



**Gigante  
Salmon**

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ANNUAL REPORT  
**2021**

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The annual report 2021 has been prepared in both Norwegian and English.  
In case of any discrepancy between the two versions, the Norwegian version shall prevail.

Photo: Kristoffer Arntsen and Gigante Salmon AS

A WORD FROM THE CEO

Dear  
shareholder

A major event for Gigante Salmon AS in 2021 was its listing on the Oslo Børs – Euronext Growth. The company officially began trading on Euronext Growth on 5 July 2021 under the ticker symbol GIGA after a successful issue of NOK 222m. The company experienced great interest from the market in connection with the raising of capital and was oversubscribed several times. In addition to the issue amount, NOK 65m in equity was injected at the end of 2021. The capital secures financing for development projects in the wholly owned subsidiary Gigante Salmon Rødøy AS in accordance with the investment forecast of NOK 445m. In addition to this, an agreement has been entered into for operational financing of NOK 140m, which will fully finance the company and operations until planned full production beginning in 2025.

With the raising of capital and listing on Euronext Growth, the companies operations and activities have centred on construction of the Gigante Salmon Rødøy AS production facility. Construction began as planned on 1 September.

This annual report will provide in-depth information about the status of the project and further plans.

I welcome all established and new shareholders to the first Gigante Salmon AS (GIGA) annual report as a listed company.



Helge E. W. Albertsen  
Adm. Dir.







# My vision

## HOW IT ALL STARTED

I have been a salmon farmer since the 1980s and have been through all the ups and downs this industry has been through. From the start, with small cages in the sea, feeding by hand and processing at fish piers along the coast, to larger production units, state-of-the-art technology and fish feed made using certified ingredients.

It is exciting to see how important the aquaculture industry has become for Norway's coastal communities in just a few decades; there are now lights in the windows of buildings that had fallen dark. At the same time, it has been a wake-up call for me to realise that many coastal communities have become dependent on an industry that is so exposed to risk, be it political, biological, economic or commercial. Nothing is without risk, and trees don't grow to the sky, so, when we build for the future, we must think long-term, and come up with good solutions that can withstand the risks we face.

Now we stand on the threshold of a new era for Norwegian salmon farming as we start to move production on land. If we are to succeed in building a future for the coastal communities of Nordland, we must give the industry a long-term perspective and make it sustainable. I am focused on linking the three pillars of sustainability — economy, society and environment; we cannot address one without the other two. A project will have trouble being socially sustainable if it is not economically sustainable, and there is no value in a project that is profitable if it destroys the environment. Everything is connected, and that holds true for our industry as well.

My wife and I were hiking in the mountains of Rødøylova in 2016, and we, like others who have taken that hike, were greeted by sweeping vistas in all directions. This fantastic coast has been our livelihood longer than we can imagine, from long before the Vikings all the way up to modern times. From Rødøylova, I looked down on the island of Lille Indre Rosøy, and an idea began to take form. What if we managed to use the experience and knowledge from farming salmon in cages in the open water and move the fish ashore, so that we avoided farmed salmon escaping into the wild and the plague of salmon lice?

I had been thinking for a long time about what would be the next stage of development for salmon farming. The only thing I was sure of was that the direction it took needed to be in harmony with salmon's nature. My years in this business have taught me that you can't go too wrong if you have biology and physics on your side, and I was convinced that any new approach to fish farming had to be based on giving fish ample access to fresh seawater and a strong current that give the fish the resistance their biology is used to. Both of these inputs are crucial for raising healthy fish, but pumping the amounts of seawater that would be necessary in an on-shore facility requires huge amounts of power.

I went down from Rødøylova with my wife, and the idea became clearer. I looked to traditional aquaculture to come up with a concept for improving the health of farmed fish that did not require the large amounts of power needed to pump the water this would require.

Raceway systems are used for farming species other than salmon and they could give us the volume of water the salmon needed without requiring it to be pumped up to a height that made the process so energy intensive that it became environmentally unsound. We can also set the water in motion and establish the optimal flow rate for the salmon.

I started by looking at the natural advantages of the coast, and the location of Lille Indre Rosøy makes it the best choice to set up tomorrow's salmon-production facility. The water around the island is deep and will provide us with ample fresh seawater and the strong current need to create an optimal environment for fish. In addition, the low height profile of the fish farm on Lille Indre Rosøy will make it area-efficient. The production in this type a facility is the equivalent of 7.7 standard at-sea sites, but it occupies much less area than a single sea site. We can do this because we have ample access to seawater and a strong current. Once the facility is running at full capacity, it will be able to produce the equivalent of nearly 90 million portions of salmon each year in an area that covers less than 2.8 hectares.

It is not possible for the salmon to escape from a farm on land. That, coupled with the fact that we will be processing 50% more of the sludge produced during operations than traditional sea-based salmon-farming operations do, mean that the operation will have a net environmental benefit — both because of reduced sludge emissions and because the faeces and feed residues can be used as resources in other contexts. I recall well how in the

old days that sludge was released directly into the sea or into harbours, whereas today it is turned into high-quality ingredients for health food, medicine and enzymes. In future, I envision us processing all of the by-products of our production in this same way as part of a circular-resource economy.

Globally, food production accounts for more than 30% of greenhouse-gas emissions. In Norway, we are lucky to have such good conditions for producing food with a low climate footprint. There are also no other industrially produced proteins that are as climate-friendly as salmon, but that does not mean that we should underestimate that aquaculture also has some major challenges. I am therefore focused on thinking sustainability into everything we do and to constantly having a long-term perspective. We need to build lasting, viable and equitable solutions that provide sustainable food production, sound finances and vibrant coastal communities.

*Kjell Lorentsen*

**Kjell Lorentsen**  
Founder and Board member





# Gigante Salmon AS

Gigante Salmon AS currently has two projects in its portfolio: development and operation of Gigante Salmon Rødøy AS, as well as the Gigante Salmon AS-owned site on Feøya island in Gildeskål municipality. An application to request changes to the land-use regulations on Feøya is being compiled.

## **GIGANTE SALMON RØDØY AS — NEW GROWTH OPPORTUNITIES IN LAND-BASED SALMON FARMING**

There are several good reasons why the company is investing in land-based aquaculture and expects this type of activity to grow. A closed on-shore production facility provides better control and makes it easier to monitor production. This makes it possible to more quickly identify challenges and take corrective action when needed. We are of the opinion that land-based aquaculture also provides opportunities for more sustainable fish farming. The ESG section of this report provides more comprehensive information about the sustainability dimension.

The project's innovative concept is based on the flow of fresh seawater, rather than recirculation, and it combines the benefits of conventional and land-based aquaculture. The chosen technological solution reduces the challenges of lice infestation, escape, discharge and other environmental impacts associated with traditional at-sea farming.

*An overriding focus for all our activities is that the health of our fish is crucial for our success: "If the fish are doing well, then we are doing well."*

## **IMPLEMENTATION OF THE PROJECT**

Construction of the Gigante Salmon Rødøy AS production facility is well

underway. On 1 September 2021, construction began on Lille Indre Rosøy, a small island northeast of Rødøy. Gabbro Nor AS is the general contractor.

Important areas of responsibility for Gigante Salmon AS as the project's owner is undoubtedly health, environment, safety and quality. It is the company's ambition to avoid all injuries and incidents involving people, the environment and equipment. The safety of our employees and our responsibility to the community will always have highest priority.

To date, no absence or personal injuries stemming from undesirable or serious work-related incidents have been reported.

The project is moving forward in accordance with the prepared and agreed-on work schedule and within the planned and agreed-on budget.

## **THE WAY FORWARD**

The contract for the housing and production fleet was awarded to Endur/Sjøsterk and was signed on 26 January 2022 for delivery in May 2023.

There will be a high level of activity in the period up to the summer of 2022. Design activities are underway that will result in further contracts being signed in Q2 and Q3 of 2022. Implementation, fabrication and installation will mainly start in the autumn of 2022 and continue until the summer of 2023, with subsequent system testing and commissioning ahead of the start-up of the plant in the autumn of 2023.





## EXPERIENCE

- Main owner and project initiator with extensive experience in the Norwegian aquaculture industry.
- Gigante Havbruk group has 30 years of experience of successful salmon farming.
- The group is present in the whole value chain from broodstock to export and Gigante Salmon will have access to necessary know-how.



## PROFITABILITY

- The demand for salmon expected to stay strong due to increased focus on sustainability and health.
- No sea lice, efficient feed utilization, large capacity with intensive production and biomass optimization gives favorable costs per kg HOG.
- High expected profit margins creates resilience to market price fluctuations.



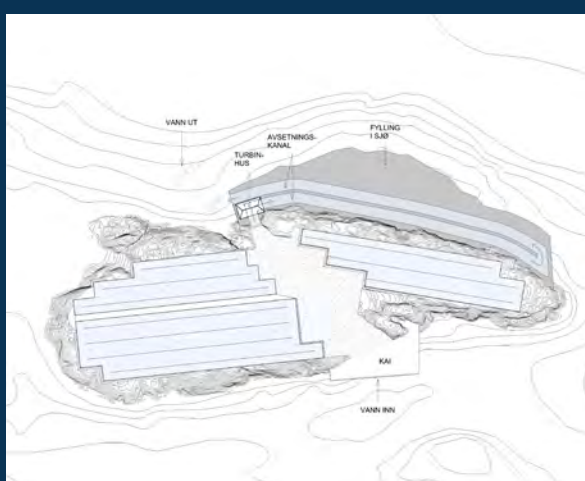
## TECHNOLOGY

- The design of the production site and processes builds on technology proven in conventional sea-based aquaculture.
- The concept has been dilligently designed to minimize technological risk.
- The site has been designed to optimise both fish welfare and economic efficiency.



## SUSTAINABLE PRODUCTION

- The company will produce high quality food with a sustainable environmental footprint and creating valuable rural jobs.
- Land based production allows for control of water quality parameters and emissions.
- Sludge from the operations will be separated off and utilised for fertilizer production.



## CAPITAL EXPENDITURES

- Extensive work has been put into finding the most suitable location for realising the project.
- The production site has been carefully selected to provide a cost efficient facility, with a high level of flexibility and low CAPEX levels.
- The Rødøy site enables Gigante Salmon to construct a land-based salmon farming site with industry leading capital expenditures per kilo produced salmon.



## FUNDING IN PLACE

- Financing for construction phase granted.
- Long term financing granted.
- Overdraft facility for working capital granted.
- Leasing financing for work barge and machinery granted



# Climate and environment

SUSTAINABILITY — A PREREQUISITE

Gigante Salmon AS follows Euronext’s guidelines for ESG reporting, updated in January 2020.

*Our principles for reporting are rooted in a value-based business philosophy that sustainability lays the foundation for everything we do.*

The company was listed on Euronext Growth on 5 July 2021 and is in an establishment phase where the main focus is organisational development and construction of the Gigante Salmon Rødøy AS production facility. The first part of the facility will be ready in the second half of 2023, and the entire facility will be completed by the autumn of 2024.

The Transparency Act on Social Sustainability enters into force on 1 July 2022, and we have begun to assess what that will require of our business.

Gigante Salmon AS is currently not in an operating phase, and we are working to establish specific ESG reporting principles that can document how we work in the construction phase and what objectives we have for the operating phase. We will strive to establish a reporting standard based on GRI, but this will be just one of several measures and tools that support the company’s sustainability strategy.

Gigante Salmon AS intends to be certified according to the Global GAP standard. We are also considering which other certifications and / or standards are relevant for documenting and reporting the high quality of the product we produce.

GLOBAL

Our product, salmon, is the most climate-friendly animal protein on the planet¹. It is important to contribute to more of the world’s food supply being produced in a way that does not emit excessive amounts of COe, consume large amounts of fresh water or impact the planet and its future in other ways.

Salmon is a high-quality food that contributes to better public health².

FISH FEED

Salmon feed accounts for the largest share of greenhouse-gas emissions emitted by salmon farming³, and a salmon’s carbon footprint is therefore closely related to what it eats.

In 2022, we will lay the foundation for good choices when it comes to the feed our salmon will eat. In our choice of feed, our priorities are nutrition and the health of the fish. Secondly, we consider the impact on the environment and climate, and we intend to contribute to the work done to develop new and alternative feed ingredients that are better for the climate while also ensuring the health of the fish and providing it with proper nutrition.

Our feeding strategy will also focus on avoiding feed loss. Feed is resource and not using it efficiently wastes



*Our technology minimises the possibility that the salmon we farm can escape and harm wild-salmon populations.*

money and harms the environment. Farming in a basin on land makes monitoring of feed waste much easier than in traditional cage farming, and this means that we can monitor any feed waste and quickly implement measures to prevent it.

Optimal feed utilisation is a prerequisite for sustainable protein production. A common way to measure this is a Fish In Fish Out (FIFO) ratio. This shows how many kilograms of wild fish in the form of fishmeal and fish oil are used to produce one kilogram of farmed salmon. The rate is affected by how much flour and oil the producers get out of the wild fish used to produce the feed, how much of this is used in the feed and how rich in fat the wild fish are.

Another way to measure feed utilisation is to calculate how much of the nutrients from the feed are left in the salmon. Studies show that 24% of the energy and 27%

of the protein contained in feed is passed on to the edible part of the salmon, the fish meat. The salmon transfers more energy, proteins and phosphorus from the feed to the meat than chickens and pigs do, and this therefore makes the salmon the most resource-efficient source of meat⁴. We will work to increase resource efficiency further and to reduce the greenhouse-gas emissions that stem from our operations.

DISCHARGE / WASTE:

Salmon farming on land gives us better control over the discharge from our production. Initially, we will collect 50% of our discharge for processing, but we will seek to increase this amount. Feed waste and faeces are resources, and we see them as part of a circular economy.

1. <https://www.fairr.org/index/company-ranking/>  
2. <https://laksefakta.no/sunnhet-og-helse/laks-til-middag/>  
3. [https://www.sintef.no/contentassets/0ec2594f7dea45b8b1dec0c44a0133b4/report-carbon-footprint-norwegian-seafood-products-2017\\_final\\_040620.pdf](https://www.sintef.no/contentassets/0ec2594f7dea45b8b1dec0c44a0133b4/report-carbon-footprint-norwegian-seafood-products-2017_final_040620.pdf)

4. <https://laksefakta.no/hva-spiser-laksen/er-lakseforet-barekraftig-er-det-villfisk-i-lakseforet/>





## *A life without parasites significantly increases the well-being of salmon.*

of salmon. At the 1/3 production level we will start with, power consumption will be higher.

Our technology is energy efficient, but we want to reduce power consumption further, and we are therefore working on a solution for energy regeneration that would make this possible.

We are in the process of establishing a submarine cable that would supply Lille Indre Rosøy with power from the mainland. Our goal is to have access to renewable energy through the power grid on land when operations commence in the autumn of 2023.

### **FISH HEALTH:**

Raising fish for commercial purposes requires ethical considerations be made to ensure their health and well-being. Fish mortality in the aquaculture industry is too high. The company wants to reduce mortality and will work with the industry and the authorities to accomplish this.

It is our duty and responsibility to make sure that the salmon we raise live a good life. Our technology is therefore developed to provide the salmon with abundant amounts of fresh, clean seawater from Helgeland. An optimal current speed gives the fish the resistance their biology is used to and allows them to remain healthy. Salmon living in the proper conditions are healthier and grow well.

In order to minimise the risk of salmon lice (nauplii) infections, we will draw the water we use in our facility from a depth of 20 metres, which is below the range of salmon lice. An environment that is free of parasites — and the treatment required to eliminate them — is better for farmed salmon.

### **WASTE MANAGEMENT:**

**Waste sorting:** The project involves waste sorting during the construction phase and the operating phase, and we will comply with all requirements and expectations. Building regulation TEK17 contains a requirement that a

### **IMPACT ON THE SEABED:**

The seabed and currents around Lille Indre Rosøy have been mapped in order to identify how discharge will be spread. A baseline survey has been carried out using the MOM-B method. This is a preliminary mapping of the seabed conditions prior to the plant's start-up and provides a good basis for assessing what effects our operations are having on the seabed.

The surveys around Lille Indre Rosøy have been carried out by Akvaplan-Niva, which is accredited to carry out this type of survey.

Our aquaculture permit requires us to treat the water we release and to document that we have done so. After the start of operations, mandatory environmental monitoring tests will be carried out on a regular basis as described in the discharge permit issued by the county governor of Nordland.

Environmental monitoring will be conducted by accredited firms.

### **BIODIVERSITY:**

Many species of seabirds are undergoing significant population declines<sup>5</sup>. As a company, as representatives for northern Norwegian coastal communities and as individuals living there, we are concerned about this decline. We will contribute to the understanding of this decline and consult with relevant authorities to assess what we, as a company, can contribute to mapping the situation and remedying it. We would like to lay the foundation for constructive co-operation with other stakeholders and civil society when it comes to addressing this problem.

Blasting at Lille Indre Rosøy is not conducted between 1 March and 1 September so as not to disturb nesting seabirds.

### **ESCAPE:**

Escaped farmed salmon is a problem because it can have an impact on wild salmon. Spawning farmed salmon that escape from fish farms contaminates the genetics of wild

salmon. Additionally, if escaped salmon carry a parasite or virus, they risk passing it on to wild salmon.

### **POWER:**

Our technology allows us to capitalise on the benefits of salmon farming on land while at the same time minimising power consumption. Our permit requires that the bottoms of the facility's basins are above the highest astronomical tide. This is a requirement we have met. Our plans call for the establishment of a low-profile raceway system that is spread out over a large area. We use low-energy power converters to maintain an adequate rate of flow. The water is not heated; we produce salmon at natural temperatures. This allows us to keep our power consumption relatively low.

The industry standard for power use in land-based fish farming is 6-8 kWh per kilogram of salmon. Calculations show that our plant at full production (up to 20,000 tonnes per year) will use 2 kWh to produce one kilogram

5. <https://miljostatus.miljodirektoratet.no/tema/hav-og-kyst/sjofugl/>





minimum of 60% of construction waste (by weight) be sorted during the construction phase. Waste is to be sorted at a suitable place on the construction site. We will classify waste according to whether it can be delivered to a local waste-management facility or needs to be transported to waste-management facilities in other areas.

#### SLUDGE

We have not yet completed our plan for sludge management. In the project, sludge is considered a resource that has a high value as a part of a circular economy. Our plan is to separate liquid and dry matter locally and to deliver the dry matter to a processor. However, we are also considering other options, such as using the sludge in the production area to increase value creation and reduce transport and associated emissions.

#### DUST

The only source of pollution that has been identified in the area in connection with construction is dust. Rock displaced by the construction will be temporarily stored on the island and partly used as landfill, subject to approval. This involves a marginal risk of pollution.

#### NOISE

Noise limits from the operation of aquaculture facilities are defined by the Pollution Control Act. They are stated in the

permits issued by the county governor. Since power will be supplied from the mainland via a submarine cable, diesel generators will not be required.

Construction will entail noise from blasting and heavy machinery. Noise-reduction requirements apply mainly to weekend and evening activities, in particular activities involving well boats in connection with the loading and unloading of sludge and fish. During the construction phase, we will strive to use of low-noise working methods and equipment.

#### AESTHETICS

The project has prepared a comprehensive plan that places considerable focus on the appearance of the production facility. The facility will only be partly visible from the shipping lane and has been given a design and layout that takes into account and is adapted to the surroundings.

#### LIGHT

The largest source of light will come from the lighting used to ensure the well-being of the fish, particularly during growth periods. In the operating phase, it is crucial to establish a lighting-control strategy that ensures optimal growth. We are considering submerged lighting to reduce light scattering. Beyond this, no more light than necessary will be used during operations, especially in winter and periods of darkness.





# People and society



Gigante Salmon AS is headquartered in Bodø, Norway. Our operational activities are in Rødøy municipality.

Our wholly owned subsidiary Gigante Salmon Rødøy AS is building a fish farm on Lille Indre Rosøy, in Rødøy municipality. Construction started in September 2021. We expect operations to begin in the second half of 2023.

All necessary permits for establishment and operation have been obtained.

The detailed zoning plan for Lille Indre Rosøy was adopted by Rødøy municipal council on 13 September 2019.

Gigante Salmon Rødøy AS is licenced to produce a maximum of 13,731 tonnes of biomass (maximum allowable biomass, or MAB). The Norwegian Food Safety Authority has limited MAB to 3,600 tonnes during the first 24 months of operation for testing.

The county governor of Nordland has granted a discharge permit in accordance with the Pollution Control Act for a biomass of 13,731 tonnes of MAB, based on an annual production of 19,088 tonnes of salmon and feed consumption of 20,283 tonnes.

The aquaculture permit was granted by the Nordland county authority on 12 January 2021.

Our control authorities are the Norwegian Food Safety Authority,

the Norwegian Directorate of Fisheries, the Norwegian Labour Inspection Authority, the Nordland County Governor and other authorities.

## SUSTAINABLE COMMUNITIES

We stand on the shoulders of the generations of coastal residents before us who have harvested nature's bounty and been subject to nature's forces. Nature's resources make our business possible.

We work with local authorities, other companies and stakeholders to ensure the viability of Rødøy through housing construction and by taking steps to improve in-migration, such as making it an attractive place for families that offers a high quality of life and close-knit community.

We care about the people we work with, our partners and the communities where we do business. We are a responsible member of the community who works to ensure that others experience us as predictable, accountable and active. We comply with the regulations that govern our activities.

One of the guiding principles of our business is our commitment to doing business locally or regionally whenever possible. We want to be an asset and for other businesses to benefit from our presence. Meeting the UN Sustainable Development Goals or own goals of building good local communities will not be possible unless we work with local stakeholders.

We are proud to be working with Rødøy municipality, and we openly encourage our employees to live in the community where their workplace is located and to be a part

*We have an obligation to contribute to our community and we believe our presence and commitment should be an asset for the region where we do business.*



of what happens there. We do this because we know that employees who live in the community where they work have a greater commitment locally, and they can add value to it. Our company is obliged to remain a long-term asset for Rødøy, its residents and its authorities.

After the balance date, we hired three new employees, all of whom relocated to Rødøya bringing with them two families and a total of nine people. When making new hires, we will continue to take into account whether candidates live in Rødøya or are willing to relocate there.

A study by BRUS, the regional development authority for Bodø, of the knock-on effects of our establishment in Rødøy reckons that it will lead directly to the creation of 15 jobs in Rødøy and 75 jobs in Nordland county through increased demand for broodstock, hatcheries, fish feed, wellboats, sludge processing, transport, export and processing.

*The safety and security of our employees is always our primary concern, regardless of the situation.*

## OUR EMPLOYEES

Our employees can safely express themselves on the job, and we have established routines for reporting work-place incidents.

We are an open organisation that does not discriminate against anyone based on religion, ethnicity, sexuality or gender. Our ethical guidelines lay the foundation for the work of preventing discrimination.

Our compensation is based on applicable industry standards, and we strive to avoid wage differences between genders.

Our employees are encouraged to organise.

In the spring of 2022, Gigante Salmon AS has one student in an internship, and we want to continue hosting interns who are studying relevant fields.

When we begin production, we will apply to be approved to host apprentices.

When relevant, we will facilitate on-the-job training for our employees who do not have formal competences. We also intend to employ people who may have gaps in their CVs and help them obtain formal competences in a relevant subject area.



## PEOPLE AND SOCIETY

Sustainable workplaces and societies are a matter of local value creation and quality of life for individuals and families. This is important for Gigante Salmon AS both as an employer, community stakeholder, producer of healthy food and as the steward of an area of environmental and natural value.

Our employees are important members of their communities and important partners for us as we seek to create a good workplace and contribute to a resilient community.

We collaborate with Rødøy municipality and the local committee on Rødøya, and we will work with other stakeholders when relevant and natural.

We hold public meetings on Rødøya at least twice a year in order to engage in a conversation with members of the community about our business and our plans for the future.

Co-operation with the community is important to us because it gives us a stronger foothold and input that is useful in our work.

## INFRASTRUCTURE

Gigante Salmon AS is working to establish a power cable from the mainland to the plant on Lille Indre Rosøy. The cable will run via Rødøya, increasing the capacity of its power grid and improving the security of its power supply.

## RESEARCH AND DEVELOPMENT

Research and development is often associated with new — and unproven — ideas and technologies. While Gigante Salmon AS uses tried-and-true technology throughout our operations, they are combined in a way that has never been

tried. A natural part of traditional project work consists of activities like development, optimisation and identification of possible future activities, including the company's assessments of power re-generation and continued improvements in water purification.

The company is open to contributing to or participating in research projects when needed or where natural. We recently began participating in a project dealing with oxygen uptake when in the form of nanobubbles in order to improve land-based production. Gigante Salmon AS is part of this collaboration.

We have built a scale (1:5) version of the raceway to test the dynamics of the basin design and sedimentation. The results of these tests are compared with simulations and calculations performed by Sintef in order to obtain the best possible basis for decision-making prior to establishment.



ENVIRONMENTAL, SOCIAL, GOVERNANCE

# Corporate governance

STATEMENT OF CORPORATE GOVERNANCE

Gigante Salmon AS shall maintain a high standard of corporate governance. The board has the overall responsibility for this and, together with the company’s management, carries out an annual evaluation. Gigante Salmon AS follows the 17 October 2018 recommendations of NUES (the Norwegian Corporate Governance Board)<sup>6</sup>. Instances in which we do not follow the recommendations will be identified, and we will provide a justification and an explanation for why we do not.

BUSINESS ACTIVITIES

Gigante Salmon AS will run land-based salmon farming. The company’s articles of association are published on our website<sup>7</sup>.

We are licenced to produce 13,731 tonnes of biomass (MAB) on Lille Indre Rosøy, in Rødøy municipality, in Nordland county. During the first two years of production we a permitted to produce 3,600 tonnes of biomass. This will mean an annual production of approximately 6,000 tonnes during the first phase (gross weight).

Construction of the facility began in September 2021, and it will be stocked in the second half of 2023. The goal is to harvest the first fish in the autumn of 2024. In the following phase, starting in 2027, we expect to produce up to 20,000 tonnes of salmon annually.

IN 2027, WE WILL PRODUCE 20,000 TONNES OF SALMON

The company’s strategy is to achieve a high level of profitability through a low level of investments and optimal fish health. During the current phase of the project, our

driving consideration is the well-being of the fish. We are developing a new concept for the production of salmon in raceways on land. The low level of investment required to raise a kilogram of fish in these raceways reduces the financial risk. A high flow-through rate and current velocity in raceways are key elements in our strategy for ensuring fish health.

Our value base emphasises consideration for the outside world in value creation. We are proud to come from northern Norway. In addition to good earnings, we are motivated by building businesses and vibrant coastal communities. We want to be remembered as being:

**Creative:** We seek new solutions to create a better business. We are motivated by doing business with others. Our stakeholders should feel that we have done more than create a business for our own benefit. We dare to go down new paths, and we and rely on our own abilities to drive development.

**Responsible:** Employees deserve good jobs. The fish we raise should be healthy. We will minimise the impact of our operations on the natural environment. Our suppliers and customers must find us credible and fair.

**Competent:** We have been farming salmon for many years, and we continuously seek to learn more by keeping up to date through collaboration with professionals in other fields. We behave, and our decisions are based on knowledge and experience.

The board of directors evaluates objectives with associated strategies and risk on an annual basis. The board prepares an annual report about environmental and social responsibility.

SHARE CAPITAL AND DIVIDENDS

The company has prepared an investment and operating budget for its planned activities. The capital raised in the summer of 2021 and the established loan agreements have given the company sufficient financing for both the construction and operating phases. Routines have been established for cost control and risk management during the construction phase.

The company will start production in the second half of 2023 with ready-to-process fish expected towards the end of 2024 and through the spring of 2025. The company will therefore not pay dividends in this build-up phase until 2025. As of today, the board has no authority to distribute dividends, increase share capital or acquire own stock.

EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH RELATED PARTIES

In connection with the company’s raising of capital, all shareholders were treated equally. The issue was handled through a facilitator. The company has not had transactions in its own shares. Transactions with related parties have taken place through normal trading on the stock exchange and have been notified in accordance with regulations.

SHARES AND NEGOTIABILITY

The company’s shares are listed on the Euronext Growth market without restrictions on the right to own shares. A share entitles the holder to one vote. In connection with the raising of capital in July 2021, the main shareholder (Gigante Havbruk AS) and the company’s CEO, CFO and chairman of the board have a one-year lock-up on their shares.

GENERAL MEETINGS

In 2021, the company held five extraordinary general meetings in addition to the annual general meeting. A comprehensive overview is given below with agenda and ownership.

- 22 March 2021:** Auditor selected (Gigante Havbruk is 100% owner)
- 9 April 2021:** Annual general meeting with the standard points on the agenda (Gigante Havbruk is 100% owner)
- 11 May 2021:** Registration of shares with the Norwegian Central Securities Depository and amendments to the articles of association (Gigante Havbruk is 100% owner)
- 11 June 2021:** Election of board of directors (Gigante Havbruk is 100% owner)
- 28 June 2021:** Capital increase (dispersed ownership)
- 17 Dec. 2021:** Election of board of directors (the company is listed on Euronext Growth)

During the first four general meetings, Gigante Havbruk was the sole owner and the events of these meetings will not be detailed further.

In connection with the decision to increase capital, the shareholders were sent case documents one week before the general meeting and given the opportunity to attend, appoint a proxy or vote in advance on the individual cases. The notice for the December EGM was sent out two weeks in advance. Case documents were made available via the company’s website and shareholders had the opportunity to attend, appoint a proxy or vote in advance on the individual cases. The chairman of the board attended the general meetings. In 2021, the company did not have a nomination committee. The chairman of the board chaired the general meetings.

The board encourages shareholders to participate in general meetings and will continue to hold meetings, but it will also permit those who are unable to participate to vote by proxy or in advance. Furthermore, the board will propose that a nomination committee be established and that arrangements be made for shareholders to elect independent chairmanship of the meeting.

NOMINATION COMMITTEE

The company does not have a nomination committee and the board will propose to the general meeting in 2022 that the general meeting resolves to establish a nomination committee in line with the recommendations of NUES.

THE BOARD, COMPOSITION AND INDEPENDENCE

The board is chaired by Eirik Sjørgård. The ordinary members of the board are: Kjell Lorentsen, Kristin Ingebrigtsen and Liv Monica Stubholt. Ingebrigtsen and Stubholt are independent/external board members. They do not own shares in the company. Lorentsen is the company founder and CEO of Gigante Havbruk AS, which owns 60.9% of the shares in Gigante Salmon AS. Lorentsen is not employed by the company, but he is actively involved in designing solutions during the construction phase. Sjørgård is the CEO of KapNord AS, which is 51% owned by Gigante Havbruk AS and is consequently not classified as independent. Sjørgård owns 200,000 shares through the company Pronord AS. Senior executives are not members of the board. Sjørgård, Ingebrigtsen and Stubholt were elected to the board for the first time in 2021. Lorentsen has held board positions in the company since its establishment in 2001.

In sum, the board has considerable expertise in fish farming, finance and legal matters. In addition, the board has expertise in ESG and society’s expectations in all three areas. The board’s expertise is discussed in more detail on the company’s website.

6. [www.nues.no](http://www.nues.no)  
7. [www.gigantesalmon.no](http://www.gigantesalmon.no)



The general meeting elects a chair of the board. Members of the board are elected for a year at a time. The board has been fully present at the board meetings.

## THE WORK OF THE BOARD

The board has established instructions for the work of the board. Instructions and a proxy framework have been established for the CEO. Each individual board member is conscious of impartiality considerations in line with the provisions of the law, and the board addresses impartiality issues that may arise when purchasing goods and services where, for example, Gigante Havbruk AS has ownership interests and influence. The company did not have an audit committee in 2021, but a committee composed of two members of the board was established in 2022. The board does not have its own compensation committee as senior executives are employed on market terms without option agreements or other bonus schemes. The board does not plan to establish such a committee. The board conducts an annual evaluation of its own work.

## RISK MANAGEMENT AND INTERNAL CONTROL

The company is now in a construction phase and the facility is expected to be completed and prepared for the start of production in the autumn of 2023. A separate management document has been established for this development with routines for cost control and risk management with associated routines for reporting this. External relations, including communication, is addressed in the document through defined objectives with associated priorities and action plans. Routines have been established for monthly reporting on costs, investments and progress compared with budgets and plans. The board reviews the risk areas and the control system on a regular basis and its assessment is included in the annual report.

## REMUNERATION: MEMBERS OF THE BOARD

Members of the board receive a fixed fee as well as variable remuneration based on the amount of time used. At the extraordinary general meeting on 17 December 2021, a fee of NOK 100,000 per member was approved. In addition, members of the board are reimbursed based on the amount of time, for lost earnings or remuneration. Payment is made quarterly.

No board fees based on this decision have been paid as of the balance sheet date. No board fees have been booked in the accounts for 2021.

As chair of the board of a company in the establishment phase, Sørsgård is also actively involved in the design and selection of various technical solutions. This work is invoiced by Sørsgård's employer, Kapnord AS, and not Sørsgård personally. Work is invoiced on an hourly basis. The cost is entered as part of the investments in the subsidiary Gigante Salmon Rødøy AS. The board of Gigante Salmon AS has approved this scheme and the board is presented with quarterly time sheets related to this scheme.

The company has not established incentives for share purchases by members of the board. The chair receives the same compensation as other members of the board.

## REMUNERATION: SENIOR EXECUTIVES

The board has not prepared its own guidelines for senior executives. Senior executives receive additional benefits (insurance, pension etc) on market terms as part of their remuneration. No option or bonus programs have been established.

## INFORMATION AND COMMUNICATION

Gigante Salmon AS strives to ensure that all shareholders receive the same information at the same time. General guidelines have been established for reporting information about the company, with a particular focus on financial information.

Routines have been established for contact with stock-brokers and financial institutions, as well as communication on social networks and the company's website.

In general, the company follows "The Oslo Børs Code of Practice for IR", published in July 2019.

## COMPANY ACQUISITION

The board has not prepared its own routines for any take-over bids, but, in the event this happens, it will refer to the principles established by NUES.

## AUDITOR

The company's auditor is PwC. An annual plan has been established for the audit and the auditor's participation in board meetings. The auditor attends the AGM.

# Board and management



**Helge E. W. Albertsen**  
CEO

Broad experience from project management & control in businesses as Equinor ASA, Bodø Energi AS and Avinor.



**Rune Johansen**  
CFO

MSc from Nord University Business School. Experience from Salten Aqua AS, Insula AS and Equinor ASA.



**Kristin Ingebrigtsen**  
Board member

Former business adviser in Sparebank 1 Nord-Norge. Former director of HR, strategy and market in North Energy ASA. Long experience from asset management.



**Liv Monica Stubholt**  
Board member

Stubholt is partner in law firm Selmer AS and she is head of the firm's ESG group. She serves on the non-executive board of several companies in the energy and seafood industries.



**Eirik Sørsgård**  
Chairman of the board

Broad experience from the marine sector, oil & gas, IT and finance. CEO of Pronord AS and KapNord AS. Board member in several companies within the marine sector.



**Kjell Lorentsen**  
Board member

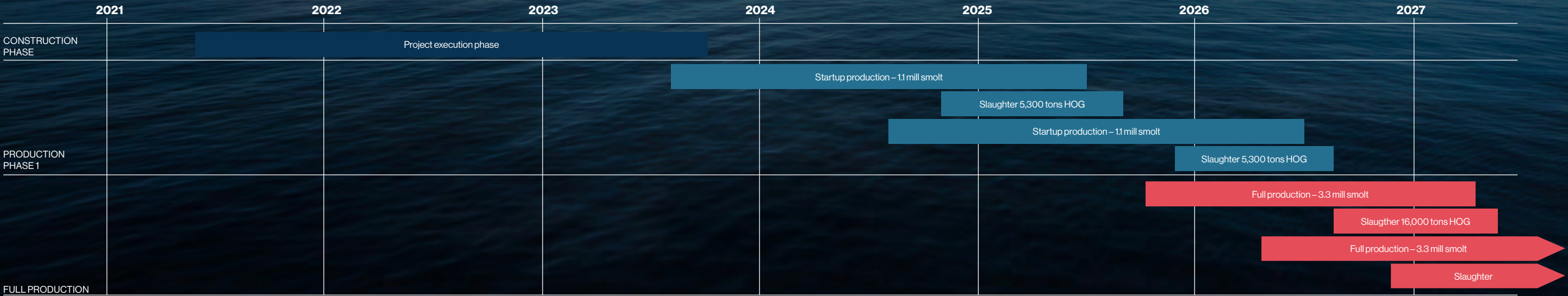
Founder and CEO of Gigante Havbruk AS, established in 1988. Has worked within fisheries- and aquaculture business since the 1970s.



# GIGANTE SALMON

is a land-based salmon farming company with its first production facility under construction on Lille Indre Rosøya in Rødøy in Norway. The company's aquaculture concept is based on a flow-through system that combines the benefits of both conventional and land-based aquaculture, and eliminates challenges associated with conventional sea-based farming, ie lice and escapes, while reducing mortality, emissions, feed loss and strain on the local environment.

## Timeline towards 20,000 tons of yearly production





# Gigante Salmon Rødøy (All figures in NOK 2020)

	PHASE 1	FULL PRODUCTION
Investment	445 MNOK	No additional investments required
Smolt released	1100 000	3 300 000
Harvest (tons, WFE)	6 350	19 050
Harvest (tons, HOG)	5 300	16 000
Utilisation MAB	0.5X	1.4X
Prod. costNOK/kg HOG	38	31
CAPEX/kg HOG	71	24
	2023	2025 2027

## Key agreements in 2021

#	Agreement	Counterparty	Ownership
1	Management agreement	Salten Aqua AS	Gigante Havbruk AS owns 35% of the shares in Salten Aqua AS, directly and indirectly.
2	Smolt agreement	Grytåga Settefisk AS	Gigante Havbruk AS owns 51% of the shares in Grytåga Settefisk AS, directly and indirectly.
3	Slaughter agreement	Salten N950 AS	Gigante Havbruk AS owns 28% of the shares in Salten N950 AS, directly and indirectly.
4	Research Agreement	Gildeskål Forskningsstasjon AS	Gigante Havbruk AS owns 100% of the shares in Gildeskål Forskningsstasjon AS.

Other relevant agreements with related parties are assessed continuously as needed



# Board of Directors' Report for 2021



## AN INVESTMENT FOR SALMON, THE COAST AND THE FUTURE

Last year marked many important milestones for Gigante Salmon AS. Following the successful emission of NOK 222m in shares in June, the company was admitted to trading on Euronext Growth Oslo on 5 July. The issue secured the company's long-term financing, which, in addition to financing for the construction phase, includes an operating credit of NOK 140m. This meant that the company was able to mark the start of construction on Lille Indre Rosøy on 1 September and is on track for the introduction of smolts in autumn 2023.

Through its wholly owned subsidiary Gigante Salmon Rødøy AS, Gigante Salmon AS has an aquaculture permit on Lille Indre Rosøy to produce 13,731 tonnes (MAB) of food fish, with an annual production of approximately 19,000 tonnes. The company's aquaculture concept is based on the flow of fresh seawater, rather than recirculation, and it combines the benefits of conventional and land-based aquaculture. The chosen technological solution reduces the challenges of lice infestation, escape, discharge and other environmental impacts that are associated with traditional at-sea farming. This provides an optimal living environment for fish, which is crucial for success.

An investment in the construction phase of NOK 445m is significant for a coastal municipality with 1,200 inhabitants. So too are the 15 jobs created as a direct result of the operating phase and the knock-on effects for related industries. A study by BRUS, the regional development authority for Bodø, of the knock-on effects of our establishment in Rødøy reckons that it will lead directly to the creation of 75 jobs in Nordland county. We are proud of this.

Together with our dedicated employees, we invest in salmon, the coast and the future.

## THE NATURE AND LOCATION OF THE BUSINESS

Gigante Salmon AS is a Norwegian company listed on Euronext Growth Oslo under the ticker symbol GIGA.

In addition to Gigante Salmon AS, the group consists of the following, wholly owned subsidiaries:

### Gigante Salmon Rødøy AS

The company's operations take place in Bodø and in Rødøy, in Norway. The head office is located in Bodø.

During the year, Gigante Salmon Rødøy AS started construction of the group's first land-based aquaculture facility, located on Lille Indre Rosøy, in Rødøy municipality. Construction is expected to take just under two years, and the company is planning to introduce smolts in autumn 2023.

## STATEMENT OF THE ANNUAL ACCOUNTS

As the group is still in the establishment phase, sales revenues compared with the previous year were NOK 0. Activation of own work related to the development project gave a total turnover of NOK 1.9m, compared with NOK 0 in 2020. The annual result was NOK 2.7m in 2021, compared with NOK -0.5m in 2020. The increase is due to negative tax expense as a result of capitalised deferred tax benefit.

Total cash flow from group operations was NOK -1.8m, corresponding to the operating profit. The total investments in the group in 2021 were NOK 20.1m, of which NOK 19.2m is related to the group's development project in Rødøy.

The group's liquidity as of 31 December 2021 was NOK 258.7m. The group's ability to self-finance investments is considered good.

The group's short-term debt on 31 December 2021 amounted to 100% of total debt in the group, compared with 4% on 31 December 2020. The increase is related to accounts payable, public taxes and holiday pay, and is a natural consequence of the group's increased activity. Approved loans for construction have yet to be disbursed, and, consequently, all debt is short-term. The group's financial position is good, and, on 31 December 2021, the group was able to repay short-term debt using its most liquid assets.

Total capital at the end of the year was NOK 290.7m, compared with NOK 67.0m the year before. Equity shares on 31 December 2021 was 94%, compared with 97% on 31 December 2020,

## OWN SHARES

See note 6 for further information about share capital and shareholder information.

## FUTURE DEVELOPMENT

The market for Atlantic salmon has proven strong during the two years of the pandemic. A healthy and sustainable source of protein is sought after in the market, and, with increased global population growth, the outlook for the coming years is good. The market outlook is therefore considered good.

## RESEARCH AND DEVELOPMENT

Research and development is often associated with new – and unproven – ideas and technologies. While Gigante Salmon AS uses tried-and-true technology throughout our operations but they are combined in a way that has never been tried. A natural part of traditional project work consists of activities like development, optimisation and



identification of possible future activities, including the company’s assessments of power re-generation and continued improvements in water purification.

The company is open to contributing to or participating in research projects when needed or where natural. We recently began participating in a project dealing with oxygen uptake when in the form of nanobubbles in order to improve land-based production. Gigante Salmon AS is part of this collaboration. We have built a scale (1:5) version of the raceway at Gildeskål Forskningsstasjon AS to test the dynamics of the basin and sedimentation.

FINANCIAL RISK

Internal control related to financial reporting takes place through the management’s daily follow-up and through monitoring by the board. Deviation and points that need to be improved are followed up on and corrective measures are implemented. The company’s financial position is good; a financing agreement is in place for the construction and operating phases. In addition, hedging instruments will be considered for use when appropriate.

Gigante Salmon AS is exposed to financial risk in various areas, such as currency risk on imported components in the current, construction, phase. The aim is to mitigate the financial risk to the greatest extent possible. The company’s current strategy does not include the use of financial instruments, but this is the subject of on-going assessment by the board.

Russia’s illegal invasion has created a humanitarian crisis for the civilian population and triggered extensive sanctions against Russia as well as counter-sanctions by Russia. The situation is still evolving.

The invasion has created unrest in the markets and, with the caveat that the invasion is still at an early stage, the picture is unclear.

Unless the conflict escalates, the company does not see any direct or significant financial consequences. However, we cannot rule out macroeconomic consequences for ourselves or our markets, or increased prices of inputs in the construction and operating phases.

MARKET RISK

As a third party, Gigante Salmon AS is exposed to exchange-rates and commodity-price fluctuations, as several of the components being used during construction phase are imported. This can affect the contract prices charged by suppliers. The company has not entered into forward contracts or other agreements to reduce its currency risk, and thus the operational market risk, as this affects us as a third party.

The company is also exposed to changes in interest rates, as the company’s debt has a floating interest rate.

CREDIT RISK

As the group in the current phase has no turnover, and consequently had no receivables on 31 December 2021, the risk of loss on receivables is not relevant.

LIQUIDITY RISK

Liquidity risk is the risk that the group will not be able to service its financial obligations as they fall due. The group’s equity ratio, liquidity reserve and current credit facilities mean that the liquidity risk is considered low.

CONTINUED OPERATIONS

In accordance with Accounting Act sections 3-3a, it is confirmed that the company meets the requirements for continued operations.

This assessment is made on the grounds of the group’s financial position and long-term strategic forecasts for the years ahead. The group’s financial position is sound.

DISPOSITION OF RESULTS

The board proposes the following allocation of Gigante Salmon AS’s annual result:

Other equity	2,739,208
<b>Total disposed</b>	<b>2,739,208</b>

Equity at the end of the year amounted to NOK 274.2 million.

ORGANISATION AND SOCIAL RESPONSIBILITY

Gigante Salmon AS will ensure long-term profitability and growth through sustainable, land-based salmon farming, as well as by acting in socially responsible manner. We feel an obligation to contribute to the community and to strengthen the region where we do our business through our presence and commitment. One of the guiding principles of our business is our commitment to doing business locally or regionally whenever possible. We want to be an asset and for other businesses to benefit from our presence. Meeting the UN Sustainable Development Goals or own goals of building good local communities will not be possible unless we work with local stakeholders.

As an employer, Gigante Salmon AS strives to be a safe, rewarding place to work. It is the company’s ambition to avoid all injuries and incidents involving people, the

environment and equipment. The safety of our employees and our responsibility to the community will always have highest priority.

To date, no absence or personal injuries stemming from undesirable or serious work-related incidents have been reported. The group had no sick leave in 2021.

EQUALITY AND DISCRIMINATION

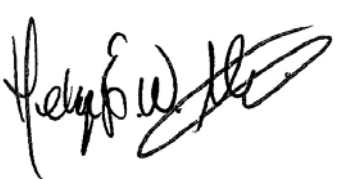
Gigante Salmon AS	Men	Women
Gender balance	2	1
Temporary workers	0	0
Part-time workers	1	1
On parental leave	0	0

The CEO is a man. The board consists of two men and two women.

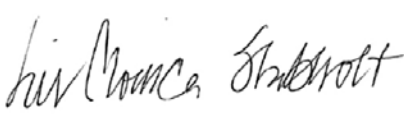
The group has a policy of equal pay for equal work. The group’s value base forbids acts of discrimination and harassment. As part of the group’s efforts to promote gender equality, it constantly seeks to ensure that our male and female employees are satisfied with their working conditions. Gender considerations do not influence decisions about personal development, continuing education or promotions.

Bodø  
23 March 2022

  
Eirik Sjørgård  
Chairman of the board

  
Helge E. W. Albertsen  
CEO

  
Kristin Ingebrigtsen  
Member of the board

  
Liv Monica Stubholt  
Member of the board

  
Kjell Lorentsen  
Member of the board

ENVIRONMENTAL

Noise and construction activity in the current phase are within the requirements set by the authorities. There is an order to stop blasting during the breeding season for seabirds (1 March-1 September). The company respects this order and has always incorporated it in its work schedule.

The company’s work in the area of organisation and social responsibility, including sustainable communities, the working environment, gender equality and the environment, is described above.

BOARD STATEMENT

The board of directors and the CEO confirm that the consolidated accounts for the period 1 January-31 December 2021 have been prepared in accordance with generally accepted Norwegian accounting practice and provide a correct picture of the company’s assets, liabilities, financial status, income and expenses as a whole. We also confirm that the annual report includes a true and fair view of the company’s most important events up to the presentation of the results.



# Annual Report 2021

## Income Statement

(Amount in NOK)

Parent				Group	
2021	2020		Note	2021	2020
2 290 312	0	Revenue	10	0	0
0	0	Capitalized work	1	1 902 416	0
<b>2 290 312</b>	<b>0</b>	<b>Total revenue</b>		<b>1 902 416</b>	<b>0</b>
2 113 796	469 782	Employee benefits expense	7,9	2 128 706	469 782
2 015	0	Depreciation and amortisation expenses	1	31 848	0
1 904 368	155 543	Other operating expenses	9	1 548 164	157 756
<b>4 020 179</b>	<b>625 325</b>	<b>Total operating expenses</b>		<b>3 708 718</b>	<b>627 538</b>
<b>- 1 729 867</b>	<b>- 625 325</b>	<b>Operating profit</b>		<b>- 1 806 302</b>	<b>- 627 538</b>
174 969	5 248	Interest income		848 011	6 112
194	0	Other finance income		194	0
73	0	Interest expenses		73	65
92	0	Other financial expense		92	1 917
<b>174 998</b>	<b>5 248</b>	<b>Net finances</b>		<b>848 040</b>	<b>4 130</b>
<b>- 1 554 869</b>	<b>- 620 077</b>	<b>Profit before income tax</b>		<b>- 958 262</b>	<b>- 623 408</b>
- 3 839 282	- 136 417	Income tax expense	8	- 3 697 669	- 141 540
<b>2 284 414</b>	<b>- 483 660</b>	<b>Net profit or loss for the year</b>	5	<b>2 739 408</b>	<b>- 481 868</b>
		<b>To minority interests</b>		2 739 408	- 481 868
		<b>To majority interests</b>			
- 2 284 414	483 660	<b>Disposal</b>			
		<b>Transferred from equity</b>			

## Balance Sheet at 31.12.

(Amount in NOK)

Parent				Group	
2021	2020	ASSETS	Note	2021	2020
3 975 699	136 417	Deferred tax asset	9	3 840 756	143 087
<b>3 975 699</b>	<b>136 417</b>	<b>Total intangible assets</b>		<b>3 840 756</b>	<b>143 087</b>
1 283 954	1 312 237	Land, buildings and other property		20 508 663	1 312 237
0	0	Ships		865 167	0
16 122	0	Fixtures/fittings, tools, office machinery and equipment		16 122	0
<b>1 300 076</b>	<b>1 312 237</b>	<b>Total tangible assets</b>	1	<b>21 389 952</b>	<b>1 312 237</b>
192 100 000	65 100 000	Investments in subsidiaries	2	0	0
<b>192 100 000</b>	<b>65 100 000</b>	<b>Total financial fixed assets</b>		<b>0</b>	<b>0</b>
<b>197 375 775</b>	<b>66 548 654</b>	<b>TOTAL FIXED ASSETS</b>		<b>25 230 708</b>	<b>1 455 324</b>
1753 339	0	Trade receivables	3	0	0
102 420	65 677	Other receivables	3	6 781 507	35 897
<b>1 855 759</b>	<b>65 677</b>	<b>Total receivables</b>		<b>6 781 507</b>	<b>35 897</b>
76 471 002	467 111	Cash and bank deposits	4	258 703 997	65 566 375
<b>78 326 761</b>	<b>532 788</b>	<b>TOTAL CURRENT ASSETS</b>		<b>265 485 504</b>	<b>65 602 272</b>
<b>275 702 535</b>	<b>67 081 442</b>	<b>TOTAL ASSETS</b>		<b>290 716 212</b>	<b>67 057 596</b>




# Balance Sheet at 31.12.

(Amount in NOK)

Parent				Group	
2021	2020	EQUITY AND LIABILITIES	Note	2021	2020
105 556 037	192 400	Share capital	6	105 556 037	192 400
165 734 431	0	Share premium		165 734 431	0
0	65 000 000	Non registered equity		0	65 000 000
113 935	113 935	Other paid in equity		113 935	90 089
271 404 403	65 306 335	Total paid in equity	5	271 404 403	65 282 489
2 284 414	0	Other equity		2 715 562	0
2 284 414	0	Total retained earnings	5	2 715 562	0
		Minority interests		0	0
273 688 817	65 306 335	TOTAL EQUITY	5	274 119 965	65 282 489
0	1 705 318	Other non current liabilities	3	0	1 705 318
0	1 705 318	Total other non current liabilities		0	1 705 318
1 424 082	10 272	Trade creditors	3	15 932 235	10 272
280 343	16 997	Public duties payable		280 343	16 997
309 293	42 520	Other short term liabilities		383 667	42 520
2 013 717	69 789	Total current liabilities		16 596 246	69 789
2 013 717	1 775 107	TOTAL LIABILITIES		16 596 246	1 775 107
275 702 535	67 081 442	TOTAL EQUITY AND LIABILITIES		290 716 212	67 057 596

Bodø  
23 March 2022

  
Eirik Sørgård  
Chairman of the Board

  
Helge E. W. Albertsen  
CEO

  
Kristin Ingebrigtsen  
Board member

  
Liv Monica Stubholt  
Board member

  
Kjell Lorentsen  
Board member

# Cash Flow Statement

(Amount in NOK)

Parent			Group	
2021	2020		2021	2020
		<b>Cash flow from operations</b>		
- 1 554 869	- 620 077	Profit before income taxes	- 958 462	- 623 408
2 015	0	Depreciation	31 848	0
28 285	0	Deduction of recurring VAT settlement	28 285	0
- 1 753 339	0	Change in trade debtors	0	0
1 413 810	10 272	Change in trade creditors	1 517 531	10 272
493 176	19 408	Change in other provisions	- 2 463 072	- 543
- 1 370 922	- 590 397	Net cash flow from operations	- 1 843 870	- 613 679
		<b>Cash flow from investments</b>		
- 18 137	- 82 900	Purchase of fixed assets	- 5 733 414	- 82 900
0	0	Repayment of short term loans	- 3 678 044	0
0	0	Sale of subsidiary, retirement of bank deposit	0	- 364 949
- 127 000 000	0	Capital contribution in subsidiaries	0	0
- 127 018 137	- 82 900	Net cash flow from investments	- 9 411 458	- 447 849
		<b>Cash flow from financing</b>		
0	25 000	Purchase of fixed assets	0	49 210
- 1 705 318	0	Repayment of long term loans	- 1 705 318	0
222 000 004	0	Proceeds from issuance of equity	222 000 004	64 999 800
- 15 901 736	0	Issuance costs recognized directly in equity	- 15 901 736	0
204 392 950	25 000	Net cash flow from financing	204 392 950	65 049 010
76 003 891	- 648 297	Net change in cash and cash equivalents	193 137 622	63 987 482
467 111	1 115 408	Cash and cash equivalents at the beginning of the period	65 566 375	1 578 893
76 471 002	467 111	Cash and cash equivalents at the end of the period	258 703 997	65 566 375
76 471 002	467 111	Which exists of: Cash and bank deposits	258 703 997	65 566 375



# Notes

## ACCOUNTING PRINCIPLES

The annual accounts have been prepared in compliance with the Accounting Act and accounting principles generally accepted in Norway.

## USE OF ESTIMATES

The preparation of financial statements in compliance with the Accounting Act requires the use of estimates. The application of the company's accounting principles also require management to apply assessments. Areas which to a great extent contain such assessments, a high degree of complexity, or areas in which assumptions and estimates are significant for the financial statements, are described in the notes.

## INVESTMENTS IN SUBSIDIARIES

Subsidiaries are companies where the parent has control, and thus controlling influence on the financial and operational strategy of the entity. In normal, controlling influence is acquired by owning more than half of the voting capital.

## THE GROUP EXISTS OF THE FOLLOWING COMPANIES AS OF 31.12.:

Parent and subsidiaries	Ownership
Gigante Salmon AS	
Gigante Salmon Rødøy AS	100 %

## INVESTMENTS IN SUBSIDIARIES

The cost method is applied to investments in subsidiaries. The cost price is increased when funds are added through capital increases or when group contributions are made to subsidiaries. Dividends received are initially taken to income. Dividends exceeding the portion of retained equity after the purchase are reflected as a reduction in purchase cost. Dividend/group contribution from subsidiaries are reflected in the same year as the subsidiary makes a provision for the amount. Dividend from other companies are reflected as financial income when it has been approved.

## PRINCIPLES OF CONSOLIDATION

Subsidiaries are consolidated from the point where controlling influence is transferred to the Group (point of purchase).

In the the consolidated financial statements, the financial statement line 'investments in subsidiaries' are replaced by the assets and debt of the subsidiary. The consolidated financial statement is presented as if the Group was one economic entity. Transactions, unrealized gains and inter-company balances are eliminated.

Aquired subsidiaries are accounted in the consolidated financial statements based on the aquisition cost of the Parent. Acquisition cost is allocated to identifiable assets and liabilities in the subsidiary, which is accounted for in the consolidated financial statements at fair value at the time of acquisition. Any excess value in addition to what can be attributed to identifiable assets and liabilities is recognized in the balance sheet as goodwill. Goodwill is treated as a residual and recognized in the balance sheet with the share observed in the acquisition transaction. Excess values in the consolidated financial statements are amortized over the expected useful lives of the acquired assets.

## CLASSIFICATION OF BALANCE SHEET ITEMS

Assets intended for long term ownership or use have been classified as fixed assets. Assets relating to the trading cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. First year's instalment on long term liabilities and long term receivables are, however, not classified as short term liabilities and current assets.

## PURCHASE COSTS

Assets intended for long term ownership or use have been classified as fixed assets. Assets relating to the trading cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. First year's instalment on long term liabilities and long term receivables are, however, not classified as short term liabilities and current assets.

## FIXED ASSETS

Land is not depreciated. Other fixed assets are reflected in the balance sheet and depreciated to residual value over the asset's expected useful life on a straight-line basis. If changes in the depreciation plan occur the effect is distributed over the remaining depreciation period. Direct maintenance of an asset is expensed under operating expenses

as and when it is incurred. Additions or improvements are added to the asset's cost price and depreciated together with the asset. The split between maintenance and additions/improvements is calculated in proportion to the asset's condition at the acquisition date.

## INVESTMENTS IN OTHER COMPANIES

Except for short term investments in listed shares, the cost method is applied to investments in other companies. The cost price is increased when funds are added through capital increases or when group contributions are made to subsidiaries. Dividends received are initially taken to income. Dividends exceeding the portion of retained equity after the purchase are reflected as a reduction in purchase cost. Dividend/group contribution from subsidiaries are reflected in the same year as the subsidiary makes a provision for the amount. Dividend from other companies are reflected as financial income when it has been approved.

## ASSET IMPAIRMENTS

Impairment tests are carried out if there is indication that the carrying amount of an asset exceeds the estimated recoverable amount. The test is performed on the lowest level of fixed assets at which independent cashflows can be identified. If the carrying amount is higher than both the fair value less cost to sell and value in use (net present value of future use/ownership), the asset is written down to the highest of fair value less cost to sell and the value in use.

Previous impairment charges, except writedown of goodwill, are reversed in later periods if the conditions causing the write-down are no longer present.

## DEBTORS

Trade debtors are recognised in the balance sheet after provision for bad debts. The bad debts provision is made on basis of an individual assessment of each debtor and an additional provision is made for other debtors to cover expected losses. Significant financial problems at the customers, the likelihood that the customer will become bankrupt or experience financial restructuring and postponements and insufficient payments, are considered indicators that the debtors should be written down.

Other debtors, both current and long term, are recognised at the lower of nominal and net realisable value. Net realisable value is the present value of estimated future payments. When the effect of a writedown is insignificant for accounting purposes this is, however, not carried out. Provisions for bad debts are valued the same way as for trade debtors.

## LIABILITIES

Liabilities, with the exception of certain liability provisions, are recognised in the balance sheet at nominal amount.

## PENSIONS

The pension schemes are financed through payments to insurance companies.

## DEFINED CONTRIBUTION PLAN

With a defined contribution plan the company pays contributions to an insurance company. After the contribution has been made the company has no further commitment to pay. The contribution is recognised as payroll expenses. Prepaid contributions are reflected as an asset (pension fund) to the degree the contribution can be refunded or will reduce future payments.

## TAXES

The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at relevant tax rates on the basis of the temporary differences which exist between accounting and tax values, and any carryforward losses for tax purposes at the year-end. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been eliminated. The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and carryforward losses, is based on estimated future earnings. Deferred tax and tax benefits which may be shown in the balance sheet are presented net.

Tax reduction on group contributions given and tax on group contribution received, booked as a reduction of cost price or taken directly to equity, are booked directly against tax in the balance sheet (offset against payable taxes if the group contribution has affected payable taxes, and offset against deferred taxes if the group contribution has affected deferred taxes).

Deferred tax is reflected at nominal value.

## CASH FLOW STATEMENT

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits, and other short term investments which immediately and with minimal exchange risk can be converted into known cash amounts, with due date less than three months from purchase date.



NOTE 1 - FIXED ASSETS

Parent			
	Buildings and land	Movables	Total fixed assets
Purchase cost pr. 01.01.	1312 237	0	1312 237
Additions	0	18 137	18 137
Disposals	0	0	0
Deduction of recurring VAT settlement	-28 283	0	0
Purchase cost 31.12.	1283 954	18 137	1302 091
Accumulated depreciation 31.12.	0	2 015	2 015
Net book value 31.12.	1283 954	16 122	1300 076
Depreciation in the year	2 015	0	2 015

The Parent owns two islands that are not depreciated.

CHANGE IN PLAN OF DEPRECIATION

There has not been a change in plan of depreciation.

Group				
	Buildings and land	Machines	Movables	Total fixed assets
Purchase cost pr. 01.01.	1312 237	0	0	1312 237
Additions*	19 224 709	895 000	18 137	20 137 846
Disposals	0	0	0	0
Deduction of recurring VAT settlement	-28 283	0	0	-28 283
Purchase cost 31.12.	20 508 663	895 000	18 137	21 421 800
Accumulated depreciation 31.12.	0	29 833	2 015	31 848
Net book value 31.12.	20 508 663	865 167	16 122	21 389 952
Depreciation in the year	0	29 833	2 015	31 848

The Group owns two islands that are not depreciated.

\*The Group has capitalized own work with NOK 1 902 416.

CHANGE IN PLAN OF DEPRECIATION

There has not been a change in plan of depreciation.

NOTE 2 - SUBSIDIARIES

PARENT

Investments in subsidiaries are booked according to the cost method.

Subsidiary	Location	Ownership/ voting right	Equity last year (100%)	Result last year (100%)	Balance sheet value
Gigante Salmon Rødøy AS	Bodø	100 %	192 531 147	454 794	192 100 000
Balance sheet value 31.12.					192 100 000

NOTE 3 - BALANCE WITH GROUP COMPANIES, ETC.

Parent				
	Other receivables		Other non-current liabilities	
	2021	2020	2021	2020
Group companies	0	29 780	0	0
Parent company	0	0	0	1 705 318
Total	0	29 780	0	1 705 318

	Trade receivables		Trade creditors	
	2021	2020	2021	2020
Group companies	1 753 339	0	0	0
Total	1 753 339	0	0	0

Konsernet				
	Trade receivables		Other non current liabilities	
	2021	2020	2021	2020
Parent company	0	0	0	1 705 318
Total	0	0	0	1 705 318



NOTE 4 - RESTRICTED BANK DEPOSITS, OVERDRAFT FACILITIES

Parent			Group	
2021	2020	Restricted bank deposits	2021	2020
172 194	24 939	Withheld employee taxes	172 194	24 939
		Overdraft facilities granted		
0	0	Unused bank overdraft	0	0

NOTE 5 - SHAREHOLDERS' EQUITY

Parent					
Equity changes in the year	Share capital	Share premium	Other paid-in equity	Other equity	Non-registered capital increase
Equity 01.01.	192 400	0	113 935	0	65 000 000
Profit for the year	0	0	0	2 284 414	0
Capital increase, registered	65 000 000	0	0	0	-65 000 000
Issuance of equity	40 363 637	181 636 367	0	0	0
Transaction costs*	0	-15 901 936	0	0	0
Equity 31.12.	105 556 037	165 734 431	113 935	2 284 414	0

Equity changes in the year	Total
Equity 01.01.	65 306 335
Profit for the year	2 284 414
Capital increase, registered	0
Issuance of equity	222 000 004
Transaction costs*	-15 901 936
Equity 31.12.	273 688 817

\*Transaction costs in conjunction with the issuance of new equity.

NOTE 5 - SHAREHOLDERS' EQUITY

Group					
Equity changes in the year	Share capital	Share premium	Other paid-in equity	Other equity	Non-registered capital increase
Equity 01.01.	192 400	0	90 089	0	65 000 000
Profit for the year	0	0	23 846	2 715 562	0
Capital increase, registered	65 000 000	0	0	0	-65 000 000
Issuance of equity	40 363 637	181 636 367	0	0	0
Transaction costs*	0	-15 901 936	0	0	0
Equity 31.12.	105 556 037	165 734 431	113 935	2 715 562	0

Equity changes in the year	Total
Equity 01.01.	65 282 489
Profit for the year	2 739 408
Capital increase, registered	0
Issuance of equity	222 000 004
Transaction costs*	-15 901 936
Equity 31.12.	274 119 965

\*Transaction costs in conjunction with the issuance of new equity.



NOTE 6 - SHARE CAPITAL AND SHAREHOLDER INFORMATION

The share capital of NOK 105 556 037 consists of 105 556 037 shares with nominal value of NOK 1 each.

LIST OF 20 MAJOR SHAREHOLDERS AT 31.12.

Shareholder	Number of shares	Ownership
Gigante Havbruk AS	64 238 000	60,86 %
T Kolstad Eiendom AS	7 272 728	6,89 %
J.p. Morgan Bank Luxembourg S.a.	3 272 726	3,10 %
Helgeland Invest AS	2 727 272	2,58 %
Torghatten Aqua AS	2 727 272	2,58 %
Verdipapirfondet Nordea Avkastning	2 181 819	2,07 %
Sparebank 1 Markets AS	1 843 986	1,75 %
Ravi Investering AS	1 500 000	1,42 %
Iha Invest AS	1 455 000	1,38 %
Hi Capital AS	1 363 636	1,29 %
Verdipapirfondet First Generator	1 177 464	1,12 %
Commuter 2 AS	1 090 909	1,03 %
Olav Olsen Holding AS	1 000 000	0,95 %
Limt AS	910 000	0,86 %
Dnor AS	909 093	0,86 %
Nyhamn AS	909 091	0,86 %
Aino Aktiv AS	545 455	0,52 %
Maria Olaisen AS	545 455	0,52 %
Hausta Vekst AS	545 454	0,52 %
Occasione By Olaisen AS	545 454	0,52 %
Other owners	8 795 223	8,33 %
Total	105 556 037	100,0 %

SHARES OWNED BY THE MANAGEMENT AND RELATED PARTIES OF THE MANAGEMENT

Name	Position	Number of shares	Ownership
Eirik Sørgård	Chairman of the Board	200 000	0,19 %
Helge E. W. Albertsen	CEO	200 000	0,19 %
Rune Johansen	CFO	235 000	0,22 %

Kjell Lorentsen has controlling influence through Gigante Havbruk AS who owns 64 238 000 shares (ownership 60,86 %).

NOTE 7 - PENSIONS

The company's pension schemes meet the requirements of the law on compulsory occupational pension.

NOTE 8 - TAXES

CALCULATION OF DEFERRED TAX/DEFERRED TAX ASSET

Parent			Group	
2021	2020	Temporary differences	2021	2020
3 426	0	Net temporary differences	3 271 062	0
-18 074 785	-620 077	Tax losses carried forward	-20 729 041	-650 393
-18 071 359	-620 077	Basis for deferred tax asset	-17 457 979	-650 393
-3 975 699	-136 417	Deferred tax asset	-3 840 756	-143 086
-3 975 699	-136 417	Deferred tax asset in the balance sheet	-3 840 756	-143 086

BASIS FOR INCOME TAX EXPENSE, CHANGES IN DEFERRED TAX AND TAX PAYABLE

Basis for income tax expense				
-1 554 868	-620 077	Result before taxes	-958 462	-643 359
-15 896 415	0	Permanent differences*	-15 849 126	0
-17 451 283	-620 077	Basis for the tax expense for the year	-16 807 588	-643 359
-3 426	0	Change in temporary differences	-3 271 062	0
-17 454 709	-620 077	Basis for payable taxes in the income statement	-20 078 650	-643 359
-17 454 710	-620 077	Taxable income (basis for payable taxes in the balance sheet)	-20 078 650	-643 359

\* Permanent differences are due to transaction costs that has been booked directly to equity, please see note 5.

Continues on the next page >>



NOTE 8 - TAXES

CALCULATION OF DEFERRED TAX/DEFERRED TAX ASSET

Parent			Group	
2021	2020	Basis for income tax expense, changes in deferred tax and tax payable	2021	2020
0	0	Tax payable	0	0
0	0	Total tax payable	0	0
-3 839 282	-136 417	Change in deferred tax asset	-3 697 670	-141 540
-3 839 282	-136 417	Tax expense	-3 697 670	-141 540
Reconciliation of the tax expense				
-1554 868	-620 077	Result before taxes	-958 462	-643 359
-342 071	-136 417	Calculated tax	-210 862	-141 540
-3 839 282	-136 417	Tax expense	-3 697 670	-141 540
-3 497 211	-0	Difference	-3 486 808	0
The difference consist of:				
-3 497 211	0	Tax of permanent differences	-3 486 808	0
-3 497 211	0	Sum explained differences	-3 486 808	0
Sum explained differences				
0	0	Payable tax in the tax charge	0	0
0	0	Payable tax in the balance sheett	0	0

NOTE 9 - PAYROLL EXPENSES, NUMBER OF EMPLOYEES, REMUNERATIONS, LOANS TO EMPLOYEES, ETC.

Parent			Group	
2021	2020	Payroll expenses	2021	2020
1795 719	425 753	Salaries/wages	1795 719	425 753
153 415	31 801	Social security fees	153 415	31 801
140 227	12 228	Pension expenses	140 227	12 228
24 435	0	Other remuneration	39 345	0
2 113 796	469 782	Total	2 128 706	469 782
2	1	Number of employees in the accounting year	2	1

No loans/sureties have been granted to the general manager, Board chairman or other related parties.

Expensed audit fee (incl. VAT)	Parent	Group
Statutory audit	61 864	81 036
Technical assistance with financial statements	48 748	52 848
Technical assistance with tax return	4 100	8 200
Other non audit services	45 012	54 212
Total audit fees	159 724	196 296

The Parent has been audited from 2020.

NOTE 10 - RELATED PARTY TRANSACTIONS

Remuneration to executives is disclosed in note 9, and balance with group companies is disclosed in note 3.

Related-party transactions:	Parent	Group
a) Sales of goods and services		
Sales of services/re-invoicing:		
- Subsidiary	2 290 312	0





To the General Meeting of Gigante Salmon AS

## Independent Auditor's Report

### Opinion

We have audited the financial statements of Gigante Salmon AS, which comprise:

- The financial statements of the parent company Gigante Salmon AS (the Company), which comprise the balance sheet as at 31 December 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Gigante Salmon AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

### Basis for Opinion

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

PricewaterhouseCoopers AS, Sjøgata 27, N-8006 Bodo  
T: 02316, org. no.: 987 009 713 MVA, [www.pwc.no](http://www.pwc.no)  
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



### Other Information

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

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

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

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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

### Auditor's Responsibilities for the Audit of the Financial Statements

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

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>



Independent Auditor's Report - Gigante Salmon AS



Bodø, 23 March 2022  
**PricewaterhouseCoopers AS**

Silja Eriksen  
State Authorised Public Accountant

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



**Gigante  
Salmon**