Pelagia Holding AS

Financial Statements 2022
Group Accounts

Note: This translation from Norwegian has been prepared for information purposes only

Board of Directors' Report 2022

The business

Pelagia Holding AS (Pelagia) is a group that produces consumer products of pelagic fish and fishmeal, protein concentrate and fish oil from both pelagic fish, whitefish and salmon. In addition, the group produce dietary supplements and pharmaceutical products based on concentrated marine Omega-3. With its combined activity, the group is a key international player particularly in the pelagic sector, with production facilities in the North Atlantic. Most of the products are for export.

Pelagia's head office is located in Bergen, Norway. The group has wholly owned production facilities in Norway, the UK, Ireland and Denmark as well as local sales representatives in Ukraine and Greece.

In March 2022 Pelagia AS signed an agreement with Arne Stang AS to acquire 100 % of the shares in Norsk Fiskeindustri Invest AS (NFI). NFI owns 51 % of Husøy Eiendom Karmøy AS and 51,05 % of the shares in Karmsund Protein AS. The latter is a producer of fishmeal and fish oil. The transaction was completed in May 2022.

As a result of the acquisition of Hordafor AS in 2021, Pelagia owned 66% of Aquarius AS. In December 2022 the share of ownership increased to 100%. After the acquisition a process to merge Pelagia AS and Aquarius AS was initiated. The merger is completed in 2023.

Pelagia AS, including its foreign wholly owned subsidiaries and associated companies, has acquired approx. 1.3 million tons of raw material for its operations in 2022.

An important foundation and goal for Pelagia is innovation. In 2022, Pelagia was involved in several R&D projects in collaboration with the Research Council of Norway, Innovation Norway, the Fisheries and Aquaculture Research Fund, equipment suppliers and others. The aim of the projects is to increase value creation by developing new products from the pelagic raw materials. The focus is on utilizing and creating value from the entire fish.

The group has divided its operations into three segments.

Pelagia Food buys pelagic fish from the fishing fleet and produces and packs consumer products, mainly for export. The group has nine production facilities in Norway from Honningsvåg in the north to Egersund in the south. The company has also a similar production facility in Lerwick, Shetland, and a facility for marinating in Skagen, Denmark. Pelagia has sales activity in Ukraine through the partly owned companies Pelagia Ukraina LLC and TD Moreproducts LLC.

Pelagia Feed produces fishmeal, fish oil and protein concentrates in Norway, the UK and Ireland. The group has seven production plants for fishmeal and fish oil and four plants for protein concentrates and oil. The group also has a significant storage facility in Egersund, which is also approved as a border control station for the import of proteins and oils from third countries. Production is based on both pelagic fish, white fish and from salmon raw materials.

Pelagia Health produces concentrates of omega-3 fatty acids for human consumption through health food products or as an ingredient in pharma products. Production takes place through the company Epax Norway AS and the Epax brand with its production facility located in Ålesund.

Profit, balance sheet and cash flow

Result

The group's sales revenues were NOK 11 282 million in 2022 (9 862 in 2021). EBITDA was NOK 1 691 million in 2022 (1 018 in 2021).

Depreciation of property, plant and equipment and intangible assets was NOK 355 million in 2022 (291 in 2021).

The operating profit was NOK 1 336 million in 2022 (727 in 2021).

Profit share from equity method accounted investments was NOK 0 million in 2022 (21 in 2021). Net financial expenses were NOK 176 million in 2022 (99 in 2021). The tax cost was NOK 257 million in 2022 (85 in 2021).

Profit after tax was NOK 903 million in 2022 (565 in 2021) and the total result was NOK 985 million in 2022 (564 in 2021).

Balance

The total balance was NOK 9 137 million in 2022 (7 582 in 2021). Total equity was NOK 3 809 million (42 %) in 2022 (3 168 in 2021 (42 %).

Net interest-bearing debt was NOK 4 119 million in 2022 (3 325 in 2021).

The group is in compliance with all covenants at the end of the year.

The group's interest rate terms are NIBOR plus margin. The margin may vary somewhat depending on the equity ratio and profit-dependent ratios for the group. The group established a new 5-year long financing agreement in November 2022. A bond loan of NOK 900 million was issued maturing in December 2025.

The group performs annual tests to assess the value of the company's assets. Impairment tests carried out at the end of 2021 shows that there is no need for impairment. It is taken into account that available raw material in the form of the size of global quotas affects the future sales of pelagic fish and thus also the group's activity.

Cash flow

Net cash flow from operating activities was NOK 622 million in 2022 (1 296 in 2021). Net cash flow from investing activities was NOK -459 million in 2022 (-764 in 2021). The investments in 2022 are related to ordinary maintenance and development investments of NOK 450 million. Furthermore, a net of NOK 48 million is related to the investment in Norsk Fiskeindustri Invest AS. Net cash flow from financing activities was NOK -249 million in 2022 (-488 in 2021). The change from 2021 to 2022 mainly relates to debt repayments and dividends paid. Holdings of cash and cash equivalents were NOK 129 million in 2022 (215 in 2021).

Going concern
The financial statements have been prepared using the going concern assumption. The board confirms that the prerequisites for going concern are present.

Report on corporate governance

Risk management and internal control

The Board complies with the Norwegian Code of Practice for Corporate Governance to the extent relevant for companies with a listed unsecured bond loan. The board is of the opinion that Pelagia is appropriately organized and that the business is carried out in accordance with current legislation and regulations and in accordance with the company's purpose and articles of association. For more information on corporate governance we refer to www.pelagia.com.

Financial risk

Market risk

1) Currency and price risk
The group is exposed to currency risk by having cash flows in foreign currency. Normally, approx. 80 % of the turnover is in foreign currency, while the costs are mainly in Norwegian kroner (mainly GBP and EUR in foreign subsidiaries). There is a substantial correlation between market prices converted to Norwegian kroner based on current exchange rates, and corresponding commodity prices, especially for goods with a high turnover rate. Changes in market prices converted to Norwegian kroner will therefore over time be reflected in the commodity price and reduce parts of the currency risk. Current turnover in foreign currency is hedged on an ongoing basis through derivatives.

2) Interest rate risk
The entire group's interest-bearing debt is in Norwegian kroner. The group's debt financing is largely linked to operations and varies in line with seasonal fluctuations and is therefore only drawn upon during parts of the year. In order to maintain this flexibility, essentially all debt in the group is based on floating interest rates.

Credit risk
The degree of credit risk will vary depending on the market segment in which the group operates. All credit will, as a general rule, be secured through credit insurance or other instruments. On day to day basis the group monitors the risk associated with each individual customer and outstanding receivable and has recorded allowance for doubtful accounts that, at all times, are considered sufficient.

Liquidity risk
In the opinion of management and the board, the group has sufficient access to financing that safeguards business opportunities and freedom of action.

Equality and diversity

In its recruitment policy, Pelagia seeks to attract the best applicants for key positions and we provide women and men equal opportunities for career development. The board emphasizes that there are to be no discrimination on the grounds of gender in matters such as salary, promotion, continuing education and recruitment.

Statement of social responsibility

The business of Pelagia mainly consists of three different business areas, Pelagia Food, Pelagia Feed and Pelagia Health. In practice all operations in Pelagia are connected to utilizing renewable raw material from fish. In Food, all fish is used to produce food for humans with a varying degree of processing. When there is processing in Food, the residual product goes to our Feed-division where they are used as raw material in the production. Together with other fish that to a lesser degree is used for human consumption, these residual products will be raw material in the production of fishmeal and -oil. Fishmeal and -oil are to a large degree used as an ingredient in feed for salmon farming or agriculture.

Some of the meal and -oil products can be further refined so that individual products from this raw material can be used in special products in example health food or medicine use. Our Health division is working with such further utilization of the raw material in the form of oils, proteins and minerals. Among other things, concentrates are made from EPA/DHA fatty acids (Omega-3) in fish oil for use in health foods and pharma products. The residual products of this production will in turn be included as an ingredient in feed production.

With its seven ships, Pelagia collects residual raw materials from the salmon industry. From this residual raw material, protein concentrates, and salmon oil are made. These products are used as feed ingredients for fish/animals other than salmon and trout today. The parts of the raw materials not suitable for feed ingredients, are among others used in the production of oil for fuel or in the production of biogas. We ensure that all the raw material is put to use.

External environment, climate risk and sustainability

Much of Pelagia's operations involves handling and processing wild-caught fish, and we are therefore dependent on a sustainably managed ocean. As a major player in fish processing, Pelagia has a responsibility to use this raw material in a sustainable and appropriate manner. Therefore, Pelagia's vision is to use 100% of the fish. Pelagia's business model is designed with a circular economy and optimal utilisation of the raw material in mind.

To ensure that there is access to the necessary raw materials in the future, it is important that there is a focus on adequately regulated and sustainable fishing. Pelagia buys all pelagic raw materials for Norwegian facilities throughNorwegian Fishermen's Sales Organization for Pelagic Fish, while the factories in other countries mainly buy directly from the fishing vessels.

We are actively working to reduce emissions from Pelagia, among other things by targeting the use of fossil fuels at our meal- and oil factories. The work is threefold; We want to increase the energy efficiency of the process, reuse energy, and use fuel that leaves as small a footprint as possible. Our work to increase energy efficiency is a continuous effort.

Below is an overview of the Group's emissions in CO2e in 2022:

Table 1: Overview of GHG-emissions

GHG emissions	Total tCo2e	Feed	Food	Health
Direct Scope 1	91 084	88 812	108	2 165
Indirect Scope 2, market based	63 646	22 395	35 624	5 618
Indirect Scope 2, location based	5 104	2 524	2 428	153
Total Scope 1 og 2, market based	**154 730**	**111 207**	**35 732**	**7 782**
Total Scope 1 og 2, location based	**96 188**	**91 336**	**2 535**	**2 317**

Table 2: Overview of emissions connected to different energy products

Energy product	Total tCo2e	Feed	Food	Health
Oil for heat/production	34 594	32 420	10	2 165
Propane production process	27 374	27 374	-	-
Gas for heat/production	15 781	15 781	-	-
MGO fuel boats	12 811	12 811	-	-
Electricity	4 962	2 524	2 286	153
Fuel cars/trucks	524	426	98	-
District heating	142	-	142	-
Total Scope 1 and 2 (location-based method)	**96 188**	**91 336**	**2 535**	**2 317**

Table 3: Energy consumption divided in scopes

Energy consumption	Total TJ	Feed	Food	Health
Direct Scope 1	1 372	1 340	1	30
Indirect Scope 2	577	204	323	50
Total energy consumption	**1 948**	**1 545**	**324**	**80**

TJ = Terrajoule. Measure of energy/heat. 1 TJ = 1 billion Joule = 277 778 kWh

Table 4: Scope 1 and 2, Calculated using location-based method

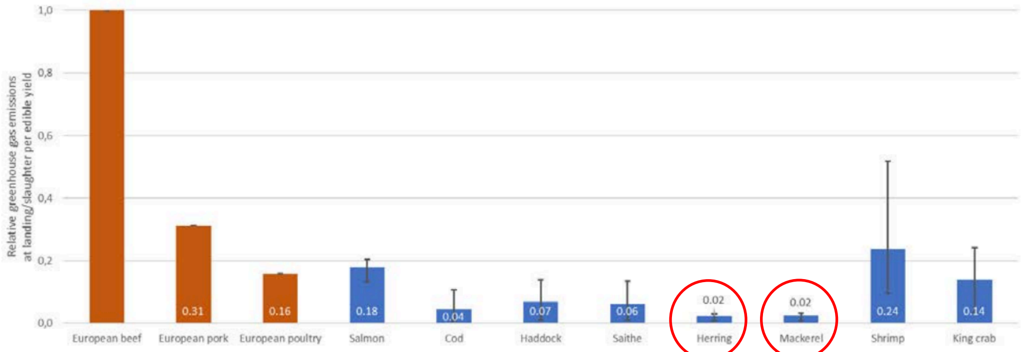
Emissions per kg of raw material	Total	Feed	Food	Health
Emissions kg CO2e per ton raw material	74,6	104,4	6,3	231,2

There is a work in progress with respect to drying technology where there is much to be gained when it comes to traditional LT meal. Reuse of energy is possible, for example in the form of heat pumps, but the challenge so far has been the high temperature necessary to boil the raw material. Industrial heat pumps are now becoming commercially interesting. Agreements are therefore entered into with players for testing of both new technology and existing technology used in new ways. Enova has made an important contribution to this work. Forms of fuels that are CO2 neutral are also being considered, including our own K2 oil. Several burners have already been rebuilt for this purpose.

As a first step in the work to create a more overall strategy for sustainability and to be able to concretize the best way in which Pelagia can contribute, the company has started working on measuring the company's carbon footprint within the so-called scope 1 and 2, i.e. in connection with its own production.

Pelagia's level of activity will depend on the availability of necessary fish resources in the areas where Pelagia has its production facilities located. Pelagia is also dependent on regulation of fisheries stock that can maintain sustainable fisheries quotas in the North Atlantic in the long term. This also requires cooperation between coastal states to ensure sustainable utilisation of fish resources in these areas.

In 2022, Pelagia had a total emission of 96 thousand tons of CO2e (scope 1 and 2, location-based method), and with 1.3 million tons of raw material, this gives us an average emission of 75 kg CO2e per ton of raw material. This figure is low compared to others within fisheries and aquaculture, and we are actively working on further reductions. The pelagic stocks have low CO2 emissions when landing at Pelagia's facilities and we take responsibility for keeping this emission as low as possible all the way to the customer.



Figur 2 Klimautslipp av sjømat (blå søyler) ved landing/slakting vs. europeiske landbaserte kjøttprodukter (brune søyler), relativt til europeisk storfe. De svarte søylene for sjømat representerer minimum og maksimumsverdier med gjeldene produksjonspraksis. Tilsvarende estimater for minimum og maksimum, eller variasjon, er ikke tilgjengelig for landbaserte produkter i dataene som er benyttet.

Source: SINTEF – Greenhouse gas emissions of Norwegian seafood products in 2017 (dated 2020)

Pelagia participates in the EU's PEFCR group for fish for human consumption (https://www.marinefishpefcr.eu/about-us). The group has developed a tool for environmental accounts at product level, and Pelagia is involved with the testing the framework. The aim of the analysis is to test how the methodology can be used in our value chain and what need to be revised for further use/standardization. The aim is that the environmental footprint will gradually become part of the competitive area for market participants, and that the information can be used in marketing/labelling to consumers when it has been implemented in its entirety. It is of great importance to Pelagia that pelagic fish are competitive in the market vis-à-vis competitors, other fish species and aquaculture. Pelagia invests internal resources in this process both in the form of its own employees and consultancy services and has involved several of our partners to ensure good and correct information sharing in the future.

The Board also emphasize that the Group has established environmental management and control systems so that the authorities' and the market's requirements for environmental standards are met at all times. Work is in process to stimulate environmental awareness among employees through training and information. A dedicated sustainability manager has been appointed as a measure to ensure that the area receives adequate follow-up.

Although Pelagia's activity is linked to a renewable resource and is relatively environmentally friendly compared to other food production, the company is ready to contribute to increased sustainability in its field, including reducing overall greenhouse gas emissions. In connection with this, Pelagia has specifically selected four of the UN's sustainability goals where the company wants to set specific operational goals for its activity. These four SDGs are Life in the Ocean (14), Responsible consumption and production (12), Decent work and economic growth (8) and Gender equality (5). The company will continue to work on concretizing measures related to these main goals.

Against this background, Pelagia has an ambition to carry out a materiality analysis in 2023 to determine where Pelagia has the greatest impact and what factors will be critical for Pelagia and its stakeholders. This will also provide a better basis for creating KPIs and targets to show how Pelagia works with sustainability. 2022 was used to create the basis for the work on the analyses and the findings that will come from this.

Pelagia has an ambition to put in place measurable, realistic and timed goals in both the long and short term. This is to be able to verify that the development is proceeding as desired and that any measures have the intended effects. We are in the initial phase of this work and see the importance of this being prioritized in the future.

Social conditions in Pelagia

Pelagia is focused on the social conditions in the company and has therefore chosen to commit to two of the sustainability goals that cover this area; Decent work and economic growth (8) and Gender equality (5).

Of the proportion of employees, 31% were women and 69% were men in 2022. Relatively speaking, the proportion of women in administration and production is quite similar. The proportion of women is low among senior personnel.

In its recruitment policy, Pelagia wishes to attract the best applicants to key positions and we give women and men equal opportunities to develop their careers. The Board emphasises that there shall be no discrimination on the basis of gender in matters such as salary, promotion, continuing education and recruitment.

The board consists of seven people – one woman and six men.

In 2022, surveys have been conducted among the employees to get an overview of how the employees experience the workplace. The working environment in Pelagia is good, and the survey has revealed focus areas where measures will be implemented. The well-being survey will be carried out annually to ensure that we can see the results of measures implemented in Pelagia.

Production in Pelagia depends on access to raw materials, which are mainly pelagic fish. This fishery is a highly seasonal activity, which means that the number of employees month by month will vary considerably at several of Pelagia's facilities.

The Pelagia Group had 1130 full-time equivalents in 2022 (1122 full-time equivalents in 2021).

Sickness absence was 3.78% in 2022 (3.70% in 2021). This is low compared with the rest of the business sector. The low level of sickness absence compared with other business sectors must partly be seen in conjunction with seasonal fluctuations in production. The Group works actively to reduce short-term and long-term sickness absence.

Pelagia Holding AS does not have a corporate assembly. The Board of Directors of Pelagia Holding AS is therefore directly responsible to the General Meeting.

The Board of Directors has adopted a code of conduct setting out standards of conduct for the company and its employees, last revised in June 2022. The ethical guidelines describe, among other things, what the Group believes constitutes proper behavior towards both employees and external parties. Pelagia, for example, will not accept conduct that discriminates against people on gender, ethnicity, religion or sexual orientation. The aim of the guidelines is to highlight the company's zero tolerance for discrimination on the basis of, for example, age, gender and educational and occupational background. In accordance with the Equality and Anti-Discrimination Act, companies with more than 50 employees have published a report on Pelagia's website (www.pelagia.com).

Ensuring compliance with human rights and combating corruption and discrimination

Pelagia has many suppliers and customers in different industries and parts of the world. As part of the work in connection with the Transparency Act, new procedures have been adopted for dealing with both new and existing suppliers. It sets even stricter requirements for how relevant companies must document and sign that they adhere to Pelagia's "Code of Conduct", which is based on the OECD's guidelines. Suppliers will also be categorised according to risk, in order to identify which suppliers require closer follow-up. From there, Pelagia will work structured to research suppliers from those categorized as highest risk to lowest.

The Transparency Act went into effect on July 1, 2022. Pelagia has begun mapping value chains, categorisation is being worked on, and new procedures have been produced for dealing with third parties. Due diligence will be carried out in connection with our value chains. Pelagia will publish an account of our due diligence by 30.06.2023. This will be made available on the company's website www.pelagia.com.

In addition, new guidelines have been drawn up and implemented to review both new and existing customers based on given risk factors.

A risk assessment is also made based on industry, product and location to ensure that we clarify relevant risks and handle this in a good way to help ensure that human rights violations, corruption, or bribery do not take place in Pelagia's value chain.

It is based on the ethical guidelines that Pelagia has a zero tolerance policy towards corruption and bribery, these are available on the website and distributed to all employees upon employment. Information about Pelagia's guidelines in this area is also included in the Code of Conduct intended for partners.

Disposition of results

The disposition of results below applies to Pelagia Holding AS which is the holding company in the Pelagia Group. Net financial results mainly consist of recognized dividends and group contributions from subsidiaries, as well as interest expenses. In addition to shares in subsidiaries and the group's financing, assets and liabilities mainly consist of receivables and liabilities to subsidiaries. The equity was 23,2 % per. 31.12.2022 (30,5 % as of 31.12.2021).

Allocation of the annual result in Pelagia Holding AS:

Annual result:	TNOK	264 179
Provisioned dividend:	TNOK	450 000
Transferred from other equity:	TNOK	-185 821

The Board is not aware of any events after the closing of the annual accounts that have a significant impact on the assessment of the accounts for 2022.

The company's prospects

Pelagia has its own operations in Ukraine through the subsidiary Pelagia Ukraine LLC. In 2022, Pelagia Ukraine had sales of approx. 32 MNOK in Ukraine vs. 62 MNOK in 2021. Total sale to Ukraine was 88 MNOK in 2022 vs. 162 MNOK in 2021. Total sale to our subsidiary in Ukraine was only 3 MNOK in 2022. Because of Russia's brutal invasion and warfare in Ukraine, the activity in the Ukrainian subsidiary is reduced to a minimum through 2022. There is by end of 2022 no material assets related to the activity in Ukraine in the balance sheet of the group.

During the corona outbreak, both fishing and our own production operated almost as normal. With a reduced infection risk, we cannot see that coronavirus outbreaks will have material impact on the company in 2023.

Pelagia has much of its sales in foreign currency and has an extensive use of currency futures to hedge its currency positions. With significant changes in the value of the Norwegian krone against e.g. USD, Euro and JPY can have significant accounting effects in the short term.

The group's ability to utilize its production capacities will depend on raw material supply in the North Atlantic, and hence the size of the global quotas that are distributed between the countries that have a share in the fishery resources. Overall, the outlook for the fisheries on which the group bases its operations is reasonably stable.

Demand for pelagic fish is relatively good, but the group has experienced challenges related to the fact that the traditionally largest herring markets such as Russia and Ukraine are gone or heavily reduced. The group is still banned from the Russian market. The markets have also been periodically affected by currency restrictions in some countries, which has been an increasing challenge through 2022. For fishmeal and fish oil, demand in the markets is also good, but prices and margins are affected by varying raw material quotas in South America.

The group buys all its raw materials at variable prices and sells finished goods on a world market. Thus, the company's finances are not directly linked to the development in market prices, but to the margin achieved through production. The challenges of achieving good margins are normally highest when prices in the market fall, as there is normally a fairly long lead time from production to market.

The company has not entered into an agreement on board liability insurance.

The board emphasizes that there is uncertainty associated with assessments of future conditions.

Bergen, April 27th 2023

Helge Singelstad Chairman of the Board	Arne Møgster Board member	Helge Møgster Board member
Gustav Witzøe Board member	Helge Karstein Moen Board member	Arne Myklebust Board member
Ragnhild Skåra Board member	Egil Magne Haugstad CEO	

Pelagia Holding AS

Consolidated income statement

Amounts in NOK 1.000 (period 01.01 - 31.12)	Note	2022	2021
Sales revenue	4	11 281 526	9 862 242
Other profits	4, 19	-	139 331
Change in inventories of finished goods		676 677	481 377
Raw materials and consumables used		7 333 708	7 222 788
Salaries and personell expenses	5	844 693	754 662
Depreciation	7, 8	354 688	290 835
Other operating expenses	5, 6	735 845	525 072
Operating profit		**1 335 915**	**726 838**
Share of result using the equity method	9, 19	-	21 103
Finance income	15	-	8 570
Finance costs	15	175 748	107 334
Net finance		**-175 748**	**-98 764**
Profit before taxes		**1 160 167**	**649 177**
Income tax expense	14	257 046	84 555
Net profit		**903 121**	**564 622**
Profit is attributable to:			
Owners of Pelagia Holding AS		823 093	547 339
Non-controlling interests		80 028	17 283
Total		**903 121**	**564 622**

Consolidated statement of comprehensive income

Amounts in NOK 1.000 (period 01.01 - 31.12)	Note	2022	2021
Profit for the period		903 121	564 622
Currency translation differences		12 198	-348
Hedging reserves, cash flow hedges	3	89 469	-
Tax expense/(revenue)	3	19 683	-
Total comprehensive income for the period		**985 105**	**564 274**
Total comprehensive income for the period is atttributable to			
Owners of Pelagia Holding AS		907 614	546 991
Non-controlling interests		77 491	17 283
Total		**985 105**	**564 274**

The items in the statement of comprehensive income can be reversed through profit or loss.

Pelagia Holding AS

Consolidated balance sheet per 31.12

Amounts in NOK 1.000	Note	2022	2021
Assets			
Non-current assets			
Other intangible assets	7	104 605	125 514
Goodwill	7	1 203 485	1 197 752
Other financial non-current assets		-	1 588
Total intangible assets		**1 308 090**	**1 324 854**
Land, buildings and other real property	8, 17	1 588 927	1 275 457
Machinery and plant	8, 17	1 645 776	1 451 962
Ships	8, 17	248 117	180 235
Fixtures and equipment	8, 17	3 841	4 818
Right-of-use leased assets	8, 16	83 627	30 719
Total property, plant and equipment		**3 570 287**	**2 943 192**
Investments in other shares		5 891	3 909
Other receivables	11	9 676	13 945
Total financial assets		**15 567**	**17 854**
Total non-current assets		**4 893 944**	**4 285 900**
Current assets			
Inventories	10, 17	2 608 088	1 931 410
Trade receivables	11, 17, 18	1 246 786	1 010 729
Derivatives	3	130 510	-
Other current receivables	11, 17	128 244	138 373
Cash and cash equivalents	12	129 272	215 638
Total current assets		**4 242 900**	**3 296 150**
Total assets		**9 136 844**	**7 582 050**

Pelagia Holding AS

Consolidated balance sheet per 31.12

Amounts in NOK 1.000	Note	2022	2021
Equity and liabilities			
Share capital	13	149 836	149 836
Share premium	13	1 347 615	1 347 615
Other equity		2 133 022	1 488 702
Non-controlling interests		178 119	181 765
Total equity		**3 808 592**	**3 167 918**
Liabilities			
Deferred tax liabilities	14	172 323	66 772
Employee benefit obligations		1 919	2 235
Total non-current liabilities		**174 242**	**69 007**
Liabilities to financial institutions	3, 15	1 821 756	259 305
Other long-term not interest bearing loan	3, 15	12 661	2 497
Bond loan	3, 15	893 700	891 540
Lease liabilities	3, 15	60 984	16 909
Total other non-current liabilities		**2 789 101**	**1 170 251**
First year's instalment non-current liabilities	15, 16	229 504	1 365 570
Current portion of provisions for lease liabilities	16	22 391	16 165
Current debt to financial institutions	15	1 220 427	990 715
Derivatives	3	-	29 148
Trade payables		396 834	332 444
Tax payable	14	155 546	113 828
Public duties owing		58 150	40 703
Other current liabilities	6	282 059	286 302
Total current liabilities		**2 364 910**	**3 174 874**
Total liabilities		**5 328 252**	**4 414 132**
Total equity and liabilities		**9 136 844**	**7 582 050**

Bergen, April 27, 2023

Helge Singelstad Chairman of the board	Arne Møgster Board member	Gustav Witzøe Board member
Egil Magne Haugstad CEO	Helge Arvid Møgster Board member	Helge Karstein Moen Board member
Arne Myklebust Board member	Ragnhild Skåra Board member	

Pelagia Holding AS

Consolidated statement of changes in equity

Amounts in NOK 1.000	Equity to owners of Pelagia Holding AS Share capital	Share premium	Other equity	Total	Non-controlling interests	Total equity
Equity 01.01.2021	**149 836**	**1 347 615**	**1 173 085**	**2 670 536**	**59 072**	**2 729 608**
Result for the period	-	-	547 339	547 339	17 283	564 622
Other comprehensive income	-	-	-31 722	-31 722	31 374	-348
Total comprehensive income for the period	**-**	**-**	**515 617**	**515 617**	**48 657**	**564 274**
Non-controlling interests on aquisition of subsidiary*	-	-	-	-	74 036	74 036
Dividends paid	-	-	-200 000	-200 000	-	-200 000
Total transactions with owners and non-controlling interests	**-**	**-**	**-200 000**	**-200 000**	**74 036**	**-125 964**
Equity 31.12.2021	**149 836**	**1 347 615**	**1 488 702**	**2 986 153**	**181 765**	**3 167 918**

Amounts in NOK 1.000	Equity to owners of Pelagia Holding AS Share capital	Share premium	Other equity	Total	Non-controlling interests	Total equity
Equity 01.01.2022	**149 836**	**1 347 615**	**1 488 702**	**2 986 153**	**181 765**	**3 167 918**
Result for the period	-	-	823 093	823 093	80 028	903 121
Other comprehensive income	-	-	84 521	84 521	-2 537	81 984
Total comprehensive income for the period	**-**	**-**	**907 614**	**907 614**	**77 491**	**985 105**
Non-controlling interests on aquisition of subsidiary*	-	-	-	-	85 570	85 570
Dividends paid	-	-	-250 000	-250 000	-	-250 000
Non-controlling interests buyout**	-	-	-13 293	-13 293	-166 707	-180 000
Total transactions with owners and non-controlling interests	**-**	**-**	**-263 294**	**-263 294**	**-81 137**	**-344 431**
Equity 31.12.2022	**149 836**	**1 347 615**	**2 133 022**	**3 630 473**	**178 119**	**3 808 592**

*) Concerns addition non-controlling interests in Husøy Eiendom Karmøy AS og Karmsund Protein AS. See note 19.
**) Concerns Aquarius AS. See note 19.
Dividend of 450 MNOK has been proposed for 2022.

Pelagia Holding AS

Consolidated statement of cash flow

All figures in NOK 1.000	Note	2022	2021
Cash flows form operating activities			
Result before tax expense		1 160 167	649 177
Adjusted for:			
- Depreciations	7, 8, 16	354 688	290 835
- Taxes paid	14	-86 919	-53 422
- Share of result using the equity method	9	-	-21 103
- Interest expenses net	15	132 269	94 045
- Other profits	4	-	-139 331
Change working capital:			
- Change trade receivables		-236 057	-156 301
- Change inventories		-676 678	481 377
- Change trade payables		64 390	121 690
- Change other accruals		-89 931	29 036
Net cash flow from operating activities		**621 928**	**1 296 003**
Cash flows from investing activities			
Aquisition of subsidiary	19	-47 754	-454 104
Purchase of property, plant and equipment	7, 8	-450 361	-350 447
Purchase of other intangible assets	8	-25 141	-
Sale of property, plant and equipment	8	-	152
Interest received	15	63 917	25 596
Dividend received	9	-	15 183
Net cash flows from investing activities		**-459 340**	**-763 620**
Cash flows from financing activities			
Repayment of non-current liabilities	15	-34 493	-717 416
Net change bank overdraft	15	428 544	583 583
Repayment lease liabilities	15, 16	-16 819	-34 520
Interest paid	15	-196 186	-119 641
Dividends paid to non-controlling interests		-180 000	-
Dividends paid to parent company's shareholders		-250 000	-200 000
Net cash flows from financing activities		**-248 954**	**-487 994**
Change in cash and cash equivalents net		**-86 366**	**44 390**
Net cash and cash equivalents as at 1st of January		215 638	171 249
Net cash and cash equivalents per 31st of December		**129 272**	**215 638**

Pelagia Holding AS

Note 1

Accounting policies

Generell information

All amounts are in NOK 1,000 unless otherwise stated.

Pelagia Holding Group ("Pelagia") is a group within production, sale and distribution of fish meal/fish oil and pelagic fish for consumption. Pelagia is an important party within pelagic sector in the North Atlantic. The main office is in Bergen.

Group structure

The consolidated financial statements comprise the parent company Pelagia Holding AS and the following subsidiaries and associated companies:

Subsidiary	Registered office	Parent Company	Owner share
Pelagia AS	Bergen	Pelagia Holding AS	100 %
Sirevåg Fryselager AS	Sirevåg	Pelagia AS	67 %
Mat Miljølaboratoriet AS	Måløy	Pelagia AS	100 %
Pelagia Technologies AS	Bergen	Pelagia AS	100 %
Pelagia Innovation AS	Bergen	Pelagia AS	100 %
Norsildmel Innovation AS	Bergen	Pelagia AS	100 %
Norsildmel Hellas Ltd	Athen	Norsildmel Innovation AS	100 %
Epax Norway AS	Ålesund	Pelagia AS	100 %
Epax Pharma Holding UK Unlimited	UK	Pelagia AS	83 %
Epax Pharma Holding UK Unlimited	UK	Epax Norway AS	17 %
Pelagia Denmark AS	Danmark	Pelagia AS	100 %
Pelagia Ukraine LLC	Ukraina	Pelagia AS	72 %
Pelagia Feed (Ireland) Ltd. *)	Irland	Pelagia AS	100 %
Pelagia (UK) Ltd.	UK	Pelagia AS	100 %
Pelagia (Greenock) Ltd.	UK	Pelagia (UK) Ltd.	100 %
Pelagia Shetland Ltd.	UK	Pelagia AS	77 %
Pelagia Bressay Ltd.	UK	Pelagia AS	100 %
Distral S.A	Athen	Pelagia AS	67 %
Projekt Skagen AS	Danmark	Pelagia AS	100 %
Hordafor AS	Austevoll	Pelagia AS	100 %
Aquarius AS	Lovund	Pelagia AS	100 %
Arctic Protein EHF	Island	Pelagia AS	51 %
P/F Biotech	Færøyene	Pelagia AS	83 %
Akva-Nordic Oy AB - frem til avvikling i 2022	Finland	Pelagia AS	100 %
Lyngen Fabrikker AS	Lyngen	Pelagia AS	54 %
Norsk Fiskeindustri Invest AS	Bergen	Pelagia AS	100 %
Husøy Eiendom Karmøy AS	Kopervik	Norsk Fiskeindustri Invest AS	51 %
Karmsund Protein AS	Avaldsnes	Norsk Fiskeindustri Invest AS	51 %

Associated companies and joint venture	Registered office	Financial interest
TD Moreproduct	Ukraina	50 %

*) Pelagia Feed (Ireland) Limited, included in the consolidated financial statements of Pelagia Holding AS, has made use of the right to omit publication of the company accounts to «Registrar of Companies» in accordance with Section 357 i «the Companies Act 2014». The company has meets the requirements in section 357(a) to 357(h).

Note 1 continues

Basis for preparation

Below are stated the principal accounting policies used in the preparation of the consolidated financial statements.

Framework for the preparation of the financial statements

The consolidated financial statements of Pelagia Holding AS have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC), as adopted by the EU. For the presented consolidated financial statements there are no differences between IFRS as adopted by EU and IASB.

The consolidated financial statements have been prepared under the modified historical cost convention. The deviations mainly concern financial assets and liabilities (including derivatives) at fair value over profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates. Management also needs to exercise judgement in applying the Group's accounting policies. Areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 2 to the financial statements.

The consolidated financial statements have been prepared under the going concern assumption.

Revenue recognition

Revenue is measured at fair value of the consideration, net after deduction of discounts and value added tax. Revenue is recognised when it can be reliably measured, it is probable that the transactions will generate future economic benefits that will accrue to the company and the criteria described below have been fulfilled. Revenues from the sale of goods are recognised in the income statement when the majority of risks and rewards have been transferred to the buyer. No special discounts are granted, the prices vary and are agreed for each individual delivery. Standard payment terms are used to the largest extent possible but may vary based on delivery terms and instrument of payment. Pelagia uses different Incoterms delivery terms to various customers. Recognition of revenue takes place at the time of delivery as defined in Incoterms for the actual delivery terms.

Sales orders for both pelagic fish for consumption and meal and oil are mainly transported by sea and by truck. Delivery terms most used are CIF (Cost Insurance Freight) and FOB (Free On Board). For both cases transfer of risk and control ordinarily takes place as soon as the goods have been loaded on board the ship.

Consolidation and investment in associated companies

Subsidiaries
Subsidiaries are all entities over which Pelagia has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Note 1 continues

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity instruments issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets, liabilities and contingent liabilities are recognised at their fair values at the acquisition date. Non-controlling interests in the acquiree are measured either at their fair values or their share of the acquiree's net assets.

Acquisition-related costs are expensed as incurred.

If the acquisition is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interests in the acquiree is re-measured to fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration is recognised at fair value at the acquisition date. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity. Other contingent consideration is measured continuously at fair value in profit or loss.

If the consideration (including any non-controlling interests and fair value of previously held equity) exceeds fair value of identifiable assets and liabilities acquired, it is recognised as goodwill. If the consideration (including any non-controlling interests and fair value of previously held equity) amounts to less than fair value of net assets in the subsidiary as a consequence of an acquisition on favorable terms, the difference is accounted for as gain in the income statement.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies. Transactions with non-controlling interests in subsidiaries that do not result in loss of control are accounted for as equity transactions. For further acquisitions the difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in the equity of the parent company's owners. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if Pelagia had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Associates
Associates are all entities over which Pelagia has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. The investment is recognised at acquisition cost on the date of acquisition. The carrying amount includes any implicit goodwill identified on acquisition.

Note 1 continues

If the ownership interest in an associate is reduced but Pelagia retains significant influence, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss.

Pelagia’s share of profit or loss in associates is recognised in the income statement and is added to the carrying value of the investment. Pelagia's share of other comprehensive income in the associate is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group’s share of losses in an associate equals or exceeds its interest in the associate (including any other unsecured receivables) Pelagia does not recognise further losses, unless Pelagia has incurred legal or constructive obligations or made payments on behalf of the associate.

Pelagia determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying value and recognises the amount adjacent to "Income from investment in associate" in the income statement.

Profits and losses resulting from transactions between Pelagia and its associates are recognised in the Group’s financial statements only to the extent of unrelated investor’s interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by Pelagia.

Dilution gains and losses arising from investments in associates are recognised in the income statement.

Joint ventures
Pelagia has owner interests in joint ventures. Under IFRS 11 investments in joint arrangements are classified as either joint ventures or joint operations. Pelagia has merely owner interests in joint ventures. This implies that the parties have joint control of the rights to the activity’s net assets. The Group’s investment in joint ventures are accounted for using the equity method. Accounting in accordance with the equity method equals that of associates.

Foreign currency translation
Items included in the financial statements of each of Pelagia's entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The consolidated financial statements are presented in NOK, which is both the functional currency of the parent company and the Group’s presentation currency. All Norwegian entities of the Group use NOK as their functional currency, while foreign companies use local currency as their functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Share of result from associates are translated at average rate of exchange. Share of equity (including goodwill and excess values) are translated at the exchange rate prevailing on the balance sheet date. Translation differences are recognised in other comprehensive income.

Note 1 continues

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and write-down. When assets are sold or disposed of, the cost price and accumulated depreciations are reversed in the accounts and any loss or profit resulting from the realisation is recognised in the income statement.

The cost price of the asset is the purchase price, including fees/taxes and direct purchase expenses connected to putting the asset into service. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of replaced parts is recognised in the income statement. All other repairs and maintenance expenses are charged to the income statement during the financial period in which they are incurred.

Plant in progress is classified as property, plant and equipment and recognised at incurred costs related to the asset. The plants are not depreciated before they are ready for use.

Depreciation is calculated over the following periods:

Machines and equipment	5-20 years
Operating mavables, furniture, fittings etc.	2-10 years
Ships	25 years
Buildings and plants	10-50 years
Right of use for leased assets	4-8 years

Depreciation period and depreciation method are reviewed annually to ensure that the method and period used are in accordance with the economic realities related to the asset. The same applies for scrap value. An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is higher than its estimated recoverable amount.

Leases
Leases where the company has control of an identified asset when determining the use and receiving the financial benefits, are recognised in the balance sheet from the time the company gains control of the asset. The lease liability is measured at the present value of future fixed lease payments corresponding to the associated right of use of the asset. The discount rate used is equal to the company’s marginal borrowing rate. As basis for determining the lease term is used the irrevocable lease term adjusted for extension options that are reasonably certain that the company will exercise. Each lease payment is allocated between interest expense and liability instalment.

Depreciation period for the right of use of assets is determined based on estimated useful life of the asset and the lease term and in accordance with Pelagia’s other depreciation policies. Pelagia has chosen to make use of the recognition exceptions for short-term leases and leases where the underlying asset has low value. Leases with lease term twelve months or less have not been recognised in the balance sheet but recognised as expense directly in the income statement. The same applies for leases where the underlying asset has value lower than NOK 50 000.

Intangible assets and goodwill
Intangible assets are recognised in the balance sheet if it can be demonstrated that probable future economic benefits may be generated that can be assigned to the asset that is owned by the Group and the cost price of the asset can be reliably estimated. Intangible assets are accounted for at cost price. Intangible assets whose useful life is indefinite are not subject to depreciation but can be written down if recoverable amount is lower than cost price.

Note 1 continues

Goodwill arises on the acquisition of an entity and constitutes consideration transferred less Pelagia's share of fair value of net identifiable assets and liabilities in the acquired entity. In addition goodwill may arise on acquisition if non-controlling interests are measured at fair value at the date of acquisition.

Intangible assets with limited useful life are depreciated using the straight-line method over their estimated useful lives. The depreciation estimate and depreciation method are subject to an annual review based on the economic realities.

Recoverable amount at the balance sheet date is calculated annually for goodwill and assets whose useful life is indefinite. An impairment loss is recognised when carrying value of an asset or cash generating unit exceeds its recoverable amount. Impairment loss is recognised in the income statement.

Impairment of non-financial assets
The recoverable amount is the higher of an asset’s net selling price and value in use. The value in use is calculated by discounting expected future cashflows to present value by using pre-tax discount rate, reflecting the market's price setting of the time value of money and the risk related to the specific asset. For assets that are not mainly generating independent cash flows the recoverable amount is determined for the cash generating unit to which the asset belongs. Impairment calculated for cash generating units is divided so that carrying value of any goodwill in cash generating units is reduced first. Subsequently, the remaining impairment is distributed on the other assets in the unit proportionally based on carrying values.

Cash generating units (CGU):
Based on fish species and quality, parts of the raw materials are used for human consumption (FOOD) while the rest is used for production of fish meal and fish oil (FEED). Pelagia operates several factories that produce within both FOOD and FEED. Choice of production location for the actual raw material is based on capacity and a continuous assessment of what is the most efficient production for the Group based among other things on quality and logistics. Due to varying quotas and seasonal production there may be excess of production factories compared to the supply of raw materials. As the number of factories and locations are strategically important for the supply and pricing of raw materials the value of the factories must be regarded as a whole (and as part of a portfolio). The need for impairment of pelagic human consumption factories to utility value is therefore tested based on the portfolio idea. The factories are considered parts of clusters based on prevailing criteria. The clusters are assessed as separate cash generating units.

In connection with the acquisition of Epax in 2017 the Group acquired a third CGU: Health. Epax is one of the world's leading companies for delivery of high-concentrated omega-3 ingredients to leading brands within food supplement and pharmaceutical products.

Note 1 continues

Derivatives and hedging
Pelagia uses derivatives for hedging purposes. Forward exchange contracts are mainly used for such purposes. Derivatives are measured at fair value with value changes through profit or loss. The group does not apply hedge accounting for forward exchange contracts.

Derivatives designated as hedging instruments at fair value through other comprehensive income - hedge accounting
The Company designates certain financial power contracts as hedges of a specified risk associated with the cash flows of highlyprobable future power purchase transactions (cash flow hedges). At the inception of the hedge relationship, the the company documents the financial relationship between the hedging instrument and the hedged item, including whether changes incash flows of the hedging instruments are expected to offset changes in the cash flows of the hedged items. The entity documents its risk management objectives and strategy for undertaking its hedging transactions.

The effective part of changes in the fair value of derivatives that are designated and qualify as hedging instruments in cash flow hedges is recognised in the cash flow hedge reserve in equity. Unrealized gains or losses relating to the ineffective part are recognised immediately in the income statement and the net effect is included in other operating expenses.

Amounts accumulated in the hedging reserve in equity are reclassified to profit or loss in the periods in which the hedged item affects profit or loss. When a hedging instrument expires, is sold or terminated, or when a hedging relationship no longer meets the criteria for hedge accounting, any accumulated deferred gain or loss and deferred hedging costs remain in the cash flow reserve until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred hedging costs are immediately reclassified from the cash flow reserve to profit or loss.

Realised gains and losses on derivatives designated as hedging instruments are included in other operating expenses in the income statement.

Trade receivables
Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.
Trade receivables are initially recognised in the balance sheet at the transaction price which is estimated to be equivalent to fair value. For later measurement the trade receivables are valued at amortised cost, less expected loss. Changes in the provision are recognised as other operating expenses.

Borrowings and trade payables
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless an unconditional right exists to postpone payment of the debt for more than 12 months from the balance sheet date.

Inventories
Inventories are stated at the lower of acquisition cost and net realisable value. Acquisition cost is determined using specific assignment. Pelagia does not consider the various production batches of fish or fish meal and fish oil to be directly interchangeable, because of the production date being an important characteristic for the product. Due to significant fluctuations in the market for raw materials this accounting principle involves that acquisition cost for different consignments has corresponding variability.
For finished goods and goods in progress acquisition cost consists of expenses for purchase of raw material, direct wage costs, other direct costs and indirect production costs (based on normal capacity). Borrowing costs are not included. Net realisation value is estimated selling price less variable costs for completion and sale.

Pelagia Holding AS

Note 1 continues

Cash and cash equivalents
Consist of cash in hand, bank deposits, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Pelagia has a multi-currency drawing facility. Net deposits are presented as cash and cash equivalents. Any bank overdrafts at the balance sheet date are classified as current liabilities to credit institutions.

Share Capital and premium
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction from the proceeds.

Where any group company purchases the company's equity share the consideration paid, including any directly attributable incremental costs net of income taxes is deducted from equity (attributable to the company's equity holders) until the shares are cancelled, reissued or disposed of. Where such ordinary shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Pelagia's equity holders.

Dividend payments to Pelagia's shareholders are classified as liability from the date the dividend has been approved by the General Meeting.

Current and deferred income tax
The tax expense comprises current and deferred tax. Tax is recognised in the income statement, unless it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is also recognised in other comprehensive income or directly in equity.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.
Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and associates, except for deferred income tax liability where the timing of fthe reversal of the temporary difference is controlled by Pelagia and it is probable that they will not be reversed in the foreseeable future.

Note 1 continues

Deferred income tax assets and liabilities are offset when there is a legally enforcable right to offset current tax assets against current tax liabilities and the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Pension obligations
The pension schemes are generally financed through payments to an insurance company or pension funds determined by periodic actuary estimates. The Group has defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions to a separate legal entity. The Group has no legal or other obligation to pay further contributions once the contributions have been paid if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plan the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as wage costs when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments are available.

Per 31.12.2022 the Group has a defined benefit pension scheme of immaterial size. This scheme relates to entities included in the Group in 2019.

Provisions
A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation. If the impact is substantial, the provision is calculated by discounting expected future cash flows with a pre-tax rate that reflects current market assessments of the time value of money and, if relevant, the risks specific to the obligation.

Provisions for restructuring costs are recognised when the Group has approved a detailed and formal restructuring plan and the restructuring has either been started or made public. Provisions are not recognised for future operating losses.

New and changed standards implemented in 2022

There are no significant changes in IFRS standards that affect this year's accounts. The IASB has adopted some minor changes and clarifications, but these changes will not have a significant effect on this year's accounts.

New and amended standards that have not entered into force

The IASB has adopted certain other amendments to IFRS, which have not entered into force. The company will implement the relevant changes at the time of entry into force. The IASB has adopted changes to IAS 1 - Classification of liabilities as short or long-term and IAS 37 - Loss-making contracts. The changes are not expected to have a significant effect on the accounts.

Pelagia Holding AS

Note 2

Critical accounting estimates and judgements
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Inventories
Inventories are stated at the lower of acquisition cost and net realisable value. The prices of the Group's products are sensitive due to currency conditions, changes in purchase price, quotas and catch volume and other market related circumstances.

An estimate of net realisable value on the balance sheet date is performed by the sales department and is to a large extent based on actually obtained prices in the market around the balance sheet date. Factors as age and product quality are also included in the assessment of net realisable value. See note 10 for information about impairment made at the balance sheet date.

Trade receivables
Trade receivables require use of judgements in the assessment of provision for bad debts. Provision is made when there are objective indicators that the Group will not receive settlement in accordance with original terms. See note 11 for further information about trade receivables.

Property, plant and equipment
Depreciation periods (useful life) and depreciation method are assessed annually to ensure that the method and period used are in accordance with the financial realities of the asset. The same applies for scrap value.

When carrying value of an operating asset exceeds estimated recoverable amount, the value is impaired to recoverable amount.

Choice of production site for the actual raw material is based on capacity and a continuous evaluation of the most efficient production for the Group, among other things based on quality and logistics. On this background there can be very different volume on the various production sites, which affects the results on the different locations. Therefore, it is natural to consider the portfolio of production sites within each segment as a total cash generating unit.

Provision for lease liabilities
Judgment is applied in assessing the discount rate and the probability of exercise of extension options. See note 16 for further details.

Intangible assets and goodwill
Pelagia performs impairment tests for goodwill annually. Recoverable amounts from cash generating units have been determined based on calculations of assumed value in use. These calculations require the use of estimates and are further described in note 7.

Assessment of accounting policy - Cash generating units
Pelagia has several production facilities in the consumption activity. Due to variations in quotas and seasonal production there may be excess capacity in production plants compared to the supply of raw materials. As number of plants and sites are of strategic importance for the supply and pricing of raw materials, the value of the plants has to be considered as a whole (and as part of a portfolio). Impairment tests of pelagic consumption plants at value in use are therefore made based on a portfolio mind of thinking. The plants are assessed as part of groups based on given criteria. The groups are considered separate cash generating units.

Hedge accounting
The group applies hedge accounting when accounting for financial electricity derivatives which are designated to hedge the area price risk associated with forecast power purchase expenses in each of the five different price areas in Norway. The designated financial power contracts are forward contracts, a financial contract between buyer and seller for a predetermined delivery price of an agreed amount of power in relation to the reference price in the market for an agreed delivery period.

Assessing whether the qualifying criterias for hedge accounting are met requires the use of judgment, in particular when:
a) assessing whether system price risk constitutes a risk component of area price risk in accordance with IFRS 9.6.3.7.a, and
b) when assessing whether the hedge will be sufficiently effective (IFRS 9.6.4.1.c) when system price forward contracts are the designated hedging instruments.

When assessing a), the entities assessment is that when hedging area price risk in price areas where the difference between area price and system price is expected to be positive, system price forward contracts does qualify to be designated as a hedging instrument to hedge the area price risk in forecast cash flows for power purchases, but only for variability due to change in system price. When assessing b), the entities assessment is that there is a sufficient economic relationship between the hedging instrument and the hedged item to qualify for the hedge effectiveness requirement in IFRS 9.6.4.1.c.

Pelagia Holding AS

Note 3

Financial instruments and risk management

Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including currency risk, price risk, cash flow interest rate risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. To some extent, the group uses derivative financial instruments to hedge certain risk exposures. The risk management is carried out by a central treasury department under policies approved by the board of directors.

a) Market risk

<u>i) Currency risk</u>

Currency risk arises when future commercial transactions or carrying assets and liabilities are denominated in a currency which is not the entity's functional currency.

The group is exposed to currency risk through cash flows in foreign currency. A substantial part of the turnover will normally be in foreign currency, while the expenses are mainly in Norwegian Kroner.

The war in Ukraine and the impact on the global economy, including on energy prices and inflation, may increase volatility and risk associated with currency sales.

Over time there is a correlation between market prices translated into Norwegian Kroner and the price of raw materials. Changes in market prices translated into Norwegian Kroner will therefore over time be reflected in the prices of raw materials and eliminate parts of the currency risk. In order to manage the currency risk arising from future transactions and recognised assets and liabilities, entities in the group use forward exchangecontracts. The company has some investments in foreign subsidiaries where net assets are exposed to currency risk by translation.

The entities in the group have different functional currencies, the most important being NOK and GBP. Changes in foreign exchange rates that affect trade receivables, other receivables, and liabilities in currencies other than the entity's functional currency will have direct impact on the income statement at year end.

Currency position 31.12.	**GBP (1000)**	**DKK (1000)**	**USD (1000)**	**EUR (1000)**	**JPY (1000)**
Trade receivables	8 694	20 770	78 573	24 764	469 638
Prepayments	-	-	-	-	-1 500 000
Forward exchange contracts / derivates	12 000	10 000	106 698	59 734	-800 000
Net withdrawal overdraft facility	-10 297	-133 110	-23 214	-12 373	-250 065
Total	**10 397**	**-102 341**	**162 057**	**72 125**	**-2 080 427**

Trade receivables per currency (NOK 1.000)	**2022**	**2021**
GBP	103 054	72 752
DKK	29 364	18 969
USD	774 513	508 022
EUR	260 361	280 036
JPY	35 104	13 067
NOK	44 390	117 883
Total	**1 246 786**	**1 010 729**

Carrying value of derivatives are all mainly connected to different currency derivatives and financial electricity derivatives. Principally it concerns currency derivatives where the company sells currency. The group recognises currency derivatives at fair value with value change through profit or loss.

Currency derivatives (fair value in TNOK)	**2022**	**2021**
USD	36 357	-26 086
JPY	1 022	-
EUR	-8 047	1 711
Øvrige	-502	-4 773
Total currency derivatives	**28 830**	**-29 148**

Note 3 continues

If NOK in relation to the following foreign currency was 10% higher as of 31 December 2021 and all other variables were constant, it would lead to the following effects on profit before tax:

10 % increase in NOK equals:	GBP	DKK	USD	EUR	JPY
Net impact on result before tax	12 325	-14 469	159 745	75 831	-15 550

The impact is calculated based on Pelagia's exposure to foreign currency on working capital and derivatives.
10 % weakening in NOK against the same currencies will give the opposite impact on the pre-tax result.

Corresponding changes in foreign currency rates at year-end on other currencies have been estimated not to have material impact on the result.

ii) Price risk
Pelagia Group is exposed to price changes for its sold products. Pelagia Group is also exposed to risk related to prices of pelagic raw materials. The group does not apply raw material derivatives to reduce the price risk.

iii) Interest rate risk
Pelagia's bank deposits and debt are subject to floating rate of interest. This involves that Pelagia is exposed to liquidity risk as a result of changes in the market interest rates. Pelagia does not apply derivatives to hedge from this liquidity risk. Pelagia's borrowings are to a large extent related to operations and vary in line with seasonal fluctiations and are differently drawn during the year. In order to maintain this flexibility Pelagia's debt is mainly based on floating rate of interest. Pelagia also has acquisition financing.

If the interest rates had been 1% higher (lower) during the year, with all other vairables held constant, the pre-tax result would have been reduced (increased) by approx. MNOK 42,5 in 2022 as a result of floating interest rate on borrowings and deposits. Equity would have been reduced (increased) by approx MNOK 33,1 in 2022. Sensitivity analysis is based on net interest bearing debt at year-end. The simulation is only carried out for debt items that represent the main part of Pelagia's interest positions.

b) Credit risk
The degree of credit risk varies based on the market segment in which Pelagia Group operates. The main part of the sales to Japan and Far East and Africa is based on prepayment and other forms of guranteed settlement, the counterparty risk is therefore low. In other markets, as Eastern Europe and EU it is necessary to sell shares of volume on credit in order to serve the markets. Pelagia has credit insurance with own risk for a large share of the customers, but will in periods be exposed without credit insurance for some of the customers. To handle risk, Pelagia has routines and systems for close follow-up of outstanding receivables. Internal credit limits have been established for customers where receivables are not secured throuth credit insurance. The internal limits are assessed based on the customer's financial position, history and any other factors. Pelagia's total credit exposure is mainly related to trade receivables. For further information, see note 10.

The group's credit risk at the balance sheet date can be summarized as follows:

Credit risk	2022	2021
Trade receivables at nominal value	1 304 221	1 071 143
Covered by credit insurance and cash against documents	-1 137 771	-885 317
Credit exposure trade receivables	**166 450**	**185 826**

Counterparty risk connected to credit insurance company and banks that have provided Letter of Credit is considered to be low.

c) Liquidity risk
Pelagic industry is capital demanding due to natural seasonal fluctuations. Pelagia is therefore focusing on having sufficient access to financing that ensures business opportunities and flexibility.

The table below specifies Pelagia's financial liabilities that are not derivatives classified pursuant to the maturity structure. The amounts in the table are non-discounted contractual cash flows (including interests based on the current interest rate level).

Maturity profile financial liabilities	2023	2024	2025	2026	Later	Total
Bank loan	229 504	107 361	107 361	107 361	1 499 672	2 051 259
Bond loan*	-2 160	-2 160	898 020	-	-	893 700
Leasing liabilities	22 391	16 979	9 227	8 743	26 035	83 375
Long-term not interest bearing loan	-	2 261	10 400	-	-	12 661
Bank overdraft	1 220 427	-	-	-	-	1 220 427
Trade payables and other liabilities	892 588	-	-	-	-	892 588
Interests	208 703	146 571	141 560	77 138	71 984	645 956
Total	**2 571 453**	**271 012**	**1 166 568**	**193 242**	**1 597 691**	**5 799 966**

*The bond loan has maturity in total in 2025.

Note 3 continues

Capital management

Pelagia's objectives when managing capital are to safeguard the group's abilityto continue as a going concern in order in order to provide returns for shareholders and other stakeholders and to maintain an optimal capital structure to reduce the capital costs. The group's current capital structure and key figures are considered to be at an acceptable level in relation to Pelagia's goals.

In order to improve the capital structure, Pelagia may adjust the level of dividends to shareholders, return capital to shareholders, issue new shares or sell assets to repay borrowing.

The financing consists of rolling credit facility (RCF) of MNOK 2 400. In addition a current multi-currency credit facility of MNOK 1 700 has been established, this has been drawn by MNOK 1 220. The covenants consist of demands to equity ratio and interest cover ratio in the consolidated financial statements of Pelagia Holding AS. In addition the parent company per 31.12.2020 has entered into a bond loan of MNOK 900 with maturity in 2025. There are covenants in the bond agreement related to equity ratio (30%) and interest coverage ratio (4.0x). The loan bears interest 3M NIBOR + 3,25%.

The majority of Pelagia Group's long-term bank financing was renewed in November 2022 and is due in 2027. As of 31 December 2021, this was classified as short-term as it was due in 2022.

Booked equity ratio and interest cover ratio are shown in the table below:

Equity ratio	**2022**	**2021**
Booked equity	3 808 592	3 167 918
Total assets	9 136 844	7 582 050
Equity %	41,7 %	41,8 %

Interest cover ratio	**2022**	**2021**
EBITDA*	1 690 603	878 342
Net interest expenses	132 269	94 045
Interest cover ratio	12,8	9,3

*) EBITDA for 2021 does not include an accounting gain of MNOK 139 related to the purchase of the remaining 50% of shares in Hordafor

Financial instruments

31.12.2022	**Amortised cost**	**Fair value through profit and loss**	**Fair value over comprehensive income**	**Total**
Assets				
Other investments	-	5 891	-	5 891
Other receivables	9 676	-	-	9 676
Trade receivables and other current receivables*	1 259 352	-	-	1 259 352
Currency derivatives	-	28 841	-	28 841
Financial derivatives - hedge accounting	-	-	101 669	101 669
Cash and cash equivalents	129 272	-	-	129 272
Total	**1 398 300**	**34 732**	**101 669**	**1 534 701**
Liabilities				
Debt to credit institutions	3 271 686	-	-	3 271 686
Bond loan	893 700	-	-	893 700
Other long-term not interest bearing debt	12 661	-	-	12 661
Leasing liabilities	60 984	-	-	60 984
Trade payables and other current liabilities	678 893	-	-	678 893
Total	**4 917 924**	**-**	**-**	**4 917 924**

*Trade receivables and other current receivables excl. of prepayments and public duties owing, cf. Note 11.

Pelagia Holding AS

Note 3 continues

31.12.2021	Amortised cost	Fair value through profit and loss	Fair value over comprehensive income	Total
Assets				
Other investments	-	3 909	-	3 909
Other receivables	13 945	-	-	13 945
Trade receivables and other current receivables*	1 043 152	-	-	1 043 152
Currency derivatives	-	-	-	-
Cash and cash equivalents	215 638	-	-	215 638
Total	**1 272 735**	**3 909**	**-**	**1 276 644**
Gjeld				
Debt to credit institutions	2 615 590	-	-	2 615 590
Bond loan	891 540	-	-	891 540
Other long-term not interest bearing debt	2 497	-	-	2 497
Leasing liabilities	33 074	-	-	33 074
Trade payables and other current liabilities	618 746	-	-	618 746
Total	**4 161 447**	**-**	**-**	**4 161 447**

*Trade receivables and other current receivables excl. of prepayments and public duties owing, cf. Note 11.

Assessment of fair value

The table below shows financial instruments at fair value according to valuation method. The various levels have been defined as follows:

- Level 1: Listed price in an active market for an identical asset or liability.
- Level 2: Valuation based on onther observable factors than noted priced (used in level 1), either directly (price) or indirectly (derived from prices) for the asset or the liability.
- Level 3: Valuation based on factors not provided from observable markets (non-observable prerequisites).

31.12.2022

Assets	Nivå 1	Nivå 2	Nivå 3	Total
- Currency derivatives	-	28 841	-	28 841
- Cash flow hedges financial power contracts	-	101 669	-	101 669
- Other investments	-	-	5 891	5 891
Total	**-**	**130 510**	**5 891**	**136 401**

31.12.2021

Assets	Nivå 1	Nivå 2	Nivå 3	Total
- Currency derivatives	-	-29 148	-	-29 148
- Other investments	-	-	3 909	3 909
Sum	**-**	**-29 148**	**3 909**	**-25 239**

There were no transfers from level 1 to level 2 during the year.

The fair value of financial instruments traded in active markets is based on market prices at the balance sheet date. A market is regarded as active if the market prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occuring market transactions on an arm's length basis. The market price used for financial assets held by the group is the current bid price, for financial liabilities the current selling price is used. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example, forward exchange contracts) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where available and rely as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, then the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.
For amortized cost assets and liabilities, the book value is considered to be approximately equal to the fair value.

Note 3 continues

Cash flow hedges of forecast power purchase transactions

The group designates certain derivatives as hedges of a particular risk associated with the cash flows of highly probable forecast power purchase transactions (cash flow hedges).

Pelagia Group hedges its exposure to the variability of a future transaction of electricity by entering into financial contracts with the electricity supplier for a predetermined delivery price of an agreed volume of electricity in the future.

The Nordic system price is the main reference price in the Nordic electricity market, with area prices to a varying degree correlating to the system price. Management has considered the market structure and concluded that the system price can be characterized as an identifiable and measurable component of the power price. In general, a change in the system price will cause a change in the price in all price areas and will also impact the pricing of long-term contracts in all areas. In addition, most market participants develop expectation of future prices estimating future system price and area differentials individually. This implies that the system price is an identifiable risk component in the future purchase of electricity.

The hedged item is the market price of power, which exposes the company to profit risk from changes in future cash flows. The hedging instrument is forward contracts on power mainly on NASDAQ's Nordic Power Market, and some bilaterally. Gains/losses on hedging of consumed electricity are settled monthly on electricity invoices at the hedging rate against the Nord Pool rate. The value of future power hedges are settled against the market price on NASDAQ.

The Group aims to have a hedge ratio of between 60-80% of expected consumption per year, actual power purchase volume will therefore always be significantly higher than the total volume in the hedging instruments, due to this there will be no consumption effects causing inefficiencies.

Hedge effectiveness is measured by comparing the relationship between the hedging instrument (the power hedge) and the hedged item (the power price), where there should be an expectation that the value of the hedging instrument and the value of the hedged item will systematically change in opposite directions as a result of changes in the hedged risk. This is measured by comparing the change in the average market price against the change in the hedging gain/loss in the same year. The change in market price should have a negative correlation with the hedging gain/loss. The company has calculated an average hedge effectiveness of 88% over the last two years, which is used as a basis for recognition as at 31.12.2022. The effective portion of the change in value is recognized as a separate component of equity, while the ineffective portion is recognized in the income statement on an ongoing basis. Unrealized gain on open hedging transactions as of 31.12.2022 is MNOK 101,7, where the effective part (88%) MNOK 89,5 is recognised in OCI and ineffective part (12%) MNOK 12,2 is recognised in the income statement.

The accounting implications of hedge accounting for the period is summarized in the table below.

Fair value of hedging instruments where hedge accounting is applied	**Fair value hedge instrument**	**Effective portion in OCI**	**Inefectiveness in P&L**	**Hedged volume 2023***	**Hedged volume 2024***
Cash flow hedge of highly probable power purchase	101 669	89 469	12 200	88	98
Deferred tax		19 683			
Effective portion, recognised in OCI, net of tax		**69 786**			

** Volum in GWh*

d) Climate risk

Large parts of Pelagia's operations are handling and processing of wild caught fish and this makes the Group dependent on a sea that is managed in a sustainable manner. Pelagia's activities will depend on the availability of the necessary fish resources in the areas where Pelagia is established with its production facilities. Pelagia is also dependent on a regulated fishery stock that can maintain sustainable fishing quotas in the North Atlantic in the long term. It also requires sensible cooperation between coastal states to maintain sustainable exploitation of fisheries resources in these areas as well.

There are no indications of regulatory requirements or climate risks that are expected to significantly affect the Group's financial position in the near future.

For a description of the Group's climate and sustainability work, see the Board of Directors' annual report.

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Note 4

Sales revenues/segment information

Operating segments
Pelagia's activities are divided into three segments; meal/oil (Feed), consumption (Food) and omega-3 (Health). The segment reporting is followed up by the Board of Directors as the top decision-maker.

Meal/oil (Feed)
The meal- and oil activity comprises production of fish meal, fish oil and concentrate of fish protein. The products are mainly sold to the aquaculture industry nationally.

Consumption (Food)
The consumption activity consists of receipt and processing of pelagic fish for consumption. Pelagic fish for human consumption is mainly frozen mackerel, herring and capelin catched with closing net or trawl in the Norwegian Sea and the North Sea. The company has production plants spread along the Norwegian coast. The fish is mainly subject to global export.

Epax (Health)
The activity consists of production of high-concentrate omega-3 ingredients. The product is used as ingredient for leading brands within food supplements and pharmaceutical products. Production plant for the activity is located in Ålesund. The product is mainly subject to global export.

	2022				2021			
Segment information	**Food**	**Feed**	**Health**	***Total***	**Food**	**Feed**	**Health**	***Total***
External operating income	5 563 573	5 075 736	642 217	*11 281 526*	5 231 875	4 047 567	582 801	*9 862 242*
Other gains	-	-	-	-	-	139 331	-	*139 331*
Total operating income	5 563 573	5 075 736	642 217	*11 281 526*	5 231 875	4 186 898	582 801	*10 001 573*
Cost of goods	4 687 719	3 364 098	301 251	*8 353 068*	4 480 215	3 248 343	303 886	*8 032 444*
Contribution margin	875 854	1 711 638	340 966	*2 928 458*	751 659	938 555	278 915	*1 969 128*
Indirect wages	198 250	226 018	77 743	*502 010*	171 772	179 647	74 963	*426 382*
Indirect operating expenses ex. depreciation	216 353	468 271	51 222	*735 845*	182 383	304 984	37 706	*525 073*
Operating result before depreciation EBIT	461 251	1 017 349	212 002	*1 690 603*	397 504	453 924	166 246	*1 017 673*
Income recognition related to acuisition	-	-	-	-	-	-	-	-
Depreciation	128 287	202 928	23 472	*354 688*	124 815	154 497	11 523	*290 835*
Operating result EBIT	**332 964**	**814 420**	**188 530**	***1 335 915***	**272 689**	**299 426**	**154 723**	***726 838***
Net interest	-878	-106 409	-24 938	*(132 224)*	-1 047	-71 137	-13 292	*(85 475)*
Result from associated company	-	-	-	-	-	21 103	-	*21 103*
Other financial items	-20 261	-4 726	-18 536	*(43 523)*	-974	-14 450	2 134	*(13 290)*
Result before taxes	**311 825**	**703 285**	**145 056**	***1 160 167***	**270 668**	**234 942**	**143 565**	***649 176***

Sales revenues distributed on geographical markets	**Food**	**Feed**	**Health**	***Total***	**Food**	**Feed**	**Health**	***Total***
Norway	231 030	2 081 549	163 445	*2 476 024*	153 610	1 780 538	162 409	*2 096 557*
Europe for the rest	344 133	1 459 855	28 597	*1 832 585*	383 401	1 139 787	24 819	*1 548 007*
Europe EU	1 572 068	950 963	94 198	*2 617 229*	1 778 519	876 049	62 407	*2 716 975*
Asia	2 153 888	533 061	102 700	*2 789 649*	2 314 885	197 367	132 149	*2 644 401*
Africa	981 397	-	-	*981 397*	363 445	-	-	*363 445*
North-Amerika	280 180	46 534	234 880	*561 594*	235 809	48 035	196 033	*479 878*
Other	878	3 774	18 396	*23 048*	2 205	5 790	4 983	*12 978*
Total	**5 563 574**	**5 075 736**	**642 216**	**11 281 526**	**5 231 875**	**4 047 567**	**582 801**	**9 862 242**

Note 5

Wage costs, full-time equivalents, renumerations etc.

Specification of wage costs	**2022**	**2021**
Wages	686 406	617 339
Payroll tax	86 371	83 822
Pension costs	61 565	39 238
Other benefits	10 351	14 262
Total	**844 693**	**754 662**
Average number of full-time equivalents	1 130	1 122

Remunerations for executive employees:	**Wages**	**Bonus**	**Other benefits**	**Total**
CEO - Egil Magne Haugstad	3 451	1 700	399	5 551

Note 5 continues

The CEO has a profit-based bonus scheme calculated from the group's pre-tax result. Bonus is 0.5 % of pre-tax result reduced by MNOK 100. The bonus is limited upward to 50 % of ordinary annual salary including holiday pay. In case of notice the general manager is entitled to a severance pay corresponding to 6 months fixed salary. Mutual notice period for general manager is 6 months.

No loan or other security has been granted to the board, the general manager, other senior executives or other related parties. There are no other profit sharing or options for the board, other senior executives or other related parties.

Shares owned by Board members and executive employees

The Board:
The Chairman of the Board, Helge Singelstad, owns shares indirectly through his ownership in Austevoll Seafood ASA. The Board members Helge Møgster and Arne Møgster own shares indirectly through their owner interests in Laco AS. Laco controls Austevoll Seafood ASA. Board member Gustav Witzøe owns shares indirectly through his ownership in Kvarv AS.

Executive employees:
CEO Egil Magne Haugstad owns shares indirectly through his ownership in Egersund Fiskeri Investering AS. Egersund Fiskeri Investering AS owns 26,63% of the shares in Kvefi AS.

Remuneration paid to the members of the Board of Directors
No Board of Directors' fee has been paid in 2022 or 2021.

Auditor:

Auditor's fees exclusive of vat.	**2022**	**2021**
Satutory audit	5 885	5 029
Other certification services	454	172
Tax consultancy	816	726
Services other than audit	526	447
Total	**7 681**	**6 374**

Note 6

Specifications

Other operating expenses	**2022**	**2021**
Variable lease, short-term leasing agreements and lease of assets of minor value	20 910	18 636
Repair and maintenance	184 788	157 519
IT-expenses	32 107	23 770
Bad debts	7 758	-9 532
Other expenses	490 283	334 679
Total other operating expenses	**735 845**	**525 072**

Specification of other current liabilities	**2022**	**2021**
Wages and public duties owing	79 860	61 104
Prepayments received*	112 119	98 959
Incurred costs	86 145	68 021
Other current liabilities	3 934	58 219
Total other current liabilities	**282 059**	**286 302**

*Concerns received prepayments from customers in the consumption segment (Food).

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Note 7

Intangible assets

Intangible assets 2022	Other intangible assets	Goodwill	Customer portfolio	Total
Acquisition cost 01.01.2022	58 054	1 197 752	165 700	1 421 507
Translation differences	-	5 733	-	5 733
Additions	11 124	-	-	11 124
Acquisition cost 31.12.2022	**69 178**	**1 203 485**	**165 700**	**1 438 364**
Accumulated depreciations 01.01.2022	17 860	-	80 379	98 239
Depreciations	9 920	-	22 113	32 034
Accumulated depreciations and write-down 31.12.2022	**27 780**	**-**	**102 492**	**130 273**
Book values 31.12.2022	**41 398**	**1 203 485**	**63 208**	**1 308 090**
Straight-line depreciation periods	5 years			

Intangible assets 2021	Other intangible assets	Goodwill	Customer portfolio	Total
Acquisition cost 01.01.2021	34 124	814 247	69 700	918 071
Translation differences	-	-1 290	-	-1 290
Additions	23 930	384 795	96 000	504 725
Acquisition cost 31.12.2021	**58 054**	**1 197 752**	**165 700**	**1 421 507**
Accumulated depreciations 01.01.2021	10 169	-	67 666	77 835
Depreciations	7 691	-	12 713	20 404
Accumulated depreciations and write-down 31.12.2021	**17 860**	**-**	**80 379**	**98 239**
Book values 31.12.2022	**40 194**	**1 197 752**	**85 321**	**1 323 266**
Straight-line depreciation periods	5 years			

Value of customer portfolio identified in the acquisition analysis in 2014 is based on expected earnings and estimated customer exit. This is reflected in the depreciation profile, which is degressive over a 10 year period.

The management assesses profitability within the segments consume (food) and meal/oil (feed) and omega-3 (health).

The following is a statement of allocation of book value of intangible assets.

Segment	Other intangible assets	Goodwill	Customer portfolio	Total
Feed	20 449	1 154 885	63 208	**1 238 542**
Food	8 474	48 600	-	**57 074**
Health	12 474	-	-	**12 474**
Total intangible assets	**41 398**	**1 203 485**	**63 208**	**1 308 090**

Goodwill is monitored at segment level, involving a group of cash generating units. Recoverable amount is calculated based on value in use, i.e. on budgeted future cash flows based on the budget for 2023 and prognoses to and inclusive 2027. After 2027 the terminal value is calculated based on prognosis for 2027.

No impairment is considered necessary in 2022.

Pelagia Holding AS

Note 7 continues

Key assumptions used in the calculation of value in use:

	Feed	Food	Health
Budget period (year)	5	5	5
Growth rate terminal calculation	2,0 %	2,0 %	2,0 %
Required rate of return before tax (WACC)	8,0 %	8,0 %	8,0 %
Asset Beta	0,80	0,80	0,80
EBITDA-margin in budget period (average)	11,2 %	8,0 %	26,0 %
EBITDA-margin in terminal	11,0 %	6,0 %	25,8 %

In total Pelagia Group purchased approx. 1.3 mill tons of raw materials for its activities in 2022 compared to 1.2 mill tons in 2021. The volume expectations in the budget period are for Food slightly down compared to 2022, but there is a slight increase in FEED, overall the volume in the budget period is at 2022 level. Calculation of terminal value is based on a total volume of 1.03 million tons.

EBITDA-margin in the terminal value is slightly lower than in the budget period. The margin used in the terminal is also below the actual margin achieved in the period 2018-2022.

Sensitivity analysis:
Estimated value in use is sensitive to changes in the assumptions, of which required rate of return and EBITDA-margin are the most important. The conclusion of the sensitivity analysis is that no impairment is needed in Feed, Food or Health based on an isolated change of assumptions, by:

a) increase in required rate of return by 1% - point or
b) reduced EBITDA-margin by 1% - point.

Note 8

Property, plant and equipment

Property, plant and equipment 2022	**Land, buildings and other real property**	**Machinery and plant**	**Right-of-use leased assets**	**Ships**	**Fixtures and equipment**	**Total**
Acquisition cost 01.01.2022	1 720 561	2 467 895	76 047	199 700	28 209	4 492 412
Translation differences	4 907	20 241	-	-	157	25 305
Additions	200 887	216 462	67 121	89 412	810	574 693
Acquisition business combination	192 450	171 839	-	-	-	364 290
Disposal	0	886	-	-	-	886
Acquisition cost 31.12.2022	**2 118 807**	**2 877 323**	**143 168**	**289 112**	**29 176**	**5 457 585**
Acc. depreciation and write down 01.01.2022	445 104	1 015 933	45 328	19 464	23 391	1 549 221
Translation differences	1 530	14 463	-	-	119	16 112
Depreciation	83 246	201 840	14 214	21 530	1 825	322 654
Depreciation on disposals	-	-689	-	-	-	-689
Acc. depreciation and write down 31.12.2022	**529 880**	**1 231 547**	**59 542**	**40 994**	**25 335**	**1 887 299**
Book values 31.12.2022	**1 588 926**	**1 645 776**	**83 626**	**248 117**	**3 841**	**3 570 287**
Straight-line depreciation periods:	10 - 50 years	5 - 20 years	4 - 8 years	20 years	2 - 10 years	

Pelagia Holding AS

Note 8 continues

Property, plant and equipment 2021	Land, buildings and other real property	Machinery and plant	Right-of-use leased assets	Ships	Fixtures and equipment	Sum
Acquisition cost 01.01.2021	1 318 833	2 086 345	76 047	-	26 726	3 507 951
Translation differences	365	-4 290	-	-	-323	-4 249
Additions	304 798	263 035	-	-	0	567 833
Acquisition business combination	96 717	122 806	-	199 700	1 806	421 029
Disposal	-152	-	-	-	-	-152
Acquisition cost 31.12.2021	**1 720 561**	**2 467 895**	**76 047**	**199 700**	**28 209**	**4 492 412**
Acc. depreciation and write down 01.01.2021	363 487	858 368	29 465	-	22 070	1 273 390
Translation differences	1 415	3 820	-	-	165	5 400
Depreciation	80 202	153 745	15 863	19 464	1 156	270 431
Acc. depreciation and write down 31.12.2021	**445 104**	**1 015 933**	**45 328**	**19 464**	**23 391**	**1 549 221**
						-
Book values 31.12.2021	**1 275 457**	**1 451 962**	**30 719**	**180 235**	**4 818**	**2 943 192**
Straight-line depreciation periods:	10 - 50 years	5 - 20 years	4 - 8 years	20 years	2 - 10 years	

Note 9

Shares in associated companies and joint ventures - the equity method

Company	Classification	Business address	Owner- / voting share
TD Moreproduct	TS	Nikolajev, Ukraina	50 %

Overview of profit share and book value	IB	Profit share	Disposal	OB 31.12
TD Moreproduct	-	-	-	-
Total	-	-	-	-

Share of result using the equity method in 2021 relates to Hordafor AS, which was 50% owned up until 30.06.2021.

Pelagia Holding AS

Note 10

Inventories	**2022**	**2021**
Raw materials	103 757	68 892
Goods in progress	209 103	348 805
Packing and supplements	136 880	65 693
Finished goods	2 219 293	1 504 053
Impairment of finished goods to net realisable value	-60 946	-56 033
Total	**2 608 088**	**1 931 411**
Book value of inventory impaired to net realisable value	807 026	769 872

Note 11

Trade receivables and other receivables

Trade receivables	**2022**	**2021**
Trade receivables at nominal value	1 304 221	1 071 143
Provision for bad debts on trade receivables	-57 434	-60 414
Trade receivables, net	**1 246 786**	**1 010 729**

Other current receivables	**2022**	**2021**
Owing vat	76 733	65 843
Prepaid expenses	38 946	51 352
Other receivables, loans etc.	12 565	21 178
Other current receivables	**128 244**	**138 373**
Total current receivables	**1 375 030**	**1 149 102**

Non-current receivables	**2022**	**2021**
Loan to related parties	-	63
Other loans	9 676	13 882
Total non-current receivables	**9 676**	**13 945**

Long-term loan is interest-bearing.

Age distribution trade receivables	**2022**	**2021**
Not due	950 997	762 033
< 30 days	216 102	143 809
30-60 days	54 798	80 910
> 60 days	82 324	84 390
Total	**1 304 221**	**1 071 143**

Note 11 continues

Age distribution of provision for bad debts	2022	2021
Not due	14 163	6 667
< 30 days	1 710	557
30-60 days	14 089	335
> 60 days	27 473	52 854
Total	**57 434**	**60 414**

Expected credit loss	2022	2021
Not due	1,49 %	0,87 %
< 30 days	0,79 %	0,39 %
30-60 days	25,71 %	0,41 %
> 60 days	33,37 %	62,63 %
Total	4,40 %	5,64 %

Change in provision for lossess on trade receivables	2022	2021
IB provision	60 414	71 958
Reduction due to losses finally recorded	-12 343	-11 544
Reduction due to reversal of previous provisions	-20 598	-9 532
Increase due to new provisions	29 962	9 532
Per 31.12	**57 434**	**60 414**

Expensed losses on accounts receivable		
Established losses	12 343	11 544
Received on previously lost claims	-1 605	-
Change in provision loss receivables	-2 980	-21 076
Total	**7 758**	**-9 532**

Trade receivables are partly secured through credit insurance and other types of insurance (letter of credit, goods against documents etc.) The management assesses monthly the risk in outstanding receivables and makes provision for any receivables exposed to loss. The provision for losses on trade receivables mainly comprises receivables that have become due and have not been secured through credit insurance or in any other way. Separate assessments are made of the risk related to each individual customer. In addition a general provision is made for risk in the accounts receivable.
See note 3 for specification and distribution of trade receivables in different currencies and further about credit risk.

Note 12

Restricted funds	2022	2021
Restricted tax deductions	33 329	26 394
Total restricted funds	**33 329**	**26 394**

Note 13

Share capital, premium and shareholders' information

Share capital and premium	2022	2021
Number of shares	149 835 600	149 835 600
Nominal value (NOK)	1	1
Share capital	149 836	149 836
Premium	1 347 615	1 347 615
Total paid-in equity	**1 497 451**	**1 497 451**

Shareholder structure 31.12	Holdings	Holdings
Austevoll Seafood ASA	74 917 800	74 917 800
Kvefi AS	74 917 800	74 917 800
Total	**149 835 600**	**149 835 600**

Pelagia Holding AS

Note 14

Tax expense, deferred tax asset and deferred tax

Tax expense of the year	**2022**	**2021**
Tax payable	155 546	113 828
Change in deferred tax	123 373	26 564
Tax liability from acquisition	-21 873	-55 837
Tax expense in P&L	**257 046**	**84 555**
Tax expense in OCI	19 683	-
Tax expense total	**276 729**	**84 555**

Reconciliation of statutory tax rate to effective tax rate	**2022**	**2021**
Profit before tax	1 160 167	649 177
Income tax at statutory tax rate 22%	255 237	142 819
Impact of lower effective tax rate abroad	2 952	-2 266
Non-taxable profit from sale of shares	-	-30 580
Share of profit from equity method	-	-4 643
Other differences	-1 143	-20 775
Tax expense	**257 046**	**84 555**
Tax expense in OCI	19 683	-
Tax expense total	**276 729**	**84 555**
Effective tax rate	22 %	13 %
Weighted nominal tax rate	22 %	22 %

Nominal tax rate for 2022 is 22% in Norway and Denmark, in UK and Ireland 19% and 12.5% respectively.

Specification of tax impact from temporary differences/losses carried forward:	**2022**	**2021**
Property, plant and equipment	179 554	64 087
Inventory	13 235	8 915
Receivables	-12 636	-16 694
Financing lease	9 029	6 714
Pension liability	-296	-293
Interests carried forward	-	-4 020
Other temporary differences	22 109	8 136
Losses carried forward	-38 672	-73
Total	**172 323**	**66 772**
Book value deferred tax	**172 323**	**66 772**

Specification of changes in deferred tax in the income statement:	**2022**	**2021**
Property, plant and equipment	115 467	4 002
Inventory	4 321	6 548
Receivables	4 058	-1 276
Financing lease	2 315	11 337
Pension liability	-3	63
Interests carried forward	4 020	17 448
Other temporary differences	9 922	-16 182
Losses carried forward	-16 726	4 624
Total	**123 373**	**26 564**

Change in book value deferred tax	**2022**	**2021**
Opening balance 01.01.	66 772	40 208
Recognised in the income statement in the period	123 373	26 564
Deferred tax asset from acquisition	-21 873	-
Other changes	4 050	-
Closing balance 31.12.	**172 323**	**66 772**

Pelagia Holding AS

Note 14 continues

Tax payable in the balance sheet	**2022**	**2020**
Tax payable in the balance sheet 01.01.	113 828	2 146
Tax payable current year	155 546	113 828
Paid tax current year	-113 828	-2 146
Tax payable in the balance sheet 31.12.	**155 546**	**113 828**

Note 15

Borrowings

Non-current	**2022**	**2021**
Bank loan	1 821 756	259 305
Bond loan	893 700	891 540
Lease liability	60 984	16 909
Total	**2 776 440**	**1 167 754**
Current		
First year's instalment non-current liabilities	229 504	1 365 570
First year's instalment lease	22 391	16 165
Bank loan and current overdraft facilities	1 220 427	990 715
Total	**1 472 322**	**2 372 450**

*Bank loan and bond loan are recognised at amortised cost. Transaction costs are accrued according to the effective interest rate-method.
See note 3 for further information about financial risk management.

Carrying value and fair value of non-current borrowings:
Carrying value of Pelagia's borrowings is approximately equal to fair value, as the interest level reflects market conditions.

Interest terms:
Pelagia's interest terms are NIBOR plus margin. Margin is calculated based on equity ratio and the ratio between EBITDA divided on net interest expenses (interest coverage ratio).

Currency:
Pelagia's long-term debt is in NOK.

Corporate account arrangement:
All companies in the group participate in a multi-currency corporate account arrangement where the parent company Pelagia Holding AS is the main account holder. All participants are jointly and severally liable for the outstanding at the corporate account arrangement at any time.

The group had the following currency exposure connected to the corporate account arrangement per 31.12.2022:

Amount in 1.000

Currency	**Currency amount**	**Exchange rate 31.12**	**NOK 31.12**
NOK	-529 180	1,0000	-529 180
DKK	-133 110	1,4190	-188 884
EUR	-12 373	10,5522	-130 561
GBP	-10 297	11,9555	-123 102
JPY	-250 065	0,0749	-18 733
USD	-23 214	9,9066	-229 968
Total deposit on corporate account			**-1 220 427**

The balance on the group account is presented gross in the balance sheet.

Pelagia Holding AS

Note 15 continues

Repayment profile interest bearing debt

	Bank loan	Bond loan	Lease liability	Overdraft facility	Total
2023	229 504	-2 160	22 391	1 220 427	1 470 162
2024	107 361	-2 160	16 979	-	122 180
2025	107 361	898 020	9 227	-	1 014 608
2026	107 361	-	8 743	-	116 104
2027	1 407 361	-	5 810	-	1 413 171
Later	92 311	-	20 225	-	112 536
Total	**2 051 259**	**893 700**	**83 375**	**1 220 427**	**4 248 761**

For further description of the group's financing, see note 3.

For summary of assets pledged as security and guarantees, see note 17.

Change in liabilities related to financing

	Bank loan	Bond loan	Lease liability	Overdraft facility	Total
31.12.2020	**2 336 769**	**889 380**	**67 594**	**407 132**	**3 700 875**
Instalment leasing debt	-	-	-34 520	-	-34 520
Repayment of debt	-711 894	-	-	65 500	-646 394
Amortising of transacion costs	-	2 160	-	-	2 160
Net payment to corporate account	-	-	-	518 083	518 083
31.12.2021	**1 624 875**	**891 540**	**33 074**	**990 715**	**3 540 204**
Instalment leasing debt	-	-	-16 820	-	-16 820
Repayment of debt	-2 437 500	-	-20 362	-	-2 457 862
Raising of new loan	2 869 163	-	87 483	-	2 956 646
Transaction cost	-8 400	-	-	-	-8 400
Amortising of transacion costs	3 121	2 160	-	-	5 281
Net payment to corporate account	-	-	-	229 712	229 712
31.12.2022	**2 051 259**	**893 700**	**83 375**	**1 220 427**	**4 766 844**

Specification of financial income and financial expenses	**2022**	**2021**
Interest income bank	-	7 183
Other financial income	-	1 387
Total financial income	**-**	**8 570**
Interest expenses borrowings	130 369	91 115
Interest expenses financial lease	1 857	2 930
Disagio	33 928	5 383
Other financial expenses	9 595	7 905
Total financial expenses	**175 748**	**107 334**
Total net financial items	**-175 748**	**-98 764**

Pelagia Holding AS

Note 16

Lease liabilities
Carrying amount
The following amounts have been recognised in the company's balance sheet:

Right of use leased assets	**2022**	**2021**
Property, including production facilities	83 627	30 719
Total	**83 627**	**30 719**

Lease liabilities	**2022**	**2021**
Current	22 391	16 165
Non-current	60 984	16 909
Total	**83 375**	**92 216**

Maturity structure lease liability

Discounted cash flows	**Property, incl. Production facilities**	**Total lease liability**
Less than 1 year (next year)	22 391	22 391
1-5 years	40 759	40 759
Over 5 years	20 225	20 225
Total lease liability	**83 375**	**83 375**

Items in the income statement - Depreciation and interest expenses
The income statement presents the following amounts related to the lease liabilities:

Depreciation related to right of use assets	**2022**	**2021**
Property, including production facilities	14 214	15 863
Total depreciation	**14 214**	**15 863**

Interest expenses		
Interest expense on lease liability	1 857	2 930

Note 17

Mortgage- and guarantees	**2022**	**2021**
Book value of secured debt	3 271 686	2 615 590

Book value of mortgaged assets	**2022**	**2021**
Land, buildings and other real propety	1 588 927	1 275 457
Machinery and plants	1 645 776	1 451 962
Ships	248 117	180 235
Fixtures and equipment	3 841	4 818
Receivables and other financial instruments	1 384 706	1 163 047
Inventory	2 608 088	1 931 410
Total	**7 479 455**	**6 006 929**

Pelagia Holding AS

Note 18

Transactions with related parties (group)

Pelagia is subject to joint operatons (joint ventures) by Austevoll Seafood ASA and Kvefi AS.
The majority of transactions between related parties is purchase and sale of fish from and to associated companies.

The following transactions were accomplished between related parties:

a) Sale of goods and services	2022	2021
Sale of goods		
- Holding company and its subsidiaries	18 780	21 628
Total	**18 780**	**21 628**

b) Purchase of goods and services	2022	2021
Purchase of goods		
- Holding company and its subsidiaries	70	110 389
Purchase of services		
- Holding company and its subsidiaries	33 032	10 524
Total	**33 102**	**120 913**

c) Trade receivable and trade payable balances	2022	2021
Trade receivables related parties		
- Holding company and its subsidiaries	60	-
Total	**60**	**-**
Trade payables to related parties		
- Associated companies and joint ventures	-	-
- Holding company and its subsidiaries	-	-
Total	**-**	**-**

Pelagia Holding AS

Note 19

Aquisition Norsk Fiskeindustri Invest AS

Pelagia entered into an agreement to acquire 100% of the shares in Norsk Fiskeindustri Invest AS with effective date of June 1, 2022.
Norsk Fiskeindustri Invest AS further owns 51.05% of the shares in Karmsund Protein AS and Husøy Eiendom Karmøy AS.
The acquisition was made with an accounting effective date for the Group of 01.06.2022. The acquisition is made at fair value.
The table below shows the contribution divided on acquired assets and liabilities.

Vederlag	**01.06.2022**
Cash contribution	47 754
Total contribution for new owner share (100%)	**47 754**
Carrying value of identifiable assets and liabilities as a result of the acquisition	
Intangible assets	3 060
Deferred tax asset	21 873
Property, plant and equipment	447 717
Trade receivables	188
Inventory	170 760
Other current receivables	11 961
Other interest bearing liabilities	-490 033
Accounts payable	-23 747
Other current liabilities	-8 454
Total identifiable net assets	**133 324**
Calculation of excess value	
Contribution for shares (100%)	47 754
Fair value of minority Karmsund Protein AS and Husøy Eiendom Karmøy AS	85 570
Transaction value	**133 324**
Net interest bearing liabilities	-490 033
Fair value of the operations	**623 357**
Book value of the equity at the acquisition	198 397
Indetified impairment of fixed assets	(83 427)
Deferred tax	18 354
Total	**133 324**

In connection with the purchase price allocation, an impairment was identified compared to the book equity in the underlying company. The impairment is allocated to the book value of fixed assets in Karmsund Protein AS, including adjustment for deferred tax.

No material contingent contributions or contingent liabilities are connected to the acquisition.

Increased ownership in Aquarius AS

Pelagia AS has in 2022 acquired the remaining 34% of the company Aquarius AS from the minority owners and as of 31.12.22 owns 100% of the company. The acquisition has been made at fair value and no assets or liabilities have been identified that differ from the book value of the assets.

Merger of Pelagia AS and Hordafor AS

Hordafor AS was merged with Pelagia AS in 2022. Pelagia AS's book value of the investment was 719 MNOK and equity in Hordafor AS as of 31.12.2021 was MNOK 349. The merger was accounted for at group continuity, hence there were no equity effects in the consolidated financial statements of Pelagia Holding AS.

Pelagia Holding AS

Note 20

Subsequent events

Pelagia AS has merged with its subsidiaries Aquarius AS and Norsk Fiskeindustri Invest AS in 2023..

Note 21

Other matters

Pelagia has its own operations in Ukraine through the company Pelagia Ukraina LLC. In 2021 Pelagia had sales of approx. 85 MNOK Ukraine. Due to Russia's brutal invasion and warfare in Ukraine, the activity in Ukraine is significantly reduced. At the end of 2022, there are no significant book assets in the company and there is thus no risk of loss related to the activity in Ukraine.

Pelagia Holding AS

Financial Statements 2022

Pelagia Holding AS

Income statement

Amounts in NOK 1.000	Note	2022	2021
Other operating expenses	2	2 146	2 188
Operating profit		**-2 146**	**-2 188**
Profit from investment in subsidiaries	3	400 000	302 000
Finance income	4	87 251	42 443
Finance costs	4	146 386	90 289
Net finance		**340 865**	**254 155**
Profit before taxes		**338 719**	**251 966**
Income tax expense	5	74 541	55 435
Net profit		**264 179**	**196 531**
Statement of comprehensive income			
Profit for the period		**264 179**	**196 531**
Comprehensive income		**-**	**-**
Total comprehensive income		**264 179**	**196 531**
Transfers:			
Allocated dividend		450 000	250 000
Transferred other equity		-185 822	-53 469
Total transfers	6	**264 179**	**196 531**

Balance sheet per 31.12

Amounts in NOK 1.000	Note	2022	2021
Assets			
Non-current assets			
Deferred tax asset	5	-	1 531
Total intangible assets		**-**	**1 531**
Investment in subsidiaries	3, 7	2 394 012	2 394 012
Loans to group companies	7, 8	607 487	578 558
Total financial assets		**3 001 499**	**2 972 570**
Total non-current assets		**3 001 499**	**2 974 100**
Current assets			
Other current receivables	6, 8	2 902 923	2 179 223
Cash and cash equivalents		2	5 023
Total current assets		**2 902 925**	**2 184 246**
Total assets		**5 904 424**	**5 158 346**

Balance sheet per 31.12

Amounts in NOK 1.000	Note	2022	2021
Equity and liabilities			
Share capital	6, 9	149 836	149 836
Share premium	6	1 222 878	1 314 016
Other equity	6	-	94 683
Total equity		**1 372 714**	**1 558 535**
Liabilities			
Deferred tax liabilities	5	3 172	-
Total non-current liabilities		**3 172**	**-**
Bond loan	7	893 700	891 540
Liabilities to financial institutions	7	1 691 880	93 159
Total other non-current liabilities		**2 585 580**	**984 699**
First year's instalment non-current liabilities	7	100 000	1 341 500
Current debt to financial institutions	7, 8	1 221 759	925 147
Trade payables		377	169
Tax payable	5	69 838	49 340
Dividend	6	450 000	250 000
Other current liabilities	7, 8, 10	100 983	48 955
Total current liabilities		**1 942 957**	**2 615 111**
Total liabilities		**4 531 710**	**3 599 811**
Total equity and liabilities		**5 904 424**	**5 158 346**

Bergen, April 27, 2023

Helge Singelstad
Chairman of the board

Arne Møgster
Board member

Gustav Witzøe
Board member

Egil Magne Haugstad
CEO

Helge Arvid Møgster
Board member

Helge Karstein Moen
Board member

Arne Myklebust
Board member

Ragnhild Skåra
Board member

Statement of cash flow

All figures in NOK 1.000	Note	2022	2021
Cash flows form operating activities			
Result before tax expense		338 719	251 966
Adjusted for:			
- Taxes paid	5	-49 340	-5 618
- Dividends and group contribution recognised	3	-400 000	-302 000
- Interest expenses net	4	51 145	42 632
- Change trade receivables		208	-56
- Change other accruals		-117	4 361
Net cash flow from operating activities		**-59 385**	**-8 715**
Cash flows from investing activities			
Dividends and group contribution received		302 000	246 507
Interest received		85 877	42 443
Net cash flows from investing activities		**387 877**	**288 951**
Cash flows from financing activities			
Non-current liabilities increase	7	2 796 881	500 000
Non-current liabilities repayment	7	-2 437 500	-1 404 000
Net change bank overdraft	7	296 612	518 014
Change net loans to subsidiaries	7	-613 915	391 983
Interest paid	4	-125 591	-86 212
Dividends paid to shareholders		-250 000	-200 000
Net cash flows from financing activities		**-333 513**	**-280 214**
Change in cash and cash equivalents net		**-5 021**	**21**
Net cash and cash equivalents as at 1st of January		5 023	5 001
Net cash and cash equivalents per 31st of December		**2**	**5 023**

Note 1 Accounting policies

Generell information
All amounts are in NOK 1,000 unless otherwise stated.

Pelagia Holding AS is the parrent company in Pelagia Group. Pelagia is a group within production, sale and distribution of fish meal/fish oil and pelagic fish for consumption. Pelagia is an important party within pelagic sector in the North Atlantic. The main office is in Bergen.

Framework for the preparation of the financial statements
The financial statements of Pelagia Holding AS have been prepared in accordance with Regulation of January 21st 2008 on simplified application of International Financial Reporting Standards (simplified IFRS), hereunder the latest amendments to this regulation, Regulation of February 7th. 2022 with effect from January 1st 2022.

The financial statements have been prepared under the going concern assumption.

Revenue recognition
Services are recognised as they are earned.

Classification af balance sheet items
Assets intended for permanent ownership or use are classified as non-current assets. Assets related to the supply chain are classified as current assets. Other receivables are classified as current assets if they are repayble within one year. Similar criteria are applied to liabilities.

Acquisition cost
The acquisition cost of assets comprises the purchase price, less bonuses, discounts and similar items, plus purchase expenses. In the case of purchases in foreign currencies, the asset is capitalized at the exchange rate at the time of the transaction.

Investment in subsidiaries
The cost method is used for investments in subsidiaries. The cost price is increased when funds are added through a capital increase or when a group contribution is made to a subsidiary. Distributions received are initially recognized as income. Distributions that exceed the share of retained earnings after the acquisition are recognized as a reduction of the acquisition cost. Dividends/group contributions from subsidiaries are recognized in the same year in which the subsidiary allocates the amount.

Impairment of fixed assets
If there is an indication that the carrying amount of a non-current asset is higher than its fair value, an impairment test is performed. The test is performed for the lowest level of non-current assets that have independent cash flows. If the carrying amount is higher than both the sales value and the recoverable amount (present value of continued use/ownership), the asset is written down to the higher of the sales value and the recoverable amount.

Previous impairment losses are reversed if the conditions for the impairment no longer exist.

Receivables
Other receivables, both current and non-current, are stated at the lower of nominal value and fair value. Fair value is the present value of expected future cash flows. No discounting is applied when the effect of discounting is immaterial to the financial statements.

Liabilities
Liabilities, except of certain provisions for liabilities, are capitalized at the nominal amount of the liability.

Note 1 Accounting policies continues

Tax
The tax expense in the income statement includes both the tax payable for the period and the change in deferred tax. Deferred tax is calculated at the current tax rate on the basis of the temporary differences that exist between accounting and tax values, as well as any tax losses carried forward at the end of the financial year. Tax-increasing and tax-reducing temporary differences that reverse or may reverse in the same period are offset. The recognition of deferred tax assets on net tax-reducing differences that have not been settled and losses carried forward is justified on the basis of expected future earnings. Deferred tax and tax assets that can be capitalised are recorded net in the balance sheet.

Tax on any group contribution received that is recognized as a reduction of cost or directly against equity is recognized directly against tax in the balance sheet (against tax payable if the group contribution effects tax payable and against deferred tax if the group contribution effects deferred tax).

The recognition of deferred tax assets on net unrecognized tax losses and tax losses carried forward is justified on the basis of expected future earnings. Deferred tax and tax assets that can be capitalized are recognized net in the balance sheet.

Cash flow statement
The cash flow statement is prepared using the indirect method. Cash and cash equivalents include bank deposits and other short-term liquid investments that are readily convertible to known amounts of cash at an insignificant risk and have a remaining maturity of less than three months from the date of acquisition.

Note 2 Remuneration and other benefits

The company has no employees. The CEO is employed by the subsidiary Pelagia AS and receives a salary from there.
No loans/guarantees have been granted to the CEO or Chairman of the Board.
No Board of Directors' fee has been paid.

Auditor:

Auditor's fees exclusive of vat.	**2022**	**2021**
Satutory audit	1 070	938
Tax consultancy	45	40
Services other than audit	-	33
Total	**1 115**	**1 011**

Note 3 Subsidiaries

The cost method is used for investments in subsidiaries.

Subsidiary	**Registered office**	**Owner share**	**Equity (100 %)**	**Profit (100 %)**	**Book value**
Pelagia AS	Bergen	100 %	3 038 195	821 209	2 394 012
Total					**2 394 012**

Profit from investment in subsidiaries	**2022**	**2021**
Group contribution	400 000	302 000
Total profit from investment in subsidiaries	**400 000**	**302 000**

Note 4 Specification of financial income and financial expenses

Financial income	**2022**	**2021**
Interest income bank	56 948	25 592
Interest from group companies	28 929	16 851
Other financial income	1 374	-
Total	**87 251**	**42 443**

Financial expenses	**2022**	**2021**
Interest expenses borrowings	146 284	90 270
Other financial expenses	103	19
Total	**146 386**	**90 289**

Note 5 Tax

Deferred tax

Temporary differences	**2022**	**2021**
Interest carried forward	-	-18 258
Other temporary differences	14 420	11 301
Net temporary differences	14 420	-6 957
Losses carried forward	-	-
Basis for deferred tax / (tax asset)	**14 420**	**-6 957**
Deferred tax / (tax asset) 22 % in the balance sheet	3 172	-1 531

Note 5 continues

Basis for tax expense, change in deferred tax and tax payable	2 022	2 021
Profit before taxes	338 719	251 966
Permanent differences	102	12
Basis for this years tax expense	338 822	251 978
Change in temporary differences	-21 377	6 957
Change in losses carried forward	-	-
Basis for tax expense in the financial statement	317 445	258 935
÷ Group contribution	-	-
Taxable income (basis for tax payable in the balance sheet)	**317 445**	**258 935**

Specification of the tax expense	2022	2021
Tax payable from this years profit	69 838	56 966
To much, too little accrued last year	-	-
Tax payable total	**69 838**	**56 966**
Change in deferred tax / (tax asset)	4 703	-1 531
Tax expense	**74 541**	**55 435**

Reconciliation of this years tax expense

Profit before tax	338 719	251 966
Income tax at statutory tax rate 22 %	74 518	55 433
Tax expense in the financial statement	74 541	55 435
Difference	**23**	**3**

The difference consits of the following:

22 % of permanent differences	23	3
Total explained difference	**23**	**3**

Note 6 Equity

Movement in equity	Share capital	Share premium	Other equity	Total
Equity 01.01.	149 836	1 314 016	94 683	1 558 535
Result for the period	-	-	264 179	264 179
Dividend	-	-91 138	-358 862	-450 000
Equity 31.12.	**149 836**	**1 222 878**	**-**	**1 372 714**

Note 7 Receivables and liabilities

Receivables due in later then one year	2022	2021
Loan Pelagia AS	607 487	578 558

The loan is interest-bearing and instalment-free until 31.12.2025.

Liabilities

Non-current liabilities	2022	2021
Bond loan	893 700	891 540
Liabilities to financial institutions	1 691 880	93 159
Total	**2 585 580**	**984 699**

Current liabilities		
First year's instalment non-current liabilities	100 000	1 341 500
Current debt to financial institutions	1 221 759	925 147
Total	**1 321 759**	**2 266 647**

Liabilities to financial institutions and bond loan are accounted for at amortized cost.
Transaction costs are accrued using the effective interest method.

Note 7 continues

Book vaue and fair value of non-current liabilities:
Book value of non-current liabilities is approximately equal to fair value, as interest rates reflect market conditions.

Interest rate:
Pelagia Holdings interest rate terms are NIBOR pluss margin. Margin is calculated based on equity ratio and the ratio of EBITDA over net interest cost (interest coverage ratio).

Currency
Pelagia Holdings non-current liabilities are nominated in NOK.

Corporate account arrangement:
Most companies in the group participate in a multi-currency corporate account arrangement where the parent company Pelagia Holding AS is the main account holder. All participants are jointly and severally liable for the outstanding at the corporate account arrangement at any time.

The group had the following currency exposure connected to the corporate account arrangement per 31.12.2022:

Currency	Currency amount	Exchange rate 31.12	NOK 31.12
NOK	-530 512	1,0000	-530 512
DKK	-133 110	1,4190	-188 884
EUR	-12 373	10,5522	-130 561
GBP	-10 297	11,9555	-123 102
USD	-23 214	9,9066	-229 968
JPY	-250 065	0,0749	-18 733
Total deposit on corporate account			**-1 221 759**

The balance on the group account is presented gross in the balance sheet.

Repayment profile interest bearing debt

	Bank loan	Bond loan	Overdraft facility	Total
2023	100 000	-	1 221 759	1 321 759
2024	100 000	-	-	100 000
2025	100 000	900 000	-	1 000 000
2026	100 000	-	-	100 000
2027	1 400 000	-	-	1 400 000
Later	-	-	-	-
Total	**1 800 000**	**900 000**	**1 221 759**	**3 921 759**
Prepaid interest	-8 120	-6 300	-	-14 420
Total book value	**1 791 880**	**893 700**	**1 221 759**	**3 907 339**

Note 7 continues

Change in liabilities related to financing

	Bank loan	Bond loan	Overdraft facility	Total
31.12.2020	**2 335 977**	**889 380**	**407 133**	**3 632 490**
Repayment of debt	-1 404 000	-	-	-1 404 000
Raising of new loan	500 000	-	-	500 000
Amortising of transacion costs	2 682	2 160	-	4 842
Net payment to corporate account	-	-	518 014	518 014
31.12.2021	**1 434 659**	**891 540**	**925 147**	**3 251 346**
Repayment of debt	-2 437 500	-	-	-2 437 500
Raising of new loan	2 800 000	-	-	2 800 000
Transaksjonskostnad	-8 400	-	-	-8 400
Amortising of transacion costs	3 121	2 160	-	5 281
Net payment to corporate account	-	-	296 612	296 612
31.12.2022	**1 791 880**	**893 700**	**1 221 759**	**3 907 339**

The financing consists of rolling credit facility (RCF) of MNOK 2 400. In addition a current multi-currency credit facility of MNOK 1 700 has been established, this has been drawn by MNOK 1 220. The covenants consist of demands to equity ratio and interest cover ratio in the consolidated financial statements of Pelagia Holding AS.

In addition the parent company per 31.12.2020 has entered into a bond loan of MNOK 900 with maturity in 2025. There are covenants in the bond agreement related to equity ratio (30%) and interest coverage ratio (4.0x). The loan bears interest 3M NIBOR + 3,25%.

The covenants are met.

	2022	2021
Book value of secured debt	3 013 639	2 359 807

Book value of mortgaged assets	**2022**	**2021**
Investment in subsidiaries	2 394 012	2 394 012
Loans to group companies	607 487	578 558
Other receivables	2 902 923	2 179 223
Total	**5 904 422**	**5 151 793**

Note 8 Intercompany balances

Receivables from group companies	**2022**	**2021**
Non-current loans	607 487	578 558
Dividends and group contribution	702 000	302 000
Receivables from corporate account arrangement	2 200 747	1 877 165
Total	**3 510 234**	**2 757 723**

Liabilities to group companies	**2022**	**2021**
Liabilities from corporate account arrangement	84 586	43 989
Total	**84 586**	**43 989**

*Pelagia Holding AS is the main account holder for the corporate account arrangement. Group companies bank overdraft and deposits included in the corporate account arrangement are presented accordingly as current receivables and other current liabilities.

Note 9 Share capital

The share capital of NOK 149 835 600 is composed of 149 835 600 shares of NOK 1.

Shareholder structure 31.12	**Holdings**	**Owner share**
Austevoll Seafood ASA	74 917 800	50 %
Kvefi AS	74 917 800	50 %
Total	**149 835 600**	**100 %**

Note 10 Specification of current liabilities

Other current liabilities	**2022**	**2021**
Incurred interest	16 397	4 966
Corporate account arrangement overdraft	84 586	43 989
Total	**100 983**	**48 955**

Note 11 Subsequent events

There are no subsequent events that could have a material impact on the financial statements presented.

To the General Meeting of Pelagia Holding AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Pelagia Holding AS, which comprise:

- the financial statements of the parent company Pelagia Holding AS (the Company), which comprise the balance sheet as at 31 December 2022, the income statement, statement of comprehensive income and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and

- the consolidated financial statements of Pelagia Holding AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2022, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and

- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

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

Basis for Opinion

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

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

We have been the auditor of the Company for 10 years from the election by the general meeting of the shareholders on 31 May 2013 for the accounting year 2013.

Key Audit Matters

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

Valuation of inventory have the same characteristics and risks compared to last year and have thus been in focus for the audit also this year.

Key Audit Matters	How our audit addressed the Key Audit Matter
Valuation of inventory	
The Group's inventory comprises mainly products for consumption, fish meal and concentrated oils produced from pelagic fish. The inventories are distributed throughout multiple locations and countries, of which some are administered by independent third parties. At the balance sheet date book value of the Group's inventories is TNOK 2 608 088, equivalent to 29% of the Group's total assets. As described in the financial statement, Pelagia Holding AS (the Group) measures its inventories according to IAS 2 Inventories. Measurement according to IAS 2 implies valuation of inventories at the lower of acquisition cost and net realisable value. The Group's assessment of net realisable value is mainly based on realised prices in the market close to the balance sheet date. Factors like age and product quality are emphasized in the assessment. A potential provision is also adjusted for uncertainty in expected sales prices, related to both market risk and turnover rates. We focused on this area because inventory is a substantial item in the balance sheet, and due to management's use of judgement in measurement of net realisable value. On December 31 2022 a provision of TNOK 60 946 to estimated net realizable value of inventories is recognised.	We obtained an understanding of the Group's policies and internal controls related to determining net realisable value of inventories, including assessment of the need for provisions. We also examined whether the principles for calculating the provision were applied consistently year-on-year. We obtained and reviewed management's documentation of recognised provision. We tested the mathematical accuracy of the model. The reasonableness of key assumptions for net realisable value was evaluated by comparison to actual sales prices in the market close to the balance sheet date. Through discussions with management, we challenged their use of judgement relating to uncertainty of expected sale prices, because of market risk and turnover rates. Consistent use of principles year-on-year was also an important part of our discussions with management. Our audit procedures did not uncover material misstatements relating to the valuation of inventories. We read the notes to the financial statements and found that the disclosures given were sufficient and appropriate and according to the IFRS requirements.

We refer to note 2 and 10 for additional information relating to provision of inventories to net realisable value.

Other Information

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

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

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion
As part of the audit of the financial statements of Pelagia Holding AS, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name pel-2022-12-31-no.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities
Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities
For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: https://revisorforeningen.no/revisjonsberetninger

Bergen, 27 April 2023
PricewaterhouseCoopers AS

Sturle Døsen
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.