ADMISSION DOCUMENT

ICELANDIC SALMON AS

(A private limited liability company incorporated under the laws of Norway)

Admission to trading of shares on Merkur Market

This admission document (the "**Admission Document**") has been prepared by Icelandic Salmon AS (previously named Arnarlax AS) (the "**Company**" and, together with its consolidated subsidiaries, the "**Group**" or "**Icelandic Salmon**") solely for use in connection with the admission to trading (the "**Admission**") of all issued shares of the Company on Merkur Market.

The Shares have been registered on the Norwegian OTC list (the "**N-OTC**") since 15 November 2019 under the ticker code "ALAX" with ISIN NO 001 724701.

As of the date of this Admission Document, the Company's registered share capital is NOK 309,618,680, divided into 30,961,868 shares, each with a par value of NOK 10 (the "**Shares**").

It is expected that the Shares will start trading at Merkur Market on or about 27 October 2020 under the ticker code "ICELAX-ME". The Shares are, and will continue to be, registered in the Norwegian Central Securities Registry (the "**VPS**") in book-entry form. Upon commencement of trading in the Shares on Merkur Market, the Shares will be deregistered from the N-OTC. All of the issued Shares rank pari passu with one another and each Share carries one vote.

Merkur Market is a multilateral trading facility operated by Oslo Børs ASA ("**Oslo Børs**"). Merkur Market is subject to the rules in the Norwegian Securities Trading Act of 29 June 2007 no 75 (as amended) (the "**Norwegian Securities Trading Act**") and the Norwegian Securities Trading Regulations of 29 June 2007 no 876 (as amended) (the "**Norwegian Securities Trading Regulation**") that apply to such marketplaces. These rules apply to companies admitted to trading on Merkur Market, as do the marketplace's own rules, which are less comprehensive than the rules and regulations that apply to companies listed on Oslo Børs and Oslo Axess. Merkur Market is not a regulated market. Investors should take this into account when making investment decisions.

THIS ADMISSION DOCUMENT SERVES AS AN ADMISSION DOCUMENT ONLY, AS REQUIRED BY THE MERKUR MARKET ADMISSION RULES. THIS ADMISSION DOCUMENT DOES NOT CONSTITUTE AN OFFER TO BUY, SUBSCRIBE OR SELL ANY OF THE SECURITIES DESCRIBED HEREIN, AND NO SECURITIES ARE BEING OFFERED OR SOLD PURSUANT THERETO.

Investing in the Company involves a high degree of risk. Prospective investors should read the entire document and, in particular, Section 1 ("Risk Factors") and Section 3.3 ("Cautionary note regarding forward-looking statements") when considering an investment in the Company and its Shares.

Merkur Market Advisor
DNB Markets

The date of this Admission Document is 22 October 2020

IMPORTANT INFORMATION

This Admission Document has been prepared solely by the Company in connection with the Admission. The purpose of the Admission Document is to provide information about the Company and its business. This Admission Document has been prepared solely in the English language.

For definitions of terms used throughout this Admission Document, please refer to Section 14 ("Definitions and glossary of terms").

The Company has engaged DNB Markets, a part of DNB Bank ASA, as its advisor in connection with its Admission to Merkur Market (the "**Merkur Advisor**"). This Admission Document has been prepared to comply with the Admission to Trading Rules for Merkur Market (the "**Merkur Market Admission Rules**") and the Content Requirements for Admission Documents for Merkur Market (the "**Merkur Market Content Requirements**"). Oslo Børs has not approved this Admission Document or verified its content.

The Admission Document does not constitute a prospectus under the Norwegian Securities Trading Act and related secondary legislation, including Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and has not been reviewed or approved by any governmental authority.

All inquiries relating to this Admission Document should be directed to the Company or the Merkur Advisor. No other person has been authorized to give any information, or make any representation, on behalf of the Company and/or the Merkur Advisor in connection with the Admission, if given or made, such other information or representation must not be relied upon as having been authorized by the Company and/or the Merkur Advisor.

The information contained herein is current as of the date hereof and subject to change, completion or amendment without notice. There may have been changes affecting the Company subsequent to the date of this Admission Document. Any new material information and any material inaccuracy that might have an effect on the assessment of the Shares arising after the publication of this Admission Document and before the Admission will be published and announced promptly in accordance with the Merkur Market regulations. Neither the delivery of this Admission Document nor the completion of the Admission at any time after the date hereof will, under any circumstances, create any implication that there has been no change in the Company's affairs since the date hereof or that the information set forth in this Admission Document is correct as of any time since its date.

The contents of this Admission Document shall not be construed as legal, business or tax advice. Each reader of this Admission Document should consult with its own legal, business or tax advisor as to legal, business or tax advice. If you are in any doubt about the contents of this Admission Document, you should consult with your stockbroker, bank manager, lawyer, accountant or other professional advisor.

The distribution of this Admission Document in certain jurisdictions may be restricted by law. Persons in possession of this Admission Document are required to inform themselves about, and to observe, any such restrictions. No action has been taken or will be taken in any jurisdiction by the Company that would permit the possession or distribution of this Admission Document in any country or jurisdiction where specific action for that purpose is required.

The Shares may be subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

This Admission Document shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo District Court (Nw.: *Oslo tingrett*) as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Admission Document.

Investing in the Company's Shares involves risks. Please refer to Section 1 ("Risk factors").

INFORMATION TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that they each are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II (the "**Positive Target Market**"); and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Appropriate Channels for Distribution**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. Conversely, an investment in the Shares is not compatible with investors looking for full capital protection or full repayment of the amount invested or having no risk tolerance, or investors requiring a fully guaranteed income or fully predictable return profile (the "**Negative Target Market**", and, together with the Positive Target Market, the "**Target Market Assessment**").

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Shares and determining appropriate distribution channels.

ENFORCEMENT OF CIVIL LIABILITIES

The Company is a private limited liability company incorporated under the laws of Norway. As a result, the rights of holders of the Shares will be governed by Norwegian law and the Company's articles of association (the "**Articles of Association**"). The rights of shareholders under Norwegian law may differ from the rights of shareholders of companies incorporated in other jurisdictions.

The members of the Company's board of directors (the "**Board Members**" and the "**Board of Directors**", respectively) and the members of the Group's senior management (the "**Management**") are not residents of the United States of America (the "**United States**"), and a substantial portion of the Company's assets are located outside the United States. As a result, it may be very difficult for investors in the United States to effect service of process on the Company, the Board Members and members of Management in the United States or to enforce judgments obtained in U.S. courts against the Company or those persons, whether predicated upon civil liability provisions of federal securities laws or other laws of the United Stated (including any State or territory within the United States).

The United States and Norway do not currently have a treaty providing for reciprocal recognition and enforcement of judgements (other than arbitral awards) in civil and commercial matters. Uncertainty exists as to whether courts in Norway will enforce judgments obtained in other jurisdictions, including the United States, against the Company or its Board Members or members of Management under the securities laws of those jurisdictions or entertain actions in Norway against the Company or its Board Members or members of Management under the securities laws of other jurisdictions. In addition, awards of punitive damages in actions brought in the United States or elsewhere may not be enforceable in Norway. The United States does not currently have a treaty providing for reciprocal recognition and enforcement of judgements (other than arbitral awards) in civil and commercial matters with Norway.

Similar restrictions may apply in other jurisdictions.

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1 RISK FACTORS

Investing in the Shares involves inherent risks. Before making an investment decision, investors should carefully consider the risk factors and all information contained in this Admission Document, including the Financial Information and related notes. The risks and uncertainties described in this Section 1 ("Risk factors") are the principal known risks and uncertainties faced by the Group as of the date hereof that the Company believes are the material risks relevant to an investment in the Shares. An investment in the Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford a loss of all or part of their investment. The absence of a negative past experience associated with a given risk factor does not mean that the risks and uncertainties described herein should not be considered prior to making an investment decision.

If any of the risks were to materialize, individually or together with other circumstances, it could have a material and adverse effect on the Group and/or its business, financial condition, results of operations, cash flow and/or prospects, which may cause a decline in the value of the Shares that could result in a loss of all or part of any investment in the Shares. The risks and uncertainties described below are not the only risks the Group may face. Additional risks and uncertainties that the Company currently believes are immaterial, or that are currently not known to the Company, may also have a material adverse effect on the Group's business, financial condition, results of operations and cash flow. The order in which the risks are presented below is not intended to provide an indication of the likelihood of their occurrence nor of their severity or significance.

The risk factors described in this Section 1 ("Risk factors") are sorted into a limited number categories, where the Company has sought to place each individual risk factor in the most appropriate category based on the nature of the risk it represents. The risks that are assumed to be of the greatest significance are described first. This does not mean that the remaining risk factors are ranked in order of their materiality or comprehensibility, and the fact that a risk factor is not mentioned first in its category does not in any way suggest that the risk factor is less important when taking an informed investment decision. The risks mentioned herein could materialise individually or cumulatively.

The information in this Section 1 ("Risk factors") is as of the date of this Admission Document.

1.1 Risks related to the industry in which the Group operates

1.1.1 The Group's revenue and future development are dependent on market prices for the Group's products

The Group's revenue, and thereby its financial position and ability for future development, is correlated with the prices obtained for farmed Atlantic salmon. There is generally a high demand for farmed salmon as it is considered to be an attractive commodity among consumers. Prices can nevertheless vary significantly over time, and the demand for the Group's products is affected by a number of different factors, such as changes in customer preferences, seasonality, changes in prices and volumes of substitute products and general economic conditions. Because the driving factors behind the price development for farmed salmon primarily are external, the Group has limited flexibility to manage and adjust the prices for its own products. The Group sells most of its products in the spot market and not by long term fixed price agreements. This may increase the exposure to price volatility. The Group is therefore exposed to the risk of having high production volumes, and corresponding production costs, without securing favorable prices for its products due to an imbalance between global supply and demand.

The extent to which the Group is exposed to price volatility depends among other on the relevant export markets. The Group primarily exports to the EU, UK, the US and China. The multiple market exposure for the Group's products makes it less dependent on demand in single markets. However, the Group's exports between 95-99% of its products to the EU and the US, and is hence more sensitive to price volatility in these areas, and a decline in prices for the Group's products in these areas would have particularly negative effects on the Group's profitability. Short-term or long-term decline in the price for the Group's products could have a material adverse effect on its revenue, and thereby affect its overall results of operations, financial position and ability for future development.

1.1.2 The industry in which the Group operates is global and highly competitive, exposing the Group and its operations to competition from domestic and foreign salmon farmers

The Group's business is reliant on continued global demand for farmed Atlantic salmon. In order to continue to achieve good results, it is dependent on breeding, processing, marketing and selling salmon that suits customer demand at satisfactory price levels for both the customer and the Group. The seafood industry is a global industry and considered highly competitive, with many producers ensuring supply of a broad range of various fish and other aquatic products worldwide. By securing longstanding customer relationships, the Group can somewhat mitigate its competition risk. Nevertheless, many of the Group's competitors produce similar products as the Group and offer these to the same customer base and use the same suppliers as the Group, which can drive prices for products sold down while prices for raw material, labour cost and energy remain high. Certain costs, such as costs related to feed, transport and well boats, are, and may continue to be, higher in Iceland compared to other countries. Increased prices for raw material and supplies in combination with lower prices for products sold, will result in lower operating profit for the Group and could, in the event of a material gap, have adverse effects on the Group's results of operations and future prospects.

1.1.3 The industry in which the Group operates in is highly politically influenced

The aquaculture industry is highly politically influenced. For instance, the farmers are highly dependent on access to suitable farming sites along the coast-line. The industry also has an environmental footprint which is often debated politically in terms of sustainable harvest. The fast growth of the fish farming business in Iceland has also resulted in political issues and certain law suits from neighbours, fishermen, environmental organisations etc. On the other hand, the importance of the salmon industry as a relatively large and important export industry in Iceland also has to be taken into account in a political perspective. Thus, political changes in Iceland, as well as influence from other countries such as for example Norway and the European Union, may influence the regulation of the industry and consequently the Group's operations and profitability.

Approximately 91.3% of the Group's revenues for the six months ended 30 June 2020 were generated from sales in its export markets. As a consequence of the Group exporting a significant portion of its production volumes, access to export markets is critical for the Group to operate its current scale of operations and to generate revenue. The Group has in the past experienced, and may in the future continue to experience, difficulties with exporting to certain jurisdictions such as, but not limited to, Asia and North America. As example, the Group has experienced such difficulties during the Covid-19 (as defined below) pandemic. If any sudden changes are imposed, the Group could be prohibited from trading with certain jurisdictions and it may not be able to replace its activities with trade to a new market on a timely basis or at all. In the Group's experience, markets in China and North America are especially vulnerable to sudden changes.

1.1.4 The Group's operations involves inherent risk relating to the outbreak of diseases

The operation of fish farming facilities involves inherent biological risks, such as outbreak of diseases, viruses, bacteria, parasites, algae blooms, jelly fish, increasing mortality and other contaminants. If there is a disease outbreak, the Group may, in addition to the direct loss of fish, incur substantial costs in the form of lost growth on biomass, accelerated harvesting, loss of quality of harvested fish and a subsequent period of reduced production capacity and loss of income. The Group's operation of Atlantic salmon farming, as any other intensive animal husbandry, has historically experienced several periods with extensive disease problems. Common to all of these is that a solution to decrease extensive disease problems have been found through selective breeding, better operating routines, increased expertise regarding the fish's biological requirements, and the development of effective vaccines.

The Group does not use any antibiotics and all salmon is vaccinated at smolt stages to make it more resistant to infections and diseases. The Group also works closely with veterinarians to optimize fish health and welfare. New diseases might nevertheless arise and lead to substantial losses for the Group as well as other salmon farmers. Accordingly, there can be no assurance that the Group's operations will be disease free in the future. Epidemic outbreaks of diseases may have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

In February/ March 2020, the Group experienced a mortality incident due to winter wounds which caused an economic loss for the Group at approximately EUR 4 million. Increasing mortality due to winter wounds is an inherent biological risk in the operation of fish farming. The main factors for this incident was cold temperatures, density and winter storm. The Group has implemented measures to reduce the risk of such incidents in the future, inter alia by increasing the harvesting capacity to be able to harvest fish quicker if such situation occurs again.

1.1.5 The Group's products may be subject to increased food safety issues and perceived health concerns by customers, governmental authorities and non-governmental organisations

Food safety issues and perceived health concerns may have a negative impact on the reputation of, and the demand for, the Group's products. As the Group's products are for human consumption, it is of critical importance that the products are perceived as safe and healthy in all relevant markets. The food industry in general experiences increased customer awareness with respect to food safety and product quality, information and traceability. A failure by the Group to meet new and exacting customer requirements may reduce the demand for its products. Non-governmental organisations, such as environmental organisations and animal rights groups, campaigning groups, research communities or others may direct negative publicity towards the fish farming industry. Negative media attention could raise consumer scares in relation to farmed salmon, which may result in declined demand for the Group's products. Various perceived health concerns, *inter alia*, in relation to the level of organic contaminants, cancer-causing PCB (polychlorinated biphenyls) and dioxins in, *inter alia*, farmed salmon, have attracted negative attention in the media in the past. The Group has an active internal control and works closely with the Food and Veterinary Authorities and other food and safety officials to evolve and improve quality and safety. New perceived health concerns or food safety issues relating to products offered by the Group may nevertheless arise in the future and affect the Group's ability to market and distribute its products. Perceived health concerns and increased quality demands from customers may have a material adverse effect on the Group's business, financial condition, results of operations, cash flow and/or prospects.

Occasionally, environmental organisations, campaigning groups, animal rights groups or others may direct negative publicity towards the fish farming industry. Such publicity may negatively impact the reputation of farmed salmon, even if there is no direct risk to human health, and may consequently have a negative impact on the demand for the Group's products. Further, guidelines and legislation with tougher requirements, which may imply higher costs for the food industry (e.g. enhanced traceability, level of documentation, testing variables, etc.) might impact the Group's activities, and have material adverse effect on the price of the Company's Shares.

1.1.6 The Group's operations are subject to production related disorders which may have a negative impact on the quality of the Group's products

As the aquaculture industry has evolved and developed, the biological limits for how fast fish can grow have also been challenged. As with all other forms of intensive food productions, a number of production-related disorders may arise, i.e. disorders caused by intensive farming methods. Such disorders can severely affect certain populations. Well-known production-related disorders include physical deformities and cataracts, which have the ability to cause loss by way of reduced growth and inferior health, reduced quality on harvesting and damage the Group's reputation. Research has shown that deformities can be caused by, but not limited to, the following; (i) excessively high temperatures during the fish's early life; (ii) not enough phosphorus in the fish's diet; (iii) acidic water as well as too much carbon dioxide in the water during the freshwater production phase; and (iv) growth that is not sufficiently monitored and steadily, resulting in a too rapid growth. The aforementioned production related disorder may have a material adverse effect on the Group's business, financial condition, results of operations, cash flow and/or prospects.

1.1.7 Risk relating to the loss of the Group's farming licences, including risks regarding the ongoing administrative appeal related to the Ísafjarðardjup project and the current lawsuit against the Group for withdrawal of two licenses covering 12,000 tons of maximum allowed biomass

The Group's activities are dependent upon licenses and permits from the Icelandic regulators, which may be revoked or not renewed, including if the Group breaches the applicable laws and regulations governing the licenses and permits (including any special terms and conditions of any such licenses or permit). The Group's existing licenses in Arnarfjörður, Patreksfjörður, Tálknafjörður and Fossfjörður must be renewed in 2032, 2035, 2035 and 2022, respectively. Furthermore, should the Group not be able to obtain additional licences, it may not be able to fulfil its expansion plans, which in turn may negatively impact the financial prospects of the Group.

Reference is also made to Section 1.3.6 and Section 7.9 (Legal and arbitration proceedings) below for information on an ongoing administrative appeal for the application related to the Ísafjarðardjup Project (as defined below). On 26 June 2020, the Federation of Islandic River Owners ("**LV**") appealed the decision from the National Planning Agency from 15 November 2019 and claimed that the decision regarding Icelandic Salmon's application for an operation license of 10,000 tons of maximum allowed biomass should be considered void. Further, reference is made to Section 1.3.6 and Section 7.9 (Legal and arbitration proceedings) with respect to the current lawsuit against the Group regarding a claim for withdrawal of two licenses covering 12,000 tons of maximum allowed biomass. A negative outcome of these proceedings may have significant adverse effects on the Group's business, financial condition, results of operations, cash flow and/or prospects.

1.1.8 The outbreak of Covid-19 may have significant negative effects on the Group

The Group's performance is affected by the global economic conditions in the market in which it operates. The global economy has been experiencing a period of uncertainty since the outbreak of the coronavirus SARS-CoV-2 (hereinafter referred to as "**Covid-19**"), which was recognized as a pandemic by the World Health Organization in March 2020. The global outbreak of Covid-19, and the extraordinary health measures and restrictions on local and global basis imposed by authorities across the world has, and are expected to continue to cause, disruptions in the Group's value chain. The Covid-19 situation may adversely affect the Group's risk profile, including, but not limited to, logistical and transportation challenges, effects on market demand and pricing and an increase in insurance costs and credit risk.

Moreover, as a result of the Covid-19 situation, national authorities have adopted several laws and regulations with immediate effect and which provide legal basis for the government to implement measures in order to limit contagion and the consequences of Covid-19. The Group has implemented procedures and protocols to limit the chances of the epidemic affecting the business. The Group's preventive measures include (but are not limited to): (i) no outside visitors are allowed, (ii) no physical meetings are allowed across departments, (iii) travelling has been minimized as much as possible, (iv) signs with sanitation and mask instructions are placed in key areas, (v) the canteen in the harvest plant may only be used by those working in the building, and (vi) hand sanitizers are placed in key areas.

Prospective investors should note that the Covid-19 situation is continuously changing, and new laws and regulations that could directly, or indirectly, affect the Group's operations may enter into force. Authorities in the Group's export markets could implement measures that affect the Group's operations, such as in relation to logistics and transportation of products, as well as other parts of the Group's value chain. The effects of the Covid-19 situation could in turn negatively affect the Group's revenue and operations going forward, where the severity of the Covid-19 situation and the exact impacts for the Group are highly uncertain. As of the date of this Admission Document, it is too early to estimate the effects Covid-19 will have on the Group, its further operations and how it will be affected financially in the long term.

1.1.9 Risk relating to dependency on contracts, inter alia smolt supply and well boats

In order for the Group to fulfil its expansion plans, the Group is reliant upon a steady and increased supply of ova/eyed eggs, smolt, feed, well boat capacity and other important supplies. The only broodstock company in Iceland is Stofnfiskur, which the Group has an existing contract with for 2020. According to the Group, Stofnfiskur has the required capacity to deliver ova/eyed eggs to the Group in accordance with the increasing demand due to the Group's expansion plans. Reliance on only one supplier nevertheless involves some inherent risks, and there may be national import restrictions for importing ova/eyed eggs from e.g. Norway and Scotland. Further, to increase the production up to 30,500 tons in 2024, the Group will need a yearly supply of 8 million smolt. Further increase of the smolt production, both in the companies within the Group and in Arctic Fish, are reliant upon expansion of existing smolt facilities or construction of new smolt facilities.

The Group's has time charter for two well boats. If these well boats are needed due to emergency situations at other farms, the Group may not have available capacity for necessary operations at its farms, if needed. The Group's production is also dependent on being able to secure sufficient well boat capacity in the future, meaning that the Group may be required to enter into new time charter agreements for well boat services and/or acquire/build its own vessels.

1.1.10 The Group derives a significant portion of its revenues from its top five customers and the loss of any of these as a customer, or default by any of these customers, could result in a significant loss of revenues and cash flows

For the six months ended 30 June 2020, the Group's top five customers, Suempol Sp.z o.o., Visscher Seafood B.V., Premium of Iceland ehf, Pan Fish (Shanghai) Co. Ltd and Severn and Wye Smokery, represented 38% of the Group's total revenues. Given the top five customers importance for the Group, any events that affect the top five customer's financial position and thereby reducing their demand for salmon products, is likely to also have a negative effect on the Group's revenues, and could, in the event of a material reductions, have adverse effects on the Group's business, financial condition, results of operations, cash flow and/or prospects. However, the majority of the Group's products are sold in the spot market, and hence it is considered likely that the Group will be able to sell all or parts of its products to other customers in the event of reduced demand from its top five customers.

1.2 Risks related to the business of the Group

1.2.1 Nearly all of the Group's products are sold outside Iceland, making the Group reliant on continued export to current or new export markets

Although the Group has domestic sales, a significant portion of its products are exported directly by the Group. Sales in export markets represented approximately 91.3% of the Group's total revenue for the six months ended 30 June 2020. As such, the Group's revenue is reliant on continued export to its current and/or new markets. See the risk factor "Fluctuations in exchange rates could significantly affect the Group's profitability" in Section 1.4 "Risks related to financing" for more information on the Group's exchange rate exposure in this regard. Export activities also subject the Group to additional regulatory risks in its current and new export markets, including in relation to trade barriers. Additional restrictions in the Group's main export markets, or increased toll or other taxes, could affect the Group's ability to supply such markets with its products on favourable terms, if at all. As a significant part of the Group's products are exported, limitation in its ability to sell its products to certain countries or increased tolls or other taxes could adversely affect its results of operations and future prospects. See the risk factor "The Icelandic aquaculture industry is subject to trade tariffs, custom barriers and free trade agreements, whereas changes in such arrangements could affect the Group's access to export markets and ultimately its profitability." in Section 1.3 "Risks related to laws and regulation" for information on the Group's exposure to additional export risks.

1.2.2 The Group is dependent on retaining and attracting qualified people for its operations, and failure of such could harm its business going forward

The Group is dependent on the expertise of its key personnel, especially within biological production and finance, as well as attracting new talents that know the Group's business and the aquaculture industry. Loss of experienced personnel could have a material adverse effect on the Group's operations, especially in seasons where the production levels are high, and as replacements with sufficient experience from the industry may not be easily accessible at any given time.

1.2.3 Use of technology is becoming increasingly important for the Group to minimize costs and stay competitive, and there can be no guarantees that the Group will be positioned to utilize new technology

The Group operates within an industry where use of technology is becoming increasingly important for the Group in order to limit its operating expenses and stay competitive. Technology is already an integral part of the Group's operations, and is utilized primarily in connection with processing. The Group's operations are however far from automated, and there is unutilized potential for technological development within the industry, especially in relation to harvesting and fish feeding systems. If the Group fails to adjust its operations in accordance with technological changes, it could become less competitive compared to its peers.

Moreover, lower costs and efficiency are important factors for the Group to stay competitive, especially when competing with industry players in low-cost and -labour countries. Technology is not only an important asset in order to produce products of higher quality at lower costs, but also to be able to meet rapid changes in customer preferences for products and product packaging. There can be no guarantee that the Group will be able to keep up with technological changes within the industry, nor that it will have sufficient financial resources to invest in new and relevant technology going forward. If the Group is unable to implement new technology, its operations, as well as competitiveness, could be adversely affected.

1.2.4 Disruptions in the Group's facilities could result in loss in production, delays in delivery to customers, or even non-delivery

A significant part of the Group's activities (and value creation) is created in the pens at sea. As such, the Group is reliant on the functionality of its seawater facilities, and thereby to generate the majority of its revenue. Like all salmon farmers, the Group's farming operations, especially at sea, can be affected by disruptions such as unexpected extreme weather conditions, with the possibility of it disrupting normal business operations or causing damage to assets. Such disruptions normally have short durations, but if the Group experiences more frequent or longer business disruptions at one or more of its seawater facilities, including in the event of machinery and equipment breakdowns, fire or natural disasters, such could result in severe disruptions in the Group's supply chain.

Further, the Group processes fresh fish at its processing plants, and prolonged disruptions in its processing activities, regardless of cause, could result in contamination of the fish and thereby production losses, liability claims from customers, or simply logistical transportation challenges and delays in delivery of products to customers reducing the shelf time of the products. Ultimately, any such disruptions could result in *inter alia* high repair costs for the

Group's equipment, liability under customer contracts or loss in reputation if the Group fails to ensure timely delivery to customers over time.

1.2.5 Risk related to the license of Eldisstöðin Ísþór hf.

In Iceland, aquaculture production business operators must apply for both an operation licence from the Icelandic Food and Veterinary Authority ("**MAST**") and a pollution license from the Environment Agency of Iceland ("**UST**"). Eldisstöðin Ísþór hf. ("**Ísþór**") (a joint venture owned by the Group and Ice Fish Farm AS) was issued an operating license for production of 600 tons of smolt, valid until 3 June 2019. As a new license would not be issued before the previous license expired, Ísþór was granted a temporary exemption from an operating license. The temporary UST license expires in April 2021. Ísþór has a valid aquaculture license from MAST for 600 ton production until May 2026. In addition, Ísþór has applied for new extended licences, and it is expected that these will be finalized in late 2020 or early 2021.

1.2.6 The Group's business is concentrated in one industry

As all the Company's business is limited to salmon farming, and hence a single industry, the Group may be more vulnerable to particular economic, political, regulatory, environmental or other developments than would a company holding a more diversified portfolio of assets, and the aggregate return of the Company will be substantially adversely affected by the unfavourable performance of a single facility.

1.3 Risks related to laws and regulation

1.3.1 The Group could be subject to industry specific taxes and fees imposed by the Icelandic government which could have an adverse effect to the Group's profitability

Aquaculture and salmon farming is a young and fast-growing industry in Iceland. As such, it may be expected that new legislation may be introduced over time as the industry develops. In 2019, the Icelandic Parliament adopted an act introducing a levy for fish farming and a fish farming fund. The levy is being implemented incrementally from 2020, and the development of this levy, and other industry specific taxes and fees that may be imposed by the Icelandic government, may have an adverse effect on the Group's profitability.

1.3.2 The Group's operations are subject to extensive industry regulation, including license requirements

The Group's activities are subject to extensive international and national regulations, in particular relating to environmental, animal welfare and food safety regulations. Furthermore, the Group's activities within the aquaculture industry is also extensively regulated by time limited licenses and permissions granted by Icelandic authorities. Changes in the requirements for such licenses and/or breach of the existing conditions and regulatory requirements set by the Icelandic government will have an adverse material effect on the Group's operations and profitability. No assurance can be given that licenses will continue to be in place.

The Group is a supplier of commodities for human consumption through its salmon processing activities whereas the finished products are made directly for human consumption. This subjects the Group to numerous food safety regulations typically setting the standards for the Group's processing facilities and its handling of the products with respect to food safety, where its activities in this regard is dependent on certifications from Icelandic authorities. Changes of the food safety requirements domestically and internationally may adversely affect the Group's current scale of operations, as well as its access to certain markets. If the Icelandic and/or international authorities impose additional regulations, the Group may be required to change the way it currently carries out its processing activities, which could require significant investments or other changes to ensure compliance with applicable new laws and regulations.

In general, changes in laws and regulations may have a material adverse effect on the business' operations and profitability. The Group cannot predict the extent to which its future operations and earnings may be affected by mandatory compliance with new or amended legislation or regulation.

The relevant authorities may also introduce further regulations for the operations of the Group, such as enhanced standards for harvesting or processing, environmental requirements or animal welfare requirements. Investments necessary to meet new regulatory requirements could be significant and expensive for the Group. Legislation and guidelines with stricter requirements are expected and may imply higher costs for the food industry. In particular the ability to trace products through all stages of the value chain, certifications and documentation are becoming major components in food safety requirements. Further, increased quality demands from authorities in the future relating to the food safety may also have a material adverse effect on the business, financial conditions, results of operations or cash flow of the Group.

1.3.3 The Icelandic aquaculture industry is subject to trade tariffs, custom barriers and free trade agreements, whereas changes in such arrangements could affect the Group's access to export markets and ultimately its profitability

The Group's products are sold worldwide, whereas approximately 91.3% of its revenue for the six months' period ended 30 June 2020 where generated from its export markets, and it is thereby competing with other suppliers in countries across the globe to obtain market shares. Trade tariffs and free trade agreements affect which markets that are considered by the Group as more convenient export markets, whereas countries enter into different tariffs and trade agreements with the different jurisdictions and some might be more favorable than other and could thereby make certain industry players more competitive than players from other jurisdictions. In this regard, such competitiveness is often visible through such players' being able to offer products for a lower price to the end-customer compared to those having to pay tariffs. As a large exporter, changes in various free trade agreements and customer barriers, and especially with the Group's main markets, could affect the Group's ability to export to such market and/or its profitability when exporting to such markets compared to industry players with a higher percentage of domestic sales or competitors from other jurisdictions competing in the same markets as the Group.

1.3.4 The Group could be subject to product liability claims, which, if successful, could have adverse reputational as well as financial consequences

As a supplier of products made directly for human consumption, it is critical that the Group's products are perceived as safe and healthy in all relevant markets. The food industry in general has experienced increased customer awareness with respect to food safety and product quality, information and traceability. A failure by the Group to meet new and existing customer requirements may lower the demand for its products. Moreover, this also exposes the Group to the risk of product liability claims from its customers as well as end-consumers. All of the Group's products are sold directly for human consumption. Should any contamination or other food safety issues related to the Group's products occur, such would not only have financial consequences due to product recalls and liability claims, but also reputational consequences as it could result in consumers being deterred from consuming the Group's products. In the past, the Group has had no significant incidents of product recalls due to branding errors, resulting in increased cost to remedy such errors. However, the lack of past contamination and other food safety situations related to the Group's products does not guarantee that such will not occur in the future.

1.3.5 The Group is subject to laws and regulations in several jurisdictions, whereas failure to properly comply with such may adversely affect its operations

The industry of fish farming is heavily regulated by numerous national, international and supra-national regulations which directly affects the Group's operations and consequently its profitability. Furthermore, laws and regulations are subject to continual changes, whereas some legislative changes may be either disadvantageous to the Group's business or could oblige the Group to change its course of business or amend its business strategy to a less profitable strategy. The Group has in the past not experienced any significant issues related to non-compliance, but may in the future be subject to controls of its compliance with relevant laws and regulations. Any failure to comply with applicable national and/or international laws and regulations could lead to costly litigations, penalties or other sanctions, and thus adversely affect the overall performance of the Group.

1.3.6 Risk relating to ongoing legal and governmental proceedings, including risks regarding the ongoing administrative appeal related to the Ísafjarðardjup Project and the current lawsuit against the Group for withdrawal of two licenses covering 12,000 tons of maximum allowed biomass

Fjarðalax ehf. ("**Fjarðalax**") (merged with Arnarlax ehf. ("**Arnarlax**") in 2020) is currently involved in a civil dispute with inter alia the owner of a neighboring hotel to the sites Patreksfjörður and Tálknafjörður whom demands the withdrawal of two of Fjarðalax's operation licenses. The licenses in question have 12,200 tons maximum allowed biomass, and a loss of such licenses will significantly reduce the Group's licensed production volume and production capacity. Hence, a negative outcome of a trial may have significant effects on the Company's and/or the Group's financial position or profitability.

The Group's has an application for increased biomass for 10,000 tons maximum allowed biomass (the "**Ísafjarðardjup Project**"), which is currently being processed by the Planning Agency. However, some procedural decision by the Planning Agency in the process are subject to an administrative appeal by the Federation of Icelandic River Owners.

It cannot be ruled out that that the Group will not become involved in further disputes or legal proceedings in the future.

1.4 Risks related to financing

1.4.1 Fluctuations in exchange rates could significantly affect the Group's profitability

The Group's operations are carried out in Iceland, with close to 45% of its annual operating expenses (such as cost of goods sold, freight, maintenance, electricity, water, salary expenses, etc.) being denominated in Icelandic krona (ISK). However, approximately 93% of the Group's total revenue is generated from its export markets, whereas EUR, USD and GBP are its main export currencies. Factors affecting the exchange rate between ISK and EUR, USD and GBP, such as volatility in oil prices and other economic conditions, could have adverse effects on the prices for the Group's products, and ultimately result in lower profitability for the Group. Moreover, the Group also has loans in denominated in EUR. The group does not hedge risk for in exchange rate fluctuations, and may therefore bear the costs of unfavorable exchange rate fluctuations.

1.4.2 Customers' failure to pay for the Group's products may result in non-payment, loss on receivables, increased costs (e.g. due to re-sale efforts) and loss of revenue

Approximately 91.3% of the Group's total revenue for the six months period ended 30 June 2020 were generated from the Group's export markets. Through its export activities, the Group's products are sent to customers across the globe on various payment terms, and which often require the Group to ship the products before the customer pays. Consequently, the Group is reliant on the credit worthiness of the its customers in such sales arrangements. The Group experiences from time to time that customers are unable to pay for the goods when they arrive, which may result in non-payment and loss on receivables, and the Group may have to re-sell all or parts of the shipment from the arrival destination. Such additional sales efforts result in increased costs for the Group, and could also result in the Group having to sell its products at lower prices. To limit its exposure to the risk of no payments, the Group has established limits for exposure against single-customers by selling to larger groups of various customers, as well as insuring most sales. Although the Group has implemented measures to limit its credit risk exposure, it has in the past, and may in the future experience non-payment, loss on receivables and loss of sales due to non-payments from its customers, which may also lead to additional expenses in order to successfully redistribute its goods or be required to sell its products at lower prices to ensure that any such unpaid products are sold.

1.5 Risks related to the Admission and the Shares

1.5.1 There can be no assurance that an active and liquid market for the Company's shares will develop and the price of the Shares may be volatile

Prior to the Admission, the Company's shares have been traded on the N-OTC list. There can be no assurance that an active trading market for the Shares will develop on Merkur Market, nor sustain if an active market is developed. Investors may not be in a position to sell their Shares quickly or even at the market price if there is no active trading in the Shares.

The market value of the Shares may be subject to considerable fluctuation. In particular, the price of the Shares may be affected by supply and demand for the Shares, fluctuations in actual or projected results, changes in earnings forecasts, failure to meet stock analysts' earnings expectations, dividend earnings on the Shares, changes in general economic conditions and yield on alternative investments, changes in regulatory conditions and other factors. Moreover, the general volatility of share prices may create pressure on the share price even if there might be no reason for this in the Company's operations or earnings potential.

1.5.2 SalMar ASA is the largest shareholder of the Company and has a significant voting power and the ability to influence matters requiring shareholder approval

Approximately 51.02% of the Shares are held by SalMar ASA ("**SalMar**"), a Norwegian public limited company listed on Oslo Børs. Through its shareholding, SalMar will have the ability to, to a significant extent, control the outcome of matters submitted for the vote at General Meetings, including the election of directors to the Board of Directors. The commercial interest of SalMar, and those of the Group, may not always be aligned, and this concentration of ownership may not always be in the best interest of the Company's other shareholders. This could have a material adverse effect on the market value of the Shares.

1.5.3 The Company will incur increased costs as a result of being listed on Merkur Market

As a company with its shares listed on Merkur Market, the Company will be required to comply with Oslo Børs' reporting and disclosure requirements for companies listed on Merkur Market. The Company will incur additional legal, accounting and other expenses in order to ensure compliance with these and other applicable rules and regulations. The Company anticipates that its incremental general and administrative expenses as a company with its shares listed on Merkur Market will include, among other things, costs associated with annual and interim reports to shareholders, shareholders' meetings, investor relations, incremental director and officer liability insurance costs and officer and director compensation. In addition, the board of directors and management may be required to devote significant time and effort to ensure compliance with applicable rules and regulations for companies with its shares listed on Merkur Market, which may entail that less time and effort can be devoted to other aspects of the business. Any such increased costs, individually or in the aggregate, could have an adverse effect on the Company's business, financial condition, results of operations, cash flows and/or prospects.

1.5.4 The price of the Shares may fluctuate significantly, and could result in investors' losing a significant part of their investment

An investment in the Shares involves risk of loss of capital, and securities markets in general have been volatile in the past. The trading volume and price of the Shares may fluctuate significantly in response to a number of factors beyond the Company's control, including adverse business developments and prospects, variations in revenue and operating results, changes in financial estimates, announcements by the Company or its competitors of new development or new circumstances within the industry, legal actions against the Group, unforeseen events and liabilities, changes in management, changes to the regulatory environment in which the Group operates or general market conditions.

Negative publicity or announcements, including those relating to any of the Company's substantial shareholders or key personnel, may adversely affect the market price of the Shares, whether or not this is justifiable. Such negative publicity or announcement may include involvement in insolvency proceedings, failed attempts in takeovers or joint ventures etc.

2 RESPONSIBILITY FOR THE ADMISSION DOCUMENT

This Admission Document has been prepared solely in connection with the Admission to trading on Merkur Market.

The Board of Directors of Icelandic Salmon AS accepts responsibility for the information contained in this Admission Document. The members of the Board of Directors confirm that, after having taken all reasonable care to ensure that such is the case, the information contained in this Admission Document is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

22 October 2020

The Board of Directors of Icelandic Salmon AS

Kjartan Olafsson
(Chairman)

Espen Weyergang Marcussen
(Board Member)

Trine Sæther Romuld
(Board Member)

Olav Andreas Ervik
(Board Member)

Leif Inge Nordhammer
(Board Member)

3 GENERAL INFORMATION

3.1 Other important investor information

The Company has furnished the information in this Admission Document. No representation or warranty, express or implied, is made by the Merkur Advisor as to the accuracy, completeness or verification of the information set forth herein, and nothing contained in this Admission Document is, or shall be relied upon as a promise or representation in this respect, whether as to the past or the future. The Merkur Advisor assume no responsibility for the accuracy or completeness or the verification of this Admission Document and accordingly disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this Admission Document or any such statement.

Neither the Company nor the Merkur Advisor, or any of their respective affiliates, representatives, advisors or selling agents, is making any representation to any purchaser of the Shares regarding the legality of an investment in the Shares. Each investor should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Shares.

3.2 Presentation of financial and other information

3.2.1 Financial information

The Group's consolidated financial statements as of and for the financial years ended 31 December 2019 and 2018 (the "**Annual Financial Statements**") have in connection with the Admission been prepared in accordance with the International Financial Reporting Standards and interpretations issued by the IFRS Interpretations Committee as adopted by the European Union ("**IFRS**"). The Group's Annual Financial Statements have been audited by PricewaterhouseCoopers AS ("**PwC**"). PwC has not audited, reviewed or produced any report on any other information in this Admission Document.

The Group's interim financial information as of and for six months period ended 30 June 2020 with comparable figures as of and for the six months period ended 30 June 2019 (the "**Interim Financial Statements**") has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union ("**IAS 34**"). The Group's Interim Financial Statement presents unaudited consolidated financial information. The Annual Financial Statements and the Interim Financial Statements are hereinafter jointly referred to as the "**Financial Information**".

The Group presents the Financial Information in EUR (presentation currency). Reference is made to Section 8 ("Selected financial information and other information") for further information.

3.2.2 Industry and market data

In this Admission Document, the Company has used industry and market data obtained from independent industry publications, market research and other publicly available information. Although the industry and market data is inherently imprecise, the Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of market data contained in this Admission Document that was extracted from industry publications or reports and reproduced herein.

Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such data and statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Admission Document (and projections, assumptions and estimates based on such information) may not be reliable indicators of the Company's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in Section 1 ("Risk factors") and elsewhere in this Admission Document.

Unless otherwise indicated in the Admission Document, the basis for any statements regarding the Company's competitive position is based on the Company's own assessment and knowledge of the market in which it operates.

3.3 Cautionary note regarding forward-looking statements

This Admission Document includes forward-looking statements that reflect the Company's current views with respect to future events and financial and operational performance. These forward-looking statements may be identified by the use of forward-looking terminology, such as the terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "should", "will", "would" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements are not historic facts. Prospective investors in the Shares are cautioned that forward-looking statements are not guarantees of future performance and that the Group's actual financial position, operating results and liquidity, and the development of the industry in which the Group operates, may differ materially from those made in, or suggested, by the forward-looking statements contained in this Admission Document. The Company cannot guarantee that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur.

By their nature, forward-looking statements involve, and are subject to, known and unknown risks, uncertainties and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, the outcome may differ materially from those set out in the forward-looking statements. For a non-exhaustive overview of important factors that could cause those differences, please refer to Section 1 ("Risk factors").

These forward-looking statements speak only as at the date on which they are made. The Company undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Group or to persons acting on the Group's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Admission Document.

4 REASONS FOR THE ADMISSION

The Company believes the Admission will:

- attract high quality Shareholders, diversify the shareholder base and enable investors to take part in the Company's future growth and value creation
- enhance the Group's profile with investors, business partners, suppliers and customers;
- allow for a trading platform and liquid market for the Shares;
- enable the Company to access the capital markets to fund attractive opportunities; and
- further improve the ability of the Group to attract and retain key management and employees.

No equity capital or proceeds will be raised by the Company upon the Admission, but the Company has completed a private placement immediately prior to the Admission, as further described in Section 6 ("The Private Placement").

5 DIVIDENDS AND DIVIDEND POLICY

5.1 Dividends policy

The Company will strive to follow a dividend policy favourable to the shareholders. The amount of any dividend to be distributed will be dependent on, inter alia, the Company's investment requirements and rate of growth. As of the date of this Admission Document, the Company is in a growth phase and will most likely not be in a position to pay dividends in the near future. There can be no assurance that in any given year a dividend will be proposed or declared, or if proposed or declared, that the dividend will be as contemplated by the policy.

In deciding whether to propose a dividend and in determining the dividend amount, the Board of Directors will take into account legal restrictions, as set out in Section 5.2 ("Legal and contractual constraints on the distribution of dividends") below, as well as capital expenditure plans, financing requirements and maintaining the appropriate strategic flexibility.

The Company has not paid any dividends during the financial years 2019 or 2018.

5.2 Legal and contractual constraints on the distribution of dividends

In deciding whether to propose a dividend and in determining the dividend amount in the future, the Board of Directors must take into account applicable legal restrictions, as set out in the Norwegian Private Limited Liability Companies Act of 13 June 1997 no. 44 (as amended) (the "**Norwegian Private Companies Act**"), the Company's capital requirements, including capital expenditure requirements, its financial condition, general business conditions and any restrictions that its contractual arrangements in force at the time of the dividend may place on its ability to pay dividends and the maintenance of appropriate financial flexibility. Except in certain specific and limited circumstances set out in the Norwegian Private Companies Act, the amount of dividends paid may not exceed the amount recommended by the Board of Directors.

Dividends may be paid in cash or in some instances in kind. The Norwegian Private Companies Act provides the following constraints on the distribution of dividends applicable to the Company:

- Section 8-1 of the Norwegian Private Companies Act regulates what may be distributed as dividend, and provides that the Company may distribute dividends only to the extent that the Company after said distribution still has net assets to cover (i) the share capital and (ii) other restricted equity (i.e. the reserve for unrealized gains and the reserve for valuation of differences).

- The calculation of the distributable equity shall be made on the basis of the balance sheet included in the approved annual accounts for the last financial year, provided, however, that the registered share capital as of the date of the resolution to distribute dividend shall be applied. Following the approval of the annual accounts for the last financial year, the General Meeting may also authorize the Board of Directors to declare dividends on the basis of the Company's annual accounts. Dividends may also be resolved by the General Meeting based on an interim balance sheet which has been prepared and audited in accordance with the provisions applying to the annual accounts and with a balance sheet date not further into the past than six months before the date of the General Meeting's resolution.

- Dividends can only be distributed to the extent that the Company's equity and liquidity following the distribution is considered sound.

Pursuant to the Norwegian Private Companies Act, the time when an entitlement to dividend arises depends on what was resolved by the General Meeting when it resolved to issue new shares in the company. A subscriber of new shares in a Norwegian private limited company will normally be entitled to dividends from the time when the relevant share capital increase is registered with the Norwegian Register of Business Enterprises. The Norwegian Private Companies Act does not provide for any time limit after which entitlement to dividends lapses. Subject to various exceptions, Norwegian law provides a limitation period of three years from the date on which an obligation is due. There are no dividend restrictions or specific procedures for non-Norwegian resident shareholders to claim dividends. For a description of withholding tax on dividends applicable to non-Norwegian residents, see Section 11 ("Norwegian taxation").

5.3 Manner of dividends payment

Any future payments of dividends on the Shares will be denominated in the currency of the bank account of the relevant shareholder, and will be paid to the shareholders through DNB Verdipapirservice (the "**VPS Registrar**"). Shareholders registered in the VPS who have not supplied the VPS Registrar with details of their bank account, will not receive payment of dividends unless they register their bank account details with the VPS Registrar. The exchange rate(s) applied when denominating any future payments of dividends to the relevant shareholder's currency will be the VPS Registrar's exchange rate on the payment date. Dividends will be credited automatically to the VPS registered shareholders' accounts, or in lieu of such registered account, at the time when the shareholder has provided the VPS Registrar with their bank account details, without the need for shareholders to present documentation proving their ownership of the Shares. Shareholders' right to payment of dividend will lapse three years following the resolved payment date for those shareholders who have not registered their bank account details with the VPS Registrar within such date. Following the expiry of such date, the remaining, not distributed dividend will be returned from the VPS Registrar to the Company.

6 THE PRIVATE PLACEMENT

6.1 Details of the Private Placement

On 14 October 2020, the Company resolved to complete a private placement (the "**Private Placement**"), with a total transaction size of approximately NOK 647 million through the allocation of in total 5,629,344 Shares at a price of NOK 115 per share (the "**Offer Price**"). The Private Placement consisted of:

(i) a primary offering raising gross proceeds of NOK 499,999,990 to the Company, by issuing 4,347,826 new Shares at the Offer Price; and

(ii) a secondary offering raising gross proceeds of NOK 147,374,570 to Pactum AS and Gyda EHF. (owned by Kjartan Olafsson, chairman of the Board of Directors) through the sale of in total 1,281,518 existing, validly issued, Shares at the Offer Price (1,000,000 Shares were sold by Pactum AS and 281,518 Shares were sold by Gyda EHF.).

The bookbuilding period for the Private Placement took place from 13 October 2020 to 14 October 2020, notifications of allocation were issued on 15 October 2020 and payment took place on 19 October 2020. The Private Placement was settled by the managers for the Private Placement (being DNB Markets, a part of DNB Bank ASA, Arctic Securities AS and Arion Banki hf., together the "**Managers**") on a delivery-versus-payment basis on 19 October 2020. The delivery-versus-payment settlement in the Private Placement was facilitated by a share lending agreement between the Company, DNB Markets, a part of DNB Bank ASA, and SalMar (the "**Share Lending Agreement**").

The shares issued in connection with the Private Placement were issued pursuant to a an authorisation granted to the Company's board of directors by the general meeting on 8 October 2020, and the share capital increase was registered with the Norwegian register of Business Enterprises on 21 October 2020. Delivery of the new Shares took place on 21 October 2020 through the facilities of the VPS.

The Shares issued in connection with the Private Placement were issued in accordance with the Norwegian Private Companies Act. These Shares rank in all respects *pari passu* with the other existing Shares and carry full shareholder rights, including the rights to dividends, from the day the share capital increase pertaining to the Private Placement Shares was registered in the Norwegian Register of Business Enterprises.

Following completion of the Private Placement, the Company has a share capital of NOK 309,618,680, divided into 30,961,868 Shares, each with a nominal value of NOK 10.

Three cornerstone investors had, subject to certain terms and conditions, committed to apply for Shares for a total amount of up to NOK 345.6 million at the Offer Price. The three cornerstone investors were allocated Shares for approximately NOK 296 million: (i) Gildi-lífeyrissjóður (Gildi Pension Fund), approximately NOK 196 million; (ii) Stefnir Asset Management Company, approximately NOK 78 million; and (iii) Edvin Austbø through Alden AS, approximately NOK 22 million.

The primary offering, not covered by the cornerstone commitments, was underwritten by SalMar, Pactum AS, Gyda EHF and Holta Invest AS (jointly, the "**Underwriters**") pursuant to which the Underwriters committed to underwrite the Private Placement at the Offer Price, in total approximately NOK 86.4 million. In accordance with the underwriting agreement, the Underwriters are entitled to an underwriting commission of 1% of the respective Underwriter's underwriting commitment. No price stabilization measures will be carried out in connection with the Private Placement.

6.2 Shareholdings following the Private Placement

Upon completion of the registration of the Private Placement in the Norwegian Register of Business Enterprises on 21 October 2020, the 20 largest shareholders of the Company were as set out in Section 10.4 ("Ownership structure").

6.3 Use of proceeds

The Company's intended use of proceeds should be seen in close relation to the Company's strategy and growth ambitions. The proceeds from the Private Placement will be used in connection with the planned capital expenditure going forward:

- Approximately EUR 17 million to expand smolt capacity;
- Approximately EUR 10.7 million to increase harvesting capacity;
- Approximately EUR 39.7 million to invest in farming equipment; and
- Approximately EUR 1 million for branding initiatives, biomass build-up and general corporate purposes.

Remaining capex and biomass beyond the proceeds raised by the Company in the Private Placement is considered to be funded by funds from operations (cash-flow) and debt financing.

Please note that these figures are solely indicative. Actual use of proceeds is dependent on several factors and may deviate significantly from the indication above.

In addition to the above, the proceeds will be used to cover relevant transaction costs incurred in connection with the Private Placement and the Admission.

6.4 Lock-up

6.4.1 The Company

Pursuant to a lock-up undertaking entered into in connection with the Private Placement, the Company has undertaken that it will not, and will procure that its subsidiaries and any other parties acting on its behalf will not, without the prior written consent of the Merkur Advisor, during the period up to and including the date falling 12 months from the first day of trading of the Shares on Merkur Market, (i) issue, offer, pledge, create any security interest over, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any Shares or any securities convertible into or exercisable or exchangeable for Shares, or (ii) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares, whether any such transaction described in (i) or (ii) is to be settled by delivery of Shares or other securities, in cash or otherwise, or (iii) agree, or publicly announce an intention, to effect any transaction specified in (i) or (ii) above, provided that this shall not apply to (A) issuing new Shares in the Private Placement, (B) granting share options or other rights to Shares to employees of the Company, or issuing Shares to employees following exercise of such employee share options or other rights to Shares in accordance with market practice for similar types of companies, or (C) any issuance of Shares (or other equity interests) or transfer of treasury Shares as consideration to any bona fide third party in connection with an acquisition of any companies or businesses from such party, however at any time limited to 20% of the Company's outstanding shares.

6.4.2 Björn Hembre (the Company's CEO)

Pursuant to lock-up undertakings entered into in connection with the Private Placement, Björn Hembre (CEO) has undertaken that he will not, and will procure that his affiliates (as defined in Section 2-5 of the Norwegian Securities Trading Act) and any other parties acting on its behalf will not, without the prior written consent of the Merkur Advisor, during the period up to and including the date falling 12 months from the first day of trading of the Shares on Merkur Market, (i) offer, pledge, create any security interest over, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any Shares or any securities convertible into or exercisable or exchangeable for Shares, or (ii) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares, whether any such transaction described in (i) or (ii) is to be settled by delivery of Shares or other securities, in cash or otherwise, or (iii) agree, or publicly announce an intention, to effect any transaction specified in (i) or (ii).

6.4.3 SalMar, Pactum AS and Kjartan Olafsson

Pursuant to lock-up undertakings entered into in connection with the Private Placement, SalMar, Pactum AS and Kjartan Olafsson (chairman of the Board of Directors and owner of Gyda EHF.) have undertaken that they will not, and will procure that its affiliates (as defined in Section 2-5 of the Norwegian Securities Trading Act) and any other parties acting on their behalf will not, without the prior written consent of the Merkur Advisor, during the period up to and including the date falling 6 months from the first day of trading of the Shares on Merkur Market, (i) offer, pledge, create any security interest over, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any Shares or any securities convertible into or exercisable or exchangeable for Shares, or (ii) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares, whether any such transaction described in (i) or (ii) is to be settled by delivery of Shares or other securities, in cash or otherwise, or (iii) agree, or publicly announce an intention, to effect any transaction specified in (i) or (ii), provided that this did not (A) prevent SalMar from lending to DNB Bank ASA existing Shares to facilitate the settlement of the new shares in the Private Placement in accordance with the terms and subject to the conditions set out in the Share Lending Agreement without the prior written consent of the Merkur Advisor; or (B) prevent Pactum AS from selling up to a total of 1,000,000 existing Shares in the Private Placement without the prior written consent of the Merkur Advisor; or (C) prevent the Gyda EHF. from selling up to a total of 281,518 existing Shares in the Private Placement without the prior written consent of the Merkur Advisor.

6.5 Dilution

The immediate dilution for the existing shareholders not participating in the Private Placement was approximately 14%.

6.6 Net proceeds and expenses related to the Private Placement

The gross proceeds to the Company from the Private Placement were NOK 499,999,990. The Company's costs, fees and expenses payable to the Managers and the Company's other advisors relating to the Private Placement is calculated to amount to approximately NOK 24,000,000. For a description of the use of such proceeds, see Section 6.3 ("Use of Proceeds").

No expenses or taxes were charged by the Company or the Managers to the subscribers in the Private Placement.

7 BUSINESS OVERVIEW

This section provides an overview of the Company's business as of the date of this Admission Document. The following discussion contains forward-looking statements that reflect the Company's plans and estimates, see Section 3.3 ("Cautionary note regarding forward-looking statements") above, and should be read in conjunction with other parts of this Admission Document, in particular Section 1 ("Risk factors").

7.1 Introduction

The Company is the parent company of the Group. Arnarlax is a wholly owned subsidiary of the Company and was incorporated in 2010 in Arnarfjörður, Iceland. Today, the Group is the largest salmon farmer in Iceland by volume, and has a fully integrated value-chain controlling all steps from hatchery to sales.

Icelandic Salmon's farming facilities are strategically located in the west fjords of Iceland (the "**West Fjords**"), a region that is well sheltered with stable and moderate temperatures in the sea with good tidal currents, thereby creating favorable conditions for salmon farming.

The Norwegian salmon farming company SalMar, which is listed on the Oslo Stock Exchange, holds approximately 51.02% of the shares in the Company.

7.2 History and important events

The table below shows the Group's key milestones from its incorporation and to the date of this Admission Document:

Year	Event
2010	• Arnarlax was incorporated in Arnarfjörður, West Fjords.
2014	• Fist smolt stocking. • Raised NOK 50 million in a private placement to fund biomass growth.
2015	• SalMar invested into the Company through Salmus AS.
2016	• First harvest. • New licenses for additional 10,000 metric tonnes ("**MT**") obtained. • Fjordalax acquired and NOK 300 million raised in a private placement.
2017	• New licenses for additional 10,700 MT obtained.
2018	• NOK 200 million raised in a private placement.
2019	• SalMar increased its ownership stake above 50% of the shareholding. • The Company's shares where listed on N-OTC.
2020	• Expected harvest of 12,000 MT. • The Company raised approximately NOK 500 million in gross proceeds in a private placement completed in October 2020 and intends to list its shares on Merkur Market.

7.3 Group overview

7.3.1 Fully integrated value-chain

The Group has an integrated value chain from hatchery to sales, applying best-practice and investment in state-of-the-art equipment, as illustrated in the following:

Vertical integration

Freshwater (smolt)

- 2 freshwater facilities – combined capacity of 3.2m smolts in 2019
  - Bæjarvík: 100% owned, located in the West Fjords
  - Ísthor: 50% owned
  - Stocking for 2020 at 3.9m smolt (G20)
  - Additional outsourcing of smolt to third parties, ~10%

Seawater

- Strategically located sites in Arnarfjörður, Tálknafjörður and Patreksfjörður with 25,200 tonnes combined capacity
  - Outstanding applications and expansion opportunities for 14,500 tonnes in Arnarfjörður (4,500t) and Ísafjarðarðjúp (10,000t)

Processing

- Processing plant located in the port of Bildudalur, within sight of the farming cages
- Processing capacity of 30,000 tonnes after 2020 expansion

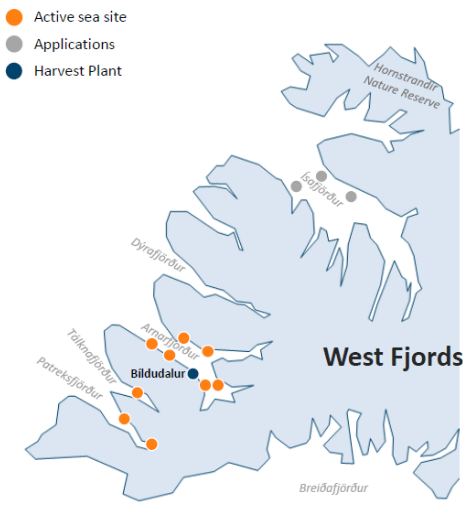
Sales

- All sales conducted by Arnarlax and marketed as a natural and sustainable product

- **Freshwater (smolt)**: The Group currently has two freshwater facilities, Bæjarvík (100% owned) and Ísthor (50/50% owned by the Group and Ice Fish Farm). Bæjarvík is strategically located in the West Fjord, close to the Group's seawater facilities and headquarter. At Bæjarvik the Group produces smolt between 70 and 150 grams. At Ísthor, smolt between 70 and 600 grams are produced. Ísthor has access to significant fresh groundwater, and has been upgraded considerably over the past years.

- **Seawater:** The Group currently has nine farming locations in three separate fjords, enabling the use of "all-in-all-out" alternating farming model. By allowing each farming site to fallow for a few months after each generation has been fully harvested, every new farming cycle starts its growth in a clear and naturally replenished sites. This technique reduces risk of biological hazards such as diseases and sealice. The Group currently holds licenses for production capacity of 25,200 tonnes maximum allowed biomass ("**MAB**") (seven locations in Arnarfjörður (including Fossfjörður) with a production capacity of 13,000 tonnes MAB and two locations in both Patreksfjörður and Tálknafjörður with a combined production capacity of 12,200 tonnes MAB).

Overview of current seawater facilities



- **Processing**: The salmon is harvested and transported by well boats for slaughtering, before the Group performs all primary processing in its own facilities in the port of Bildudalur next to the Group's headquarters. The Group has also entered into an agreement with Arctic Fish ehf. for slaughtering of Arctic Fish's salmon until end of 2020. The salmon is further transported along the west coast to Reykjavik or sold locally in the area.

- **Sales:** All sales are conducted by the Group's internal sales organisation, and the salmon is marketed as a natural and sustainable product. Most volumes have historically been shipped and processed in the EU before being transported to the US.

7.3.2 The Group's licenses

The Group currently holds licenses for production capacity of 25,200 tonnes MAB in three separate fjords and nine farming locations, of which all licenses are for fertile fish. The Company also has pending applications for additional 14,500 tonnes in total, both with a new application in Ísafjarðardjúp and an expansion of an existing license in Arnarfjörður.

A summary of all licenses held by Icelandic Salmon are included in the table below.

Location	**Status**	**Metric tonnes (MT)**	**Comments**
Tálknafjörður	Valid	12,200	Valid until 2029 / 2035 (Food authorities / Environmental agency)
Arnarfjörður	Valid	10,000	Valid until 2026 / 2032 (Food authorities / Environmental agency)
Fossfjörður	Valid	3,000	Valid until 2022 / 2028 (Food authorities / Environmental agency)
Ísafjörður	Application pending	10,000	10,000 MT has been confirmed and is currently being processed by the Icelandic National Planning Agency.
Arnarfjörður	Expansion of existing license	4,500	An application for an increase of 4,500 MT biomass in existing farming sites in Arnarfjörður is being pursued and has been presented to the Icelandic National Planning Agency. A draft bill has, however, been introduced by the Ministry which could allow for a public auction of additional biomass in existing farming sites. If needed Icelandic Salmon may participate in such an auction.
Volume[1]		39,700[1]	

1 Including additional applications 14,500 tonnes. The capacity is based on new legislation that puts the focus on maximum biomass instead of harvesting to determine site capacity.

Under the previous license regime, the Government in Iceland gave permission to produce specific species in a specific quantity at specific sites. Licence and harvesting volumes were limited by carrying capacity and farming areas were not defines. Under the new license regime, the Icelandic license regime is changed towards the Norwegian model, where production is only limited by the MAB allowed to keep in the sea per license. Further, under the new license regime there are defined farming areas, a legalized legislation and risk assessment.

7.3.3 Favourable conditions in the West Fjords

In Icelandic Salmon's opinion, the West Fjords of Iceland have a number of favourable conditions. The hydrographic conditions on the West Fjords provide stable and moderate temperatures in the sea, resulting in reduced risk of sea lice and diseases and thus high yield on the biomass. The temperatures typically fluctuates between 4 and 8 degrees °C, but rarely goes below 2 degrees °C. Further, there is currently only one other salmon farming company with licences to produce salmon in the West Fjords, which enables good biological control.

The direct costs associated with prevention and treatment of sea lice are increasing in the salmon farming industry. Due to the moderate temperatures, lower farming density in Iceland, Icelandic Salmon is able to mitigate such health treatment costs. Despite marginally lower growth rates in cold waters, this is expected to be offset by the cost benefit of lower health treatment costs than other areas.

In addition to the above, the West Fjords have the following key characteristics:

- Low population of wild atlantic salmon with natural habitat or spawning in the area, translating into low risk of interbreeding with wild salmon, in case salmon escape from the Group's salmon farming facilities.

- Low populations of wild salmonids resulting in a low natural infection ratio of lice from salmonids to farmed salmon stocks.

- Longer fallowing periods reducing spread of potential diseases between generations.

7.4 Principal Markets

Icelandic Salmon operates its own sales department and sells high quality salmon directly to customers in both the industrial and retail markets. The majority of Icelandic Salmon's salmon is sold on spot price basis, but Icelandic Salmon aims to have 30% of its sales based on contracted pricing.

The Group primarily exports to the EU, UK, the US and China. The multiple market exposure for the Group's products makes it less dependent on demand in single markets. However, the Group's exports between 95-99% of its products to the EU and the US, and is hence more sensitive to price volatility in these areas.

As further described in Section 1.1.8 ("The outbreak of Covid-19 may have significant negative effects on the Group"), the Covid-19 pandemic and the extraordinary health measures and restrictions on local and global basis imposed by authorities across the world have had a negative effect on customer contracts entered into by Icelandic Salmon in 2019.

7.5 Material Contracts

7.5.1 The Group's largest customers

Set out below is an overview of the Group's five largest customers based on purchase volumes in the period from 1 January 2019 to 30 June 2020:

No.	Customer	Purchase volume (kg)
1	Suempol Sp.z o.o.	2,061,591
2	Visscher Seafood B.V.	1.434.591
3	Premium of Iceland ehf	907,026
4	Pan Fish (Shanghai) Co. Ltd	755,478
5	Severn and Wye Smokery	694,550

7.5.2 The Group's largest suppliers

Set out below is an overview of the Group's five largest suppliers based on purchase volumes in the period from 1 January 2019 to 30 June 2020:

No.	Supplier	Provides supply of
1	Skretting AS	Feed products
2	Samskip hf	Ocean transport services
3	Akstur og Köfun ehf.	Vehicle logistics
4	Promens Tempra ehf	Manufacturing and supplier of boxes
5	Johnson Marine Limited	Lease of wellboat

7.5.3 Other material contracts

In addition to the above, the Group has entered into contracts with the following companies which are considered material to the Group's business:

Supplier	Provides supply of
Stofnfiskur hf.	Broodstock (Eyed Atlantic salmon ovas)
Arctic Smolt hf.	Smolt
Eldisstöðin Ísþór ehf.	Smolt
Solvtrans AS	Well-boat with crew
Abyss Aqua AS	Service boat with crew

All of the abovementioned contracts have been entered into as part of ordinary business, and are considered material to the Group's business because of their importance to the core business and operation of the Group (and not because of their monetary value). Smolt supply is a key factor for future growth, and well- and service boats provide crucial services of the biomass at sea.

Neither the Company nor any other Group company has entered into any material contracts outside the ordinary course of business for the two years prior to the date of this Admission Document. Further, the Group has not entered into any other contract outside the ordinary course of business that contains any provision under which any member of the Group has any obligation or entitlement that is material to the Group as of the date of this Admission Document.

7.6 Group organisation

7.6.1 Introduction

The Company (Icelandic Salmon AS) is the parent company of the Group. The commercial, sales and distribution activities, and a majority of the salmon farming activities are performed by Arnarlax, a wholly owned subsidiary of the Company incorporated under the laws of Iceland. The remaining salmon farming activities, such as operation of smolt facilities and harvesting activities, are performed by other Group companies, which enables the Group to operate a well-developed and fully integrated value chain, controlling all steps from hatchery to sales, from smolt production, through salmon farming, processing and distribution to the end customer.

Reference is also made to the structure chart included in Section 10.2 ("Legal structure").

7.6.2 Icelandic Salmon AS

Icelandic Salmon AS is the parent company of the Group. The Company's shares are admitted to trading on Merkur Market. The Company holds 100% of the shares in Arnarlax. Icelandic Salmon AS does not perform any operational activities.

7.6.3 Arnarlax ehf.

Arnarlax' primary activities are salmon farming, commercial, sales and distribution activities and it also has ownership interests in Nordanlax ehf. (100%), Flax III ehf. (100%), Eldisstöðin Ísþór hf. (50%) and Icelandic Salmon ehf (100%). Arnarlax currently holds licenses for production capacity of 25,200 tonnes MAB in three separate fjords and nine farming locations, of which all licenses are for fertile fish. The Company also has pending applications for additional 14,500 tonnes in total, both with a new application in Ísafjarðardjúp and an expansion of an existing license in Arnarfjörður. As of the date of this Admission Document, Arnarlax is the largest salmon farmer in Iceland.

7.6.4 Fjarðalax ehf.

Fjarðalax primary activity was salmon farming. Fjarðalax held three farming licences in Arnarfjörður, Patreksfjörður and Tálknafjörður. Fjarðalax also held ownership interests in Norðanlax ehf (100%), Flax III ehf (100%) and Ísþór (50%). Fjarðalax merged with Arnarlax in January 2020, reference is made to Section 7.6.10 ("The reorganisation") for further details on the reorganisation.

7.6.5 Bæjarvík ehf.

Bæjarvík ehf.'s ("**Bæjarvík**") primary business activity was the operation of a smolt station. Bæjarvík merged with Arnarlax in January 2020, reference is made to Section 7.6.10 ("The reorganisation") for further details on the reorganisation.

7.6.6 Icelandic Salmon ehf.

Icelandic Salmon ehf. currently has limited operations, but may in the future be used for marketing purposes.

7.6.7 *Norðanlax ehf.*

Norðanlax ehf. currently has no operations, and the Company plans to dissolve this company.

7.6.8 *Flax III ehf.*

Flax III ehf. currently has no operations, and the Company plans to dissolve this company.

7.6.9 *Eldisstöðin Ísþór hf.*

Isþór is jointly controlled with Ice Fish Farm (through Fiskeldi Austfjarða hf). Ísþór's primary business activities are smolt- and fish farming. The two owners fund Ísþór with the fund needed for running the operation of the freshwater facility. This fund is used to build up the biological values of the smolt. When smolts are ready, the smolts are delivered at cost to the parties without any recharge. If the parties do not buy 50% of the smolt from Ísþór, the remaining is sold to the market at profit.

7.6.10 *The reorganisation*

For accounting purposes and in order to eliminate currency risk, the Group has merged Fjarðalax and Bæjarvík with Arnarlax (the "**Merger**"). The Merger took effect on 1 January 2020 and was fully finalized in August 2020. Upon completion of the Merger, Fjarðalax and Bæjarvík were fully absorbed by Arnarlax and ceased to exist.

7.7 Dependency on contracts, patents, licenses, trademarks, etc.

7.7.1 *Dependency on contracts*

It is the Company's opinion that the Group's existing business and profitability are not dependent upon any contracts. However, the agreements described in Section 7.5 ("Material contracts"), are considered to be of material importance to the Group.

7.7.2 *Dependency on patents, licenses, trademarks, etc*

Other than the licenses described in Section 7.3.2 ("The Group's licenses"), the Group's existing business and profitability is not dependent on any patents, licenses or other intellectual property.

7.8 Related party transactions

Below is a summary of the Group's not immaterial related party transactions for the periods covered by the historical financial information included in this Admission Document and up to the date of this Admission Document.

- **Ísþór:** Fjarðalax (merged with Arnarlax in January 2020) is party to a shareholders' agreement regarding the shareholding in Ísþór. Ísþór provides smolt to Fjarðalax in accordance with the shareholders' agreement. Pursuant to the Shareholders' agreement, Fjarðalax is entitled to use up to 50% of the smolt manufacturing capacity of Ísþór. The cost related to Fjarðalax' share of the smolt production is allocated to Fjarðalax. Fjarðalax pays fixed costs in proportion with the smolt production Fjarðalax receives from Ísþór. Ísþór was the sixth largest supplier to Arnarlax in 2019.

- **Scale Aquaculture AS:** Scale aquaculture AS, which is wholly owned by Kverva Industrier AS, which in turn owns approximately 52.46% of the shares in SalMar, supplies cages, nets mooring systems, camera systems, feeding barges, feeding equipment and other equipment for the harvesting operations of Arnarlax.

- **SalMar**: SalMar, which holds approximately 51.02% of the shares in the Company, consults and advices on operational aspects, building on significant experience in the salmon industry.

- **Arctic Protein**: Arctic Protein is partly owned by Kjartan Ólafsson, the chairman of the Board of Directors, and partly owned by Kverva Industrier AS (which owns approximately 52.46% of the shares in SalMar). Arctic Protein handles biological waste material for Arnarlax and converts to silage in co-operation with Hordafjor AS in Norway. Arnarlax and Arctic Protein have entered into an agreement on the storage of the material pursuant to which Arnarlax provides area and foundation of storage tanks.

- **Markó Partners**: Markó Partners, a consultancy firm owned and operated by Kjartan Ólafsson, the chairman of the Board of Directors, provides consultancy services to the Group from time to time.

For further information on related party transactions of the Group, please refer to the Annual Financial Statements (note 6.2), included in this Admission Document as Appendix B.

7.9 Legal and arbitration proceedings

From time to time, the Group may become involved in litigation, disputes and other legal proceedings arising in the course of its business.

Fjarðalax (merged with Arnarlax in 2020) is currently involved in a civil dispute with inter alia the owner of a neighbouring hotel to the sites Patreksfjörður and Tálknafjörður, whom demands the withdrawal of two of of Fjarðalax' operation licenses. The licenses in question have 12,200 tons maximum allowed biomass, and a loss of such licenses will significantly reduce the Group's licensed production volume and production capacity. Hence, the financial effect of such loss is expected to be significant. The District Court of Reykjavik has decided that oral arguments will be heard on 7 January 2021. If the case is not dismissed, the estimated time for judicial proceedings before the district court is up to further 12-15 months. If the case is appealed to Landsréttur (the Court of Appeals), an additional 12 months may be expected.

Further, the Group's has an application for increased biomass for 10,000 tons maximum allowed biomass (the Ísafjarðardjup Project), which is currently being processed by the Planning Agency. However, some procedural decision by the Planning Agency in the process are subject to an administrative appeal by the Federation of Icelandic River Owners. Reference is also made to Section 1.3.6 for further description of these legal proceedings.

Other than the above, neither the Company nor any other company in the Group, is, nor has been, during the course of the preceding 12 months involved in any legal, governmental or arbitration proceedings which may have, or have had in the recent past, significant effects on the Company's and/or the Group's financial position or profitability, and the Company is not aware of any such proceedings which are pending or threatened.

8 SELECTED FINANCIAL INFORMATION AND OTHER INFORMATION

8.1 Introduction and basis for preparation

The following selected financial information has been extracted from the Group's unaudited interim consolidated financial statements as of and for the six months period ended 30 June 2020 and 2019 (the Interim Financial Statements) and the Group's audited consolidated financial statements as of, and for the years ended 31 December 2019 and 2018 (the Annual Financial Statements).

The Annual Financial Statements have been prepared in accordance with IFRS. The Annual Financial Statements are included herein as Appendix B. The Annual Financial Statements have been audited by the independent auditor of the Company, PwC, as set forth in the auditor's report, which is included in the Annual Financial Statements (see Appendix B). The auditor's report do not include any qualifications.

The Interim Financial Statements have been prepared in accordance with IAS 34. The Interim Financial Statements are included herein as Appendix C.

The Group presents the Financial Information in EUR (presentation currency).

The selected financial information presented in Section 8.2 to Section 8.6 below has been derived from the Annual Financial Statements and the Interim Financial Statements and should be read in connection with, and is qualified in its entirety by reference to, the Annual Financial Statements and the Interim Financial Statements included herein as Appendix B and Appendix C.

8.2 Summary of accounting policies and principles

For information regarding accounting policies and the use of estimates and judgments, please see note 1 in the Annual Financial Statements and the Interim Financial Statements, incorporated herein as Appendix B and Appendix C, respectively.

8.3 Selected statement of comprehensive income

The table below sets out selected data from the Group's unaudited interim consolidated statement of comprehensive income for the six months' period ended 30 June 2020, with comparable figures for the six months' period ended 30 June 2019, and from the audited statement of income for the year ended 31 December 2019 with comparable figures for the year ended 31 December 2018.

	Six months ended 30 June		**Year ended 31 December**	
(In 1,000 EUR)	**2020**	**2019**	**2019**	**2018**
	(IAS 34)	*(IAS 34)*	*(IFRS)*	*(IFRS)*
	(unaudited)	*(unaudited)*	*(audited)*	*(audited)*
Operating revenue	**35,375**	**34,095**	**66,671**	**42,020**
Cost of goods sold..................	23,028	17,655	32,440	24,911
Salary and personnel expenses.	4,574	4,811	9,811	8,402
Other operating expenses	5,518	3,759	7,913	10,439
Deprecation and amortization...	3,068	1,888	7,808	10,150
Operating profit before fair value adjustment of biomass	**-813**	**5,982**	**8,699**	**-11,881**
Fair value adjustments biomass	-4,344	1,096	-3,883	6,004
Operating profit/loss	**-5,157**	**4,886**	**8,816**	**-5,877**
Income from investments in associates	-	-	210	-
Net financial items	-1,719	-3,299	-2,816	-5,069
Profit/loss before tax	**-6,876**	**1,587**	**2,210**	**-10,945**
Tax	-1,370	317	637	-1,912

(In 1,000 EUR)	Six months ended 30 June		Year ended 31 December	
	2020	**2019**	**2019**	**2018**
	(IAS 34)	*(IAS 34)*	*(IFRS)*	*(IFRS)*
	(unaudited)	*(unaudited)*	*(audited)*	*(audited)*
Net profit/loss for the period	**-5,506**	**1,270**	**1,574**	**-9,033**
Items which may subsequently be reclassified to profit & loss				
Translation differences	-2,361	-164	77	-220
Total comprehensive income for the period	**-7,867**	**1,106**	**1,651**	**-9,254**

8.4 Selected statement of financial position

The table below sets out selected data from the Group's unaudited interim consolidated balance sheet as at 30 June 2020, and from the audited statement of financial position as at 31 December 2019 with comparable figures as at 31 December 2018.

(Amounts in 1,000 EUR)	As at 30 June	As at 31 December	
	2020	**2019**	**2018**
	IAS 34	*(IFRS)*	*(IFRS)*
	(unaudited)	*(audited)*	*(audited)*
Assets			
Property, plant & equipment.........................	42,897	39,948	33,751
Right-of-use assets	1,007	2,072	2,794
Goodwill	19,321	19,332	19,332
Non-current financial assets	5,980	6,188	2,461
Deferred tax assets	4,991	4,231	4,964
Total non-current assets	**74,196**	**71,772**	**63,303**
Current assets			
Biological assets	30,529	45,439	40,847
Other inventory	3,825	2,422	1,592
Short-term receivables	4,663	7,795	8,500
Cash and cash equivalents	1,199	1,731	407
Total current assets	**40,216**	**57,387**	**51,346**
Total assets..	**114,412**	**129,158**	**114,649**
Equity and liabilities			
Equity			
Paid-in equity	71,438	79,029	78,358
Other equity...	-13,294	-12,953	-13,914
Total equity..	**58,144**	**66,076**	**64,444**
Liabilities			
Non-current interest-bearing debt.................	41,977	44,013	8,370

(Amounts in 1,000 EUR)	As at 30 June 2020 IAS 34 (unaudited)	As at 31 December 2019 (IFRS) (audited)	2018 (IFRS) (audited)
Lease liabilities	164	237	1,473
Total non-current liabilities	**42,141**	**44,250**	**9,843**
Current interest-bearing debt	4,497	6,093	31,150
Current lease liabilities	1,011	2,054	1,397
Other current payables	8,620	10,686	7,817
Total current liabilities	**14,128**	**18,833**	**40,363**
Total equity and liabilities	**114,412**	**129,158**	**114,649**

8.5 Selected statement of cash flows

The table below sets out selected data from the Group's audited consolidated statement of cash flows for the year ended 31 December 2019, with comparable figures for the year ended 31 December 2018.

(Amounts in 1,000 EUR)	Year ended 31 December 2019 (IFRS) (audited)	2018 (IFRS) (audited)
Cash flow from operating activities:		
Profit before tax	2,210	-10,945
Tax paid in the period	-	-
Depreciation and amortization	7,808	10,150
Share of profit/loss from joint ventures	-210	-
Currency exchange and other items	286	1,996
Interest expenses (debt/borrowings and leases)	3,066	2,558
Change in fair value adjustments biomass	3,883	-6,004
Change in inventory, account payables and receivables	-9,396	-2,142
Net cash flow from operating activities	**7,648**	**-4,388**
Cash flow from investing activities:		
Receipts from sale of property, plant & equipment	-	413
Payments for property, plant & equipment	-12,352	-7,452
Purchase of shares and other investments	-	-
Sales of shares and other investments	-	-
Net cash flow from investing activities	**-12,352**	**-7,039**
Cash flow from financing activities:		
New interest-bearing debt	51,035	-
Repayment of interest-bearing debt	-40,391	-6,125
Payment of principal portion of lease liabilities	-1,609	-1,322
Interest paid (debt/borrowings and leases)	-3,008	-2,558
Net change in overdraft	-	646
Issue of share capital	-	20,384

(Amounts in 1,000 EUR)	Year ended 31 December	
	2019	**2018**
	(IFRS)	*(IFRS)*
	(audited)	*(audited)*
Net cash flow from financing activities	**6,028**	**11,025**
Net change in cash and cash equivalents	1,324	-402
Foreign exchange effects	-	6
Cash and cash equivalents as at 1 Jan	407	804
Cash & cash equivalents as at 31 Dec	**1,732**	**407**

8.6 Selected statement of changes in equity

The table below sets out selected data from the Group's unaudited interim statement of changes in equity for the six months period ended 30 June 2020, and the audited statement of changes in equity for the years ended 31 December 2019 and 2018.

Amounts in 1,000 EUR				Other Equity		
2018	**Share capital**	**Share premium fund**	**Other paid-in equity**	**Translation differences**	**Retained earnings**	**Total equity**
Equity as at 1 Jan 2018 NGAAP	23,659	35,672	9	293	-5,511	**54,121**
IFRS transition effects				-293	-544	**-837**
Equity as at 1 Jan 2018 IFRS	23,659	35,672	9	-	-6,055	**53,284**
Net profit/loss for the year					-9,033	**-9,033**
Other comprehensive income				-220		**-220**
Total comprehensive for the year	**-**	**-**	**-**	**-**220	-9,033	**-9,254**
Retranslation of paid in capital	-385	-1,008			1,393	**-0**
Issue of share capital	3,478	16,934				**20,413**
Equity as at 31 Dec 2018	26,752	51,597	9	-220	-13,696	**64,444**
2019						
Equity as at 1 Jan 2019	26,752	51,597	9	-220	-13,696	**64,444**
Net profit/loss for the year					1,574	**1,574**
Other comprehensive income				77		**77**
Total comprehensive for the year	-	-	-	77	1,574	**1,651**
Retranslation of paid in capital	230	442			-671	**0**
Share-based payments					-19	**-19**
Equity as at 31 Dec 2019	26,982	52,039	9	-143	-12,812	**66,076**
2020						
Equity as at 1 Jan 2020	26,982	52,039	9	579	-13,597	**66,012**
Net profit/loss for the year					-5,506	**-5,506**
Other comprehensive income				-2,361		**-2,361**
Total comprehensive for the year	-	-	-	-2,361	-5,506	**-7,867**
Retranslation of paid in capital	-2,592	-4,999			7,591	
Equity as at 30 Jun 2020	24,390	47,040	9	-1,782	-11,512	**58,144**

8.7 Significant changes in the Group's financial or trading position

Other than the Private Placement, the Group has not carried out any transactions after the last audited accounts that represent a change of more than 25% in its total assets, revenue or profit or loss.

8.8 Material borrowings

Loan facility with DNB Bank ASA and Arion Bank HF

Arnarlax (as borrower) and Bæjarvik ehf. and Fjardalax (as guarantors) have entered into a combined EUR 55,000,0000 facility agreement with DNB Bank ASA and Arion Bank HF (as lenders) dated 21 December 2018, and as amended 20 February 2019, March 2019, 20 June 2019 and 30 June 2020 (the "**Loan Agreement**"). The following key terms apply to the loan:

- The interest rate is the aggregate of a margin of 2.75% - 3.75% and EURIBOR.
- Financial covenants:
  - Equity ratio at minimum 35%:
  - Interest coverage rate shall not fall below 3.5;
  - Net interest bearing debt/12 month rolling EBITDA shall not for each relevant period exceed 5.0 for the first three quarters of 2020, and 4.0 for each relevant period thereafter; and
  - Minimum EBITDA of EUR 4,000,000.

In case of (i) a successful application being made for the admission of any of the Group ompanies' (as defined in the Loan Agreement) shares to trading on a regulated market ("Flotation"), or (ii) SalMar directly or indirectly is ceasing to control more than 34% of the shares in the Company or Arnarlax, the loan facilities shall be cancelled and all outstanding amounts shall become immediately due and payable. For the avoidance of doubt, the Admission does not constitute a Flotation pursuant to the Loan Agreement, as the Company is not part of the definition of "Group Companies" in the Loan Agreement.

Various pledge and security are provided from the Group companies to the lenders as part of the Loan Agreement, including negative pledge.

8.9 Working capital statement

The Company is of the opinion that the working capital available to the Group is sufficient for the Group's present requirements, for the period covering at least 12 months from the date of this Admission Document.

9 THE BOARD OF DIRECTORS, EXECUTIVE MANAGEMENT AND OTHER CONSULTANTS

9.1 Introduction

The General Meeting is the highest decision-making authority of the Company. All shareholders of the Company are entitled to attend and vote at General Meetings and to table draft resolutions for items to be included on the agenda for a General Meeting.

The overall management of the Company is vested with its Board of Directors and the Management. In accordance with Norwegian law, the Board of Directors is responsible for, among other things, supervising the general and day-to-day management of the Company's business ensuring proper organization, preparing plans and budgets for its activities ensuring that the Company's activities, accounts and assets management are subject to adequate controls and undertaking investigations necessary to perform its duties.

The Management is responsible for the day-to-day management of the Company's operations in accordance with Norwegian law and instructions set out by the Board of Directors. Among other responsibilities, the Company's Chief Executive Officer (the "**CEO**"), is responsible for keeping the Company's accounts in accordance with existing Norwegian legislation and regulations and for managing the Company's assets in a responsible manner. In addition, the CEO must, according to Norwegian law, brief the Board of Directors about the Company's activities, financial position and operating results at a minimum of one time per month.

9.2 The Board of Directors

9.2.1 General

The Articles of Association provide that the Board of Directors shall comprise between three and seven board members, as elected by the Company's shareholders at an ordinary or extraordinary general meeting (as applicable).

The Company's registered business address, Industriveien 51, 7266 Kverva, Norway, serves as business address for the members of the Board of Directors in relation to their directorship in the Company.

9.2.2 The composition of the Board of Directors

The names and positions of the members of the Board of Directors are set out in the table below.

Name	Function	Served since[1]	Term expires	Shareholding in the company (%)
Kjartan Olafsson[1]............................	Chairman	2014	2022	3.23%[2]
Espen Weyergang Marcussen....	Board member	2017	2022	N/A
Olav Andreas Ervik[3].......................	Board member	2019	2022	N/A
Trine Sæther Romuld[1, 3]..............	Board member	2019	2022	N/A
Leif Inge Nordhammer[3]...............	Board member	2020	2022	N/A

1 Kjartan Olafsson and Trine Sæther Romuld are also board members of Arnarlax.

2 Kjartan Olafsson holds the Shares through Gyda EHF of which he holds 100% of the shares.

3 Olav Andreas Ervik, Leif Inge Nordhammer and Trine Sæther Romuld serves as Board Members as representatives of SalMar. Leif Inge Norhammer is also a board member in SalMar.

9.2.3 Brief biographies of the Board Members

Set out below are brief biographies of members of the Board of Directors, including their managerial expertise and experience, in addition to an indication of any significant principal activities performed by them outside of the Company.

Kjartan Olafsson, Chairman

Current position**:** Managing Director of Markó Partners

Mr. Olafsson has served as the chairman of the board of directors since 2014. He has a MSc in Fishery Science from the University of Tromsø with emphasis on economy and finance. Further, he is founder and managing director of Markó Partners, an Icelandic Seafood advisory boutique.

Espen Weyergang Marcussen, Board member

Current position: CEO Pactum AS

Mr. Marcussen has been the CEO of Pactum AS since 2017. Prior to this, he served as the deputy CEO of the shipping company Bergshav. He has also long experience from investment banking, with combined 17 years at Handelsbanken and Nordea. Marcussen holds a siviløkonom degree from the Norwegian school of economics (NHH).

Olav Andreas Ervik, Board member

Current position: CEO SalMar Ocean AS

Mr. Ervik has more than 20 years of experience from the aquaculture industry and has been employed in SalMar since 2012. Before he started his current position as CEO in the new company SalMar Ocean AS, he held several management positions in SalMar including the position as CEO of SalMar. He has also experience from management positions in Lerøy Midnor, Scottish Seafarms and Lerøy Hydrotech, as well as experience from practical fish farming.

Trine Sæther Romuld, Board member

Current position: CFO & COO SalMar

Ms. Romuld has extensive experience from a broad range of management positions within seafood, consulting and auditing, from both Norwegian and international companies. Romuld has more than 10 years' experience as a board member and head of / member of audit committees for listed companies, including Bakkafrost, DnB and Kværner. Romuld is currently a board member and member of the audit committee in Sparebank 1 SR-Bank ASA. Romuld is state authorized public accountant from the Norwegian school of economics (NHH).

Leif Inge Nordhammer, Board member

Current position: Works in his investment company LIN AS

Mr. Nordhammer was the CEO in SalMar from 1996 to 2016, with a hiatus from 2011 to 2014. He is board member of Kverva AS and Scale Aquaculture (a subsidiary of Kverva AS). He has extensive experience from leadership positions from several companies within aquaculture and has been a part of the industry since 1985. Former companies include Sparebank 1 Midt-Norge, E. Boneng & Sønn, Frøya Holding AS/ and Hydro Seafood AS. Nordhammer has educational background for the Norwegian Armed Forces, Trondheim Business School and University in Trondheim. Nordhammer also served on the board of directors of Icelandic Salmon from 2016-2019..

9.3 Management

9.3.1 General

As of the date of this Admission Document, the Group's senior management team consists of nine individuals. The management team, except for Bjorn Hembre, is employed locally by Arnarlax, and not the Company. Bjorn Hembre is employed as the CEO of both Icelandic Salmon AS and Arnarlax ehf. The names of the members of the management and their respective positions are presented in the table below.

Name	**Position**	**Employed since**	**Shares**	**Options held**
Bjørn Hembre[1]	Chief Executive Officer and currently acting COO of Freshwater	2019	2,900[2]	165,000
Jónas Heiðar Birgisson	Chief Financial Officer	2017	N/A	N/A
Rolf Ørjan Nordli	Chief Operating Officer Seawater	2018	N/A	N/A
Vikingur Gunnarsson	Chief Business Development Officer	2010[3]	N/A	N/A
Hannibal Hafberg	Chief Operating Officer Processing	2020	N/A	N/A
Silja Baldvinsdóttir	Quality Manager	2019	N/A	N/A
Iða Marsibil Jónsdottir	Chief Human Resources Officer	2019[4]	N/A	N/A
Ómar Grétarsson	Head of Sales	2016	N/A	N/A
Jón Garðar Jörundsson	Business Improvement	2020	N/A	N/A

1 Bjorn Hembre is also employed as CEO by Arnarlax. Mr. Hembre has been employed by Arnarlax since 2019.

2 Mr. Hembre holds the Shares through IVMA AS, of which he holds 100% of the shares.

3 Mr. Gunnarsson is one of the founders of Arnarlax and the first employee.

4 Mrs. Jónsdottis was employed by the Group as officer from 2014, and has been the Chief Human Resources Officer since January 2019.

The Company's registered business address is Industriveien 51, 7266 Kverva, Norway. However, it is the address of its wholly-owned subsidiary Arnarlax at Strandgata 1, 465 Bíldudalur, Iceland, which serves as business address for the members of the Company's senior management team in relation to their employment with the Group.

9.3.2 Brief biographies of the management

Bjorn Hembre, Chief Executive Officer and currently acting COO of Freshwater

Mr. Hembre holds a M.Sc. in Biology, and has experience as production director freshwater of SalMar, CEO of SalMar Nord, COO Seawater Fjord Seafood Norway, Regional Manager of SalMar and CEO of Frosta Laksefarm AS. Mr. Hembre has been the of the Company since January 2019.

Jónas Heiðar Birgisson, Chief Financial Officer

Mr. Birgisson hold a B.Sc. in Business from Bifröst University. He was a consultant with Deloitte during 2015 – 2016, and a finance specialist and project controller at Century Aluminium Group from 2004 - 2015.

Rolf Ørjan Nordli, Chief Operating Officer Seawater

Mr. Nordli is a former site manager for SalMar Nord with 16 years of experience. He started as COO in Icelandic Salmon in August 2018.

Vikingur Gunnarsson, Chief Business Development Officer

Mr. Gunnarsson has a degree is fish processing technology. He is one of the founders of Arnarlax and the first employee. He held the positions as white fish production manager and COO from 1989 – 1995, and has international sales and marketing experience.

Hannibal Hafberg, Chief Operating Officer Processing

Mr. Hafberg holds a B.Sc. in Fisheries Science and a M.Sc. in Finance. He has three years' experience as Operations Manager at Arctic Primer Fisheries, in Greenland. Mr. Hafberg is a former fish farm technician at Arctic Fish.

Silja Baldvinsdóttir, Quality Manager

Mrs. Baldvinsdóttir holds a M.Sc. in international business & quality management. She has experience from Landsbankinn and Iskalk, and has held the position as quality manager at Arnarlax since April 2019.

Iða Marsibil Jónsdottir, Chief Human Resources Officer

Mrs. Jónsdottir holds a B.Sc. in business administration. She worked at Íslandsbanki from 2003-2007. From 2014 she has been office manager in Arnarlax, and she has held her current position as Chief Human Resourses Officer since January 2019.

Ómar Grétarsson, Head of Sales

Mr. Grétarsson holds a degree in Food Science from University of Iceland. He has an MBA from Reykjavik University, and has experience in fish farming since 2013.

Jón Garðar Jörundsson, Business Improvement

Mr. Jörundsson holds a M.Sc. in Finance & Investment and an MBA from the University of Edinburgh. He was a consultant for KPMG from 2010-2012, and CEO of Hafkalk ehf. in the period from 2012 to 2020. He also served as board member of Arnarlax from 2014 to 2015.

9.4 Share incentive schemes

Pursuant to a share option agreement entered into on 1 October 2020 between the Company and Bjørn Hembre (CEO), Mr. Hembre has been granted 165,000 share options. Each option gives Mr. Hembre a right to acquire one share in the Company (either by subscription of new shares or otherwise) at a price per share of NOK 60, three years from signing of his employment agreement in September 2018. The options may only be exercised by Mr. Hembre (or a company wholly owned by him) within six months after vesting (i.e. the exercise deadline being 28 March 2022). The Company may at its sole discretion settle the vested options by cash payment instead of shares.

Further, the Board of Directors has resolved to allocate up to 205,000 Shares in a 3-years option program for Management. The final allocation to the relevant employees is subject to approval by the Board of Directors.

Except from the above, the Group has not implemented any share incentive schemes, but some of the Group's key employees participate in share based incentive schemes in SalMar.

9.5 Employees and other consultants

As of the date of this Admission Document, the Group has 122 employees. The table below shows the development in the numbers of full-time employees over the last two years:

	Year ended 31 December	
	2019	2018
Number of employees[1]	115[2]	100

1 Number of employees stated as the average for each financial year.

2 In addition, there are 13 employees in Eldisstöðin Ísþór hf, in which Arnarlax holds a 50% ownership stake.

9.6 Benefits upon termination

No employee, including any member of the Company's senior management team, has entered into employment agreements which provide for any special benefits upon termination. None of the members of the Board of Directors has service contracts with the Company and none will be entitled to any benefits upon termination of office.

9.7 Corporate governance

The Company is not subject to the Norwegian Code of Practice for Corporate Governance of 17 October 2018, as amended. The Company will comply with the Continuing Obligations of Companies Admitted to Trading on Merkur Market, as approved by Oslo Børs on 23 September 2016 and as amended.

9.8 Conflicts of interests etc.

No member of the Board of Directors or Management has, or have had, as applicable, during the last five years preceding the date of the Admission Document:

- any convictions in relation to fraudulent offences;
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or was disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- been declared bankrupt or been associated with any bankruptcy, receivership or liquidation in his or her capacity as a founder, member of the administrative body or supervisory body, director or senior manager of a company.

To the Company's knowledge, there are currently no actual or potential conflicts of interest between the Company and the private interests or other duties of any of the Board Members and members of the Management, including any family relationships between such persons.

10 SHARE CAPITAL AND SHAREHOLDER MATTERS

10.1 Corporate information

The Company's legal name is Icelandic Salmon AS (changed from Arnarlax AS in October 2020) and the Company's commercial name is Icelandic Salmon. The Company is a private limited liability company (Nw.: *aksjeselskap*), validly incorporated and existing under the laws of Norway and in accordance with the Norwegian Private Companies Act. The Company is registered in the Norwegian Register of Business Enterprises with company registration number 983 621 112. The Company was incorporated on 21 August 2001.

The Company's registered business address is Industriveien 51, 7266 Kverva, Norway. The Group's principal place of business is at the registered address of Arnarlax, Strandgata 1, 465 Bíldudalur, Iceland. The telephone number to the Company's principal offices is +354 456 0100 and its website is "https://www.arnarlax.is".

The Shares are registered in book-entry form with VPS under ISIN NO 0010724701. The Company's register of shareholders in VPS is administrated by the VPS Registrar (DNB Verdipapirservice), Dronning Eufemias gate 30, Oslo, Norway. The Company's LEI-code is 213800VMVZVHCK6MW184.

10.2 Legal structure

The Company is the parent company of Arnarlax. See Section 7.6 ("Group organisation") for more information on Arnarlax. Through its subsidiary, Arnarlax, the Company also hold ownership interests in Norðanlax ehf (100%), Flax III ehf (100%), Eldisstöðin Ísþór hf (50%) and Icelandic Salmon ehf. (100%).

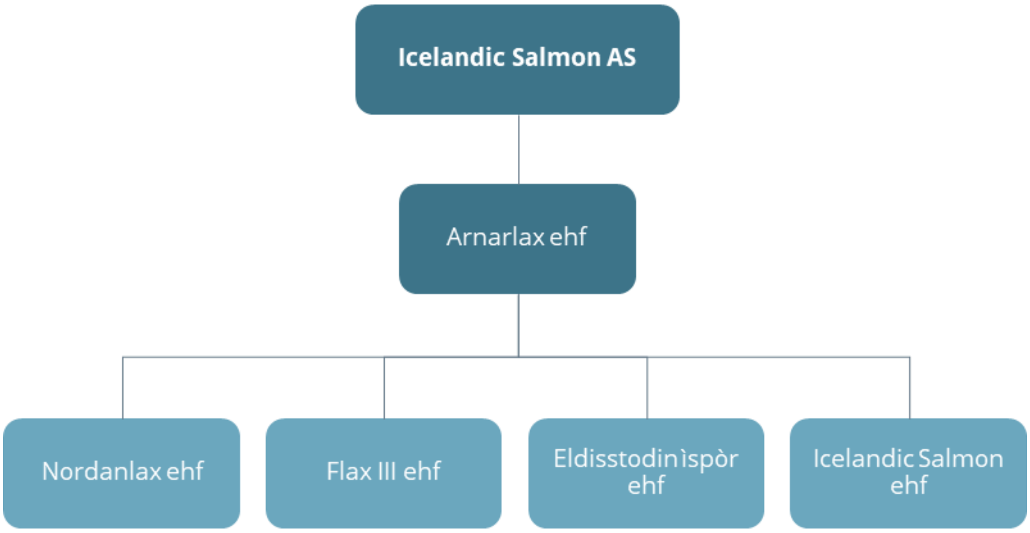
The main activity of the Group is salmon farming.

As further described in Section 7.6.10 ("The reorganisation"), the Group merged Fjarðalax and Bæjarvík with Arnarlax in January 2020.

The following table sets out brief information about the Company's subsidiaries and other ownership interests at the date of this Admission Document.

Company name	Registered office	Activity	Ownership interest	Shareholder
Arnarlax ehf.	Bíldudalur, Iceland	Operating company (salmon farming, commercial, sales and distribution activities)	100%	Icelandic Salmon AS
Icelandic Salmon ehf.	Bíldudalur, Iceland	Limited operations	100%	Arnarlax ehf.
Norðanlax ehf.	Tálknafjörður, Iceland	Non-operating company	100%	Arnarlax ehf.
Flax III ehf.	Tálknafjörður, Iceland	Non-operating company	100%	Arnarlax ehf.
Eldisstöðin Ísþór hf.	Thorlakshofn, Iceland	Operating company (smolt- and fish farming)	50%	Arnarlax ehf.

The following chart sets out the Group's legal structure as of the date of this Admission Document.



10.3 Share capital and share capital history

10.3.1 Overview

As of the date of this Admission Document, the Company's registered share capital is NOK 309,618,680, divided into 30,961,868 shares, each with a par value of NOK 10. All of the Company's shares have been issued under the Norwegian Private Companies Act, and are validly issued and fully paid.

The Company has one class of shares, and accordingly there are no differences in the voting rights among the Shares. The Company's shares are freely transferable, meaning that a transfer of Shares is not subject to the consent of the Board of Directors or rights of first refusal. Pursuant to the Articles of Association, the Company's shares shall be registered in VPS.

10.3.2 Share capital history

The table below shows the development in the Company's share capital for the period covered by the Annual Financial Statements to the date of the Admission Document. There have not been any other capital increases in the Company other than as set out in the table below, neither by way of contribution in cash or in kind for the period covered by the Annual Financial Statements until the date of this Admission Document.

Icelandic Salmon AS

Date of registration	Type of change	Change in share capital (NOK)	New share capital (NOK)	Nominal value (NOK)	New number of total issued shares	Subscription price per share (NOK)
24 July 2018	Share capital increase	33,333,330	266,140,420	10	26,614,042	60
21 October 2020	Share capital increase	43,478,260	309,618,680	10	30,961,868	115

10.4 Ownership structure

Upon completion of the registration of the Private Placement in the Norwegian Register of Business Enterprises, the Company's twenty largest shareholders are as set out in the table below.

#	Shareholder	Number of Shares	Per cent of share capital
1	SALMAR ASA	15,798,152	51.02%
2	GILDI PENSION FUND	1,700,000	5.49%
3	GYDA EHF	1,000,000	3.23%
4	NORRON SICAV - TARGET	957,795	3.09%
5	HOLTA INVEST AS	938,314	3.03%

6	PACTUM AS	825,862	2.67%
7	J.P. MORGAN BANK LUXEMBOURG S.A.	782,618	2.53%
8	STEFNIR HF.	680,000	2.20%
9	MP PENSJON PK	677,706	2.19%
10	HORTULAN AS	592,398	1.91%
11	NIMA INVEST AS	562,588	1.82%
12	KRISTIANS AND AS	470,000	1.52%
13	DNB ASSET MANAGEMENT AS	450,000	1.45%
14	VERDIPAPIRFONDET PARETO INVESTMENT	432,476	1.40%
15	HAGANES AS	350,200	1.13%
16	ALDEN AS	350,000	1.13%
17	EIKA KAPITALFORVALTNING AS	325,998	1.05%
18	TIGERSTADEN AS	302,500	0.98%
19	BREKKE HOLDING AS	245,490	0.79%
20	LITHINON AS	236,881	0.77%
Total top 20		27,678,978	89.40%
Others...		3,282,890	10.30%
Total		30,961,868	100%

As of the date of this Admission Document, no shareholder other than SalMar (approximately 51.02%), and Gildi Pension Fund (approximately 5.49 %) holds more than 5% of the issued Shares.

As of the date of this Admission Document, the Company does not hold any treasury shares.

There are no arrangements known to the Company that may lead to a change of control in the Company.

10.5 Authorisations

10.5.1 Authorisation to increase the share capital

On 28 May 2020, an annual general meeting was held, where the Board of Directors was granted an authorization to increase the share capital by up to NOK 2,661,404.20. The authorization is valid until 30 June 2021. The preferential rights of the existing shareholders to subscribe for new Shares pursuant to Section 10-4 of the Norwegian Private Companies Act may be deviated from pursuant to the rules set out in Section 10-5 of said Act.

On 8 October 2020, an extraordinary general meeting was held, where the Board of Directors was granted an authorization to increase the share capital by up to NOK 53,228,080. The authorization is valid until the annual general meeting in 2021, but in no event later than 30 June 2021. The preferential rights of the existing shareholders to subscribe for new Shares pursuant to Section 10-4 of the Norwegian Private Companies Act may be deviated from pursuant to the rules set out in Section 10-5 of said Act.

10.5.2 Authorisation to acquire treasury shares

As at the date of this Admission Document, the Board of Directors does not hold any authorisations to acquire Shares in the Company.

10.6 Other financial instruments

Other than the options granted to CEO Björn Hembre as further described in Section 9.4, neither the Company nor any of the Company's subsidiaries has issued any options, warrants, convertible loans or other instruments that would entitle a holder of any such instrument to subscribe for any shares in the Company or its subsidiaries.

10.7 Shareholder rights

The Company has one class of shares in issue and all Shares provide equal rights in the Company, including the rights to any dividends. Each of the Company's shares carries one vote. The rights attached to the Shares are further described in Section 10.8 ("The Articles of Association") and Section 10.9 ("Certain aspects of Norwegian corporate law").

10.8 The Articles of Association

The Articles of Association are enclosed in Appendix A to the Admission Document. Below is a summary of the provisions of the Articles of Association.

10.8.1 Objective of the Company

Pursuant to section 3, the objective of the Company is production, processing and sale of seafood and seafood based products, as well as conducting other business in connection with these purposes, including through investments and ownership in other companies with same objective.

10.8.2 Share capital and par value

Pursuant to section 4, the Company's share capital is NOK 309,618,680 divided into 30,961,868 shares, each with a nominal value of NOK 10. The Shares are registered with a central securities depository (the Norwegian Central Securities Depository (VPS)).

10.8.3 The board of directors

Pursuant to section 5, the Company shall have a CEO and the Board of Directors shall consist of between three and seven members, according to the shareholders' decision in a general meeting of the Company. Board members may be re-elected.

10.8.4 Restrictions on transfer of Shares

Pursuant to the section 7, the Shares are freely transferable.

10.8.5 Signatory right

Pursuant to section 6, the signatory right lies with the Chairman of the Board and one board member jointly.

10.8.6 General meetings

Pursuant to section 9, documents relating to matters to be dealt with by the Company's general meeting, including documents which pursuant to law shall be included in or attached to the notice of the general meeting, do not need to be sent to the shareholders if such documents have been made available on the Company's website. A shareholder may nevertheless request that documents which relate to matters to be dealt with at the general meeting are sent to him/her.

Pursuant to section 8, an annual general meeting shall be held each year by the end of June. The notice shall be in writing and shall state the matters to be considered. At the annual general meeting, the following matters shall be dealt with and decided:

1. approval of the annual accounts and the annual report, including distribution of dividend, and

2. other issues, which according to the Norwegian Private Limited Liability Companies Act or the articles of association shall be dealt with by the general meeting.

10.9 Shareholders' agreement

The shareholders of the Company have entered into a shareholders' agreement dated 10 June 2016, and as amended 10 June 2016 and 11 July 2018. The shareholders' agreement will according to its terms be terminated upon the Admission.

10.10 Certain aspects of Norwegian corporate law

10.10.1 General meetings

Through the general meeting, shareholders exercise supreme authority in a Norwegian company. In accordance with Norwegian law, the annual general meeting of shareholders is required to be held each year on or prior to 30 June. Norwegian law requires that a written notice of annual general meetings setting forth the time of, the venue for and the agenda of the meeting is sent to all shareholders with a known address no later than seven days before the annual general meeting of a Norwegian private limited liability company shall be held, unless the articles of association stipulate a longer deadline, which is not currently the case for the Company.

A shareholder may vote at the general meeting either in person or by proxy (the proxy holder is appointed at their own discretion). Although Norwegian law does not require the Company to send proxy forms to its shareholders for general meetings, the Company plans to include a proxy form with notices of general meetings. All of the Company's shareholders who are registered in the shareholders' register kept and maintained with VPS as of the date of the general meeting, or who otherwise have reported and documented ownership of shares in the Company, are entitled to participate at general meetings, without any requirement of pre-registration.

Apart from the annual general meeting, extraordinary general meetings of shareholders may be held if the Board of Directors considers it necessary. An extraordinary general meeting of shareholders shall also be convened if, in order to discuss a specified matter, the auditor or shareholders representing at least 10% of the share capital demands such in writing. The requirements for notice and admission to the annual general meeting also apply to extraordinary general meetings.

10.10.2 Voting rights – amendments to the articles of association

Each Share carries one vote. In general, decisions shareholders are entitled to make under Norwegian law or the articles of association may be made by a simple majority of the votes cast. In the case of elections or appointments (e.g. to the board of directors), the person(s) who receive(s) the greatest number of votes cast is elected. However, as required under Norwegian law, certain decisions, including resolutions to waive preferential rights to subscribe for shares in connection with any share issue in the Company, to approve a merger or demerger of the Company, to amend the articles of association, to authorize an increase or reduction of the share capital, to authorize an issuance of convertible loans or warrants by the Company or to authorize the Board of Directors to purchase Shares and hold them as treasury shares or to dissolve the Company, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at the general meeting in question. Moreover, Norwegian law requires that certain decisions, i.e. decisions that have the effect of substantially altering the rights and preferences of any shares or class of shares, receive the approval by the holders of such shares or class of shares as well as the majority required for amending the articles of association.

Decisions that (i) would reduce the rights of some or all of the Company's shareholders in respect of dividend payments or other rights to assets or (ii) restrict the transferability of the Shares, require that at least 90% of the share capital represented at the general meeting in question vote in favour of the resolution, as well as the majority required for amending the articles of association.

In general, only a shareholder registered in VPS is entitled to vote for such Shares. Beneficial owners of the Shares that are registered in the name of a nominee are generally not entitled to vote under Norwegian law, nor is any person who is designated in the VPS register as the holder of such Shares as nominees.

There are no quorum requirements that apply to the general meetings.

10.10.3 Additional issuances and preferential rights

If the Company issues any new Shares, including bonus share issues, the Company's Articles of Association must be amended, which requires the same vote as other amendments to the articles of association. In addition, under Norwegian law, the Company's shareholders have a preferential right to subscribe for new Shares issued by the Company. The preferential rights may be deviated from by a resolution in the general meeting passed with the same vote required to amend the articles of association. A deviation of the shareholders' preferential rights in respect of bonus issues requires the approval of all outstanding Shares.

The general meeting may, by the same vote as is required for amending the articles of association, authorize the board of directors to issue new Shares, and to deviate from the preferential rights of shareholders in connection with such issuances. Such authorisation may be effective for a maximum of two years, and the nominal value of the Shares to be issued may not exceed 50% of the registered par share capital when the authorisation is registered with the Norwegian Register of Business Enterprises.

Under Norwegian law, the Company may increase its share capital by a bonus share issue, subject to approval by the Company's shareholders, by transfer from the Company's distributable equity or from the Company's share premium reserve and thus the share capital increase does not require any payment of a subscription price by the shareholders. Any bonus issues may be affected either by issuing new shares to the Company's existing shareholders or by increasing the nominal value of the Company's outstanding Shares.

Issuance of new Shares to shareholders who are citizens or residents of the United States and other jurisdictions upon the exercise of preferential rights may require the Company to file a registration statement or prospectus in the United States under United States securities laws or in such other jurisdictions under the laws of such jurisdictions. Should the Company in such a situation decide not to file a registration statement or prospectus, the Company's U.S. shareholders and shareholders in such other jurisdictions may not be able to exercise their preferential rights. To the extent that shareholders are not able to exercise their rights to subscribe for new shares, the value of their subscription rights will be lost and such shareholders' proportional ownership interests in the Company will be reduced.

10.10.4 Minority rights

Norwegian law sets forth a number of protections for minority shareholders of the Company, including, but not limited to, those described in this paragraph and the description of general meetings as set out above. Any of the Company's shareholders may petition Norwegian courts to have a decision of the board of directors or the Company's shareholders made at the general meeting declared invalid on the grounds that it unreasonably favours certain shareholders or third parties to the detriment of other shareholders or the Company itself. The Company's shareholders may also petition the courts to dissolve the Company as a result of such decisions to the extent particularly strong reasons are considered by the court to make necessary dissolution of the Company.

Minority shareholders holding 10% or more of the Company's share capital have a right to demand in writing that the Board of Directors convenes an extraordinary general meeting to discuss or resolve specific matters. In addition, any of the Company's shareholders may in writing demand that the Company place an item on the agenda for any general meeting as long as the Company is notified in time for such item to be included in the notice of the meeting. If the notice has been issued when such a written demand is presented, a renewed notice must be issued if the deadline for issuing notice of the general meeting has not expired.

10.10.5 Rights of redemption and repurchase of shares

The share capital of the Company may be reduced by reducing the nominal value of the Shares or by cancelling Shares. Such a decision requires the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at a general meeting. Redemption of individual Shares requires the consent of the holders of the Shares to be redeemed.

The Company may purchase its own Shares provided that the Board of Directors has been granted an authorisation to do so by a general meeting with the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at the meeting. The aggregate nominal value of treasury shares so acquired, and held by the Company must not lead to the share capital with deduction of the aggregate nominal of the holding of own shares is less than the minimum allowed share capital of NOK 30,000, and treasury shares may only be acquired if the Company's distributable equity, according to the latest adopted balance sheet, exceeds the consideration to be paid for the shares. The authorisation by the general meeting of the Company's shareholders cannot be granted for a period exceeding two years.

10.10.6 Shareholder vote on certain reorganizations

A decision of the Company's shareholders to merge with another company or to demerge requires a resolution by the general meeting passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the general meeting. A merger plan, or demerger plan signed by the Board of Directors along with certain other required documentation, would have to be sent to all the Company's shareholders, or if the articles of association stipulate that, made available to the shareholders on the Company's website, at least two weeks prior to the general meeting to pass upon the matter.

10.10.7 Liability of board members

Board Members owe a fiduciary duty to the Company and its shareholders. Such fiduciary duty requires that the Board Members act in the best interests of the Company when exercising their functions and exercise a general duty of loyalty and care towards the Company. Their principal task is to safeguard the interests of the Company.

Board members may each be held liable for any damage they negligently or wilfully cause the Company. Norwegian law permits the general meeting to discharge any such person from liability, but such discharge is not binding on the Company if substantially correct and complete information was not provided at the general meeting passing upon the matter. If a resolution to discharge the Board Members from liability or not to pursue claims against such a person has been passed by a general meeting with a smaller majority than that required to amend the articles of association, shareholders representing more than 10% of the share capital or, if there are more than 100 shareholders, more than 10% of the shareholders may pursue the claim on the Company's behalf and in its name. The cost of any such action is not the Company's responsibility but can be recovered from any proceeds the Company receives as a result of the action. If the decision to discharge any of the Board Members from liability or not to pursue claims against the Board Members is made by such a majority as is necessary to amend the articles of association, the minority shareholders of the Company cannot pursue such claim in the Company's name.

10.10.8 Indemnification of board members

Neither Norwegian law nor the Articles of Association contains any provision concerning indemnification by the Company of the Board of Directors. The Company is permitted to purchase insurance for the Board Members against certain liabilities that they may incur in their capacity as such.

10.10.9 Distribution of assets on liquidation

Under Norwegian law, the Company may be wound-up by a resolution of the Company's shareholders at the general meeting passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the meeting. In the event of liquidation, the Shares rank equally in the event of a return on capital.

10.11 Dividend policy

Pursuant to the Norwegian Private Companies Act, dividends may only be declared to the extent that the Company has distributable funds and the Board of Directors finds such a declaration to be prudent in consideration of the size, nature, scope and risks associated with the Company's operations and the need to strengthen its liquidity and financial position. Apart from this, there are no formal restrictions on the distribution of dividends. However, as the Company's ability to pay dividends is dependent on the availability of distributable reserves, it is, among other things, dependent upon receipt of dividends and other distributions of value from its subsidiaries and companies in which the Company may invest. See Section 5 ("Dividends and dividend policy") for more information on the Company's dividend policy.

10.12 Takeover bids and forced transfers of shares

The Company is not subject to the takeover regulations set out in the Norwegian Securities Trading Act, or otherwise.

The Shares are, however, subject to the provisions on compulsory transfer of shares as set out in the Norwegian Private Companies Act. If a private limited liability company alone, or through subsidiaries, owns 9/10 or more of the shares in the subsidiary, and may exercise a corresponding part of the votes that may be cast in the general meeting, the board of directors of the parent company may resolve that the parent company shall take over the remaining shares in the company. Each of the other shareholders in the subsidiary have the right to require the parent company to take over the shares. The parent company shall give the shareholders a redemption offer pursuant to the provisions of the Norwegian Private Companies Act. The redemption amount will in the absence of agreement or acceptance of the offer be fixed by a discretionary valuation.

11 NORWEGIAN TAXATION

11.1 General

This section describes certain tax rules in Norway applicable to shareholders who are resident in Norway for tax purposes ("**Norwegian Shareholders**") and to shareholders who are not resident in Norway for tax purposes ("**Non-Resident Shareholders**"). The statements herein regarding taxation are based on the laws in force in Norway as of the date of this Admission Document and are subject to any changes in law occurring after such date. Such changes could possibly be made on a retrospective basis.

The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Shares. Investors are advised to consult their own tax advisors concerning the overall tax consequences of their ownership of Shares. Shareholders resident in jurisdictions other than Norway and investors who cease to be resident in Norway for tax purposes (due to domestic tax law or tax treaty) should specifically consult with and rely upon their own tax advisers with respect to the tax position in their country of residence and the tax consequences related to ceasing to be resident in Norway for tax purposes. The statements in the summary only apply to shareholders who are beneficial owners of Shares.

Please note that for the purpose of the summary below, references to Norwegian Shareholders or Non-Resident Shareholders refers to the tax residency rather than the nationality of the shareholder. Please also note that the tax legislation in the Company's jurisdiction of incorporation and the tax legislation in the jurisdictions in which the shareholders are resident for tax purposes may have an impact on the income received from the Shares.

11.2 Norwegian Shareholders

11.2.1 Taxation of dividends

Dividends distributed to shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes ("**Norwegian Corporate Shareholders**") are comprised by the Norwegian participation exemption. Under the exemption, only 3% of dividend income on shares in Norwegian limited liability companies is subject to tax as ordinary income (22% flat rate as of 2019), implying that such dividends are effectively taxed at a rate of 0.66%. For Norwegian Corporate Shareholders that are considered to be "Financial Institutions" under the Norwegian financial activity tax the effective rate of taxation for dividends is 0.75%.

Dividends distributed to shareholders who are individuals resident in Norway for tax purposes **Norwegian Individual Shareholders**") are grossed up with a factor of 1.44 before taxed as ordinary income (22% flat rate, resulting in an effective tax rate of 31.68%) to the extent the dividend exceeds a tax-free allowance.

The tax-free allowance is calculated on a share-by-share basis for each individual shareholder on the basis of the cost price of each of the Shares multiplied by a risk-free interest rate. The risk-free interest rate is based on the effective rate after tax of interest on treasury bills (Nw.: *statskasseveksler*) with three months maturity plus 0.5 percentage points. The tax-free allowance is calculated for each calendar year and is allocated solely to Norwegian Individual Shareholders holding Shares at the expiration of the relevant calendar year. Norwegian Individual Shareholders who transfer Shares will thus not be entitled to deduct any calculated allowance related to the year of transfer. Any part of the calculated tax-free allowance one year exceeding the dividend distributed on the Share ("unused allowance") may be carried forward and set off against future dividends received on (or gains upon realization of, see below) the same Share. Any unused allowance will also be added to the basis of computation of the tax-free allowance on the same Share the following year.

The Shares will not qualify for Norwegian share saving accounts (Nw.: *aksjesparekonto*) for Norwegian Individual Shareholders as the shares are listed on Merkur Market (and not Oslo Børs or Oslo Axess).

11.2.2 Taxation of capital gains

Sale, redemption or other disposal of Shares is considered as a realization for Norwegian tax purposes.

Capital gains generated by Norwegian Corporate Shareholders through a realization of shares in Norwegian limited liability companies, such as the Company, are comprised by the Norwegian participation exemption and therefore tax exempt. Net losses from realization of Shares and costs incurred in connection with the purchase and realization of such Shares are not tax deductible for Norwegian Corporate Shareholders.

Norwegian Individual Shareholders are taxable in Norway for capital gains derived from realization of Shares, and have a corresponding right to deduct losses. This applies irrespective of how long the Shares have been owned by the individual shareholder and irrespective of how many Shares that are realized. Gains are taxable as ordinary income in the year of realization and losses can be deducted from ordinary income in the year of realization. Any gain or loss is grossed up with a factor of 1.44 before taxed at a rate of 22% (resulting in an effective tax rate of 31.68%). Under current tax rules, gain or loss is calculated per Share, as the difference between the consideration received for the Share and the Norwegian Individual Shareholder's cost price for the Share, including costs incurred in connection with the acquisition or realization of the Share. Any unused tax-free allowance connected to a Share may be deducted from a capital gain on the same Share, but may not create or increase a deductible loss i.e. any unused allowance exceeding the capital gain upon the realisation of a share will be annulled. Unused tax-free allowance related to a Share cannot be set off against gains from realization of other Shares.

If a Norwegian shareholder realizes Shares acquired at different points in time, the Shares that were first acquired will be deemed as first sold (the "first in first out"-principle) upon calculating taxable gain or loss. Costs incurred in connection with the purchase and sale of Shares may be deducted in the year of sale.

A shareholder who ceases to be tax resident in Norway due to domestic law or tax treaty provisions may become subject to Norwegian exit taxation of capital gains related to shares in certain circumstances.

11.2.3 Net wealth tax

The value of Shares is included in the basis for the computation of net wealth tax imposed on Norwegian Individual Shareholders. The marginal net wealth tax rate is currently 0.85% of the value assessed. The value for assessment purposes for the Shares is equal to 65% of the total tax value of the Company as of 1 January of the year before the tax assessment year. However, in certain situations the value for assessment purposes for the Shares is instead equal to 65% of the total tax value of the Company as of 1 January of the tax assessment year, inter alia if the share capital in the Company has been increased or reduced by payment from or to shareholders in the year before the tax assessment year and if the Company has acquired its own shares without reduction of the share capital in the year before the tax assessment year. The value of debt allocated to the Shares for Norwegian wealth tax purposes is reduced correspondingly (i.e. to 65%).

Please note that on 7 October 2020, the Norwegian Government proposed that only 55% of the value of the Shares is included in the basis for the computation of net wealth tax imposed on Norwegian Individual Shareholders. It is further proposed that the value for assessment purposes for debt allocated to the Shares shall be reduced correspondingly. If the proposals are adopted by the Norwegian Parliament, the amendments will be effective as of 1 January 2021.

Norwegian limited liability companies and similar entities are exempted from net wealth tax.

11.3 Non-Resident Shareholders

11.3.1 Taxation of dividends

Dividends paid from a Norwegian limited liability company to Non-Resident Shareholders are generally subject to Norwegian withholding tax at a rate of 25% unless the recipient qualifies for a reduced rate according to an applicable tax treaty or other specific regulations. The shareholder's country of residence may give credit for the Norwegian withholding tax imposed on the dividend.

If a Non-Resident Shareholder is carrying on business activities in Norway and the Shares are effectively connected with such activities, the Non-Resident Shareholder will be subject to the same taxation of dividend as a Norwegian Shareholder, as described above.

Non-Resident Shareholders that are corporate shareholders (i.e. limited liability companies and similar entities) ("**Foreign Corporate Shareholders**") resident within the European Economic Area ("**EEA**") are exempt from Norwegian withholding tax pursuant to the Norwegian participation exemption provided that the Foreign Corporate Shareholder is the beneficial owner of the Shares and the Foreign Corporate Shareholder is genuinely established and carries out genuine economic activities within the EEA.

Dividends paid to Non-Resident Shareholders that are individual shareholders (i.e. shareholders who are natural persons) ("**Foreign Individual Shareholders**") are as the main rule subject to Norwegian withholding tax at a rate of 25%, unless a lower rate has been agreed in an applicable tax treaty. If the individual shareholder is resident within the EEA, the shareholder may apply to the tax authorities for a refund of an amount corresponding to the calculated tax-free allowance on each individual share, see Section 11.2.1 ("Taxation of dividends"). However, the deduction for the tax-free allowance does not apply in the event that the withholding tax rate, pursuant to an applicable tax treaty, leads to a lower taxation on the dividends than the withholding tax rate of 25% less the tax-free allowance.

In accordance with the present administrative system in Norway, a distributing company will generally deduct withholding tax at the applicable rate when dividends are paid directly to an eligible Non-Resident Shareholder, based on information registered with the VPS. Foreign Corporate Shareholders and Foreign Individual Shareholders must document their entitlement to a reduced withholding tax rate by (i) obtaining a certificate of residence issued by the tax authorities in the shareholder's country of residence, confirming that the shareholder is resident in that state, which cannot be older than three years, and (ii) providing a confirmation from the shareholder that the shareholder is the beneficial owner of the dividend. In addition, Foreign Corporate Shareholders must also present either (i) an approved withholding tax refund application or (ii) an approval from the Norwegian tax authorities confirming that the recipient is entitled to a reduced withholding tax rate or a withholding tax exemption. Such documentation must be provided to either the nominee or the account operator (VPS). Dividends paid to Non-Resident Shareholders in respect of nominee registered shares are not eligible for reduced treaty withholding tax rate at the time of payment unless the nominee, by agreeing to provide certain information regarding beneficial owner, has obtained approval for reduced treaty withholding tax rate from the Norwegian tax authorities. The withholding obligation lies with the company distributing the dividends and the Company assumes this obligation.

Foreign Individual Shareholders and Foreign Corporate Shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted. The same will apply to Foreign Corporate Shareholders that have suffered withholding tax although qualifying for the Norwegian participation exemption.

Non-Resident Shareholders should consult their own advisers regarding the availability of treaty benefits in respect of dividend payments.

11.3.2 Taxation of capital gains

Gains from realization of Shares by Non-Resident Shareholders will not be subject to tax in Norway unless the Non-Resident Shareholders are holding the Shares in connection with business activities carried out or managed from Norway. Such taxation may be limited according to an applicable tax treaty or other specific regulations.

11.3.3 Net wealth tax

Non-Resident Shareholders are not subject to Norwegian net wealth tax with respect to the Shares, unless the shareholder is an individual, and the shareholding is effectively connected with a business which the shareholder takes part in or carries out in Norway. Such taxation may be limited according to an applicable tax treaty.

11.4 Transfer taxes etc. VAT

No transfer taxes, stamp duty or similar taxes are currently imposed in Norway on purchase, issuance, disposal or redemption of shares. Further, there is no VAT on transfer of shares.

12 SELLING AND TRANSFER RESTRICTIONS

12.1 General

As a consequence of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Shares admitted to trading on Merkur Market.

The Company is not taking any action to permit a public offering of the Shares in any jurisdiction. Receipt of this Admission Document does not constitute an offer and this Admission Document is for information only and should not be copied or redistributed. If an investor receives a copy of this Admission Document, the investor may not treat this Admission Document as constituting an invitation or offer to it, nor should the investor in any event deal in the Shares, unless, in the relevant jurisdiction, the Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of this Admission Document, the investor should not distribute or send the same, or transfer Shares, to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations.

12.2 Selling restrictions

12.2.1 United States

The Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold except: (i) within the United States to QIBs in reliance on Rule 144A or pursuant to another available exemption from the registration requirements of the U.S. Securities Act; or (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the U.S. Securities Act, and, in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Accordingly, the Merkur Advisor has represented and agreed that it has not offered or sold, and will not offer or sell, any of the Shares as part of its allocation at any time other than (i) within the United States to QIBs in accordance with Rule 144A or (ii) outside of the United States in compliance with Rule 903 of Regulation S. Transfer of the Shares will be restricted and each purchaser of the Shares in the United States will be required to make certain acknowledgements, representations and agreements, as described under Section 12.3.1 ("United States").

12.2.2 United Kingdom

The Merkur Advisor has represented, warranted and agreed that:

a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("**FSMA"**) in connection with the issue or sale of any Shares in circumstances in which Section 21(1) of the FSMA does not apply to the Company; and

b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Shares in, from or otherwise involving the United Kingdom.

12.2.3 European Economic Area

In no member state (each a "**Relevant Member State**") of the EEA have Shares been offered and in no Relevant Member State other than Norway will Shares be offered to the public pursuant to an offering, except that Shares may be offered to the public in that Relevant Member State at any time in reliance on the following exemptions under the EU Prospectus Regulation:

a) to persons who are "qualified investors" within the meaning of Article 2(e) in the EU Prospectus Regulation;

b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) per Relevant Member State, with the prior written consent of the Merkur Advisor for any such offer; or

c) in any other circumstances falling under the scope of Article 3(2) of the EU Prospectus Regulation;

provided that no such offer of Shares shall result in a requirement for the Company or Merkur Advisor to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplementary prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purpose of this provision, the expression an "offer to the public" in relation to any Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on the terms of the an offering and the Shares to be offered, so as to enable an investor to decide to acquire any Shares.

This EEA selling restriction is in addition to any other selling restrictions set out in this Admission Document.

12.2.3.2 Other jurisdictions

The Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into, Switzerland, Japan, Canada, Australia or any other jurisdiction in which it would not be permissible to offer the Shares.

In jurisdictions outside the United States and the EEA where an offering would be permissible, the Shares will only be offered pursuant to applicable exceptions from prospectus requirements in such jurisdictions.

12.3 Transfer restrictions

12.3.1 United States

The Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered or sold except: (i) within the United States only to QIBs in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the U.S. Securities Act; and (ii) outside the United States in compliance with Regulation S, and in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction. Terms defined in Rule 144A or Regulation S shall have the same meaning when used in this section.

Each purchaser of the Shares outside the United States pursuant to Regulation S will be deemed to have acknowledged, represented and agreed that it has received a copy of this Admission Document and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorized to consummate the purchase of the Shares in compliance with all applicable laws and regulations.

- The purchaser acknowledges that the Shares have not been and will not be registered under the U.S. Securities Act, or with any securities, regulatory authority or any state of the United States, subject to certain exceptions, may not be offered or sold within the United States.

- The purchaser is, and the person, if any, for whose account or benefit the purchaser is acquiring the Shares, was located outside the United States at the time the buy order for the Shares was originated and continues to be located outside the United States and has not purchased the Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Shares or any economic interest therein to any person in the United States.

- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Shares from the Company or an affiliate thereof in the initial distribution of such Shares.

- The purchaser is aware of the restrictions on the offer and sale of the Shares pursuant to Regulation S described in this Admission Document.

- The Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S.

- The Company shall not recognize any offer, sale, pledge or other transfer of the Shares made other than in compliance with the above restrictions.

- If the purchaser is acquiring any of the Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements in behalf of each such account.

- The purchaser acknowledges that the Company, the Merkur Advisor and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Each purchaser of the Shares within the United States purchasing pursuant to Rule 144A or another available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act will be deemed to have acknowledged, represented and agreed that it has received a copy of this Admission Document and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser is authorized to consummate the purchase of the Shares in compliance with all applicable laws and regulations.

- The purchaser acknowledges that the Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions to transfer.

- The purchaser (i) is a QIB (as defined in Rule 144A), (ii) is aware that the sale to it is being made in reliance on Rule 144A and (iii) is acquiring such Shares for its own account or for the account of a QIB, in each case for investment and not with a view to any resale or distribution to the Shares, as the case may be.

- The purchaser is aware that the Shares are being offered in the United States in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act.

- If, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Shares, or any economic interest therein, as the case may be, such Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (ii) outside the United States in a transaction meeting the requirements of Regulation S, (iii) in accordance with Rule 144 (if available), (iv) pursuant to any other exemption from the registration requirements of the U.S. Securities Act, subject to the receipt by the Company of an opinion of counsel or such other evidence that the Company may reasonably require that such sale or transfer is in compliance with the U.S. Securities Act or (v) pursuant to an effective registration statement under the U.S. Securities Act, in each case in accordance with any applicable securities laws of any state or territory of the United States or any other jurisdiction.

- The purchaser is not an affiliate of the Company or a person acting on behalf of such affiliate, and is not in the business of buying and selling securities or, if it is in such business, it did not acquire the Shares from the Company or an affiliate thereof in the initial distribution of such Shares.

- The purchaser will not deposit or cause to be deposited such Shares into any depositary receipt facility established or maintained by a depository bank other than a Rule 144A restricted depository receipt facility, so long as such Shares are "restricted securities" within the meaning of Rule 144(a) (3) under the U.S. Securities Act.

- The purchaser acknowledges that the Shares are "restricted securities" within the meaning of Rule 144(a) (3) and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any Shares, as the case may be.

- The purchaser acknowledges that the Company shall not recognize any offer, sale pledge or other transfer of the Shares made other than in compliance with the above-stated restrictions.

- If the purchaser is requiring any of the Shares as a fiduciary or agent for one or more accounts, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

- The purchaser acknowledges that the these representations and undertakings are required in connection with the securities laws of the United States and that Company, the Merkur Advisor and their respective advisers will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

12.3.2 European Economic Area

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any Shares under, the offers contemplated in this Admission Document will be deemed to have represented, warranted and agreed to and with the Merkur Advisor and the Company that:

a) it is a qualified investor within the meaning of Articles 2(e) of the EU Prospectus Regulation; and

b) in the case of any Shares acquired by it as a financial intermediary, as that term is used in Article 1 of the EU Prospectus Regulation, (i) the Shares acquired by it in an offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the EU Prospectus Regulation, or in circumstances in which the prior consent of the Merkur Advisor has been given to the offer or resale; or (ii) where Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Shares to it is not treated under the EU Prospectus Regulation as having been made to such persons.

For the purpose of this representation, the expression an "offer to the public" in relation to any Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on terms of an offering and the Shares to be offered, so as to enable an investor to decide to acquire any Shares.

13 ADDITIONAL INFORMATION

13.1 Admission to Merkur Market

On 8 October 2020, the Company applied for Admission to Merkur Market. The first day of trading on Merkur Market is expected to be on or about 27 October 2020.

Neither the Company nor any other entity of the Group have securities listed on any stock exchange or other regulated market place.

13.2 Information sourced from third parties and expert opinions

In this Admission Document, certain information has been sourced from third parties. The Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified.

The Company confirms that no statement or report attributed to a person as an expert is included in this Admission Document.

13.3 Independent auditor

The Company's independent auditor is PricewaterhouseCoopers AS (business registration number 987 009 713, and registered business address at Dronning Eufemias gate 71, 0194 Oslo, Norway). The partners of PricewaterhouseCoopers AS are members of The Norwegian Institute of Public Accountants (Nw.: *Den Norske Revisorforening*). PricewaterhouseCoopers AS has been the Company's independent auditor since 2001.

PricewaterhouseCoopers AS has not audited, reviewed or produced any report on any other information in this Admission Document.

13.4 Advisors

The Company has engaged DNB Markets, a part of DNB Bank ASA (business registration number 984 851 006, and registered business address at Dronning Eufemias gate 30, Oslo, Norway) as the Merkur Advisor.

Advokatfirmaet Thommessen AS (business registration number 957 423 248, and registered business address at Haakon VIIs gate 10, 0116 Oslo, Norway) is acting as Norwegian legal counsel to the Company.

Wikborg Rein Advokatfirma AS (business registration number 916 782 195, and registered business address at Dronning Mauds gate 11, 0250 Oslo, Norway) is acting as Norwegian legal counsel to the Merkur Advisor.

Deloitte AS (business registration number 980 211 282, and registered business address at Dronning Eufemias gate 14, 0191 Oslo, Norway) is acting as financial advisor to the Merkur Advisor.

14 DEFINITIONS AND GLOSSARY OF TERMS

When used in this Admission Document, the following defined terms shall have the following meaning:

Admission	The admission to trading of the Company's shares on Merkur Market.
Admission Document	This admission document, dated 22 October 2020.
Annual Financial Statements	The audited consolidated financial statements of the Company for the years ended 31 December 2019 and 2018.
Appropriate Channels for Distribution	Has the meaning ascribed to such term under "Important Information".
Arnarlax	Arnarlax ehf.
Articles of Association	Articles of Association of the Company as of 8 October 2020.
Board of Directors	The board of directors of the Company.
Board Members	The members of the Board of Directors.
Bæjarvík	Bæjarvík ehf.
CEO	Chief Executive Officer.
Company	Icelandic Salmon AS.
Covid-19	The coronavirus SARS-CoV-2.
EEA	European Economic Area.
EUR	Euro, the currency of the European Union.
West Fjords	The west fjords of Iceland.
EU Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.
Financial Information	The Annual Financial Statements and the Interim Financial Statements.
FSMA	The Financial Services and Markets Act 2000.
Fjarðalax	Fjarðalax ehf.
Foreign Corporate Shareholders	Non-Resident Shareholders that are corporate shareholders (i.e. limited liability companies and similar entities).
Foreign Individual Shareholders	Non-Resident Shareholders that are individual shareholders (i.e. other shareholders than Foreign Corporate Shareholders).
Group or Icelandic Salmon	The Company together with its subsidiaries.
IAS34	International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.
IFRS	International Financial Reporting Standards as adopted by the European Union.
Interim Financial Statements	The unaudited consolidated financial statements for the Company for the six months ended 30 June 2020 and 2019.
Ísafjarðardjup Project	The Group's application for increased biomass for 10,000 tons maximum allowed biomass.
ISK	Icelandic kroner, the currency of Iceland.
Ísþór	Eldisstöðin Ísþór hf.
LEI	Legal Entity Identifier.
Loan Agreement	Arnarlax (as borrower) and Bæjarvik ehf. and Fjardalax (as guarantors) combined EUR 55,000,0000 facility agreement with DNB Bank ASA and Arion Bank HF (as lenders) dated 21 December 2018, and as amended 20 February 2019, March 2019, 20 June 2019 and 30 June 2020.
LV	The Federation of Islandic River Owners.
Management	The members of the Group's senior management.
Merger	The merger of Fjarðalax, Bæjarvík and Arnarlax.
MAB	Maximum allowed biomass.
Managers	DNB Markets, a part of DNB Bank ASA, Arctic Securities AS and Arion Banki hf.
MAST	The Icelandic Food and Veterinary Authority.
Merkur Advisor	DNB Markets, a part of DNB Bank ASA.
Merkur Market	The multilateral trading facility for equity instruments operated by Oslo Børs.
Merkur Market Admission Rules	Admission to trading rules for Merkur Market as of April 2020.
Merkur Market Content Requirements	Content requirements for Admission Documents for Merkur Market as of March 2020.
MiFID II	EU Directive 2014/65/EU on markets in financial instruments, as amended.
MiFID II Product Governance Requirements	MiFID II, Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II and local implementing measures.
MT	Metric tonnes.
Negative Target Market	Has the meaning ascribed to such term under "Important Information".
NOK	Norwegian kroner, the currency of the Kingdom of Norway.
Non-Resident Shareholders	Shareholders who are not resident in Norway for tax purposes.

Norwegian Corporate Shareholders...........	Shareholders who are limited liability companies (and certain similar entities) domiciled in Norway for tax purposes.
Norwegian Individual Shareholders...........	Norwegian Shareholders other than Norwegian Corporate Shareholders.
Norwegian Private Companies Act	The Norwegian Private Limited Liability Companies Act of 13 June 1997 no 44 (as amended) (*Nw.: aksjeloven*).
Norwegian Securities Trading Act...............	The Norwegian Securities Trading Act of 29 June 2007 no. 75 (as amended) (*Nw.: verdipapirhandelloven*).
Norwegian Securities Trading Regulation	The Norwegian Securities Trading Regulation of 29 June 2007 no 876 (as amended) (*Nw.: verdipapirforskriften*).
Norwegian Shareholders................................	Shareholders who are resident in Norway for tax purposes.
N-OTC	The Norwegian OTC list
Offer Price	NOK 115 per share in the Private Placement.
Oslo Børs	Oslo Børs ASA.
Positive Target Market....................................	Has the meaning ascribed to such term under "Important Information".
Private Placement	has the meaning ascribed to such term in Section 6.1.
Relevant Member State..................................	Each Member State of the European Economic Area which has implemented the EU Prospectus Regulation.
PwC	PricewaterhouseCoopers AS.
SalMar..	SalMar ASA.
Shares (or Share)	Means the shares of the Company, each with a nominal value of NOK 10, or any one of them.
Share Lending Agreement.............................	The share lending agreement between the Company, DNB Markets, a part of DNB Bank ASA, and SalMar.
Target Market Assessment	Negative Target Market together with the Positive Target Market.
UK	The United Kingdom of Great Britain and Northern Ireland.
Underwriters	SalMar, Pactum AS, Gyda EHF and Holta Invest AS.
USD	United States Dollars, the currency of the United States.
United States (or US).......................................	The United States of America.
UST...	The Environment Agency of Iceland.
VPS...	The Norwegian Central Securities Depository (*Nw.: Verdipapirsentralen*).
VPS Registrar	DNB Verdipapirservice.

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APPENDIX A

ARTICLES OF ASSOCIATION

(*Office translation*)

VEDTEKTER ICELANDIC SALMON AS vedtatt 14. oktober 2020	ARTICLES OF ASSOCIATION ICELANDIC SALMON AS adopted 14 October 2020
§ 1 Selskapets navn er Icelandic Salmon AS.	§ 1 The company's name is Icelandic Salmon AS.
§ 2 Selskapets forretningskontor er i Frøya kommune.	§ 2 The company's business address is in Frøya municipality.
§ 3 Selskapets formål er å drive produksjon, foredling og salg av sjømat og sjømatbaserte produkter samt å drive annen virksomhet i forbindelse med disse formål herunder gjennom investeringer og eierskap i andre selskaper med samme formål.	§ 3 The objective of the company is production, processing and sale of seafood and seafood based products, as well as conducting other business in connection with these purposes, including through investments and ownership in other companies with same purpose.
§ 4 Selskapets aksjekapital er NOK 309 618 680, fordelt på 30 961 868 aksjer pålydende NOK 10. Selskapets aksjer skal være registrert i et verdipapirregister.	§ 4 The company's share capital is NOK 309,618,680 divided into 30,961,868 shares, each with a nominal value of NOK 10. The Company's shares shall be registered in a securities register.
§ 5 Selskapet skal ha en daglig leder. Selskapets styre skal ha 3-7 medlemmer. Generalforsamlingen velger styret for to år ad gangen. Sittende styremedlemmer kan ta gjenvalg.	§ 5 The company shall have a CEO. The company's board of directors shall consist of 3-7 board members. The general meeting elects board members for a period of two years at a time. Board members may be re-elected.
§ 6 Selskapets firma tegnes av styrets leder og ett styremedlem i fellesskap. Styret kan meddele prokura.	§ 6 The chairman of the board of directors and one board member when acting jointly may sign on behalf of the company. The board of directors may grant power of procuration.
§ 7	§ 7

Selskapets aksjer kan fritt overdras. Erverv av aksjer og overdragelse av aksjer i Selskapet er ikke betinget av styrets samtykke, ei heller skal de øvrige aksjonærene ha forkjøpsrett ved overdragelse av aksjer i Selskapet.	The company's shares are freely transferrable. Acquisition and transfer of shares in the company is not subject to the board of directors approval, and other shareholders do not hold a right of first refusal in connection with share transfers in the company.
§ 8 Ordinær generalforsamling skal holdes hvert år innen utgangen av juni måned. Innkallelse skjer skriftlig og skal angi de saker som skal behandles. På ordinær generalforsamling skal minst følgende saker behandles og avgjøres: 1. godkjennelse av årsregnskapet og årsberetningen, herunder utdeling av utbytte, og 2. andre saker som etter aksjeloven eller vedtektene hører under generalforsamlingen.	§ 8 Annual general meeting shall be held each year by the end of June. The notice shall be in writing and shall state the matters to be considered. At the annual general meeting, the following matters shall be dealt with and decided: 1. approval of the annual accounts and the annual report, including distribution of dividend, and 2. other issues, which according to the Norwegian Private Limited Liability Companies Act or the articles of association shall be dealt with by the general meeting.
§ 9 Dokumenter som gjelder saker som skal behandles på generalforsamlingen og som er gjort tilgjengelige for aksjeeierne på selskapets internettsider, trenger ikke å sendes til aksjeeierne. Dette gjelder også dokumenter som etter lov skal inntas i eller vedlegges innkallingen til generalforsamlingen. En aksjeeier kan likevel kreve å kostnadsfritt få tilsendt dokumenter som gjelder saker som skal behandles på generalforsamlingen.	§ 9 Documents regarding matters to be considered at the general meeting which are made available to the shareholder at the company's website, does not need to be sent to the shareholders. This also applies to documents which pursuant to law shall be included in or attached to the notice of the general meeting. A shareholder may still, free of charge, request a copy of documents regarding matters to be considered at the general meeting.
§ 10 Utover det som fremgår av bestemmelser nedfelt i disse vedtekter, vises det til reglene i den til enhver tid gjeldende aksjelovgivning.	§ 10 In addition to what is stated in the provisions in these articles of association, reference is made to the Norwegian Private Limited Liability Companies Act, as amended from time to time.
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APPENDIX B

AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS OF ICELANDIC SALMON AS FOR THE YEARS ENDED 31 DECEMBER 2019 AND 2018

Consolidated Financial Statements

Arnarlax AS

2019

Consolidated Financial Statements
Arnarlax AS
Consolidated statement of comprehensive income

Amounts in 1000 EUR			
For the periods ending 31 December	**Note**	**2019**	**2018**
Revenue from contracts with customers	2.2, 6.2	66.671	42.020
Total operating revenue		**66.671**	**42.020**
Cost of smolt, feed and other direct cost	6.2	32.440	24.911
Salary and personnel expenses	2.3	9.811	8.402
Other operating expenses	2.4	7.913	10.439
Depreciation and amortization	3.1, 3.2	7.808	10.150
Total operating expenses		**57.972**	**53.901**
Operating profit before fair value adjustment of biomass		**8.699**	**-11.881**
Fair value adjustments biomass	2.6	-3.883	6.004
Operating profit		**4.816**	**-5.877**
Income from investments in joint ventures	2.8	**210**	**-**
Financial items			
Finance income	4.4	28	74
Finance expense	4.4	3.066	2.558
Currency gains (losses)		223	2.584
Net financial items		**-2.816**	**-5.069**
Profit before tax		**2.210**	**-10.945**
Tax	5.1	637	-1.912
Net profit for the year		**1.574**	**-9.033**
Net profit/loss for the year attributable to:			
Equity holders of the parent company		**1.574**	**-9.033**
Non-controlling interests		**-**	**-**
Other comprehensive income			
Items which may subsequently be reclassified to profit or loss			
Translation differences in associates		-39	-155
Translation differences in subsidiaries		116	-65
Other comprehensive income for the year		**77**	**-220**
Total comprehensive income for the year		**1.651**	**-9.254**
Total comprehensive income attributable to:			
Equity holders of the parent company		**1.651**	**-9.254**
Non-controlling interests		**-**	**-**
Earnings per share ("EPS"):			
Basic and diluted (EUR Per share)	7.1	0,059	-0,362
- Total comprehensive income			
Average number of shares		26.614	24.947

Consolidated Financial Statements
Arnarlax AS
Consolidated statement of financial position

Amounts in 1000 EUR
For the periods ending 31 December

Assets	**Note**	**31/12/2019**	**31/12/2018**	**01/01/2018**
Non-current assets				
Property, plant & equipment	3.1	39.948	33.751	36.500
Right-of-use assets	3.2	2.072	2.794	4.192
Goodwill	3.3, 3.4	19.332	19.332	19.332
Investments in joint ventures	2.8	2.496	2.461	2.575
Other long-term receivables	6.2, 4.1	3.692	-	-
Deferred tax assets	5.1	4.231	4.964	3.331
Total non-current assets		**71.772**	**63.303**	**65.930**
Current assets				
Biological assets	2.5	45.439	40.847	31.191
Other inventory	2.5	2.422	1.592	4.238
Trade receivables	2.7, 4.1	5.887	5.539	7.764
Other receivables	2.7, 4.1, 6.2	1.908	2.961	3.649
Cash and cash equivalents	4.1, 4.3	1.731	407	804
Total current assets		**57.387**	**51.346**	**47.645**
Total assets		**129.158**	**114.649**	**113.575**

Consolidated Financial Statements
Arnarlax AS
Consolidated statement of financial position

Amounts in 1000 EUR

Equity and liabilities

Equity	**Note**	**31/12/2019**	**31/12/2018**	**01/01/2018**
Paid-in equity				
Share capital *(NOK 266 140 420)*	4.7	26.982	26.752	23.659
Share premium fund		52.039	51.597	35.672
Other paid-in equity		9	9	9
Other equity		-12.953	-13.914	-6.055
Total equity		**66.076**	**64.444**	**53.284**
Liabilities				
Non-current liabilities				
Non-current interest-bearing debt	4.1, 4.2	44.013	8.370	10.416
Lease liabilities	3.2	237	1.473	2.742
Total non-current liabilities		**44.250**	**9.843**	**13.158**
Current liabilities				
Current interest-bearing debt	4.1, 4.2	6.093	31.150	34.879
Current lease liabilities	3.2	2.054	1.397	1.450
Trade payables	4.1	7.509	5.760	8.597
Tax payable	5.1	-	-	-
Other current payables	4.1, 4.5, 6.2	3.177	2.057	2.207
Total current liabilities		**18.833**	**40.363**	**47.133**
Total liabilities		**63.082**	**50.206**	**60.291**
Total equity and liabilities		**129.158**	**114.649**	**113.575**

Bíldudalur, 22 September 2020

Board of Directors:

Kjartan Ólafsson, Chairman of the board

Trine Sæther Romuld

Espen Marcussen

Olav Andreas Ervik

Managing Director:

Björn Hembre

Consolidated Financial Statements
Arnarlax AS
Consolidated statement of cash flow

Amounts in 1000 EUR

Statement of cash flow	**Note**	**2019**	**2018**
Cash flow from operating activities:			
Profit before tax		2.210	-10.945
Tax paid in the period	5.1	-	-
Deprecation and amortization	3.1, 3.2	7.808	10.150
Share of profit/loss from joint ventures	2.8	-210	-
Currency exchange and other items		286	1.996
Interest expenses (debt/borrowings and leases)	4.4	3.066	2.558
Change in fair value adjustments biomass	2.6	3.883	-6.004
Change in inventory, account payables and receivables		-9.396	-2.142
Net cash flow from operating activities		**7.648**	**-4.388**
Cash flow from investing activities:			
Receipts from sale of property, plant & equipment		**-**	413
Payments for property, plant & equipment	3.1	-12.352	-7.452
Purchase of shares and other investments		-	-
Sales of shares and other investments		-	-
Net cash flow from investing activities		**-12.352**	**-7.039**
Cash flow from financing activities:			
New interest-bearing debt	4.2	51.035	-
Repayment of interest-bearing debt	4.2	-40.391	-6.125
Payment of principal portion of lease liabilities	3.2	-1.609	-1.322
Interest paid (debt/borrowings and leases)	4.4	-3.008	-2.558
Net change in overdraft		-	646
Issue of share capital	4.7	-	20.384
Net cash flow from financing activities		**6.028**	**11.025**
Net change in cash and cash equivalents		1.324	-402
Foreign exchange effects		-	6
Cash and cash equivalents as at 1 Jan		407	804
Cash & cash equivalents as at 31 Dec		**1.732**	**407**

Consolidated Financial Statements
Arnarlax AS
Statement of changes in Equity

Amounts in 1000 EUR

2018	Note	Share capital	Share premium fund	Other paid-in equity	Other equity: Translation differences	Other equity: Retained earnings	Total equity
Equity as at 1 Jan 2018 NGAAP		23.659	35.672	9	293	-5.511	**54.121**
IFRS transition effects*	7.3				-293	-544	**-837**
Equity as at 1 Jan 2018 IFRS		23.659	35.672	9	-	-6.055	**53.284**
Net profit/loss for the year						-9.033	**-9.033**
Other comprehensive income					-220		**-220**
Total comprehensive for the year		-	-	-	-220	-9.033	**-9.254**
Retranslation of paid in capital		-385	-1.008			1.393	**-0**
Issue of share capital	4.7	3.478	16.934				**20.413**
Equity as at 31 Dec 2018		26.752	51.597	9	-220	-13.696	**64.444**

2019	Note	Share capital	Share premium fund	Other paid-in equity	Other equity: Translation differences	Other equity: Retained earnings	Total equity
Equity as at 1 Jan 2019		26.752	51.597	9	-220	-13.696	**64.444**
Net profit/loss for the year						1574	**1.574**
Other comprehensive income					77		**77**
Total comprehensive for the year		-	-	-	77	1.574	**1.651**
Retranslation of paid in capital		230	442			-671	**0**
Share-based payments	2.3					-19	**-19**
Equity as at 31 Dec 2019		26.982	52.039	9	-143	-12.812	**66.076**

To the General Meeting of Arnarlax AS

Independent Auditor's Report

Opinion

We have audited the consolidated financial statements of Arnarlax AS and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2019 and 31 December 2018, the statements of comprehensive income , statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of the Group as at 31 December 2019 and 31 December 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

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

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

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements of the Group in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation 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 Group's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Group use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 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 fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Trondheim, 22 September 2020
PricewaterhouseCoopers AS

Rune Kenneth S. Lædre
State Authorised Public Accountant
(This document is signed electronically)

Section 1 General information, significant accounting policies, judgements, estimates and assumptions

Note 1.1 Corporate information

Arnarlax AS (and its subsidiaries collectively the “Group”, or “Arnarlax”) is a limited liability company, incorporated in Norway and headquartered in Kverna. The adress of its registered office is Industriveien 51, 7266 Kverva, NORWAY.

The ultimate parent company is SalMar ASA.

Arnarlax is the leading salmon farmer in Iceland and the main purpose for the Group is production, processing and sale of seafood and seafood-based products.

The consolidated financial statements of the Group for the year ended December 2019 were approved by the Board of Directors on 22 September 2020.

Note 1.2 Basis for preparation

The consolidated financial statements of the Group comprise of the consolidated statement of comprehensive income, financial position, cash flow and changes in equity and related notes. The consolidated financial statements of the Group for the year ended 31 December 2019 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by The European Union ("EU"). The consolidated financial statements of the Group represent the first financial statements in accordance with IFRS. For information about effects of transition to IFRS reference is made to note 7.3.

The consolidated financial statements have been prepared on a historical cost basis, except for biological assets that have been measured at fair value. Further, the financial statements are prepared based on the going concern assumption. All figures are presented in EUR thousands (000), except when otherwise indicated.

The Group presents an additional statement of financial position at the date of transition to IFRS at 1 January 2018.

Note 1.3 Significant accounting policies

Arnarlax has selected a presentation in which the description of accounting policies as well as estimates, assumptions and judgmental considerations are disclosed in the notes to which the policies relate. A summary of significant and other accounting policies not disclosed in the notes, are therefore summarized below:

Presentation currency and functional currency

The consolidated financial statements are presented in Euro (EUR), which is also the functional currency in Arnarlax Ehf (subsidiary) where the Groups main operation is. Debt financing is as of year end 2019 held by Arnarlax Ehf in EUR. The subsidiaries of Arnarlax Ehf have Icelandic kronor as their functional currency. The functional currency in the parent company Arnarlax AS is in NOK.

The functional currency is determined in each entity in the Group based on the currency within the entity's primary economic environment. Transactions in foreign currency are translated to functional currency using the exchange rate at the date of the transaction. Monetary items in foreign currency are at the end of the reporting period translated to functional currency using the closing rate. Differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

For presentation purposes, balance sheet items are translated from functional currency to presentation currency by using exchange rates at the reporting date. Items within comprehensive income are translated from functional currency to presentation currency by applying monthly average exchange rates. If currency rates are fluctuating significantly, transaction date exchange rates are applied for significant transactions. Translation differences are recognised in other comprehensive income (“OCI”). Paid in capital of Arnarlax AS in NOK is transalated at the EUR rate at the balance sheet date. Effect of retranslation is taken to retained earnings.

Consolidation principles

The Group's consolidated financial statements comprise the parent company and its subsidiaries as of 31 December 2019. Consolidated entities have been assessed as being controlled by the Group during the reporting period.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Business combinations are accounted for by using the acquisition method. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at the fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the Group's share of the net assets of the subsidiary acquired, the difference is recognised directly in the Consolidated Income Statement.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
- All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle,
- It is held primarily for the purpose of trading,
  It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Cash and short-term deposits

Cash and cash equivalents in the Consolidated Balance sheet and the Consolidated Cash Flow Statements includes cash, call deposits, short-term securities for less than three months to maturity.

Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown as a deduction from the proceeds.

Statement of cash flows

The consolidated statement of cash flows is prepared using the indirect method.

New standards in 2019

New and amended accounting standards and interpretations issued by the IASB may affect the Group's future financial reporting. The Group has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

Note 1.4 Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements in accordance with IFRS and applying the chosen accounting policies requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are listed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Significant estimates;

–Fair value measurement of biological assets (see note 2.5 for relevant disclosures)

–Impairment considerations of goodwill (see note 3.4 for relevant disclosures)

–Measurement of deferred tax assets (see note 5.1 for relevant disclosures)

Section 2 Operational
Note 2.1 Operating Segments

Accounting principles

An operating segment is a component of an entity:

a) that engages in business activities from which it may earn revenues and incur expenses,
b) whose operating results are regularly reviewed by the entity’s chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
c) for which discrete financial information is available.

The operating segments represents the business units for which the chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

The Group owns and operates fish farms in the Icelandic Fjords and the main purpose for the Group is production, processing and the sale of high-quality Icelandic salmon mainly internationally, exporting to 20 countries in 2019.

The farms and processing and sale activities are run and monitored as one operation and therefore no operating segments have been aggregated and segment reporting is therefore identical to the Group financial statements presented.

Note 2.2 Revenue from contracts with customers

Accounting prinsiples

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

Revenue from the Group relates to sale of salmon either on spot sales or from fixed price contracts. The Group has identified two separate performance obligations within the contracts: sale of salmon and transportation. The Group recognises revenue from the sale of salmon at the point in time when control of the goods is transferred to the customer. The transfer of control to the customer will normally occur when the goods is delivered to the customer. The date of delivery depends on the terms agreed with each individual customer. Revenue from transportation of salmon is recognised over time as the service are performed for the customer.

Contracts for sale of salmon may provide customers with a discount. Discounts given to the customer are fixed up front and revenie is recorded at transaction price being net of discounts. The Group has considered that there are no material variable elements in the contracts that needs to be considered when estimating the transaction price. Refund is only given if delivered goods is damaged or delivered with discrepancy compared to agreement, such is immaterial. The normal credit term is 21 days upon delivery to the customers. Advance payments from the customers are not normal.

Specifications of revenue from contracts with customers is presented in the table below:

Specifications of revenue (EUR 1000):	**2019**	**2018**
Sales of goods	62.415	41.596
Sales of services	4.256	424
Revenue from contracts with customers	**66.671**	**42.020**

Sales of goods:

Sales of goods consists of revenue from sale of salmon either on spot sales or from fixed price contracts.

Revenue from sales of salmon is recognised at the point in time when control of the goods is transferred to the customer.

Sales of services:

Sales of services consists of revenue from transporting the fish to the customers.

Revenue from transportation is recognised over time as the service are performed to the customers. Normally between 3 to 5 days.

Disaggregated revenue from contracts with customers

The Group's revenue from contracts with customers has been disaggregated and presented in the table below:

Group revenues by geographical market (EUR 1000):	**2019**	**%**	**2018**	**%**
Europe, excl. Norway	53.800	80,7 %	35.166	83,7 %
USA	7.283	10,9 %	5.794	13,8 %
Norway	2.514	3,8 %	583	1,4 %
Other	3.074	4,6 %	477	1,1 %
Revenue from contracts with customers	**66.671**	**100%**	**42.020**	**100%**

Revenue recognized at point in time (sale of goods) and revenue recognized over time (sale of services) is specified in table under specification of revenue.

Note 2.3 Salary and personnel expenses

Payroll costs

EUR 1000	2019	2018
Salaries, incl. holiday pay and bonuses	7.442	6.405
Social security	558	504
Pension costs	943	784
Other benefits	868	709
Total salary and personell expenses	**9.811**	**8.402**
No. of full-time equivalents employed during the financial year.	111	109

The ultimate parent company, Salmar ASA, operates a share-based incetive scheme in which certain Arnarlax employees participate. In the year 2019 cost amounting to EUR 50 thousand was expensed, EUR 69 thousand was paid to Salmar ASA by Arnarlax ehf. and the net amount of EUR 19 thousand is recoded as a reduction to retained earnings in 2019.

Auditor:

The remuneration (excl. VAT) paid to the Group's auditor breaks down as follows:

	2019	2018
Statutory auditing services	218	200
Other services	44	24
Total 2019	**261**	**223**

Specification of Management and board remuneration

Remuneration to management	2019	2018
CEO Björn Hembre and Christian Matthiasson	352	136
Directors group Arnarlax consist of three COO's and one CFO**	1.293	799
Total remuneration to management	**1.645**	**934**
Fee to BOD	37	13
Payments to Marko partners*	87	59

* Kjartan Ólafsson, chairman of Arnarlax efh. is also a chairman of Markó partners ehf. Payments were made to Markó partners for consulting services.

** Part of directors group payments is in a form of contract payments, not direct salaries

Note 2.4 Other operating expenses

Specification of other operating expenses:

EUR 1000		2019	2018
Services, marketing and travel		2.745	2.810
Fees		427	555
Freight & delivery costs		245	225
Insurance		259	242
Maintenance		1.952	1.806
Operating equipment & consumables		1.415	1.444
Other	2.7	870	3.357
Total		**7.913**	**10.439**

Note 2.5 Biological assets

Accounting principles

A biological asset is measured on initial recognition and at the end of each reporting period at its fair value less costs to sell, in accordance with IAS 41 Agriculture and Fair Value IFRS 13. Fair value of biological assets is calculated based on a present value model which does not rely on historical cost. The inputs to measure fair value is categorised as level 3 in the valuation hierarchy in IFRS 13 as the most important assumptions in the calculations are not observable in a market. The difference between the fair value of fish and the cost price is included in the fair value adjustment in the consolidated statement of comprehensive income.

Roe, fry, smolt and cleaner fish are valued at historic cost. Historic cost is deemed to be the best estimate of fair value for these assets, due to little biological conversion.

The fair value of biological assets held at the Group's sea farms is calculated using a cash-based present value model. The present value is calculated on the basis of estimated revenues, less estimated remaining production costs until the fish is harvestable at the individual site. A fish is harvestable when it has reached the estimated weight required for harvesting specified in the company's budgets and plans. The estimated value is discounted to present value on the balance sheet date. Present value is estimated for the biomass at each site.

Incoming cash flows are calculated as the estimated biomass at harvest multiplied by the price expected to be achieved at the same time. The estimated biomass (volume) at harvest is calculated on the basis of the number of individual fish held in sea farms on the balance sheet date, adjusted for expected mortality until harvest and multiplied by the estimated weight of the fish at harvest.

The price is calculated using the Fish Pool forward price for the estimated harvesting date that was in effect on the balance sheet date. Forward prices are adjusted for an exporter supplement, as well as harvesting, sales and carriage costs. In addition, an adjustment is made to take account of expected differences in fish quality. Price adjustments are made at the site level.

Estimated remaining production costs are estimated costs that a rational person would presume necessary for the farming of fish up until they reach a harvestable weight. In the model, instead of being a separate cost element in he calculation, compensation for licence fees and site leasing costs is included in the discount factor, and thereby reduces the fair value of the biomass.

The fair value of the biomass is calculated using a monthly discounting of the cash flow based on the second last har-

vesting month in the harvesting plan. The discount factor is intended to reflect three main components:

1. The risk of incidents that affect the cash flow.
2. Synthetic licence fees and site leasing costs.
3. The time value of money.

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

The risk adjustment must take account of the risk involved in investing in live fish. A fish spends on average 18 months at a sea farm, and the risk will be higher the longer the time until harvest. Biological risk, the risk of increased costs and price risk will be the most important elements to be recognised. The present value model includes a theoretical compensation for licence fees and site leasing costs as a surplus to the discount factor in the model, instead of being a cost-reducing factor in the calculation.

EUR 1000

Book value of biological assets and other inventory	31/12/2019	31/12/2018	01/01/2018
Raw materials	2.023	1.515	3.510
Boxes	9	36	0
Finished Products	389	40	728
Total other inventory	**2.422**	**1.592**	**4.238**
Biological assets	45.439	40.847	31.191
Total biological assets and other inventory	**47.860**	**42.439**	**35.429**

Book value of biological assets recognised at fair value	31/12/2019	31/12/2018	01/01/2018
Biological assets held at sea farms at cost	41.465	33.643	30.715
Fair value adjustment of biological assets	1.074	4.958	-1.047
Total biological assets by fair value	42.539	38.601	29.668
Roe, fry, smolt and cleaner fish at cost	2.900	2.246	1.523
Total biological assets	**45.439**	**40.847**	**31.191**

Raw materials comprise mainly feed for smolt and marine-phase fish production. It also includes raw materials for use in processing, as well as packaging. Stocks of biological assets are associated with farming activities on land and at sea, and comprise roe, fry, smolt, cleaner fish and fish held at sea farm.Finished goods comprises whole salmon, fresh and frozen, as well as processed salmon products.

carried at fair value EUR 1000	2019	2018
Biological assets 1 Jan	38.601	29.668
Increase resulting from production/purchase	42.082	33.241
Reduction resulting from sale/harvesting	-33.205	-25.054
Reduction resulting from incident-based mortality	-961	-5.244
Net fair value adjustment	-3.883	6.004
Translation differences	-94	-15
Biological assets 31 Dec	**42.539**	**38.601**

Incident-based mortality
Incident-based mortality is recognised at sites where a single incident leads to a 3 per cent mortality rate in one period, or a mortality rate over several periods in excess of 5 per cent.

The assessment relates to the number of fish and is carried out at site level. The Group had one incident in 2019 that resulted in incident-based mortality as defined above. The total effect on the Group’s operating profit at cost was EUR 961,062. The corresponding numbers for 2018 were two incidents and effect on Group's operating profit at cost of EUR 5,243,798.

Biological assets held at sea farms 31 Dec 2019 (EUR 1 000):	Cost	Fair value adjustment	Carrying amount
< 1 kg (LW)	14.061	364	14.425
1-4 kg	0	0	0
> 4 kg (GW)	27.404	710	28.114
Biological assets held at sea farms	41.465	1.074	42.539
Roe, fry, smolt and cleaner fish at cost	2.900		2.900
Biological assets	**44.364**	**1.074**	**45.439**

Biological assets held at sea farms 31 Dec 2018 (EUR 1 000):	Cost	Fair value adjustment	Carrying amount
< 1 kg (LW)	4.835	435	5.270
1-4 kg	6.015	1.504	7.520
> 4 kg (GW)	22.793	3.018	25.811
Biological assets held at sea farms	33.643	4.958	38.601
Roe, fry, smolt and cleaner fish at cost	2.246	0	2.246
Biological assets	**35.890**	**4.958**	**40.847**

Biological assets held at sea farms 01 Jan 2018 (EUR 1 000):	Cost	Fair value adjustment	Carrying amount
< 1 kg (LW)	0	0	0
1-4 kg	23.467	-2.429	21.037
> 4 kg (GW)	7.248	1.383	8.631
Biological assets held at sea farms	30.715	-1.047	29.668
Roe, fry, smolt and cleaner fish at cost	1.523	0	1.523
Biological assets	**32.237**	**-1.047**	**31.191**

The discount rate for 2019 was five per cent per month, which reflects the biomass’s capital cost, risk and synthetic licence fees and site rental charges. The discount rate is unchanged from 2018. The discount rate reflects the capital cost of the biomass, risk and synthetic licence and site leasing.

The calculation is based on following forward prices:

Expected harvesting period:	Forward price 31.12.2019	Expected harvesting period:	Forward price 31.12.2018
Q1-2020	6,62	Q1-2019	6,35
Q2-2020	6,67	Q2-2019	6,42
Q3-2020	5,43	Q3-2019	5,85
Q4-2020	5,54	Q4-2019	6,01
1st half 2021	5,80	1st half 2020	6,11
2nd half 2021	5,66	2nd half 2020	5,79

Sensitivity assessment

The estimated fair value of biological assets has been calculated using different parameters. The effect on the book value of biological assets is summarised below:

2019	Increase	Effect on estimated fair value 31.12.2019 (EUR 1,000)	Decrease	Effect on estimated fair value 31.12.2019 (EUR 1,000)
Change in forward price	0,5 EUR per kg.	6.720,93	-0,5 EUR per kg.	-6.720,93
Change in discount factor	1%	-3.174,16	-1%	3.624,76
Change in harvesting tim	1 month earlier	1.969,01	1 month later	-1.996,97
Change in biomass	1%	415,30	-1%	-415,30

2018	Increase	Effect on estimated fair value 31.12.2019 (EUR 1,000)	Decrease	Effect on estimated fair value 31.12.2019 (EUR 1,000)
Change in forward price	0,5 EUR per kg.	6.027,57	-0,5 EUR per kg.	-6.027,57
Change in discount factor	1%	-2.937,85	-1%	3.326,43
Change in harvesting tim	1 month earlier	2.196,91	1 month later	-1.610,22
Change in biomass	1%	536,02	-1%	-536,02

Note 2.6 Fair value adjustments

Fair value adjustments are part of the Group's operating profit/loss, but changes in fair value are presented on a separate line to provide a greater understanding of the Group's profit/loss on sold goods. The item comprises:

EUR 1000	**2019**	**2018**
Change in fair value of the biomass	-3.883	6.004
Recognised fair value adjustments	**-3.883**	**6.004**

Note 2.7 Receivables, provisions for expected credit losses

Accounting principles

The Group's trade receivables consist solely of amounts receivable from revenue from contracts with customers. Trade receivables are generally on terms of 30 days.

Trade and other receivables are financial assets which are initially recognized at transaction price determined under IFRS 15 and in later periods measured at amortised cost using the effective interest rate method adjusted for an allowance for expected credit losses. References are made to note 4.1 for further descriptions.

The Group recognises an allowance for expected credit losses (ECLs) for it's financial assets. ECLs are based on the cash flows that the Group expects to receive. For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group bases the allowance of its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

EUR 1 000	31/12/2019	31/12/2018	01/01/2018
Trade receivables	6.269	6.318	8.200
Trade receivables, bonds	428	430	461
Allowance for expected credit losses	-810	-1.209	-897
Total trade receivables	**5.887**	**5.539**	**7.764**
Other receivables	1.908	2.961	3.649
Total receivables	**7.795**	**8.500**	**11.413**

EUR 1 000	2019	2018
Provisions for expected credit losses 1 Jan.	1.209	897
Provisions for expected credit losses 31 Dec	810	1.209
Change in provisions for expected credit losses during the period	**-399**	**313**
Actual loss incurred	81	1.110
Change in provisions for expected credit losses	-399	313
Exchange rate difference	5	21
Bad debts charged to expenses during the period	**-313**	**1.443**

Bad debts are classified as other operating expenses in profit and loss. Changes in provisions for bad debts and bad debts charged to expenses during the period are presented below.

See Note 4.6 for further details of the credit risk and foreign exchange risk associated with trade receivables.

As at 31 December, the Group's outstanding net receivables had the following payment profile:

EUR 1000	Total	Not due	<30 d	30-45d	45-90d	>90d
31/12/2019	5.887	3.187	1.900	424	-5	381
31/12/2018	5.539	3.625	1.858	18	0	38
01/01/2018	7.764	3.479	2.835	115	934	402

Note 2.8 Joint venture

Accounting principles

The Group has an investment in one joint venture. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The joint venture is accounted for using the equity method from the date when the Group obtains joint control over the entity.

The investment in the joint venture was initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit or loss reflects the Group's share of the results of operations of the joint venture. If there are indication of that the investment in the joint venture is impaired, the Group will perform an impairment test of the carrying amount of the investment. Any impairment losses are recognised as share of profit of a joint venture in the statement of profit or loss.

The Group has the following joint ventre investment :

			Shareholding		
Company	**Registered office**	**Sector**	**1 January 2018**	**31 Dec 2018**	**31 Dec 2019**
Eldisstöðin Ísþór hf., Þorl	Iceland	Fish farming	50%	50%	50%

Ísþór is jointly controlled with Ice Fish Farm and is accounted for in accordance with the equity method. Ísþór produces smolt and the joint venturer have the right to buy their 50 % share of the smolt production. Since Ísþór is not listed on a stock exchange, no observable market value is available.

Share of profit for 2019 amounts to EUR 210 thousand (2018; 0). Carrying amount as per 31 December 2019 includes EUR 144 thousand of undepreciated goodwill.

Overview of smolt value and delivery from Ísþór:

The two owners fund Ísþór with the fund needed for running the operation of the freshwater facility. This fund is used to build up the biological values of the smolt. When smolts are ready, the smolts are delivered at cost to the parties without any recharge. If the parties don't by 50 % of the smolt from Ísþór, the remaining will be sold to the market at profit.

Below is an overview of funds delivered to Ísþór during 2018 and 2019 by Fjarðalax (Arnarlax subsidiary) and also value of delivered smolts.

Fjarðalax accounting is in ISK, but value is converted to EUR and statement conversion rate.

All amounts in 1000			*Exch.r.*		
Balance as of 01.01.2018	**182.704**	**ISK**	***123,90***	**1.475**	EUR
Funds provided to Ísþór in year	425.477	ISK	*127,37*	3.340	EUR
Smolt delivery in year from Ísþór	-439.487	ISK	*127,37*	-3.450	EUR
Translation diffrence	0	ISK		-94	EUR
Smolts value in Ísþór at 31.12.2018	**168.694**	**ISK**	***132,80***	**1.270**	EUR
Balance as of 01.01.2019	**168.694**	**ISK**	***132,80***	**1.270**	EUR
Funds provided to Ísþór in year	274.916	ISK	*136,90*	2.008	EUR
Smolt delivery in year from Ísþór	-309.173	ISK	*136,90*	-2.258	EUR
Translation diffrence	0	ISK		-27	EUR
Smolts value in Ísþór at 31.12.2019	**134.436**	**ISK**	***135,42***	**993**	EUR

Section 3 Fixed assets
Note 3.1 Property, plant & equipment

Accounting principles

Property, plant and equipment ("PP&E") is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the PP&E and borrowing costs for similar construction projects if they meet the recognition criteria. The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset. When significant parts of PP&E are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The residual values, useful lives and methods of depreciation of PP&E are reviewed at each financial year end and adjusted prospectively, if appropriate.

Right-of-use assets are recognised separately from property, plant and equipment and presented in note 3.2.

EUR 1000	Property, plant, equipment	Land, buildings & other property	Work in progress	TOTAL
Acquisition cost 1 Jan 2018	**22.188**	**23.945**	**1.309**	**47.442**
Additions	4.227	24	2.953	7.203
Disposals	-396	-	-	-396
Currency exchange differences	-339	-958	-49	-1.346
Acquisition cost 31 Dec 2018	**25.680**	**23.010**	**4.213**	**52.903**
Reclassification between acquisition cost and accumulated depreciation	9.165	-11.491	-	-2.325
Additions	5.958	1.160	5.377	12.494
Disposals	-1.226	-4.132	-	-5.358
Currency exchange differences	-292	-101	-22	-416
Acquisition cost 31 Dec 2019	**39.286**	**8.446**	**9.567**	**57.299**
Acc. dep. & write-downs 1 Jan 2018	**-6.596**	**-4.346**	-	**-10.942**
Year's depreciation	-2.980	-5.771	-	-8.751
Currency exchange differences	154	387	-	541
Acc. dep. & write-downs 31 Dec 2018	**-9.422**	**-9.730**	-	**-19.152**
Reclassification between acquisition cost and accumulated depreciation	-4.418	6.686	-	2.267
Year's depreciation	-3.872	-2.183	-	-6.056
Disposals	1.226	4.132	-	5.358
Currency exchange differences	223	7	-	230
Acc. dep. & write-downs 31 Dec 2019	**-16.264**	**-1.087**	-	**-17.352**
Carrying amount 31 Dec 2019	**23.022**	**7.358**	**9.567**	**39.948**
Carrying amount 31 Dec 2018	**16.258**	**13.281**	**4.213**	**33.751**
Carrying amount 1 Jan 2018	**15.592**	**19.599**	**1.309**	**36.500**
Useful lives	3-30 years	30-33 years	N/A	
Depreciation plan	Straight-line	Straight-line	N/A	
Gains/losses on sale of non-current assets	0	0	0	0

As at December 31st 2019, the Group has fixed assets at total of 39.868 thousands in carrying amount compaired to 33.751 thousands as of December 31st, 2018, and EUR 36.500 thousands as of December 31st 2017. The fixed assets consist of property, plant and equipment, land, buildings and other property, and work in progress. Property, plant and equipment mainly consist of operational equipments, software, floating pens boats and aquaculture tanks. Land building & other property mainly consist of RealEstate, land and other non removable assets. The useful life of these fixed assets differ from three years, up to 33 years. Property, plant and equipments useful lives differs from three years as for software, up to twenty years as of boats and or other bigger flowing devices. Land, buildings & other property economic useful lives differs from 30 to 33 years depending on asset. Work in progress relates to ongoing investment projects later to be capitalized when taken to usage.

No impairments of property, plant and equiment were recorded in 2019 or 2018.

Note 3.2 Leases

Accounting principles

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

The Group as a lesee applies a single recognition and measurement approach for all leases, with exception for leases with a term of less than 12 months and for leases relating to assets with a low underlying value.

Non-lease components in a lease arrangement is not capitalized as a part of the lease. This applies to the Group´s lease arrangements of wellboat , where crew costs and other service elements included in lease amount are excluded from the value of the right-of-use asset. If not stated in the contract, non-lease components are estimated based on markets price on the service element.

A lease liability is initially recognised as the present value of lease payments that are not paid on the commencement date of the lease contract. The lease payments are discounted by using the by using the Group's incremental borrowing rate as a discount rate. The Group assesses it's incremental borrowing rate based on it´s current rating, adjusted for nature of the underlying asset and duration of the lease agreement.

A lease liability is subsequentially measured by using effective interest rate. The lease liability is revalued when there is a change in future payments due to a change in index or interest rate. The lease liability is also revalued if there is a change in the Group's estimation on residual payments in relation to the lease contract, if there is a change in estimation on utilisation of an option to buy the underlying asset, or if there is a change in the expected lease term.

The right of use asset is depreciated on a straight line basis from the commencement date until the final date of the contract, except when the Group becomes an owner of the asset at the end of the lease period or has an option to purchase the asset at the end of the lease period, and intends to do so. In those cases the asset is depreciated over the expected useful life of the asset, which is the same method as used for depreciation of other operating assets of the Group. The right of use asset is adjusted for any impairment or revaluation of the lease liability.

EUR 1000	**Right-of-use assets***
Balance at January 2018	4.192
Addition of right-of-use assets	-
Depreciation	-1.397
Carrying amount of right-of-use assets 31 December 2018	**2.794**
Addition of right-of-use assets	1.030
Depreciation	-1.752
Carrying amount of right-of-use assets 31 December 2019	**2.072**

EUR 1000	**Lease liabilities**
Balance at January 2018	4.192
Additions and changes of leases in the year	-
Payments	-1.479
Accretion of interest	157
Closing balance 31 December 2018	**2.869**
Additions and changes of leases in the year	1.030
Payments	-1.796
Accretion of interest	187
Closing balance 31 December 2019	**2.291**

	2019	**2018**
Current lease liabilities	2.054	1396
Non-current lease liabilities	237	1473

*The Group's right-of-use assets are mainly rental of two wellboats with a lease term of 1-3 years.

References are made to note 4.6 for maturity structure of lease liabilities

Summary of amounts recognised in profit or loss:	2019	2018
Expenses relating to short-term leases (leases not included above)	-	-
Expenses related to low-value assets (leases not included above)	-	-
Depreciation expense of leased assets	1.752	1.397
Interest expense on lease liabilities (included in finance expenses)	187	157
Total amount recognised in profit or loss	**1.940**	**1.554**

The Group had total cash outflows for leases of EUR 1 609 thousand in 2019 (EUR 1 322 thousand in 2018)

Note 3.3 Goodwill

Accounting principles

The value of goodwill is primarily related to synergies, assembled workforce and their competency as well as high growth expectations.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed).

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating unit (CGU) that is expected to benefit from the business combinations, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Carrying amount 31 Dec 2019	**19.332**
Carrying amount 31 Dec 2018	**19.332**
Carrying amount 1 Jan 2018	**19.332**

Recognised goodwill in the Group is derived from the business combinations of Bæjarvik ehf and Fjardalax ehf.

	Acquisition year	**Acquisition cost**
Bæjarvik ehf.	2015	358
Fjardalax ehf.	2016	26.648

Annual testing for impairment of goodwill

Goodwill is not depreciated, but is tested annually for impairment.

The Group comprice of one CGU for goodwill being the Icelandic fish farming operations of Arnarlax Ehf, Bæjarvik Ehf and Fjardalax Ehf. For accounting policies related to CGU's and impairment testing of goodwill, reference is made to note 3.4. The key assumptions used to determine the recoverable amount of the CGU, including a sensitivity analysis is also disclosed in note 3.4

Note 3.4 Impairment

Accounting principles

The Group has goodwill (see note 3.3) which is subject to annual impairment testing. The testing is performed annually as of 31 December and when circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of the CGU to which the goodwill relates. If the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Arnarlax has identified one CGU to which goodwill is allocated to.

The table below outlines the carrying amounts of goodwill allocated to the CGU:

	2017	2018	2019
Arnarlax ehf.	19.332	19.332	19.332
Total Goodwill	**19.332**	**19.332**	**19.332**

Basis for determining the recoverable amount
Impairment is tested by calculating the net present value of future cash flows of the CGU in its current condition (estimated value in use of the entity) and comparing it with the carrying amount of capital employed. An impairment loss is recorded if the carrying amount exceeds estimated value in use.

Future net cash flows are estimated one the basis of the Group's budget and forecasts for the next three years. No real growth is assumed when calculating the terminal value, i.e. growth is stipulated at the expected rate of inflation. Value in use is calculated on the basis of a 6.5 per cent return on investment after tax. As with all estimates, cash flow forecasts are sensitive to changes in underlying assumptions.

Estimated value in use will be affected by the following key assumptions:
- Discount rate
- EBIT margin per kg
  - Salmon price
  - Production costs
- Estimated future harvested volume
- Level of investment

Discount rate: the discount rate used reflects management's estimate of the risk specified for each cash-flow generating entity. The discount rate is set using the 10-year government bond rate in effect at the time of the assessment. The discount rate after tax is calculated at 6.5 per cent. This corresponds to a pre-tax requirement of 8.3 per cent.

EBIT margin per kg: EBIT per kg is highly volatile with respect to changes in salmon prices. Salmon price estimates are based on the actual long-term price level in the market in which the fish is sold. Estimates for production cost are based on historic figures, adjusted for known changes. Since the long-term net margin used in the assessment is deemed to be lower than last year's EBIT per kg, a normalised long-term EBIT per kg has been used.

Future harvested volume: future harvested volumes are estimated on the basis of current production and harvesting plans, adjusted for expected increases in future output given current licences.

Based on the above assessments, there were no grounds for any write-down of the book values of goodwill as at 31 December 2019 or 31 December 2018.

Sensitivity analysis
The assessment is based on a comparison of the estimated useful life and carrying amount of the CGU to which the goodwill relate. Sensitivity analyses are also carried out to assess estimated present values by looking at the change in salmon prices, production costs and, thereby, net margins and discount rates.

The table below shows how much the assumptions underpinning the calculation must change for the calculations to result in break-even.

EBIT margin pr kg (EUR)	-0,44
Discount rate after tax	1,75%

Note 3.5 Licenses

Accounting principles

The Group today holds license of 25.200 MT maximum allowed biomass in the southern part of the Icelandic Westfjords, Arnarfjörður, Patreksfjörður and Talknafjörður, and is in the process of applying for 10.000 MT licenses in Ísafjarðardjúp and 4.500 MT expansion of a licenses in Arnarfjörður. The licences are granted for a period of 16 years before they must be renewed. The licenses will be renewed if the applicant meets the requirements set pursuant to statute and regulation at the time the license comes up for renewal. A small charge must be paid for the license renewal. The Group has been granted the license without consideration.

License are recognised at a nominal amount plus any expenditure that is directly attributable to preparing the asset for its intended use. Carrying amount as of 31 December 2019 is 0 (2018; 0)

Section 4 Financial instruments and Capital structure

Note 4.1 Overview of financial instruments and fair value measurement

Accounting principles

Classification of financial instruments
The Groups' financial instruments are grouped in the following categories:

Financial Assets at amortised cost
Financial assets at amortised cost includes mainly trade and other receivables and cash and cash equivalent.

Trade and other receivables are part of the Group's business model with the sole objective to collect contractual cash flows. Additionally, the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, thereby passing the "SPPI test", constituting debt instruments measured at amortised cost.

Financial Liabilities at amortised cost
Financial liabilities at amortised cost includes the Group's interest-bearing debts, trade and other payables.

Initial recognition and subsequent measurement of financial assets and liabilities at amortised cost
The Group's financial assets and liabilities are initially recognised at fair value plus directly attributable transaction expenses.

Subsequently, these instruments are measured at amortised cost using the effective interest method (EIR). Gains and losses are recognised in profit or loss upon impairment, when the instruments are derecognised as well as through the EIR amortisation process.

Amortised 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 amortisation is included as finance costs in the consolidated statement of comprehensive income.

The Group's financial assets at amortised cost includes trade receivables and other short-term deposits. Trade receivables do not contain a significant financing component and are measured at the transaction price determined under IFRS 15 *Revenue from contracts with customers*.

Impairment of financial assets
Financial assets valued at amortised cost are subsequently impaired by recognising an allowance for expected credit losses (ECLs). The Group applies a simplified approach in calculating ECLs, where the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group bases its ECLs on its historical losses, adjusted for forward-looking factors specific to the debtors and the economic.

Fair value measurement
All assets and liabilities for which fair value is measured or disclosed in the financial statements, the Group has used the following assumption to measure fair value:

Financial assets at amortised cost
Management assessed that the carrying amount of cash and cash equivalents, trade receivables and other receivables is a reasonable approximate of their fair value.

Financial liabilities at amortised cost
Management assessed that the carrying amounts of trade and other payables is a reasonable approximate of their fair value.The fair values of the Group's interest-bearing debts are similar to the carrying amount, as the interest rates are floating.

EUR 1000

31/12/2019	Financial instruments at amortised cost	Total
Assets		
Other long-term receivables	3.692	**3.692**
Trade receivables	5.887	**5.887**
Other receivables	1.908	**1.908**
Cash and cash equivalents	1.731	**1.731**
Total financial assets at amortised cost	**13.218**	**13.218**
Liabilities		
Non-current interest-bearing liabilities	44.013	**44.013**
Current interest-bearing liabilities	6.093	**6.093**
Trade payables	7.509	**7.509**
Other current payables	3.171	**3.171**
Total financial liabilities at amortised cost	**60.786**	**60.786**

31/12/2018	Financial instruments at amortised cost	Total
Assets		
Trade receivables	5.539	**5.539**
Other receivables	2.961	**2.961**
Cash and cash equivalents	407	**407**
Total financial assets at amortised cost	**8.907**	**8.907**
Liabilities		
Non-current interest-bearing liabilities	8.370	**8.370**
Current interest-bearing liabilities	31.150	**31.150**
Trade payables	5.760	**5.760**
Other current payables	2.057	**2.057**
Total financial liabilities at amortised cost	**47.336**	**47.336**

01/01/2018	Financial instruments at amortised cost	Total
Assets		
Trade receivables	7.764	**7.764**
Other receivables	3.649	**3.649**
Cash and cash equivalents	804	**804**
Total financial assets at amortised cost	**12.216**	**12.216**
Liabilities		
Non-current interest-bearing liabilities	10.416	**10.416**
Current interest-bearing liabilities	34.879	**34.879**
Trade payables	8.597	**8.597**
Other current payables	2.207	**2.207**
Total financial liabilities at amortised cost	**56.100**	**56.100**

Note 4.2 Interest-bearing debt

EUR 1000

Non-current interest-bearing debt	**2019**	**2018**
Debt to credit institutions (in EUR)	45.513	10.549
Next year's instalment on non-current debt	-1.500	-2.179
Total non-current interest-bearing debt to credit institutions 31 Dec.	**44.013**	**8.370**

Current interest-bearing debt		
Debt to credit institutions (in EUR)	4.593	28.970
Next year's instalment on non-current debt	1.500	2.179
Total current interest-bearing debt to credit institutions 31 Dec.	**6.093**	**31.148**

Debt facilities are entered into by Arnarlax Ehf. Debt to credit institutions consist of a combined EUR 55,000,00 facility entered into 21 December 2018 and paid out January 2019, split into a EUR 35,000,000 revolving facility, a EUR 15,000,000 term facility and a EUR 5,000,00 overdraft facility. The interest rate is the aggregate of a margin of 2.75%-3.75% and EURIBOR.

For maturity structure of interest-bearing debt, references are made to note 4.6. Lease liabilities are presented separately from interest-bearing debt to credit institutions and disclosed in note 3.2.

Financial covenants

Debt facilities include a solvency requirement, which stipulates that the equity ratio shall be at least 35 per cent, and there is a profitability requirement which stipulates that the interest coverage rate shall not fall below 3.5. Net Interest Bearing Debt/12-month rolling EBITDA shall not exceed 5.0 in 2019 or 4.0 for subsequent periods.

As at 31 December 2019, the Group was not in violation of its financial covenants.

Reconciliation of changes in liabilities incurred as a result of financing activities in 2019

	1 January 2019	**New borrowings**	**Repayment of borrowings**	**Current portion of long-term liabilities**	**Foreign exchange rate effect**	**December 2019**
Non-current interest-bearing debt to credit institutions	8.370	51.035	-13.921	-1.500	28	**44.013**
Current interest-bearing debt to credit institutions	31.148		-26.332	1.500	-224	**6.093**
Total liabilities from financing	**39.519**	**51.035**	**-40.253**	**0**	**-195**	**50.105**

Reconciliation of changes in lease liabilities incurred as a result of financing activities in 2019

	1 January 2019	**Cash flows**	**Foreign exchange movement**	**New leases recognised**	**Other changes**	**December 2019**
Non-current lease liabilities (Note 3.2)	1.473					**237**
Current lease liabilities (Note 3.2)	1.396					**2.054**
Total liabilities from financing	**2.869**	**-1.609**	**0**	**1.030**	**0**	**2.291**

Reconciliation of changes in liabilities incurred as a result of financing activities in 2018

	1 January 2018	New borrowings	Repayment of borrowings	Current portion of long-term liabilities	Foreign exchange rate effect	December 2018
Non-current interest-bearing debt to credit institutions	10.416	0	-913	-2.179	1.046	**8.370**
Current interest-bearing debt to credit institutions	34.879	0	-5.213	2.179	-697	**31.150**
Total liabilities from financing	**45.295**	**0**	**-6.125**	**0**	**349**	**39.521**

Reconciliation of changes in lease liabilities incurred as a result of financing activities in 2018

	1 January 2018	Cash flows	Foreign exchange movement	New leases recognised	Other changes	December 2018
Non-current lease liabilities (Note 3.2)	2.742					**1.473**
Current lease liabilities (Note 3.2)	1.450					**1.396**
Total liabilities from financing	**4.192**	**-1.322**	**0**	**0**	**0**	**2.869**

Note 4.3 Cash and cash equivalents

EUR 1000

Cash and cash equivalents	**31/12/2019**	**31/12/2018**	**01/01/2018**
Bank deposits, unrestricted	1.731	407	804
Bank deposits, restricted	0	0	0
Cash and cash equivalents in the balance sheet	**1.731**	**407**	**804**

As of 2019, the Group has used EUR 4.592.949 of the overdraft facility of EUR 5.000.000

Note 4.4 Financial income and expenses

EUR 1000

Finance income	**2019**	**2018**
Interest income	28	74
Other financial income	-	-
Total financial income	**28**	**74**

Finance expenses	**2019**	**2018**
Interest expenses on debts and borrowings	2.879	2.401
Interest expenses on lease liabilities	187	157
Total financial expenses	**3.066**	**2.558**

Note 4.5 Other current payables

Other current liabilities comprise:

EUR 1000	31/12/2019	31/12/2018	01/01/2018
Withheld taxes	758	978	-40
Unpaid payroll related items	740	690	852
Other accrued expenses *	1.673	389	1.395
Total other current payables	**3.171**	**2.057**	**2.207**

* Other accrued expenses consist of accruals for operational expense and accumulated clean up cost for sites.

Note 4.6 Capital & Risk Management

Financial risk
Through its activities, the Group is exposed to various kinds of financial risk: market risk, credit risk and liquidity risk. The company's management assesses these risks on an ongoing basis and draws up guidelines for dealing with them. The Group has bank loans raised for the purpose of providing capital for investment in the company's business. In addition, the company has financial instruments such as trade receivables, trade payables, etc, which are ascribable directly to day-to-day business operations.

Interest rate risk
The Groups operating results and cash flow from operations are largely independent of changes in market interest rates. The Group has an insignificant part of its assets which are interest-bearing. The Groups long-term loans have variable interest rates based on EURIBOR. The Group has not entered into any swaps or other derivatives in relation to interest rate risk.

Foreign exchange risk
The Group operates in a global environment which exposes it to foreign currency fluctuations mainly related to any trade receivables or trade payables denominated in foreign currency. Interest bearing debt is denominated in EUR which is the functional currency of the borrowing entity Arnarlax Ehf. The Directors of the Group monitor the risk related to currency fluctuation in relation to day to day operations. The Group has not entered into any forward contracts or other derivatives in relation to currency risk.

Credit risk
The risk that counterparties do not have the financial strength to meet their obligations is considered low, since, historically, losses due to bad debts have been small. The Group has no material credit risk relating to individual counterparties or counterparties which may be considered a group due to similarities in the credit risk. The Group has guidelines to ensure that sales are made only to customers that have not previously had material payment problems, and that outstanding balances do not exceed fixed credit limits. Part of the total accounts receivable is insured. The gross credit risk on the balance sheet date corresponds to the Group's receivables portfolio on the balance sheet date. See note 2.7.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Cash flow forecasts are drawn up on a regular basis and the Accounts Dept monitors rolling forecasts of the Group's liquidity requirements to ensure that the Group has sufficient cash equivalents to meet operational liabilities, as well as at all times having adequate flexibility in the form of unused credit facilities (see Statement of Cash Flow), such that the Group does not infringe borrowing limits or specific borrowing conditions. The Group's objective is to have sufficient cash, cash equivalents or medium-term credit facilities to meet its borrowing requirements in the short term.

Maturity structure for financial liabilities as at 31 Dec 2019
EUR 1000

Maturity	Less than 1 year	1-2 years	2-3 years	3-4 years	5 years and more	Total
Non-current interest-bearing bank loans	1.500	1.500	42.925	0	0	45.925
Current interest bearing bank loans	4.593					4.593
Trade payables and other short-term payables	7.509					7.509
Leasing liabilities	2.054	97	85	10	45	2.291
Other current liabilities	3.177					3.177
Total liabilities	**18.832**	**1.597**	**43.010**	**10**	**45**	**63.495**

Maturity structure for financial liabilities as at 31 Dec 2018
EUR 1000

Maturity	Less than 1 year	1-2 years	2-3 years	3-4 years	5 years and more	Total
Non-current interest-bearing bank loans	2.179	2.452	2.241	1.288	2.389	10.549
Current interest-bearing bank loans	28.971					28.971
Trade payables and other short-term payables	5.760					5.760
Leasing liabilities	1.397	1.345	128			2.869
Other current liabilities	2.057					2.057
Total liabilities	**40.363**	**3.797**	**2.369**	**1.288**	**2.389**	**50.206**

Maturity structure for financial liabilities as at 1 Jan 2018
EUR 1000

Maturity	Less than 1 year	1-2 years	2-3 years	3-4 years	5 years and more	Total
Non-current interest-bearing debt	3.511	3.089	4.059	1.602	1.666	13.927
Current interest-bearing bank loans	31.368					31.368
Trade payables and other short-term payables	10.804					10.804
Leasing liabilities	1.450	1.397	1.345			4.192
Other current liabilities	31.368					31.368
Total liabilities	**78.501**	**4.485**	**5.404**	**1.602**	**1.666**	**91.659**

Interest rate risk sensitivity

The sensitivity to a possible change in interest rates, with all other variables held constant, on the Group's profit before tax, is illustrated below.

Interest rate sensitivity*	Increase / decrease in basis points	Effect on profit before tax	Effect on equity
31/12/2019	+/- 100	505	404
31/12/2018	+/- 100	395	316

*The figures given above are absolute figures

Interest bearing debt			100bps	Tax rate
	31/12/2019	50.518	1%	20%
	31/12/2018	39.519	505	404
			395	316

Due to limited foreign exchange risk for the Group no sensitivity is presented.

Capital structure and equity

The objective of the Group's capital management is to safeguard the Group's continued operations in order to secure a return on investment for shareholders and other stakeholders, and maintain an optimal capital structure for reducing capital costs. By ensuring a good debt-to-equity ratio the Group will support its business operations, and thereby maximise the value of the Group's shares.

The Group manages and makes changes to its capital structure in response to an ongoing assessment of the financial conditions under which the business operates, and its short and medium-term outlook. No changes were made in the guidelines covering this area in 2019.

As of 31 December 2019, the Group had an equity ratio of 51 per cent (56 per cent as at 31 December 2018). See Note 4.2 for further details of the Group's net interest-bearing debt.

Note 4.7 Share capital and shareholders

As at 31 December 2019, the parent company's share capital comprised:

	No.	Face value	Share capital in NOK	Share capital in EUR
Ordinary shares	26.614.042	10	266.140.420	26.981.530

There were no changes in share capital during 2019. During 2018 Arnarlax AS issued 3 333 333 shares raising NOK 195 612 601.
The capital raised was recorded as group equity at the prevailing EUR/NOK rate at the transaction date.

Shareholders
The company's 20 largest shareholders as at 31 December 2019 were:

	No.	Shareholding
SalMar ASA	15.798.152	59,36%
Pactum AS	1.825.862	6,86%
Gyda Ehf	1.281.518	4,82%
Holta Invest AS	938.314	3,53%
Norron Sicav - Target	850.000	3,19%
Verdipapirfondet Pareto Investment	727.757	2,73%
MP Pensjon PK	634.228	2,38%
J.P. Morgan Bank Luxembourg S.A.	599.661	2,25%
Nima Invest AS	534.545	2,01%
Hortulan AS	475.533	1,79%
Kristiansand AS	470.000	1,77%
Haganes AS	345.000	1,30%
DNB Markets aksjehandel/-analyse	260.000	0,98%
Lithion AS	259.572	0,98%
Brekke Holding AS	210.490	0,79%
Edinborg AS	200.000	0,75%
Sandnes Investering AS	185.000	0,70%
Borgano AS	126.000	0,47%
Altitue Capital AS	113.030	0,42%
Nygaard Alle 3 AS	100.000	0,38%
Total 20 largest shareholders	**25.934.662**	**97,45%**
Total other shareholders	679.380	2,55%
Total no. of shares	**26.614.042**	**100,00%**

Shares owned by members of the board and senior executives:

Name	No. of shares	Shareholding
Kjartan Olafsson	*	*
Gustav Witzøe	**	**
Trine Sæther Romuld	***	***
Olav Andreas Ervik	***	***
Bjørn Hmbre	***	***

*Owns indirectly through Gyda Ehf. Kjartan Olafsson owns 100% of the shares in Berg Fjarfesting Ehf, which own 100% of the shares in Gyda Ehf.

**Owns indirectly through Kvarv AS. The mother in the Kverva-group. Kvarv AS owns 93,02% of the shares in Kverva AS, which again ownsier 100% of the shares in Kverva Industrier AS. Kverva industrier AS has a ownership stake in SalMar ASA, of 52,46% and voting share of 52,63%, Gustav Witzøe has a voting share of 80% and a ownership stake of 1% i Kvarv AS through his ownership of A-shares in the company.

***Trine Sæther Romuld, Olav Andreas Ervik og Bjørn Hembre all indirectly owns share through minority stakes in SalMar ASA.

Section 5 Tax
Note 5.1 Tax expense

Accounting principles

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities.
Deferred tax assets are recognised when it is probable that the relevant tax entities will have a sufficient profit for tax purposes in subsequent periods to utilise the tax asset or when there are taxable temporary differences that will reverse in future periods. The companies recognise previously unrecognised deferred tax assets to the extent it has become probable that the company can utilise the deferred tax asset. Similarly, the company will reduce a deferred tax asset to the extent that the Group no longer regards it as probable that it can utilise the deferred tax asset.
Deferred tax and deferred tax assets are measured based on the expected future tax rates applicable to the companies in the Group where temporary differences have arisen.
Deferred tax assets and deferred tax are recognised at their nominal value and classified as non-current assets and long-term liabilities in the balance sheet.
Taxes payable and deferred taxes are recognised directly in equity to the extent that they relate to equity transactions.

Significant estimates
Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

EUR 1000	**2019**	**2018**
Current income tax expense:		
Tax payables	0	0
Adjustment for income tax payable for previous years	0	0
Change deferred tax/deferred tax assets (ex. OCI effects)	637	-1.912
Total income tax expense	**637**	**-1.912**

Reconcoliation Deferred tax assets	
Deferred tax assets recognised in balance sheet 01.01.2019	4.964
Tax recognized in the income statement	637
Translation differences	-96
Deferred tax assets recognised in balance sheet 31.12.2019	**4.232**
Deferred tax assets recognised in balance sheet 01.01.2018	3.331
Tax recognized in the income statement	-1.912
Translation differences	-279
Deferred tax assets recognised in balance sheet 31.12.2018	**4.964**

Deferred tax assets:	**2019**	**2018**	**2017**
Property, plant and equipment	-2.284	-169	125
Biological assets	-1.074	-4.958	1.047
Other current assets	-621	2.283	-229
Liabilities	1.439	191	0
Losses carried forward (including tax credit)	23.503	25.845	16.591
Untaxed profit	0	0	0
Exchange rate difference	660	1.974	-646
Basis for deferred tax assets:	**21.622**	**25.167**	**16.887**
Calculated deferred tax assets	4.324	5.033	3.377
- Deferred tax assets not recognised	94	69	46
Net deferred tax assets recognised in balance sheet	**4.232**	**4.964**	**3.331**

Reconciliation of income tax expense	**2019**	**2018**
Profit before taxes	**2.210**	**-10.945**
Income tax expense at corporate income tax rate in Norway (22%)	531	-2.574
Effect of tax rates outside Norway	-91	1.834
Non-taxable and non-dedutible items	-	-
Subsidiary carry forward losses expired	166	-920
Deferred tax assets not recognised current year	4	-
Currency effects	26	-251
Recognised income tax expense	**637**	**-1.912**

From 2016 Bæjarvík, Fjarðalax and Arnarlax are considered as one tax group, and Arnarlax ehf has applied for a tax merger of the entities in Iceland. The approval of the tax merger is probable and the merged tax entity will be allowed to utilize pre 2016 tax losses. The fish farming industry in Iceland is relatively new and a positive development is expected going forward. Management in Arnarlax has for the tax group in Iceland budgeted tax profit going forward and as such believes there to be sufficient future taxable profit in Iceland to utilize tax losses before they expire; see table below. Deferred tax asset not recognised relate to tax losses carried forward for Arnarlax AS in Norway.

As the Group has tax losses from previous years Arnarlax will not pay income tax. Tax losses carried forward not utilized expires after ten years. Year end 2019 losses from 2009 amounting to EUR 18 thousand expired. Carried forward tax

Loss EUR 1000	**Bæjarvík Ehf**	**Fjarðalax Ehf**	**Arnarlax Ehf**	**Arnarlax AS**	**Sum**
Loss for 2011, expires end of 2021	-	925	-		925
Loss for 2012, expires end of 2022	-	568	-		568
Loss for 2013, expires end of 2023	34	715	-		749
Loss for 2014, expires end of 2024	64	7.336	-		7.400
Loss for 2025, expires end of 2025	346	1.274	-		1.619
Loss for 2016, expires end of 2026	-	3.829	-		3.829
Loss for 2017, expires end of 2027	-	0	-		0
Loss for 2018, expires end of 2028	1.202	6.698	43		7.943
No expiry (tax loss Norway)				469	469
	1.646	**21.345**	**43**	**469**	**23.503**

For losses carried forward in Norway (Arnarlax AS), no deferred tax asset is recorded.

Section 6 Group and related parties
Note 6.1 Group companies

The consolidated financial statements include the following subsidiaries:

Subsidiary	Ownership interest per 31.12.2019	Parent company	Registered office	Country
Arnarlax Ehf	100%	Arnarlax AS	Strandgata 1, 465 Bíldudalur	Iceland
Fjardarlax Ehf	100%	Arnarlax Ehf	Strandgata 43, 460 Tálknafjörður	Iceland
Bæjarvik Ehf	100%	Arnarlax Ehf	Strandgata 1, 465 Bíldudalur	Iceland

From 2016 Bæjarvík ehf, Fjarðalax ehf and Arnarlax ehf are considered as one tax group, and Arnarlax ehf has applied for a tax merger of the entities in Iceland.

Note 6.2 Related parties / individual transactions

EUR 1000

Transactions with related parties in 2019:	**Sales**	**Purchases**	**Receivables**	**Liabilities**
Eldisstöðin Ísþór ehf., joint venture	11	1.960	3.793	
Salmar ASA, shareholder in Arnarlax AS	1.666	179		115
Entities related to the ultimate parent company	64	274		
Steinsvik Aqua AS		1.829		
Aqualine AS		1.488		

Transactions with related parties in 2018:	**Sales**	**Purchases**	**Receivables**	**Liabilities**
Eldisstöðin Ísþór ehf., joint venture		2.255	116	85
Haganes AS, shareholder in Arnarlax AS				88
Edinborg AS, shareholder in Arnarlax AS				88
Aqualine AS		1.686		
Steinsvik Aqua AS		962		

Transactions between the Group and related parties are undertaken at market terms and conditions.
Arnarlax purchases smolt from Eldisstöðin Ísþór, see note 2.8 for further information.

See note 2.3 for remuneration to group management and board of directors

Section 7 Other
Note 7.1 Earnings per share

EUR 1000	2019	2018
Net profit for the year (controlling interest's share)	1.574	-9.033
No. of shares outstanding as at 1 Jan	26.614	23.281
Share issue during the year	-	3.333
Average no. of shares outstanding through the year (basic and diluted)	**26.614**	**24.947**

Earnings per share (EUR)		
Basic and diluted	0,059	-0,362

Note 7.2 Subsequent events

Mortality at Hringsdalur.

During the period from week no five, until week eight in 2020, a high mortality was measured in Hringsdalur. The high mortality is mainly due to winter wounds in the area during the first weeks of year 2020. Due to increased mortality actions were taken to harvest as much of the stock value as possible. Number of service boats and a harvest vessel were rented that resulted in increased harvesting capability. Total harvesting in February was 2.200 mt. The financial impact for the high mortality in Hringsdalur resulted a loss of 2,9 million EUR but was partially covered by the insurance with result on Arnarlax statement as 2,5 million EUR on lost biomass value. At the time of harvesting out from Hringsdalur, market conditions were good, and the Nasdaq prices were high. The net effect of the mortality there for had less impact to the operation than first expected.

Mortality at Eyri.

As for Eyri, a high mortality was recorded in March and April 2020 resulting in loss of 419 mt. due to winter wounds. The loss in Eyri was valued at cost as 1,4 million EUR which non were claimable to insurance.

Covid-19

In beginning of March 2020, the effect of COV-19 began to show impact on market situations. Cost of transportation increased, transportation routes are limited, and market prices fell. In addition to that, an action was taken to reduce the risk of higher mortality in one of our sites, Eyri, by harvesting more out of the site than initially was planned for. The combination of these events resulted in high increase of frozen stock that effected less recorded income against harvested volume. Frozen stock as of end of August 2020 is 493 mt. with cost value of 1,9 million EUR. Effect of the changes on the Icelandic Krona against the expected currency rate at beginning of year, has resulted in gain on domestic cost, such as salaries and domestic services. The currency gain is considered significant but not foreseen how the end result within the year 2020 will end up. Arnarlax will continue to monitor active Covid-19 situation closely.

Note 7.3 First time adoption of IFRS

Reconciliation of consolidated financial position as of 1 January 2018
Amounts in 1000 EUR

Assets	Note	NGAAP	IFRS adjustments	IFRS
Non-current assets				
Property, plant & equipment		36.500		36.500
Right-of-use assets	A	-	4.192	4.192
Goodwill	B	19.476	-144	19.332
Investments in associates	B	2.431	144	2.575
Other long-term receivables		-	-	-
Deferred tax assets	C	3.122	209	3.331
Total non-current assets		**61.529**	**4.401**	**65.930**
Current assets				
Biological assets	C	32.237	-1.047	31.191
Other inventory		4.238	-	4.238
Trade receivables		7.764	-	7.764
Other receivables		3.649	-	3.649
Cash and cash equivalents		804	-	804
Total current assets		48.692	**-1.047**	**47.645**
Total assets		**110.221**	**3.354**	**113.575**

Equity and liabilities

Equity	Note	NGAAP	IFRS adjustments	IFRS
Paid-in equity				
Share capital		23.659	-	23.659
Share premium fund		35.672	-	35.672
Other paid-in equity		9	-	9
Other equity	C	-5.218	-837	-6.055
Total equity		**54.121**	**-837**	**53.284**
Liabilities				
Non-current liabilities				
Non-current interest-bearing debt		10.416	-	10.416
Lease liabilities	A	-	2.742	2.742
Total non-current liabilities		**10.416**	**2.742**	**13.158**
Current liabilities				
Current interest-bearing debt		34.879	-	34.879
Current lease liabilities		-	1.450	1.450
Trade payables		8.597	-	8.597
Tax payable		-	-	-
Other current payables		2.207	-	2.207
Total current liabilities		**45.684**	**1.450**	**47.133**
Total liabilities		**56.100**	**4.192**	**60.291**
Total equity and liabilities		**110.221**	**3.354**	**113.575**

Reconciliation of consolidated financial position as of 31 December 2018

Amounts in 1000 EUR

Assets	Note	NGAAP	IFRS adjustments	IFRS
Non-current assets				
Property, plant & equipment		33.751	-	33.751
Right-of-use assets	A	-	2.794	2.794
Goodwill	B, D	17.169	2.163	19.332
Investments in associates	B	2.317	144	2.461
Other long-term receivables		-	-	-
Deferred tax assets	A,C,D	5.941	-977	4.964
Total non-current assets		**59.178**	**4.125**	**63.303**
Current assets				
Biological assets	C	35.890	4.958	40.847
Other inventory		1.592	-	1.592
Trade receivables		5.539	-	5.539
Other receivables		2.961	-	2.961
Cash and cash equivalents		407	-	407
Total current assets		**46.388**	**4.958**	**51.346**
Total assets		**105.567**	**9.083**	**114.649**

Equity and liabilities

Equity	Note	NGAAP	IFRS adjustments	IFRS
Paid-in equity				
Share capital		26.752	-	26.752
Share premium fund		51.597	-	51.597
Other paid-in equity		10	-	10
Total paid-in equity		**78.359**	**-**	**78.359**
Retained earnings				
Other equity	A,B,C,D,E	-20.127	6.213	-13.914
Total retained earnings		**-20.127**	**6.213**	**-13.914**
Total equity		**58.231**	**6.213**	**64.444**
Liabilities				
Non-current liabilities				
Non-current interest-bearing debt		4.395	-	8.370
Lease liabilities	A	-	1.473	1.473
Total non-current liabilities		**4.395**	**1.473**	**9.843**
Current liabilities				
Current interest-bearing debt		35.124	-	31.150
Current lease liabilities		-	1.397	1.397
Trade payables		5.760	-	5.760
Tax payable		-	-	-
Other current payables		2.057	-	2.057
Total current liabilities		**42.941**	**1.397**	**40.363**
Total liabilities		**47.335**	**2.869**	**50.206**
Total equity and liabilities		**105.567**	**9.083**	**114.649**

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Reconciliation of consolidated statement of comprehensive income as of 31 December 2018

Amounts in EUR

Income and expenses	**Note**	**NGAAP**	**IFRS adjustments**	**IFRS**
Revenues from contract with customers		42.020	-	42.020
Total operating Revenues		**42.020**	**-**	**42.020**
Cost of goods sold		24.911	-	24.911
Salary and personnel expenses		8.402	-	8.402
Other operating expenses	A	11.918	-1.479	10.439
Deprecation and amortization	A, D	11.052	-902	10.150
Impairment losses		-	-	-
Total operating expenses		**56.283**	**-2.382**	**53.901**
Operational EBIT		**-14.263**	**2.382**	**-11.881**
Fair value adjustments biomass	C	-	6.004	6.004
Operating profit/loss		**-14.263**	**8.386**	**-5.877**
Income from investments in associates		-	-	-
Financial items				
Finance income		74	-	74
Finance expense	A	-2.401	-157	-2.558
Net currency effects		-2.584	-	-2.584
Net financial items		**-4.911**	**-157**	**-5.069**
Profit/Loss before tax		**-19.174**	**8.229**	**-10.945**
Tax		-3.098	1.186	-1.912
Net profit/loss for the year		**-16.077**	**7.043**	**-9.033**
Other comprehensive income				
Items which may subsequently be reclassified to profit & loss				
Translation differences in associates	E		-155	-155
Translation differences in subsidiaries	E		-65	-65
Other comprehensive income for the year		**-**	**-220**	**-220**
Total comprehensive income for the year		**-16.077**	**6.823**	**-9.254**

Reconciliation of consolidated cash flow year ended 31 December 2018
Amounts in 1000 EUR

Cash flow	Note	NGAAP	IFRS adjustments	IFRS
Cash flow from operating activities:				
Profit before tax		-19.174	8.229	-10.945
Tax paid in the period		-	-	-
Impairment losses, deprecation and amortization	A, D	11.052	-902	10.150
Share of profit/loss from joint ventures		-	-	-
Currency exchange and other items		1.996	-	1.996
Interest expenses	A	2.401	157	2.558
Change in fair value adjustments biomass	C	-	-6.004	-6.004
Change in inventory, account payables and receivables		-2.142	-	-2.142
Net cash flow from operating activities		**-5.868**	**1.479**	**-4.388**
Cash flow from investing activities:				
Receipts from sale of property, plant & equipment		413	-	413
Payments for property, plant & equipment		-7.452	-	-7.452
Purchase of shares and other investments		-	-	-
Sales of shares and other investments		-	-	-
Net cash flow from investing activities		**-7.039**	**-**	**-7.039**
Cash flow from financing activities:				
New long-term borrowings		-	-	-
Repayment of long-term borrowings		-6.125	-	-6.125
Payment of principal portion of lease liabilities	A	-	-1.322	-1.322
Interest paid (debt/borrowings and leases)	A	-2.401	-157	-2.558
Net change in overdraft		646	-	646
Issue of share capital		20.384	-	20.384
Net cash flow from financing activities		**12.504**	**-1.479**	**11.025**
Net change in cash and cash equivalents		-402	-	-402
Foreign exchange effects		6	-	6
Cash and cash equivalents as at 1 Jan		804	-	804
Bank deposits, cash & cash equivalents as at 31 Dec		**407**	**-**	**407**

These financial statements for the year ended 31 December 2019 represents the first consolidated financial statements of Arnarlax AS in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

Accordingly, the financial statements are prepared to comply with IFRS applicable as of 31 December 2019, with comparative numbers for the year ended 31 December 2018. In preparing the financial statements, the opening balance of financial position was prepared as of 1 January 2018, the date of transition to IFRS.

The following note explains the adjustments made by Arnarlax AS in its transition to IFRS from NGAAP (Norwegian Generally Accepted Accounting Principles) as of 1 January 2018 and for the period ended 31 December 2018.

IFRS 1 includes selected optional exemptions upon transition to IFRS. The Group has chosen to apply the following exemptions:

1) Business combinations and acquisition of associates
   - The Group has chosen to not restate business combinations (within scope of IFRS 3) and acquisitions of associates that has occurred before 1 January 2018 (transition date).
2) Cumulative translations differences
   - As at 1 January 2018, the Group has set its cumulative translation differences that existed at the transition date to IFRS for all foreign operations as zero.

IFRS adjustments:

IFRS adjustments of consolidated financial position as of 1 January 2018

A: Upon transition to IFRS**,** the Group has implemented IFRS 16 *Leases* as of 1 January 2018 (Transition date). References are made to note 7.1

The IFRS adjustment of 4.192.000 EUR reflects the right-of-use asset with a corresponding lease liability of 4.192.000 EUR recognized related to leasing of one wellboat in accordance with IFRS 16. The lease agreement was previously accounted for as operating leases under NGAAP and expensed over the lease period.

B: Prior to transition to IFRS, goodwill related to acquisition of associate company where recognised in the balance sheet as a part of goodwill.

The IFRS adjustment of 144.000 EUR reflects a reclassification from previously presenting goodwill related to associate as part of goodwill to presenting the goodwill as part of the carrying amount of the investment.

C: According to IFRS, biological assets are measured at fair value. Previously, these assets where measured at cost. References are made to note 2.5.

The Group has used a fair value model in order to calculate the fair value of biomass at transition date. The IFRS adjustment of 1.047.000 EUR reflects a negative adjustment in value of biomass compared to the method used under NGAAP. The adjustment in the value of biomass is recorded in other equity adjusted for tax.

IFRS adjustments of consolidated financial position as of 31 December 2018

A: The IFRS adjustment of 2.794.000 EUR reflects the recognised right-of-use asset less depreciation of the year related to leasing of wellboat. The IFRS adjustment of 2.869.000 EUR is related to 1 year installments for the lease liability and accrued interest.

B: The IFRS adjustment of 144.000 EUR reflects a reclassification from previously presenting goodwill related to associate as part of goodwill to presenting the goodwill as part of the carrying amount of the investment.

C: The IFRS adjustment of 4.958.000 EUR reflects a positive adjustment in fair value of biomass for the year ended compared to the value of biomass under NGAAP using the cost method.

D: Prior to transition to IFRS, goodwill was amortised. The IFRS adjustments of 2.163.000 EUR on goodwill reflects the reversal of amortised goodwill of 2.307.000 EUR from transition date 01.01.2018. (144.000 EUR reflect the reclassification of goodwill described in adjustment B).

IFRS adjustments of consolidated statement of comprehensive income as of 31 December 2018

A: The IFRS adjustment of 1.479.000 EUR reflects reversal of lease expense from operating leases of wellboat under NGAAP. The lease is recognized in the balance sheet according to IFRS 16, hence the previously expense is reversed.

Depreciation of the right-of-use asset related to the wellboat is recorded as an IFRS adjustment of 1.397.000 EUR under deprecation and amortization.

The IFRS adjustment of 157.000 is related to interest expense on the lease liability under IFRS 16.

Net result of IFRS adjustments related to IFRS 16 Leases is recorded under other equity adjusted for tax.

C: The IFRS adjustment of 6.004.000 EUR reflects the fair value adjustments related to biomass from 1 January to 31 December 2018 as described above. The adjustment in the value of biomass is recorded in other equity adjusted for tax.

D: The IFRS adjustment of 2.307.000 EUR reflects the reversal of amortisation of goodwill, offset by the depreciation of the right-of-use asset of 1.397.000 EUR resulting in an effect of negative 910.00 EUR.

E: Exchange differences on translation of foreign operations is presented as other comprehensive income Under NGAAP, this was recognized directly in equity.

IFRS adjustments of consolidated cash flow year ended 31 December 2018

A: The IFRS adjustment of 1.479.000 EUR reflects reversal of lease expense from operating leases of wellboat under NGAAP. The lease is recognized in the balance sheet according to IFRS 16, hence the previously expense is reversed.

Depreciation of the right-of-use asset related to the wellboat is recorded as an IFRS adjustment of 1.397.000 EUR under deprecation and amortization.

The IFRS adjustments of 1.322.000 is related to payment for principal portion of lease liabilities and the IFRS adjustment of 157.000 is related to interest expense on the lease liability under IFRS 16.

C: The IFRS adjustment of 6.004.000 EUR reflects the fair value adjustments related to biomass from 1 January to 31 December 2018 as described above

D: The IFRS adjustment of 2.307.000 EUR reflects the reversal of amortisation of goodwill, offset by the depreciation of the right-of-use asset of 1.397.000 EUR resulting in an effect of negative 910.00 EUR.

APPENDIX C

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF ICELANDIC SALMON AS FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2020 WITH COMPARABLE FIGURES FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2019

Arnarlax AS

Consolidated statement of comprehensive income

Amounts in 1000 EUR	1st half 2020 Unaudited	1st half 2019 Unaudited	2019
Operating revenue	**35.375**	**34.095**	**66.671**
Cost of goods sold	23.028	17.655	32.440
Salary and personnel expenses	4.574	4.811	9.811
Other operating expenses	5.518	3.759	7.913
Deprecation and amortization	3.068	1.888	7.808
Operating profit before fair value adjustment of biomass	**-813**	**5.982**	**8.699**
Fair value adjustments biomass	-4.344	-1.096	-3.883
Operating profit/loss	**-5.157**	**4.886**	**4.817**
Income from investments in associates	-	-	210
Net financial items	-1.719	-3.299	-2.816
Profit/loss before tax	**-6.876**	**1.587**	**2.210**
Tax	-1.370	317	637
Net profit/loss for the period	**-5.506**	**1.270**	**1.574**
Items which may subsequently be reclassified to profit & loss			
Translation differences	-2.361	-164	77
Total comprehensive income for the period	**-7.867**	**1.106**	**1.651**
Allocation of net profit for the period			
Equity holders of the parent company			
Non-controlling interests			
Earnings per share	-0,207	0,048	0,059
Earnings per share - diluted	-0,207	0,048	0,059

Arnarlax AS

Consolidated statement of financial position

Amounts in 1000 EUR

Assets	**30/06/2020 Unaudited**	**31/12/2019**
Property, plant & equipment	42.897	39.948
Right-of-use assets	1.007	2.072
Goodwill	19.321	19.332
Non-current financial assets	5.980	6.188
Deferred tax assets	4.991	4.231
Total non-current assets	**74.196**	**71.772**
Current assets		
Biological assets	30.529	45.439
Other inventory	3.825	2.422
Short-term receivables	4.663	7.795
Cash and cash equivalents	1.199	1.731
Total current assets	**40.216**	**57.387**
TOTAL ASSETS	**114.412**	**129.158**

Equity and liabilities

Equity	**30.06.2020 Unaudited**	**31/12/2019**
Paid-in equity	71.438	79.029
Other equity	-13.294	-12.953
Total equity	**58.144**	**66.076**

Liabilities		
Non-current interest-bearing debt	41.977	44.013
Lease liabilities	164	237
Total non-current liabilities	**42.141**	**44.250**
Current interest-bearing debt	4.497	6.093
Current lease liabilities	1.011	2.054
Other current payables	8.620	10.686
Total current liabilities	**14.128**	**18.832**
TOTAL EQUITY & LIABILITIES	**114.412**	**129.158**

Arnarlax AS

Consolidated statement of cash flow

Amounts in 1000 EUR	1st half 2020 Unaudited	1st half 2019 Unaudited	2019
Profit before tax	-6.876	**1.587**	2.210
Impairment losses, deprecation and amortization	3.068	1.888	7.808
Share of profit/loss from joint ventures	-	-	-210
Interest expenses (debt borrowings and leases)	964	1.914	3.066
Change in fair value adjustments biomass	4.344	1.096	3.883
Change in working capital	10.241	6.173	-9.110
Net cash flow from operating activities	**11.741**	**12.657**	**7.647**
Receipts from sale of property, plant & equipment	**-**		-
Payments for property, plant & equipment	-6.017	-7.711	-12.352
Other investments	-356		-
Net cash flow from investing activities	**-6.373**	**-7.711**	**-12.352**
New interest-bearing debt	-		51.035
Repayment of interest-bearing debt	-3.631	-878	-40.391
Payment of principal portion of lease liabilities	-1.117	-573	-1.609
Interest paid	-964	-1.839	-3.008
Net cash flow from financing activities	**-5.712**	**-3.291**	**6.028**
Net change in cash and cash equivalents	-344	1.655	1.323
Foreign exchange effects	-189	233	-
Cash at the start of the period	1.731	407	407
Cash at the close of the period	**1.199**	**2.295**	**1.731**

Arnarlax AS

Statement of changes in Equity

Amounts in 1000 EUR	Paid-in equity			Other equity		
2020	**Share capital**	**Share premium**	**Other paid-in equity**	**Translation differences**	**Retained earnings**	**Total equity**
Equity as of 1 Jan 2020	26.982	52.039	9	579	-13.597	**66.012**
Net profit/loss for the period					-5.506	-5.506
Other comprehensive income				-2.361		-2.361
Total comprehensive income	**-**	**-**	**-**	**-2.361**	**-5.506**	**-7.867**
Retranslation of paid in capital	-2.592	-4.999			**7.591**	
Equity as of 30 Jun 2020 (unaudited)	**24.390**	**47.040**	**9**	**-1.782**	**-11.512**	**58.144**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Accounting principles

These consolidated financial statements have been prepared in accordance with International Accounting Standards 34 Interim Financial Reporting. The consolidated statements have been prepared on the historical cost bases excepted for biological assets, which is measured at fair value with gain and losses recognized in profit or loss.

The same accounting policies, presentation, methods and calculations have been followed in these financial statements as were applied in the preparation of the Group´s financial statements for the year ended 31 December 2019. The Group has not early adopted any standards, interpretation or amendment with effective date after 1 January 2020. There are no new standards or amendments in short term perspective which have been issued, but are not yet effective, that are considered to have an impact on the Group. The interim financial statements are unaudited.

NOTE 2 -Operating revenue

The Group owns and operates fish farming in the Icelandic fjords. The Group is organised as one operating segment, and segment reporting is therefore identical to the Group financial statements presented in this interim report.

The Group´s operating revenue consist of revenue from contracts with customers.

Specifications of revenue from contracts with customers is presented in the table below:

Specifications of revenue:	**1st half 2019**	**1st half 2020**	**YE 2019**
Sales of fish	33.011	32.954	62.415
Sales of services	1.084	2.421	4.256
Revenue from contracts with customers	**34.095**	**35,375**	**66.671**

Group revenues by geographic market:	**1st half 2019**	**1st half 2020**	**YE 2019**
Europe, excl. Norway	30.054	32.613	53.800
USA	3.468	1.131	7.283
Norway			2.514
Other	573	1.631	3.074
Revenue from contracts with customers	**34.095**	**35,375**	**66.671**

NOTE 3 - Biological assets

Book value of biological assets	30/06/2020	31/12/2019
Roe, fry, smolt and cleaner fish at cost	4.828	2.900
Biological assets held at sea farms at cost	28.971	41.465
Total biological assets before fair value adjustment	33.799	44.364
Fair value adjustment of biological assets	-3.270	1.074
Total biological assets	30.529	45.439

Biological assets are, in accordance with IAS 41, measured at fair value in accordance with IFRS 13. Biomass measured at fair value, is categorized at Level 3 in the fair value hierarchy, as the input is mostly unobservable. All fish at sea are subject to a fair value calculation, while broodstock and smolt are measured at cost. Cost is deemed a reasonable approximation for fair value for broodstock and smolt as there is little biological transformation. The technical model used to calculate the fair value of biomass is the present value model. Present value is calculated on the basis of estimated revenues less production costs remaining until the fish is harvestable at the individual site. A fish is harvestable when it has reached the estimated weight required for harvesting specified in the company's budgets and plans. The estimated value is discounted to present value on the balance sheet date. The expected biomass at harvest is calculated on the basis of the number of individuals held at sea farms on the balance sheet date, adjusted for expected mortality up until the point of harvest and multiplied by the fish's estimated weight at harvest. Fair value is calculated on the basis of Fish Pool forward prices for the estimated harvesting date that were in effect on the balance sheet date. The forward prices are adjusted for an exporter supplement, as well as harvesting, sales and carriage costs. In addition, an adjustment is made to take account of expected differences in fish quality. The Group applies a monthly discount rate of 5%, which reflects the biomass's capital cost, risk and synthetic licence fees and site rental charges.

Change in the book value of biological assets for the period	2020
Biological assets 1 Jan	45.439
Increase resulting from production/purchase	15.976
Reduction resulting from sale/harvesting	-22.232
Reduction resulting from incident-based mortality	-4.290
Biological adjustments	-5
Net fair value adjustment	-4.344
Translation differences	-16
Biological assets 30 Jun	30.529

Sensitivity assessment

The estimated fair value of biological assets has been calculated using different parameters. The effect on the book value of biological assets is summarised below:

1H 2020	Increase	Effect on estimated fair value 31.12.2019 (EUR 1,000)	Decrease	Effect on estimated fair value 31.12.2019 (EUR 1,000)
Change in forward price	0,5 EUR per kg.	6.342	-0,5 EUR per kg.	-6.342
Change in discount factor	1%	-1.994	-1%	2.254
Change in harvesting time	1 month earlier	892	1 month later	-862
Change in biomass	1%	95	-1%	-95

Incident-based mortalit
The Group has recognised expenses totalling EUR 4 290 in respect of incident-based mortality in the period.

NOTE 4 - Interest-bearing liabilities

Long-term interest-bearing debt	**30/06/2020**	**31/12/2019**
Debt to credit institutions	43.477	45.513
Next year's instalment on non-current debt	-1.500	-1.500
Total non-current interest-bearing debt	41.977	44.013
Leasing liabilities	1.174	2.291
Next year's instalment on leasing liabilities	-1.011	-2.054
Non-current leasing liabilities	164	237
Total non-current interest-bearing debt	**42.141**	**44.250**
Current interest-bearing debt		
Debt to credit institutions	2.997	4.593
Next year's instalment on non-current debt	1.500	1.500
Total debt to credit institutions	4.497	6.093
Next year's instalment on leasing liabilities	1.011	2.054
Total current interest-bearing debt	**5.508**	**8.147**