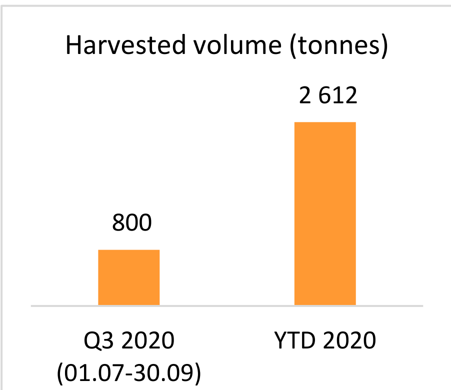
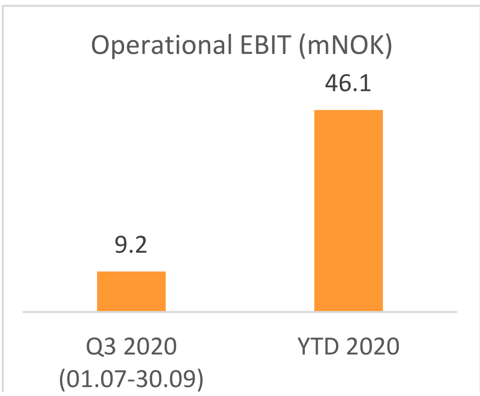
ICE FISH FARM

INTERIM REPORT Q3 | 2020

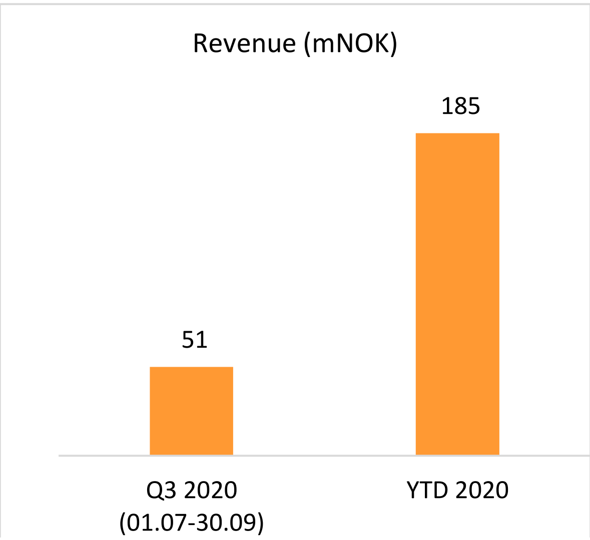


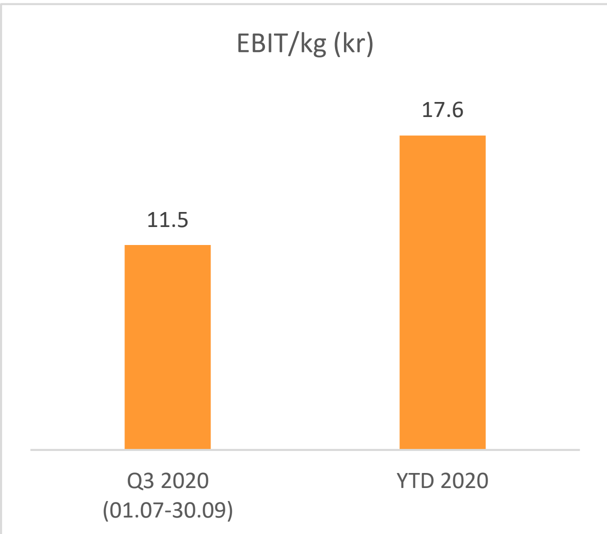


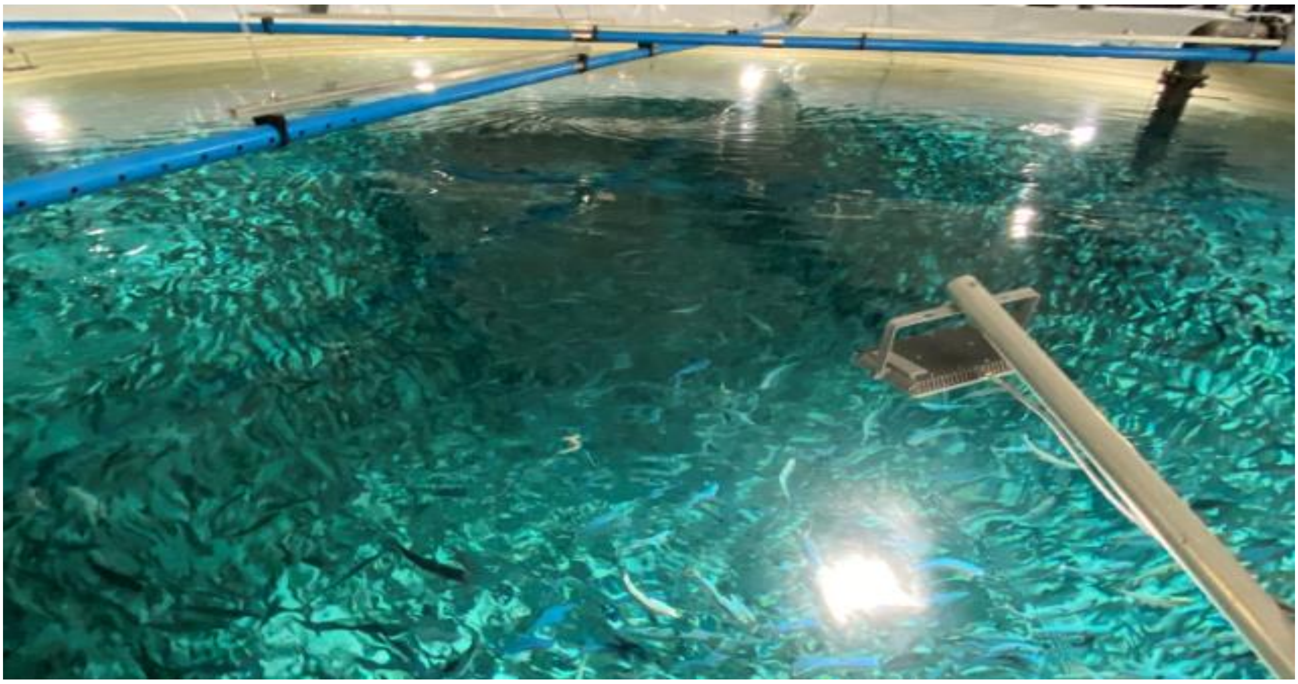
Q3 2020 HIGHLIGHTS

- During the third quarter of 2020, Fiskeldi Austfjarða hf. has acquired an ownership share of 22% in its subsidiary Rifós hf. for a purchase price of NOK 2,6 million. At the same time, a loan from Fiskeldi Austfjarða hf. of NOK 20 million has been converted to share capital in Rifós hf. After the transaction, Fiskeldi Austfjarða hf. owns 98% of the shares in Rifós hf.
- Investments in smolt facilities are going at a faster pace than planned. On-site construction in Kópkasker has started and is expected finalised by end of second quarter 2021.
  Smolt station Isthor is finished on budget.
- Organic production has started, with expected first harvest in first quarter of 2022. Organic certification is in implementation stage, according to Article 29(1) of Regulation (EC) No 834/2007. Sales contracts for the organic salmon are in process.
- Production of triploid smolt has started, expect to have first harvest in first quarter of 2022.

KEY FIGURES







ICE FISH FARM

Ice Fish Farm AS is via its' 100% ownership in Fiskeldi Austfjarða hf. one of the leading salmon farmers in Iceland and the only salmon farmer in the world with the highly sought after AquaGAP certification which ensures environment-friendly production. Ice Fish Farm has a well-developed and fully integrated value-chain controlling all steps from hatchery to sales, enabling the group to provide its customers with a sustainable premium product. Ice Fish Farm is headquartered in Iceland. Fiskeldi Austfjarða hf. has ownership interests in Landeldisstöðin Sleipnir ehf. (100%), Rifós hf. (98%) (operation of a smolt station in north-eastern Iceland), Eldisstöðin Ísþór hf. (50%) (Smolt- and fish-farming, Fiskeldi Austfjarða hf.'s second largest service supplier) and Búlandstindur ehf. (33.3%) (Harvesting and processing facilities, Fiskeldi Austfjarða hf.'s third largest service supplier).

Year	Event
2012	• **Fiskeldi Austfjarða hf. is incorporated on 30 March 2012.**
	• **First salmon and trout put into sea July 2012.**
2013	• **Financing obtained through loan agreement with Arion Bank.**
	• **Acquisition of 50% of Isthor, the Group's first smolt facility.**
2015	• **MNH acquires a 45% ownership stake.**
2017	• **First salmon generation harvested.**
2018	• **Sales started to the Retailer, as well as sales agreement with the Distributors.**
2019	• **4,007 tonnes of salmon harvested.**
2020	• **As of 5 June 2020, Ice Fish Farm AS was listed on the Merkur market operated by Oslo Børs. Prior to the listing, a private placement was completed, consisting of:** ○ **A share capital increase of NOK 301.5 million, by issuing 9 000 000 shares at a subscription price of NOK 33.50 per share** ○ **A secondary sale of existing, validly issued shares from minority shareholders, each with a nominal value of NOK 0.10 for a total amount of approximately NOK 89**

FINANCIAL PERFORMANCE

Ice Fish Farm AS was incorporated on 16 March 2020, and consequently has not published any historical financial information. However, the Company is a holding company which owns 100% of the shares in Fiskeldi Austfjarða hf., the former parent company, incorporated on 30 March 2012. Fiskeldi Austfjarða hf. is currently the only direct subsidiary. Therefore, the historic financial statements presented are the consolidated financial statements of Fiskeldi Austfjarða hf. Fiskeldi Austfjarða hf. is booked in USD and the numbers below have been recalculated from USD to NOK.

Figures in brackets = Q3 2019, unless otherwise specified.

REVENUES AND RESULTS

For the quarter ending 30.09.2020, the operating income was NOK 50.9 million (NOK 8.0 million), while the operating profit before fair value adjustment of biomass was NOK 9.2 million (NOK -17.0 million). Profit before tax ended at NOK 4.6 million (NOK 15.6 million).

The increase in operating income is explained by no harvest of salmon in the third quarter of 2019, when only 99 tonnes of arctic charr was harvested. The total harvest number was 800 tonnes for third quarter 2020, whereof 105 tonnes of arctic charr.

The fair value adjustment on biomass is the main explanation for the reduced profit before tax, this number is calculated using forward prices, and will vary between the quarters, and the adjustment is therefore presented on separate line in the financial statement.

The EBIT per kg is NOK 11.48 for the quarter, with an EBIT per kg for salmon separately at NOK 12.88, and arctic charr at NOK 8.89.

For the year to date per 30.09.2020, the operating income is NOK 184.8 million (NOK 198.1 million), also explained by lower harvest volumes this year, 2,612 tonnes compared to last year (3,081 tonnes). The lower cost of materials YTD 2020 is the main explanation for the increased operating profit before fair value adjustment of biomass of NOK 46.1 million (NOK -35.0), while profit before tax is NOK 28.5 million (NOK 10.8 million), after a net fair value adjustment of biomass NOK -3.6 million (NOK 53.3 million)

The EBIT per kg is NOK 17.64 for the first nine months of the year. EBIT per kg for salmon separately at NOK 20.04, and an EBIT for arctic charr at NOK -4.52.

FINANCIAL ITEMS AND SHARE OF PROFITS FROM ASSOCIATES

The loss from associated companies is NOK 1.1 million (NOK 2.6 million) for the third quarter, and NOK 1.1 million year to date compared to a profit of NOK 0.3 million. This loss and profit are from the ownership shares in the processing facility at Bulandstindur and the smolt production at Isthor. Finance income is negligent, while finance cost ended at NOK 4.0 million (NOK 4.0 million) for the quarter ending 30.09.2020. For the year, the corresponding amount is NOK 11.9 million (NOK 12.3 million). There also is a foreign exchange effect of NOK -0.9 million in the third quarter (NOK 4.7 million), with the total year to date amounting to NOK -1.0 million (NOK 4.6 million).

BALANCE SHEET

Main changes year to date are linked to investments and preparations related to capacity increases, this includes, but is not limited to, new lease contract for a service vessel, new cages including nets, cameras and mooring systems. On the liability side, the current liabilities are decreased after a down payment of loan from Midt-Norsk Havbruk AS of NOK 59 million.

OPERATIONAL INFORMATION

FARMING

Ice Fish Farm currently operates in two fjords, Berufjörður and Fáskrúðsfjörður with licences for a combined volume of 20,800 tonnes of salmon, whereof 8,800 tonnes are for sterile salmon.

The fertile fish is divided equally between the two fjords. Total license in Berufjörður is 9,800 tonnes and Fáskrúðsfjörður is 11,000 tonnes. Berufjörður sites are located on 50 meters depth and sites in Fáskrúðsfjörður are located on 50-80 meters depth. Berufjörður has been producing salmon since 2003 and the Group acquired the licenses in 2012. Fáskrúðsfjörður is considered to have good conditions for salmon farming due to good depth and water renewal.

In the Group's opinion, the East Fjords of Iceland have several favourable conditions. The hydrographic conditions on East Fjords have many similarities to Finnmark, Norway, with stable and moderate temperatures in the sea, resulting in reduced risk of sea lice and diseases and thus high yield on the biomass.

The temperatures fluctuate between 2 and 9 degrees °C and rarely go below 2 degrees °C. The similar farming conditions to Finnmark in Norway has yielded a high EBIT/kg for the Group with considerable cost and profitability potential for Ice Fish Farm which is expected to materialize with increasing production volumes.

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

- Few wild fish with natural habitat or spawning in the area, translating into low risk of interbreeding with wild salmon.
- Melting of glaciers and snow, although perhaps not as prominent as in other fjords, also contributes fresh cold water as a natural delousing for the salmon.
- No need to recycle water in smolt stations at current time, which lowers cost in the smolt production facility compared to Norwegian competition.
- Longer fallowing periods reducing spread of potential diseases between generations.

The salmon farming operations are going as planned. There has been low mortality, and good growth on the biomass, although a bit lower than expected. No lice problems, and the temperature in sea is now as expected for the season.

INVESTMENTS

Investments so far this year amounts to NOK 109 million and is mainly for equipment related to new farming facilities. There has also been investment in service vessel. Commitment has been made to buy two feed barges and one service vessel for delivery in 2021, where bank financing is secured.

SHARES

The company's registered share capital is NOK 5 400 000, divided into 54 000 000 shares. Ice Fish Farm AS is traded under the ticker IFISH-ME. ISIN: NO0010884794

EVENTS IN OR SUBSEQUENT TO Q3

- There are no subsequent events to this quarter.

MARKET CONDITIONS

Ice Fish Farm has a contract with a multinational supermarket chain which has committed to buy salmon from Ice Fish Farm, where the price is agreed every 3-6 months, on a rolling basis. The majority of the harvest volumes until June 2021 are agreed sold at a fixed price.

Ice Fish farm also has sales agreements that give exclusive rights to partners to market and sell salmon from Ice Fish Farm in the US, Canada and Europe, and is working to expand its customer base.

OUTLOOK

Harvesting estimate for 2020 is reduced from 4 350 tonnes of salmon as reported per 30.06.2020, to 3 500 tonnes of salmon. Estimate for 2021 is increased from 8 300 tonnes as reported per 30.06.2020 to 8 700 tonnes and estimate for 2022 is at 15 500 tonnes. The growth has been somewhat lower than expected, and that is the main reason for the reduction, and the smolt of this generation has also been smaller.

Ice Fish Farm has historically achieved a premium price relative to the spot price for salmon in Norway (FCA Oslo). Going forward, we expect to maintain the current price premium for our salmon due to the environmentally friendly farming methods, high nutritional values and high-quality meat, rich flavour and texture.

Upon completion of Kópasker smolt facility, smolt output will be boosted, both with larger smolt and increase in number of smolt. Biomass output capacity will be 4 million 400gr smolt, corresponding to 1.600 tonnes. This is enabled by 12.6 degrees full salinity ground sea water.

Startfeeding station will be able to handle 3 million smolt 4 times per year, making further investment in Kópasker possible.

ICE Fish Farm will receive 4.3 million smolt in 2021. Upon finalisation of expansion projects, total smolt capacity will be 6.5 million, corresponding to a possible output of 30 000 tonnes of HOG salmon.

The following applications for new licenses are currently ongoing, with an estimated grant of licences during first half of 2021:

- Advertisment for 7,000 tons lincense in Stöðvafjörður was made by Planning Agency.
- 10,000 tons license in Seiðisfjörður is following Stöðvafjörður with a 3 months lag.

RESPONSIBILITY STATEMENT BOARD AND CEO

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 September 2020 has been prepared in accordance with IAS 34 – Interim Financial Reporting, and gives a true and fair view of the Group's assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the first nine months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties transactions.

Rørvik 11.11.2020

Guðmundur Gíslason	Einar Thor Sverrisson	Roald Dolmen
Chair	Board member	Board member
Dagfinn Eliassen	Roar Myhre	
Board member	Board member	

FINANCIAL STATEMENT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

ICE FISH FARM AS - Group

(NOK 1000)	Note	Q3 2020 (01.07-30.09)	Q3 2019 (01.07-30.09)	YTD 2020	YTD 2019	FY2019
Revenue from contracts with customers	2,3	50,929	7,997	184,782	198,128	293,304
Total revenue		**50,929**	**7,997**	**184,782**	**198,128**	**293,304**
Cost of materials	5	18,192	1,838	71,479	173,951	225,178
Employee benefit expenses		8,026	7,808	21,524	22,871	26,960
Other operating expenses		7,707	10,692	25,534	24,262	33,554
Depreciation, amortisation and impairment	6,7,8	7,811	4,631	20,184	12,079	18,770
Operating profit before fair value adjustment of biomass		**9,192**	**-16,973**	**46,061**	**-35,035**	**-11,159**
Fair value adjustment biomass	4	1,466	34,372	-3,627	53,287	33,704
Operating profit		**10,658**	**17,400**	**42,434**	**18,253**	**22,545**
Finance income		-	0	-	1	34
Finance costs	8	-3,951	-3,938	-11,924	-12,328	-16,172
Foreign exchange rate gain/ (-) loss		-902	4,685	-988	4,588	2,067
Share of profit or loss of an associate		-1,142	-2,559	-1,063	303	3,296
Profit or loss before tax		**4,663**	**15,588**	**28,459**	**10,817**	**11,769**
Income tax expense		-1,106	-6,639	-6,497	-9,377	-5,149
Profit or loss for the period		**3,557**	**8,949**	**21,962**	**1,440**	**6,621**
Other comprehensive income						
Exchange differences on translation of foreign operations, including balance items related to licenses		-25,709	39,852	48,333	27,409	5,224
Total items that may be reclassified to profit or loss		-25 709	39 852	48 333	27 409	5 224
Other comprehensive income for the period		-25,709	39,852	48,333	27,409	5,224
Total comprehensive income for the period		**-22,152**	**48,801**	**70,295**	**28,849**	**11,844**
Profit or loss for the period attributable to:						
Equity holders of the parent		3,428	9,237	22,565	3,001	8,561
Non-controlling interests		129	-288	-603	-1,561	-1,940
Total		**3,557**	**8,949**	**21,961**	**1,440**	**6,621**
Total comprehensive income for the period attributable to:						
Equity holders of the parent		-22,370	49,140	70,916	30,510	13,892
Non-controlling interests		218	-338	-621	-1,661	-2,048
Total		**-22,152**	**48,801**	**70,295**	**28,849**	**11,844**
Earnings per share ("EPS"):						
- Basic and diluted		0.63		4.18		
- Total comprehensive income		-4.14		13,13		
Average number of shares		5,400,000.00		5,400,000		

BALANCE SHEET

ICE FISH FARM AS – Group

(NOK 1000)	Note	30.09.2020	31.12.2019
ASSETS			
Non-current assets			
Licenses	7,9	664,527	615,036
Other intangible assets	7	14,430	14,374
Property, plant and equipment	6,8,9	274,951	156,655
Investments in associated companies		28,282	31,235
Total non-current assets		**982,189**	**817,300**
Current assets			
Biological assets	4	301,054	228,846
Inventories	5	17,143	6,904
Trade and other receivables related parties	13	40,038	36,327
Trade and other receivables		39,237	39,552
Cash and cash equivalents		151,991	1,130
Total current assets		**549,462**	**312,760**
TOTAL ASSETS		**1,531,651**	**1,130,060**
EQUITY AND LIABILITIES			
Equity			
Share capital	11	5,400	4,931
Share premium		1,790,925	211,089
Other equity		-648,613	574,282
Equity attributable to equity holders of the parent		**1,147,712**	**790,302**
Non-controlling interests		438	1,030
Total equity		**1,148,150**	**791,332**
Non-current liabilities			
Non-current interest bearing liabilities	8,14	78,232	57,203
Subordinated loan from related parties	14	25,550	25,521
Deferred tax liabilities		13,735	6,967
Total non-current liabilities		**117,518**	**89,691**
Current liabilities			
Current interest bearing liabilities	14	175,067	187,770
Trade and other payables		90,917	61,267
Total current liabilities		**265,983**	**249,037**
Total liabilities		**383,501**	**338,728**
TOTAL EQUITY AND LIABILITIES		**1,531,651**	**1,130,060**

Rørvik, 11 November 2020

Gudmundur Gislason
Chairman of the Board

Roald Dolmen
Board Member

Roar Myhre
Board Member

Dagfinn Eliassen
Board Member

Einar Thor
Sverrisson

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

ICE FISH FARM AS - Group

(NOK 1000)	Note	Attributable to the equity holders of the parent					Non-controlling interests	Total Equity
		Share capital	Share premium	Foreign currency translation reserve	Other equity	**Total**		
As at 1 January 2019 (ICEGAAP)		**3,532**	**149,946**	**-**	**-60,273**	**93,205**	**3,077**	**96,282**
Effect of implementation IFRS	16	-	-	-	622,150	622,150	-	622,150
As at 1 January 2019 (IFRS)		**3,532**	**149,946**	**-**	**561,878**	**715,355**	**3,077**	**718,432**
Comprehensive income:								
Profit or loss for the period					8,561	8,561	-1,940	**6,621**
Conversion difference					5,331	5,331	-107	**5,224**
Transactions with owners:								
Issued share capital		1,366	59,690			61,055		**61,055**
At 31 December 2019		**4,931**	**211,089**	**-1,488**	**575,770**	**790,302**	**1,030**	**791,332**
Comprehensive income:								
Profit or loss for the period					22,565	22,565	-603	**21,961**
Conversion difference				48,351		48,351	-18	**48,333**
Transactions with owners:								
Reclassification due to new parent*	11	-4,931	-211,089		-1 291,480	-1,507,500		**-1,507,500**
Deemed issue of share capital*	11	4,500	1,503 000			1,507,500		**1,507,500**
Deemed issue of share capital*	11	900	300,600			301,500		**301,500**
Transaction costs			-12,675			-12,675		**-12,675**
Issued share capital in subsidiary					-1,451	-1,451	1,451	**0**
Acquisition of non-controlling interest					-881	-881	-1,421	**-2,302**
At 30 September 2020		**5,400**	**1 790,925**	**52,194**	**-700,808**	**1,147,712**	**438**	**1,148,150**

***** The legal parent of the Group changed in 2020. The equity of the Group is presented as a continuation of Fiskeldi Austfjarða hf. For further information see note 1 under the heading "basis of preparation".

CONSOLIDATED STATEMENT OF CASH FLOW

ICE FISH FARM AS - Group

(NOK 1000)	Note	YTD 30.09.2020	YTD 30.09.2019	FY2019
Cash flows from operating activities				
Profit or loss before tax		28,459	10,817	11,769
Net fair value adjustment on biological assets	4	3,627	-53,287	-33,704
Tax paid		-	-	-1,590
Currency difference interest bearing liabilities		-4,296	-4,128	-837
Depreciation and impairment of property, plant and equipment and right-of-use assets	6,7,8	20,184	12,079	18,770
Share of profit or loss of an associate		1,063	-303	-3,287
Changes in inventories, trade and other receivables and trade and other payables		-48,522	52,924	40,475
Net cash flows from operating activities		**515**	**18,100**	**31,598**
Cash flows from investing activities				
Purchase of property, plant and equipment	6	-109,162	-43,760	-77,084
Purchase of intangible assets	7	-685	-	-3,269
Purchase of shares in subsidiaries, net of cash acquired		-2,706	-	-
Proceeds from sale of property, plant and equipment		-	-	1,702
Related parties receivables, cange		1,040	-26,751	-
Net cash flow from investing activities		**-111,513**	**-70,511**	**-78,652**
Cash flow from financing activities				
Proceeds from borrowings	14	55,099	35,315	58,183
Repayment of borrowings	14	-61,765	34,414	-18,153
Payments for the principal portion of the lease liability	8	-7,425	-3,925	-6,342
Interest paid	8	-1,331	-568	-1,186
Overdraft facility	14	-11,531	-13,768	13,803
Proceeds from issuance of equity		287,925	-	-
Net cash flow from financing activities		**260,973**	**51,467**	**46,304**
Net change in cash and cash equivalents		**149,974**	**-944**	**-749**
Effect of change in exchange rate on cash and cash equivalents		887	-102	11
Cash and cash equivalents, beginning of period		1,130	1,869	1,869
Cash and cash equivalents, end of period		**151,991**	**824**	**1,130**

The consolidated statements of cash flows are prepared using the indirect method.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: ACCOUNTING PRINCIPLES

Corporate information

ICE FISH FARM AS and its subsidiaries (collectively "the Group", or "ICE FISH FARM") is a publicly listed company on the Merkur Market, with the ticker symbol IFISH. The ultimate parent company is NTS ASA.

ICE FISH FARM AS is a Company incorporated in Norway with headquarters in Iceland. The address of its registered office is Fjordgata 8, 7900 RØRVIK, Norway. ICE FISH FARM's headquarter is located at Nesbala 122, 170 Seltjarnarnes, Iceland.

The consolidated financial statements of the Group were authorised for issue in accordance with a resolution of the Board of Directors on 11 November 2020.

May 2020 acquisition and group reorganisation

The structure of the Group was changed in 2020. ICE FISH FARM AS is a newly established entity and was incorporated on the 16 March 2020. On the 29 May 2020 ICE FISH FARM AS acquired 100% of the shares in Fiskeldi Austfjarða hf with shares as consideration. ICE FISH FARM AS issued equity securities and is the legal acquirer in the acquisition. In the consolidated financial statements of Ice Fish Farm, Ice Fish Farm is seen as a continuity of Fiskeldi Austfjarða hf. The values at Fiskeldi Austfjarða hf. level is continued.

The Group has accounted for the reorganization as a continuation of Fiskeldi Austfjarða hf, together with a deemed issue of shares and a re-capitalisation of equity. The consolidated financial statements are presented as if the Group, with ICE FISH FARM AS as the parent company, had always existed.

Comparative financial information is provided for the preceding period in the Consolidated statement of comprehensive income, Consolidated statement of financial position and Consolidated statement of cash flows.

Basis of preparation

The consolidated financial statements of the Group comprise consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, and related notes. The consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial reporting and represents the first financial statements of the Group. See note 16 for information related to first time adoption.

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

Presentation currency and functional currency

The consolidated financial statements are presented in Norwegian Kroner (NOK), which is also the functional currency of the parent company. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

For presentation purposes, balance sheet items are translated from functional currency to presentation currency by using exchange rates at the reporting date. Items within total comprehensive income are translated from functional currency to presentation currency by applying quarterly average exchange rates. If currency rates are fluctuating significantly, transaction date exchange rates are applied for significant transactions.

Significant accounting policies

ICE FISH FARM has selected a presentation in which the description of accounting policies as well as estimates, assumptions and judgmental considerations are disclosed in the notes to which the policies relate. As this is an IAS 34 quarterly report, a complete set of notes is not included. A summary of significant and other accounting policies not disclosed in the notes, are therefore summarized below:

Employee benefit expenses

Employee benefit expenses comprise all types of remuneration to personnel employed by the Group (ie. not contracted manpower) and are expensed when earned. Ordinary salaries can be both fixed pay and hourly wages and is earned and paid periodically. Holiday pay is earned on the basis of ordinary pay and is normally paid in the holiday months of the following year. The employer’s national insurance contribution (social security) is calculated and expensed for all payroll related costs including pensions. Pensions contributions are earned on a monthly basis.

Other operating expenses

Other operating expenses are recognized when they occur and represent a broad range of operating expenses incurred by the Group in its day-to-day activities. Other operating expenses consist of expenses that are not classified on the lines for cost of materials, employee benefit expenses, depreciation and amortization.

Trade and other receivables

Trade and other receivables are financial assets initially recognized at fair value and subsequently at amortized cost using the effective interest rate method. Trade and other receivables are subject to impairment by recognizing an allowance for expected credit losses.

Expected credit losses

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

Trade and other payables

Trade and other payables are liabilities, i.e. present contractual obligations arising from a result of past events where settlement is expected to result in an outflow of resources (payment).

Trade and other payables are measured at their transaction price upon initial recognition and subsequently at amortized cost. Trade and other payables are expected to be settled within the normal operating cycle within twelve months after the reporting period.

Overview of 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.

Classification of financial instruments

The Group's financial instruments are grouped in the following categories:

Financial Assets

- *Financial assets measured subsequently at amortized cost:* Includes mainly trade receivables and cash and cash equivalents

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

Financial Liabilities

- Financial liabilities measured subsequently at amortized cost: Represent the Group's interest-bearing liabilities as well as non-interest-bearing liabilities such as trade payables.

The Group do not have derivative financial instruments or other financial assets, or liabilities measured at fair value. All financial assets and liabilities are measured subsequently at amortized cost.

Initial recognition and subsequent measurement

The Group's financial assets and liabilities are initially recognized at fair value plus directly attributable transaction expenses. Subsequently, these instruments are measured at amortized cost using the effective interest method (EIR). Gains and losses are recognized in profit or loss upon impairment, when the instruments 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 consolidated statement of comprehensive income.

Impairment of financial assets

Financial assets measured at amortized cost are considered for impairment by recognizing an allowance for expected credit losses (ECLs). The Group applies a simplified approach (as applicable for trade receivables) in calculating ECLs, where the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group bases its ECLs on its historical losses, adjusted for forward-looking factors specific to the debtors and the economic environment. See note 10 for further information related to management of credit risk.

Derecognition of financial instruments

A financial asset is derecognized when the rights to receive cash flows from the asset have expired, the Group has transferred its rights to receive cash flows from the asset or The Group has assumed an obligation to pay the received cash flows in full under a "pass-through" arrangement.

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 consolidated statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group’s cash management.

Finance income and finance costs

Interest income and interest expenses on loans and receivables are calculated using the effective interest method.

Foreign currency gains or losses are reported as gain or loss on foreign exchange within in finance income or finance costs, except for currency translation effects from investments in foreign subsidiaries which are presented within OCI.

Interest costs on lease liabilities represents the interest rate implicit in the lease, or the incremental borrowing rate used to measure the lease liabilities recognized in the statement of financial position.

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 on the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, if market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Fair value disclosures

Management has assessed that the fair values of cash and short-term deposits, trade and other receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments and the current risk-free interest rates.

Long-term and short-term interest-bearing loans have been entered into at floating interest rates. The Group considers that the margin on these loans indicates that the book value of the loans is approximately equal to the fair value

Taxes

Income tax expense

Income tax expense consist of current income tax and change in deferred tax. Deferred tax and deferred tax liability are calculated based on differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date, with the exception of:

- initial recognition of an asset or liability in a transaction which:
  - is not a business combination, and
  - is not at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Current income tax

Current income tax is measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax relating to items recognized directly in equity is recognized in equity (OCI) and not in the statement of profit or loss.

Deferred tax

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Investments in associated companies

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The ownership and voting rights are typically between 20 and 50%.

Investments in associated companies are accounted for using the equity method in the consolidated financial statements. The consolidated financial statements include the group's share of profit from associated companies from the time significant influence was achieved and until such influence ceases. Changes in other income and expenses in these investments are included in the Group's other income and expenses.

In the event of impairment indicators, an impairment test is performed on the carrying amount of the investment. Any impairment is recognized in the share of profit from associated companies.

Other accounting policies:

Current versus non-current classification

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

An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities

Significant accounting judgements, estimates and assumptions

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

The accounting policies applied by management which includes a significant degree of estimates and assumptions or judgements that may have the most significant effect on the amounts recognised in the financial statements, are summarised below:

Estimates and assumptions:

- Fair value measurement of biological assets (note 4)
- Impairment considerations of property, plant and equipment, and licenses (9)
- Measurement of deferred tax assets
    - Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

A detailed description of the significant estimates and assumptions are included in the individual note where applicable.

Accounting judgements:

- Determining the useful lives of licenses (note 7)

A detailed description of the significant accounting judgements is included in the individual note where applicable.

NOTE 2: OPERATING SEGMENTS

ACCOUNTING POLICIES

An operating segment is a component of an entity:

a) that engages in business activities from which it may earn revenues and incur expenses,

b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and

c) for which discrete financial information is available.

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

The Group operates responsible fish farming which means having eco-friendly operation with focus on sustainability and quality of production and harvesting. The Group is organised as one operating segment, and segment reporting is therefore identical to the Group financial statements presented in this interim report:

Fish farming (Iceland)

The Group owns and operates salmon farms in the Icelandic fjords Berufjörður and Fáskrúðsfjörður. The seawater purity in the eastern fjords enables ICE FISH FARM to deliver superior high-quality salmon of 3,5kg+ with a yearly harvest of approximately 20 000 tonnes.

No operating segments have been aggregated to form the above reportable operating segment.

Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

The measurement principles applied for the operating segments are consistent with those applied in the Group's consolidated financial statements.

Information about major customers

One of the Group's external customer amount to 10 per cent or more of the Group's total revenues. Revenue from this customer amounted to TNOK 168 735 for year to date per 30.09.2020 and TNOK 168 220 for the same period 2019.

NOTE 3: REVENUE FROM CONTRACTS WITH CUSTOMERS

Source of revenue

The Group has one main source of revenue consisting of the sale of fish.

ACCOUNTING POLICIES

General

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is presented net of VAT, discounts and rebates.

Government grants are recognised when it is reasonable assurance that the Group will comply with the conditions attaching to them, and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods for which the grants are intended to compensate.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of a system, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and any consideration payable to the customer.

Revenue from the sale of goods (fish farming)

Revenue from the sale of fish is considered to represent one performance obligation and is recognised at the point in time when control of the goods is transferred to the customer. Control of an asset refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Additionally, control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset. Control is generally transferred when the fish is delivered to the customer.

The fair value adjustment of these biological assets prior to sale are recognised in accordance with IAS 41 and disclosed in note 4.

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	Q3 2020	Q3 2019	YTD 2020	YTD 2019	FY2019
Type of goods					
Fish Farming	50,929	7,997	184,782	198,128	293,304
Total revenue from contracts with customers	**50,929**	**7,997**	**184,782**	**198,128**	**293,304**
Geographical markets					
US	46,854	7,037	170,000	174,353	258,108
Europe	4,074	960	14,783	23,775	35,197
Total revenue from contracts with customers	**50,929**	**7,997**	**184,782**	**198,128**	**293,304**
Timing of revenue recognition					
Goods transferred at a point in time	50,929	7,997	184,782	198,128	293,304
Total revenue from contracts with customers	**50,929**	**7,997**	**184,782**	**198,128**	**293,304**

Payment is generally due within 14 days after delivery.

Contract balances

As the Group's revenues are recognised and invoiced upon delivery, the Group does not have significant contract balances except for Trade Receivables. The Group presents its Trade Receivables arising from contracts with customers separately from other receivables in note 13.

NOTE 4: BIOLOGICAL ASSETS

ACCOUNTING POLICIES

Biological assets

The Group recognises a biological asset when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits associated with the asset will flow to the entity; and
- the fair value or cost of the asset can be measured reliably

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

Transactions for the sale of live fish rarely incur, therefore the sales price is based on forward prices quoted by Fish Pool. The model uses the forward price for the month the fish is expected to be harvested and the prices are adjusted for estimated harvesting costs, packing and shipping costs to the market, as well as quality differences to arrive at the fair value less cost to sell.

The expected biomass (volume) is based on an estimated number of fish in the sea, adjusted for expected mortality up to the time of harvest and multiplied by the expected harvest weight.

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group's biological assets comprise live fish in the sea (salmon and trout), eggs, juveniles and smolt.

The valuation process of determining the fair value less cost to sell includes different assumptions, many of which are not observable. The assumptions are grouped into four different categories:

- Price
- Cost
- Volume
- Discounting

Price

An important assumption in the valuation of fish ready for harvest and fish not ready for harvest, is the expected sale price. This is also the assumption that historically has had the greatest fluctuations. In order to estimate the expected sales price, the future price quoted by Fish pool for superior Norwegian salmon (3-6 kg gutted) is used as a starting point. It is the Group's opinion that the use of observable prices increases the reliability and comparability of the price assumptions.

For fish ready for harvest, the future price for the following month is applied. For fish not ready for harvest the starting point is the future price for the month in which the fish is assumed to reach harvest-ready weight. In the event of biological challenges (which incur before the end of the reporting period), an additional price adjustment is made to reflect the impact of this event. Such price adjustment considers that the market price per kilo for small fish is less than for fish of normal size, the price is further adjusted for exporter-margin and clearing cost. This applies to both mature fish and immature fish. Furthermore, adjustments are made for harvesting costs (well-boat, harvest and packaging), transportation costs and quality differences. Adjustments for harvesting costs, transportation costs and quality differences are based on the Group's historical costs, while the other adjustments are based on a discretionary assessment on historical data and the Group's expectation of future market developments.

Cost

For fish not ready for harvest, an adjustment is made for the costs associated with further farming the fish to be harvest-ready. Estimates related to future costs are based on the Group's forecasts for each locality. There is uncertainty related to future feed prices, other costs and the biological development of the fish (growth, feed factor and mortality). If the estimated costs are higher than what a normal market participant would include, for example due to previously entered into long-term agreements with subcontractors which makes the costs deviate significantly from the market price, the cost estimate is adjusted to reflect the costs that a rational market participant would apply.

Volume

Expected harvest volume is calculated based on the estimated number of fish (individuals) at the reporting date, minus expected future mortality, multiplied by the expected harvest weight (4,8 kg live weight). There is uncertainty related to the number of fish in the sea at the balance sheet date, remaining mortality and expected harvest weight. The actual harvest volume may therefore deviate from the expected harvest volume either as a result of a change in biological development, or if special events, such as mass mortality, occur. The estimate of the number of fish at the reporting date is based on the number of smolts released in the sea. The number of smolts is adjusted for expected uncertainty of counting and the registered mortality in connection with release. The normal expected harvest weight is the live weight that gives 4 kg gutted weight, unless there are specific conditions present at the end a reporting period that indicate that the fish must be harvested before it reaches this weight. In these cases, the expected harvest weight is adjusted. The expected mortality in the period from the balance sheet date to the time when the fish is ready for harvest is estimated to be 0,5% per. month of incoming fish.

Discounting

Every time a fish is harvested and sold; a positive cash flow arises. As a simplification, all the remaining expenses are allocated to the same period as the income, so that there is only one cash flow per locality. The cash flow is attributed to the expected month of harvest. The sum of cash flows from all the localities where the Group has fish in the sea are distributed over the entire fish farming period. With the current size of the smolt being released, and the frequency of the smolt releases, this may take up to 24 months. The expected future cash flow is discounted monthly. The discount rate used has a large impact on the estimate of fair value. The monthly discount rate as at the end of the reporting period is estimated at 1-4% per month. The discount rate contains the following three main elements: (1) risk adjustment, (2) license rent and (3) time value.

1. Risk adjustment

The risk adjustment must reflect the price reduction that a hypothetical buyer would require as compensation for the risk assumed by investing in live fish rather than an alternative placement. As the time to harvest increases, the probability that an event incurs that impacts the cash flow increases. There are three main factors that may incur, and impact the cash flow; a volume change, change in costs, and a change in price.

2. License rent

Salmon and trout farming do not take place in a market without competition and barriers to entry. Due to the limited access to fish farming licenses, these currently have a high value. For a hypothetical buyer of live fish to be able to acquire and further farm the fish, it must be assumed that the buyer had a license, locality and other permits required for such production. The calculation is based on that a buyer would demand a significant discount in order to allocate a sufficient share of the return to own licenses, or alternatively to cover the cost of license rent. Modelling a hypothetical annual license rent from prices of traded licenses is difficult, as the price curve will be based on expectations of future profit development in the industry. Furthermore, it is complex to derive a rental cost for shorter periods of time and ultimately per volume, given that the license restrictions are measured at different levels (location, region and Company).

3. Time value

Finally, the discount rate must reflect the time value of money for the committed capital allocated to the biomass. One must assume that a hypothetical buyer would require compensation for the opportunity cost of investing in live fish. The production cycle for salmon farming is currently up to 18 months, therefore the cash flow will cover a corresponding period. Given a constant selling price throughout the period, the cash flow will decrease for each passing month as costs are incurred to farm the fish to a harvest-ready weight. These costs increase for each month the fish is in the sea. This makes the effect of deferred cash flows lower than if the cash flows were constant, however, the component is still important due to the large total value of biological assets.

Carrying amounts of biological assets

Biological assets	**30.09.2020**	**31.12.2019**
Fish at cost	227,739	151,154
Fair value adjustment on fish	46,573	50,199
Fair value of fish in the sea	**274,312**	**201,354**
Smolt	26,945	27,493
Carrying amount of biological assets	**301,257**	**228,846**
Total biological assets at cost	254,684	178,647
Total fair value adjustment on biological assets	46,573	50,199
Fair value of biological assets	**301,257**	**228,846**
Onerous contracts	-	-
Carrying amount of onerous contracts	**-**	**-**
Fish Pool contracts	-	-
Carrying amount of fish pool contracts	**-**	**-**

The table below shows the fair value adjustment in the period, related to biological assets.

Fair value adjustment of biological assets in the statement of comprehensive income	**Q3 2020**	**Q3 2019**	**YTD 2020**	**YTD 2019**	**FY2019**
Change in the fair value adjustment of biological assets	1,466	34,372	-3,627	53,287	33,704
Change in the fair value of onerous contracts related to biological assets					
Change in the fair value of Fish Pool contracts related to biological assets					
Fair value adjustment of biological assets	**1,466**	**34,372**	**-3,627**	**53,287**	**33,704**

Reconciliation of the fair value of biomass in the period	**Total**
Biomass at fair value 31.12.2019	50,199
Fair value change YTD 2020 (01.01-30.09)	-3,627
Fair value of biomass 30.09.2020	**46,573**

Reconciliation of the carrying amount of biological assets	**Smolt**	**Live fish in the sea**	**Fair value adjustment**	**Total biological assets**
Biological assets 31.12.2019	27,493	151,154	50,199	228,846
Increase from biological transformation and cost of stock	1,396	258,428		259,824
Reduction from the sale of smolt	-1,944			-1,944
Reduction from harvest		-181,843	-3,627	-185,470
Biological assets 30.09.2020	**26,945**	**227,739**	**46,573**	**301,257**

Sensitivity analysis

It is the Group's opinion that the weighted average sale price, expected harvest volume and discount rate are the key assumptions in the valuation for which the valuation is most sensitive. The Group has carried out the following sensitivity analysis which shows how the fair value of biological assets changes as a result of changes in the key assumptions:

Change in weighted average sale price	-2 NOK	-1 NOK	0 NOK	+1 NOK	+2 NOK
Change in the value of biological assets	-7,596	-3,816	0	3,839	7,696

Change in harvest volume	-2 %	-1 %	0 %	1 %	2 %
Change in the value of biological assets	-7,036	-3,517	0	3,518	7,036

NOTE 5: INVENTORIES

ACCOUNTING POLICIES

Inventories are valued at the lower of cost and net realisable value. Finished goods produced and work in progress being produced are valued at production cost. Provisions are made for obsolete inventories. Purchase cost is allocated using the FIFO method.

Inventories mainly consist of fish feed, spawn and other raw materials, packaging materials and slaughtered and processed fish.

Live fish are presented as biological assets in note 4.

Cost of materials	**Q3 2020**	**Q3 2019**	**YTD 2020**	**YTD 2019**	**FY19**
Cost of fish farming materials	18,192	1,838	71,479	173,951	225,178
Total cost of materials	**18,192**	**1,838**	**71,479**	**173,951**	**225,178**

Inventories	30.09.2020	31.12.2019
Raw materials	17,143	6,904
Goods in process	-	
Finished goods	-	
Total inventories (gross)	**17,143**	**6,904**
Provision for obsolete inventories		
Total inventories at the lower of cost and net realisable value	**12 988**	**6 904**

During Q3 2020, no provisions have been made for obsolescence.

NOTE 6: PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICIES

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

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

Right-of-use assets are recognised separately from property, plant and equipment and presented in note 8.

No impairments of property, plant and equipment were made in 2019 or as of 30 September 2020. For the group's principles related to impairment of property, plant and equipment, see note 9.

	Property and land	Ships	Cages, machinery and equipment	Total
Acquisition cost 31.12.2019	17,716	5,333	122,797	145,847
Additions	28,637	44,525	36,000	109,162
Currency translation effects	-648	137	8,034	7,523
Acquisition cost 30.09.2020	45,705	49,995	166,832	262,532
Accumulated depreciation and impairment 31.12.2019	1,122	2,832	36,302	40,256
Depreciation for the period	964	466	8,764	10,194
Currency translation effects	-40	223	2,922	3,105
Accumulated depreciation and impairment 30.09.2020	2,047	3,520	47,988	53,555
Carrying amount 31.12.2019	16,594	2,502	86,495	105,591
Carrying amount 30.09.2020	43,659	46,475	118,844	208,977
Economic useful lives	33 years	13 years	5-10 years	
Depreciation method	Straight-line method			

NOTE 7: INTANGIBLE ASSETS

Nature of the Group's intangible assets

The Group's intangible assets mainly comprise farming licenses.

ACCOUNTING POLICIES

Licenses

The Group may acquire licenses through a business combination or through awards from a government.

The licenses acquired through a business combination are measured on initial recognition at cost, which is the fair value on the date of acquisition. Licenses acquired through a government award, are measured on initial recognition at cost, which is typically the price together with other incremental costs of obtaining the license. Following initial recognition, the licenses are carried at cost less any accumulated amortisation and impairment losses. Most licenses have an indefinite life and are not amortised, but subject to annual impairment testing. The impairment testing of the CGU for which the license relates is presented in note 9. An indefinite useful life means that it is not possible to estimate the foreseeable period over which the asset is expected to generate net cash inflows for the entity.

Other intangible assets

Other intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, other intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate technological and economic feasibility, otherwise the costs are classified as research and expensed as incurred. Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when the asset is available for use and is amortised over the period of expected future benefit.

SIGNIFICANT ACCOUNTING JUDGEMENTS
Licenses

The farming licenses for salmon in Iceland were initially issued for 10 years, but according to current legislation licences are issued for 16 years. The conditions for renewal of licences after their initial terms are based on fulfilment of general terms for operating a fish farm. It may be assumed that if the Group fulfils the criteria for the initial license award, the license will be renewed for an extended period. It is also to be noted that the Group has not identified any contractual obligations or limitations related to the use of the licenses and licenses may be renewed at the end of the initial period without incurring any significant costs

	Farming licenses	Other Intangible	Total
Acquisition cost 31.12.2019	**615,036**	**15,741**	**630,778**
Additions	-	656	**656**
Currency translation effects	49,491	1,257	**50,748**
Acquisition cost 30.09.2020	**664,527**	**17,654**	**682,181**
Accumulated depreciation and impairment 31.12.2019	-	1,367	**1,367**
Depreciation for the period	-	1,748	**1,748**
Currency translation effects	-	109	**109**
Accumulated depreciation and impairment 30.09.2020	**-**	**3,224**	**3,224**
Carrying amount 01.01.2020	615,036	14,375	**629,411**
Carrying amount 30.09.2020	664,527	14,430	**678,957**
Economic useful lives	Indefinite	10 years	
Depreciation method	N/A*	Straight-line	

* Farming licenses are not amortised but tested for impairment at least annually. See note 9 for further information on the impairment test.

General information on allocation of farming licenses on Iceland

Farming licensing on Iceland is regulated by the Law on fish farming and granted by the Icelandic Government. The licenses are awarded with a lifetime of 16 years (changed in 2020 from 10 years). The farming is confined to specific areas and awarded in volumes (tonnes) for the specific fjords in these areas, with the goal of preserving the environment and creating sustainability. The licenses were previously awarded based on harvested volumes per year, now however they are being changed to maximum amount of fish the holder can contain at any given time. Even though the lifetime of the licenses is limited to 16 years (previously 10 years), it is expected that these licenses will be renewed if the criteria for the grant are adhered to.

The Group's licenses on Iceland

As of 30.09.2020 the Group has a license for the harvest of 20,800 tonnes salmon, 8,800 being infertile salmon at the east cost of Iceland (Berufjörður and Fáskrúðsfjörður). The Group also has access to two smolt hatcheries and harvest facilities.

Specification of farming licenses:	Production capacity general license (tonnes)	Production capacity infertile salmon only (tonnes)	Acquisition cost	Carrying amount
Salmon, Berufjörður, Iceland	6,000	3,800		
Salmon, Fáskrúðsfjörður, Iceland	6,000	5,000		
Total	12,000	8,800	548,623	682,583

NOTE 8: RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

ACCOUNTING POLICIES

At 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 in exchange for consideration.

Group as a lessee

At the commencement date, the Group recognises 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 (with an underlying value of less than 50 thousand NOK)

For these leases, the Group recognises the lease payments as operating expenses in the consolidated statement of comprehensive income.

Measuring the lease liability

The lease liability is initially measured at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The lease term represents the non-cancellable period of the lease, together with periods covered by an option to extend the lease when the Group is reasonably certain to exercise this option, and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

The lease payments included in the measurement comprise:

- Fixed lease payments, less any lease incentives received
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date

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 and index or rate.

The Group presents its lease liabilities as separate line items in the consolidated statement of financial position.

Measuring the right-of-use asset

The right-of-use asset is initially measured at cost. The cost of the right-of-use asset includes the corresponding amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date and initial direct costs incurred.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses, applying the same policies for impairment as for property, plant and equipment (Note 6). The right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset. Depreciation is calculated on a straight-line basis.

The Group's leased assets

The Group leases several assets, mainly ships, cages, machinery and equipment in Iceland. Additionally, the Group leases office equipment for which the Group recognises right-of-use assets. Leases of land and buildings generally have lease terms between 5 and 10 years, while motor vehicles and other equipment generally have lease terms between 3 and 7 years. The Group also leases some machinery and equipment that are expensed as incurred as they are either considered short term or of low value.

The Group's right-of-use assets recognised in the consolidated statement of financial position are presented in the table below:

Right-of-use assets	**Property and land**	**Ships**	**Cages, machinery and equipment**	**Total**
Balance at 01 January	140	47,517	3,363	51,020
Depreciations	-105	-7,378	-759	-8,241
Additions	0	23,195	0	23,195
Balance at 30 June	**35**	**63,334**	**2,605**	**65,974**
Remaining lease term or remaining useful life	1 year	3-6 years	1-4 year	
Depreciation plan		Straight-line		

Expenses in the period related to practical expedients and variable payments	**Q3 2020**	**Q3 2019**	**YTD 2020**	**YTD 2019**	**FY19**
Short-term lease expenses	0	0	0	0	0
Low-value assets lease expenses	0	0	0	0	0
Total lease expenses in the period	0	0	0	0	0

The Group's lease liabilities

Undiscounted lease liabilities and maturity of cash outflows	**Total**
Less than one year	12,392
One to two years	12,341
Two to three years	12,057
Three to four years	11,052
Four to five year	8,327
More than five years	12,299
Total undiscounted lease liabilities at 30.09.2020	**68,467**

Changes in the lease liabilities	**Total**

Total lease liabilities at 31.12.2019	51,558
New leases recognised during the period	18,669
Cash payments for the principal portion of the lease liability	-7,425
Cash payments for the interest portion of the lease liability	-1,331
Interest expense on lease liabilities	1,331
Currency translation effects	-
Total lease liabilities at 30.09.2020	62,802
Current lease liabilities in the statement of financial position	10,708
Non-current lease liabilities in the statement of financial position	52,094
Total cash flow effect for YTD 2020	-8,756

Lease commitments not included in the lease liabilities

Extension and termination options

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the Group's business needs. Management applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, they consider all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Group did not include the renewal period for leases of ships as part of the lease term because management were not reasonably certain to exercise the option to renew the leases. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Purchase options

The Group does not have any lease contracts that includes purchase options.

NOTE 9: IMPAIRMENT CONSIDERATIONS

ACCOUNTING POLICIES

Property, plant and equipment

Property, plant and equipment (and intangible assets that are subject to depreciation) are tested for impairment to the extent there is indications that the recoverable amount does not exceed the carrying amount. The recoverable amount of an asset is defined as the higher of fair value less costs to sell and the value in use.

Licenses

Intangible assets with indefinite useful lives (licenses) are not amortised, but subject to impairment testing. The testing is performed annually as at 31 December and when circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of each CGU (or group of CGUs) to which licenses relates. When the recoverable amount of the CGU is less than its' carrying amount, an impairment loss is recognised. A previously recognised impairment loss for licenses is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

There is significant estimation uncertainty related to the value of licenses. The uncertainty is mainly related to valuations from previous business combinations when the assets were acquired. In the business combination, assets and liabilities are recognised at fair value. Impairment has been evaluated based on the recent transactions in second quarter 2020, when the value of the company was estimated at a higher value than the booked value from previous business combination, and therefore there is no indication that the carrying value may be impaired.

NOTE 10: CAPITAL MANAGEMENT AND FINANCIAL RISK

The primary objective of the Group's capital management is to maximise value creation over time. The Group seeks to optimize the capital structure by balancing risk and return on equity against collateral for lenders, requirements for liquidity and investment capacity.

The Group manages its capital structure and adjusts considering changes in economic conditions and the requirements of the financial covenants. The Group considers a solid equity ratio to be important to achieving its strategic goals in the future. Management regularly uses the ratio between net interest-bearing debt / earnings before interest, tax and depreciation & amortisation (NIBD / EBITDA) to assess the Group's financial flexibility, as well as the ability to assume new debt. This key ratio and the equity ratio also constitute the Group's financial covenants to the bank. See note 14 for further information on the Group's covenant requirements.

Net interest-bearing debt (NIBD) corresponds to the sum of "Non-current interest-bearing loans and borrowings", "Current interest-bearing loans and borrowings", "Non-current lease liabilities", "Current lease liabilities" and "Cash and cash equivalents" in the statement of financial position. Earnings before interest, tax and depreciation & amortisation (EBITDA) is calculated as the sum of "Operating profit", "Depreciation and amortisation" and "Impairment" in the Group's consolidated statement of comprehensive income. The equity ratio corresponds to the carrying amount of "Total equity" divided by the total "equity and liabilities" in in the consolidated statement of financial position.

The Group's equity ratio was 75 % as of 30.09.2020 (62% as of 31.12.2019). The NIBD / EBITDA ratio was 1.9 as of 30.09.2020 (35.4 as of 31.12.2019).

Financial risk management

The Group's principal financial liabilities comprise interest bearing loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables, and cash and short-term deposits that derive directly from its operations. The Group do not hold derivative financial instruments.

The Group is exposed to a range of risks affecting its financial performance, including market risk, financial risk and credit risk. The Group seeks to minimise potential adverse effects of such risks through sound business practise, risk management and hedging. At the current time the liquidity risk of the Group is assessed to be low based on the operating cash flows, scheduled repayments of debt and the availability of credit facilities.

Risk management is carried out by Group management under policies approved by the Board. The Board reviews and agrees policies for managing each of these risks, which are summarised below.

(i) CREDIT RISK

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables). As the counterparty to Cash and cash equivalents is respectable banks the credit risk associated is small.

The Group manage its credit risks by trading only with creditworthy third parties. It is the Group's policy that all customers wishing to trade on credit terms are subject to credit verification procedures, which include an assessment of credit rating and review of prior payment issues. The Group obtains sufficient collateral (where appropriate) from customers and ensures that the outstanding amounts do not exceed the set credit limits as means of mitigating the risk of financial loss from defaults. In addition, receivable balances are monitored on an ongoing basis. As a result, the risk that counterparties do not have the financial ability to meet their obligations is considered low in the markets in which the group operates.

The Group do not have significant credit risk related to a single counterparty or several counterparties with similar credit risk. Further, the Group did not provide any guarantees to or on behalf of third-parties liabilities.

No agreements have been entered into for set-off/netting of financial instruments.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity.

(ii) MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include interest bearing loans and borrowings and cash and cash equivalents.

Interest rate risk

The Group is exposed to changes in the market interest rate, as the Group's interest-bearing loans and borrowings has a floating interest rate. Furthermore, changes in market interest rates may affect investment opportunities in future periods.

The Group does not currently hedge the base interest rates. The current interest rate environment is low, and the Group may enter contracts to offset some of the risk depending on the future expected interest rates.

Interest rate sensitivity	Increase / decrease in basis points	Effect on profit before tax (+/-)	Effect on equity
30.09.2020	+/- 100	3,161	2,529
31.12.2019	+/- 100	3,290	2,632

The average effective interest for the Group's interest-bearing liabilities were:

Interest bearing liabilities	30.09.2020	31.12.2019
Interest bearing loans and borrowings	253,299	277,461
Lease liabilities	62,802	51,558

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group’s exposure to the risk of changes in foreign exchange rates relates primarily to the Group’s operating activities (revenue and expenses denominated in a foreign currency), the Group's interest-bearing liabilities and the Group’s net investments in foreign subsidiaries.

A significant part of revenues is denominated in USD. The Group's interest-bearing liabilities are denominated in ISK, NOK and USD. The Group's equity and expenses are mainly denominated in USD, ISK and NOK. The Group does not hedge currency exposure with the use of financial instruments at the current time but monitors the net exposure over time.

Currency sensitivity	Date	Change in FX rate	Effect on profit before tax (+/-)	Effect on equity
Increase / decrease in ISK/NOK	30.09.2020	+/- 10%	-6,688	-5,350
Increase / decrease in ISK/NOK	31.12.2019	+/- 10%	-8,266	-6,612
Increase / decrease in USD/NOK	30.09.2020	+/- 10%	11,004	8,803
Increase / decrease in USD/NOK	31.12.2019	+/- 10%	9,846	7,877

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group monitors its risk to a shortage of funds by monitoring its working capital, overdue trade receivables and establishing credit facilities.

The Group's objective is to maintain a balance between continuity of funding and flexibility using credit facilities, bank loans and loans from related parties to finance working capital and capital investments, without incurring any significant economic losses. The Group has flexible financing through an overdraft facility which is may draw funds (see note 14). Additionally, the Group has a positive cash flow from operating activities which limits its liquidity risk.

NOTE 11: SHARE CAPITAL AND SHAREHOLDER INFORMATION

ACCOUNTING POLICIES

Equity and liabilities

Financial instruments are classified as liabilities or equity in accordance with the underlying economic substance. Share capital and share premiums are classified as equity.

Costs related to equity transactions

Transaction costs are deducted from equity, net of associated income tax.

Distribution to shareholders

The Group recognises a liability to make distributions to equity holders when the distribution is authorised, and the distribution is no longer at the discretion of the Group. As per the corporate laws of Norway, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

	30.09.2020	31.12.2019
Ordinary shares, par value 1 ISK per share		4 932
Ordinary shares, par value 0,10 NOK per share	5 400 000	-
Total ordinary shares issued and fully paid	**5 400 000**	**4 932**

All shares are ordinary and have the same voting rights and rights to dividends.

Changes in share capital	Number of shares 30.09.2020	Number of shares 31.12.2019	Share capital 30.09.2020	Share capital 31.12.2019
Beginning of period	70 129 908	51 230 613	4 932 000	3 532
Reclassification due to new parent*	-70 129 908		-4 932 000	
Share capital in Ice Fish Farm	1 000		30 000	
Write down of share capital in Ice Fish Farm	-1 000		-30 000	
Deemed issue of share capital*	45 000 000		4 500 000	
Deemed issue of share capital*	9 000 000	18 899 295	900 000	1 400
End of period	54 000 000	70 129 908	5 400 000	4 932

*The structure of the Group was changed in 2020. All the shares in Fiskeldi Austfjarða hf were contributed to Ice Fish Farm, against an issuance of 45,000,000 shares in the Ice Fish Farm to the shareholders of Fiskeldi Austfjarða hf. Simultaneously, a write down of the existing share capital of Ice Fish Farm was performed. At the same time, a share capital increase was placed by issuing 9,000,000 new shares.

Reconciliation of equity is shown in the statement of changes in equity.

The Group's shareholders (Shareholders in ICE FISH FARM AS):

Overview of the 20 largest shareholders:		Origin	30.09.2020	
Shareholder:			**Number:**	**Ownership:**
MIDT-NORSK HAVBRUK AS		Norway	30,020,121	55.59 %
EGGJAHVITA EHF		Iceland	7,122,384	13.19 %
HREGG EHF		Iceland	3,026,745	5.61 %
State Street Bank and Trust Comp	NOM	USA	1,600,000	2.96 %
VERDIPAPIRFONDET NORGE SELEKTIV		Norway	1,340,607	2.48 %
GRJOT EHF		Iceland	1,323,204	2.45 %
MAXIMUM HOLDING AS		Norway	975,329	1.81 %
ÁNING ÁSBRÚ EHF		Iceland	912,593	1.69 %
VERDIPAPIRFONDET DNB SMB		Norway	686,569	1.27 %
GLEDI EHF		Iceland	537,776	1.00 %
VERDIPAPIRFONDET PARETO INVESTMENT		Norway	450,000	0.83 %
J.P. Morgan Bank Luxembourg S.A.	NOM	Luxembourg	444,068	0.82 %
VERDIPAPIRFONDET DNB NORGE PENSJON		Norway	360,884	0.67 %
PORTIA AS		Norway	330,000	0.61 %
CRESSIDA AS		Norway	270,000	0.50 %
CENTRA CAPITAL AS		Norway	265,000	0.49 %
SEB PRIME SOLUTIONS SISSENER CANOP		Luxembourg	250,000	0.46 %
Nordea Bank Abp	NOM	Finland	250,000	0.46 %
FRETHEIM BRUK AS		Norway	232,616	0.43 %
MP PENSJON PK		Norway	229,170	0.42 %
Total of the 20 largest shareholders			50,627,066	93.75 %
Other shareholders			3,372,934	6.25 %
Total			**54,000,000**	**100 %**

NOTE 12: CONSOLIDATED ENTITIES

ACCOUNTING POLICIES

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and can affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests is presented as a separate line item within equity in the consolidated statement of financial position.

Change in the ownership interest of a subsidiary, without a loss of control

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The consideration is recognised at fair value and the difference between the consideration and the carrying amount of non-controlling interests is recognised in equity attributable to the equity holders of the parent.

Loss of control of a subsidiary

If the Group loses control over a subsidiary, it derecognises the related assets, liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Non-controlling interests

Non-controlling interests in the consolidated financial statements constitute the non-controlling interest's share of the carrying amount of equity. Upon acquisition, non-controlling interests are measured at their proportionate share of identified assets.

The following subsidiaries are included in the consolidated financial statements 30.09.2020:

Consolidated entities 30.09.2020	Country of incorporation	Business	Ownership share	Group's voting ownership share	Equity 30.09.2020	Profit before tax per Q3 2020
Fiskeldi Austfjarða hf	Iceland	Fish Farming	100 %	100 %	232,555	34,369
Rifós	Iceland	Fish Farming	98 %	98 %	1,294	986

The following subsidiaries are included in the consolidated financial statements 31.12.2019:

Consolidated entities 31.12.2019	Country of incorporation	Business	Ownership share	Group's voting ownership share	Equity 31.12.2019	Profit before tax 2019
Fiskeldi Austfjarða hf	Iceland	Fish Farming	n/a	n/a	136,082	11,832
Rifós	Iceland	Fish Farming	n/a	n/a	64	-62

Rifós is a subsidiary of Fiskeldi Austfjarða hf. 98% at 30.09.2020, after an aquisition of 29% of the shares during third quarter 2020.

NOTE 13: RELATED PARTY TRANSACTIONS

Related parties are Group companies, associates, major shareholders, members of the board and Management in the parent company and the group subsidiaries. Note 1, 2 and 12 provides information about the Group structure, including details of the subsidiaries and the holding company (relates parties).

All transactions within the Group or with other related parties are based on the principle of arm's length.

The following table provides the total amount of transactions that have been entered into with related parties (outside the Group) for the relevant financial period:

Related party transactions and balances Q3 2020 and 30.09.2020	Executive management	Shareholders	Group company	Associate	Total
Current loans and borrowings to related parties				39,301	39,301
Current trade and other payables to related parties			2,354	18,057	20,411
Non-current loans and borrowings from related parties		25,550			25,550
Purchases from related parties (incl. Management fees)		889		29,584	30,473

Related party balances 31.12.2019	Executive management	Shareholders	Group company	Associate	Total
Non-current loans and borrowings to related parties				36,327	36,327
Non-current loans and borrowings from related parties		25,521			25,521
Current loans and borrowings from related parties		29,605			29,605
Current trade and other payables to related parties		1,478		8,542	10,020

NOTE 14: INTEREST-BEARING LIABILITIES

Non-current interest-bearing loans and borrowings	30.09.2020	31.12.2019
Loan from Arion Bank hf. (principal)	27,822	15,574
Subordinated loan from related parties (principal)	25,550	25,521
Leasing liability	50,410	41,629
Total non-current interest-bearing loans and borrowings	**91 000**	**103,783**

Current interest-bearing loans and borrowings	30.09.2020	31.12.2019
Loan from Arion Bank hf., due within 12 months	33,601	18,010
Subordinated loan from related parties, due within 12 months		29,605
Overdraft facility	129,074	130,226
Leasing liability, due within 12 months	12,392	9,929
Current interest-bearing loans and borrowings	**175,067**	**187,770**

The subordinated loan from related parties is considered subordinate to all financial obligations of the borrower to Arion Bank hf. The foregoing includes that the borrower may not pay any payments in connection with this loan, neither principal nor interest, until the Company's obligations with Arion Bank hf. have been fully paid or if the Bank gives its permission.

Overdraft facility

The Group has an overdraft facility in place which may be drawn at any time up to NOK 243 million.

The Group has pledged assets as security for its loans and borrowings, presented in the table below:

Assets pledged as security for interest bearing loans and borrowings	**30.09.2020**	**31.12.2019**
Secured balance sheet liabilities:		
Non-current interest-bearing liabilities	78,232	57,203
Current interest-bearing liabilities	175,067	187,770
Total	**253,299**	**244,973**
Carrying amount of assets pledged as security for secured liabilities:		
Inventories	17,143	6,904
Biological assets	301,054	228,846
Cash and cash equivalents	151,991	1,130
Investments in associated companies	28,282	31,235
Right-of-use assets	65,974	51,020
Property, plant and equipment	208,977	105,591
Total	**773,420**	**424,726**

Covenant requirements

The Group is obligated to adhere to the following covenant requirement for its interest-bearing liabilities:

- Equity/Enterprise value >35%

There has not been a breach in any financial covenants for the Group's interest-bearing loans and borrowing in the current or prior periods.

NOTE 15: SUBSEQUENT EVENTS

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, the Group will assess if the information affects the amounts that it recognises in the Group’s consolidated financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its consolidated financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

NOTE 16: FIRST TIME ADOPTION OF IFRS

The financial statements, for the period ended 30 June 2020 were the first the Group prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

In preparing the financial statements, the Group's opening statement of financial position was prepared as at 1 January 2019, the Group's date of transition to IFRS.

This note explains the principal adjustments made by the Group when transitioning to IFRS from its previous reporting framework; Icelandic Financial Statement Act ("ICEGAAP") as of 1 January 2019, as well as for the period ended 31 December 2019.

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. ICE FISH FARM AS has applied the following exemptions:

Estimates

The estimates applied at 1 January 2019, at 31 December 2019 are consistent with those made for the same dates in accordance with the Icelandic Financial Statement Act (after adjustments to reflect any differences in accounting policies).

Deemed cost

The Group has elected to measure licenses at the date of transition to IFRSs at its fair value and used that fair value as its deemed cost at that date.

Conversion to IFRS has had the following effects on the figures:

Reconciliation of equity and financial position as of 1 January 2019:

(NOK 1000)	ICEGAAP	IFRS adj.	Notes	IFRS
ASSETS				
Non-current assets				
Licenses	-	608 954	**A**	608 954
Other intangible assets	12 360			12 360
Property, plant and equipment	97 391	1 249	**B**	98 639
Financial assets	-			-
Investments in associated companies	28 723			28 723
Deferred tax assets	1 514	-1 514		-0
Total non-current assets	**139 987**	**608 689**		**748 676**
Current assets				
Biological assets	226 825	16 495	**C**	243 320
Inventories	8 890			8 890
Trade and other receivables related parties	3 747			3 747
Trade and other receivables	13 802			13 802
Cash and cash equivalents	1 869			1 869
Total current assets	**255 132**	**16 495**		**271 627**
TOTAL ASSETS	**395 120**	**625 184**		**1 020 303**
EQUITY AND LIABILITIES				
Equity				
Share capital	3 532			3 532
Share premium	149 946			149 946
Other equity	-60 273	622 150	**A,B,C**	561 878
Equity attributable to equity holders of the parent	**93 205**	**622 150**		**715 355**
Non-controlling interests	3 077			3 077
Total equity	**96 282**	**622 150**		**718 432**
Non-current liabilities				
Non-current interest-bearing liabilities	37 352	1 249	**B**	38 600
Subordinated loan from related parties	58 831			58 831
Deferred tax liabilities		1 785	**B,C**	1 785
Total non-current liabilities	**96 183**	**3 034**		**99 216**
Current liabilities				
Current interest-bearing liabilities	153 325		**B**	153 325
Trade and other payables	49 330			49 330
Total current liabilities	**202 655**	**-**		**202 655**
				-
Total liabilities	**298 838**	**3 034**		**301 871**
TOTAL EQUITY AND LIABILITIES	**395 120**	**625 184**		**1 020 304**

A: The IFRS adjustment reflects the difference between the booked value of licenses in Fiskeldi Austfjarða hf and the fair value of licenses as at 1 January 2019.
B: The IFRS adjustment reflects the effects of IFRS 16, where the Group has recognised a right-to-use asset related to property, ships and equipment. These leases were previously treated as operating leases. A corresponding lease liability is recognised.
C: Biologic assets have previously been calculated using insurance value. According to IFRS, biologic assets are valued at fair value less costs to sell (see note 4). The IFRS adjustment reflects the difference between these two accounting principles.

Reconciliation of equity and financial position as of 31 December 2019:

(NOK 1000)	ICEGAAP	IFRS adj.	Notes	IFRS
ASSETS				
Non-current assets				
Licenses		615 036	**A**	615 036
Other intangible assets	14 374			14 374
Property, plant and equipment	155 787	868	**B**	156 655
Financial assets	-			-
Investments in associated companies	31 235			31 235
Deferred tax assets	-			-
Total non-current assets	**201 396**	**615 904**		**817 300**
Current assets				
Biological assets	178 647	50 199	**C**	228 846
Inventories	6 904			6 904
Trade and other receivables related parties	36 327			36 327
Trade and other receivables	39 552			39 552
Cash and cash equivalents	1 130			1 130
Total current assets	**262 561**	**50 199**		**312 760**
TOTAL ASSETS	**463 956**	**666 104**		**1 130 060**
EQUITY AND LIABILITIES				
Equity				
Share capital	4 931			4 931
Share premium	211 089			211 089
Other equity	-80 904	655 186	**A,B,C**	574 282
Equity attributable to equity holders of the parent	**135 116**	**655 186**		**790 302**
Non-controlling interests	1 030			1 030
Total equity	**136 146**	**655 186**		**791 332**
Non-current liabilities				
Non-current interest-bearing liabilities	56 322	881	**A**	57 203
Non-current interest-bearing liabilities related parties	25 521			25 521
Deferred tax liabilities	-3 070	10 037	**B,C**	6 967
Total non-current liabilities	**78 773**	**10 918**		**89 691**
Current liabilities				
Current interest-bearing liabilities	187 770		**B**	187 770
Trade and other payables	61 267			61 267
Total current liabilities	**249 037**	**-**		**249 037**
				-
Total liabilities	**327 810**	**10 918**		**338 729**
TOTAL EQUITY AND LIABILITIES	**463 957**	**666 104**		**1 130 060**

A: The IFRS adjustment reflects the difference between the booked value of licenses in Fiskeldi Austfjarða hf and the fair value of licenses as at 1 January 2019.
B: The IFRS adjustment reflects the effects of IFRS 16, where the Group has recognised a right-to-use asset related to property, ships and equipment. These leases were previously treated as operating leases. A corresponding lease liability is recognised.
C: Biologic assets have previously been calculated using insurance value. According to IFRS, biologic assets are valued at fair value less costs to sell (see note 4). The IFRS adjustment reflects the difference between these two accounting principles.

Reconciliation of total comprehensive income for 2019:

(NOK 1000)	ICEGAAP	IFRS adj.	Notes	IFRS
Revenue from contracts with customers	293 304			293 304
Total revenue and other income	**293 304**	**-**		**293 304**
Cost of materials	225 178			225 178
Employee benefit expenses	26 960			26 960
Other operating expenses	33 954	-400	**A**	33 554
Depreciation, amortisation and impairment	18 390	380	**A**	18 770
Operating profit before fair value adjustment of biomass	**-11 178**	**19**		**-11 159**
Net fair value adjustment biomass	-	33 704	**B**	33 704
Operating profit	**-11 178**	**33 724**		**22 545**
Finance income	34			34
Finance costs	-16 140	-32	**A**	-16 172
Foreign exchange rate loss	2 067			2 067
Share of profit or loss of an associate	3 296			3 296
Profit or loss before tax	**-21 922**	**33 692**		**11 769**
Income tax expense	1 590	-6 738	**A,B**	-5 149
Profit or loss from continuing operations	**-20 333**	**26 953**		**6 621**
Profit or loss for the period	**-20 333**	**26 953**		**6 621**
Other comprehensive income				
Items that subsequently will not be reclassified to profit or loss:				
Share of other comprehensive income of an associate	-			-
Total items that will not be reclassified to profit or loss	-	-		-
Items that subsequently may be reclassified to profit or loss:				
Exchange differences on translation of foreign operations	5 224			5 224
Share of other comprehensive loss of an associate	-			-
Total items that may be reclassified to profit or loss	5 224	-		5 224
Other comprehensive income for the period	5 224	-		5 224
Total comprehensive income for the period	**-15 109**	**26 953**		**11 844**

A: The IFRS adjustment reflects the effects of IFRS 16, where the Group has recognised a right-to-use asset related to property, ships and equipment. These right-of-use assets are depreciated. Previously, the leases were classified as operating leases under other operating expenses. A corresponding lease liability is recognised, generating finance costs.
B: The IFRS adjustment reflects the difference between the fair value of fish and the cost price (see note 4 for more information)

Reconciliation of statement of cash flows for 2019:

Cash flows from operating activities (NOK 1000)	**ICEGAAP**	**IFRS adj.**	**Notes**	**IFRS**
Profit or loss before tax	-21 922	33 692	**A,B**	11 769
Net fair value adjustment on biological assets	-	-33 704	**A**	-33 704
Tax paid	-1 590			-1 590
Gain/loss on disposal of property, plant and equipment	-			-
Currency difference interest bearing liabilities	-837			-837
Depreciation and impairment of property, plant and equipment and right-of-use assets	18 390	380	**B**	18 770
Share of profit or loss of an associate	-3 287			-3 287
Changes in inventories, trade and other receivables and trade and other payables	40 443	32		40 475
Finance income	-			-
Net cash flows from operating activities	**31 198**	**400**		**31 598**
Cash flows from investing activities				
Purchase of financial assets	-			-
Purchase of property, plant and equipment	-77 084			-77 084
Purchase of intangible assets	-3 269			-3 269
Purchase of shares in subsidiaries, net of cash acquired	-			-
Proceeds from sale of property, plant and equipment	1 702			1 702
Proceeds/purchase of financial investments	-			-
Proceeds from financial assets	-			-
Interest received	-			-
Net cash flow from investing activities	**-78 652**	**-**		**-78 652**
Cash flow from financing activities				
Proceeds from borrowings	58 183			58 183
Repayment of borrowings	-18 153			-18 153
Payments for the principal portion of the lease liability	-5 974	**-368**		-6 342
Interest paid	-1 154	-32		-1 186
Overdraft facility	13 803			13 803
Proceeds from issuance of equity	-			-
Transaction costs on issue of shares	-			-
Acquisition of non-controlling interests	-			-
Net cash flow from financing activities	**46 704**	**-400**		**46 304**
Net change in cash and cash equivalents	-749	-0		-749
Effect of change in exchange rate on cash and cash equivalents	11			11
Cash and cash equivalents, beginning of period	**1 869**			1 869
Cash and cash equivalents, end of period	**1 130**	**-0**		**1 130**

A: The IFRS adjustment reflects the effects of IFRS 16, where the Group has recognised a right-to-use asset related to property, ships and equipment. These right-of-use assets are depreciated. Previously, the leases were classified as operating leases under other operating expenses. A corresponding lease liability is recognised, generating finance costs.
B: The IFRS adjustment reflects the difference between the fair value of fish and the cost price (see note 4 for more information)

ALTERNATIVE PERFORMANCE MEASURES

Ice Fish Farm's consolidated financial information is prepared in accordance with international financial reporting standards (IFRS).

In addition, the management's intention is to provide alternative performance measures, which are regularly reviewed by the management to enhance the understanding of the company's performance, but not replacing the financial statements prepared in accordance with IFRS.

The alternative performance measures presented may be determined or calculated differently by other companies.

Operational EBIT

Operational EBIT is operational profit before fair value adjustments. Operational EBIT is a major alternative performance measure in the salmon farming industry.

NOK 1000	**Q3 2020**	**YTD**
Operational result before fair value adjustment	9,192	46,061
Operational EBIT	**9,192**	**46,061**

Operational EBIT per kg

Operational EBIT per kg is Operational EBIT divided by harvested volumes.

	Q3 2020	**YTD**
Operational result before fair value adjustment	9,192	46,061
Total harvested volumes	800	2,612
Operational EBIT per kg	**11.5**	**17.6**

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