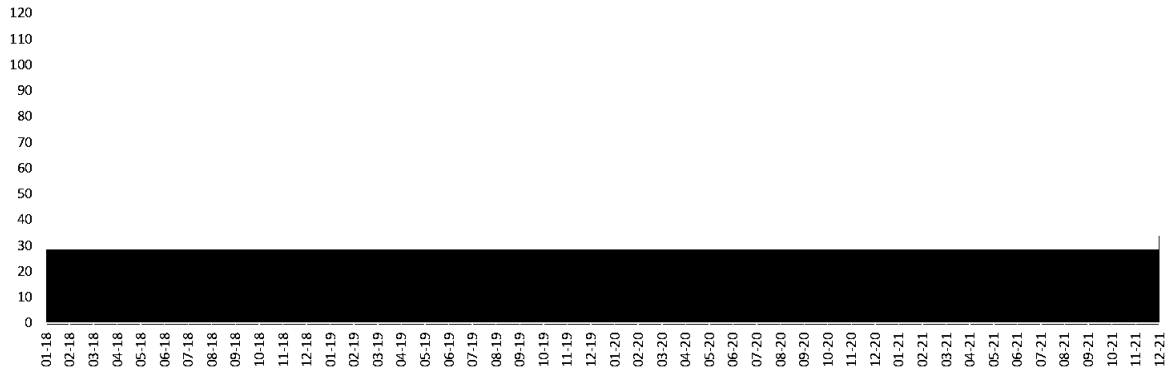




(in NOK 1 000)	2021	2020	2019	2018	2017
Revenues	3,121,737	3,176,852	3,076,740	2,579,473	2,087,910
EBITDA	252,467	338,091	271,910	237,767	239,913
EBIT	69,805	147,163	62,316	129,866	157,128
Profit before tax	2,549	121,475	13,476	111,516	135,573
Net profit	11,458	90,698	16,604	89,285	99,829
Net Profit (Loss) Attributable to:					
Non-Controlling interests	-18	25	1,971	-334	142
Equity holders of AKVA group ASA	11,476	90,673	14,633	89,618	99,687
Cash flow from operations	60,751	346,592	210,768	153,914	72,684
EBITDA margin	8.1 %	10.6 %	8.8 %	9.2 %	11.5 %
EBIT margin	2.2 %	4.6 %	2.0 %	5.0 %	7.5 %
Return on capital employed	3.6 %	6.9 %	2.9 %	7.0 %	15.4 %
Return on equity	0.9 %	8.7 %	1.7 %	8.4 %	20.0 %
Non-current assets	1,930,149	1,951,784	1,883,496	1,458,814	848,405
Current assets	1,515,397	1,274,910	1,150,138	1,244,117	814,392
Total assets	3,445,546	3,226,694	3,033,634	2,702,931	1,662,797
Equity attributable to equity holders of AKVA group ASA	1,296,885	1,041,538	986,340	1,062,423	499,907
Non-controlling interests	140	158	4,165	184	518
Total equity	1,297,025	1,041,696	990,505	1,062,607	500,425
Long-term debt	918,981	1,301,792	1,163,545	549,010	517,938
Short-term debt	1,229,541	883,207	879,584	1,091,314	644,433
Total equity and liabilities	3,445,546	3,226,694	3,033,634	2,702,931	1,662,797
Gross interest-bearing debt	1,270,069	1,332,100	1,217,447	761,409	473,049
Cash and cash equivalents	303,442	224,884	160,999	336,476	420,496
Net interest-bearing debt	966,628	1,107,215	1,056,448	424,934	52,553
Working capital	361,478	261,484	286,691	355,798	175,164
Equity ratio	37.6 %	32.3 %	32.7 %	39.3 %	30.1 %
Debt to equity ratio	97.9 %	127.9 %	122.9 %	71.7 %	94.5 %
(in NOK)	2021	2020	2019	2018	2017
Earnings per share	0.34	2.74	0.44	3.17	3.86
Diluted earnings per share	0.34	2.74	0.44	3.17	3.86
Cash flow per share	6.03	1.92	0.12	1.20	-1.88
Dividend per share	1.00	1.00	1.75	1.50	1.25
Shareholders' equity per share at year-end	35.37	31.25	29.59	31.87	19.35
Share price at year-end	88.20	105.00	74.00	68.00	69.50
Market capitalization at year-end	3,234,094	3,500,102	2,466,738	2,266,733	1,795,484
Number of shares outstanding at year-end	36,667,733	33,334,303	33,334,303	33,334,303	25,834,303
Weighted average number of ordinary shares	33,813,103	33,116,506	33,204,736	28,306,420	25,811,877



Share price development





- 
- CEO's report
  - Group Management
  - Board of Directors' report
  - Board of Directors



## CEO's report

### Dear stakeholders and shareholders

AKVA group entered 2021 with optimism, a strong order backlog and an excited pipeline of prospects. Unfortunately, we were hit by a severe cyber-attack early January 2021 which required significant focus and management resources to manage. The IT systems were gradually restored over the next 6 months. During this time our operations were managed through time-consuming manual operations. In addition, the COVID-19 restrictions put limitations on our operations related to travel restrictions on import of foreign personnel to Norway. This resulted in reduced activity at our service stations and more expensive operations in general. Overall, 2021 has been a very challenging year for AKVA. We believe we to a large extent have managed the situation well although the financial performance is below expectations:

- Revenue reduced by 2% to 3,122 MNOK
- EBIT down from 147 MNOK in 2020 to 70 MNOK in 2021
- Net profit of 11 MNOK, down from 91 MNOK in 2020

### Market

AKVA group is the global market leader of solutions and services to the fish farming industry, whereof approx. 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 2020 led to full stop in the HORECA (*Hotell, Restaurant and Catering*) market which lowered the demand for salmon and put pressure on prices. The salmon prices were still low into 2021 but stabilized at a higher level during the year. In a middle to a long-term the level of demand and salmon prices can impact the activity and profitability in AKVA group. As a supplier, we are dependent on customers' financial capacity and willingness to invest in new sustainable solutions.

Market intelligence implies a significant demand growth of 1-2 million tons of salmon by 2030 driven by increased focus on environment and health, and distribution of salmon to new markets. There is a common understanding in the market that the increased demand will not be covered through conventional farming alone. A significant part of the demand will come from unconventional supply sources 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 strengthens the position as an attractive global supplier so that the salmon industry can meet the expected demand growth worldwide. We made good progress in 2021, which included the 150 MUSD contract awarded for delivery of a full grow-out RAS facility in US.

### Innovation and digitalization

We have increased the innovation spending significantly during 2021 to support our organic growth ambitions and to strengthen our position as the global market leader. To sharpen the focus, we have divided our Centre of Excellence into two separate development agendas for Sea Based and Land Based technology, respectively. Within Sea Based we have made great progress within our deep-sea farming concepts and new products will be commercialized during 2022. The focus within Land Based technology is to further improve our technology with regards to the full grow out segment.

Combining a strong innovation agenda with digital opportunities is key to enable our organic growth ambitions. A complete new and experienced management in our Digital business area has been hired in 2021. The key focus area is to do a step change in development and improvement of our digital solutions; AKVAconnect, AKVA Observe and Fishtalk. Strategic roadmaps are in place and important milestones were achieved in 2022.

The acquisition of 33.67% of the shares in Observe Technologies in February 2021 was an important strategic milestone to improve our digital agenda.



## Sustainability

There is a potential to produce more sustainable seafood through aquaculture. The world's population is growing, and the need for healthy food increases. New technology and solutions for sea based and land based aquaculture opens up new areas for production.

With that in mind, all business activities must relate to sustainability. This is a crucial premise, and an ongoing process, where knowledge, technology, and awareness drive development further.

AKVA group is an important supplier to the aquaculture industry, and we work both to improve our customers and our own impact on sustainability. The 2030 Agenda for Sustainable Development adopted by all United Nations Member States in 2015, share 17 Sustainable Development Goals, which are an urgent call for action by all countries. AKVA group supports and works in line with these goals.

In 2021 we hired a group director of sustainability, we developed a roadmap for sustainability as a guideline towards 2030, we defined a new commitment statement and have agreed on an action plan for the coming years. AKVA group has started to make our sustainability focus more visible and measurable.

## Operational excellence

We have strengthened our management teams in all three business segments during 2021 and our performance culture has improved through our operational excellence program "The AKVA way".

In 2021 we conducted both a commercial training program and leadership training. We plan to continue with new development programs in 2022 ensuring that our employees have the competence and the capabilities to further develop the Group. We also strive continuously to simplify work methods and ensure top collaboration across the Group improving efficiency and customer satisfaction.

An important part to improve our efficiency and project execution capabilities is to implement a new global ERP system supporting standardization of business processes and increase visibility. We have entered a partnership with a global and strong ERP supplier, and plan to start on the implementation roadmap late 2022.

## The future

AKVA group is in a very attractive position for future profitable growth. Our strategy remains unchanged and outlines a strong organic topline growth and minimum 25% annual increase in EBIT the coming years.

The private placement made by Israel Corp. of MNOK 322 in Q4 2022 will accelerate our strategic agenda within all three business segments. 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.

**An important part of everything we do is ensuring our values – Customer focus, Aquaculture knowledge, Reliability, Enthusiasm – remains crucial in the further development of AKVA group.**

Klepp, Norway  
15 March 2022  
Knut Nesse  
Chief Executive Officer

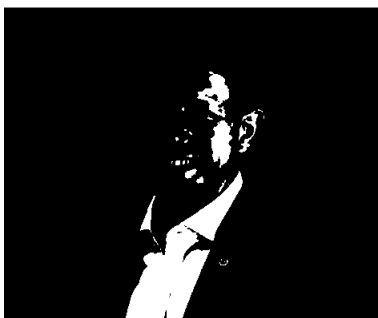
## Group Management



**Knut Nesse**

**Chief Executive Officer**

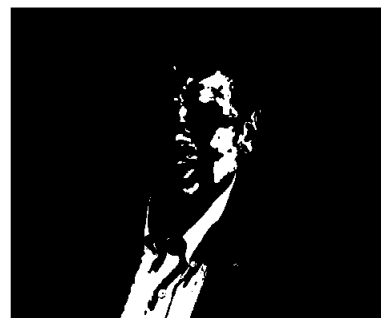
Knut Nesse assumed the position as CEO in November 2019. He holds an MBA from the Norwegian school of economics and business administration (NHH) and is on the Board of several companies. Previous roles include extensive CEO experience from international leading companies. 6 years as CEO of Skretting 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**

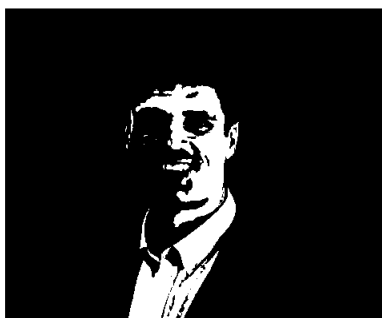
Ronny Meinkøhn assumed the position as CFO in August 2020. He came from Apply where he held the position as CFO for the past 6 years. He started his career as an auditor in EY in 2003. Mr. Meinkøhn holds an MSc in Finance from the Norwegian School of Economics (NHH). He is a Norwegian citizen and resides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



**Asle Kjetil Bratteli**

**Chief Digital Officer**

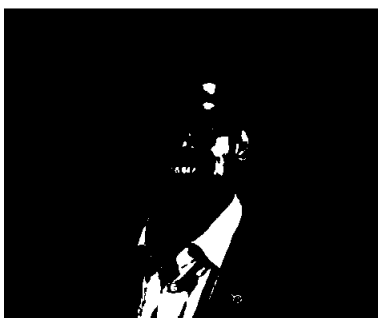
Asle Kjetil Bratteli assumed the position as CDO in January 2021. He came from four years in Gartner Group where he held the position as Regional Vice President Nordic. He has extensive experience from digital transformations and optimizations from several international businesses and industries. From 2006 - 2016, he worked for Nutreco & Skretting Group, amongst others in four years as the Director for the Nutreco Competence Center. Between 1984 and 2006 he worked for EDB Business Partner in technology management positions throughout various mergers. Asle Kjetil's academic background was Economics gained at the District College of Rogaland. He is a Norwegian citizen and resides in Stavanger, Norway.



**Erlend Sødal**

**Chief Operating Officer Sea Based**

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.



## Board of Directors' Report

*AKVA group had a revenue of MNOK 3,122 in 2021 and a strong order intake of BNOK 4.2. The order backlog increased by BNOK 1.1 and ended at BNOK 3.0. A good basis for future organic growth is established, and several initiatives have been implemented to improve project execution capabilities and customer satisfaction.*

### 2021 in brief

AKVA group acquired 33,67% of the shares in Observe Technologies in February 2021, and from that time accounted for the company in accordance with the equity method. At the end of September 2021, AKVA group used 100% of shares in AKVA Marine Services AS as a non-cash contribution in a share issue in Abyss Group AS where AKVA group received a 25.5% ownership in Abyss Group. From that time AKVA group accounted for the share in Abyss Group AS using the equity method.

More information about the acquisitions is found in note 19 to the consolidated accounts.

Total revenue for the Group in 2021 was MNOK 3,122, a decrease of 1.8% from 2020. Adjusted for the divestment of AKVA Marine Services (AMS) the reduction in revenue was 0.7%. Earnings before interest, tax, depreciation, and amortization (EBIT-DA) was MNOK 252, compared to MNOK 338 for 2020. Net profit was MNOK 11 – a decrease from MNOK 91 in 2020.

The main reason for the reduction in profit is due to the costs of MNOK 49.7 related to the cyber-attack incurred during Q1 2021. Furthermore, the COVID-19 restrictions had a negative impact on the operations and were mainly related to travel restrictions on import of personnel to Norway. The estimated P&L effect from these restrictions was MNOK 15 in 2021.

The revenue from the Sea Based business was reduced by MNOK 148 in 2021 compared to 2020 while the order intake was at the same level. Digital had an increase in revenue from MNOK 69 in 2020 to MNOK 74 in 2021 and the order intake increased by 17%. The order intake in the Land Based business segment increased significantly by 244% in 2021 and ended at MNOK 1,557. The revenue from the business segment was MNOK 489 which is an increase of 21,6% compared to 2020. The total order backlog for the group increased by 58% compared to 2020 and ended at BNOK 3,0.

### AKVA group – the business segments

AKVA group is a leading supplier of solutions 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: Sea Based Technology (SBT), Digital and Land Based Technology (LBT).

Main products in the SBT segment are feed barges, fish farming cages, feed systems, nets, sensors, cameras, 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. 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, ESG and user-friendliness.

The Digital segment provides market-leading digital solutions for fish farming as well as for the seafood and other industries. The current digital solutions are AKVAconnect, AKVA Observe and Fishtalk.

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.



## Market situation and operations through 2021

(2020 figures in brackets).

The order intake increased by 19.9%, from MNOK 3,370 in 2020 to MNOK 4,250 in 2021 while the order backlog increased from MNOK 1.9 in 2020 to MNOK 3.0 in the same period. The Land Based Segment experienced the highest increase in the order backlog, which increased from MNOK 975 in 2020 to MNOK 2043 in 2021. The RAS contract with AquaCon AS is included in the order intake and order backlog in 2021 with MNOK 1,317. The contract is subject to full financing of the land-based facility AquaCon is planning to build in Maryland, US.

The Americas region had a slow start to 2021 but the activity level increased gradually throughout the year. Revenue decreased by 20% in 2021 compared to 2020. On the other hand, the order intake increased by 27% and the order backlog was MNOK 247 at the end of the year.

Adjusted for the divestment of AMS, the order intake in the Nordic region was at the same level as last year while the revenues decreased by 5%. The order backlog for the region was reduced by MNOK 72 from MNOK 500 in 2020 to MNOK 428 in 2021. Adjusted for the divestment of AMS the order backlog increased by MNOK 34.

The activity in Europe and Middle East (EME) was high in 2021, especially Turkey had a positive development. Revenue and order intake for the region increased by 25% and 47%, respectively. Order backlog was MNOK 203 compared to MNOK 161 in 2020.

The Digital segment experienced growth both in revenue and order intake. Order backlog was MNOK 72 compared to MNOK 56 in 2020.

The Land Based Segment had a significant growth in order intake from MNOK 452 in 2020 to MNOK 1,555 MNOK in 2021, a growth of 244%. MNOK 1,317 of the order intake is related to the RAS contract with AquaCon, subject to financing. The order backlog was MNOK 2,040 at the end of the year.

## Profit and loss AKVA group

Total revenue for AKVA group in 2021 was MNOK 3,122 (3,177) - a decrease of 1.8% compared to 2020. EBITDA for 2021 was MNOK 252 (338). EBITDA is negatively impacted in 2021 by MNOK 49.7 in costs related to cyber-attack, and by MNOK 15 in costs related to COVID-19 restrictions.

Depreciation and amortization in 2021 were MNOK 183 (191). EBIT for 2021 was MNOK 70 (147). Net financial expenses were MNOK 67 (26) and the increase in 2021 is mainly related to currency losses and lower share price on the investment in Nordic Aqua Partners. Profit before tax was MNOK 3 (121). The calculated tax for 2021 is MNOK -9 (31). Net profit for the year was MNOK 11 (91).

SBT had operating revenues in 2021 of MNOK 2,560 (2,706), a decrease of 5.8% compared to 2020. EBITDA was MNOK 241 (330), a decrease of 27% compared to 2020. The reduced EBITDA is mainly related to costs related to the cyber-attack and partly to reduced activity level.

Digital Solutions had operating revenues in 2021 of MNOK 73 (69) with an EBITDA of MNOK 11 (18). The decline in EBITDA is related to reorganization and ramp-up of personnel cost base during 2021.

LBT had operating revenues in 2021 of MNOK 489 (402), an increase of 21.6% compared to 2020. EBITDA was MNOK 1 (-10).

Earnings per share were NOK 0.34 in 2021 versus NOK 2.74 in 2020. The average total number of outstanding shares has been 33,813,103 in 2021 and 33,116,506 in 2020.

## Profit and loss AKVA group ASA

Operating revenues for AKVA group ASA in 2021 was MNOK 1,129 (1,135). EBITDA for 2021 was MNOK -102 (4). Depreciation and amortization in 2021 were MNOK 25 (26). EBIT for 2021 was MNOK -127 (-22). Net financial income was MNOK 21 (227) and profit before tax was MNOK -107 (206). The calculated tax for 2021 was MNOK -13 (8). Net profit for the year was MNOK -94 (198).



## Statement of Financial Position and cash flow AKVA group

Total assets at the end of 2021 were MNOK 3,446 (3,227). Total liabilities amounted to MNOK 2,149 (2,185) and equity totalled MNOK 1,297 (1,042) giving an equity ratio of 38% (32%).

Working capital in the consolidated balance sheet, defined as non-interest-bearing current assets less non-interest-bearing short-term debt, was MNOK 361 at the end of 2021, compared to MNOK 261 at the end of 2020. Working capital in percentage of 12 months rolling revenue was 11.6% at the end of 2021 compared to 8.2% at the end of 2020.

Equity was positively affected during 2021 by this year's result of MNOK 11 (91). Translation differences and cash flow hedges had negative impact on equity of MNOK -48 (18). Equity was negatively affected during 2021 by the dividend payment of MNOK 33 but positive impacted by the equity issue of MNOK 322.

At the end of 2021 gross interest-bearing debt amounted to MNOK 1,270 (1,332). The Company complied with all financial covenants during 2021. Cash and unused credit facilities amounted to MNOK 603 (525). The operating activities gave a net cash contribution of MNOK 61 (347).

## Statement of Financial Position AKVA group ASA

Total assets at the end of 2021 were MNOK 2,613 (2,537). Total liabilities amounted to MNOK 1,393 (1,504) and equity totalled MNOK 1,221 (1,034) giving an equity ratio of 47% (41%).

### Risk factors

AKVA group categorize risk factors into four categories:

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

#### Market/operational risk

The aquaculture industry is associated with biological and market risk and has historically been subject to cyclicity. 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, as well as by securing the pricing of raw materials immediately after signing contracts when applicable.

#### 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 2021. 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 has a defined currency hedging strategy for all operating companies. The Group is also exposed to fluctuations in foreign exchange rates when calculating the equity of foreign subsidiaries into NOK.

The Group has not defined an interest hedging strategy. Interest bearing debt is generally based on floating interest rate (NIBOR) and net interest costs will consequently increase and decrease according to fluctuations in the interest rate level.

The Group is exposed to the risk of losses if one or more customers fail to meet their obligations. To mitigate this risk the Group trades only with recognised, credit worthy third parties. Historically the Group has had low losses from customer receivables. For larger projects, the Group generally receives partial pre-payments and payments according to the progress of the projects. In addition, the Group monitors its exposure to individual customers closely. The credit risk is thereby reduced.

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

## Climate risk

Climate change affects us all, and we have a responsibility to act. More extreme weather and higher water temperatures could potentially make it harder to farm in the sea and disrupt natural ecosystems. This would affect the whole aquaculture industry and AKVA group as a supplier. AKVA group takes climate change very seriously, and our contribution is concentrated along areas we can substantially influence; construction of products with high energy efficiency like hybrid solutions in barges, reduction of raw material consumption in own productions, reduction of transport and travelling in general and design of products with a long service life easily recycled. We work both to improve our customers and our own impact on climate change.

AKVA group has laid out a plan to prepare a GHG-report (*greenhouse gas-report*) on a group level, starting with 2022 numbers. AKVA group is also involved in defining Product Category Rules (PCR) initiated by The Norwegian EPD Foundation and the Norwegian Seafood Federation for climate gas reporting on different technological products in aquaculture.

## Product development

In 2021 the Group invested MNOK 110 (84) in product research and development, of which MNOK 50 (39) was capitalized and MNOK 60 (45) expensed. The investments were used to further improve existing products and to develop new products and solutions in all three business segments.

## Organisation and work environment

AKVA group had 1 414 (1 447) employees at the end of 2021. The reduction in the total number of employees is due to the divestment of AKVA Marine Services AS with 60 employees. The Group aims at having a gender balance across the different levels of the organization. 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 is at the same level as in 2020 and women accounted for 34% (34%) of the employees. Group Management where all men in 2021, as well as in 2020. AKVA group ASA's Board of Directors are 50% women out of ten members.

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 color, 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.

Key statistics on discrimination and gender equality is presented separately in the ESG section within this report.

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 2021 amounted to 5.6% (5.3%). The Group has registered four (two) incidents causing sick leave exceeding the day the incident occurred during 2021.

AKVA group has a global board and CEO liability insurance through Tryg Forsikring, which covers possible liabilities to the Group and third parties.

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



## Environmental, Social and Governance (ESG) responsibility

Good environmental, social and governance principles are key to AKVA group's global activities. AKVA group must meet the expectations of many stakeholders like investors, governments, employees, or suppliers. As a supplier of technology, services and complete solutions of land based and sea based aquaculture systems, AKVA group plays an important role in the industry's efforts to reduce environmental impacts. We work both to improve our customers' and our own impact on sustainability.

In 2021 AKVA group developed a roadmap for sustainability as a strategic guideline towards 2030, and we defined a new commitment statement. 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 problems with sea lice in the salmon industry. We work closely together with customers, suppliers and research institutions in different projects and initiatives going on in the aquaculture industry to improve sustainability. Innovation examples include:

- Deep farming concepts to separate salmon and lice.
- Pens in recycled material and without polystyrene.
- Waterborne feeding technology.
- Hybrid energy solutions at feed barges.
- Land-based RAS technology based on the zero-water exchange concept.
- Recycling of nets and net products.

More detailed information is presented in the chapter about the Group's Environmental, Social and Governance impact in this report.

## Future outlook and going concern

On February 24, 2022, Russian forces invaded Ukraine, starting a war between the two countries. As a result of this invasion, significant sanctions have been imposed on Russia. In addition, the invasion is inevitably causing uncertainty across the Globe and has already had impact in the financial markets. Large exchange rate fluctuations and supply shortages can impact raw material prices and other goods used for the Group's production and assembly of products. The political picture as of the presentation of the annual report is uncertain, but it must be expected that activity towards Russia as a market will be severely impacted in the time ahead.

Historically, the Russian market has been an important export market for AKVA group. Sales to this region has accounted for approximately 3-5% of the group's sales over the past five years, mainly related to sales of nets, cages, spare parts and barges. AKVA group has no assets or employees stationed in Russia.

AKVA group follows the international sanctions imposed against Russia, which have had an immediate impact on activities against that region. We are experiencing a lack of payment opportunities for Russian customers and suppliers, and there is uncertainty related to the interpretations of the sanctions that have been imposed. To further evaluate this, the Group has engaged its legal advisor to prepare a short-term and long-term framework for activity with Russia, to ensure that we operate in a sensible manner within the imposed sanctions. Furthermore, there are ongoing discussions within the seafood industry, where AKVA group is an active participant in finding good solutions to the situation.

Overall, the Board does not consider that there is a significant profitability risk for AKVA group related to the sanctions against the Russian market. The Group will most likely experience reduced sales to this region, but at the same time restructure internal resources so that the lost sales can be recovered from other locations.

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

At the beginning of 2022, the salmon prices are significantly higher than at the same time last year. This is positive for the activity level in AKVA group as the price level influence our customers' ability and willingness to invest and upgrade their facilities. On the other hand, uncertainty related to supply chain restrictions and cost inflations may impact the profitability.

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. The private placement of MNOK 321,7 completed in October last year will accelerate AKVA's strategic agenda in all three business segments.

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 2021 loss for AKVA group ASA:

Proposed dividend	TNOK	0
Dividends paid during the year	TNOK	-32,956
Transferred from other equity	TNOK	-101,034
Total allocation	TNOK	-133 991

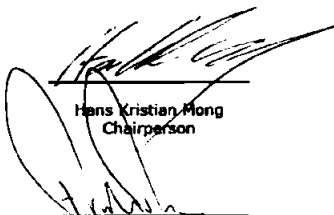
At the end of 2021, AKVA group ASA had equity of MNOK 1,221 (1,034), comprised of MNOK 37 (33) in share capital, MNOK 1,172 (854) in share premium, MNOK 1 (1) in other paid- capital and MNOK 11 (146) in other equity.

A dividend of 1.00 NOK per share was paid out in 2021 (1.00 NOK per share in April 2021) equaling a total amount of 32,956 TNOK, in accordance with the dividend policy.

A report on Environmental, Social and Governance responsibility in AKVA group ASA is included in the second last section of the annual report.

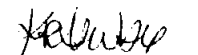
Corporate Governance in AKVA group ASA is described in the last section of the annual report.

Klepp, Norway, 15 March 2022



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Hans Kristian Mong  
Chairperson



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Kristin Reitan Husebø  
Deputy Chairperson



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Frode Teigen  
Board Member




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Helen Helland  
Board Member



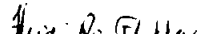
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Ragnhild Ree  
Board Member



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Magnus Røkke  
Board Member



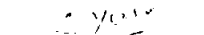
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Heidi Ragn Flikka  
Board Member



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Tore Rasmussen  
Board Member



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Yoav Doppelt  
Board Member



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Irene Heng Lauvsnes  
Board Member



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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. Mr Mong was elected to the Board of Directors at the general meeting 9 May 2012.



**Kristin Reitan Husebø**

**Deputy Chairperson**

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.



**Yoav Doppelt**

**Board member**

Mr. Doppelt, CEO of Israel Corp. Ltd. and executive chairman of ICL - a global producer of fertilisers and minerals. Yoav Previously served as CEO of Kenon Holdings Ltd., a global company (NYSE: KEN), and from March 2014 to September 2017 served as Executive Chairman of IC Power Ltd., a power generation company. Prior thereto, Mr. Doppelt was the founder and CEO of the Ofer Group's private equity fund where he was involved in numerous investments in the private equity and technology sectors. He has been the Chief Executive Officer of XT Investments since 2001. He has actively led several public offerings of equity and debt offerings in the US and Europe, and he has extensive operational and global business experience with growth companies. Mr. Doppelt also served as Chairman of OPC Energy Ltd. (TASE: OPC) as well as Director of Zim Integrated Shipping Services Ltd. Mr. Doppelt holds a BA in Economics and Management from the Technion - Israel Institute of Technology, and an MBA from Haifa University. Mr. Doppelt was elected to the Board of Directors at the extraordinary general meeting 20 October 2021.



**Frode Teigen**

**Board member**

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



**Irene Heng Lauvsnes**

**Board member**

Irene Heng Lauvsnes is a Norwegian engineer in aquaculture and local politician for the Conservative Party. She has been mayor of Strand municipality since 2015 and municipal council representative for Høyre since 2011. Lauvsnes came to the position of mayor from her job as sales manager in Skretting. She has previously also been deputy head of the Fisheries and Aquaculture Research Fund and several years of experience as a leader at Lerang Research Station. Mrs. Heng Lauvsnes was elected to the Board of Directors at the extraordinary general meeting 20 October 2021.



**Tore Rasmussen**

**Board member**

Mr. Rasmussen is since 1993 the CEO and a major owner of NorDan Gruppen AS, one of the leading window and door suppliers in Europe. His education is within economics and business administration from NHH in Bergen and Tuck School at Dartmouth College in the USA. Over the years Mr. Rasmussen has held numerous board positions in other companies and industry associations. Mr. Rasmussen was elected to the Board of Directors at the general meeting 6 May 2021.



**Heidi Nag Flikka**

Ms Nag Flikka is CEO of Flekkefjord Sparebank. Previously, she has among others held the position as CFO in Fjord Line and Finance director and Managing director for companies within the offshore division in AF Gruppen ASA. Heidi Nag Flikka has experience as board member from several companies such as Fjord Line, Andøya Space, Presserv Group, Sandnes Sparebank and Sparebank1 SR- Finans. Nag Flikka has a master degree in audit and accounting from the Norwegian School of Economics and Business Administration..



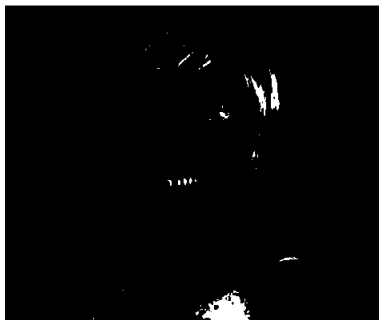
**Magnus Røkke**

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. Director of Zim Integrated Shipping Services Ltd. Mr. Doppelt holds a BA in Economics and Management from the Technion – Israel Institute of Technology, and an MBA from Haifa University. Mr. Doppelt was elected to the Board of Directors at the extraordinary general meeting 20 October 2021.



**Ragnhild Ree**

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



**Helen Helland**

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.



AKVA group  
Consolidated Financial Statements and notes



## Consolidated Income Statement 01.01. - 31.12.

(in NOK 1 000)

Group	Note	2021	2020
<b>OPERATING REVENUES</b>			
Revenues		3 111 566	3 159 478
Share of results of associates	9	8 461	12 887
Other income	15	1 710	4 488
<b>Total revenues</b>	2,17,20	<b>3 121 737</b>	<b>3 176 852</b>
<b>OPERATING EXPENSES</b>			
Cost of materials	10,23	1 872 523	1 906 989
Payroll expenses	3	796 878	774 439
Depreciation and amortization	2,7,8	182 662	190 928
Other operating expenses	3,7,11,15,18,23,24	199 870	157 333
<b>Total operating expenses</b>	2,20	<b>3 051 932</b>	<b>3 029 689</b>
<b>OPERATING PROFIT</b>		<b>69 805</b>	<b>147 163</b>
<b>FINANCIAL INCOME AND EXPENSES</b>			
Financial income	15,16	6 281	25 105
Financial expenses	15,16,18	(73 537)	(50 794)
<b>Net financial income (expense)</b>		<b>(67 256)</b>	<b>(25 688)</b>
<b>PROFIT BEFORE TAX</b>		<b>2 549</b>	<b>121 475</b>
Taxes	5	-8 909	30 776
<b>NET PROFIT FOR THE YEAR</b>		<b>11 458</b>	<b>90 698</b>
<b>NET PROFIT (LOSS) ATTRIBUTABLE TO:</b>			
Non-controlling interests		-18	25
<b>Equity holders of AKVA group ASA</b>		<b>11 476</b>	<b>90 674</b>
<b>Earnings per share (NOK)</b>	6	<b>0,34</b>	<b>2,74</b>
<b>Diluted earnings per share (NOK)</b>	6	<b>0,34</b>	<b>2,74</b>



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

(in NOK 1 000)

<b>Group</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>NET PROFIT FOR THE YEAR</b>		11 458	90 698
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to income statement:</i>			
Translation differences on foreign operations		-36 937	10 541
Income tax effect		-	-
<b>Total</b>		<b>-36 937</b>	<b>10 541</b>
Gains (+) / losses (-) on cash flow hedges		-10 144	9 183
Income tax effect	5	2 232	-2 020
<b>Total</b>	16	<b>-7 912</b>	<b>7 163</b>
<b>Total other comprehensive income, net of tax</b>		<b>-44 849</b>	<b>17 704</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<b>-33 391</b>	<b>108 402</b>
Attributable to:			
Non-controlling interests		-18	25
<b>Equity holders of AKVA group ASA</b>		<b>-33 373</b>	<b>108 377</b>



## Consolidated Statement of Financial Position 31.12.

(in NOK 1 000)

Group	Note	2021	2020
<b>NON-CURRENT ASSETS</b>			
Deferred tax asset	5	11 229	10 872
<b>Intangible assets and goodwill</b>			
Goodwill	7	739 933	850 914
Other intangible assets	7	194 224	192 437
Total intangible assets and goodwill		934 157	1 043 350
<b>Tangible fixed assets</b>			
Land and building	8,14	34 067	36 148
Right-of-use asset	8,14,18	469 501	542 637
Machinery and equipment	8,14	139 000	170 339
Total tangible fixed assets		642 568	749 124
<b>Long-term financial assets</b>			
Investments in associated companies	9	275 600	93 689
Other long-term financial assets	9,11,16	66 595	54 748
Total long-term financial assets		342 196	148 437
<b>Total non-current assets</b>		<b>1 930 149</b>	<b>1 951 784</b>
<b>CURRENT ASSETS</b>			
Inventory	10,14,23	556 076	474 930
<b>Receivables</b>			
Accounts receivables	11,14,16,20,23	362 442	341 490
Contract assets	16,17	225 010	158 642
Other receivables	4,15,16	68 427	74 963
Total receivables		655 879	575 096
Cash and cash equivalents	12,16	303 442	224 884
<b>Total current assets</b>		<b>1 515 397</b>	<b>1 274 910</b>
<b>TOTAL ASSETS</b>	2	<b>3 445 546</b>	<b>3 226 694</b>



## Consolidated Statement of Financial Position 31.12.

(in NOK 1 000)

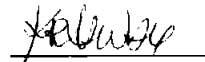
<b>Group</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
<b>EQUITY</b>			
Equity attributable to equity holders of AKVA group ASA		1 296 885	1 041 538
Non-controlling interests		140	158
<b>Total equity</b>	13,14,19,21,22	<b>1 297 025</b>	<b>1 041 696</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	5	21 187	58 272
Liabilities to financial institutions	14,16	450 000	750 000
Lease Liability	16,18	404 673	455 145
Other non-current liabilities	14,15,16,19	43 121	38 375
<b>Total non-current liabilities</b>		<b>918 981</b>	<b>1 301 792</b>
<b>Current liabilities</b>			
Lease Liability	16,18	78 201	93 821
Liabilities to financial institutions	14,16	300 000	-
Trade payables	16,20	275 604	227 516
Current tax payables	5	6 791	24 265
Public duties payable	16	63 699	54 620
Contract liabilities	16,17	354 905	281 450
Other current liabilities	14,15,19,23	150 341	201 534
<b>Total current liabilities</b>		<b>1 229 541</b>	<b>883 207</b>
<b>Total Liabilities</b>	2	<b>2 148 522</b>	<b>2 184 999</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3 445 546</b>	<b>3 226 694</b>



Klepp, Norway, 15 March 2022



Hans Kristian Mong  
Chairperson



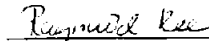
Kristin Reitan Husebo  
Deputy Chairperson



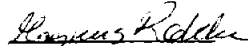
Frode Teigen  
Board Member



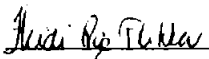
Helen Helland  
Board Member



Ragnhild Ree  
Board Member



Magnus Rødde  
Board Member



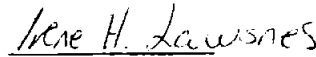
Heidi Nag Fliedke  
Board Member



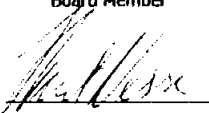
Tore Rasmussen  
Board Member



Yoav Doppelt  
Board Member



Irene Heng Lauvsnes  
Board Member



Knut Nesse  
CEO



## Consolidated Statement of Cash flow 01.01.-31.12.

(in NOK 1 000)

Group	Note	2021	2020
<b>Cash flow from operating activities</b>			
Profit before taxes		2 549	121 475
Taxes paid		-34 683	-27 509
Share of profit from associates	9	-8 461	-12 887
Net interest cost	15	38 868	41 622
Gain(-)/loss(+) on disposal of fixed assets		-1 567	5 705
Gain(-)/loss(+) on financial fixed assets	9	10 342	-8 283
Depreciation and amortization	7,8	182 662	190 928
Changes in stock, accounts receivable and trade payables		-108 105	13 480
Changes in other receivables and payables		22 221	29 434
Net foreign exchange difference		-43 075	-7 372
<b>Net cash flow from operating activities</b>		<b>60 752</b>	<b>346 592</b>
<b>Cash flow from investment activities</b>			
Investments in fixed assets	7,8	-80 335	-103 199
Proceeds from sale of fixed assets	7,8	2 626	43 925
Payment of shares and participations	9	-36 217	-38 585
Acquisition of subsidiary net of cash acquired	19	-	-90 542
<b>Net cash flow from investment activities</b>		<b>-113 926</b>	<b>-188 401</b>
<b>Cash flow from financing activities</b>			
Repayment of borrowings	14	-2 634	-93 411
Proceeds from borrowings	14	6 695	200 000
Repayment of lease liabilities	14	-89 176	-104 165
Loan issue	14	-22 142	-5 500
Net interest paid	15	-40 337	-41 622
Dividend payment	14,21	-32 956	-34 954
Equity issue	13	321 676	-
Sale/(purchase) own shares	14,22	-	-14 662
<b>Net cash flow from financing activities</b>		<b>141 126</b>	<b>-94 314</b>
Net change in cash and cash equivalents		87 952	63 877
Net foreign exchange differences		-6 107	10
Cash and cash equivalents at 01.01	12	224 884	160 999
Cash and cash equivalents divested entities	19	-3 287	-
<b>Cash and cash equivalents at 31.12</b>	<b>12</b>	<b>303 442</b>	<b>224 884</b>



## Consolidated Statement of changes in equity

(in NOK 1 000)

Group	Share Note	Share capital	Share premium	Other paid-in capital	Total paid in capital	Translation differences	Cash flow hedges	Other equity	Total other equity	Retained earnings	Total equity	Non- controlling interest	Equity shareholders AKVA group
<b>Equity as at 01.01.2020</b>		33 156	847 215	-759	<b>879 613</b>	-3 147	1 716	-20 113	<b>-21 544</b>	<b>132 436</b>	<b>990 505</b>	4 165	<b>986 340</b>
Net movement in cash flow hedges	16	-	-	-	-	-	7 163	-	<b>7 163</b>	-	<b>7 163</b>	-	7 163
Translation difference		-	-	-	-	-10 541	-	-	<b>10 541</b>	-	<b>10 541</b>	-	10 541
<b>Total other comprehensive income</b>		-	-	-	-	-10 541	7 163	-	<b>17 704</b>	-	<b>17 704</b>	-	17 704
Profit (loss) for the period		-	-	-	-	-	-	-	-	90 698	<b>90 698</b>	25	90 673
<b>Total comprehensive income</b>		-	-	-	-	-10 541	7 163	-	<b>17 704</b>	90 698	<b>108 402</b>	25	<b>108 377</b>
Dividend	21	-	-	-	-	-	-	-	-	-34 954	<b>-34 954</b>	-	-34 954
Non-controlling interests arising on a business combinations	19	-	-	-	-	-	-	-	-	-	-	144	-144
Adjustment of contingent consideration	19	-	-	-	-	-	-	-	-	-7 596	<b>-7 596</b>	-4 176	-3 420
Sale / (purchase) of own shares	22	-200	-	-	<b>-200</b>	-	-	-14 462	<b>-14 462</b>	-	<b>-14 662</b>	-	-14 662
<b>Equity as at 31.12.2020</b>	13	32 956	847 215	-759	<b>879 413</b>	7 394	8 879	-34 575	<b>-18 302</b>	<b>180 584</b>	<b>1 041 696</b>	158	<b>1 041 538</b>
<b>Equity as at 01.01.2021</b>		32 956	847 215	-759	<b>879 413</b>	7 394	8 879	-34 575	<b>-18 302</b>	<b>180 584</b>	<b>1 041 696</b>	158	<b>1 041 538</b>
Net movement in cash flow hedges	16	-	-	-	-	-	-7 912	-	<b>-7 912</b>	-	<b>-7 912</b>	-	-7 912
Translation difference		-	-	-	-	-36 937	-	-	<b>36 937</b>	-	<b>36 937</b>	-	36 937
<b>Total other comprehensive income</b>		-	-	-	-	-36 937	-7 912	-	<b>-44 849</b>	-	<b>-44 849</b>	-	-44 849
Profit (loss) for the period		-	-	-	-	-	-	-	-	11 458	<b>11 458</b>	-18	11 476
<b>Total comprehensive income</b>		-	-	-	-	-36 937	-7 912	-	<b>-44 849</b>	11 458	<b>-33 391</b>	-18	<b>-33 373</b>
Adjustments related to prior periods		-	-	1 875	<b>1 875</b>	-	-	-1 875	<b>-1 875</b>	-	-	-	-
Dividend	21	-	-	-	-	-	-	-	-	-32 956	<b>-32 956</b>	-	-32 956
Equity issue	13	3 333	318 343	-	<b>321 676</b>	-	-	-	-	-	<b>321 676</b>	-	321 676
<b>Equity as at 31.12.2021</b>	13	36 289	1 165 558	1 116	<b>1 202 964</b>	-29 543	967	-36 450	<b>-65 026</b>	<b>159 086</b>	<b>1 297 025</b>	140	<b>1 296 885</b>



## Notes to the Consolidated Financial Statements – AKVA group

### Content

01	Summary of significant accounting policies
02	Segment information
03	Wages, remunerations, and pensions
04	Government grants and subsidies
05	Taxes
06	Earnings per share
07	Intangible assets
08	Tangible fixed assets
09	Subsidiaries and other long-term investments
10	Inventory
11	Receivables
12	Cash and cash equivalents
13	Shareholders
14	Interest-bearing debt
15	Specification of items that are grouped in the financial statement
16	Financial instruments and risk management
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19	Business combinations
20	Related parties
21	Dividend
22	Sale and buyback of own shares
23	Provisions
24	Subsequent events

### 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 Egersund, 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 15 March and is subject for approval by the Annual General Meeting on 6 May 2022.

## 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 2021.

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.

## ESEF/iXBRL reporting

AKVA group is required to prepare and file the annual report in the European Single Electronic Format (ESEF), and the annual report for 2021 is therefore prepared in the XHTML format that can be displayed in a standard browser. The primary statements in the consolidated financial statements are tagged using inline eXtensible Business Reporting Language (iXBRL). The iXBRL tags comply with the ESEF taxonomy, which is included in the ESEF Regulation and developed based on the IFRS taxonomy published by the IFRS Foundation. Where a financial statement line item is not defined in the ESEF taxonomy, an extension to the taxonomy has been created. Extensions are anchored to elements in the ESEF taxonomy, except for extensions which are subtotals.

## 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. In the first phase of the pandemic the main influence on the Group related to COVID-19 was delays in projects due to global mobility restrictions. As mobility restrictions became less extensive globally through 2021, the impact on the Group became more shifted towards higher raw material prices, which has put pressure on the Group's margins compared with a normal year before the pandemic.

The group considers that the most significant effects of the pandemic are now over and that the group is back to normal operations from 2022. However, potential effects are continuously monitored by the Group management and action plans have been established within key areas should the effects of the pandemic recur.

No significant changes have been made to the assessments of key accounting items based on the state of the pandemic, but prospects within the macroeconomics have been considered in discretionary assessments in the accounts, mainly when assessing the fair value of the company's intangible assets.

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.

### **Climate-related risks**

When preparing the consolidated financial statements, management considers climate-related risks, where these potentially could impact reported amounts materially. The areas in which AKVA group has assessed climate related risks at the end of 2021 are included within the individual notes outlined below:

- Note 7 – Intangible assets: whether/how climate risks affect future cash flows when estimating value-in-use of intangible assets
- Note 8 – Tangible fixed assets: whether climate risks are an impairment indicator for the Group's tangible fixed assets

A more general description of climate-related risks is provided in the Board of Directors' report and in note 16.

### **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. A number 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 maximize the use of relevant observable inputs and minimize 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**

### **Amendments to IFRS 9 and IFRS 7**

Amendments to IFRS 9 and IFRS 7 were issued to respond to the effects of the interest rate benchmark reforms on financial reporting. The amendments to IFRS 9 provide temporary reliefs which enable hedge accounting to continue for affected hedges during the period of uncertainty before the interest rate benchmarks are amended as a result of the reforms. The amendments to IFRS 7 introduce new disclosure requirements. The results from these amendments have not had a material effect on AKVA group.

### **Hedge accounting**

From 2021, AKVA group use the requirements in IFRS 9 to perform and evaluate hedge accounting, as opposed to having previously complied with the requirements in IAS 39. This change did not entail any material effect on the figures presented.

### **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 2021 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 utilized
- 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 18 – discount rates and evaluation of renewal options in lease contracts: basis for applied discount rates and if renewal options are expected to be exercised
- 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) controls (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 are 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, adjusted for put and call options reflected according to "the anticipated-acquisition method", refer separate section under "Business Combinations" below. 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.

In cases where the Group loses control of a subsidiary, but retains an ownership interest reflecting an equity-accounted investment, the Group will:

- i. Derecognize the assets and liabilities of the former subsidiary from the consolidated statement of financial position in full and measures any investment retained in the former subsidiary at its fair value.
- ii. Recognize a remeasurement gain or loss that forms part of the total gain or loss on the disposal of the subsidiary in profit or loss.
- iii. Recognize the gain or loss associated with the loss of control attributable to the former controlling interest.

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. If the accumulated profit of the associate in the ownership period at a later date exceeds zero again, the accounting continues in accordance with the principles described above.

### **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 acquiree 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 in profit and loss. 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 with the exception of 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 within the sea 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 recognized 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, labor 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 sea 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 recognized when control of the goods is transferred to the customer. Dependent upon contractual terms this may be at the point of dispatch, acceptance by the customer or certification by the customer. The revenue recognized 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 programs 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 pay**

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 criteria 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 criteria 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 is immaterial and follows the principles provided above in the section on "Revenue recognition".



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 incremental borrowing rate is determined for each entity in the Group based on three key inputs:

- Reference rate (government bond in same currency, economic environment, and term)
- Credit risk premium (expected margin the entity would have paid to obtain external financing to buy similar assets)
- Lease specific adjustments (to reflect different risk profiles for different types of leased assets)

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**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognized in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

## **Financial assets**

The Group's financial assets are derivatives, trade receivables and cash and cash equivalents.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

The Group classifies its financial assets within 2 categories: financial assets at amortized cost and financial asset at fair value through profit and loss.

### *Financial assets at amortized cost*

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

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

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified, or impaired.

The Group's financial assets at amortized cost includes trade receivables and other short-term deposit. Trade receivables are measured at the transaction price determined under IFRS 15 Revenue from contracts with customers. No significant financing components are identified.

### *Financial assets at fair value through profit and loss*

Financial assets at fair value through profit and loss include financial assets held for trading, financial assets designated through profit or loss, or financial assets mandatorily required



to be measured at fair value. Financial assets are classified held for trading if they are acquired for the purpose of selling or repurchasing in the near terms.

Derivatives, including separately embedded derivatives, are also classified as held for trading unless they are designed as effective hedging instruments or is a financial guarantee contract. Derivatives at fair value are carried in the statement of financial position at fair value with net changes in fair value in profit and loss.

#### *Derecognition of financial assets*

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

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - a. the Group has transferred substantially all the risks and rewards of the asset, or
  - b. the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

#### *Impairment of financial assets*

The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognizes lifetime expected credit losses (ECL) for contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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.

#### **Financial liabilities**

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



financial liabilities when the fair value is negative, accounted for similarly as derivatives as assets.

#### *Financial liabilities at amortized cost*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

Payables are measured at their nominal amount when the effect of discounting is not material.

#### *Derecognition of financial liabilities*

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

#### **Hedge accounting**

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.

The Group applies IFRS 9 Financial Instruments to account for hedges. At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument
- The effect of credit risk does not dominate the value changes that result from that economic relationship
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.



#### *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.

#### **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.

#### **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**

### **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 2021 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](http://www.akvagroup.com).

### Sea Based Technology (SBT)

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. Cage farming solutions and products are also delivered in 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.

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

### Digital (DI)

Main products in Digital are Fishtalk™, AKVAconnect and Observe.

The Fishtalk™ software include 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 (Klepp and Trondheim).

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

<b>Sea Based Technology</b>	<b>2021</b>	<b>2020</b>
Operating revenue	2 559 716	2 706 161
Operating expenses	2 318 994	2 375 739
Operating profit before depreciation and amortization (EBITDA)	<b>240 722</b>	<b>330 422</b>
Depreciation and amortization	159 612	168 282
Operating profit (EBIT)	<b>81 110</b>	<b>162 139</b>
Segment assets	3 162 942	2 969 505
Segment liabilities	1 949 657	1 916 877
Investments in tangible and intangible assets	53 926	131 113



<b>Land Based Technology</b>	<b>2021</b>	<b>2020</b>
Operating revenue	488 550	401 827
Operating expenses	487 967	412 219
Operating profit before depreciation and amortization (EBITDA)	<b>583</b>	<b>-10 393</b>
Depreciation and amortization	11 026	11 528
Operating profit (EBIT)	<b>-10 442</b>	<b>-21 920</b>
Segment assets	212 793	198 743
Segment liabilities	177 452	247 010
Investments in tangible and intangible assets	19 926	7 443
<b>Digital</b>	<b>2021</b>	<b>2020</b>
Operating revenue	73 471	68 857
Operating expenses	62 310	50 795
Operating profit before depreciation and amortization (EBITDA)	<b>11 161</b>	<b>18 062</b>
Depreciation and amortization	12 025	11 118
Operating profit (EBIT)	<b>-864</b>	<b>6 944</b>
Segment assets	69 811	58 446
Segment liabilities	21 413	21 112
Investments in tangible and intangible assets	20 339	16 559
<b>Total</b>	<b>2021</b>	<b>2020</b>
Operating revenue	3 121 737	3 176 852
Operating expenses	2 869 270	2 838 761
Operating profit before depreciation and amortization (EBITDA)	<b>252 467</b>	<b>338 091</b>
Depreciation and amortization	182 662	190 928
Operating profit (EBIT)	<b>69 805</b>	<b>147 163</b>
Assets	3 445 546	3 226 694
Liabilities	2 148 522	2 184 999
Investments in tangible and intangible assets	94 190	155 115



## Geographical information

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

<b>Operating revenue</b>	<b>2021</b>	<b>2020</b>
Norway	2 092 914	2 134 208
Chile	396 907	507 870
UK	198 347	160 866
Denmark	176 096	141 959
Canada	115 071	154 670
Other	142 401	77 279
<b>Total</b>	<b>3 121 737</b>	<b>3 176 852</b>

<b>Non-current assets excluding deferred tax assets and long-term financial assets</b>	<b>2021</b>	<b>2020</b>
Norway	1 414 379	1 623 645
Chile	58 429	46 896
Canada	42 902	45 953
UK	24 371	31 156
Denmark	14 981	11 942
Other	21 663	32 882
<b>Total</b>	<b>1 576 725</b>	<b>1 792 474</b>

<b>Total assets</b>	<b>2021</b>	<b>2020</b>
Norway	2 599 283	2 319 170
Chile	367 857	382 156
UK	177 138	112 581
Canada	95 090	117 224
Denmark	76 808	158 982
Other	129 371	136 580
<b>Total</b>	<b>3 445 546</b>	<b>3 226 694</b>

<b>Total liabilities</b>	<b>2021</b>	<b>2020</b>
Norway	1 714 255	1 550 070
Chile	172 555	239 147
Denmark	88 515	155 332
Canada	68 603	79 789
UK	57 716	74 744
Other	46 878	85 916
<b>Total</b>	<b>2 148 522</b>	<b>2 184 999</b>



<b>Investments in the period</b>	<b>2021</b>	<b>2020</b>
Norway	74 659	98 089
Chile	5 346	14 409
Denmark	3 753	-
UK	3 049	2 111
Canada	939	38 921
Other	6 445	1 586
<b>Total</b>	<b>94 190</b>	<b>155 115</b>

### Revenues by customer

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

<b>Revenues by customer</b>	<b>2021</b>	<b>2020</b>
Customer A	262 695	386 225
Customer B	129 967	175 917
Customer C	129 626	141 707
Customer D	111 978	138 369
Customer E	104 649	132 391

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

### Note 3

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

<b>Payroll expenses</b>	<b>2021</b>	<b>2020</b>
Salaries	642 480	680 136
Payroll tax	55 457	50 751
Pension costs	72 794	27 399
Other benefits	26 146	16 154
<b>Total</b>	<b>796 878</b>	<b>774 439</b>

The number of employees in full time equivalent in the company at year end is<sup>1</sup>: 1 414 1 447

<sup>1</sup> The number of employees at year end 2020 included 59 employees in AKVA Marine Services AS, which was divested in September 2021



## Remuneration

The following tables specifies remuneration to Executive Personnel and the Board of Directors for the presented periods:

<b>Remuneration to Executive Personnel 2021</b>	<b>Salary</b>	<b>Pension</b>	<b>Other</b>	<b>Accrued - not paid Bonus</b>
Knut Nesse (CEO)	2 780	72	124	-
Ronny Meinkøhn (CFO)	1 777	72	128	-
Erlend Sødal (COO Sea Based)	2 021	72	143	-
Johan Fredrik Gjesdal (COO Land Based)	1 707	72	139	-
Asle Kjetil Bratteli (CDO - Digital) <sup>2</sup>	1 749	72	125	-
Espen Fredrik Staubo (CIO) <sup>3</sup>	1 524	72	93	-
Per Andreas Hjetland (CCO) <sup>4</sup>	1 471	72	8	-
Andrew Campbell (COO International) <sup>4,5</sup>	1 974	72	154	-

<sup>1</sup> Salary includes bonus payment based on 2020 achieved bonus

<sup>2</sup> Asle Kjetil Bratteli assumed his position as CDO – Digital in January 2021

<sup>3</sup> Espen Fredrik Staubo stepped down as CIO in June 2021

<sup>4</sup> Andrew Campbell and Per Andreas Hjetland are not part of the Executive Personnel after organizational changes made in August 2021

<sup>5</sup> Andrew Campbell receives salary in his local currency, which is translated to NOK using average rate during 2021

<b>Remuneration to Executive Personnel 2020</b>	<b>Salary</b>	<b>Pension</b>	<b>Other</b>	<b>Accrued - not paid Bonus</b>
Knut Nesse (CEO)	2 659	69	138	3 311
Ronny Meinkøhn (CFO) <sup>1</sup>	750	69	54	521
Simon Nyquist Martinsen (CFO) <sup>2</sup>	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) <sup>3</sup>	1 363	69	90	721
Andrew Campbell (COO International) <sup>4</sup>	1 833	69	8	858
Johan Fredrik Gjesdal (COO Land Based) <sup>5</sup>	1 441	69	44	491
Morten Nielsen (COO Land Based) <sup>6</sup>	1 516	152	23	1 176
Petter Idar Jenssen (CDO) <sup>7</sup>	1 156	40	61	-

<sup>1</sup> Ronny Meinkøhn assumed his position as CFO in August 2020

<sup>2</sup> Simon Nyquist Martinsen stepped down as CFO in August 2020

<sup>3</sup> Erlend Sødal assumed his position as COO Sea Based Nordic in May 2020

<sup>4</sup> Andrew Campbell receives salary in his local currency, which is translated to NOK using average rate during 2020

<sup>5</sup> 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.

<sup>6</sup> Morten Nielsen stepped down as COO Land Based in October 2020

<sup>7</sup> Petter Idar Jenssen stepped down as CDO in July 2020



Fees to the Board of Directors	Position	2021	2020
Hans Kristian Mong	Chairperson of the Board	374	374
Kristin Reitan Husebø <sup>1</sup>	Deputy Chairperson of the Board	281	235
Anne Breiby <sup>2</sup>	Deputy Chairperson of the Board	125	285
Frode Teigen	Member of the Board	208	109
Heidi Nag Flikka <sup>3</sup>	Member of the Board	148	-
Tore Rasmussen <sup>3</sup>	Member of the Board	137	-
Yoav Doppelt <sup>4</sup>	Member of the Board	-	-
Irene Heng Lauvsnes <sup>4</sup>	Member of the Board	33	-
Ragnhild Ree <sup>5</sup>	Member of the Board	52	13
Magnus Røkke <sup>5</sup>	Member of the Board	52	13
Helen Helland <sup>5</sup>	Member of the Board	52	13
Anthony James <sup>6</sup>	Member of the Board	-	153
Odd Jan Håland <sup>7</sup>	Member of the Board	-	39
John Morten Kristiansen <sup>7</sup>	Member of the Board	-	39
Hanne Cecilie Pettersen <sup>7</sup>	Member of the Board	-	39

<sup>1</sup> Kristin Reitan Husebø assumed her position as Deputy Chairperson of the Board in May 2021

<sup>2</sup> Anne Breiby stepped down as Deputy Chairperson of the Board in May 2021

<sup>3</sup> Heidi Nag Flikka and Tore Rasmussen assumed their positions as Member of the Board in May 2021

<sup>4</sup> Yoav Doppelt and Irene Heng Lauvsnes assumed their positions as Member of the Board in October 2021

<sup>5</sup> Ragnhild Ree, Magnus Røkke and Helen Helland assumed their positions as Member of the Board in November 2020

<sup>6</sup> Anthony James stepped down as Member of the Board in October 2020

<sup>7</sup> Odd Jan Håland, John Morten Kristiansen and Hanne Cecilie Pettersen stepped down as Members of the Board in November 2020

## Incentive schemes

The incentive scheme for Executive Personnel 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, and
- ii) a deferred bonus dependent upon strategic KPI's and financial performance targets (as set out in item i) above), payable in shares.

The deferred bonus scheme has a duration varying between 2023 and 2026.

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 2021-2025 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.

No shares were granted under the incentive scheme agreement or the option agreement in 2021.



<b>Outstanding instruments at year-end</b>	<b>Performance Share Unit instruments</b>	<b>Option instruments</b>
Outstanding 01.01.2021 (shares)	583 180	50 000
Granted	0	0
Released	-65 790	0
Performance Adjusted	-21 230	0
Terminated	-40 000	0
Outstanding 31.12.2021 <sup>1</sup>	456 160	50 000
Vested 31.12.2021	0	0
Weighted average remaining contractual life	3,04	0,67
Weighted average strike price	0,00	75,60

<sup>1</sup> Upon allocation, the number of shares allocated will be net after tax (marginal tax rate in 2022 is 47,2%).

## 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 2021, 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 Executive Personnel as of 31 December 2021.

## Establishment of salaries and other remuneration to Executive Personnel

The remuneration of the Executive Personnel 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 Personnel.

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 Executive Personnel. It is the company's policy that the remuneration of the Executive Personnel 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 Personnel 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.

<b>Fees to auditor</b>	<b>2021</b>	<b>2020</b>
Audit	4 006	3 673
Tax services	919	872
Other services	1 286	1 193
<b>Total</b>	<b>6 212</b>	<b>5 738</b>

All fees to the auditor are excluded of VAT.

#### **Note 4**

Government grants and subsidies (in NOK 1 000)

<b>Government grants received</b>	<b>2021</b>	<b>2020</b>
"Skattefunn"	-	7 047
Other	3 295	3 837
<b>Total</b>	<b>3 295</b>	<b>10 884</b>

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)

<b>Tax expense reported in profit or loss</b>	<b>2021</b>	<b>2020</b>
Current taxes payable	6 746	25 092
Adjustment related to previous periods	21 788	-1 559
Change in deferred taxes	-37 443	7 243
<b>Total tax expense reported in profit or loss</b>	<b>-8 909</b>	<b>30 776</b>
<b>Tax expense reported in other comprehensive income</b>	<b>2021</b>	<b>2020</b>
Cash flow hedges	2 232	-2 020
<b>Total tax expense reported in other comprehensive income</b>	<b>2 232</b>	<b>-2 020</b>
<b>Specification of temporary differences</b>	<b>2021</b>	<b>2020</b>
Current assets	112 666	79 183
Fixed assets	130 970	186 761
Provisions	-6 529	12 487
Losses carried forward	-176 511	-75 303
Other	-17 985	1 222
<b>Total</b>	<b>42 612</b>	<b>204 350</b>
<b>Specification of deferred tax</b>	<b>2021</b>	<b>2020</b>
Calculated deferred tax assets	11 718	12 702
Deferred tax asset not recognised in balance sheet	-487	-1 830
Calculated deferred tax	-21 186	-58 272
<b>Deferred tax asset</b>	<b>11 230</b>	<b>10 872</b>
<b>Deferred tax liability</b>	<b>21 186</b>	<b>58 272</b>
<b>Effective tax rate</b>	<b>2021</b>	<b>2020</b>
Expected income taxes, statutory tax rate of 22%	411	24 994
Permanent differences (22%)	-12 745	-2 497
Deviation between Norwegian and foreign tax rate	-183	802
Excess(-)/insufficient(+) provisions in former years	4 898	6 599
Change in non-recognized deferred tax asset	-1 289	878
<b>Income tax expense reported in profit or loss</b>	<b>-8 909</b>	<b>30 776</b>
Income tax expense reported in other comprehensive income	2 232	-2 020
<b>Total income tax expense reported</b>	<b>-6 677</b>	<b>28 756</b>

The nominal tax rate in Norway was 22% in 2021. 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 recognized in the balance sheet have caused variations in the effective tax rate. In periods when such assets have not been recognized, the effective tax rate has been higher than the long-term expectation, whereas it has been lower in periods when tax losses not recognized as assets have been utilized.



The Group has a tax loss carry forward of MNOK 176.5. 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 47% of the tax loss carried forward is related to AKVA group ASA, whilst about 44% is related to AKVA group Denmark and AKVA group Land Based Denmark.

An assessment of the future profit for the entities with tax loss carried forward 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.

## Note 6

### Earnings per share

	<b>2021</b>	<b>2020</b>
Ordinary profit / net income (in NOK 1 000)	11 476	90 673
Number of ordinary shares outstanding as of 31.12.	36 667 733	33 334 303
Weighted average number of ordinary shares	33 813 103	33 116 506
Earnings per share (NOK)	0,34	2,74
Diluted number of shares	33 813 103	33 116 506
Diluted earnings per share (NOK)	0,34	2,74

The increase in number of ordinary shares outstanding in the period relates to the capital increase carried out in October 2021.



**Note 7**

Intangible assets (in NOK 1 000)

<b>2021</b>	<b>Goodwill</b>	<b>Develop- ment costs</b>	<b>Other intangible assets</b>	<b>Total</b>
Acquisition cost at 01.01.	851 357	282 967	293 263	<b>1 427 587</b>
Additions	-	47 010	3 153	<b>50 163</b>
Translation differences	-5 332	-767	-208	<b>-6 307</b>
Disposals related to sale of subsidiaries	-95 734	-	-8 960	<b>-104 694</b>
Disposals	-	-253	-1 424	<b>-1 677</b>
Adjustments related to prior periods	-9 922	-	-	<b>-9 922</b>
Acquisition cost 31.12.	740 369	328 956	285 825	<b>1 355 150</b>
Accumulated amortization at 01.01.	445	189 427	194 366	<b>384 237</b>
Amortization	-	24 093	15 122	<b>39 215</b>
Translation differences	-7	-780	-179	<b>-966</b>
Accumulated amortization related to sale of subsidiaries	-	-	-73	<b>-73</b>
Accumulated amortization disposals	-	-	-1 419	<b>-1 419</b>
Accumulated amortization 31.12.	437	212 739	207 817	<b>420 994</b>
<b>Net book value at 31.12.</b>	<b>739 933</b>	<b>116 217</b>	<b>78 007</b>	<b>934 157</b>

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

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 60.0 (MNOK 44.8 in 2020) 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, 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), 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:

<b>Book value of goodwill:</b>	<b>2021</b>	<b>2020</b>
Sea Based Technology	631 798	740 306
Digital Solutions	9 600	9 600
Land Based Technology	98 535	101 008
<b>Total goodwill</b>	<b>739 933</b>	<b>850 914</b>

<b>Book value of intangible assets with indefinite useful lifetime</b>	<b>2021</b>	<b>2020</b>
S&AS Sea Based Technology Norway	9 057	17 945
Sea Based Technology	27 057	27 057
<b>Total intangible assets</b>	<b>36 114</b>	<b>45 002</b>

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 2023-2025, 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 7.67% for all cash-generating units. The pre-tax discount rate is 7.88%. A variation of +/- 1% does not materially affect the conclusion of the impairment tests.

### **Sensitivity to changes in assumptions**

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.

### **Impact of climate change related risk**

The value-in-use estimates used in the impairment analysis considers climate change risk through applying cash flows based on expected developments in climatic conditions affecting the aquaculture industry. Climate risk is an area that Executive Personnel continuously focuses on, and the group experiences that climate factors are increasingly priced into the group's operations, whether it concerns the price of input factors, requirements for climate accounts from customers, profitability variation within the product portfolio and more.

No direct climate risk premium has been made in the value-in-use estimates, as the group believes that this has already been priced into future cash flows, and that macroeconomic factors have been taken into account in determining the discount rate for calculating value-in-use.

Management recognizes that there is an increased pace of change in the industry and associated political landscape and will continue to work towards incorporating quantification of the financial impact of climate change and related policies within AKVA group's annual filings.



**Note 8**

Tangible fixed assets (in NOK 1 000)

<b>2021</b>	<b>Land and building</b>	<b>Right-of-use assets</b>	<b>Machinery and equipment</b>	<b>Total</b>
Acquisition cost at 01.01.	44 887	709 328	638 084	<b>1 392 297</b>
Additions	401	69 849	43 626	<b>113 876</b>
Translation differences	633	-7 946	-7 452	<b>-14 765</b>
Disposals related to sale of subsidiaries	-	-87 862	-118 283	<b>-206 145</b>
Disposals	-1 837	11	-10 948	<b>-12 774</b>
Acquisition cost 31.12.	44 084	683 380	545 027	<b>1 272 490</b>
Accumulated depreciation 01.01.	8 739	166 690	467 746	<b>643 175</b>
Depreciation	1 267	86 535	55 646	<b>143 448</b>
Translation differences	11	-3 037	-4 897	<b>-7 923</b>
Accumulated depreciation related to sale of subsidiaries	-	-36 309	-105 937	<b>-142 246</b>
Accumulated depreciation disposals	-	-	-6 530	<b>-6 530</b>
Accumulated depreciation 31.12.	10 017	213 879	406 027	<b>629 924</b>
<b>Net book value 31.12.</b>	<b>34 067</b>	<b>469 501</b>	<b>139 000</b>	<b>642 568</b>

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

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

**Impact of climate change related risk**

Climate change rules and regulations could increase the costs of operating our facilities or transporting our products. However, AKVA group has assessed that the potential negative effect from this currently is uncertain and that it does not constitute an impairment indicator.



## Note 9

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

<b>Subsidiaries (consolidated in group accounts)</b>	<b>Consolidated from</b>	<b>Location</b>	<b>Ownership interest 2021</b>	<b>Ownership interest 2020</b>
AKVA group Australasia Pty Ltd	2013	Australia	100 %	100 %
AKVA group North America Inc	1995	Canada	100 %	100 %
Newfoundland Aqua Service Ltd	2020	Canada	70 %	70 %
AKVA group Chile S.A	1998	Chile	100 %	100 %
AKVA group Land Based China <sup>1</sup>	2021	China	100 %	0 %
AKVA group Denmark A/S	2007	Denmark	100 %	100 %
AKVA group Land Based A/S	2015	Denmark	100 %	100 %
AKVA group Hellas SM PEC	2017	Greece	100 %	100 %
UAB Egersund Net <sup>2</sup>	2018	Lithuania	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 <sup>3</sup>	2016	Norway	0 %	100 %
Sperre AS	2016	Norway	100 %	100 %
Egersund Net AS	2018	Norway	100 %	100 %
Egersund Trading AS <sup>2</sup>	2018	Norway	100 %	100 %
AKVA group Scotland Ltd	1997	Scotland	100 %	100 %
Grading Systems Ltd <sup>4</sup>	2018	Shetland	100 %	70 %
AKVA group Espana S.L	2017	Spain	100 %	100 %
AKVA smart Ltd	2005	Turkey	100 %	100 %

<sup>1</sup>Subsidiary of AKVA group Land Based Denmark

<sup>2</sup>Subsidiary of Egersund Net AS

<sup>3</sup>Divested in September 2021

<sup>4</sup>Subsidiary of AKVA group Scotland Ltd.

AKVA group ASA exercised their option to buy out the remaining shares in Grading Systems Ltd in 2021, refer further information in note 19.

The anticipated acquisition method is used for the acquisition of Newfoundland Aqua Service Ltd. In Newfoundland Aqua Service, AKVA group ASA has a put / call option to buy 28% of the shares, 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%).



<b>Associates (equity-accounted investees)</b>	<b>Acquisition year</b>	<b>Location</b>	<b>Ownership interest 2021</b>	<b>Ownership interest 2020</b>	<b>Book value</b>
NOFI Oppdrettsservice AS	2018	Norway	50 %	50 %	77 857
Atlantis Subsea Farming AS <sup>1</sup>	2018	Norway	67 %	67 %	8 251
Observe Technologies Ltd	2021	Norway	34 %	0 %	35 004
Abyss Group AS	2021	Norway	26 %	0 %	133 407
Emel Balik	2018	Turkey	50 %	50 %	21 082
<b>Total</b>					<b>275 600</b>

<sup>1</sup> 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 associates, NOFI Oppdrettsservice AS and Abyss Group AS:

	<b>Total (100 %)</b>		<b>AKVA's share (50 %)</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>NOFI Oppdrettsservice AS</b>				
Revenue	83 127	63 667	41 564	31 834
Profit or loss	6 558	7 461	3 279	3 731
Current assets	29 098	32 087	14 549	16 044
Non-current assets	148 553	98 172	74 276	49 086
Equity	40 831	33 692	20 416	16 846
Current liabilities	43 453	51 159	21 727	25 580
Non-current liabilities	93 366	45 408	46 683	22 704
	<b>Total (100 %)</b>		<b>AKVA's share (25,5 %)<sup>2</sup></b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Abyss Group AS<sup>1</sup></b>				
Revenue	288 517	246 920	72 129	N/A
Profit or loss	-3 060	9 796	-1 827	N/A
Current assets	170 000	70 740	43 350	N/A
Non-current assets	470 000	244 786	119 850	N/A
Equity	185 000	50 602	47 175	N/A
Current liabilities	115 000	32 085	29 325	N/A
Non-current liabilities	340 000	232 840	86 700	N/A

<sup>1</sup> The annual report of Abyss Group AS is not finalized at the date of the publish of AKVA group's annual report. Hence, the figures for 2021 are based on best estimate.

<sup>2</sup> AKVA's share relates to the ownership period October – December 2021.



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

<b>Immaterial associates - Group's share of:</b>	<b>Total (100 %)</b>		<b>AKVA's share</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Profit or loss	10 417	16 252	7 009	9 157

The following table list the remaining investments in the Group:

<b>Other investments (financial assets)</b>	<b>Acquisition year</b>	<b>Location</b>	<b>Ownership interest</b>	<b>Ownership interest</b>	<b>Book value</b>
			<b>2021</b>	<b>2020</b>	
Nordic Aqua Partners Holding ApS <sup>1</sup>	2020	Denmark	9 %	9 %	31 026
Ecofisk AS	2020	Norway	3 %	3 %	5 500
Centre for Aquaculture Competence AS <sup>2</sup>	2002	Norway	33 %	33 %	150
Blue Planet AS	2004	Norway	15 %	15 %	300
Other investments			<5 %	<5 %	474
<b>Total</b>					<b>37 450</b>

<sup>1</sup> 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.

<sup>2</sup> 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)

<b>Inventory</b>	<b>2021</b>	<b>2020</b>
Raw materials (at cost)	241 261	150 907
Work in progress (at cost)	49 103	66 221
Finished goods (at net realisable value)	265 713	257 803
<b>Total</b>	<b>556 076</b>	<b>474 930</b>
Write-down of obsolete inventory 01.01.	13 519	12 330
Change in write-down of obsolete inventory during the year	550	1 189
<b>Write-down of obsolete inventory 31.12.</b>	<b>14 069</b>	<b>13 519</b>

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

## Note 11

Receivables (in NOK 1 000)

### Accounts receivables

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

<b>Bad debt provisions</b>	<b>2021</b>	<b>2020</b>
Bad debt provision 01.01.	10 647	18 329
Provisions made during the year	1 797	9 152
Provisions used during the year	-8 834	-16 834
<b>Bad debt provision 31.12.</b>	<b>3 609</b>	<b>10 647</b>
Recorded bad debt cost during the year	-1 044	16 482
Change in bad debt provision	6 453	-7 682
<b>Total bad debt cost during the year</b>	<b>5 409</b>	<b>8 800</b>

Actual credit losses experienced over the last 3 years are analyzed 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.

<b>As of 31 December, the Group had the following ageing profile of accounts receivables:</b>	<b>2021</b>	<b>2020</b>
Not due	218 717	232 554
Due <30 days	93 280	73 485
Due 31-60 days	14 259	11 784
Due 61-90 days	15 020	7 917
Due >91 days	24 774	26 396
<b>Total</b>	<b>366 051</b>	<b>352 137</b>
Bad debt provisions	3 609	10 647

### Other receivables

No bad debt provision has been made for other receivables, including contract assets.

### Note 12

Cash and cash equivalents (in NOK 1 000)

	<b>2021</b>	<b>2020</b>
Cash	303 442	220 559
Restricted funds	-	4 326
<b>Total cash and cash equivalents</b>	<b>303 442</b>	<b>224 884</b>

The group has entered into a tax deduction guarantee agreement and thus has no restricted funds as of 31 December 2021.

The group has an overdraft facility of MNOK 300 and a revolving credit line of MNOK 200 in Danske Bank. As of 31 December 2021, MNOK 0 of the overdraft facility was utilized, same as at year-end 2020. The revolving credit line was fully used as of 31 December 2021, as it was also at the end of 2020.

### Note 13

Shareholders

#### AKVA group ASA

The company's share capital is MNOK 36.7 divided into 36.7 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 2021 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 2022, however, not later than until 30 June 2022. This authorization replaces the authorization to the board to purchase own shares, given by the General Meeting on 7 May 2020.



In the same AGM in 2021 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 2022 and 30 June 2022. This authorization replaces all previous authorizations to the board to increase the company's share capital.

In October 2021, the share capital was increased by 3,333,430 shares through a private placement towards Israel Corporation Ltd.

	Number of shares	Ownership %
<b>The 20 largest shareholders at 31.12.21</b>		
EGERSUND GROUP AS	18 703 105	51,01 %
ISRAEL CORPORATION LTD	6 600 192	18,00 %
PARETO AKSJE NORGE VERDIPAPIRFOND	1 415 126	3,86 %
VERDIPAPIRFONDET NORDEA KAPITAL SIX SIS AG	926 818	2,53 %
VERDIPAPIRFONDET ALFRED BERG GAMBA	817 834	2,23 %
VERDIPAPIRFONDET NORDEA AVKASTNING	796 182	2,17 %
VERDIPAPIRFONDET NORDEA NORGE PLUS	615 614	1,68 %
FORSVARETS PERSONELLSERVICE	517 392	1,41 %
VERDIPAPIRFONDET ALFRED BERG NORGE	360 613	0,98 %
AKVA GROUP ASA	342 895	0,94 %
J.P. MORGAN BANK LUXEMBOURG S.A.	321 155	0,88 %
MP PENSJON PK	302 998	0,83 %
J.P. MORGAN BANK LUXEMBOURG S.A.	256 590	0,70 %
EQUINOR PENSJON	211 032	0,58 %
PACTUM AS	129 988	0,35 %
DAHLE	125 795	0,34 %
VERDIPAPIRFONDET ALFRED BERG AKTIV	104 336	0,28 %
JAKOB HATTELAND HOLDING AS	100 800	0,27 %
VERDIPAPIRFONDET EQUINOR AKSJER NO	100 295	0,27 %
Other shareholders	3 024 452	8,25 %
<b>Total</b>	<b>36 667 733</b>	<b>100,00 %</b>

	Number of shares
<b>Shares owned by members of the Board of Directors</b>	
Frode Teigen and Hans Kristian Mong as owners of Egersund Group AS <sup>1</sup>	18 703 105
Kristin Reitan Husebø	1 200
Ragnhild Ree	8

<sup>1</sup> Frode Teigen, through Kontrazi AS, and Hans Kristian Mong, through Hådyr AS, owns 50% each in Egersund Group AS



<b>Shares owned by Executive Personnel</b>	<b>Number of shares</b>
Knut Nesse (CEO)	68 613
Erlend Sødal (COO Sea Based)	12 087
Johan Fredrik Gjesdal (COO Land Based)	1 707

## Note 14

Interest-bearing debt (in NOK 1 000)

<b>Interest-bearing debt:</b>	<b>Currency</b>	<b>Nominal interest rate</b>	<b>2021</b>	<b>2020</b>
Non-current liabilities to financial institutions	NOK	Nibor + 1.75-1.90%	450 000	750 000
Non-current lease liabilities	NOK, EUR, DKK, GBP, TRY, CLP, CAD, AUD	IBR	404 673	455 145
Other non-current interest-bearing debt	NOK, CAD	2.46-3.55%	36 336	32 290
Current liabilities to financial institutions	NOK	Nibor + 1.50%	300 000	-
Current lease liabilities	NOK, EUR, DKK, GBP, TRY, CLP, CAD, AUD	IBR	78 201	93 821
Other current interest-bearing debt	NOK	2.46%	859	844
<b>Total</b>			<b>1 270 069</b>	<b>1 332 100</b>
Average interest rate			2,16 %	2,35 %

## Repayment of debt

<b>The Group's interest-bearing debt matures as follows:</b>	<b>2021</b>	<b>2020</b>
2021	-	94 665
2022	380 199	395 753
2023	285 887	295 753
2024	319 192	345 753
2025	62 969	44 260
2026	60 892	42 801
After 2026	160 930	113 116
<b>Total</b>	<b>1 270 069</b>	<b>1 332 100</b>

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

<b>Outstanding bank loans from Danske Bank</b>	<b>Currency</b>	<b>Nominal interest rate</b>	<b>Carrying amount 2021</b>	<b>Carrying amount 2020</b>
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 + 1.90%	250 000	250 000
Secured bank loan revolving credit facility	NOK	Nibor + 1.75%	200 000	200 000
<b>Total</b>			<b>750 000</b>	<b>750 000</b>

<b>Liabilities secured:</b>	<b>2021</b>	<b>2020</b>
Liabilities secured with assets	787 195	761 838
Bank guarantee liabilities	83 642	58 368
Parent company guarantee liabilities	50 399	40 930



<b>Assets pledged as security for debt:</b>	<b>2021</b>	<b>2020</b>
Accounts receivable	208 415	185 764
Inventory	310 333	291 945
Shares in subsidiaries <sup>1</sup>	330 781	330 781
Other assets	458 362	480 808
<b>Total</b>	<b>1 307 890</b>	<b>1 289 298</b>

<sup>1</sup>The shares in AKVA group Land Based A/S, AKVA group Denmark A/S, AKVA group Land Based Norway AS 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 3.1 as of 31 December 2021. The equity ratio in AKVA group was 38% and equity was MNOK 1,297 as of 31 December 2021.

The Group was compliant with all covenants in 2021.

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

	Note	Bank overdraft	Liabilities to financial institutions	Other interest-bearing liabilities	Lease liabilities	Other long-term financial assets	Share capital / premium	Reserves (translation differences)	Cash flow hedges	Retained earnings	NCI	Total
<b>Balance at 01.01.2021</b>		0	750 000	33 134	548 966	-54 748	879 413	7 394	8 879	146 009	158	2 319 204
<b>Changes from financing cash flows</b>												
Repayment of borrowings		-	-	-2 634	-	-	-	-	-	-	-	-2 634
Proceeds from borrowings		-	-	6 695	-	-	-	-	-	-	-	6 695
Repayment of lease liabilities		-	-	-	-89 176	-	-	-	-	-	-	-89 176
Loan issue		-	-	-	-	-22 142	-	-	-	-	-	-22 142
Proceeds from equity issue	13	-	-	-	-	-	321 676	-	-	-	-	321 676
Interest received(+)/paid(-)	15	-1 231	-16 258	-990	-22 829	971	-	-	-	-	-	-40 337
Dividend payment	21	-	-	-	-	-	-	-	-	-32 956	-	-32 956
<b>Total changes from financing cash flows</b>		<b>-1 231</b>	<b>-16 258</b>	<b>3 071</b>	<b>-112 005</b>	<b>-21 171</b>	<b>321 676</b>			<b>-32 956</b>		<b>141 126</b>
The effect of changes in foreign exchange rates		-	-	-	-	-	-	-39 638	-	-	-	-39 638
Changes in fair value		-	-	-	-	10 342	-	-	-	-	-	10 342
<b>Other changes</b>												
<b>Liability-related</b>												
Balances related to sale of subsidiaries	19	-	-	-	-47 330	-48	-	-	-	-	-	-47 378
Interest income(-)/expense(+)	15	1 231	16 258	990	22 829	-971	-	-	-	-	-	40 337
New leases		-	-	-	70 413	-	-	-	-	-	-	70 413
<b>Total liability-related other changes</b>		<b>1 231</b>	<b>16 258</b>	<b>990</b>	<b>45 912</b>	<b>-1 019</b>						<b>63 372</b>
<b>Total equity-related other changes</b>										<b>-7 912</b>	<b>14 159</b>	<b>-19</b>
<b>Balance at 31.12.2021</b>		<b>0</b>	<b>750 000</b>	<b>37 195</b>	<b>482 874</b>	<b>-66 595</b>	<b>1 201 089</b>	<b>-32 244</b>	<b>967</b>	<b>127 212</b>	<b>140</b>	<b>2 500 637</b>



## Note 15

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

<b>Other income</b>	<b>2021</b>	<b>2020</b>
Profit from sale of tangible fixed assets	1 568	3 051
Other	142	1 437
<b>Total other income</b>	<b>1 710</b>	<b>4 488</b>
<b>Other operating expenses</b>	<b>2021</b>	<b>2020</b>
Accommodation, materials, equipment and maintenance	72 496	58 878
Marketing, travelling and communication	27 796	26 116
Other operating expenses	99 578	72 338
<b>Total other operating expenses</b>	<b>199 870</b>	<b>157 333</b>
<b>Financial Income</b>	<b>2021</b>	<b>2020</b>
Other interest income	2 440	4 467
Agio gain	-	10 766
Change in fair value of financial assets	-	8 283
Other financial income	3 841	1 589
<b>Total financial income</b>	<b>6 281</b>	<b>25 105</b>
<b>Financial Expenses</b>	<b>2021</b>	<b>2020</b>
Interest expenses	20 703	25 215
Interest on lease liabilities	20 605	20 874
Agio loss	19 512	-
Change in fair value of financial assets	10 342	-
Other financial expenses	2 375	4 705
<b>Total financial expenses</b>	<b>73 537</b>	<b>50 794</b>
<b>Other receivables</b>	<b>2021</b>	<b>2020</b>
Hedging balance	5 543	18 208
Grants receivable	-	10 884
Prepaid expenses	21 188	23 204
Other receivables	41 696	22 667
<b>Total other receivables</b>	<b>68 427</b>	<b>74 963</b>
<b>Other non-current liabilities</b>	<b>2021</b>	<b>2020</b>
Government loans	28 150	21 093
Option minority owners Newfoundland Aqua Service	6 785	6 064
Other non-current liabilities	8 186	11 219
<b>Total other current liabilities</b>	<b>43 121</b>	<b>38 375</b>



<b>Other current liabilities</b>	<b>2021</b>	<b>2020</b>
Hedging balance	5 304	8 709
Accrued costs	49 556	43 906
Warranty provision	36 082	42 882
Other current liabilities	59 399	106 037
<b>Total other current liabilities</b>	<b>150 341</b>	<b>201 534</b>

The provisions for warranties relate to projects and products in the sea based and land based segments. 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)

### Accounting classifications and fair values

The following table shows the accounting classification, carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Accounting classification	2021		2020	
		Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>					
Cash	Amortized cost	303 442	303 442	224 884	224 884
Trade receivables	Amortized cost	362 442	362 442	341 490	341 490
Other current assets	Amortized cost	68 427	68 427	74 963	74 963
Other long-term receivables	Amortized cost	35 569	35 569	13 380	13 380
Other long-term financial assets	FVTPL	31 026	31 026	41 368	41 368
Forward currency contracts <sup>1</sup>	FVTPL	5 543	5 543	18 208	18 208
<b>Total</b>		<b>806 449</b>	<b>806 449</b>	<b>714 294</b>	<b>714 294</b>
<b>Financial liabilities</b>					
Bank overdraft		-	-	-	-
Trade payables	Amortized cost	275 604	275 604	227 516	227 516
Loans	Amortized cost	793 121	793 121	788 375	788 375
Lease liabilities	Amortized cost	482 874	482 874	548 966	548 966
Put/call option minority interest	FVTPL	6 785	6 785	6 064	6 064
Forward currency contracts <sup>2</sup>	FVTPL	5 304	5 304	8 709	8 709
<b>Total</b>		<b>1 563 688</b>	<b>1 563 688</b>	<b>1 579 630</b>	<b>1 579 630</b>

<sup>1</sup> The amount is included in other receivables in the Consolidated Statement of Financial Position

<sup>2</sup> The amount is included in other current liabilities in the Consolidated Statement of Financial Position

### 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, other current assets, overdraft facilities and long-term debts.



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.

#### *Fair value hierarchy*

As of 31 December 2021, 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

<b>Financial instruments at fair value</b>	<b>31.12.21</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Financial assets - Forward currency contracts	5 543	-	5 543	-
Financial assets - Investments	31 026	31 026	-	-
Financial liabilities - Forward currency contracts	5 304	-	5 304	-
Financial liabilities - Put/call option	6 785	-	6 785	-

<b>Financial instruments at fair value</b>	<b>31.12.20</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Financial assets - Forward currency contracts	18 208	-	18 208	-
Financial assets - Investments	41 368	41 368	-	-
Financial liabilities - Forward currency contracts	8 709	-	8 709	-
Financial liabilities - Put/call option	6 064	-	6 064	-

There have been no transfers between levels during the period.

#### **Financial risk management**

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.



The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

#### *Credit risk*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

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.

#### *Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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.



The tables below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

<b>2021</b>	<b>Less than 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
Interest-bearing loans and borrowings	5 575	315 039	539 893	7 974	868 482
Lease liabilities	24 099	72 298	298 864	171 600	566 863
Trade and other payables	339 554	21 274	257	-	361 085
Financial derivatives	202 352	139 313	29 475	-	371 141
<b>Total</b>	<b>571 581</b>	<b>547 925</b>	<b>868 490</b>	<b>179 574</b>	<b>2 167 570</b>

<b>2020</b>	<b>Less than 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
Interest-bearing loans and borrowing:	-	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
<b>Total</b>	<b>424 532</b>	<b>216 462</b>	<b>1 045 377</b>	<b>181 698</b>	<b>1 868 069</b>

As disclosed in Note 14, the Group has secured bank loans that contains a loan covenant. A future breach of covenant may require the Group to repay the loan earlier than indicated in the above table. Under the agreement, the covenant is monitored on a regular basis and reported to management to ensure compliance with the agreement.

#### Market risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Group uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by the risk management committee. Generally, the Group seeks to apply hedge accounting to manage volatility in profit or loss

#### A. 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.

The following significant exchange rates have been applied for the reporting period:

<b>NOK vs</b>	<u>Average rate</u>		<u>Year-end spot rate</u>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
EUR 1	10,16	10,72	9,99	10,47
GBP 1	11,82	12,06	11,89	11,65
USD 1	8,59	9,41	8,82	8,53
CAD 1	6,85	7,01	6,94	6,70

A reasonably possible strengthening (weakening) of the euro, sterling, or US dollar against all other currencies at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.



31.12.2021	KNOK effect on profit before tax			KNOK effect on book equity		
	by +10%/-10% change in			by +10%/-10% change in		
	EUR	GBP	USD	EUR	GBP	USD
10 %	3 060	1 363	1 229	3 811	-490	4 440
-10 %	-3 060	-1 363	-1 229	-3 811	490	-4 440

31.12.2020	KNOK effect on profit before tax			KNOK effect on book equity		
	by +10%/-10% change in			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

The Group's currency risk is sought reduced by using currency forward contracts. The currency risk is managed by the parent company in cooperation with the subsidiaries.

The Group uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date. These contracts are generally designated as cash flow hedges. The Group designates the spot element of forward foreign exchange contracts to hedge its currency risk and applies a hedge ratio of 1:1. The Group's policy is for the critical terms of the forward exchange contracts to align with the hedged item.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount, and timing of their respective cash flows. The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item.

i. Cash flow hedges

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. The expected cash flows subject to hedging are expected to take place during the 2022 and hence be recognized in the income statement during the same period. At the end of the year the Group had the following positions in forward contracts to hedge expected future cash flow:

Cash flow hedges Currency (in 1 000)	Bought/sold	Net currency amount
Euro	Sold	752
British Pound	Sold	-1 559
American Dollar	Bought	3 640
Canadian Dollar	Sold	-1 677
Norwegian Kroner	Sold	-9 139

At the end of the year, it was recorded a loss of MNOK 7.912 directly against other comprehensive income related to hedging of expected future cash flow.



## ii. Fair value hedges

To hedge the value of the items in the balance sheet denominated in a foreign currency the Group had the following positions in forward contracts at the end of the year:

<b>Fair value hedges</b>		Net currency
<b>Currency (in 1 000)</b>	<b>Bought/sold</b>	<b>amount</b>
British Pound	Sold	-4 688
Norwegian Kroner	Bought	54 994

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 1.349 was recorded as an unrealized loss. The forward contracts are valued at estimated fair value.

## iii. Time profile and currency rates in hedge instruments

At 31 December 2021, the Group held the following instruments to hedge exposures to changes in foreign currency:

<b>Timeprofile of forward currency contracts</b>	<b>Maturity</b>		
	<b>1-3 months</b>	<b>4-12 months</b>	<b>&gt;12 months</b>
Net exposure (in 1 000 NOK)	14 673	-5 367	-167
Average NOK:EUR forward contract rate	8,76	9,23	
Average NOK:USD forward contract rate	8,94	8,38	
Average NOK:CAD forward contract rate	6,88	6,92	
Average NOK:GBP forward contract rate	11,88	11,74	11,78

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.



The following table summarize the Group's hedging positions at year-end:

2021		Nominal amount (NOK)	Average exchange rate	Carrying amount 31.12 (NOK)		Change in fair value recognized in OCI (NOK)	Change in fair value recognized in profit or loss (NOK)
Currency	Hedging instruments			Assets	Liabilities		
	<b>Cash flow hedges</b>						
EUR	Sales and receivables	73 208 896	10,38	2 818 379	12 028	5 178 717	-
	Purchases and payables	80 035 779	10,26	352 097	1 978 786	(1 375 831)	-
	<b>Cash flow hedges</b>						
USD	Sales and receivables	37 282 869	8,41	219 612	1 962 210	(14 500 566)	-
	Purchases and payables	69 628 690	8,63	1 985 365	257 156	3 885 837	-
	<b>Cash flow hedges</b>						
GBP	Sales and receivables	18 456 654	11,84	29 008	169 044	(140 036)	-
	<b>Fair value hedges</b>						
	Borrowings	54 993 796	11,73	36 650	765 510	-	(1 349 283)
	<b>Cash flow hedges</b>						
CAD	Sales and receivables	24 555 553	6,93	-	159 738	(1 061 620)	-
	Purchases and payables	12 978 485	6,95	101 869	-	101 869	-
	<b>Cash flow hedges</b>						
	Sales and receivables	153 503 972	N/A	3 066 999	2 303 019	(10 523 505)	-
Total (NOK)	Purchases and payables	162 642 954	N/A	2 439 331	2 235 943	2 611 876	-
	<b>Fair value hedges</b>						
	Borrowings	54 993 796	N/A	36 650	765 510	-	(1 349 283)
<b>2020</b>							
2020		Nominal amount (NOK)	Average exchange rate	Carrying amount 31.12 (NOK)		Change in fair value recognized in OCI (NOK)	Change in fair value recognized in profit or loss (NOK)
Currency	Hedging instruments			Assets	Liabilities		
	<b>Cash flow hedges</b>						
EUR	Sales and receivables	83 522 160	10,33	130 987	2 503 353	(3 791 534)	-
	Purchases and payables	196 441 591	10,62	3 796 768	4 047 626	(79 003)	-
	<b>Cash flow hedges</b>						
USD	Sales and receivables	90 240 425	10,33	12 757 968	-	12 621 552	-
	Purchases and payables	31 028 371	10,62	-	2 157 629	(787 205)	-
	<b>Cash flow hedges</b>						
GBP	Sales and receivables	-	-	-	-	(183 304)	-
	<b>Fair value hedges</b>						
	Borrowings	29 735 923	11,89	620 423	-	-	620 423
	<b>Cash flow hedges</b>						
CAD	Sales and receivables	35 829 023	6,89	901 882	-	919 100	-
	<b>Cash flow hedges</b>						
	Sales and receivables	209 591 609	N/A	13 790 838	2 503 353	9 565 814	-
Total (NOK)	Purchases and payables	227 469 962	N/A	3 796 768	6 205 255	(866 208)	-
	<b>Fair value hedges</b>						
	Borrowings	29 735 923	N/A	620 423	-	-	620 423

All hedge balances are presented as other receivables or other current liabilities in the balance sheet.

#### B. 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 12.7 higher with a 1% higher average interest rate during the year and MNOK 12.7 lower with a 1 % lower average interest rate during the year.



## C. Macroeconomic risk

In 2021 about 88% of the revenues of the Group came from customers producing salmon, down from a share of 90% in 2020. 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.

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):

<b>Change in sales</b>	<b>Change in net profit/ equity (in NOK 1 000)</b>
10 %	58 566
5 %	29 283
2 %	11 713
-2 %	-11 713
-5 %	-29 283
-10 %	-58 566

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

## D. Climate risk

Climate change has been identified as a market risk which can potentially impact AKVA group's business in the short, medium, and long term. The physical related climate risks and opportunities relate to extreme weather events, sea levels and temperatures, the frequency of algae blooms, and the availability of the raw materials for our customer's operations, which in turn directly can impact AKVA group's operations as reduced order intake. In addition, AKVA group is experiencing an increased focus from our customers to be able to provide information about our climate accounts within our products and services. Within a relatively short time, we estimate that the latter will be emphasized by our customers when choosing their supplier, which means that working with our own climate emissions is also a risk and opportunity in this connection.

The Executive Personnel in AKVA group regularly carries out analysis on key sustainability and climate risks, to identify if they could significantly affect the group's ability to execute its business strategy and operations. The key actions to address these risks are:

- Internal policies and procedures,
- Development and analyzes of relevant KPI's,
- Development of a low carbon transition plan

In 2022, a collaboration has been entered into with a supplier of software for climate accounts, which in many ways will be the starting point for quantifying our work in this area. Refer report also Environmental, Social and Governance responsibility in AKVA group ASA, included in the second last section of the annual report.



## 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 to support its business and maximize shareholders value. The Group manages its capital structure and makes adjustment to it, considering 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.

<b>Dividends paid</b>	<b>Per share</b>
2015	1,00
2016	0,75
2017	1,25
2018	1,50
2019	1,75
2020	1,00
2021	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.

	<b>2021</b>	<b>2020</b>
Interest bearing debt	1 270 069	1 310 804
Less cash	303 442	224 884
<b>Net interest bearing debt</b>	<b>966 626</b>	<b>1 085 920</b>
Equity	1 296 885	1 041 538
<b>Total equity and net interest bearing debt</b>	<b>2 263 511</b>	<b>2 127 458</b>
Debt ratio	43 %	51 %

The Group has been compliant with all covenants in 2021, refer further information in note 14.

The ratio of the equity share attributable to AKVA group ASA's shareholders was 32.7 % as of 31 December 2021.



## Note 17

Revenue and contract balances (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).

For the year ended 31 December	Reportable segments							
	Sea Based		Land Based		Digital		Total reportable segments	
Primary geographical markets	2021	2020	2021	2020	2021	2020	2021	2020
Europe	2 035 038	2 043 450	382 081	380 677	50 467	68 857	2 467 586	2 492 985
Other	524 677	662 711	106 469	21 150	23 005	-	654 151	683 867
	<b>2 559 716</b>	<b>2 706 161</b>	<b>488 550</b>	<b>401 827</b>	<b>73 471</b>	<b>68 857</b>	<b>3 121 737</b>	<b>3 176 852</b>
<b>Major revenue lines</b>								
Construction contracts	1 555 526	1 669 530	452 033	343 231	-	-	2 007 560	2 012 761
Service & spare parts	992 805	980 623	36 517	58 596	-	-	1 029 322	1 039 219
Software	-	-	-	-	74 684	68 857	74 684	68 857
Other	11 384	56 007	-	-	-1 212	-	10 171	56 014
	<b>2 559 716</b>	<b>2 706 161</b>	<b>488 550</b>	<b>401 827</b>	<b>73 471</b>	<b>68 857</b>	<b>3 121 737</b>	<b>3 176 852</b>
<b>Timing of revenue recognition</b>								
Products and services transferred over time according to output method	1 139 319	1 454 021	-	-	-	-	1 139 319	1 454 021
Products and services transferred over time according to input method	416 207	215 509	452 033	343 231	-	-	868 241	558 740
Products and services transferred at point in time	992 805	980 623	36 517	58 596	74 684	68 857	1 104 007	1 108 076
Other revenue	11 384	56 007	-	-	-1 212	-	10 171	56 014
<b>External revenue as reported in note 2</b>	<b>2 559 716</b>	<b>2 706 161</b>	<b>488 550</b>	<b>401 827</b>	<b>73 471</b>	<b>68 857</b>	<b>3 121 737</b>	<b>3 176 852</b>
<b>Positions at 31 December</b>								
Total sales included from ongoing contracts	641 253	787 109	433 589	191 196	396	-	1 075 238	978 305
Contract assets	169 708	107 254	51 107	42 606	4 192	6	225 008	149 866
Contract liabilities	242 536	148 926	110 714	131 899	1 321	68	354 571	280 893

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

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. This usually occurs when the Group issues an invoice to the customer according to payment terms in the contracts.

The contract liabilities primarily relate to the advance consideration received from customers.

The duration of projects in the group is generally shorter than 12 months. Hence, contract balances at the beginning of the year are recognized in the income statement during the following financial year. No significant revenues in the reporting period relates to performance obligations satisfied in previous periods.

### Lease income

AKVA group has signed rental contracts with customers which is a service bundled with products. In 2021, 43 MNOK has been recognized as revenue related to lease income. The future minimum payments related to these rental contracts fall due as follows for the Groups customers:

Lease receivables to be collected	2022	2023	2024	2025	2026	After 2026
Rental agreements	35 886	24 318	19 534	12 377	8 547	627



## 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. The leased assets by the Group are included as Right-of-use assets in note 8.

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

The lease liabilities by class of underlying asset falls due as follows for the Group:

<b>Lease liabilities due</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>After 2026</b>
Offices and buildings	65 448	57 170	60 205	57 269	56 509	152 810
Vehicles	4 951	2 987	1 039	549	46	22
Office equipment and other	7 801	7 222	4 426	2 402	1 868	149
<b>Total</b>	<b>78 201</b>	<b>67 379</b>	<b>65 669</b>	<b>60 220</b>	<b>58 424</b>	<b>152 981</b>

The lease cash outflows divided on principal amounts and interests falls due as follows for the Group:

<b>Lease cash outflows due</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>After 2026</b>
Principal	78 201	67 379	65 669	60 220	58 424	152 981
Interests	18 197	15 669	12 988	10 464	8 051	18 620
<b>Total</b>	<b>96 398</b>	<b>83 048</b>	<b>78 657</b>	<b>70 684</b>	<b>66 475</b>	<b>171 600</b>

Leasing expenses recognized in the profit and loss:

<b>Amounts recognized in profit or loss</b>	<b>2021</b>	<b>2020</b>
Interest on lease liabilities	20 605	20 874
Expenses relating to short-term leases	5 993	21 998
Expenses relating to leases of low-value assets	385	2 830
<b>Total</b>	<b>26 983</b>	<b>45 702</b>



## Note 19

### Business combinations

#### **Divestment of AKVA Marine Services AS (later renamed to "Abyss Sør AS")**

In September 2021 AKVA group finalized the sale of its wholly owned subsidiary AKVA Marine Services AS ("AMS") to Abyss Group AS. Prior to completion of the Transaction, AKVA group owned 100% of the shares in AMS.

AKVA group used the shares in AMS as a non-cash contribution in a share issue in Abyss Group AS, where AKVA group received a 25.5% ownership share in Abyss Group as consideration for 100% of the shares in AKVA Marine Services AS. As such, the transaction did not involve any cash consideration. The transaction resulted in a net gain for the group of MNOK 0.2.

The following table summarizes the accounting values disposed of in the transaction and the calculation of the resulting gain for the group:

<b>September 30th 2021</b>	<b>Book value NOK 1.000</b>
<b>ASSETS</b>	
Deferred tax	552
Goodwill	95 734
Intangible assets	8 888
Tangible fixed assets	69 352
Financial assets	48
Trade receivables	15 900
Cash	3 288
<b>Total assets</b>	<b>193 762</b>
<b>LIABILITIES</b>	
Deferred tax	-1 955
Lease liabilities	-47 330
Trade payables	-2 864
Other current liabilities	-12 187
<b>Total liabilities</b>	<b>-64 336</b>
<b>Total identifiable net assets at fair value</b>	<b>129 426</b>
Fair value of consideration	129 617
<b>Gain arising on disposal</b>	<b>191</b>

#### **Exercising of option Grading Systems**

On the 24 February 2021 AKVA group (Egersund Net AS) exercised their option to buy out all remaining minority shareholders of Grading Systems Ltd. Egersund Net AS acquired the remaining (30%) shares from Viking Atlantic AS for a total of MNOK 7.0, increasing the ownership and voting rights in Grading Systems Ltd from 70% in 2020 to 100% 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 6.8 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.

Up to and including 2021, changes in the option price were booked directly against equity via OCI. In 2021, the Group has changed its principle here so that a change in the option price is now recognized in profit or loss as a financial expense. The effect for 2021 related to this is MNOK 0.7.

## Note 20

Related parties (2020 figures in brackets)

See consolidated accounts note 3 about remuneration to CEO and Executive Personnel 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 4.6 (3.3) in 2021. The outstanding balance towards ASF on 31 December 2021 was a receivable of MNOK 0.2 (0.9) and a payable of MNOK 0.1 (0.0).

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 0.0 (1.5) in 2021. The outstanding balance towards CAC on 31 December 2021 was a receivable of MNOK 0.0 (1.7).

Abbyss Group AS ("ABYSS") is a related party due to AKVA group ASA's ownership of 25.5% of the shares in ABYSS. The Group has as part of their role in ABYSS recorded revenues from ABYSS of MNOK 0.1 (0.0) in 2021. There were no outstanding balances towards ABYSS on 31 December 2021.

Observe Technologies Ltd ("OBSERVE") is a related party due to AKVA group ASA's ownership of 33.7% of the shares in OBSERVE. The Group has as part of their role in OBSERVE recorded revenues and costs from OBSERVE of respectively MNOK 0.0 (0.0) and MNOK 0.5 (0.0) in 2021. The outstanding balance towards OBSERVE on 31 December 2021 was a payable of MNOK 0.1 (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 and costs from NOFI of respectively MNOK 4.0 (4.6) and MNOK 3.9 (0.0) in 2021. The outstanding balance towards NOFI on 31 December 2021 was a receivable of MNOK 1.0 (1.2) and a payable of MNOK 0.0 (1.9).

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 0.8 (29.4) in 2021. The outstanding balance towards Emel Balik on 31 December 2021 was a receivable of MNOK 2.9 (4.3).

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 23.4 (18.9) and MNOK 60.6 (58.6) in 2021.

Outstanding balances at year-end are unsecured and interest free and settlement occurs in cash. As of 31 December, the company had MNOK 3.5 (8.8) in trade receivables and MNOK 2.9 (2.0) 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 comply with all legal requirements to pay dividend.

In total a dividend of 1.00 NOK per share was paid out on 14 April 2021, totaling a distributed amount of NOK 32,956,420.

<b>Dividend</b>	<b>2021</b>	<b>2020</b>
Per share	1,00	1,00
Total distributed amount <sup>1</sup>	32 956 420	33 156 420

<sup>1</sup>The total distributed amount in 2021 is reduced with MNOK 0.378 as the company owned 377,883 shares at the time of the dividend payment. 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.

## Note 22

### Sale and buyback of own shares

At the start of 2021 AKVA group ASA owned 377,883 own shares. The Board of Directors of AKVA group was granted an authorization by the annual general meeting held on 6 May 2021 for buy back of own shares, to a maximum of 833,358 shares. AKVA group did not exercise this right in 2021. As part of the incentive scheme program for Executive Personnel, 34,988 shares were distributed in 2021. Hence, AKVA group owns a total of 342,895 shares at year-end 2021.



## Note 23

Provisions (in NOK 1 000)

AKVA group has booked the following provisions as of 31 December 2021:

	<b>Warranties</b>	<b>Obsolete inventory</b>	<b>Bad debt</b>	<b>Total</b>
<b>Balance at 01.01.2021</b>	<b>42 882</b>	<b>13 519</b>	<b>10 647</b>	<b>67 049</b>
Provisions made during the year	21 881	2 534	1 797	26 212
Provisions used/reversed during the year	-27 216	-2 027	-8 502	-36 816
Revaluation	-1 464	42	-334	-1 756
<b>Balance at 31.12.2021</b>	<b>36 082</b>	<b>14 069</b>	<b>3 609</b>	<b>54 689</b>
Non-current	-	-	-	-
Current	36 083	14 069	3 604	53 756

## Note 24

Subsequent events

### Dividend

At the board meeting on 10 February 2022 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 3 March 2022 with payment date no later than 11 March 2022.

### Covid-19

The outbreak of the Corona virus had some impact on the 2021 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 Executive Personnel 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. A plan was 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.

### Invasion of Ukraine

On February 24, 2022, Russian forces invaded Ukraine, starting a war between the two countries. As a result of this invasion, significant sanctions have been imposed on Russia. In addition, the invasion is inevitably causing uncertainty across the Globe and has already had impact in the financial markets. Large exchange rate fluctuations and supply shortages can impact raw material prices and other goods used for the Group's production and assembly of products. The political picture as of the presentation of the annual report is uncertain, but it must be expected that activity towards Russia as a market will be severely impacted in the time ahead.

For 2021, sales to Russian customers accounted for approximately 4.6% of sales in AKVA group. AKVA group will comply with international sanctions and Group Management is evaluating the effects and the impacts on the upcoming year. At present, the sanctions are not assumed to have a significant effect on the group's profitability, nor does it entail any risk for going concern or represent an impairment indicator for the Group's assets.



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	2021	2020
<b>OPERATING REVENUES</b>			
Revenues	6	1 129 684	1 140 286
Share of results of associates	9	-1 019	-5 596
Other income	15	815	-
<b>Total revenues</b>	2,6,17,20	<b>1 129 480</b>	<b>1 134 691</b>
<b>OPERATING EXPENSES</b>			
Cost of materials	6,10,23,24	939 417	932 486
Payroll expenses	3,4	186 413	163 687
Depreciation and amortization	2,7,8	25 096	25 638
Other operating expenses	3,4,7,11,15,18,23,24	105 913	34 561
<b>Total operating expenses</b>	2,20	<b>1 256 838</b>	<b>1 156 371</b>
<b>OPERATING PROFIT</b>		<b>-127 358</b>	<b>-21 680</b>
<b>FINANCIAL INCOME AND EXPENSES</b>			
Financial income	15,16	61 482	249 534
Financial expenses	15,16,18	-40 882	-22 141
<b>Net financial income (expense)</b>		<b>20 600</b>	<b>227 393</b>
<b>PROFIT BEFORE TAX</b>		<b>-106 759</b>	<b>205 713</b>
Taxes	5	-12 881	7 843
<b>NET (LOSS)/PROFIT FOR THE YEAR</b>		<b>-93 878</b>	<b>197 870</b>
<b>ALLOCATION OF PROFIT FOR THE YEAR</b>			
Transferred to other equity		-93 878	197 870
Dividends paid	21	-32 956	-33 156
Net allocated		-126 834	164 714



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

(in NOK 1 000)

Parent company	Note	2021	2020
<b>NET PROFIT FOR THE YEAR</b>		-93 878	197 870
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to income statement:</i>			
Gains (+) / losses (-) on cash flow hedges		-9 175	12 030
Income tax effect	5	2 019	-2 647
<b>Total</b>	16	<b>-7 157</b>	<b>9 384</b>
<b>Total other comprehensive income, net of tax</b>		<b>-7 157</b>	<b>9 384</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<b>-101 034</b>	<b>207 253</b>
Attributable to:			
Non-controlling interests		-	-
<b>Equity holders of AKVA group ASA</b>		<b>-101 034</b>	<b>207 253</b>



## Statement of Financial Position 31.12.

(in NOK 1 000)

Parent company	Note	2021	2020
<b>NON-CURRENT ASSETS</b>			
Deferred tax asset	5	2 908	-
<b>Intangible assets and goodwill</b>			
Goodwill	7	53 000	53 000
Other intangible assets	7	65 252	62 901
Total intangible assets		118 252	115 900
<b>Tangible fixed assets</b>			
Land and building	8,14	15 259	15 414
Right-of-use assets	8,14,18	41 022	45 340
Machinery and equipment	8,14	8 275	11 244
Total tangible fixed assets		64 556	71 998
<b>Long-term financial assets</b>			
Investments in subsidiaries	9	1 313 769	1 461 407
Investments in associated companies	9	171 432	1 001
Loans to group companies	6	89 893	75 622
Other long-term financial assets	11,16	64 930	53 108
Total long-term financial assets		1 640 024	1 591 137
<b>Total non-current assets</b>		<b>1 825 739</b>	<b>1 779 036</b>
<b>CURRENT ASSETS</b>			
Inventory	10,14,23	102 139	107 808
<b>Receivables</b>			
Accounts receivables	11,14,16,20,23	134 163	115 172
Accounts receivables - group companies	6,14	41 005	61 047
Contract assets	6,16,17	160 495	109 608
Other receivables	4,15,16	6 011	22 765
Other receivables - group companies	6,15	159 480	283 623
Total receivables		501 154	592 216
Cash and cash equivalents	12,16	184 029	58 221
<b>Total current assets</b>		<b>787 323</b>	<b>758 245</b>
<b>TOTAL ASSETS</b>	2	<b>2 613 062</b>	<b>2 537 281</b>




## Statement of Financial Position 31.12.

(in NOK 1 000)

Parent company	Note	2021	2020
<b>EQUITY</b>			
<b>Paid-in capital</b>			
Share capital		36 667	32 956
Share premium		1 171 871	853 529
Other paid-in capital		1 116	1 116
Total paid-in capital	13,14,19,21,22	1 209 655	887 601
<b>Retained earnings</b>			
Other equity		10 879	146 124
Total retained earnings	14,19,21,22	10 879	146 124
<b>Total equity</b>		<b>1 220 534</b>	<b>1 033 725</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax	5	-	14 685
Liabilities to financial institutions	14,16	450 000	750 000
Lease Liability	16,18	37 320	41 257
Other non-current liabilities	14,16	3 262	4 980
Total non-current liabilities		490 582	810 921
<b>Current liabilities</b>			
Lease Liability	16,18	5 643	5 323
Liabilities to financial institutions	14	300 000	-
Trade payables	16,20	65 059	75 721
Trade payables - group companies	6	27 367	9 010
Taxes payable	5	-	2 544
Public duties payable	16	26 019	15 283
Contract liabilities	6,16,17	270 921	194 441
Other current liabilities	14,15,19,23	39 863	60 102
Other current liabilities - group companies	6,15	167 074	330 210
Total current liabilities		901 947	692 634
<b>Total Liabilities</b>	2	<b>1 392 528</b>	<b>1 503 556</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2 613 062</b>	<b>2 537 281</b>

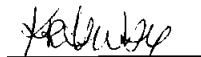


Klepp, Norway, 15 March 2022



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Hans Kristian Mong  
Chairperson



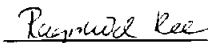
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Kristin Reitan Husebø  
Deputy Chairperson



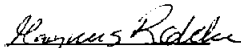
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Helen Helland  
Board Member



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Ragnhild Ree  
Board Member



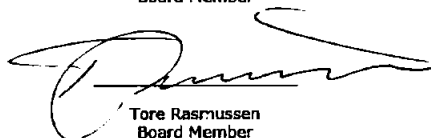
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Magnus Røkke  
Board Member



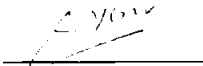
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Heidi Hegg Flikka  
Board Member



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Tore Rasmussen  
Board Member



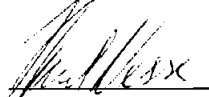
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Yoav Doppelt  
Board Member



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Irene Heng Lauvsnes  
Board Member



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Knut Nesse  
CEO



## Cash Flow Statement 01.01.-31.12.

(in NOK 1 000)

Parent company	Note	2021	2020
<b>Cash flow from operating activities</b>			
Profit before taxes		-106 759	205 713
Taxes paid	5	-5 021	-894
Share of loss from associates	9	1 019	5 596
Net interest cost	15	15 018	17 208
Net gain(-)/loss(+) from disposals of subsidiaries	19	18 270	-
Gain(-)/loss(+) on disposal of fixed assets		-815	5 571
Gain(-)/loss(+) on financial fixed assets	9	10 342	-8 283
Depreciation	7,8	25 096	25 638
Changes in stock, trade receivable and payables		44 534	-112 915
Changes in other receivables and payables		-47 119	4 031
<b>Net cash flow from operating activities</b>		<b>-45 434</b>	<b>141 665</b>
<b>Cash flow from investment activities</b>			
Investments in tangible and intangible fixed assets	7,8	-32 516	-24 178
Sale of tangible and intangible fixed assets	7,8	15 218	31 415
Payment of shares and participations	9,19	-36 217	-123 751
Net changes in other long-term financial assets		-	-1 765
<b>Net cash flow from investment activities</b>		<b>-53 515</b>	<b>-118 279</b>
<b>Cash flow from financing activities</b>			
Repayment of borrowings	14	-832	-96 989
Proceeds from borrowings	14	-	200 000
Repayment of lease liabilities	14	-5 510	-5 306
Net payment loans to group companies	6,14	-19 178	-4 022
Loan issue	14	-22 142	-
Net interest paid	15	-16 298	-17 208
Dividend payment	14,21	-32 956	-33 156
Equity issue	13	321 676	-
Sale/(purchase) own shares	14,22	-	-14 662
<b>Net cash flow from financing activities</b>		<b>224 760</b>	<b>28 657</b>
Net change in cash and cash equivalents		125 810	52 043
Cash and cash equivalents at 01.01.	12	58 221	6 178
<b>Cash and cash equivalents at 31.12.</b>	12	<b>184 029</b>	<b>58 221</b>



## Statement of changes in equity

(in NOK 1 000)

Parent company	Note	Share capital	Share premium	Other paid-in capital	Total paid in capital	Cash flow hedges	Other equity	Total retained earnings	Total equity
<b>Equity as at 01.01.2020</b>		33 156	853 529	1 116	<b>887 801</b>	-1 536	-2 591	<b>-4 127</b>	<b>883 674</b>
Net movement in cash flow hedges	16	-	-	-	-	9 384	-	<b>9 384</b>	<b>9 384</b>
<b>Total other comprehensive income</b>		-	-	-	-	9 384	-	<b>9 384</b>	<b>9 384</b>
Profit (loss) for the period		-	-	-	-	-	188 486	<b>188 486</b>	<b>188 486</b>
<b>Total comprehensive income</b>		-	-	-	-	9 384	188 486	<b>197 870</b>	<b>197 870</b>
Dividend	21	-	-	-	-	-	-33 156	<b>-33 156</b>	<b>-33 156</b>
Sale / (purchase) of own shares	22	-200	-	-	<b>-200</b>	-	-14 462	<b>-14 462</b>	<b>-14 662</b>
<b>Equity as at 31.12.2020</b>		32 956	853 529	1 116	<b>887 601</b>	7 847	138 277	<b>146 124</b>	<b>1 033 725</b>
<b>Equity as at 01.01.2021</b>		32 956	853 529	1 116	<b>887 601</b>	7 847	138 277	<b>146 124</b>	<b>1 033 725</b>
Net movement in cash flow hedges	16	-	-	-	-	-7 157	-	<b>-7 157</b>	<b>-7 157</b>
<b>Total other comprehensive income</b>		-	-	-	-	-7 157	-	<b>-7 157</b>	<b>-7 157</b>
Profit (loss) for the period		-	-	-	-	-	-93 878	<b>-93 878</b>	<b>-93 878</b>
<b>Total income and expense for the year</b>		-	-	-	-	-7 157	-93 878	<b>-101 034</b>	<b>-101 034</b>
Adjustments related to prior periods		378	-	-	378	-	-1 255	<b>-1 255</b>	<b>-877</b>
Dividend	21	-	-	-	-	-	-32 956	<b>-32 956</b>	<b>-32 956</b>
Equity issue	13	3 333	318 343	-	<b>321 676</b>	-	-	-	<b>321 676</b>
<b>Equity as at 31.12.2021</b>		36 667	1 171 871	1 116	<b>1 209 655</b>	691	10 188	<b>10 879</b>	<b>1 220 534</b>



## Notes to the Financial Statements – AKVA group ASA

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## **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 3<sup>rd</sup>, 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 areas Sea Based, Land Based and Digital Technology. For more detailed description and information about products and services, please go to [www.akvagroup.com](http://www.akvagroup.com). More information is also given in note 2 in the consolidated accounts.

<b>Sea Based Technology</b>	<b>2021</b>	<b>2020</b>
Operating revenue	1 065 006	1 134 691
Operating expenses	1 139 604	1 130 734
Operating profit before depreciation and amortization (EBITDA)	-74 599	3 957
Depreciation and amortization	25 024	25 638
Operating profit (EBIT)	-99 622	-21 680
<b>Land Based Technology</b>	<b>2021</b>	<b>2020</b>
Operating revenue	64 241	-
Operating expenses	79 126	-
Operating profit before depreciation and amortization (EBITDA)	-14 885	-
Depreciation and amortization	20	-
Operating profit (EBIT)	-14 905	-
<b>Digital</b>	<b>2021</b>	<b>2020</b>
Operating revenue	233	-
Operating expenses	13 012	-
Operating profit before depreciation and amortization (EBITDA)	-12 779	-
Depreciation and amortization	52	-
Operating profit (EBIT)	-12 831	-
<b>Total</b>	<b>2021</b>	<b>2020</b>
Operating revenue	1 129 480	1 134 691
Operating expenses	1 231 742	1 130 734
Operating profit before depreciation and amortization (EBITDA)	-102 262	3 957
Depreciation and amortization	25 096	25 638
Operating profit (EBIT)	-127 358	-21 680



## Geographical information – customer’s country of origin

<b>Operating revenue</b>	<b>2021</b>	<b>2020</b>
Norway	719 250	704 930
Europe	75 677	29 287
Russia	141 713	163 711
Iceland	60 721	49 961
China	62 310	-
Chile	15 691	143 314
Canada	44 477	39 918
Other	9 641	3 570
<b>Total</b>	<b>1 129 480</b>	<b>1 134 691</b>

### Note 3

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

<b>Payroll expenses</b>	<b>2021</b>	<b>2020</b>
Salaries	148 902	117 539
Payroll tax	22 319	16 407
Pension costs	8 864	7 081
Other benefits	6 328	22 659
<b>Total</b>	<b>186 413</b>	<b>163 687</b>

The number of employees in full time equivalent in the company at year end is:

183                      148

See consolidated accounts note 3 about remuneration to CEO and Executive Personnel, 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 Executive Personnel as of 31 December.

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



<b>Fees to auditor</b>	<b>2021</b>	<b>2020</b>
Audit	1 114	960
Tax services	12	142
Other services	278	-
<b>Total</b>	<b>1 404</b>	<b>1 102</b>

All fees to the auditor are excl. VAT.

#### **Note 4**

Government grants and subsidies (in NOK 1 000)

<b>Government grants received</b>	<b>2021</b>	<b>2020</b>
"Skattefunn"	-	3 201
Norges Forskningsråd	2 797	2 000
<b>Total</b>	<b>2 797</b>	<b>5 201</b>



## Note 5

Taxes (in NOK 1 000)

<b>Tax expense</b>	<b>2021</b>	<b>2020</b>
Current taxes payable	-	5 052
Adjustment related to previous year	4 711	1 194
Change in deferred taxes	-17 592	1 597
<b>Total tax expense</b>	<b>-12 881</b>	<b>7 843</b>

<b>Tax expense reported in other comprehensive income</b>	<b>2021</b>	<b>2020</b>
Cash flow hedges	2 019	-2 647
<b>Total tax expense reported in other comprehensive income</b>	<b>2 019</b>	<b>-2 647</b>

<b>Calculation of the basis for taxation</b>	<b>2021</b>	<b>2020</b>
Profit before tax <sup>1</sup>	-106 759	205 713
Permanent differences	27 605	-182 349
Change in temporary differences	79 153	-404
<b>Tax base</b>	<b>0</b>	<b>22 960</b>

<sup>1</sup> Includes received Group contribution of MNOK 57.0

<b>Specification of temporary differences</b>	<b>2021</b>	<b>2020</b>
Current assets	26 041	42 250
Fixed assets	58 163	54 403
Provisions	-14 559	-29 906
Losses carried forward	-82 863	-
<b>Total</b>	<b>-13 218</b>	<b>66 747</b>

Calculated deferred tax assets (-liabilities)	2 908	-14 684
<b>Deferred tax asset (-liabilities)</b>	<b>2 908</b>	<b>-14 684</b>

<b>Effective tax rate</b>	<b>2021</b>	<b>2020</b>
Expected income taxes, statutory tax rate of 22%	-25 061	45 257
Permanent differences (22%)	-5 543	-40 117
Excess(-)/insufficient(+) provisions in former years	17 723	2 703
<b>Income tax expense</b>	<b>-12 881</b>	<b>7 843</b>

Effective tax rate in percent of profit before tax	12,1 %	3,8 %
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The company has MNOK 82.8 in tax loss carried forward at year-end 2021.



## Note 6

Intercompany transactions and balances (in NOK 1 000)

<b>Receivables</b>	<b>2021</b>	<b>2020</b>
Loans to group companies	89 893	75 622
Accounts receivables towards group companies	41 005	61 047
Other receivables towards group companies	159 480	352 400
<b>Total</b>	<b>290 378</b>	<b>489 068</b>

<b>Payables</b>	<b>2021</b>	<b>2020</b>
Trade payables towards group companies	27 367	9 010
Other current liabilities towards group companies	167 074	363 224
<b>Total</b>	<b>194 441</b>	<b>372 234</b>

<b>Intercompany transactions with subsidiaries</b>	<b>2021</b>	<b>2020</b>
Product sales	123 119	209 098
Purchased goods	404 266	374 690
Purchased services	41 892	14 118

## Note 7

Intangible assets (in NOK 1 000)

<b>2021</b>	<b>Goodwill</b>	<b>Develop- ment costs</b>	<b>Other intangible assets</b>	<b>Total</b>
Acquisition cost at 01.01.	53 000	139 956	52 950	<b>245 906</b>
Additions	-	28 672	416	<b>29 088</b>
Disposals	-	-	-13 218	<b>-13 218</b>
Acquisition cost 31.12.	53 000	168 628	40 148	<b>261 776</b>
Accumulated amortization at 01.01.	-	90 673	39 334	<b>130 007</b>
Amortization during the year	-	13 399	119	<b>13 518</b>
Accumulated amortization 31.12.	-	104 072	39 453	<b>143 525</b>
<b>Net book value at 31.12.</b>	<b>53 000</b>	<b>64 557</b>	<b>696</b>	<b>118 252</b>

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



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 30.9 (MNOK 23.8 in 2020) 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.



## Note 8

Tangible fixed assets (in NOK 1 000)

	Land and building	Right-of-use assets	Machinery and equipment	Total
<b>2021</b>				
Acquisition cost at 01.01.	17 423	55 487	77 079	<b>149 989</b>
Additions	-	1 892	5 624	<b>7 516</b>
Reclassified to intangible assets	-	-	-	-
Disposals during the year	-	-	-6 210	<b>-6 210</b>
Acquisition cost 31.12.	17 423	57 379	76 493	<b>151 295</b>
Accumulated depreciation 01.01.	2 010	10 147	65 836	<b>77 993</b>
Depreciation	154	6 210	5 213	<b>11 576</b>
Accumulated depreciation disposals during the year	-	-	-2 830	<b>-2 830</b>
Accumulated depreciation 31.12.	2 164	16 357	68 219	<b>86 739</b>
<b>Net book value 31.12.</b>	<b>15 259</b>	<b>41 022</b>	<b>8 275</b>	<b>64 556</b>
<b>2020</b>				
Acquisition cost at 01.01.	14 472	42 409	124 620	<b>181 501</b>
Additions	2 951	13 078	567	<b>16 596</b>
Reclassified to intangible assets	-	-	-11 122	<b>-11 122</b>
Disposals during the year	-	-	-36 986	<b>-36 986</b>
Acquisition cost 31.12.	17 423	55 487	77 079	<b>149 989</b>
Accumulated depreciation 01.01.	1 856	4 176	60 051	<b>66 083</b>
Depreciation	154	5 971	7 095	<b>13 219</b>
Accumulated depreciation 31.12.	2 010	10 147	65 836	<b>77 992</b>
<b>Net book value 31.12.</b>	<b>15 414</b>	<b>45 340</b>	<b>11 244</b>	<b>71 998</b>

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 <sup>1</sup>	Share capital (NOK 1 000)	Number of shares	Par value (NOK)	Book value (NOK 1 000)
AKVA group Australasia Pty Ltd.	Australia	100 %	329	50 000	7	301
AKVA group North America Inc	Canada	100 %	502	419 760	1	5 253
Newfoundland Aqua Service Ltd. <sup>2</sup>	Canada	70 %	1	93	11	19 993
AKVA group Chile S.A. <sup>3</sup>	Chile	100 %	46 889	11 264	4 163	51 887
AKVA group Land Based Americas S.A. <sup>3</sup>	Chile	100 %	6 266	11 264	556	1 113
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 Hellas SM PEC	Greece	100 %	1 571	20 000	79	1 471
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
Sperre AS	Norway	100 %	500	50	10 000	160 528
Egersund Net AS	Norway	100 %	2 297	500	4 594	737 999
AKVA group Scotland Ltd.	Scotland	100 %	18 368	14 186 377	1	27 417
AKVA group Espana S.L	Spain	100 %	5 267	3 000	1 756	5 040
AKVAsmart Ltd. (Turkey)	Turkey	100 %	2 887	200	14 435	9 910
<b>Total</b>						<b>1 313 769</b>

<sup>1</sup> All ownership interests entitle the same interest of voting rights.

<sup>2</sup> 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 2021. 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.

<sup>3</sup> 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.



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 <sup>1</sup>	Share capital (NOK 1 000)	Number of shares	Par value (NOK)	Book value
Observe Ltd	GBP	33,7 %	7	3 861	0,6	35 004
Nordic Aqua Partners Holding ApS <sup>2</sup>	NOK	9,0 %	6 943	470 091	1,3	31 026
Ecofisk AS	NOK	3,3 %	922	151 934	0,2	5 500
Atlantis Subsea Farming AS	NOK	33,3 %	762	200	1 270	3 021
Centre for Aquaculture Competence AS <sup>3</sup>	NOK	33,3 %	450	150	1 000	150
Blue Planet AS	NOK	5,1 %	1 950	2	50 000	100
Blue Farm AS	NOK	12,0 %	30	36	100	4
Abbyss Group AS	NOK	25,5 %	600	153 287	1,0	133 407
<b>Total</b>						<b>208 212</b>

<sup>1</sup> All ownership interests entitle the same interest of voting rights.

<sup>2</sup> 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.

<sup>3</sup> 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	2021	2020
Finished goods (at net realisable value)	102 139	107 808
<b>Total</b>	<b>102 139</b>	<b>107 808</b>
Write-down of obsolete inventory 1.1	4 178	2 851
Change in write-down of obsolete inventory during the year	-1 378	1 327
<b>Write-down of obsolete inventory 31.12</b>	<b>2 800</b>	<b>4 178</b>



## Note 11

Receivables (in NOK 1 000)

### Accounts receivables

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

<b>Bad debt provisions</b>	<b>2021</b>	<b>2020</b>
Bad debt provision 01.01.	1 000	1 200
Change in bad debt provision	-560	-200
<b>Bad debt provision 31.12.</b>	<b>440</b>	<b>1 000</b>

Recorded bad debt cost during the year	404	799
Change in bad debt provision	-560	-200
<b>Total bad debt cost during the year</b>	<b>-156</b>	<b>599</b>

### As of 31.12. the company had the following ageing profile of accounts receivables:

	<b>2021</b>	<b>2020</b>
Not due	88 626	83 327
Due <30 days	34 123	24 816
Due 31-60 days	-	262
Due 61-90 days	8 117	5 759
Due >91 days	3 738	2 009
<b>Total</b>	<b>134 603</b>	<b>116 172</b>
Bad debt provisions	440	1 000

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

## Note 12

Cash and cash equivalents (in NOK 1 000)

	<b>2021</b>	<b>2020</b>
Cash	184 029	58 221
Restricted funds	-	-
<b>Total cash and cash equivalents</b>	<b>184 029</b>	<b>58 221</b>

The company has entered into a tax deduction guarantee agreement and thus has no restricted funds as of 31 December 2021.

The company has an overdraft facility of MNOK 300 and a revolving credit line of MNOK 200 in Danske Bank. As of 31 December 2021, MNOK 0 of the overdraft facility was utilized, same as at year-end 2020. The revolving credit line was fully used as of 31 December 2021, as it was also at the end of 2020.



## Note 13

### Shareholders

#### AKVA group ASA

The company's share capital is MNOK 36.7 divided into 36.7 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

### Interest-bearing debt (in NOK 1 000)

<b>Interest-bearing debt:</b>	<b>2021</b>	<b>2020</b>
Non-current liabilities to financial institutions	450 000	750 000
Non-current lease liabilities	37 320	41 257
Other non-current liabilities	3 262	4 980
Current liabilities to financial institutions	300 000	-
Current lease liabilities	5 643	5 323
Other current interest-bearing debt	844	844
<b>Total</b>	<b>797 069</b>	<b>802 404</b>
Average interest rate	2,16 %	2,35 %

### Repayment of debt

<b>The Company's interest-bearing debt matures as follows:</b>	<b>2021</b>	<b>2020</b>
2021	-	6 168
2022	306 501	306 182
2023	206 145	206 182
2024	256 126	259 983
2025	5 330	6 867
2026	4 784	5 323
After 2026	18 183	11 698
<b>Total</b>	<b>797 069</b>	<b>802 404</b>

<b>Liabilities secured:</b>	<b>2021</b>	<b>2020</b>
Liabilities secured with assets	753 262	754 980
Bank guarantee liabilities	75 780	54 386
Parent company guarantee liabilities	50 399	40 930

<b>Assets pledged as security for debt:</b>	<b>2021</b>	<b>2020</b>
Accounts receivables third parties	134 163	115 172
Accounts receivables group companies	41 005	61 047
Inventory	102 139	107 808
Shares in subsidiaries <sup>1</sup>	181 143	330 781
Other assets	64 556	71 998
<b>Total</b>	<b>523 007</b>	<b>686 807</b>



<sup>1</sup>The shares in AKVA group Land Based A/S, AKVA group Denmark A/S, AKVA group Land Based Norway AS and Sperre AS are pledged

The terms and conditions of outstanding loans are as follows:

<b>Outstanding loans from financial institutions:</b>	<b>Currency</b>	<b>Nominal interest rate</b>	<b>Carrying amount 2021</b>	<b>Carrying amount 2020</b>
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 + 1.90%	250 000	250 000
Secured bank loan revolving credit facility	NOK	Nibor + 1.75%	200 000	200 000
<b>Total</b>			<b>750 000</b>	<b>750 000</b>

The company was compliant with all covenants in 2021, refer note 14 in the consolidated accounts for further information.

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

	<b>Note</b>	<b>Bank overdraft</b>	<b>Liabilities to financial institutions</b>	<b>Other interest-bearing liabilities</b>	<b>Lease liabilities</b>	<b>Loans to group companies</b>	<b>Other long-term financial assets</b>	<b>Share capital / premium</b>	<b>Cash flow hedges reserves</b>	<b>Retained earnings</b>	<b>Total</b>
<b>Balance at 01.01.2021</b>		0	750 000	4 980	46 581	-75 622	-53 108	887 601	7 947	138 277	1 706 558
<b>Changes from financing cash flows</b>											
Repayment of borrowings		-	-	-832	-	-	-	-	-	-	-832
Repayment of lease liabilities		-	-	-	-5 510	-	-	-	-	-	-5 510
Change in loans to group companies		-	-	-	-	-19 178	-	-	-	-	-19 178
Loan issue		-	-	-	-	-	-22 142	-	-	-	-22 142
Proceeds from equity issue	13	-	-	-	-	-	-	321 676	-	-	321 676
Interest received(+)/paid(-)	15	-1 231	-16 213	-	-2 012	3 157	-	-	-	-	-16 298
Dividend payment	21	-	-	-	-	-	-	-	-	-32 956	-32 956
<b>Total changes from financing cash flows</b>		<b>-1 231</b>	<b>-16 213</b>	<b>-832</b>	<b>-7 522</b>	<b>-16 021</b>	<b>-22 142</b>	<b>321 676</b>	<b>-</b>	<b>-32 956</b>	<b>224 760</b>
The effect of changes in foreign exchange rates		-	-	-	-	4 907	-	-	-	-	4 907
Changes in fair value		-	-	-	-	-	10 342	-	-	-	10 342
<b>Other changes</b>											
<b>Liability-related</b>											
New leases		-	-	-	1 892	-	-	-	-	-	1 892
Interest income(-)/expense(+)	15	1 231	16 213	-	2 012	-3 157	-	-	-	-	16 298
<b>Total liability-related other changes</b>		<b>1 231</b>	<b>16 213</b>	<b>-</b>	<b>3 904</b>	<b>-3 157</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18 190</b>
<b>Total equity-related other changes</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>378</b>	<b>-7 157</b>	<b>-95 133</b>	<b>-101 911</b>
<b>Balance at 31.12.2021</b>		<b>0</b>	<b>750 000</b>	<b>4 149</b>	<b>42 963</b>	<b>-89 893</b>	<b>-64 908</b>	<b>1 209 655</b>	<b>691</b>	<b>10 188</b>	<b>1 862 846</b>

## Note 15

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

<b>Other Income</b>	<b>2021</b>	<b>2020</b>
Profit from sale of tangible fixed assets	815	-
Other	-	-
<b>Total other income</b>	<b>815</b>	<b>-</b>



<b>Other operating expenses</b>	<b>2021</b>	<b>2020</b>
Accommodation, materials, equipment and maintenance	19 834	13 308
Marketing, travelling and communication	9 589	7 603
Loss on disposal of fixed assets	-	5 571
Loss on disposal of subsidiary <sup>1</sup>	18 271	-
Cyber attack expenses	43 299	-
Other operating expenses	14 920	8 080
<b>Total other operating expenses</b>	<b>105 913</b>	<b>34 561</b>

<sup>1</sup> Loss on disposal of subsidiary in 2021 relates to the divestment of AKVA Marine Services in September 2021

<b>Financial income</b>	<b>2021</b>	<b>2020</b>
Interest income from group companies	3 157	2 713
Other interest income	1 279	1 774
Group contribution recognized as income	57 045	217 524
Dividend	-	6 000
Change in fair value of financial assets	-	8 283
Agio gain	-	5 174
Other financial income	-	8 067
<b>Total financial income</b>	<b>61 482</b>	<b>249 534</b>

<b>Financial expenses</b>	<b>2021</b>	<b>2020</b>
Interest expenses	17 444	19 947
Interest on lease liabilities	2 012	1 747
Agio loss	8 974	-
Change in fair value of financial assets	10 342	-
Other financial expenses	2 111	447
<b>Total financial expenses</b>	<b>40 883</b>	<b>22 141</b>

<b>Other receivables</b>	<b>2021</b>	<b>2020</b>
Receivables from group companies	159 480	283 623
Hedging balance	3 908	14 669
Grants receivable	-	5 942
Other receivables	2 103	2 154
<b>Total other receivables</b>	<b>165 491</b>	<b>306 388</b>

<b>Other current liabilities</b>	<b>2021</b>	<b>2020</b>
Liabilities to group companies	167 074	330 210
Hedging balance	3 946	6 202
Payroll accruals	19 753	31 340
Warranty provision	7 700	10 000
Other current liabilities	8 464	12 560
<b>Total other current liabilities</b>	<b>206 938</b>	<b>390 313</b>

The provisions for warranties relate to projects and products in the sea 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 (in NOK 1 000)

### Accounting classifications and fair values

The following table shows the accounting classification, carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Accounting classification	2021		2020	
		Book value	Fair value	Book value	Fair value
<b>Financial assets</b>					
Cash	Amortized cost	184 029	184 029	58 221	58 221
Trade receivables	Amortized cost	175 168	175 168	176 220	176 220
Other current assets	Amortized cost	165 491	165 491	306 388	306 388
Other long-term receivables	Amortized cost	33 904	33 904	11 740	11 740
Other long-term financial assets	FVTPL	31 026	31 026	41 368	41 368
Forward currency contracts <sup>1</sup>	FVTPL	3 908	3 908	14 669	14 669
<b>Total</b>		<b>593 527</b>	<b>593 527</b>	<b>608 606</b>	<b>608 606</b>
Bank overdraft		-	-	-	-
Trade payables	Amortized cost	92 426	92 426	84 731	84 731
Loans	Amortized cost	753 262	753 262	754 980	754 980
Lease liabilities	Amortized cost	42 962	42 962	46 581	46 581
Put/call option minority interest	FVTPL	6 785	6 785	6 064	6 064
Forward currency contracts <sup>2</sup>	FVTPL	3 946	3 946	6 202	6 202
<b>Total</b>		<b>899 382</b>	<b>899 382</b>	<b>898 557</b>	<b>898 557</b>

<sup>1</sup> The amount is included in other receivables in the Statement of Financial Position

<sup>2</sup> The amount is included in other current liabilities in the Statement of Financial Position

### 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, other current assets, overdraft facilities and long-term debts.

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.



## Fair value hierarchy

As of 31 December 2021, 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

<b>Financial instruments at fair value</b>	<b>31.12.21</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Financial assets - Forward currency contracts	3 908	-	3 908	-
Financial assets - Investments	31 026	31 026	-	-
Financial liabilities - Forward currency contracts	3 946	-	3 946	-
Financial liabilities - Put/call option	6 785	-	6 785	-

<b>Financial instruments at fair value</b>	<b>31.12.20</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Financial assets - Forward currency contracts	14 669	-	14 669	-
Financial assets - Investments	41 368	41 368	-	-
Financial liabilities - Forward currency contracts	6 202	-	6 202	-
Financial liabilities - Put/call option	6 064	-	6 064	-

There have been no transfers between levels during the period.

## Financial risk management

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The company's risk management policies are established to identify and analyze the risks faced by the company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the company.

The company has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

### Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables from customers.

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.

### Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

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.

The table below summarizes the maturity profile of the company's financial liabilities based on contractual undiscounted payments:

<b>2021</b>	<b>Less than 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
Interest-bearing loans and borrowings	4 911	312 159	518 113	-	835 184
Lease liabilities	1 863	5 590	24 050	20 025	51 528
Trade and other payables	91 078	-	-	-	91 078
Financial derivatives	202 352	139 313	29 475	-	371 141
<b>Total</b>	<b>300 205</b>	<b>457 062</b>	<b>571 638</b>	<b>20 025</b>	<b>1 348 931</b>

<b>2020</b>	<b>Less than 3 months</b>	<b>3 to 12 months</b>	<b>1 to 5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
Interest-bearing loans and borrowings	-	844	753 376	1 604	755 823
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
<b>Total</b>	<b>216 077</b>	<b>109 273</b>	<b>783 283</b>	<b>23 889</b>	<b>1 132 523</b>

As disclosed in Note 14, the company has secured bank loans that contains a loan covenant. A future breach of covenant may require the company to repay the loan earlier than indicated in the above table. Under the agreement, the covenant is monitored on a regular basis and reported to management to ensure compliance with the agreement.



## Market risk

Market risk is the risk that changes in market prices – e.g., foreign exchange rates, interest rates and equity prices – will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The company uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by the risk management committee. Generally, the company seeks to apply hedge accounting to manage volatility in profit or loss

### A. 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.

The following significant exchange rates have been applied for the reporting period:

NOK vs	Average rate		Year-end spot rate	
	2021	2020	2021	2020
EUR 1	10,16	10,72	9,99	10,47
GBP 1	11,82	12,06	11,89	11,65
USD 1	8,59	9,41	8,82	8,53
CAD 1	6,85	7,01	6,94	6,70

A reasonably possible strengthening (weakening) of the euro, sterling, or US dollar against all other currencies on 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

31.12.2021	KNOK effect on profit before tax by +10%/-10% change in			KNOK effect on book equity by +10%/-10% change in		
	EUR	GBP	USD	EUR	GBP	USD
	10 %	1 710	279	-144	2 461	-1 574
-10 %	-1 710	-279	144	-2 461	1 574	-3 066

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
-10 %	3 672	-637	-55	-10 906	3 485	4 863

The company's currency risk is sought reduced by using currency forward contracts. The currency risk is managed by the parent company in cooperation with the subsidiaries.

The company uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date. These contracts are generally designated as cash flow hedges. The company designates the spot element of forward foreign exchange contracts to hedge its currency risk and applies a hedge ratio of 1:1. The company's policy is for the critical terms of the forward exchange contracts to align with the hedged item.

The company determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount, and timing of their respective cash flows. The company assesses whether the derivative designated in each hedging



relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item.

#### iv. Cash flow hedges

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. The expected cash flows subject to hedging are expected to take place during the 2022 and hence be recognized in the income statement during the same period. At the end of the year the company had the following positions in forward contracts to hedge expected future cash flow:

<b>Cash flow hedges</b>		<b>Net currency</b>
<b>Currency (in 1 000)</b>	<b>Bought/sold</b>	<b>amount</b>
Euro	Sold	1 433
British Pound	Sold	-869
American Dollar	Bought	4 012
Canadian Dollar	Sold	-1 677
Norwegian Kroner	Sold	-27 493

At the end of the year, it was recorded a loss of MNOK 7.157 directly against other comprehensive income related to hedging of expected future cash flow.

#### v. Fair value hedges

To hedge the value of the items in the balance sheet denominated in a foreign currency the company had the following positions in forward contracts at the end of the year:

<b>Fair value hedges</b>		<b>Net currency</b>
<b>Currency (in 1 000)</b>	<b>Bought/sold</b>	<b>amount</b>
British Pound	Sold	-4 688
Norwegian Kroner	Bought	54 994

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 1.349 was recorded as an unrealized loss. The forward contracts are valued at estimated fair value.

#### vi. Time profile and currency rates in hedge instruments

On 31 December 2021, the company held the following instruments to hedge exposures to changes in foreign currency:

<b>Forward currency contracts</b>	<b>Maturity</b>		
	<b>1-3 months</b>	<b>4-12 months</b>	<b>&gt;12 months</b>
Net exposure (in 1 000 NOK)	21 134	6 526	-167
Average NOK:EUR forward contract rate	8,65	10,02	
Average NOK:USD forward contract rate	8,88	8,38	
Average NOK:CAD forward contract rate	6,88	6,92	
Average NOK:GBP forward contract rate	11,89	11,74	11,78

When the expected cash flow is translated into an item in the balance sheet or 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.



The following table summarize the company's hedging positions at year-end:

2021		Nominal amount (NOK)	Average exchange rate	Carrying amount 31.12 (NOK)		Change in fair value recognized in OCI (NOK)	Change in fair value recognized in profit or loss (NOK)
Currency	Hedging instruments			Assets	Liabilities		
<b>Cash flow hedges</b>							
EUR	Sales and receivables	36 340 561	10,37	1 187 819	-	1 187 819	-
	Purchases and payables	50 288 596	10,19	352 097	908 749	3 008 112	-
<b>Cash flow hedges</b>							
USD	Sales and receivables	34 174 424	8,42	219 612	1 799 791	(14 248 059)	-
	Purchases and payables	69 628 690	8,63	1 985 365	257 156	3 885 837	-
<b>Cash flow hedges</b>							
GBP	Sales and receivables	10 332 218	11,89	24 648	55 180	(30 532)	-
	<b>Fair value hedges</b>						
	Borrowings	54 993 796	11,73	36 650	765 510	-	(1 349 283)
<b>Cash flow hedges</b>							
CAD	Sales and receivables	24 555 553	6,93	-	159 738	(1 061 620)	-
	Purchases and payables	12 978 485	6,95	101 869	-	101 869	-
<b>Cash flow hedges</b>							
Total (NOK)	Sales and receivables	105 402 756	N/A	1 432 079	2 014 708	(14 152 392)	-
	Purchases and payables	132 895 771	N/A	2 439 331	1 165 906	6 995 819	-
<b>Fair value hedges</b>							
	Borrowings	54 993 796	N/A	36 650	765 510	-	(1 349 283)
<b>2020</b>							
Currency	Hedging instruments	Nominal amount (NOK)	Average exchange rate	Carrying amount 31.12 (NOK)		Change in fair value recognized in OCI (NOK)	Change in fair value recognized in profit or loss (NOK)
				Assets	Liabilities		
<b>Cash flow hedges</b>							
EUR	Sales and receivables	-	-	-	-	(75 609)	-
	Purchases and payables	128 945 510	10,82	479 115	4 043 879	(4 018 036)	-
<b>Cash flow hedges</b>							
USD	Sales and receivables	86 974 935	10,00	12 667 880	-	12 655 092	-
	Purchases and payables	31 028 371	9,22	-	2 157 629	(3 528 053)	-
<b>Fair value hedges</b>							
GBP	Borrowings	29 735 923	11,89	620 423	-	-	620 423
	<b>Cash flow hedges</b>						
CAD	Sales and receivables	35 829 023	6,89	901 882	-	901 882	-
	<b>Cash flow hedges</b>						
Total (NOK)	Sales and receivables	122 803 958	N/A	13 569 763	-	13 481 365	-
	Purchases and payables	159 973 881	N/A	479 115	6 201 508	(7 546 089)	-
<b>Fair value hedges</b>							
	Borrowings	29 735 923	N/A	620 423	-	-	620 423

All hedge balances are presented as other receivables or other current liabilities in the balance sheet.

#### B. 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 7.5 higher with a 1% higher average interest rate during the year and MNOK 7.5 lower with a 1 % lower average interest rate during the year.

### C. Macroeconomic risk

In 2021 about 88% of the revenues of the company came from customers producing salmon, down from a share of 90% in 2020. 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.

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 Company would have had the following impact on net income (22% tax rate used):

<b>Change in sales</b>	<b>Change in net profit/equity (in NOK 1 000)</b>
10 %	3 424
5 %	1 712
2 %	685
-2 %	-685
-5 %	-1 712
-10 %	-3 424

### D. Climate risk

Climate change has been identified as a market risk which can potentially impact the company's business in the short, medium, and long term. The physical related climate risks and opportunities relate to extreme weather events, sea levels and temperatures, the frequency of algae blooms, and the availability of the raw materials for our customer's operations, which in turn directly can impact the company's operations as reduced order intake. In addition, the company is experiencing an increased focus from our customers to be able to provide information about our climate accounts within our products and services. Within a relatively short time, we estimate that the latter will be emphasized by our customers when choosing their supplier, which means that working with our own climate emissions is also a risk and opportunity in this connection.

The management in AKVA group ASA regularly carries out analysis on key sustainability and climate risks, to identify if they could significantly affect the company's ability to execute its business strategy and operations. The key actions to address these risks are:

- Internal policies and procedures,
- Development and analyzes of relevant KPI's,
- Development of a low carbon transition plan

In 2022, a collaboration has been entered into with a supplier of software for climate accounts, which in many ways will be the starting point for quantifying our work in this area. Refer to the ESG chapter of this report for further information on how AKVA group works with this.

### 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 to support its business and maximize shareholders value. The company manages its capital structure and makes adjustment to it, considering 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.



<b>Dividends paid</b>	<b>Per share</b>
2015	1,00
2016	0,75
2017	1,25
2018	1,50
2019	1,75
2020	1,00
2021	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.

	<b>2021</b>	<b>2020</b>
Interest bearing debt	797 069	802 404
Less cash	184 029	58 221
Net interest bearing debt	613 039	744 183
Equity	1 220 534	1 033 725
Total equity and net interest bearing debt	1 833 573	1 777 908
Debt ratio	33 %	42 %

The company has been compliant with all covenants in 2021, refer further information in note 14.

The equity ratio was 46.7 % as of 31 December 2021.



## Note 17

Revenue and contract balances (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 Company's reportable segments (see note 2).

For the year ended 31 December	Reportable segments							
	Sea Based		Land Based		Digital		Total reportable segments	
Primary geographical markets	2021	2020	2021	2020	2021	2020	2021	2020
Europe	998 100	951 459	-	-	233	-	998 333	951 459
Other	66 906	183 232	64 241	-	-	-	131 147	183 232
<b>Revenue as reported in note 2</b>	<b>1 065 006</b>	<b>1 134 691</b>	<b>64 241</b>	<b>-</b>	<b>233</b>	<b>-</b>	<b>1 129 480</b>	<b>1 134 691</b>
<b>Revenue split</b>								
External	943 917	925 593	62 368	-	75	-	1 006 360	925 593
Internal	121 089	209 098	1 873	-	158	-	123 120	209 098
<b>Revenue as reported in note 2</b>	<b>1 065 006</b>	<b>1 134 691</b>	<b>64 241</b>	<b>-</b>	<b>233</b>	<b>-</b>	<b>1 129 480</b>	<b>1 134 691</b>
<b>Major revenue lines</b>								
Construction contracts	989 970	960 786	64 241	-	-	-	1 054 212	960 786
Service & spare parts	74 026	170 776	-	-	-	-	74 026	170 776
Software	-	-	-	-	1 446	-	1 446	-
Other	1 009	3 128	-	-	-1 213	-	-204	3 128
<b>Revenue as reported in note 2</b>	<b>1 065 006</b>	<b>1 134 691</b>	<b>64 241</b>	<b>-</b>	<b>233</b>	<b>-</b>	<b>1 129 480</b>	<b>1 134 691</b>
<b>Timing of revenue recognition</b>								
Products and services transferred over time according to output method	688 256	745 209	-	-	-	-	688 256	745 209
Products and services transferred over time according to input method	301 715	215 577	64 241	-	-	-	365 956	215 577
Products and services transferred at point in time	74 025	170 776	-	-	1 446	-	75 472	170 776
Other revenue	1 009	3 128	-	-	-1 213	-	-204	3 128
<b>Revenue as reported in note 2</b>	<b>1 065 006</b>	<b>1 134 691</b>	<b>64 241</b>	<b>-</b>	<b>233</b>	<b>-</b>	<b>1 129 480</b>	<b>1 134 691</b>
<b>Positions at 31 December</b>								
Total sales included from ongoing contracts	495 734	655 774	62 228	-	-	-	557 962	655 774
Contract assets	160 495	109 608	-	-	-	-	160 495	109 608
Contract liabilities	195 389	194 441	75 532	-	-	-	270 921	194 441

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

The contract assets primarily relate to the company'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. This usually occurs when the company issues an invoice to the customer according to payment terms in the contracts.

The contract liabilities primarily relate to the advance consideration received from customers.

The duration of projects in the company is generally shorter than 12 months. Hence, contract balances at the beginning of the year are recognized in the income statement during the following financial year. No significant revenues in the reporting period relates to performance obligations satisfied in previous periods.



## Note 18

### Leasing (in NOK 1 000)

AKVA company leases offices and buildings, machinery and equipment and vehicles. The highest portion of the company's 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.

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

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

<b>Lease liabilities due</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>After 2026</b>
Offices and buildings	4 430	4 624	4 794	4 086	4 088	18 197
Vehicles	1 213	663	474	386	8	-
Office equipment and other	-	-	-	-	-	-
<b>Total</b>	<b>5 643</b>	<b>5 287</b>	<b>5 268</b>	<b>4 472</b>	<b>4 096</b>	<b>18 197</b>

The lease cash outflows divided on principal amounts and interests falls due as follows for the company:

<b>Lease cash outflows due</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>After 2026</b>
Principal	5 643	5 287	5 268	4 472	4 096	18 197
Interests	1 810	1 567	1 332	1 109	919	1 828
<b>Total</b>	<b>7 453</b>	<b>6 854</b>	<b>6 600</b>	<b>5 581</b>	<b>5 015</b>	<b>20 025</b>

Leasing expenses recognized in the profit and loss:

<b>Amounts recognized in profit or loss</b>	<b>2021</b>	<b>2020</b>
Interest on lease liabilities	2 012	1 747
Expenses relating to short-term leases	167	-
Expenses relating to leases of low-value assets	88	1 969
<b>Total</b>	<b>2 267</b>	<b>3 716</b>



## Note 19

### Business combinations

#### **Divestment of AKVA Marine Services AS (later renamed to "Abyss Sør AS")**

In September 2021 AKVA company ASA finalized the sale of its wholly owned subsidiary AKVA Marine Services AS ("AMS") to Abyss Company AS. Prior to completion of the transaction, AKVA company owned 100% of the shares in AMS.

AKVA company used the shares in AMS as a non-cash contribution in a share issue in Abyss Company AS, where AKVA company received a 25.5% ownership share in Abyss Company as consideration for 100% of the shares in AKVA Marine Services AS. As such, the transaction did not involve any cash consideration. The transaction resulted in a net loss for the company of MNOK 18.3.

#### **Options Newfoundland Aqua Service**

The Minority Shareholders of Newfoundland Aqua Service Ltd has an option to sell to AKVA company ASA and AKVA company 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 6.8 is accounted for based on a mutual option agreement between AKVA company 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 (2020 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 company ASA's ownership of 33% of the shares in ASF. AKVA company ASA has as part of their role in ASF recorded revenues from ASF of MNOK 2.8 (9.6) in 2021. The outstanding balance towards ASF on 31 December 2021 was a payable of MNOK 0.1 (0.0).

Centre of Aquaculture Competence AS ("CAC") is a related party due to AKVA company ASA's ownership of 33% of the shares in CAC. AKVA company ASA has as part of their role in CAC recorded revenues from CAC of MNOK 0.0 (1.5) in 2021. The outstanding balance towards CAC on 31 December 2021 was a receivable of MNOK 0.0 (1.7).

Egersund Company AS is a related party due to its controlling ownership share of the AKVA company ASA. AKVA company ASA has, in line with the company's ordinary course of business with Egersund Company and its subsidiaries, had revenues and costs of respectively MNOK 2.0 (0.3) and MNOK 3.9 (0.6) in 2021.

Outstanding balances at year-end are unsecured and interest free and settlement occurs in cash. As of 31 December, the company had MNOK 0.9 (0.1) in trade receivables and MNOK 0.3 (0.4) in trade payables towards Egersund Company 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 14 April 2021, totaling a distributed amount of NOK 32,956,420.

See consolidated accounts note 21 for more details.

## Note 22

### Sale and buyback of own shares

At the start of 2021 AKVA company ASA owned 377,883 own shares. The Board of Directors of AKVA company was granted an authorization by the annual general meeting held on 6 May 2021 for buy back of own shares, to a maximum of 833,358 shares. AKVA company did not exercise this right in 2021. As part of the incentive scheme program for Company management, 34,988 shares were distributed in 2021. Hence, AKVA company owns a total of 342,895 shares at year-end 2021.

## Note 23

### Provisions (in NOK 1 000)

AKVA company ASA has booked the following provisions as of 31 December 2021:

	<b>Warranties</b>	<b>Obsolete inventory</b>	<b>Bad debt</b>	<b>Total</b>
<b>Balance at 01.01.2021</b>	<b>10 000</b>	<b>4 178</b>	<b>1 000</b>	<b>32 108</b>
Provisions made during the year	3 600	-	1 215	4 815
Provisions used/reversed during the year	-5 900	-1 378	-1 775	-9 053
<b>Balance at 31.12.2021</b>	<b>7 700</b>	<b>2 800</b>	<b>440</b>	<b>10 940</b>
Non-current	-	-	-	-
Current	7 700	2 800	440	10 940

## 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 balance sheet as at 31 December 2021, 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, and
- The consolidated financial statements of AKVA group ASA and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2021, 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 comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

#### Basis for Opinion

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

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 1 year from the election by the general meeting of the shareholders on 6 May 2021 for the accounting year 2021.

#### 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.



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Revenue recognition for construction contracts	How the matter was addressed in our audit
<p>Refer to note 2 and 17 in the financial statements of the Group.</p> <p>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 at 31 December. Recognition of revenue from construction contracts is determined based on the five-step model of IFRS 15.</p> <p>Revenue recognition is considered a key audit matter due to the significant estimates and judgements applied by management in:</p> <ul style="list-style-type: none"> <li>- forecasting the profit margin on each contract including the cost to complete the contract and any contingencies for uncertain costs; and</li> <li>- assessing the percentage of completion of the contract based on goods or services transferred to date and costs incurred.</li> </ul>	<p>We reviewed the Group's accounting policies applicable for revenue recognition and assessed whether those policies were in compliance with IFRS.</p> <p>We evaluated the design and implementation of control activities that management has established to ensure that revenue is recognized in accordance with the Group's accounting policies.</p> <p>We tested a sample of contracts based on our assessment of financial significance and risk in the contract. Our audit procedures on these contracts included;</p> <ul style="list-style-type: none"> <li>- We agreed revenue forecasts with signed contracts;</li> <li>- We assessed the appropriateness of applying construction contract accounting;</li> <li>- We inspected project reporting documentation for some contracts;</li> <li>- We assessed management's estimate of percentage of completion based on our knowledge of the Group's business and industry, challenging the progress of contracts in accordance with set milestones and cost progression;</li> <li>- We challenged whether the cost and revenue estimates were appropriate in light of the margin development including a retrospective review of the historical accuracy of revenue recognition.</li> </ul>
Impairment of goodwill	How the matter was addressed in our audit
<p>As disclosed in note 7, the carrying amount of goodwill amounted to TNOK 739 933 as at 31 December 2021.</p> <p>The Group allocates goodwill to the cash generating units which management has determined are the three segments which they operate.</p> <p>Due to the level of complexity in assessing the appropriate accounting for impairment and the level of management judgement involved, this has been identified as a key audit matter.</p> <p>Management's annual impairment testing is based on estimation of recoverable amounts for the cash generating units.</p> <p>The estimation of cash flows and the selection of an appropriate discount rate to estimate the recoverable</p>	<p>We challenged the assumptions and judgements used in the impairment model for assessing the recoverability of the carrying amount of goodwill. Our procedures included:</p> <ul style="list-style-type: none"> <li>- We obtained an understanding of management's process for impairment testing of goodwill;</li> <li>- We tested the methodology applied to estimate recoverable amount against the requirements of IAS 36, Impairment of assets;</li> <li>- We assessed the appropriateness of the identification of cash generating units;</li> <li>- We assessed 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;</li> </ul>



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<p>amount are key judgmental areas. The outcome of impairment assessments may vary significantly, dependent on the assumptions applied.</p>	<p>- We challenged management on the growth rate used and management's future business plan assumptions with reference to current market conditions and order backlog;</p> <p>- We considered whether the disclosures regarding key assumptions and sensitivities adequately reflects the underlying goodwill impairment assessments; and</p> <p>We used valuation specialists to assess the mathematical accuracy of management's impairment model, the discount rates applied as well as recalculating management's sensitivity analysis.</p>
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### Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard. Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

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

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are



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considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit Committee 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.

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**

#### *Report on compliance with Regulation on European Single Electronic Format (ESEF)*

##### Opinion

We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name 5967007LIEEXZXH8YG14-2021-12-31-en.zip have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.



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### Management's Responsibilities

Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

### Auditor's Responsibilities

Our responsibility is to express an opinion on whether the financial statements have been prepared in accordance with ESEF. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance that the financial statements have been prepared in accordance with the European Single Electronic Format.

As part of our work, we performed procedures to obtain an understanding of the company's processes for preparing its financial statements in the European Single Electronic Format. We evaluated the completeness and accuracy of the iXBRL tagging and assessed management's use of judgement. Our work comprised reconciliation of the financial statements tagged under the European Single Electronic Format with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Stavanger, 15 March 2022  
Deloitte AS

Johan K. Enoksen  
State Authorised Public Accountant


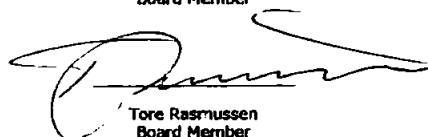


## Responsibility Statement

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 2021, 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, 2021 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, 15 March 2022

  
Hans Kristian Mong  
Chairperson  
Frode Teigen  
Board Member  
Ragnhild Ree  
Board Member  
Heidi Dag Filikka  
Board Member  
Yoav Doppelt  
Board Member  
Knut Nesse  
CEO  
Kristin Reitan Husebe  
Deputy Chairperson  
Helen Helland  
Board Member  
Magnus Rødde  
Board Member  
Tore Rasmussen  
Board Member  
Irene Heng Lauvsnes  
Board Member



## Alternative Performance Measures - Non IFRS Financial Measures

### Introduction

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:

### Definitions

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.

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.

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.

### Reconciliations

The following tables reconciles our Alternative Performance Measures to the most directly reconcilable line item, subtotal or total presented in the financial statements:



(NOK millions)	2021	2020
Cash and cash equivalents	303	225
Not utilized overdraft facilities at period end	300	300
<b>Available cash</b>	<b>603</b>	<b>525</b>

(NOK millions)	2021	2020
Total assets	3 446	3 227
Cash and cash equivalents	-303	-225
Current liabilities	-1 230	-883
Liabilities to financial institutions	750	750
<b>Capital employed</b>	<b>2 663</b>	<b>2 869</b>

(NOK millions)	2021	2020
Operating profit	70	147
Depreciation and amortization	183	191
<b>EBITDA</b>	<b>252</b>	<b>338</b>

(NOK millions)	2021	2020
Liabilities to financial institutions	750	750
Lease liabilities	483	549
Other non-current liabilities	43	38
Non-interest bearing part of non-current liabilities	-7	-6
Cash and cash equivalents	-303	-225
<b>Net interest-bearing debt</b>	<b>966</b>	<b>1 107</b>

(NOK millions)	2021	2020
Net interest bearing debt	966	1 107
EBITDA	252	338
<b>NIBD/EBITDA</b>	<b>3,83</b>	<b>3,28</b>

(NOK millions)	2021	2020
Operating profit	70	147
(Capital employed current year-end + Capital employed prior year-end) / 2	2 766	2 806
<b>ROACE</b>	<b>2,5 %</b>	<b>5,2 %</b>

(NOK millions)	2021	2020
Operating profit	70	147
Capital employed	2 663	2 869
<b>ROCE</b>	<b>2,6 %</b>	<b>5,1 %</b>

(NOK millions)	2021	2020
Current assets	1 515	1 275
Cash and cash equivalents	-303	-225
Current liabilities	-1 230	-883
Current lease liabilities	78	94
Current liabilities to financial institutions	300	-
<b>Working capital</b>	<b>361</b>	<b>261</b>

No reconciliations have been performed for order backlog and order intake, as these are Alternative Performance Measures not linked to accounting figures.



Good environmental, social and governance (ESG) principles are key to AKVA group's global activities. AKVA group must meet the expectations of many stakeholders like investors, governments, customers, employees, or suppliers. As a supplier of technology, services and complete solutions of land based and sea based aquaculture systems, AKVA group plays an important role in the industry's efforts to reduce environmental impacts. We work both to improve our customers' and our own impact on sustainability.

In 2021 AKVA group developed a roadmap for sustainability as a strategic guideline towards 2030, and we defined a new commitment statement. 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 problems with sea lice in the salmon industry. We work closely together with customers, suppliers and research institutions in different projects and initiatives going on in the aquaculture industry to improve sustainability. Innovation examples include:

- Deep farming concepts to separate salmon and lice.
- Pens in recycled material and without polystyrene.
- Energy efficient waterborne feeding technology.
- Hybrid energy solutions at feed barges.
- Land-based RAS technology based on the zero-water exchange concept.
- Recycling of nets and net products

This part of the annual report is made in accordance with the Norwegian Accounting Act, Section 3-3c, and is a presentation of AKVA groups environmental, social and governance (ESG) impacts.

It refers to the Company's guidelines, procedures and standards related to ESG, explains how the Company works to translate these guidelines into actions and describes the Company's assessment of the results achieved from working with ESG-factors.

The Company's handling of ESG 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 approaches ESG as a continuous process, seeking constant improvement in awareness and processes as well as adoption to new regulations, standards, and understandings.





AKVA group is an important supplier to the aquaculture industry, and we work both to improve our customers and our own impact on sustainability. AKVA group's vision is to "provide technology for a sustainable biology".

AKVA group defines sustainability in line with the Brundtland Commission's 1987 UN report Our Common Future: "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs." The 2030 Agenda for Sustainable Development adopted by all United Nations Member States in 2015, share 17 Sustainable Development Goals, which are an urgent call for action by all countries. AKVA group works in line with these goals.



In 2021 AKVA group developed a roadmap for sustainability as a strategic guideline towards 2030, and we defined a new commitment statement:

AKVA group recognizes that we must meet the expectations of many stakeholders, whether it's customers, investors, governments, employees, or suppliers.

AKVA group's largest market is the salmon industry, but we also deliver products and solutions to the seabass and sea-bream market and other species. Aquaculture depends on a clean sea, healthy fish, and a sustainable impact on its surroundings. Fish diseases, fish losses, use of antibiotics, reduce of organic waste from the farms and waste and recycling in general are equally important matters in different markets and countries. Status in the aquaculture industry is in this report mainly described by examples from accessible, official statistics from Norway. Other countries are not that different, although there might be local variations.

There is a potential to produce more sustainable seafood through aquaculture. The world's population is growing, and the need for healthy food increases. New technology and solutions for sea based and land based aquaculture opens up new areas for production.

Although the potential to increase sea food production is big, all business activities must relate to and improve its environmental impact. This is a crucial premise, and an ongoing process, where knowledge, technology, and awareness drive development further.

### Environmental impact of the global aquaculture industry

Environmental footprint from greenhouse gas emissions (feed, transport, etc.), waste and discharges are all general challenges that the aquaculture industry must solve in the same way as other industries. In addition, aquaculture has some specific environmental challenges related to the escapees of fish and the impact on wild fish, salmon lice, fish health and welfare.

Aquaculture is an effective production of proteins with low climate footprint compared to other food sources (Figure 1). Air freight of products to the markets, like for instance Shanghai, increases carbon footprint significantly and will potentially be reduced by development of supplementary land based aquaculture close to the consumer. In a world with increasing demand for protein in general and especially seafood, combined with decrease in the wild fisheries, responsible aquaculture production can be an important contribution to a more sustainable future, and a healthier diet for a growing population.

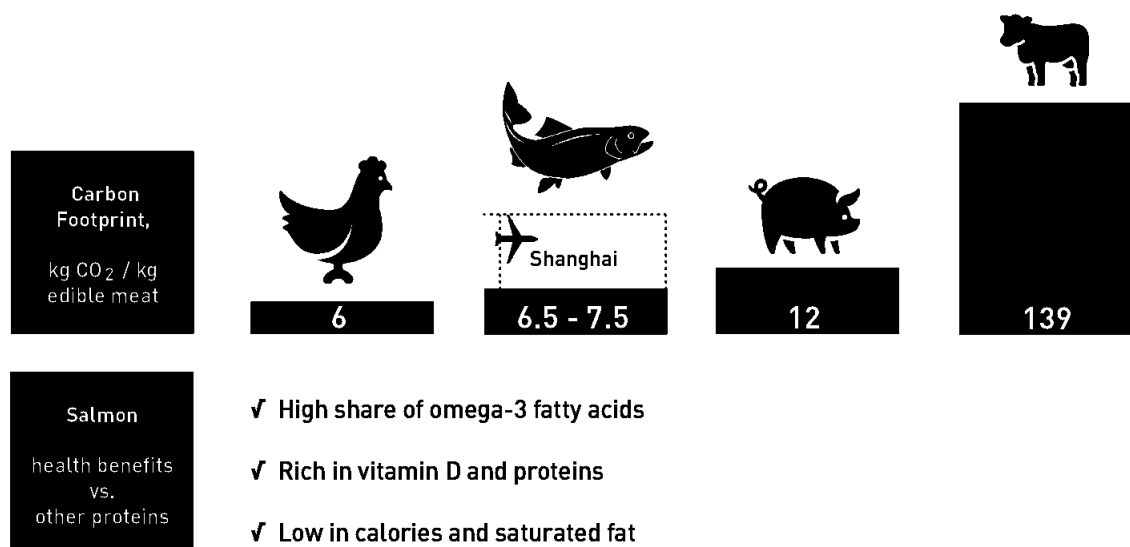


Figure 1 - Salmon versus other protein resources -, carbon footprint and health benefits. Air freight of fresh salmon to a city like Shanghai represents a major part of the carbon footprint. Source SINTEF Ocean

AKVA groups works both to improve our customers and our own direct impact on sustainability. In the following we will highlight our impact on sustainability.

## Responsible plastic production and recycling systems



## Status in the aquaculture industry

Many products in sea based aquaculture are based on different types of plastic components. In Norway, a survey concluded that the fish farming companies have routines and systems for handling the discarded products, but there is a lack of documentation of tons and use of discarded equipment. A material account with the factor method shows that the amount of plastic used in Norwegian aquaculture facilities can be up to 192.000 tons. Waste estimates show that waste from this generated about 15.000 – 29.000 tons of plastic per year. A system for better documentation and traceability is needed, and both SINTEF Ocean and MEPEX concluded that the degree of littering of plastics from aquaculture are low, but there is a potential of higher material recycling.

Directive on the reduction of the impact of certain plastic products on the environment (EU 2019/904) was adopted in 2019 and aquaculture is included. This means establishment of Extended Producer Responsibility for plastic based products from aquaculture. In Norway, AKVA group is working through the Norwegian Seafood Federation ("Sjømat Norge") with the rest of the industry to establish and develop effective systems for collecting, reuse and recycling of discarded plastic products.

Another important aspect is how micro plastic from different equipment can affect life at sea as for example discharges of microplastics from feed pipes. Research projects like TrackPlast and MICRORED investigates the problem and it is too early to draw a conclusion. But we do know that waterborne feeding is gentler to the feed pipes than airborne systems.

1. SINTEF Open: Avfallshåndtering fra sjøbasert havbruk (unit.no)
2. Mepex rap (miljodirektoratet.no)
3. Reduction of Microplastic Emission through System optimisation of Feed Pellet Conveying Pipelines (MICRORED) (fhf.no)

Plastic is a main component in many products from AKVA group, and the most important products are listed in Table 1. Type of plastic from AKVA group can be divided in to three main groups; High-density polyethylene (HDPE) for instance used in pens, polyethylene (PE) for instance used in tanks and nylon (Polyamide) used in nets. In addition, the fiber Dyneema made from Ultra High Molecular weight Polyethylene (UHMwPE) is also used in net constructions. In sea based aquaculture our main plastic based product groups are pens, nets and feeding pipes. In land based aquaculture tanks and tank systems, pipes and pipe parts included are the most important products from AKVA group.

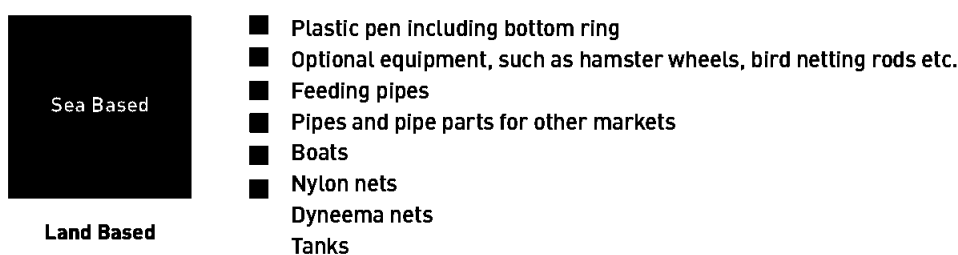


Table 1: Products from AKVA group with plastic as a main component in 2021

In 2021 AKVA group (Helgeland Plast AS) used about 3500 tons of HDPE for production of pens and feed pipes. In net production, AKVA group (Egersund Net) used about 950 tons of nylon (Polyamide) and 36 tons of UHMwPE.

Figure 2 illustrates the recycling system for pens and the different parties involved. Recycling systems are in progress and will be established in beginning of 2022. Boats produced by AKVA group is mainly based on HDPE and they are fully recyclable. Production waste from the boat production is sorted and delivered to approved companies for recycling.

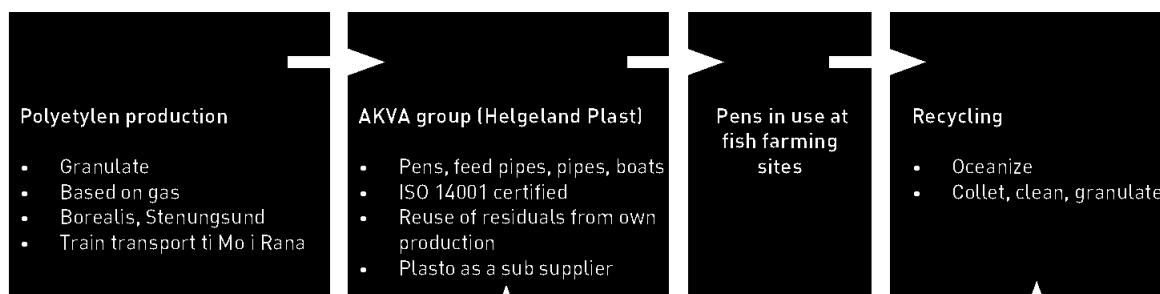


Figure 2 - Recycling system for pens

AKVA group (Egersund Net) has a well-established system through Nofir for recycling of nets and net products based on nylon. In 2021 1,256 tons of nets was regenerated to 750 tons of nylon filaments reused in new products (Figure 3). In addition, 969 tons of discarded nets was sent to energy recovery.

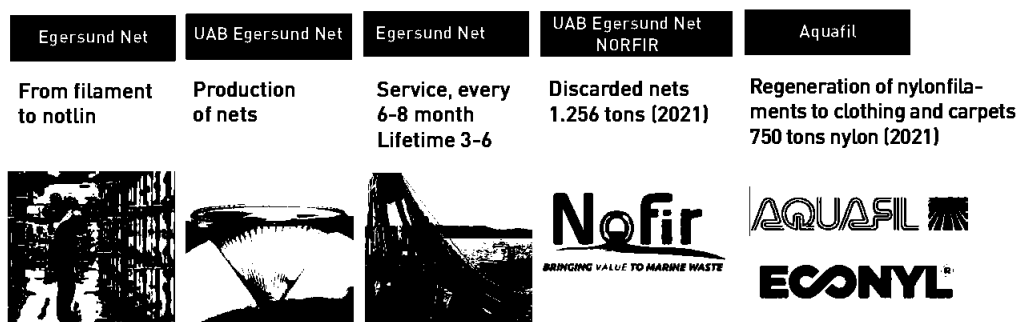


Figure 3 - Recycling system for nets and net products

There is currently no system in place making it possible for AKVA group to track and trace the products when they are discarded by the fish farmer. In 2021 AKVA group started a work with screening different tracking and documentation systems and working together with other parties in the value chain to establish systems for documentation and traceability. In a new project AKVA group wants to explore the possibility for using recycled plastic from discarded pens in new pens. We also removed polystyrene from the pens and produced walkways based on recycled material (see page 16 for more details).

AKVA group participated in RnD projects like TrackPlast and MICRORED bringing new knowledge forward about microplastic from feeding pipes and for establishing methods for measuring microplastic emissions.

#### Handling of copper-based fouling from nets at the service stations

AKVA group (Egersund Net) has in total 7 service stations along the Norwegian coastline to receive, handle and carry out washing of nets, under a strict bio waste and sludge management. This also includes methods for recycling and dismantling of discarded equipment.

In 2021 we delivered 535 tons of waste to Germany for regeneration of copper, and this resulted in 44 tons of pure copper going into new products. 655 tons of organic waste were delivered to incineration / energy recovery giving approx. 1.000.000kWh equivalent 50 households' power consumption a year. Copper-containing waste and net bags with copper residues are considered hazardous waste and are handled via our certified recipients. Discharge water from the service stations is rinsed and treated according to strict regulations.

In 2021, AKVA group's Egersund Net initiated a project to increase copper recycling and reduce the transport needs of waste by investing in a new process of efficient low temperature drying of waste. The results are promising and investments in more systems will be considered along the coast in 2022.



AKVA group's contribution to reduce GHG is concentrated along areas we can substantially influence; construction of products with high energy efficiency like hybrid solutions in barges, reduction of raw material consumption in own productions, reduction of transport and travelling in general and design of products with a long service life easily recycled.

We have laid out a plan to prepare a GHG-report on a group level, starting with 2022 numbers. AKVA group is also involved in defining Product Category Rules (PCR) initiated by The Norwegian EPD Foundation and the Norwegian Seafood Federation for climate gas reporting on different technological products in aquaculture.

#### Some examples from activities in 2021:

- We established a project to reduce the weight of waste from three of our seven net repairing stations by 40% by 2022. One service station has already implemented this in 2021. Results are less CO<sub>2</sub> emission from freight, and the cost of waste management itself is greatly reduced.
- When possible, AKVA group preferably uses local suppliers. In Norway our brackets and walkways are produced by Plasto AS in Åndalsnes. This means that the products have the lowest possible CO<sub>2</sub> footprint related to transport between manufacturer and customer.
- Further development of hybrid solutions in feed barges (see page 14 for details).



#### Status in the aquaculture industry

Fish escape from both land based and sea based aquaculture production. The reasons are multifaceted; Escapees during operations like for instance lice treatment and general handling of nets, escapees due to technical faults, wear and tear from weights, collisions with boats etc. Escaped salmon can possibly swim up a river to spawn and influence wild salmon genetically.

5. EPD Norge - Home ([epd-norge.no](http://epd-norge.no))

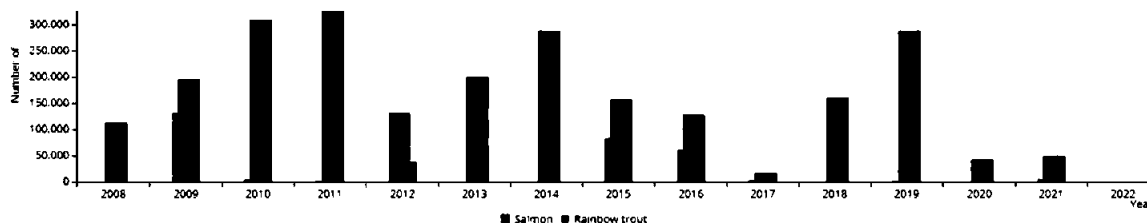


Figure 4 Confirmed number of escaped farmed fish in Norway 2008-2021. Source: [www.barntswatch.no](http://www.barntswatch.no).

The most important measure to prevent escape is the requirements set for the design of safe fish farms and operations in NS 9415: 2021 and the NYTEK regulations. In land based aquaculture NS 9416:2013 shall prevent escapes. In Norway, these standards have been the most important tools to reduce escapees (Figure 4). In other salmon-producing countries, NS 9415:2021 is a voluntary standard, but it is often referred to when AKVA group sell pens to the rest of the world. Predators like seals, otters, dog fish sharks and others are a problem in many aquaculture areas. They make holes in the nets and the fish escapes. Predators affects fish farming in many other ways too; they consume the fish and the fish feed, they may transmit parasites and other infections, scare the fish, cause physical injury etc.

#### AKVA group´s contribution in 2021

The most important contribution is to design and construct safe and solid products according to NS9415: 2021 and NS 9416:2013. Only accredited inspection bodies can issue capability certificates according to NS9415:2021 and in 2021 AKVA group was qualified as a accredited inspection body. In 2020/2021 the NS 9415:2009 version was revised and AKVA group participated in this extensive work together with fish farming companies and other suppliers. The new standard is released and significantly improved from last version.

To address the problems with predators AKVA group offer EcoNets as a safe and solid predator net.

6. NS 9415:2021. Floating aquaculture farms — Site survey, design, execution and use
7. NS 9416:2013. Landbased aquaculture farms for fish — Requirements for risk analyses, design, execution, operation, user handbook and product data sheet
8. Technical requirements for fish farming installations (FOR-2011-08-16-849)



## Status in the aquaculture industry

Fish health, fish welfare and fish mortality are premises for an optimal performance and production in fish farming. Control of diseases caused by either virus, bacteria or parasites is a key element and preventive health care is very important. In Norway (Figure 5) and many other salmon producing countries the aquaculture industry has succeeded in reducing the use of antibiotics to a minimum, but still needs pharmaceuticals to combat salmon lice.

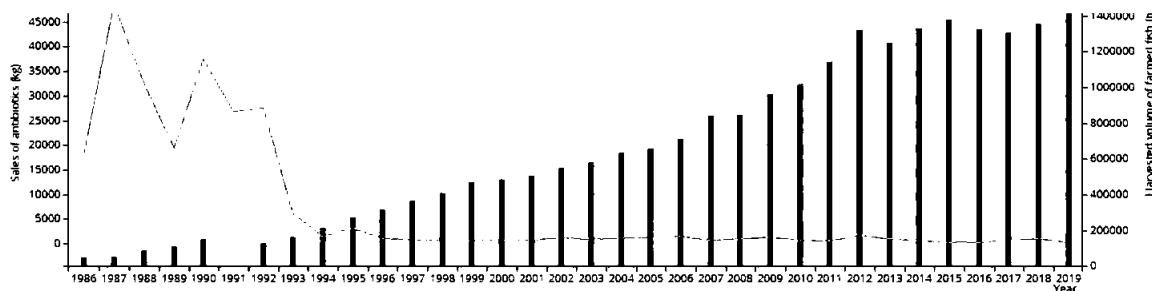


Figure 5 Sales of antibiotics and harvested volume of farmed fish in Norway 1986-2019. Source: [www.barntswatch.no](http://www.barntswatch.no).

Salmon lice is a parasite that lives naturally in the sea. In aquaculture production it is essential to control the parasite to ensure no negative impact on wild salmonids and negative impact on the farmed salmon itself and increased cost for the fish farmer. Due to genetic resistance and negative environmental impact of medicine residuals, mechanical treatment has partly substituted medical treatment. Mechanical treatments can influence fish welfare and production negatively, and the fish farmers look for more preventive actions. In 2021 mechanical treatments declined slightly in the Norwegian fish farming industry.

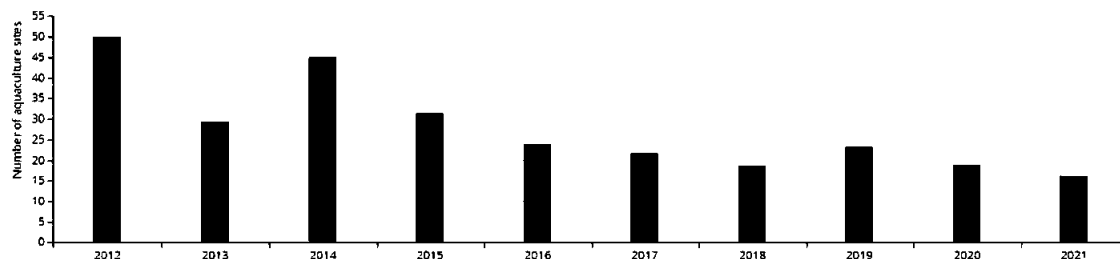
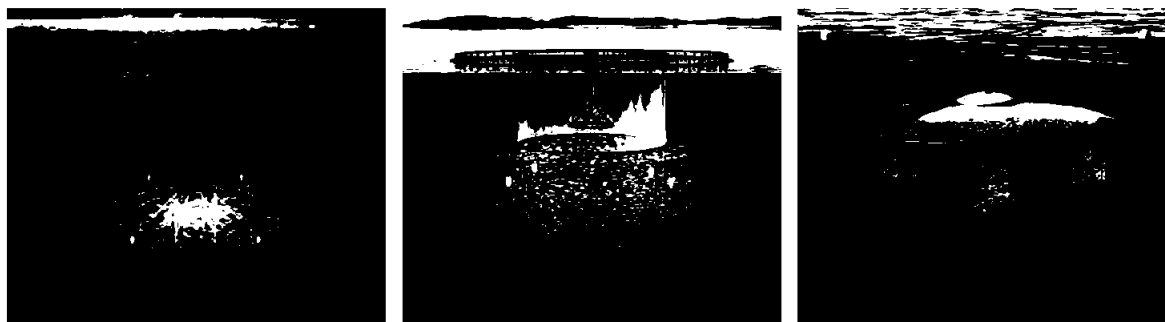


Figure 6 Aquaculture sites in Norway above threshold (In general; 0,5 adult female lice per fish per site) in average per week

Digital tools for measuring, data processing, reporting and better decision-making are important elements in the new digital structure, and in 2021 AKVA group has invested heavily in the digital part of the organization.

We believe in preventive measures to control the lice situation at the sites. In recent years, and in 2021 particularly, AKVA group has developed different solutions for deep farming like Atlantis Subsea Farming, Nautilus and Tubenet™ (Figure 7). The principle is the same for all solutions; avoiding the Salmon (host) and salmon lice (parasite) to meet. The Institute of Marine Research (IMR) have proven that salmon lice thrive best in the upper water layers (10-15 meters), and in the deep farming concepts the fish is held in the deep. The results from 2021 is very promising and is described more in details in page 136.

## Subsea farming



1. Access to air in the deep ordinary sites

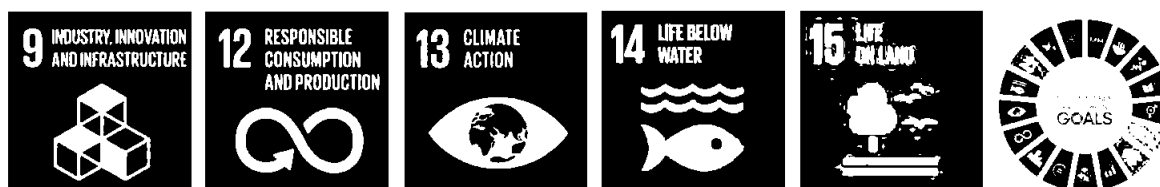
2. Access to air through a smaller surface

3. Access to air in the deep exposed sites

Figure 7 Deep farming concepts

In 2021 AKVA group started to develop a total fish handling system for land based aquaculture of large fish, really taking fish welfare and fish behavior into account. Working closely together with our customers is very important to understand the biology behind and the need of the fish.

9. Oppedal et al. Snorkel technology to reduce sea lice infestations: efficacy depends on salinity at the farm site, but snorkels have minimal effects on salmon production and welfare. *Aquaculture Environment Interactions* Vol. 11: 445-457, 2019.



## Status in the aquaculture industry

Waste from the aquaculture industry and how this is handled in a circular economy way of thinking is a vast area. For AKVA group it is sensible to focus on the thematic areas we might affect:

- Emissions of organic compounds from land based and sea based facilities
- Handling of copper-based fouling from nets
- Macro- and microplastic

For sea based aquaculture, the effect from emissions of organic compounds (feces from the fish and uneaten fodder) and nutrient salts are monitored. The impact is usually the greatest under the facilities and decreases as you get farther away from the plant itself. Sea currents, depth and sink rate of fish fodder influence how much the emissions spread in an area. To monitor this, conducting environmental surveys of the impact on the seabed from the plants in the sea is a legal obligation in Norway and other salmon producing countries. The latest development of semi closed aquaculture systems at sea have opened the opportunities to collect emissions for further treatment and utilization. The sludge is rich on Phosphorus, Nitrogen and Carbon and is potentially a source for fertilizers and energy recovery.

In land based systems the setup of the plant is essential to how much emissions of organic compounds the plant produce. Today sludge from land based facilities is collected, treated (remove water etc.) and delivered to energy recovery like for instance biogas and as input in fertilizers. The challenge is transport costs and establishment of an effective and circular value chain for the sludge itself.

Biofouling on aquaculture nets is a challenge for the aquaculture industry. Biofouling (blue mussels, hydroids, algae's etc.) adds weight to nets and equipment and it changes hydrodynamic properties of fish cage systems. Approaches to battle bio-fouling include prevention in form of anti-fouling coatings, and removal by underwater or land-based net cleaning, net drying or changing or biological controls. Copper based coating has been used for many years to prevent biofouling and copper must be handled and used properly to minimize realize of copper to the environment. The industry, AKVA group included, works to replace copper-based fouling, but this is not an easy task. So far, the substitutes are not that effective, and they can create adverse effects. Waste of copper-based fouling at the net service station is taken care of and pure copper is regenerated. Organic waste with traces of copper is going to energy recovery.

At sea it is very important to treat the nets right (Washing regime etc.) to minimize flakes of copper coating to be released from the nets and sink to the bottom. MOM B surveys control the cobber content under the site regularly.

### AKVA group's contribution in 2021

In land based plants, AKVA group's main contribution is to reduce the emissions with optimizing the Zero Water exchange solution. An optimized water treatment system, feeding- and tank (inlet, outlet, etc.) system the emissions is reduced. In the plants producing fish for slaughter close to the customer this is of very important because the amount of sludge might potentially be of several thousand tons a year. AKVA group has established a close cooperation with sub suppliers to handle the sludge from land based plants.

In the sea based area AKVA group started in 2021 to develop sludge collecting systems at sea, and this project will continue in 2022.

10. Biofouling and biocleaning (sintef.no)



## Improving our customers environmental impact through innovation

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 escapees and problems with sea lice in the salmon industry. We work closely together with customers, suppliers and research institutions in different projects and initiatives going on in the aquaculture industry.

### Sea based technology innovation

#### Deep farming concepts

For several years AKVA group has been developing deep farming technology. The principle is to separate salmon and lice by lowering the biomass below the upper meters in the sea where the salmon lice are located. Deep farming can also open new areas for aquaculture. In 2021, AKVA group succeeded in developing three different concepts to a new level: Tubenet™, Atlantis and Nautilus (Figure 7). The scientific results from the Atlantis Subsea Farming (Atlantis) project showed that the salmon lice challenges can be significantly reduced.

With the results from 2021, we can now conclude that deep farming might be an answer to several of the industry's sustainability challenges and that the results are promising in terms of maintaining good fish welfare, reduction of the lice problem and offering the fish a good production environment.

The Atlantis project completed the third generation of fish production in submersible cages according to the original project plan in 2021. Atlantis submitted a final report from the project in the late autumn, as well as an application to convert the development permit granted in 2018. Atlantis is awaiting feedback on the applicant from the Directorate of Fisheries. In 2021 AKVA group made several improvements to the Tubenet™ and had a success in the market with the concept.

Nautilus is a spin-off of Atlantis, a solution that is easily adapted to ordinary sites. It is developed on the same principles as Atlantis and Tubenet™. Nautilus was introduced to the market late in 2021.

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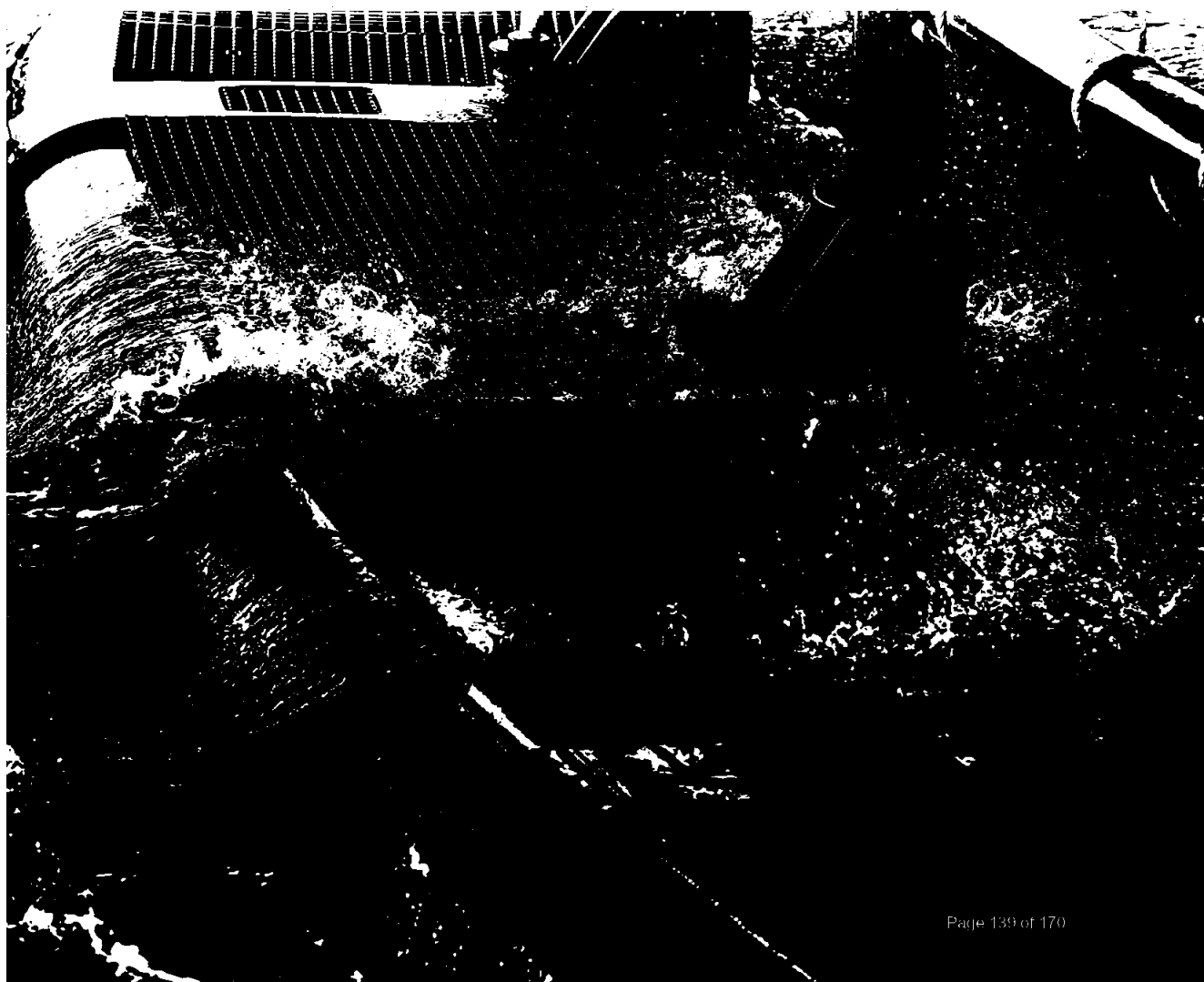
11. [www.atlantisfarming.no](http://www.atlantisfarming.no)



In 2021 AKVA group removed polystyrene in the fabrication of all plastic cage PE piping. AKVA group are working extensively to reduce plastic waste, cuts, spill and drift-off during the assembly processes and introduced new polystyrene-free pens to the market.

In 2021, AKVA group and Plasto developed walkways based on recycled material from discarded cages. Based on the results from the research project Megamould, the partners developed a solution where the recycled plastic maintains good enough quality.

At the end of 2021, AKVA group, Plasto and Oceanize received grants from the Norwegian Retailer´s Environment Fund for a project taking development of pens entirely based on recycled material to a new level. The main goal is to establish national value chains reducing transport and CO2 emissions. AKVA group produces the pens in Mo i Rana, Oceanize collects pens along the entire coast and has its granulation factory in Rørvik, and Plasto produces parts for the pens in Åndalsnes. The basis for an efficient and national value chain is in place.



## Waterborne feeding technology

Waterborne feeding systems is further developed in 2021, and AKVA group strongly believe this is a feeding technology for the future. Waterborne feeding is gentler on both the pellets and the feeding pipe, and noise and micro-plastic discharge are reduced. The energy consumption by replacing air with water is also reduced (Figure 8). Combined with Flexible Feeding – a system in the barge that enables you to distribute feed from all silos to all pens on the site – energy is saved, and the feed handled with care. Less brakeage's minimize organic waste underneath the cages.

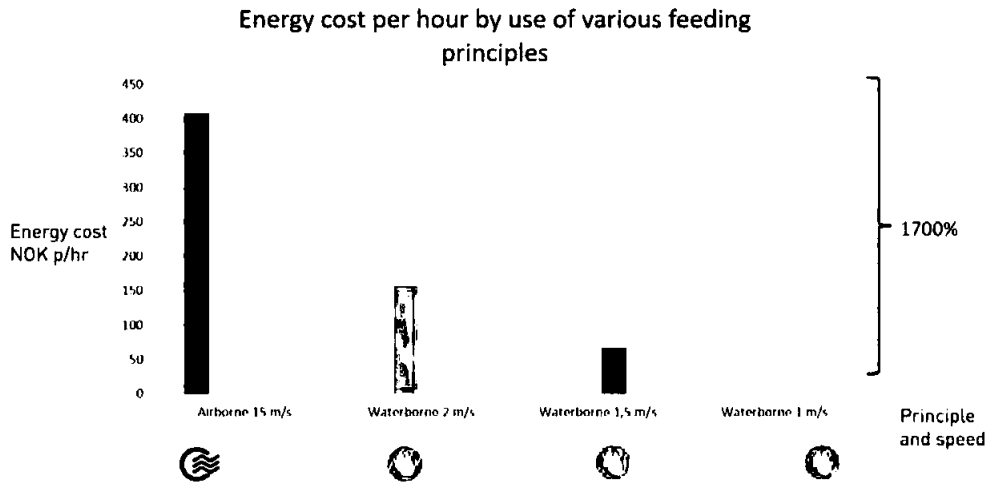


Figure 8 - Energy cost per hour by use of various feeding principles. Source: AKVA group

Microplastic from airborne feeding pipes is a problem, and AKVA group participate in MICRORED - a joint industry and science-based project with the main goal of optimizing air-based feeding systems to reduce emissions of microplastics from feed hoses.

## Hybrid energy solutions at feed barges

Traditionally diesel is the main energy supply at barges in the aquaculture industry. This is changing rapidly and AKVA group has for several years developed hybrid energy solutions. In 2021, the hybrid systems were further developed and the energy consumption on a hybrid fleet combined with waterborne feeding is now potentially reduced by 90 % compared to a diesel-based barge. Combination of a hybrid system and airborne feeding reduce the energy consumption by approximately 60 %. The CO2 emission is reduced by 1.3 ton per 24 hours for a hybrid/airborne system and 2.1 ton per 24 hour for a hybrid/waterborne barge.



Figure 9 - Feed barge from AKVA group



AKVA group is involved in several large land based projects all over the world, several of them producing fish up to slaughtering weight. Processes, technology, and knowledge are developed in the projects and AKVA group was in 2021 working with several R&D projects in order to make more efficient and sustainable facilities.

By having sustainability as a core focus and driving force in land based, we want to optimize production to secure fish health and welfare. We also focus on creating standards for our suppliers to make sure that our partners have sustainability as a core value of their business. Our value of environmental sustainability in land based aquaculture production will increase and with the zero water exchange system, AKVA group is well-positioned.

Continuous innovation is needed to solve challenges, i.e. reduce energy consumption, reduce sludge through optimal feeding and utilize sludge residues. With the new land based R&D initiatives, AKVA group is now well-positioned to solve these challenges.



Water treatment systems from AKVA group are based on Recirculation Aquaculture Systems (RAS) with a zero-water exchange concept (Figure 10), recycling 99,9% of the facilities' water and discharging less nutrients. We have now delivered several facilities (Svaberget, Osan, Nordheim etc.), using the ZWC technology. The ZWC makes it possible to make even less impact on the environment. The concept makes the choice for the location of facilities even more flexible. Our RAS concept has been further developed and to a greater extent adapted to the production of large fish.

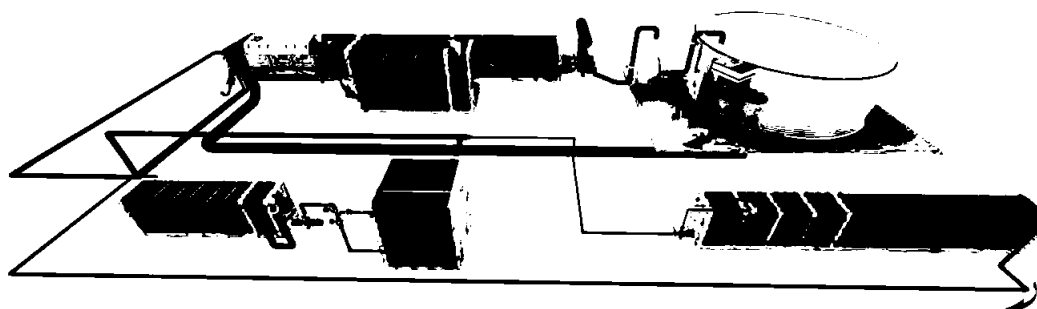


Figure 10 - Zero Water Exchange concept

### Grow-out fish in RAS facility in China

In 2022 we are building a RAS facility in China, producing grow-out fish. 2021 was an important year when it came to planning the facility. Closeness to the consumer will contribute to lowering the CO2 footprint of the fish product by avoiding transportation by airplane.

### Establishing Production Advisory Service (PAS)

As a support function for operation and production, we have in 2021, established PAS (Production Advisory Service), which is a team composed of biologists with expertise within biological production in RAS systems. The team also provides support for innovation processes and solutions to optimize the facilities of our customers to prevent adverse events that could result in acute death of fish.

### New feeding system

We have focused on developing a new feeding system, providing increased utilization of the feed, giving the possibility for less breakage, and crushing on the pellets. An optimized feeding system will also be a contributor for reducing the slam production. The reduced production of slam and more optimized feed distribution may contribute to increase the welfare of the fish. Having a better overview of the feeding system makes it easier to quantify the efficiency of the system, giving the possibility to measure sustainability.

### Other innovation areas

Two of several ongoing initiatives to make our delivery to the market more sustainable is to find ways to recycle bio media from the facilities and optimize the CO2-degasser with the goal of reducing the energy use.



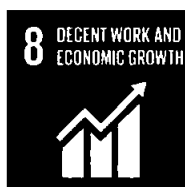
In the digital area 2021 has been the year of re-focusing, reorganization and re-manage our digital offerings to our customers globally. This means that a new organization, management team and strategy has been established during first half year. From mid Q4 we have started the execution of the strategy and delivering of our business plan that spans across 2027. AKVA group Digital (Digital) enables "Technology for sustainable biology" by supporting Precision Fish Farming with leading, open, flexible, and modular digital products and services.

Digital will accelerate our customers' ambitions through Customer Excellence in our products & services, always available with relevant and actionable information. The development and deliveries will be customer-centric, and ROI based solutions accelerating our land- and sea-based customers increased productivity, yield, and environmental sustainability, securing price performance.

For the next period Digital has huge ambitions to be a key player in the digital ecosystem of Aquaculture creating supporting concepts and solutions for Precision Fish Farming to improve animal health and welfare while increasing the productivity, yield and environmental sustainability in commercial intensive aquaculture.

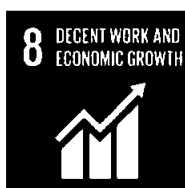
Further development and refinement of Digital's product families will through execution of roadmaps support on of more of UN sustainability goals. This also include supporting sustainable operational excellence for our customers. Future new digital products will have the UN sustainability goals as guidance for development of roadmaps and execution, both internally for AKVA group as well as supporting our customers sustainability strategy and goals. Through this approach AKVA group are confident to decrease environmental footprint and increase sustainability focus and reporting both for AKVA group and our customers.





AKVA group is not only a major supplier to the aquaculture industry, we are also a major employer, and we influence many local communities around the world. AKVA group wants to play a positive role both in terms of the working environment, safe jobs, gender equality and in global and local influence.

AKVA group also contributes to improvement processes within the total innovation system in the aquaculture industry in extensive cooperation with other companies, research institutions, seafood federations, trade unions and clusters.



All employees in AKVA group must focus on safety in their work, and we expect our suppliers to do the same. 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.

The Group registered four (two in 2020) LTI incidents causing sick leave exceeding the day the incident occurred during 2021. 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. In accordance with regulations AKVA group has an anonymous channel for whistle blowing, which is made available through the company's web pages.



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 company.

AKVA group currently has subsidiaries in 11 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. At the main office we have 13 nationalities employed.

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

Based on the knowledge of the Management and the Board of Directors in AKVA group, there have been no violation of the company's procedures on equal opportunities and discrimination in 2021.

AKVA group has no reports or observations related to harassment or sexual harassment.



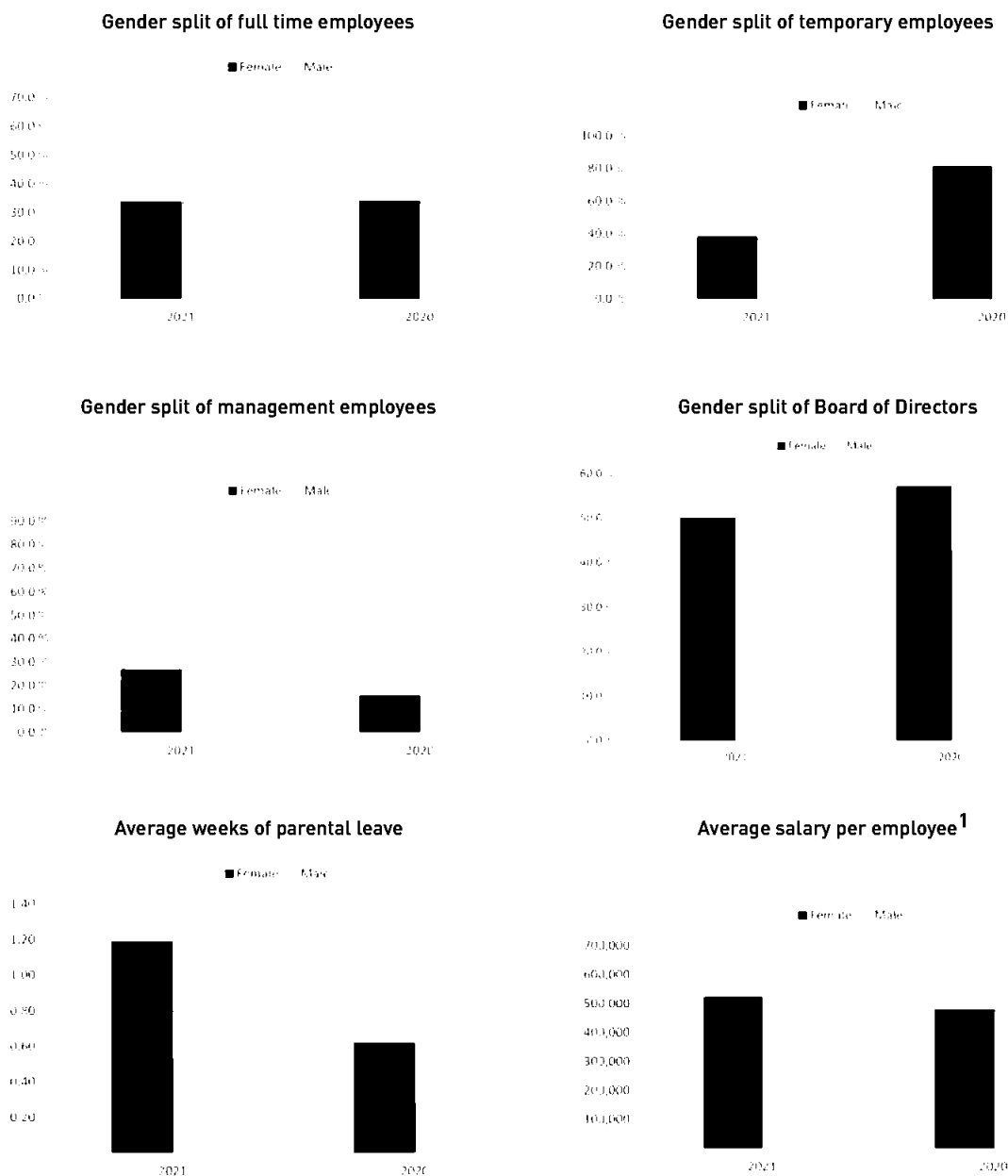
Gender equality is about a fair distribution of power, influence, and resources. It has been proven many times that political, economic, and social equality between the sexes contributes to a positive development at all levels. Gender equality and women's rights is a recurring theme in the sustainability goals, and it is essential to be able to achieve all the UN's sustainability goals by 2030.

In the total aquaculture industry (suppliers and fish farmers), there are very few women in leading positions. The reasons are complex and based on historical and cultural aspects combined with lack of focus.

In 2021, AKVA group had 34 % women employed. FAO calculates the ratio of females to males in the global aquaculture industry to around 10-22 % , dependent on which part of the world we talk about.



A quantitative review of gender equality has been carried out in 2021, refer summary of results below.



<sup>1</sup> We have used total salary costs (including pension, social security tax, bonus etc.) for the financial years to calculate the average salary per employee.

13. FAO. 2020. The State of World Fisheries and Aquaculture 2020. Sustainability in action. Rome. <https://doi.org/10.4060/ca9229en>



This survey showed that male employees in the company on average have a higher salary than female employees. One of the reasons is that there is a predominance of male employees in management positions in the company. For non-managerial positions (such as project personnel and administrative personnel), no significant differences in salary between men and women were revealed. In 2021, AKVA group ASA (the mother company), has been able to increase the proportion of females in leading positions from 15% to 23%.

AKVA group acknowledges that the management is male dominated. This main reason is the imbalance of applicants. Of the management positions advertised in 2021, there were on average 82% male applicants and 18% female applicants. Our gender equality work is stated in the company's various strategies, tools, and guidelines, and is described in detail in the Code of Conduct. Further, gender equality is included in the annual strategy meetings held within Group Management. In our action plan for 2021 we have put a strong focus on prioritizing women in recruiting processes. We have monitored equal pay and working conditions and focused on motivating females to take on senior managers positions. In this process the Company has also offered individual practical and financial support in some cases, to support females to take on leading roles, with the opportunity to combine work and family life.

AKVA 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.

For the coming year, we want to strengthen the work that was started in 2020/2021. Measures have been implemented to formalize procedures and to ensure adequate follow-up on gender equality at a high enough level in the company. 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.

## AKVA group ASA

In addition to the results presented for the group above, AKVA group ASA has performed a quantitative analysis on gender equality on different levels within the organization:

Gender split on different levels					Remuneration split on different levels			
Description of level	Female	Male	Share female	Total	Average remuneration females in NOK	Average remuneration males in NOK	Difference in remuneration in %	Difference in remuneration in NOK
<b>Total</b>	<b>42</b>	<b>141</b>	<b>23 %</b>	<b>183</b>	<b>753 046</b>	<b>835 839</b>	<b>-10%</b>	<b>-82 793</b>
<b>Group Management</b>	<b>-</b>	<b>5</b>	<b>0 %</b>	<b>5</b>	<b>N/A</b>	<b>2 058 233</b>	<b>N/A</b>	<b>N/A</b>
<b>Director/VP</b>	<b>2</b>	<b>13</b>	<b>13 %</b>	<b>15</b>	<b>1 100 000</b>	<b>1 253 342</b>	<b>-12%</b>	<b>-153 342</b>
<b>Project Manager/Middle Manager</b>	<b>9</b>	<b>21</b>	<b>30 %</b>	<b>30</b>	<b>900 239</b>	<b>937 583</b>	<b>-4%</b>	<b>-37 344</b>
<b>Professional/Technicians</b>	<b>25</b>	<b>91</b>	<b>22 %</b>	<b>116</b>	<b>710 053</b>	<b>712 581</b>	<b>0%</b>	<b>-2 528</b>
<b>Administration/Production</b>	<b>6</b>	<b>11</b>	<b>35 %</b>	<b>17</b>	<b>581 411</b>	<b>533 794</b>	<b>9%</b>	<b>47 617</b>

The results from this analysis support the conclusions reached on group level, that on average male have a higher salary than female employees. AKVA group ASA works towards having a complete gender equality in terms of conditions for the same work performed.



Onboarding, personal training, and competence mapping is controlled and maintained in a Human Resource Management system (HRM). All new employees in AKVA group with an AKVA group email account shall conduct mandatory e-learning modules as part of the onboarding process, covering for instance AKVA group's Code of Conduct and IT security. Learning and Development was one of four strategic priorities for 2021.

The objective for 2021, which also continues into 2022, is to establish a structured, proactive, and common "AKVA way" of working with competence development and performance culture.

#### **Introduction to the Aquaculture Industry and AKVA group**

AKVA group is growing, and most of our new hires are coming from other businesses. To support the transition into Aquaculture Industry we have partnered up with an external and local online training provider, Blue Planet Academy. Examples of courses provided are Introduction to Aquaculture, Biological challenges, Environment - Salmon and Hygiene and biosecurity. More than 100 courses have been completed during 2021.

The onboarding process of new hires have also been improved during 2021, to ensure a better quality in the onboarding of new hires. The process improvement also includes an employee engagement survey, to capture how satisfied our new hires are with the recruitment and onboarding they have experienced.

#### **Project Management Training**

AKVA group is primarily a project organization, and Project Management skills are fundamental to ensure quality, safety, and efficiency in what we do. During Q4 in 2020 and 2021 more than 330 employees have completed a 2-hour online course on the Project Management Model in AKVA group. More than 200 of these employees, have also completed a more in-depth Project Management Certification consisting of 20 hours online learning and a 1 days' workshop. Feedback has been highly positive from the participants and contributed to better project execution in the business.

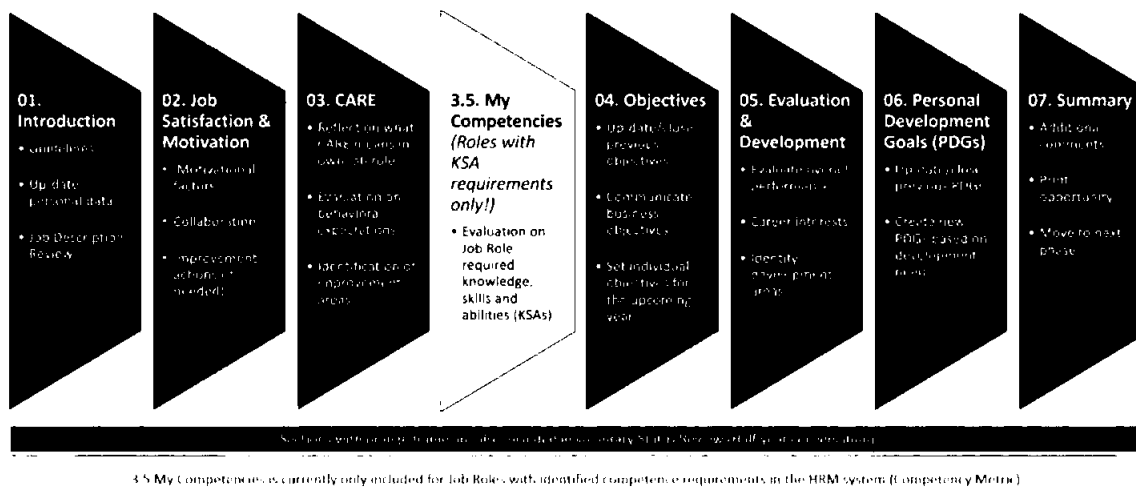
#### **Employee Appraisal Process**

**A new Employee Appraisal Process has been rolled out globally with the purpose to:**

1. Clarify expectations and evaluate how expectations are met.
2. Prioritize and plan individual objectives, that support business objectives.
3. Plan for employee development.

The Manager-Employee relation is central in this process, and all managers have been provided training on the new process prior to roll-out.

## Main conversation content



## Systematic competence development for "yellow collars"

During 2021 we have established competence metrics' (GAP Analysis) to support a systematic development and that required training is required for some of our practical roles. This is related to HSE training, required certificates and includes mapping of on-the-job skills. Approximately 100 employees have been assigned to a competence metric during this year.

## Value creation and contribution to the society

In general, the suppliers like AKVA group play a more and more important role in the seafood industry in terms of value creation (EBITDA + labor costs) and employment (man year). In Norway suppliers represented in 2020 approximately 14 300 employees, and the value creation from the suppliers was about 17 billion NOK. In every aquaculture producing countries the employment is spread along the coastline – very often in places where other job possibilities are limited. Local communities are in some places totally dependent on the aquaculture industry, suppliers like AKVA group included. Taxes and fees from both the fish farming companies and the suppliers are important contribution to national accounts in different countries. In Norway, the fish farming companies are paying an extra production fee through "Havbruksfondet" and in 2021 about 1 billion NOK was distributed to the local municipalities (7/8) and the county municipalities (1/8). Due to high profitability in some of the fish farming companies in recent years, there is a public debate that increased in 2021 about how the industry should contribute to the society through taxes and fees

14. Johnsen et al (2021): «Ringvirkninger av sjømatnæringen i 2020». Menon-publikasjon nr. 105/2021. [The latest survey available]



The aquaculture industry (farmers and suppliers) is dependent on a close cooperation with research institutions and public management in different countries, here called the aquaculture innovation system to achieve a more sustainable future.

**AKVA group contributes to this innovation system through many activities like:**

- Participating in innovation Clusters like NCE Aquatech Cluster, Blue Maritime Cluster and Stiim Aqua Cluster . In 2021 AKVA group participated in a competence building initiative called Blue Sustainability Programme arranged by NCE Aquatech Cluster.
- Contribute as supervisors for students from different universities both at bachelor- and master's degree level. We also give lectures to students at all levels from high school to university.
- Contribute and participate in different research initiatives to bring forward knowledge useful for the industry, public management, and the society. Examples are MICRORED and Track Plast (about plastic) and DypDom (about deep farming).

AKVA group is working actively together with other companies within the Norwegian Seafood Federation, to contribute to development of legislations, regulations, and standards together with authorities and other bodies at different levels. In 2021, AKVA group was very active in the revision of NS 9415:2021, a standard to prevent escapes from fish farms. AKVA group has also contributed to develop a strategy- and action plan for the Norwegian aquaculture industry to increase recycling of plastic and establish a tracking system for plastic based products. AKVA group is also working hard to increase focus on the total supplier industry .

All employees in AKVA group Norway can apply for support to their local sports club or association. In 2021 the budget for this was NOK 100.000. AKVA group is also sponsor of the football club Bryne FK.

15. NCE Aquatech Cluster - World Class Aquaculture Technology and Stiim Aqua Cluster - Stiim Aqua Cluster and Hjem - Blue Maritime Cluster  
16. Sjomatnorge.no Løftet frem sjømatleverandørenes innovasjonskraft og betydning - Sjomatnorge.no



Creating a sustainable future depends on a sustainable business model. Corporate governance of AKVA group reflects our ambitions and values. It starts from the top with the management team's guidelines for the organization.

AKVA group supports and respects the protection of internationally recognized human rights and ensures that the company is not complicit in human right abuses. 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. AKVA group works against all forms of corruption, including extortion and bribery.

## Our values

Our values form the foundation of AKVA group's governance. AKVA group's core values are:

- Customer focus
- Aquaculture knowledge
- Reliability
- Enthusiasm

Our values are actively communicated internally and externally. The 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 values are made available on our website, our intranet as well as in presentations internally and externally.

In Q4 our values, CARE, have been modified and 5 new Leadership Principles have been created, with the purpose to create a common and improved performance culture. A plan for roll out in 2022 has been agreed and consist of activities such as: Executive Management tour, identifying local "CARE-champions", sharing of "CARE-moments", establishing annual Employee Engagement Survey and a mandatory online training on our vision, mission, and values. A Leadership Development Program is also planned launched in 2023, to support the shaping of our common culture and leadership quality.

## Our Values

# We CARE for people, planet & profits

Customer Focus	Aquaculture Knowledge	Reliability	Enthusiasm
We understand the customer's need and use our competence, solutions and pioneering mindset to create value and meet customer expectations.	It is the sum of our aquaculture knowledge, solutions understanding, and professional expertise that enables us to develop and deliver leading solutions and services.	We deliver on time, with the right cost and quality, because we assess the risks, plan, and take ownership of what we do.	Enthusiasm is about being inspired and having faith in what we are doing; it unites us in pioneering a better future.

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## 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 Board of Directors in October 2018.

## Supplier requirements

All suppliers of externally supplied processes, products and services go through a qualification and evaluation before becoming an approved supplier to AKVA group.

**Suppliers are qualified through answering a questionnaire that has the following main topics:**

- Financials, competency, and capacity
- Quality Management System
- Environmental Management System
- HSE
- Business Ethics

The suppliers are also risk assessed in accordance with AKVA group's policies as well as local procedures, and that risk assessment should be subject for an annual review. Supplier requirements have been designated as a priority area in our sustainability roadmap.

## 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 2021.



## 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.

### 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.

### 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.

### 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
- 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.

### 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.

### 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.



## 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.

## 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.

## 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 2021.

## 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 has 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 2021.



## 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, the Norwegian Code of Practice for Corporate Governance, last revised by the Norwegian Corporate Governance Board on 14 October 2021 (the "Code"; which recommendations are highlighted in blue text below), and section 4.4 of the Oslo Stock Exchange's "Oslo Rule Book II – Issuer Rules", 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.

The Code is available on <https://nues.no/>.

### 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 sound 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. To a large extent AKVA group's principles 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 available at <https://ir.akvagroup.com/investor-relations/corporate-governance/articles-of-association>. The Company's strategic goals and objectives are described thoroughly in the annual 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 in a sustainable manner. These objectives, strategies and risk profiles are evaluated by the Board yearly. The Board shall identify and assess which aspects of sustainability that from time to time are relevant to the Group's business.

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 shall base its activities. These are reviewed on a yearly basis and are described in a separate statement included the annual report as required under 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 2021 AKVA group had a consolidated equity of MNOK 1,297 which accounts for 37.6% 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.

On 11 March 2021, the Board resolved to distribute a half-yearly dividend of NOK 1.00 per share, in total NOK 33,156,420. Information on the Company's dividend distributions each year is available on <https://ir.akvagroup.com/investor-relations/the-share/dividend>.

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 2022 authorizes the Board pursuant to the Norwegian Public Limited Liability Companies Act (the "Public Companies Act" or the "Act") section 8-2(2) to approve the distribution of dividends based on the Company's annual accounts for 2021. 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 2023 and 30 June 2023.

## **Authorisations to the Board**

The Annual General Meeting held on 6 May 2021 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 2022 and 30 June 2022 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 authorization has not been used by the Board to date.

The Board will propose that the Annual General Meeting to be held in May 2022 grants the Board a new authorization on similar terms, replacing the authorization granted to the Board in 2021, with a limitation corresponding to 10% of the Company's total share capital. The new authorization shall, if adopted by the Annual General Meeting, expire at the earliest on the date of the Annual General Meeting in 2023 and 30 June 2023.

The general meeting in 2021 also resolved to grant the Board an authorization to acquire own shares on one or several occasions in accordance with sections 9-2 – 9-4 of the Act, at a price per share not exceeding the market price of the Company's shares on the Oslo Stock Exchange. The minimum and the maximum price that may be paid for each share is NOK 1 and NOK 150, respectively. The maximum face value of the shares which the Company may acquire pursuant to this authorization is NOK 833,358, which, at the time the authorization was granted, 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 such losses.

The authorization is valid until the earlier of the date of Annual General Meeting of 2022 and 30 June 2022. This authorization replaced the authorization for acquisition of own shares granted by the Annual General Meeting on 7 May 2020. The authorization has not been used by the Board to date.

The Board will propose that the Annual General Meeting to be held in May 2022 grants the Board a new authorization on similar terms, replacing the authorization granted to the Board in 2021, to expire at the earliest of the Annual General Meeting in 2023 and 30 June 2023.

## **Deviation from the Recommendation:**

The Board authorizations granted by the Annual General Meeting in 2021 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 2022. 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, and is limited in time as recommended by the Code.



#### 4. Equal treatment of shareholders

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.

##### Pre-emption rights of existing shareholders

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.

##### Pre-emption rights of existing shareholders

If the proposed Board authorization to increase the share capital referred to above is adopted by the Annual General Meeting in 2022, 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.

It should be noted that Israel Corporation Ltd. ("ILCO"), in connection with its investment in AKVA group equalling approximately 18% of the share capital completed on 21 October 2021, is entitled for a period of 24 months thereafter to participate in any capital raising in the Company in such a manner that ILCO's shareholding is retained. This means that in a situation where the pre-emption rights of existing shareholders in AKVA group in general are set aside, ILCO may still invoke its pre-emption right. See also section 8 below on ILCO's right to appoint one member of the Board pursuant to the Articles of Association as amended by the extraordinary general meeting on 20 October 2021.

As set out in the Company's stock exchange notice of 29 September 2021, ILCO is considered as a long-term strategic investor and its global business experience and technology background will contribute to the Company's goal to build a world-leading offering of technical & digital solutions within sea and land-based aquaculture. Consequently, the investment by ILCO and arrangements related thereto are deemed to be in the common interest of AKVA group and its shareholders.

##### Transactions by the Company in its own shares

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

**Deviation from the Recommendation: None**

#### 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 transferable. The Articles of Association place no restrictions on negotiability.

Please refer to section 8 below regarding ILCO's right to appoint one member of the Board pursuant to the Articles of Association as amended on 20 October 2021.

**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 attend 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 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 Board shall ensure that as many of the Company's shareholders as possible are able to exercise their voting rights at the Company's general meetings, and that the general meeting is an effective forum for shareholders and the Board.

The notice of a general meeting, with reference to or including support information on the resolutions to be dealt with by the general meeting, shall be sent to shareholders and made available on the Company's website and NewsWeb no later than 21 days prior to the date of the general meeting. The Board will seek to ensure that the resolutions and supporting information are sufficiently detailed and comprehensive to allow shareholders to form a view on all matters to be considered.

Deadlines for shareholders to give notice of their attendance shall be set as close to the date of the general meeting as practically possible.

The Board will in each specific case consider whether to allow shareholders to vote separately on each candidate nominated for election to the Board and other corporate bodies (if applicable). However, and as set out below in respect of the Annual General Meeting in 2021, voting for individual candidates in elections has so far not been allowed, as the need to take into consideration inter alia the overall skills mix and statutory requirements to the Board's composition have outweighed other considerations.

It is the intention to have representatives of the Board and the nomination committee to attend the general meeting. However, the Company will normally not have the entire Board attend the meeting unless this is considered necessary based on the matters to be handled by the meeting. The auditor will attend the Annual General Meeting and any extraordinary general meetings to the extent required by the items on the agenda or other relevant circumstances.

The general meeting is chaired by an independent chair, to be proposed by the Board and appointed by the general meeting.

The Board will aim to prepare and facilitate the use of proxy forms which allows separate voting instructions to be given for each item on the agenda, and also nominate a designated person who will be available to vote on behalf of shareholders as their proxy. The Board may decide that shareholders may submit their votes in writing, including by use of electronic communication, in a period prior to the general meeting. The Board will seek to facilitate such advance voting. Furthermore, the Company's shareholders shall have the right to attend and vote at general meetings by electronic means, unless the Board finds that there is sufficient cause for not allowing this form of voting and attendance.

### The Annual General Meeting in 2021

The Annual General Meeting in 2021 was in all material respect carried out in accordance with recommendation no. 6 of the Code with the following exceptions:

- 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 entire Board did not participate at the Annual General Meeting as this was not considered necessary in light of the matters to be dealt with by the meeting.

Due to the Covid-19 pandemic, measures were taken to safeguard the health and security of participants and to ensure compliance with applicable national and local restrictions and guidelines. The Annual General Meeting in 2021 was therefore held as a digital meeting only in accordance with section 2-3 of the repealed temporary act on exemptions from the requirements to hold physical meetings in the company legislation to mitigate consequences of the Covid-19 outbreak, and shareholders were asked to vote by proxy (with or without voting instructions) to the chairman of the Board as far as possible.

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. The nomination committee should not include any executive personnel or any member of the company's board of directors.

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 set out that the Company shall have a nomination committee consisting of at least three members elected by the general meeting. 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's work is based on the nomination committee Charter initially 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 6 May 2021 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 of the committee reflects the common interest of all the Company's shareholders.

### The work of the committee

The nominating committee has held 3 meetings since the Annual General Meeting in 2021.

**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 of the Code of Practice.

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.

According to the Articles of Association, the Board shall consist of four to ten members. The Board currently consists of the following 10 members:

<b>Name</b>	<b>Position</b>	<b>Independent of management and material business contacts</b>	<b>Independent of main shareholders</b>
Hans Kristian Mong	Chairperson	Yes	No, Mr. Mong is a representative of the Company's largest shareholder, Egersund Group AS.
Kristin Reitan Husebø	Deputy Chairperson	Yes	Yes
Yoav Doppelt	Board member	Yes	No, Mr. Doppelt is a representative of the Company's second largest shareholder, ILCO.
Frode Teigen	Board member	Yes	No, Mr. Teigen is a representative of the Company's largest shareholder, Egersund Group AS.
Tore Rasmussen	Board member	Yes	Yes
Irene Heng Lauvsnes	Board member	Yes	Yes
Heidi Nag Flikka	Board member	Yes	Yes
Ragnhild Ree	Employee representative	-	-
Helen Helland	Employee representative	-	-
Magnus Røkke	Employee representative	-	-

Alexander Myklebust, John Morten Kristiansen and Odd Jan Håland serve as deputy members of the Board.



Further details of the individual directors can be found in the Company's annual report and at <https://ir.akvagroup.com/investor-relations/management-and-board>.

As set out in the above table, four of the shareholder-elected members of the Board are independent of the main shareholders of the Company and as such, the Company complies with the Code's recommendation regarding independence of main shareholders.

It should be noted that the extraordinary general meeting on 20 October 2021 resolved to amend Article 5 of the Articles of Association of the Company as follows:

*"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.*

*The company Israel Corp., Millennium Tower, 23 Aranha Street, Tel Aviv 61204, Israel, business registration number 520028010 (the "Entitled Shareholder") shall for as long as it owns 15% or more of the total number of shares in the company be entitled to appoint one director to the Board of Directors. The Entitled Shareholder shall retain the right to appoint one director to the Board of Directors also in the event its shareholding is reduced below 15% (no matter how), as long as its ownership is minimum 12% of the total number of shares in the company.*

*The Entitled Shareholder's right to appoint a director to the Board of Directors pursuant to this article shall terminate if the Entitled Shareholder engages, directly or indirectly, through investments or holdings, including minority investments, in activities directly competing with the company, provided however that this shall not apply for financial investments in land based projects. For purposes of the foregoing, "financial investments" means any investment that does not have the goal of combining an acquired business with another business owned or controlled by such shareholder."*

*As further detailed in section 4 above, the investment by ILCO and arrangements related thereto are considered to be in the common interest of AKVA group and its shareholders.*

As further detailed in section 4 above, the investment by ILCO and arrangements related thereto are considered to be in the common interest of AKVA group and its shareholders.

The Board elects the chair and the deputy chair, which represents a deviation from the Code. The Board is however of the view that the composition of the Board ensures that it can attend to the common interests of all shareholders and operate independently of any particular interests.

The nomination committee's recommendation of candidates, including the basis of the recommendation, will be appended to the notice of the Annual General Meeting as published on the Company's website and on the Oslo Stock Exchange's News-Web, [www.newsweb.no](http://www.newsweb.no).

All the members of the Board are generally encouraged to own shares in the Company.

**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.

These instructions should state how the board of directors and executive management shall handle agreements with related parties, including whether an independent valuation must be obtained. The board of directors should also present any such agreements in their annual directors' report.

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 of the company.

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 Board has adopted separate instructions for the work and responsibilities of the Board and the Company's management. The instructions cover inter alia the following matters: 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.

The Board's instructions do not cover the handling of all agreements with related parties, and as such, this represents a deviation from the Code. However, based on the statutory requirements in sections 3-10 – 3-19 of the Public Companies Act and the Company's procedures to detect and handle potential conflicts of interest in a thorough manner, the Board is of the opinion that there are adequate procedures in place to ensure sufficient clarity with regard to the balance of any agreement with 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.



## The remuneration committee

The Company has established a remuneration committee in order to ensure thorough and independent preparation of matters relating to compensation to the executive personnel. The committee's duties and responsibilities are governed by a separate Charter adopted by the Board. The committee's tasks revolve around the CEO's terms of employment and the remuneration of executive personnel including salary levels, bonus systems, options schemes, pension schemes, employment contracts etc.

The committee prepares, subject to approval by the Board and the general meeting as required under applicable law:

- a. The Company's policy on determination of salaries and other remuneration for executive personnel in accordance with the Act section 6-16 a;
- b. An annual report on salaries and other remuneration for executive personnel in accordance with the Act section 6-16 b; and
- c. other matters relating to remuneration and other material employment issues in respect of the executive personnel.

The current members are Hans Kristian Mong (Chair), Tore Rasmussen and Frode Teigen, all of which are independent of the Company's management. The committee has had 1 meeting since the 2021 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, other than as stated above regarding the Board's instructions not covering the handling of agreements with related parties.**

## 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.**

**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.

### The 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, as further detailed in section 6-43 of the Act. 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**

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## 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. The annual report provides details of all elements of the remuneration and benefits of each member of the Board.

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; and
- The remuneration of the Board is proposed to the general meeting by the nomination committee.

Deviation from the Recommendation: None.



## 12. Salary and other remuneration for executive personnel

The guidelines on the salary and other remuneration for executive personnel must be clear and easily understandable, and they must contribute to the company's commercial strategy, long-term interests, and financial viability.

The company's arrangements in respect of salary and other remuneration should help ensure the executive personnel and shareholders have convergent interests and should be simple.

Performance-related remuneration should be subject to an absolute limit.

The main principles for the Company's remuneration of executive personnel 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 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.

The fixed remuneration and performance-based remuneration to the CEO and other executive personnel are described in the notes to the annual accounts.

The Board has established a remuneration committee, which inter alia assists the Board in the preparation of a policy on determination of salaries and other remuneration for executive personnel in accordance with section 6-16 a of the Act. The policy shall be simple and clear and contain the information set forth in the regulation on policies and reports on remuneration for executive personnel (Nw. "Forskrift om retningslinjer og rapport om godtgjørelse for ledende personer"). The Board's aim is that the policy will contribute to the Company's commercial strategy and financial viability as well as the long-term interests of the Company and its shareholders.

The policy shall be made available to and be approved by the Annual General Meeting upon any material change and at least every fourth year, and was most recently approved at the Annual General Meeting on 6 May 2021. Within the framework of the policy, the remuneration committee shall each year undertake a thorough review of the remuneration and other compensation to the CEO and other executive personnel. The review shall be based upon market sampling of similar positions. The structure and level of the remuneration and incentive system for the CEO and other executive personnel are determined by the Board, within the framework of the policy as approved by the Annual General Meeting.

The Board shall also, with the assistance from the remuneration committee, prepare a report on remuneration to executive personnel on an annual basis, in accordance with the Act section 6-16 b and the regulation on policies and reports on remuneration for executive personnel.

In accordance with the Public Companies Act and the Code, the aforementioned policy shall, when subject to approval by the Annual General Meeting, be enclosed to the notice of such General Meeting and shall be available on the Company's website. The same applies to the annual report on the remuneration for executive personnel.

**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.

The Board has adopted instructions on inter alia disclosure of information to ensure compliance with the Company's disclosure obligations and satisfactory procedures related thereto. The Board will seek to ensure that market participants receive correct, clear, relevant and up-to-date information in a timely manner, taking into account the requirement on equal treatment of all market participants. Furthermore, through the Company's procedures, the Board aims to at all times facilitate for discussions with its shareholders in compliance with applicable laws and regulations.

### 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's NewsWeb service, as well as through presentations that are open to the public. The Company's financial calendar is published on the Company's website and on NewsWeb. All shareholders have equal access to financial and other material company information.

### Other market information

Public presentations are held in connection with the publication of the Company's interim reports. The interim presentations are made available on the Company's website <http://ir.akvagroup.com/investor-relations/financial-info-/other-presentations-and-reports> and on NewsWeb.

In the interim presentations, 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. From time to time, in addition to presentation related to financial reporting, the Company will therefore prepare a company presentation which are made available on the Company's website and through NewsWeb.

**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 will 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 appropriately 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.

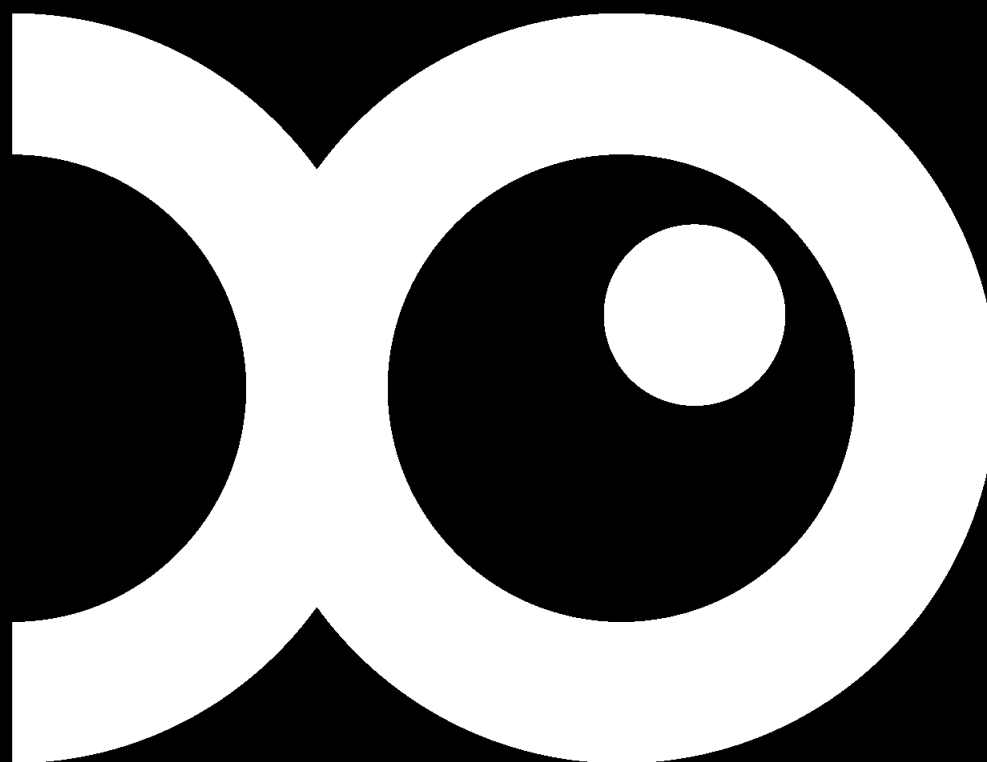
An outline of the work planned by the auditor is presented to the Company's audit committee each year. The auditor shall annually present to the audit committee a review of the Company's internal control procedures, including weaknesses identified by the auditor and suggestions for improvement, and submit the main features of the plan for the audit of the Company.

The auditor is required 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, including any (i) material changes in the accounting principles and key aspects of the audit, (ii) material estimated accounting figures and (iii) material matters on which the auditor and the Company's executive management have disagreed.

At least one Board meeting with the auditor shall be held each year without the presence of any member of the Company's executive management.

The board has implemented guidelines in respect of use of the auditor by the Company's executive management for services other than the audit.

**Deviation from the Recommendation: None.**





**Skattedirektoratet**

Saksbehandler Rune Tystad	Deres dato 06.10.2011	Vår dato 21.10.2011
Telefon 977 59 464	Deres referanse Arve Ouff	Vår referanse 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 Postboks 9200 Grønland 0134 Oslo	Besøksadresse Se <a href="http://www.skatteetaten.no">www.skatteetaten.no</a> Org. nr: 996250318	Sentralbord 800 80 000 Telefaks 22 17 08 60
For elektronisk henvendelse se <a href="http://www.skatteetaten.no">www.skatteetaten.no</a>		



*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."*

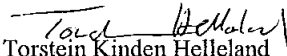
Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.


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 aksjonærer 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