

2022
Annual report





AKVA group in brief

AKVA group is the leading technology and service partner to the aquaculture industry worldwide. The company has 1 466 employees, offices in 11 countries and a total turnover of NOK 3.4 billion in 2022.

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

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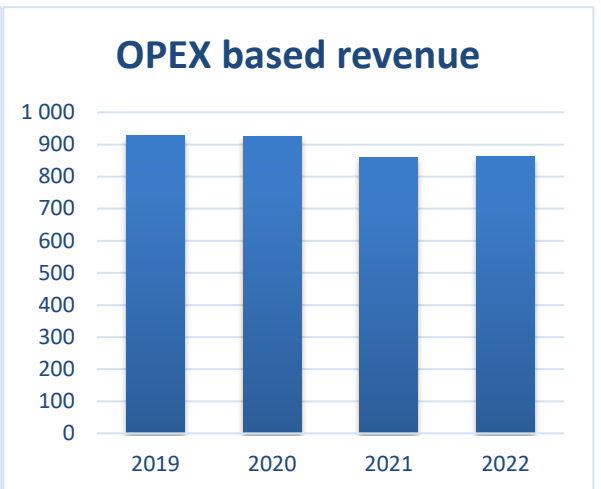
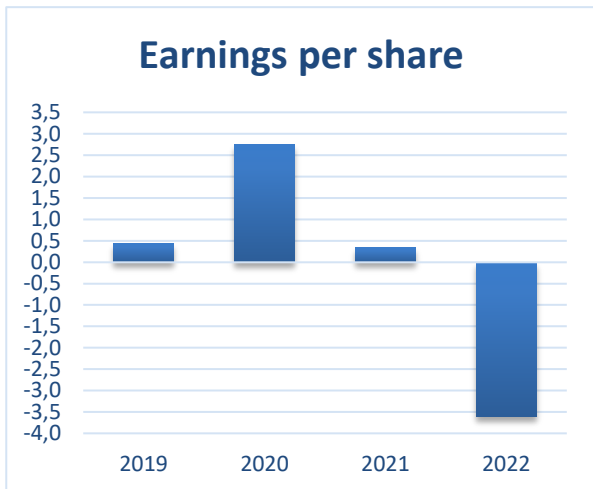
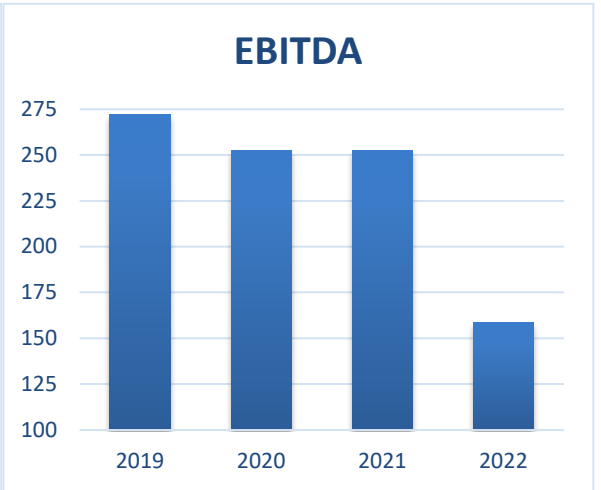
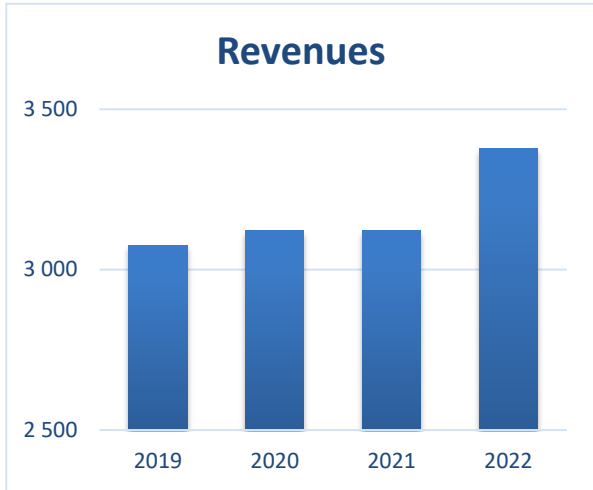
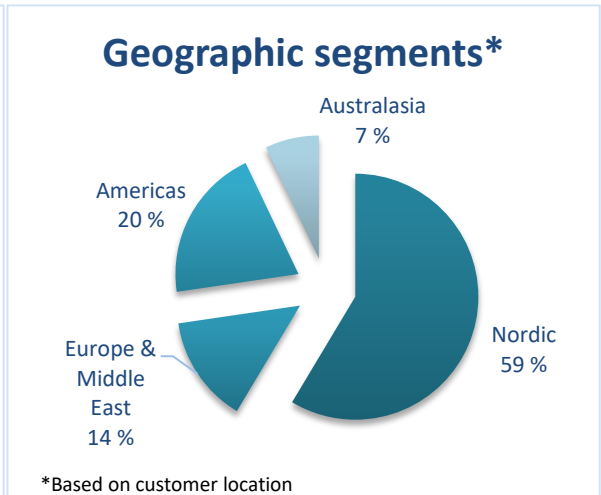
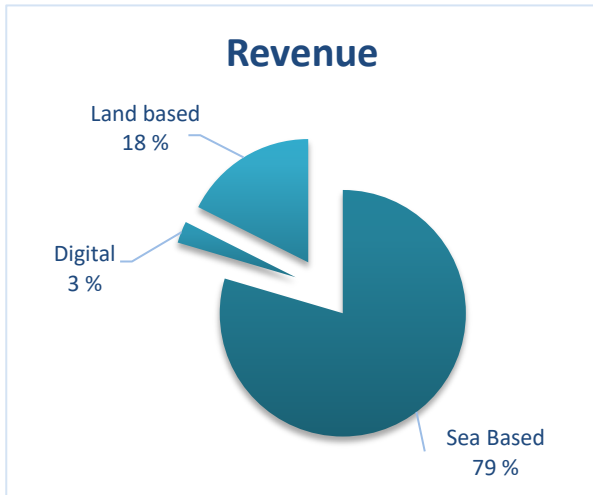
Highlights 2022

- Order intake of MNOK 3,414 in 2022, increase from MNOK 2,890 in 2021
- Revenue in 2022 of MNOK 3,376 – a 8% increase compared to revenue in 2021
- Net profit in 2022 of MNOK -131 – a decrease from MNOK 11 in net profit in 2021
- Profitability in 2022 is negatively impacted by restructuring costs, costs from high inflation rates and one-time cost provisions
- Dividend of 1.00 NOK per share paid in Q1 2022
- Order backlog end of 2022 of MNOK 1,688, 2% increase compared to end of 2021



Financial key figures

(in NOK 1 000)	2022	2021	2020	2019	2018
Profitability					
Revenues	3 376 320	3 121 737	3 176 852	3 076 740	2 579 473
EBITDA	158 270	252 467	338 091	271 910	237 767
EBIT	-56 493	69 805	147 163	62 316	129 866
Profit before tax	-151 864	2 549	121 475	13 476	111 516
Net profit	-131 075	11 458	90 698	16 604	89 285
Net Profit (Loss) Attributable to:					
Non-Controlling interests	134	-18	25	1 971	-334
Equity holders of AKVA group ASA	-131 209	11 476	90 673	14 633	89 618
Cash flow from operations	218 163	60 751	346 592	210 768	153 914
EBITDA margin	4,7 %	8,1 %	10,6 %	8,8 %	9,2 %
EBIT margin	-1,7 %	2,2 %	4,6 %	2,0 %	5,0 %
Return on capital employed	-2,0 %	2,6 %	6,9 %	2,9 %	7,0 %
Return on equity	-11,5 %	0,9 %	8,7 %	1,7 %	8,4 %
Financial position					
Non-current assets	1 983 547	1 930 149	1 951 784	1 883 496	1 458 814
Current assets	1 596 899	1 515 397	1 274 910	1 150 138	1 244 117
Total assets	3 580 446	3 445 546	3 226 694	3 033 634	2 702 931
Equity attributable to equity holders of AKVA group ASA					
Non-controlling interests	336	140	158	4 165	184
Total equity	1 144 337	1 297 025	1 041 696	990 505	1 062 607
Long-term debt	1 160 700	918 981	1 301 792	1 163 545	549 010
Short-term debt	1 275 410	1 229 541	883 207	879 584	1 091 314
Total equity and liabilities	3 580 446	3 445 546	3 226 694	3 033 634	2 702 931
Gross interest-bearing debt	1 265 540	1 232 874	1 332 100	1 217 447	761 409
Cash and cash equivalents	277 988	303 442	224 884	160 999	336 476
Net interest-bearing debt	987 552	929 432	1 107 215	1 056 448	424 934
Working capital	203 221	361 478	261 484	286 691	355 798
Equity ratio	32,0 %	37,6 %	32,3 %	32,7 %	39,3 %
Debt to equity ratio	110,6 %	97,9 %	127,9 %	122,9 %	71,7 %
(in NOK)					
Share data					
Earnings per share	-3,61	0,34	2,74	0,44	3,17
Diluted earnings per share	-3,61	0,34	2,74	0,44	3,17
Cash flow per share	-0,78	6,03	1,92	0,12	1,20
Dividend per share	1,00	1,00	1,00	1,75	1,50
Shareholders' equity per share at year-end	31,20	35,37	31,25	29,59	31,87
Share price at year-end	57,00	88,20	105,00	74,00	68,00
Market capitalization at year-end	2 090 061	3 234 094	3 500 102	2 466 738	2 266 733
Number of shares outstanding at year-end	36 667 733	36 667 733	33 334 303	33 334 303	33 334 303
Weighted average number of ordinary shares	36 369 400	33 813 103	33 116 506	33 204 736	28 306 420





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

CEO's report

Dear stakeholders and shareholders

AKVA group entered 2022 with optimism, a solid order backlog and an excited pipeline of new projects.

However, we were hit by several cost related headwinds during the year. First, at the end of 2021 AKVA experienced somewhat challenging profit margins due to increasing costs from high inflation rates and global supply restrictions. This was further intensified during the first half of 2022 due to the war in Ukraine. Examples include increased freight rates, high energy prices and increased price level on raw materials and key components in general. During the first half year AKVA reported MNOK 67 in extraordinary costs related to the high inflation rates. In addition, one-time provisions of MNOK 65 were made on certain Sea Based and Land Based projects. AKVA implemented several mitigating measures to manage the challenging situation and the situation normalized somewhat in the second half of 2022.

At the end of Q3 2022 the Norwegian government introduced a new resource tax. The implications from the resource tax are uncertain and an effective decision process is important for AKVA. On short term the resource tax has a negative impact on the activity level in the post-smolt segment in Norway, and AKVA does not expect new investments in the post-smolt segment in Norway before the uncertainty related to the resource tax is concluded. The post-smolt market in Norway is a very important part of our organic growth strategy within the Land Based segment.

In Q3 AKVA announced a cost saving program with an annual cost saving target of MNOK 100. This also include a restructuring of our Land Based business segment where the new blueprint organization will be established at the headquarter at Klepp. The new organization will then be located in the main marketplace for post-smolt and with same location as AKVA management, Sea Based and Digital organizations. Consequently, we will gradually downscale our organization in Denmark. At the end of Q4 we reported that 70% of the cost saving target was achieved and the remaining 30% will be implemented gradually in 2023.

Despite the cost related headwinds and the introduction of new resource tax AKVA managed to maintain revenue growth on the back of a solid order backlog.

- Revenue increased by 8% to MNOK 3,376
- EBIT down from MNOK 70 in 2021 to negative MNOK 56 in 2022
- Net profit negative of MNOK 131, down from MNOK 11 in 2021

Market

AKVA group is the global market leader of solutions and services to the fish farming industry, whereof approx. 90% of our deliveries are to the salmon industry. Salmon prices have over the past years been relatively high due to high demand and constraints on supply. AKVA believes salmon prices to remain strong the coming years.

The global COVID-19 pandemic in 2020 and 2021 led to full stop in the HORECA (Hotel, Restaurant and Catering) market which lowered the demand for salmon and put pressure on prices. This resulted in a temporary drop in salmon prices both in 2020 and part of 2021 but is now stabilized at a higher level. Salmon prices can impact the activity and profitability in AKVA group as we are dependent on customer's financial capacity and willingness to invest in sustainable solutions.

The conclusion on the announced resource tax may also have a great impact on the market activity, especially within post-smolt segment in Norway. It is important that the resource tax is designed to make investments in post-smolt facilities still economically attractive. Furthermore, an efficient decision-making process is important to reduce the uncertainty both for AKVA and the supplier industry in general.

Market intelligence implies a significant demand growth of 0,7-1,3 million tons of salmon by 2030 driven by increased focus on environment and health, and distribution of salmon to new markets. This increase in demand will be partly covered by technological advances for improved utilization of existing licenses but there is a common understanding in the market that the increased demand will not be covered through conventional farming alone. A significant part of the demand will come from unconventional supply sources and AKVA group believes that full grow out facilities on land will play an important role in the future.

Our focus is to make sure that AKVA group strengthens the position as an attractive global supplier so that the salmon industry can meet the expected demand growth worldwide.

Innovation and digitalization

We have increased the innovation spending significantly the past years to support our organic growth ambitions and to strengthen our position as the global market leader. To sharpen the focus, we have divided our Centre of Excellence into three separate innovations agendas for Sea Based, Land Based and Digital.

Within Sea Based we have made good progress in 2022, especially within our deep-sea farming concepts and new products were commercialized during 2022. Further progress is expected in 2023 as we believe the deep-sea farming concepts to be important for improving utilization of existing farming licenses and reduce the production costs to the farmers.

The focus in Land Based is to further improve our technology both with regards to the post-smolt segment and the full grow out segment. Our RAS concept is validated and well perceived in the marketplace. In 2022 we made good progress on developing our complete offering of fish farming technology for the land-based facilities. This includes amongst other feeding systems and systems for fish handling.

We have achieved great progress in further developing and improving our Digital products: AKVAconnect, AKVA Observe and Fishtalk. We achieved important milestones in 2022 with regards to new sales and experienced a revenue growth of approx. 30% compared to 2021. We will continue to investment in our digital capabilities to support the future growth of the Digital business segment.

Sustainability

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

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

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

Our most important impact is through innovation and solutions; secure fish farms, reduction of sea lice, reduced water consumption in land based aquaculture, more energy effective systems, recycling of plastics etc.

Our ESG report for 2022 is made with reference to the GRI standard. In 2022 we have carried out a materiality assessment and defined our ambitions in line with this assessment, developed sustainability promises and measured our greenhouse gas emissions (Scope 1 and 2). We have also developed a plastics plan that is anchored in our roadmap for sustainability and is an important part of transferring the roadmap into concrete actions in the company. The plan provides the premises for how we will treat, recycle and trace plastics.

In 2023 we will start measuring greenhouse gas emissions in scope 3 and develop a plan to reduce greenhouse gas emissions by 35% by 2030. We will continue to work on important innovations like deep farming to prevent sea lice, and we have an ambition to develop the world's first recycled plastic pen.

Operational excellence

We have strengthened our management teams in all three business segments during 2022 and our performance culture has improved through our operational excellence program "The AKVA way". Despite improvements we need to continue with high focus on our performance culture during 2023 where key objectives are to further develop the commercial understanding in the entire AKVA organization and to improve our customer excellence.

An important part to improve our project execution capabilities and increase customer satisfaction is to implement a new global ERP system supporting standardization of business processes and increase visibility. We have entered a partnership with a global and strong ERP supplier, and plan to start on the implementation roadmap late 2023.

The future

AKVA group is positioned for future profitable growth. We have a solid order backlog and a sound financial position which forms a good foundation to execute our organic growth strategy.

Salmon prices are expected to remain strong driven by supply constraints. The high demand for salmon will push for new technological advances to improve utilization of existing licenses in the sea but will also require scale-up of new farming technologies.

Our medium-term financial targets remain unchanged, and we are targeting av revenue of minimum BNOK 4 in 2024 and an EBIT margin of minimum 8%.

My role is to make sure we make the right priorities and execute our innovation agendas to the best for AKVA, our customers, shareholders, and stakeholders.

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

A handwritten signature in blue ink, appearing to read 'Knut Nesse', is written over a light blue horizontal line.

Klepp, Norway
14 March 2023
Knut Nesse
Chief Executive Officer

Group Management



Knut Nesse

Chief Executive Officer

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



Ronny Meinkøhn

Chief Financial Officer

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



Johan Fredrik Gjesdal

Chief Operating Officer Land Based

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



Kristian Botnen

COO Sea Based Nordic

Kristian Botnen assumed the position as COO Sea Based Nordic in August 2022. He came from Lingalaks where he held the position of CEO for the past 3 years. He has experience in the salmon industry and held the position of COO in Lingalaks from 2017 to 2019. His career started in SpareBank 1 SR-Bank ASA as an advisor in 2007. Botnen holds an MSc and BSc from Handelshøyskolen BI Norway. He is a Norwegian citizen and resides in Norheimsund, Norway.



Glenn Mo

[Chief Operating Officer Egersund Net](#)

Glenn Mo assumed the position as COO Egersund Net in June 2022. He has extensive experience in the production, service and maintenance of net products. He started working in the production in Egersund Trål in the early 2000s before he joined Egersund Net in 2006. Starting in the production, he later was promoted to Project Manager and Service Manager where he led all service activities in the company for six years, before taking the position as General Manager in Egersund Net between 2020-2022. He is a Norwegian citizen and resides in Egersund, Norway.



Asle Kjetil Bratteli

[Chief Digital Officer](#)

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



Maren Hognestad Sunde

Group HR Director

Maren Hognestad Sunde assumed the position as Group HR Director in June 2022. She joined AKVA group in 2020 as Learning & Development Manager. Her professional experience includes HR management and recruitment roles in O.Kavli AS, Expro and GE Oil & Gas. Mrs. Sunde holds a MSc in Human Resource Management from Griffith University in Australia. She is a Norwegian citizen and resides in Sandnes, Norway.



Ståle Økland

Group Director of Communications and ESG

Ståle Økland joined AKVA group in June 2021. Before that, he was a senior advisor in the Norwegian conservative party's parliamentary group. Ståle Økland's academic background is studies in sociology, history and German language. He started his career in the advertising industry as a copywriter with an advertising company in Stavanger, Norway. He shortly became a creative director, and later partner and managing director. In 2007 he founded a Norwegian trend agency called Domene Fem. He has been a vice mayor in Time, he is a recognised public speaker and has written seven books. Ståle Økland is a Norwegian citizen and resides in Sandnes, Norway.

Board of Directors' Report

AKVA group had a revenue of MNOK 3,376 in 2022 and a strong order intake of MNOK 3,414. The order backlog increased by MNOK 38 and ended at MNOK 1,688. AKVA group is positioned for profitable growth with a solid order backlog and a sound financial position.

2022 in brief

Total revenue for the Group in 2022 was MNOK 3,376, an increase of 8.2% from 2021. Adjusted for the divestment of AKVA Marine Services (AMS) in Q3 2021 the increase in revenue was 10.6%. Earnings before interest, tax, depreciation, and amortization (EBITDA) was MNOK 158, compared to MNOK 252 in 2021. Net profit was MNOK -131, a decrease from MNOK 11 in 2021.

AKVA group was hit by severe cost related headwinds in 2022 with significant impact on the profitability. First, during the first half of 2022 AKVA group reported MNOK 67 in extraordinary costs related to high inflation rates. The high inflation rates are mainly related to the war in Ukraine and the situation was normalized somewhat in the second half of 2022. In addition, one-time provisions of MNOK 65 were made on certain Sea Based and Land Based projects. In Q3 AKVA group announced a cost saving and restructuring program with a target of MNOK 100 in annual cost savings. Total provisions related to the program was MNOK 98. At the end of Q3 2022 the Norwegian government introduced a new resource tax. The implications from the resource tax are uncertain. On short term the resource tax has a negative impact on the activity level in the post-smolt segment in Norway, and AKVA does not expect new investments in the post-smolt segment in Norway before the uncertainty related to the resource tax is concluded.

The revenue from the Sea Based business increased by MNOK 126 in 2022 compared to 2021 while the order intake increased by 7%. Digital had an increase in revenue from MNOK 73 in 2021 to MNOK 96 in 2022 and the order intake increased by 45%. The order intake in the Land Based business segment increased by 130% in 2022 and ended at MNOK 551. The revenue from the business segment was MNOK 594 which is an increase of 21,6% compared to 2021. The total order backlog for the group increased by 2% compared to 2021 and ended at BNOK 1,7.

AKVA group – the business segments

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

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

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

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

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

Market situation and operations through 2022

(2021 figures in brackets).

The order intake increased by 16%, from MNOK 2,933 in 2021 to MNOK 3,414 in 2022 while the order backlog increased by 2% and ended at BNOK 1.7.

The Sea Based segment experienced an increase in revenue and order intake compared to 2021 of 5% and 7%, respectively.

Revenue in the Americas region increased by 31% in 2022 compared to 2021. The order intake increased by 25% and the order backlog was MNOK 268 at the end of the year.

Adjusted for the divestment of AMS, the order intake in the Nordic region decreased by 5% while the revenues decreased by 8% in 2022 compared to 2021. The order backlog for the region was reduced by MNOK 7 from MNOK 400 in 2021 to MNOK 392 in 2022.

The activity in Europe and Middle East (EME) was mixed in 2022. Due to the war in Ukraine the Russian market was lost in 2022. In 2021 AKVA had revenue of approx. MNOK 150 to the Russian market. On the other hand, Turkey continued the positive development from 2022 with high revenue and strong market.

The Digital segment experienced growth both in revenue and order intake. Order backlog was MNOK 103 compared to MNOK 72 in 2020.

The financial performance in the Land Based business segment was below expectations and AKVA group announced a restructuring of the business segment in Q3. The new headquarter for the business segment will be located at Klepp and the organization in Denmark will be gradually downscaled. A rightsizing and restructuring of the organization at Sømna took also place in Q4. Total EBIT impact of the restructuring was MNOK 87 including an impairment of MNOK 40. Despite the introduction of the resource tax in Norway the Land Based Segment had a strong growth in order intake from MNOK 240 in 2021 to MNOK 551 MNOK in 2022, a growth of 130%. The order backlog was MNOK 683 at the end of the year. Early February 2023 AKVA group was awarded a significant contract from Nordic Aqua Partners related to the full grow out project in China. Estimated contract value is MEUR 40.

Profit and loss AKVA group

Total revenue for AKVA group in 2022 was MNOK 3,376 (3,122) – an increase of 8.2% compared to 2021. EBITDA for 2022 was MNOK 158 (252). EBIT in 2022 ended at MNOK -56 (70). EBIT is negatively impacted in 2022 by costs of MNOK 67 related to high inflation rates, MNOK 65 in one-time provisions on certain Land Based and Sea Based projects, and MNOK 98 in cost provisions related to cost saving program and restructuring.

Depreciation and amortization in 2022 were MNOK 175 (183). Impairment were MNOK 40 (0) and is related to the restructuring of the Land Based area in 2022. Net financial expenses were MNOK 95 (67) and is impacted by write down of loan to AquaCon of MNOK 28 and lower share price on the investment in Nordic Aqua Partners. Profit before tax was MNOK -152 (3). The calculated tax for 2022 is MNOK -21 (-9). Net profit for the year was MNOK -131 (11).

SBT had operating revenues in 2022 of MNOK 2,685 (2,560), an increase of 4.9% compared to 2021. EBITDA was MNOK 262 (241), an increase of 9% compared to 2021. The EBITDA is negatively impacted in 2022 due to extraordinary costs from high inflation rates and one-time provisions on a barge project in Canada.

Digital Solutions had operating revenues in 2022 of MNOK 96 (73) with an EBITDA of MNOK 23 (11). The increase in EBITDA is related to higher activity level.

LBT had operating revenues in 2022 of MNOK 594 (489), an increase of 21.6% compared to 2021. EBITDA was MNOK -127 (1). The reduced EBITDA is a combination of negative impact from high inflation rates and one-time provisions on certain ongoing and closed projects, higher cost base due to ramp-up of organization and restructuring costs.

Earnings per share were NOK -3.61 in 2022 versus NOK 0.34 in 2021. The average total number of outstanding shares has been 36,369,400 in 2022 and 33,813,103 in 2021.

Profit and loss AKVA group ASA

Operating revenues for AKVA group ASA in 2022 was MNOK 1,065 (1,129). EBITDA for 2022 was MNOK -157 (-102). Depreciation and amortization in 2022 were MNOK 27 (25). EBIT for 2022 was MNOK -184 (-127). Net financial income was MNOK 160 (21) and profit before tax was MNOK -23 (-107). The calculated tax for 2022 was MNOK -18 (-13). Net profit for the year was MNOK -5 (-94).

Statement of Financial Position and cash flow AKVA group

Total assets at the end of 2022 were MNOK 3,580 (3,446). Total liabilities amounted to MNOK 2,436 (2,149) and equity totaled MNOK 1,144 (1,297) giving an equity ratio of 36% (38%).

Working capital in the consolidated balance sheet, defined as non-interest-bearing current assets less non-interest-bearing short-term debt, was MNOK 210 at the end of 2022, compared to MNOK 361 at the end of 2021. Working capital in percentage of 12 months rolling revenue was 9.4% at the end of 2022 compared to 11.6% at the end of 2021.

Equity was negatively affected during 2022 by this year's result of MNOK -131 (11). Translation differences and cash flow hedges had positive impact on equity of MNOK 11 (-48). Equity was negatively affected during 2022 by the dividend payment of MNOK 36.

At the end of 2022 gross interest-bearing debt amounted to MNOK 1,266 (1,233). The Company complied with all financial covenants during 2022. Cash and unused credit facilities amounted to MNOK 731 (603). The operating activities gave a net cash contribution of MNOK 218 (61).

Statement of Financial Position AKVA group ASA

Total assets at the end of 2022 were MNOK 2,596 (2,613). Total liabilities amounted to MNOK 1,424 (1,393) and equity totaled MNOK 1,172 (1,221) giving an equity ratio of 45% (47%).

Risk factors

AKVA group categorize risk factors into five categories:

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

Market/operational risk

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

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

Reporting risk

AKVA group are subject to the rules of the Oslo Stock Exchange and other Norwegian and European Union financial market regulations. As such, there is a risk that the performed risk assessment process and internal controls related to financial reporting does not carry the expected results, which could imply that there is a risk of material misstatements in AKVA group's financial figures. AKVA group has implemented internal controls to address this risk, which is considered effective as of 31 December 2022. However, there can be no assurance that, going forward, the implemented internal controls will effectively prevent material misstatements in our financial statements. Hence, AKVA group will continue to focus on the design and implementation of internal controls to have sufficient assurance that the reporting risk is kept to a minimum.

Financial risk

For AKVA group the financial risks are mainly related to currency risks, interest rate risks, credit risks and liquidity risks. A reduction in currency risks is sought through matching revenues and costs in the same currency, in combination with forward contracts. The Group has a defined currency hedging strategy for all operating companies. The Group is also exposed to fluctuations in foreign exchange rates when calculating the equity of foreign subsidiaries into NOK.

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

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

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

Climate risk

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

AKVA group has laid out a plan to prepare a GHG-report (*greenhouse gas-report*) on a group level, starting with 2022 numbers. In 2022 AKVA group carried out a materiality assessment and defined ambitions in line with this assessment, developed sustainability promises and measured our greenhouse gas emissions (Scope 1 and 2). In 2023 AKVA group will start measuring greenhouse gas emissions in scope 3 and develop a plan to reduce greenhouse gas emissions by 35% by 2030. AKVA group is also involved in defining Product Category Rules (PCR) initiated by The Norwegian EPD Foundation and the Norwegian Seafood Federation for climate gas reporting on different technological products in aquaculture.

Regulatory risk

The aquaculture industry is exposed to changes in laws and regulations that can have materially impact on the market and business. Currently there are political risks both in Chile and in Canada (British Columbia) with regards to existing and future fish farming licenses while there is uncertainty in Norway with regards to the announced resource tax. AKVA group continuously monitors the development and give input to relevant committees and hearings.

Product development

In 2022 the Group invested MNOK 115 (110) in product research and development, of which MNOK 80 (50) was capitalized and MNOK 35 (60) expensed. The investments were used to further improve existing products and to develop new products and solutions in all three business segments.

Organisation and work environment

By end of 2022 AKVA group had 1466 (1405) employees. During 2022 there has been a total employee increase of 4%, but with a decline in last quarter due to organization optimization and lower activity following the Norwegian resource tax.

The Group aims at having a gender balance across the different levels of the organization. The aquaculture industry has historically been a male-dominated industry and the Group realize that it will take time before an equal gender balance is reached. The total gender balance is at the same level as in 2021, where women accounted for 34% of the employees. Group Management where all men in 2021 and have in 2022 gotten 1 female, accounting for 12,5%. AKVA group ASA's Board of Directors are 40% women out of ten members.

The group have employees with 39 different nationalities, which brings different perspectives, a more innovative workforce, and a need for cultural awareness. At the head office in Norway, the primary office language is set to English to allow for greater diversity and inclusion.

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

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

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

The Group aims to strengthen the competence of its employees to maintain a position as a leading supplier of solutions and service to the global aquaculture industry. Through recruitment, the company seeks to employ people with high competence, potential and strong alignment with our CARE-values within all areas of its business.

Total sick leave in the Group during 2022 amounted to 5.5% (5.6%). The Group has registered 27 (4) incidents causing sick leave exceeding the day the incident occurred during 2022. The increase in reported incidents is caused by improved and centralized reporting, leading to more accurate numbers. All accidents have been investigated, and corrective actions taken.

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

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

Environmental, Social and Governance (ESG) responsibility

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

In 2022 we have carried out a materiality assessment and defined our ambitions in line with this assessment, developed sustainability promises and measured our greenhouse gas emissions (Scope 1 and 2). We have also developed a plastics plan that is anchored in our roadmap for sustainability and is an important part of transferring the roadmap into concrete actions in the company. The plan provides the premises for how we will treat, recycle, and trace plastics.

In 2023 we will start measuring greenhouse gas emissions in scope 3 and develop a plan to reduce greenhouse gas emissions with 35% by 2030. We will continue to work on important innovations like deep farming to prevent sea lice, and we have an ambition to develop the world's first recycled plastic pen.

Norwegian Transparency Act

An account of our due diligence assessments carried out in accordance with the Norwegian Transparency Act (in force from 1 July 2022) will be published on www.akvagroup.com and www.akvagroup.no within 30 June 2023.

Future outlook and going concern

On February 24, 2022, Russian forces invaded Ukraine, starting a war between the two countries. As a result of this invasion, significant sanctions have been imposed on Russia. In addition, the invasion inevitably caused uncertainty across the globe with impact in the financial markets. Supply chain restrictions and high inflation rates had a significant negative impact on the profitability in AKVA group during the first half year of 2022. The situation normalized somewhat during the second half of 2022.

Historically, the Russian market has been an important export market for AKVA group. Sales to this region has accounted for approximately 3-5% of the group's sales in the period 2017-2021, mainly related to sales of nets, cages, spare parts and barges. AKVA group has no assets or employees stationed in Russia. AKVA group follows the international sanctions imposed against Russia, which have had an immediate impact on activities against that region.

AKVA group is positioned for future profitable growth. At the end of 2022 the order backlog was solid and the financial position was sound which forms a good foundation to execute the organic growth strategy.

Salmon prices are expected to remain strong driven by supply constraints. The high demand for salmon will push for new technological advances to improve utilization of existing licenses in the sea but will also require scale-up of new farming technologies.

The medium-term financial targets remain unchanged, and AKVA group is targeting a revenue of minimum BNOK 4 in 2024 and an EBIT margin of minimum 8%.

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

Allocation of profit

The board propose the following allocation of the 2022 loss for AKVA group ASA:

Proposed dividend	TNOK	0
Dividends paid during the year	TNOK	-36,373
Transferred from other equity	TNOK	-5,193
Total allocation	TNOK	-41,567

At the end of 2022, AKVA group ASA had equity of MNOK 1,172 (1,221), comprised of MNOK 37 (37) in share capital, MNOK 1,172 (1,172) in share premium, MNOK 1 (1) in other paid- capital and MNOK -37 (11) in other equity.

A dividend of 1.00 NOK per share was paid out in 2022 (1.00 NOK per share in March 2022) equaling a total amount of 36,373 TNOK, in accordance with the dividend policy.

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

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


Klepp, Norway, 14 March 2023



Hans Kristian Mong
Chairperson



Frode Teigen
Board Member



Kristin Reitan Husebø
Deputy Chairperson



Siv Irén Nesse
Board Member



John Morten Kristiansen
Board Member



Odd Jan Håland
Board Member




Heidi Nag Flikka
Board Member



Tore Rasmussen
Board Member



Yoav Doppelt
Board Member



Irene Heng Lauvsnes
Board Member



Knut Nesse
CEO

Board of Directors



Hans Kristian Mong

Chairman

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



Kristin Reitan Husebø

Deputy Chairperson

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



Yoav Doppelt

Board member

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



Frode Teigen

Board member

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



Irene Heng Lauvsnes

[Board member](#)

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



Tore Rasmussen

[Board member](#)

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



Heidi Nag Flikka

[Board member](#)

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



John Morten Kristiansen

[Employee elected board member](#)

Mr. Kristiansen lives in Mo i Rana, Norway. He Joined Helgeland Plast in 2016, and for the last couple of years he has been working as Logistics Coordinator, mainly for land-based sites and pressure pipes as well as following up with his team of two operators.



Siv Irén Nesse

Employee elected board member

Siv Irén Nesse lives in Ålgård, Rogaland. Nesse started working for AKVA group in Bryne in 2015 as an R&D engineer and is currently working as Project Portfolio Manager in R&D Landbased. She holds an MSc in Marine Coastal Development, Aquaculture from NTNU in Trondheim and a BSc of Electrical Engineering from UiS in Stavanger. Ms. Nesse joined the Board of Directors as an employee's representative in November 2022.



Odd Jan Håland

Employee elected board member

Håland lives in Nærbø, Rogaland. He started working for AKVA group in 2010. Håland has been a board member in AKVA group from 2018-2020. As Service Manager in AKVA group, he is responsible for 44 employees and 8 service departments. He has previously worked for 10 years in Prima Jæren as a Marketing and Supply Manager.



AKVA group
Consolidated Financial Statement and notes

Consolidated Income Statement 01.01.-31.12.

(in NOK 1 000)

Group	Note	2022	2021
OPERATING REVENUES			
Revenues		3 320 327	3 111 571
Share of results of associates	9	7 087	8 461
Other income	15	48 906	1 710
Total revenues	2,17,20	3 376 320	3 121 742
OPERATING EXPENSES			
Cost of materials	10,23	2 106 715	1 872 523
Payroll expenses	3	880 944	796 878
Depreciation and amortization	2,7,8	174 867	182 662
Impairment	2,7,8	39 895	0
Other operating expenses	3,7,11,15,18,23,24	230 391	199 870
Total operating expenses	2,20	3 432 812	3 051 932
		-56 493	69 805
OPERATING PROFIT			
FINANCIAL INCOME AND EXPENSES			
Financial income	15,16	5 835	6 281
Financial expenses	15,16,18	(101 207)	(73 537)
Net financial income (expense)		(95 372)	(67 256)
		-151 864	2 549
PROFIT BEFORE TAX			
Taxes	5	-20 789	-8 909
		-131 075	11 458
NET PROFIT FOR THE YEAR			
NET PROFIT (LOSS) ATTRIBUTABLE TO:			
Non-controlling interests		134	-18
Equity holders of AKVA group ASA		-131 209	11 476
Earnings per share (NOK)	6	-3,61	0,34
Diluted earnings per share (NOK)	6	-3,61	0,34

Consolidated Statement of Comprehensive Income 01.01.-31.12.

(in NOK 1 000)

Group	Note	2022	2021
NET PROFIT FOR THE YEAR		-131 075	11 458
Other comprehensive income			
<i>Items that may be reclassified subsequently to income statement:</i>			
Translation differences on foreign operations		17 817	-36 937
Income tax effect		-	-
Total		17 817	-36 937
Gains (+) / losses (-) on cash flow hedges		-9 147	-10 144
Income tax effect	5	2 012	2 232
Total	16	-7 135	-7 912
Total other comprehensive income, net of tax		10 682	-44 849
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		-120 393	-33 391
Attributable to:			
Non-controlling interests		134	-18
Equity holders of AKVA group ASA		-120 527	-33 373

Consolidated Statement of Financial Position 31.12.

(in NOK 1 000)

Group	Note	2022	2021
NON-CURRENT ASSETS			
Deferred tax asset	5	44 902	11 229
Intangible assets and goodwill			
Goodwill	7	747 660	739 933
Other intangible assets	7	241 403	194 224
Total intangible assets and goodwill		989 063	934 157
Tangible fixed assets			
Land and building	8,14	34 337	34 067
Right-of-use asset	8,14,18	451 379	469 501
Machinery and equipment	8,14	149 529	139 000
Total tangible fixed assets		635 245	642 568
Long-term financial assets			
Investments in associated companies	9	263 678	275 600
Other long-term financial assets	9,11,16	50 659	66 595
Total long-term financial assets		314 337	342 196
Total non-current assets		1 983 547	1 930 149
CURRENT ASSETS			
Inventory	10,14,23	600 394	556 076
Receivables			
Accounts receivables	11,14,16,20,23	435 554	362 442
Contract assets	16,17	208 680	225 010
Other receivables	4,15,16	74 282	68 427
Total receivables		718 517	655 879
Cash and cash equivalents	12,16	277 988	303 442
Total current assets		1 596 899	1 515 397
TOTAL ASSETS	2	3 580 446	3 445 546

Consolidated Statement of Financial Position 31.12.

(in NOK 1 000)

Group	Note	2022	2021
EQUITY			
Equity attributable to equity holders of AKVA group ASA		1 144 000	1 296 885
Non-controlling interests		336	140
Total equity	13,14,19,21,22	1 144 337	1 297 025
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	5	18 242	21 187
Liabilities to financial institutions	14,16	702 481	450 000
Lease Liability	16,18	403 340	404 673
Other non-current liabilities	14,15,16,19	36 637	43 121
Total non-current liabilities		1 160 700	918 981
Current liabilities			
Lease Liability	16,18	79 095	78 201
Liabilities to financial institutions	14,16	80 625	300 000
Trade payables	16,20	310 629	275 604
Current tax payables	5	11 250	6 791
Public duties payable	16	81 277	63 699
Contract liabilities	16,17	468 729	354 905
Other current liabilities	14,15,19,23	243 806	150 341
Total current liabilities		1 275 410	1 229 541
Total Liabilities	2	2 436 110	2 148 522
TOTAL EQUITY AND LIABILITIES		3 580 446	3 445 546

Klepp, Norway, 14 March 2023



Hans Kristian Mong
Chairperson

Frode Teigen
Board Member



John Morten Kristiansen
Board Member




Heidi Nag Flikka
Board Member



Yoav Doppelt
Board Member



Knut Nesse
CEO



Kristin Reitan Husebø
Deputy Chairperson



Siv Irén Nesse
Board Member



Odd Jan Håland
Board Member



Tore Rasmussen
Board Member



Irene Heng Lauvsnes
Board Member

Consolidated Statement of Cash flow 01.01.-31.12.

(in NOK 1 000)

Group	Note	2022	2021
Cash flow from operating activities			
Profit before taxes		-151 864	2 549
Taxes paid		-11 370	-34 683
Share of profit from associates	9	-7 087	-8 461
Net interest cost	15	50 606	38 868
Gain(-)/loss(+) on disposal of fixed assets		-766	-1 567
Gain(-)/loss(+) on financial fixed assets	9	-5 504	10 342
Depreciation, amortization and impairment	7,8	214 762	182 662
Changes in stock, accounts receivable and trade payables		-51 344	-108 105
Changes in other receivables and payables		205 137	22 221
Net foreign exchange difference		-24 406	-43 075
Net cash flow from operating activities		218 163	60 751
Cash flow from investment activities			
Investments in fixed assets	7,8	-167 859	-80 335
Proceeds from sale of fixed assets	7,8	6 969	2 626
Proceeds from sale of associates ¹		40 000	-
Payment of shares and participations	9	-	-36 217
Net cash flow from investment activities		-120 890	-113 926
Cash flow from financing activities			
Repayment of borrowings	14	-10 577	-2 634
Proceeds from borrowings	14	43 125	6 695
Repayment of lease liabilities	14	-71 045	-89 176
Loan issue	14	-	-22 142
IFRS 16 interest		-19 576	-20 605
Net interest paid	15	-31 030	-19 732
Dividend payment	14,21	-36 373	-32 956
Equity issue	13	-441	321 676
Net cash flow from financing activities		-125 917	141 126
Net change in cash and cash equivalents		-28 644	87 952
Net foreign exchange differences		3 190	-6 107
Cash and cash equivalents at 01.01	12	303 442	224 884
Cash and cash equivalents divested entities	19	-	-3 287
Cash and cash equivalents at 31.12	12	277 988	303 442

¹Proceeds from sale of 40 MNOK relates to the sale of Atlantis Subsea Farming AS

Consolidated Statement of changes in equity

(in NOK 1 000)

Group	Note	Share capital	Share premium	Other paid-in capital	Total paid in capital	Translation differences	Cash flow hedges	Other equity	Total other equity	Retained earnings	Total equity	Non-controlling interest	Equity shareholders AKVA group
Equity as at 01.01.2021		32 956	847 215	-759	879 413	7 394	8 879	-34 575	-18 302	180 584	1 041 696	158	1 041 538
Net movement in cash flow hedges	16	-	-	-	-	-	-7 912	-	-7 912	-	-7 912	-	-7 912
Translation difference		-	-	-	-	-36 937	-	-	-36 937	-	-36 937	-	-36 937
Total other comprehensive income		-	-	-	-	-36 937	-7 912	-	-44 849	-	-44 849	-	-44 849
Profit (loss) for the period		-	-	-	-	-	-	-	-	11 458	11 458	-18	11 476
Total comprehensive income		-	-	-	-	-36 937	-7 912	-	-44 849	11 458	-33 391	-18	-33 373
Adjustments related to prior periods		378	6 313	1 875	8 566	3 283	-	-11 849	-8 566	-	-	-	-
Dividend	21	-	-	-	-	-	-	-	-	-32 956	-32 956	-	-32 956
Equity issue		3 333	318 343	-	321 676	-	-	-	-	-	321 676	-	-
Equity as at 31.12.2021	13	36 667	1 171 871	1 116	1 209 655	-26 260	967	-46 424	-71 717	159 086	1 297 025	140	1 296 885
Equity as at 01.01.2022		36 667	1 171 871	1 116	1 209 655	-26 260	967	-46 424	-71 717	159 086	1 297 025	140	1 296 885
Net movement in cash flow hedges	16	-	-	-	-	-	-7 135	-	-7 135	-	-7 135	-	-7 135
Translation difference		-	-	-	-	17 817	-	-	17 817	-	17 817	-	17 817
Total other comprehensive income		-	-	-	-	17 817	-7 135	-	10 682	-	10 682	-	10 682
Profit (loss) for the period		-	-	-	-	-	-	-	-	-131 075	-131 075	134	-131 209
Total comprehensive income		-	-	-	-	17 817	-7 135	-	10 682	-131 075	-120 393	134	-120 527
Adjustments related to prior periods		-342	342	-	-0	-	-	278	278	-	278	62	216
Dividend	21	-	-	-	-	-	-	-	-	-36 373	-36 373	-	-36 373
Equity issue	13	49	-441	-	-392	-	-	4 194	4 194	-	3 801	-	3 801
Equity as at 31.12.2022	13	36 373	1 171 772	1 116	1 209 262	-8 443	-6 168	-41 952	-56 564	-8 363	1 144 337	336	1 144 000

Notes to the Consolidated Financial Statements – Group

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Note 1

Reporting entity

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

These consolidated Financial Statements have been approved for issuance by the board of directors on 14 March and is subject for approval by the Annual General Meeting on 11 May 2023.

Basis of accounting

The consolidated financial statements of the AKVA group have been prepared in accordance with the international accounting standards published by the International Accounting Standards Board and the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) as per 31 December 2022.

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

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

ESEF/iXBRL reporting

AKVA group is required to prepare and file the annual report in the European Single Electronic Format (ESEF), and the annual report for 2022 is therefore prepared in the XHTML format that can be displayed in a standard browser. The primary statements and notes in the consolidated financial statements are tagged using inline eXtensible Business Reporting Language (iXBRL). The iXBRL tags comply with the ESEF taxonomy, which is included in the ESEF Regulation and developed based on the IFRS taxonomy published by the IFRS Foundation. Where a financial statement line item is not defined in the ESEF taxonomy, an extension to the taxonomy has been created. Extensions are anchored to elements in the ESEF taxonomy, except for extensions which are subtotals.

COVID-19

The COVID-19, and the measures adopted by the governments in the countries where the Group operates to mitigate its spread, have impacted the Group. In the first phase of the pandemic the main influence on the Group related to COVID-19 was delays in projects due to global mobility restrictions. As mobility restrictions became less extensive globally through 2021 and 2022 the impact on the Group became more shifted towards higher raw material prices, which has put pressure on the Group's margins compared with a normal year before the pandemic.

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

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

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

Climate-related risks

When preparing the consolidated financial statements, management considers climate-related risks, where these potentially could impact reported amounts materially. The areas in which AKVA group has assessed climate related risks at the end of 2022 are included within the individual notes outlined below:

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

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

Fair value measurement

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

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

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

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

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

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

Functional and presentation currency

The Group presents its financial statements in NOK. This is also the parent company's functional currency. For consolidation purposes, the statements of financial position of subsidiaries with a different functional currency are translated at the rate applicable at the end of the reporting period, and the income statements have been translated at monthly average rates. Translation differences are recognized in other comprehensive income.

When foreign subsidiaries are sold, the accumulated translation differences relating to the subsidiary are recognized as agio gain or loss in the statement of profit or loss.

Changes in significant accounting policies

Amendments to IFRS 9 and IFRS 7

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

Hedge accounting

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

Use of judgements and estimates when preparing the annual financial statements

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

Judgements

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

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

Estimates and assumption uncertainties

Information about estimates and assumption uncertainties on 31 December 2022 that have the most significant effect on the amounts recognized in the financial statement, is given in the following notes:

- Note 5 – recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilized
- Note 7 – impairment test of non-financial assets: key assumptions underlying recoverable amounts, including the recoverability of development costs
- Note 11 – measurement of expected credit losses allowance for trade receivables and contract assets: key assumptions in determining the average loss rate
- Note 18 – discount rates and evaluation of renewal options in lease contracts: basis for applied discount rates and if renewal options are expected to be exercised
- Note 19 – business combinations: fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired, and liabilities assumed, measured on a provisional basis

Significant accounting policies

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

Subsidiaries

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

Non-controlling Interests (NCI)

NCI in subsidiaries are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition and presented within equity separately from the equity attributable to the owners of the parent, adjusted for put and call options reflected according to "the anticipated-acquisition method", refer separate section under "Business Combinations" below. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

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

Interests in equity-accounted investees

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

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

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

When the Group's share of the loss exceeds the investment in associates, the investment, and any long-term interests that in substance is a part of the net investment is carried at zero value. If the Group's share of the loss exceeds the investment, this will be recognized to the extent that the Group has obligations to cover this loss. If the accumulated profit of the associate in the ownership period at a later date exceeds zero again, the accounting continues in accordance with the principles described above.

Eliminations in consolidated accounts

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

Business Combinations

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

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

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

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

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

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

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

Segments

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

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

Foreign currency

Foreign currency transactions

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

Foreign operations

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

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

Revenue recognition

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

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

Construction contracts

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

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

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

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

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

Input method

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

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

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

Output method

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

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

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

Service, spare parts and software

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

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

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

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

Employee benefits

Defined contribution plan

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

Severance pay

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

Share options

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

Finance income and finance costs

The Group's finance income and finance costs include:

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

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

Income tax

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

Current tax

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

Deferred tax

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

Deferred tax is calculated on all taxable temporary differences, except for:

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

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

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

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

Intangible assets and goodwill

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

Research & development costs

Expenses relating to research are recognized in the income statement when they are incurred. Expenses relating to development are recognized in the income statement when they are incurred unless the following criteria are met in full:

- The product or process is clearly defined, and the cost elements can be identified and measured reliably
- The technical solution for the product has been demonstrated
- The product or process will be sold or used in the company's operations
- The asset will generate future economic benefits
- Sufficient technical, financial, and other resources for completing the project are present.

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

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

Other intangible assets

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

Goodwill

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

Amortization

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

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

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

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

Tangible fixed assets

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

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

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

Depreciation

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

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

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

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

Leases

The information on leases provided below relates to the Group as a lessee. The Group's transactions as a lessor is immaterial and follows the principles provided above in the section on "Revenue recognition".

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

Recognition of leases and exemptions

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

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

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

Lease liabilities

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

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

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

The lease payments included in the measurement comprise of:

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

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

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

Right-of-use assets

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

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

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

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

Financial instruments

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

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

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

Financial assets

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

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

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

Financial assets at amortized cost

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

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

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

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

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss include financial assets held for trading, financial assets designated through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified held for trading if they are acquired for the purpose of selling or repurchasing in the near terms.

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

Derecognition of financial assets

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

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

Impairment of financial assets

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

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

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit

enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

Financial liabilities

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

Financial liabilities at amortized cost

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

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

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

Derecognition of financial liabilities

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

Hedge accounting

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

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

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

hedging instrument that the Group actually uses to hedge that quantity of hedged item

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

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

Fair value hedges

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

The hedge accounting is discontinued if:

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

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

Cash-flow hedges

The hedge is done on 1:1 relationship between the hedged item and the hedging instrument.

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

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

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

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

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

Inventories

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

Cash and cash equivalents

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

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

Impairment of assets

Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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

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

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

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

Equity

Share capital

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

Other equity

Translation differences

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

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

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

Hedge reserve

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

Dividends

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

Provisions

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

Warranties

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

Obsolete inventory

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

Bad debt

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

Contingent liabilities and assets

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

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognized because it is not probable that an outflow

of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

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

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

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

Government grants

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

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

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

Events after the balance sheet date

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

Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements. The impact of not early adopting these standards has been assessed to be immaterial for the Group.

Note 2

Segment information (in NOK 1 000)

Business segments

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

Sea Based Technology (SBT)

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

Land Based Technology (LBT)

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

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

Digital (DI)

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

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

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

Sea Based Technology	2022	2021
Operating revenue	2 685 867	2 559 721
Operating expenses	2 423 474	2 318 994
Operating profit before depreciation and amortization (EBITDA)	262 393	240 727
Depreciation, amortization and impairment	141 265	159 612
Operating profit (EBIT)	121 128	81 115
Segment assets	3 209 119	3 162 942
Segment liabilities	2 054 856	1 949 657
Investments in tangible and intangible assets	142 151	53 926
Land Based Technology	2022	2021
Operating revenue	594 170	488 550
Operating expenses	721 434	487 967
Operating profit before depreciation and amortization (EBITDA)	-127 264	583
Depreciation, amortization and impairment	52 186	11 026
Operating profit (EBIT)	-179 450	-10 442
Segment assets	289 564	212 793
Segment liabilities	357 470	177 452
Investments in tangible and intangible assets	4 473	19 926
Digital	2022	2021
Operating revenue	96 283	73 471
Operating expenses	73 143	62 310
Operating profit before depreciation and amortization (EBITDA)	23 140	11 161
Depreciation, amortization and impairment	21 311	12 025
Operating profit (EBIT)	1 829	-864
Segment assets	81 764	69 811
Segment liabilities	23 784	21 413
Investments in tangible and intangible assets	30 604	20 339

Total	2022	2021
Operating revenue	3 376 320	3 121 742
Operating expenses	3 218 050	2 869 270
Operating profit before depreciation and amortization (EBITDA)	158 270	252 472
Depreciation, amortization and impairment	214 762	182 662
Operating profit (EBIT)	-56 493	69 810
Assets	3 580 446	3 445 546
Liabilities	2 436 110	2 148 522
Investments in tangible and intangible assets	177 229	94 190

Geographical information

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

Operating revenue	2022	2021
Norway	1 980 990	2 092 919
Chile	472 240	396 907
Canada	208 532	115 071
Denmark	286 765	176 096
UK	154 424	198 347
Other	273 369	142 401
Total	3 376 320	3 121 742

Non-current assets excluding deferred tax assets and long-term financial assets	2022	2021
Norway	1 468 098	1 414 379
Chile	66 216	58 429
Canada	28 844	42 902
UK	22 268	24 371
Denmark	8 225	14 981
Other	30 658	21 663
Total	1 624 308	1 576 725

Total assets	2022	2021
Norway	2 537 086	2 599 283
Chile	341 100	367 857
Denmark	192 479	177 138
Canada	161 522	95 090
UK	140 718	76 808
Other	207 541	129 371
Total	3 580 446	3 445 546

Total liabilities	2022	2021
Norway	1 801 333	1 714 255
Denmark	237 726	172 555
Chile	139 802	88 515
Canada	90 894	68 603
UK	54 419	57 716
Other	111 936	46 878
Total	2 436 110	2 148 522

Investments in the period	2022	2021
Norway	150 531	74 659
Chile	10 090	5 346
UK	8 337	3 753
Denmark	2 095	3 049
Canada	1 486	939
Other	4 690	6 445
Total	177 229	94 190

Revenues by customer

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

Revenues by customer	2022	2021
Customer A	317 865	262 695
Customer B	235 207	129 967
Customer C	145 415	129 626
Customer D	93 749	111 978
Customer E	89 236	104 649

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

Note 3

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

Payroll expenses	2022	2021
Salaries	757 770	642 480
Payroll tax	50 732	55 457
Pension costs	36 796	72 794
Other benefits	35 645	26 146
Total	880 944	796 878

The number of employees in full time equivalent in the company at year end is ¹ :	1 466	1 414
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Remuneration

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

Remuneration to Executive Personnel 2022	Salary	Pension	Other	Accrued - not paid Bonus
Knut Nesse (CEO)	2 890	81	132	-
Ronny Meinkøhn (CFO)	2 050	81	129	-
Erlend Sødal (COO Sea Based) ⁴	1 946	81	121	-
Johan Fredrik Gjesdal (COO Land Based)	1 707	81	139	-
Asle Kjetil Bratteli (CDO)	2 024	81	129	-
Andrew Campbell (COO International) ³	2 076	81	130	-
Kristian Botnen (COO Nordic) ¹	792	81	54	-
Glenn Mo (COO Egersund Net) ²	929	57	61	-
Maren Hognestad Sunde (HR Director) ²	679	70	6	-
Ståle Økland (Director Comm. & Sust.) ²	721	78	5	-

¹ Kristian Botnen assumed his position as COO Nordic in August 2022

² Glenn Mo, Maren Hognestad Sunde and Ståle Økland became a part of the Executive Personnel after organizational changes made in June 2022

³ Andrew Campbell stepped down as COO International in November 2022.

⁴ Erlend Sødal are not a part of the Executive Personnel after organizational changes made in June 2022, he also stepped down as COO Sea Based in June 2022.

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

¹ Salary includes bonus payment based on 2021 achieved bonus

² Asle Kjetil Bratteli assumed his position as CDO – Digital in January 2021

³ Espen Fredrik Staubo stepped down as CIO in June 2021

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

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

Fees to the Board of Directors	Position	2022	2021
Hans Kristian Mong	Chairperson of the Board	329	374
Anne Breiby ¹	Deputy Chairperson of the Board	-	125
Kristin Reitan Husebø ²	Deputy Chairperson of the Board	219	281
Frode Teigen	Member of the Board	199	208
Heidi Nag Flikka ³	Member of the Board	199	148
Tore Rasmussen ³	Member of the Board	199	137
Yoav Doppelt ⁴	Member of the Board	199	33
Irene Heng Lauvsnes ⁴	Member of the Board	199	33
John Morten Kristiansen ⁵	Employee elected Member of the Board	13	-
Odd Jan Håland ⁵	Employee elected Member of the Board	13	-
Siv Irén Nesse ⁵	Employee elected Member of the Board	13	-
Ragnhild Ree ⁶	Employee elected Member of the Board	40	52
Magnus Røkke ⁶	Employee elected Member of the Board	40	52
Helen Helland ⁶	Employee elected Member of the Board	40	52

¹) Anne Breiby stepped down as Deputy Chairperson of the Board in May 2021.

²) Kristin Reitan Husebø assumed her position as Deputy Chairperson of the Board in May 2021.

³) Heidi Nag Flikka and Tore Rasmussen assumed their positions as Member of the Board in May 2021.

⁴) Irene Heng Lauvsnes and Yoav Doppelt assumed their positions as Member of the Board in November 2021.

⁵) John Morten Kristiansen, Odd Jan Håland and Siv Irén Nesse assumed their positions as Member of the Board in November 2022.

⁶) Ragnhild Ree, Magnus Røkke and Helen Helland stepped down as Members of the Board in November 2022.

Incentive schemes

The incentive scheme for Executive Personnel consists of two components:

- i) an annual bonus limited to between 30% and 50% of annual salary dependent upon 60% weight on financial targets based on EBIT and 40% weight on strategic KPI's, payable in cash, and
- ii) a deferred bonus dependent upon strategic KPI's and financial performance targets (as set out in item i) above), payable in shares.

The deferred bonus scheme has a duration varying between 2023 and 2027.

In August a new allocation of LTI shares replaced the existing LTI plan for the period 2020-2026. The participants have agreed that no payments or allocations will be made under the previous incentive plan in exchange for their participation in the Plan. Replacement of the initial plan is to offer competitive terms of employment to the executive personnel and reward long-term and dedicated work.

There was also granted a new stock option instruments to the CEO in 2022, replacing the previous option agreement which was entered on August 26, 2019. The grant of the new stock option replaces the previous option agreement, which in its entirety, without any additional rights or obligations for any parties, is considered annulled. The new option agreement gives him a right to acquire 80 000 shares for NOK 70.00 per share. The option can be exercised in the period from April 1, 2025 to August 31 2025, conditional on the CEO being a member of the board of or employed in AKVA group or in one of its subsidiaries. The options can also be exercised prior to the said period if a takeover offer is made and completed, resulting in a change of control in the Company. The Company can settle the options by issuing new shares, deliver own shares (treasury shares) or paying cash compensation equal to the difference between the strike price and the market price for the Company's shares at the time of exercise.

The CEO has an annual fixed salary of MNOK 2.8 and a monthly car allowance of KNOK 10. The bonus agreement of the CEO is as described above, limited to 50% of annual salary for the annual plan and deferred part payable in shares for the period 2022-2025 with a maximum annual share allocation of 44,520 shares. The CEO is entitled to 12-month

severance payment if his employment agreement is terminated.

Outstanding instruments at year-end	Performance Share Unit instruments	Option instruments
Outstanding 31.12.2021	329 140	50 000
Reversed plan	-329 140	-50 000
Granted	499 380	80 000
Performance Adjusted	0	0
Outstanding 31.12.2022	499 380	80 000
Vested 31.12.2022	0	0
Weighted average remaining contractual life	3,35	2,67
Weighted average strike price	0,00	70,00

Pensions

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

As of 31 December 2022, the Group has no pension liability.

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

Loan and pledge

The Group has not given any loans or pledges to members of the board or Executive Personnel as of 31 December 2022.

Establishment of salaries and other remuneration to Executive Personnel

The remuneration of the Executive Personnel is based on the principle that the base salary shall promote value creation in the company and contribute to coincident interests between owners and the Executive Personnel.

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

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

The remuneration is established on an individual basis. The fixed monthly salary is determined amongst other of the following factors:

- Experience and competence of the executive manager
- Responsibility
- Competition from the market

The agreed pension plan is the same for the Executive Personnel as for the rest of the Norwegian employees.

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

Fees to auditor	2022	2021
Audit	4 486	4 006
Tax services	978	919
Other services	1 206	1 286
Total	6 669	6 212

All fees to the auditor are excluded of VAT.

Note 4

Government grants and subsidies (in NOK 1 000)

Government grants received	2022	2021
"Skattefunn"	100	-
Other	6 603	3 295
Total	6 703	3 295

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

Note 5

Taxes (in NOK 1 000)

Tax expense reported in profit or loss	2022	2021
Current taxes payable	11 250	6 746
Adjustment related to previous periods	4 579	21 788
Change in deferred taxes	-36 618	-37 443
Total tax expense reported in profit or loss	-20 789	-8 909

Tax expense reported in other comprehensive income	2022	2021
Cash flow hedges	2 012	2 232
Total tax expense reported in other comprehensive income	2 012	2 232

Calculation of the basis for taxation	2022	2021
Profit before tax ¹	-151 864	2 549
Permanent differences	-51 742	-1 449
Change in temporary differences	224 396	24 210
Tax base	20 789	25 311

Specification of temporary differences	2022	2021
Current assets	50 479	112 666
Fixed assets	118 431	130 970
Provisions	-113 176	-6 529
Losses carried forward	-261 541	-176 511
Other	-35 622	-17 985
Total	-241 429	42 612

Specification of deferred tax	2022	2021
Calculated deferred tax assets	72 918	11 718
Deferred tax asset not recognised in balance sheet	-28 016	-487
Calculated deferred tax	-18 242	-21 186
Deferred tax asset	44 903	11 230
Deferred tax liability	18 242	21 186

Effective tax rate	2022	2021
Expected income taxes, statutory tax rate of 22%	-34 428	411
Permanent differences (22%)	-10 465	-12 745
Deviation between Norwegian and foreign tax rate	-573	-183
Excess(-)/insufficient(+) provisions in former years	-3 406	4 898
Change in non-recognized deferred tax asset	28 084	-1 289
Income tax expense reported in profit or loss	-20 789	-8 909
Income tax expense reported in other comprehensive income	2 012	2 232
Total income tax expense reported	-18 776	-6 677

The nominal tax rate in Norway was 22% in 2022. Business operations outside Norway is subject to local tax rates in their country of operation, and nominal tax rates range from 15% to 30%.

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

The Group has a tax loss carry forward of MNOK 261.5. The total tax loss carried forward is included in the balance sheet as deferred tax asset.

The deferred tax asset recognized in the balance sheet is made probable due to future earnings in the subsidiaries and tax planning. About 52% of the tax loss carried forward is related to AKVA group ASA, whilst about 28% is related to AKVA group Denmark and AKVA group Land Based Denmark.

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

Note 6

Earnings per share

	2022	2021
Ordinary profit / net income (in NOK 1 000)	-131 209	11 476
Number of ordinary shares outstanding as of 31.12.	36 667 733	36 667 733
Weighted average number of ordinary shares	36 369 400	33 813 103
Earnings per share (NOK)	-3,61	0,34
Diluted number of shares	36 369 400	33 813 103
Diluted earnings per share (NOK)	-3,61	0,34

Note 7

Intangible assets (in NOK 1 000)

2022	Goodwill	Develop- ment costs	Other intangible assets	Total
Acquisition cost at 01.01.	740 369	328 956	285 825	1 355 150
Additions	-	80 087	29 992	110 079
Translation differences	7 735	876	239	8 851
Disposals related to sale of subsidiaries	-	-	-	-
Disposals	-	-2 121	-	-2 121
Adjustments related to prior periods	-	-	-	-
Acquisition cost 31.12.	748 105	407 799	316 055	1 471 959
Accumulated amortization at 01.01.	437	212 739	207 817	420 994
Accumulated amortization related to acquisitions	-	-	-	-
Amortization	-	32 746	16 292	49 038
Translation differences	8	875	91	973
Accumulated amortization related to sale of subsidiaries	-	-	-	-
Accumulated amortization disposals	-	-2 121	-5	-2 126
Accumulated amortization 31.12.	445	244 239	224 195	468 879
Accumulated impairment 01.01.	-	-	-	-
Impairment ¹	-	3 205	10 813	14 018
Translation differences	-	-	-	-
Accumulated impairment disposals	-	-	-	-
Accumulated impairment 31.12.	-	3 205	10 813	14 018
Net book value at 31.12.	747 660	160 355	81 047	989 063

¹ Related to restructuring of the Land Based Business area in Q3 2022 there has been performed impairment test at different CGU levels. The result is an impairment of R&D and other intangible asset of MNOK 14.

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

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

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

During the year, the Group expensed MNOK 90.2 (MNOK 60.0 in 2021) on research and development on new products and technology as well as upgrades on existing products. The amount does not include capitalized development costs according to IAS 38 (see table above in this note).

Goodwill:

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

Development Costs:

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

Other intangible assets:

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

Impairment test of goodwill and intangible assets with indefinite useful life:

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

Book value of goodwill:	2022	2021
Sea Based Technology	635 099	631 798
Digital Solutions	9 600	9 600
Land Based Technology	102 961	98 535
Total goodwill	747 660	739 933

Book value of intangible assets with indefinite useful lifetime	2022	2021
S&AS Sea Based Technology Norway	9 057	9 057
Sea Based Technology	27 057	27 057
Total intangible assets	36 114	36 114

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

Key assumptions used for calculations:

Growth rates

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

Revenue

Revenue is based on budget for the coming year and strategy figures for the period 2024-2026, assessed through a thorough process for all cash-generating units. Thereafter the outlook and expectations within each cash-generating unit is considered and revenue is estimated with a reasonable, but conservative growth rate.

Gross margin

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

Market share

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

Discount rates

Discount rates are based on Weighted Average Cost of Capital (WACC) derived from the Capital Asset Pricing Model (CAPM) methodology. The cost of a company's equity and debt, weighted to reflect its capital structure of 61|39 respectively, derive its weighted average cost of capital. The discount rates take into account the debt premium, market risk premium and gearing, corporate tax rate and asset beta.

In the recoverable amount assessment, the Group has applied estimated cash flows after tax and a corresponding discount rate after tax of 9.59% for all cash-generating units. The pre-tax discount rate is 9.84%. A variation of +/- 1% does not materially affect the conclusion of the impairment tests.

Sensitivity to changes in assumptions

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

Impact of climate change related risk

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

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

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

Note 8

Tangible fixed assets (in NOK 1 000)

2022	Land and building	Right-of-use assets	Machinery and equipment	Total
Acquisition cost at 01.01.	44 084	683 380	545 027	1 272 490
Additions	2 076	84 238	65 075	151 388
Translation differences	827	7 125	7 776	15 728
Disposals related to sale of subsidiaries	-	-	-	-
Disposals	-167	-66	-35 802	-36 035
Acquisition cost 31.12.	46 819	774 677	582 075	1 403 571
Accumulated depreciation 01.01.	10 017	213 879	406 027	629 924
Depreciation	1 488	80 900	43 707	126 094
Translation differences	146	2 828	4 307	7 281
Accumulated depreciation related to sale of subsidiaries	-	-	-	-
Accumulated depreciation disposals	-	2 949	-23 851	-20 902
Accumulated depreciation 31.12.	11 650	300 556	430 190	742 397
Accumulated impairment 01.01.	-	-	-	-
Impairment	832	22 462	2 356	25 650
Translation differences	-	280	-	280
Accumulated impairment disposals	-	-	-	-
Accumulated impairment 31.12.	832	22 742	2 356	25 930
Net book value 31.12.	34 337	451 379	149 529	635 245

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

Related to restructuring of the Land Based Business area in Q3 2022 there has been performed impairment test at different CGU levels. The result is an impairment of right-of-use asset and other fixed asset of MNOK 25.7.

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

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

Impact of climate change related risk

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

Note 9

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

Subsidiaries (consolidated in group accounts)	Consolidated from	Location	Ownership interest 2022	Ownership interest 2021
AKVA group Australasia Pty Ltd	2013	Australia	100 %	100 %
AKVA group North America Inc	1995	Canada	100 %	100 %
Newfoundland Aqua Service Ltd	2020	Canada	70 %	70 %
AKVA group Chile S.A	1998	Chile	100 %	100 %
AKVA Land Based Americas S.A	2021	Chile	100 %	100 %
AKVA group Land Based China ¹	2021	China	100 %	100 %
AKVA group Denmark A/S	2007	Denmark	100 %	100 %
AKVA group Land Based A/S	2015	Denmark	100 %	100 %
AKVA group Hellas SM PEC	2017	Greece	100 %	100 %
UAB Egersund Net ²	2018	Lithuania	100 %	100 %
AKVA group Software AS	1997	Norway	100 %	100 %
AKVA group Services AS	2001	Norway	100 %	100 %
Helgeland Plast AS	2006	Norway	100 %	100 %
Polarcirkel AS	2010	Norway	100 %	100 %
AKVA group Land Based Sømna AS	2013	Norway	100 %	100 %
Sperre AS	2016	Norway	100 %	100 %
Egersund Net AS	2018	Norway	100 %	100 %
Egersund Trading AS ²	2018	Norway	100 %	100 %
AKVA group Scotland Ltd	1997	Scotland	100 %	100 %
Grading Systems Ltd ²	2018	Shetland	100 %	100 %
AKVA group Espana S.L	2017	Spain	100 %	100 %
AKVA Group Turkey Ltd	2005	Turkey	100 %	100 %

¹ Subsidiary of AKVA group Land Based Denmark

² Subsidiary of Egersund Net AS

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

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

Other long-term investments are accounted for, either:

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

Associates (equity-accounted investees)	Acquisition year	Location	Ownership interest	Ownership interest	Book value
			2022	2021	
NOFI Oppdrettservice AS	2018	Norway	50 %	50 %	62 780
Atlantis Subsea Farming AS ¹	2018	Norway	0 %	67 %	-
Observe Technologies Ltd	2021	Norway	34 %	34 %	40 036
Abyss Group AS	2021	Norway	22 %	26 %	128 369
Emel Balik	2018	Turkey	50 %	50 %	32 495
Total					263 678

¹ AKVA group ASA owns 33% and Egersund Net AS owns 33%. AKVA group ASA and Egersund Net sold their shares in Atlantis in 2022.

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

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

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

In March 2022, AKVA group ASA and Egersund Net AS sold its shares in Atlantis Subsea Farming AS. The sale of Atlantis resulted in a total gain of 36,7 MNOK for the Group. This is shown under other revenue, refer to Note 15.

The following table provides key financials for the material associates, NOFI Oppdrettservice, Emel Balik AS and Abyss Group AS:

NOFI Oppdrettservice AS	Total (100 %)		AKVA's share (50 %)	
	2022	2021	2022	2021
Revenue	87 903	83 127	43 951	41 564
Profit or loss	-154	6 558	-77	3 279
Current assets	19 744	29 098	9 872	14 549
Non-current assets	145 455	148 553	72 727	74 276
Equity	39 964	40 831	19 982	20 416
Current liabilities	37 115	43 453	18 557	21 727
Non-current liabilities	88 120	93 366	44 060	46 683

Emel Balik	Total (100 %)		AKVA's share (50 %)	
	2022	2021	2022	2021
Revenue	124 149	94 075	62 074	41 564
Profit or loss	11 413	6 201	5 706	3 279
Current assets	56 549	34 961	28 274	14 549
Non-current assets	2 851	1 497	1 425	74 276
Equity	38 440	21 159	19 220	20 416
Current liabilities	15 286	15 208	7 643	21 727
Non-current liabilities	5 673	91	2 837	46 683

Abyss Group AS¹	Total (100 %)		AKVA's share (21,5 %)²	
	2022	2021	2022	2021
Revenue	370 667	288 517	92 667	72 129
Profit or loss	-24 000	-3 060	-5 038	-1 827
Current assets	968 000	170 000	246 840	43 350
Non-current assets	262 000	470 000	66 810	119 850
Equity	276 000	185 000	70 380	47 175
Current liabilities	380 000	115 000	96 900	29 325
Non-current liabilities	574 000	340 000	146 370	86 700

¹ The annual report of Abyss Group AS is not finalized at the date of the publish of AKVA group's annual report. Hence, the figures for 2022 are based on best estimate.

² AKVA's share relates to the ownership period October 2021 – December 2022

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

Immaterial associates - Group's share of:	Total (100 %)		AKVA's share	
	2022	2021	2022	2021
Profit or loss	2 343	-3 600	504	-918

The following table list the remaining investments in the Group:

Other investments (financial assets)	Acquisition year	Location	Ownership interest	Ownership interest	Book value
			2022	2021	
Nordic Aqua Partners Holding ApS ¹	2020	Denmark	9 %	9 %	27 829
Ecofisk AS	2020	Norway	3 %	3 %	5 500
Centre for Aquaculture Competence AS ²	2002	Norway	33 %	33 %	150
Blue Planet AS	2004	Norway	15 %	15 %	300
Other investments			<5 %	<5 %	427
Total					34 206

¹ The purpose of Nordic Aqua Partners Holding ApS is solely to own shares in Nordic Aqua Partners ApS, which is a listed entity on Euronext Growth. Hence, the booked value of the shares in Nordic Aqua Partners Holding ApS is continuously adjusted to reflect the underlying share value of Nordic Aqua Partners ApS.

² Despite the fact that the group owns more than 20% of Centre for Aquaculture Competence AS, this investment is not booked according to the equity method. This is based on the purchase agreement which specifies that AKVA group ASA (owner of the shares) is not entitled to the results earned in the company.

Note 10

Inventory (in NOK 1 000)

Inventory	2022	2021
Raw materials (at cost)	226 014	241 261
Work in progress (at cost)	61 905	49 103
Finished goods (at net realisable value)	312 477	265 713
Total	600 394	556 076
Write-down of obsolete inventory 01.01.	14 069	13 519
Change in write-down of obsolete inventory during the year	4 483	550
Write-down of obsolete inventory 31.12.	18 551	14 069

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

Note 11

Receivables (in NOK 1 000)

Accounts receivables

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

Bad debt provisions	2022	2021
Bad debt provision 01.01.	3 609	10 647
Provisions made during the year	3 956	1 797
Provisions used during the year	-881	-8 834
Bad debt provision 31.12.	6 684	3 609
Recorded bad debt cost during the year	-253	-1 044
Change in bad debt provision	-2 823	6 453
Total bad debt cost during the year	-3 075	5 409

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

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

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

As of 31 December, the Group had the following ageing profile of accounts receivables:	2022	2021
Not due	260 883	218 717
Due <30 days	97 506	93 280
Due 31-60 days	57 297	14 259
Due 61-90 days	5 628	15 020
Due >91 days	20 924	24 774
Total	442 238	366 051
Bad debt provisions	6 684	3 609

Other receivables

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

Note 12

Cash and cash equivalents (in NOK 1 000)

	2022	2021
Cash	277 988	303 442
Restricted funds	-	-
Total cash and cash equivalents	277 988	303 442

The group has entered into a tax deduction guarantee agreement and thus has no restricted funds.

The group has an overdraft facility of MNOK 300 and a revolving credit line of MNOK 500 in DNB. As of 31 December 2022, MNOK 43 of the overdraft facility was utilized, at year-end 2021 0 MNOK was utilized. As of December 31, 2022 304,2 MNOK of the revolving credit line was utilized. In 2021 the revolving credit line was 300 MNOK in Danske Bank. On 31 December 2021 the revolving facility was fully utilized.

Note 13

Shareholders

AKVA group ASA

The company's share capital is MNOK 36.7 divided into 36.7 million shares, each with a par value of NOK 1. The company has only one category of shares and all shares entitle shareholders to equal rights in the company.

The Annual General Meeting (AGM) in May 2022 authorized the Board of Directors to acquire shares for up to an amount of NOK 916,693 which equals approximately 2.5 % of the company's share capital. Acquisition of shares pursuant to this authorization may only take place if the company's distributable reserves according to the most recent balance sheet exceed the remuneration for the shares to be acquired. The authorization was valid until the AGM in May 2023, however, not later than until 30 June 2023. This authorization replaces the authorization to the board to purchase own shares, given by the General Meeting on 6 May 2021.

In the same AGM in 2022 the Board of Directors were authorized to increase the company's share capital by up to NOK 3,666,773, through subscription of new shares. The

authorization does not authorize the board to waive the pre-emptive right of shareholders pursuant to section 10-4 of the Public Limited Liability Companies Act (the "Act"), nor carry out a capital increase through payments in non-monetary assets, nor incur special obligations on behalf of the company as set out in section 10-2 of the Act, nor decisions on mergers pursuant to section 13-5 of the Act and may not be used in connection with the company's option program. The authorization shall be in force until the earlier of the time of the Annual General Meeting in 2023 and 30 June 2023. This authorization replaces all previous authorizations to the board to increase the company's share capital.

The 20 largest shareholders at 31.12.22	Number of shares	Ownership %
EGERSUND GROUP AS	18 703 105	51,01 %
Israel Corporation Ltd	6 600 192	18,00 %
PARETO AKSJE NORGE VERDIPAPIRFOND	1 578 731	4,31 %
VERDIPAPIRFONDET NORDEA AVKASTNING	1 084 222	2,96 %
SIX SIS AG	968 622	2,64 %
VERDIPAPIRFONDET ALFRED BERG GAMBA	791 167	2,16 %
VERDIPAPIRFONDET NORDEA KAPITAL	640 885	1,75 %
VERDIPAPIRFONDET NORDEA NORGE PLUS	602 614	1,64 %
FORSVARETS PERSONELLSERVICE	543 332	1,48 %
VERDIPAPIRFONDET EQUINOR AKSJER NO	355 301	0,97 %
J.P. Morgan SE	316 155	0,86 %
MP PENSJON PK	302 998	0,83 %
AKVA GROUP ASA	294 282	0,80 %
J.P. Morgan SE	256 590	0,70 %
VERDIPAPIRFONDET ALFRED BERG NORGE	232 613	0,63 %
NESSE & CO AS	130 000	0,35 %
PACTUM AS	129 988	0,35 %
VERDIPAPIRFONDET ALFRED BERG NORGE	128 000	0,35 %
DAHLE	125 795	0,34 %
VERDIPAPIRFONDET ALFRED BERG AKTIV	104 336	0,28 %
Other shareholders	2 778 805	7,58 %
Total	36 667 733	100,00 %

Shares owned by members of the Board of Directors	Number of shares
Frode Teigen with family and Hans Kristian Mong with family as owners of Egersund Group AS ¹	18 703 105
Kristin Reitan Husebø	1 200

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

Shares owned by Executive Personnel	Number of shares
Knut Nesse (CEO)	148 618
Johan Fredrik Gjesdal (COO Land Based)	1 707

Note 14

Interest-bearing debt (in NOK 1 000)

Interest-bearing debt:	Currency	Nominal interest rate	2022	2021
Non-current liabilities to financial institutions	NOK	Nibor + 2.35%	702 481	450 000
Non-current lease liabilities	NOK, EUR, DKK, GBP, TRY, CLP, CAD, AUD	IBR	403 340	404 673
Current liabilities to financial institutions	NOK	Nibor + 2.35%	80 625	300 000
Current lease liabilities	NOK, EUR, DKK, GBP, TRY, CLP, CAD, AUD	IBR	79 095	78 201
Total			1 265 540	1 232 874
Average interest rate			5,58 %	2,16 %

Repayment of debt

The Group's interest-bearing debt matures as follows:	2022	2021
2022	-	375 161
2023	152 075	268 030
2024	129 653	316 532
2025	730 471	61 086
2026	64 695	59 106
2027	56 864	44 452
After 2027	131 783	108 507
Total	1 265 540	1 232 874

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

Outstanding bank loans from Danske Bank	Currency	Nominal interest rate ¹	Carrying amount 2022	Carrying amount 2021
Secured bank loan	NOK	Nibor + 2.35%	323 438	200 000
Secured bank loan	NOK	Nibor + 2.35%	107 813	100 000
Secured bank loan revolving credit facility	NOK	Nibor + 2.35%	304 167	200 000
Total			735 417	500 000

¹ The nominal interest includes a waiver fee. The nominal interest rate excluding the waiver fee is Nibor+ 1,65-2,05.

Liabilities secured:	2022	2021
Liabilities secured with assets	783 106	787 195
Bank guarantee liabilities	114 118	83 642
Parent company guarantee liabilities	41 410	50 399

Assets pledged as security for debt:	2022	2021
Accounts receivable	217 000	208 415
Inventory	395 871	310 333
Shares in subsidiaries ¹	1 270 580	330 781
Other assets	487 504	458 362
Total	2 370 956	1 307 890

¹ In 2022 the shares in AKVA group Land Based Sømna AS, AKVA group Services AS, AKVA Group Software AS Sperre AS, Helgeland Plast AS, Egersund Trading AS, Egersund Net AS, AKVA group Land Based A/S, AKVA group Denmark A/S, AKVA group Chile S.A and AKVA group Scotland Ltd. are pledged. In 2021 the shares in AKVA group Land Based A/S, AKVA Group Denmark A/S, AKVA group Land Based Sømna As and Sperre AS was pledged.

Loan covenants to DNB

In the loan documents from DNB the following financial loan covenants are set:

- The ratio net interest-bearing debt over twelve months rolling EBITDA < 4,50
- Equity ratio for AKVA group > 25%

Net interest-bearing debt over twelve months rolling EBITDA was 3.33 as of 31 December 2022. The equity ratio in AKVA group was 32% and equity was MNOK 1.144 as of 31 December 2022.

In September 2022 the Company obtained a waiver from DNB in respect of the leverage ratio (NIBD/EBITDA covenant). The waiver is effective from 30 September 2022 to and including 30 September 2023 (waiver period). The EBITDA used for calculating the NIBD/EBITDA covenant is adjusted for certain one-time cost provisions and restructuring provisions in Q2 and Q3 2022. The adjustment is a total of MNOK 138. In the waiver period the leverage ratio shall not exceed 4,5 including the allowed adjustment to the EBITDA calculation set out above. The Group continues to closely monitor its financial performance to ensure compliance with financial covenants.

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

	Note	Bank overdraft	Liabilities to financial institutions	Other long-term liabilities	Lease liabilities	Other long-term financial assets	Share capital / premium	Reserves (translation differences)	Cash flow hedges reserves	Retained earnings	NCI	Total
Balance at 01.01.2022		0	750 000	37 195	482 874	-66 595	1 209 655	-26 260	967	112 662	140	2 500 638
Changes from financing cash flows												
Repayment of borrowings		-	-14 583	4 006	-	-	-	-	-	-	-	-10 577
Proceeds from borrowings	43	125	4 564	-4 564	-	-	-	-	-	-	-	43 125
Repayment of lease liabilities		-	-	-	-71 045	-	-	-	-	-	-	-71 045
Loan issue		-	-	-	-	-	-	-	-	-	-	-
Proceeds from equity issue	13	-	-	-	-	-	-392	-	-	-	-	-392
Interest received(+)/paid(-)	15	-3 335	-28 147	-	-19 576	453	-	-	-	-	-	-50 606
Dividend payment	21	-	-	-	-	-	-	-	-	-36 373	-	-36 373
Total changes from financing cash flows		39 790	-38 166	-558	-90 621	453	-392	-	-	-36 373	-	-125 869
The effect of changes in foreign exchange rates		-	-	-	-	-	-	17 817	-	-	-	17 817
Changes in fair value		-	-	-	-	3 197	-	-	-	-	-	3 197
Other changes												
Liability-related												
Adjustments related to prior periods		-	-	-	-	-	-	-	-	278	62	340
Impairment long-term financial assets		-	-	-	-	27 971	-	-	-	-	-	27 971
Reclassification from investment to loan	19	-	-	-	-	-15 000	-	-	-	-	-	-15 000
Translation differences		-	-	-	-12 061	-233	-	-	-	-	-	-12 294
Interest income(-)/expense(+)	15	3 335	28 147	-	19 576	-453	-	-	-	-	-	50 606
New leases		-	-	-	82 665	-	-	-	-	-	-	82 665
Total liability-related other changes		3 335	28 147	-	90 180	12 285	-	-	-	278	62	134 288
Total equity-related other changes		-	-	-	-	-	-	-	-7 135	-126 882	134	-133 883
Balance at 31.12.2022		43 125	739 981	36 637	482 434	-50 659	1 209 263	-8 443	-6 168	-50 316	336	2 396 190

Note 15

Specification of items that are grouped in the financial statement

(in NOK 1 000)

Other income	2022	2021
Profit from sale of tangible fixed assets	767	1 568
Profit from sale of shares	36 672	-
Other	11 466	142
Total other income	48 906	1 710

Other operating expenses	2022	2021
Accommodation, materials, equipment and maintenance	107 104	72 496
Marketing, travelling and communication	39 020	27 796
Other operating expenses	84 268	99 577
Total other operating expenses	230 391	199 870

Financial Income	2022	2021
Other interest income	5 542	2 440
Other financial income	293	3 841
Total financial income	5 835	6 281

Financial Expenses	2022	2021
Interest expenses	36 572	20 703
Interest on lease liabilities	19 576	20 605
Agio loss	8 343	19 512
Change in fair value of financial assets	3 197	10 342
Other financial expenses	33 519	2 375
Total financial expenses	101 207	73 537

Other receivables	2022	2021
Hedging balance	935	5 543
Prepaid expenses	20 831	21 188
Other receivables	52 516	41 696
Total other receivables	74 282	68 427

Other non-current liabilities	2022	2021
Government loans	26 622	28 150
Option minority owners Newfoundland Aqua Service	6 785	6 785
Other non-current liabilities	3 230	8 186
Total other current liabilities	36 637	43 121

Other current liabilities	2022	2021
Hedging balance	7 610	5 304
Accrued costs	17 282	49 556
Warranty provision	47 507	36 082
Other current liabilities	171 408	59 399
Total other current liabilities	243 806	150 341

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

Note 16

Financial instruments and risk management (in NOK 1 000)

Accounting classifications and fair values

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

	Accounting classification	2022		2021	
		Carrying amount	Fair value	Carrying amount	Fair value
Financial assets					
Cash	Amortized cost	277 988	277 988	303 442	303 442
Trade receivables	Amortized cost	435 554	435 554	362 442	362 442
Other current assets	Amortized cost	74 282	74 282	68 427	68 427
Other long-term receivables	Amortized cost	22 830	22 830	35 569	35 569
Other long-term financial assets FVTPL		27 829	27 829	31 026	31 026
Forward currency contracts ¹	FVTPL	935	935	5 543	5 543
Total		839 419	839 419	806 449	806 449
Financial liabilities					
Bank overdraft		43 125	43 125	-	-
Trade payables	Amortized cost	310 629	310 629	275 604	275 604
Loans	Amortized cost	776 618	776 618	793 121	793 121
Lease liabilities	Amortized cost	482 434	482 434	482 874	482 874
Put/call option minority interest	FVTPL	6 785	6 785	6 785	6 785
Forward currency contracts ²	FVTPL	7 610	7 610	5 304	5 304
Total		1 627 201	1 627 201	1 563 688	1 563 688

¹ The amount is included in other receivables in the Consolidated Statement of Financial Position

² The amount is included in other current liabilities in the Consolidated Statement of Financial Position

Determination of fair value

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

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

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

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

Fair value hierarchy

As of 31 December 2022, the Group held financial instruments measured at fair value as mentioned below:

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

Financial instruments at fair value	31.12.22	Level 1	Level 2	Level 3
Financial assets - Forward currency contracts	935	-	935	-
Financial assets - Investments	27 829	27 829	-	-
Financial liabilities - Forward currency contracts	7 610	-	7 610	-
Financial liabilities - Put/call option	6 785	-	6 785	-

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

There have been no transfers between levels during the period.

Financial risk management

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

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

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

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

- Credit risk
- Liquidity risk
- Market risk

Credit risk

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

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

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

Liquidity risk

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

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

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

2022	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Loans and borrowings	35 645	75 707	700 290	8 101	819 743
Lease liabilities	15 286	67 899	267 822	131 428	482 435
Trade and other payables	384 315	24	-	-	384 339
Financial derivatives	127 475	211 280	22 025	-	360 780
Total	562 721	354 911	990 137	139 529	2 047 297

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

As disclosed in Note 14, the Group has secured bank loans that contains a loan covenant. A future breach of covenant may require the Group to repay the loan earlier than indicated in the above table. Under the agreement, the covenant is monitored on a regular basis and reported to management to ensure compliance with the agreement. As disclosed in Note 14 the Group obtained a waiver from DNB in respect of the leverage ratio (NIBD/EBITDA covenant) in September 2022.

Market risk

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

A. Currency risk

As part of the international activity the Group's assets and liabilities as well as expected cash inflows and cash outflows are exposed to changes in the currency rates.

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

NOK vs	Average rate		Year-end spot rate	
	2022	2021	2022	2021
EUR 1	10,10	10,16	10,51	9,99
GBP 1	11,85	11,82	11,85	11,89
USD 1	9,61	8,59	9,86	8,82
CAD 1	7,38	6,85	7,28	6,94

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

31.12.2022	KNOK effect on profit before tax by +10%/-10% change in			KNOK effect on book equity by +10%/-10% change in		
	EUR	CAD	CLP	EUR	CAD	CLP
10 %	-1 802	2 872	3 876	8 332	-5 068	3 876
-10 %	1 802	-2 872	-3 876	-8 332	5 068	-3 876

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

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

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

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

i. Cash flow hedges

The Group uses currency forward contracts to reduce the exposure of changes in currency rates due to having revenues and costs denominated in different currencies. The expected cash flows subject to hedging are expected to take place during the 2023 and hence be recognized in the income statement during the same period. At the end of the year the Group had the following positions in forward contracts to hedge expected future cash flow:

Cash flow hedges		Net currency
Currency (in 1 000)	Bought/sold	amount
Euro	Bought	9 639
British Pound	Sold	-14
American Dollar	Bought	2 244
Canadian Dollar	Sold	-10 905
Danish Kroner	Sold	-10 224
Norwegian Kroner	Sold	-34 344

At the end of the year, it was recorded a loss of MNOK 7.135 directly against other comprehensive income related to hedging of expected future cash flow.

ii. Fair value hedges

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

Fair value hedges		Net currency
Currency (in 1 000)	Bought/sold	amount
British Pound	Sold	-3 750
Norwegian Kroner	Bought	43 746

Profit and loss from the above currency contracts are recorded directly via the income statement under financial items. At the end of the year MNOK 0.222 was recorded as an unrealized gain. The forward contracts are valued at estimated fair value.

iii. Time profile and currency rates in hedge instruments

At 31 December 2022, the Group held the following instruments to hedge exposures to changes in foreign currency:

Timeprofile of forward currency contracts	Maturity		
	1-3 months	4-12 months	>12 months
Net exposure (in 1 000 NOK)	37 350	-71 694	-
Average NOK:EUR forward contract rate	11,57	10,47	-
Average NOK:USD forward contract rate	10,27	10,09	-
Average NOK:CAD forward contract rate	6,96	6,97	-
Average NOK:GBP forward contract rate	11,78	-	-
Average NOK:DKK forward contract rate	1,31	1,32	-

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

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

2022		Nominal amount (NOK)	Average exchange rate	Carrying amount 31.12 (NOK)		Change in fair value recognized in OCI (NOK)	Change in fair value recognized in profit or loss (NOK)
Currency	Hedging instruments			Assets	Liabilities		
	Cash flow hedges						
EUR	Sales and receivables	33 658 614	10,41	-	601 168	(3 407 519)	-
	Purchases and payables	132 390 980	10,47	519 983	594 393	1 552 279	-
	Cash flow hedges						
USD	Sales and receivables	1 844 211	9,93	12 885	-	1 755 482	-
	Purchases and payables	24 691 291	10,16	-	1 018 292	(2 746 500)	-
	Cash flow hedges						
GBP	Sales and receivables	166 755	11,78	-	1 955	138 081	-
	Fair value hedges						
	Borrowings	43 745 777	11,67	120 819	627 473	-	222 207
	Cash flow hedges						
CAD	Sales and receivables	93 410 097	7,03	182 759	3 351 564	(3 009 067)	-
	Purchases and payables	17 434 406	7,30	219 739	488 221	(370 352)	-
	Cash flow hedges						
DKK	Sales and receivables						
	Purchases and payables	13 438 177	1,31	-	1 047 278	(1 047 278)	-
	Cash flow hedges						
Total (NOK)	Sales and receivables	129 079 677	N/A	195 644	3 954 687	(4 523 023)	-
	Purchases and payables	187 954 854	N/A	739 722	3 148 184	(2 611 851)	-
	Fair value hedges						
	Borrowings	43 745 777	N/A	120 819	627 473	-	222 207
2021							
2021		Nominal amount (NOK)	Average exchange rate	Carrying amount 31.12 (NOK)		Change in fair value recognized in OCI (NOK)	Change in fair value recognized in profit or loss (NOK)
Currency	Hedging instruments			Assets	Liabilities		
	Cash flow hedges						
EUR	Sales and receivables	73 208 896	10,38	2 818 379	12 028	5 178 717	-
	Purchases and payables	80 035 779	10,26	352 097	1 978 786	(1 375 831)	-
	Cash flow hedges						
USD	Sales and receivables	37 282 869	8,41	219 612	1 962 210	(14 500 566)	-
	Purchases and payables	69 628 690	8,63	1 985 365	257 156	3 885 837	-
	Cash flow hedges						
GBP	Sales and receivables	18 456 654	11,84	29 008	169 044	(140 036)	-
	Fair value hedges						
	Borrowings	54 993 796	11,73	36 650	765 510	-	(1 349 283)
	Cash flow hedges						
CAD	Sales and receivables	24 555 553	6,93	-	159 738	(1 061 620)	-
	Cash flow hedges						
Total (NOK)	Sales and receivables	153 503 972	N/A	3 066 999	2 303 019	(10 523 505)	-
	Purchases and payables	162 642 954	N/A	2 439 331	2 235 943	2 611 876	-
	Fair value hedges						
	Borrowings	54 993 796	N/A	36 650	765 510	-	(1 349 283)

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

B. Interest rate risk

The Group's interest-bearing debt is based on a floating interest rate which implies that interest payments over time will fluctuate according to the changes in the interest rate level. Most of the interest-bearing debt is in NOK. To reduce the interest rate risk, it is the strategy of the Group to have a balanced mix between equity and debt financing vs the market risk in its industry. With the interest-bearing debt at year end, interest cost would have been MNOK 12.6 higher with a 1% higher average interest rate during the year and MNOK 12.6 lower with a 1 % lower average interest rate during the year.

C. Macroeconomic risk

In 2022 about 87% of the revenues of the Group came from customers producing salmon, down from a share of 88% in 2021. To decrease the Group's dependency of the salmon industry the Group works to increase the share of revenues related to the aquaculture of other species than salmon. Due to the market variation in the different salmon markets the revenues can vary between years. Still, the aquaculture industry in general is expected to be a high growth industry in the foreseeable future.

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

Change in sales	Change in net profit/ equity (in NOK 1 000)
10 %	55 687
5 %	27 844
2 %	11 137
-2 %	-11 137
-5 %	-27 844
-10 %	-55 687

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

D. Climate risk

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

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

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

In 2022 we have carried out a materiality assessment and defined our ambitions in line with this assessment, developed sustainability promises and measured our greenhouse gas

emissions (Scope 1 and 2). In 2023 we will start measuring greenhouse gas emissions in scope 3 and develop a plan to reduce greenhouse gas emissions with 35% by 2030. Refer to the ESG chapter of this report for further information on how AKVA group works with this.

Capital structure and equity

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

Dividends paid	Per share
2015	1,00
2016	0,75
2017	1,25
2018	1,50
2019	1,75
2020	1,00
2021	1,00
2022	1,00

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

	2022	2021
Interest bearing debt	1 265 540	1 232 874
Less cash	277 988	303 442
Net interest bearing debt	987 551	929 432
Equity	1 144 000	1 296 885
Total equity and net interest bearing debt	2 131 552	2 226 317
Debt ratio	46 %	42 %

The Group obtained a waiver from DNB in respect of the leverage ratio (NIBD/EBITDA covenant) in September 2022, refer further information in note 14.

The ratio of the equity share attributable to AKVA group ASA's shareholders was 31.2 % as of 31 December 2022.

Note 17

Revenue and contract balances (in NOK 1 000)

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

For the year ended 31 December	Sea Based		Land Based		Digital		Total reportable segments	
Primary geographical markets	2022	2021	2022	2021	2022	2021	2022	2021
Europe	1 998 567	2 035 038	377 599	382 081	62 387	50 467	2 438 554	2 467 586
Other	687 301	524 677	216 570	106 469	33 896	23 005	937 766	654 151
External revenue as reported in note 2	2 685 867	2 559 716	594 170	488 550	96 284	73 471	3 376 320	3 121 737
Major revenue lines								
Construction contracts	1 568 682	1 555 526	533 941	452 033	-	-	2 102 624	2 007 560
Service & spare parts	1 032 040	992 805	54 772	36 517	-	-	1 086 813	1 029 322
Software	34 608	-	-	-	96 284	74 684	130 892	74 684
Other	50 535	11 384	5 457	-	-	-1 212	55 991	10 171
External revenue as reported in note 2	2 685 867	2 559 716	594 170	488 550	96 284	73 471	3 376 320	3 121 737
Timing of revenue recognition								
Products and services transferred over time according to output method	1 183 910	1 139 319	-	-	2 745	-	1 186 656	1 139 319
Products and services transferred over time according to input method	473 527	416 207	539 813	452 033	192	-	1 013 532	868 241
Products and services transferred at point in time	984 252	992 805	48 899	36 517	93 347	74 684	1 126 497	1 104 007
Other revenue	44 178	11 384	5 458	-	-	-1 212	49 636	10 171
External revenue as reported in note 2	2 685 867	2 559 716	594 170	488 550	96 284	73 471	3 376 320	3 121 737
Positions at 31 December								
Total sales included from ongoing contracts	487 806	641 253	223 488	433 589	3 151	396	714 445	1 075 238
Contract assets	161 118	169 708	43 027	51 107	4 535	4 192	208 680	225 008
Contract liabilities	227 939	242 536	240 532	110 714	257	1 321	468 729	354 571

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

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer according to payment terms in the contracts.

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

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

Lease income

AKVA group has signed rental contracts with customers which is a service bundled with products. In 2022, 39 MNOK has been recognized as revenue related to lease income. The future minimum payments related to these rental contracts fall due as follows for the Groups customers:

Lease receivables to be collected	2023	2024	2025	2026	2027	After 2027
Rental agreements	35 506	29 184	19 571	13 763	3 905	-

Note 18

Leasing (in NOK 1 000)

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

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

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

Lease liabilities due	2023	2024	2025	2026	2027	After 2027
Offices and buildings	61 966	64 161	62 645	59 589	55 717	128 809
Vehicles	8 274	8 908	4 782	789	482	2 440
Office equipment and other	8 856	6 307	4 217	3 660	664	171
Total	79 095	79 375	71 644	64 038	56 864	131 420

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

Lease cash outflows due	2023	2024	2025	2026	2027	After 2027
Principal	79 095	79 375	71 644	64 038	56 864	131 420
Interests	17 742	14 792	12 140	9 596	7 029	14 877
Total	96 837	94 167	83 784	73 634	63 893	146 297

Leasing expenses recognized in the profit and loss:

Amounts recognized in profit or loss	2022	2021
Interest on lease liabilities	19 576	20 605
Expenses relating to short-term leases	6 233	5 993
Expenses relating to leases of low-value assets	313	385
Total	26 122	26 983

Note 19

Business combinations

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

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

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

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

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

Exercising of option Grading Systems

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

Options Newfoundland Aqua Service

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

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

The estimated liability of MNOK 6.8 is accounted for based on a mutual option agreement between AKVA group ASA and to buy/sell 28% of the shares in Newfoundland Aqua Service Ltd. The pricing of the 28% of the shares is linked to the performance of the company in 2020, 2021 and 2022. The option is exercisable in a limited period after the approval of the 2022 annual accounts of Newfoundland Aqua Service Ltd.

In 2021 and 2022 the Group has booked changes in the option prize against profit or loss as a financial expense.

Note 20

Related parties (2021 figures in brackets)

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

Centre of Aquaculture Competence AS ("CAC") is a related party due to AKVA group ASA's ownership of 33% of the shares in CAC. The Group has as part of their role in CAC recorded revenues from CAC of MNOK 0.0 (0.0) in 2022. There were no outstanding balances towards CAC on 31 December 2022.

Observe Technologies Ltd ("OBSERVE") is a related party due to AKVA group ASA's ownership of 33.7% of the shares in OBSERVE. The Group has as part of their role in OBSERVE recorded revenues and costs from OBSERVE of respectively MNOK 0.0 (0.0) and MNOK 0.6 (0.5) in 2022. The outstanding balance towards OBSERVE on 31 December 2022 was a payable of MNOK 0.6 (0.1).

NOFI Oppdrettsservice AS ("NOFI") is a related party due to Egersund Net AS's ownership of 50% of the shares in NOFI. The Group has as part of their role in NOFI recorded revenues and costs from NOFI of respectively MNOK 5.5 (4.0) and MNOK 0.2 (3.9) in 2022. The outstanding balance towards NOFI on 31 December 2022 was a receivable of MNOK 0.1 (1.0) and a payable of MNOK 0.0 (0.0).

Abyss Group AS ("ABYSS") is a related party due to AKVA group ASA's ownership of 25.5% of the shares in ABYSS. The Group has as part of their role in ABYSS recorded revenues from ABYSS of MNOK 0.0 (0.1) in 2022. There were no outstanding balances towards ABYSS on 31 December 2022.

Emel Balik is a related party due to Egersund Net AS's ownership of 50% of the shares in the company. The Group has as part of their role in Emel Balik recorded revenues from the company of MNOK 0.0 (0.8) in 2022. The outstanding balance towards Emel Balik on 31 December 2022 was a receivable of MNOK 0.0 (2.9).

Egersund Group is a related party due to its controlling ownership share of the AKVA Group ASA. AKVA Group has, in line with the company's ordinary course of business with Egersund Group and its subsidiaries, had revenues and costs of respectively MNOK 18.6 (23.4) and MNOK 51.5 (60.6) in 2022.

Outstanding balances at year-end are unsecured and interest free and settlement occurs in cash. As of 31 December, the company had MNOK 0.5 (3.5) in trade receivables and MNOK 6.3 (2.9) in trade payables towards Egersund Group and its subsidiaries.

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

Note 21 Dividend

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

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

The company need to comply with all legal requirements to pay dividend.

In total a dividend of 1.00 NOK per share was paid out on 11 March 2022, totalling a distributed amount of NOK 36,373,451.

Dividend	2022	2021
Per share	1,00	1,00
Total distributed amount ¹	36 373 451	32 956 420

¹) The total distributed amount in 2022 is reduced with MNOK 0.294 as the company owned 294,282 shares at the time of the dividend payment. The total distributed amount in 2021 is reduced with MNOK 0.378 as the company owned 377,883 shares at the time of the dividend payment.

Note 22 Sale and buyback of own shares

At the start of 2022 AKVA group ASA owned 342,895 own shares. The Board of Directors of AKVA group was granted an authorization by the annual general meeting held on 12 May 2022 for buy back of own shares, to a maximum of 916,693 shares. AKVA group did not exercise this right in 2022. No shares were distributed as part of the incentive scheme program for Executive Personnel in 2022. At the end of 2022 AKVA group owned 294,282 own shares.

Note 23

Provisions (in NOK 1 000)

AKVA group has booked the following provisions as of 31 December 2022:

	Warranties	Obsolete inventory	Bad debt	Restructuring Land Based Area	Total
Balance at 01.01.2022	36 082	14 069	3 609	-	54 689
Provisions made during the year	22 083	5 777	3 958	53 000	84 818
Provisions used/reversed during the year	-11 864	-3 498	-550	-18 685	-34 598
Revaluation	1 206	2 204	-333	-	3 076
Balance at 31.12.2022	47 507	18 551	6 684	34 315	107 056
Non-current	-	-	-	-	-
Current	47 507	18 508	6 689	34 315	107 018

As part of the restructuring of the Land Based Area in Q3 2022, a provision of 53.0 MNOK were booked. During the year 18.6 MNOK is expensed. At 31. December 2022, the provision is 34.3 MNOK. 25.8 MNOK relates to rightsizing of the segment, and 8.8 MNOK relates to other provisions.

Note 24

Subsequent events

Dividend

At the board meeting on 9 February 2023 the Board of Directors in AKVA group ASA resolved to not distribute any dividend the first half of 2023.



AKVA group ASA
Financial Statement and notes

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

(in NOK 1 000)

Parent company	Note	2022	2021
OPERATING REVENUES			
Revenues	6	1 069 280	1 129 684
Share of results of associates	9	-4 248	-1 019
Other income	15	-	815
Total revenues	2,6,17,20	1 065 031	1 129 480
OPERATING EXPENSES			
Cost of materials	6,10,23,24	926 021	939 417
Payroll expenses	3,4	233 700	186 413
Depreciation and amortization	2,7,8	26 697	25 096
Other operating expenses	3,4,7,11,15,18,23,24	62 784	105 913
Total operating expenses	2,20	1 249 202	1 256 838
		-184 171	-127 358
OPERATING PROFIT			
FINANCIAL INCOME AND EXPENSES			
Financial income	15,16	229 624	61 482
Financial expenses	15,16,18	-68 899	-40 882
Net financial income (expense)		160 726	20 600
		-23 446	-106 759
PROFIT BEFORE TAX			
Taxes	5	-18 252	-12 881
		-5 193	-93 878
NET (LOSS)/PROFIT FOR THE YEAR			
ALLOCATION OF PROFIT FOR THE YEAR			
Transferred to other equity		-5 193	-93 878
Dividends paid	21	-36 373	-32 956
Net allocated		-41 567	-126 834

Statement of Comprehensive Income 01.01. - 31.12.

(in NOK 1 000)

Parent company	Note	2022	2021
NET PROFIT FOR THE YEAR		-5 193	-93 878
Other comprehensive income			
<i>Items that may be reclassified subsequently to income statement:</i>			
Gains (+) / losses (-) on cash flow hedges		-7 453	-9 175
Income tax effect	5	1 640	2 019
Total	16	-5 813	-7 157
Total other comprehensive income, net of tax		-5 813	-7 157
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		-11 006	-101 034
Attributable to:			
Non-controlling interests		-	-
Equity holders of AKVA group ASA		-11 006	-101 034

Statement of Financial Position 31.12.

(in NOK 1 000)

Parent company	Note	2022	2021
NON-CURRENT ASSETS			
Deferred tax asset	5	20 018	2 908
Intangible assets and goodwill			
Goodwill	7	53 000	53 000
Other intangible assets	7	121 056	65 252
Total intangible assets		174 055	118 252
Tangible fixed assets			
Land and building	8,14	12 156	15 259
Right-of-use assets	8,14,18	72 033	41 022
Machinery and equipment	8,14	20 431	8 275
Total tangible fixed assets		104 620	64 556
Long-term financial assets			
Investments in subsidiaries	9	1 317 080	1 313 769
Investments in associated companies	9	168 404	171 432
Loans to group companies	6	75 804	89 893
Other long-term financial assets	11,16	33 763	64 930
Total long-term financial assets		1 595 050	1 640 024
Total non-current assets		1 893 743	1 825 739
CURRENT ASSETS			
Inventory	10,14,23	132 002	102 139
Receivables			
Accounts receivables	11,14,16,20,23	126 960	134 163
Accounts receivables - group companies	6,14	20 201	41 005
Contract assets	6,16,17	111 649	160 495
Other receivables	4,15,16	3 703	6 011
Other receivables - group companies	6,15	275 128	159 480
Total receivables		537 641	501 154
Cash and cash equivalents	12,16	32 902	184 029
Total current assets		702 546	787 323
TOTAL ASSETS	2	2 596 289	2 613 062

Statement of Financial Position 31.12.

(in NOK 1 000)

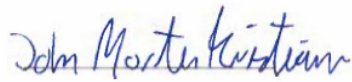
Parent company	Note	2022	2021
EQUITY			
Paid-in capital			
Share capital		36 374	36 667
Share premium		1 171 772	1 171 871
Other paid-in capital		1 116	1 116
Total paid-in capital	13,14,19,21,22	1 209 263	1 209 655
Retained earnings			
Other equity		-37 186	10 879
Total retained earnings	14,19,21,22	-37 186	10 879
Total equity		1 172 076	1 220 534
LIABILITIES			
Non-current liabilities			
Deferred tax	5	-	-
Liabilities to financial institutions	14,16	697 917	450 000
Lease Liability	16,18	64 897	37 320
Other non-current liabilities	14,16	3 231	3 262
Total non-current liabilities		766 046	490 582
Current liabilities			
Lease Liability	16,18	7 716	5 643
Liabilities to financial institutions	14	80 625	300 000
Trade payables	16,20	84 834	65 059
Trade payables - group companies	6	59 864	27 367
Taxes payable	5	-	-
Public duties payable	16	28 617	26 019
Contract liabilities	6,16,17	158 060	270 921
Other current liabilities	14,15,19,23	65 029	39 863
Other current liabilities - group companies	6,15	173 423	167 074
Total current liabilities		658 168	901 947
Total Liabilities	2	1 424 214	1 392 528
TOTAL EQUITY AND LIABILITIES		2 596 289	2 613 062

Klepp, Norway, 14 March 2023

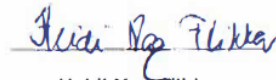


Hans Kristian Mong
Chairperson

Frode Teigen
Board Member



John Morten Kristiansen
Board Member



Heidi Nag Flikka
Board Member



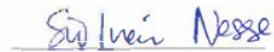
Yoav Doppelt
Board Member




Knut Nesse
CEO



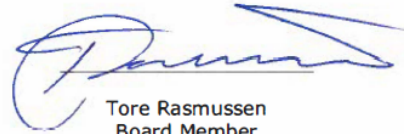
Kristin Reitan Husebø
Deputy Chairperson



Siv Irén Nesse
Board Member



Odd Jan Håland
Board Member



Tore Rasmussen
Board Member



Irene Heng Lauvsnes
Board Member

Cash Flow Statement 01.01.-31.12.

(in NOK 1 000)

Parent company	Note	2022	2021
Cash flow from operating activities			
Profit before taxes		-23 446	-106 759
Taxes paid	5	-	-5 021
Share of loss from associates	9	4 248	1 019
Net interest cost	15	23 914	15 018
Net gain(-)/loss(+) from disposals of subsidiaries	19	3 021	18 270
Gain(-)/loss(+) on disposal of fixed assets		-	-815
Gain(-)/loss(+) on financial fixed assets	9	31 168	10 342
Depreciation	7,8	26 697	25 096
Changes in stock, trade receivable and payables		40 794	44 534
Changes in other receivables and payables		-146 898	-47 119
Net cash flow from operating activities		-40 503	-45 434
Cash flow from investment activities			
Investments in tangible and intangible fixed assets	7,8	-86 421	-32 516
Sale of tangible and intangible fixed assets	7,8	-	15 218
Payment of shares and participations	9,19	-	-36 217
Net cash flow from investment activities		-86 421	-53 515
Cash flow from financing activities			
Repayment of borrowings	14	-14 615	-832
Proceeds from borrowings	14	43 125	-
Repayment of lease liabilities	14	-6 126	-5 510
Net receivable(+)/payment(-) loans to group companies	6,14	14 089	-19 178
Loan issue	14	-	-22 142
IFRS 16 interest	15	-1 794	-2 012
Net interest paid	15	-22 120	-14 286
Dividend payment	14,21	-36 373	-32 956
Equity issue	13	-392	321 676
Sale/(purchase) own shares	14,22	-	-
Net cash flow from financing activities		-24 206	224 760
Net change in cash and cash equivalents		-151 127	125 808
Cash and cash equivalents at 01.01.	12	184 029	58 221
Cash and cash equivalents at 31.12.	12	32 902	184 029

Statement of changes in equity

(in NOK 1 000)

Parent company	Note	Share capital	Share premium	Other paid-in capital	Total paid in capital	Cash flow hedges	Other equity	Total retained earnings	Total equity
Equity as at 01.01.2021		32 956	853 529	1 116	887 601	7 847	138 277	146 124	1 033 725
Net movement in cash flow hedges	16	-	-	-	-	-7 157	-	-7 157	-7 157
Total other comprehensive income		-	-	-	-	-7 157	-	-7 157	-7 157
Profit (loss) for the period		-	-	-	-	-	-93 878	-93 878	-93 878
Total comprehensive income		-	-	-	-	-7 157	-93 878	-101 034	-101 034
Adjustments related to prior periods		378	-	-	378	-	-1 255	-1 255	-877
Dividend	21	-	-	-	-	-	-32 956	-32 956	-32 956
Equity issue	13	3 333	318 343	-	321 676	-	-	-	321 676
Equity as at 31.12.2021		36 667	1 171 871	1 116	1 209 655	691	10 188	10 879	1 220 534
Equity as at 01.01.2022		36 667	1 171 871	1 116	1 209 655	691	10 188	10 879	1 220 534
Net movement in cash flow hedges	16	-	-	-	-	-5 813	-	-5 813	-5 813
Total other comprehensive income		-	-	-	-	-5 813	-	-5 813	-5 813
Profit (loss) for the period		-	-	-	-	-	-5 193	-5 193	-5 193
Total income and expense for the year		-	-	-	-	-5 813	-5 193	-11 006	-11 006
Adjustments related to prior periods		-342	342	-	-	-	-685	-685	-685
Dividend	21	-	-	-	-	-	-36 373	-36 373	-36 373
Equity issue	13	49	-441	-	-392	-	-	-	-392
Equity as at 31.12.2022		36 374	1 171 772	1 116	1 209 263	-5 122	-32 064	-37 186	1 172 076

Notes to the Financial Statements – AKVA group ASA

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Note 1

Summary of significant accounting policies

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

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

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

Note 2

Segment information (in NOK 1 000)

Business segments

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

Sea Based Technology	2022	2021
Operating revenue	923 607	1 065 006
Operating expenses	1 032 092	1 139 604
Operating profit before depreciation and amortization (EBITDA)	-108 485	-74 599
Depreciation and amortization	21 482	25 024
Operating profit (EBIT)	-129 967	-99 622

Land Based Technology	2022	2021
Operating revenue	134 336	64 241
Operating expenses	167 569	79 126
Operating profit before depreciation and amortization (EBITDA)	-33 234	-14 885
Depreciation and amortization	40	20
Operating profit (EBIT)	-33 273	-14 905

Digital	2022	2021
Operating revenue	7 088	233
Operating expenses	22 844	13 012
Operating profit before depreciation and amortization (EBITDA)	-15 756	-12 779
Depreciation and amortization	5 175	52
Operating profit (EBIT)	-20 931	-12 831

Total	2022	2021
Operating revenue	1 065 031	1 129 480
Operating expenses	1 222 505	1 231 742
Operating profit before depreciation and amortization (EBITDA)	-157 475	-102 262
Depreciation and amortization	26 697	25 096
Operating profit (EBIT)	-184 171	-127 358

Geographical information – customer’s country of origin

Operating revenue	2022	2021
Norway	639 938	719 250
Europe	64 017	75 677
Russia ¹	40 481	141 713
Iceland	59 909	60 721
China	119 116	62 310
Chile	9 030	15 691
Canada	115 010	44 477
Other	17 531	9 641
Total	1 065 031	1 129 480

¹The reduced revenue in 2022 compared to 2021 in Russia is due to the war in Ukraine. The revenue in 2022 is related to Q1 and AKVA group ASA decided not to enter any new contracts in Russia after the outbreak of the war.

Note 3

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

Payroll expenses	2022	2021
Salaries	187 899	148 902
Payroll tax	23 318	22 319
Pension costs	11 824	8 864
Other benefits	10 659	6 328
Total	233 700	186 413

The number of employees in full time equivalent in the company at year end is:	217	183
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See consolidated accounts note 3 about remuneration to CEO and executive management, and fees to the Board of Directors.

Pensions

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

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

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

Loan and pledge

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

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

Fees to auditor	2022	2021
Audit	1 248	1 114
Tax services	-	12
Other services	232	278
Total	1 565	1 404

All fees to the auditor are excl. VAT.

Note 4

Government grants and subsidies (in NOK 1 000)

Government grants received	2022	2021
"Skattefunn"	100	-
Handelens Miljøfond	1 900	
Norges Forskningsråd	2 018	2 797
Total	4 017	2 797

Note 5

Taxes (in NOK 1 000)

Tax expense	2022	2021
Current taxes payable	-	-
Adjustment related to previous year	-	4 711
Change in deferred taxes	-18 252	-17 592
Total tax expense	-18 252	-12 881

Tax expense reported in other comprehensive income	2022	2021
Cash flow hedges	1 640	2 019
Total tax expense reported in other comprehensive income	1 640	2 019

Calculation of the basis for taxation	2022	2021
Profit before tax ¹	-23 446	-106 759
Permanent differences	-53 928	27 605
Change in temporary differences	77 374	79 153
Tax base	-0	0

¹ Includes received Group contribution of MNOK 129.6

Specification of temporary differences	2022	2021
Current assets	14 927	26 041
Fixed assets	68 390	58 163
Provisions	-37 566	-14 559
Losses carried forward	-136 739	-82 863
Total	-90 989	-13 218
Calculated deferred tax assets (-liabilities)	20 018	2 908
Calculated deferred tax (asset) on temporary differences not recognised	-	-
Deferred tax asset (-liabilities)	20 018	2 908

Effective tax rate	2022	2021
Expected income taxes, statutory tax rate of 22%	-5 158	-25 061
Permanent differences (22%)	-11 864	-5 543
Excess(-)/insufficient(+) provisions in former years	-1 230	17 723
Income tax expense	-18 252	-12 881

Effective tax rate in percent of profit before tax	77,8 %	12,1 %
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The company has MNOK 136.7 in tax loss carried forward at year-end 2022.

Note 6

Intercompany transactions and balances (in NOK 1 000)

Receivables	2022	2021
Loans to group companies	75 804	89 893
Accounts receivables towards group companies	20 201	41 005
Other receivables towards group companies	275 128	159 480
Total	371 134	290 378

Payables	2022	2021
Trade payables towards group companies	59 864	27 367
Other current liabilities towards group companies	173 423	167 074
Total	233 287	194 441

Intercompany transactions with subsidiaries	2022	2021
Product sales	186 104	123 119
Purchased goods	413 085	404 266
Purchased services	27 699	41 892

Note 7

Intangible assets (in NOK 1 000)

2022	Goodwill	Develop- ment costs	Other intangible assets	Total
Acquisition cost at 01.01.	53 000	168 628	40 148	261 776
Additions	-	50 421	23 985	74 406
Disposals	-	-	-	-
Acquisition cost 31.12.	53 000	219 049	64 133	336 182
Accumulated amortization at 01.01.	-	104 072	39 453	143 525
Amortization during the year	-	18 545	57	18 602
Accumulated amortization 31.12.	-	122 617	39 510	162 127
Net book value at 31.12.	53 000	96 433	24 624	174 055

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

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

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

During the year, the company expensed MNOK 35.2 (MNOK 30.9 in 2021) on research and development on new products and technology as well as upgrades on existing products.

Goodwill:

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

Development Costs:

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

Note 8

Tangible fixed assets (in NOK 1 000)

	Land and building	Right-of-use assets	Machinery and equipment	Total
2022				
Acquisition cost at 01.01.	17 423	57 379	76 493	151 295
Additions	-	36 144	12 015	48 159
Reclassification	-2 949	-	2 949	-
Disposals during the year	-	-	-	-
Acquisition cost 31.12.	14 474	93 523	91 457	199 454
Accumulated depreciation 01.01.	2 164	16 357	68 219	86 740
Depreciation	154	5 132	2 809	8 094
Accumulated depreciation disposals during the year	-	-	-	-
Accumulated depreciation 31.12.	2 318	21 489	71 028	94 834
Net book value 31.12.	12 156	72 033	20 431	104 620

	Land and building	Right-of-use assets	Machinery and equipment	Total
2021				
Acquisition cost at 01.01.	17 423	55 487	77 079	149 989
Additions	-	1 892	5 624	7 516
Reclassified to intangible assets	-	-	-	-
Disposals during the year	-	-	-6 210	-6 210
Acquisition cost 31.12.	17 423	57 379	76 493	151 295
Accumulated depreciation 01.01.	2 010	10 147	65 836	77 993
Depreciation	154	6 210	5 213	11 576
Accumulated depreciation disposals during the year	-	-	-2 830	-2 830
Accumulated depreciation 31.12.	2 164	16 357	68 219	86 739
Net book value 31.12.	15 259	41 022	8 275	64 556

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

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

Note 9

Subsidiaries and other long-term investments

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

Company name	Location	Ownership interest ¹	Share capital (NOK 1 000)	Number of shares	Par value (NOK)	Book value (NOK 1 000)
AKVA group Australasia Pty Ltd.	Australia	100 %	329	50 000	7	301
AKVA group North America Inc	Canada	100 %	502	419 760	1	5 253
Newfoundland Aqua Service Ltd. ²	Canada	70 %	1	93	11	19 993
AKVA group Chile S.A. ³	Chile	100 %	46 889	11 264	4 163	51 887
AKVA group Land Based Americas S.A. ³	Chile	100 %	9 855	17 414	566	4 423
AKVA group Denmark A/S	Denmark	100 %	1 463	1 040 000	1	59 777
AKVA group Land Based A/S	Denmark	100 %	704	500	1 408	101 780
AKVA group Hellas SM PEC	Greece	100 %	1 571	20 000	79	1 471
AKVA group Software AS	Norway	100 %	2 174	500	4 348	45 073
AKVA group Services AS	Norway	100 %	100	1 000	100	100
Helgeland Plast AS	Norway	100 %	1 100	1 100 000	1	66 543
AKVA group Land Based Norway AS	Norway	100 %	1 462	2 150	680	19 476
Polarcirkel AS	Norway	100 %	100	1 000	100	110
Sperre AS	Norway	100 %	500	50	10 000	160 528
Egersund Net AS	Norway	100 %	2 297	500	4 594	737 999
AKVA group Scotland Ltd.	Scotland	100 %	18 368	14 186 377	1	27 417
AKVA group Espana S.L	Spain	100 %	5 267	3 000	1 756	5 040
AKVA group Turkey Ltd.	Turkey	100 %	2 887	200	14 435	9 910
Total						1 317 080

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

² AKVA group ASA owns 70% of the shares in Newfoundland Aqua Service Ltd. However, the company has a put / call option to buy 28% of the remaining shares as of 31 December 2022. Hence, 28,5% of the underlying non-controlling interests are presented as already owned, both in the statement of financial position and in the statement of profit or loss, even though legally they are still non-controlling interests.

³ AKVA group ASA owns 87% directly of the shares in the Chilean subsidiaries. However, the remaining 13% shares are owned by 100% owned subsidiaries of AKVA group ASA. Hence, the investments are listed with 100% ownership in the overview above.

Other long-term investments are accounted for, either:

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

Other long-term investments	Currency	Ownership interest ¹	Share capital (NOK 1 000)	Number of shares	Par value (NOK)	Book value
Observe Ltd	GBP	33,7 %	7	3 861	0,6	40 036
Nordic Aqua Partners Holding ApS ²	NOK	9,0 %	7 308	470 091	1,4	27 829
Ecofisk AS	NOK	3,3 %	922	151 934	0,2	5 500
Centre for Aquaculture Competence AS ³	NOK	33,3 %	450	150	1 000	150
Blue Planet AS	NOK	5,1 %	1 950	2	50 000	100
Blue Farm AS	NOK	12,0 %	30	36	100	4
Abyss Group AS	NOK	21,5 %	600	153 287	0,8	128 369
Total						201 987

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

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

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

Note 10

Inventory (in NOK 1 000)

Inventory	2022	2021
Finished goods (at net realisable value)	132 002	102 139
Total	132 002	102 139
Write-down of obsolete inventory 1.1	2 800	4 178
Change in write-down of obsolete inventory during the year	300	-1 378
Write-down of obsolete inventory 31.12	3 100	2 800

Note 11

Receivables (in NOK 1 000)

Accounts receivables

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

Bad debt provisions	2022	2021
Bad debt provision 01.01.	440	1 000
Change in bad debt provision	-30	-560
Bad debt provision 31.12.	410	440
Recorded bad debt cost during the year	-	404
Change in bad debt provision	-30	-560
Total bad debt cost during the year	-30	-156

As of 31.12. the company had the following ageing profile of accounts receivables:	2022	2021
Not due	56 200	88 626
Due <30 days	24 696	34 123
Due 31-60 days	42 333	-
Due 61-90 days	2 026	8 117
Due >91 days	2 115	3 738
Total	127 370	134 603
Bad debt provisions	410	440

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

Note 12

Cash and cash equivalents (in NOK 1 000)

	2022	2021
Cash	32 902	184 029
Restricted funds	-	-
Total cash and cash equivalents	32 902	184 029

The company has entered into a tax deduction guarantee agreement and thus has no restricted funds as of 31 December 2022.

The company has an overdraft facility of MNOK 300 and a revolving credit line of MNOK 500 in DNB. As of 31 December 2022, MNOK 43 of the overdraft facility was utilized, at year-end 2021 0 MNOK was utilized. As of December 31, 2022 304,2 MNOK of the revolving credit line was utilize. In 2021 the revolving credit line was 300 MNOK in Danske Bank. On 31 December 2021 the revolving facility was fully utilized.

Note 13 Shareholders

AKVA group ASA

The company's share capital is MNOK 36.7 divided into 36.7 million shares, each with a par value of NOK 1. The company has only one category of shares and all shares entitle shareholders to equal rights in the company.

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

Note 14 Interest-bearing debt (in NOK 1 000)

Interest-bearing debt:	2022	2021
Non-current liabilities to financial institutions	697 917	450 000
Non-current lease liabilities	64 897	37 320
Current liabilities to financial institutions	80 625	300 000
Current lease liabilities	7 716	5 643
Other current interest-bearing debt	-	844
Total	851 156	793 806
Average interest rate	5,58 %	2,16 %

Repayment of debt

The Company's interest-bearing debt matures as follows:	2022	2021
2022	-	303 238
2023	85 968	206 145
2024	46 530	256 126
2025	667 964	5 330
2026	7 498	4 784
2027	7 136	3 927
After 2027	36 059	14 257
Total	851 156	793 806

Liabilities secured:	2022	2021
Liabilities secured with assets	778 542	753 262
Bank guarantee liabilities	53 882	75 780
Parent company guarantee liabilities	41 410	50 399

Assets pledged as security for debt:	2022	2021
Accounts receivables third parties	126 960	134 163
Accounts receivables group companies	20 201	41 005
Inventory	132 002	102 139
Shares in subsidiaries ¹	1 270 590	181 143
Other assets	104 620	64 556
Total	1 654 374	523 007

¹ In 2022 the shares in AKVA group Land Based Sømna AS, AKVA group Services AS, AKVA Group Software AS Sperre AS , Helgeland Plast AS, Egersund Trading AS, Egersund Net AS, AKVA group Land Based A/S, AKVA group Denmark A/S, AKVA group Chile S.A and AKVA group Scotland Ltd. are pledged. In 2021 the shares in AKVA group Land Based A/S, AKVA Group Denmark A/S, AKVA group Land Based Sømna As and Sperre AS was pledged.

The terms and conditions of outstanding loans are as follows:

Outstanding loans from financial institutions:	Currency	Nominal interest rate¹	Carrying amount 2022	Carrying amount 2021
Secured bank loan	NOK	Nibor + 2.35%	323 438	300 000
Secured bank loan	NOK	Nibor + 2.35%	107 813	250 000
Secured bank loan revolving credit facility	NOK	Nibor + 2.35%	304 167	200 000
Total			735 417	750 000

¹The nominal interest includes a waiver fee. The nominal interest rate excluding the waiver fee is Nibor+ 1,65-2,05.

In September 2022 the Company obtained a waiver from DNB in respect of the leverage ratio (NIBD/EBITDA covenant). The waiver is effective from 30 September 2022 to and including 30 September 2023 (waiver period). The EBITDA used for calculating the NIBD/EBITDA covenant is adjusted for certain one-time cost provisions and restructuring provisions in Q2 and Q3 2022. The adjustment is a total of MNOK 138. In the waiver period the leverage ratio shall not exceed 4,5 including the allowed adjustment to the EBITDA calculation set out above. The Group continues to closely monitor its financial performance to ensure compliance with financial covenants.

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

	Not e	Bank overdraft	Liabilities to financial institutions	Other long term liabilities	Lease liabilities	Loans to group companies	Other long-term financial assets	Share capital / premium	Cash flow hedges reserves	Retained earnings	Total
Balance at 01.01.2022		0	750 000	3 262	42 963	-89 893	-64 930	1 209 655	691	10 188	1 862 846
Changes from financing cash flows											
Repayment of borrowings		-	-14 583	-32	-	-	-	-	-	-	-14 615
Proceed from borrowings		43 124	-	-	-	-	-	-	-	-	43 124
Repayment of lease liabilities		-	-	-	-6 126	-	-	-	-	-	-6 126
Change in loans to group companies		-	-	-	-	14 089	-	-	-	-	14 089
Loan issue		-	-	-	-	-	-	-	-	-	-
Proceeds from equity issue	13	-	-	-	-	-	-	-392	-	-	-392
Interest received(+)/paid(-)	15	-4 171	-24 506	-	-1 794	6 558	-	-	-	-	-23 913
Dividend payment	21	-	-	-	-	-	-	-	-	-36 373	-36 373
Total changes from financing cash flows		38 953	-39 089	-32	-7 920	20 647	-	-392	-	-36 373	-24 206
The effect of changes in foreign exchange rates		-	-	-	-	-	-	-	-	-	-
Changes in fair value		-	-	-	-	-	3 197	-	-	-	3 197
Other changes											
Liability-related											
Change in bank overdraft		-	-	-	-	-	-	-	-	-	-
Impairment long-term financial assets		-	-	-	-	-	27 971	-	-	-	-
New leases		-	-	-	35 777	-	-	-	-	-	35 777
Interest income(-)/expense(+)	15	4 171	24 506	-	1 794	-6 558	-	-	-	-	23 913
Total liability-related other changes		4 171	24 506	-	37 571	-6 558	27 971	-	-	-	59 690
Total equity-related other changes		-	-	-	-	-	-	-	-5 813	-5 878	-11 691
Balance at 31.12.2022		43 124	735 417	3 231	72 614	-75 804	-33 762	1 209 263	-5 122	-32 064	1 916 897

Note 15

Specification of items that are grouped in the financial statement

(in NOK 1 000)

Other Income	2022	2021
Profit from sale of tangible fixed assets	-	815
Total other income	-	815
Other operating expenses		
	2022	2021
Accommodation, materials, equipment and maintenance	28 468	19 834
Marketing, travelling and communication	15 610	9 589
Loss on disposal of shares in associates ¹	3 021	-
Loss on disposal of subsidiary ²	-	18 271
Cyber attack expenses	-	43 299
Other operating expenses	15 685	14 920
Total other operating expenses	62 784	105 913

¹ Loss on disposals of shares in associates in 2022 relates to the sale of shares in Atlantis Subsea Farming AS in March 2022.

² Loss on disposal of subsidiary in 2021 relates to the divestment of AKVA Marine Services in September 2021

Financial income	2022	2021
Interest income from group companies	6 558	3 157
Other interest income	3 314	1 279
Group contribution recognized as income	219 752	57 045
Total financial income	229 624	61 482

Financial expenses	2022	2021
Interest expenses	31 992	17 444
Interest on lease liabilities	1 794	2 012
Agio loss	196	8 974
Change in fair value of financial assets	3 197	10 342
Other financial expenses*	31 721	2 111
Total financial expenses	68 899	40 882

Other receivables	2022	2021
Receivables from group companies	275 128	159 480
Hedging balance	1 043	3 908
Grants receivable	-	-
Other receivables	2 660	2 103
Total other receivables	278 831	165 491

Other current liabilities	2022	2021
Liabilities to group companies	173 423	167 074
Hedging balance	6 672	3 946
Payroll accruals	36 582	19 753
Warranty provision	10 800	7 700
Other current liabilities	10 974	8 464
Total other current liabilities	238 452	206 938

¹Other financial expenses included impairment of loan to AquaCon on MNOK 28.

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

Note 16

Financial instruments and risk management

Accounting classifications and fair values

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

	Accounting classification	2022		2021	
		Book value	Fair value	Book value	Fair value
Financial assets					
Cash	Amortized cost	32 902	32 902	184 029	184 029
Trade receivables	Amortized cost	147 161	147 161	175 168	175 168
Other current assets	Amortized cost	278 831	278 831	165 491	165 491
Other long-term receivables	Amortized cost	5 933	5 933	33 904	33 904
Other long-term financial assets	FVTPL	27 829	27 829	31 026	31 026
Forward currency contracts ¹	FVTPL	1 043	1 043	3 908	3 908
Total		493 699	493 699	593 527	593 527
Financial liabilities					
Bank overdraft		43 125	43 125	-	-
Trade payables	Amortized cost	144 698	144 698	92 426	92 426
Loans	Amortized cost	738 648	738 648	753 262	753 262
Lease liabilities	Amortized cost	72 614	72 614	42 962	42 962
Put/call option minority interest	FVTPL	6 785	6 785	6 785	6 785
Forward currency contracts ²	FVTPL	6 672	6 672	3 946	3 946
Total		1 012 542	1 012 542	899 382	899 382

¹ The amount is included in other receivables in the Statement of Financial Position

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

Determination of fair value

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

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

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

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

Fair value hierarchy

As of 31 December 2022, the company held financial instruments measured at fair value as mentioned below:

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

Financial instruments at fair value	31.12.22	Level 1	Level 2	Level 3
Financial assets - Forward currency contracts	1 043	-	1 043	-
Financial assets - Investments	27 829	27 829	-	-
Financial liabilities - Forward currency contracts	6 672	-	6 672	-
Financial liabilities - Put/call option	6 785	-	6 785	-

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

There have been no transfers between levels during the period.

Financial risk management

The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the company's risk management policies. The committee reports regularly to the board of directors on its activities.

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

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

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

- Credit risk
- Liquidity risk
- Market risk

Credit risk

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

Part of the sale is credit sales where the company is exposed to credit risk towards the customer. For larger projects there are normally pre-payments from the customers and milestone payments along the progress of the project which reduces the credit risk towards the customers. To some extent the company uses trade finance instruments, such as letter of credit and guarantee letters, to reduce credit risk. The company has generally had low losses on outstanding receivables despite having old receivables in the balance sheet

occasionally. In general, old receivables relates to delays or stop in projects whereas the responsible entity for the delivery of the project has made an agreement with the customer to await payment of the invoice. For details of ageing of accounts receivables, see note 11.

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

Liquidity risk

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

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

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

2022	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Loans and borrowings	31 081	37 500	713 192	-	781 773
Lease liabilities	1 922	5 794	28 838	36 059	72 614
Trade and other payables	113 451	-	-	-	113 451
Financial derivatives	127 475	211 280	22 025	-	360 780
Total	273 929	254 574	764 055	36 059	1 328 618

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

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

Market risk

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

within the guidelines set by the risk management committee. Generally, the company seeks to apply hedge accounting to manage volatility in profit or loss

A. Currency risk

As part of the international activity the company's assets and liabilities as well as expected cash inflows and cash outflows are exposed to changes in the currency rates.

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

NOK vs	Average rate		Year-end spot rate	
	2022	2021	2022	2021
EUR 1	10,10	10,16	10,51	9,99
GBP 1	11,85	11,82	11,85	11,89
USD 1	9,61	8,59	9,86	8,82
CAD 1	7,38	6,85	7,28	6,94

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

31.12.2022	KNOK effect on profit before tax by +10%/-10% change in			KNOK effect on book equity by +10%/-10% change in		
	CAD	EUR	CLP	CAD	EUR	CLP
10 %	2 882	-1 262	3 876	-5 058	8 755	3 876
-10 %	-2 882	1 262	-3 876	5 058	-8 755	-3 876

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

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

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

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

i. Cash flow hedges

The company uses currency forward contracts to reduce the exposure of changes in currency rates due to having revenues and costs denominated in different currencies. The expected cash flows subject to hedging are expected to take place during the 2022 and hence be recognized in the income statement during the same period. At the end of the year the company had the following positions in forward contracts to hedge expected future cash flow:

Cash flow hedges		Net currency
Currency (in 1 000)	Bought/sold	amount
Euro	Sold	9 528
British Pound	Sold	-14
American Dollar	Bought	2 430
Canadian Dollar	Sold	-10 905
Norwegian Kroner	Sold	-48 454

At the end of the year, it was recorded a loss of MNOK 5.813 directly against other comprehensive income related to hedging of expected future cash flow.

ii. Fair value hedges

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

Fair value hedges		Net currency
Currency (in 1 000)	Bought/sold	amount
British Pound	Sold	-3 750
Norwegian Kroner	Bought	43 746

Profit and loss from the above currency contracts are recorded directly via the income statement under financial items. At the end of the year MNOK 0.222 was recorded as an unrealized gain. The forward contracts are valued at estimated fair value.

iii. Time profile and currency rates in hedge instruments

On 31 December 2022, the company held the following instruments to hedge exposures to changes in foreign currency:

Forward currency contracts	Maturity		
	1-3 months	4-12 months	>12 months
Net exposure (in 1 000 NOK)	-29 810	78 264	-
Average NOK:EUR forward contract rate	19,28	10,47	-
Average NOK:USD forward contract rate	10,27	10,06	-
Average NOK:CAD forward contract rate	6,96	6,97	-
Average NOK:GBP forward contract rate	11,78	-	-

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

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

2022		Nominal amount (NOK)	Average exchange rate	Carrying amount 31.12 (NOK)		Change in fair value recognized in OCI (NOK)	Change in fair value recognized in profit or loss (NOK)
Currency	Hedging instruments			Assets	Liabilities		
Cash flow hedges							
EUR	Sales and receivables	32 486 158	10,41	-	590 390	(1 778 208)	-
	Purchases and payables	132 390 980	10,47	519 983	594 393	482 242	-
Cash flow hedges							
USD	Sales and receivables	-	-	-	-	1 580 178	-
	Purchases and payables	24 691 291	10,16	-	1 018 292	(2 746 500)	-
Cash flow hedges							
GBP	Sales and receivables	166 755	11,78	-	1 955	28 577	-
	Fair value hedges						
	Borrowings	43 745 777	11,67	120 819	627 473	-	222 207
Cash flow hedges							
CAD	Sales and receivables	93 410 097	7,03	182 759	3 351 564	(3 009 067)	-
	Purchases and payables	17 434 406	7,30	219 739	488 221	(370 352)	-
Total (NOK)							
Cash flow hedges							
	Sales and receivables	126 063 011	N/A	182 759	3 943 909	(3 178 520)	-
	Purchases and payables	174 516 677	N/A	739 722	2 100 906	(2 634 610)	-
Fair value hedges							
	Borrowings	43 745 777	N/A	120 819	627 473	-	222 207
2021							
Currency	Hedging instruments	Nominal amount (NOK)	Average exchange rate	Carrying amount 31.12 (NOK)		Change in fair value recognized in OCI (NOK)	Change in fair value recognized in profit or loss (NOK)
				Assets	Liabilities		
Cash flow hedges							
EUR	Sales and receivables	36 340 561	10,37	1 187 819	-	1 187 819	-
	Purchases and payables	50 288 596	10,19	352 097	908 749	3 008 112	-
Cash flow hedges							
USD	Sales and receivables	34 174 424	8,42	219 612	1 799 791	(14 248 059)	-
	Purchases and payables	69 628 690	8,63	1 985 365	257 156	3 885 837	-
Cash flow hedges							
GBP	Sales and receivables	10 332 218	11,89	24 648	55 180	(30 532)	-
	Fair value hedges						
	Borrowings	54 993 796	11,73	36 650	765 510	-	(1 349 283)
Cash flow hedges							
CAD	Sales and receivables	24 555 553	6,93	-	159 738	(1 061 620)	-
	Purchases and payables	12 978 485	6,95	101 869	-	101 869	-
Total (NOK)							
Cash flow hedges							
	Sales and receivables	105 402 756	N/A	1 432 079	2 014 708	(14 152 392)	-
	Purchases and payables	132 895 771	N/A	2 439 331	1 165 906	6 995 819	-
Fair value hedges							
	Borrowings	54 993 796	N/A	36 650	765 510	-	(1 349 283)

B. Interest rate risk

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

have been MNOK 8.2 higher with a 1% higher average interest rate during the year and MNOK 8.2 lower with a 1 % lower average interest rate during the year.

C. Macroeconomic risk

In 2022 about 87% of the revenues of the company came from customers producing salmon, down from a share of 88% in 2021. To decrease the company's dependency of the salmon industry the company works to increase the share of revenues related to the aquaculture of other species than salmon. Due to the market variation in the different salmon markets the revenues can vary between years. Still, the aquaculture industry in general is expected to be a high growth industry in the foreseeable future.

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

Change in sales	Change in net profit/ equity (in NOK 1 000)
10 %	-720
5 %	-360
2 %	-144
-2 %	144
-5 %	360
-10 %	720

D. Climate risk

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

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

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

In 2022 we have carried out a materiality assessment and defined our ambitions in line with this assessment, developed sustainability promises and measured our greenhouse gas emissions (Scope 1 and 2). In 2023 we will start measuring greenhouse gas emissions in scope 3 and develop a plan to reduce greenhouse gas emissions with 35% by 2030. Refer to the ESG chapter of this report for further information on how AKVA group works with this.

Capital structure and equity

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

Dividends paid	Per share
2015	1,00
2016	0,75
2017	1,25
2018	1,50
2019	1,75
2020	1,00
2021	1,00
2022	1,00

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

	2022	2021
Interest bearing debt	851 156	797 069
Less cash	32 902	184 029
Net interest bearing debt	818 254	613 039
Equity	1 172 076	1 220 534
Total equity and net interest bearing debt	1 990 330	1 833 573
Debt ratio	41 %	33 %

The company obtained a waiver from DNB in respect of the leverage ratio (NIBD/EBITDA covenant) in September 2022, refer further information in note 14.

The equity ratio was 45.1 % as of 31 December 2022.

Note 17

Revenue and contract balances (in NOK 1 000)

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

For the year ended 31 December	Sea Based		Land Based		Digital		Total reportable segments	
Primary geographical markets	2022	2021	2022	2021	2022	2021	2022	2021
Europe	782 822	998 100	15 663	-	5 888	233	804 373	998 333
Other	140 785	66 906	118 673	64 241	1 200	-	260 658	131 147
Revenue as reported in note 2	923 607	1 065 006	134 336	64 241	7 088	233	1 065 031	1 129 480
Revenue split								
External	751 296	943 917	118 916	62 368	5 694	75	875 906	1 006 360
Internal	172 311	121 089	15 420	1 873	1 394	158	189 125	123 120
Revenue as reported in note 2	923 607	1 065 006	134 336	64 241	7 088	233	1 065 031	1 129 480
Major revenue lines								
Construction contracts	821 090	989 970	118 916	64 241	-	-	940 006	1 054 212
Service & spare parts	109 786	74 026	15 420	-	-	-	125 206	74 026
Software	-	-	-	-	7 088	1 446	7 088	1 446
Other	-7 269	1 009	-	-	-	-1 213	-7 269	-204
Revenue as reported in note 2	923 607	1 065 006	134 336	64 241	7 088	233	1 065 031	1 129 480
Timing of revenue recognition								
Products and services transferred over time according to output method	586 061	688 256	-	-	-	-	586 061	688 256
Products and services transferred over time according to input method	235 029	301 715	118 916	64 241	-	-	353 945	365 956
Products and services transferred at point in time	109 786	74 025	15 420	-	7 088	1 446	132 294	75 472
Other revenue	-7 269	1 009	-	-	-	-1 213	-7 269	-204
Revenue as reported in note 2	923 607	1 065 006	134 336	64 241	7 088	233	1 065 031	1 129 480
Positions at 31 December								
Total sales included from ongoing contracts	289 213	495 734	118 673	62 228	-	-	407 886	557 962
Contract assets	111 649	160 495	-	-	-	-	111 649	160 495
Contract liabilities	96 864	195 389	61 196	75 532	-	-	158 060	270 921

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

The contract assets primarily relate to the company's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the company issues an invoice to the customer according to payment terms in the contracts.

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

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

Note 18

Leasing (in NOK 1 000)

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

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

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

Lease liabilities due	2023	2024	2025	2026	2027	After 2027
Offices and buildings	6 791	7 102	6 502	6 551	6 840	34 972
Vehicles	925	706	550	291	296	1 087
Office equipment and other	-	-	-	-	-	-
Total	7 716	7 808	7 053	6 841	7 136	36 059

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

Lease cash outflows due	2023	2024	2025	2026	2027	After 2027
Principal	7 716	7 808	7 053	6 841	7 136	36 059
Interests	3 103	2 757	2 419	2 111	1 797	3 351
Total	10 819	10 565	9 472	8 952	8 934	39 411

Leasing expenses recognized in the profit and loss:

Amounts recognized in profit or loss	2022	2021
Interest on lease liabilities	1 794	2 012
Expenses relating to short-term leases	140	167
Expenses relating to leases of low-value assets	194	88
Total	2 128	2 267

Note 19

Business combinations

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

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

AKVA company used the shares in AMS as a non-cash contribution in a share issue in Abyss Company AS, where AKVA company received a 21.5% ownership share in Abyss Company as consideration for 100% of the shares in AKVA Marine Services AS. As such, the transaction did not involve any cash consideration. The transaction resulted in a net loss for the company of MNOK 18.3.

Options Newfoundland Aqua Service

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

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

The estimated liability of MNOK 6.8 is accounted for based on a mutual option agreement between AKVA company ASA and to buy/sell 28% of the shares in Newfoundland Aqua Service Ltd. The pricing of the 28% of the shares is linked to the performance of the company in 2020, 2021 and 2022. The option is exercisable in a limited period after the approval of the 2022 annual accounts of Newfoundland Aqua Service Ltd.

Note 20

Related parties (2020 figures in brackets)

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

Centre of Aquaculture Competence AS ("CAC") is a related party due to AKVA company ASA's ownership of 33% of the shares in CAC. AKVA company ASA has as part of their role in CAC recorded revenues from CAC of MNOK 0.0 (0.0) in 2022. The outstanding balance towards CAC on 31 December 2022 was a receivable of MNOK 0.0 (0.0).

Egersund Group is a related party due to its controlling ownership share of the AKVA company ASA. AKVA company ASA has, in line with the company's ordinary course of business with Egersund Group and its subsidiaries, had revenues and costs of respectively MNOK 0.1 (2.0) and MNOK 1.2 (3.9) in 2022.

Outstanding balances at year-end are unsecured and interest free and settlement occurs in cash. As of 31 December, the company had MNOK 0.1 (0.9) in trade receivables and MNOK 0.2 (0.3) in trade payables towards Egersund Group and its subsidiaries.

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

Note 21

Dividend

In total a dividend of 1.00 NOK per share was paid out on 11 March, 2022, totalling a distributed amount of NOK 36,373,451.

See consolidated accounts note 21 for more details.

Note 22

Sale and buyback of own shares

At the start of 2022 AKVA group ASA owned 342,895 own shares. The Board of Directors of AKVA group was granted an authorization by the annual general meeting held on 12 May 2022 for buy back of own shares, to a maximum of 916,693 shares. AKVA group did not exercise this right in 2022. Hence, AKVA group owns a total of 342,895 shares at year-end 2022.

Note 23

Provisions (in NOK 1 000)

AKVA company ASA has booked the following provisions as of 31 December 2022:

	Warranties	Obsolete inventory	Bad debt	Total
Balance at 01.01.2022	7 700	2 800	440	10 940
Provisions made during the year	5 000	800	-	5 800
Provisions used/reversed during the year	-1 900	-500	-30	-2 430
Balance at 31.12.2022	10 800	3 100	410	14 310
Non-current	-	-	-	-
Current	10 800	3 100	410	14 310

Note 24

Subsequent events

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



Auditor's report

To the General Meeting of AKVA group ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

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

- The financial statements of the parent company AKVA group ASA (the Company), which comprise the balance sheet as at 31 December 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, and
- The consolidated financial statements of AKVA group ASA 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 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 laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

We have been the auditor of the Company for 2 years from the election by the general meeting of the shareholders on 6 May 2021 for the accounting year 2021.

Key Audit Matters

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

Revenue recognition for construction contracts	How the matter was addressed in our audit
<p>Refer to note 2 and 17 in the financial statements of the Group.</p> <p>The majority of the Group's revenues relates to construction contracts. There is a risk of incorrect revenue recognition, in particular related to construction contracts in progress at 31 December. Recognition of revenue from construction contracts is determined based on the five-step model of IFRS 15.</p> <p>Revenue recognition is considered a key audit matter due to the significant estimates and judgements applied by management in:</p> <ul style="list-style-type: none"> - forecasting the profit margin on each contract including the cost to complete the contract and any contingencies for uncertain costs; and - assessing the percentage of completion of the contract based on goods or services transferred to date and costs incurred. 	<p>We reviewed the Group's accounting policies applicable for revenue recognition and assessed whether those policies were in compliance with IFRS.</p> <p>We evaluated the design and implementation of control activities that management has established to ensure that revenue is recognized in accordance with the Group's accounting policies.</p> <p>We tested a sample of contracts based on our assessment of financial significance and risk in the contract. Our audit procedures on these contracts included;</p> <ul style="list-style-type: none"> - We agreed revenue forecasts with signed contracts; - We assessed the appropriateness of applying construction contract accounting; - We inspected project reporting documentation for some contracts; - We assessed management's estimate of percentage of completion based on our knowledge of the Group's business and industry, challenging the progress of contracts in accordance with set milestones and cost progression; - We challenged whether the cost and revenue estimates were appropriate in light of the margin development including a retrospective review of the historical accuracy of revenue recognition.
Impairment of goodwill	How the matter was addressed in our audit
<p>As disclosed in note 7, the carrying amount of goodwill amounted to TNOK 747 660 as at 31 December 2022.</p> <p>The Group allocates goodwill to the cash generating units which management has determined are the three segments which they operate.</p> <p>Due to the level of complexity in assessing the appropriate accounting for impairment and the level of management judgement involved, this has been identified as a key audit matter.</p> <p>Management's annual impairment testing is based on estimation of recoverable amounts for the cash generating units.</p> <p>The estimation of cash flows and the selection of an appropriate discount rate to estimate the recoverable amount are key judgmental areas. The outcome of</p>	<p>We challenged the assumptions and judgements used in the impairment model for assessing the recoverability of the carrying amount of goodwill. Our procedures included:</p> <ul style="list-style-type: none"> -We obtained an understanding of management's process for impairment testing of goodwill; - We tested the methodology applied to estimate recoverable amount against the requirements of IAS 36, Impairment of assets; - We assessed the appropriateness of the identification of cash generating units; - We assessed the historical accuracy of management's budgets and forecasts and on that basis challenging management on the current year cash flow forecasts as well as the timing of future cash flows;

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

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

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

Opinion

We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name 5967007LIEEXZXH8YG14-2022-12-31-en.zip have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

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

Management's Responsibilities

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

Auditor's Responsibilities

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

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

Stavanger, 14 March 2023
Deloitte AS



Johan K. Enoksen
State Authorised Public Accountant

Responsibility Statement

Today, the Board of Directors and the CEO reviewed and approved the Board of Director's report and the consolidated and separate annual financial statements for AKVA group ASA for the year ended 31 December 2022, in accordance with the Securities Trading Act.

We confirm, to the best of our knowledge, that the financial statements for the period from 1 January to 31 December, 2022 has been prepared in accordance with applicable accounting standards and gives a true and fair view of the Group and the Company's assets, liabilities, financial position and results of operations, and that the Report of the Board of directors provides a true and fair view of the development and performance of the business and the position of the Group and the Company together with a description of the key risks and uncertainty factors that the companies are facing.

Klepp, Norway, 14 March 2023



Hans Kristian Mong
Chairperson



Frode Teigen
Board Member



Kristin Reitan Husebø
Deputy Chairperson



Siv Irén Nesse
Board Member



John Morten Kristiansen
Board Member



Odd Jan Håland
Board Member



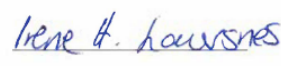
Heidi Nag Flikka
Board Member



Tore Rasmussen
Board Member



Yoav Doppelt
Board Member



Irene Heng Lauvsnes
Board Member



Knut Nesse
CEO

Alternative Performance Measures - Non IFRS Financial Measures

Introduction

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

Definitions

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

Capital Employed is calculated using the formula (total assets – cash and RoU asset) – (total current liabilities – liabilities to financial institutions and lease liability).

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

NIBD - Net interest-bearing debt is a non-IFRS financial measure, equal to our interest-bearing debt plus lease liability minus our cash at the balance sheet date.

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

Order backlog is a non-IFRS measure, calculated as signed orders and contracts at the balance sheet date.

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

ROACE - Return on average Capital Employed is a non-IFRS financial measure, calculated by dividing the last 12 months EBIT by the quarterly average of the Capital Employed last 12 months.

ROCE – Return on Capital Employed is a non-IFRS financial measure, calculated by dividing the last 12 months EBIT by capital employed at the balance sheet date.

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

Reconciliations

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

(NOK millions)	2022	2021
Cash and cash equivalents	278	303
Not utilized overdraft facilities at period end	453	300
Available cash	731	603

(NOK millions)	2022	2021
Total assets	3 561	3 446
Cash and cash equivalents	-278	-303
IFRS 16 - RoU Asset	-451	-470
Current liabilities	-1 275	-1 230
Liabilities to financial institutions - Short-term	81	300
Lease Liability - Short-term	79	78
Capital employed	1 716	1 822

(NOK millions)	2022	2021
Operating profit	-56	70
Depreciation, amortization and impairment	215	183
EBITDA	158	252

(NOK millions)	2022	2021
Liabilities to financial institutions	783	750
Lease liabilities	482	483
Cash and cash equivalents	-278	-303
Net interest-bearing debt	988	929

(NOK millions)	2022	2021
Net interest bearing debt	988	966
EBITDA	158	252
NIBD/EBITDA	6,24	3,83

(NOK millions)	2022	2021
Operating profit	-56	70
Quarterly average capital employed	1 811	1 779
ROACE	-3,1 %	3,9 %

(NOK millions)	2022	2021
Operating profit	-56	70
Capital employed	1 716	1 822
ROCE	-3,3 %	3,8 %

(NOK millions)	2022	2021
Current assets	1 597	1 515
Cash and cash equivalents	-278	-303
Current liabilities	-1 275	-1 230
Current lease liabilities	79	78
Current liabilities to financial institutions	81	300
Working capital	203	361

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

Articles of Association of AKVA group ASA

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

Per 23 October 2021

§ 1

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

§ 2

The company's registered office is in Eigersund municipality.

§ 3

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

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

§ 4

The company's share capital shall be NOK 36,667,733 divided into 36,667,733 shares at NOK 1 each. The company's shares shall be registered in the Norwegian Register of Securities (VPS). Any transfer of shares shall be notified to VPS within 1 – one – month.

§ 5

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

The company Israel Corp., Millennium Tower, 23 Aranha Street, Tel Aviv 61204, Israel, business registration number 520028010 (the "Entitled Shareholder") shall for as long as it owns 15% or more of the total number of shares in the company be entitled to appoint one director to the Board of Directors. The Entitled Shareholder shall retain the right to appoint one director to the Board of Directors also in the event its shareholding is reduced below 15% (no matter how), as long as its ownership is above 12% of the total number of shares in the company. The Entitled Shareholder's right to appoint a director to the Board of Directors pursuant to this article shall terminate if the Entitled Shareholder engages, directly or indirectly, through investments or holdings, including minority investments, in activities directly competing with the company, provided however that this shall not apply for financial investments in land based projects. For purposes of the foregoing, "financial investments" means any investment that does not have the goal of combining an acquired business with another business owned or controlled by such shareholder.

§ 6

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

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

§ 7

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

§ 8

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



Environmental,
Social
Governance

1 Introduction

AKVA group ASA is an important supplier to the aquaculture industry, and we work both to improve our customers and our own impact on sustainability. AKVA group's vision is to **Pioneer a better future** by providing technological solutions and services that optimize fish performance.

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



AKVA group has developed a roadmap for sustainability as a strategic guideline towards 2030, and our commitment statement is:

"Sustainability must influence everything we do. It must be part of AKVA group's culture and DNA, it must be part of the solutions and products we sell and buy, and a driving force behind innovation."

AKVA group recognizes that we must meet the expectations of many stakeholders, whether it's customers, investors, governments, employees, or suppliers. Our values - **C**ustomer focus, **A**quaculture Knowledge, **R**eliability, **E**nthusiasm – we CARE for our industry and the communities we are localized.

1.1 AKVA groups presence and activities

AKVA group's largest market is the salmon industry, but we also deliver products and solutions to the seabass and seabream market and other species. We are present with companies in 11 countries (Figure 1). Our own production facilities are placed in Norway and Litauen. The head office is located in Klepp, Norway. This report is for year 2022 and includes activities in all entities which is

described in the financial statement "AKVA group consolidated" in the annual report, note 1 and 9.

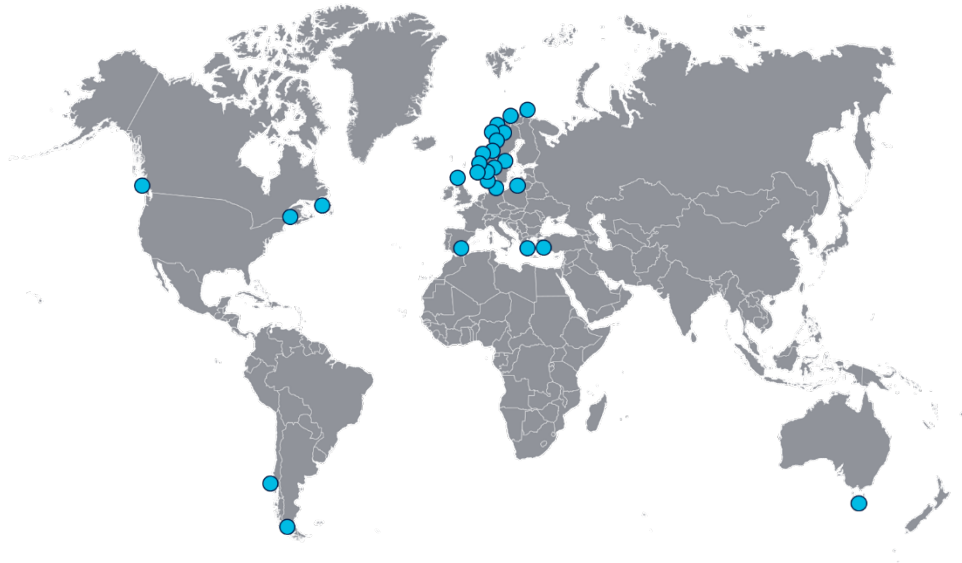


Figure 1 - AKVA group's presence

We deliver technology and services to sea based and land based aquaculture. Innovations and digital solutions are key elements in our business. A deeper presentation is found in chapter "AKVAgrou – the business segments" in the annual report.

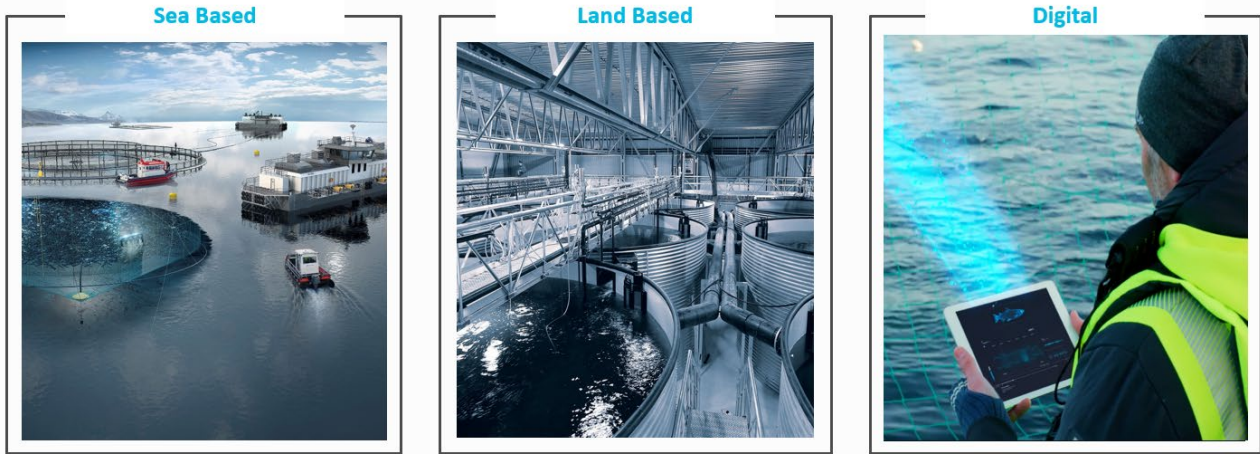


Figure 2 - AKVA group's business areas

1.2 The ESG framework and processes

This part of the annual report for 2022 is made in accordance with the Norwegian Accounting Act, Section 3-3c, and is a presentation of AKVA groups environmental, social and governance (ESG) impacts.

The report is prepared with reference to the GRI standard, and you will find a GRI Index at the end of the document. We have used sector standard "GRI 13:

Agriculture, Aquaculture and Fishing Sector 2022” as a guideline and included the topics AKVA group finds material for our organization as a supplier in the aquaculture sector.

The Company's handling of ESG is based on AKVA group’s core values and principles, applicable laws, and regulations, as well as generally accepted principles and practices for good corporate governance.

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

After carrying out a materiality assessment in 2022, we have developed our own sustainability promises. Based on these promises we will describe status and our own efforts within each thematic area; emissions and impact, innovations for sustainable aquaculture, employees working conditions and how we contribute to the society.

Status in the aquaculture industry is in this report mainly described by examples from accessible, official statistics from Norway. Other countries are not that different in terms of sustainability challenges, although there might be local variations and difference in scale.

2 Materiality assessment

2.1 AKVA groups material topics

In 2022, AKVA group carried out a materiality assessment to decide main focus areas for AKVAs sustainability work and reporting scheme. The GRI materiality process has identified, the key economic, environmental and social impacts the company has throughout the value chain.

The results from the process have revealed what expectations our internal and external stakeholders have of our work, risks and our impact related to the different topics. This has been used to decide which topics are material and which we then report publicly on. It has also guided us in our work with defining sustainability promises and implement actions under each focus area.

We performed a digital survey with customers, suppliers/collaborator, and employees of AKVA group. Depth interviews were also conducted with customers and employees of AKVA group. Authorities and governments focus is collected from public documents. The main focus has been on the Norwegian market, but information from all our activity has been collected.

To be able to cover the most relevant focus areas, we used a systematic approach based on guidelines from SASB ¹and added relevant aquaculture sector specific topics from GRI. Findings has been analysed to bring forward its double materiality, and for its impact on short and long term. An initial climate risk assessment has been performed, a job which will be further developed. The prioritization was performed in conjunction with executive management and the materiality focus will be followed up and addressed on a regular basis at management level to ensure adequate focus.

AKVA groups material topics

Figure 3 show our material topics grouped in our five ESG areas.

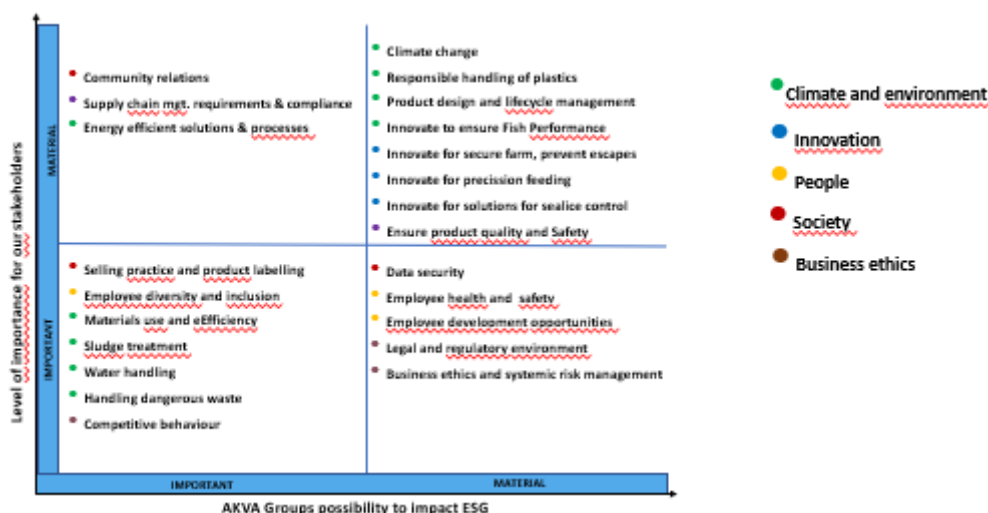


Figure 3 - Material topics for AKVA group

¹Sustainability Standards Board <http://www.sasb.org/standard/materiality-finder>

All focus areas raised by our stakeholders is of course of importance to AKVA group, but after our internal evaluations show that some focus areas are more important than others. As a supplier of products and services the material topics clearly shows our dual role; our important role as a provider of new innovative solution which contribute to our customers challenges and our important work to improve practices in our own organization.

Here are some statements from customers and suppliers that shows important focus areas when asked about climate and the environment

- «AKVA group is a large supplier and has significant influence on its own suppliers. The choices AKVA group makes towards its suppliers are important going forward, in order **to make all links in the value chain accountable. Climate accounting, climate goals in line with the Paris Agreement**, as well as climate plans – is necessary to demand from its suppliers today.» - Customer
- «**Energy efficiency** is an important contributor to a more sustainable future.» - Customer
- «AKVA is a large supplier of plastic. **Good product design as well as the use of recycled plastic** are important elements for increasing utilization and reducing the demand for fossil raw materials. Avoid or gain better control over environmental pollutions as additives in polymer processes. » - Customer
- «Waste will have to be considered a resource and used as our next raw material.» - Supplier / collaborator

2.2 ESG framework and AKVA sustainability promises

Based on the materiality assessment AKVA group has developed and identified five areas for our ESG work; Climate and environment, Innovation, People, Society and Business ethics. Within each area we have developed sustainability promises (objectives), which are closely linked to the material topics. This will act as a framework and will help us communicate and implement our work forward (Figure 4).

Our vision: **Pioneering a better future**

Our Values: **Customer focus, Aquaculture knowledge, Reliability, Enthusiasm**



Our ESG focus areas:

Climate and environment	Innovation	People	Society	Business ethics
<p>AKVA group works to reduce climate change and meet the needs of a circular economy</p> <ul style="list-style-type: none"> • We shall reduce emission in our operations and supply chain • Our ambition is that all AKVA products meet the need of a circular economy 	<p>AKVA groups innovation is set towards sustainable aquaculture</p> <ul style="list-style-type: none"> • We develop and deliver solutions for Precision Fish Farming • We focus on innovation for improved environmental impact and fish performance 	<p>AKVA group works for good working conditions for all employees</p> <ul style="list-style-type: none"> • We work to improve health and safety for a diverse and inclusive working environment • We set clear expectations and facilitate development opportunities. 	<p>AKVA group contributes to local communities and the global seafood industry</p> <ul style="list-style-type: none"> • We are an important contributor to employment and value creation • We contribute to an increased and sustainable seafood production through new solutions and global presence 	<p>AKVA group ensures responsible business conduct in all parts of our value chains</p> <ul style="list-style-type: none"> • We commit ourselves and our representatives to our Code of Conduct • We commit to cross-industry collaboration for ethical trading and human and workers rights
Material topic (Chapter 3 and 4):	Material topic (Chapter 5):	Material topic (Chapter 6):	Material topic (Chapter 7):	Material topic (Chapter 8):
<ul style="list-style-type: none"> • Climate change – GHG emissions from operations • Responsible handling of plastics • Material use and Life Cycle Mgt • Energy efficient solutions and processes 	<ul style="list-style-type: none"> • Product design and lifecycle management • Innovate to ensure Fish Performance • Innovate for secure farm, prevent escapes • Innovate for precision feeding • Innovate for solutions for sealice control 	<ul style="list-style-type: none"> • Employee health and security • Employee development opportunities • Employee diversity and inclusion 	<ul style="list-style-type: none"> • Community relations • Socio- economic impact 	<ul style="list-style-type: none"> • Supply chain management- requirement and compliance • Responsible business ethics and systemic risk management • Ensure product quality and safety • <i>Data security</i> • <i>Legal and regulatory environment</i>

Figure 4 - AKVA groups framework for sustainability

2.3 Link to the UN Sustainability Goals

The UN Sustainability Goals (SDGs) guide us in our collaborative effort towards sustainable development. The SDG goals considered most material for AKVA group and where we can contribute the most is identified below.

Sustainability promises





Figure 5 - AKVA group's sustainability promises and their link to the UN SDGs

In the following chapters we will within each focus area and promises describe actual status – both within the industry and with regards to AKVA group. We will report on activities and results achieved in 2022 and the way forward. Policies and commitments will be described and if necessary, describe actions taken to prevent and mitigate potential negative impacts.

Risk evaluations and mitigating actions, i.e. against climate changes, is also described in the annual report at note 7, 8 and 16.

3 Reduce GreenHouse Gas emission (GHG)

AKVA group works to reduce climate change and meet the needs of a circular economy



- We shall reduce emissions in our operations and supply chain
- Our ambition is that all AKVA products meet the need of a circular economy

Material topics that will be discussed in this chapter is climate change and our GHG emissions from our operations.

3.1 Status and results

In a world with increasing demand for protein in general and especially seafood, combined with decrease in the wild fisheries, responsible aquaculture production can be an important contribution to a more sustainable future, and a healthier diet for a growing population. FAO² highlights aquatic foods as important contributors in the worlds need of nutritious food for a growing population. Still the aquaculture industry must thrive to decrease the carbon footprint in every step of the value chain. Salmon production is an effective production of proteins with low climate footprint compared to other protein sources (Figure 6). Air freight of products to the markets, like for instance Shanghai, increases carbon footprint significantly and will potentially be reduced by development of supplementary land based aquaculture close to the consumer. AKVA group is currently constructing a land-based production facility owned by Nordic Aqua Partner for grow out of salmon in Ningbo, China.

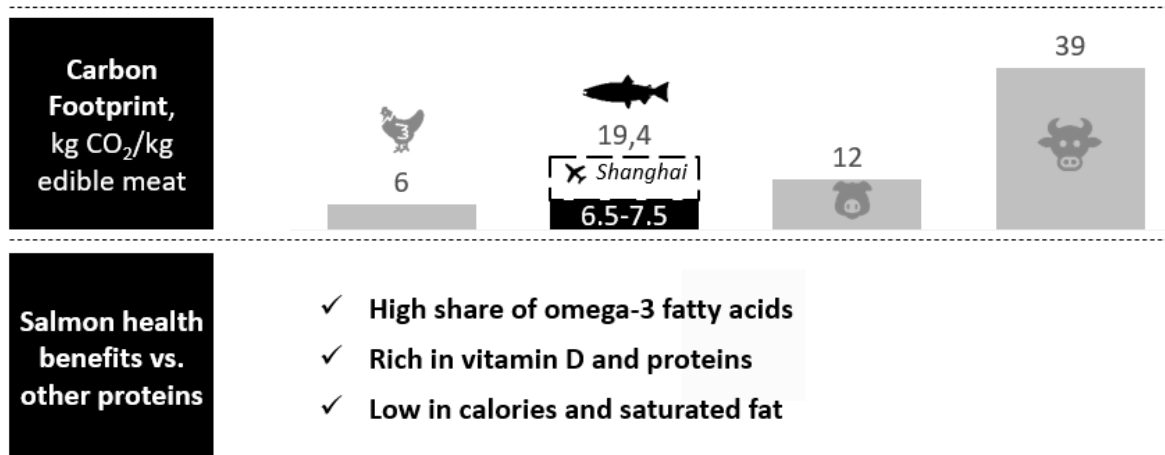


Figure 6 - Salmon versus other protein resources -, carbon footprint and health benefits. Air freight of fresh salmon to a city like Shanghai represents a major part of the carbon footprint. Source SINTEF Ocean

² Food and Agriculture Organization of the United Nations. Blue Transformation. Roadmap 2022-2030. A vision for FAO's work on aquatic food systems. [Fisheries and Aquaculture Division \(fao.org\)](https://www.fao.org/fishery-and-aquaculture-division)

In addition to airfreight(export), feed is the main source of CO₂ from production of salmon and trout in Norway (Figure 7)³. AKVA group´s contribution to the total GHG emission is a part of the categories Equipment (2.6 %) Smolt Production (2.1%) and Farming – use of energy (0.7%) in Figure 7.

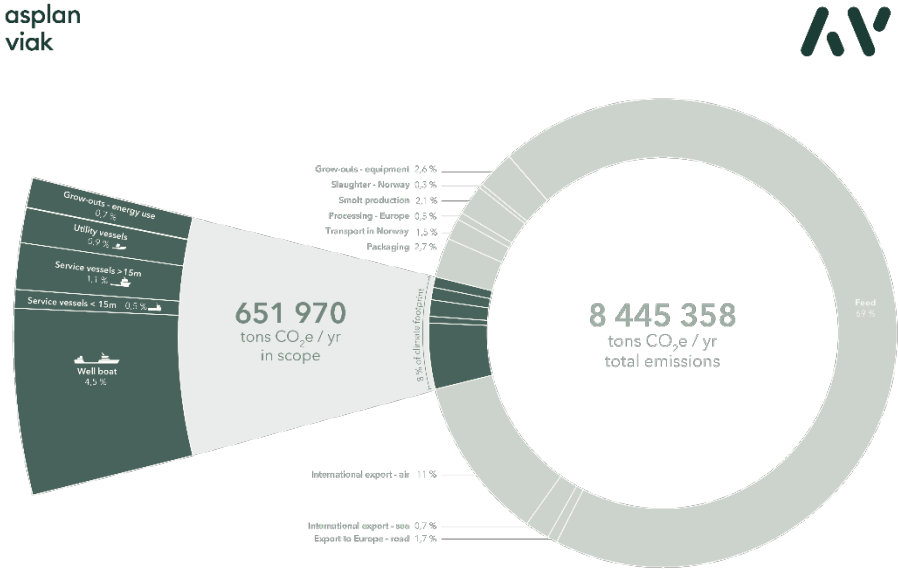


Figure 7 GHG emissions in Norwegian aquaculture production (salmon and trout) in 2019. Source Asplan Viak(3)

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

AKVA group´s GHG emissions

In 2022 AKVA group established a GHG account on a group level, covering scope 1 and 2⁴ with ambitions for Scope 3 next year. The analysis is based on the international standard, the Greenhouse Gas Protocol Initiative (GHG protocol), which is the most important standard for measuring greenhouse gas emissions, developed by World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD). The GHG protocol founds its carbon inventory and reporting on three main scopes of direct and indirect emissions. The reporting considers the following greenhouse gases, all converted into CO₂ equivalents: CO₂, CH₄ (methane), N₂O (laughing gas), SF₆, HFCs and PFCs. The

³ [potensialet-for-klimakutt-i-havbruksnaeringa-sammendrag-for-beslutningstakere-asplan-viak-26-05-2021.pdf \(google.com\)](https://www.google.com/potensialet-for-klimakutt-i-havbruksnaeringa-sammendrag-for-beslutningstakere-asplan-viak-26-05-2021.pdf)

⁴ Scope 1 emissions are direct GHG emissions that occur from sources that are controlled or owned by AKVA group (e.g., emissions associated with fuel combustion in boilers, furnaces, vehicles). Scope 2 emissions are indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling.

system CEMAsys.com makes it possible to evaluate the emissions and effects of our measures.

Establishment of the GHG account is initiated by the management group and executed by the financial department in AKVA group. Measures to reduce GHG emission is the responsibility of the operational management with guidelines from the top management. The system is anchored in the roadmap for sustainability developed by the management. Base year for AKVA group's GHG account is 2022 and calculations are based on site-specific data from operational activities within AKVA group's control.

AKVA group's total greenhouse gas emissions within scope 1 and 2 was 1.771 tons CO₂e in 2022 (Table 1), where scope 1 represented 72 %. Activity in Norway represents the largest single country GHG emission with 506 tCO₂e, while Canada and Chile were next in line (they are part of International). Internal transport activities are the largest contributor to our scope 1 emission. The electricity bought in Norway is from renewable source (from hydropower) while the electricity in Canada and Chile is mainly based on non-renewable sources. The GHG emission intensity for 2022 was 0,52, measured in tons of released CO₂e per mill NOK revenue.

Table 1 - AKVA group's GHG emissions for 2022 (Scope 1 and 2)

		Norway	International*	Sum AKVA group
Direct Scope 1 (direct emissions from transport and stationary combustion)	tCO ₂ e	365	906	1 271
Indirect Scope 2 (Purchase of electricity, heat etc)	tCO ₂ e	142	359	500
Total tCO₂e (scope 1 og 2)	tCO ₂ e	506	1265	1 771

*Australia, Chile, Canada, UK, Turkey, Spain, Greece, Denmark

Salmon farming is a carbon effective production compared to other protein sources. Feed and transport of goods is the most important contributor to GHG emissions from the value chain. AKVA group's contribution to the total greenhouse gas emission in the value chain is therefore not very significant with our 1.771 tons CO₂e. As a reference two of the largest fish farmers had emissions of respectively 19.934 and 30.119 tons of CO₂e⁵ (scope 1 and 2). Still, it is important for AKVA group to contribute to reduction of CO₂ emissions, mainly through our innovation work for more energy efficient solutions and through delivering product with low carbon footprint.

The total energy consumption (scope 1 og 2) was 21.625 MWh in AKVA group in 2022. About 73 % from consumption of electricity, and the rest mainly consumption of fuel (Table 2). Almost all the energy was used in Norway where

⁵ Annual reports 2021 from SalMar and Lerøy Seafood Group

many of AKVA group 's production sites are located. AKVAs electricity is mainly from renewable sources (hydropower in Norway) – and this gives us a 71% renewable share. The energy intensity for 2022 was 6,4 MWh per mill NOK revenue.

Table 2 - Energy consumption in AKVA group in 2022

		Norway	International*	Sum AKVA group
Total fuel consumption from non-renewable sources	MWh	1 761	3 885	5 646
Total fuel consumption from renewable sources	MWh			-
Electricity consumption	MWh	14 253	1 584	15 837
Heating consumption	MWh	-	61	61
Steam consumption	MWh	81	-	81
Total energy consumption	MWh	16 095	5 530	21 625

*Australia, Chile, Canada, UK, Turkey, Spain, Greece, Denmark

EPDs, Environmental Product Declarations (ISO 14025), can provide objective, comparable and third-party verified data about products and services' environmental performances from a lifecycle perspective. AKVA group is preparing for implementing this in aquaculture and are involved in defining Product Category Rules (PCR) initiated by The Norwegian EPD Foundation⁶ and the Norwegian Seafood Federation. The PCR rules for GHG reporting on different technological products in sea based aquaculture will be released in first half of 2023. These industry PCR rules will make it possible to develop environmental accounts on a product level, like for instance for nets and floaters. In 2022 AKVA group has prepared for EPD's, and it will be a useful tool to improve our solutions and production processes.

3.2 The way forward



To establish baseline in the GHG account is an important milestone for AKVA group and the next step is to establish scope 3. Scope 3 includes business travels, capital goods, waste, downstream transportation and distribution and employee commuting.

The overall target for AKVA group is to reduce our GHG emissions by 35 % in 2025, and a more detailed plan for this will be developed during 2023 – given the knowledge from baseline and input from working with EPDs of different products. Reduced energy consumption at the production facilities will be key element in reaching the target.

⁶ [EPD Norge - Home \(epd-norge.no\)](https://www.epd-norge.no/)

4 Meet the requirement for a circular economy

AKVA group works to reduce climate change and meet the needs of a circular economy



- We shall reduce emissions in our operations and supply chain
- Our ambition is that all AKVA products meet the need of a circular economy

Material topics that will be discussed in this chapter is how we work with our products and processes in order to meet the need of a circular economy.

4.1 Status and results

AKVA group's traditional business model is linear (Figure 8) and has some clear weaknesses; the model requires a high need for new virgin materials and the product is often not designed to last as long as possible or be ready for repair and reuse. In aquaculture (and other industries) this model is changing to a more circular business model, and sustainability is a driver for innovation and new ways to deliver customer value. AKVA group has projects and processes which will transform our business into a more circular model – reuse of products, use of recycled material instead of virgin, extended product life, rent instead of sale, and so on.

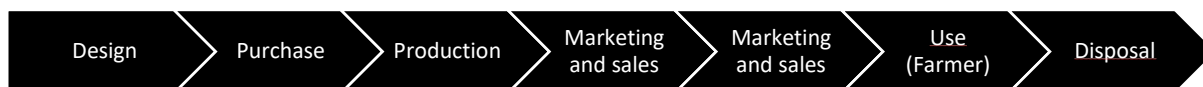


Figure 8 - A typical linear business model

Status in the aquaculture industry

“Responsible use of Plastics” and “Material use and Life Cycle Management” was identified as Material topics for AKVA group. The main focus in this chapter is on the material plastic, since many of our products are based on different types of plastic components, but we also include other important materials.

Globally, there is an increasing awareness of marine littering of plastics from aquaculture activities in the ocean and near sea areas. The aquaculture industry is challenged by EU regulations and NGOs on how to reduce, use, handle and recycle plastic products. The EU's plastic Directive (EU 2019/904)⁷ was adopted in 2019 and sets a clear requirement for an extended producer responsibility scheme for certain plastic products, including equipment from fishing, aquaculture, and recreational fishing. Norwegian authorities are in process of developing national regulations to comply with the EU directive and other countries like Iceland will also look to EU. In addition, many of the UN's sustainability goals point to the need for increased focus on circular economy in general.

⁷ Directive (EU) 2019/904 on the reduction of the impact of certain plastic products on the environment

In Norway, the fish farming companies have routines and systems for handling the discarded products, but there is a lack of documentation of volumes and further use of discarded equipment⁸. A material account with the factor method shows that the amount of plastic used in Norwegian aquaculture facilities can be up to 192.000 tonnes. Waste estimates show that waste from this generated about 15.000 – 29.000 tons of plastic per year. A system for better documentation and traceability is needed, and both SINTEF Ocean and MEPEX⁹ concluded that the degree of littering of plastics from aquaculture are low, but there is a potential of higher material recycling.

Already mention Directive (EU 2019/904) involves an establishment of Extended Producer Responsibility for plastic based products from aquaculture. In Norway, AKVA group is working through the Norwegian Seafood Federation (Sjømat Norge) with the rest of the industry to establish and develop effective systems for collecting, reuse and recycling of discarded plastic products.

Another important aspect is how micro plastic from different equipment can affect life at sea, possibly through discharges of microplastics from feed pipes or micro plastic from land-based facilities. Research projects initiated by the Norwegian Seafood Research Found¹⁰ and other funding tools finance and investigates the problem. We are involved in several projects, for instance one in microplastic from land-based fish farming.

AKVA group´s main material use

In 2022 we established an account for the use of raw materials at our production sites (Table 3), the main raw materials are plastic, steel and concrete. In 2022 AKVA group used about 8.600 tons of plastic raw materials, this is a small increase from 2021. For production of feed barges and steel pens we used about 9.300 tons of steel. In addition, we used about 320 tons of concrete as ballast in barges.

Table 3 -Use of main raw material at our production sites

	2022	Production sites	Products (examples)
High-density polyethylene (HDPE)	7 500	Helgeland Plast	Plastic pens, pipes, feeding pipes
Polyamide (nylon)	900	Egersund Net	Nets and accessories
Ultra High Molecular weight Polyethylene (Dyneema)	180	Egersund Net	Nets and accessories
Plastics in total	8 580		
Steel in total	9 300	AKVA group Chile, Shipyards (suppliers)	Steel pens, barges

**Product groups not included: moorings, boats, predator nets etc.*

The aquaculture industry is challenged by EU regulations, NGOs and the public in how to reduce, use, handle and recycle the plastic products and AKVA group´s responsibility is clear. In 2022 we therefore developed a plan which describes trends and status in the industry regarding plastic-based aquaculture technology, status in AKVA group and AKVA group´s targets, actions and KPI´s. In this chapter, we give a summary of the plan.

⁸ [SINTEF Open: Avfallshåndtering fra sjøbasert havbruk \(unit.no\)](https://www.sintef.no/en/our-work/industry-projects/sintef-open-avfallshandtering-fra-sjobasert-havbruk)

⁹ [Mepex rap \(miljodirektoratet.no\)](https://www.mepex.no/)

¹⁰ www.fhf.no

Plastic is a main component in many products from AKVA group, and the most important products we sell are listed in Table 4. In sea-based aquaculture our main plastic-based product groups are pens, nets and feeding pipes. In land-based aquaculture tanks and tank systems, pipes and pipe parts included are the most important products from AKVA group.

Our plastic types can be divided in to three main groups; High-density polyethylene (HDPE) used in pens, Polyethylene (PE) used in tanks and Nylon (Polyamide) used in nets. In addition, the fiber Dyneema made from Ultra High Molecular weight Polyethylene (UHMWPE) is also used in net constructions.

Table 4 - Products from AKVA group with plastic as a main component

Segment	Products
Sea Based	Plastic pen including bottom ring
	Optional equipment, such as hamster wheels, bird netting rods etc
	Feeding pipes
	Pipes and pipe parts for other markets
	Boats
	Nylon nets
	Dyneema nets
Land based	Tanks
	Pipes and pipe parts - equipment related to drains, inlets, fish transport and dead fish

Recycling and waste management

Site management at our production facilities have the main responsibility for waste handling and monitoring. Figure 9 illustrates the recycling system for pens and the different parties involved. In 2022 AKVA group established a close cooperation with Oceanize as a recycling partner for pens and feeding pipes. Boats produced by AKVA group is mainly based on HDPE and they are fully recyclable. Production waste from the boat production is sorted and delivered to approved companies for recycling. All scrap is reused in the production of pipes, this was 366 tons of HDPE out of the total 7500t (Table 3) . AKVA group has started a process to optimize the assembly sites for pens in 2022.

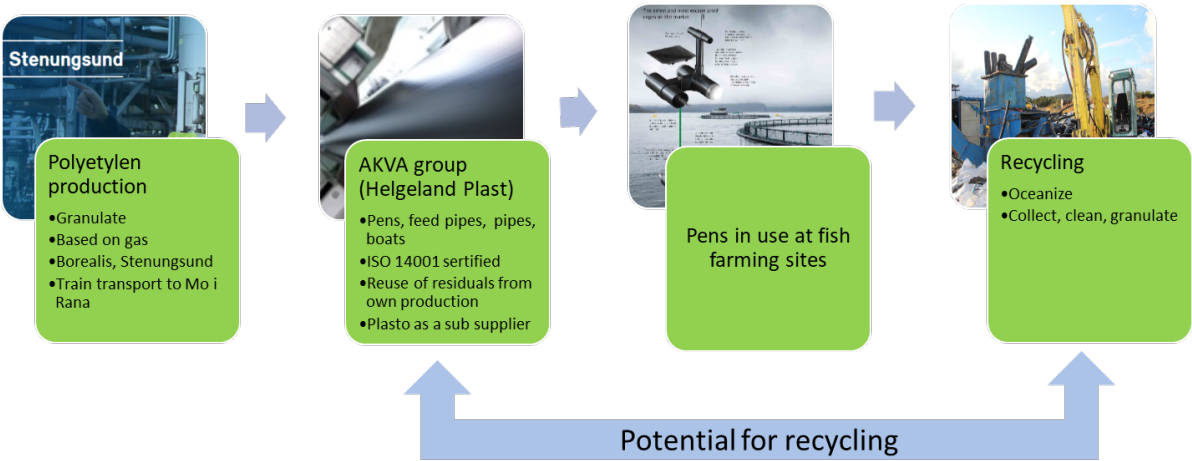


Figure 9 - Recycling system for pens

AKVA group (Egersund Net) has a well-established system through cooperative partners in the recycling industry like Nofir and Aquafil for recycling of nets and net products based on nylon. In 2022 1.275 tons of nets was regenerated to 790 tons of nylon filaments reused in new products (Figure 10). This is a slightly increase from 2021. In addition, 413 tons of discarded nets were sent to energy recovery,

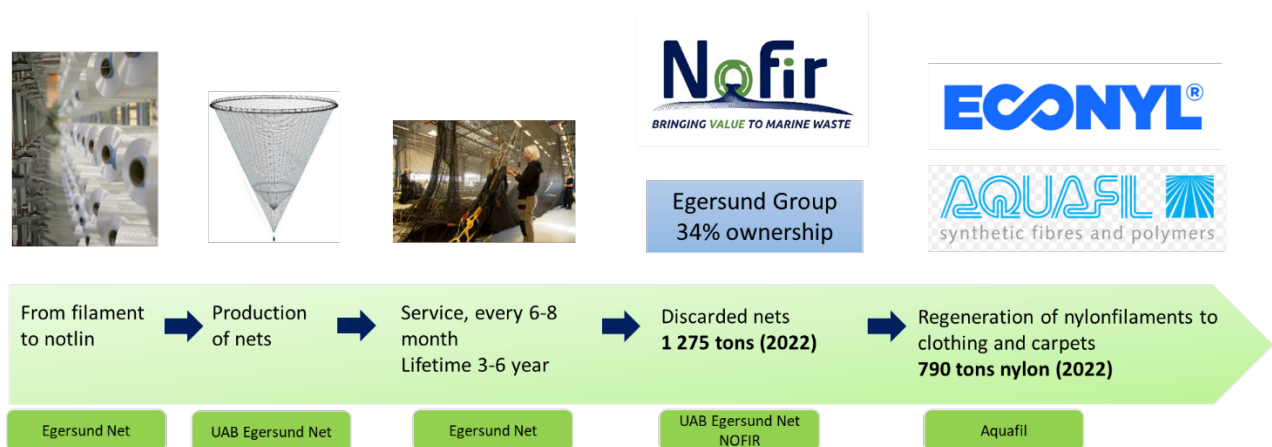


Figure 10 - Recycling system for nets and net products

Biofouling, antifouling and net washing regime

Biofouling on aquaculture nets is a challenge for the aquaculture industry¹¹. Biofouling (blue mussels, hydroids, algae's etc) adds weight to nets and equipment and changes hydrodynamic properties of the fish cage systems. With high degree of biofouling necessary clean and oxygen rich water can be prevented from entering the cage. Approaches to battle biofouling include prevention in form of anti-fouling coatings, and removal by underwater or land based net cleaning, net drying or changing of nets.

Antifouling with copper biocid has been the preferred choice for many years to prevent biofouling on nets and the antifouling must be handled and used properly to minimize possible release to the environment. The industry, AKVA group included, works to reduce/optimize anti-fouling with copper biocid together with suppliers. The last four years AKVA groups use of copper oxide (Cu₂O- the active component) is reduced by 75 %. Institute of Marine Research confirms that use of antifouling with copper biocid has decreased the last 2-3 year in the Norwegian Fish farming industry.¹²

Waste from wastewater treatment at our net service stations are divided into two fractions; fine sludge and more coarse waste – both contain copper residues. Pure copper is regenerated from the fine sludge at Siegfried Jacob Metallwerke GmbH in Deutchland, and the coarse waste is sent to energy recovery at Fortum in Sweden. A new process makes it possible to regenerate copper residuals in discarded and washed nets, and every part is taken care of in a proper way and recycled if possible.

¹¹ [Biofouling and biocleaning \(sintef.no\)](https://sintef.no)

¹² [Risikorapport norsk fiskeoppdrett 2023 | Havforskningsinstituttet \(hi.no\)](https://risikorapport.norsk.fiskeoppdrett.2023)

Antifouling and coatings with tralopyril and zinc pyrithione biocides are increasing. The main purpose is to prevent fouling and protect the textiles. In addition, use of coatings without biocides purely for protecting textiles and ropes are increasing. They all meet legal requirements about coatings applicable to net constructions.

At sea it is very important to treat the nets right (fish farmers washing regime etc) to minimize flakes of coatings to be released from the nets and sink to the seabed. MOM B¹³ surveys controls the seabed regularly. The usage of coatings prevents fouling and provide a good and healthy environment for the fish.

Plastic and steel initiatives

In a project AKVA group launched in 2022 we explore the possibility for using recycled plastic from discarded pens in new pens. We have already removed polystyrene from the pens and produced walkways based on recycled material. AKVA group buy ropes from suppliers both for net- and mooring production. A project looking into use of recycled material in ropes together with suppliers was established in 2022.

AKVA group participated in RnD projects like MICRORED bringing new knowledge forward about microplastic from feeding pipes and in the pre-project MiRA, where AKVA group is taking a closer look at the emissions of microplastics in RAS together with SINTEF Ocean.

Steel is raw material in barges and steel cages. In 2022 AKVA group used about 9.300 tons of steel. Steel has a fear value in the recycling market and discarded cages and barges are either reused locally – for instance in Chile - or recycled.

Except from nets, there is currently no system in place making it possible for AKVA group to track and trace the products when they are discarded by the fish farmer, but the Norwegian Seafood Federation will establish a tracking system in 2023 and AKVA group is an important player and contributor to the system.

4.2 The way forward

As mentioned AKVA groups has established a Plastic plan that describes our targets and actions in the way forward. Our focus is:

1. **ORDER IN OWN HOUSE**; Establish good and effective systems for collecting, reuse, recycling, and deliveries of discards of plastic at our own production- and assembly facilities in every markets.
2. **DEVELOP ENVIRONMENTAL PRODUCT DOCUMENTATION** for each plastic-based product group based on industrial standards (GHG included):
 - Develop EPDs for floaters and nets
3. **REPLACE VIRGIN WITH RECYCLED PLASTIC** in our products:
 - Complete the recycled plastic pen project
 - Eliminate EPS in floaters in steel cages in 2023 and use of recycled plastics in the floaters itself (Chile)


¹³ MOM B: Environmental monitoring of benthic impact from marine fish farms (NS 9410:2016)

- Use of recycled plastic filaments in ropes (together with suppliers)
4. **AFTER USE OFFER SOLUTIONS** to the customer for recycling and correct handling - in partnership with the recycling industry.
 5. **MINIMIZE RELEASE OF MICROPLASTIC FROM OUR PRODUCTS:**
 - Participate in projects like Mira and Microred
 6. **TOGETHER WITH THE INDUSTRY DEVELOP A TRACKING-SYSTEM** for plastic products through the value chain


5 Innovation for sustainable aquaculture

AKVA groups innovation agenda is set towards sustainable aquaculture

14 LIFE BELOW WATER



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



- We develop and deliver solutions for Precision Fish Farming*
- We focus on innovation for improved environmental impact and fish performance

AKVA group allocates substantial financial resources to develop more sustainable technologies for the global aquaculture industry, targeting improved fish welfare as well as solutions to solve environmental issues, such as the challenge of fish escapees and problems with sea lice in the salmon industry. In all three business areas (land based, sea based and digital) AKVA group has established innovation agendas and programs, led by the management team and organized in innovation departments with a clear structure and responsibility. We work closely together with customers, suppliers and research institutions in different projects and initiatives in the aquaculture industry.

The global finfish production has seen a rapid growth recent years and the industry face biological, economic and social challenges that may affect the ability to maintain productive and environmental friendly aquaculture production. SINTEF Ocean have introduced a concept – Precision Fish Farming (PFF) whose aim is to apply control-engineering principles, improving monitoring, control and documentation in fish farming¹⁴. AKVA group supports this systemic approach which is adapted from husbandry of livestock.



Precision Fish Farming

AKVA group has adapted the framework established by SINTEF (2017)
 AKVA group defines Precision Fish Farming as: – Applying intelligent sensors, data collection, artificial intelligence and automation in order to generate better decisions, thereby increasing fish performance, yield and resource efficiency in commercial fish farming operations.

Figure 11 - Precision Fish farming: A cyclical representation where operational processes are considered to consist of four phases: Observe, Interpret, Decide and Act. The inner cycle

¹⁴ [Precision fish farming: A new framework to improve production in aquaculture - ScienceDirect](#)

represents the present state-of-the-art in industry, with manual actions and monitoring, and experience-based interpretation and decision-making. Source: AKVA group after Andreas Myskja Lien, SINTEF Ocean.

In the following chapter we will describe the most important environmental topics and challenges in aquaculture and how our innovation agenda matches different challenges.

5.1 Environmental topics and challenges in the aquaculture industry

5.1.1 Fish performance – fish health and welfare

Fish health and welfare are premisses for an optimal performance and production in fish farming. Control of diseases caused by either virus, bacteria or parasites is a key element and preventive health care is very important. In Norway and many other salmon producing countries the aquaculture industry has succeeded in reducing the use of antibiotics to a minimum (Figure 12), but still needs pharmaceuticals to combat salmon lice.

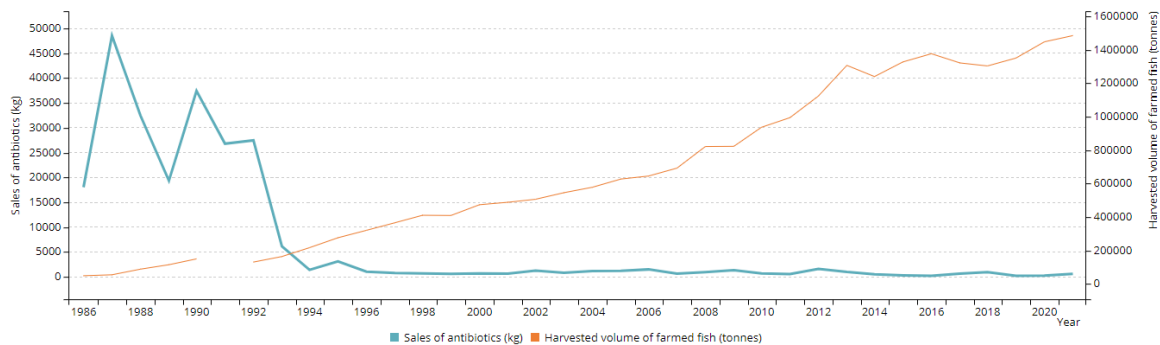


Figure 12 - Sales of antibiotics and harvested volume of farmed fish in Norway 1986-2021. Source: www.barntswatch.no.

Salmon lice is a parasite that lives naturally in the sea. In salmon production it is essential to control the parasite to ensure no negative impact on wild salmonids, no negative impact on the farmed salmon itself and to prevent rising costs for the fish farmer. Due to genetic resistance and negative environmental impact of medicine residuals, mechanical sea lice treatment has partly substituted medical treatment. Mechanical treatment is use of brushes, flushing and/or tempered water (which kills the louse and not the fish). Treatments can influence fish welfare and production negatively, and the fish farmers look for preventive methods that do not involve handling.

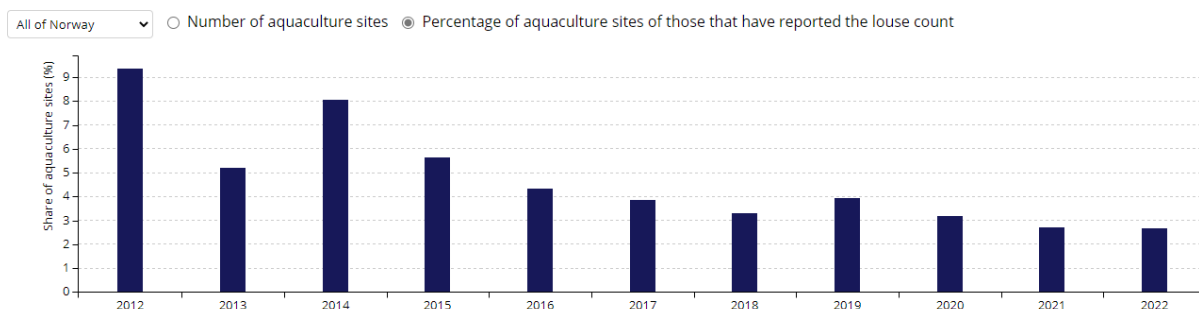


Figure 13 - Share of aquaculture sites in Norway above legal sea lice limit (In general; 0,5 adult female lice per fish per site in average per week). The graph shows a descending trend from 2012-2022.

In recent years, 15-20 per cent of the number of salmon and trout in sea farming have been lost during production¹⁵ and the number is too high. In 2022 the loss averaged to 16.8 % or 67,4 mill fish. Mortality in production increased by 5 mill fish from 2021 to 2022. Reduction of losses is important for several reasons: fish welfare, production efficiency, economy and acceptancy for industrial development. This is a main focus for the industry.

5.1.2 Secure farms - escapee prevention and predator control

Fish can escape both from land-based and sea-based aquaculture production. The reasons are multifaceted; Escapees can happen in operations like sealice treatment and general handling of nets, escapees due to technical faults, wear and tear from weights, collisions with boats etc. Escaped salmon can possibly enter river to spawn and influence wild salmon genetically.

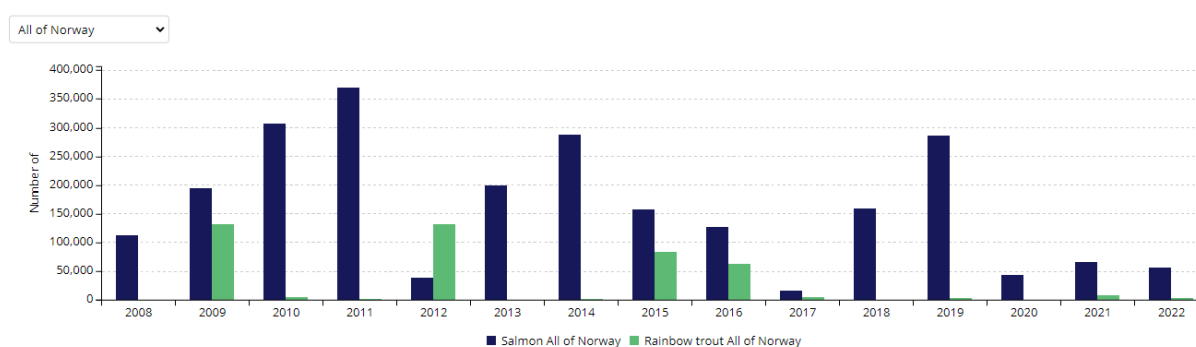


Figure 14 - Confirmed number of escaped farmed fish in Norway 2008-2021. Source: www.barntswatch.no.

The most important measure to prevent escape is the requirements set for the design of safe fish farms and operations in NS 9415: 2021¹⁶ and the NYTEK¹⁷ regulations. In land-based aquaculture NS 9416:2013¹⁸ shall prevent escapes. In Norway, the introduction of these standards has been the most important tools to reduce escape incidents (Figure 14). In other salmon-producing countries, NS 9415:2021 is a voluntary standard. Predators like seals, otters, dog fish sharks and others can be a problem in many aquaculture areas by causing holes in the nets. Predators may affects fish farming in many other ways too; they consume the fish and the fish feed, they may transmit parasites and other infections, scare the fish, cause physical injury etc.

5.1.3 Emissions and discharge

Organic discharge -sludge

For sea-based aquaculture, the effect from discharge of organic compounds (faeces from the fish and uneaten feed) and nutrient salts are monitored. The

¹⁵ [Fish mortality and losses in production | Sustainability in aquaculture - BarentsWatch](#)

¹⁶ NS 9415:2021. Floating aquaculture farms — Site survey, design, execution and use

¹⁷ NS 9416:2013. Landbased aquaculture farms for fish — Requirements for risk analyses, design, execution, operation, user handbook and product data sheet

¹⁸ Technical requirements for fish farming installations (FOR-2011-08-16-849)

impact is usually greatest below the site and decreases as you get further away. Sea currents, depth and sink rate of fish feed influence the emissions spread in an area. To monitor this, environmental surveys of the impact on the seabed under the sea sites is a legal obligation in Norway and other salmon producing countries. In Norway sea beds around 500 sites are subject to environmental surveys each year and in 2021 (latest year available) 90 % of the sites were rated Very good or Good¹⁹. Institute of Marine Research has estimated that in 2021 (latest available) an average discharge of organic compounds was 764-925 tons from a fish farming site²⁰.

Today sludge from land-based facilities is collected, treated (remove water etc) and delivered to energy recovery like for instance biogas or as an input in fertilizers. AKVA group cooperate with external companies specialized in sludge treatment. The challenge is transport costs and establishment of an effective and circular value chain for the sludge itself.

Need for energy efficient solutions

Energy use and efficiency in sea-based aquaculture is closely connected to barges and the wellboat- and service boat segment. AKVA group is exposed to the barge market. A feed barge requires a lot of energy. From a sustainability perspective, it is important to reduce the energy consumption and aim for the energy supply to be as clean as possible. Traditionally, a diesel generator was used for production of electricity. Today, more sites use energy from the electrical power grid and/or a hybrid solution with a battery pack.

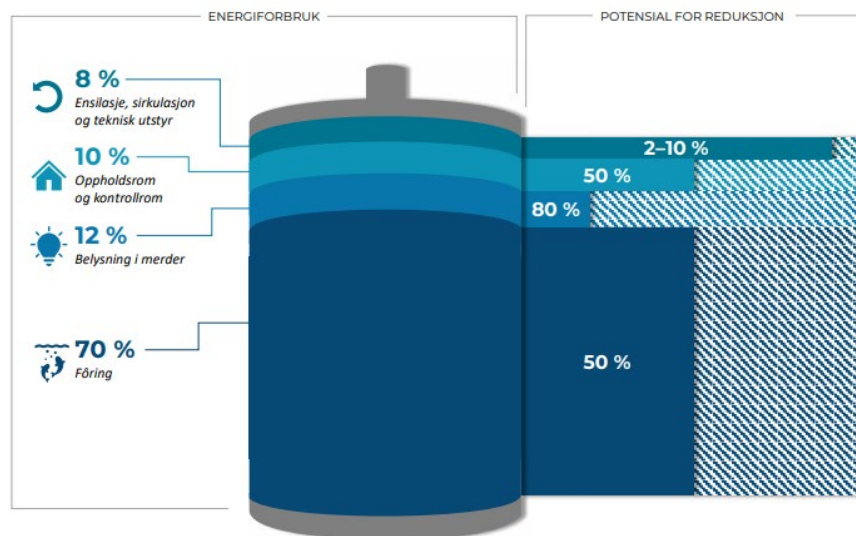


Figure 15 - Average energy use in a Norwegian fish farming site (left) and potential for saving (right). Source: Enova. Figure RENERGY

Land based farming is an energy intensive production, and for production of 1 kg of salmon, SINTEF Ocean has estimated a need for 6-9 kWh²¹. A land-based farm of 5.000 tons of salmon will then need 37,5 GWh with an average power requirement of 4.3 MW. This shows the need for more energy efficient solutions.

¹⁹ [Emissions from fish farming plants | Sustainability in aquaculture - BarentsWatch](#)

²⁰ [Risikorapport norsk fiskeoppdrett 2023 | Havforskningsinstituttet \(hi.no\)](#)

²¹ SINTEF Ocean. Konsekvensanalyse for landbasert oppdrett — teknologi, biologi og risiko

5.2 Innovations for improved sustainability

In 2022 AKVA group implemented that all innovation projects shall be evaluated in terms of contribution to improved sustainability within the industry. This takes place before the business case is approved by the management group and is an important input to the total evaluation of the project. The efforts are directed towards the identified Material topics

In 2022 101 employees were related to research and development in AKVA group (Sea based, land based and Digital) and this will increase in the years to come.

Here we present some of our projects and focus in our innovation work.

5.2.1 Sea based technology innovation

Deep farming concepts might solve lice problems

For several years AKVA group has worked on developing deep farming technology. The principle is to separate salmon and lice by lowering the biomass below the upper meters in the sea where the salmon lice are located. Deep farming can also open new areas for aquaculture since you can avoid rough sea or unwanted surface conditions. In 2022, AKVA group succeeded in developing three different concepts to a new level: Tubenet™, Atlantis and Nautilus (Figure 16). The scientific results shows that the salmon lice challenges can be significantly reduced²² with these preventive measures.

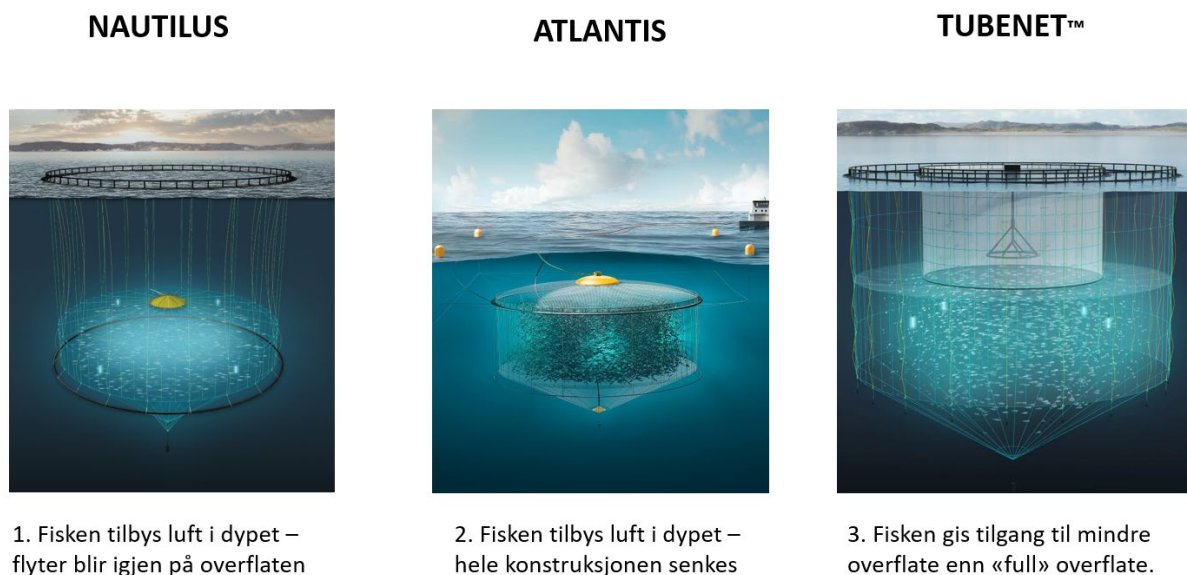


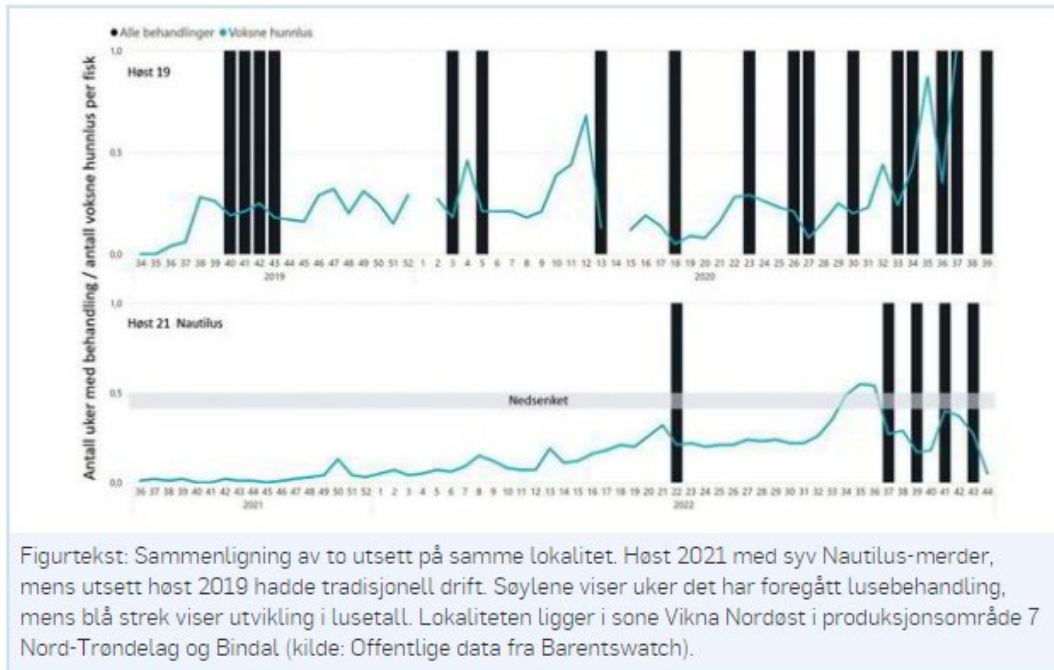
Figure 16 - Illustration of AKVA groups deep farming concepts

With the results from 2022, we can now conclude that deep farming might be an answer to several of the industry's sustainability challenges and that the results are promising in terms of maintaining good fish welfare,

²² www.atlantisfarming.no

reduction of the sea lice problem and offering the fish a good production environment.

Nautilus is a spin-off of Atlantis and a solution that is easily adapted to ordinary sites. It is developed on the same principles as Atlantis and Tubenet™. In 2022 Nautilus was installed on about 30 cages and the lice results are very promising (Figure 17).



Figurtekst: Sammenligning av to utsett på samme lokalitet. Høst 2021 med syv Nautilus-merder, mens utsett høst 2019 hadde tradisjonell drift. Søylen viser uker det har foregått lusebehandling, mens blå strek viser utvikling i lusetall. Lokaliteten ligger i sone Vikna Nordøst i produksjonsområde 7 Nord-Trøndelag og Bindal (kilde: Offentlige data fra Barentswatch).

Figure 17 - Sea lice results from a site with Nautilus installation (Source: www.barentswatch.com)

Pens in recycled material and without polystyrene

In 2021 AKVA group removed polystyrene in the fabrication of all plastic cage PE piping and developed walkways based on recycled material from discarded cages. In 2022 AKVA group, Plasto and Oceanize have gone a step further in a project taking development of pens entirely based on recycled material to a new level. The main goal is to develop the world's first pen made of entirely recycled material. AKVA group produces the pens in Mo i Rana (Norway), Oceanize collects pens along the entire coast and has its granulation factory in Rørvik, and Plasto produces parts for the pens in Åndalsnes. The basis for an efficient and national value chain is in place. The project receives grants from the Norwegian Retailer's Environment Fund.



Figure 18 - Plastic pen from AKVA group

Waterborne feeding technology

The Waterborne feeding system is further developed in 2022, and AKVA group strongly believe this is a feeding technology for the future. In 2022 we have adapted waterborne feeding to existing barges. Waterborne feeding is gentler than air-based feeding systems on both the pellets and the feeding pipe, and noise and micro-plastic discharge are reduced. The energy consumption by replacing air with water is also reduced (Figure 19). Combined with Flexible Feeding – a system in the barge that enables you to distribute feed from all silos to all pens on the site – energy is saved, and the feed is handled with care. Less brakeage minimizes organic waste underneath the cages.

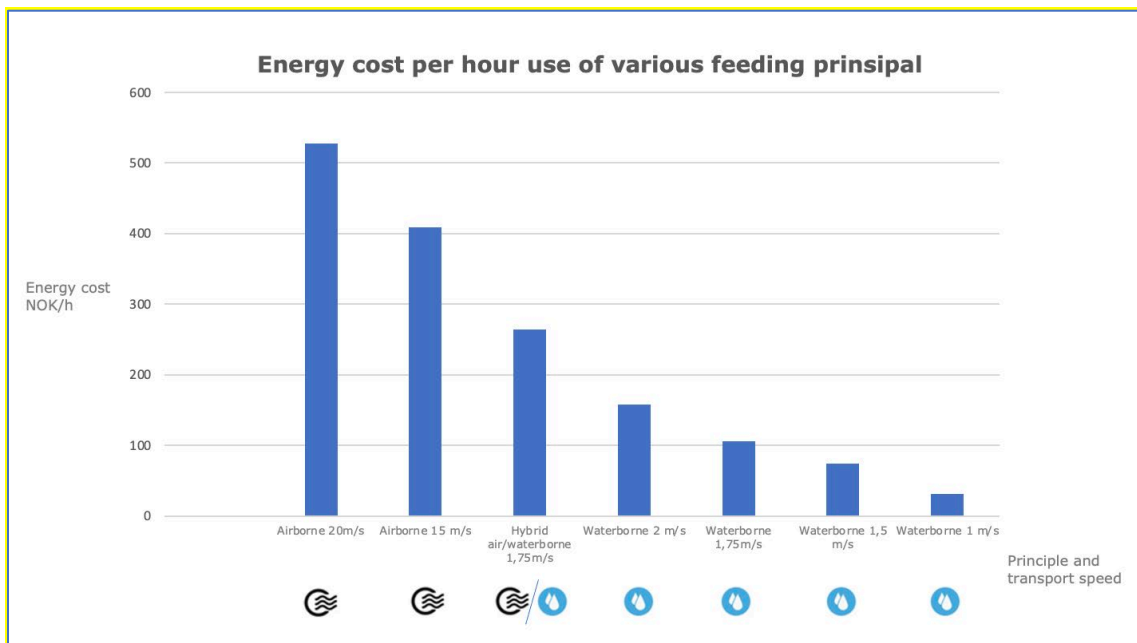


Figure 19 - Energy cost per hour by use of various feeding prinsipal. Source: AKVA group

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

Hybrid energy solutions at feed barges

In 2022, the hybrid systems which includes battery packs were further developed. Emissions of CO₂ and NO_x (and energy consumption) from a hybrid fleet combined with waterborne feeding is now potentially reduced by more than 60 % compared to a traditional diesel based barge with air- based feeding (Figure 20).

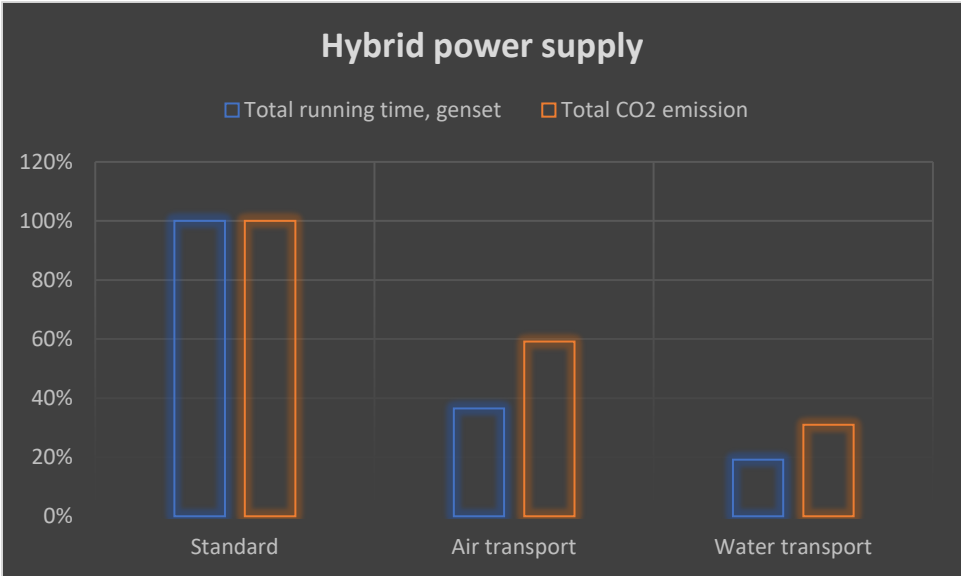


Figure 20 - Hybride power supply in a barge, comparing standard with air or water transport of feed (Source: AKVA group).

5.2.2 Land-based technology innovation

AKVA group is involved in several large land-based projects all over the world, some of them producing fish up to slaughter weight. AKVA group worked in 2022 with several R&D projects to develop processes, technology, and knowledge in order to make more efficient and sustainable facilities.

By having sustainability as a core focus and driving force in land based, we want to develop technology that will optimize production to secure fish health and welfare. The focus on environmental sustainability in land-based aquaculture production will increase and with the zero-water exchange system, AKVA group is well-positioned to make a difference in the industry.

To implement ESG in Land Based R&D projects, we have developed guidelines for reporting on ESG in our internal project execution processes. The new process will be used from 2023.

Research projects

We are participating in the DIGIRAS project, which is a three-year EU project, funded by the Blue Co-fond from 2020-2023. The main aim is to close knowledge gaps by digitalization of parameters and processes in RAS (Recirculation Aquaculture Systems). In turn, this will lead to more sustainable production with special attention to fish health and welfare.

We also received funding for some new research projects which will start in the beginning of 2023;

“MILO - Framtidens Materialvalg i Landbasert Oppdrett” where the goal is to develop a system which reveals corrosion problems in land-based aquaculture systems, identify possible existing solutions, and suggest new innovative solutions that can be used. In this project, sub-suppliers, suppliers of complete land-based systems, customers and research organisations are collaborating throughout the value chain to increase the knowledge of corrosion as a challenge in land-based aquaculture.

“MIRA – Microplastic in RAS”. There is currently a general lack of literature and knowledge on microplastics in aquaculture, specifically within RAS. VRI Rogaland is funding the pre-project MiRA, where AKVA group is taking a closer look at the emissions of microplastics in RAS together with SINTEF Ocean. This knowledge will benefit a more sustainable aquaculture industry.

Energy consumption

The prices of energy increased significantly in Europe in 2022, compared to 2021. Energy and supply costs impacted by the current geopolitical situation mainly drove the increase. As land-based facilities generally have a high energy usage, it has been even more important for us in AKVA group to optimize our complete land-based systems' energy consumption. In the second half of 2022, we therefore started measuring the need of energy component-wise. This gives us documentation on energy usage and sets us in a position where we will be able to efficiently optimize and reduce the energy consumption.

Feeding system

AKVA group has developed a new feeding system, providing increased utilization of the feed, and less breakage and crushing of pellets. An optimized feeding system will also be a contributor to reducing the sludge output. Reduction of sludge output and more optimized feed distribution may contribute positively to the welfare of the fish. Having a better overview of the complete feeding system makes it easier to quantify the efficiency of the system, giving the possibility to measure energy consumption. In 2022 we built a full-size test-land-based feeding system located at our head office. The plan for 2023 is to test breakage and crushing of pellets systematically. Similar testing of more established feeding components will also be performed. We also have a focus on microplastics and plan to include this in our testing of the feeding systems.

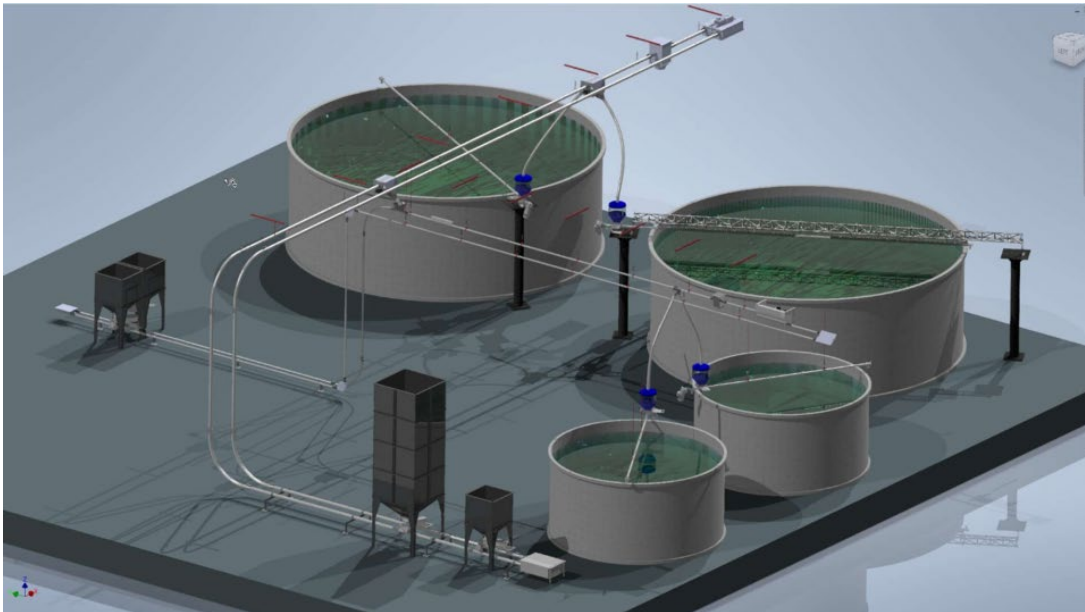


Figure 21 - Zero-water exchange concept

Zero-water exchange concept (ZWC)

Water treatment systems from AKVA group are based on RAS with a zero-water exchange concept (Figure 21), recycling 99,9% of the facilities' water and discharging less nutrients. Through 2022 we delivered several facilities (Ænes, Hiddenfjord and NOAP) using the ZWC technology. The ZWC makes it possible for land-based aquaculture to have even less impact on the environment. The concept makes the choice of location for facilities even more flexible. Our RAS concept has been further developed and to a greater extent adapted to the production of large fish.

Biofilter and denitrification system



Through 2022 we have established a more thorough documentation of our biofilter. The biofilter houses nitrifying bacteria and is the primary site where biological nitrification occurs. The biofilter is filled by small plastic medias that has a large surface area where the nitrifying bacteria can grow. Our team has collected data from four separate biofilters trough water sample analysis, camera inspection and dialogue with operational personnel in the facilities. The nitrification rate, effect of cleaning on biofilter performance and risk evaluation of sludge accumulation was measured and documented. We are proud to be able to say that 2/3 of our biomedias suppliers, supply us with recirculated biomedias. We are also starting a project to investigate breaking of biomedias to secure that the biomedias we provide to our customer hold high standards. This research is done at our office in Frederica, Denmark.

In Q1 we helped starting up the denitrification (DN) biofilter in several of our customers' sites and made startup protocols for the filter. The protocols make it easier for the future denitrification startups, both as supporting documentation for AKVA group employees, as well as for AKVA group customers with lack of experience with DN startup.

Fish handling

Currently, the R&D land-based department has been working with development of a fish handling system for larger grow-out facilities. This means handling and transporting fish up to slaughter weight. The project develops solutions that maintain fish welfare during transportation and in the tank. The solution also benefits the fish farmers with automation of work processes that have been labor-intensive and performed manually in the past.

Production Advisory Service (PAS)

In 2021 we established Production Advisory Service (PAS) as an expert support team, employing biologists providing customer services within in operation and production. In 2022, the PAS team has been providing support for more than 10 facilities throughout the year. The focus is to support to enable our customers to optimize production in their own the facilities. The plan for the start of the year 2023 is to send part of PAS to support a new facility in Japan.

5.2.3 Digital innovation

In 2022 execution of our Digital Strategy has been the key focus of the digital business area in AKVA Group. We provide the market with open, flexible and modular digital products and services, which serves as enablers for sustainable growth in the aquaculture industry. Our market promise is to make our customers better equipped for precision fish farming concepts (Figure 11).

During 2022 we have started the journey to enable our customers with easy access to data for their ESG reporting and initiatives on our core offerings, and this will continue throughout 2023. This includes:

- Fish group data on growth that enables better feeding insight.
- Better quality of the data and information available faster to enable our customers to take better and more sustainable decisions in farming operations.
- Lice data made available enables better decision making.
- AKVA group Digital has during 2022 released the new AKVA Control App that simplifies and improves the accuracy and registration of environmental parameters in farming operations.

AKVA groups ambition for 2023 is to support the development of digital passport solutions by providing a Digital track and trace solution for the Aquaculture industry with the aim to encourage better informed consumer choices in order the create demand for more sustainable products. Digital passports are at the core of the EU's legislative initiative for circular economy and a key enabler for sustainable growth.

In 2023 we will continue the execution of the strategy and delivering on our business plan that spans across 2027 with ambitions to be a key player in the digital ecosystem of Aquaculture creating a supporting concept and solutions for Precision Fish Farming.

Future new digital products will have the UN sustainability goals as guidance for development of roadmaps and execution, both internally for AKVA group as well as supporting our customer's sustainability strategy and goals. Through this approach AKVA group are confident to decrease environmental footprint and

increase sustainability focus and reporting both for AKVA group and our customers.

5.3 The way forward

In all three business areas – sea based, land based and digital - AKVA group has established an innovation agenda with a 3-5 year perspective. The innovation agenda is divided into programs and business cases are developed for each program. This systematic approach to innovation will proceed in 2023.

Cooperation with external parties like customers, RnD institutions, suppliers, the public support system and other parties are crucial activities in our innovation agenda. Complex sustainability challenges within the aquaculture industry could only be solved by such cooperation. The aquaculture industry has many innovation platforms and AKVA group is an active part in some of these. This will be further developed into new projects and collaborations.

6 People – Health promoting working conditions for all employees

AKVA group works for health promoting working conditions for all employees

3
GOOD HEALTH
AND WELL-BEING

5
GENDER
EQUALITY

- We work to improve health and safety for a diverse and inclusive working environment
- We facilitate for clear expectations and development opportunities

6.1 Status

AKVA group is not only a major supplier to the aquaculture industry, we are also a major employer, and we influence many local communities around the world. AKVA group wants to contribute positively to our people’s wellness through offering health promoting working conditions, and underneath is an overview of what we are working on to achieve this (Figure 22).

AKVA group - People Plan



Figure 22 - AKVA group’s people plan

It is the management, and the managers, with support from HR and HSE representatives who have the overall accountability for ensuring health promoting working conditions in AKVA group. The responsibility, however, also lies with all people working in- and in connection with AKVA group, where our common expectations are defined through our Code of Conduct, CARE values and leadership principles.

6.1.1 Improving health & safety

AKVA group consist of office employees, productions workers and service personnel; all equally important. Ensuring they are safe at work is of greatest importance to us.

Preventing accidents

All employees in AKVA group must focus on safety in their work, and we expect our suppliers to do the same. There shall be a risk-based approach when planning and preparing for all kinds of field services and workshop activities. Employees are expected to use risk evaluation matrices (i.e., Safe Job Analysis) in the preparation and evaluation of their work. Breach of this practice shall be reported in the Corporate Quality Management System, resulting in corrective measures to prevent reoccurrence and to ensure safe operations.

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

Sickness absence & working environment

We use our sickness- absence reporting as indicator of employee satisfaction and health and monitor trends to initiate improvement actions if needed.

Employees who suffer from long-term sick leave are followed-up in accordance with local laws- and practices, and we strive to allow for employees to use their remaining working capacity when possible.

To comply with the Norwegian Working Environment Act, and ensure continuous improvement, employees and departments are subject to working environment surveys, safety inspections and reviews. New hires are by routine asked to complete an onboarding survey, as we want to ensure they are quickly included in the working environment and get clarity of expectations.

It is the operating companies who are responsible for sickness absence and working environment, with policy and process support from the HR function.

6.1.2 Diverse and inclusive working environment

In AKVA group we believe that diversity and an inclusive working environment have an important and positive effect on our innovation capabilities and performance results.

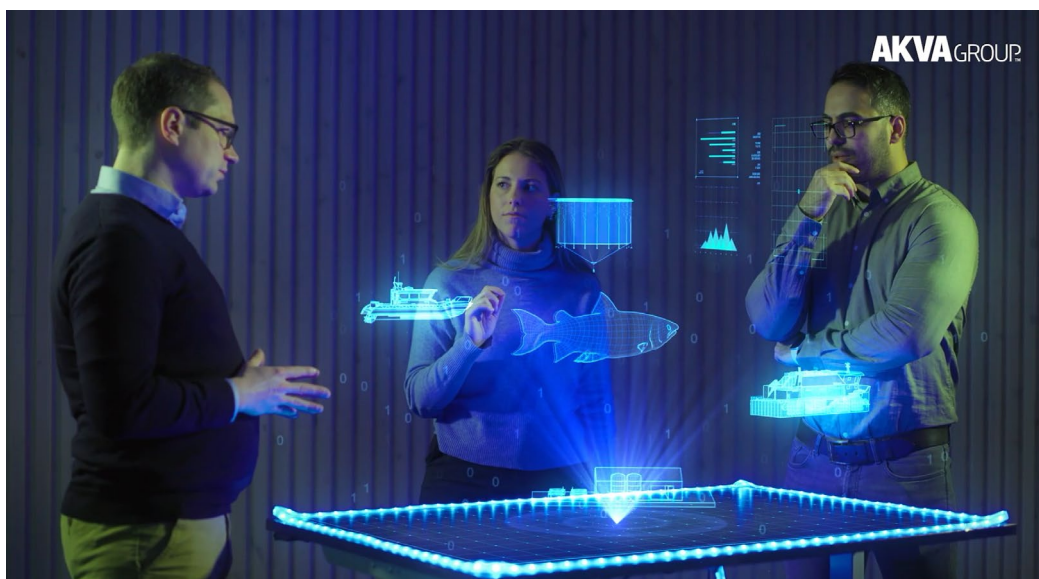


Figure 23 -Inclusive working environment

Currently AKVA group have a work force of 1466 (FTEs in 2022), subsidiaries in 11 countries and with a diversified work force in terms of gender, religion, national or ethnic origin, cultural background, social group, disability, sexual orientation, marital status, age, and political opinion.

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

AKVA group shall provide equal opportunities and treat all employees fairly. To ensure this employees and business units shall use only merit, qualifications, and other professional criteria as basis for employee-related decisions such as recruitment, training, compensation, and promotions.

AKVA group encourages initiatives to promote a diverse organization based on the principle of equal opportunities. The policy for equal opportunities is stated in the Group's Code of Conduct. All employees shall confirm that they have read and understood the Code of Conduct yearly, and this is followed up as part of the daily management in the different entities of the company and in the executive management team.

Improving gender diversity

Gender equality is about a fair distribution of power, influence, and resources. It has been proven that political, economic, and social equality between genders contributes to a positive development at all levels.

In the total aquaculture industry (suppliers and fish farmers), there are relatively few women in leading positions. FAO calculates the ratio of females to males in the global aquaculture industry to around 10-22 %²³. In AKVA group we shall work towards getting higher female representation, both in total and in management positions.

Our gender equality work is described in the Code of Conduct and included in the annual strategy meetings held within Group Management. It is the HR function who has the overall responsibility for maintaining and improving the procedures around gender equality.

Enabling diversity of nationalities

In total AKVA group have employees with 39 different nationalities, which brings different perspectives, a more innovative workforce, and a need for cultural awareness. At the head office in Norway, the primary office language is set to English to allow for greater diversity and inclusion.

Reporting of harassment, discrimination, or other violations

²³ FAO. 2020. *The State of World Fisheries and Aquaculture 2020. Sustainability in action*. Rome. <https://doi.org/10.4060/ca9229en>

In accordance with regulations AKVA group has an anonymous channel for whistle blowing, which is made available through the company’s web pages.

Trade unions


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

6.1.3 Employee development

Employee development is fundamental for the company’s competitiveness and innovation capabilities. In addition, we consider employee development as an important organisational responsibility; when employees have the competence to fulfil their jobs it reduces stress, risk of accidents and supports a healthy work-life balance. Development in itself is also considered to be health promoting, leading to increased confidence, skills and more interesting working tasks.

The People Plan outlines how AKVA group works with employee development, both at a collective- and individual level. At the collective level our values and leadership principles outline the common expectations for our employees and managers and supports an inclusive learning and performance culture. The need for competence and employee development is also subject in strategic process’.

At an individual level all our employees shall be offered and complete minimum one employee appraisal annually (AKVAppraisal), where also personal development goals are agreed.



AKVAppraisal - Purpose

Follow-up of performance, development and job satisfaction is a continuous process between employee and manager.

The AKVAppraisal process is established to be a supplement to the day-to-day dialogue, with the purpose to:

- 1. Discuss job satisfaction and motivation**
- 2. Clarify accountabilities and evaluate performance**
- 3. Set targeted objectives and personal development goals for the up-coming year**

Figure 24 - Purpose of AKVAppraisal

Competency matrix’ are set up for certain roles, primarily for more practical roles with certificate requirements, to ensure all employees have the required formal training needed to do their job.

It is the management in the operating companies who are responsible for the employee development within their area, with process support from the HR function.

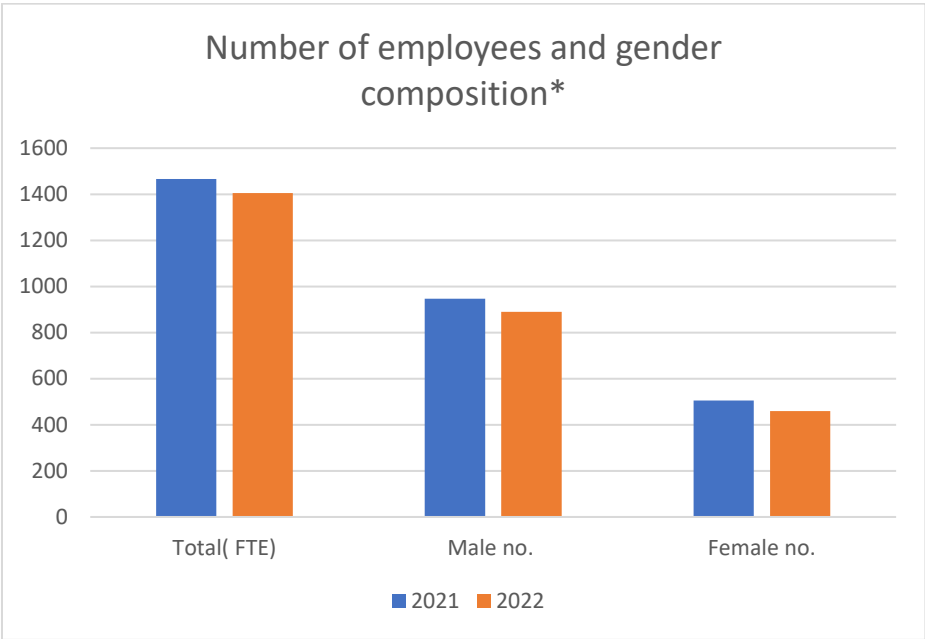
6.2 Our efforts in 2022

AKVA group has in 2022 had a challenging year financially and operationally. This has primarily been related to macro conditions such as Covid-19, cost increases

and the Norwegian Governments proposal of a resource tax which have led to loss of incoming contracts in the supplier segment.

By end of 2022 AKVA group had 1466 employees (Full time Equivalents) (Figure 25). During 2022 there has been an increase of 4 % in total, but with a reduction of employees in last quarter of 2022.

The extraordinary challenges AKVA group has faced in 2022 have led to increased operational focus. Despite of this there are still several initiatives that have been carried out to ensure we keep improving how we work to offer health promoting working conditions for our people.



*missing gender information 2022: 14, 2021: 55
 Figure 25 - Number of employees and gender composition

Table 5 gives an overview of number of employees, temporary employees, part-time employees, unwanted part-time employees and parental leave distributed in male and female employees.

Table 5 - Number of employees, temporary, part-time, unwanted part-time employees, and parental leave

2022		Male no. (%)	Female no. (%)
Number of employees	1466	947 (65%)	505 (34%)
Temporary employees	50	34 (68%)	16 (32%)
Part-time employees	44	17 (39%)	27 (61%)
Unwanted part-time	0	0	0
Parental leave	22 weeks (87#)	9 weeks (36#)	31 weeks (51#)

In AKVA group 20% of managers are females and 80% men. During 2022 the executive management team included one female (out of eight).

AKVA group acknowledges that the management is male dominated and have found it difficult to even out the imbalance on external management recruitments due to few female applicants (82% male and 18% female). It has therefore been put emphasize into attracting and recruiting more females into the company, with a long-term ambition to have more female candidates to promote from internally. At the Head Office we have increased from 33% female new hires in 2021, to 43% in 2022.

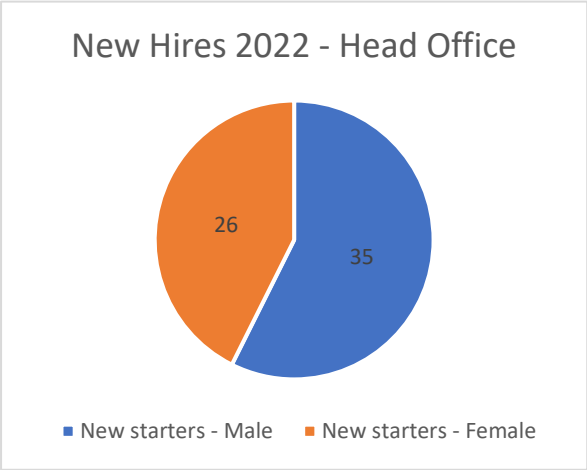


Figure 26 - Gender diversity in new hires at the head office in 2022

A quantitative review of gender equality has been carried out in 2022. This survey showed that male employees in the company on average have a higher salary than female employees. One of the reasons is that there is a predominance of male employees in management positions. For non-managerial positions (such as project personnel and administrative personnel), no significant differences in salary between men and women were revealed.

Recruiting for a more multinational head-office

We think that being a global organization, with employees from 39 different countries, requires a multinational head office. Through allowing for non-Norwegian speaking candidates in recruitment where possible, and equal selection practices, the head office has increased from 13 to 17 different nationalities during 2022.

Implementing HSE reporting to board and executive management team

HSE responsibility primarily lies within each operating company. In 2022 we have started a process of also getting a stronger central and common approach. In May status of accidents and sick leave became included the board meetings. This has resulted in more accurate data and overall trend monitoring. Going forward

the reporting will be included in the routines for financial reviews, to put more emphasize on corrective actions and improvements.

The Group registered 27 Lost Time Incidents (LTI's) incidents causing sickness-absence exceeding the day the incident occurred during 2022. Four of the incidents took place in Norway, and 23 outside of Norway. All incidents have been followed-up with corrective measures, and we see a positive trend of declining incidents in second half of 2022 (Figure 27).

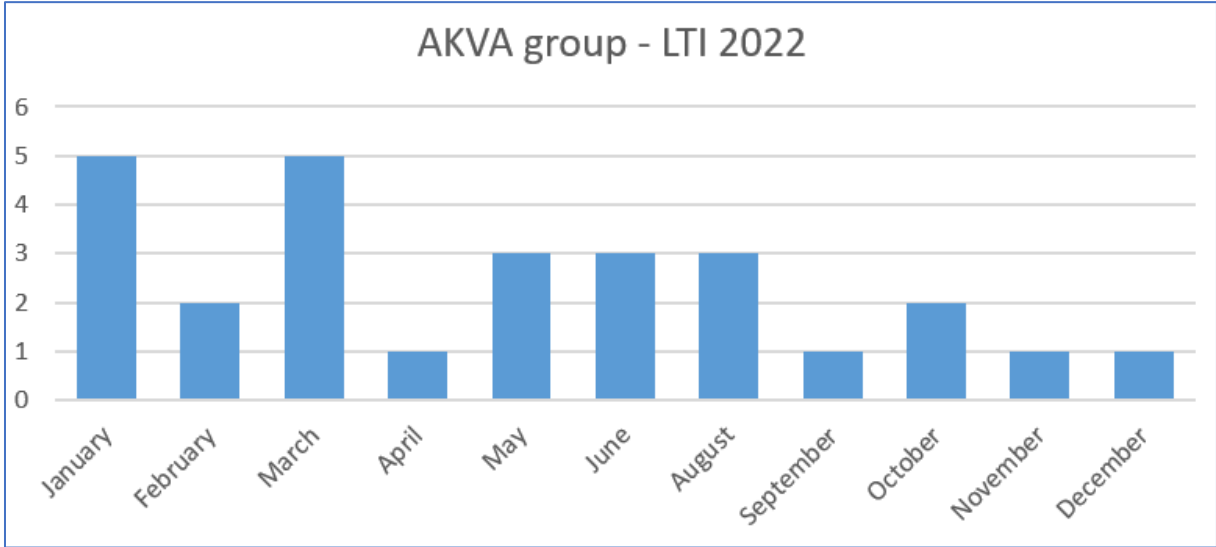


Figure 27 - Lost Time Incidents (LTI) in 2022

The total average sickness-absence in AKVA group for 2022 was at 5,5%; with a declining trend in short term sickness- absence (Figure 28).

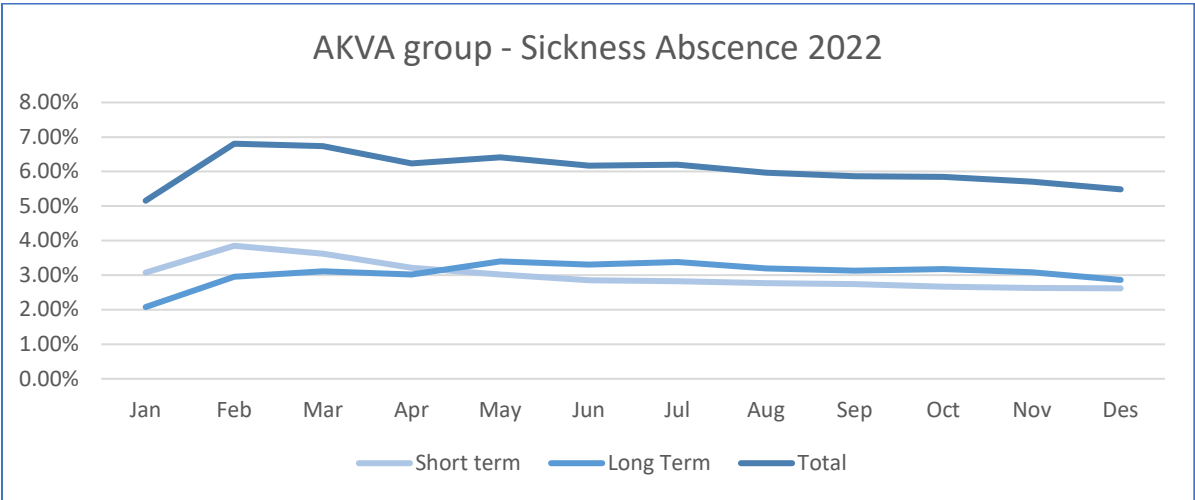


Figure 28 - Sickness absence 2022

3rd party handling of harassment incident

Based on the knowledge of the Management and the Board of Directors in AKVA group, there have been no violation of the company's procedures on equal opportunities and discrimination in 2022.

AKVA group has reported one incident related to harassment or sexual harassment. This was handled through 3rd party investigation, where suggested follow-up actions were executed.

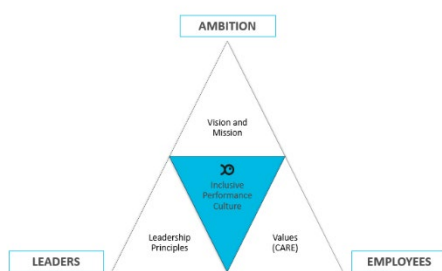
Hosting a Global Management Forum

In March 2022 more than 60 of our top leaders from 10 countries were gathered to

- Discuss strategy and the leadership role
- Work out the framework of our values and leadership principles
- Socialize to strengthen relations and improve internal collaboration

The outcome of the gathering was a new vision, a more united leadership of AKVA group, an updated and more practical framework for our CARE-values, and establishment of leadership principles.

Strengthening of an inclusive performance culture



In AKVA group we believe that it is our ambitions, values and leadership that together forms our organisational culture and support our vision of "pioneering a better future". To help employees in living our values, and our leaders to also live our leadership principles, we have in 2022 put emphasize on identifying and describing what we consider to be important to

get the inclusive performance culture we strive for.

Figure 29 - Inclusive Performance Culture

The content of our values and leadership principles has been presented and made available for all employees and is included as evaluation in the employee appraisal process.

Our Values

CUSTOMER FOCUS We build long-term partnerships and customer value through understanding needs and providing honest advice.	AQUACULTURE KNOWLEDGE We are continuously developing our knowledge, skills, and abilities, to create and deliver leading solutions and services.	RELIABILITY To be a trusted partner, we plan carefully, avoid assumptions, and are committed to delivering on what is promised.	ENTHUSIASM Enthusiasm is about being inspired and optimistic about what we are doing; it unites us in pioneering a better future.
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Enthusiasm

Enthusiasm is about being inspired and optimistic about what we are doing; it unites us in pioneering a better future.

Positive behaviors

- Shows commitment to achieving goals and objectives, even in tough situations.
- Relates to others in an open, honest, and respectful manner.
- Contribute with a general positive spirit, optimism, and humor.
- Is a team player; offers to help and shows acknowledgement of other people's support.

CARE for people, the planet and profitability

Figure 30 - Our Values broken down to positive behaviours – exemplified by Enthusiasm

Conducting appraisals with quality

We implemented the AKVA appraisal as a global process in 2021. All managers were trained on the process to ensure quality in the conversations, and 70% of the appraisals were completed within deadline.

Bringing people together

Coming back from covid-19 AKVA group have put significant efforts into bringing people together and meeting each other in person to support inclusion, sense of belonging and collaboration. The head office has been expanded in 2022, and larger meeting room facilities have been added to allow for larger groups to meet



physically and to facilitate for learning and development initiatives.

Figure 31 - Gathering at the head office

6.3 The way forward

We will continue to strengthen the group approach, process' and routines on how we support our employees to have health promoting working conditions. Planned initiatives that will contribute to this are:

Diversity and Inclusion

- Gender – continue to increase female % and set a global plan of how to attract more female applicants to AKVA group
- Code of Conduct signed off by all employees

HSE & Sickness Absence


- Get quality into the HSE reporting routine and ensure that corrective actions are taken where necessary. Prepare for setting targets in 2024.
- Implement a global employee survey and implement corrective actions where needed and prepare for setting improvement targets for 2024.

Employee Development

- Support individual performance and role clarity through ensuring all employees have an updated job description, personal development goals and completed appraisal.
- Strengthen our general aquaculture knowledge through learning & development initiatives.

7 Commitment to local communities and the global seafood industry

AKVA group contributes to local communities and the global seafood industry



- We work to be an important contributor to employment and value creation
- We contribute to an increased and sustainable seafood production through new solutions and global presence

7.1 Status and results

7.1.1 Value creation and contribution to the society

AKVA groups decentralized structure makes us an important contributor to the local societies we are a part of. Many of our companies are cornerstone companies and important employers in their local societies. By developing profitable businesses, we create positive ripple effects for society in the form of skills development and jobs. In addition, we pay taxes and fees.

In general, the suppliers like AKVA group play a more and more important role in the seafood industry in terms of value creation (EBITDA + labor costs) and employment (man year). In Norway suppliers represented in 2020 approximately 14 300 employees²⁴, and the value creation from the suppliers was about 17 billion NOK. The last ten years turnover from the supplier industry have tripled in Norway²⁵ and represent now about 65 billion NOK.

In every aquaculture producing countries the employment is spread along the coastline – very often in places where other job possibilities are limited. Local communities are in some places totally dependent on the aquaculture industry, suppliers like AKVA group included. And AKVA group is on the other hand very dependent on local, skilled people living in the small places our activities are based. AKVA group's five fabrics and service stations/offices are spread all over Norway and each entity contributes to local employment at our own facilities and even more important to our suppliers like the local electrical company etc. The mutual dependency in local communities is the same in all countries we are present.

²⁴ Johnsen et al (2021): «Ringvirkninger av sjømatnæringen i 2020». Menon-publikasjon nr. 105/2021.

²⁵ Speech by Ragnar Nystøyl at Produktivitetskonferansen nov 2022.

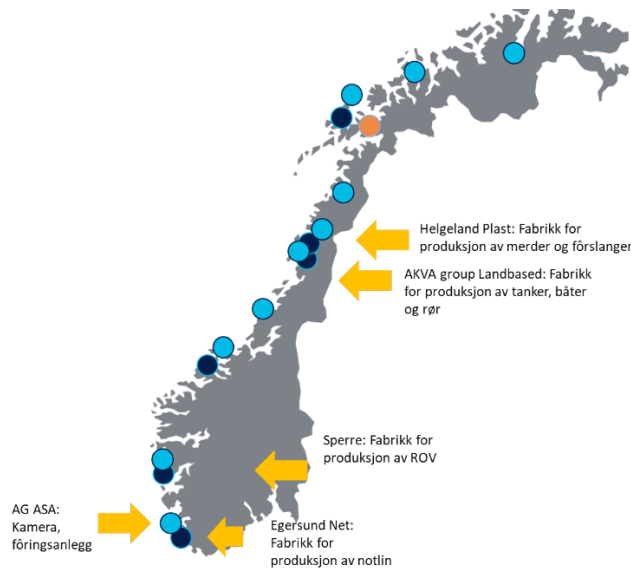


Figure 32 - AKVA groups production facilities and service stations in Norway

Taxes and fees from both the fish farming companies and the suppliers are important contribution to national accounts in different countries.

7.1.2 Collaboration and joint initiatives

The aquaculture industry (farmers and suppliers) is dependent on a close cooperation with research institutions and public management in different countries, here called the aquaculture innovation system to achieve a more sustainable future. AKVA group contributes to this innovation system through many activities like:

- Participating in innovation Clusters like NCE Aquatech Cluster, Blue Maritime Cluster and Stiim Aqua Cluster²⁶.
- Contribute as supervisors for students from different universities both at bachelor- and master degree level. We also give lectures to students at all levels from high school to university.
- Contribute and participate in different research initiatives to bring forward knowledge useful for the industry, public management, and the society. Examples are MICRORED (about plastic) and DypDom (about deep farming).

AKVA group is working actively together with other companies within the Norwegian Seafood Federation, to contribute to development of legislations, regulations, and standards together with authorities and other bodies at different levels.

In 2021 AKVA group Chile signed a Clean Production Agreement initiated by The Salmon Chile trade association. This agreement is part of the work that the sector is doing in conjunction with the government and its sustainability and energy efficiency offices. At the end of the implementation in 2023, the signatory companies will have the tools to implement management tools (sustainability), measure and mitigate GHG, waste management and recovery, circular business design and community projects.

²⁶ [NCE Aquatech Cluster - World Class Aquaculture Technology](#) and [Stiim Aqua Cluster - Stiim Aqua Cluster](#) and [Hjem - Blue Maritime Cluster](#)

AKVA group is also working hard to increase focus on the total supplier industry in all countries we are present - for instance in Scotland.

Contribution to local communities

AKVA group contributed in 2022 to local communities with a lot of different activities, and some examples are:

- AKVA group participated in a training session with Mowi at a Public School at Achao, Chiloé island. The institution was the "Liceo Insular de Achao" and the idea was to train the students in the Fishtalk system donated along with the PC by Mowi.
- AKVA group participated on a ceremony at Castro Chiloé with Salmon Chile and the local authorities to finalize the reconstruction of 69 houses at "Población Camilo Henríquez" that were entirely destroyed in a fire on December 2021. As part of Salmon Chile, we collaborated with a donation to afford the reconstruction.



Figure 33 -Training session at a Public School at Achao

- All employees in AKVA group Norway can apply for support to their local sports club or association. In 2022 the budget for this was NOK 100.000. AKVA group is also sponsor of the local football club Bryne FK.
- In Mo i Rana in Norway, AKVA group have sponsored a new airport
- AKVA group participates in a lot of student events in Norway and one example is from Yrkesmessa in Brønnøysund. AKVA group Egersund Net in Brønnøysund met students and teachers from high school (Figure 34)



Figure 34 - Egersund Net represented at the vocational fair in Brønnøysund

Contribution to cooperation within the aquaculture industry

In Norway our work within the Norwegian Seafood Federation in 2022 resulted in:

- A plastic plan for increased recycling and a plan for establishment of a total tracking system of plastic based products, will continue in 2023
- Development of Product Category Rules (PCR) and Environmental Product Declarations (EPD) for seabased aquaculture, will continue in 2023
- Input to NYTEK2023 (Regulations on requirements for technical standards for aquaculture facilities for fish at sea, lakes and waterways, entry into force 01.01.2023)

On behalf of ourselves and the supplier industry in Norway, AKVA group took an active position in the tax debate in Norway in 2022. The supplier industry was drabbed by the suggestion from the Norwegian Government immediately after the announcement in September of a potentially new resource tax. The uncertainty about the tax regime stopped investments and projects and this came on top of the challenging time after the pandemic and war in Europe. In the end of 2022, the tax regime is still uncertain, and the process will continue in 2023. Our concern is that the new tax will reduce investments in projects that increase sustainability and thereby reduce growth. Norway has an obligation to develop aquaculture further.

In Scotland there has been a debate in 2022 about the future of the aquaculture industry. AKVA group has contributed in meetings and conferences with the authorities in Scotland with the aim to improve communication between the aquaculture industry and Scottish authorities and the public in general.

7.2 The way forward

AKVA group contributes to the society in a lot of different ways in countries we are present. In the coming years we want to be able to document the activities better, and we will establish a global system for registration of initiatives.

We will strengthen and systemize cooperation with other parties in the value chain – for instance within associations and clusters in countries we are present. Important thematic areas are for instance:

- Implementing the Clean Production Agreement initiated by The Salmon Chile trade association (AKVA group Chile)
- Through The Norwegian Seafood Federation work with regulations for the supplier industry (Norway)

The best way to contribute to local communities is to ensure a robust and profitable business. Our suppliers are dependent on us and the market for aquaculture technology and solutions. We are very dependent on the regulations and framework in every country we are present, and also a public acceptance for what we are doing. We will put more effort into good processes with governmental bodies and the public in general.

8 Ensuring good business ethics

AKVA group ensure responsible business conduct in all parts of our value chains



- We commit ourselves and our representatives to our Code of Conduct
- We commit to cross-industry collaboration for ethical trading and human and workers rights

8.1 Status and results

Corporate Governance in AKVA group is clearly described in the annual report page xx-xx²⁷ this includes; Implementation and reporting on corporate governance, about equities and dividends, treatment of shareholders, general meetings, composition and independence of the board, their responsibilities and work, risk management and internal control, salary and other remuneration for executive personnel, communication routines and take over processes.

In this chapter we will focus on how we ensure good business ethics in all parts of our value chain and describe how we work to fulfil our sustainability promise with focus on the material topics:

- Responsible business ethics
- Supplier management
- Ensure product quality and safety
- Data security

Responsible business ethics and systematic risk management

AKVA group supports and respects the protection of internationally recognized human rights and ensures that the company is not complicit in human right abuses. AKVA group upholds the freedom of associations and the effective recognition of the right to collective bargaining. The company agrees with the intention of ending all forms of forced labor, bringing child labor to an end, and put an end to discrimination in respect of employment and occupation. AKVA group works against all forms of corruption, including extortion and bribery.

AKVA group has an established Code of Conduct²⁸ giving detailed instructions on regulations, policies, and responsibilities as well as acceptable behavior and conduct. The Code of Conduct applies to all representatives of the company, including employees, temporary personnel, consultants and suppliers who perform or act on AKVA group's behalf – throughout the world as well as the Board of Directors in AKVA group ASA and its subsidiaries. The purpose of the Code of Conduct is to ensure that all people acting on behalf of AKVA group perform their activities in an ethical way and in accordance with the standards AKVA group has defined through regulations, policies, and guidelines. It is AKVA

²⁷ Pursuant to section 3-3(b) of the Norwegian Accounting Act, the Norwegian Code of Practice for Corporate Governance, 4.4 of the Oslo Stock Exchange's "Oslo Rule Book II – Issuer Rules", and internal steering documents

²⁸ [AKVA group CodeofConduct_rev2022.pdf](#)

group's policy to comply with all applicable laws and governmental rules and regulations. The Code of Conduct is an important tool to secure compliance with these laws, rules, and regulations.

The Code of Conduct is published on the Group's intranet, website and enclosed as part of new employment contracts. The code gives clear instructions to all managers in the Group to make sure the code is known and complied with by all employees. Violation of the Code of Conduct is not tolerated and may result in internal disciplinary actions, dismissal, or even criminal prosecution. Should an improper practice or irregularity occur within the company, the company is committed to make necessary corrections and take remedial action to prevent recurrence. The Code of Conduct covers the following main areas:

- Policy on personal conduct and behavior based on mutual respect
- Restrictive policy on use of intoxicants
- Policy on equal opportunities
- Policy on anti-corruption and conflict of interest
- Policy on compliance with laws and regulations including laws and regulations on antitrust and competition as well as insider trading

The Code of Conduct is regularly revised and last revise and presentation to the Board of Directors was in November 2022.

In 2022 there was no incidents of corruption registered.

Supplier and supply chain management

In 2022, the implementation of due diligence for responsible business conduct (aktsomhetsvurdering) became a legal requirement in Norway through the Transparency Act (Åpenhetsloven). The purpose is to promote businesses' respect for basic human rights and decent working conditions in connection with the production of goods and the provision of services.

We require our suppliers and partners to work purposefully and systematically to comply with our ethical guidelines covering human rights requirements, workers' rights, anti-corruption and external environment. We also expect our suppliers to be able to document how they work to comply with the guidelines.

All suppliers of externally supplied processes, products and services go through a qualification and evaluation before becoming an approved supplier to AKVA group. Suppliers are qualified through answering a questionnaire with the following main topics:

- Financials, competency, and capacity
- Quality Management System
- Environmental Management System
- Health & Safety Management System
- Business Ethics & Human Rights

We use a cloud solution for processing and storing all these questionnaires and during 2023 this tool and questionnaire will be rolled out on a global scale.

We work systematically to promote good working and environmental conditions in our supply chains. This is done in close cooperation with and in dialogue with our suppliers, partners, and other stakeholders. At the request of AKVA group,

suppliers must be able to document the work that ensures compliance with our guidelines.



Ensure product quality and safety

Product quality and safety are important premises for AKVA group's innovation agenda and our deliveries. Our products are constructed for rough and demanding environments both at sea and on land. New products are thoroughly tested, risk assessments carried out, user manuals developed, and declarations of conformity established before a product is released to the market. High product quality and good service systems are crucial for safety. AKVA group offers service and maintenance of almost all products and processes to secure production efficiency and safety.

All entities except Egersund Net AS and Sperre AS in AKVA group are part of the Quality Management Systems (AQS). Egersund Net and Sperre have their own quality systems. In AQS all important group policies are described and procedures are developed to:

- *Secure a profitable development, production and delivery of technology and services of high and reliable quality. Meet customer expectations, gain customer satisfaction and build AKVA group's position as leading technology and service partner to the aquaculture industry worldwide.*
- *Be in compliance with laws and regulations as well as with industry standards and quality system requirements, in markets where we operate.*
- *Have no production, product, solution or service causing unacceptable negative HSE impact.*

Any accidents, near miss incidents or non-conformities shall be reported in the AQS within due course. All users are encouraged to register opportunities for improvements, as well.

Table 6 show quality management systems and product certifications in different entities.

Table 6 Certifications and standards in Norway - management systems and product certifications

	Quality Management system	Environmental Management System	Floating aquaculture farms — Site survey, design, execution and use	Landbased aquaculture farms for fish — Requirements for risk analyses, design, execution, operation, user handbook and product data sheet	Conformity assessment - Requirements for the operation of various types of bodies performing inspection	Plastics piping systems for water supply, and for drainage and sewerage under pressure - Polyethylene (PE) -
	ISO9001:2015	ISO14001:2015	NS9415:2021	NS9416:2013	INSP 072 (NS-EN ISO/IEC 17020:2012)	NS-EN 12201-1:2011
AKVA group ASA	x		x			
AKVA group ASA, Marine Engineering	x				x	
Land Based Norway	x					
Egersund Net	x	x	x			
Egersund Trading	x	x				
Helgeland Plast	x	x		x		x
AKVA group Landbased Sømna				x		
AKVA group UK	x					
AKVA group Chile	x					
AKVA group Landbased Denmark	x					

In Norway the most important contribution to safe products is to design and construct safe and solid products according to the standards NS9415:2021 and NS 9416:2013. Both standards main purpose is to prevent escapes, but the standards also contribute to safety for people and prevent unwanted events in general. Only accredited inspection bodies can issue capability certificates according to NS9415:2021 and in 2021 AKVA group was qualified as a accredited inspection body. The new standard is significantly improved from last version, and from 01.01.23 the NYTEK23 regulation was implemented in Norway. In other countries there is no legal requirements for these standards.

In accordance with the Transparency Act, we prepared in 2022 for making a due diligence analysis of our suppliers every year. This includes:

- Revision of Code of Conduct
- Further development of supplier questionnaire
- Establishment of a more standardized evaluation/ prequalification of AKVA group's suppliers in the group
- Selected a supplier (Cemasys) for a more frequent, automated, and improved ESG reporting

The due diligence analysis will contribute significantly to our supplier management and will be put into full effect in 2023. Still, AKVA group has regularly performed evaluations of our internal routines and our suppliers. We keep an extra eye on countries and areas where human rights, workers' rights sustainability and prevention of modern slavery can be disruptive.

We have not uncovered any negative consequences in 2022. No incidents of non-compliance with the policies of Compliance and incidents of corruption have been reported to the Management or the Board of Directors in 2022.

In 2020/2021 the NS 9415:2009 version was revised and AKVA group participated in this extensive work together with fish farming companies and other suppliers. The new standard is significantly improved from last version and was implemented in our organisation in 2022. We also contributed to revision of the NYTEK23 regulation.

Data security

Data security has two dimensions in AKVA group; data security in our digital products and services offered in the market like Fish talk and AKVA connect and data security in our own digital systems (ERP, AQS etc). Both are crucial to our business, and systems are established to secure the systems.

8.2 The way forward

We will ensure that all new employees are introduced to our Code of Conduct and invited to the e-learning as part of the HRM onboarding process. The Code of Conduct will be regularly revised to ensure adoptions to new regulations and consensus on good governance and conduct, and all employees must update themselves on current rules regularly.

In 2023 we will continue to implement the due diligence analysis of our suppliers. This will include implementation of the system in all parts of the group, the new data system included. A detailed audit plan will be made, and the complete due diligence for responsible business conduct will be decided by the Management and the Board and published on www.akvagroup.com. An annual audit report will in 2023 be a part of the ESG report.

AKVA group will implement a new ERP system that includes a quality module. Product deviations will be registered in a global system and provide a better basis for product improvements.



Corporate governance
in AKVA group ASA

Corporate Governance in AKVA group ASA

AKVA group ASA's objective is to create the greatest possible value for its shareholders over time. Strong corporate governance will contribute to reducing risk and ensure sustainable value creation.

Pursuant to section 3-3(b) of the Norwegian Accounting Act, the Norwegian Code of Practice for Corporate Governance, last revised by the Norwegian Corporate Governance Board on 14 October 2021 (the "**Code**"; which recommendations are highlighted in blue text below), and section 4.4 of the Oslo Stock Exchange's "Oslo Rule Book II – Issuer Rules", the board of directors (the "**Board**") of AKVA group ASA ("**AKVA group**" or the "**Company**", and together with its subsidiaries the "**Group**") reviews and updates the Company's principles for corporate governance on an annual basis. This report is included in the Company's annual report.

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

1. Implementation and reporting on corporate governance

The board of directors must ensure that the company implements sound corporate governance. The board of directors must provide a report on the company's corporate governance in the directors' report or in a document that is referred to in the directors' report. The report on the company's corporate governance must cover every section of the Code of Practice. If the company does not fully comply with the Code of Practice, the company must provide an explanation of the reason for the deviation and what solution it has selected.

The Board of AKVA group has defined guidelines to ensure that the Company has sound corporate governance to, inter alia, support achievement of the Company's core objectives on behalf of its shareholders and to create a strong, sustainable company. The Board believes that good corporate governance involves openness and a trustful cooperation between all parties involved in and with the Group: The shareholders, the Board and the management, employees, customers, suppliers, public authorities and the society in general.

By pursuing the principles of corporate governance, approved by the Board, the Board and management shall contribute to achieving the following objectives:

- **Openness and honesty.** Communication with the interest groups of AKVA group shall be based on openness and honesty on issues relevant for the evaluation of the development and position of the Company.
- **Independence.** The relationship between the Board, the management and the shareholders shall be based on independence. Independence shall ensure that decisions are made on an unbiased and neutral basis.
- **Equal treatment.** AKVA group has equal treatment and equal rights for all shareholders as one of its primary objectives.
- **Control and management.** Good control and corporate governance mechanisms shall contribute to predictability and reduce the level of risks for shareholders and other interest groups.

The development of, and improvements in, AKVA group's corporate governance principles are considered by the Board as ongoing and important processes.

The individual recommendations in the Code are discussed below. To a large extent AKVA group's principles correspond to the Code. Possible deviations from the Code are discussed under the relevant sections below, and any deviation is accounted for and any alternative practice adopted by the Company explained.

Deviation from the Recommendation: None

2. Business

The company's articles of association should clearly describe the business that the company shall operate. The board of directors should define clear objectives, strategies and risk profiles for the company's business activities such that the company creates value for shareholders. The company should have guidelines for how it integrates considerations related to its stakeholders into its value creation. The board of directors should evaluate these objectives, strategies, and risk profiles at least yearly.

The operations of AKVA group shall be in compliance with the business objective as set forth in paragraph 3 of the Company's articles of association (the "**Articles of Association**") which reads as follows:

"The purpose of the company is to develop, produce, project, sell and market own and purchased products, and everything connected to such activity, including participation in other companies with similar activities. The activities of the company shall in particular be directed towards technology for farming of fish and animals."

The full Articles of Association are available at <https://www.akvagroup.com/investors/corporate-governance/articles-of-association/>. The Company's strategic goals and objectives are described thoroughly in the annual report.

The Board has defined clear objectives, strategies and risk profiles for the Company's business activities to ensure that the Company creates value for shareholders in a sustainable manner. These objectives, strategies and risk profiles are evaluated by the Board yearly. The Board shall identify and assess which aspects of sustainability that from time to time are relevant to the Group's business.

The Company has established guidelines and a Code of Conduct addressing corporate social responsibility, including matters that relate to human rights, employee rights and social matters, the external environment, the prevention of corruption, the working environment, equal treatment, discrimination, and environmental impact, as well as setting out defined values upon which the Company shall base its activities. These are reviewed on a yearly basis and are described in a separate statement included in the annual report as required under the Norwegian Accounting Act.

Deviation from the Recommendation: None

3. Equity and dividends

The board of directors should ensure that the company has a capital structure that is appropriate to the company's objective, strategy, and risk profile.

The board of directors should establish and disclose a clear and predictable dividend policy.

The background to any proposal for the board of directors to be given a mandate to approve the distribution of dividends should be explained.

Mandates granted to the board of directors to increase the company's share capital or to purchase own shares should be intended for a defined purpose. Such mandates should be limited in time to no later than the date of the next annual general meeting.

At year end 2022 AKVA group had a consolidated equity of MNOK 1,144 which accounts for 31.9% of the total consolidated assets of the Company. The view of the Board is that the above stated equity capital level is appropriate in consideration of the Company's objectives, strategy and risk profile.

Dividend policy:

The Company's main objective is to maximise the value of the investment made by its shareholders through both increased share prices and dividend payments. The Company aims to give the shareholders a competitive return on investment by a combination of cash dividend and share price increase. The Company's dividend policy shall be stable and predictable.

When deciding the dividend, the Board will take into consideration expected cash flow, capital expenditure plans, financing requirements/compliance, appropriate financial flexibility, and the level of net interest bearing debt. The Company needs to be in compliance with all legal requirements to pay dividend.

The Company will target to pay dividend twice a year.

The dividend policy has been established by the Board and is disclosed on the Company's website.

On 11 February 2022, the Board resolved to distribute a half-yearly dividend of NOK 1.00 per share, in total NOK 33,667,733. Information on the Company's dividend distributions each year is available on <https://www.akvagroup.com/investors/the-share/dividend-policy>.

In order to enable the Company to maintain the dividend policy, the Board will propose that the Annual General Meeting to be held in May 2023 authorizes the Board pursuant to the Norwegian Public Limited Liability Companies Act (the "**Public Companies Act**" or the "**Act**") section 8-2(2) to approve the distribution of dividends based on the Company's annual accounts for 2022. The proposed authority may be used to approve the distribution of dividends up to an aggregate amount of NOK 100,000,000. The authorization shall, if adopted by the Annual General Meeting, be in force from the date of the general meeting until the earlier of the time of the Annual General Meeting in 2024 and 30 June 2024.

Authorisations to the Board

The Annual General Meeting held on 12 May 2022 resolved to grant the Board an authorization to increase the Company's share capital by up to NOK 3,666,773 through the issuance of new shares. The authorization is in force until the earlier of the date of the Annual General Meeting in 2023 and 30 June 2023, and replaced all previous Board authorizations to increase the Company's share capital. The authorization does not authorize the Board to (i) waive the pre-emptive right of shareholders pursuant to section 10-4 of the Act; (ii) carry out a capital increase by contribution in kind, (iii) incur any special obligations on behalf of the Company, cf. section 10-2 of the Act, (iv) decide on mergers pursuant to section 13-5 of the Act, or (v) use the authorization in connection with the Company's option program. The authorization has not been used by the Board to date.

The Board will propose that the Annual General Meeting to be held in May 2023 grants the Board a new authorization on similar terms, replacing the authorization granted to the Board in 2022, with a limitation corresponding to 10% of the Company's total share capital. The new authorization shall, if adopted by the Annual General Meeting, expire at the earlier of the date of the Annual General Meeting in 2024 and 30 June 2024.

The Annual General Meeting in 2022 also resolved to grant the Board an authorization to acquire own shares on one or several occasions, in accordance with sections 9-2 to 9-4 of the Act, at a price per share not exceeding the market price of the Company's shares on the Oslo Stock Exchange. The minimum and the maximum price that may be paid for each share is NOK 1 and NOK 150, respectively. The maximum face value of the shares which the Company may acquire pursuant to this authorization is NOK 916,693, which, at the time the authorization was granted, equalled approximately 2.5% of the Company's share capital.

Acquisitions of shares pursuant to this authorization may only take place if the Company's distributable reserves according to the most recent balance sheet exceed the consideration paid for the shares to be acquired. The Board is free to determine how the Company's own shares will be acquired and sold, provided that an acquisition under this authorization must be in accordance with prudent and good business practice, with due consideration to losses which may have occurred after the balance-sheet date or to expected such losses.

The authorization is valid until the earlier of the date of Annual General Meeting in 2023 and 30 June 2023. This authorization replaced the authorization for acquisition of own shares granted by the Annual General Meeting on 6 May 2021. The authorization has not been used by the Board to date.

The Board will propose that the Annual General Meeting to be held in May 2023 grants the Board a new authorization on similar terms, replacing the authorization granted to the Board in 2022, to expire at the earlier of the Annual General Meeting in 2024 and 30 June 2024.

Deviation from the Recommendation: The Board authorizations granted by the Annual General Meeting in 2022 to increase the share capital and to acquire own shares respectively are not limited to defined purposes. The same applies to the Board authorizations to be proposed to the Annual General Meeting in 2023. The Board however believes that it is in the best interest of the Company that the Board has flexibility to use the authorizations as considered necessary and advantageous from time to time at the Board's discretion, always considering the interests of the Company's shareholders and other stakeholders. It should be noted that the authorization to increase the share capital has restrictions as to waiver of

the pre-emptive right of shareholders and certain other restrictions as described above, and is limited in time as recommended by the Code.

4. Equal treatment of shareholders

Any decision to waive the pre-emption rights of existing shareholders to subscribe for shares in the event of an increase in share capital should be justified. Where the board of directors resolves to carry out an increase in share capital and waive the pre-emption rights of existing shareholders on the basis of a mandate granted to the board, the justification should be publicly disclosed in a stock exchange announcement issued in connection with the increase in share capital.

Any transactions the company carries out in its own shares should be carried out either through the stock exchange or at prevailing stock exchange prices if carried out in any other way. If there is limited liquidity in the company's shares, the company should consider other ways to ensure equal treatment of all shareholders.

Pre-emption rights of existing shareholders

If the proposed Board authorization to increase the share capital referred to in section 3 above is adopted by the Annual General Meeting in 2023, the Board will not be authorized to waive the existing shareholders' pre-emptive rights in connection with a share capital increase under the authorization.

In the event the Board would propose to the general meeting that the pre-emptive rights of shareholders should be waived, this proposal will be justified in the notice of the general meeting and disclosed in a stock exchange notice in connection with the capital increase.

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

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

Transactions by the Company in its own shares

Any transactions carried out by the Company in its own shares will be carried out either on the Oslo Stock Exchange or at prevailing stock market prices. In situations with limited liquidity in the Company's shares, the Board will consider alternative means to ensure the equal treatment of shareholders.

Deviation from the Recommendation: None

5. Shares and negotiability

The company should not limit any party's ability to own, trade or vote for shares in the company. The company should provide an account of any restrictions on owning, trading or voting for shares in the company.

The Company's shares are freely transferable. The Articles of Association place no restrictions on negotiability.

Please refer to section 8 below regarding ILCO's right to appoint one member of the Board pursuant to the Company's Articles of Association.

Deviation from the Recommendation: None

6. General meetings

The board of directors should ensure that the company's shareholders can participate in the general meeting.

The board of directors should ensure that:

- the resolutions and supporting information distributed are sufficiently detailed, comprehensive and specific to allow shareholders to form a view on all matters to be considered at the meeting
- any deadline for shareholders to give notice of their intention to attend the meeting is set as close to the date of the meeting as possible
- the members of the board of directors and the chairman of the nomination committee attend the general meeting
- the general meeting is able to elect an independent chairman for the general meeting

Shareholders should be able to vote on each individual matter, including on each individual candidate nominated for election. Shareholders who cannot attend the meeting should be given the opportunity to vote. The company should design the form for the appointment of a proxy to make voting on each individual matter possible and should nominate a person who can act as a proxy for shareholders.

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

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

Deadlines for shareholders to give notice of their attendance shall be set as close to the date of the general meeting as practically possible. However, it is noted that as of 1 July 2023, shareholders whose shares are registered on a nominee account must give notice of attendance. Such notice must have been received by the Company no later than two business days prior to the general meeting, unless the Board has set a later deadline in the notice of the general meeting. Further, as of 1 July 2023, only those who own shares in the Company on the fifth business day before the general meeting (the record date) will have the right to attend and to vote for their shares as of the record date.

The Board will in each specific case consider whether to allow shareholders to vote separately on each candidate nominated for election to the Board and other corporate bodies (if applicable). However, and as set out below in respect of the Annual General Meeting in 2022, voting for individual candidates in board elections has so far not been allowed, as the need to take into consideration inter alia the overall combination of expertise represented in the Board and statutory requirements to the Board's composition have outweighed other considerations.

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

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

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

The Annual General Meeting in 2022

The Annual General Meeting in 2022 was in all material respect carried out in accordance with recommendation no. 6 of the Code with the following exceptions:

- The agenda and proxy form for the Annual General Meeting did not open for voting in individual candidates for the Board. The nomination committee made a recommendation for a board composition reflecting several criteria, where *inter alia* stakeholder interests, independence, competence and experience have been weighed to provide a representative and skilled board. This would not be possible to achieve with separate voting for individual candidates.
- The entire Board did not participate at the Annual General Meeting as this was not considered necessary in light of the matters to be dealt with by the meeting.

The Annual General Meeting in 2022 was held as a digital meeting in accordance with section 5-8 of the Public Companies Act, and shareholders were encouraged to attend by granting a proxy (with or without voting instructions) to the chairman of the Board.

Deviation from the Recommendation: None other than as stated above

7. Nomination committee

The company should have a nomination committee, and the nomination committee should be laid down in the company's articles of association. The general meeting should stipulate guidelines for the duties of the nomination committee, elect the chairperson and members of the nomination committee, and determine the committee's remuneration.

The nomination committee should have contact with shareholders, the board of directors and the company's executive personnel as part of its work on proposing candidates for election to the board.

The members of the nomination committee should be selected to take into account the interests of shareholders in general. The majority of the committee should be independent of the board of directors and the executive personnel. The nomination committee should not include any executive personnel or any member of the company's board of directors.

The nomination committee's duties should be to propose candidates for election to the board of directors and nomination committee (and corporate assembly where appropriate) and to propose the fees to be paid to members of these bodies.

The nomination committee should justify why it is proposing each candidate separately.

The company should provide information on the membership of the committee and any deadlines for proposing candidates.

The Articles of Association set out that the Company shall have a nomination committee consisting of at least three members elected by the general meeting. The nomination committee shall consider and recommend resolutions at the general meeting on the following matters:

- Candidates for election as members of the Board
- Candidates for election as members of the nomination committee, including the chairman of the committee
- The proposed remuneration of the Board and the members of the nomination committee
- Any proposed amendments to the nomination committee Charter
- Approve the text in the annual report (Corporate Governance section) of the Company, related to the nomination committee

The nomination committee shall justify its proposal for candidates to the Board and the nomination committee on an individual basis.

Composition

The current nomination committee was elected by the Annual General Meeting on 12 May 2022 and consists of:

- Eivind Helland, (chair, for 2 years) General Manager, Blue Planet AS
- Bjørnar Mikalsen (for 1 year), Head of Sales, Skretting Nord
- Ingvald Fardal (for 2 years), MsC Business Administration

None of the nomination committee members are members of the Board or the Company's management. All members of the committee are independent of the Board and the Company's management.

The nomination committee is of the opinion that the composition of the committee reflects the common interest of all the Company's shareholders.

The work of the committee

The nomination committee's work is based on the nomination committee Charter initially approved by the Annual General Meeting in May 2007, which includes appropriate arrangements for shareholders to submit proposals to the committee for candidates for election.

The nominating committee has held 1 meetings since the Annual General Meeting in 2022.

Deviation from the Recommendation: None

8. Board of directors: Composition and independence

The composition of the board of directors should ensure that the board can attend to the common interests of all shareholders and meets the company's need for expertise, capacity, and diversity. Attention should be paid to ensuring that the board can function effectively as a collegiate body.

The composition of the board of directors should ensure that it can operate independently of any special interests. The majority of the shareholder-elected members of the board should be independent of the company's executive personnel and material business contacts. At least two of the members of the board elected by shareholders should be independent of the company's main shareholder(s).

The board of directors should not include executive personnel. If the board does include executive personnel, the company should provide an explanation for this and implement consequential adjustments to the organisation of the work of the board, including the use of board committees to help ensure more independent preparation of matters for discussion by the board, cf. Section 9 of the Code of Practice.

The general meeting (or the corporate assembly where appropriate) should elect the chairman of the board of directors.

The term of office for members of the board of directors should not be longer than two years at a time.

The annual report should provide information to illustrate the expertise of the members of the board of directors, and information on their record of attendance at board meetings. In addition, the annual report should identify which members are considered to be independent.

Members of the board of directors should be encouraged to own shares in the company.

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

Name	Position	Independent of management and material business contacts	Independent of main shareholders
Hans Kristian Mong	Chairperson	Yes	No, Mr. Mong is a representative of the Company's largest shareholder, Egersund Group AS.
Kristin Reitan Husebø	Deputy Chairperson	Yes	Yes
Yoav Doppelt	Board member	Yes	No, Mr. Doppelt is a representative of the Company's second largest shareholder, ILCO.
Frode Teigen	Board member	Yes	No, Mr. Teigen is a representative of the Company's largest shareholder, Egersund Group AS.

Tore Rasmussen	Board member	Yes	Yes
Irene Heng Lauvsnes	Board member	Yes	Yes
Heidi Nag Flikka	Board member	Yes	Yes
Siv Iren Nesse	Employee representative	-	-
Odd Jan Håland	Employee representative	-	-
John Morten Kristiansen	Employee representative	-	-

Mona Skåtøy, Torstein Graven and Helen Helland serve as deputy members of the Board.

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

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

It should be noted that Article 5 of the Articles of Association of the Company includes the following regarding election of Board members:

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

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

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

The right to appoint one Board member pursuant to Article 5 is in accordance with section 6-3 (3) of the Public Companies Act, which allows for an exemption from section 6-3 (1) of the Public Companies Act, and constitutes a deviation from the commentary to the Recommendation. As further detailed in section 4 above, the investment in the Company by ILCO and rights granted in relation thereto are considered to be in the common interest of AKVA group and its shareholders.

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

The nomination committee's recommendation of candidates, including the reasoning for the recommendation, will be appended to the notice of the Annual General Meeting as published on the Company's website and on the Oslo Stock Exchange's NewsWeb, www.newsweb.no.

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

Deviation from the Recommendation: None other than as stated above regarding the election of one Board member and the Board's competence to elect the chairman of the Board.

9. The work of the Board of directors

The board of directors should issue instructions for its own work as well as for the executive management with particular emphasis on clear internal allocation of responsibilities and duties.

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

The board of directors should ensure that members of the board of directors and executive personnel make the company aware of any material interests that they may have in items to be considered by the board of directors.

In order to ensure a more independent consideration of matters of a material character in which the chairman of the board is, or has been, personally involved, the board's consideration of such matters should be chaired by some other member of the board.

The Public Companies Act stipulates that large companies must have an audit committee. The entire board of directors should not act as the company's audit committee. Smaller companies should consider establishing an audit committee. In addition to the legal requirements on the composition of the audit committee etc., the majority of the members of the committee should be independent of the company.

The board of directors should also consider appointing a remuneration committee in order to help ensure thorough and independent preparation of matters relating to compensation paid to the executive personnel. Membership of such a committee should be restricted to members of the board who are independent of the company's executive personnel.

The board of directors should provide details in the annual report of any board committees appointed.

The board of directors should evaluate its performance and expertise annually.

Board responsibilities

The Board has the ultimate responsibility for the management and organisation of the Company and supervising routine management and business activities. This involves that the Board is responsible for establishing control arrangements to secure that the Company operates in accordance with the adopted values and the Code of Conduct as well as with shareholders' expectations of good corporate governance. The Board primarily looks after the interests of all the shareholders but is also responsible to the Company's other stakeholders.

The Board's main task is to ensure that the Company develops and creates shareholder value. Furthermore, the Board shall contribute to the shaping of and implementation of the Group's strategy, ensure appropriate supervision and control of management and in other ways ensure that the Group is well operated and organised. The Board sets the objectives for the financial performance and adopts the Company's plans and budgets. Items of major strategic or financial importance for the Group are the responsibility of the Board. The Board appoints the CEO, defines his or her work description and authority and sets his or her salary and other compensation. The Board each year produces an annual plan for its work as recommended.

Instructions to the Board

The Board has adopted separate instructions for the work and responsibilities of the Board and the Company's management. The instructions cover inter alia the following matters: Composition of the Board, the Board's duties, day-to-day management, calling of Board meetings and related issues, the Board's decisions, Board minutes, disqualification and conflict of interest, confidentiality obligation, convening general meetings, insider rules and ethical guidelines for conduct of business. The Board can decide to deviate from instructions in certain cases. The members of the Board shall, pursuant to the instructions to the Board, make the Company aware of any material interests that they may have in items to be considered by the Board.

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

The Company is not aware of any potential conflicts of interest between the duties owed to the Company by the members of the Board or the Company's management, and their private interests or other duties. The Company is party to facility lease agreements with companies that are controlled by shareholders of AKVA group; however, these are all based on arm's length market terms.

Financial Reporting

The Board receives regular financial reports on the Group's economic and financial status and keeps up to date on AKVA group's financial performance and development.

Audit Committee

In accordance with sections 6-41 to 6-43 of the Act, AKVA group has established an audit committee, consisting of Kristin Reitan Husebø (Chair), Hans Christian Mong and Heidi Nag Flikka. The Group CFO acts as the secretary of the committee. The mandate and work of the audit committee are described in further detail under item 10 below.

The Company has had an audit committee since 2011. 6 meetings were held by the audit committee during 2022.

The remuneration committee

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

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

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

The current members are Hans Kristian Mong (Chair), Tore Rasmussen and Yoav Doppelt, all of which are independent of the Company's management. The committee has held 2 meetings since the 2022 Annual General Meeting.

The Board's self-evaluation

The Board completes a self-evaluation annually in terms of efficiency, competence, and the Board's duties in general. The evaluation is made available for the nomination committee.

Deviation from the Recommendation: None, other than as stated above regarding the Board's instructions not covering the handling of agreements with related parties.

10. Risk management and internal control

The board of directors must ensure that the company has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the company's activities.

The board of directors should carry out an annual review of the company's most important areas of exposure to risk and its internal control arrangements.

The Board and internal control

The Board ensures that the Company has appropriate internal control procedures and appropriate risk management systems tailored to its business. Managing operational risk primarily takes place

within the Company's operational subsidiaries, but with the Company's management as an active driving force through their positions in the boards of the subsidiaries. Generally, the subsidiaries have established adequate practices for such risk management.

The Group is exposed to currency, interest rate, and market risk, as well as credit risk and operational risk.

The Group has implemented a quality management system which details the processes related to continuous improvements and operational risks. AKVA group ASA is ISO 9001:2015 certified by the accredited certification body DNV.

The Groups' financial guidelines ensure the monitoring of financial risk. Management of exposure in financial markets, including currency, interest rate and counterparty risk, is emphasised in the Company's governing documents. Further details on these principles are provided in note 16 to the Group's financial statements and AKVA group's financial statements.

The Group has developed an authority matrix which is included in its governing documents.

Management regularly prepares performance reports that are reviewed by the Board. The interim financial statements are subject to review in Board meetings.

The Board's work plan

The Board has established an annual work plan that includes an annual review of compliance of external and internal laws and regulations, risk and the HSE-situation, financial risks and identification of risk related to the strategic goals and risk handling. By carrying out the established work plan, the Board controls that the Company has sound internal control and systems for risk management for the Company's activities.

The audit committee

The mandate of the audit committee is to monitor and evaluate the Group's financial reporting, including to evaluate substantial accounting issues, accounting principles and procedures applied by the Group in its financial reporting to the Oslo Stock Exchange, as further detailed in section 6-43 of the Act. The committee is to evaluate the work of the Group's external auditor, including the auditor's independence from management and compliance with rules and regulations regarding services beyond financial audit. The committee also discusses the scope of the audit with the external auditor as well as evaluates reports from the auditor to the Board and management of the Group. The audit committee nominates the external auditor for the Group, as well as propose the compensation to be paid to the external auditor, to the Board.

The audit committee is also monitoring the Groups internal control systems, including managements operational and financial risk management.

The audit committee is free to address any other issue it finds necessary to fulfil its mandate.

Deviation from the Recommendation: None

11. Remuneration of the Board of directors

The remuneration of the board of directors should reflect the board's responsibility, expertise, time commitment and the complexity of the company's activities.

The remuneration of the board of directors should not be linked to the company's performance. The company should not grant share options to members of its board.

Members of the board of directors and/or companies with which they are associated should not take on specific assignments for the company in addition to their appointment as a member of the Board. If they do nonetheless take on such assignments this should be disclosed to the full board. The remuneration for such additional duties should be approved by the board.

Any remuneration in addition to normal directors' fees should be specifically identified in the annual report.

It is the Board's opinion that the size of the remuneration to the Board is in compliance with the criteria in the recommendation concerning *inter alia* the Board's responsibility and expertise. The

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

Furthermore, the following applies to the remuneration:

- The remuneration is not linked to the Company's performance, and the Board members are not granted share options;
- None of the Board members and/or companies with which they are associated, have taken on specific assignments for the Company in addition to their appointment as a member of the Board; and
- The remuneration to the Board is proposed to the general meeting by the nomination committee.

Deviation from the Recommendation: None

12. Salary and other remuneration for executive personnel

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

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

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

The main principles for the Company's remuneration of executive personnel are that the basic salary shall promote value creation in the Company and contribute to aligned interests between shareholders and executive personnel. The basic salary shall not be of a type or size that may negatively affect the Company's reputation.

As the industry leader in our sector, AKVA group is dependent on being able to offer compensation that enable AKVA to recruit the most able managers. It is the Board's policy to employ the most competent managers by offering compensation packages that are competitive with those offered in other similar industries and in the international market.

The total remuneration to the CEO and other members of the executive management consists of base salary, variable salary, benefits in kind and pension schemes. Performance-related remuneration of the executive management in the form of bonus programmes, share-based incentives or similar shall be linked to value creation in the Company over time. Such arrangements shall incentivise performance and be based on quantifiable factors that the employee may influence. As recommended in the Code, the performance-related remuneration is capped by being limited to a certain fraction of recipients' annual salary. Share based incentive schemes are limited by a maximum number of shares in the Company that can be allocated.

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

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

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

policy shall, when up for approval by the Annual General Meeting, be enclosed to the notice of such General Meeting, and shall be available on the Company's website.

The Board shall also, with the assistance from the remuneration committee, prepare a report on remuneration to executive personnel on an annual basis, in accordance with the Act section 6-16 b and the regulation on policies and reports on remuneration for executive personnel. In accordance with the Public Companies Act and the Code, the report shall be made available to and be considered annually by the Annual General Meeting, and was most recently considered at the Annual General Meeting on 12 May 2022. The report shall be enclosed to the notice of the Annual General Meeting, and shall be available on the Company's website.

Deviation from the Recommendation: None.

13. Information and communications routine

The board of directors should establish guidelines for the company's reporting of financial and other information based on openness and taking into account the requirement for equal treatment of all participants in the securities market.

The board of directors should establish guidelines for the company's contact with shareholders other than through general meetings.

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

Annual and periodic accounts

The Company normally presents preliminary annual accounts in its Q4 interim accounts in late February. The complete annual report including annual financial statements and the directors' report is sent to all shareholders and other stakeholders in March/April and presented at the Annual General Meeting. The Company reports financially on a quarterly basis and thus more frequent than required by statutory law. The Company also makes its interim accounts publicly available through the Oslo Stock Exchange's NewsWeb service, as well as through presentations that are open to the public. The Company's financial calendar is published on the Company's website and on NewsWeb. All shareholders have equal access to financial and other material company information.

Other market information

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

In the interim presentations, the Company presents the result for the past period and comments on the development for the various products and market segments. Furthermore, the Company provides a summary of the market outlook and future short-term prospects. In addition to the CEO, the CFO participates in these presentations. The CEO and CFO also maintain a dialogue with and make regular presentations to analysts and potential investors.

The Company considers it essential to keep shareholders and potential investors informed about its economic and financial development. From time to time, in addition to presentation related to financial reporting, the Company will therefore prepare company presentations which are made available on the Company's website and through NewsWeb.

Deviation from the Recommendation: None

14. Take-overs

The board of directors should establish guiding principles for how it will act in the event of a take-over bid.

In a bid situation, the company's board of directors and management have an independent responsibility to help ensure that shareholders are treated equally, and that the company's business activities are not disrupted unnecessarily. The board has a particular responsibility to ensure that shareholders are given sufficient information and time to form a view of the offer.

The board of directors should not hinder or obstruct take-over bids for the company's activities or shares.

Any agreement with the bidder that acts to limit the company's ability to arrange other bids for the company's shares should only be entered into where it is self-evident that such an agreement is in the common interest of the company and its shareholders. This provision shall also apply to any agreement on the payment of financial compensation to the bidder if the bid does not proceed. Any financial compensation should be limited to the costs the bidder has incurred in making the bid.

Agreements entered into between the company and the bidder that are material to the market's evaluation of the bid should be publicly disclosed no later than at the same time as the announcement that the bid will be made is published.

In the event of a take-over bid for the company's shares, the company's board of directors should not exercise mandates or pass any resolutions with the intention of obstructing the take-over bid unless this is approved by the general meeting following the announcement of the bid.

If an offer is made for a company's shares, the company's board of directors should issue a statement making a recommendation as to whether shareholders should or should not accept the offer. The board's statement on the offer should make it clear whether the views expressed are unanimous, and if this is not the case it should explain the basis on which specific members of the board have excluded themselves from the board's statement. The board should arrange a valuation from an independent expert. The valuation should include an explanation and should be made public no later than at the time of the public disclosure of the board's statement.

Any transaction that is in effect a disposal of the company's activities should be decided by a general meeting (or the corporate assembly where relevant).

The Board has established guidelines in the event of an offer for all or a substantial majority of the shares in AKVA group is made.

In the event of a take-over bid for the shares in the Company, the Board shall ensure that shareholders in the Company are treated equally, and that the Company's business activities are not disrupted unnecessarily. The Board shall ensure that shareholders are given sufficient information and time to form a view of an offer. The Board shall not seek to prevent or obstruct take-over bids for the Company's business or shares unless there are particular reasons to do so.

Any agreement with a bidder for the shares of the Company that acts to restrict the Company's ability to pursue and engage for alternative bids for the Company's shares will only be entered into where such an agreement clearly is in the common interest of the Company and the shareholders. This provision shall also apply to any agreement on the payment of financial compensation to a bidder if the bid does not proceed.

In the event of a take-over bid for the Company's shares, the Board shall not exercise authorizations or pass any resolutions with the intention of obstructing the take-over bid unless this is approved by the general meeting subsequent to the announcement of the bid.

If an offer is made for the shares in the Company, the Board shall issue a statement making a recommendation as to whether shareholders should or should not accept the offer. The Board's statement on a bid shall make it clear whether the views expressed are unanimous, and if this is not the case, it shall explain the basis on which specific members of the Board have excluded themselves from the Board's statement. Before issuing its final statement, the Board shall where appropriate arrange for an evaluation of the financial aspects of the bid from an independent expert. The evaluation shall include an explanation and shall be made public no later than at the time the Board's statement is made public.

Deviation from the Recommendation: None.

15. Auditor

The board of directors should ensure that the auditor submits the main features of the plan for the audit of the company to the audit committee annually.

The board of directors should invite the auditor to meetings that deal with the annual accounts. At these meetings the auditor should report on any material changes in the company's accounting principles and key aspects of the

audit, comment on any material estimated accounting figures and report all material matters on which there has been disagreement between the auditor and the executive management of the company.

The board of directors should at least once a year review the company's internal control procedures with the auditor, including weaknesses identified by the auditor and proposals for improvement.

The board of directors should establish guidelines in respect of the use of the auditor by the company's executive management for services other than the audit.

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

The auditor is required to be present during the Board's discussion of the annual accounts. At this meeting the Board is briefed on the annual accounts and any other issues of particular concern to the auditor, including any (i) material changes in the accounting principles and key aspects of the audit, (ii) material estimated accounting figures and (iii) material matters on which the auditor and the Company's executive management have disagreed.

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

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

Deviation from the Recommendation: None.



GRI Context Index

GRI context index

AKVA group reports on its activities in the field of corporate social responsibility and sustainability on the basis of the guidelines issued by the international organization, the Global Reporting Initiative (GRI). Reporting takes place via this report, AKVA group's annual report and other information published on our website.

The sustainability reporting for 2022 includes data for a number of disclosures drawn from GRI's guidelines. AKVA group has reported the information cited in this GRI content index for the period from 1 January 2022 to 31 December 2022 with reference to the GRI Standards. The Index is a reference to the disclosed information and gives an overview over the omissions.

Any page reference in the index refers to AKVA groups Annual Report.

GRI – Disclosure No.	Description	Page	Comment
Organisation and its reporting practices			
2-1	Organizational details	AKVA Group ASA, Public limited company listed on the Oslo Stock Exchange, Headquarter in Plogfabrikkvegen 11, 4353 Klepp Stasjon, Norway. Offices in Norway, Denmark, Scotland, Lithuania, Spain, Greece, Turkey, Chile, Canada, China and Australia.	
2-2	Entities included in the organization's sustainability reporting	Chapter «AKVA groups presence and activities” and “Board of Directors Report - AKVA group – the business segments” Chapter “AKVA group Consolidated Financial Statements and notes – Note 9 Subsidiaries and other long-term investments”	All entities with >50% ownership by mother company is included
2-3	Reporting period, frequency and contact point	Chapter «AKVA groups presence and activities”	Yearly, 01.01.2022 – 31.12.2022 Contact point: Ståle Økland, Director Communication and sustainability
2-4	Restatements of information		Not applicable
2-5	External assurance		No external revision for 2022

2-6	Activities, value chain, and other business relationships	Annual report "AKVAgrou – the business segment"	
2-7	Employees	Chapter "People"	
2-8	Workers who are not employees		Not included.
2-9	Governance structure and composition	Annual report "Corporate Governance in AKVA group ASA"	
2-10	Nomination and selection of the highest governance body	Annual report "Group Management" and "Corporate Governance in AKVA group ASA – 7. Nomination Committee"	
2-11	Chair of the highest governance body	Annual report "Corporate Governance in AKVA group ASA"- 8. Boards of Directors Composition and independence	
2-12	Role of the highest governance body in overseeing the management of impacts	Annual report "Corporate Governance in AKVA group ASA"	
2-13	Delegation of responsibility for managing impacts	Annual report "Corporate Governance in AKVA group ASA"	
2-14	Role of the highest governance body in sustainability reporting		Sustainability reports are processed and adopted annually by the Board of Directors
2-15	Conflicts of interest	Annual report "Corporate Governance in AKVA group ASA"	
2-16	Communication of critical concerns	Annual report "Corporate Governance in AKVA group ASA"	Critical concerns are communicated to the Board of Directors
2-17	Collective knowledge of the highest governance body	Annual report "Corporate Governance in AKVA group ASA"	
2-18	Evaluation of the performance of the highest governance body	Annual report "Corporate Governance in AKVA group ASA-7. Nomination Committee"	The nomination Committee performs a yearly evaluation.
2-19	Remuneration policies	Annual report "Corporate Governance in AKVA group ASA" and Note 3	
2-20	Process to determine remuneration	Annual report "Corporate Governance in AKVA group ASA"	
2-21	Annual total compensation ratio		Not available
2-22	Statement on sustainable development strategy	Annual report "CEO's report"	

2-23	Policy commitments	Chapter "Ensuring good business ethics"	
2-24	Embedding policy commitments	Chapter "Ensuring good business ethics"	Link to Code of Conduct: AKVA group CodeofConduct.pdf
2-25	Processes to remediate negative impacts		Not mentioned
2-26	Mechanisms for seeking advice and raising concerns	Chapter "People" and part of "Code of Conduct"	
2-27	Compliance with laws and regulations	Chapter "Ensuring good business ethics"	
2-28	Membership associations	Chapter "Commitment to local communities and the global seafood industry"	
2-29	Approach to stakeholder engagement	Chapter "Materiality Assessment" (3) and chapter "Commitment to local communities and the global seafood industry"	
2-30	Collective bargaining agreements	Chapter "People"	% of employees covered by collective bargaining agreements is not available

GRI 3 Material topics 2022			
3-1	3-1 Process to determine material topics	Chapter "Materiality assessment"	
3-2	3-2 List of material topics	Chapter "Materiality assessment"	
3-3	3-3 Management of material topics	Chapter "Materiality assessment"	
GRI 201: Direct economics			
201-1	Direct economic value generated and distributed	Annual Report "Board of Directors Report"	
201-2	Financial implications and other risks and opportunities due to climate change	Annual Report "Board of Directors Report"	
201--4	Financial assistance received from government	Annual Report Note 4	
GRI 205: Anti-corruption 2016			
205-2	Communication and training about anti-corruption policies and procedures	Chapter "Ensuring good business ethics"	Part of our Code of Conduct
205-3	Confirmed incidents of corruption and actions taken	Chapter "Ensuring good business ethics"	
GRI 301: Materials 2016			
301-1	Materials used by weight or volume	Chapter "Meet the requirement for a circular economy"	Plastic, steel and concrete are our main materials

301-2	Recycled input materials used	Chapter "Meet the requirement for a circular economy"	Included for relevant materials
GRI 302: Energy 2016			
302-1	Energy consumption	Chapter "Reduce GreenHouse Gas emission (GHG)"	
302-3	Energy intensity	Chapter Reduce GreenHouse Gas emission (GHG)	MWh/mill NOK revenue
GRI 304: Biodiversity 2016			
304-2	Significant impacts of activities, products, and services on biodiversity	Chapter "Meet the requirement for a circular economy"	Antifouling agents used on nets
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	Chapter "Reduce GreenHouse Gas emission (GHG)"	
305-2	Energy indirect (Scope 2) GHG emissions	Chapter "Reduce GreenHouse Gas emission (GHG)"	
305-4	GHG emissions intensity	Chapter Reduce GreenHouse Gas emission (GHG)	tCo2e/mill NOK revenue
GRI 306: Waste 2020			
306-1	Waste generation and significant waste-related impacts	Chapter "Meet the requirement for a circular economy"	
306-2	Management of significant waste-related impacts	Chapter "Meet the requirement for a circular economy"	
GRI 401 Employment 2016			
401-1	New employees and turnover	Chapter «People -»	Turnover not included
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	Chapter «People»	
403-2	Hazard identification, risk assessment, and incident investigation	Chapter «People»	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Chapter «People»	
403-9	Work-related injuries	Chapter «People»	
403-10	Work-related absence	Chapter «People»	Sickness absence is reported, not all work-related.
GRI 404: Training and Education 2016			

404-2	Programs for upgrading employee skills and transition assistance programs	Chapter «People»	
404-3	Percentage of employees receiving regular performance and career development reviews	Chapter «People»	
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	Chapter «People»	
GRI 406: Non – discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	Chapter «People»	
GRI 417: Marketing and Labeling 2016			
417-1	Requirements for product and service information and labeling	Chapter “Ensuring good business ethics”	

