



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

First half 2022 results



Icelandic Salmon

SUSTAINABLE SALMON FROM ARNARLAX

Icelandic Salmon AS
Industriveien 51
7266 Kverva - Norway



Icelandic Salmon AS

Condensed Consolidated Interim Financial Statements

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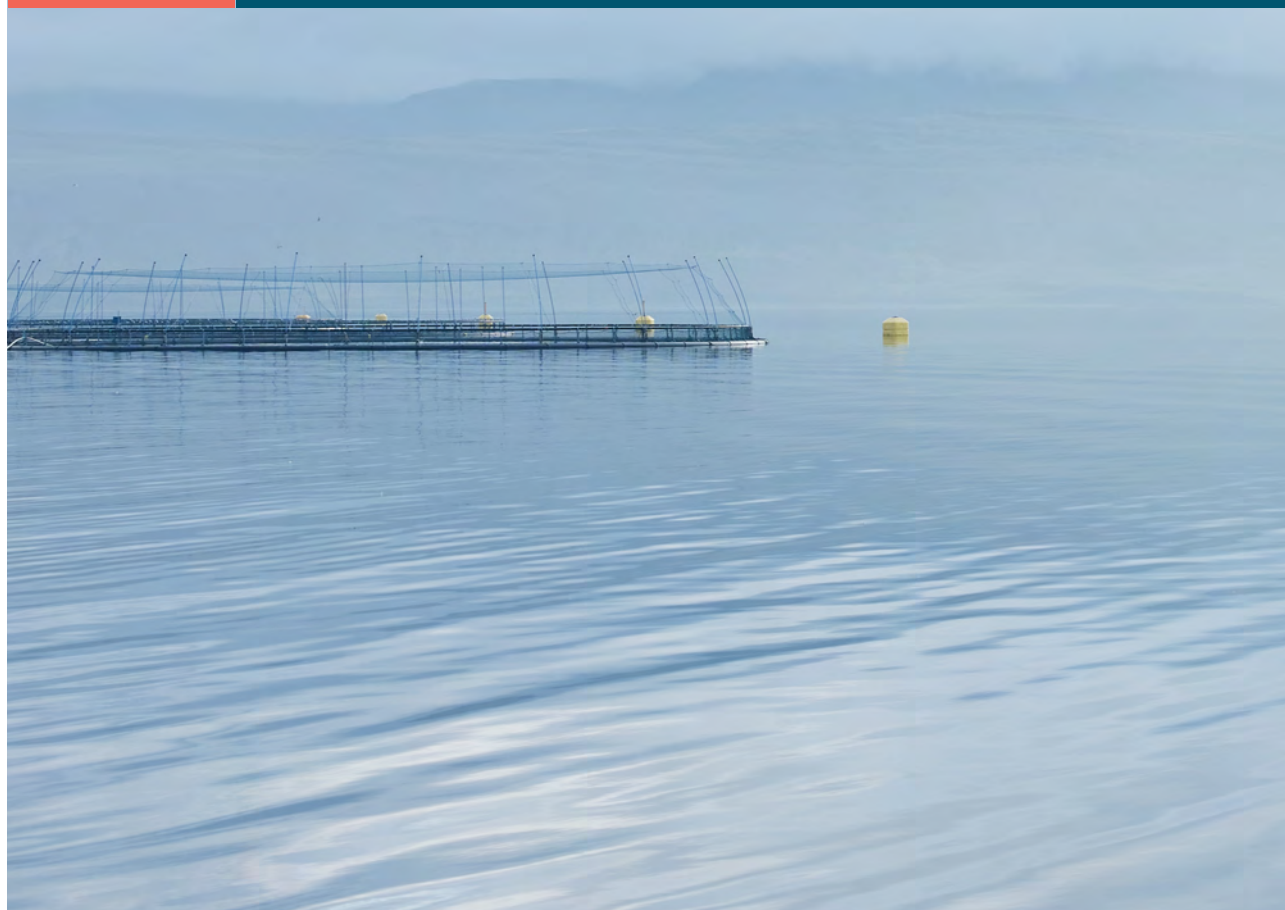
Icelandic Salmon AS owns all shares and is the parent company of Arnarlax ehf., the largest fish farmer and producer of Atlantic salmon in Iceland. The parent company's shares are listed on Euronext Growth Oslo. In this report, the parent company and Arnarlax ehf. with subsidiaries are collectively referred to as "the Group" or "Icelandic Salmon". "Arnarlax" also refers to the brand under which the Group's operations and productions are marketed.

While the parent company is registered in Norway, Arnarlax ehf. has its headquarters in the Icelandic village Bíldudalur. It has been engaged in fish farming since 2010. The Group's farming facilities are strategically located in the beautiful Icelandic West Fjords of Iceland, a region that is well sheltered with stable and moderate sea temperatures and good tidal currents, creating favorable conditions for salmon farming.

The Group is considered a leading salmon farmer in Iceland, controlling the entire value chain from hatchery to sales.

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THIS IS ICELANDIC SALMON



Key Figures for Icelandic Salmon

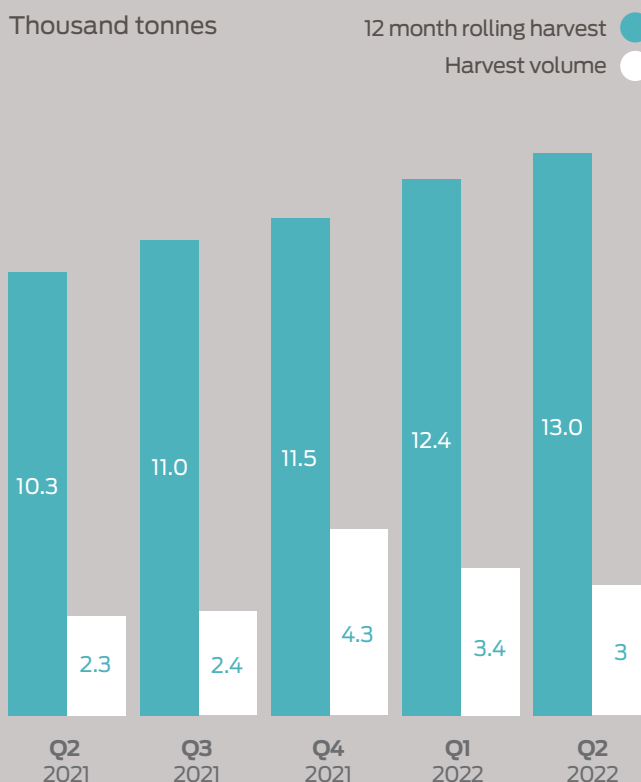
EUR million	H1 2022	H1 2021	FY 2021
Operating revenue	72.09	35.42	90.81
Operational EBIT	23.04	3.13	7.31
Production tax	0.55	0.12	0.31
Fair value adjustments	3.89	0.76	-2.94
Profit (loss) before tax	25.51	2.96	2.60
Net interest bearing debts	28.32	29.02	42.69
Equity ratio	66%	73%	64%
Harvested volume from own production (tonnes)	6,326	4,848	11,537
Operational EBIT/kg.	3,64	0,65	0,63

Harvest

Thousand tonnes

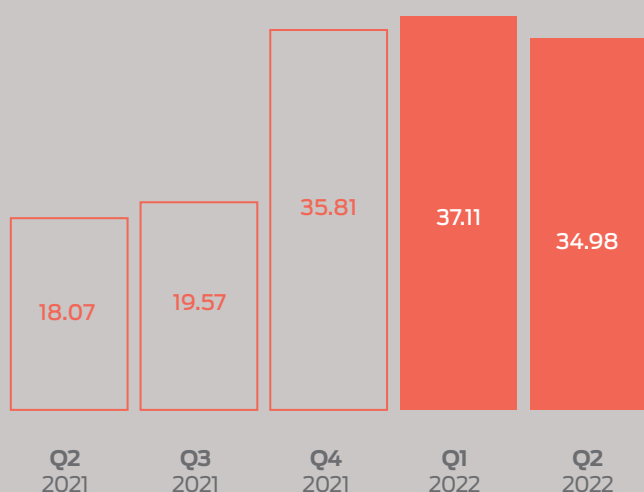
12 month rolling harvest

Harvest volume



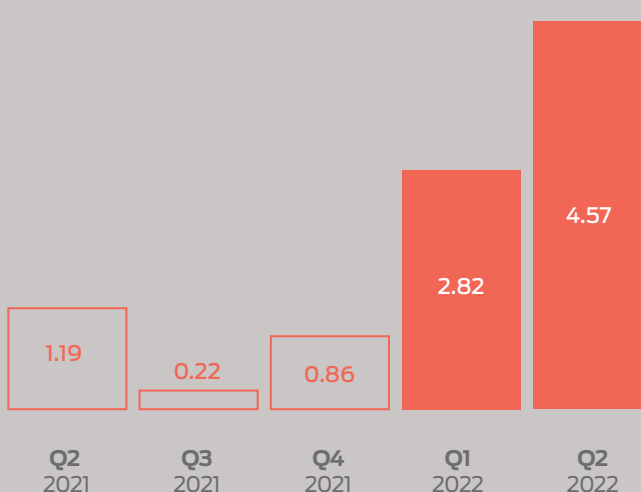
Operating Revenue

EUR million



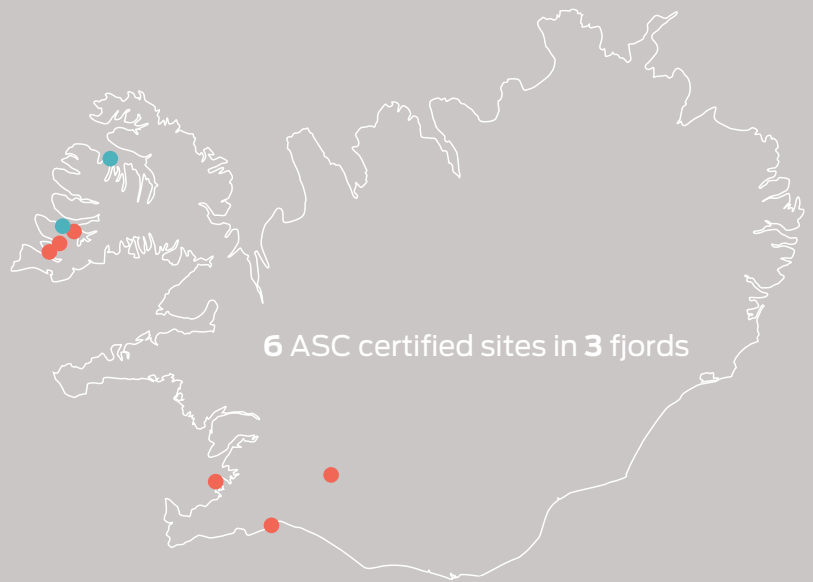
Operating EBIT

Euros per kilogram gwe

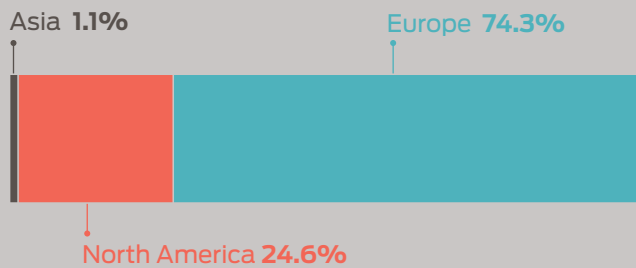


Our Locations

Current operations
Licence application

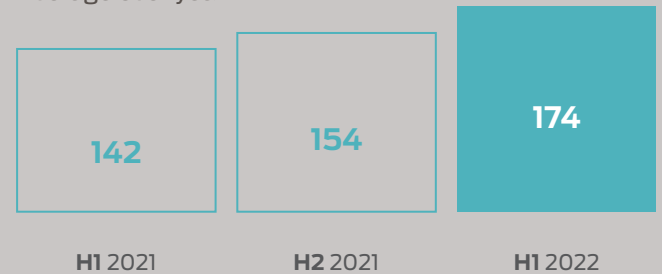


Geographical distribution of sales volume



Number of Employees

Average over year

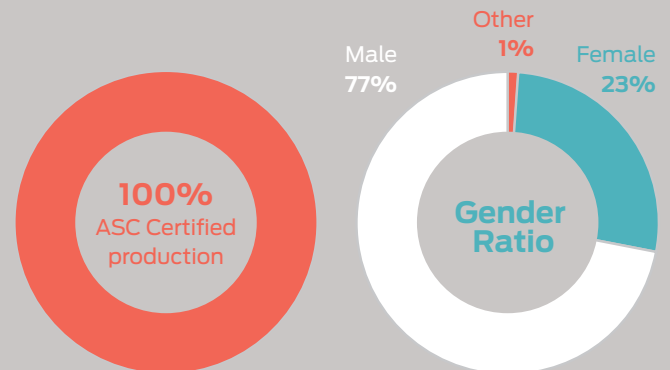


Economic feed conversion ratio

1.43
Target <1.13

Smolt facilities

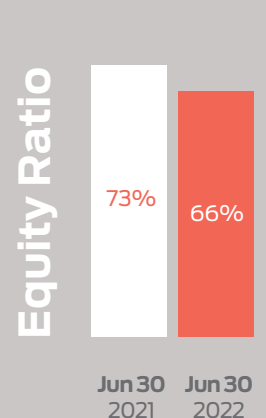
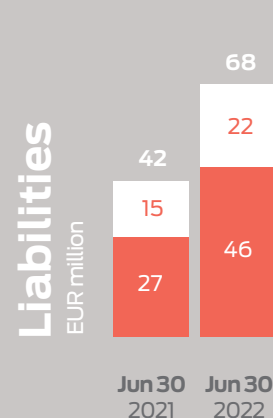
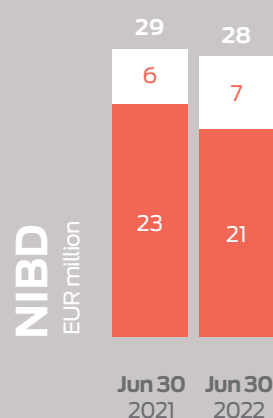
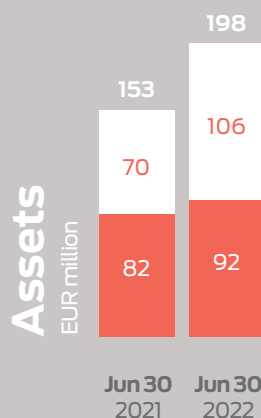
4 Smolt facilities | 7-8 Million smolt in operational capacity



Fixed assets
Current assets

Net interest-bearing debt
Leasing

Non-current liability
Current liabilities



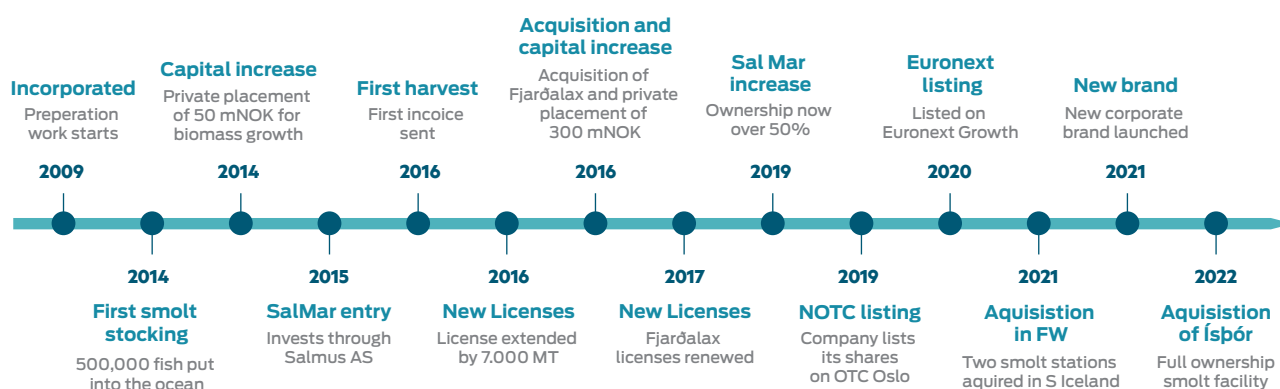
THE HISTORY

Arnarlax, subsidiary of Icelandic Salmon AS, was founded in the year 2009 in Bíldudalur, a small Icelandic village inside a long fjord called Arnarfjörður. Bíldudalur is the hometown of the company's founders who knew that the area had excellent conditions for farming salmon. Today, the company is the Icelandic biggest aquaculture company. Modern salmon farming is relatively new in Iceland compared to our neighbours in the Faroe Islands, Scotland and Norway. The company's vision is "Sustainability – it's in our nature", so to be sustainable in every aspect of its operations and lead the way in terms of cost efficiency, biology and the development of the whole value chain for salmon farming in Iceland.

The Group successfully completed a private placement in the autumn of 2020 with the following listing on Euronext Growth. At the end of 2021, SalMar owned 51 per cent of the shares in the company. The company is fully integrated with its own hatcheries, sea farms, harvesting plant and sales force. The natural conditions, with good quality seawater and temperatures on a par with northern Norway, provide a sound basis for engaging in sustainable aquaculture in Iceland.

The company has its headquarters and harvesting plant in Bíldudalur in Iceland's West Fjords region, close to the sea farms located in the surrounding fjords. In addition, the company has an office facility in Reykjavík. The Company also has four smolt facilities where one is in the West Fjords, and three on the south coast of Iceland, but the Company acquired full ownership of smolt facility Eldisstöðin Ísbór in August 2022.

The company strongly believes in sustainable aquaculture production in Iceland.



GROUP MANAGEMENT

The Group's senior management team consists of seven individuals which collectively possess unique industry competence and first-hand knowledge of fish farming in Iceland. The management works closely with Icelandic Salmon's largest owner, SalMar, one of the leading and most efficient producers of farmed salmon in the world. Arnarlax participates actively in developing local educational programs within aquaculture as well as running its own Arnarlax Academi developing leadership and company culture.

The Group management consist of the following members:



Bjørn Hembre
CEO



Jónas Heiðar Birgisson
CFO



Rolf Ørjan Nordli
COO of Biology



Hannibal Hafberg
COO of Harvest Plant



Kjersti Haugen
CSO of Sales



Silja Baldvinsdóttir
Quality Manager



Jón Garðar Jörundsson
CBDO of Business Development

A long-exposure photograph of a waterfall, creating a soft, silky texture for the falling water. The water flows over dark, mossy rocks. The image is used as a background for the entire page.

HIGHLIGHTS IN THE FIRST HALF OF 2022

- » Strong operational performance and continued stable biological performance has resulted in solid operational cost levels
- » EBIT for the period was 23.04 with an EBIT/kg harvest of EUR 3.64 in the first six months of 2022.
- » Total own harvest in the period was 6.3 thousand tonnes as a result of stable biological performance. Another 5.3 thousand tonnes harvested for third parties.
- » Increased demand for sustainable Icelandic salmon in the US. 24.6 per cent of sold volume shipped to the US, up from 9.6 per cent same period last year.
- » Further growth underway with smolt production capacity expected to increase by 3.5 million smolt in 2023, following completion of conversion of two facilities acquired in 2021, and the purchase finalized in August 2022 of the remaining shares in Eldisstöðin Íspór smolt facility.
- » Maintains the estimate of total own harvest for 2022 of 16.0 thousand tonnes of sustainable Icelandic salmon.

SUMMARY

Icelandic Salmon had operating revenues of EUR 72.09 for the first six months of the year, representing a 103.5 per cent increase from the previous year. In the period, increased market prices for salmon contributed to solid financial results alongside steady cost control and efficient production.

The Group's total own harvest for the period was 6.3 thousand tonnes. Biological performance was stable, with continued good growth and low mortality. The level of sea lice level remained low and delousing was not required. Another 5.3 thousand tonnes harvested for third party. Icelandic Salmon maintains the estimate of total own harvest for 2022 of 16.0 thousand tonnes of sustainable Icelandic salmon.

In response to strong market demand for sustainable Icelandic salmon, the Group continues to pursue its growth strategy. The conversion to smolt production of two facilities acquired in 2021 is underway and is expected to deliver 1.5 million smolts in 2023. Licenses for production are in place with a total of 1.0 thousand tonnes maximum allowed biomass.

In May 2022, the Group reached an agreement to purchase the remaining shares of the Eldisstöðin Íspór smolt facility, providing Icelandic Salmon with full ownership of the facility. Approved by the Icelandic competition authorities in August, this strategic acquisition is expected to increase the Group's smolt capacity by approximately 2.0 million smolts in 2023 and expedite the Group's growth.

In spring 2022, Icelandic Salmon signed a letter of intent with the municipality of Vesturbyggð to build a new harvesting and processing plant in the southern part of Westfjords. This will enable the Group to do further planning on the project.

Reaching additional markets and gaining market share for sustainable Icelandic salmon is key to the Group's growth strategy. In the first six months of 2022, 23.5 per cent of the Group's sold volume was shipped to the US, an increase from 9.6 per cent in the same period last year. This positive development has improved sales, but importantly also contributed to lowering Icelandic Salmon's CO2 footprint. Today, Icelandic Salmon reaches countries across Europe, North America and Asia.

Demand for sustainable Icelandic salmon is increasing. Preparing to meet expected future demand, Icelandic Salmon has submitted two applications for an additional 10 thousand tonnes MAB (maximum allowed biomass) in Ísafjörður and 4.5 thousand tonnes for the Arnarfjörður license.

REPORT FOR THE FIRST HALF OF 2022

Group overview

Icelandic Salmon AS (the “Company”) is the sole owner and parent company of Arnarlax ehf., a company incorporated in Iceland. The Company and its subsidiaries are referred to as the “Group” or “Icelandic Salmon”. All operational activities in the Group are performed through Arnarlax ehf. and its subsidiaries. One of the smolt facilities were owned 50/50 with another Icelandic fish farmer at end of second quarter 2022, but the company acquired remaining shares of the facility in August 2022 as disclosed in subsequent events.

This organisational structure enables the Group to operate a well-developed and fully integrated value chain, controlling all steps. The Group purchases eggs for its hatcheries, produces its own smolt, has seawater net pen production, operates a harvesting plant, and sells sustainable salmon in Europe, US/ Canada and the far East

The Company's shares are listed on Euronext Growth under the ticker ISLAX. The Group has licenses covering 25.2 thousand tonnes of maximum allowed biomass (MAB). They are all located in the southern part of the Icelandic Westfjords region.

The Group operates the only salmon harvesting facility in the Westfjords region, a key operational asset in the Group's value chain, with a total harvesting capacity of 30.0 thousand tonnes per year. In addition, the Group operates four smolt facilities and a sales department.

Financial results

The Group generated consolidated operating revenues of EUR 72.09 million in the first half of 2022 compared with EUR 35.42 million for the same period last year, representing a 103.5 per cent increase.

Harvesting increased with 31 per cent from 4.8

thousand tonnes in the first half of 2021 to 6.3 thousand tonnes in the first half of 2022. Icelandic Salmon harvested 5.2 thousand tonnes in the first half of 2022 for third-party, compared with 5.6 thousand tonnes in the first half of 2021. The Group expects to harvest 16 thousand tonnes of its fish by the end of 2022.

The price of salmon (NASDAQ Salmon Index) Has had positive effect compared with the same period last year. The price of salmon remained high during the first half of the year. The Group benefitted from this and its strategic efforts in sales and marketing along with the new brand which launched in 2021, and a relatively low contract share.

Operational EBIT for the first six months of 2022 was EUR 23.04 million, up from EUR 3.13 million in the first half of 2021. This gives an operational EBIT per kilo of EUR 3.64. In the first six months of 2021, the Group had an EBIT per kilo of EUR 0.65.

Operating profit for the first six months of 2022 was EUR 26.04 million, including a positive EUR 3.89 million fair value adjustment (see note 4 to the Financial Statement for details). The operating profit for the first six months of 2021 was EUR 3.77 million, including a positive EUR 0.76 million in fair value adjustment.

Net financial items for the first six months was negative EUR 0.32 million compared with negative EUR 0.51 million for same period in 2021. Financial expenses changed from EUR 0.94 million in the first half of 2021 to EUR 1.031 million in 2022, and a net currency gain in the first six months of 2021 of EUR 0.35 million to a currency gain of EUR 0.65 million for the same period of 2022.

Cash Flow

In the first six months of 2022, net cash flow from operating activities was positive EUR 25.63 million compared with EUR 2.03 million in the same period



in 2021. Strong operating results of the period is the main reason for the shift.

Net cash flow for investing activities was EUR 8.14 million in the first half of 2022, compared with EUR 6.76 million in the year before. The primary investment activities for the first six months of 2022 were in equipment for sea water operations and smolt capacity.

Net cash flow from financing activities was negative of EUR 2.51 million compared with positive EUR 4.13 million in the same period in the year before. New interest-bearing debt amounted to EUR 3.22 million. Cash and cash equivalents on 30 June 2022 was EUR 18.73 million, an EUR 14.99 million increase from 3.74 million at the end of last year.

Further details of cash flow can be found in Consolidated Statement of Cash Flow.

Balance sheet

The Group's balance sheet on 30 June 2022 was at EUR 197.72 million, up with an increase of EUR 26.71 million from the end of the year 2021. Total equity was EUR 129.78 million at the end of the period. The equity ratio increased from 64 per cent at the end of 2021 to 66 per cent as a result of the increase in total assets.

Non-current assets increased from EUR 88.38 million to 92.04 million in the period. Current assets increased from EUR 82.63 million to EUR 105.68 million, an increase of EUR 23.05 million, with an increase in the value of the biological assets of EUR 6.41 million and increase of cash 14.99 million as the main reason. See further changes in biological assets in note 4 in section two.

Non-current liabilities increased from EUR 43.27 million from the end of the year 2021 to EUR 45.53 million as of the end of June 2022.

OPERATIONS, MARKETS AND STRATEGY

Operational performance

In the first half of 2022, the total harvest in Arnarlax facilities were 11.6 thousand tonnes. Icelandic Salmon harvested 6.3 thousand tonnes, while 5.3 thousand tonnes were harvested for third parties.

The Group's operational EBIT per kilo was 3.64, compared with EUR 0.65 per kilo for its own harvest in the same period of 2021.

The positive development in EBIT per kilo results from numerous factors. The Group managed to increase the biological performance with low lice numbers, good growth rates and low mortality, resulting in overall steady cost levels in production. The most positive impact came from the high spot prices during the period. The increased proportion of export to the US by ship has also had a positive impact. Meanwhile, higher feed price contributed to increased production cost, while low activity in the harvesting plant towards the end of the quarter resulted in increased harvesting and well boat cost.

During the first half of 2022, the Group released smolt to sea. The 2022 generation, which is expected to be harvested in 2023 and 2024, has shown a positive development so far. Start harvesting of the 2021 generation is expected in November 2022. The Group expects to harvest a total of 16.0 thousand tonnes of own sustainable Icelandic salmon in 2022, compared with 11.5 thousand tonnes in 2021.

Market and strategy

For Iceland as a whole, the export value of farmed fish increased by 26.8 per cent to EUR 60 million during a twelve-month period and represented 5 per cent of the country's total exports. Fish Farming has become one of the bigger industries in the Icelandic economy. Icelandic Salmon aims to further increase its production in the years to come.

The Group's investments in its new brand, Arnarlax – Sustainable Icelandic Salmon, successfully left its

mark in the industry when accessing new markets. The quality of the product is being recognised as an important factor among customers, and the demand is rising.

At the start of 2022, Atlantic salmon was traded at EUR 6.58 per kilo to its highest level at EUR 12.93 (NASDAQ Salmon Index size 3-6) during the second quarter of the year. The salmon price is a known risk to the Group as its operations are based on the production and sale of salmon. The Group's profitability and cash flow are strongly correlated with fluctuating movements in the price of the product.

Expansion of smolt production capacity

Access to high-quality roe and smolt with the right size and quality is crucial for continuing expansion of the Group's production and to achieve good performance in farming and optimal utilisation of the Group's licenses. Therefore, the Group's focus has been on smolt production and expansion to meet the Group's needs.

In 2021, the Group acquired two arctic char facilities. Conversion to smolt production in those facilities is ongoing, and smolt production has started in one of the two facilities. Full operation at both facilities is expected before the middle of next year.

Along with two smolt facilities on the south coast and one in the Westfjords, the Group has operated a fourth smolt facility, Eldisstöðin Íspór, with 50 per cent ownership. This facility is a key provider of smolt for the Group. In the period, Icelandic Salmon reached an agreement to purchase the remaining shares in this smolt facility, providing the group with full ownership. The transaction was formally approved by the Icelandic competition authorities in August. The acquisition will increase total smolt capacity by approximately 2.0 million smolts in 2023 and accelerate the Group's growth.

New harvest and processing plant

The capacity of the Group's harvesting facility in Bíldudalur is currently limited to 30.0 thousand tonnes per year. To address the future need for harvesting capacity as outlined in its strategy, the Group has been looking into options for a new harvesting facility along with a combined processing plant.

In the autumn of 2022, the Group signed a letter of intent with the municipality of Vesturbyggð to build a new harvesting and processing plant in Patreksfjörður in the Southern Part of the Westfjords. When built, it is expected that the new harvesting facility would provide the Group with lower harvesting costs, increase the flexibility of harvesting with better utilization of the Group's licenses and give more room for strategic decisions for further value-added production.

The letter of intent allows the Group to further prepare and do the necessary development and plans to move the project to the next stages.

Sustainability and social responsibility

Icelandic Salmon has a natural and sustainable concept of salmon farming in pristine Arctic waters, which has been promoted with the new brand. The Group has established strict quality standards whilst also aiming to be a low-cost producer. The Group can achieve this goal only through sustainable biological production and commits to farming fish conducive to their wellbeing.

Combining the best biological results with cost focus and optimal processes, the Group believes this enables Icelandic Salmon to be a cost-effective producer of farmed salmon in Iceland.

The Group recognises the importance of diversity and its corporate social responsibility as an employer, producer, supplier of healthy food, a user of the natural environment and administrator of financial and intellectual capital. Social responsibility is essential to the Group and incorporated into daily tasks. At the same time, the Group aims to minimize its operations' impact on the natural environment. It is important for the Group to create as much value locally with the lowest footprint possible.

In the first half of 2022, Icelandic Salmon continued to utilise the transport route to the US market by boat. The products have improved shelf life with super chill technology at Icelandic Salmon's harvesting facility, compensating for longer transport time. Transport by boat has significantly lower cost and less CO2 emissions than airfreight.

CORPORATE MATTERS

Shares and shareholders

At the close of the first half of 2022, Icelandic Salmon AS had a total of 30,961,868 shares outstanding divided between 256 shareholders.

The Company's major shareholder, SalMar ASA, owned 51.02 per cent of the shares at the end of the period. The list of larger shareholders includes several prominent Icelandic citizens and companies. Gildi, one of the largest pension funds in Iceland and Stefmir, a leading Icelandic Asset Management group owned by Arion banki, were cornerstone investors when Icelandic Salmon was listed on the Merkur market (now Euronext Growth) in the fourth quarter of 2020. The 20 largest shareholders owned a total of 92.6 per cent of the shares. See further note 5 in section two.

The Company's shares price fluctuated between NOK 139 and NOK 160 in the first half of 2022. The closing price at the end of the period was NOK 155, compared with NOK 147 at the beginning of the year. This corresponds to an increase of five per cent.

No changes were made to the Groups board of directors or management within the period.

Risks and uncertainties

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

The war in Ukraine

The Russian attack on Ukraine in early 2022 has affected the Group's operations economically. While the Group has no assets in Russia, Belarus or Ukraine, nor any significant sales to those areas in the past years, the Group has been affected by the sanctions imposed following the war, most notably related to the price of raw materials such as fish feed, operations and logistics. Meanwhile, the market price for Atlantic salmon has remained strong, balancing the effect of the higher production and logistic cost. Overall, the geopolitical situation has had no significant negative impact on Icelandic Salmon's markets and opportunities. Management will continue to monitor the situation closely.

Covid-19

The Covid-19 pandemic and the various public health measures implemented worldwide have not directly affected the market of Icelandic Salmon products in the first half of 2022. However, Icelandic Salmon recognises that the situation may change and that it must be ready to face uncertainty.

OUTLOOK

High demand for Atlantic salmon resulted in high product prices in the first half of 2022. Compared to expectations at the beginning of the year, the prices were higher and remained high for longer period. Towards the end of the period, the prices have come down, and the forward prices indicate a further possible decrease. The forecast sales prices are still favourable compared with previous years.

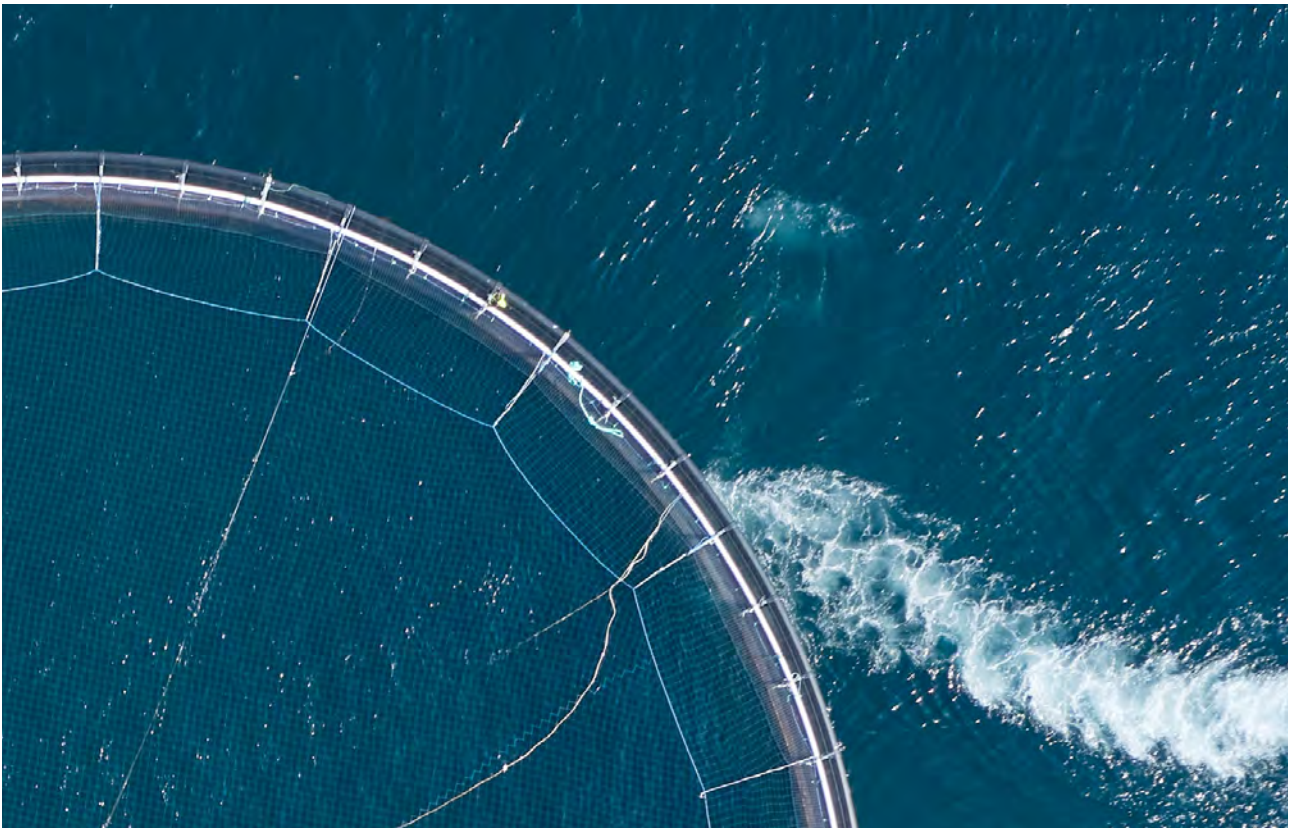
As of August 2022, the indication for Fish Pool forward prices indicates an average price for Atlantic Salmon of EUR 7.50 per kilo for the second half of 2022 and EUR 8.46 per kilo for the first half of 2023.

With its overall positive view on the demand for Atlantic salmon, and for sustainable Icelandic salmon in particular, the Group will continue investing in growth projects and increase production. Acquisition of Eldisstöðin Íspór smolt facility has been approved by the Icelandic Competition Authorities (ICA), and that will provide additional support to the Group's growth projects.

The Russian invasion of Ukraine and sanctions have disturbed many supply chains and impacted the price of raw materials. It is expected that the effect of that has not all been accounted for and that further unexpected changes in the price of raw materials may occur.

Icelandic Salmon maintains its estimated total harvest for 2022 of 16.0 thousand tonnes of Icelandic Salmon.





STATEMENT OF THE BOARD OF DIRECTORS

We declare that, to the best of our knowledge, the half-year financial statements for the period 1 January to 30 June 2022 have been prepared in accordance with IAS 34 – Interim Reporting and that the information contained therein provides an accurate and fair view of the Group's assets, liabilities, financial position, and overall results.

We further declare that, to the best of our knowledge, the half-year report provides a true and fair view of important events that have taken place during the accounting period and their impact on the half-year financial statements, as well as the most important risks and uncertainties facing the business in the forthcoming accounting period.

Bíldudalur, August 24th 2022

A handwritten signature in blue ink, appearing to read 'Kjartan Olafsson'.

Kjartan Olafsson,
Chairman of the Board

A handwritten signature in blue ink, appearing to read 'Trine S. Romuld'.

Trine Sæther Romuld,
Member of the Board

A handwritten signature in blue ink, appearing to read 'Espen Weyergang Marcussen'.

Espen Weyergang Marcussen,
Member of the Board

A handwritten signature in blue ink, appearing to read 'Leif-Inge Nordhammer'.

Leif-Inge Nordhammer,
Member of the Board

A handwritten signature in blue ink, appearing to read 'Olav Andreas Ervik'.

Olav Andreas Ervik,
Member of the Board

A handwritten signature in blue ink, appearing to read 'Bjørn Hembre'.

Bjørn Hembre,
CEO

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CONDENSED CONSOLIDATED INTERIM FINANCIAL
STATEMENTS OF ICELANDIC SALMON AS



Statement of comprehensive income

	Note	H1 2022	H1 2021	FY2021
Revenue from contracts with customers	2	72,085	35,420	90,806
Total operating revenue		72,085	35,420	90,806
Cost of goods sold		28,986	18,681	52,753
Salaries and personnel expenses		8,291	5,745	12,180
Other operating expenses		8,369	5,089	12,644
Depreciation		3,395	2,775	5,915
Total operating expenses		49,042	32,289	83,492
Operational EBIT	9	23,044	3,131	7,314
Production tax	9	(549)	(120)	(307)
Onerous Contracts	7	(337)	0	0
Fair value adjustments of biomass	4, 9	3,885	755	(2,937)
Operating profit		26,042	3,766	4,070
Income from investments in joint ventures		(214)	(301)	3
Financial items				
Financial income		60	78	144
Financial expense		(1,031)	(939)	(1,969)
Net currency gain		649	351	351
Net financial items		(321)	(510)	(1,474)
Profit before tax		25,507	2,955	2,600
Income Tax		5,209	640	232
Net profit for the period		20,298	2,315	2,367
Net profit for the period attributable to:				
Equity holders of the parent company		20,298	2,315	2,367
Other comprehensive income				
<i>Items which may subsequently be reclassified to profit or loss</i>				
Translation differences related to joint venture		92	77	88
Translation differences related to subsidiaries		0	0	(1)
Other comprehensive income for the period		92	77	87
Total comprehensive income for the period		20,390	2,393	2,454
Total comprehensive income attributable to:				
Equity holders of the Parent company		20,390	2,393	2,454
Earnings per share ("EPS"):				
Basic and diluted (EUR Per share)		0,656	0,075	0,076

Statement of financial position

Assets	Note	30/6/2022	30/6/2021	31/12/2021
Non-current assets				
Goodwill		19,332	19,332	19,332
Licenses	3	1,359	978	978
Property, plant & equipment		56,492	47,109	52,225
Lease assets	8	7,205	5,646	5,827
Investment in joint venture		1,525	1,343	1,647
Other long-term receivables		6,125	4,850	4,964
Deferred tax asset		0	3,000	3,407
Total non-current assets		92,038	82,259	88,380
Current assets				
Biological assets	4	73,310	57,657	66,899
Inventories	4	4,026	3,532	2,538
Trade receivables		7,022	4,361	7,323
Other receivables		2,590	2,427	2,126
Cash and cash equivalents		18,731	2,453	3,744
Total current assets		105,679	70,429	82,630
Total assets		197,717	152,688	171,010



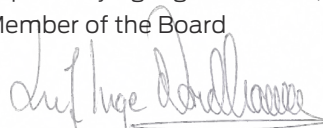
Statement of financial position

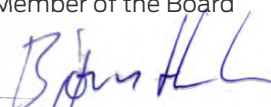
Equity and liabilities	Note	30/6/2022	30/6/2021	31/12/2021
Equity				
Share capital	5	29,571	29,571	29,571
Share premium		90,622	90,622	90,622
Other paid-in equity		(1,006)	359	(1,089)
Other equity		10,595	(9,814)	(9,795)
Total equity		129,782	110,738	109,309
Liabilities				
Non-current liabilities				
Interest-bearing debt	6	37,378	22,100	38,465
Lease liabilities	6, 8	6,166	4,670	4,803
Deferred tax liability		1,987	0	0
Total non-current liabilities		45,531	26,769	43,268
Current liabilities				
Interest-bearing debt	6	2,294	3,778	2,084
Lease liabilities	6, 8	1,218	929	1,086
Trade payables		10,229	5,708	9,699
Provision for onerous contracts	7, 9	337	0	0
Other current liabilities		8,326	4,767	5,564
Total current liabilities		22,404	15,181	18,433
Total liabilities		67,935	41,950	61,701
Total equity and liabilities		197,717	152,688	171,010

Bíldudalur, August 24th 2022

Kjartan Olafsson,
Chairman of the Board

Trine Sæther Romuld,
Member of the Board

Espen Weyergang Marcussen,
Member of the Board

Leif-Inge Nordhammer,
Member of the Board

Olav Andreas Ervik,
Member of the Board

Bjørn Hembre,
CEO

Statement of cash flow

Statement of cash flow	Notes	H1 2022	H1 2021	FY 2021
Cash flow from (to) operating activities:				
Profit before tax		25,507	2,955	2,600
Deprecation		3,395	2,775	5,915
Share of profit (loss) from joint ventures		214	301	(3)
Share-based options adjustment		83	72	209
Currency exchange and other items		(40)	261	136
Financial expenses (debt/borrowings and leases)		1,031	939	1,969
Interest income		(60)	(78)	(144)
Change in fair value of biomass	4	(3,885)	(755)	2,937
Change in inventories and biomass recognised at cost		(4,015)	(2,286)	(13,470)
Change in payables and receivables		3,400	(2,151)	(392)
Net cash flow from (to) operating activities		25,630	2,033	(244)
Cash flow from (to) investing activities:				
Proceeds from from sale of property, plant & equipment		121	3	12
Purchase of property, plant & equipment		(6,965)	(5,157)	(12,886)
Purchase of shares, net of cash received	8	(194)	(473)	(474)
Change in other long-term receivable		(1,105)	(883)	(1,000)
Proceeds of interest income		4	4	8
Purchase of licenses		0	(255)	(431)
Net cash flow from (to) investing activities		(8,138)	(6,761)	(14,771)
Cash flow from (to) financing activities:				
New interest-bearing debt	6	3,222	7,000	25,171
Repayment of interest-bearing debt	6	(4,125)	(1,692)	(4,826)
Payment of principal portion of lease liabilities	6	(590)	(307)	(785)
Paid interest (debt/borrowings and leases)		(1,011)	(870)	(2,233)
Share based payments		0	0	(1,618)
Net cash flow (to) from financing activities		(2,505)	4,131	15,709
Net change in cash and cash equivalents		14,987	(598)	694
Cash and cash equivalents as at 1 Jan		3,744	3,050	3,050
Cash and cash equivalents as at period end		18,731	2,453	3,744

Statement of changes in Equity

	Notes	Share capital	Share premium	Other paid-in equity	Other equity		Total equity
					Translation differences	Retained earnings	
2021							
Equity as at 1 Jan 2021		29,571	90,622	288	(1,219)	(11,084)	108,178
Net profit for the year		0	0	0	0	2,367	2,367
Other comprehensive income							
Translation differences in subsidiaries and joint venture		0	0	0	87	0	87
Total comprehensive income for the year		0	0	0	87	2,367	2,454
Share-based payment, expensed		0	0	209	0	0	209
Share-based payment, release		0	0	(1,585)	0	(33)	(1,618)
Other changes		0	0	0	(178)	265	87
Other transactions			0	(1,376)	(178)	232	(1,323)
Equity as at 31 Dec 2021		29,571	90,622	(1,089)	(1,310)	(8,485)	109,309
		Share capital	Share premium	Other paid-in equity	Other equity		Total equity
					Translation differences	Retained earnings	
2022							
Equity as at 1 Jan 2022		29,571	90,622	(1,089)	(1,310)	(8,485)	109,309
Net profit of the period		0	0	0	0	20,298	20,298
Other comprehensive income							
Translation differences in subsidiaries and joint venture		0	0	0	92	0	92
Total comprehensive income of the period		0	0	0	92	20,298	20,390
Share-based payment, expensed		0	0	83	0	0	83
Other transactions		0	0	83	0	0	83
Equity as at 30 June 2022		29,571	90,622	(1,006)	(1,218)	11,813	129,782

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1 Corporate information and basis for preparation

Icelandic Salmon AS (The “Company” or the “Parent”) is a limited liability company, incorporated in Norway and headquartered in Kverva. The address of its registered office is Industriveien 51, 7266 Kverva, Norway. The ultimate parent company is Kvarv AS. The Condensed Interim Financial Statements incorporate the financial statement of the Company and its subsidiaries collectively the “Group” or “Icelandic Salmon”.

Icelandic Salmon is the leading salmon farmer in Iceland and the main operation of the Group is production, processing and sale of seafood and seafood-based products.

Subsidiaries

Subsidiaries are entities ultimately controlled by the Group. Control is achieved when the Company has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Subsidiary	Office	30/6/2022	30/6/2021	31/12/2021	Company	Country
Arnarlax ehf,	Strandgata 1, 465 Bíldudalur	100%	100%	100%	Icelandic Salmon AS	Iceland
Fjallalax ehf,	Strandgata 1, 465 Bíldudalur	100%	100%	100%	Arnarlax ehf,	Iceland

Accounting principles

These Condensed Consolidated Interim Financial Statements have been prepared in accordance with International Accounting Standards, IAS 34 Interim Financial Reporting. The Condensed Consolidated Interim Financial Statements have been prepared on the historical cost bases excepted for biological assets, which is measured at fair value with gain and losses recognised in the Consolidated Statement of Other Comprehensive Income.

The same accounting policies and classification have been followed in these Condensed Consolidated Interim Financial Statements as were applied in the preparation of the Group’s Consolidated Financial Statements for the year ended 31 December 2021. A full description of all material accounting principles used in the most recent Consolidated Financial Statements is given in the Group’s 2021 annual report, which is available on www.arnarlax.is. The Group has not early adopted any standards, interpretation or amendment with effective date after 1 January 2022. 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 Condensed Consolidated Interim Financial Statements are unaudited.

To increase the value of information disclosed in the notes to the Condensed Consolidated Interim Financial Statements, information disclosed are relevant and material. That means that information that are neither relevant nor material for the reader are not disclosed.

2 Operating revenue

Revenue recognised at point in time (sale of goods) and revenue recognised over time (other revenue) is as follows:

Specifications of revenue:	H2 2022	H1 2021	FY2021
Sales of goods	66,581	31,106	81,628
Other revenues	5,504	4,314	9,177
Revenue from contracts with customers	72,085	35,420	90,806

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 geographic market:	H2 2022	%	H1 2021	%	FY2021	%
Europe, excl, Norway	42,350	58,7%	29,183	82,4%	57,597	63,4%
USA	16,438	22,8%	3,105	8,8%	12,464	13,7%
Norway	5,394	7,5%	1,052	3,0%	16,110	17,7%
Other	7,903	11,0%	2,080	5,9%	4,635	5,1%
Revenue from contracts with customers	72,085	100,0%	35,420	100,0%	90,806	100,0%



3 Licenses

Accounting principles

Intangible assets that are purchased individually are capitalised at acquisition cost. Intangible assets acquired in connection with the purchase of a business entity are capitalised at acquisition cost when the criteria for separate posting are met.

	Licenses	Total
Carrying amount at 1 January 2021	0	0
Additions in the period	978	978
Carrying amount at 30 June 2021	978	978
Addition purchase of licenses	0	0
Carrying amount at 31 December 2021	978	978
Addition business combination	381	381
Carrying amount at 30 June 2022	1,359	1,359

At period ending 30.6.2022 the Group had recognised licenses amounting EUR 1.4 million (Compared to 31.12.2021: 1.0 million, 30.06.2021: 1 million). The change of the current period is arising from business combination (see note 8)



4 Biological assets

Book value of biological assets inventories	30/06/2022	30/06/2021	31/12/2021
Raw materials	3,967	3,341	2,470
Boxes	60	20	67
Finished Products	0	171	0
Total other inventories	4,026	3,532	2,538
Biological assets	73,310	57,657	66,899
Total biological assets and other inventories	77,336	61,189	69,437

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, arctic char and fish held at sea farm.

Finished Products comprises whole salmon, fresh and frozen, as well as processed salmon products. At end of H1 2022, finished goods was in transit to customers compared to EUR 0.2 million for the corresponding period for 2021.

Write-downs

Cost of finished products recognised as an expense in respect of write-downs of inventory to net realisable value.

	H1 2022	H1 2021	FY2021
Write downs within period	0	95	95

Fair value

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.

Fair Value	H1 2022	H1 2021	FY2021
Change in fair value of the biomass	3,885	755	(2,937)
Recognised fair value adjustments	3,885	755	(2,937)

Book value of biological assets recognised at fair value	30/06/2022	30/06/2021	31/12/2021
Biological assets held at sea farms at cost	58,045	44,147	57,127
Fair value adjustment of biological assets	9,680	9,487	5,795
Total biological assets held at sea by fair value	67,725	53,634	62,922
Roe, fry, smolt and arctic char fish at cost	5,585	4,023	3,977
Total biological assets	73,310	57,657	66,899

Change in the book value of biological assets held at sea farm carried at fair value	30/06/2022	30/06/2021	31/12/2021
Biological assets held at sea farm 1 Jan	62,922	49,211	49,211
Increase resulting from production/purchase	26,191	22,239	61,648
Reduction resulting from sale/harvesting	(23,720)	(18,529)	(44,959)
Reduction resulting from incident-based mortality	(1,552)	(42)	(42)
Net fair value adjustment	3,885	755	(2,937)
Biological assets held at sea farm at end of period	67,725	53,634	62,922

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 Q1 2022 that resulted in incident-based mortality as defined above. The total net effect on the Group's operating profit at cost was EUR 1.4 million. The corresponding numbers for 2021 was one incident and effect on Group's operating profit at cost of EUR 41.5 thousand.

The discount rate at end of first half 2022 was 5.0 per cent per month, which reflects the biomass capital cost, risk and synthetic license fees and site rental charges. The discount rate was changed from end of year 2021 from 4.0 per cent and is based on increased margin that should give a higher contribution to the owner of the licenses and higher expectations of profitability in the industry.

The calculation is based on following forward prices:

Expected harvesting period:	Forward price 30/6/2022	Forward price 30/06/2021	Forward price 31/12/2021
Q3-2021		5,41	
Q4-2021		5,90	
Q1-2022		6,14	6,80
Q2-2022		6,27	6,73
Q3-2022	7,84	5,23	5,53
Q4-2022	7,52	5,60	6,08
Q1-2023	8,14	5,86	6,32
Q2-2023	8,14		6,34
Q3-2023	6,84		5,29
Q4-2023	7,04		
Q1-2024	6,88		

5 Share capital and shareholders

As at 30 June 2022, The Company's share capital comprised:

	No,	Face value	Share capital in EUR
Ordinary shares	30,961,868	0,96	29,571,137

Shareholders

The Company's 20 largest shareholders as at 30 June 2022 were:

	No,	Shareholding
SalMar ASA	15,798,152	51,02%
J,P, Morgan SE	2,465,774	7,96%
Íslandsbanki hf,	2,320,643	7,50%
Gyda ehf,	1,000,000	3,23%
Holta Invest AS	938,314	3,03%
Pactum Vekst AS	825,862	2,67%
MP Pensjon PK	619,706	2,00%
Canomaro Shipping AS	599,661	1,94%
Nima Invest AS	562,198	1,82%
Clearstream Banking S,A,	526,090	1,70%
State Street Bank and Trust Comp	515,000	1,66%
Kristians and AS	470,000	1,52%
Haganes AS	319,646	1,03%
Hortulan AS	300,000	0,97%
VPF DNB Norge Selektiv	261,590	0,84%
Verdipapirfondet Pareto Investment	243,400	0,79%
Verdipapirfondet DNB SMB	233,524	0,75%
DNB Nor Bank ASA	227,616	0,74%
Alden AS	218	0
Lithinon AS	212	0
Total 20 largest shareholders	28,656,833	92,56%
Total other shareholders	2,305,035	7,44%
Total no, of shares	30,961,868	100,00%

Shares owned by members of the board and directors.

Name	Title	Shares	Shareholding
Kjartan Ólafsson *	Chairman of the board	1,000,000	3,23%
Trine Sæther Romuld ***	Boardmember	***	
Olav Andreas Ervik ***	Boardmember	***	
Leif Inge Nordhammer ***	Boardmember	***	
Espen Marcussen ****	Boardmember	****	
Bjørn Hembre **	CEO	32,900	0,11%
Rolf Ørjan Nordli ***	COO SeaWater	***	

* Kjartan Ólafsson owns indirectly through Gyda ehf, Kjartan Ólafsson owns 100 per cent of the shares in Berg Fjárfesting ehf, which own 100 per cent of the shares in Gyda ehf.

** Bjørn Hembre owns indirectly through IVMA AS which is one of minority stakeholders in Icelandic Salmon AS, Bjørn Hembre owns 100 per cent of the shares in IVMA AS.

*** Trine Sæther Romuld, Olav Andreas Ervik, Leif Inge Nordhammer and Rolf Ørjan Nordli: all indirectly own shares through minority stakes in SalMar ASA.

**** Espen Marcussen indirectly owns shares through a minority stake in Pactum Vekst AS.



6 Interest-bearing liabilities

Long-term interest-bearing debt	30/06/2022	30/06/2021	31/12/2021
Debt to credit institutions	39,481	23,743	40,549
Classified as current liabilities	(2,104)	(1,644)	(2,084)
Total non-current interest-bearing debt	37,378	22,100	38,465
Lease liabilities	7,384	5,599	5,889
Classified as current liabilities	(1,218)	(929)	(1,086)
Non-current lease liabilities	6,166	4,670	4,803
Total non-current interest-bearing liabilities	43,544	26,769	43,268
Current interest-bearing liabilities			
Debt to credit institutions	190	2,134	0
Long-term interest-bearing debt classified as current	2,104	1,644	2,084
Total debt to credit institutions	2,294	3,778	2,084
Current lease liabilities	1,218	929	1,086
Total current interest-bearing debt	3,513	4,707	3,170

Financial covenants

The Company has a solvency requirement which means that the book equity ratio must be above 35 per cent and profit requirement that requires that the Company's 12-month rolling interest coverage ratio must not be lower than 3.5:1. In addition, the Company's NIBD / 12-month rolling EBITDA should not exceed 6.5:1. The Company was in compliance with these covenants as at 30 June 2022.

Reconciliation of changes in liabilities to credit institutions incurred as a result of financing activities in H1 2022

	1 January 2022	New borrowings	Repayment of borrowings	Current portion of long-term liabilities	Other changes	30 June 2022
Non-current interest-bearing debt to credit institutions	38,465	2,971	(3,563)	(563)	68	37,378
Current interest-bearing debt to credit institutions	2,084	252	(563)	311	19	2,103
Total liabilities from financing	40,549	3,222	(4,125)	(252)	87	39,481

Reconciliation of changes in liabilities to credit institutions incurred as a result of financing activities in H1 2022

	1 January 2022	New leases recognised	Cash flows	Current portion of long-term leases	30 June 2022
Non-current lease liabilities	4,803	2,086	0	(722)	6,167
Current lease liabilities	1,086	0	(590)	722	1,218
Total lease liabilities from financing	5,889	2,086	(590)	0	7,385

Of the total amount of leases there are three lease agreements for feed barge, service boat and lease of a land at Hallkellsholar that comprise 6.1 million or 83% of lease assets.

7 Onerous Contracts

Accounting principles

Provision

A provision is recognised when, and only when, the Group has a constructive obligation (legal or self-imposed) deriving from an event which has occurred, and it is probable (more likely than not) that a financial settlement will take place as a result of that liability, and the amount in question may be reliably quantified. Provisions are reviewed on each reporting date, and the level reflects a best estimate of the liability concerned.

Onerous contracts

Physical fixed-price sales contracts whose price is less than the price used as the basis for adjusting the fair value of the biomass are recognised as provision in the Consolidated Statement of Financial Position. The amount recognised as a liability is the difference between the market price at the end of the reporting period plus costs to sell and the contract price. Changes in provisions are recognised in a separate line in the Consolidated Statement of Comprehensive Income and are included in the operational profit.

Provision related to onerous contracts was EUR 0.4 million for H1 2022. The effect is recognised as separate line in the Condensed Consolidated Interim Statement of Comprehensive Income with with contra entry to current liabilities. No provision of onerous contracts was recognised in the year 2021.



8 Business combination

Business acquisition in 2021

Arnarlax signed a contract on 11 May 2021 for the acquisition of all shares in Fjallalax ehf, for a cash consideration of ISK 109,6 million (EUR 0,67 million). Of that amount, EUR 0,47 million was paid on 11 June 2021 which is defined as the acquisition date and EUR 0,2 million in end of January 2022. The below is the fair value of assets and liabilities acquired based on final purchase price allocation.

Fjallalax ehf's assets acquired and liabilities recognised at the date of acquisition:

	Book value	Adjustment to fair value	Fair value
Biomass - Arctic Char	41	0	41
Lease Assets	365	0	365
Trade and other receivables	26	0	26
Licenses	0	928	928
Equipments and Machinery	18	0	18
Deferred tax liability	0	(186)	(186)
Lease liabilities	(338)	0	(338)
Trade and other payables	(159)	0	(159)
Current portion of lease liability	(27)	0	(28)
Net identifiable assets and liabilities	(75)	743	667
Cash consideration			667

(MAST) granted a 100-tonnes operating license for salmon and arctic char production at the Hallkellshólar facility. Simultaneously Fjallalax ehf, entered a non-cancellable lease agreement for the land. The lease term is 27 years, resulting in an increase of lease liability of EUR 1,9 million with corresponding entry to right-of-use assets.

Business acquisition in 2022

See Subsequent event (note 10).

9 Alternative performance measures

The Group prepares its financial statements in accordance with International Financial Reporting Standards (IFRS). In addition, management has established alternative performance parameters (APMs) to provide useful and relevant information to users of its financial statements. Alternative performance parameters have been established to provide greater understanding of the Company's underlying performance, and do not replace the Consolidated Financial Statements prepared in accordance with IFRS. The performance parameters have been reviewed and approved by the Group's management and Board of Directors. Alternative performance parameters may be defined and used in other ways by other companies.

Operational EBIT

Operational EBIT is an APM used by the Group. The relationship between Operational EBIT and operating profit/loss is presented in the table below. The difference between Operational EBIT and operating profit/loss relates to provisions for production tax and onerous contracts and fair value adjustments of biomass are classified in separate lines in the Condensed Consolidated Interim Financial Statements. These items are market value and fair value assessments linked to assumptions about the future. Operational EBIT shows the underlying operation and the results of transactions undertaken in the period.

	H1 2022	H1 2021	FY 2021
Operating profit	26,042	3,766	4,070
Production tax	549	120	307
Onerous Contracts	337	0	0
Fair value adjustments of biomass	(3,885)	(755)	2,937
Operational EBIT	23,044	3,131	7,314

Production tax

The production tax represents resource tax in Iceland. It reduces profits by EUR 0.5 million in H1 2022 compared to EUR 0.1 million in H1 2021 and 0.3 million for the year 2021.

Operational EBIT per kg gutted weight

Operational EBIT per kg gutted weight (GW) is defined as a key performance parameter for the Group. The performance parameter is used to assess the profitability of the goods sold and the Group's operations. The performance parameter is expressed per kg of harvested volume.

	H1 2022	H1 2021	FY 2021
Operational EBIT	23,044	3,131	7,314
Harvested volume (tonnes)	6,326	4,848	11,537
Operational EBIT per kg gutted weight	3,64	0,65	0,63

Net interest bearing debt (NIBD)

Net interest bearing debt is an alternative performance measure used by the Group. The performance measure is used to express the Groups's working capital, and is an important performance measure for investors and other users, because it shows net borrowed capital used to finance the Group. Net interest-bearing debt is defined as long-term and short-term debt to credit institutions, less cash and cash equivalents. Lease liabilities under IFRS 16 are not included in the calculation of interest-bearing debt.

	30/6/2022	30/6/2021	31/12/2021
Non-current interest-bearing debt	37,378	22,100	38,465
Current interest bearing debt	2,294	3,778	2,084
Cash and cash equivalents	(18,731)	(2,453)	(3,744)
Net interest bearing debt (NIBD)	20,941	23,424	36,805



10 Subsequent event

Acquisition of Eldisstöðin Íspór

The Company's fully owned subsidiary, Arnarlax, signed a Share Purchase Agreement (SPA) on 25th of May for the remaining 50% of shares in its joint venture, Eldisstöðin Íspór hf. The transaction was subject to approval from the Icelandic Competition Authorities (ICA) and certain other closing conditions. The ICA approved the acquisition on 2nd of August and all other closing condition was closed on 17 of August, which is the acquisition date. With this acquisition the Group takes another important step in its strategy of increasing smolt weight, allowing increased MAB license utilisation while reducing production time in sea and thereby biological risk. The acquisition acquisitiondate fair value of the total consideration is approximately 10,6 million.

With the acquisition the Company is getting control over its joint venture and therefore in accordance with IFRS the Company will remeasure its 50% equity interest held before the acquisition to fair value. The remeasurement will result in a fair value gain of approximately 9 million recognised in the Consolidated Statement of Comprehensive Income in Q3 2022. A full Purchase Price allocation according to IFRS is in progress and will be disclosed as part of Q3 2022 reporting.

Other subsequent events

Following the acquisition of Eldisstöðin Íspór, the management agreed to purchase part of remaining biomass owned by previous owner within the facility. With the purchase the Company become sole owner of the biomass in the facility as from acquisition date.



2022