



ANNUAL REPORT

2020

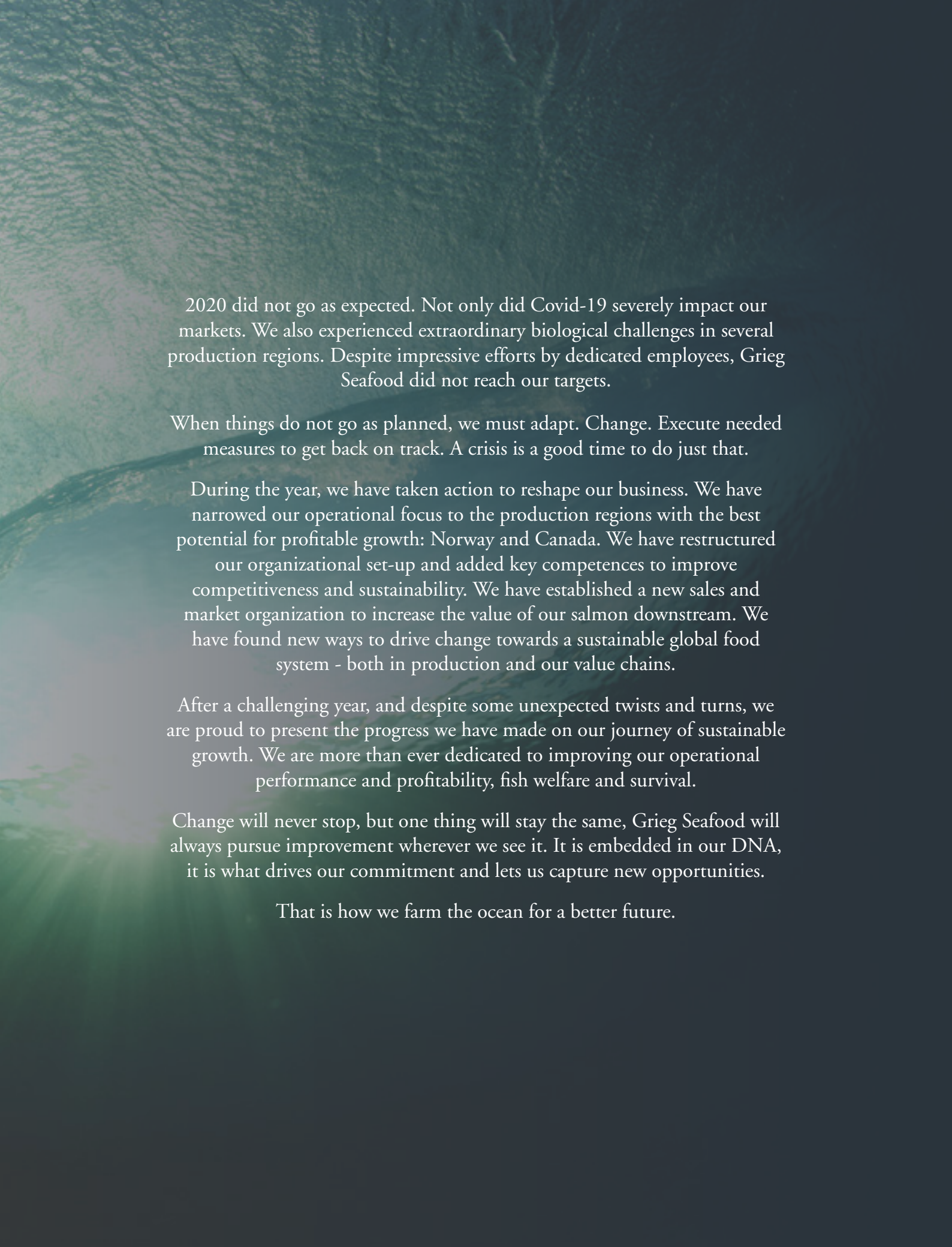


RESHAPING OUR BUSINESS TO MEET THE FUTURE



RESHAPING GRIEG SEAFOOD

TO ADVANCE FUTURE GROWTH, INCREASE COMPETITIVENESS
AND RAISE THE BAR ON SUSTAINABILITY



2020 did not go as expected. Not only did Covid-19 severely impact our markets. We also experienced extraordinary biological challenges in several production regions. Despite impressive efforts by dedicated employees, Grieg Seafood did not reach our targets.

When things do not go as planned, we must adapt. Change. Execute needed measures to get back on track. A crisis is a good time to do just that.

During the year, we have taken action to reshape our business. We have narrowed our operational focus to the production regions with the best potential for profitable growth: Norway and Canada. We have restructured our organizational set-up and added key competences to improve competitiveness and sustainability. We have established a new sales and market organization to increase the value of our salmon downstream. We have found new ways to drive change towards a sustainable global food system - both in production and our value chains.

After a challenging year, and despite some unexpected twists and turns, we are proud to present the progress we have made on our journey of sustainable growth. We are more than ever dedicated to improving our operational performance and profitability, fish welfare and survival.

Change will never stop, but one thing will stay the same, Grieg Seafood will always pursue improvement wherever we see it. It is embedded in our DNA, it is what drives our commitment and lets us capture new opportunities.

That is how we farm the ocean for a better future.

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ABOUT US

RESHAPING OUR BUSINESS

During 2020, we took measures to advance future growth and value creation, increase competitiveness and raise the bar on sustainability.

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HISTORY AND FUTURE

5000 B.C.E

First fish farms reported in China.

1850

The first wild salmon hatcheries established in Norwegian salmon rivers.

1969

The brothers Ove and Sivert Grøntvedt transfer the first salmon smolt to sea pens at the island Hitra in Norway.

1970s

Commercial salmon farming of chinook, coho and sockeye is established around Sechart in British Columbia.

1973

The Norwegian parliament adopts a licensing system for the country's growing aquaculture industry, with the aim of strengthening local communities along the coast. Since then, salmon farms have contributed jobs and revenues to small, coastal communities.

1990s

Fish vaccines are introduced. As a result, the salmon farming industry has significantly reduced its use of antibiotics.

1992

Grieg Seafood Salmon (trading company) and Bioinvest (salmon farming investor) are established.

1998

Grieg Seafood Rogaland is established.

2000s

The Norwegian government launches the "green license" scheme, with stricter environmental standards. Grieg Seafood currently has eight green licenses.

2001

Grieg Seafood acquires Scandic Marine Ltd. in British Columbia and establishes Grieg Seafood BC.

2006

Grieg Seafood merges with the Volden Group and establishes Grieg Seafood Finnmark.

2007

Grieg Seafood is listed on Oslo Stock Exchange. Grieg Seafood acquires Hjaltland Ltd in Shetland, the beginning of Grieg Seafood Shetland. Grieg Seafood starts implementing RAS technology in Rogaland.

2008

Grieg Seafood Rogaland is certified by GLOBALG.A.P.

2010

Together with Bremnes Seashore, Grieg Seafood establishes the sales company Ocean Quality.

2011

Grieg Seafood British Columbia is certified by BAP.

2013

The Norwegian government and the industry develop the standard NS9415 to ensure fish farms are technically safe and prevent the escape of farmed salmon.

2015

Grieg Seafood Shetland is certified by GLOBALG.A.P.

2016

Grieg Seafood Finnmark is certified by GLOBALG.A.P.

2017

Grieg Seafood harvests 63 000 tonnes. Grieg Seafood Finnmark receives its first ASC certifications.

2018

Grieg Seafood harvests 75 000 tonnes.

2019

Grieg Seafood harvests 83 000 tonnes.

2020

Grieg Seafood harvests 87 000 tonnes. Grieg Seafood acquires Grieg Newfoundland in Eastern Canada. Grieg Seafood starts building its own sales and market organization, and the Ocean Quality partnership is dissolved. Grieg Seafood achieves an A- score from CDP in the areas of Climate and Forest.

2022

Grieg Seafood targets a farming cost of NOK 40 per kg in Norway and CAD 7 per kg in BC.

2023

Grieg Seafood targets 100 percent Aquaculture Stewardship Council certifications in all regions.

2025

Grieg Seafood aims to harvest at least 130 000 tonnes, be cost competitive and have a stronger market position in the value chain.

2030

Grieg Seafood aims to have reduced carbon emissions (Scope, 1, 2 and 3) by 35%.

2050

Grieg Seafood aims to have reduced carbon emissions (Scope, 1, 2 and 3) by 100%.

-  The seafood industry
-  Grieg Seafood
-  The future

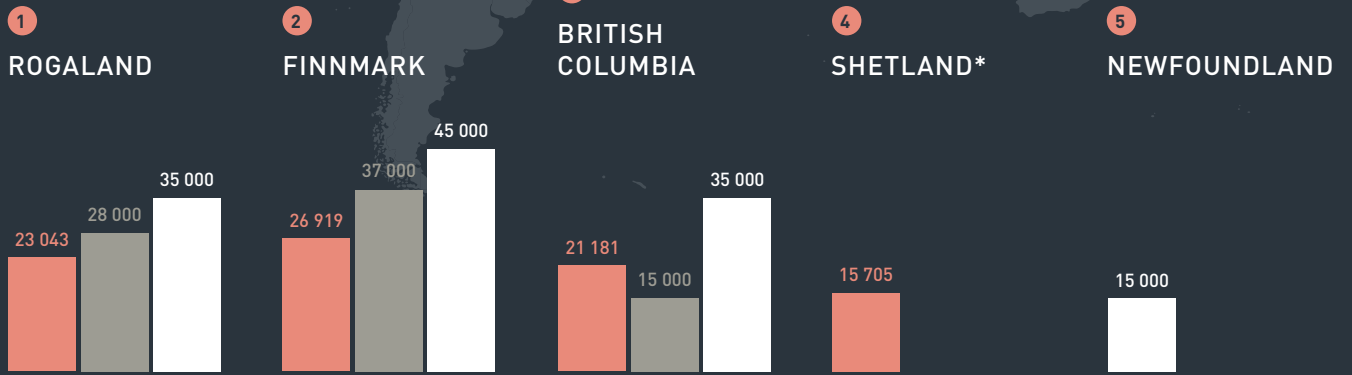
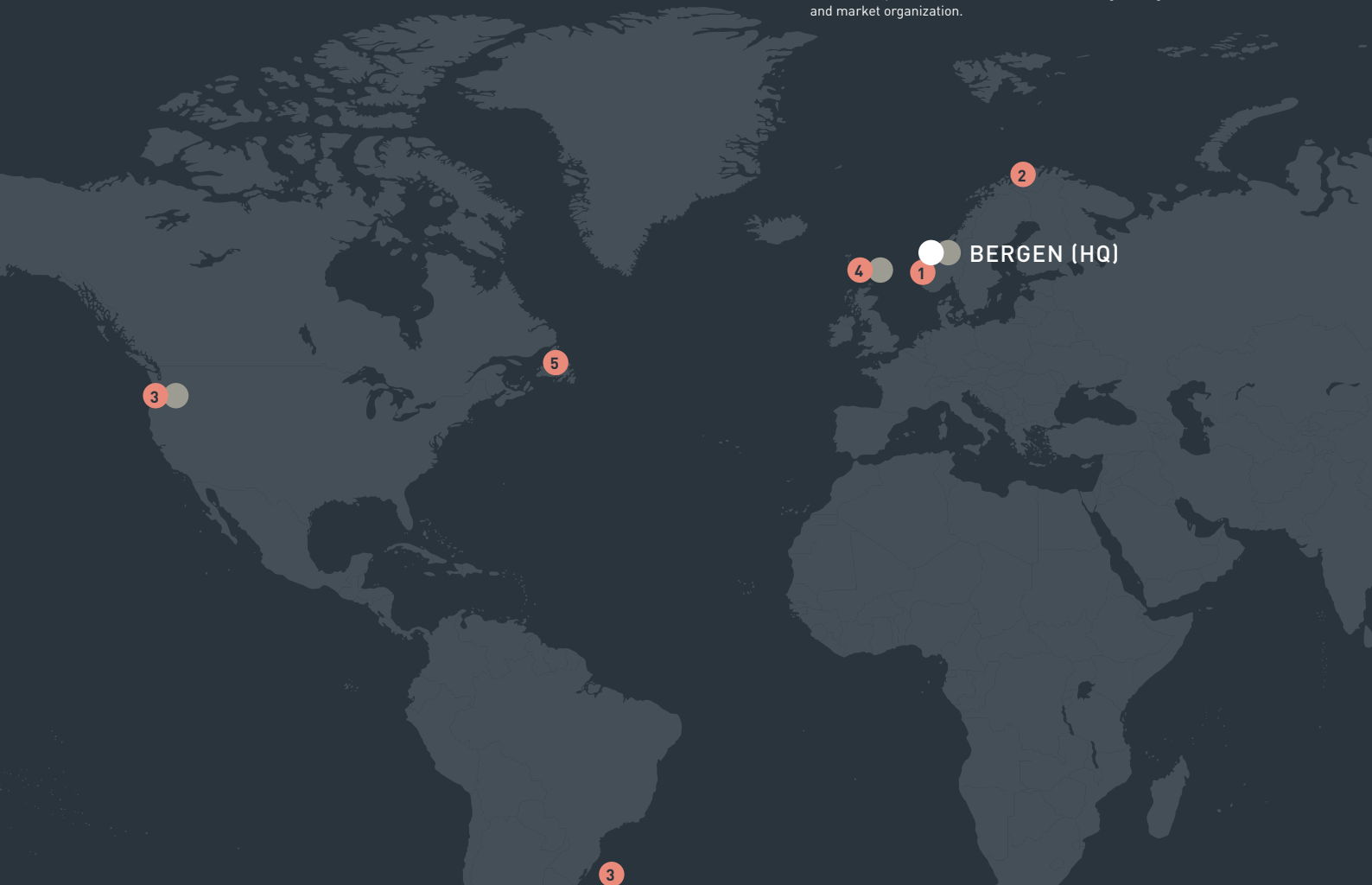
OUR ORGANIZATION

● GRIEG SEAFOOD FARMING

We farm Atlantic Salmon in Rogaland and Finnmark in Norway, Shetland in the UK and British Columbia in Canada. We have hatcheries, sea farms and processing plants. In 2020, we acquired a greenfield project in Newfoundland, with facilities currently under construction.

● GRIEG SEAFOOD SALES

We have sales offices in each country. Until year-end 2020, our sales were handled by Ocean Quality, a joint venture with Bremnes Seashore AS. As from year-end 2020, we have our own integrated, global sales and market organization.



■ Harvested volume 2020
 ■ Harvest volume target 2021
 ■ Harvest volume target 2025

OUR VISION

ROOTED IN NATURE FARMING THE OCEAN FOR A BETTER FUTURE

OUR VALUES

OPEN

We are open with each other. We share knowledge and ideas, and learn from each other. We meet new perspectives with an open mind. We are always honest – also in difficult situations. Our managers have an open door and welcome suggestions for ways to improve.

We are open and transparent towards society. We proactively share honest information about our operations with the public, the authorities, and the media – even before they ask. We invite the community to our facilities, participate in the public debate, and engage in dialogue with other users of the fjords.

AMBITIOUS

Every day, we endeavor to do our job in the best possible way. We never settle for the average. We walk the extra mile. We always strive to improve. We think big and set ambitious goals for everything we do. We are not afraid of making bold decisions, even if they are tough and push us out of our comfort zone.

We embrace change and innovation. We prioritize our commitments and carry them out. Our ambitious goals aim to make Grieg Seafood ever more profitable. Only then can we develop the salmon farming industry further.

CARING

We not only treat each other with respect, we care. We care about our people, and help them flourish and develop their talents. We foster a caring environment – even in difficult situations and when hard decisions must be made.

We care about our fish and the natural environment that is vital to the production of healthy salmon. We work constantly to maintain good biological control and reduce our impact on the environment. We will pass healthy fjords and salmon on to future generations.

We care about our communities. We recognize that the fjords belong to them, and we take their concerns seriously. We are a good neighbor. We create opportunities and lasting value for society.

For more information on the Group structure, refer to note 1 in the Group Accounts.

*We have initiated a divestment process for the Shetland assets, and in accordance with IFRS 5, Shetland is classified as held for sale at year end 2020. As such, Shetland has been excluded from the majority of this report.

MAIN ACHIEVEMENTS 2020

	HARVEST VOLUME (TONNES GWT)	EBIT PER KG (NOK)
GROUP	86 847 71 142 <small>Ex. Shetland</small> 82 973 / 71 700*	3.3 15.0*
ROGALAND	23 043 25 217*	12.7 22.5*
FINNMARK	26 919 32 362*	4.7 17.9*
BRITISH COLUMBIA	21 181 14 120*	-0.4 5.2*
NEWFOUNDLAND	OPERATIONAL Fish growing in our freshwater facility	

Restructuring

Narrow focus to the regions with greatest potential for profitable growth: Eastern and Western Canada, and Northern and Southern Norway. Our business in Shetland will be sold when the time is right

GPTW

All regions Great Place to Work certified

New region

Established a new region in Newfoundland

ZERO

Zero escapes

New position in value chain

Fully integrated sales and market organization operational

A-

Recognized by CDP as a leader for our actions on both climate change and forest conservation

38%

of Group financing is "Green"

Deforestation-free Brazilian suppliers

Our Brazilian soy vendors have committed to becoming 100% deforestation free, halting sale of deforestation-related soy to all customers

400g

Average weight of smolt transferred to sea farms

1 100g

The highest average weight for smolt transferred to sea farms in a single batch

100%

All sites monitored and fed by our pilot integrated operations center

66%

Farms powered by renewable energy

2

Two new sites approved, supporting our growth strategy

15

Total of fifteen sites ASC certified by year-end 2020

0

Zero farmed salmon found in the Alta River monitoring project

65%

Farms powered by renewable energy

1

One new site approved under First Nations agreement

11

Total sites ASC certified

90%

Despite algae challenges, survival rate improved to 90% due to algae mitigation system

UN Declaration on the Rights of Indigenous Peoples

Truth and Reconciliation Committee's "Call to Action" under implementation

2021

First smolt will be transferred to sea farms

2022

First harvest expected

15 000

Harvest volume (tonnes gwt) expected in 2025

8

Eight farming licenses, with a production capacity of 30 000 tonnes. Additional licenses have been applied for

*2019 figures

KEY FIGURES

FIGURE 1.1
HARVEST VOLUME 2020

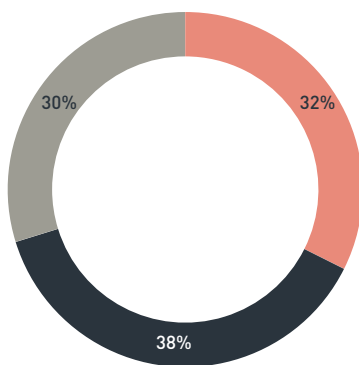


FIGURE 1.2
SALES REVENUE 2020

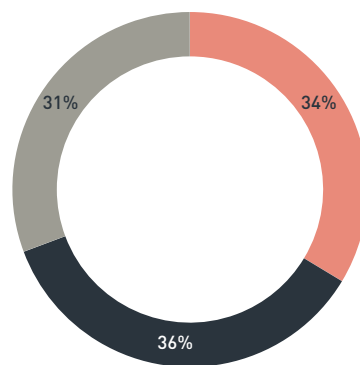
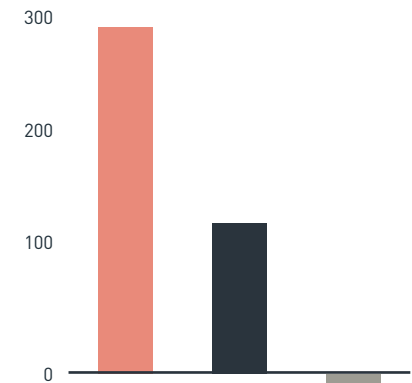


FIGURE 1.3
EBIT* 2020 (NOK MILLION)



Rogaland Finmark British Columbia

The figures above are on ex. Shetland basis as the Shetland assets are classified as held for sale according to IFRS 5. *EBIT before fair value adjustment of biological assets

FIGURE 1.4
HARVEST VOLUME (1 000 TONNES GWT)

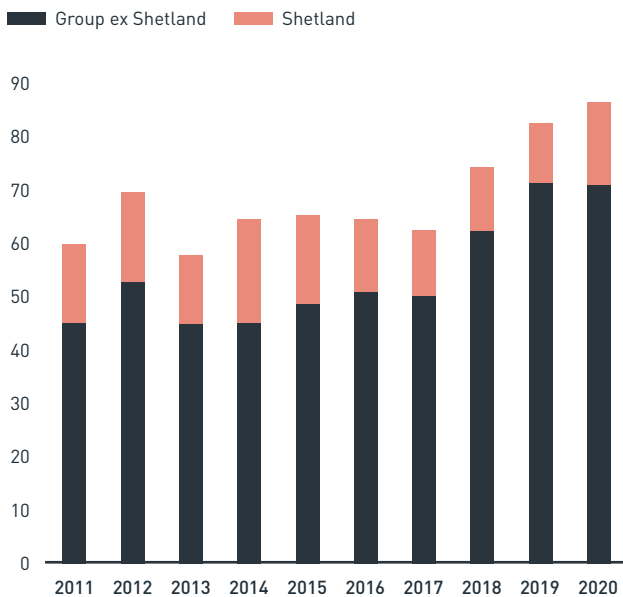
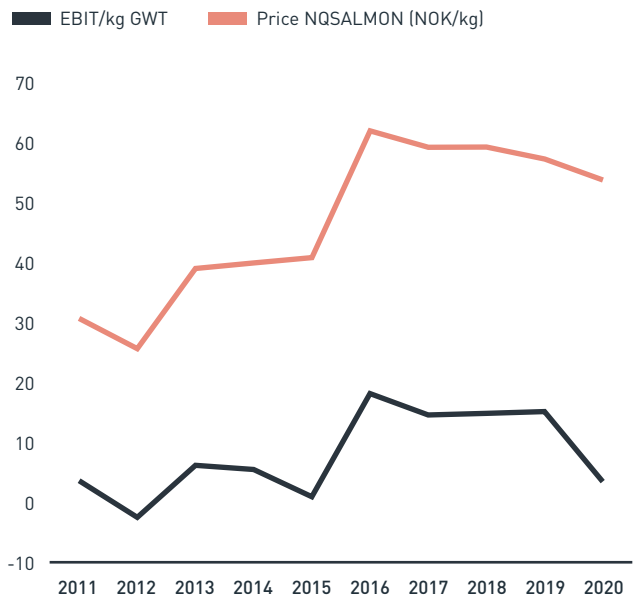


FIGURE 1.5
EBIT VS. PRICE REFERENCE



4 384

SALES REVENUES*
MNOK

950

NO. OF
EMPLOYEES*
FTE

3.3

EBIT/KG*
NOK

KEY FIGURES NOK MILLION	2020 *	2019 *	2018	2017	2016	2015	2014	2013	2012	2011
Operational										
Harvested volume (tonnes GWT)	71 142	71 700	74 623	62 598	64 727	65 398	64 736	58 061	70 000	60 082
Spot price of salmon (NOK/kg) ¹⁾	53.7	57.2	59.2	59.2	61.9	40.7	39.8	38.9	25.5	30.5
Group farming cost (NOK/kg)	47.0	40.5	43.1	43.4	39.7	37.7	35.2	34.0	32.5	31.4
EBIT/kg	3.3	15.0	14.7	14.5	18.0	0.7	5.3	6.0	-2.7	3.4
Financial										
Sales revenues ²⁾	4 384	4 756	7 500	7 017	6 545	4 609	4 100	2 404	2 050	2 047
EBITDA	602	1 384	1 334	1 106	1 342	261	484	484	-30	346
EBIT before fair value adj.	233	1 077	1 099	904	1 168	48	343	348	-191	206
Profit/loss for the year	-316	599	997	601	1 222	4	144	431	-147	-123
Cash flow from operations	412	1 193	820	709	953	367	157	317	203	215
Capital structure										
NIBD according to covenants requirement	3 679	1 939	1 690	1 284	906	1 569	1 566	1 445	1 530	1 444
NIBD/EBITDA ³⁾	n/a	1.40	1.30	1.20	0.70	6.30	3.30	3.00	-51.30	4.20
NIBD/Harvest (NOK) ⁴⁾	42.36	23.37	22.64	20.51	14.00	23.99	24.19	24.89	21.86	24.03
Equity %	41%	46%	48%	47%	47%	38%	42%	43%	37%	41%
Gross investments incl. Shetland ⁵⁾	1 069	706	733	553	255	322	312	164	190	324
Profitability										
Return on Capital Employed (ROCE)	3.3%	19.1%	22.0%	24.0%	33.0%	1.0%	10.0%	12.0%	(6.0)%	7.0%
Dividend per share (NOK)	0.00	4.00	4.00	4.00	1.50	0.50	0.00	0.00	0.00	1.35
Earnings per share (NOK)	-4.84	5.61	8.81	5.02	10.74	-0.06	1.26	3.90	-1.33	-1.11
Total market value (OSE)	9 643	15 666	11 423	8 068	9 123	3 462	3 182	2 736	1 379	463
People										
Number of employees (full-time equivalent) incl. Shetland	950	822	769	707	654	681	686	626	640	589

*Ex. Shetland: As of year end 2020, the Group presents both the farming and sales operations of Grieg Seafood Shetland and the sales operations of Ocean Quality related to Bremnes Fryseri AS, as discontinued operations. Unless otherwise explicitly mentioned, qualitative and quantitative information disclosed in this report refer to the continued operations of Grieg Seafood. The figures for 2019 have been re-presented to be comparable to 2020 figures. The key figures presented on this page, including historical information in charts for 2019, are disclosed for the Group's continuing operations (excluding Ocean Quality and Shetland), unless stated otherwise. See also Note 5, and the appendix for details about Grieg Seafood Shetland.

1) Average of weekly NQSALMON prices less 0.75/kg.

2) Ref figure 1.2 - see Note 8 for more information on the calculation of total revenues.

3) NIBD/EBITDA not measured through Q3 2021. See Note 12.

4) Harvest volume incl. Shetland.

5) Incl. financial lease (according to IFRS in force prior to 1 January 2019) investments.

OUR SCOREBOARD

PILLAR	KPI	TARGET
PROFIT & INNOVATION	Return on capital employed*	12% p.a.
	Farming cost per kg	NOK 40/kg in Norway and CAD 7/kg in BC in 2022
	Rogaland (NOK)	
	Finnmark (NOK)	
	British Columbia (CAD)	
	Harvest volume (tonnes GWT)	80 000 tonnes in 2021 (ex Shetland)
HEALTHY OCEAN	ASC certification **	All sites by 2023
	Rogaland	
	Finnmark	
	British Columbia	
	Survival rate at sea ***	93% by 2022
	Rogaland	
	Finnmark	
	British Columbia	
	Use of antibiotics (g per tonne LWE) ****	No use of antibiotics
	Rogaland	
	Finnmark	
	British Columbia	
	Sea lice treatments (g per tonne LWE) ****	Minimize use of pharmaceutical treatments
	Rogaland	
	Finnmark	
	British Columbia	
	Use of hydrogen peroxide (kg per tonne LWE) ****	Minimize use of pharmaceutical treatments
	Rogaland	
	Finnmark	
British Columbia *****		
Escape incidents	Zero escape incidents	
Rogaland		
Finnmark		
British Columbia		
SUSTAINABLE FOOD	Carbon emission (kgCO2e per tonne GWT)	35% reduction (from 2018) in total emissions by 2030
	Scope 1 + 2 location based	
	Scope 3	
	High quality product	93% superior share
	Rogaland	
Finnmark		
British Columbia		
PEOPLE	Absence rate	Below 4.5%
	Rogaland	
	Finnmark	
	British Columbia	
	LTIR	
	Rogaland	
	Finnmark	
British Columbia		
	Workplace culture	Above average score in Great Place to Work survey
LOCAL COMMUNITIES	Support our local communities	Collaborate and contribute to local community

* ROCE in 2019 and 2020 ex Shetland. ** Number of sites certified and % of net production. *** 12 months rolling survival rate calculated according to the GSI standards. **** Amount of active pharmaceutical ingredients (APIs) used (gr/kg) per tonne of fish produced (LWE).

The colours indicate

● Within target ● On track to meet our target ● Unsatisfactory result

2016	2017	2018	2019	2020	STATUS	REFERENCE
33%	24%	22%	19%	3%	●	page 100
						page 100
33.9	38.4	40.3	35.9	42.1	●	
36.3	40.7	35.6	37.7	44.1	●	
7.7	7.4	7.4	8.3	8.0	●	
64 727	62 598	74 623	82 973	86 847 (71 142 ex Shetland)	●	page 100
						page 100
n/a	n/a	n/a	n/a	n/a	●	
n/a	2	4	10	15 (80%)	●	
n/a	n/a	n/a	n/a	11 (59%)	●	
						page 100
93%	91%	92%	93%	90%	●	
94%	95%	96%	96%	92%	●	
90%	93%	88%	88%	90%	●	
						page 100
0.0	0.0	0.0	0.0	0.0	●	
0.0	0.0	0.0	0.0	0.0	●	
126.9	18.3	151.3	87.0	62.3	●	
						page 100
5.2	0.2	1.1	0.0	0.0	●	
0.2	1.0	0.8	0.3	1.0	●	
0.3	0.1	0.3	0.5	0.2	●	
						page 100
18.5	10.8	3.5	11.9	7.2	●	
42.4	13.4	14.5	0.0	3.6	●	
0.0	9.2	5.8	6.0	46.6	●	
						page 100
0	0	0	0	0	●	
1 (200)	0	0	0	0	●	
0	0	0	0	0	●	
						page 100
n/a	421	459	514	498	●	
n/a	n/a	n/a	n/a	1 685	●	
						page 100
88%	81%	74%	75%	85%	●	
89%	78%	86%	86%	69%	●	
76%	81%	84%	86%	86%	●	
						page 100
3.4%	3.2%	4.7%	3.5%	3.0%	●	
6.1%	4.4%	5.4%	4.9%	5.5%	●	
1.6%	0.9%	1.8%	2.0%	6.8%	●	
						page 100
9	11	24	15	9	●	
13	24	18	22	28	●	
72	16	38	35	36	●	
n/a	n/a	89% (Norway)	79% (global)	84% (global)	●	page 100
yes	yes	yes	yes	yes	●	page 100-100

***** The Government of Canada - Department of Fisheries and Oceans Canada (DFO) has defined that the Canadian industry shall calculate the API of hydrogen peroxide using a different formula than what is used in Norway. For more information, see the sustainability KPI overview for BC [here](#).

CEO LETTER

Dear Shareholder

2020 was unlike what any of us expected. The Covid-19 pandemic surprised governments, businesses, and citizens alike across our production regions and in all of our markets. Repeated lockdowns and fewer customers eating at hotels and restaurants had a major impact on salmon prices during most of the year, which affected our 2020 result in all regions.

Still, the pandemic has shown us how resilient our relatively young industry has become. We have been operational throughout the year, harvesting a record high volume, due to the skills, flexibility, and passion of our dedicated employees. Demand for salmon remained strong, but shifted from restaurants to retail as consumers ate more dinners at home. Our global value chains have for the most part been open and operational. The high unemployment rates caused by the pandemic have also demonstrated how important secure jobs are to our communities, and further highlighted the role that our industry can play to ensure continued value creation in the rural areas where we operate.

Competitiveness for a post-pandemic world

Grieg Seafood did not deliver on the ambitious 2020 targets we set for ourselves. That was due not only to the pandemic, but also to extraordinary biological challenges in several regions. During the year, we implemented mitigating measures to set the stage for stronger profitability and increased competitiveness in a post-pandemic world. First of all, we have narrowed our operational focus to the regions where we have the best opportunities for profitable growth and the highest return on investment. Going forward, we will invest in Norway and Canada as strong production regions, supplying the geographically close European and US markets respectively. We have also made changes to our organizational set-up, with more attention to farming operations. We have strengthened capabilities in key areas strongly impacting our competitiveness, such as fish health and welfare, RAS technology and R&D.

Increased survival and improved fish health and welfare are at the heart of profitability in fish farming. Reducing the time that the fish spend in the sea is a key measure to improve fish health and welfare, which is precisely the aim of our post-smolt strategy. Not only will larger smolt be more robust when transferred to the sea, but both practical experience and big data analyses show that some of the most severe diseases we struggle with, such as ISA

and PD, tend to occur at the end of the fish's saltwater lifecycle. While still early days, experience from Rogaland, where we are piloting the strategy, indicates fewer outbreaks of PD and fewer sea lice treatments at the farms where fish spend a significantly shorter time in sea. In other words, our post-smolt approach allows us to work more preventatively, which again increases survival and harvest volumes, and reduces cost-driving treatments. The technology strengthens ocean farming.

A new market approach to increase value

During the next few years, we will evolve from purely being a supplier of farmed salmon and become an innovation partner for selected customers. The aim is to improve synergies with our farming operations, reduce price volatility, and increase the value created from our salmon downstream.

In 2020, we took significant steps on this journey. We dissolved our previous external sales arm, Ocean Quality, and established our own, fully integrated sales and market organization, which will become fully operational in all markets during April 2021. During the pandemic, lower prices have attracted many new customers to the salmon segment, and consumers have gotten used to preparing salmon for dinner at home as a part of their regular diet. When the hotel and restaurant segment recovers, we expect demand to increase significantly. With better control over Covid-19 in sight, and long-term consumer trends boosting demand for healthy and climate-friendly products, it is the perfect time to intensify our focus on the market and grasp opportunities in this area.

Sustainable production growth

During 2020, we also moved towards our goal of harvesting 130 000 tonnes (excluding Shetland) in 2025. We established a new farming region in Newfoundland, Canada, where we have exclusive rights to farm fish in Placentia Bay. Here we will build up farming operations from scratch, based on best available industry practices. The first fish will be transferred to the sea this summer, and the first harvest is expected in 2022. We are also investing in growth opportunities in our Norwegian regions and British Columbia, especially through increased access to post-smolt, which allows us to utilize our licenses better. New and exciting types of farming technologies are emerging, which will help us reduce our impact and improve fish welfare, opening up for further growth. Grieg



Seafood is testing out closed-containment solutions, planning to grow fish to harvestable size on land, and working to integrate artificial intelligence and data analytics into our operations. We will consider all technologies that work in practice and that will help us grow sustainably.

Driving change towards a sustainable global food system

The Covid-19 pandemic has only accelerated the global sustainability agenda. Focus on the impacts of the global food system is rightfully increasing. Aquaculture can be an important part of the solution in a sustainable global food system, but only if we continue to get better. Improving fish welfare, working more preventatively, and reducing our environmental impact are at the heart of our production focus. Going forward, a more holistic approach to sustainability is needed to safeguard our license to operate and to remain attractive for tomorrow's consumer. Reducing our climate impact, protecting human rights and nature, improving Indigenous relationships, more sustainable feed ingredients, and producing more food from fewer resources are key challenges to solve. Grieg Seafood is committed to helping drive change in our production and supply chains through pre-competitive collaboration. We know this type of engagement works. Recently, our Brazilian soy suppliers committed to becoming

100% deforestation free in all of their soybean business. This has been recognized by NGOs as setting a new global benchmark for sustainable supply chains. We urge other animal protein sectors to work with their supply chains to achieve the same. This type of bold leadership from our Brazilian suppliers is precisely what is needed to transform our global food system.

"During the year, we implemented mitigating measures to set the stage for stronger profitability and increased competitiveness in a postpandemic world."

2020 was tough for all of us, and we are still not out of the pandemic. But the light at the end of the tunnel is getting stronger every day. With the measures we have implemented during 2020, we are prepared for and excited about the opportunities that lie ahead. Grieg Seafood is in a good shape to meet the future.

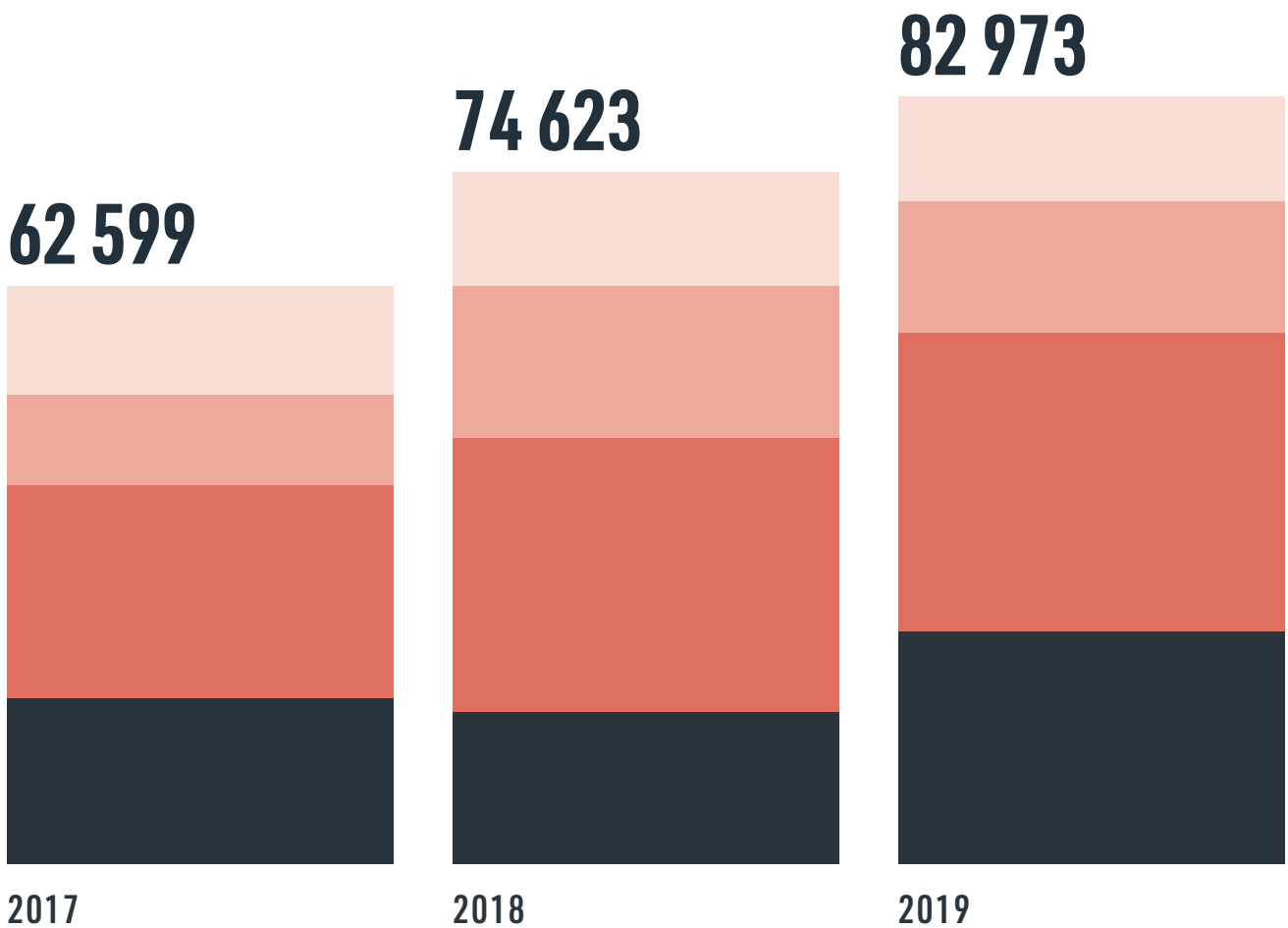
OUR GROWTH JOURNEY

FIGURE 1.6
OUR GROWTH JOURNEY: HARVESTED TONNES GWT

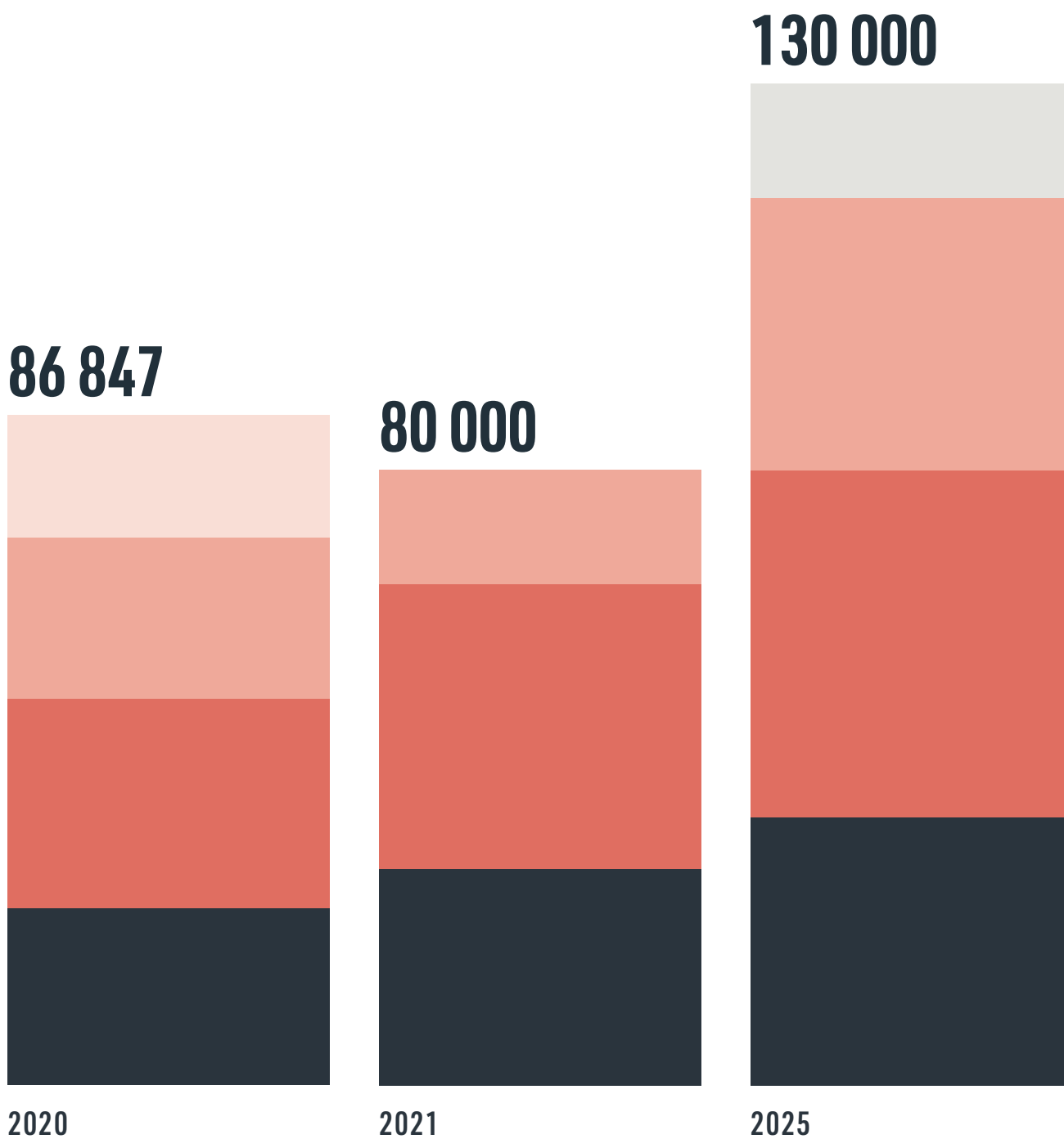
We aim to harvest at least 130 000 tonnes in 2025.

BC harvest volumes vary significantly every other year due to local production region arrangements and less farms on the West Coast of Vancouver Island compared to the East Coast. As a consequence, the Group volumes also vary every other year, regardless of the underlying biology. Measures are being done to equalize harvest volumes.

- Newfoundland
- Shetland
- British Columbia
- Finnmark
- Rogaland



We are on a long-term journey towards sustainable growth. In 2020, we restructured our business and narrowed our operational focus to the regions with the greatest potential for profitable production. We aim to sell Shetland, and build up our new region in Newfoundland.



OUR 2025 BUSINESS STRATEGY

We aim to expand globally through growth and value chain innovation. Our 2025 strategy comprises three key strategic objectives for continued business development. Increasingly sustainable farming practices form the very foundation of all areas of the strategy.



We are aiming for an annual harvest of at least 130 000 tonnes by 2025. We will focus on post-smolt investments, target new licenses, and seize opportunities afforded by new technology. There is also potential for continued improvement of site utilization. We participate in new growth initiatives, M&As, joint ventures, and greenfield projects, and seek cooperation with farmers in existing areas.

We target a farming cost (cost directly related to production and harvest of salmon) of NOK 40 per kg in Rogaland and Finnmark, and CAD 7 per kg in BC in 2022. Costs will be reduced by improving operational performance, with a rigorous focus on biological control, increased survival, and fish health and welfare. We will also drive performance improvements through continuous research and development, as well as through the utilization of new technologies.

We will increase the value of our products through a stronger presence in the market, based on partnerships, category development, and brand cultivation. Repositioning Grieg Seafood from a salmon supplier to an innovative partner for selected customers is an important part of our value creation plan going forward. The aim is to increase margins, reduce price volatility and risk, and optimize collaboration between farming and sales.

Salmon farming is a long-term commitment, where sustainability and long-term profitability go hand in hand. Sustainability drivers like sea lice control and fish survival rates directly impact success factors like cost and volume. Our sustainability drivers must perform well if we are to reach our financial targets.

FIGURE 1.7
SUSTAINABILITY DRIVES RESULT

SUSTAINABILITY DRIVERS

- Sea lice control and minimal sea lice medication
- Escape control
- Survival and disease control
- Wildlife management
- Carbon emissions
- HSE, diversity and work satisfaction
- Certifications
- Local value creation

SUCCESS FACTORS

- License to operate
- Higher volume
- Superior quality
- Reduced cost
- Engaged employees
- Preferred by customers and consumers

FINANCIAL TARGETS

- ROCE: 12%
- Harvest: 80 000 tonnes in 2021 ex Shetland, 130 000 tonnes in 2025
- Group farming cost: NOK 40/kg and CAD 7/kg in 2022
- NIBD/EBITDA: < 4.5*
- Dividend: 30-40% of net profit

*Not applicable in the period 31.12.2020 - 30.09.2021, due to temporary amended covenant.



STATUS AND ACTIONS TAKEN IN 2020

1 GLOBAL GROWTH

STATUS

- Our ambition was to harvest 100 000 tonnes (including Shetland) in 2020. This target was based on new sites, more than 25 million smolt transferred to sea farms in 2019, increasing survival rates, and a good average weight at harvest. We ended the year with a total harvest of 86 847 tonnes (71 142 excluding Shetland), mainly due to biological challenges with low temperatures in Finnmark causing winter ulcers, early harvests and lost on-growth, as well as challenges with ISA.
- Acquired additional production capacity in Norway through the traffic light growth system: 647 tonnes in Rogaland and 259 tonnes in Finnmark.
- Two new sites approved in Finnmark and one new site under First Nations agreement approved in BC.
- BC harvest volumes vary significantly every other year due to local production region arrangements and less farms on the West Coast of Vancouver Island compared to the East Coast. As a consequence, the Group volumes also vary every other year, regardless of the underlying biology. Measures are being done to equalize harvest volumes.

MEASURES TAKEN

- We established a new region in Newfoundland in Eastern Canada, which we will build up using best industry practices for sustainable farming operations. This region will provide a harvest of at least 15 000 tonnes in 2025, and has a long-term harvest potential of at least 45 000 tonnes.
- Better utilization of our seawater licenses by moving more growth to land through our post-smolt program.
- Better utilization of our seawater licenses by improving biosecurity, fish health, welfare and survival rates, and securing on-growth and harvest volumes.
- In January 2021, we received three of the ten development licenses for the offshore concept "Blue Farm", that we applied for in 2016. The concept is based on technology from the Norwegian oil and gas industry, and the aim is to eventually relocate these innovative farms offshore. We have appealed the decision to the Ministry of Industry and Fisheries as we believe there are grounds for additional licenses.

2 COST IMPROVEMENT

STATUS

- We targeted a farming cost of NOK 37.9 per kg for 2020.
 - In 2019, we reached this target both in Rogaland (NOK 35.9 per kg) and Finnmark (NOK 37.7 per kg). However, the cost in 2020 increased due to extraordinary biological challenges in these regions, with NOK 42.1 per kg in Rogaland and NOK 44.1 per kg in Finnmark. As the biological conditions are normalizing, we expect significant cost reductions, targeting NOK 40 per kg towards the end of year 2021 and 2022.
 - Cost reductions were achieved in BC, from CAD 8.3 per kg in 2019 to CAD 8.0 per kg in 2020. We expect stable cost during 2021 and additional cost reductions in 2022, targeting CAD 7 per kg.

MEASURES TAKEN

- During 2020, we narrowed our focus to the regions with the greatest potential for profitable and competitive farming operations. Our Norwegian and Canadian regions have the greatest biological potential and are also in close proximity to our most important markets - Europe and the USA, respectively. As a result, we aim to sell our Shetland operations when the timing is right.
- Changes were made to the Group executive management team, increasing focus on farming and operations.
- While our post-smolt strategy increases investment expenditures, we expect it to reduce operational expenditures

and reduce overall costs, due to reduced mortality, disease outbreaks, sea lice treatments, and fish handling. Our farming experience and our data analyses indicate that reduced time in the sea will reduce risk of biological challenges such as sea lice, Pancreas Disease, winter ulcers, and infectious salmon anemia (ISA).

- We have expanded investments in digital monitoring and measures to mitigate the effects of harmful algae blooms, our main biological challenge in BC. The results so far are promising, and survival rates have increased to 90%.
- We have increased competences at Group level within key areas that impact cost, like fish health and welfare, RAS technology for the freshwater phase, and project management of post-smolt facility construction.
- Due to a challenging market, strongly impacted by Covid-19, we took measures to secure our financial position. We issued a Green Bond of NOK 1.5 billion, with the aim of reducing our environmental footprint and improving fish welfare. Over the coming years, we will invest heavily in post-smolt production, ASC certification, carbon emission reducing initiatives, and the commercialization of new feed ingredients with a lower environmental impact. With this, 38% of the Group's financing was "Green" at year-end.

3 VALUE CHAIN REPOSITIONING

STATUS

- We added a Chief Commercial Officer role to the Group management team.
- We dissolved the sales organization Ocean Quality and are building up a new, integrated sales and market organization. The organization went into operation 1 January 2021.

GOING FORWARD

- Sell all of Grieg Seafood's Norwegian fish by April 2021.
- Implement all functions of a modern sales and market organization during 2021.
- Develop a new sales and market strategy towards 2025, including:
 - strategic partnerships in retail and foodservice
 - downstream innovation
 - value added processing (VAP)

4 SUSTAINABILITY

Our main sustainability drivers and results are presented in Part 2 of this report.

OPERATIONAL FOCUS AREAS



To achieve sustainable growth and improve competitiveness, we focus on reducing the time fish spend at sea, improving fish welfare and providing data-driven decision support to our operations. Together, the focus areas strengthen our ocean farming.

LESS TIME AT SEA (POST-SMOLT)

During the first stages of their life, salmon are raised in onshore freshwater hatcheries. In traditional salmon farming, fish are transferred to the sea when they have undergone the smoltification process, making them physiologically ready for life in saltwater. With our post-smolt strategy, we keep the fish longer on land or in closed facilities in the sea, shortening the time that they spend growing in open sea-pens by several months.

Less time at sea will improve biological control, fish welfare, survival, and quality because each salmon is less exposed to biological risks like sea lice, seaborn diseases or other unfavorable ocean conditions such as harmful algae or sub-optimal oxygen levels. Less exposure to these risks will also allow us to better utilize preventative methods and avoid expensive treatments. This will reduce our environmental impact as well as our production cost. Post-smolt also increases flexibility with regard to the transfer of smolt, allowing us to follow sites for longer periods if necessary. The fish will be larger and more robust when entering the sea-growing phase, which we believe will increase health and welfare in and of itself.

Post-smolt transfer also allows for a more efficient production cycle. It takes less time to reach harvestable size in the sea, which frees up capacity at farms to grow more salmon within existing licenses. The result is a lower environmental footprint per fish, better fish health and welfare, lower costs, and increased annual harvests. Altogether, we expect post-smolt transfer to reduce operational expenditure in the sea-growing phase, improve profitability and competitiveness, and provide opportunities for sustainable production growth. It strengthens our ocean based salmon farming operations.

Grieg Seafood is piloting our post-smolt strategy in Rogaland. We have also invested in post-smolt capacity in Finnmark, British Columbia, and Newfoundland. As it takes two to three years to farm one salmon, it will take time before we have harvested enough generations of fish with a substantially shorter time at sea to draw final conclusions. We also need to learn how we can optimize welfare and fish farming with this new type of production cycle, and adjust accordingly. However, our experience so far indicates that results are meeting expectations.

ACHIEVEMENTS 2020

- In Rogaland, where post-smolt is piloted on a regional level:
 - While an average smolt transferred to the sea in 2014 weighed 90 grams, the average smolt transferred in Rogaland weighed 280 grams in 2019 and 400 grams in 2020.
 - Production and growth of fish based on a post-smolt cycle is working well. Batches of post-smolt with a variety of average transfer weights have been tested, including a batch with an average weight of 1.1 kg.
 - Pancreas Disease (PD) has been one of the main biological challenges in Rogaland in recent years, often occurring at the end of the time in sea in a traditional production cycle. In 2020, we had only one outbreak at one site, indicating that post-smolt and shorter time in sea helps avoid this disease. More generations with post-smolt will give us a better foundation on which to conclude.
 - Batches of post-smolt fish spending less than 12 months at sea reduced the number of sea lice treatments by 50%.
 - Overall, our confidence in our post-smolt program is strengthened.

GOING FORWARD

- In Rogaland:
 - We have executed our post-smolt strategy gradually to utilize increased production capacity, and have so far tested batches of post-smolt together with batches of traditional smolts on farms. In 2021, we will transfer post-smolt to entire farms. The average time our salmon spend at sea is expected to be further reduced.
 - We will trial harvesting an entire farm after only ten months at sea, reducing seawater production by 100-150 days.
 - The expansion of Tytlandsvik Aqua is expected to be completed during 2021, adding an additional capacity of 750 tonnes of post-smolt. Going forward, additional initiatives are pursued, including Årdal Aqua, which will provide at least 3 000 tonnes of post-smolt.
 - Grieg Seafood Rogaland targets an average smolt transfer weight of at approximately 600 grams in 2022, and approximately 750 grams in 2025.
- In Finnmark, we target an increase of 4 000 tonnes of post smolt by 2025 through various initiatives.
- In BC, we will increase our smolt capacity from 500 tonnes to 900 tonnes by 2022 through our Gold River smolt facility.
- The RAS facility currently under construction in Newfoundland includes a smolt module with a capacity of 1 500 tonnes.

PREVENTION AND FISH WELFARE

We pursue a systematic, long-term approach to fish health and welfare. The key is investment and further development of preventive measures against seaborne hazards, such as sea lice, harmful plankton, jellyfish, low oxygen levels, infectious diseases, and low seawater temperatures.

Prevention will reduce handling and stress for the fish. It will also reduce our environmental footprint by, for instance, reducing the number of treatments needed. Moreover, prevention instead of handling reduces production costs. The result is stronger growth, high harvesting quality, increased survival rates and lower costs.

ACHIEVEMENTS 2020

- In BC, we are developing an algae detection and mitigation system, which is becoming more effective every year as we learn how to fine-tune and use it. The system comprises long tarps around the pens and aeration/oxygen generation systems to keep harmful algae out and push clean and oxygenated water up to the fish during periods of harmful algae blooms or sub-optimal oxygen levels. The effect is increased survival and continued feeding and on-growth during challenging conditions. We have trialled this system with success in one of our most challenging areas, with results exceeding all previous generations in growth and survival.
- In Rogaland, we have had success with using cleaner fish as a preventive method to control sea lice. As a result, we did not use any sea lice treatments from July to November 2020.
- Key capabilities to improve fish health, welfare and survival are added on a Group level. A Group fish health and welfare manager will ensure more systematic improvement efforts in this area. A specialist on RAS technology is also employed, to help optimize fish health and welfare in the fresh water and post-smolt phase.

GOING FORWARD

- We have many ongoing initiatives to improve fish health and welfare throughout the production cycle, including selection of roe with specific qualities related to sea lice and diseases, feed customized for the various stages of the salmon's life cycle, or vaccination targeted to combat specific diseases. Some examples are:
 - Tests with improved feed formulas in Finnmark, utilizing best available science, to strengthen health, welfare, robustness and quality. Examples of changes are increased levels of essential marine fat and a stronger vitamin mix.
 - Initiatives to optimize health, welfare and robustness of post-smolt. Post-smolt is a new type of production, and we must learn and adapt accordingly. For example, we are looking into how the vaccine program should be structured optimally for post-smolt, and what temperature profiles during the land-based phase is optimal for post-smolt production cycles.
 - Initiatives to mitigate ISA and winter ulcers in Finnmark. We are testing an ISA vaccine, making changes to our smolt transfer strategy and are working with the Norwegian Veterinary Institute to increasing knowledge about the virus origin.
 - Efforts to mitigate the negative impact mechanical sea lice treatments may have on fish health and welfare. Mortality caused by such treatments have been reduced, and we work to reduce it further.
 - Further improvements to our algae mitigation system in BC is under implementation.
- We are developing additional fish welfare indicators for the Group, to be able to more systematically assess and improve fish welfare throughout our operations. The indicators are based partly on the [Fishwell](#) project. They will first be rolled out in the seawater phase and subsequently in the freshwater phase.

“PRECISION FARMING”: DATA-DRIVEN DECISION SUPPORT

“Grieg Seafood Precision Farming” is our concept for digitalizing farming operations, with the aim of providing strategic, tactical and operational decision support into our production processes. Experience-based knowledge has always been the foundation of salmon farming. With advanced sensors, big data, artificial intelligence, and automation incorporated into our operations, the Precision Farming concept introduces data-driven decision support as an addition to existing knowledge and experience.

Big data analyses on previously unknown connections between the fish and the environment provide insights for strategic decision-making. Digital tools and dashboards, providing real-time data on various farming parameters to operational centres as well as to farmers, aims to improve tactical and operational decisions. They also allow us to benchmark on new parameters and better learn from best practice. We aim to be able to predict negative events early, enabling us to apply preventative measures and improve management decisions. The result is expected to be increased growth, reduced environmental impact, improved fish welfare, increased productivity, and lower costs.

ACHIEVEMENTS 2020

- We have built up internal expertise in our analysis HUB for the entire Group. During the year, we have conducted several data and regression analyses, to provide strategic and tactical decision-making support, aimed at mitigating biological challenges:
 - Analyses of outbreaks of ISA and winter ulcers in Finnmark have caused changes in production planning to reduce risk.
 - Data analyses support shorter time at sea (post-smolt) as an important tool to reduce risk of biological challenges like ISA and winter ulcers.
 - Analyses of smolt yield have provided new insights into how we can optimize production of post-smolt during the land-based phase, to ensure robustness, strong health and growth in the sea phase.
- Our full-scale integrated operational center in Rogaland was completed at year end. All biological production is now monitored and controlled by the center.
- BC significantly improved survival rates, due to the use of sensors and ongoing mitigation improvements to reduce impact of harmful algae. Mortality related to algae blooms was reduced from 3.4% in 2019 down to 0.9% in 2020.

GOING FORWARD

- New data analyses are in progress, to gain new strategic insights into various production areas, aimed at improving biological control. For example, one project will analyze aspects of how on-growth is impacted by different feed types and feeding regimes.
- All Precision Farming initiatives in Rogaland will be connected to the operational center. Examples are dashboards on feed, production, fish health and welfare to better benchmark between farms and increase learning from each production cycle.
- Evaluation of sea lice treatments, to gain insights into the effectiveness of various treatments under various conditions.
- Improved capabilities in our tool to predict exposure to harmful algae blooms and low oxygen levels in BC.
- Initiative to utilize video analytics with machine learning algorithms to automatize biomass control and sea lice counts is ongoing, and will be expanded to new areas such as behavioural based fish welfare monitoring.

LEARN MORE ON OUR WEBSITE

REDUCED TIME AT SEA (POST-SMOLT)



“Our experience with post-smolt so far indicates that our post-smolt salmon is more protected against disease and need fewer sea lice treatments. Shorter time at sea strengthens ocean-based salmon production.”

KJETIL ØRNES
INTERIM REGIONAL DIRECTOR ROGALAND

[→ FULL STORY](#)

PREVENTION AND FISH WELFARE



“Prevention is the key to all good things in salmon farming. We aim to prevent and protect our fish from the dangers that exist naturally in the marine ecosystem, like diseases, sea lice, low oxygen levels, or harmful algae.”

SOLVEIG NYGAARD
GLOBAL FISH HEALTH MANAGER

[→ FULL STORY](#)

DATA-DRIVEN DECISION SUPPORT



“Data-driven knowledge has already improved insight into some of the industry’s most pressing fish welfare challenges. Still, we are only at the beginning of the digital transformation in salmon farming.”

TROND KATHENES
CHIEF DIGITAL OFFICER

→ [FULL STORY](#)

INDIGENOUS RECONCILIATION



“Grieg is continuously working to develop and improve our relationships – and our trust – with the First Nations in all of our areas. It’s very important that we can give them knowledge, but that they also can give us knowledge, so we are both learning together.”

RACHEL COMMANDANT
ENVIRONMENTAL TREATMENT COORDINATOR, GRIEG SEAFOOD BC
MEMBER OF THE WÁHTA MOHAWKS OF THE MOHAWK NATION

→ [FULL STORY](#)

COVID-19



The Covid-19 pandemic has disrupted the salmon market, causing a significant shift in demand and lower prices in core markets. Grieg Seafood's priorities are to protect our people, the local communities where we operate, our partners, and business operations, and to secure liquidity and financial strength. Despite the challenging circumstances, demand for Atlantic salmon remains strong and Grieg Seafood has been able to maintain efficient operations throughout the year.

TAKING CARE OF EMPLOYEES

Since the outbreak of Covid-19, employee well-being has been the number one priority for Grieg Seafood. We have crisis management teams at head office and in each region. We follow the advice of the authorities in the regions where we operate. We have implemented measures to lower the risk of transmission and safeguard business continuity, including strict rules at production sites and harvesting facilities to limit physical contact and encourage social distancing. Working from home has been encouraged whenever possible, and business travel has been restricted.

PRODUCTION MAINTAINED

During the pandemic, the salmon farming industry has been recognized as an essential function in the regions where we operate. Despite the challenging circumstances, we have been able to maintain efficient operations. Through industry organizations, Grieg Seafood maintains a constructive dialogue with the authorities, continuously monitoring and discussing possible arrangements to safeguard our salmon farming operations in various scenarios.

CHALLENGING AND VOLATILE MARKETS

Covid-19 has disrupted the salmon market, and caused a significant shift in demand, away from the hotels, restaurants and catering (HoReCa) segment towards the retail segment. Successive waves of restrictions and lockdowns have impacted consumption patterns in most markets, particularly in Europe and the USA. Despite this, our sales have remained good, though salmon prices have fallen.

The retail segment and home consumption have been boosted. The shift from HoReCa to retail is expected to be reversed at some point, but the current market situation may also lead to permanent changes in consumer behavior. With an increasing share of people preparing food at home, combined with a growing preference for healthy food and the current low prices, the demand for salmon may increase in the retail segment going forward.

Supply lines have remained largely open during the year. However, somewhat limited availability has made airfreight expensive. Most of our salmon is shipped by truck from Norway or the UK to European markets, or from Canada to North American markets. Our diversified geographical presence provides some flexibility and reduces logistical challenges.

ENSURING FINANCIAL STABILITY

Following the outbreak of Covid-19, market uncertainty increased and prices have come down in all core markets, impacting the Group's earnings negatively. In November 2020, we were granted temporary amendment to the financial covenants in our loan agreements with secured lenders through the third quarter of 2021. We were in compliance with the temporary amended financial covenants at 31 December 2020. Our equity-ratio measured according to IFRS was 41% at year-end 2020, while the equity-ratio according to covenants was 43%.

Due to higher market uncertainty, the risk of bad debts has increased. Grieg Seafood has good routines for collecting and managing trade receivables, and we have an open dialogue with our customers. Countries highly dependent on tourism have been hit hard, and the US market has been badly affected due to the importance of the HoReCa segment. The increased risk of loss has been reflected in our accruals.

Our investment target for 2020 was NOK 1 664 million. Total investments for 2020 ended at NOK 1 689 million, which include both the cash consideration related to the acquisition of Grieg Newfoundland and capital expenditures made in Shetland. In the current, highly uncertain market climate, we continuously evaluate our investment projects. Low salmon prices and reduced market visibility, in addition to increased project complexity, has impacted the pace of investment in our largest project, Grieg Seafood Newfoundland. The changes will not affect our on-growth capacity or our harvesting targets.

The Company's long-term dividend strategy states that the average dividend should correspond to 30-40% of profit after tax, before fair value adjustment of biological assets. Dividends are evaluated twice a year. Due to the increased volatility and uncertainty caused by the Covid-19 situation, combined with an extensive investment plan, the Board has decided to postpone the ordinary dividend for 2020.

GOVERNMENT GRANTS AND SUPPORT

Grieg Seafood Newfoundland has received approximately NOK 3.9 million in Covid-19 funding through an innovation assistance program and a regional relief program in Newfoundland. No other regions have received any government grants or direct economic support due to the impact of Covid-19.


OUR VALUE CHAIN

INPUT
<p>NATURAL CAPITAL</p> <ul style="list-style-type: none"> Public natural resources: we lend sea areas for our sites and fresh water for our RAS facilities. Privately owned natural resources: Plant-based and marine feed ingredients, and salmon eggs.
<p>TECHNOLOGICAL CAPITAL</p> <ul style="list-style-type: none"> Farming equipment and technology
<p>FINANCIAL CAPITAL</p> <ul style="list-style-type: none"> Trust and investment from investors Access to capital
<p>HUMAN CAPITAL</p> <ul style="list-style-type: none"> People (experience, ideas, passion) Culture Corporate Governance
<p>POLITICAL/SOCIAL CAPITAL</p> <ul style="list-style-type: none"> Our License to Operate Trusted among our key stakeholders Favourable political conditions

OUR STRATEGY FOR 2020			
OUR STRATEGY FOR 2025			
			
<p>BREEDING</p> <p>In Rogaland, we have a broodstock operation where we breed for specific traits, such as strong health or resistance to sea lice and diseases.</p>	<p>FRESHWATER FARMING</p> <p>In all of our regions, we have RAS freshwater facilities, where the eggs are hatched and the salmon spend at least the first year.</p>	<p>POST-SMOLT</p> <p>As part of our post-smolt strategy, we keep the salmon longer on land in all regions.</p>	<p>SEAWATER FARMING</p> <p>The salmon live and grow in the sea until they reach a harvestable size of 4–5 kg.</p>

 <p>HARVESTING</p>	 <p>SALES AND DISTRIBUTION</p>	 <p>VALUE ADDED PROCESSING</p>	 <p>RETAIL / HORECA</p>
<p>We have harvesting plants in Rogaland and Finnmark. We use a harvesting vessel in BC. In Newfoundland we have cooperation with a local plant.</p>	<p>We are building our own global sales organization to support growth and the downstream strategy. As of January 2021, our new sales and market organization was operational.</p>	<p>We will form closer partnerships in the market and increase the value of our salmon through VAP.</p>	<p>Our salmon is found in retail stores or on the menu at restaurants or hotels. Today, we have two HoReCa brands, Skuna Bay and Kvitsøy.</p>

OUTCOME



2 300 000

HEALTHY MEALS PER DAY*

*Based on harvest volume of 130 000 tonnes gwt in 2025, with 68% yield from live weight, and servings of 125 grams.

<h2>OUR BRANDS</h2>	
<p>SKUNA BAY</p> <p>Skuna Bay is our high-end HoReCa brand for the US market. Skuna Bay fish is preferred by some of America's top chefs, and is regularly served at the James Beard Award. Read more here.</p>	<p>KVITSØY</p> <p>Kvitsøy is our high-end HoReCa brand for the European market. It is sold mainly to Italy and Spain.</p>

MATERIALITY MATRIX

Together with our stakeholders, we have identified our most important risks and opportunities, based on our operations and geographical locations. The materiality matrix is the foundation of our five pillars.

INFLUENCE ON STAKEHOLDER ASSESSMENTS AND DECISIONS	MODERATE		<ul style="list-style-type: none"> • Anti-corruption 	<ul style="list-style-type: none"> • Employee health & safety • Safe and healthy food • Fish health & welfare • Protecting wild salmon (escape and sea lice control) • Protecting biodiversity & marine ecosystems (local emissions, medicine use, wildlife interaction) • Low use of antibiotics • GHG emissions • Plastics pollution • Sustainable feed ingredients (zero deforestation, sustainable marine ingredients, novel ingredients) • Human rights, including labour rights • Economic performance • Corporate governance & responsible business conduct • Indigenous rights • Climate and nature risk
	SIGNIFICANT	<ul style="list-style-type: none"> • Fresh water use • Visual and noise pollution • Transparency and stakeholder dialogue • Community sponsorships 	<ul style="list-style-type: none"> • Diversity • Recycling & waste management • Circular economy • R&D/ innovation • Lifelong learning for employees 	<ul style="list-style-type: none"> • Value creation in local communities
	MATERIAL	<ul style="list-style-type: none"> • Data security and privacy 		
		MODERATE	SIGNIFICANT	MATERIAL

SIGNIFICANCE OF ECONOMIC, ENVIRONMENTAL AND SOCIAL IMPACTS

The identified sustainability topics are based on the positive and negative environmental, social, and economic impacts that our stakeholders think Grieg Seafood may have. The materiality analysis is based on stakeholder dialogues and evaluations by our global and regional management teams. The material topics identified define the content of this report and are aligned with how we report our pillars. The materiality matrix is reviewed and updated annually. The Board of Directors has oversight of the materiality assessment. During 2021, we are strengthening our corporate governance on sustainability. All material areas in the materiality assessments will be covered by group policies, and progress is reviewed by the Board on a monthly or quarterly basis. For more information, please see the GRI index in the Appendix of this Annual Report.



OUR APPROACH TO SUSTAINABLE BUSINESS

OUR PILLARS



HEALTHY OCEAN



SUSTAINABLE FOOD

SDG ALIGNMENT



TOPICS

Fish health & welfare
Sea lice control
Escape control
Limiting local emissions
Interactions with wildlife

Safe and healthy food
Sustainable feed ingredients
Climate action
Recycling and waste management
Plastic pollution

In our long-term perspective, there is no contradiction between clean seas, healthy fish, and financial profit. It is our task to make these aspects go hand in hand and contribute to a sustainable ocean economy. Our targets go beyond short-term profitability. Based on our materiality assessment, our five pillars show our commitment to sustainable and long-term value creation for all of our stakeholders.



PROFIT & INNOVATION



- Our market
- Economic productivity
- Profitable growth
- Precision farming
- Research and innovation



PEOPLE



- Human rights and ethics
- Embracing diversity
- Creating attractive jobs
- Keeping our employees safe
- Anti-corruption



LOCAL COMMUNITIES



- Local value creation
- Indigenous relationships
- Dialogue and engagement

OUR CERTIFICATIONS

It is important for both local communities and customers to know that our farming practices are sustainable. For reassurance, our farms are certified by independent bodies.

To ensure that local communities, customers, and civil society can trust that we farm responsibly and to the highest standards, we certify our farms according to several recognized, third-party certifications. Read more about our certifications and their current status [here](#).

CERTIFICATE	DESCRIPTION	STATUS	AIM
ASC	Aquaculture Stewardship Council (ASC) was founded in 2010 by World Wide Fund for Nature (WWF) and IDH Sustainable Trade Initiative to establish global standards for sustainable seafood production.	At year-end 2020, 15 sites (80% of net production) in Finnmark and 11 sites (59% of net production) in BC have received ASC certification.	100% ASC certification or compliance: In Finnmark and BC by the end of 2021, in Rogaland by 2023. Newfoundland also aims to certify when the seawater sites are in production.
GLOBALG.A.P	Global Good Agricultural Practices is a standard for both agriculture and aquaculture. The standard covers food safety, animal welfare, sustainability, employment, and traceability. GlobalG.A.P is particularly important for customers in Europe.	All our farms in Norway and the UK are certified. (Not relevant for Canada)	Maintain certification of all farms in Norway and the UK.
BAP	Best Aquaculture Practices is an aquaculture standard that covers practices in all stages of the fish farming process. BAP is particularly important for customers in the United States.	All our farms in BC are certified. (Not relevant for Norway and the UK).	Maintain certification of all farms in BC.



TRANSPARENT REPORTING ON OUR PROGRESS



This is an integrated report, and covers our progress with respect to all of our pillars. We believe that measuring and integrating comparable, consistent, and reliable environmental, social, and governance parameters is fundamental to making more informed decisions and to facilitating long-term sustainable growth.

INDEX /FRAMEWORK	2020 RESULT	COMMENT
CDP CLIMATE	A-	Grieg Seafood has engaged with CDP since 2018.
CDP FOREST	A-	Grieg Seafood reported on CDP Forest actions for the first time in 2020.
FAIRR INDEX COLLER FAIRR PROTEIN PRODUCER INDEX	5th	Grieg Seafood is engaging with the index to better understand the concerns of our stakeholders and issues we should address in our reporting.
SUSTAINALYTICS ESG RISK RATING	38.2 - High Risk (where 0 is best)	Sustainalytics have based their score on our annual report from 2018. Since then, we have published and updated Group policies and increased transparency and disclosures in subsequent annual reports. We are trying to engage Sustainalytics in a dialogue to understand why they do not include updated material in their analyses, as well as how we can improve generally.
MSCI ESG RATINGS	A	Grieg Seafood started looking into the ESG Ratings' methodology and criteria in 2020.
THE GOVERNANCE GROUP - ESG 100 - THE OSLO STOCK EXCHANGE	A	Since 2019, Grieg Seafood has engaged with The Governance Group, which published its first "ESG 100 - The Oslo Stock Exchange" report in 2018. The report assesses the 100 largest listed companies on the Oslo Stock Exchange based on the three ESG dimensions. In 2020, Grieg Seafood maintained our top score from 2019.
GRI GLOBAL REPORTING INITIATIVE	Audited	This is our second annual report prepared in accordance with the GRI Standards.
GSI GLOBAL SALMON INITIATIVE	Audited	We have reported to the GSI for several years. The GSI issues an annual sustainability report covering approximately 40% of the salmon farming industry.
NUES NORWEGIAN CODE OF PRACTICE FOR CORPORATE GOVERNANCE	In compliance	We adopted the Norwegian Code of Practice for Corporate Governance in 2007.
OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES	-	We adhere to principles and standards for responsible business conduct.
OSE OSLO STOCK EXCHANGE	-	We follow the Euronext guidance on ESG reporting.
TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES	-	Our second TCFD report has been published in connection with this annual report. We have also performed climate-related scenario analysis in 2020.
TNFD TASK FORCE ON NATURE-RELATED FINANCIAL DISCLOSURES	-	We are a member of the Observer Group to the TNFD. TNFD will build awareness and capacity to reduce the negative impacts of the financial sector on biodiversity.
EU SUSTAINABLE FINANCE TAXONOMY	n/a	From 2022, the EU taxonomy will provide a classification system for which economic activities can be considered environmentally sustainable. Aquaculture has not yet been included in the list of industries covered by the taxonomy. We are constantly monitoring developments in this area.

OUR IMPROVEMENTS

TOWARDS A SUSTAINABLE FOOD SYSTEM

We advance a more sustainable global food system by continuously improving and by creating shared value for shareholders, local communities, employees and customers alike.

AQUACULTURE IN A SUSTAINABLE GLOBAL FOOD SYSTEM	46
HEALTHY OCEAN	52
SUSTAINABLE FOOD	68
PEOPLE	92
LOCAL COMMUNITIES	114
PROFIT & INNOVATION	122

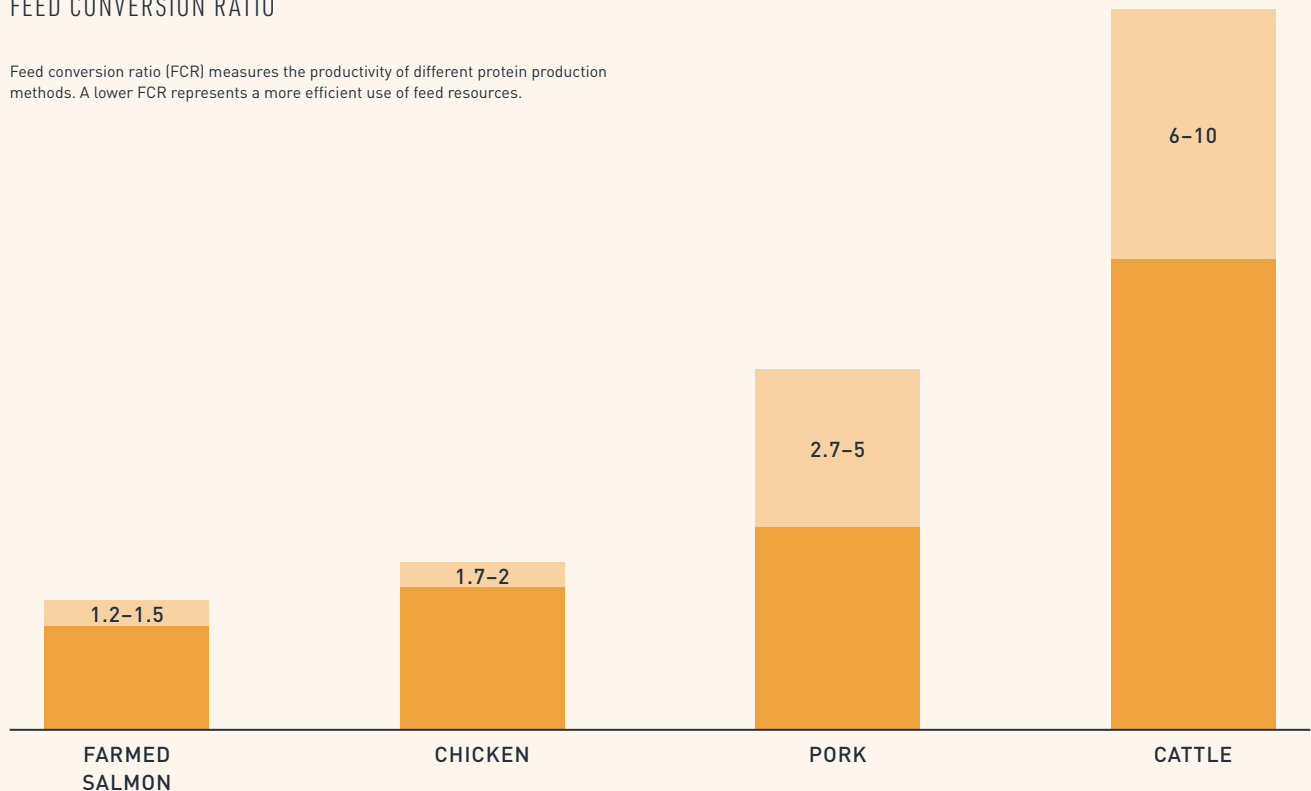


AQUACULTURE IN A SUSTAINABLE GLOBAL FOOD SYSTEM

Currently, food systems are responsible for 70 percent of the water extracted from nature, cause 60 percent of biodiversity loss, and generate up to a third of human greenhouse gas emissions. A complete transformation of our global food system is needed. We must provide healthy food for a growing population using fewer resources and with a lower impact. If we do it right, food from the ocean can play an important role.

FIGURE 1.8
FEED CONVERSION RATIO

Feed conversion ratio (FCR) measures the productivity of different protein production methods. A lower FCR represents a more efficient use of feed resources.



TOMORROW'S SUSTAINABLE GLOBAL FOOD SYSTEM

- Healthy and nutritious food for 9 billion people
- Nature and biodiversity protected
- Low carbon and low climate risk
- Good animal welfare
- A circular economy with resources recycled
- Social and economic justice for producers in supply chains

FARMED SALMON NUTRIENT PROFILE

- Omega 3 fatty acids
- Protein
- Vitamin D, B12 and A
- Iodine
- Selenium
- Minerals

Research shows that eating seafood at least twice a week helps maintain a healthy heart and reduces the risk of cardiovascular diseases. Regular consumption of salmon can promote health and development across the lifespan. Read more [here](#).

Aquaculture has the potential to be an important part of the solution. 70% of the Earth is covered by ocean. Today, however, we obtain only about 2% of our food from the sea. While there are limits to the amount of wild fish that can be sustainably harvested, sustainable aquaculture can meet the increased demand for seafood in people's diets. With a low carbon footprint, low feed conversion ratio, low land and fresh water consumption, and a high edible yield, farmed salmon continues to be one of the most eco-efficient forms of animal protein. In addition, farmed salmon is a nutritious food with numerous proven health benefits. Read more [here](#).

FIGURE 1.9
EDIBLE YIELD

Edible yield measures how much of the animal is actually used for human consumption. Farmed Atlantic salmon has a high edible yield compared to other animal proteins.

68%

FARMED ATLANTIC SALMON

46%

CHICKEN

52%

PORK

38%

LAMB

FIGURE 1.10
CARBON FOOTPRINT

Farmed salmon has a low carbon footprint compared to other animal proteins. Carbon footprint measures the total greenhouse gas emissions caused directly and indirectly by production of an item. Carbon footprint is measured as tonnes of carbon dioxide equivalent per tonne of edible protein.

0.60

FARMED SALMON

0.88

CHICKEN

1.30

PORK

5.92

BEEF

Source: [GSI](#)

THE CHALLENGES WE MUST SOLVE

Though we have made great progress in finding more sustainable fish farming methods in recent decades, many challenges remain to be solved. For farmed salmon to be a part of a sustainable global food system, we must keep improving.

1. ENSURING CO-EXISTENCE WITH NATURE AND OTHER SPECIES

It is our responsibility to protect biodiversity wherever we operate. Our aim is to use farming methods that allow us to co-exist with other species, such as wild salmon, cod, shrimp, wild mammals, and birds. Going forward, our industry must work hard to reduce our environmental impact.

2. IMPROVING FISH WELFARE

While only a few fish from millions of eggs survive in the wild, farming fish in captivity puts an ethical responsibility on us to safeguard our stocks' survival, health, and welfare. While we have worked hard to improve survival rates and fish health in recent decades, much work remains to understand how we can improve animal welfare at our farms. This also includes cleaner fish.

3. FINDING SUSTAINABLE FEED INGREDIENTS

As an industry, we need to develop new feed ingredients in order to grow sustainably. We need novel marine ingredients, as well as novel protein ingredients.

4. CUTTING CARBON EMISSIONS

While farmed salmon has a low carbon footprint compared to other animal proteins, our industry must do more to contribute to the Paris Climate Agreement's goals. New technologies must be developed to cut emissions in our operations and value chain.

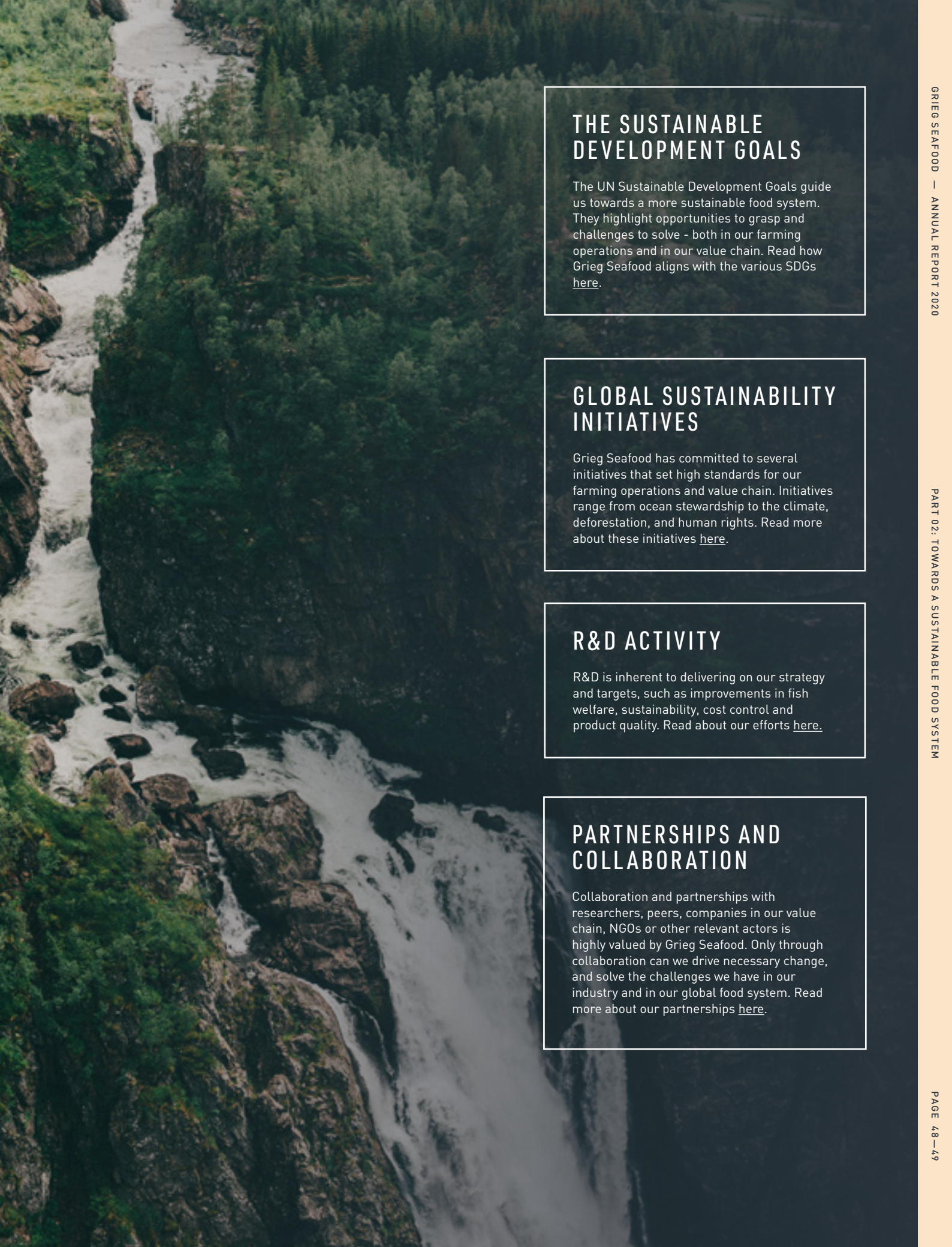
5. RECYCLE RESOURCES

Our industry must develop a circular approach in more areas. The aim is to support the circular economy and recycle resources throughout our value chain.

6. PROMOTING HUMAN RIGHTS

As an industry with global supply chains both upstream and downstream, we have a responsibility to respect and promote human rights both in our own operations and in our value chains.





THE SUSTAINABLE DEVELOPMENT GOALS

The UN Sustainable Development Goals guide us towards a more sustainable food system. They highlight opportunities to grasp and challenges to solve - both in our farming operations and in our value chain. Read how Grieg Seafood aligns with the various SDGs [here](#).

GLOBAL SUSTAINABILITY INITIATIVES

Grieg Seafood has committed to several initiatives that set high standards for our farming operations and value chain. Initiatives range from ocean stewardship to the climate, deforestation, and human rights. Read more about these initiatives [here](#).

R&D ACTIVITY

R&D is inherent to delivering on our strategy and targets, such as improvements in fish welfare, sustainability, cost control and product quality. Read about our efforts [here](#).

PARTNERSHIPS AND COLLABORATION

Collaboration and partnerships with researchers, peers, companies in our value chain, NGOs or other relevant actors is highly valued by Grieg Seafood. Only through collaboration can we drive necessary change, and solve the challenges we have in our industry and in our global food system. Read more about our partnerships [here](#).

TOWARDS A SUSTAINABLE FOOD SYSTEM

Though we have made great progress in finding more responsible fish farming methods in recent decades, many challenges remain to be solved on our journey towards a more sustainable food system. Each day, we strive to improve.

HEALTHY OCEAN

SUSTAINABLE FOOD

PEOPLE

LOCAL COMMUNITIES

PROFIT & INNOVATION

Farming salmon with practices that keep the fish and oceans healthy has a positive impact on our harvested volume, cost, quality, license to operate and employee engagement.

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SEA LICE CONTROL	60
ESCAPE CONTROL	62
INTERACTION WITH WILD LIFE	63
LOCAL EMISSIONS	64

We work to make our practices more sustainable along the entire value chain. Focus areas extend from safe and healthy food, traceability, and feed to carbon emissions and waste management.

SAFE AND HEALTHY FOOD	70
SUSTAINABLE FEED INGREDIENTS	74
REDUCING CARBON EMISSIONS	80
CLIMATE AND NATURE RISK	86
WASTE MANAGEMENT	88

Every single day, whether it is sunny, stormy or freezing cold, our fantastic employees are out there working hard in the hatcheries, on the farms or at the harvesting plants. Their passion and dedication drive Grieg Seafood forward.

HUMAN RIGHTS & ETHICS	92
EMBRACING DIVERSITY	100
CREATING ATTRACTIVE JOBS	104
KEEPING OUR EMPLOYEES SAFE	108
ANTI-CORRUPTION	112

We are grateful to our local communities for giving us permission to farm salmon in their fjords and inlets. In return, we do not only do what we can to ensure local biodiversity and sustainable farming methods. We also contribute to vibrant local communities in the many rural areas where we operate.

LOCAL VALUE CREATION	114
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Without a profitable business, we will not be able to farm healthy salmon for people to eat all over the world. To achieve good financial results, our farming methods need to be both cost-effective and sustainable.

THE SALMON MARKET	124
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TOWARDS A SUSTAINABLE FOOD SYSTEM HEALTHY OCEAN

Farming salmon with practices that keep the fish and oceans healthy has a positive impact on our harvested volume, cost, quality, license to operate and employee engagement.





FISH HEALTH AND WELFARE

Ensuring the good health and welfare of the fish in our care is first and foremost an ethical responsibility. It is also the most important factor in achieving good growth, higher quality at harvest and lower costs.

OUR APPROACH TO FISH HEALTH AND WELFARE

We are committed to improving the health and welfare of our fish. Good fish health and welfare implies that the highest possible number of fish thrive, grow, and survive to the end of their lifecycle.

Every region has implemented measures to fully comply with national fish health and welfare legislation. Every region also has a specific plan for preventive measures and treatments to secure fish health.

We have the same ethical responsibility to safeguard the good health and welfare of the cleaner fish in our care as our salmon. Our policies for fish health and welfare therefore apply equally to salmon and cleaner fish.

Our fish health policy and our fish welfare policy follow the guidelines of the World Organization for Animal Health (OIE).

OUR PRINCIPLES FOR FISH HEALTH AND WELFARE

FISH HEALTH

- Minimize the pathogens (harmful micro organisms) entering our farms.
 - Intake of healthy and robust roe and fish.
 - Strict hygienic control of boats, feed, people, or any equipment taken into the farms.
- Minimize the pathogens multiplying within the fish farm environment.
 - Daily removal of mortalities.
 - Feed program targeted for each fish species and stage of the lifecycle.
 - Intake of fish with the physiology to thrive in the farm.
 - Intake of fish vaccinated with available and effective vaccines relevant for the area.
 - Continuous health monitoring and rapid implementation of necessary measures during disease outbreaks.
- Minimize any environmental health risk to the fish.
 - Regular monitoring of water quality with respect to temperature, oxygenation, and salinity, according to local risks. In our freshwater facilities, we control and adjust these factors to ensure healthy growth conditions for the fish.
 - Monitoring of algae and jellyfish blooms in periods of risk.
 - Monitoring the seabed regularly to avoid sedimentary loading, and the implementation of fallowing periods according to local environmental conditions.

FISH WELFARE

There is no universal definition of animal welfare, but we accept that every fish is an individual with a perception of life. We regard fish welfare as the quality of life as perceived by the animal itself.

We seek to fulfill “The five freedoms for animals under human control”:

1. Freedom from hunger, thirst, and malnutrition
 2. Freedom from fear and distress
 3. Freedom from discomfort
 4. Freedom from pain, injury, and disease
 5. Freedom to express normal patterns of behavior
- Minimizing any discomfort to the fish during its lifetime at our farms:
 - Regular risk-based water monitoring for early detection of risk factors and rapid implementation of measures.
 - Careful handling of any live fish during treatments, grading, transport, etc.
 - Monitoring welfare indicators during treatments in sea water for early detection of physical damage and rapid implementation of measures.
 - Regular fish health checks for early detection of diseases and rapid implementation of measures.
 - Ensuring that all live fish are anesthetized prior to killing. Fish is killed by electrical stunning.

There is still a lot to learn about fish welfare, including finding good ways to measure it. Grieg Seafood has participated in the development of the FISHWELL handbook, which we are implementing. However, we are still not satisfied with our ability to measure good welfare in a precise way. We find that daily feeding measurements are still the best indicators of whether our fish are thriving, as fish with good health and welfare eat well and according to predicted parameters. We are working on developing our own additional indicators for good welfare.

CLEANER FISH

Cleaner fish eat sea lice off the salmon and are used as a preventive measure to keep sea lice numbers low. In this way, they help to reduce the number of delousing treatments salmon undergo. We use wrasse and lump suckers in Rogaland, and lump suckers in Finnmark. Our cleaner fish are either farmed or wild. Fishing quotas for wild cleaner fish are regulated by Norwegian Authorities.

As cleaner fish are living animals in our care, they are also covered by our fish health and welfare policies. However, we recognize that fish health and welfare is not on a sufficient level as of today, and mortality rates are too high. We are working systematically to improve in this area. However, as a new species in aquaculture, it will take time to get to a sufficient health and welfare level. Some of our efforts are:

- Established practices to ensure that the cleaner fish are as robust and healthy as possible.
- Optimized vaccination programs.
- Screening before release into the pens.
- Specific feed in the pens, tailor-made for cleaner fish.
- Tailor-made, artificial kelp forests in the pens where the cleaner fish can hide, avoid stress, rest, and sleep.

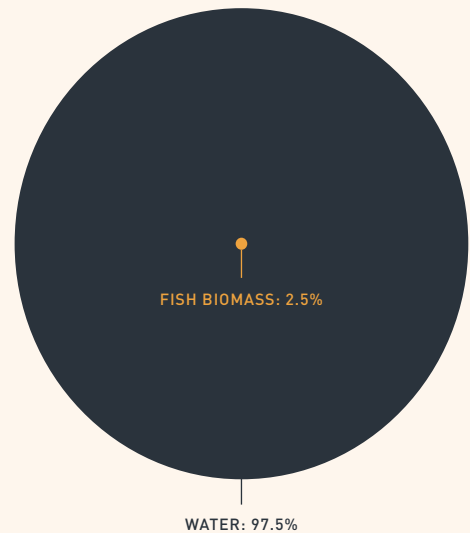
We are working systematically to improve our reporting routines, evaluate causes of mortality and to have better control of the loss of cleaner fish at sea.

LEARN MORE ON OUR WEBSITE

- [Improving fish health and welfare](#)
- [Policies for fish health and welfare of salmon and cleaner fish](#)
- [Policy for the use of antibiotics](#)

FIGURE 2.1
DENSITY IN THE PENS

Our seawater pens are between 97.5% - 98,5% water and 2.5% - 1.5% fish biomass, providing space for the fish in our facilities to allow for comfort, natural behavior and a healthy growth cycle.



OUR APPROACH TO ANTIBIOTICS

Resistance to antibiotics is a growing global challenge, and such risks increase with extensive use of antibiotics in animal protein production. We are committed to combating resistance to antibiotics.

We are committed to preventing bacterial diseases by using available vaccines and biosecurity measures. We aim to avoid use of antibiotics when possible. In Norway, effective vaccines have reduced our use of antibiotics to zero.

OUR PRINCIPLES FOR ANTIBIOTICS

- Antibiotics are used only as a last resort to treat bacterial diseases when fish health and fish welfare are threatened, and never as a growth-promotor.
- All farming operations comply with the WHO Guidelines on Use of Medically Important Antimicrobials in Food Producing Animals.
- Antibiotics on the WHO list of Highest Priority Critically Important Antibiotics categorized as “critically important” will not be used.
- Antibiotics on the WHO list of Highest Priority Critically Important Antibiotics categorized as “highly important” or “important” can be used if fish welfare is threatened.
- Antibiotics must be prescribed by authorized fish health personnel and only drugs licensed as veterinary medicine will be used.
- Withdrawal periods for medicine use are rigorously controlled and documented.
- All prescriptions for antibiotics must be approved by central management in Grieg Seafood ASA.

“Ensuring good fish health and welfare is one of the main tasks of a salmon farmer. While we have seen progress in recent years, we are not satisfied with the status quo. We need more research and development, and to continuously improve.”

SOLVEIG NYGAARD GLOBAL FISH HEALTH MANAGER

OUR TARGETS

Antibiotics	No use of antibiotics
Survival rate*	Above 93% seawater survival rate by 2022
	Above 95% seawater survival rate by 2025

*Survival reported in accordance with the standards of the Global Salmon Initiative (GSI) is defined as: $(\text{Total number of mortalities at sea in the last 12 months} - \text{total number of culled fish due to illness or similar and not included in the harvested number}) / (\text{closing number of fish at sea the last month} + \text{total number of mortalities at sea the last 12 months} + \text{total number of harvested fish the last 12 months} + \text{total number of culled fish [due to illness or similar and not included in the harvested number]}) \times 100$.

We have also set targets for survival rates in fresh water, which will be implemented in 2021. In the wild, only a small percentage of fertilized eggs survive and become adults. That is our biological starting point. Over the years, research has allowed us to improve the quality of breeding process, the eggs and survival rates, but we still experience mortality especially in the very early phase. We work systematically at the various stages in the lifecycle to improve survival rates. These targets can be found in our fish health and fish welfare policies.

RESULTS IN OUR REGIONS

- Rogaland
- Finnmark
- British Columbia







SALMON FARMING AND BIODIVERSITY

We must use farming practices with the smallest possible environmental impact, and work continuously to reduce our impact further. It is our responsibility to protect nature and biodiversity wherever we operate. Our aim is to use farming methods that allow us to co-exist with other species. Going forward, our industry must work hard to reduce our environmental impact.

Read more about our efforts to ensure co-exist with wild salmon [here](#), coastal white fish [here](#), and crustaceans [here](#).

SEA LICE CONTROL

Controlling sea lice levels is one of the most important measures to protect both wild salmon and the health and welfare of farmed salmon. Sea lice treatments are expensive and resource intensive. We aim to keep sea lice levels low at all times.

OUR APPROACH

We have an ethical responsibility to protect our salmon against health issues caused by sea lice. We also have a responsibility to reduce the risk of sea lice from salmon farms contaminating wild salmonids, especially during the smolt migration period. We also need to protect biodiversity and the ecosystems around our farms, and to minimize the impact from sea lice treatments.

Every region has implemented measures to comply with national sea lice legislation.

FIGURE 2.2
OUR APPROACH TO SEA LICE CONTROL



OUR PRINCIPLES

Grieg Seafood prefers to use preventive and biological sea lice measures rather than medical and non-medical treatments. Harvesting will always be considered when sea lice-infested fish are close to harvestable weight.

- Sea lice measures are based on IPM (Integrated Pest Management) principles. A multifaceted approach will give improved results and reduce the risk of sea lice becoming resistant.
- Minimize use of pharmaceutical treatment methods that discharge treatment water into the sea. Pharmaceutical lice treatments are acceptable in clean treatment systems, which purify the treatment water before it is discharged back into the ocean.
- Non-medical treatments are preferred if they provide an acceptable level of fish welfare. A risk assessment must be performed prior to any treatment. The treatment's effectiveness and the risk of side effects on fish and the environment should be evaluated.
- Pharmaceuticals for sea lice treatments must be prescribed by authorized fish health personnel, and only medicines licensed for sea lice control should be used.
- Withdrawal periods for medicine use are rigorously controlled and documented.

OUR TARGETS

Sea lice level Rogaland and Finnmark*	Average adult female sea lice below 0.5
Sea lice level BC**	Average motile sea lice below 3.0

*At the green licenses in Finnmark, the limit is 0.25 adult female sea lice per fish, while during April and June, when wild salmon smolt migrate from the rivers and pass the salmon farms, the limit is 0.2 adult female sea lice per fish.

**Pacific salmon species on the Canadian west coast have a higher tolerance for sea lice and for that reason we use separate KPI for British Columbia.

LEARN MORE ON OUR WEBSITE

- [Policy for sea lice control](#)
- [Co-existence with wild salmon](#)

RESULTS IN OUR REGIONS

- [Rogaland](#)
- [Finnmark](#)
- [British Columbia](#)



ESCAPE CONTROL

In areas where the wild salmon population is of the Atlantic species, escapes may cause interbreeding between farmed and wild salmon in the rivers, and interfere with the genetic uniqueness of the local wild salmon population.



OUR APPROACH

We regard it as our responsibility to avoid interbreeding between our farmed salmon and the local wild salmon populations. In Rogaland and Finnmark, our farmed salmon is of the same species as the wild salmon population (Atlantic salmon), and interbreeding may happen should escapes occur. In BC, the wild salmon are of the Pacific salmon species, which cannot interbreed with our Atlantic salmon. In Newfoundland, we use sterile fish, which cannot interbreed with local wild fish.

Grieg Seafood have zero tolerance for escapes from our farms in all regions.

OUR PRINCIPLES

- High technical standards at our sites. We have implemented the technical minimum requirement set by the government, the NYTEK standard, at all facilities in Norway to avoid escapes during harsh weather.
- We follow procedures to avoid escapes before, during and after operations, according to local conditions:
 - Divers and/or a ROV are used before and after the transfer or treatment of fish.
 - In Rogaland, divers are used during operations.
 - In Finnmark, a ROV is used during operations.
 - In British Columbia, we use double nets on all pens. An ROV is used to inspect the grow nets after each targeted two week cleaning cycle.
- Regular inspections of vessels, moorings, and facilities to verify compliance.
- Inspections before and after harsh weather.
- Our goal is that all employees attend courses on escape prevention at least every third to fifth year. New employees also receive risk and procedural training, and do not carry out work operation.

OUR TARGET

Escape	Zero escape incidents
--------	-----------------------

OUR RESULTS

We did not have any escapes in 2020.

INTERACTION WITH WILDLIFE

Farms are often located in areas abundant with birdlife and marine mammals. We strive to avoid conflicts with wildlife.



OUR APPROACH

We arrange operations and facilities in a way that minimizes our impact on local wildlife.

OUR PRINCIPLES

- Potential conflicts with wild animals are evaluated when we consider new sites.
- We minimize use Acoustic Deterrent Devices (ADDs) as some research indicates that they impact the navigation systems of certain marine mammals.
- Weapons are not allowed on our sites.
- Where relevant, we use equipment that minimizes the risk of injury to wildlife, such as strong nets, anti-predator equipment or electric fences.
- We generally only euthanize animals that are injured, and choose alternative ways to protect farms against intruders.
- We aim to release any animal that gets stuck in our pens unharmed.

OUR TARGET

Wildlife interaction	Minimize impact on wildlife
-----------------------------	-----------------------------

LEARN MORE ON OUR WEBSITE

→ **Co-existence with wild life**

RESULTS IN OUR REGIONS

→ **Rogaland**

→ **Finnmark**

→ **British Columbia**

LOCAL EMISSIONS

Local emissions from salmon farming may affect the marine ecosystem in the ocean under or around the pens. Therefore, the environment gets time to restore between each generation of fish farmed. Our impact should never be irreversible.

OUR APPROACH

As in all other types of food production, our farming operations leave a footprint through local emissions. Such emissions may be excess feed, feces from the fish or copper from the fish net.

This impact should never be irreversible. Between each generation of fish, we allow the ecological system to rest and restore.



OUR PRINCIPLES

- We choose sites with good currents and exchange of water. This ensures that faecal waste is dispersed rather than accumulating in one place, thus mitigating its negative impact. We move away from sites that have less optimal conditions and increase production on sites with optimal conditions, which reduces our overall impact.
- All farms are fallowed after each generation, allowing the environment to rest until it reaches regulated limits of restoration. Only then may we transfer a new generation of salmon to the farm. Sites with optimal conditions restore quicker than sites with less optimal conditions. We monitor the seabed under and around our sea farms, and perform benthic testing during peak biomass.
- All regions apply Area Based Management, where all farms in an entire fjord system is fallow at the same time, allowing a larger marine ecosystem to rest at the same time.
- We aim to reduce excess feed by using underwater cameras and move feeding to operational centres where feeding experts are developed, so we can stop feeding when the fish are replete.
- We support copper-free antifouling solutions on our nets.

OUR TARGETS

Seabed conditions	All sites restored between each generation of fish farmed
Copper	100% copper free nets

LEARN MORE ON OUR WEBSITE

→ [Impact on nature](#)



OUR RESULTS

Each country has its own scoring system for benthic tests of the seabed under fish farms, including their own threshold of when a site is restored. The marine ecosystem under all farms are restored through fallowing before a new generation of fish is transferred to the farm.

In Norway, farms must conduct independent seabed tests (B test) at peak biomass production/max load, and also undertake regular independent tests in the area around the farms (C test). Local regulations impose fallowing periods after each generation to ensure the environment under and around the pen recover. The minimum fallowing period is at least two months, and longer

if seabed test results indicate that is needed. Only when a farm has reached the threshold of restoration, may we transfer a new generation of fish to the site. If fallowing is not enough to improve seabed test results, additional measures, such as reducing production, is taken.

In BC, regulations require us to conduct benthic tests at peak biomass at each farm, and fallow the farm after ended production cycle until the seabed of the site reaches the regulated threshold of remediation. The test must be accepted by the regulators and, for most farms, an independent third party.

FIGURE 2.3
RESTORED ECOSYSTEMS UNDER FARMS

Region	Remediated ecosystems under farms before a new generation of fish was transferred in 2020
Rogaland	100% of farms*
Finnmark	100% of farms*
British Columbia	100% of farms**

*Restored to "very good" or "good" thresholds according to local regulations.

**Threshold on hard bottom according to local regulations: Beggiatoa species, similar bacteria or marine worms does not cover 10% or more of any four segments of substrate. Threshold on soft bottom according to local regulations: Sulphide does not exceed 1 300 µM at 30 m and 700 µM at 125 m away from the cage edge along two transects.

ROGALAND

Grieg Seafood has partnered with other salmon farming companies in Rogaland to commission an independent, environmental monitoring program, to ensure that the combined organic emissions from all the farms do not significantly impact the fjords. The program monitors the water quality and possible eutrophication in the Ryfylke fjord system. The results from 2020 show that the fjord system's environmental condition is good.

According to the Risk Report of Norwegian Fish Farming by the Institute of Marine Research, the risk of impact from organic

waste from fish farming is low and the environmental ecosystem condition is good in Rogaland (the salmon production area PO2).

92% of our sites received a very good or good score on seabed tests in 2020, compared to 100% in 2019. The site that received a poor score must subsequently fallow for longer. Through our integrated operation center, we can develop specialized feeding expertise. We are working to reduce excess feeding by using underwater cameras, so that we can stop feeding when the fish are replete.

FIGURE 2.4
ROGALAND RESULTS OF B-TEST

Year	Very good	Good	Poor	Very poor	Test not yet taken (new sites)
2020	83%	8%	8%	0%	0%
2019	92%	8%	0%	0%	0%

FINNMARK

According to the Risk Report on Norwegian Fish Farming by the Institute of Marine Research, the risk of impact from organic waste from fish farming in Finnmark (the salmon production area P012) is low and the environmental ecosystem condition is good. Compared to Western Norway, there are far fewer fish farming operations in Finnmark, which reduces the overall risk. An environmental study of the organic impact of fish farming in the Alta fjord, published in 2017, showed low impact on the fjord system. Organic materials decompose more slowly in low seawater temperatures.

52% of our sites received a very good or good score on seabed tests in 2020, compared to 39% in 2019. We are working to increase the percentage of good scores. Our results are impacted by use of deep sea lice skirts, which lead to an increased concentration of benthic impact. Longer fallowing periods are in place for sites with “poor” scores, and a new generation will not be stocked until the impact is reversed and the sites have met the regulated thresholds of restoration. Access to new sites will also reduce the organic impact. In addition, digital models of the conditions in sea help us better place the farms in relation to the currents, which will reduce the organic impact.

FIGURE 2.5
FINNMARK RESULT OF B-TEST

Year	Very good	Good	Poor	Very poor	Sites with hard seabed (do not get a score)	Test not yet taken (new sites)
2020	26%	26%	26%	0%	16%	5%
2019	29%	10%	24%	10%	10%	19%

BRITISH COLUMBIA

The Aquaculture Activities Regulation, established under the Canadian Fisheries Act, sets exceedance limits for the benthic

substrate monitoring according to the Monitoring Standard. The sites can not be restocked if they exceed these limits.

FIGURE 2.6
BC % OF SITES THAT ARE RESTORED

Substrate Type	Benthic exceedance thresholds at peak biomass or before re-stocking	Compliance 2020
Hard Bottom	Beggiatoa species, similar bacteria or marine worms does not cover 10% or more of any four segments of substrate.	100%
Soft bottom	Sulphide does not exceed 1 300 µM at 30 m and 700 µM at 125 m away from the cage edge along two transects.	100%
	Sulphide does not exceed 1 500 µM outside the Allowable Zone of Effect*	100%

* ASC Salmon standard.

FIGURE 2.7
USE OF COPPER

Region	Copper-free antifouling solutions on nets
Rogaland	100%
Finnmark	100%
British Columbia	100%

TOWARDS A SUSTAINABLE FOOD SYSTEM

SUSTAINABLE FOOD

We work to make our practices more sustainable along the entire value chain. Focus areas extend from safe and healthy food, traceability, and feed to carbon emissions and waste management.





SAFE AND HEALTHY FOOD

Our salmon are safe to eat and healthy for our bodies. We are transparent about our farming methods and communicate our standards to our customers.

OUR APPROACH

Customers and consumers can trust our products, our approach to food safety, and our food safety management systems.



OUR PRINCIPLES

- Grieg Seafood's products are produced, processed, packaged, labelled, and sold in a value chain that ensure a high level and focus on protection of human health.
- Based on scientific advice, data collection, analysis, and regulatory requirements Grieg Seafood deliver a seamless integrated approach to food safety and quality
- Grieg Seafood has a fully integrated traceability system from roe to finished product, including fish feed. Our operation also keeps adequate records of raw material suppliers, and the ingredients they supply.
- Grieg Seafood will advise customers to comfortably recognize that they are responsible for proper storage, handling, processing, or cooking of food after delivery.
- Products originating from our processing plants have been handled under a competent HACCP- and sanitary program. Grieg Seafood focus on risk-based thinking to take advantage of opportunities and preventing unwanted results.
- Zero residues of any medicines in our products.

LEARN MORE ON OUR WEBSITE

→ **Our policy for food safety**

QUALITY SHARE OF SALMON

→ **Rogaland**

→ **Finnmark**

→ **British Columbia**

OUR TARGETS

Global Food Safety Initiative certification	All operations 100% certified in 2021
Quality share	93% superior share
Medicine residue	Zero residues
Environmental contaminants	No levels above limits set by authorities
Foodborne bacteria	No levels above limits set by authorities



OUR RESULTS

CERTIFICATIONS

All our farming operations are certified according to GFSI at year end 2020, as our BAP and GLOBALG.A.P. certifications cover our entire supply chain. Our sales and market organization is chain-of-custody certified according to ASC.

TRACEABILITY

Each salmon has a CV with information about origin and production to ensure full traceability. The information includes details on the relevant fish group, farm and pen where it was grown, broodstock, roe, feed batches, certifications, vaccinations and medical treatments if relevant. Each fish box has a traceable LOT number. During 2021, we will assess Blockchain services or equivalent measures aimed at improving traceability related to sustainability and food safety.

PRODUCT RECALLS

We did not have any product recalls in 2020. We have not had any product recalls for the last ten years. However, we perform regular training on our procedures for managing product recalls. We are not banned from any markets.

QUALITY SHARE OF OUR SALMON

We categorize our salmon as superior, ordinary or production grade. Superior quality has a positive overall impression with good meat quality and no external damage or faults. The superior share is calculated as a percentage of net biomass, excluding discards.

FIGURE 2.8
ENVIRONMENTAL CONTAMINANTS AND LIMITS IN 2020 FOR SAMPLES OF GRIEG SEAFOOD SALMON

Environmental contaminant	EU limit	Samples	Norway	British Columbia
Lead	0.3 mg/kg	Median	< 0.05 mg/kg	< 0.05 mg/kg
		Max	< 0.05 mg/kg	< 0.05 mg/kg
Mercury	0.5 mg/kg	Median	0.010 mg/kg	0.005 mg/kg
		Max	0.025 mg/kg	0.02 mg/kg
PCB 6	75 µg/kg	Median	3.405 µg/g	n/a
		Max	11.60 µg/g	n/a
Dioxins PSDD/F TEQ excl LOQ	3.5 pg/g	Median	0.0237 pg/g	n/a
		Max	0.126 pg/g	n/a

Our sampling for PCBs, dioxins, PCB-like dioxins and heavy metals are taken on all farms at the end of the production cycle. Samples from each site are tested according to standard analytical methods by external laboratories. BC does not source fish oil from areas where all of these contaminants can be a challenge, and therefore the samples are less comprehensive.



FIGURE 2.9
LISTERIA CONTAMINATION

Region	Number of samples* 2019	Listeria detected [%] 2019	Number of samples* 2020	Listeria detected [%] 2020
Rogaland	2 136	5.2%	2 661	6.4%
Finnmark	2 406	1.3%	1 791	0.8%
Shetland	1 564	2.1%	N/A	N/A
British Columbia	572	2.1%	588	0.7%

*Number of samples of end product and harvesting plant environment.

Our Listeria sampling is done at key points on the processing line to ensure food safety. Samples are taken regularly to show variations over time. We also test finished products for Listeria. Samples are analyzed according to standard methods by external laboratories. If Listeria is detected, action plans are executed in the form of extra thorough cleaning or technical measures such as change of equipment set-up, or replacement of equipment. Relevant customers are informed. Most of them have measures in place to manage Listeria for the fish they buy, even when Listeria is not found at the harvesting plant. The share of Listeria detected has decreased in Finnmark and BC in 2020 compared to 2019, while in Rogaland the percentage has increased. In 2020, we expanded our sampling in Rogaland, and detected Listeria at a higher rate than in 2019. To mitigate listeria we have implemented a new cleaning procedure, including the replacement of the cleaning firm used by an in-house cleaning team. We expect these measures to be reflected in the sampling of 2021.

SUSTAINABLE FEED INGREDIENTS

Fish feed is the most important and cost-intensive input factor in salmon farming. Feed ingredients should come from sustainable sources. We continuously work to reduce the impacts from our fish feed.

OUR APPROACH

Input factors in fish feed, both marine ingredients and plant-based ingredients, should come from sustainable sources.

Ingredients with high-risk are certified by recognized certifications. Today, fish meal and fish oil from fisheries, Brazilian soy and palm oil are identified as ingredients of high-risk. To get a fuller picture of the sustainability risks connected to feed, Grieg Seafood is currently risk assessing ingredients used according to environmental, social and governmental parameters.

The environmental impact from feed must be reduced. In addition, the aquaculture industry is expected to grow significantly during the coming decades, due to global population growth. As such, novel types of feed ingredients are needed to be able to produce salmon sustainably going forward.

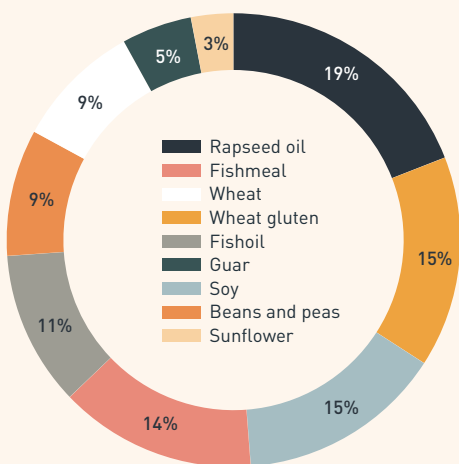
OUR TARGETS AND ACHIEVEMENTS

Targets	Achieved in 2020
All marine ingredients (excluding byproducts) used are based on fisheries certified according to MSC or MarineTrust (including FIPs)	Phased in throughout the year and achieved by year-end 2020 in all regions
FFDRo below 2.52 (ASC requirement)	Yes (in all regions)
FFDRm below 1.20 (ASC requirement)	Yes (in all regions), even below 1.0, making us a net producer of marine protein
All Brazilian soy protein concentrate certified according to ProTerra or segregated RTRS	Yes (in all regions using Brazilian soy protein concentrate)
All Brazilian soy protein concentrate supplied by Brazilian vendors with a 2020 cut-off date + robust MRV system	Yes (in all regions using Brazilian soy protein concentrate). CJ Selecta, Caramuru and Imcopa are the Brazilian suppliers used.
All palm oil used certified according to Round Table on Sustainable Palm Oil	Yes (in the UK, the only region using a small amount of palm oil)

OUR PRINCIPLES

- Marine ingredients do not contribute to overfishing:
 - No marine ingredients come from illegal, unreported, or unregulated fisheries.
 - All marine ingredients (excluding byproducts) are certified by MSC or MarinTrust (including Fisheries Improver Programmes).
 - We comply with the ASC standard for how much fish meal and fish oil we have in our feed.
- Be a net producer of marine protein
- Grieg Seafood is committed to ensure we do not contribute to deforestation either directly or indirectly and we require the following:
 - Brazilian soy protein concentrate are certified according to ProTerra or Round Table on Responsible Soy (segregated)
 - Brazilian soy protein concentrate is supplied by Brazilian vendors with a 2020 cut-off date, including a robust MRV system, for all of their soy bean business. This is important to mitigate indirect contribution to deforestation in this high-risk geography.
 - Palm oil is certified by Round Table on Sustainable Palm Oil
 - Plant-based ingredients should not cause planting on peatlands or exploitation
 - Grieg Seafood is committed to engage with stakeholders to promote awareness of moving towards zero deforestation
- Feed ingredients used by Grieg Seafood do not pose any risks to human health. Read more [here](#).
- Grieg Seafood will take part in commercializing novel feed ingredients.
- Grieg Seafood is committed to work with stakeholders towards more sustainable feed with lower impact.
- Feed suppliers are required by our Supplier Code of Conduct to minimize their environmental impact, to safeguard basic human rights and to behave responsibly. They are expected to identify and monitor their environmental impact, and to implement measures where needed.

FIGURE 2.10
FEED INGREDIENTS IN 2020



This illustrates the average of raw material content in our feed used in Norway and UK. In BC, the content is somewhat different as in general a larger part of protein from vegetable are replaced by poultry-bi product. Palm oil comprises 0.22% of our feed, only used in GSF Shetland, and soy protein concentrate comprises 15% of our feed globally.

LEARN MORE ON OUR WEBSITE

- [Supplier Code of Conduct](#)
- [Our feed approach](#)
- [Green Bond](#)

OUR RESULTS

ZERO DEFORESTATION

Grieg Seafood’s Brazilian soy protein concentrate vendors, CJ Selecta, Imcopa and Caramuru, have as the first Brazilian soy traders set a 2020 cut-off date for all of their soybean business in the Cerrado, including a robust and NGO approved MRV system. With this move, they have set a new benchmark for sustainable supply chains globally. Grieg Seafood have engaged with these producers and applaud their leadership. Read more [here](#).

Grieg Seafood participated in the CDP Forest program for the first time in 2020. CDP Forest provides a framework of action to measure and manage forest-related risks and opportunities, transparent reporting on progress, and commitment to proactive action for the restoration of forest and ecosystem. We scored A- on our work against deforestation. For more information, please visit CDP’s website here.

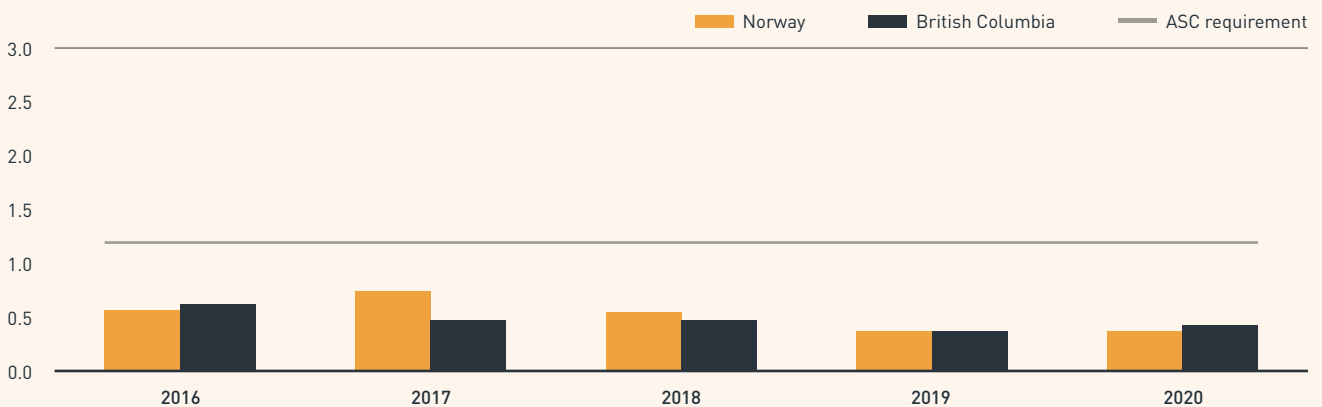
GRIEG SEAFOOD FEED PROJECT - A HOLISTIC APPROACH TO ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RISKS

In the animal feed industry, the sustainability focus has mainly been on high-risk ingredients such as soy, palm oil, fish meal and fish oil. In the past, efforts to mitigate the risk of overfishing lead to less use of marine ingredients in salmon feed. Unfortunately, some of the alternatives introduced, like Brazilian soy, were later linked to new issues of concern, such as deforestation and conversion. To avoid repeating the mistakes of the past, a more holistic approach to the mitigation of sustainability linked risks in feed ingredients is needed. This is especially necessary as the seafood industry is looking at developing novel feed ingredients suitable for scale. We must ensure that a scale-up of these ingredients do not contribute to new or unforeseen ESG risks, and that they are a good fit for a future sustainable food system.

FIGURE 2.11
MARINE INGREDIENTS - FISH MEAL FFDRM

FFDRm	2016	2017	2018	2019	2020
Norway	0.6	0.7	0.5	0.4	0.4
British Columbia	0.6	0.5	0.5	0.4	0.4

ASC REQUIREMENT: 1.2



The forage fish dependency ratio (FFDRm) represents the amount of wild fish needed to produce sufficient fishmeal for one kilo farmed salmon. We use little fish meal in our feed. Our FFDRm figures shows a continuous reduction and that we were a net producer of marine protein in 2020 in all regions. Our FFDRm is well below the ASC limit.

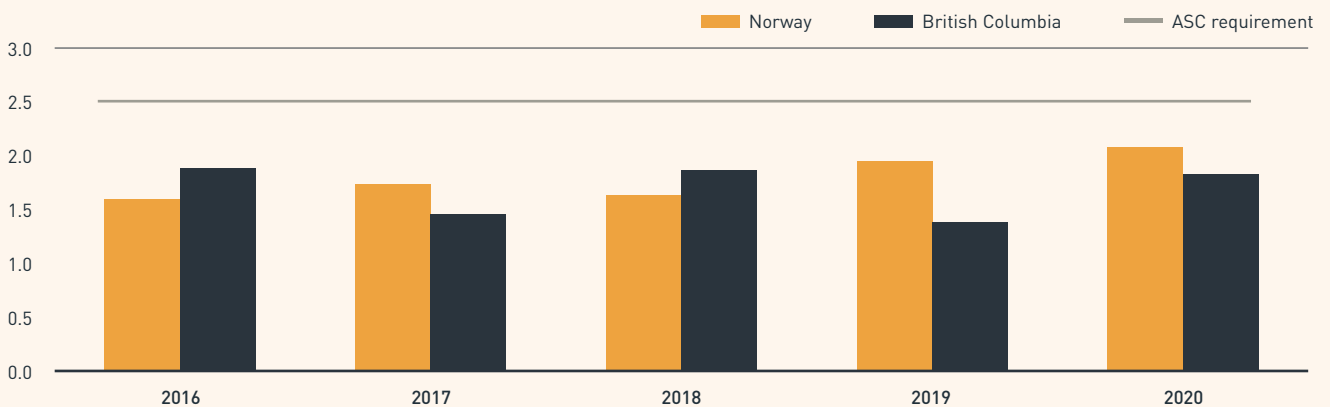
Grieg Seafood has initiated a project to evaluate environmental, social and governance risks in salmon feed ingredients in a holistic manner. In the assessment we have included topics previously unexplored in-depth in relation to all ingredients, like land use and biodiversity, carbon footprint and climate risk, circularity, pollution, soil health, fresh water consumption, human rights, governance risk and scalability. The goal of the project is to increase transparency and traceability, to be able to benchmark feed ingredients on material ESG aspects and have the ability to reduce risk and drive change throughout our supply chains. The assessment will also inform what novel ingredients we engage with.

WWF US is our partner in the project. The aim is to release a pilot of the assessment during 2021. The materials produced will be public.

FIGURE 2.12
FISH OIL FFDRO

FFDRo	2016	2017	2018	2019	2020
Norway	1.6	1.8	1.6	2.0	2.1
British Columbia	1.9	1.5	1.9	1.4	1.8

ASC REQUIREMENT: 2.5



The forage fish dependency ratio (FFDRo) represents the amount of wild fish needed to produce sufficient fish oil for one kilo farmed salmon. We use little fish oil in our feed. We used more fish oil in 2020 than the year before, but we are still well below ASC requirements.

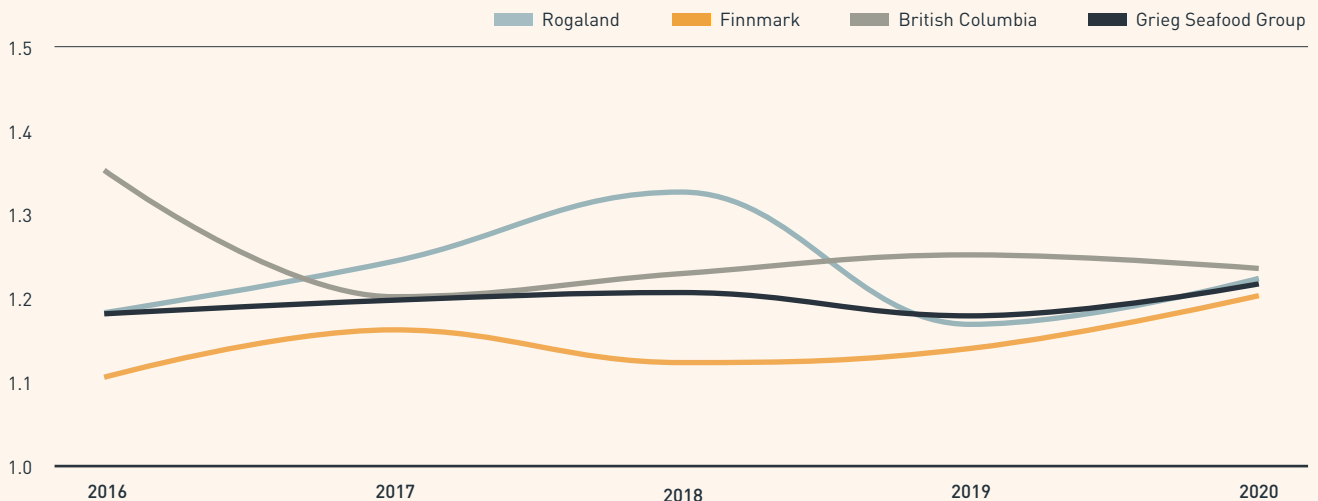
ADVOCACY TO PROMOTE MORE SUSTAINABLE FEED

- We have taken part in the development of the new ASC feed standard.
- We are a member of the MarineTrust Governing Body Committee, to engage in the improvement of global fisheries.
- We are a co-chair of the Steering Group of the [Cerrado Manifesto Statement of Support](#), to promote action towards zero deforestation and conversion in the Cerrado.
- We are a funding member of the [Cerrado Funding Coalition](#), to provide funding for local Brazilian soy farmers for the environmental service of ending deforestation.
- We have excluded Cargill Aqua Nutrition from our Green Bond use of proceeds, until their mother company Cargill Inc. have reduced their soy related deforestation risk in Brazil
- Through the Global Salmon Initiative, we take part in the development of a new industry standard for carbon emissions from feed, which will allow us to benchmark and work more systematically to reduce carbon emissions from feed.

NOVEL FEED INGREDIENTS

Grieg Seafood will take part in commercializing novel feed ingredients. Parts of the funds from our Green Bond will be used for that purpose. We are in dialogue with producers of such ingredients, like insect meal, and have previously engaged in projects aimed at transforming algae into feed. Based the outcome of our ESG feed project outlined above, we will determine our approach to novel ingredients.

FIGURE 2.13
BIOLOGICAL FEED CONVERSION RATIO (BFCR)



The biological feed conversion ratio describes the amount of feed required to produce one kilo of farmed salmon. It is calculated as the total weight of feed divided by gross growth (incl. mortality). The ratio is an indicator of feed efficiency, reflecting how effective a feed strategy can be. The bFCR ratio is impacted by the ability of the fish to utilize the nutrients in the feed for growth. The ratio is also impacted by over- or underfeeding, causing feed spill or reduced growth, respectively. The biological challenges we experienced in 2020 impacted fish appetite negatively and as such the bFCR increased. Mitigations of biological challenges will consequently reduce bFCR.



REDUCING CARBON EMISSIONS

While farmed salmon has a low carbon footprint compared to other animal proteins, our industry must do more to contribute to achieving the Paris Climate Agreement. New technologies must be developed to cut emissions at both our operations and along our value chain.

OUR APPROACH

According to the Intergovernmental Panel on Climate Change, global warming may cause ecosystem imbalance, ocean acidification, extreme weather and social unrest. To fulfil the Paris Agreement and avoid the consequences of global warming, significant climate action by nations, businesses and individuals is needed in the coming years.

According to the High-Level Panel for a Sustainable Ocean Economy, food production from the sea may be advantageous from a climate perspective, because the carbon footprint from production is low compared to terrestrial animal protein production. However, we recognize that we must do more to cut greenhouse gas (GHG) emissions from our farming operations and supply chains. Direct emissions from our production (Scope 1 & 2) account for less than 10% of our total emissions. More than 90% of our emissions originate from our value chain (Scope 3), particularly those aspects linked to fish feed and the transportation of salmon from our harvesting plants to the markets.

We are working continuously to improve data quality and reporting from our operations and suppliers. By cutting GHG emissions, Grieg Seafood aims to be a part of the low carbon solution in a sustainable global food system.



OUR PRINCIPLES

Our focus and efforts to reduce our GHG emissions particularly target feed and the transportation to the markets. We also work continuously to reduce GHG emissions from our production.

- Reduce the GHG emissions from our feed.
- Favour transportation methods with a low carbon footprint.
 - Grieg Seafood’s set-up allows for shorter transportation routes and limits use of air freight to our two main markets:
 - Main supply to Europe from Northern and Southern Norway
 - Main supply to the USA from Eastern and Western Canada
 - Eliminate unnecessary weight from transportation.
 - Preferred methods of transportation are train, ship, and low emission trucks.
 - Take part in R&D projects and help commercialize climate friendly transportation methods suited for our transportation routes.
- Reduce the carbon footprint of our production, with the aim of eliminating our dependence on finite energy sources. Prefer renewable energy sources in regions where that is commercially available.
- Take part in R&D projects in regions where renewable energy sources are not available.
- Encourage suppliers to take climate action through:
 - Setting GHG emission reduction targets in line with the Paris Agreement.
 - Conducting annual climate accounting.
- Improve transparency and contribute to the development of robust GHG reporting standards that allow for comparison and benchmarking.
- Do not engage in lobbying activities that run contrary to the fulfilment of the Paris Agreement.
- Engage in carbon offset initiatives.

OUR TARGETS

GHG emission reduction	35% reduction of Scope 1, 2 and 3 by 2030 (from a 2018 base year)
	100% reduction of Scope 1, 2 and 3 by 2050

LEARN MORE ON OUR WEBSITE

- [Our policy for climate action](#)
- [Reducing carbon emissions](#)

OUR RESULTS

THE SCIENCE BASED TARGET INITIATIVE

Our Greenhouse Gas (GHG) emission reduction targets are classified as well-below 2°C (2030) and 1.5°C (2050), aligned with the Paris Agreement. Our emission targets have been approved by the Science Based Targets initiative, and can be found [here](#).

CDP

Grieg Seafood scored A- in the CDP for 2020 for our climate disclosures and efforts to transition to a low-carbon future. Even though farmed fish already has a low carbon footprint compared to other animal proteins, our industry must still find ways to cut more emissions from our operations and supply chain. For more information, please visit CDP’s website [here](#).

FIGURE 2.14
GREENHOUSE GAS EMISSIONS SCOPE 1 + 2 + 3

REGION	Scope	TOTAL EMISSIONS (tCO ₂ e)			EMISSIONS (kgCO ₂ e) / tonnes		
		2018	2019	2020	2018	2019	2020
ROGALAND	Scope 1	3 721	9 211	8 875			
	Scope 2 location based	456	424	420			
	Total (Scope 1 + 2)	4 177	9 635	9 295	256	382	403
	Scope 3						
	Downstream transportation	n/a	n/a	67 529			
	Other	n/a	n/a	6 234			
	Total (Scope 3)	n/a	n/a	73 763	n/a	n/a	3 201
Total GHG emissions Rogaland	4 177	9 635	83 058	256	382	3 605	
FINNMARK	Scope 1	7 134	4 779	4 123			
	Scope 2 location based	420	696	776			
	Total (Scope 1 + 2)	7 554	5 475	4 899	254	169	182
	Scope 3						
	Downstream transportation	n/a	n/a	19 488			
	Other	n/a	n/a	8 368			
	Total (Scope 3)	n/a	n/a	27 856	n/a	n/a	1 035
Total GHG emissions Finnmark	7 554	5 475	32 755	254	169	1 217	
BRITISH COLUMBIA	Scope 1	9 143	14 867	15 609			
	Scope 2 location based	783	685	673			
	Total (Scope 1 + 2)	9 926	15 552	16 282	597	1 101	769
	Scope 3						
	Downstream transportation	n/a	n/a	20 533			
	Other	n/a	n/a	6 883			
	Total (Scope 3)	n/a	n/a	27 416	n/a	n/a	1 294
Total GHG emissions British Columbia	9 926	15 552	43 698	597	1 101	2 063	

Our absolute Scope 1 and Scope 2 greenhouse gas (GHG) emissions increased by 1% compared to last year, while production increased by 5%. Measured as kgCO₂ equivalents per tonne harvested, the emissions decreased by 3%. Excluding Newfoundland, which has been included in 2020 for the first time, absolute Scope 1 and Scope 2 greenhouse gas (GHG) emissions decreased by 3%, relative emission by 7%.

In Rogaland, total emissions decreased by 4% from 2019 to 2020. The decrease is due to a 9% decrease in the harvested volume. However, since the correlation between production volume and emissions is not entirely linear, emissions per tonne slightly increased by 6% from 2019 to 2020.

In Finnmark, the harvested volume dropped by 17%, reducing total emissions by 11%. Measures taken to reduce greenhouse gas emissions includes connecting two production sites to the electrical grid.

Well-boat services make up a substantial proportion of our emissions, and the decisions whether to provide these services ourselves or outsource them to external service providers, have a considerable influence on our Scope 1 emissions. Note that well-boat emissions for Finnmark are categorized as Scope 3 emissions due to contractual details. The emissions from well-boat activities in 2020 totals almost 3000 tCO₂e.

In BC, the increase in total emissions by 5% is attributable to a substantial 50% increase in harvested volume which also made relative emissions per tonne go down by 30%.

In Shetland, the harvested volume increased by 39%, while total emissions decreased by 10%. Emissions per tonne dropped by 35%.

SHETLAND	Scope 1	9 813	10 507	9 730			
	Scope 2 location based	2 741	1 494	1 084			
	Total (Scope 1 + 2)	12 554	12 001	10 814	1 053	1 065	689
	Scope 3						
	Downstream transportation	n/a	n/a	12 031			
	Other	n/a	n/a	4 571			
	Total (Scope 3)	n/a	n/a	16 602	n/a	n/a	1 057
Total GHG emissions Shetland	12 554	12 001	27 416	1 053	1 065	1 746	
OTHER *	Scope 1	—	—	1 847			
	Scope 2 location based	4	5	106			
	Total (Scope 1 + 2)	4	5	1 953			
	Scope 3						
	Other	n/a	n/a	713			
	Total (Scope 3)	n/a	n/a	713			
	Total GHG emissions Other	4	5	2 666			
TOTAL GROUP	Scope 1 (tCO2e)	29 811	39 364	40 184			
	Scope 2 location based (tCO2e)	4 404	3 304	3 059			
	Total Scope 1 + Scope 2 location based	34 215	42 668	43 243	459	514	498
	Scope 3						
	Downstream transportation	n/a	n/a	119 581			
	Other	n/a	n/a	26 769			
	Total (Scope 3)	n/a	n/a	146 350	n/a	n/a	1 685
Total GHG emissions Group	34 215	42 668	189 593	459	514	2 183	

* Newfoundland, ASA, Sales & Market

Grieg Seafood Newfoundland was onboarded subsequent to the acquisition date 15 April 2020, and completed its very first greenhouse gas accounts in 2020. However, as Newfoundland has not yet started its seawater production, its emissions, mostly attributable to the use of heavy construction equipment and company vehicles, are still relatively low but expected to increase noticeably once the first smolt are transferred to the sea (expected summer 2021).

Since we are growth-oriented, and are targeting higher production and harvest volumes, we cannot exclude an increase in our total emissions in the short run. Nevertheless, we will continue to work towards reducing both relative and total emissions, and to achieve the reduction targets we revised from relative to total in 2020.

In Finnmark and Rogaland, we are observing the benefits of using onshore electricity, battery packs, or hybrid solutions instead of diesel generators to operate a growing number of production sites. A new department established in 2020 with focus on improving competitiveness and sustainability will support the regional management teams in different areas such as sustainability, R&D, and fish health and welfare. The department will also contribute to local emission reduction projects. As a first step, we conducted sustainability workshops with our farming operations in Finnmark, Rogaland, and British Columbia in 2020. Capturing the majority of emission data on an individual production site basis allows us to compare the energy intensity of each production site across all regions, and to develop strategic low-carbon transition plans for 2021 and beyond.

- Our preventative approach to sea lice control will also reduce our carbon footprint, as use of large vessels in treatments also lead to greenhouse gas emissions (GHG).
- We have tested out methods to chill the salmon after harvesting, which made it possible to avoid ice in packaging and reduced the carbon footprint per kilo of packed salmon. We will invest in this equipment in the years to come.
- Before making any investments, we evaluate their potential carbon emissions and environmental impact.

The two most substantial contributors both with regard to Scope 3 and in totality are fish feed and downstream transportation. Even though we collected data on fish feed as well, we are still waiting to receive the emission factors for the feed from our suppliers. We will publish the data on our website once we have received and audited the factors. Once fish feed is included, we expect Scope 3 to make up more than 90% of our total emissions (see also Figure 2.16).

In general, downstream transportation was calculated as transport from harvest facility to airport of departure to destination country (capital) in tonne-kilometre (tkm). For all sales of our Canadian sales operations (mostly delivered to the North American market), transport was calculated to state capital in order to achieve an acceptable degree of precision. For the sales from UK, transport from harvest facility to airport was not included. Value added processing and details on the exact transportation routes were not taken into consideration due to missing data. With our new sales organization and new technology, e.g. blockchain, we aim to increase the level of detail in regard to tracking the transport way our salmon covers from harvest facility to end-consumer in the years to come.

With regard to Scope 3, we are aware that the level of detail in data collection is not yet satisfying. Some of the figures are only technical calculations on the basis of science-based emission research in an attempt to estimate our real emissions. However, we deem the disclosure of our Scope 3 emissions an important step towards achieving awareness for those emissions and encouraging our suppliers to also conduct annual climate accounting, even if data accuracy is an aspect we need to improve on. This will help us, our industry and all industries connected to our industry to improve together as we go along.

Our greenhouse gas emissions are reported in accordance with the [Corporate Accounting and Reporting Standard](#), developed by the Greenhouse Gas Protocol Initiative (GHG protocol), using the operational approach and we report on all seven greenhouse gases covered by the Kyoto Protocol (CO₂, CH₄, N₂O, HFC, PCFs, SF₆, NF₃) which are converted to CO₂e. 2018 is our new baseline year in accordance with SBTi guidance that companies should "choose the most recent year for which data are available as the base year".

Scope 1 emissions are those that are directly emitted by Grieg Seafood's activities and include emissions from the combustion of fossil fuels for generators, heating, and our own vehicles. Emissions are calculated on the basis of recorded energy cost using local energy prices. We also have a relatively small consumption of hydrofluorocarbons for cooling, which are included in Scope 1. All Scope 1 emission factors used are from DEFRA (Department for Environment Food and Rural Affairs, UK Government). Underlying data is collected from financial cost.

Scope 2 emissions are indirect emissions relating to third-party generation of the electricity we consume at our sites. Emissions are reported as location-based emissions in accordance with the GHG protocol. Location-based factors are from the International Energy Agency (IEA), using three-year rolling averages. For electricity consumed in Norway, Grieg Seafood applies the Nordic mix since this is the most representative emission factor for Norway given that Norway is almost self-sufficient when it comes to electricity and that the major part of electricity imported in Norway comes from Sweden and Denmark (nve.no). The Nordic mix is calculated as a weighted average of the Swedish, Norwegian, Finnish, and Danish factor. Underlying data is collected from financial cost and on-site meters.

Scope 3 emissions are all other indirect emissions (not included in Scope 2) that occur in our value chain, including both upstream and downstream emissions. In 2020, we were able to significantly increase the level of detail of our data collection, and completed our GHG accounting for Scope 3 for the first time. We mapped the emissions in our supply chain in a comprehensive analysis and identified the categories most relevant to Grieg Seafood. Upstream, we included (1) Purchased goods and services, (3) Fuel- and energy-related activities (not included in Scope 1 or Scope 2), (5) Waste generated in operations, and (6) Business travel. Downstream, we included (9) Downstream transportation and distribution, (12) End-of-life treatment of sold products, and (15) Investments. The categories correspond to the fifteen Scope 3 categories defined by the GHG Protocol. A graphical overview of this process is depicted in Figure 2.15. Underlying data is collected from production data, financial cost, suppliers or estimated based on production data.

FIGURE 2.15
SCOPE 3 MAPPING PER COMPANY

■ Data collected and audited by PwC ■ Scoped out
■ Data to be published in 2021 ■ Data not available

Category	Subcategory	ASA	GSFR	GSFF	GSFUK	GSFBC	GSFNL	OQAS*	OQNA*	OQUK*
1	Purchased goods and services									
	Fish feed									
	Well-boat services									
	EPS boxes									
2	Capital goods	N/A								
3	Fuel-and-energy-related activities	Well-to-Tank (WTT)								
4	Upstream transportation and distribution	N/A								
5	Waste generated in operations	Waste								
6	Business travel	Air travel								
	Employee mileage									
7	Employee commuting	N/A								
8	Upstream leased assets	N/A								
9	Downstream transportation and distribution	Goods transportation								
10	Processing of sold products	N/A								
11	Use of sold products	N/A								
12	End-of-life treatment of sold products	Rest raw materials								
13	Downstream leased assets	N/A								
14	Franchises	N/A								
15	Investments	Nordnorsk Smolt								
	Tytlandsvik Aqua									

* Up until the close of 2020, our fish was sold through Ocean Quality, a dedicated sales organization in which Grieg Seafood had a 60% stake. However, Grieg Seafood has built up its own sales organization. The new sales organization is partly based on the Ocean Quality sales force, through Grieg Seafood's acquisition of the companies Ocean Quality North America (OQ NA), Ocean Quality USA (OQ USA) and Ocean Quality UK (OQ UK) at year-end 2020. OQ NA is now Grieg Seafood Sales North America, OQ USA is Grieg Seafood Sales USA, while in Shetland the sales organization has been merged with the farming entity Grieg Seafood Shetland.

FIGURE 2.16
DISTRIBUTION OF SCOPE 1 + 2 + 3

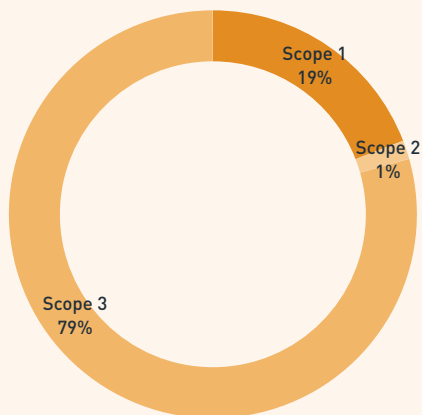
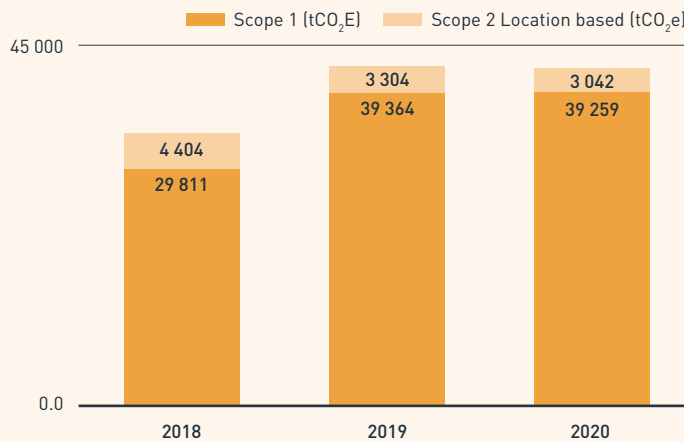


FIGURE 2.17
GREENHOUSE GAS EMISSIONS SCOPE 1 + 2



CLIMATE AND NATURE RISK

The effects of climate change, such as extreme weather and fluctuating temperatures in seawater, and decline in biodiversity, can have a significant financial impact in the coming decades. Knowledge of the possible financial consequences of global warming, biodiversity loss, or even ecosystem collapse, and the integration of climate risk and nature risk, are an essential part of our risk management strategy.



OUR APPROACH

The climate plays an important role in our operations. We recognize that climate change is likely to present a range of challenges to the aquaculture industry. Without proactive adaptation, salmon farming may become more vulnerable to acute physical risks caused by extreme weather events, such as damage to production facilities and infrastructure, increased employee accident rates and increased downtime due to harsh weather, and higher risks of escapes due to structural impairment.

We also acknowledge that biodiversity, the diversity within species, between species, and of ecosystems, is declining globally faster than at any other time in human history. Nature and ecosystems provide the basic building blocks of the global economy, and biodiversity loss and ecosystem collapse will also affect our operations, supply chains, and markets.

OUR PRINCIPLES

- We are committed to transitioning to a low-carbon economy together with the rest of the world.
- Climate-related risks and nature-related risks are part of our overall risk management strategy.
- When considering our exposure to climate and nature-related risks and opportunities, we also consider exposure in our value chain.

OUR TARGETS

Climate risk	Map climate risk and conduct climate-related risks scenario analyses to assess financial impact
Nature risk	Explore framework to map nature-related risks

LEARN MORE ON OUR WEBSITE

→ [Our TCFD report and climate-related scenario analysis for 2020](#)

OUR RESULTS

TCFD

We have mapped our climate-related risks in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) for the second year. The risks include the physical risks of climate change, such as disruption of operations due to extreme weather and the impact of the transition to a lower-carbon economy. Transition risk covers market risk, regulatory risk, technology risk and reputational risk.

SCENARIO ANALYSIS

We have performed a climate-related scenario analysis. The analysis stress-tests our strategic and financial plans from the potential impact of climate change on our core business in the future. We have performed a thorough assessment of 2C and 4C global warming impact on our salmon production. We aim to meet the Paris Agreement criteria to reduce global warming below 2C pre-industrial levels, but assess the risks involved in a scenario where we fail to meet our ambitions.

TNFD

We are an observer to a working group to the Taskforce on Nature-related Financial Risk and Disclosure (TNFD). TNFD will build on the lessons learned from the TCFD. TNFD will build awareness and capacity to reduce the negative impacts of the financial sector on biodiversity. It will increase understanding of the dependencies that different business sectors of the economy have, on nature's ecosystem services.

WASTE MANAGEMENT

Grieg Seafood aims to produce salmon in a way that reduces our consumption of resources and materials. A circular economy is essential to ensure sustainable food production in the future.

OUR APPROACH

We do not pollute the environment where we farm salmon. Waste should be properly disposed, recycled where possible and fed back into the circular economy.

We use freshwater at our land-based facilities for smolt and post-smolt production. We also use freshwater at our harvesting plants for hygiene purposes. None of our facilities are located in areas of water scarcity and material fresh water risks. Still, we recognize the importance of minimizing the use of fresh water.

Plastic waste in the ocean is harmful to the environment. Plastic slowly breaks down into smaller fragments, eventually turning into microplastics, which may impact ecosystems and wildlife negatively. Plastic materials used by Grieg Seafood should not end up in the ocean. It should be disposed properly and recycled where possible.



OUR PRINCIPLES

FRESH WATER USE

- We aim for a high water usage efficiency by utilizing technology to recirculate water in land-based fresh water facilities. All fresh water facilities have RAS technology, recycling at least 90 – 97% of fresh water used. Fresh water sourcing to the RAS facilities are based on permits from local Authorities in line with local regulations.
- We treat waste water from processing plants and fresh water facilities in accordance with local regulations. Our smolt facility in Newfoundland has zero discharge of water.
- Assessing possible fresh water risks connected to our feed ingredients is included in the Grieg Seafood feed project. Read more [here](#).

BIOLOGICAL WASTE

- Fish trimmings and dead fish from farms are collected and processed into fish silage. Depending on quality, it may be used for animal feed, biofuel, or fertilizer.
- Organic waste from our freshwater facilities is recycled and used for biofuel or fertilizer production.

FARMING EQUIPMENT

- Old farming equipment is safely removed and handled through recycling and waste management.
- Traceable ropes that are signed by Grieg Seafood will be established in our regions.

PLASTICS

- No plastics in the ocean. All plastic consumed is managed through proper waste collection and recycling.
- Implement the 3 Rs throughout our production: reduce, re-use, recycle.
- Eliminate the use of plastics we do not need.
- Strive to use plastics that are reusable, recyclable, or compostable.
- Collaborate with the industry to develop improved plastic products and infrastructure for recycling.
- Ensure sustainable use, waste collection and recycling of transport packaging materials.
- Increase the amount of recycled plastic in the products we purchase from third parties, and reduce our demand for virgin plastic.
- Phase out environmental toxins (SVHC) used in plastic products.
- Use plastic products of high quality; focusing on longevity, reduced microplastic formation and wear resistance.

OCEAN WASTE

- All regions engage in annual beach clean-ups around our farms to remove ocean waste that have drifted onto the shores.

LEARN MORE ON OUR WEBSITE

→ [Our policy for ocean plastics](#)



PROJECTS TO IMPROVE

PLASTIC PILOT PROJECT WITH BELLONA

As part of Grieg Seafood's partnership with the NGO Bellona, Finnmark has piloted a project on plastics. The results of this initiative include:

- Mapping sources of plastics in our operations. At our sites, cages, moorings and ropes, nets, feeding tubes, sea lice skirts, and shelter for cleaner fish are the main sources of plastics. A typical site with ten cages made up of 90 x 90 meter pens contains approximately 360 000 kg of plastic. It is estimated that 0.5% of this, 1 800 kg, simply disappears.
- Developing plastics accounting, an overview of all plastics bought. The aim is to recycle all plastics and avoid loss.
- Using separate containers to recycle plastics at sites, and creating a culture for reducing the use of plastics and recycling what is used.
- Working with suppliers to develop products that last longer and are easier to recycle, such as sea lice skirts and artificial kelp forests for cleaner fish.
- Work with suppliers to develop return schemes. For instance, nets made of nylon can be reused in various textiles and carpets, or turned into other nylon products.

We will extend the pilot, and we are now looking into how to improve Rogaland's initiatives on ocean plastic and waste management in 2021. Our current focus is on staff training and establishing waste supply chains that ensures material recycling.

INCREASING RECYCLING

We have established several agreements for closed-loop recycling of particular aquaculture products, like feed tubes, pens and worn hardened plastic (HDPE). The results show a high degree of recycled material quality and promising outcomes. We will also look into ways of including more recycled plastic in the aquaculture products that we consume.

MOOC ON PLASTIC WASTE

We have received funding from Norwegian Retailers' Environment Fund to establish a massive open online course (MOOC) on plastic waste management in aquaculture. Together with Bellona and NTNU (Norwegian University of Science and Technology), we aim to provide the industry with e-learning and instructional videos on the importance of proper plastic handling.

MATERIAL ACCOUNTING

We have engaged Asplan Viak to help us establish materials accounting processes. By estimating our consumption of plastic materials and comparing it to our waste management reports, we get an indication of how we are progressing with our materials handling. The estimation for Finnmark's plastic consumption was carried out in line with an established methodology (FHF project

901352). With this we aim to set key performance indicators for plastic management that will be published in the future.

As shown in the pie chart below, we now have a clearer understanding of how the plastic material distribution is at a typical production site. We will use this information to improve our plastic management. Note that feeding tubes are not included in this distribution.

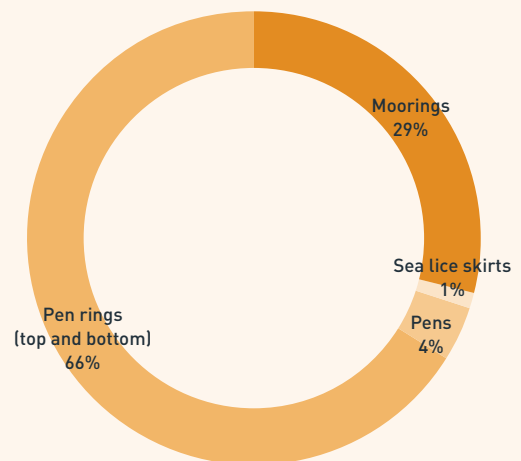
RESEARCH COLLABORATION

Grieg Seafood is a partner in the POCOplast project initiated in 2019. POCOplast is short for: "Pathways to sustainable use of post-consumer plastics in aquaculture". The aim of the project is to increase the value of recycled plastics, by utilizing used plastic from the aquaculture industry in new products, thereby reducing the demand for new plastic. This will also increase knowledge of recyclability in the supply chain and reduce the loss of the material value that many high-value plastics exhibit today.

GLOBAL ENGAGEMENT

As a contributor to the Grieg Foundation, we have also partnered with the [World Wildlife Fund to reduce ocean plastics in Asia](#). The project has clear ambitions: 50% reduction of plastic pollution in three Philippine port cities by 2023.

FIGURE 2.18
PLASTIC WEIGHT DISTRIBUTION OF A PRODUCTION SITE IN GRIEG SEAFOOD FINNMARK





TOWARDS A SUSTAINABLE FOOD SYSTEM PEOPLE

Every single day, whether it is sunny, stormy or freezing cold, our fantastic employees are out there working hard in the hatcheries, on the farms or at the harvesting plants. Their passion and dedication drive Grieg Seafood forward.





MEET SOME OF OUR EMPLOYEES



KRISTIAN SPISSØY KLOSTER
APPRENTICE

"We work with living animals. Fish welfare and animal health take precedence all the way."

[→ FULL STORY](#)



SIGRUN NESS JOHANNESSEN
VETERINARIAN

"I do care for each fish. Even though there are hundreds of thousands of them in each pen. You simply have to love animals to become a veterinarian."

[→ FULL STORY](#)



ROY EVAN STRØMSKAG

MANAGER OPERATIONAL CENTER

“During the pilot period, we have become better feeding experts. As a result, we see that the fish is growing better, without increasing the feed factor.”

→ [FULL STORY](#)



RADU BRATICEVICI

MANAGER HYGIENE TEAM

“We are proud to be one of the cleanest harvesting plants in the country. With a good working environment, you get good results!”

→ [FULL STORY](#)

HUMAN RIGHTS & ETHICS

Respecting the rights and dignity of all human beings is the very basis of a civilized society. Human rights relevant to our operations range from labour rights and a ban on child labour in our supply chain to privacy rights.

OUR APPROACH

Respecting human rights is a fundamental part of Grieg Seafood Group's corporate responsibility and is vital to the sustainable operation of our business.

We are committed to respecting fundamental human rights in our operations, our value chain, and in the communities where we operate. We use our influence to promote the fulfilment of human rights and always seek to avoid involvement, even indirectly, in their abuse.

We recognize that we can contribute to the fulfilment of human rights. We have a responsibility to prevent, mitigate, and address adverse human rights impacts in our own operations but we also use our leverage to promote respect for human rights in our value chain.

Our commitment is based on our company values, our Employee Code of Conduct, and our Supplier Code of Conduct.

TRANSPORTATION AND RISKS

Some areas in our supply chain entail a particularly high risk of breaching human rights. One such area is labour rights in the transportation industry. Most of our salmon is transported by truck to European or North American markets. There are some particular risks connected to this part of our supply chain, which we are aware of and are working to mitigate. Read more about the "[Safe trucking](#)" project and other initiatives [here](#).



OUR PRINCIPLES

Our approach to human rights is based on the UN Guiding Principles on Business and Human Rights. We have a responsibility to protect, respect, support, and promote human rights in all our operating regions and throughout our value chain.

We have committed to respecting all the nine UN internationally recognized conventions of human rights.

The Human Rights that are most relevant to our operations and supply chains are:

- The Universal Declaration of Human Rights.
- The ILO Declaration on Fundamental Principles and Rights at Work.
- The United Nations Convention on the Rights of the Child (UNCRC).
- The United Nations Convention on the Elimination of Discrimination against Women (CEDAW).
- The United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP).
- International Covenant on Economic, Social and Cultural Rights.
- The Organization for Economic Cooperation and Development Guidelines for Multinational Enterprises. (OECD Guidelines).
- The United Nations Global Compact.

IN OUR SUPPLY CHAIN

- We have our own [Supplier Code of Conduct](#), which our suppliers are obligated to follow. Suppliers must abide by the same rules as those we have laid down for our own employees.
- Grieg Seafood is currently implementing the UN Guiding Principles of Business and Human Rights. During 2021, we will conduct a due diligence process for our supply chain, identify the risks to prioritize, assess grievance mechanisms and remediation.
- Grieg Seafood is a member of the [Coalition for Responsible Business](#). The Coalition calls for a Norwegian human rights law for business, based on the United Nations Guiding Principles on Business and Human Rights. The Coalition is comprised of Norwegian civil society, trade unions and businesses, and Grieg Seafood is a signatory.

IN OUR OWN OPERATIONS

- Grieg Seafood welcomes and promotes unionization, collective bargaining, and other formal employee representation arenas appropriate to the business culture of each of our operating countries. All our employees have the right to join or not join a labour union. All employees have access to third-party representation regardless whether they are a union member or not.
- We conduct our activities without discrimination, we treat our employees fairly and compensate fairly by offering competitive salary and benefit packages. We use the Kornferry methodology to benchmark our salaries yearly and ensure that we are paying market rates as a minimum. We pay the same rates for same type of work regardless of gender, culture or other origin.
- We offer sick-pay to all our employees based on the national laws of the countries we operate in regardless of if they are permanent or temporary staff. We demand that our external hired staff and contractors have sick pay included in their contracts.
- All our employees are offered good and reasonable working hours, in accordance with union agreements, to maintain a good work-life balance.
- Everyone who is employed by us works here of their own free will in alignment with the ILO Declaration.
- We have zero tolerance for bullying, unwanted sexual attention, or harassment.
- We promote diversity with respect to employee gender, age, ethnicity, physical abilities, personality, skills, experiences and backgrounds.
- We respect employees' rights to privacy. The General Data Protection Regulation (GDPR) became Norwegian law in 2018. The GDPR provides assurance that personal information a company has a legitimate need to collect and use will not be used for other purposes. Basically, it concerns the weighing of interests. With the GDPR, the individuals' rights are highlighted, clarified and prioritized.
- We contribute to economic, social and cultural development in the rural communities where we operate. Recognizing that our operations are based on natural capital, belonging to local communities as a whole, we strive to minimize our impact and create shared opportunities.
- We recognize the rights of indigenous peoples in our relevant production regions, as laid down in the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), and we take particular care to avoid infringing such rights.

LEARN MORE ON OUR WEBSITE → Our policy and grievance mechanisms for human rights
→ Human rights

PEOPLE

OUR TARGETS

Whistleblowing	Professional handling of harassment and whistleblowing cases
Code of Conduct	100% of employees completed the Code of Conduct program
Compensation	Annual evaluation of salaries and benefits to ensure fairness



OUR RESULTS

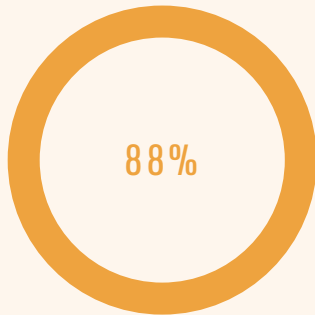
FIGURE 2.19
UNIONIZED EMPLOYEES (%) AT YEAR END 2020

Region	Share
Rogaland	25%
Finnmark	39%
British Columbia	0%
Newfoundland	0%
ASA	0%
Sales & Market	0%

We accept and welcome labour union memberships among employees. Grieg Seafood has established a good, collaborative relationship with our union representatives. This collaboration extends beyond periodic salary negotiation to a variety of internal improvement projects.

The numbers reflect memberships of the United Federation of Trade Unions (Fellesforbundet) and The Norwegian Food and Allied Workers Union (NNN), the largest labour unions in our industry. We do not have access to data on all types of memberships, such as association for professionals and graduates.

FIGURE 2.20
CODE OF CONDUCT PROGRAM



88% of our employees (excluding Shetland, Newfoundland and all Sales & Market subsidiaries overseas) have completed our Code of Conduct program. The employees in Newfoundland and the Sales & Market employees will complete our Code of Conduct in 2021, when the new version is launched.

FIGURE 2.21
HARASSMENT INCIDENTS



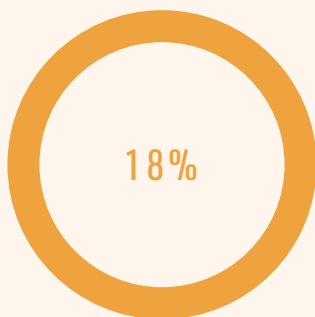
For the Group (excluding Shetland and Newfoundland), one harassment incident was reported in 2020. See Figure 2.22 for more information.

FIGURE 2.22
WHISTLEBLOWER CASES



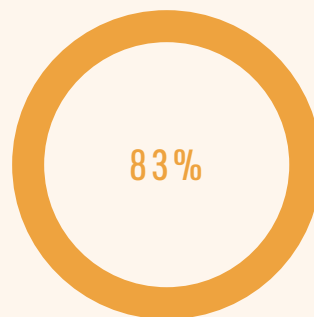
For the Group (excluding Shetland and Newfoundland), two cases were reported through our whistle blower channel in 2020. One of these cases was a harassment incident (see Figure 2.21). Both cases were investigated and handled by our external partner EY and closed after implementing new procedures and measures to avoid similar cases in the future. In addition, management was given training in how to deal with and resolve these types of cases in the future.

FIGURE 2.23
HUMAN RIGHTS TRAINING



In 2020, 116 employees, 18% of our employees (excluding Shetland, Newfoundland and all Sales & Market subsidiaries), were given human rights training. One completed Code of Conduct test corresponds to one hour of training. See also Figure 2.20 for more information on our Code of Conduct program.

FIGURE 2.24
NON-DISCRIMINATION TRAINING IN FINNMARK



Grieg Seafood Finnmark held a non-discrimination training course in 2020, which 83% of the 257 employees have taken (40% of all our employees in 2020).

OUR EMPLOYEES' RIGHT TO PRIVACY

- Declarations of Consent
- Right to access personal information
- Right to erase personal information
- Right to breach notification
- Right to be informed
- Right to correct erroneous information
- Right to limited processing of information
- Right to oppose processing of information
- Right to transmit information to new employer

EMBRACING DIVERSITY

Diversity is not only the right thing to do ethically. It leads to greater employee retention and improves productivity. Bringing together employees with different experiences, backgrounds, and educations spurs creativity and can lead to new and innovative ideas.

OUR APPROACH

Grieg Seafood is committed to being an equal opportunity employer. Having a diverse workforce is crucial for our organization and is part of our company culture. This means all our business units select and appoint the most suitable person for a position on the basis of their skills, qualifications, and aptitudes.

Grieg Seafood is committed to supporting gender equity in the workplace. We aim to ensure that all our staff have the same opportunities, rights, and respect, regardless of their gender. To ensure fairness, strategies must often be available to compensate for historical and social disadvantages that prevent women and men from operating on a level playing field. Gender equity leads to gender equality, where there are equal rights, responsibilities, and opportunities for women and men.



OUR PRINCIPLES

DIVERSITY

We always:

- Employ the most suitable person regardless of age.
- Employ the most suitable person regardless of race or ethnicity.
- Employ the most suitable person regardless of gender.
- Employ the most suitable person regardless of political, religious, or sexual persuasion.
- Employ the most suitable person regardless of national origin.
- Employ people with disabilities provided they can safely perform the task in a competent manner and any changes to accommodation requirements are reasonable and do not create an undue hardship on the operation of our business.

GENDER EQUITY

We:

- Ensure our workplace provides equitable opportunities for our male and female employees, and foster an organizational culture which supports gender equity.
- Promote a family-friendly workplace for men and women through the following activities:
 - Parental leave options for both men and women.
 - Flexible working arrangements for staff.
 - Working from home options for staff.
- Create an equitable, respectful, and enabling environment for men and women within the organization through the following activities:
 - Ensuring that there is gender representation in all cross-functional teams, interview and assessment panels.
 - Ensuring that gender equity exists with regards to remuneration of employees.
 - Seeking opportunities to encourage gender diversity in traditionally gender-typical positions historically filled by gender stereotypes.
- Demonstrate gender equity social responsibility through the following community related activities:
 - Requiring our suppliers to support our principles through our Supplier Code of Conduct.
 - Ensuring senior representation on external networks that address gender equity issues.
- Support external organizations that demonstrate gender equity.



OUR TARGETS

Gender equality	40% female representation in management positions by 2026
	40% female representation at level 2, 3 and 4 by 2026
Education diversity*	Employ the best candidates regardless of origin and culture
Cultural diversity*	Employ more candidates from other countries

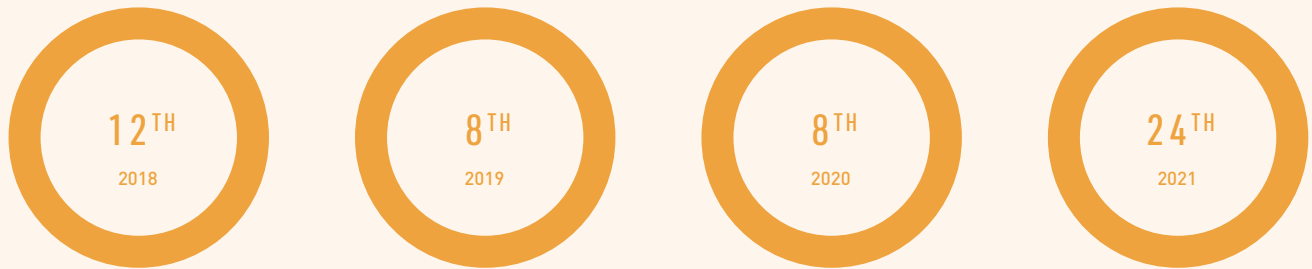
*To ensure our recruitment process is open and fair with regard to candidates with different backgrounds, from other industries, and regardless of origin and culture.

LEARN MORE ON OUR WEBSITE

- [Our policy for diversity](#)
- [Our policy for gender equity](#)
- [Embracing diversity](#)

OUR RESULTS

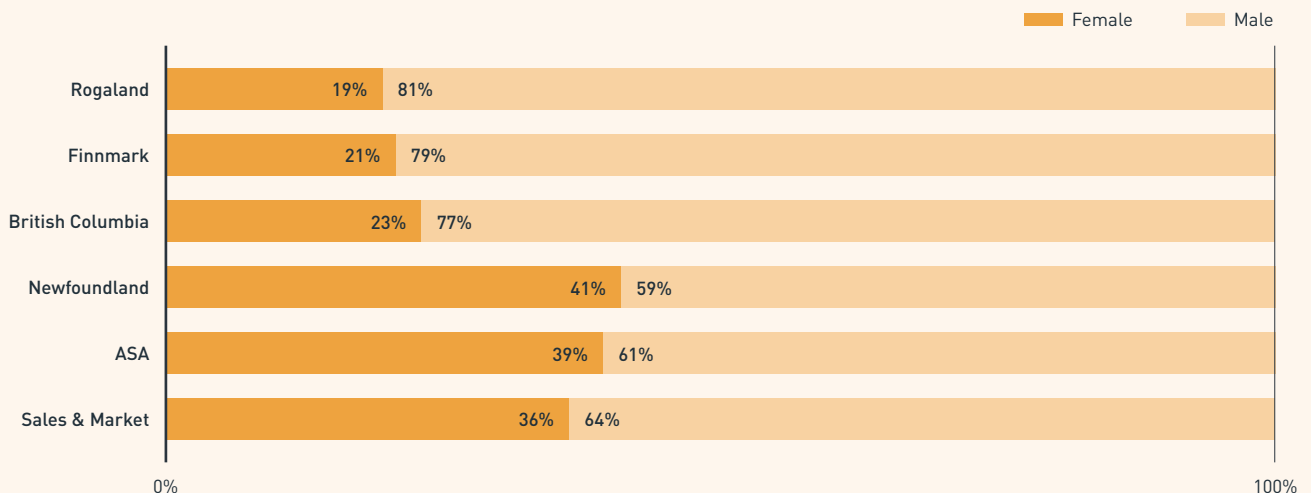
FIGURE 2.25
THE SHE INDEX



We report on the SHE Index in order to be transparent about the gender balance in our organization. The SHE Index scores companies based on the gender balance in management teams at different levels, as well as the companies' policies to improve female representation in management. Our goal is to improve gender balance and diversity to become a preferred employer.

The methodology used in the index has changed several times. In the first half of 2019, we gained 8th place, while in the second half of 2019, we came in 29th place due to such changes. In 2020, however, the SHE Index adjusted its weighting to focus more on the policies and practices that will create a long-term change. Change takes time, and we should pay more attention to the work being done to create greater diversity and inclusion. During 2020, Grieg Seafood has taken several steps to improve our gender balance, including promoting women to top management positions. However, due to a structural change and internal promotion in our organization and management team on level 2, we were ranked 24th in the SHE Index published in March 2021.

FIGURE 2.26
GENDER BALANCE AT YEAR-END 2020



At year end 2020, the Grieg Seafood Group had 735 employees, including full-time and temporary workers (excluding contractors). Women make up 24% of the workforce, while 76% are men. The ratio between male and female employees is similar across Rogaland, Finnmark, and BC. In Newfoundland, the share is higher due to focus on gender balance when the organization was set up. The management and support functions at Grieg Seafood ASA, Newfoundland and the Sales & Market teams have the highest proportion of female employees.

Employee data is registered in a dedicated HR database. Only HR personnel are allowed access to register employee data, which is reviewed regularly to ensure its continued quality.



	<p>THREE IMPORTANT TASKS FOR MAKING CHANGES TOWARDS AN EQUAL WORKFORCE</p>
<p>01</p>	<p>Bold leadership Top management have defined policies, strategies, goals and practices.</p>
<p>02</p>	<p>Measuring equality targets openly A diverse leadership team that sets, shares and measures equality targets openly.</p>
<p>03</p>	<p>An empowering environment One that trusts employees, respects individuals and offers equal opportunities.</p>

CREATING ATTRACTIVE JOBS

To reach our goals and resolve the challenges we face, we need the best people. A good working environment is key to attracting and retaining the best talent.

OUR PRINCIPLES

COMPENSATION

- We offer fair compensation. Our pay and benefits policies are based on a bi-annual survey to ensure that we always pay market rates or above for all jobs (there are some differences in the payment and benefit arrangements for temporary employees due to the number of hours worked).
- We comply with the laws and regulations related to employment protection, compensation, and working hours in the countries where we operate.
- All our employees have written employment contracts.
- All permanent employees are part of our annual bonus program.
- We share our profits with our employees through our employee share purchase program.

EMPLOYEE DEVELOPMENT

- We offer employees training and further education to support the development of necessary skills.
- We offer aquaculture apprenticeships.
- Through the use of new technology and digitalization, e.g. our Precision Farming scheme, we aim to offer untraditional and exciting positions. Sensor technology, big data, and analytics demand further development and training of our employees, and will also attract people with new skills to the industry.

OUR APPROACH

Our goal is to attract the best skills, and to be the preferred employer, regardless of industry. We have a fair and transparent recruitment process. We believe that a good working environment creates attractive jobs. We also believe in life-long learning, and aim to help our employees develop and reach their individual potential.

DIALOGUE AND CULTURE

- We live by our values: Open, Ambitious, and Caring.
- We hold quarterly feedback meetings to discuss important initiatives with our labour union representatives in order to encourage good and constructive dialogue.
- We focus on internal communication. Through our shared communications platform, Workplace by Facebook, all our employees are given a voice and an opportunity to participate actively in discussions, and to share knowledge and information across borders.

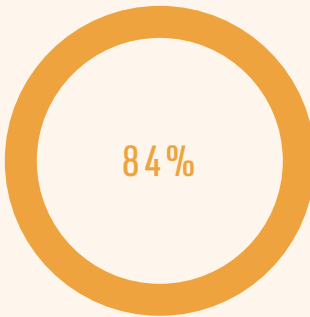
OUR TARGET

Job satisfaction	Above average in Great Place to Work survey
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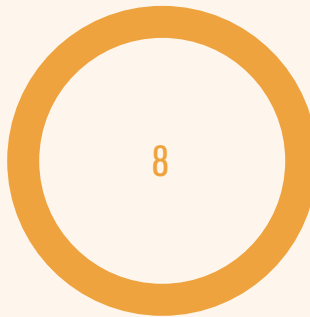
OUR RESULTS

FIGURE 2.27
GREAT PLACE TO WORK 2020



Great Place to Work assesses and evaluates organizations and the practices that underpin workplace culture, based on the experience of employees. In 2020, we took part in the Great Place to Work survey for the third time in Norway, and for the second time globally. We are proud to announce that all our regions received Great Place to Work certification in 2020. The Group (including Shetland) achieved a total score of 84%, which was very satisfactory and an improvement from 79%. The high score shows that Grieg Seafood is among the best companies to work for. 85% of our employees also confirmed that they feel a sense of pride when they look at what we have accomplish at Grieg Seafood, which is better than the best companies in the survey. The certification is an enormous credit to the employees and their hard work and loyalty, in particular during a time of global pandemic.

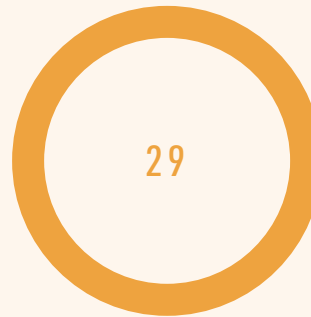
FIGURE 2.28
APPRENTICESHIP ACHIEVEMENTS IN NORWAY IN 2020



In Rogaland and Finnmark, a total of eight employees received their certificate of apprenticeship in 2020.

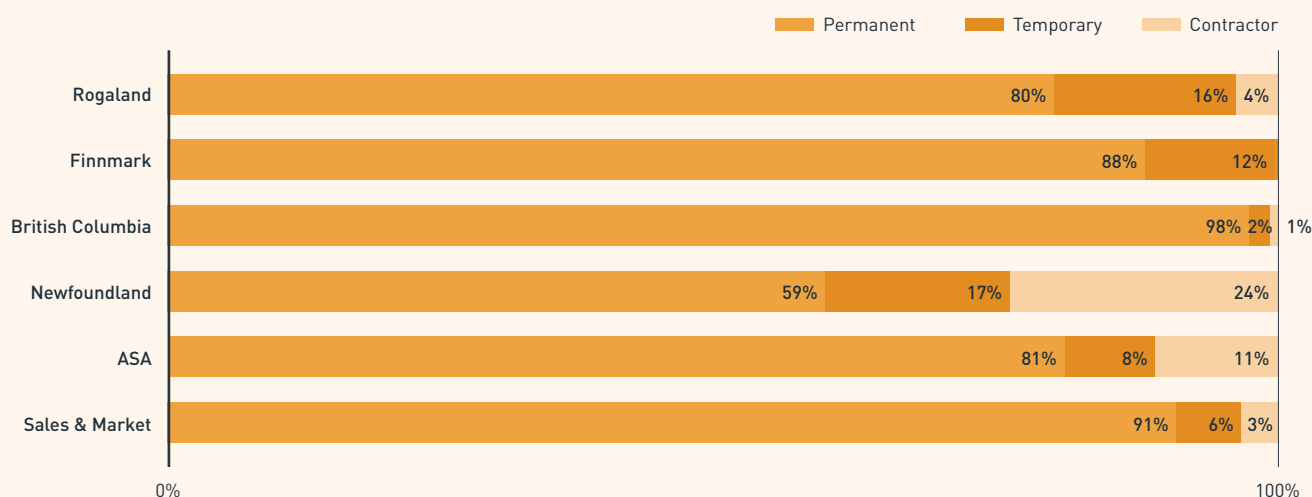
In cooperation with the North Island College, Grieg Seafood British Columbia has prepared the "Seawater Technician Advancement Program" (TAP). The program provides mandatory additional training for technicians, as well as further training for higher positions within aquaculture. The program has so far been a success.

FIGURE 2.29
APPRENTICESHIP PARTICIPATION IN NORWAY AT YEAR-END 2020



In Rogaland and Finnmark, a total of twenty-eight employees were participating in an apprenticeship at year-end 2020.

FIGURE 2.30
THE WORKFORCE AT YEAR-END 2020



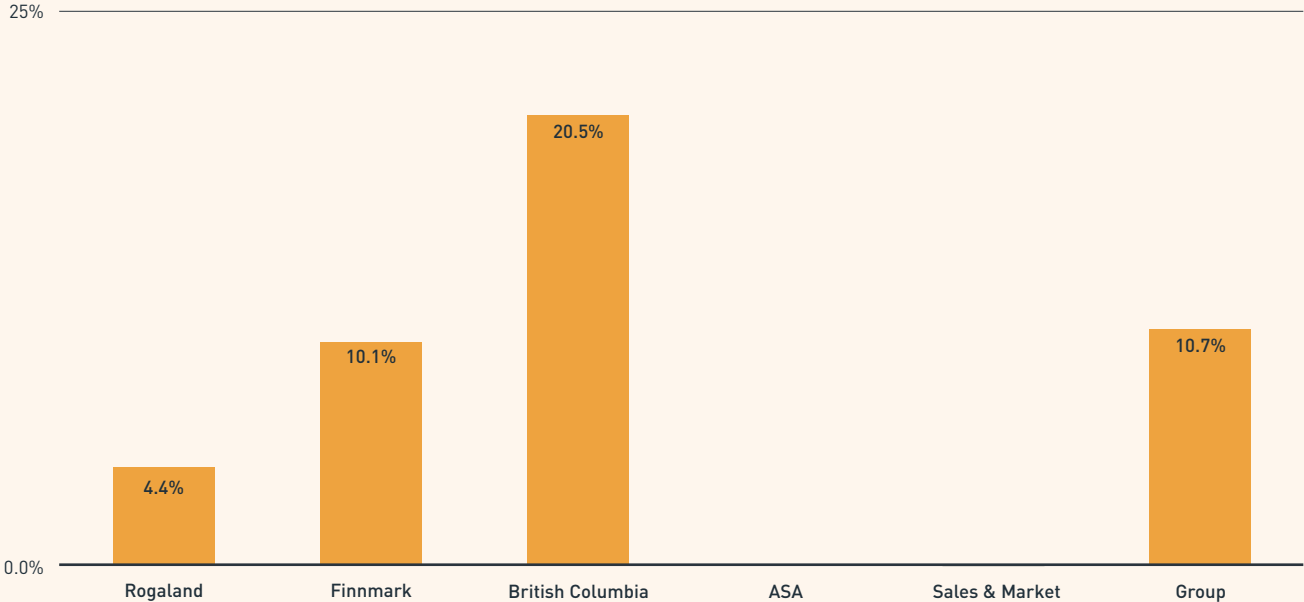
Overall, 85% (653 of 770) of our workers are permanent employees. We have some temporary employees, particularly seasonal workers in our processing facilities and apprentices at the farms. Most of our apprentices are offered a permanent position with us after their apprenticeship is over. Contractors are mainly used in Norway during peak periods of harvesting.

Employee data is registered in a dedicated HR database. Only HR personnel are allowed access to register employee data, which is reviewed regularly to ensure its continued quality.

FIGURE 2.31
THE WORKFORCE BY REGION AND GENDER IN 2020

Region	Gender	Permanent		Temporary		Contractor		Total
		Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	
Rogaland	Female	21	6	4	1	1	0	33
	Male	101	9	22	1	3	2	138
Finnmark	Female	41	5	5	2	0	0	53
	Male	180	1	19	4	0	0	204
British Columbia	Female	37	0	0	3	1	0	41
	Male	134	0	0	0	0	0	134
Newfoundland	Female	22	0	8	0	7	0	37
	Male	32	3	7	1	16	0	59
ASA	Female	12	0	0	1	0	0	13
	Male	18	0	2	0	3	1	24
Sales & Market	Female	11	0	1	0	1	0	13
	Male	20	0	1	0	0	0	21
Total		629	24	69	13	32	3	770

FIGURE 2.32
TURNOVER RATE PER REGION IN 2020



These figures are calculated based on the total number of permanent employees (excluding Shetland and Newfoundland) since it is only these employees who are meant to stay with the company permanently. Temporary employees and contractors have been excluded from these figures. As per GRI definition, employee turnover includes all employees who leave the organization voluntarily or due to dismissal, retirement, or death in service.



KEEPING OUR EMPLOYEES SAFE

Accidents can be prevented through the development of adequate operating procedures, a safety-focused corporate culture, and by improving equipment quality. We never compromise on health and safety.

OUR APPROACH

We work systematically to safeguard our employees' health, safety, and working environment. Our aim is to prevent and manage work-related injuries, illness, accidents, and fatalities. We have a zero-tolerance philosophy with respect to accidents.



SAFETY MANAGEMENT PRINCIPLES

- All locations shall establish annual safety targets with action plans (what, who, when).
- All locations shall have high standards of housekeeping.
- All managers shall carry out safety walk-arounds (Walk - Observe - Communicate).
- All employees shall participate in safety meetings on a regular basis.
- The use of personal protective equipment and life jackets shall be mandatory for employees, contractors, and visitors.
- A safety assessment shall be carried out for all jobs, equipment, and potentially hazardous materials.
- Annual audits of HSE-related activities shall be conducted.
- All regions shall have safety procedures, to help facilitate a safety focus throughout the organization.
- A program for systematic and regular safety training shall be in place.
- All accidents and near-misses shall be reported and investigated, including a root-cause analysis, and corrective actions implemented within a reasonable period of time.

OUR PRINCIPLES

SYSTEMS, PROGRAMS AND RISK ASSESSMENT

- All aspects of work are covered by our health and safety systems. We use occupational health and safety systems and standards in line with local regulations in each country.
- Job risks in each department are formally evaluated and categorized using a risk matrix. Job hazard assessments are also carried out for non-routine jobs.

CREATING AN HSE CULTURE

- All employees receive health and safety training when they join the Company, and are required to re-take the courses regularly.
 - As a general guide, employees are provided with appropriate training on joining Grieg Seafood, joining specific departments or transfer between posts. This is particularly important when increased risks are identified due to changes in tasks or responsibilities, changes in equipment or technology, or changes in the system of work.
 - Formal orientation training are given to all new site employees to Grieg Seafood based on the position and are of responsibility and will include instruction on general health and safety provisions and any area specific hazards.
 - Office staff are given an orientation on workplace safety during their onboarding process.
- Employees have the possibility to actively participate in and contribute to the development of their workplace safety through their shop steward representing them.
- We have dedicated HSE managers in each region, who are certified according to local laws. We perform annual HSE exercises to ensure that everyone knows what to do in case of an emergency.
- All our staff have the right to stop any type of work or task if they feel unsafe or that they are not competent enough to carry out their duties. These routines are established in all our regions and all new employees are given the information about how these systems work and they can also report anonymously through their union representative, employee representative or our whistleblowing channel for major issues which is handled by an external partner EY.
- We have a "no reprisal" policy when it comes to reporting health and safety issues. This is described in our Employee Code of Conduct.

HAZARD MANAGEMENT

- Our occupational health services provider helps to map and assess the risk of the work environment, including physical, organizational and psychosocial factors and include areas such as:
 - help working out guidelines for work processes.
 - suggestions for preventative safety measures.
 - training and information about occupational health, industrial hygiene, ergonomics, external environment, chemicals, and general health and safety.
 - work environment evaluation and adaptation.
 - measurement of physical, chemical and biological factors.
 - help with following up workplace absenteeism.
 - help with conflict resolution and harassment.
- In BC, a revised standard on reporting and investigating hazards, close calls and incidents was developed in 2020. Through this standard, improvements to the incident investigation process and tracking of follow up corrective actions are expected.
- In 2020, we conducted a review to identify key metrics to track as leading indicators in 2021. Leading indicators being tracked will focus on the quality of SOPs, completion of risk assessments, participation in safety meetings, and results of workplace inspections.

INCIDENT REVIEW

- All incidents are recorded in our health and safety system, and reviewed. After corrective action is taken, the result of the action is disseminated to the rest of the region for implementation.

PROMOTING EMPLOYEE HEALTH

- External health services provide health checks and advice to employees. In some regions they are represented on our Health and Safety committees.
- We provide a health-plan for employees, ranging from dental and medical to counselling depending on the region.
- We offer a variety of health programs to the employees (competitions, gym membership).

IN OUR SUPPLY CHAIN

- Our Supplier Code of Conduct requires suppliers to provide a safe and healthy environment for their workers and contractors, and minimize workers' exposure to potential safety hazards. Furthermore, we expect our suppliers to adhere to all applicable laws and regulations.

OUR TARGETS

Absence rate	Absence rate below 4.5%
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LEARN MORE ON OUR WEBSITE

→ [Health and safety](#)

PEOPLE

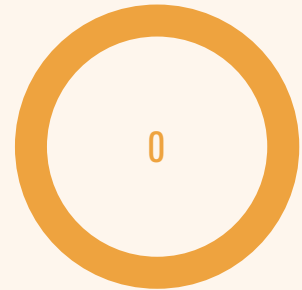
OUR RESULTS

In Norway we commit to Workers' Health, Safety, and Welfare by the use of the GLOBALG.A.P. GRASP module which is designed to assess social practices on the farms. GRASP provides the minimum compliance criteria for a good social management system and we are audited on regular basis from external parties. The QMS requirement addresses specific aspects of our workers' health, safety and welfare.

Grieg Seafood BC has obtained an occupational health and safety management system certification named OSSE (Occupational Standard of Safety Excellence). The OSSE Certifications is granted to BC companies who have successfully developed and implemented a comprehensive health & safety management system and is coordinated by WorkSafeBC.

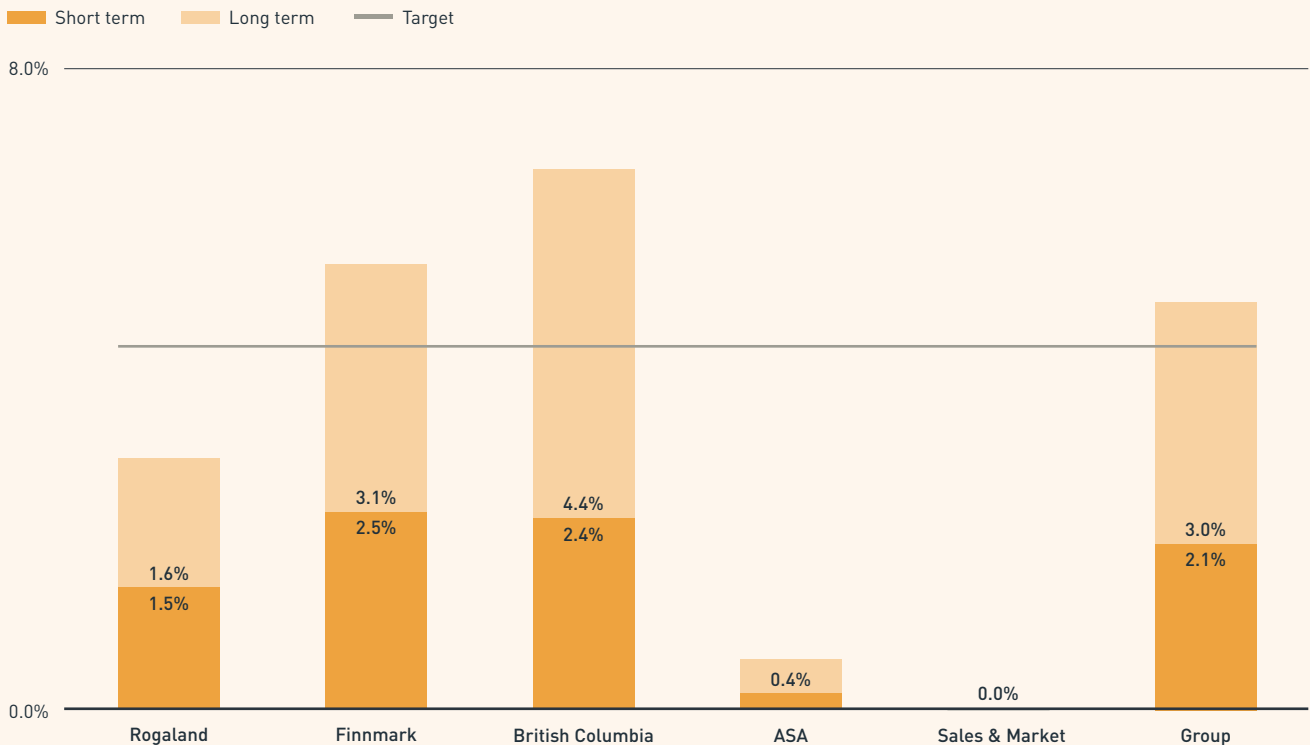
Grieg Seafood Newfoundland is implementing a new EHS (Environment, Health & Safety) system throughout its operations based on standard industry best practices and legislative requirements.

FIGURE 2.34
FATALITIES IN 2020



We had zero fatalities in 2020.

FIGURE 2.33
ABSENCE RATE IN 2020



In Sales & Market and Rogaland, the absence rate has decreased compared to the year before, while in British Columbia, ASA and Finnmark, the absence rate increased. The absence rate in British Columbia and Finnmark is above our target of 4.5%, mainly due to long-term sickness and employees taking time off while waiting to be tested for Covid-19. When the pandemic started, we introduced new policies to enable our employees to stay at home without having a sick note from a doctor if they suspected Covid-19 infection. The Company also made a risk analysis on how to control and manage the risk of employees bringing covid-19 to our sites and decided to increase the amount of paid sick leave days during 2020. We offered our employees up to 2.5 times the paid sick leave days they usually are guaranteed by contract, which they could use to stay at home until they were tested for Covid-19 or other types of illness. We always monitor developments according to our guidelines for absence from work.

FIGURE 2.35
SAFETY INDICATORS IN 2020

Region	Hours worked *	Total work-related injuries	High-consequence work-related injuries
Rogaland	234 837	26	4
Finnmark	378 322	24	3
British Columbia	330 650	29	1
ASA	56 861	0	0
Sales & Market **	38 100	0	0

* Excluding overtime

** Estimate based on number of employees and general annual working hours.

Health and safety incidents are registered in our systems and reviewed as part of our monthly HSE meetings. In BC, quality control of incident data is achieved through support from a third party (WorkSafeBC). Injuries are caused mainly by being struck by objects, handling equipment, crushing, cuts, slips, and falls. Risk assessments show that high-consequence injuries derive from being struck by an object, crushing and cuts. High-consequence injuries incurred in 2020 related to being struck by an object, falls and crushing. The injuries were assessed and reported to other sites to prevent similar accidents from happening.

In BC, the majority of LTI incidents happened in Q1 and Q2. Countermeasures were taken and risk assessments conducted which helped us to achieve zero LTI incidents from July to December 2020. The WorkSafeBC framework which we use to compare ourselves with the industry average has been one of the tools used to decrease the number of LTI incidents.

Our improvement initiatives are based on preventive measures and risk assessments on all accidents and near misses that are reported in our deviation system. Examples of measurements: service on machinery, ordering of new equipment's, training of employees, change in procedures and instructions.

FIGURE 2.36
H1-FACTOR/LTIR

Region	H1-factor/LTIR *					Absence rate				
	2016	2017	2018	2019	2020	2016	2017	2018	2019	2020
Rogaland	9	11	24	15	9	3.4%	3.2%	4.7%	3.5%	3.1%
Finnmark	13	24	18	22	28	6.1%	4.4%	5.4%	4.9%	5.6%
British Columbia	72	16	38	35	36	1.6%	0.9%	1.8%	2.0%	6.8%
ASA	0	0	0	0	0	0.3%	1.0%	0.1%	0.3%	1.1%
Sales & Market	n/a	n/a	0	0	0	n/a	n/a	0.6% **	0.5% **	0.0%
Group	n/a	n/a	n/a	n/a	24	3.7% **	3.2% **	3.3% **	3.2% **	4.9%

* H1-factor/LTIR: number of lost-time injuries divided by the total number of hours worked, multiplied by 1 000 000. Permanent and temporary employees are included in our incident data. Information on contractors is not currently available.

** including Shetland

In Grieg Seafood BC we have for a couple of years been working on our openness and reporting to create a more mature safety performance culture. We implemented the BrainSafe program as a pilot project in BC. The intention is to roll this out to all our regions based on its success. Our ultimate goal is that people feel safe, that we have an open reporting culture and that HSE always are on top of our agenda. In our quarterly Business Reviews with our regions we always start the meetings with going through the HSE statistics. We conduct audits, execution of inspections and execution of safety action plans as well as safety observations execution (and, if possible, quality of observations and closure of actions). We also participate in safety training and safety meetings.

ANTI-CORRUPTION

Business integrity is essential if we are to become a preferred provider of sustainably produced salmon.

OUR PRINCIPLES

- Our Code of Conduct sets out a zero-tolerance policy with respect to corruption, bribery, and money-laundering.
- We continuously assess our own operations and those of our suppliers with regard to corruption risk, as part of our risk management framework.
- Members of group and local management are encouraged not to own shares or accept board positions in companies that Grieg Seafood has commercial relations or competes with. All relations that may involve a conflict of interest must be reported, to ensure that business decisions are made by impartial staff members.
- Our zero-tolerance policy is stated clearly in our Supplier Code of Conduct. We expect our suppliers to adhere to the same principles and to never enter into agreements or understandings with competitors, or engage in other conduct, that undermines competition.

OUR APPROACH

We have zero tolerance for all forms of fraud, corruption, facilitation payments, kickbacks, bribery, or other misconduct.

OUR TARGET

Corruption	No incidents of non-compliance with our anti-corruption principles
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OUR RESULTS

INVESTIGATIONS

In February 2019, the European Commission launched an investigation to explore potential anti-competitive behavior in the Norwegian salmon industry. Grieg Seafood is one of the companies under investigation. Based on the EU investigation, US competition authorities launched their own investigation into the matter in November 2019. By the end of 2019, four class-action lawsuits had been filed by small-scale customers in the USA and two in Canada. Grieg Seafood is not aware of any anti-competitive behavior within the Group in Norway, the EU, the USA, or in Canada. We are collaborating fully with European and US authorities in this matter and will follow up the lawsuits in the USA and Canada accordingly. Currently, there is no new information regarding these investigations.

CORRUPTION

We did not experience any incidents of corruption in 2020. We had no corruption incidents that resulted in the termination or non-renewal of contracts with a business partner.

FIGURE 2.37
NON-COMPLIANCE WITH LAWS AND REGULATIONS IN 2020

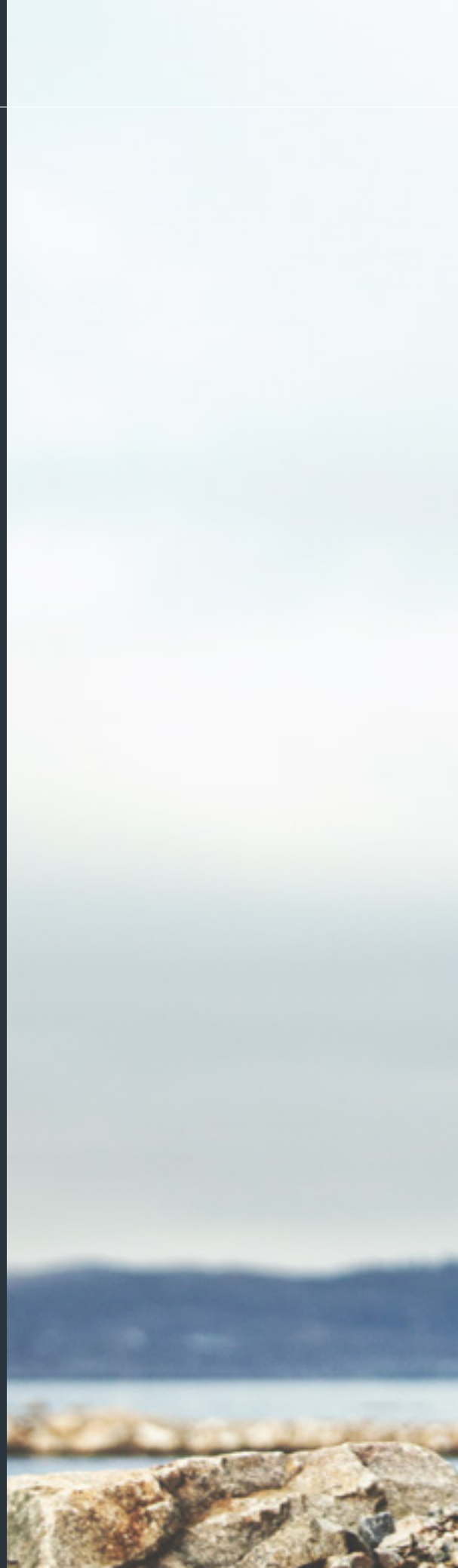
Area of non-compliance	Description	Fines (NOK)	Number of non-monetary sanctions	Dispute resolution mechanisms
Environmental	n/a	0	0	None
Social	n/a	0	0	None
Economic	n/a	0	0	None



TOWARDS A SUSTAINABLE FOOD SYSTEM

LOCAL COMMUNITIES

We are grateful to our local communities for giving us permission to farm salmon in their fjords and inlets. In return, we do not only do what we can to ensure local biodiversity and sustainable farming methods. We also contribute to vibrant local communities in the many rural areas where we operate.





Grieg
Seafood®

RELATIONSHIPS WITH LOCAL COMMUNITIES

Grieg Seafood operates in many rural communities across our regions. We are grateful to these local communities for giving us permission to farm salmon in their inlets and fjords. We need their social license to operate to achieve sustainable growth.

OUR APPROACH

We earn our social license to operate first and foremost by constantly striving to reduce our impact on the local environment and overcome the practical challenges we face. We report on our efforts in these areas in the chapters Healthy Ocean and Sustainable Food.

Secondly, we earn it by creating shared opportunities and contributing to local value creation and vibrant local communities.

Transparency, honesty, and open dialogue underpins our relationships with local communities. Grieg Seafood aims to be open and honest with local communities about our production methods, our successes, and our remaining challenges. We view it as our responsibility to engage in constructive dialogue with all stakeholders and groups that are impacted by our activities.

In British Columbia, Grieg Seafood is farming in areas that belong to indigenous peoples, while Finnmark has been home to the Sami people for millennia. We recognize that these groups have special rights, as acknowledged in the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), and take particular care to avoid infringing them.



OUR PRINCIPLES

- We create jobs and opportunities in the rural areas where we operate.
- We use local suppliers as often as we can.
- We hire local apprentices and support aquaculture schools and training facilities.
- We engage in local environmental projects to mitigate impacts from our operations.
- We sponsor sports and cultural activities in our local communities.
- We support the implementation of UNDRIP in British Columbia. We use the Truth and Reconciliation Commission’s [“Call to Action”](#) for businesses as guidance on how we can support the reconciliation process between Indigenous Peoples, the government and businesses in the province.
- In Finnmark, Grieg Seafood is also in a process to understand how we can advance indigenous culture where we farm salmon.
- We provide a grievance mechanism for local communities on our regional websites.

LEARN MORE ABOUT OUR RELATIONSHIPS WITH OUR LOCAL COMMUNITIES ON OUR WEBSITE

- [Rogaland](#)
- [Finnmark](#)
- [British Columbia](#)
- [Newfoundland](#)

Learn more about our approach to the implementation of UNDRIP and our journey of reconciliation with Indigenous Peoples in British Columbia [here](#).



GRIEG SEAFOOD ROGALAND

COMMUNITY STORIES

ORGANIZATIONS

We support organizations that engage in ocean-related activities, such as the diving club Sletta Dykkerklubb. Amongst other things, they collect litter and plastics from the ocean.

CULTURAL EVENTS

We support cultural events for children and young people, to make participation in cultural activities affordable for those with few financial resources. In Stavanger, for instance, we support Barnas Mablis, a cultural event for children which takes place in the summer.

SPORTS CLUBS

We support sports clubs in all the municipalities where we have farms. Our aim is to contribute to the health and social life of local children and young people.

165

employees

1 060 000 000_{NOK}

purchase from local suppliers in Rogaland

64%

of total purchase was from local suppliers in Rogaland

750 000_{NOK}

donated to local cultural and sports activities

7 075 000_{NOK}

support from the Norwegian Aquaculture Fund to municipalities where we operate*

*Based on [estimates from the Norwegian government](#)

GRIEG SEAFOOD FINNMARK

COMMUNITY STORIES

KVENVIK BYGDELAG

We support Kvenvik Bygdelag, a local community responsible for outdoor recreation facilities.

ØKSFJORD IL

We support Øksfjord IL, a sports club that offer local activities for all ages. Øksfjord IL is located in a small village and means a lot for the local community.

FINNMARKSLØPET

We sponsored Finnmarksløpet – the longest dog sledge race in Europe. 1 200 km under harsh winter conditions. It start in Alta, goes all the way to the Russian border and back again.

257

employees

807 000 000_{NOK}

purchase from local suppliers in Troms and Finnmark

60%

of total purchase was from local suppliers

1 780 000_{NOK}

donated to local cultural and sports activities

30 985 000_{NOK}

support from the Norwegian Aquaculture Fund to municipalities where we operate*

*Based on [estimates from the Norwegian government](#)

GRIEG SEAFOOD BRITISH COLUMBIA

COMMUNITY STORIES

FIELD OFFICE IN GOLD RIVER

We have a field office to recognize the importance of the community where our hatchery is located and where we use the local government's dock to transport harvested fish. Members of the public can come to the office to find out about job vacancies, inquire about our sponsorship of events and arrange for farm tours. Most of the 25 employees at our hatchery make their home in Gold River or the neighbouring First Nation community of Tsaxana.

DONATIONS TO LOCAL FOOD BANKS AND INDIGENOUS COMMUNITIES

In August and December 2020, we donated more than 700 kilos of canned farmed salmon to eight food banks in smaller BC towns and Indigenous communities where young families and seniors living on pensions are unable to afford high-quality protein. We also donated 60 000 cans of salmon to Food Banks BC and Food Banks Canada to help families suffering financially from the loss of their jobs during Covid-19, who turned to food banks in high numbers for much of the year.

NATIONAL CANADA DAY CELEBRATIONS

Each July 1 in the community of Sayward, a team of Grieg volunteers prepares a salmon barbecue lunch for the community as part of their national Canada Day celebrations. Residents of Sayward and nearby towns participate in the parade and events after enjoying a barbecue lunch.

174

employees

920 000 000_{NOK}

purchase from local suppliers in B.C.

83%

of total purchase was from local suppliers

1 140 000_{NOK}

donated to local cultural and sports activities

NEWFOUNDLAND

COMMUNITY STORIES

SPONSORSHIP OF LOCAL AQUARIUM

As a valued member of the Mini Aquarium family, we sponsored the Petty Harbour Mini Aquarium for the 2020 season. This sponsorship helped the Aquarium continue its mission of marine education through the winter.

DONATION TO HEALTH CARE

Our donation to the Burin Peninsula Health Care Foundation's Patient Comfort and Care program was used to purchase gift cards for patients receiving chemotherapy and dialysis, to assist with the cost of travel to medical appointments throughout the holiday season.

We have also donated towards improvements at the neonatal care unit at the Burin Peninsula Health Care Centre.

73

employees

389 000 000_{NOK}

purchase from local suppliers in NL in 2020

46%

of total purchase in 2020 was from local suppliers

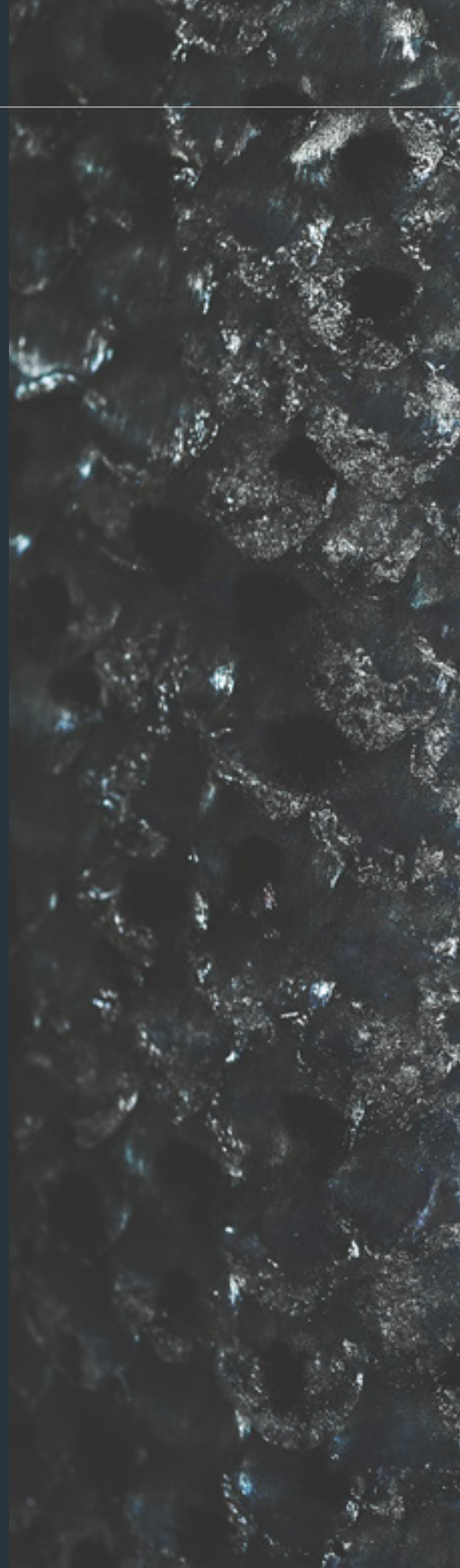
92 000_{NOK}

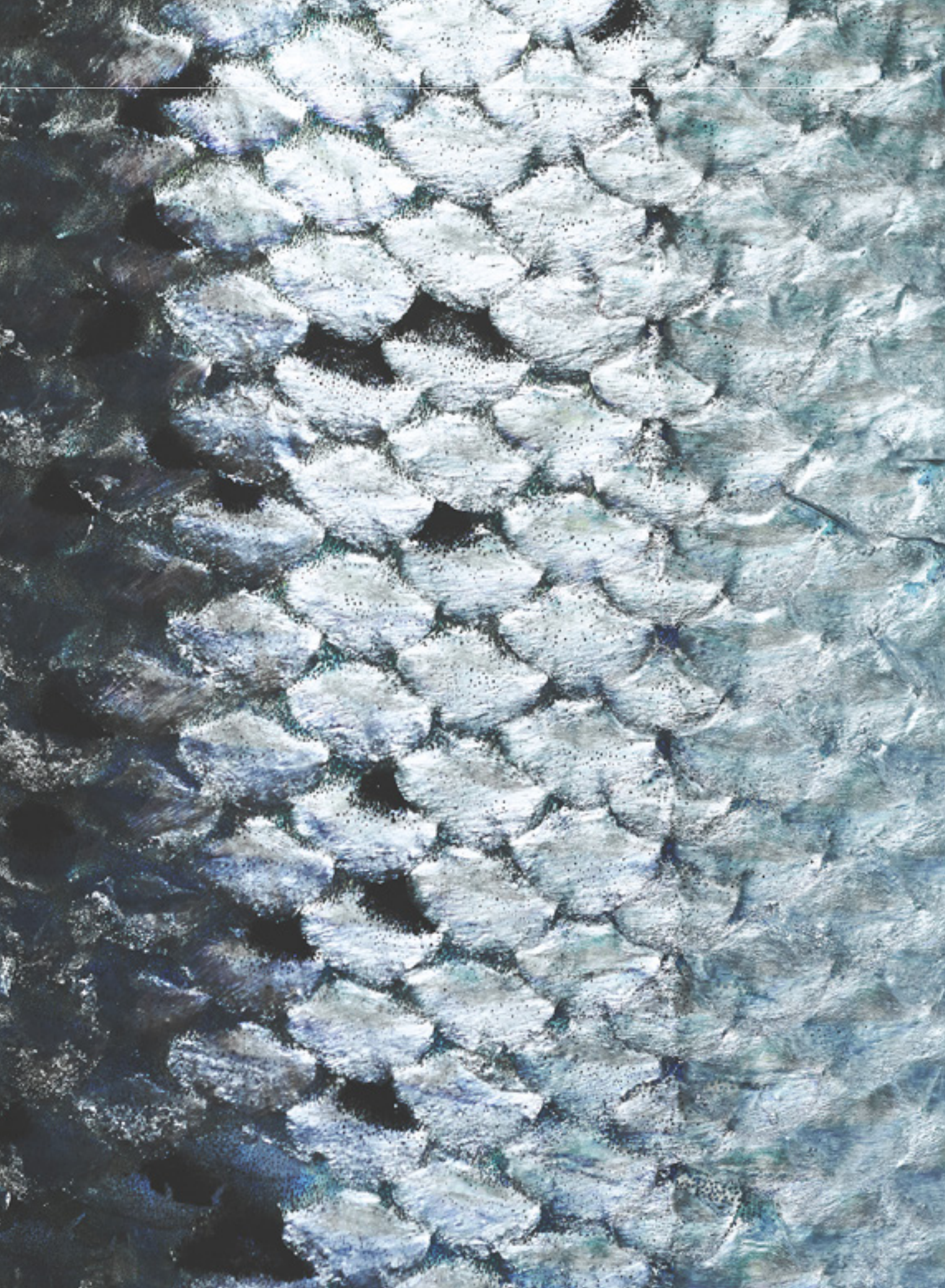
donated to local cultural activities and health care initiatives

TOWARDS A SUSTAINABLE FOOD SYSTEM

PROFIT & INNOVATION

Without a profitable business, we will not be able to farm healthy salmon for people to eat all over the world. To achieve good financial results, our farming methods need to be both cost-effective and sustainable.





THE SALMON MARKET

Grieg Seafood is part of a global salmon market, supplying 2.6% of the global volume of Atlantic salmon harvested in 2020. As part of our new strategy, we will reposition Grieg Seafood in the value chain and become an innovative partner for selected customers. By focusing on sustainable farming practices and good fish health and welfare, we can provide the healthy, tasty, and high-quality product that our customers and consumers demand.

FIGURE 2.38
GLOBAL ATLANTIC SALMON HARVEST IN 2020*

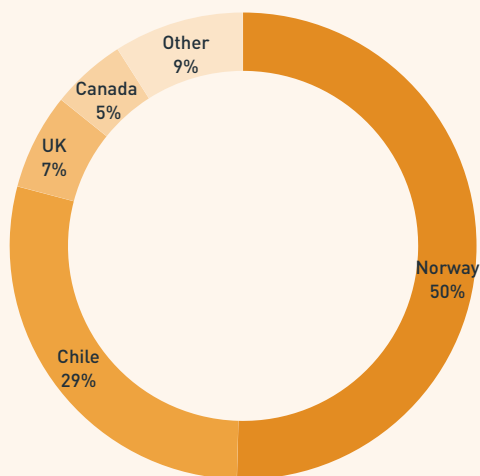
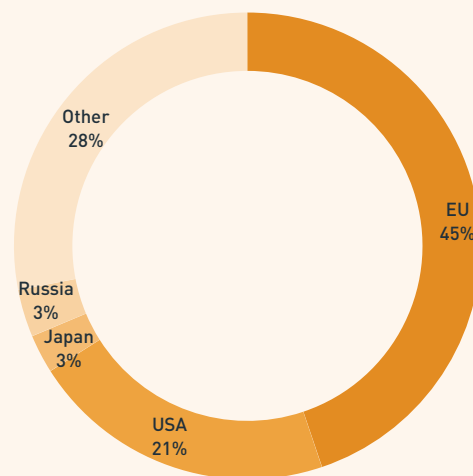


FIGURE 2.39
GLOBAL ATLANTIC SALMON CONSUMPTION IN 2020*



↗ Source: [NASDAQ Salmon Index](#)
↖ Source: Kontali Analyse AS

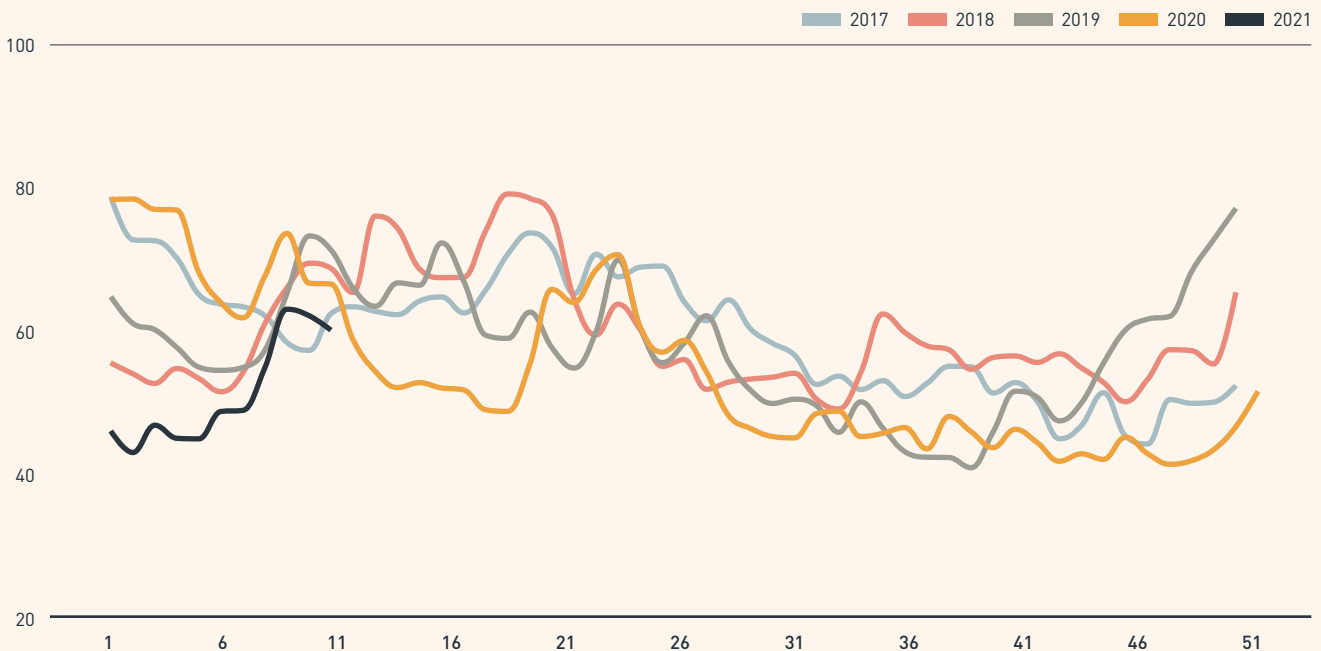
OUR SALES AND MARKET ORGANIZATION

Up until the close of 2020, our fish was sold through Ocean Quality, a dedicated sales organization in which Grieg Seafood had a 60% stake and Bremnes Fryseri a 40% stake. The purpose of Ocean Quality was to sell our salmon at above the market rate. However, Grieg Seafood has built up its own sales organization to support growth and the downstream strategy. The new sales organization is partly based on the Ocean Quality sales force, through Grieg Seafood’s acquisition of the companies Ocean Quality North America (OQ NA), Ocean Quality USA (OQ USA) and Ocean Quality UK (OQ UK) at year-end 2020. OQ NA is now Grieg Seafood Sales North America, OQ USA is Grieg Seafood Sales USA, while in Shetland the sales organization has been merged with the farming entity Grieg Seafood Shetland. Bremnes Fryseri took ownership of the Norwegian organization Ocean Quality AS at the end of 2020, and the sales joint venture Ocean Quality was dissolved. Our new sales entity in Norway is Grieg Seafood Norway. To facilitate the transition, Grieg Seafood and Bremnes Fryseri will continue to collaborate on sales until June 2021. Our new sales and market organization became operational in January 2021. From being purely a supplier of farmed salmon from Norway, Scotland and Canada, we will reposition Grieg Seafood in the value chain and become a partner for selected customers in our main markets.

GLOBAL MARKET DEVELOPMENTS IN 2020

In 2020, the global volume of Atlantic salmon harvested increased by approximately 5% compared to 2019, according to Kontali, continuing an upward trend seen over several years. A total of 2 442 960 tonnes GWT was estimated to have been harvested globally in 2020, up from 2 323 800 tonnes in 2019. The largest contributors to the increase were Chile and Norway, with an increase in output of 79 200 and 32 040 tonnes, respectively. The Chilean industry has mustered an impressive recovery after its difficulties in 2017, while Norway has seen incremental growth in harvested volumes as farmers have adapted to challenging biological conditions over the past few years. The UK experienced a reduction in the volume harvested in 2020. The global supply of Atlantic salmon increased by approximately 4% compared to 2019. It is estimated that consumption in most major markets increased in 2020, except for China, where it decreased by 25%. The largest relative increases in consumption were found in the EU and the USA, up 5% and 8%, respectively.

FIGURE 2.40
 NQSALMON WEEKLY AVERAGES (NOK/KG) (LESS DISTRIBUTOR MARGIN OF NOK 0.75)



With a limited increase in supply to the market, high prices would normally be expected, but Covid-19 impacted both consumption patterns and overall demand for salmon during the year. Sales to the HoReCa market have been low due to Covid-related restrictions, curfews and lockdowns in most markets. On the other hand, sales to the retail segment and home consumption have increased. Salmon spot prices noted on NASDAQ Salmon Index (NQSALMON) fell substantially during both the first and second wave of restrictions and lockdowns in Europe. The same trend was observed in the North American market. The spot market price stood at NOK 78.4 at the beginning of the year, the lowest price was seen towards the end of the year at NOK 40.2 per kg. Prices closed 2020 at NOK 50.7. The 12-month average NQSALMON for 2020 (less distributor margin of NOK 0.75) came to NOK 53.7 compared to NOK 57.2 in 2019.

OUR MARKET DEVELOPMENT IN 2020

Continental Europe is by far our most important market, representing 45% of our sales revenues in 2020. The market distribution of sales varies year on year, depending on the harvested volumes across our regions. The main change in our sales distribution was a decrease to the EU, from 52% in 2019 to 45% in 2020, due to the increased volume from our Canadian farming operations. At the same time, sales directed to the UK market increased from 6% in 2019 to 9% in 2020. The figures exclude sales from Shetland.

Our sales revenues amounted to NOK 4 384 million, corresponding to a decrease of NOK 371 million or 7.8% from 2019. The average spot salmon price (NQSALMON weekly average less distributor margin) for the year was down by NOK 3.5 per kg compared to 2019. Although spot market prices negatively impacted our sales revenue, fixed-price contracts in Norway made a significant contribution. The total share of fixed-price contracts was 41% in Norway, in line with our targeted contract rate of 20-50%.

FIGURE 2.41
OUR MARKETS IN 2020

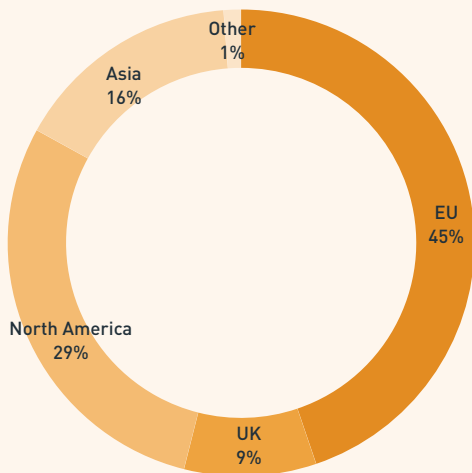
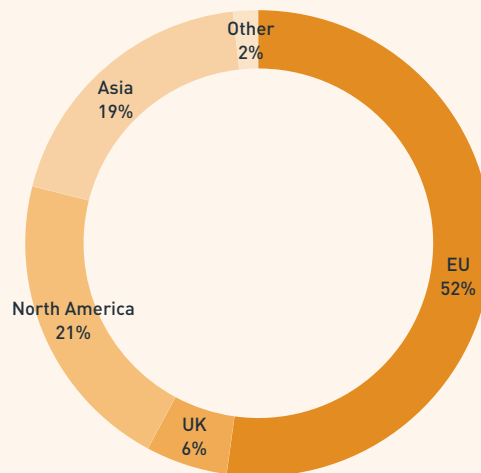


FIGURE 2.42
OUR MARKETS IN 2019



MARKET EXPECTATIONS

The global harvest of Atlantic salmon in 2021 is expected to increase by 2-4%. Due to the Norwegian increase in maximum allowed biomass (MAB), good seawater conditions during the second half of 2020, and volumes held back for harvest in 2020, Norwegian salmon farmers are expected to harvest 100 000 tonnes more in 2021 than in 2020, while the harvest in Chile is expected to decrease by approximately 100 000 tonnes. With a limited increase in the volume harvested, high prices would normally be expected, but the market situation has been significantly impacted by Covid-19. Strict measures due to the pandemic continue to affect most markets, despite ongoing vaccination programs. Good supply combined with a market affected by Covid-19 measures, including border closures, continued to impact market prices going into 2021. However, in the first quarter of 2021, the spot market prices increased significantly. The average spot market price for the first 11 weeks of 2021 was NOK 50.4 per kg, compared to NOK 70.6 for the same period of 2020. While the pandemic is still causing uncertainty, the implementation of vaccination programs in many countries makes the short-term market outlook look promising. Forward prices on Fish Pool for the second half of 2021 trade around NOK 55 per kg, and NOK 58 per kg for 2022.

So far in 2021 Norwegian export of fresh HOG salmon has increased with approximately 31 000 tonnes, an increase of 22% compared to the same period in 2020. This means that a significant amount of the total estimated yearly harvest increase is already realized in the market. Going forward, the harvest increase per week will be lower, and we expect this will help sustain a higher price level than observed over the last six months.

The transition period following the UK's withdrawal from the European Union (Brexit) expired at year-end 2020. What Brexit will mean for the Scottish salmon farming industry and Norwegian exporters remains uncertain, due to possible tariffs on trade and logistical problems in getting fresh salmon from Norway to the UK and from the UK to the rest of Europe. So far, the salmon trade has not been significantly affected by Brexit. See the [Board of Director's report](#) for further information regarding risks related to Brexit.

Covid-19 has disrupted the salmon market, with a significant shift in demand, away from hotels, restaurants and catering (HoReCa) and to a greater extent towards the retail segment. The retail segment and home consumption have been boosted. The shift from HoReCa to retail is expected at some point to be reversed, but the current market situation may also lead to permanent changes in consumer behavior. With an increasing share of people preparing food at home, combined with a growing preference for healthy food and the current low prices, the demand for salmon may increase in the retail segment going forward.

Looking further ahead, there is a consensus in the market that the existing coastal open-pen aquaculture industry will achieve modest organic growth. This will primarily be driven by the opening of new sites and areas for sea farms, new and improved technologies and farming practices, and better cooperation both between industry players and with the public authorities. In addition to this incremental growth, more experimental attempts to farm salmon, either offshore or on land, may supplement the traditional salmon farming industry with additional volumes in the longer term.

For the past 25 years, literally all new fish volumes have come from aquaculture. Wild fishing has long had to cope with smaller catches, quotas, and other regulatory restrictions. Since 1990, the volume of farmed fish has multiplied more than six-fold, with salmon making up less than 2.5% of the volume.

In line with the ongoing global megatrends relating to health and sustainability, there has been growing interest in the health and potential environmental benefits of sustainable aquaculture. At the moment, Europe is the largest and most mature market for Atlantic salmon, consuming more per capita than other continents. There are, however, countless ongoing initiatives to introduce salmon to a larger number of new consumers across the globe. An increase in consumption per capita in large markets and growing economies such as the USA, Brazil, China, and India is expected to contribute to rising demand for Atlantic salmon over time.

ECONOMIC PRODUCTIVITY

By focusing on sustainability and driving forward improvements at our farming operations, we aim to create value for all our stakeholders.

OUR RESULTS

PROFIT AND LOSS

2020 was significantly impacted by the Covid-19 pandemic. Spot prices for Atlantic salmon were affected by lower demand from the HoReCa segment due to Covid-19 restrictions, curfews and lockdown. Sales to the retail segment and home consumption have, however, been increased. Despite a challenging situation, we were able to maintain production and transport our salmon to the markets.

We reached a harvested volume of 86 847 tonnes, which was below our original target of 100 000 tonnes. During 2020, we reduced our targeted harvest volume mainly due to biological challenges with low temperatures in Finnmark causing winter ulcers, early harvests and lost on-growth, as well as challenges with ISA. As our Shetland assets are classified as held or sale at year-end 2020, our results are presented exclusive of Shetland for 2020 and 2019. Exclusive of Shetland, our harvested volume was 71 142 tonnes, 1% lower than the harvest of 71 700 tonnes in 2019. The overall volume decrease reduced our EBIT by 1% compared to 2019.

The average spot price for 2020 (NASDAQ Salmon weekly average, less a distributor margin of NOK 0.75) came to NOK 53.7 per kg, down by NOK 23.4 per kg compared to prices at the end of 2019, and down NOK 3.5 per kg compared to the average spot price for 2019 as a whole. The negative effect of lower market prices was somewhat offset by favorable fixed-price contracts in Rogaland and Finnmark. The Group's sales revenues decreased by NOK 371 million, or 7.8%, to NOK 4 384 million in 2020 (2019: NOK 4 756 million). The average price achievement by our regions was NOK 54.7 per kg in 2020 compared to NOK 58.8 per kg the year before.

OUR PRINCIPLES

- Our investments reflect our growth strategy and the evolution of our position in the value chain, as well as our on post smolt, improving fish welfare and digitalization .
- We aim to provide our shareholders with a competitive return on capital invested.

OUR TARGET

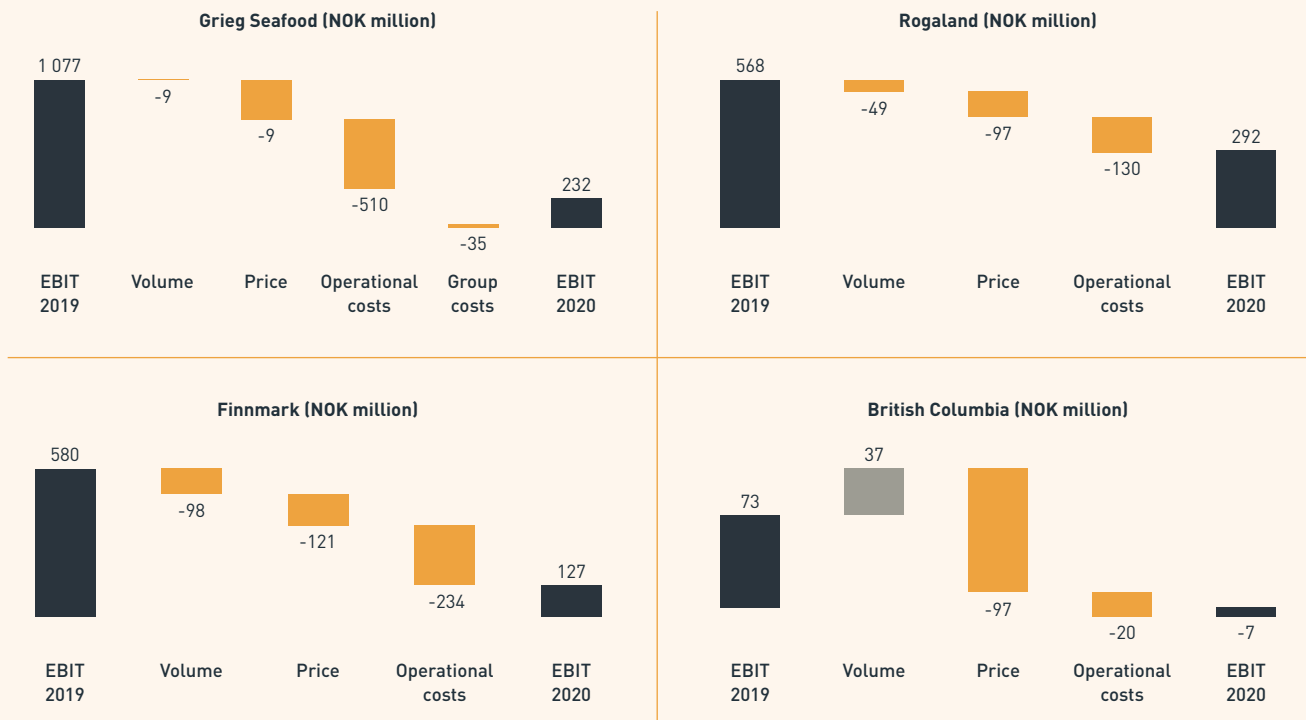
Return On Capital Employed (ROCE)	ROCE of 12%
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Comparing the prices in 2020 and 2019, and using the volume harvested in 2020, the change in price reduced our EBIT by NOK 289 million in 2020.

Total costs, excluding depreciation and write-downs, came to NOK 3 810 million, up NOK 411 million (12%) from NOK 3 399 million in 2019. The change in costs was mainly driven by biological issues in Finnmark and Rogaland, which generated additional direct and indirect operating costs and reduced our EBIT by NOK 510 million. Feed, which comprises the main part of the cost, increased by approximately 3.5% in 2020 compared to 2019. The total farming cost for the Group came to 47.0 per kg in 2020, compared to NOK 40.5 per kg in 2019. EBIT for the Group before fair value adjustment of biological assets ended at NOK 233 million, down from NOK 1 077 million in 2019.



FIGURE 2.43
EBIT BEFORE FAIR VALUE ADJUSTMENT OF BIOLOGICAL ASSETS WATERFALL



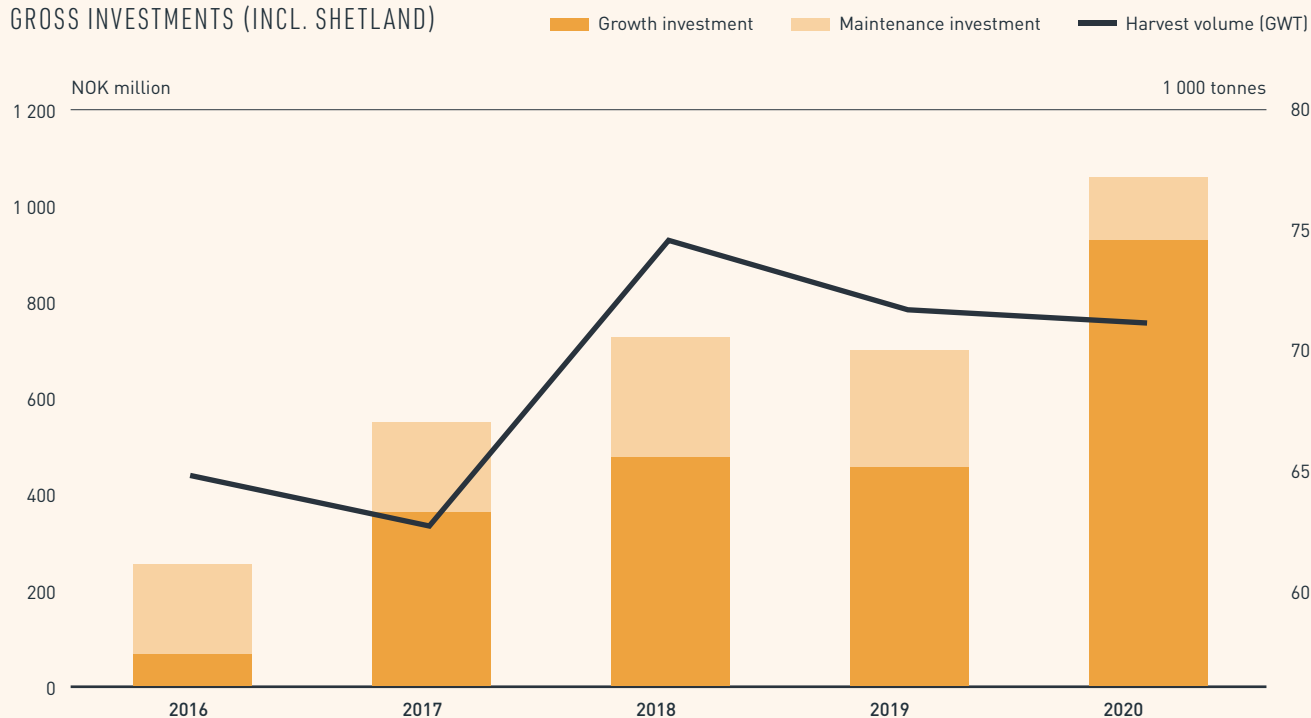
Source: Group Accounts Note 8. Volume effect = (Harvest volume CY - Harvest volume PY)*EBIT per kg PY. Price effect = ((Sales revenue CY/Harvest volume CY) - (Sales revenue PY/Harvest volume PY))*Harvest volume CY. Operational cost effect = (((Sales revenues CY - EBIT before fair value adjustment of biomass CY)/Harvest volume CY) - ((Sales revenues PY - EBIT before fair value adjustment of biomass PY)/Harvest volume PY))*Harvest volume CY. Group costs effect = Total EBIT before fair value adjustment of biomass from Elim/Other-column in the segment information table. CY = Current year. PY = Previous year.

FIGURE 2.44
KEY FIGURES

NOK MILLION	2016	2017	2018	2019	2020
Sales revenues	6 545	7 017	7 500	4 756	4 384
EBITDA	1 342	1 106	1 334	1 384	602
EBIT	1 168	904	1 099	1 077	233
Harvest volume (tonnes GWT)	64 727	62 598	74 623	71 700	71 142
Group Farming cost/kg (NOK)	39.7	43.4	43.1	40.5	47.0
EBIT/ kg (NOK)	18.0	14.5	14.7	15.0	3.3
ROCE	33%	24%	22%	19%	3%

The 2020 and 2019 figures are impacted by the held for sale- and discontinued operations-classification of Shetland and Ocean Quality in 2020, significantly impacting a comparative analysis of prior periods. The figures for 2016 to 2018 is not re-presented (includes farming operations of Shetland, and sales activities attributable to Bremnes Fryseri). For more information, see Note 5 of the Group Accounts.

FIGURE 2.45
GROSS INVESTMENTS (INCL. SHETLAND)



Gross investment of NOK 1 069 million in 2020 includes NOK 87 million related to Grieg Seafood Shetland. Cash payment made on the acquisition of Grieg Newfoundland of NOK 620 million is not included. The comparable figures 2016-2019 also include capital expenditures made in Shetland.

CASH FLOW

Operating activities

The Group had a net positive cash flow from operating activities of NOK 412 million, compared to NOK 1 193 million in 2019. The lower net cash flow from operating activities is primarily due to lower market prices and higher operating costs in 2020, as our harvested volume was at the same level as in 2019.

Financing activities

Net cash flow from financing activities amounted to NOK 1 478 million in 2020 compared to NOK -625 million in 2019. The net cash from financing activities in 2020 was significantly boosted by our NOK 1 500 million Green Bond issue, completed through tap issues in June and November 2020. As part of our Covid-19 measures, we postpone dividends for 2019, hence no dividends were paid in 2020. In 2019, NOK 442 million was paid in dividends to our shareholders.

Investing activities

Net cash flow from investing activities amounted to NOK -1 593 million in 2020, compared to NOK -297 million in 2019. In 2020, we acquired 99% of Grieg Newfoundland, partly settled with a cash consideration of NOK 620 million. Through Grieg Newfoundland, we are developing a greenfield project in Newfoundland, Canada, with the potential to harvest 15 000 tonnes by 2025. Our 2030 ambition for the project is a harvested volume of at least 45 000 tonnes. We have also invested NOK 159 million in Rogaland and Finnmark on new maximum allowable biomass (MAB) capacity of 527 tonnes, in addition to MAB (traffic light) growth. Increasing the farming capacity in Rogaland and Finnmark is a key part of our growth strategy to ensure flexibility in production and harvest planning.

FINANCIAL POSITION AND LIQUIDITY

As of 31 December 2020, the book value of total assets was NOK 10 650 million, up from NOK 8 935 million at the same point in 2019. The composition of our balance sheet as at 31 December 2020 compared to 31 December 2019 is significantly impacted by Shetland being classified as held for sale in 2020. NOK 1 973 million of the book value of assets relates to assets held for sale. In accordance with IFRS 5, the Statement of Financial Position for 2019 has not been re-presented, which makes a comparative analysis of the 31 December 2020 Statement of Financial Position with prior periods more difficult. Please see Note 5 of the Group Accounts for a specification of the net assets attributable to the Shetland disposal group, and more information on the classification. The increase of NOK 1 715 million in our total asset value is primarily due to the acquisition of Grieg Newfoundland and the ongoing greenfield project there. Total equity amounted to NOK 4 371 million, corresponding to an equity ratio of 41% at year-end. The return on capital employed (ROCE) was 3%, compared to our target of 12%.

In addition to a revolving credit facility, the Group has long-term loan agreements including two term loans of NOK 600 million and EUR 60 million. The principal outstanding on these loans as of 31 December 2020 was NOK 475 million and EUR 47.5 million. Both term loans mature in 2023. We also have a senior unsecured Green Bond issue of NOK 1 500 million, maturing 25 June 2025. The bond was rated as Medium Green by Cicero, and was listed on Euronext in October 2020. Our cash balance at the end of the year was NOK 275 million with an additional NOK 1 203 million available in undrawn credit facilities. For more information on interest-bearing liabilities including amendments to our loan agreements, please see Note 12 of the Group Accounts. At the end of 2020, net interest-bearing debt (NIBD) amounted to NOK 3 931 million, up from NOK 2 376 million at the same time the year before. The change in NIBD compared to 2019 was mainly driven by the Group's NOK 1 500 million Green Bond issue in 2020. At year-end 2020, 38% of our net interest-bearing liabilities were green. In addition, the change in NIBD is attributable to increased drawdowns on other interest-bearing debt including leases related to growth investments and increased operating capacity. NIBD at 31 December 2020 includes lease liabilities of NOK 252 million (2019: NOK 380 million) that would be recognized as operational leases according to IFRS in force prior to 1 January 2019.

DIRECT ECONOMIC VALUE GENERATED

Taxes are important sources of government revenue. They are central to the fiscal policy and macroeconomic stability of countries and are acknowledged by the United Nations to as playing a vital role in achieving its Sustainable Development Goals. Furthermore, they are a key mechanism by which organizations contribute to the economies of the countries in which they operate, i.e. Norway and Canada for Grieg Seafood. By reporting our taxes paid country-by-country, we indicate our scale of activity and the contribution we make through tax in these jurisdictions. Living up to our obligation to comply with tax legislation and our responsibility to meet our stakeholders's expectations with respect to good tax practice is extremely important to us.

The information on the creation and distribution of economic value shall provide a basic indication of how we create wealth for our stakeholders. In addition, the components of the economic value generated and distributed sharpen Grieg Seafood's economic profile, permit a different interpretation of the economic figures and outline the overall economic value retained from the Group's ordinary operations during the year. In 2020, the economic value retained came to NOK 430 million, corresponding to a decrease of about NOK 204 million compared to 2019.

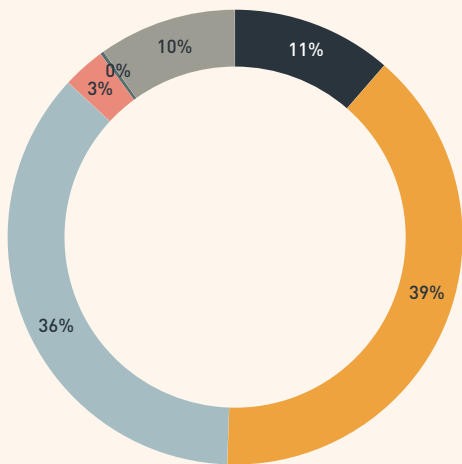
FIGURE 2.46
DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

NOK MILLION	2016	2017	2018	2019	2020
Value generated					
Revenues	6 545	7 017	7 500	4 756	4 384
Value distributed					
Salaries and personnel expenses	483	483	541	493	500
Operating cost					
Raw materials and consumables used	3 287	3 724	3 853	1 498	1 717
Other operating expenses	1 457	1 725	1 822	1 407	1 593
Payments to providers of capital					
Net interest and other financial items	91	62	64	64	133
Paid dividends	179	474	467	462	—
Payments to government					
Estimated taxation	339	198	280	197	12
Value retained	709	351	473	634	430

All figures compiled from the audited Group accounts.



FIGURE 2.47
VALUE GENERATED IN 2020



- Estimated taxation
- Value retained
- Salaries and personell expenses
- Raw materials and consumables used
- Other operating expenses
- Net interest and other financial items

FIGURE 2.48
TOTAL TAXES (INCOME AND PROPERTY TAX) PAID IN 2020 (NOK 1 000)

Norway	204 223
Canada	5 375
Total taxes paid	209 597

PROFITABLE GROWTH

By combining skilled and motivated people with new technology, and increasingly farming salmon on nature's terms, we aim to ensure sustainable and profitable growth in the years ahead.

OUR PRINCIPLES

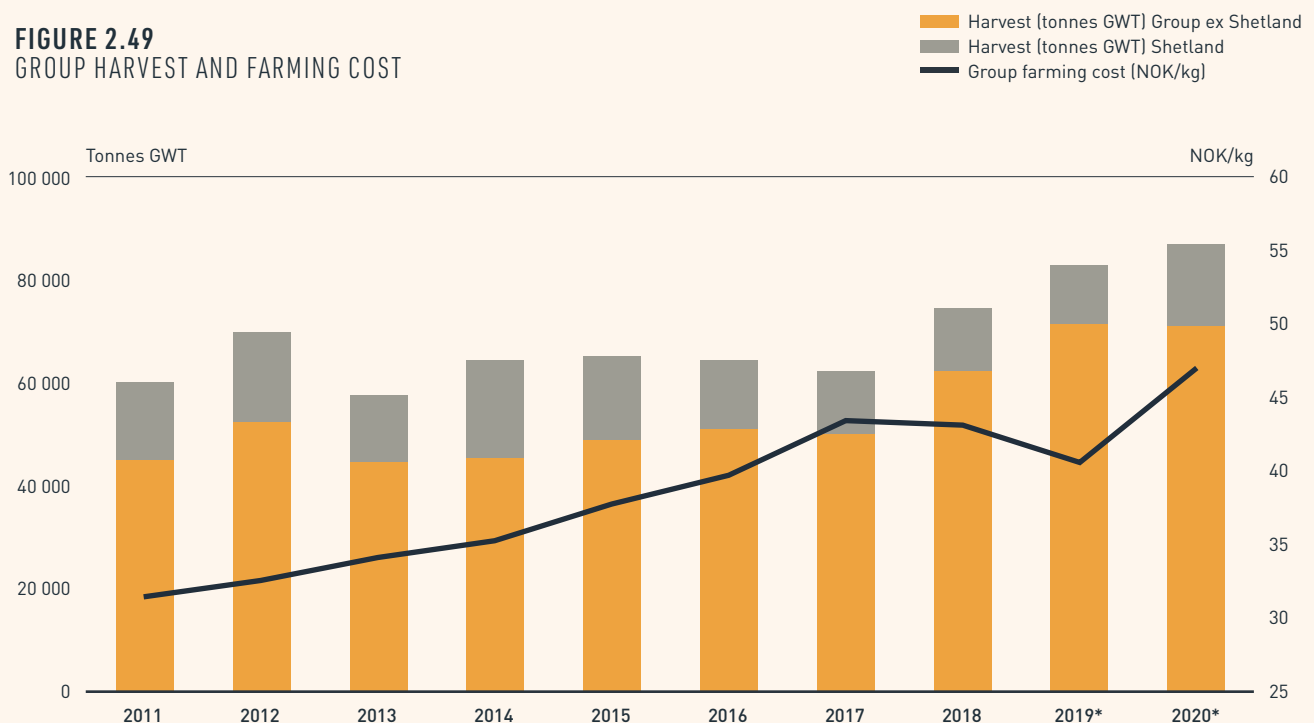
- We aim to expand globally through growth and value chain innovation. Increasingly sustainable farming practices form the very foundation of all areas of our strategy.
- To achieve sustainable growth and improve competitiveness, we focus on reducing the time in sea, improving fish welfare and increasing our operational insight through digitalization.
- By focusing on a number of different areas, we will reduce our environmental impact, improve fish welfare, and boost survival rates. As a result, the harvested volume will increase and production costs will decrease.

OUR TARGETS

Harvested volume	80 000 tonnes in 2021 (ex. Shetland)
	130 000 tonnes in 2025 (ex. Shetland)
Farming cost per kg	NOK 40/kg, CAD 7/kg in 2022

OUR RESULTS

FIGURE 2.49
GROUP HARVEST AND FARMING COST



* Group farming cost (NOK/kg) 2019 and 2020 excluding Shetland



PROFITABLE GROWTH

ROGALAND



SUSTAINABILITY KPIs

PILLAR	KPI	TARGET	2016	2017	2018	2019	2020
PROFIT & INNOVATION	Harvest volume (tonnes GWT)	28 000 tonnes in 2021	18 367	18 111	16 293	25 217	23 043
	EBIT per kg (NOK)		25.4	21.7	13.5	22.5	12.7
	Farming cost per kg (NOK)	NOK 40/kg in 2022	33.9	38.4	40.3	35.9	42.1
HEALTHY OCEAN	ASC certification	All sites by 2023	n/a	n/a	n/a	n/a	n/a
	Survival rate in freshwater		95%	94%	90%	93%	95%
	Survival rate in seawater	93% by 2022	93%	91%	92%	93%	90%
	Cost of reduced survival (NOK 1 000)		18 039	35 988	48 609	26 127	63 664
	Use of antibiotics (g per tonne LWE) *	No use of antibiotics	0.00	0.00	0.00	0.00	0.00
	Use of hydrogen peroxide (kg per tonne LWE) *	Minimize use of pharmaceutical treatments	18.45	10.79	3.46	11.94	7.21
	Sea lice treatments - in feed (g per tonne LWE) *	Minimize use of pharmaceutical treatments	3.32	0.15	1.09	0.03	0.00
	Sea lice treatments - in bath (g per tonne LWE) *	Minimize use of pharmaceutical treatments	1.88	0.00	0.00	0.00	0.02
	Escape incidents (# of fish)	Zero escape incidents	0	0	0	0	0
	Dead birds	Minimize impact on wildlife	n/a	20	24	2	20
	Dead marine mammals	Minimize impact on wildlife	n/a	0	0	0	0
SUSTAINABLE FOOD	Carbon emissions (kgCO ₂ e per tonne GWT)	35% reduction (from 2018) in total emissions by 2030					
	Scope 1 + 2 location based		n/a	230	256	382	403
	Scope 3		n/a	n/a	n/a	n/a	3 201
	High quality product	93% superior share	88%	81%	74%	75%	85%
	Biological feed conversion ratio (bFCR)		1.18	1.24	1.33	1.17	1.22
	Economic feed conversion ratio (eFCR)		1.34	1.44	1.52	1.28	1.44
PEOPLE	Employees		135	148	145	157	165
	Absence rate	Below 4.5%	3.4%	3.2%	4.7%	3.5%	3.0%
	Lost time incident rate		9	11	24	15	9
	Turnover rate		n/a	n/a	n/a	n/a	4%
LOCAL COMMUNITIES	Local procurement		n/a	n/a	n/a	64%	64%

* Amount of active pharmaceutical ingredients (APIs) used (in gr or kg) per tonne of fish produced (LWE).
n/a: Data not available.

GRIEG SEAFOOD ROGALAND

Grieg Seafood Rogaland AS farms salmon in the county of Rogaland on the west coast of Norway. The company has 18* seawater license equivalents and two licenses for land-based production of smolt. We also operate our own broodstock activity in Erfjord. All the salmon we harvest in this region is processed and packed at our own facilities.

OPERATIONAL PRIORITIES

Grieg Seafood Rogaland aims to reduce production time in the sea, which will result in improved biological performance and a higher utilization of each site's maximum allowable biomass (MAB). The average size of the smolt transferred to the sea in 2020 was 400 grams, compared to 280 grams in 2019. The transfer of larger smolt has produced promising results, with the time the fish spend at sea reduced from the previous norm of 18 months to less than 12 months. Our closed-containment facility, FishGLOBE, produced a batch of smolt with average weight of 830 grams, while the highest average weight at transfer to our sea farms was delivered by our land-based facility, with an impressive 1.1 kg. Larger smolt will significantly reduce seawater production time, making the fish less exposed to issues such as sea lice and Pancreas Disease (PD). Joint venture investments in post-smolt facilities form an important part of this strategy. We have a 33% shareholding in Tytlandsvik Aqua, which will be expanded from its current production capacity of 3 000 tonnes to 4 500 tonnes, with an option for further capacity increases. In January 2021, we invested in Årdal Aqua, which will produce at least 3 000 tonnes of post-smolt annually. The project is currently in the design development phase, and the company aims to start construction during the autumn of 2021. Production capacity will be 5 000 tonnes annually, according to current plans, but the aim is to increase production capacity further and to gradually raise fish to harvestable size on land.

In Rogaland, a full-scale integrated operational center was completed in 2020. The center monitors and controls the production on all farms, including feeding operations. All Precision Farming initiatives in Rogaland will be connected to the operational center. Examples are dashboards on feed, production, fish health and welfare to better benchmark between farms and increase learning from each production cycle. Initiative to utilize video analytics with machine learning algorithms to automatize biomass control and sea lice counts is ongoing, and will be expanded to new areas such as behavioural based fish welfare monitoring.

Aquaculture Stewardship Council (ASC) certification is an important objective, as we believe it provides our customers and consumers with the assurance that we are operating in a responsible manner, producing high-quality seafood certified to the highest social and environmental standards. We aim to certify all sites in Rogaland according to ASC, or be in compliance with ASC, by 2023.

We are continuously looking for opportunities to increase our farming capacity. In 2020, we acquired an additional capacity of 647 tonnes maximum allowable biomass (MAB), which will allow improved production and flexibility.

We have set a cost target of NOK 40 per kg, which we expect to reach towards 2022. Our goal is to harvest 28 000 tonnes in 2021, increasing to 35 000 tonnes in 2025.

*We have 17 licenses, but one of our licenses is doubled, which in practice means we have 18 licenses. In addition, we have a long-term rental agreement with Rogaland County Council for one license.



23 043

TONNES GWT HARVESTED

12.7

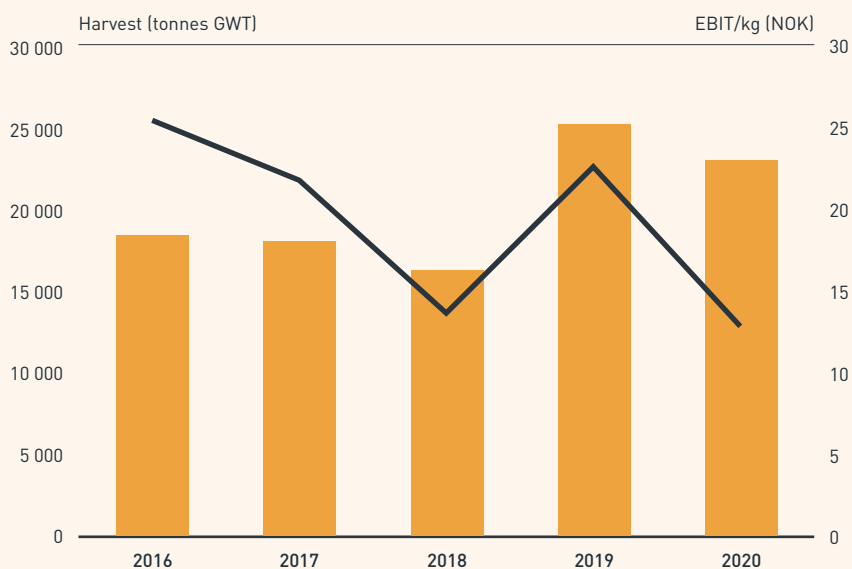
EBIT/KG (NOK)

FIGURE 2.50
RESULTS FOR ROGALAND

ROGALAND	2016	2017	2018	2019	2020
Harvest (tonnes GWT)	18 367	18 111	16 293	25 217	23 043
Revenue (NOK million)	1 140.4	1 150.2	959.6	1 538.9	1 309.6
EBIT (NOK million)	466.8	393.1	219.6	568.2	292.3
EBIT / kg (NOK)	25.4	21.7	13.5	22.5	12.7
Farming cost / kg (NOK)	33.9	38.4	40.3	35.9	42.1

FIGURE 2.51
EBIT AND HARVEST ROGALAND

■ Harvest (tonnes GWT)
— EBIT/kg (NOK)



OPERATIONAL RESULTS

A total of 23 043 tonnes was harvested in 2020, a decrease of 9% compared to the 25 217 tonnes harvested in 2019, below our original estimate of 25 000 tonnes.

Revenue amounted to NOK 1 310 million in 2020, a decrease of 15% compared to 2019 (NOK 1 539 million). The average spot price in 2020 was NOK 53.7 per kg, compared to NOK 57.2 per kg in 2019. The sale of 41% of our volume under fixed-price contracts contributed to our overall price achievement of NOK 56.8 per kg in 2020. The share of superior quality fish improved from 75% in 2019, when the quality was significantly impacted by PD, to 85% in 2020. In 2020, we had a stable PD situation, with PD at just one site at year-end. We target a 93% superior share, which was not reached in 2020 due to the continued impact of PD and occurrences of winter ulcers. The improved PD situation also reduced the number of claims, which were mainly related to gristle, melanin and texture.

Our freshwater production has been good in 2020. We transferred more than 6.5 million smolt to the sea in 2020, with an average weight of 395 grams, compared to 279 grams in 2019. The freshwater survival rate from our own facility improved from 93% in 2019 to 95% in 2020. The main losses happened in the early life phase, up to 1 gram.

Our seawater production performed well, but was impacted by biological challenges and reduced survival at two sites in the summer and autumn. The farming cost ended at NOK 42.1 per kg in 2020, up from NOK 35.9 per kg in 2019, mainly due to a reduced volume harvested and reduced survival. The 12-month rolling survival rate decreased from 93% in 2019 to 90% in 2020, due to a combination of Cardiomyopathy Syndrome (CMS), a virus that infects heart muscle cells and can lead to increased mortality, and wounds caused by mechanical delousing treatment during the first half of 2020. The reduced survival rate had a cost (cost recognized as abnormal mortality in the income statement) of NOK 63.7 million in 2020 (NOK 2.8 per kg), compared to NOK 26.1 million

in 2019 (NOK 1.0 per kg). The biological issues and decreased survival rate also impacted our economic feed conversion ratio. We are working to improve survival rates through general health and welfare measures, and a preventive and targeted approach to diseases and sea lice. We have not used antibiotics in Rogaland for several years, due to good results from vaccines and efforts to ensure robust fish health. One of the main initiatives intended to reduce sea lice numbers is our post-smolt strategy, which shortens the time spent at sea and thereby reduces sea lice pressure per fish. Our experience so far indicates a 50% reduction in sea lice treatments. In addition to post-smolt, we aim to use wild-caught wrasse and freshwater treatment as our primary methods to combat sea lice. We have had success with preventive methods, and by planning and using cleaner fish, in particular wrasse, effectively, have managed to reduce the number of sea lice treatments in the period where wrasse are available (mainly July to November). As a result, we did not perform any sea lice treatments between July and November 2020, and we have reduced the use of hydrogen peroxide and bath treatments. We aim to avoid using hydrogen peroxide whenever possible, but in 2020 it was used to treat large numbers of fish at the same time, as a targeted and efficient measure to reduce high sea lice levels.

Due to continued focus on escape prevention, we did not have any escape incidents in 2020. We also work on measures to minimize our impact on local wildlife. In 2020, 20 birds got caught in our nets. We are not content with reporting any dead birds, and will continue our effort to reduce this number.

FIGURE 2.52
SURVIVAL RATE AT SEA IN ROGALAND, ROLLING 12 MONTHS

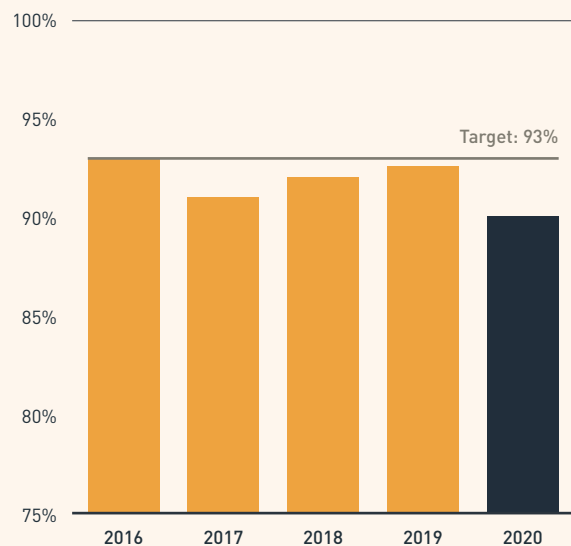
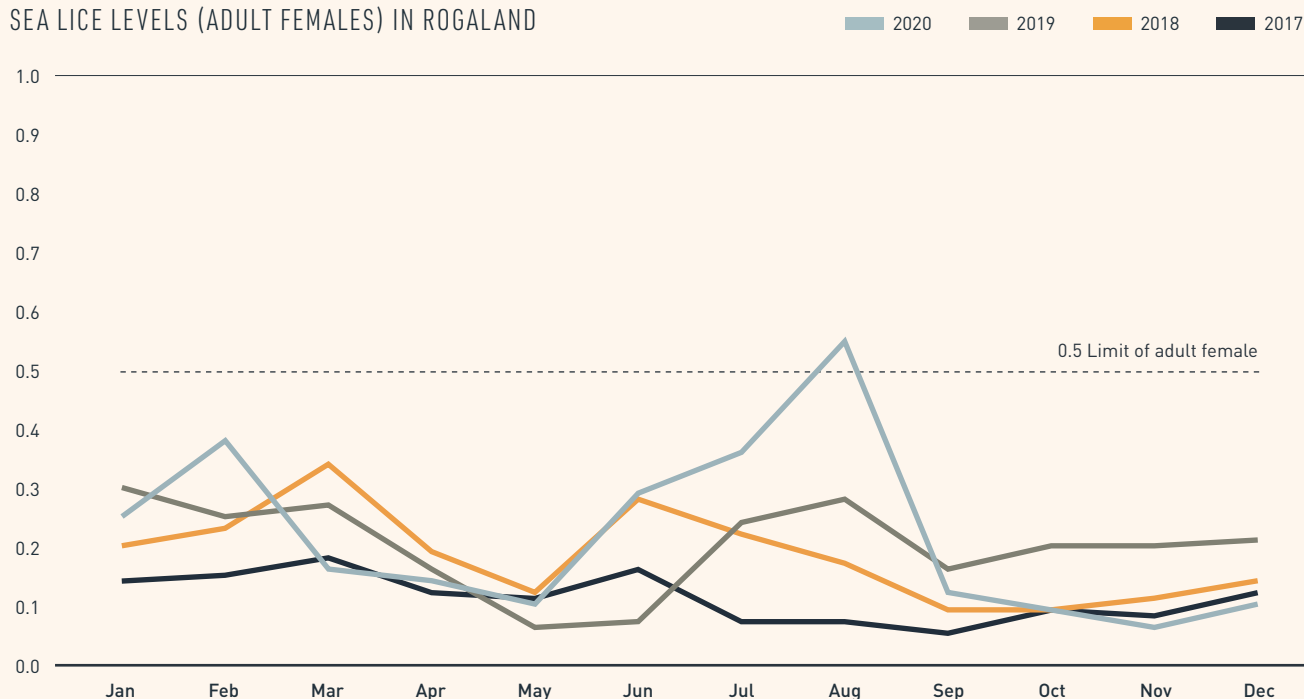


FIGURE 2.53
MAIN CAUSES FOR REDUCED SURVIVAL IN SEAWATER IN ROGALAND IN 2020

MAIN CAUSE	NUMBER OF FISH	TONNES OF FISH
Infectious		
Bacterial	447 913	1 240
Virus	171 234	734
Gill infections	1 643	6
Non-Infectious		
Treatments	331 287	999
Life cycle	158 256	329
Environment	89 346	268

We report diseases, mortality, and other fish health indicators to the Norwegian authorities on a weekly basis. This is publicly available information, please see [Barentswatch](#).

FIGURE 2.54
SEA LICE LEVELS (ADULT FEMALES) IN ROGALAND



Our sites in Rogaland are located in Norwegian production area 2 (P02), which received a green light under Norway’s recently introduced “traffic light” system (“green - low sea lice density”). We report sea lice levels and sea lice treatments to the Directorate of Fisheries on a weekly basis. This is publicly available information, please see [Barentswatch](#).

PROFITABLE GROWTH

FINNMARK



SUSTAINABILITY KPIs

PILLAR	KPI	TARGET	2016	2017	2018	2019	2020
PROFIT & INNOVATION	Harvest volume (tonnes GWT)	37 000 tonnes in 2021	22 104	22 831	29 774	32 362	26 919
	EBIT per kg (NOK)		20.2	15.4	20.0	17.9	4.7
	Farming cost per kg (NOK)	NOK 40/kg in 2022	36.3	40.7	35.6	37.7	44.1
HEALTHY OCEAN	ASC certification *	All sites by 2021	n/a	2	4	10	15
	Survival rate in freshwater		91%	86%	89%	87%	89%
	Survival rate at sea	93% by 2022	94%	95%	96%	96%	92%
	Cost of reduced survival (NOK 1 000)		71 770	16 965	624	15 055	37 495
	Use of antibiotics (g per tonne LWE) **	No use of antibiotics	0.00	0.00	0.00	0.00	0.00
	Use of hydrogen peroxide (kg per tonne LWE) **	Minimize use of pharmaceutical treatments	42.43	13.36	14.53	0.00	3.62
	Sea lice treatments - in feed (g per tonne LWE) **	Minimize use of pharmaceutical treatments	0.14	0.06	0.08	0.10	0.14
	Sea lice treatments - in bath (g per tonne LWE) **	Minimize use of pharmaceutical treatments	0.02	0.90	0.72	0.21	0.82
	Escape incidents (# of fish)	Zero escape incidents	1 (200)	0	0	0	0
	Dead birds	Minimize impact on wildlife	n/a	18	1	2	6
	Dead marine mammals	Minimize impact on wildlife	n/a	0	0	0	0
SUSTAINABLE FOOD	Carbon emissions (kgCO ₂ e per tonne GWT)	35% reduction (from 2018) in total emissions by 2030					
	Scope 1 + 2 location based		n/a	224	254	169	182
	Scope 3		n/a	n/a	n/a	n/a	1 035
	High quality product	93% superior share	89%	78%	86%	86%	69%
	Biological feed conversion ratio (bFCR)		1.10	1.16	1.12	1.14	1.20
	Economic feed conversion ratio (eFCR)		1.17	1.29	1.17	1.21	1.35
PEOPLE	Employees		203	250	247	256	257
	Absence rate	Below 4.5%	6.1%	4.4%	5.4%	4.9%	5.5%
	Lost time incident rate		13	24	18	22	28
	Turnover rate		n/a	n/a	n/a	n/a	10%
LOCAL COMMUNITIES	Local procurement		n/a	n/a	n/a	66%	60%

* Number of sites

** Amount of active pharmaceutical ingredients (APIs) used (in gr or kg) per tonne of fish produced (LWE).

n/a: Data not available.

GRIEG SEAFOOD FINNMARK

Grieg Seafood Finnmark AS farms salmon in Troms and Finnmark, the northernmost county in Norway. Of the company's 28 seawater licenses, eight are “green licenses” and therefore subject to stricter environmental standards. In addition, we own one freshwater license. In general, the salmon we harvest are processed and packed at our local facility in Alta.

OPERATIONAL PRIORITIES

As in all our regions, Grieg Seafood Finnmark focuses on improving fish welfare and achieving a high survival rate. Camera surveillance and sensor technology are utilized to continuously monitor the environment. As a result of our efforts in the area of sustainable production, we had achieved the ASC certification of 15 sites in Finnmark by year-end 2020, corresponding to 80% of net production. We aim for ASC certification of all sites within 2021 (new sites must reach peak biomass to be considered for certification).

Production at the smolt facilities at Adamselv and Nordnorsk Smolt (50% shareholding) has been good throughout 2020, with the smolt transferred to the sea in 2020 averaging 190 grams. We aim to increase our post-smolt production capacity by 4 000 tonnes of post smolt by 2025. Increasing the smolts' weight will make them more robust when they are transferred to the sea, and a shorter period at sea will reduce exposure to biological risks such as winter ulcers and ISA.

Flexibility is a requirement to achieve better utilization of our capacity, and we are continuously looking for opportunities to secure access to good new locations. In 2020, we were granted approval for two new locations, and we also acquired an additional capacity of 259 tonnes maximum allowable biomass (MAB), which will allow improved production and flexibility.

We have set a cost target of NOK 40 per kg, which we expect to reach towards 2022. Our harvesting target for 2021 is 37 000 tonnes, increasing to 45 000 tonnes in 2025.

26 919

TONNES GWT HARVESTED

4.7

EBIT/KG (NOK)

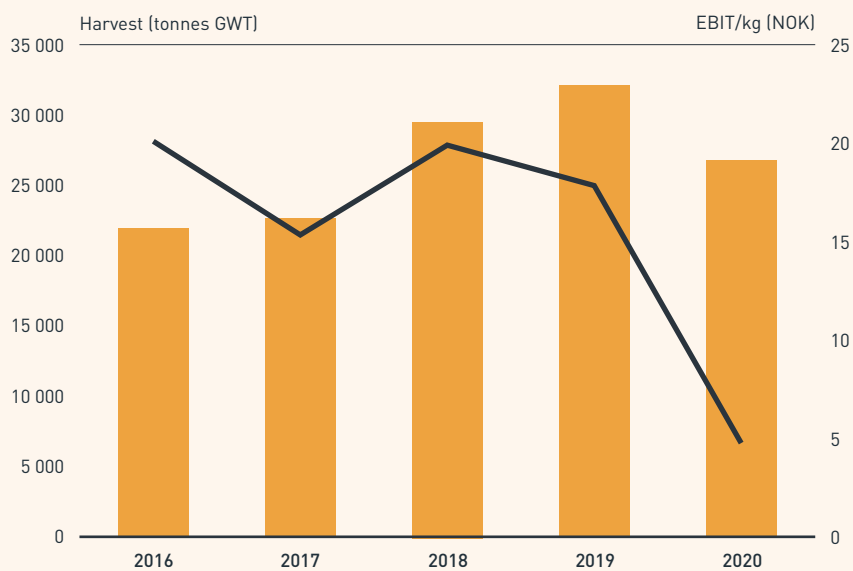


FIGURE 2.55
RESULTS FOR FINNMARK

FINNMARK	2016	2017	2018	2019	2020
Harvest (tonnes GWT)	22 104	22 831	29 774	32 362	26 919
Revenue (NOK million)	1 244.3	1 265.2	1 671.3	1 815.3	1 389.0
EBIT (NOK million)	447.1	351.9	594.9	580.2	127.4
EBIT / kg (NOK)	20.2	15.4	20.0	17.9	4.7
Farming cost / kg (NOK)	36.3	40.7	35.6	37.7	44.1

FIGURE 2.56
EBIT AND HARVEST FINNMARK

Harvest (tonnes GWT)
EBIT/kg (NOK)



OPERATIONAL RESULTS

A total of 26 919 tonnes was harvested in 2020, a decrease of 17% compared to the 32 362 tonnes harvested in 2019. We had an original harvest estimate of 38 000 tonnes in 2020. The reduction was due to low seawater temperatures during the winter and spring of 2020, which had impacted growth, while challenges with winter ulcers led to early harvesting. Later in the year, four of our sites suffered outbreaks of Infectious Salmon Anemia (ISA), a virus that can cause high mortality. However, also fish at nearby sites, within a defined zone, must be treated according to ISA harvest regulations. This also impacted our harvest to some extent.

Revenues amounted to NOK 1 389 million, a decrease of 23% compared to NOK 1 815 million in 2019. The average spot price in 2020 was NOK 53.7 per kg, compared to NOK 57.2 per kg in 2019. We achieved an average price of NOK 51.6 per kg in 2020. Although we sold 41% of the year's volume under fixed-price contracts, our price achievement was significantly impacted by a superior share of 69%, which was due to quality downgrades related to ISA and winter ulcers. The number of claims, however, were low and stable throughout the year, and mainly related to melanin and texture.

Our freshwater production at both our own facility at Adamselv and at the jointly-owned Nordnorsk Smolt was good in 2020. We transferred a total of 10.1 million smolt with an average weight of 190 grams to the sea in 2020. The freshwater survival rate from our own facility improved from 87% in 2019 to 89% in 2020.

The seawater production in 2020 was impacted by issues related to winter ulcers and ISA. The farming cost was NOK 44.1 per kg in 2020, up from NOK 37.7 per kg in 2019. The increase was mainly due to the reduced volume harvested, but was also significantly impacted by added wellboat costs and external harvesting related to culling of ISA-infected fish. We do not have permission to perform sanitary harvesting at our own plant, and found it challenging to secure harvesting capacity at external processing plants. Winter ulcers and salmon with reduced health also impacted our 12-month rolling survival rate, which decreased from 96% in 2019 to 92% in 2020. The reduced survival rate had a cost (cost recognized as abnormal mortality in the income statement) of NOK 37.5 million in 2020 (NOK 1.4 per kg), compared to NOK 15.1 million in 2019 (NOK 0.5 per kg). The issues related to winter ulcers and ISA, and

the reduced survival rate also impacted our feed conversion ratio. We are working to improve survival rates through both general and targeted health and welfare measures. In Finnmark, colder sea temperatures in general can cause winter ulcers to occur, and can lead to increased mortality and reduced quality at harvest. The outbreak during the winter of 2019/2020 was severe. We have investigated the reason for both the winter ulcer outbreak and the ISA outbreak, though our analysis is inconclusive. Efforts to ensure a more robust fish, includes change of feed ingredients and changes in our vaccination process. Smolt transferred to the sea in spring 2021 will be vaccinated against ISA. We are also changing feed ingredients. In general, good results from vaccines and efforts to ensure robust fish health have eliminated the need of antibiotics, which have not been used in Finnmark for several years.

Finnmark has low sea lice levels throughout the year. Generally, lower seawater temperatures in the region are an advantage, and the interconnectivity between the sites remains low. We use targeted preventive methods such as sea lice skirts and cleaner fish to ensure that the sea lice level is low. Despite a stable sea lice level, sea lice treatments have been carried out to maintain low sea lice pressure. Although we avoid using hydrogen peroxide whenever possible, it was used at two sites in 2020. We have not performed more bath or feed treatments in 2020 than in 2019, but we have treated larger size fish.

Due to continued focus on escape prevention, we did not have any escape incidents in 2020. We also work on measures to minimize our impact on local wildlife. In 2020, 6 birds got caught in our nets.

FIGURE 2.57
SURVIVAL RATE AT SEA IN FINNMARK, ROLLING 12 MONTHS

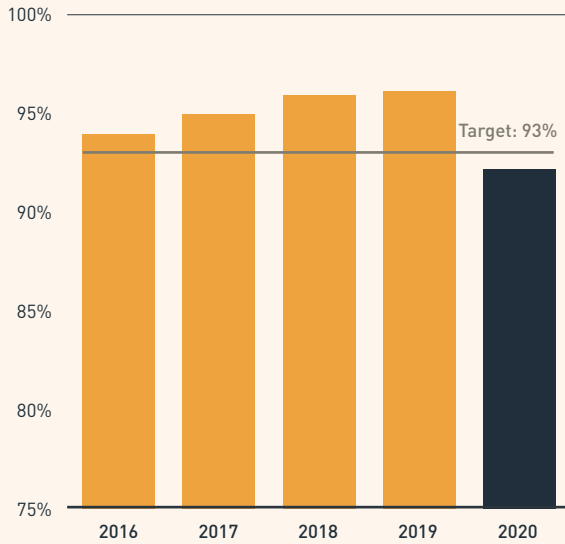
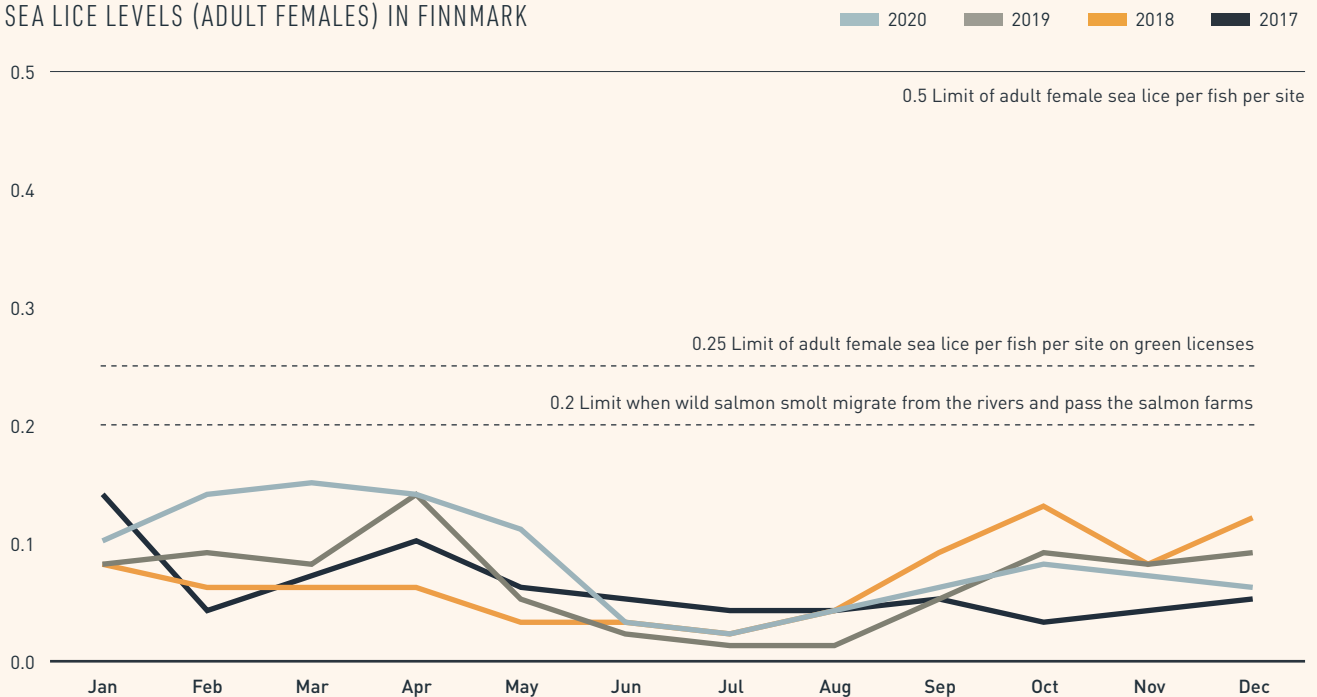


FIGURE 2.58
MAIN CAUSES FOR REDUCED SURVIVAL IN SEAWATER IN FINNMARK IN 2020

MAIN CAUSE	NUMBER OF FISH	TONNES OF FISH
Infectious		
Bacterial	583 036	1 388
Virus	139 673	508
Parasite	158 630	377
Non-Infectious		
Life cycle	931 986	1 199
Treatments	22 566	64
Predators	1 315	2

We report diseases, mortality, and other fish health indicators to the Norwegian authorities on a weekly basis. This is publicly available information, please see [Barentswatch](#).

FIGURE 2.59
SEA LICE LEVELS (ADULT FEMALES) IN FINNMARK



We report sea lice levels and sea lice treatments to the Directorate of Fisheries on a weekly basis. This is publicly available information, please see [Barentswatch](#).

PROFITABLE GROWTH

BRITISH COLUMBIA



SUSTAINABILITY KPIs

PILLAR	KPI	TARGET	2016	2017	2018	2019	2020
PROFIT & INNOVATION	Harvest volume (tonnes GWT)	15 000 tonnes in 2021	10 715	9 600	16 632	14 120	21 181
	EBIT / kg (NOK)		7.5	12.5	17.5	5.2	-0.4
	Farming cost per kg (CAD)	CAD 7/kg in 2022	7.7	7.4	7.4	8.3	8.0
HEALTHY OCEAN	ASC certification *	All sites by 2021	n/a	n/a	n/a	n/a	11
	Survival rate in freshwater		81%	81%	83%	63%	78%
	Survival rate at sea	93% by 2022	90%	93%	88%	88%	90%
	Cost of reduced survival (NOK 1 000)		46 372	17 395	88 454	73 327	66 082
	Use of antibiotics (g per tonne LWE) **	No use of antibiotics	126.93	18.30	151.26	87.00	62.32
	Use of hydrogen peroxide (kg per tonne LWE) **/ ***	Minimize use of pharmaceutical treatments	0.00	9.17	5.83	6.01	46.62
	Sea lice treatments - in feed (g per tonne LWE) **	Minimize use of pharmaceutical treatments	0.28	0.14	0.32	0.52	0.22
	Sea lice treatments - in bath (g per tonne LWE) **	Minimize use of pharmaceutical treatments	0.00	0.00	0.00	0.00	0.00
	Escape incidents (# of fish)	Zero escape incidents	0	0	0	0	0
	Dead birds	Minimize impact on wildlife	n/a	0	0	14	12
	Dead marine mammals	Minimize impact on wildlife	n/a	0	0	0	1
SUSTAINABLE FOOD	Carbon emissions (kgCO ₂ e per tonne GWT)	35% reduction (from 2018) in total emissions by 2030					
	Scope 1 + 2 location based		n/a	702	597	1 101	769
	Scope 3		n/a	n/a	n/a	n/a	1 294
	High quality product	93% superior share	76%	81%	84%	86%	86%
	Biological feed conversion ratio (bFCR)		1.35	1.20	1.23	1.25	1.23
	Economic feed conversion ratio (eFCR)		1.67	1.29	1.54	1.41	1.43
PEOPLE	Employees		110	150	148	171	174
	Absence rate	Below 4.5%	1.6%	0.9%	1.8%	2.0%	6.8%
	Lost time incident rate		72	16	38	35	36
	Turnover rate		n/a	n/a	n/a	n/a	20%
LOCAL COMMUNITIES	Local procurement		n/a	n/a	n/a	83%	83%

* Number of sites

** Amount of active pharmaceutical ingredients (APIs) used (in gr or kg) per tonne of fish produced (LWE).

n/a: Data not available.

*** The Government of Canada - Department of Fisheries and Oceans Canada (DFO) has defined that the Canadian industry shall calculate the API of hydrogen peroxide from Paramove 50 using the formula 1 L (Paramove 50) * 1.15 (density) * 0.45 (concentration) = 1 kg H₂O₂. The method differs from the one used in the UK and Norway, which is 1 L (Paramove 50) * 1.19 (density) * 0.49 (concentration) = 1 kg H₂O₂. The reported figures were calculated by using the Canadian formula.

GRIEG SEAFOOD BRITISH COLUMBIA

Grieg Seafood BC Ltd farms salmon on the east and west sides of Vancouver Island, and along the Sunshine Coast north of Vancouver. The company has 20 seawater licenses and one license for land-based production of smolt. We do not process our own salmon in BC.

OPERATIONAL PRIORITIES

Grieg Seafood BC aims to achieve 100% ASC certification by the end of 2021. At the end of 2020, a total of 11 sites were certified, corresponding to 59% of net production. Obtaining ASC certification is an important signal that our salmon is a responsible choice, because ASC has strict requirements with respect to minimizing fish farms' impact on the natural environment and supporting local communities.

Access to high-quality smolt is key to ensuring sustainable production growth. Grieg Seafood BC will increase smolt capacity from 500 tonnes to 900 tonnes, with the first smolt transfer from our the Gold River smolt facility going to sea farms scheduled for the spring of 2022.

Our main farming areas in BC are operated under agreements with the First Nations in those areas. Our relations with the Mowachaht Muchalaht, Tlowitsis and Ehattesaht Chinehkint First Nations are good, and are very important to us. The United Nations Declarations on the Rights of Indigenous Peoples (UNDRIP) is under implementation by the BC provincial government. This is part of a process of reconciliation including the Government, businesses and First Nations. We support this process. We work to get better at operating with respect for the culture of our First Nations partners in every way, to deepen our understanding of each individual Nation and to provide shared opportunities, based on Truth & Reconciliation Commission: Call to Action #92. Read more about our journey of reconciliation in BC [here](#).

The federal regulator Fisheries, Oceans and Canadian Coast has announced that it will not renew licenses in the Discovery Islands farming area after 30 June 2022. This is not one of our main farming areas, but we have one farm there. We have the capacity to move this production to other farms, and production plans will not be impacted. Salmon farming companies in BC, including Grieg Seafood BC, have asked for a judicial review of the Government's decision process to allow us to better understand the implications.

Harmful Algae Blooms (HAB) and low oxygen events represent significant biological risks in BC. Algae movements and oxygen levels are continuously monitored and analyzed using high-grade real-time in pen sensors, and machine learning with predictive environmental data software. In addition, aeration systems have been installed to enable feeding also during challenging situations. Mortality rates are decreasing, but are still too high. We expect our algae mitigation and digital monitoring efforts to increase survival rates and harvest volumes, and reduce costs going forward. This will enable us to reach our cost target of CAD 7 per kg, which we expect to achieve in 2022. We expect to harvest 15 000 tonnes in 2021, increasing to 35 000 tonnes in 2025.

21 181

TONNES GWT HARVESTED

-0.4

EBIT/KG (NOK)

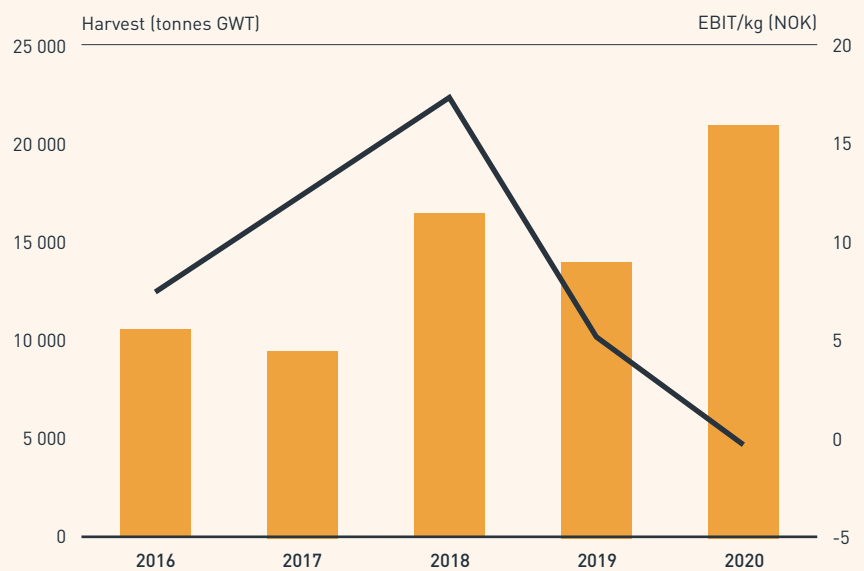


FIGURE 2.60
RESULTS FOR BRITISH COLUMBIA

BRITISH COLUMBIA	2016	2017	2018	2019	2020
Harvest (tonnes GWT)	10 715	9 600	16 632	14 120	21 181
Revenue (NOK million)	611.2	580.3	1 075.3	861.4	1 194.7
EBIT (NOK million)	80.5	120.2	290.9	73.3	-7.4
EBIT / kg (NOK)	7.5	12.5	17.5	5.2	-0.4
Farming cost / kg (NOK)	48.8	49.8	50.0	55.3	56.1
Farming cost / kg (CAD)	7.7	7.4	7.4	8.3	8.0

FIGURE 2.61
EBIT AND HARVEST BRITISH COLUMBIA

Harvest (tonnes GWT)
EBIT/kg (NOK)



OPERATIONAL RESULTS

A total of 21 181 tonnes was harvested in 2020, an increase of 50% compared to the 14 120 tonnes harvested in 2019. Harvesting volumes vary significantly every other year in BC due to local production region arrangements. We had an original harvest estimate of 20 000 tonnes in 2020, which was upgraded to 22 000 tonnes during the year due to the positive effects of our algae mitigation and digital monitoring efforts.

Revenues totaled NOK 1 195 million, an increase of 39% compared to NOK 861 million in 2019. Despite a challenging market impacted by Covid-19 measures, we achieved a price of NOK 56.4 per kg in 2020, compared to NOK 61.0 per kg in 2019. Good average weight at harvest and a stable superior share contributed to the price achievement. The share of superior quality has been rising in recent years, and the main cause of downgrading in 2020 related to biological issues. Claims during the year were mainly related to pigmentation and texture.

Our freshwater production was good in 2020. We transferred a total of 5.4 million smolt with an average weight of 117 grams to the sea in 2020. The freshwater survival rate improved from 63% in 2019 to 78% in 2020. In 2019 we lost a significant number of fry due to an unusual incident of bromide exposure, while in 2020 there was a power outage which led to loss of fish. The survival rate is also impacted by culling of eggs due to lower quality.

Seawater production has been good in 2020, despite somewhat challenging biological conditions due to low oxygen events during the summer, which negatively affected feeding. Due to our algae mitigation system, we managed to limit the impact, and the 12-month survival rate increased from 88% in 2019 to 90% in 2020. The survival rate was impacted by incidents of low oxygen levels and plankton blooms in previous years, but is steadily increasing due to positive results from our algae mitigation system, which stabilizes the survival rate in periods of challenging environmental conditions. The increased survival rate contributed to a decrease in our farming cost, which ended at CAD 8.0 (NOK 56.1) per kg in 2020 compared to CAD 8.3 (NOK 55.3) per kg in 2019. Reduced survival had a cost (cost recognized as abnormal mortality in the income statement) of NOK 66.1 million in 2020 (NOK 3.1, or CAD 0.4 per kg), compared to NOK 73.3 million in 2019 (CAD 0.8 per kg).

During 2020, we reduced the use of antibiotics, which had been for the treatment of Yellowmouth disease, to safeguard the welfare of the fish (the antibiotic used was Florfenicol). Our use of antibiotics is too high, and we are installing infrastructure that will allow us to lower water temperatures and salinities to help limit the transmission of diseases. We also pursue non-therapeutic means to manage disease, such as vaccines and a healthy diet. Our post-smolt strategy will enable us to have better control of the fish's environment for a longer period. It will also make the fish more robust when they are transferred to sea, and a shorter period at sea will reduce exposure to biological risks. This in turn will reduce the risk of disease outbreaks and the need for antibiotics.

BC is heavily influenced by sea lice pressure from wild salmon each autumn, when the wild salmon pass our farms on their way to the river to spawn. Here, unlike Norway, the wild salmon population greatly outnumbers the farmed salmon population. We are testing preventative methods such as sea lice skirts and tarps to keep the sea lice level stable. When the sea lice level increases, we carry out the type of treatment we consider most appropriate. Hydrogen peroxide has been applied regularly throughout the year to reduce the sea lice pressure. Use of feed treatments has decreased since 2019, and sea lice bath treatments distributed were minimized in 2020. The addition of the new wellboat (Ronja Islander) was implemented in the beginning of 2020 and successfully treated with 100% sea lice recapture systems.

Due to continued focus on escape prevention, we did not have any escape incidents in 2020. We also work on measures to minimize our impact on local wildlife. In 2020, 12 birds and one mammal got caught in our nets. We are not content with reporting any dead animals, and will continue our effort to reduce this number.

FIGURE 2.62

SURVIVAL RATE AT SEA IN BRITISH COLUMBIA, ROLLING 12 MONTHS

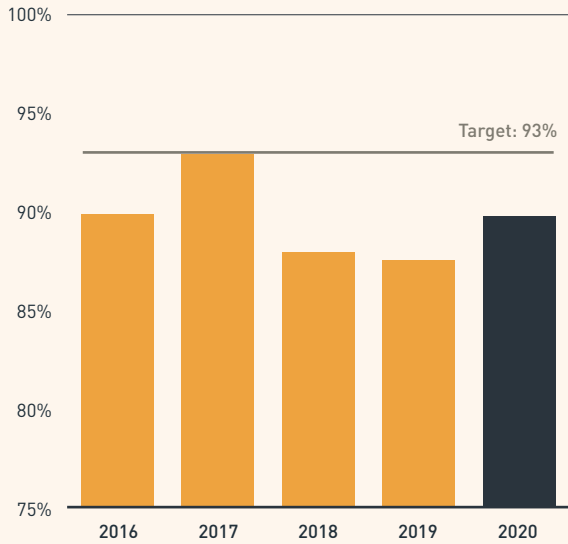


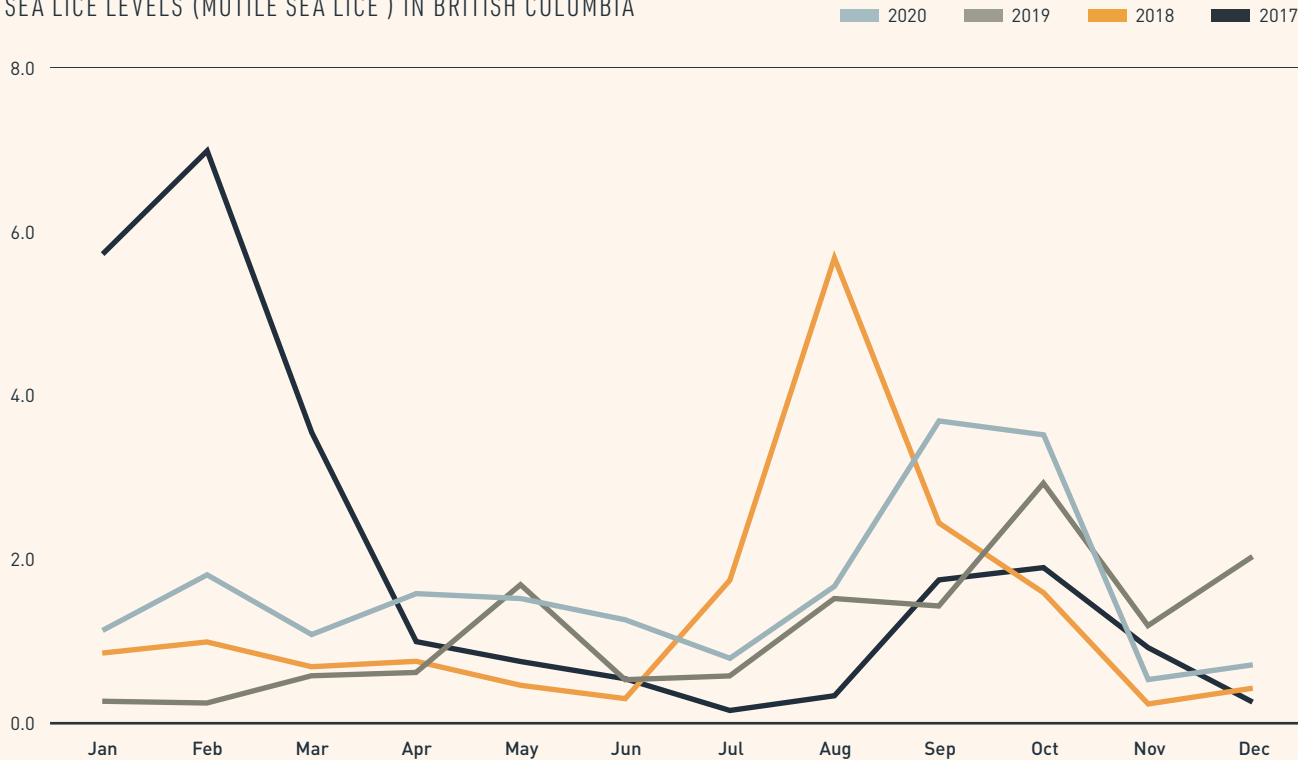
FIGURE 2.63

MAIN CAUSES FOR REDUCED SURVIVAL IN SEAWATER IN BRITISH COLUMBIA IN 2020

MAIN CAUSE	NUMBER OF FISH	TONNES OF FISH
Infectious		
Gill infections	53 799	206
Bacterial	111 254	136
Other infectious	1 469	7
Non-Infectious		
Life cycle	403 997	920
Treatments	311 285	830
Environment	307 982	468

FIGURE 2.64

SEA LICE LEVELS (MOTILE SEA LICE) IN BRITISH COLUMBIA



PROFITABLE GROWTH

NEWFOUNDLAND



Grieg Seafood Newfoundland is a greenfield project located in Placentia Bay in Newfoundland. At year-end 2020, we have eight seawater licenses and one freshwater license. Additional seawater licenses have been applied for.

OPPORTUNITY

The Newfoundland project includes long-term, exclusive farming rights to the Placentia Bay area. The area is highly isolated from other salmon farmers in the region, and long distances and low interconnectivity between sites lower the risk of biological contamination. The sites and production areas chosen in Placentia Bay are at least 100 meters deep, have good currents and optimal oxygen levels. There are no known algae issues in the area. Our seawater sites have favorable biological conditions for salmon farming, with environmental conditions like northern Norway. The sites are exposed to high seas and will be equipped with state-of-the-art technology and systems for harsh environments. 40-meter-deep pens and underwater feeding will allow the fish to stay below layers of super-chilled or potentially warm water.

The US market is the world's largest and fastest growing market for Atlantic salmon, but only a third of US demand is currently met by North American production. We already have a position in this market through our operations in British Columbia, where we have obtained significant sales and market experience. With proximity to important markets on the US East Coast, the Newfoundland region significantly strengthens our US market exposure and opens for synergies with existing operations.

The project has a long-term annual harvest potential of 45 000 tonnes. By using cutting-edge technologies at all stages of the production process, our Newfoundland region will strengthen our position as a global leader in sustainable salmon farming.

STATUS

The project includes a high-end freshwater and saltwater Recirculating Aquaculture System (RAS) facility in Marystown Marine Industrial Park, close to Placentia Bay. The RAS facility currently under construction includes a hatchery, a nursery and a smolt unit. In the third quarter 2020, it was decided to slow down the pace of investment to lower financial exposure in the current project phase, due to market uncertainty caused by the Covid-19 pandemic, combined with changes in the project's complexity. Although the construction of an additional post-smolt unit was deferred, the original production capacity has been maintained. The RAS facility is dimensioned to serve all future post-smolt modules, and has adequate capacity to ensure necessary add-on growth. We are committed and on track to develop the project according to milestones outlined in the permits granted by the authorities.

Our seawater licenses in Newfoundland require use of sterile female salmon in order to eliminate the risk of genetic pollution of wild Atlantic salmon in case of escape. We see this as an opportunity to minimize our impact on the environment. The first batch of eggs was delivered to our freshwater facility in July 2020. We lost some of the fry during first feeding in the autumn of 2020, which was to be expected as part of the production unit's testing process. We have started to install equipment at our seawater sites, and expect to transfer smolt to the sea in summer 2021, with harvest starting in 2022. By 2025, we expect to reach an annual harvest volume of 15 000 tonnes.

GRIEG SEAFOOD'S SHARES

We aim to provide an attractive return to our shareholders and contribute to the correct pricing of our shares. To achieve this, we are proactive in disclosing reliable information about our operations.

OUR PRINCIPLES

- Our ambition is to create shareholder value and deliver competitive returns relative to comparable investment alternatives.
- We engage with the investor community in an open, transparent and continuous dialogue. Building trust and awareness is critical to ensure that the information disclosed to the financial market, including current and potential investors, analysts and other stakeholders, provides the best possible basis for a correct valuation of Grieg Seafood.

OUR TARGET

Dividend	30-40% of the Group's net profit after tax before fair value adjustments
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FIGURE 2.65
GEOGRAPHICAL OWNERSHIP IN 2013

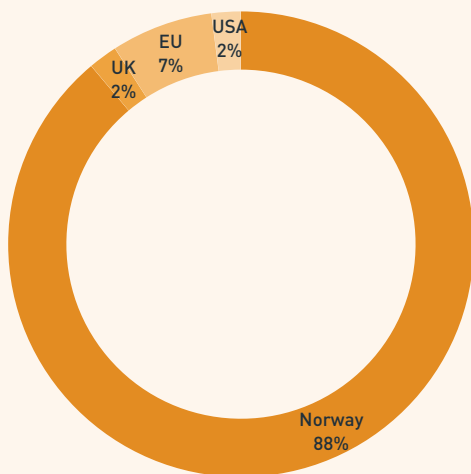
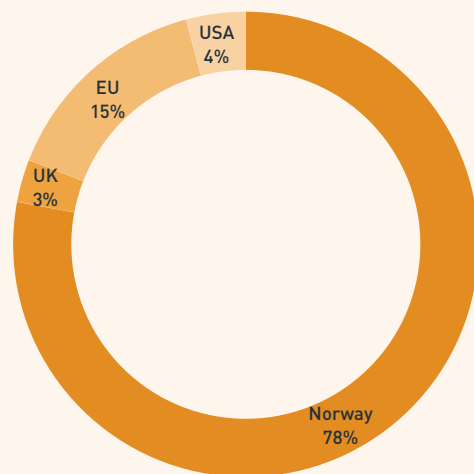


FIGURE 2.66
GEOGRAPHICAL OWNERSHIP IN 2020



OUR SHARES AND SHAREHOLDERS

Our shares are listed at Oslo Stock Exchange/Euronext. Grieg Seafood was listed on the Oslo Stock Exchange on 21 June 2007, under the ticker GSF. We have only one class of shares, and all shares carry the same rights. As of 31 December 2020, the Company had 112 275 548 shares outstanding, at a nominal value of NOK 4.00 per share (excluding treasury shares).

As of 31 December 2020, we had 12 436 shareholders, with our ten largest investors holding 67.2% of our shares. The number of shareholders increased during the year, from 4 968 at year-end 2019. Norwegian-based shareholders own the majority of the Company's shares, with Per Grieg Jr. and the Grieg family controlling 53.2% of the outstanding shares as of 31 December 2020. A further 3.8% was controlled by the Norwegian National Insurance Fund (Folketrygdfondet) and 3.7% by OM Holding AS at year-end 2020. Grieg Seafood ASA held a total of 1 171 494 treasury shares as of 31 December 2020. For a detailed breakdown of our 20 largest shareholders, please see Note 18 in the Group Accounts.

Our shareholders reside in all parts of the world, with a clear concentration in Europe. Grieg Seafood has experienced an upsurge in interest from investors, and we have doubled the percentage of non-Norwegian shareholders since 2013. Excluding our majority shareholder, the Grieg family, which is based in Bergen, Norway, most of the shareholders come from the EU, the UK or the USA.

THE LIQUIDITY OF OUR SHARES

Since May 2016, the liquidity of our shares has increased significantly compared to previous years. This development was triggered by Mowi ASA realizing a set of old forward contracts, acquiring nearly 29 million shares in Grieg Seafood ASA, and immediately selling them in the market. Following this injection of shares into the open market, the Grieg Seafood share has been traded at a much higher volume. In 2020, a total of 100 million shares were traded, with a median of 317 106 shares per trading day.

THE RETURN ON OUR SHARES

Our ambition is to create shareholder value and deliver competitive returns relative to comparable investment alternatives. The return on our shares derives from a combination of the dividend paid and share price appreciation.

Grieg Seafood's share price decreased by -39.4% in 2020. The closing price at 31 December 2020 was NOK 85.0, compared to NOK 140.3 at year-end 2019. No dividend has been paid out in 2020 due to the Covid-19 pandemic. However, from 2015 to 2019 we have had a dividend yield in the range of 1.6 - 5.5%. Over the preceding years, we have had a consistent pay-out ratio. In the same period, by comparison, the Oslo Stock Exchange Total Return Index (OBX) and the Oslo Stock Exchange Seafood Index (OBSFX) produced a return of 1.8% and -3.8% respectively. The total accumulated dividend per share since our initial public offering in 2007 is NOK 15.6.

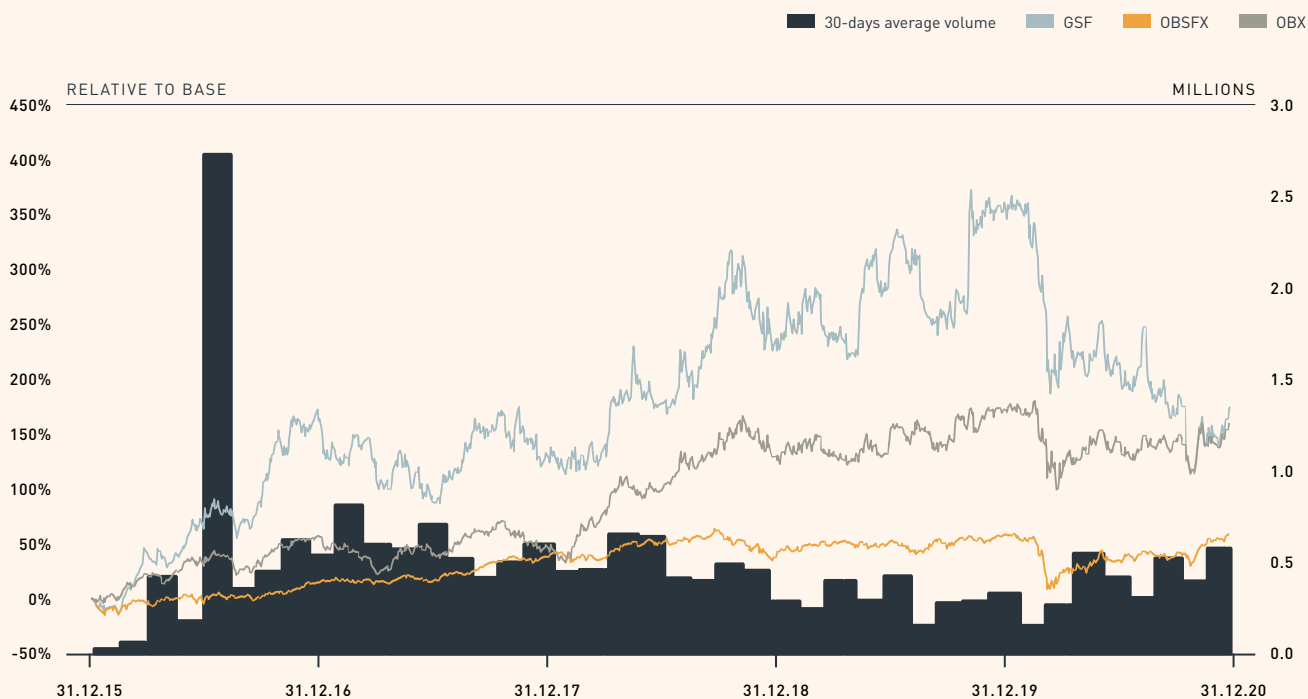
Over the past five years and until the outbreak of the Covid-19 pandemic in the first quarter of 2020, the salmon farming industry has experienced a tremendous increase in profitability and market capitalization. Driven by high demand and increased prices, the Grieg Seafood share has yielded a long-term return of 228% over the past five years, compared to 156% for the OBSFX, and 61% for the OBX. Since the release of shares following the exercise of forward contracts in 2016 (see below), the return on the Grieg Seafood share has substantially outperformed the Seafood Index.

DIVIDEND AND DIVIDEND POLICY

We aim to provide our shareholders with a competitive return on invested capital, through the payment of dividends in addition to share price appreciation. Dividends will be evaluated twice a year. The dividend payout should amount to 30-40% of the Group's net profit after tax, before fair value adjustments on biological assets. Dividends declared and paid may be adjusted to satisfy the targeted level of debt.

Due to the increased volatility and uncertainty caused by the Covid-19 situation, combined with an extensive investment plan, the Board has decided to postpone the ordinary dividend for 2020. Our last dividend distribution was in 2019, when we had a pay-out ratio on profit after tax of 55%.

FIGURE 2.67
FIVE YEAR RELATIVE SHARE PERFORMANCE



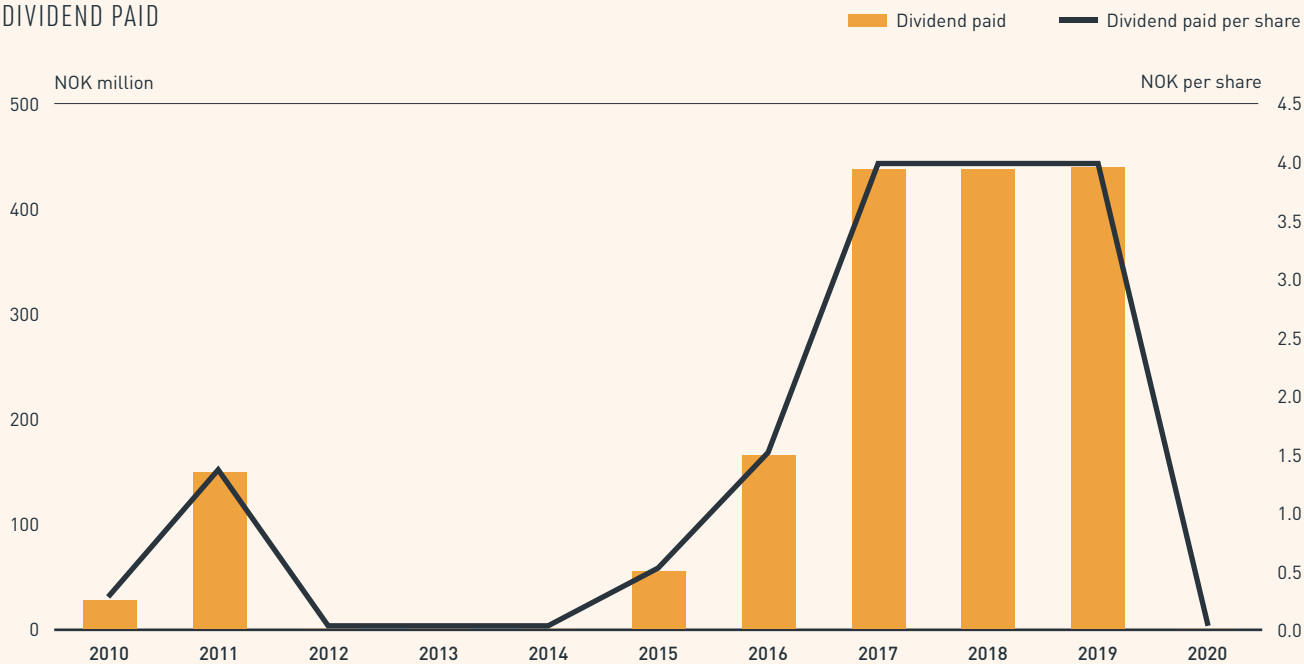
Last trading day of 2015 set as base for relative performance of GSF and benchmarks

Source GSF: <https://live.euronext.com/en/product/equities/no0010365521-xosl/grieg-seafood/gsf>

Source OBSFX: <https://live.euronext.com/en/product/indices/no0010760663-xosl/obsfx-seafood-gr/obsfx>

Source OBX: <https://live.euronext.com/en/product/indices/no0000000021-xosl/obx-gr/obx>

FIGURE 2.68
DIVIDEND PAID



KEY FIGURES	2016	2017	2018	2019	2020
Number of shares at year-end (incl. own shares)	111 662 000	111 662 000	111 662 000	111 662 000	113 447 042
Number of shares traded	167 281 077	143 109 533	116 144 510	72 001 397	99 831 798
Number of shareholders	4 390	4 433	5 124	4 968	12 436
Total value of shares traded per day (NOK million)	31.64	40.68	42.07	33.70	37.5
Average number of shares traded per day	661 190	570 158	466 444	289 162	396 158
Median number of shares traded per day	317 820	486 933	411 341	240 801	317 106
Total market value OSE (NOK 1 000)	9 122 785	8 067 580	11 423 023	15 666 178	9 642 999
Share price 31.12 (NOK)	81.7	72.3	102.3	140.3	85.0
Average share price (NOK)	52.7	71.5	92.2	118.0	99.1
Lowest closing price (NOK)	26.7	58.0	66.2	96.8	66.3
Highest closing price (NOK)	84.5	85.1	131.9	146.8	144.9
Price/Earnings ratio*	11.38	12.26	14.61	19.57	-40.36
Price/Book ratio**	2.81	2.41	2.95	3.79	2.18
Pay-out ratio (%)***	-556%	56%	68%	55%	0%
Enterprise value (EV)****/Capital employed (CE)*****	2.64	2.27	2.71	3.05	1.67
Enterprise value (EV)****/EBITDA	7.77	8.81	10.14	11.93	26.81
Enterprise value (EV)****/EBIT before fair value adjustments	8.92	10.77	12.31	16.43	443.94
Dividend yield (%)	1.8 %	5.5 %	3.9 %	2.9 %	0.0%
Return on Capital Employed (ROCE)	33%	24%	22%	19%	3%

* P/E is calculated as Profit after tax, excluding non-controlling interest and fair value adjustments, divided on total number of shares. **P/B is calculated as Profit after tax, excluding non-controlling interest and fair value adjustments, divided on equity to controlling interest. *** Pay-out ratio is calculated as the dividend paid out in a year divided by the earnings before fair value in the prior accounting year. **** EV is calculated as market capitalization excl. treasury shares plus NIBD. ***** CE is calculated as NIBD plus equity net of booked fair value adjustment of biomass net of tax.

ANALYTICAL INFORMATION AND ALTERNATIVE PERFORMANCE MEASURES

Our ambition is to be open and transparent to all our stakeholders. This is the only way we can earn their trust. By sharing reliable and relevant information about our operations and the salmon farming industry, we aim to contribute to an improved understanding and correct valuation of our shares.



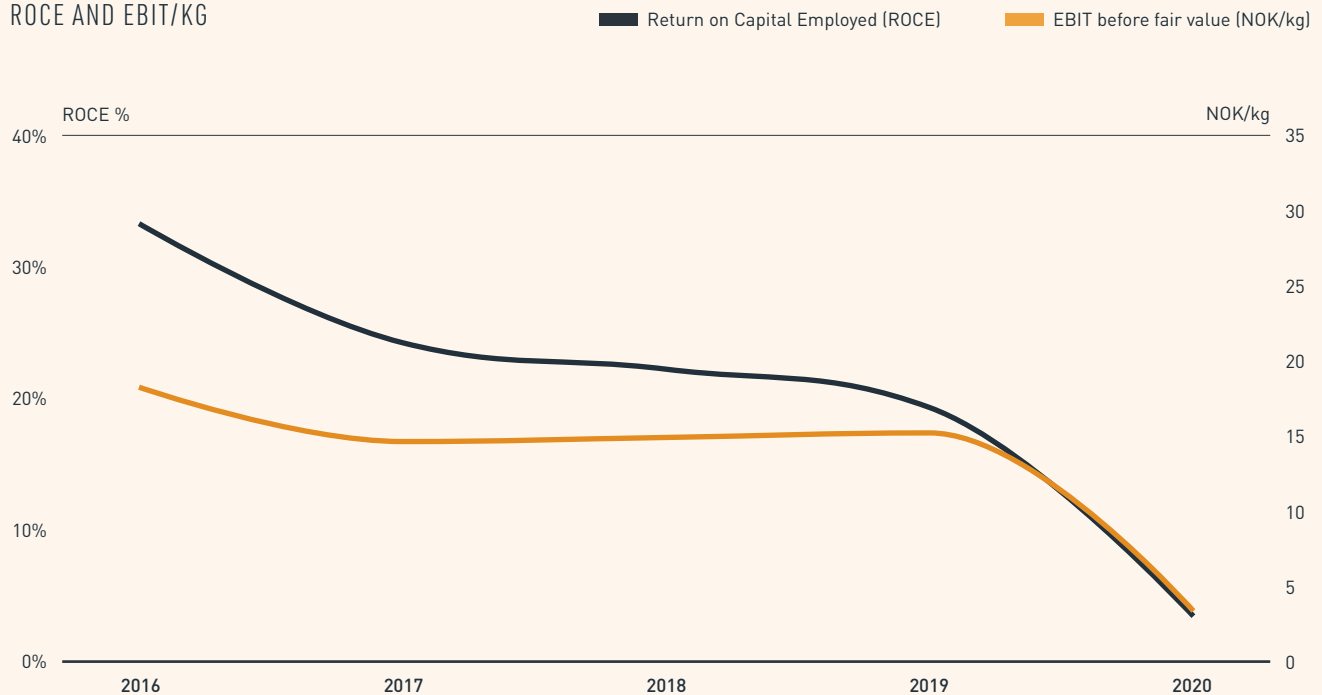
VALUE CREATION

Creating shareholder value is a prerequisite for company growth and survival. Return on Capital Employed (ROCE) is our ultimate financial performance indicator. We also believe that sustainability and financial results go hand in hand. We need good financial results to develop our operations sustainably. However, we also need sustainable operations to safeguard our long-term financial results and performance. This lays the foundation for our strategy – to create stakeholder value through the sustainable production of Atlantic salmon at the lowest possible cost.

VALUE DRIVERS

With ROCE as our starting point, we break down our performance based on the profitability of our product (EBIT per kg before fair value adjustment) and developments in invested capital (fixed assets and working capital). We have a long-term goal of delivering a ROCE of at least 12% per year. Our EBIT performance is driven by a multitude of operational factors that affect both revenues and costs. Producing salmon takes two to three years from roe to harvest, and while the cost of a harvested fish accumulates through the production period, it does not impact the profit and loss statement (apart from through fair value adjustment) before the fish is harvested. Although EBIT per kg (before fair value adjustment) is an important external benchmark for our regions, our operational focus is not on the cost of the harvested fish, but on the development of the cost drivers affecting our production volume and the cost of salmon to be harvested in the future.

FIGURE 2.69
ROCE AND EBIT/KG



REVENUE DRIVERS

HARVESTED VOLUME

Our harvested volume depends on the number of smolt transferred to the sea, and how well that fish performs in terms of growth and survival. Fish growth and survival rates at sea can be affected by innumerable factors, of which are critically important:

- Seawater temperatures and seawater conditions
- Weight and robustness of the fish when transferred to sea
- Diseases, health issues, and sea lice

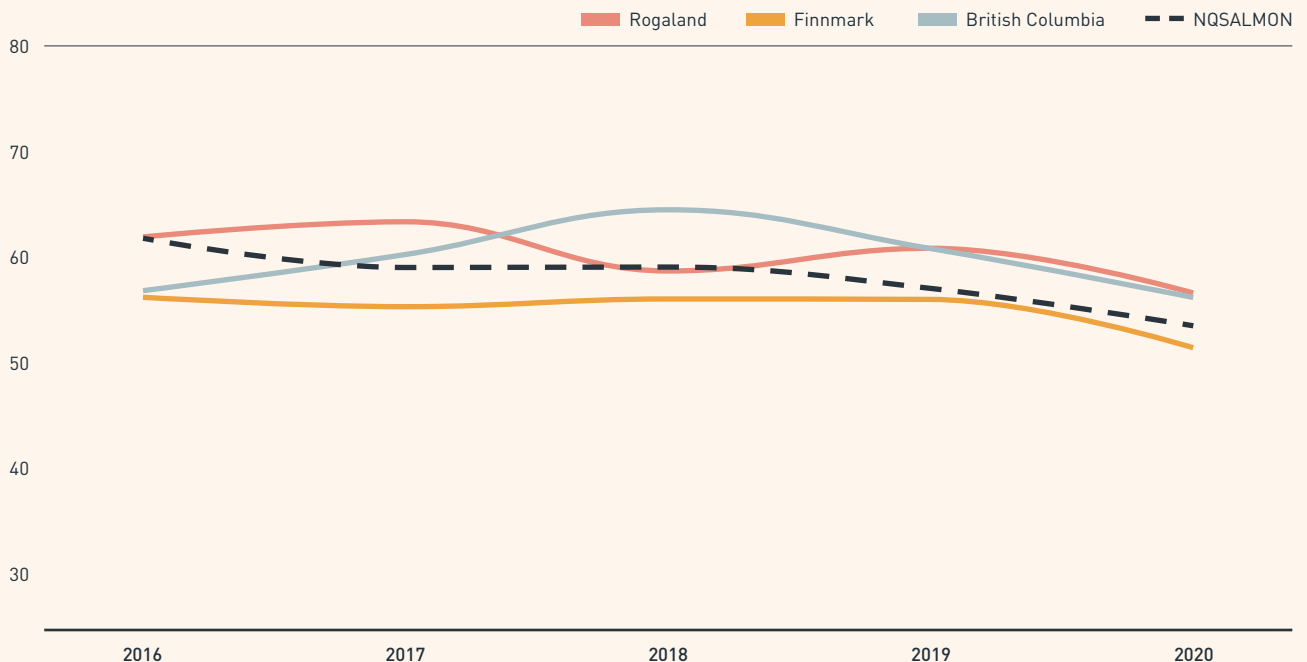
By effectively preventing and combatting sea lice and health issues, and by understanding our salmon’s behavior, we work continuously to improve survival and growth rates.

Our total production volumes are limited by our farming licenses, which impose maximum allowed biomass (MAB) restrictions on the volume of fish we can have at sea at any given time. In British Columbia, the limitations are imposed only on a site-by-site basis, while the Norwegian system also introduces limitations on defined areas and per company. Effective utilization of farming licenses, equipment and personnel requires sophisticated and detailed planning of stocking, feeding, and harvesting activities across sites and regions.

QUALITY

Diseases, winter ulcers and other biological issues may affect the quality of our product. We categorize the quality of our harvested salmon as superior, ordinary or production grade. "Superior" quality salmon has a positive overall impression with good meat quality and no external damage or faults. Downgraded salmon has from minor to significant external and/or internal faults or damage, and therefore commands a lower price. In Norway, downgraded salmon is priced according to standard discount rates. For salmon classified as "ordinary", the standard discount is NOK 1.5-2.0 per kg GWT. For salmon classified as "production grade", the discount is NOK 5.0-15.0 per kg GWT, depending on the extent of the impairment. In other countries, price deductions compared to "superior" salmon are less standardized, but the same principles apply. As other companies in the salmon farming industry may use other quality categories and criteria for grading their harvested salmon, the quality share may not be comparable between the companies.

FIGURE 2.70
ACHIEVED PRICE (NOK/KG)



COST DRIVERS

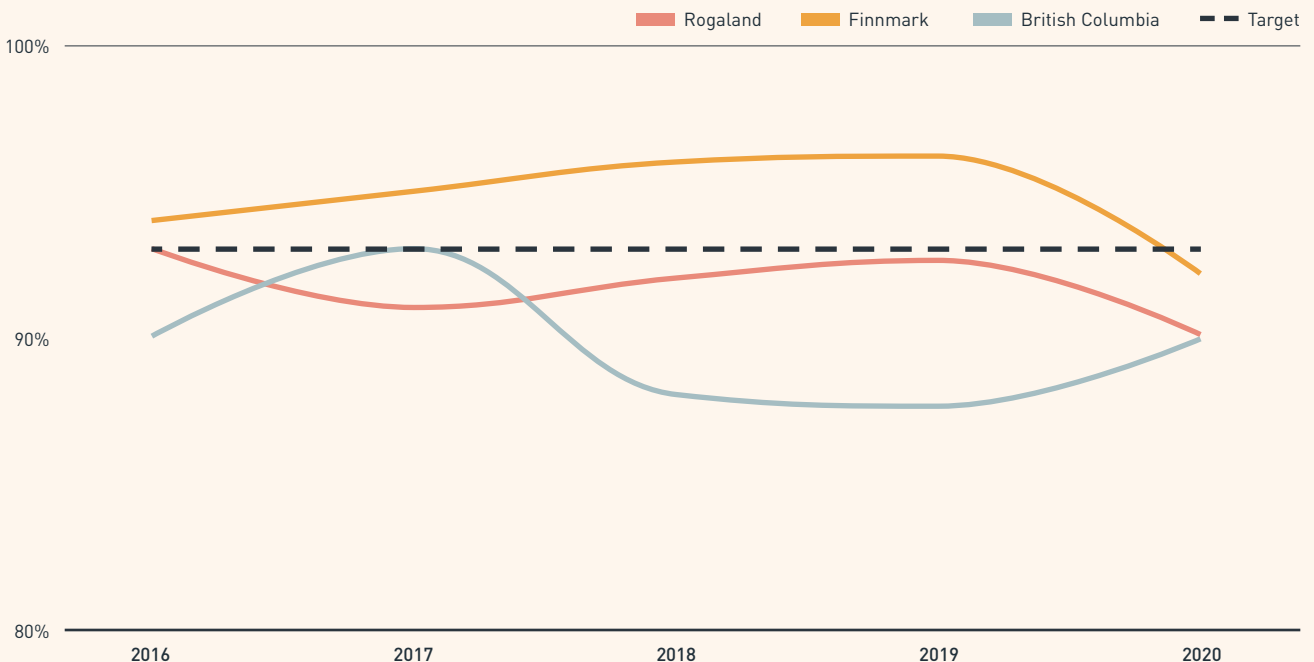
PRICES

Our main product, whole gutted salmon, is largely traded as a commodity, and the prices achieved largely reflect a general market price. The prices we achieve will, to some extent, deviate from the spot market price, based on quality, sales contracts, and our ability to place our salmon effectively in the market. We measure our price achievement relative to the relevant observed market price or reference price.

There are several reference prices for salmon. In Norway, Fish Pool provides historic price information, as well as future salmon derivative prices FCA Oslo as part of the NASDAQ Salmon Index (NQSALMON). In the USA, Urner Barry provides reference prices for North American salmon in Seattle and Chilean salmon in Miami. Market prices are correlated across regions, but significant short-term variations between markets are not uncommon.

Cost directly related to production and harvest of salmon comprise our farming cost. The inputs needed to raise a live salmon from roe to harvest size accounts for the bulk of our farming cost. In addition, cost related to harvest and processing is included in our farming cost. We track our performance, both internally and externally, through the farming cost per kg of harvested salmon. Most important is tracking the underlying drivers that influence the cost of salmon to be harvested in the future, such as survival, feeding and growth. Our regional EBIT is calculated as sales revenue deducted by the farming cost.

FIGURE 2.71
SURVIVAL RATE AT SEA



SALMON SURVIVAL

A vast number of factors can affect salmon survival rates, such as diseases, algal blooms, water conditions, predation, and sea lice treatments. In the industry as a whole, approximately one out of five of the smolt transferred is lost during the seawater growth phase. The number of fish lost per generation varies immensely across locations and regions. In our financial statements, we expense mortality exceeding a threshold level, deemed to be extraordinary, either by month or for the generation to date. Costs associated with "normal" mortality are retained in the book value of the remaining inventory, contributing to an increased cost when the fish are harvested.

*EFCR describes the amount of feed required to produce one kilo of farmed salmon. It is calculated as the total weight of feed divided by net production (harvested weight).

SALMON GROWTH

Our profitability is also influenced by how quickly our salmon grow and how efficiently feed is converted into weight gain (feed conversion rate). Water temperatures, biological conditions, farming practices and fish survival are key drivers for salmon growth. Higher seawater temperatures increase growth, but also increase biological risks in the form of diseases, sea lice, and algal blooms. This may in turn result in lost feeding days, lower growth and reduced survival. Through the introduction of improved sensor technology, use of advanced imaging analysis and other technologies, we continuously improve our ability to make informed decisions about feeding and protective measures.

Efficient feed conversion is crucial to meeting our future cost targets. Feed accounted for 42% of our total cost per kg harvested fish in 2020. Strong and healthy fish, combined with high feed quality and good feeding practices, is key to achieving a low production cost. We measure our farming performance through feed conversion rates (amount of fish feed used to produce one kg of live salmon) and relative growth indices (achieved growth compared to own and feed supplier expectations). Salmon growth, survival rates and the economic feed conversion rate (EFCR*), are strongly linked to fish health, disease and sea lice. Treatments, fasting, and reduced appetite negatively impact growth, reduce our harvested volumes, and increase the cost per kg of harvested fish.

SENSITIVITY ANALYSIS

The salmon farming industry might be volatile, due to both biological and market conditions. Below is a sensitivity analysis showing how our EBIT is estimated to be impacted by changes in sales price, farming cost and eFCR.

Sensitivity analysis	Variables and EBIT effect			
Sales price (NOK/kg)	50.0	55.0	60.0	65.0
Effect on EBIT (NOK million)	-200	156	512	867
Farming cost (NOK/kg)	35.0	38.0	40.0	50.0
Effect on EBIT (NOK million)	855	641	499	-213
eFCR (feed/ kg production)	1.25	1.30	1.35	1.40
Effect on EBIT (NOK million)	146	97	48	-1

FIGURE 2.72
ECONOMIC FEED CONVERSION RATE

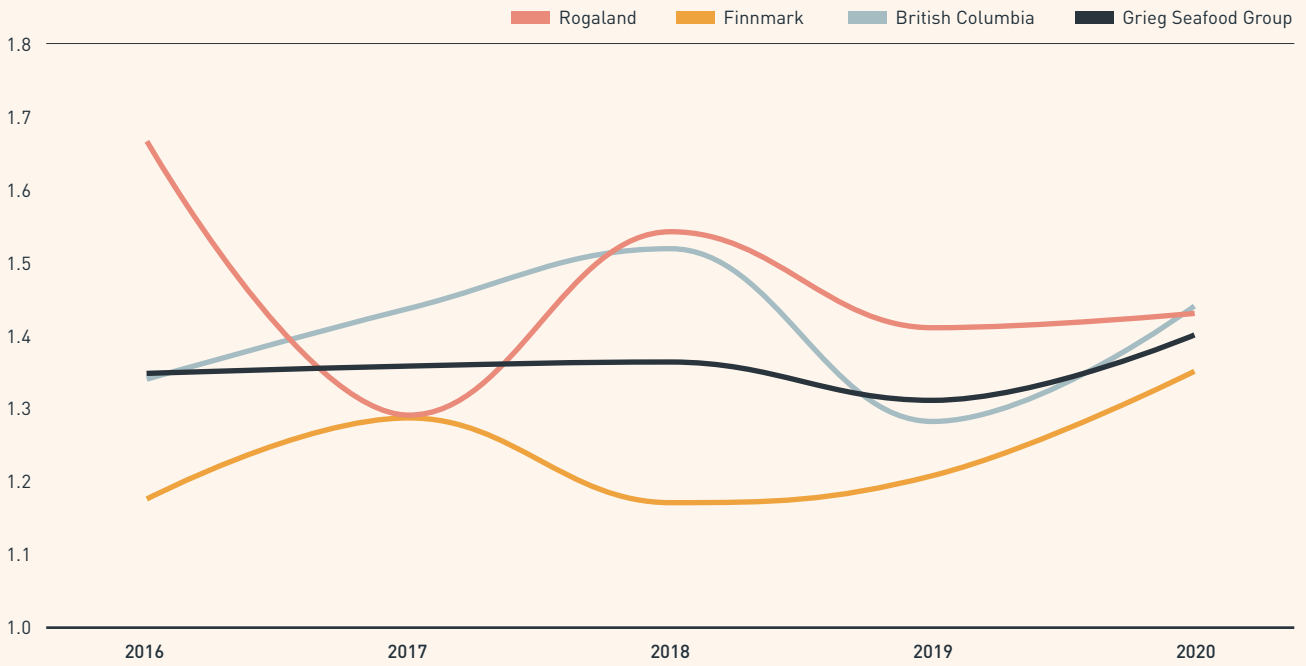
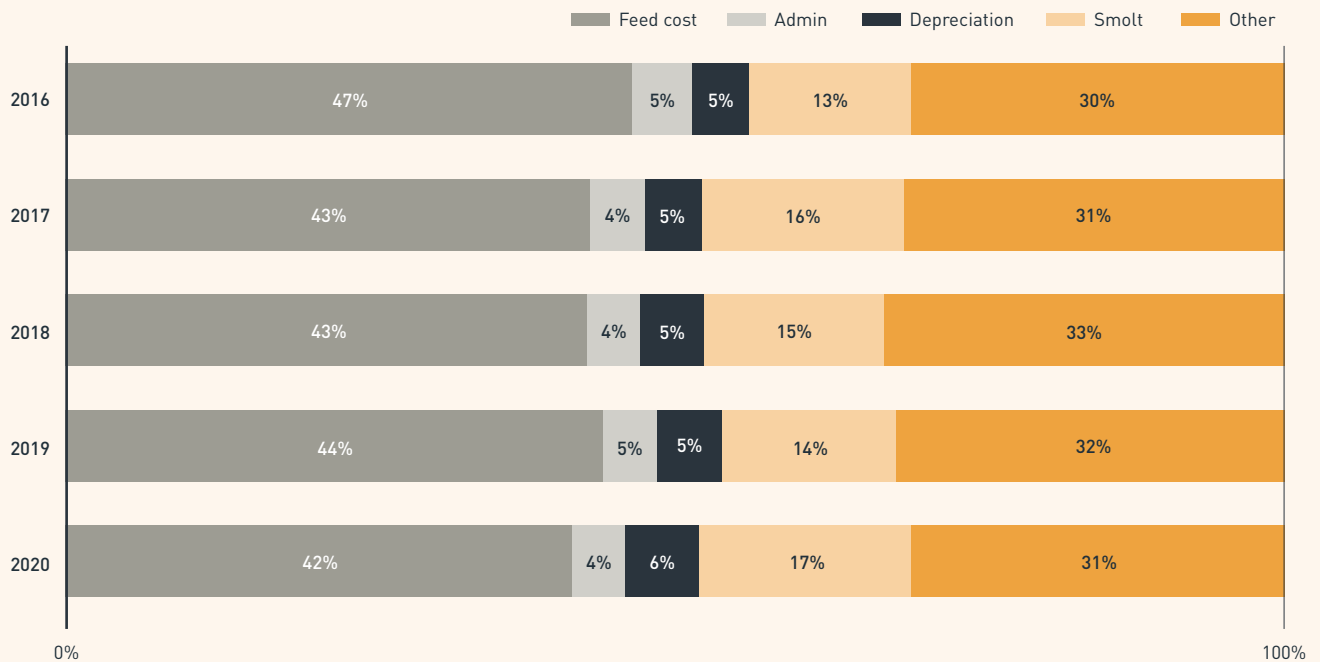


FIGURE 2.73
FARMING COST



OUR SPECIAL LICENSES

In Norway, we also have some farming licenses with specific requirements.

LICENSE	DESCRIPTION	STATUS	AIM
GREEN LICENSES	Green Licenses in Norway have stricter environmental criteria. The sea lice limit is half that of regular licenses, there are stricter criteria for escape prevention technologies, and the amount of medical treatment permitted per generation is limited.	Grieg Seafood has eight green licenses in Finnmark.	Maintain our green licenses in Finnmark by adhering to the environmental criteria.
EDUCATION LICENSES	Education licenses in Norway are given to universities, colleges, or high schools offering aquaculture-related courses of study. Salmon farming companies can lease education licenses from the educational institution. Part of the students' training will then take place at these salmon farms.	Grieg Seafood leases one education license from Nordkapp High School in Finnmark, and one education license from Strand High School in Rogaland.	Utilize our education licenses in Finnmark and Rogaland, while transferring experience to students.
BROODSTOCK LICENSES	The purpose is to produce roe and milt from salmon with improved and/or specific traits.	Grieg Seafood has three broodstock licenses in Erfjord in Rogaland.	Maintain our broodstock, licenses and ensure we are self-sufficient in salmon roe.
R&D LICENSES	The purpose is to encourage important research projects that can bring the Norwegian aquaculture industry forward.	Grieg Seafood has three R&D licenses in Rogaland, two of which are operated in cooperation with Skretting.	Maintain R&D licenses to be able to performing various research projects.



KEY PERFORMANCE INDICATORS AND ALTERNATIVE PERFORMANCE MEASURES (APM)

We believe that our financial statements only partially reflect the underlying performance of our operations. We are therefore working continuously to develop key operational performance indicators and alternative performance measures that we believe better describe our performance. The APMs listed below have been

consistently applied over time, with one exception: the calculation of net interest-bearing debt for covenant purposes. From the first quarter of 2016, we removed the non-controlling interest Bremnes Fryseri AS's share of Ocean Quality AS's bank deposits from the calculation. As of year-end 2020, we have sold all our shares in Ocean Quality AS (see Note 5).

APM	DEFINITION AND CALCULATION	REASON FOR APPLYING APM
<p>EBIT = EBIT BEFORE FAIR VALUE ADJUSTMENT OF BIOLOGICAL ASSETS</p>	<p>Operating profit incl. amortization and depreciation excl. fair value adjustment of biological assets.</p> <p>Unless otherwise specified, EBIT before fair value adjustment of biological assets is shortened to EBIT (earnings before interest and taxes). This also applies to all key figures where EBIT is a component, including:</p> <p>EBIT margin (%) EBIT/ kg GWT ROCE</p>	<p>EBIT before fair value adjustment provides a more informative result, as it does not consider future gains or losses on fish not yet sold. The fair value adjustment has a non-operational nature and can affect the comparability of our performance from period to period. EBIT before fair value adjustment is generally considered the standard industry measure for profitability.</p>
<p>EBITDA = EBITDA BEFORE FAIR VALUE ADJUSTMENT OF BIOLOGICAL ASSETS</p>	<p>Operating profit before amortization and depreciation excl. fair value adjustment of biological assets.</p> <p>Unless otherwise specified, EBITDA before fair value adjustment of biological assets is shortened to EBITDA. This also applies to all key figures where EBITDA is a component, including:</p> <p>EBITDA margin (%) NIBD/EBITDA</p>	<p>EBITDA before fair value adjustment provides a more informative result, as it does not consider future gains or losses on fish not yet sold. The fair value adjustment has a non-operational nature and can affect the comparability of our performance from period to period.</p>
<p>EQUITY RATIO EXCLUDING OCEAN QUALITY</p>	<p>The equity ratio is calculated both with and without consolidation of Ocean Quality Group. The bank syndicate equity covenant definition is exclusive of Ocean Quality. It covers only Grieg Seafood companies both with regards to equity and total liabilities, excluding effects of IFRS 16.</p>	<p>The equity ratio is applied to measure financial solidity in accordance with the Group's covenant requirements.</p>

APM	DEFINITION AND CALCULATION	REASON FOR APPLYING APM
NIBD	<p>Net interest-bearing debt (NIBD) comprises non-current and current debt to financial institutions, after deducting cash and cash equivalents.</p> <p>NIBD is calculated in three ways:</p> <ol style="list-style-type: none"> 1. For ROCE calculation: including all long-term and current debt to credit institutions, incl. IFRS 16 effect and factoring liabilities. 2. Including all long-term and current debt to credit institutions incl. IFRS 16 effect, but excl. factoring liabilities. 3. For covenant calculation as required by the bank syndicate: as in method 2, but cash and cash equivalents are reduced with an amount corresponding to Bremnes Fryseri AS 40% share of Ocean Quality AS bank deposits, and lease liabilities (former IAS 17 operational leases only) are excluded. This method is used for calculation of NIBD/EBITDA. 	<p>NIBD/EBITDA is a measure of financial solidity and is one of the covenants in our bank agreement. When calculating NIBD/EBITDA, NIBD is calculated according to method 2 and EBITDA is before fair value adjustment of biological assets and consolidation of Ocean Quality Group.</p>
ROCE	<p>Return on capital employed (ROCE) is calculated using values before fair value adjustment of biological assets and is calculated as follows:</p> <p>ROCE for the year is calculated as the average of the ROCE for each of the years four quarters. Quarterly ROCE is calculated as quarterly EBIT before fair value adjustment of biological assets multiplied by four, to annualize the EBIT figure. The annualized EBIT figure is divided by the sum of NIBD plus equity before fair value adjustment of biological assets.</p> <p>The quarterly values for NIBD and equity are calculated as Opening balance plus Ending balance divided by 2. NIBD is calculated according to method 1, described in the NIBD section above.</p>	<p>ROCE measures the return on invested capital. Fair value adjustment of biological assets is extracted, as this reflects future gains or losses on fish not yet sold, which can affect the comparability of performance from period to period.</p>
FARMING COST/KG	<p>Farming cost per kg is the farming cost directly related to production and harvest of salmon, divided by the applicable harvest volume. We disclose our farming cost figures for year-to-date and quarter-to-date, per region and Group level.</p>	<p>Each generation of salmon tie up net-working capital (production cost recognized as biological assets) for a considerable time, while the sales prices in the markets we're engaged in are highly dependant on the prevailing spot prices. We track and measure our farming cost level for the Group as a whole, and per region level, to evaluate our profitability and operational performance.</p>

ACCOUNTS

OUR FINANCIAL RESULTS

By always improving our operational excellence, reflecting our holistic performance approach, we are driving sustainable value creation.

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AUDITOR'S REPORT	334



PRESENTATION OF THE BOARD OF DIRECTORS

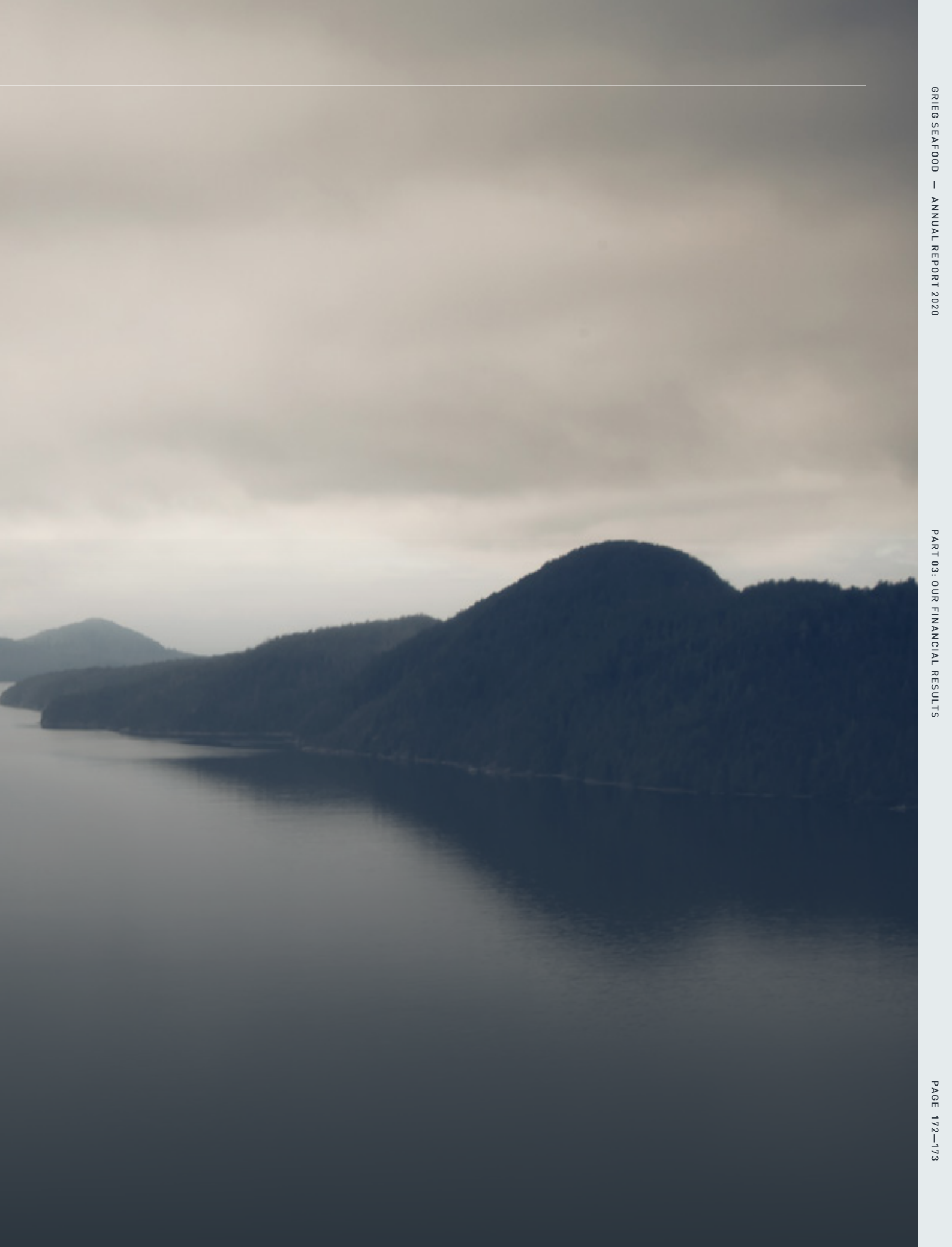
Our Board of Directors will provide leadership to the Company and deliver shareholder value over the long term.

Find the presentation of our Board of Directors [here](#).

GROUP MANAGEMENT TEAM

Our management team is responsible for overseeing the Group's day-to-day operations and working to realize our vision, values and targets.

Find the presentation of our management team [here](#).



BOARD OF DIRECTORS' REPORT

HIGHLIGHTS 2020
The Covid-19 pandemic disrupted the salmon market, causing a significant shift in demand and lower prices in core markets. Nevertheless, Grieg Seafood was able to maintain efficient operations throughout the year.
Based on the volume harvested in 2020, the change in price from 2019 to 2020 reduced EBIT by NOK -289 million.
Harvested volume of 86 847 tonnes (71 142 tonnes ex. Shetland), up 5% compared to 2019 (82 973). Although this was the Group's largest ever harvest, it fell short of the target of 100 000 tonnes, mainly due to biological issues.
EBIT per kg of NOK 3.3, compared to NOK 15.0 in 2019.
No dividend payout due to the volatility and uncertainty caused by the Covid-19 situation.
Satisfactory seawater production, but results impacted by a combination of sea lice treatments and cardiomyopathy syndrome (CMS) Rogaland, and winter ulcers and infectious salmon anemia (ISA) in Finnmark.
Good production in British Columbia. Despite incidents of low oxygen levels and plankton blooms, the survival rate is increasing due to positive results from the algae mitigation system.
Successful placement of a Green Bond of NOK 1.5 billion, rated as Medium Green by Cicero, to support the Group's sustainable growth strategy. At year-end, 38% of the Group's financing was green.
Acquisition of a new region in Newfoundland, with exclusive fish farming rights, as part of the 2025 growth strategy.
Initiated a process to divest the Shetland assets, to focus operations on regions with the greatest potential for profitable growth and the highest return on investment.
Dissolved the jointly-owned sales organization Ocean Quality and established an integrated sales and market organization.
Changes in the operational set-up, with even greater attention paid to farming operations and sustainability.
Average smolt size is increasing due to post-smolt investments, with the highest average weight for the smolt in a single batch transferred to the sea reaching more than 1 kg.
Continued focus on Aquaculture Stewardship Council certification by the Aquaculture Stewardship Council (ASC), with 41% of net production certified at year-end.
Awarded rating of A- by the CDP for actions on both climate change and forest preservation.
Grieg Seafood is committed to driving change in their supply chain. In 2020, the Brazilian soy suppliers committed to becoming 100% deforestation free.
Grieg Seafood is preparing for competitiveness in a post-pandemic world, and is committed to leading the transition to a sustainable global food system.

GRIEG SEAFOOD'S VISION AND AMBITIONS

The Grieg Seafood Group is one of the world's leading salmon farmers. The Group has licenses for seawater farming and land-based smolt production in Finnmark and Rogaland in Norway, British Columbia and Newfoundland in Canada, and Shetland in the UK. In 2020, the Group harvested a total of 86 847 tonnes of Atlantic salmon.

The Group was established in 1992, and over the years has grown into a leading industry player. The Group's vision "Rooted in nature – farming the ocean for a better future", represents how the Group intends to make a difference and what it aims to accomplish. It also encompasses the foundation for the Group's operational development – a healthy ocean, sustainable food, profitable growth and innovation, good jobs for everyone, and local value creation. With its 2025 strategy, the Group aims to harvest 130 000 tonnes in 2025 at a competitive cost level, and to evolve from purely a commodity supplier to an innovation partner for selected customers. Sustainable farming practices are the foundation of Grieg Seafood's operations. Achieving the lowest possible environmental impact and the best possible fish welfare is both an ethical responsibility and a prerequisite for long-term profitability. To achieve sustainable growth and improve competitiveness, the Group focuses on reducing the time fish spend at sea, improving fish welfare, and providing digital decision-making support to their farmers.

TARGETS AND ACHIEVEMENTS

The sustainability scoreboard is a set of key performance indicators for the Group's five pillars - Healthy ocean, Sustainable food, Profit & Innovation, People, and Local Communities, which is used to track the operational performance of the Group.

Creating shareholder value is a prerequisite for growth and survival, and return on capital employed (ROCE) is the Group's ultimate performance measure. The sustainability drivers specified below drive the financial results. The ROCE for 2020 ended at 3%, below the target of 12% per year, mainly impacted by the salmon market prices combined with higher operational cost, and increased debt level to finance the Group's growth investments.

In 2020, the Group decided to sell its Shetland assets. In accordance with IFRS 5, these assets are classified as held for sale/discontinued operations, and as such not included in the Group's income statement or cash flow statement. Unless otherwise explicitly mentioned, qualitative and quantitative information refers to Grieg Seafood's continued operations. As Grieg Seafood Newfoundland has not been operational throughout 2020 and did not have production in seawater, it has not been included as a separate reporting region in 2020. The operational results in this report focuses mainly on the performance of Grieg Seafood Rogaland (Rogaland), Grieg Seafood Finnmark (Finnmark) and Grieg Seafood British Columbia (BC).

HARVESTED VOLUME

The Group's ambition was to harvest 100 000 tonnes in 2020. This target was based on new sites, more than 25 million smolt transferred to sea farms in 2019, increasing survival rates, and a good average weight at harvest. In the end, the Group harvested 86 847 tonnes, or 71 142 tonnes excluding Shetland. The shortfall was mainly due to extraordinary biological challenges in Rogaland, Finnmark, and Shetland. British Columbia delivered 1 000 tonnes above estimates, due to the positive effects of its algae mitigation and digital monitoring efforts.

The Group targets growth going forward, and aims to harvest at least 130 000 tonnes by 2025. Establishing a new region in Newfoundland is an important part of the growth strategy, as well as improving the utilization of the seawater licenses, providing additional capacity and post-smolt production.

FARMING COST

The Group targeted a farming cost of NOK 37.9 per kg for 2020. In 2019, the target was reached both in Rogaland and Finnmark, achieving NOK 35.9 and NOK 37.7 per kg, respectively. In 2020, biological

OUR FINANCIAL RESULTS

challenges drove the farming cost up to NOK 42.1 per kg in Rogaland and NOK 44.1 per kg in Finnmark. As the biological conditions have normalized, significant cost reductions are expected going forward. Rogaland and Finnmark are targeting a farming cost of NOK 40 per kg in 2022.

Cost reductions were achieved in BC, from CAD 8.3 per kg in 2019 to CAD 8.0 per kg in 2020. The volume harvested in 2020 was significantly higher than in 2019, as harvesting volumes vary significantly every other year due to local production arrangements. While lower harvesting volumes in 2021 will impact costs, the underlying ongoing improvement is expected to continue. Coupled with higher harvesting volumes in 2022, additional cost reductions are expected, targeting a cost of CAD 7 per kg.

An important factor in reducing costs is the Group's post-smolt program, which is expected to reduce mortality, disease outbreaks, sea lice treatments, and fish handling.

AQUACULTURE STEWARDSHIP COUNCIL (ASC) CERTIFICATION

Achieving ASC certification is an important objective, as it provides customers and consumers with an assurance of responsible and sustainable operations. As at year-end, 15 sites are ASC certified in Finnmark and 11 sites in BC, equivalent to 80% and 59% of net production, respectively. The Group aims to be 100% ASC certified or compliant in Finnmark and BC by the end of 2021, and in Rogaland by 2023. Newfoundland also aims to be ASC certified.

FISH HEALTH AND WELFARE

The Group targets a 12-month survival rate of 93%. None of the regions met this target in 2020. The survival rate in Rogaland fell from 93% in 2019 to 90% in 2020, and in Finnmark from 96% in 2019 to 92% in 2020 due to biological issues, while in BC, it improved from 88% in 2019 to 90% in 2020 due to algae mitigation measures.

The total use of active pharmaceutical ingredients increased in 2020 compared to 2019, mainly due to regular use of hydrogen peroxide in BC to reduce the sea lice pressure. The Group's post-smolt program will provide better control of the fish's environment for a longer period of time. Post-smolt makes the fish more robust before they are transferred to the sea farms, and reduces their exposure to seaborne biological risks. Other initiatives to improve fish health and welfare include the selection of roe with specific qualities related to sea lice and diseases, feed customized for the various stages of the salmon's lifecycle, and vaccinations to immunize against specific diseases.

ESCAPE

The Board is pleased to report that the Group had no fish escapes in 2020, due to continuous escape prevention efforts.

GREENHOUSE GAS EMISSIONS

In 2020, the Group amended its greenhouse gas emission (GHG) targets, from a 30% reduction in emissions per tonne for Scope 1 and 2 by 2030, to a target of reducing total carbon emissions for Scope 1, 2 and 3 by 35% in 2030 and 100% by 2050. The emission targets have been approved by the Science Based Target Initiative.

In 2020, the absolute Scope 1 (direct emissions from company-owned and controlled resources) and Scope 2 (indirect emissions from the generation of purchased energy) greenhouse gas emissions increased by 1% compared to last year, while production increased by 5%. Measured as kgCO₂ equivalents per tonne harvested, the emissions decreased by 3%. Scope 3 emissions (emissions that occur upstream and downstream in the value chain of the company), excluding feed, were reported for the first time in 2020, and accounted for 77% of total emissions. Once feed is included, it is expected that this figure will increase to more than 90%. Even though farmed Atlantic salmon already has a low carbon footprint, cutting more emissions from both own operations and the supply chain is a challenge that the Group will continue to work on. The Board is proud that Grieg Seafood has been awarded A- by the CDP for its climate disclosures and actions to facilitate a low-carbon future.

QUALITY SHARE OF SALMON

The Group aims for 93% of its salmon to be graded as “superior” quality. However, because biological issues had a negative impact on the quality of the fish harvested, none of the regions reached this target in 2020. The Group’s post-smolt program and initiatives to improve fish health and welfare are expected to contribute to an increased superior share.

HEALTH AND SAFETY

The Group does not compromise on occupational health and safety, and follows up accidents and absence rates. In Finnmark (5.5%) and BC (6.8%), the absence rate is above the target of 4.5%, mainly due to long-term illness and employees taking time off while waiting to be tested for Covid-19. When the pandemic started, the Group introduced new policies to enable employees to stay at home without having a sick note from a doctor if they suspected they were suffering from Covid-19. Rogaland had an absence rate of 3.0% in 2020.

The Group conducted a global Great Place to Work survey in 2020. The Board is proud to report that all regions received Great Place to Work certification. The total score of 84% for the Group was very satisfactory, and an improvement from 79% last year, proving that Grieg Seafood is a great place to work and among the best companies to work for.

LOCAL COMMUNITIES

Grieg Seafood operates in many rural communities, and are grateful for their permission to farm salmon in their inlets and fjords. Communities’ social license to operate is essential to achieve sustainable growth. The Group aims to create local jobs and opportunities, use local suppliers, and engage in and support various local projects and activities.

OPERATIONAL REVIEW AND SEGMENTS

2020 was a challenging year, both in terms of market conditions and biological issues leading to a harvested volume below target. The Group experienced biological issues in three of its regions, particularly in Finnmark and Shetland, where issues led to mortality, lost growth, and premature harvesting. In addition, Covid-19 disrupted the salmon market, causing a significant shift in demand and increased the uncertainty, contributing to lower prices in all core markets.

In 2020, the global harvest of Atlantic salmon increased by approximately 5% compared to 2019, according to Kontali, continuing an upward trend seen over several years. The largest contributors to the increase were Chile and Norway, whose output rose by 79 200 and 32 040 tonnes, respectively. The Chilean industry has mustered an impressive recovery after its difficulties in 2017, while Norway has seen incremental growth in harvested volumes as farmers have adapted to challenging biological conditions over the past few years. The UK experienced a reduction in the volume harvested in 2020. The global supply of Atlantic salmon increased by approximately 4% compared to 2019. It is estimated that consumption in most major markets increased in 2020, except for China which decreased by 25%. The largest relative increases in consumption were found in the EU (up 5%) and the USA (up 8%).

With a limited increase in supply to the market, high prices would normally be expected, but Covid-19 impacted both consumption patterns and overall demand for salmon during the year. Sales to the HoReCa market have been low due to restrictions, curfews and lockdowns in most markets. Sales to the retail segment and home consumption have risen. Salmon spot prices noted on NASDAQ Salmon Index (NQSALMON) fell substantially both during the first and second wave of restrictions and lockdowns in Europe. The same trend was observed in the North American market. The spot price started the year at NOK 78.4, while the lowest price was seen towards the end of the year at NOK 40.2 per kg. Prices ended the year at NOK 50.7 per kg. The 12-month average NQSALMON for 2020 (less distributor margin of NOK 0.75) came to NOK 53.7 compared to NOK 57.2 in 2019.

OUR FINANCIAL RESULTS

Continental Europe is by far the Group's most important market, accounting for 45% of sales revenues in 2020. The market distribution of sales varies year on year, depending on the volumes harvested across the Group's regions. The main change in the sales distribution was a decrease to the EU, from 52% in 2019 to 45% in 2020, due to the increased volume from Grieg Seafood BC. At the same time, sales directed to the UK market increased from 6% in 2019 to 9% in 2020.

Sales revenues (ex. Shetland) amounted to NOK 4 384 million, corresponding to a decrease of NOK 371 million or 7.8% from NOK 4 756 million in 2019. The average salmon spot price (NQSALMON weekly average less distributor margin) for the year was NOK 3.5 per kg lower in 2020 than in 2019. Although spot market prices negatively impacted the Group's sales revenue, fixed-price contracts in Norway made a significant contribution. Fixed price contracts accounted for 41% in Norway, in line with the Group's targeted contract share of 20-50%.

Grieg Seafood harvested a total of 71 142 tonnes of Atlantic salmon in 2020, ex Shetland, a 1% increase from 2019. As the volume harvested in Shetland was 15 705 tonnes in 2020 and 11 273 tonnes in 2019, a record-high volume of 86 847 tonnes was achieved in 2020, compared to 82 973 in 2019.

In 2020, the operational performance at the Group's freshwater facilities has been good. The Group continues to follow its growth strategy and transferred 22 million smolt to the sea during 2020, with an average weight of 233 grams per smolt (figures excluding Shetland). Seawater production has been satisfactory, though the Group experienced biological challenges at certain seawater sites in Rogaland, Finnmark and Shetland, which had a significant financial impact. Compared to 2019, the farming cost increased in all regions except BC. The group farming cost ended at NOK 47.0 per kg, compared to NOK 40.5 per kg in 2019. Abnormal mortality totalled NOK 2.4 per kg in 2020, compared to NOK 1.6 per kg in 2019 (ex. Shetland). Feed comprised 42% of the Group's costs in 2020, compared to 44% in 2019. The feed cost increased by approximately 3.2% in Norway, 1.8% in Shetland and 3.9% in BC. Feed prices are sensitive to changes in currency rate, marine and vegetable raw material prices, seasonal variation, fish catches, and production. The feed price in 2020 has been driven by a general increase in commodities, which also applies for feed raw materials, in particular in BC, as well as foreign exchange rates, in particular in Norway and the UK.

The Group targets a farming cost (total production cost at harvest including harvesting cost) of NOK 40 per kg in Rogaland and Finnmark, and CAD 7 per kg in BC, in 2022. Costs will be reduced by improving operational performance, with a rigorous focus on biological control, increased survival, and fish health and welfare. The Group will also drive performance improvements through continuous research and development, as well as through the utilization of new technologies.

In 2020, Grieg Seafood restructured its business and narrowed the operational focus to the regions with the greatest potential for sustainable and profitable production. A greenfield project was acquired in Newfoundland, Eastern Canada, which will be build up using best industry practices for sustainable farming operations. Grieg Seafood Shetland will be sold. The operations that the Group will continue to operate are characterized as "continued operations", while the Shetland assets are characterized as "discontinued operations". In addition, all shares in Ocean Quality AS were sold in 2020. Activity related to the sale of fish produced by Bremnes Fryseri, including trading, have been defined as discontinued operations. For further details, see Note 5 to the Group Accounts.

CONTINUED OPERATIONS

ROGALAND

Grieg Seafood Rogaland harvested 23 043 tonnes in 2020, a decrease of 9% compared to the 25 217 tonnes harvested in 2019. Sales revenues amounted to NOK 1 310 million, compared to NOK 1 539 million in 2019. The average spot price in 2020 was NOK 53.7 per kg, compared to NOK 57.2 per kg. The price achievement in Rogaland was NOK 56.8 per kg, compared to NOK 61.0 per kg in 2019. Lower spot prices were slightly

offset by fixed-price contracts in 2020. Besides the effect of fixed-price contracts, the lower revenue in 2020 is mainly explained by lower price achievement impacting the EBIT before fair value adjustment of biomass by NOK -97 million, while the lower volume harvested impacted Rogaland's EBIT before fair value adjustment of biomass by NOK -49 million.

The share of superior quality fish improved from 75% in 2019, when the quality was significantly impacted by pancreas disease (PD), to 85% in 2020. In 2020, Rogaland had a stable PD situation, with PD at just one site at year-end, however, PD and occurrences of winter ulcers impacted the superior share.

The seawater production in Rogaland performed well, but was impacted by biological challenges and reduced survival at two sites in the summer and autumn. The 12-month rolling survival rate ended at 90% for 2020, down from 93% in 2019. The lower survival was caused by a combination of CMS and wounds from mechanical delousing treatments. The lower survival had a cost (cost recognized as abnormal mortality in the income statement) of NOK 64 million in 2020 (NOK 2.8 per kg) compared to NOK 26 million (NOK 1.0 per kg) in 2019. The lower rate of survival, combined with a lower volume harvested, impacted the farming cost, which came to NOK 42.1 per kg compared to NOK 35.9 per kg in 2019.

EBIT before fair value adjustment of biological assets for the year was NOK 292 million, which corresponds to NOK 12.7 per kg. Comparable figures for 2019 were NOK 568 million and NOK 22.5 per kg, respectively.

Grieg Seafood Rogaland aims to reduce the time fish are kept at sea, primarily by increasing average smolt size. In 2020, Grieg Seafood Rogaland transferred more than 6.5 million smolt to sea, with an average weight of 400 grams, compared to 280 grams in 2019. The highest average weight of smolt being transferred to the sea farms in 2020, was 1.1 kilo. Larger smolt will significantly reduce seawater production time, making the fish less exposed to issues such as sea lice and PD. Joint venture investments in post-smolt facilities form an important part of this strategy. Through Rogaland, the Group has a 33% shareholding in Tyltlandsvik Aqua, which will be expanded from its current production capacity of 3 000 tonnes to 4 500 tonnes, with an option for further capacity increases. In January 2021, Grieg Seafood Rogaland invested in Årdal Aqua, which will produce at least 3 000 tonnes of post-smolt annually.

As part of the Group's Precision Farming strategy, Grieg Seafood has a full-scale, integrated operations and centralized feeding in Rogaland. All sites in Rogaland are monitored and fed remotely from this facility. Precision farming will ensure more efficient feeding, leading to reduced costs and improved growth going forward.

Grieg Seafood is continuously looking for opportunities to increase the farming capacity. In 2020, an additional capacity of 647 tonnes maximum allowable biomass (MAB) was acquired, which will allow improved production and flexibility.

Grieg Seafood Rogaland has a cost target of NOK 40 per kg, which is expected to be reached in 2022. The goal is to harvest 28 000 tonnes in 2021, increasing to 35 000 tonnes in 2025.

FINNMARK

Grieg Seafood Finnmark harvested 26 919 tonnes in 2020, a decrease of 17% compared to the 32 362 tonnes harvested in 2019. The harvest estimate for 2020 was 38 000 tonnes. The reduction in harvested volume was due to biological challenges with low temperatures causing winter ulcers, early harvests and lost on-growth, as well as challenges with ISA.

Revenues amounted to NOK 1 389 million, a decrease of 23% compared to NOK 1 815 million in 2019. The average spot price in 2020 was NOK 53.7 per kg, compared to NOK 57.2 per kg in 2019. Finnmark achieved an average price of NOK 51.6 per kg in 2020, compared to NOK 56.1 per kg in 2019. Although Finnmark sold 41% of the year's volume under fixed-price contracts, price achievement was significantly impacted by a superior share of 69%, which was due to quality downgrades related to ISA and winter ulcers. Compared

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to 2019, lower price achievement impacted EBIT before fair value adjustment of biomass by NOK -121 million, while the lower volume had an impact of NOK -98 million compared to 2019.

The seawater production in 2020 was impacted by issues related to winter ulcers and ISA. The farming cost was NOK 44.1 per kg in 2020, up from NOK 37.7 per kg in 2019. The increase was mainly due to the reduced volume harvested, but was also impacted by added wellboat costs and external harvesting related to culling of ISA-infected fish. Grieg Seafood Finnmark do not have permission to perform sanitary harvesting at its own plant, and found it challenging to secure harvesting capacity at external processing plants. Winter ulcers and salmon with reduced health also impacted the 12-month rolling survival rate, which decreased from 96% in 2019 to 92% in 2020. The reduced survival rate had a cost (cost recognized as abnormal mortality in the income statement) of NOK 37.5 million in 2020 (NOK 1.4 per kg), compared to NOK 15.1 million in 2019 (NOK 0.5 per kg). The Group is working to improve survival rates through both general and targeted health and welfare measures. Increasing the smolts' weight is also important, as it will make the smolt more robust when they are transferred to the sea, and a shorter period at sea will reduce exposure to biological risks such as winter ulcers and ISA.

EBIT before fair value adjustments ended at NOK 127 million or NOK 4.7 per kg, compared to NOK 580 million and NOK 17.9 per kg in 2019.

Flexibility is a requirement to achieve better utilization of the Group's capacity, and Grieg Seafood are continuously looking for opportunities to secure access to good new locations. In 2020, Finnmark was granted approval for two new locations, and acquired additional capacity of 259 tonnes maximum allowable biomass (MAB), which will allow improved production and flexibility.

Grieg Seafood Finnmark is focused on continuing to improve fish welfare and survival rates. Camera surveillance and sensor technology are used to continuously monitor the environment and take appropriate actions. Grieg Seafood Finnmark works towards sustainable production, and at the end of 2020, fifteen out of 28 sites were ASC certified.

Grieg Seafood Finnmark has a cost target of NOK 40 per kg, which is expected to be reached in 2022. The harvesting target for 2021 is 37 000 tonnes, increasing to 45 000 tonnes in 2025.

BRITISH COLUMBIA

Grieg Seafood British Columbia (BC) harvested 21 181 tonnes in 2020, compared to 14 120 tonnes in 2019. Harvesting volumes vary significantly every other year in BC due to local production region arrangements, and this cyclicity explains the higher volume in 2020 compared to 2019. The harvest estimate of 20 000 tonnes in 2020 was upgraded to 22 000 tonnes during the year due to positive effects of the algae mitigation and digital monitoring efforts. Revenues totaled NOK 1 195 million, an increase of 39% compared to NOK 861 million in 2019.

In 2020, BC achieved an average price of NOK 56.4 per kg compared to NOK 61.0 per kg in 2019. Exchange rates fluctuated significantly in 2020. The NOK/CAD exchange rate opened the year at 6.8 and closed at 6.7, peaking at 7.9 in March and averaging out at 7.0 for the year. The average price achievement in CAD for 2020 was CAD 8.0 per kg compared to CAD 9.2 per kg in 2019. Compared to 2019, the foreign exchange rate boosted sales revenue by NOK 66 million in 2020. With respect to EBIT before fair value adjustment of the biomass, the impact of the foreign exchange rate in 2020 was only NOK 0.8 million. Measured in NOK, the effect of prices in 2020 compared to 2019 was NOK -97 million, while the effect of increased volume in 2020 compared to 2019 was NOK 37 million.

Seawater production has been good in 2020, despite somewhat challenging biological conditions due to low oxygen events during the summer, which negatively affected feeding. Due to the algae mitigation system, the impact was limited, and the 12-month survival rate increased from 88% in 2019 to 90% in 2020. The increased survival rate contributed to a decrease in the farming cost, which ended at CAD 8.0

(NOK 56.1) per kg in 2020 compared to CAD 8.3 (NOK 55.3) per kg in 2019. Reduced survival had a cost (cost recognized as abnormal mortality in the income statement) of NOK 66.1 million in 2020 (NOK 3.1 per kg, or CAD 0.4 per kg), compared to NOK 73.3 million in 2019 (CAD 0.8 per kg).

In a challenging market characterized by Covid-19 mitigation measures, good average weight and a stable superior share from BC's harvest contributed to an EBIT before fair value adjustment of the biomass of NOK -7.4 million, which corresponds to NOK -0.4 per kg, compared to NOK 73.3 million and NOK 5.2 per kg in 2019.

Access to high-quality smolt is key to ensuring sustainable production growth. Grieg Seafood BC will increase smolt capacity from 500 tonnes to 900 tonnes, with the first smolt transfer from the new Gold River smolt facility going to sea farms scheduled for the spring of 2022. The Group's post-smolt strategy will enable BC to have better control of the fish's environment for a longer period. It will also make the fish more robust when they are transferred to sea, and a shorter period at sea will reduce exposure to biological risks.

Grieg Seafood BC is heavily influenced by sea lice pressure from wild salmon each autumn, when the wild salmon pass its farms on their way to the river to spawn. BC is testing preventative methods such as sea lice skirts and tarps to keep the sea lice level stable. When the sea lice level increases, BC carry out the type of treatment they consider most appropriate. The addition of the new wellboat (Ronja Islander, long-term lease agreement) was implemented in the beginning of 2020 and successfully treated with 100% sea lice recapture systems.

The Group's main farming areas in BC are operated under agreements with the First Nations in those areas. BC's relations with the Mowachaht Muchalaht, Tlowitsis and Ehattesaht Chinehkint First Nations are good, and are very important for the Group.

The federal regulator Fisheries, Oceans and Canadian Coast has announced that it will not renew licenses in the Discovery Islands farming area after 30 June 2022. Grieg Seafood BC has only one farm in the area. Production plans will not be impacted, as the capacity lost in this area can be moved to other farms. Salmon farming companies in BC, including Grieg Seafood BC, have asked for a judicial review of the Government's decision process to allow a better understanding the implications of closing open seawater farming in the Discovery Islands.

Harmful Algae Blooms (HAB) and low oxygen events represent significant biological risks in BC. Algae movements and oxygen levels are continuously monitored and analyzed using high-grade, real-time, in-pen sensors, and machine learning with predictive environmental data software. In addition, aeration systems have been installed to enable feeding also during challenging situations. Mortality rates are decreasing, but are still too high. The Group expect BC's algae mitigation and digital monitoring efforts to increase survival rates and harvest volumes, and reduce costs going forward. This will enable BC to reach the cost target of CAD 7 per kg, which is expected to be reached in 2022. Grieg Seafood BC expect to harvest 15 000 tonnes in 2021, increasing to 35 000 tonnes in 2025.

SALES

Until year-end 2020, the Group's salmon has been sold through Ocean Quality, the sales organization jointly owned by Grieg Seafood (60%) and Bremnes Fryseri (40%). Grieg Seafood has been building its own sales organization to support the 2025 growth and the downstream strategy. The new sales organization is partly based on the Ocean Quality sales force, as the companies Ocean Quality North America (OQ NA), Ocean Quality USA (OQ USA) and Ocean Quality UK (OQ UK), including their employees, were acquired by Grieg Seafood at year-end 2020. OQ NA is now Grieg Seafood Sales North America, OQ USA is Grieg Seafood Sales USA, while in Shetland the sales organization has been merged with the farming entity Grieg Seafood Shetland. Bremnes Fryseri took ownership of the Norwegian organization Ocean Quality AS at the end of 2020, and the sales partnership Ocean Quality was dissolved. The Group's new sales entity

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in Norway is Grieg Seafood Norway. To facilitate the transition, Grieg Seafood and Bremnes Fryseri will continue with a sales agreement until June 2021. As of January 2021, the Group's new sales and market organization was operational. From being a pure supplier of farmed salmon from Norway, Scotland and Canada, the downstream strategy will re-position Grieg Seafood in the value chain and become a partner for selected customers in main markets.

In 2020, Ocean Quality sold Grieg Seafood salmon to Europe, Asia, the USA, and Canada. Europe is the dominant market, representing 45% of the total sales, compared to 52% in 2019.

Overall demand for Atlantic salmon remained strong in 2020 with demand for branded and certified, high-quality products increasing. This included the Grieg Seafood brands; Skuna Bay and Kvitsøy. By the end of 2020, Grieg Seafood had achieved ASC certification equal to 80% of net production in Finnmark and 59% of net production in BC. The Group is working to certify more sites, including those in Rogaland, and aims for 100% certification or compliance by 2023.

DISCONTINUED OPERATIONS

In 2020, the assets relating to the operations in Shetland are classified as held for sale, and the activity is presented under discontinued operations. In addition, all shares in Ocean Quality AS have been sold, and the activities of Ocean Quality not related to sale of fish produced by Grieg Seafood are also presented as discontinued operations. See more information in Note 5 in the Group Accounts.

SHETLAND

Following a thorough analysis of the Shetland investment during the year, Grieg Seafood has decided not to include Shetland in the Group's long-term strategy. The Group has therefore appointed DNB Markets and Nordea Markets to advise on the divestment of the Shetland assets. This process is expected to conclude by the end of 2021.

Shetland harvested 15 705 tonnes in 2020, compared to 11 273 tonnes in 2019, contributing to a total operating income in 2020 of NOK 969 million, compared to NOK 816 million in 2019. The NOK/GBP exchange rate fluctuated significantly during 2020, opening the year at NOK 11.6, peaking at NOK 13.3, and closing at NOK 11.6. The average exchange rate for the year was NOK 12.0, thus the foreign exchange rates has significantly impacted the segment's figures.

Biological challenges combined with jellyfish issues caused a high rate of mortality in Skye towards the end of the year. As a result, both survival rates and the superior quality share were reduced. Operating costs in Shetland were significantly impacted by extraordinary mortality write-downs, and a high cost per kg for fish from the sites in Skye. Harvest from the Isle of Skye farms was accelerated following the decision to cease operations at those locations. Production in Shetland has developed positively and the cost per kg is expected to come down in 2021, once operations in Skye have ended.

In recent years, Grieg Seafood Shetland has taken several steps to ensure strong biosecurity and improved fish health and welfare, such as extended fallowing areas coordinated with neighboring farmers, and control of the sea lice situation by means of aeration systems, sea lice skirts and freshwater treatments. Measures such as a new vaccination strategy to improve smolt quality have significantly increased the survival rate for smolt transferred to the sea.

Grieg Seafood Shetland expects to harvest 15 000 tonnes in 2021.

FINANCIAL PERFORMANCE

GROUP FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

In 2020, the Group's activity in Shetland and the part of Ocean Quality not related to sale of fish produced by Grieg Seafood has been presented as discontinued operations, and the 2019 comparative figures have been re-presented to be comparable. At year-end, Shetland is classified as held for sale. For further information, see Note 5 of the Group Accounts.

PROFIT AND LOSS

Sales revenue and harvested volume

Grieg Seafood harvested a total of 71 142 tonnes (86 847 tonnes incl. Shetland) in 2020, down 1 % compared to 71 700 tonnes in 2019 (82 973 incl. Shetland). The harvest in 2020 generated revenues of NOK 4 384 million, down 8% from NOK 4 756 million in 2019. The decreased revenues are primarily due to lower price achievement 2020 compared with 2019.

The global supply of Atlantic salmon increased by approximately 4% compared to 2019. With a limited increase in supply to the market, high prices would normally be expected, but Covid-19 impacted both consumption patterns and overall demand for salmon during the year. As the salmon market can be volatile, Grieg Seafood has adopted a policy to ensure that 20-50% of the harvested volume is hedged at fixed prices. In 2020, the share of fixed-price contracts was 41% in Norway, in line with the Group's targeted contract share of 20-50%.

Farming cost

The total farming cost (ex. Shetland) per kg for the Group came to NOK 47.0 in 2020, compared to NOK 40.5 the year before. This includes write-downs due to abnormal mortality (ex. Shetland) of NOK 2.4 per kg, compared to NOK 1.6 per kg in 2019.

Raw materials and consumables, which consist mainly of the Group's freshwater and seawater fish stocks, in addition to feed, ended at NOK 1 717 million, a cost increase of NOK 219 million compared to NOK 1 498 million in 2019, primarily due to biological issues in Rogaland and Finnmark during the year.

Salaries and personnel expenses for the year ended at NOK 500 million, an increase of NOK 7 million from NOK 493 million in 2019. The increase was partly driven by the acquisition of the new region in Newfoundland in April 2020, and partly by the establishment of the Group's wholly owned sales and market department, which went into operation at the start of 2021. Other operating expenses ended at NOK 1 593 million, an increase of NOK 186 million compared to NOK 1 407 million in 2019. The increase is mainly driven production related costs incl. wellboat costs. Digitalization projects also led to increased operating cost during the testing and implementation phase. The Group also recognized increased cost related to attorneys' fees in connection with the investigations being carried out by the European Commission and US competition authorities.

EBIT

Depreciation and amortization came to NOK 369 million in 2020, an increase of NOK 62 million compared to NOK 307 million in 2019. The increase is driven by increased operational capacity in owned and leased assets, which has driven up depreciation.

EBIT before fair value adjustment of biological assets ended at NOK 233 million, compared to NOK 1 077 million in 2019.

EBIT per kg came to NOK 3.3, compared to NOK 15.0 per kg in 2019. EBIT per kg was negatively affected by

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biological issues, primarily in Rogaland and Finnmark, combined with low spot prices during the second half of the year.

Fair value adjustment

Fair value adjustments of biological assets in 2020 were negative in the amount of NOK 290 million, such that EBIT after fair value adjustments came to NOK -57 million. In 2019, fair value adjustments of biological assets were also negative in the amount of NOK 255 million, while EBIT after fair value adjustments of biological assets came to NOK 822 million. Both the market price and the forward price at the end of the year remained low and have a negative effect on the fair value of biomass.

Financial items

Net financial items came to NOK -248 million, bringing profit before tax to NOK -304 million. In 2019, net financial items came to NOK -26 million, while profit before tax totalled NOK 796 million. The decrease in financial items is due to negative foreign exchange effects compared to 2019, increased debt service costs due to the Group's Green Bond issue, and costs related to the temporarily amended financial covenants related to the syndicated debt.

Taxes and net profit

Taxes for the year amounted to an expense of NOK 12 million, bringing the net profit from continued operations for the year to NOK -316 million. Taxes in 2019 amounted to an expense of NOK 197 million, while net profit from continued operations ended at NOK 599 million. The net result from discontinued operations for the year, which include Shetland and the part of Ocean Quality relating to sale of fish produced by Bremnes Fryseri, amounted to NOK -199 million in 2020 compared to NOK 46 million in 2019. The decrease in net profit from discontinued operations is primarily due to biological challenges in the Isle of Skye, which brought the year's net loss for the year to NOK 515 million in 2020, compared to a net profit of NOK 645 million in 2019.

FINANCIAL POSITION

The Group's recognized asset value as at 31 December 2020 was NOK 10 650 million, compared to NOK 8 935 million at the end of 2019. A total of NOK 1 973 million of the Group's asset values is classified as held for sale. This consists primarily of the Shetland assets. The balance sheet for 2019 has not been re-presented to reflect the held for sale-classification, which significantly impacts any comparative analysis. Please see Note 5 of the Group Accounts for a summary of the book value of the Shetland assets year-end 2020. Goodwill amounted to NOK 638 million at 31 December 2020 compared to NOK 110 million at 31 December 2019, while the book value of farming licenses was NOK 1 508 million at year-end 2020 compared to NOK 1 134 million in 2019. The book value of property, plant, and equipment including right of use assets totalled NOK 3 033 million at year-end 2020, compared to NOK 2 958 million in 2019. The change in property, plant and equipment, goodwill and farming licences is primarily due to the net effect of the Shetland held for sale classification and the Grieg Newfoundland acquisition. See Note 5 and Note 6 of the Group Accounts, respectively.

At 31 December 2020, the Group's equity amounted to NOK 4 371 million, compared to NOK 4 141 million in 2019. The equity ratio at the end of the year was 41% compared with 46% at the end of 2019.

The Group's net interest-bearing liabilities totalled NOK 3 931 million at year-end 2020. In 2019, the comparable figure was NOK 2 376 million. The increase in net interest-bearing liabilities is primarily due to the Group's Green bond issue of NOK 1 500 million in 2020.

Net interest-bearing liabilities excluding factoring and the effect of IFRS 16 lease liabilities (see Note 12 and Note 13 of the Group Accounts), as per bank covenants, totalled NOK 3 679 million at year-end 2020, compared to NOK 1 939 million in 2019. The bank syndicate consists of Nordea and DNB.

The Grieg Seafood Group's loan agreements include two term loans of NOK 600 million and EUR 60 million, respectively; a revolving credit facility of NOK 1 500 million (extended from NOK 1 300 million year-end 2019), a overdraft facility of NOK 100 million, and a revolving credit facility/bridge loan of NOK 600 million. At the end of the year, NOK 1 203 million of the revolving credit facility and the overdraft facility was available for the Group. See Note 12 of the Group Accounts for more information.

Current loan agreements also allow the Group to utilize up to NOK 600 million for leasing (finance leases according to IFRS in force prior to 1 January 2019). The majority of the Group's new feed barges, well boat, cages and other operational equipment are leased. At the end of 2020, operational lease liabilities (classification according to IFRS in force prior to 1 January 2019) amounted to NOK 252 million (2019: NOK 380 million), while financial lease liabilities (classification according to IFRS in force prior to 1 January 2019) amounted to NOK 433 million in 2020 (2019: NOK 452 million). The change in the operational leases are primarily due to the held for sale classification of the Shetland assets.

According to the Group's loan covenants, the equity ratio is calculated excluding Ocean Quality, and was 43% at year-end 2020, compared to 51% at year-end 2019. At 31 December 2020, the Group was in compliance with its financial covenants. See Note 12 of the Group Accounts for more information.

CASH FLOW

Net cash flow from operations ended at NOK 412 million in 2020, down from NOK 1 193 million in 2019. The decrease is mainly related to lower earnings due to biological issues in Rogaland and Finnmark, as well as low spot market prices. In BC, the Group has had a reduction in farming cost per kg in 2020 compared with 2019 (measured in CAD), however profitability has suffered due to a decrease in market prices.

Net cash flow from investment activities amounted to NOK -1 593 million, compared to NOK -297 million in 2019. The change in cash flow from investment activities is due to a comprehensive investment plan, as the Group is establishing the Newfoundland region through a business acquisition, amounting to NOK 620 million in 2020. Additionally, a significant part of the Group's capital expenditure was related to develop the Newfoundland region, where the Group is targeting a harvest volume of 15 000 tonnes by 2025. Grieg Seafood's ambition for the region is an annual harvest of at least 45 000 tonnes by 2030. In line with its growth strategy, the Group has invested substantially in smolt production, biosecurity, and digitalization.

Net cash flow from financing activities came to NOK 1 478 million, compared to NOK -625 million in 2019. The change is primarily due to the Green bond issue of NOK 1 500 million in 2020.

Cash and cash equivalents from continued operations increased by NOK 298 million during the year, and available cash totalled NOK 275 million as at 31 December 2020, up from NOK 214 million in 2019. In 2020, NOK 16 million are proceeds from sale of Ocean Quality, while NOK -255 million (2019: NOK -196 million) is attributable to the net effect discontinued operations had on the Group's cash and cash equivalents from continued operations in 2020.

GRIEG SEAFOOD ASA

PROFIT FOR THE YEAR

The parent company's financial statements are prepared in accordance with Norwegian accounting principles (NGAAP).

The parent company recorded an operating loss of NOK 73 million in 2020, compared to a loss of NOK 87 million in 2019. A lower cash-based remuneration cost (options) to the management team resulted in reduced operating expenses.

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The company has a syndicate loan provided 50/50 by DNB and Nordea. The financing agreement includes two term loans of NOK 600 million and EUR 60 million, respectively; a revolving credit facility of NOK 1 500 million, alongside overdraft facility of NOK 100 million (extended from NOK 1 300 million year-end 2019), and a revolving credit facility/bridge loan of NOK 600 million. In June 2020, Grieg Seafood issued its first Green Bond with NOK 1 000 million and in November 2020 the Group issued the second tap of the Green Bond of NOK 500 million, bringing total Green Bond proceeds for the year to NOK 1 500 million.

At the end of the year, NOK 1 203 million of the revolving credit facility and the overdraft facility was available for utilization.

Dividends from Ocean Quality, in the amount of NOK 17 million (NOK 15 million in 2019), and Group contributions from subsidiaries in the amount of NOK 100 million (NOK 862 million in 2019), contributed to a positive financial result.

Interest expenses from external financing increased in 2020. This is due to increased external funding compared to 2019. In the fourth quarter of 2020, Grieg Seafood was granted an amendment to its covenants through the third quarter in 2021. At the end of the year, Grieg Seafood was in compliance with these temporary amended terms. See the Note 17 for more information about the requirement for the amendment. The equity ratio of Grieg Seafood ASA at year-end was 43%, compared to 45% last-year, corresponding to a book value of equity of NOK 2 670 million in 2020 compared to NOK 1 760 million in 2019.

During the year, there has not been any dividend payments because of the increased volatility and uncertainty caused by the Covid-19 situation, combined with an extensive investment plan for the Group.

The parent company's net cash flow from operations in 2020 totalled NOK -277 million, compared to NOK -157 million in 2019.

Cash flow from investing activities came to NOK -1 232 million (NOK 349 million in 2019). The decrease is due to higher lending to Group companies compared to 2019.

Net cash flow from financing activities came to NOK 1 687 million, compared to NOK -192 million in 2019. The difference is primarily due to the Green Bond Issue of NOK 1 500 million in 2020.

As at 31 December 2020, available cash totalled NOK 184 million compared to NOK 6 million as at 31 December 2019.

FINANCIAL RESULTS AND ALLOCATIONS – GRIEG SEAFOOD ASA

The aim of the Group is to offer a competitive return on invested capital to its shareholders through a combination of dividends and share price appreciation.

The Group's dividend policy is that the dividend should, over time, average 30-40% of the Group's net profit after tax before fair value adjustment of biological assets. At the same time, the Group's net interest-bearing debt per kg harvested salmon should remain below NOK 30, but can be exceeded in periods of growth investments.

The Board has resolved to request an authorization provided by the Annual General Meeting to pay dividend in 2021.

The parent company, Grieg Seafood ASA, recorded a gain of NOK 12 million for 2020, which the Board proposes the Annual General Meeting to allocate to other equity.

RISK AND RISK MANAGEMENT

The Group is exposed to risks in numerous areas, such as biological production, the effects of climate change, degradation of nature, compliance risk, the risk of accidents, changes in salmon prices, and the risk of politically motivated trade barriers. The current Covid-19 pandemic poses a material risk to most of the Group's operational areas. The Group's internal controls and risk exposure are subject to continuous monitoring and improvement, and efforts to reduce risk in different areas have a high priority. Management has established a framework for managing and eliminating most of the risks that could prevent the Group from attaining its goals. See the Group's risk overview [here](#). A summary of some of the risks may be found below.

OPERATIONAL RISK

The greatest operational risk relates to biological developments within the Group's smolt and aquaculture operations. The book value of live fish in the balance sheet at year-end was NOK 2 546 million. To reduce this risk, the Group focuses on improving fish health and welfare through several initiatives. The Group's post-smolt strategy, where fish are grown to a larger size on land, thereby shortening the time they spend in open sea pens, is an important part to reduce the biological risk.

The aquaculture industry has experienced major issues with sea lice and algae in recent years. The Group collaborates actively with the authorities and other aquaculture players to implement measures and initiate activities to reduce biological risk. Some of the initiatives are joint following and area-based management. The Group has initiated a digitalization process to facilitate operational improvements. The aim is to use sensor technology to reduce the algae challenges in BC and Shetland. The introduction of sensor technology to monitor algal blooms enables the determination at an early stage the type of algae and the appropriate feeding response. This is of vital importance as different types of algae have different effects on the salmon. With respect to sea lice, the Group is switching from pharmaceutical to mechanical delousing treatment methods.

MARKET RISK

Salmon prices are highly volatile, with major fluctuations within relatively short time spans. However, there has been a stable rise in demand for salmon over recent years, while the growth in supply has been limited. This development is expected to continue going forward. Supply is also impacted by other factors, such as government regulations, sea temperatures, sea lice, outbreaks of disease, and other indirect and direct factors, which affect production and therefore also supply. The Covid-19 pandemic and the measures implemented by authorities worldwide to deal with it, have impacted global demand for salmon and disrupted global supply chains, at least in the short to medium term. In 2020, the global harvest of Atlantic salmon increased by approximately 5% compared to 2019, according to Kontali. The 12-month average NQSALMON (less distributor margin of NOK 0.75) was NOK 53.7 per kg in 2020 compared to NOK 57.2 per kg in 2019. Although spot market prices negatively impacted the Group's sales revenue in 2020, the sale of 41% of the harvested volume in Norway under fixed-price contracts made a significant contribution. The percentage was in line with the targeted contract share of 20-50%.

The transition period following the UK's withdrawal from the European Union (Brexit) expired at year-end 2020. The outcome of Brexit still represents an uncertainty for the Scottish salmon farming industry and Norwegian exporters, due to possible tariffs on trade and logistical difficulties in getting fresh salmon from Norway to the UK and from UK to the rest of Europe. Although the Scottish salmon sector had prepared extensively over several years to ensure they were ready for post-Brexit conditions, the impact on the sector in January 2021 alone was estimated at more than GBP 11 million. This was caused by delays (lost customers, spoilt products), in addition to higher costs related to logistics and export documents. So far, the Group's sales have not been significantly affected by Brexit.

OUR FINANCIAL RESULTS

FINANCIAL RISK

Financing risk

The Group operates within an industry characterized by high volatility, which entails greater financial risk. The Group's business and future plans are capital intensive. To the extent that sufficient cash is not generated from operations in the long term, additional funding needs to be raised to pursue its growth strategy and finance capital expenditures. Adequate sources of capital funding might not be available when needed, or may only be available on unfavorable terms.

The Group renegotiated its syndicated bank loan agreement in 2018, which will secure the working capital needed to achieve the Group's growth targets. The agreement matures in 2023. The Group issued its first Green Bond, which raised proceeds of NOK 1 000 million, in June 2020. In November, the Group issued the second tap of this senior unsecured green bond, with an additional drawdown of NOK 500 million. The bond matures on 25 June 2025. Financial and contractual hedging is a matter of constant consideration, in combination with operational measures. Management draws up rolling liquidity forecasts, extending over five years. These forecasts are based on conservative assumptions for salmon prices and form the basis for calculating liquidity requirements. This forecast also forms the basis for the Group's financing needs. In November 2020, the Group was granted an amendment to its loan covenants through the third quarter of 2021, which gives management greater room for maneuver in an uncertain market still affected by Covid-19.

Liquidity risk

In line with the Group's growth strategy, interest-bearing liabilities have increased and may continue to increase. The Group has invested substantial amounts during the last year, such as the acquisition of Grieg Newfoundland and the build-up of its biomass. The previous year's refinancing made the Group financially equipped to carry out further investments in increased smolt stocking and new locations for sea production. The Group has had a factoring agreement in Norway, which has been derecognized through the sale of Sjør AS (Ocean Quality AS) year-end 2020. In 2021, Grieg Seafood Norway, the Group's new sales entity, has entered into a factoring agreement. Furthermore, there is a factoring agreement in UK, classified as liabilities directly associated with assets held for sale. The UK agreement means that significant risk and control of trade receivables remains with Grieg Seafood. In Norway, however, the factoring company purchases 90% credit-insured trade receivables from the company, transferring significant risk and control thereof to the credit institution. Such receivables are then derecognized from the company's balance sheet.

At the end of 2020, the Group had 1 203 million in available liquidity. The revolving credit is flexible, as it can be drawn upon within a month, or for a longer period, depending on the Group's need for liquidity. Management monitors the Group's liquidity reserve, which comprises a loan facility, bank deposits, and cash equivalents, based on expected cash flows. This is carried out at group level in collaboration with the operating companies. Management and the Board seek to maintain a high equity ratio, to be well positioned to meet financial and operational challenges. Considering the dynamic nature of the industry, the Group aims to maintain funding flexibility.

Currency risk

In translating the operating income and balance sheet items of foreign subsidiaries, the Group's major currency exposure is to CAD and GBP. The strategy is to reduce the currency risk by funding the subsidiaries in their local currencies. All long-term loans to subsidiaries from Grieg Seafood ASA are in the local currency and are regarded as net investments, as there are no set plan for repayment of those loans. The currency effect of these net investments is included in the Group's consolidated statement of other comprehensive income (OCI). The production companies sell in local currencies to the sales organization, which hedges its transactions against currency fluctuations related to CAD/USD, EUR/NOK, GBP/EUR and USD/NOK, and other currencies if required. Long-term foreign currency contracts are hedging instruments, where unrealized currency gains or losses are recognized through other comprehensive income (OCI). The currency situation is continuously assessed against the volatility of the currencies. The

remaining net exposure is frequently monitored. However, the Group may not be successful in hedging against currency fluctuations and significant fluctuations may have a material adverse effect on the Group's financial results and business. The Group is also exposed to currency fluctuations on long-term lease agreements, primarily operational equipment including well boat charter hire. Lastly, the Group is also exposed to EUR, as part of its credit facility is in EUR.

Interest rate risk

The Group is exposed to interest rate risk through its borrowing activities, and to fluctuating interest rate levels in connection with the financing of its activities in the various regions. The Group's existing loans are at floating interest rates, but separate fixed-rate contracts have been entered into to reduce interest rate risk. Grieg Seafood's policy is to have 20–50% of interest-bearing debt hedged through interest rate swap agreements. A given proportion shall be at floating rates, while consideration will be given to entering and exiting hedging contracts for the remainder. The interest rate swap agreement changes with the three-month NIBOR.

CLIMATE RISK

The climate plays an important role in Grieg Seafood's operations. The Group recognizes that climate change is likely to present a range of challenges to the aquaculture industry. Without proactive adaptation, salmon farming may become more vulnerable to physical risks such as damage caused by extreme weather and disease due to higher seawater temperature, as well as regulatory risk, technology risk, market risk, and reputational risk. However, climate change may also offer opportunities, including the adoption of resource efficiencies and waste management initiatives.

Grieg Seafood has developed policies to ensure adequate management of climate change, and its impact on the business. This includes a climate action policy and the disclosure of climate-related information based on Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

CORPORATE AND SOCIAL RESPONSIBILITY

Sustainability underpins Grieg Seafood's operations – it is the license to operate and the motivation to perform. Sustainability is also core business, driving results and generating value for all stakeholders. Grieg Seafood's overarching goal is to sustainably produce food in the ocean. This is expressed in the company's vision "Rooted in nature – farming the ocean for a better future", which demonstrates the Group's commitment to corporate social responsibility and the desire to operate profitably and sustainably in a manner that conforms with fundamental ethical norms and respect for the individual, society as a whole, and the environment.

Grieg Seafood's sustainability strategy is built on the five pillars: Healthy ocean, Sustainable food, Profit & innovation, People, and Local Communities. These pillars define the Group's focus areas. They are founded on external expectations, based on dialogues with stakeholders, and the company's own goals and ambitions. The Group is currently revising and updating its policies and will publish relevant policies on the [Group's webpage](#).

The company's reporting on corporate social responsibility is based on several standards, such as the Euronext guidance on ESG reporting, OECD guidelines for multinational enterprises, the Global Reporting Initiative (GRI), the Global Salmon Initiative (GSI), and the Task Force on Climate-related Financial Disclosures (TCFD), amongst others. Grieg Seafood is also committed to the UN Global Compact, and has signed the Sustainable Ocean Principles. The Group's sustainability strategy is described in Part 1, while the activities and results are presented in Part 2 of this Annual Report.

OUR FINANCIAL RESULTS

RESEARCH AND DEVELOPMENT – ACHIEVING SUSTAINABLE GROWTH

Innovation and research in the areas of biology and technology are a prerequisite for sustainable farming, maintaining healthy oceans, and farming profitability going forward. Grieg Seafood continuously allocates resources for research and development. Through active participation in national research projects, and local tests and trial projects in the various regions, the Group contributes to the industry's advancement.

Active projects report on their progress throughout the year. The project plan is reviewed annually, summarizing completed projects and prioritizing new ones. The Group's R&D focus is on operational projects that contribute to short-term and long-term solutions to biological and technical challenges, and improved operational efficiency. The projects are numerous and span a wide area, ranging from fish health and fish welfare to effective use of large units, feeding control, and the optimization of smolt production in large recirculation units.

EMPLOYEES

To reach goals and to solve challenges, Grieg Seafood needs the best people, regardless of their gender or background. A good working environment is key to attracting and retaining the best talent. For the third time in Norway, and the second time globally, the Group participated in the Great Place to Work survey. The Board is proud to announce that all regions received the Great Place to Work certification in 2020.

The majority of the Group's employees, including managers, are men. In total (including Shetland), 945 people were employed in the Group at 31 December 2020, of whom 221 were women and 724 were men. The Group's employment policy facilitates the recruitment and retention of qualified employees of both genders. A good working environment is key to attracting and retaining the best talent. Grieg Seafood annually monitors and report on gender balance, pay gaps, women in management positions and key roles through the SHE Index. In the last SHE Index, published in February 2021, the Group ranked 24th, which is a fall compared to the previous ranking, due to changes on the management structure.

The Group conducts yearly assessments of its pay structure to identify any pay gaps between men and women performing the same jobs. The non-administrative positions are covered by union agreements and there are no differences between women and men. The only differences that may occur are based on seniority, which is also regulated by the union agreements. The Group uses the Korn Ferry methodology to benchmark salaries and benefits against the market. Salaries that are not on the median level are adjusted according to the benchmark – both for women and men.

The Group's positions and pay structure are based on a matrix where all positions are given a score/number based on their responsibility, mandate, and content. There is no gender-based discrimination in this matrix. Salaries are based on roles and responsibility not on gender, culture, or origin. The Group offers flexible working hours for the office staff and seek to ensure a good work-life balance throughout its operations. The goal is to improve workplace diversity and become a preferred employer.

Human resources are managed locally in compliance with local rules and instructions, and in accordance with the Group's guidelines. The Group is working continuously to strengthen global routines and guidelines for human resources and health and safety throughout the Group, and actively seeks to reduce sick leave and the number of health and safety incidents. All such incidents are registered and reviewed as part of monthly HSE meetings. The Group's employee policy is described in detail in the "People" section of this Annual Report.

Business integrity is essential for the Group, with zero tolerance for fraud, corruption, or other misconduct. In 2020, there were two whistleblowing cases, one of which related to harassment. New procedures and measurement have been implemented to avoid similar cases going forward. Management was also given training in how to deal with and resolve this type of cases in the future. To strengthen the corporate culture and encourage employee loyalty, Grieg Seafood continues to give its employees the opportunity to become company shareholders through the annual share program.

The Board wishes to thank all employees for their dedication, efforts, and contributions in 2020.

CORPORATE GOVERNANCE

Grieg Seafood ASA seeks to comply, where applicable, with the Norwegian Code of Practice for Corporate Governance, last revised on 17 October 2018. The company's corporate governance policies and practices are disclosed in the "Corporate governance" section of this Annual Report, and on the Grieg Seafood [website](#).

POST-BALANCE SHEET EVENTS

On 18 January 2021, the Norwegian Directorate of Fisheries granted Grieg Seafood three development licenses to build the "Blue Farm" installation. In 2016, Grieg Seafood applied for ten development licenses to build this innovative farm and position it in exposed waters off the coast of Rogaland. The concept is based on technology from the Norwegian oil and gas industry, and the aim is to subsequently relocate the farm to an area further offshore. Grieg Seafood has appealed the decision to the Ministry of Industry and Fisheries as the Group believe there are grounds for additional licences.

On 20 January 2021, Grieg Seafood announced its investment in the joint venture Årdal Aqua AS, owned in equal parts by Grieg Seafood Rogaland AS, Vest Havbruk AS and Omfar AS. The project is currently in the design development phase, with the aim to start construction during the autumn of 2021. The facility will have a production capacity of 5 000 tonnes annually according to current plans, though the objective is to increase production capacity still further. Årdal Aqua will deliver at least 3 000 tonnes of post-smolt annually to Grieg Seafood's sea farms in Rogaland. In addition, the company aims to gradually produce fish to harvestable size on land. The move makes Grieg Seafood the first global salmon producer to invest in land-based salmon farming.

OUTLOOK

MARKET EXPECTATIONS

The global harvest of Atlantic salmon in 2021 is expected to increase by 2-4% compared to 2020. With limited increases in volume and strong demand, high prices would normally be expected. However, the market situation has been significantly impacted by Covid-19. Strict public health restrictions continue to affect most markets, despite increasing levels of vaccination. Covid-19 measures, including border closures, continued to impact market prices into 2021. The average spot market price for the first 11 weeks of 2021 was NOK 50.4 per kg, compared to NOK 70.6 for the same period of 2020. Despite the continued uncertainty caused by the pandemic, mitigated to some degree by ongoing vaccination programs, the short-term market outlook seems promising. The forward prices on Fishpool for the second half of 2021 trade around NOK 55 per kg, and NOK 58 per kg for 2022.

Covid-19 has disrupted the salmon market, with a significant shift in demand, away from hotels, restaurants and catering (HoReCa) and to a greater extent towards the retail segment. The retail segment and home consumption have been boosted. The shift from HoReCa to retail is expected at some point to be reversed, but the current market situation may also lead to permanent changes in consumer behavior. With an increasing share of people preparing food at home, combined with a growing preference for healthy food and the current low prices, the demand for salmon may increase in the retail segment going forward.

PRODUCTION

Grieg Seafood's operations are currently running normally, and salmon is being harvested according to plan. As food producers, the industry is recognized as an essential function in Norway and Canada.

OUR FINANCIAL RESULTS

Governments want production to continue and have signaled that they are willing to facilitate that where necessary. Through industry organizations, the Group has engaged in a good dialogue with the authorities in Norway, the UK, and Canada, and is discussing possible arrangements to safeguard salmon farming operations in various scenarios. On a broader scale, initiatives implemented by the authorities to avoid the spread of infection in the general population reduce the risk of supply chain disturbances.

EMPLOYEES

Grieg Seafood's priority is the wellbeing of its employees, their families, and the local communities where the Group operate. The Group complies fully with the authorities' recommendations at all its locations. The Group has implemented measures to limit the spread of Covid-19, with crisis management teams operating at head office and in each region. The regions have conducted local risk assessments and implemented measures accordingly, such as limiting contact between shifts, hygiene measures, and working from home where possible. Companies in the value chain have also implemented measures to avoid the spread of infection and keep operations running safely.

FINANCIAL POSITION

Grieg Seafood's financial position is satisfactory, given the market situation and the biological challenges experienced during the year. The Group is continuously monitoring the liquidity levels. Cash flow forecasts for all farming regions, sales and the Group are performed regularly, and simulation/stress tests of the liquidity risk is carried out.

Grieg Seafood ASA's dividend policy states that the average dividend should correspond to 30-40% of profit after tax, but before fair value adjustment of biological assets. At the same time, the net-interest bearing debt per kg of harvested salmon should be NOK 30, through with the possibility to increase this during periods of growth-related investment. Dividends will be adjusted to meet the targeted level of debt.

The Group may reassess or postpone some of the investments scheduled for 2021 to ensure a solid financial position. However, the Group aims to continue with its 2025 strategy, including the integration of Grieg Newfoundland into its operations.

FORECAST FOR 2021

For 2021, Grieg Seafood has guided on a total harvest of 80 000 tonnes GWT (ex. Shetland).

GOING CONCERN

The market situation at the start of 2021 remains impacted by the Covid-19 pandemic. Grieg Seafood's operations are currently running as normal. Although there has been a shift in the market from restaurants to retail, consumer demand is still there. Market prices have, however, been impacted. At the end of 2020, Grieg Seafood established a completely new sales and market organization, which will become operational in all markets during the first quarter of 2021. The Group will go from being purely a supplier of farmed salmon to an innovation partner for selected customers. Read more in the Outlook section. The management team and the Board will monitor the market situation closely, and measures will be taken to ensure continued shareholder value.

In November 2020, the Group was granted an amendment to the loan covenants through the third quarter 2021. At year-end, the Group was in compliance with these terms. In March 2021, the Group was given an extension of its NOK 600 million bridge loan, with maturity postponed from 31 December 2021 to 31 March 2022.

In 2020, the Group took several steps to pave the way for stronger profitability and increased competitiveness. Grieg Seafood has narrowed the operational focus to the regions where the Group has

the greatest opportunities for profitable growth and the highest return on investment. Grieg Seafood will invest in Norway and Canada as strong production regions.

The Board is of the opinion that the financial statements give a true and fair presentation of the Group's assets and liabilities, financial position, and financial results. Based on the above presentation of the Group's results and financial position, and in accordance with the Norwegian Accounting Act, the Board confirms that the annual financial statements have been prepared on a going concern basis, and that the requirements for so doing have been met.

STATEMENT FROM THE BOARD OF DIRECTORS AND CEO

We hereby confirm that, to the best of our knowledge, the financial statements for the period from 1 January to 31 December 2020 have been prepared in accordance with applicable accounting standards and give a true and fair view of the Group and of the Group's assets, liabilities, financial position, and overall results. We also confirm that the Board of Directors' Report gives a true and fair view of the development and performance of the business and the position of the Company and the Group, as well as a description of the principal risks and uncertainties facing the Company and the Group.

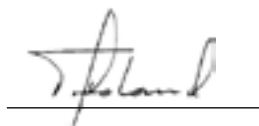
Bergen, 25 March 2021

The Board of Directors of Grieg Seafood ASA



PER GRIEG JR.

Chair



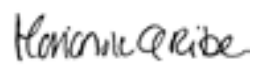
TORE HOLAND

Vice Chair



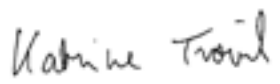
SIRINE FODSTAD

Board Member



MARIANNE RIBE

Board Member



KATRINE TROVIK

Board Member



ANDREAS KVAME

CEO

CORPORATE GOVERNANCE



In keeping with our vision of farming the ocean for a better future, Grieg Seafood demonstrates its commitment to corporate social responsibility by operating profitably and sustainably in a manner that conforms to fundamental ethical norms and respect for the individual, society as a whole, and the environment. At the same time, we face risks to our business strategy, operational risks, and risks associated with the protection of our employees, assets, and reputation. Because our operations are clearly connected with a multitude of external expectations, we seek to maintain a regular dialogue with our stakeholders, as they are the basis for our social license to operate. Transparency and disclosure are vital in building trust, and by engaging in a dialogue with our stakeholders we are able to better understand the role we play in local communities and in society as a whole.

GOVERNANCE STRUCTURE

Grieg Seafood believes that strong corporate governance is an essential element in achieving our overall objectives and acting as a responsible organization. The Board of Directors is committed to sound corporate governance, and our governance structure helps enable the Board to fulfill its fiduciary duties to our shareholders and ensure our long-term success. The Board exercises oversight of strategic, operational, and financial matters, including the factors that constitute our major risks. The Audit Committee, which consists of two members of the Board of Directors, has been given a particular responsibility to monitor critical business risks and address the quality and effectiveness of relevant risk-reducing measures. The Audit Committee reviews the Group's governing policies annually and assesses our risk management quarterly. In 2020, we set up a committee to review and update our group policies on the basis of a holistic assessment of economic, environmental, social and governance issues. Our group management team, consisting of eight senior executives and representing all aspects of our operations, are the approval committee for these policies. The Board of Directors holds the group management team accountable for following its strategies and policies, maintaining a high standard of ethical and responsible business conduct, taking care of our employees and safeguarding human rights, and assessing risks related climate change and the environment. The group management team convenes weekly. We also have quarterly business review meetings with our farming and sales operations. In 2020, most of these meetings were held on digital platforms, which has worked well. We have a dedicated, cross-functional Sustainability Team, led by the Chief Sustainability Officer, consisting of members of the group management team and employees with particular functional responsibilities. Day-to-day

implementation and assessment are, however, a line management responsibility. This means that corporate social responsibility is an integral component of all our operations, for all management teams, units, and departments.

RISKS RELATED TO CLIMATE CHANGE

One of the many factors that could materially and adversely affect our business and financial results, is the long-term effect of climate change on general economic conditions and the salmon farming industry in particular, along with changes in the supply of feed raw materials and requirements to cut carbon emissions. More information on our risk management procedures, and risks related to climate change in particular, is included in the Board of Directors' report in Part 3 of this Annual Report.

COMPLIANCE

As salmon farming is a highly regulated industry, we are subject to strict standards for fish welfare, environmental impact, food production, and production equipment. We must also comply with operational requirements related to the use of medicines and chemicals, biomass levels, sea lice levels, stock density, and water quality, etc. We report regularly to public authorities on, for instance, biomass levels, sea lice levels, disease outbreaks, and mortality rates for salmon and cleaner fish. We are also subject to regular inspections and audits by local, national, and international stakeholder groups and authorities. See [here](#) for more information about our ASC certificates.

CODE OF CONDUCT AND BUSINESS BEHAVIOR

Our Values and Code of Conduct underpin the way we conduct ourselves and our approach to corporate social responsibility. Our Code of Conduct sets out the ethical principles and standards that must be upheld by each and every employee, and any agent that acts on our behalf, including our Board of Directors. Through our Supplier Code of Conduct, we demonstrate that we expect no less from our supply chain. As part of our risk management, we continuously assess all our operations for risks related to corruption. Corruption is not considered a significant risk and we have controls in place to minimize exposure to it.

Grieg Seafood refrains from anti-competitive behavior, anti-trust and monopolistic practices, as this can severely affect consumer choice, pricing, and other factors that are essential for efficient salmon markets. For more information, see the People section in this Annual Report.

CORPORATE GOVERNANCE PRINCIPLES

Adopted by the Company's Board of Directors on 20 April 2007, and updated on 25 March 2021.

FIGURE 3.1
GRIEG SEAFOOD'S COMPLIANCE WITH THE NORWEGIAN CODE OF PRACTICE FOR CORPORATE GOVERNANCE

Section of the Norwegian Code of Practice for Corporate Governance	Deviation from the Code of Practice
1. Statement of corporate governance	No deviation
2. Activities	No deviation
3. Share capital and dividends	No deviation
4. Equal treatment of shareholders and transactions with related parties	No deviation
5. Negotiability	No deviation
6. General Meeting	Two deviations, see below
7. Nomination Committee	Two deviations, see below
8. Corporate Assembly and Board of Directors - composition and independence	No deviation
9. Work of the Board of Directors	No deviation
10. Risk management and internal control	No deviation
11. Directors' fees	No deviation
12. Remuneration of executive personnel	No deviation
13. Information and communication	No deviation
14. Company takeovers	No deviation
15. Auditor	No deviation

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

PRESENTATION OF CORPORATE GOVERNANCE

Responsibility for ensuring that the Company has good corporate governance rests with the Board of Directors. The Board and management annually review Grieg Seafood Group's corporate governance principles and code of practice.

The Company abides by the Norwegian Code of Practice for Corporate Governance as recommended by the Norwegian Corporate Governance Board (NUES) on 17 October 2018. The Grieg Seafood Group follows NUES's latest recommendations and has updated its existing rules and defined values in accordance with changes to the Norwegian Code of Practice published in 2014.

The Company has adopted the "follow or explain principle" with respect to the Code's application. This means that the Company provides an explanation whenever it deviates from the Code.

This Annual Report offers a full account of the Company's principles for corporate governance, which is available [here](#).

Deviations from the Norwegian Code of Practice: None

2. BUSINESS

GRIEG SEAFOOD ASA

The Company's business is defined in Article 3 of its Articles of Association:

"The object of the company is to engage in the production and sale of seafood and in naturally related activities, including investment in companies engaged in the production and sale of seafood and in other naturally related activities".

The Company is established and registered in Norway and is required to comply with Norwegian law, including laws and regulations pertaining to companies and securities. Find our Articles of Association [here](#).

GRIEG SEAFOOD ASA'S VISION AND OVERALL OBJECTIVES

In keeping with Grieg Seafood's vision "Rooted in nature - farming the ocean for a better future", we demonstrate our commitment to corporate social responsibility by operating profitably and sustainably in a manner that conforms to fundamental ethical norms and respect for the individual, society as a whole, and the environment. Through its five pillars, Grieg Seafood is committed to creating sustainable and long-term value. Sustainability is fundamental to the industry and strongly impacts our financial performance. Our 2025 strategy is rooted in our desire for sustainable salmon farming. Focus areas are global growth, cost leadership, and value chain repositioning.

The Board of Directors is committed to sound corporate governance, and our governance structure helps enable the Board to fulfill its fiduciary duties to our shareholders and ensure our long-term success. The Board of Directors has established objectives, strategies, and risk profiles for the Company's defined business scope, in order to create value for its shareholders. The Board has an annual plan for its endeavors and follows a five-year cycle in its strategy work. This includes a review of risk areas and internal controls, as well as approving the strategy, objectives, and risks relating to sustainable development.

OUR FINANCIAL RESULTS

The Company aims to comply with all relevant laws and regulations, and with the Norwegian Code of Practice for Corporate Governance. This also applies to all companies controlled by the Group. To the extent possible, therefore, this statement of principle also applies to all companies within the Group. The Company has its own Code of Conduct, which all employees and contract workers must abide by. The Company also has its own Supplier Code of Conduct, which we expect all our suppliers to comply with.

MANAGEMENT OF THE GROUP

Control and management of the Group is divided between the shareholders, represented by the General Meeting, the Board of Directors, and the Group CEO, and is exercised in accordance with prevailing company legislation.

Deviations from the Norwegian Code of Practice: None

3. EQUITY AND DIVIDENDS

EQUITY

At any given time, the Group shall have a level of equity and a capital structure that are appropriate to the Group's cyclical activities. The Board requires that, as a minimum, equity consistently complies with current loan covenants.

As at 31 December 2020, the Company's consolidated equity totaled NOK 4 371 million, equivalent to 41% of total assets, and a debt-to-equity ratio of 1.4. The Board of Directors considers the current capital structure to be satisfactory in relation to the Company's objectives, strategy, and risk profile.

DIVIDEND

The Group's objective is to give shareholders a competitive return on invested capital through dividend payments and appreciation in the value of the share, at a level at least equivalent to other companies with comparable risk.

Any future dividend will depend on the Group's future earnings, financial situation, and cash flow. The Board believes that the dividend paid should keep pace with the Group's profit growth, while at the same time ensuring that equity remains at a healthy and optimal level. In addition, the Board must ensure that there are adequate financial resources to pave the way for future growth and investment, and meet its desire to minimize capital costs.

The Board of Directors at Grieg Seafood has adopted a dividend policy whereby the average dividend, over a period of several years, should correspond to 30-40% of profit after tax before fair value adjustment of biological assets.

Furthermore, although a net interest-bearing debt per harvested kg of up to NOK 30 is considered reasonable, it may be exceeded in periods of growth-related investments. Based on this, the size of the dividend could be adjusted within the margin set out above.

In 2020, the Company did not pay out any dividend due to the increased volatility and uncertainty caused by the Covid-19 situation, combined with an extensive investment plan.

BOARD AUTHORIZATION

The Board can ask the AGM to grant a general mandate to pay out dividends in the period until the next AGM. An explanation must be given for the Board's proposal. The dividend will be based on the Group's current policy. Dividends should be paid on the basis of the last financial statements approved within the scope of the Norwegian Public Limited Companies Act. Upon authorization being granted, the Board determines from which date the shares are to be traded ex-dividend.

The Board has a general authorization to increase the Company's share capital through share subscription for a total amount not exceeding NOK 44 664 800, divided into not more than 11 166 200 shares at the nominal value of NOK 4.00 each. The authorization covers merger decisions as provided for in Section 13-5 of the Norwegian Public Limited Companies Act. The Board is entitled to increase the share capital on several occasions and to itself determine the amount of the share capital increase in each case. The general authorization to increase the Company's share capital was used in connection with the acquisition of Grieg Newfoundland AS on 20 April 2020, with the issue of 1 785 042 new shares. The subscription price for each shares was NOK 140.052727, corresponding to a total contribution in kind of NOK 250 000 000. After this private placement, the Company has a total of 113 447 042 shares.

As at 31 December 2020, 1 785 042 shares have been issued pursuant to this authorization. This authorization remains in effect until 30 June 2021.

The Board has a general authorization to acquire the Company's own (treasury) shares in accordance with the provisions of Chapter 9 of the Norwegian Public Limited Companies Act for an aggregate nominal amount not exceeding NOK 44 664 800. The Company shall pay not less than NOK 4.00 per share and not more than NOK 180.00 per share when acquiring treasury shares. As at 31 December 2020, no shares have been acquired pursuant to this authorization.

This authorization remains in effect until the next AGM, but not later than 30 June 2021. Going forward, the Company will observe the Norwegian Code of Practice in respect of new proposals to authorize the Board to implement capital increases and acquire treasury shares.

Deviations from the Norwegian Code of Practice: None

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH RELATED PARTIES

SHARE CLASS

The Company has one class of shares, and all shares carry the same rights. As at 31 December 2020, the Company had 113 447 042 outstanding shares, including treasury shares.

TREASURY SHARES

If the Company trades in its own (treasury) shares, the Norwegian Code of Practice's provisions relating to the equal treatment of shareholders and transactions with related parties shall be observed.

As at 31 December 2020, the Company held 1 171 494 treasury shares.

APPROVAL OF AGREEMENTS WITH SHAREHOLDERS AND OTHER RELATED PARTIES

All non-immaterial transactions between the Company and a shareholder, board member, senior employee, or their related parties, shall be subject to valuation by an independent third party. If the consideration exceeds one-twentieth of the Company's share capital, transactions of this kind shall be approved by a General Meeting of Shareholders, in so far as this is required under Section 3-8 of the Norwegian Public Limited Companies Act. The Board has approved an internal policy for the Company's as of 3 February 2021.

There was one transaction with related parties in 2020. This concerned the purchase of the shares in Grieg Newfoundland AS pursuant to the authorization above, and took place on 15 April 2020. An Extraordinary General Meeting was held on 25 March 2020 to approve the agreement. Deloitte AS had obtained an independent fairness opinion in connection with the transaction. For further details see Notes 6, 18, and 23 to the Group Accounts in this Annual Report.

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CAPITAL INCREASES

Should shareholders' preferential subscription right be waived, the Norwegian Code of Practice shall be observed. There was one capital increase in connection to the purchase of Grieg Newfoundland AS, which was registered on 20 April 2020. A total of 1 785 042 shares were issued with a nominal value of NOK 4.00 per share. As a result, the Company's share capital increased by NOK 7 140 168, from NOK 446 648 000 to NOK 453 788 168.

Deviations from the Norwegian Code of Practice: None

5. SHARES AND NEGOTIABILITY

There are no limitations with regards to owning, trading, or voting for the Company's shares. All shares are freely negotiable to all parties.

Deviations from the Norwegian Code of Practice: None

6. GENERAL MEETINGS

The Company's highest decision-making body is the General Meeting of shareholders.

With respect to the timing and facilitation of General Meetings, the Board of Directors will do its best to ensure that as many shareholders as possible may attend and exercise their rights, thereby making the General Meeting an effective forum for the views of shareholders and the Board of Directors.

The Company's Annual General Meeting (AGM) shall be held each year before the end of June. The Board will assess whether, in light of the situation relating to the Covid-19 pandemic, the meeting will be conducted physically or via a digital meeting platform. The AGM shall consider and, if thought fit, adopt the annual financial statements, the annual report, and the proposed dividend, as well as deciding on other matters which under current laws and regulations pertain to the AGM.

The Board may convene an Extraordinary General Meeting (EGM) at whatever time it deems necessary or when such a meeting is required under current laws or regulations. The Company's auditor and any shareholder or group of shareholders representing more than 5% of the Company's share capital may require the Board to convene an EGM.

The Board must give at least 21 days' notice that a General Meeting is to be held. During this period, the notice and documents pertaining to matters to be considered at the General Meeting shall be accessible on the Company's website. The same applies to the Nomination Committee's recommendations. When documents are made available in this manner, the statutory requirements for distribution to shareholders do not apply. Nevertheless, a shareholder may ask to be sent physical documents concerning matters to be considered at the General Meeting.

The deadline to register for attendance at the General Meeting is set by the Board in the notice, normally five days prior to the meeting's scheduled date.

Shareholders can vote on each individual matter, including on each individual candidate nominated for election. Shareholders unable to attend may vote by proxy. An authorization form containing a vote option for each agenda item will be enclosed with the notice of meeting. Shareholders may also authorize the Board's chair or the Group CEO to vote on their behalf.

The Company will publish the minutes of General Meetings in accordance with the stock exchange regulations, in addition to making them available for inspection at the Company's registered offices.

The Board's chair, a member of the Nomination Committee and the Group CEO will attend the General Meeting. The Board's chair will normally chair the General Meeting. The Board of Directors will ensure that, if it so requests, the General Meeting is also able to appoint an independent chair.

The Board shall not contact the Company's shareholders outside the General Meeting in a manner which could be deemed to constitute preferential treatment or which could be in conflict with current laws or regulations.

The Nomination Committee proposes candidates for election to the Board by the AGM.

In 2020, Grieg Seafood Group held its AGM on 14 May as a digital meeting, as recommended due to Covid-19.

Deviations from the Norwegian Code of Practice:

GSF Group deviates from the code of practice in two ways.

1. The AGM is not led by an independent chair, but by the Board's chair. This is in accordance with its Articles of Association. Given the matters considered by the AGM, an independent chair has not been considered necessary. In cases that involve related parties, the AGM is chaired by an independent board member.
2. Not all members of the Board or the Nomination Committee attend the AGM. The Board of Directors considers it sufficient that the Board's chair and the chair of the Audit Committee, are present. Other board members and members of the Nomination Committee attend as needed.

7. NOMINATION COMMITTEE

On 13 February 2009, the AGM approved a resolution to establish a Nomination Committee. This is described in Article 8 of the Articles of Association. At the same time, the AGM adopted instructions for the Nomination Committee. According to these instructions, the Nomination Committee should safeguard the interests currently set out in the Norwegian Code of Practice for Corporate Governance.

The present Nomination Committee was elected at the AGM on 14 May 2020.

Nomination Committee	Role	Considered independent	Served since	Term expires
Elisabeth Grieg	Chair	No	12.06.2018	AGM 2021
Yngve Myhre	Member	Yes	07.06.2017	AGM 2021
Helge Nielsen	Member	No	18.06.2012	AGM 2021

The members of the Nomination Committee are elected for a term of one year. At least 2/3 of the members of the Nomination Committee shall be independent of the Board, and may not be board members. The Group CEO cannot be a member of the Nomination Committee. The Nomination Committee shall have meetings with the directors, Group CEO, and relevant shareholders.

The Nomination Committee's recommendations to the AGM must be submitted well ahead of time and accompany the notice of the AGM, no later than 21 days before the meeting. The Nomination Committee's recommendations must include information about each candidate's impartiality, competence, age,

OUR FINANCIAL RESULTS

education, and professional experience. Upon proposal for re-election, the recommendation should include additional information about how long the candidate has been a board member, as well as details of their attendance at board meetings.

All shareholders are entitled to submit proposals to the Nomination Committee for candidates to the Board of Directors and other appointments. Proposals must be submitted to the Nomination Committee no later than two months prior to the AGM. Information on how to propose candidates can be found on the Company's website.

Recommendations concerning candidates for the Nomination Committee itself should also include relevant information about the candidates. commendation comprises candidates for the Nomination Committee itself, it should include relevant information about these candidates.

Deviations from the Norwegian Code of Practice:

GSF Group deviates from the Norwegian Code of Practice in two ways.

1. The Code of Practice recommends that all shareholders should be able to submit proposals to the Nomination Committee for candidates to the Board of Directors and other appointments in a simple and easy manner. Currently, shareholders must contact the Nomination Committee directly. The Company will observe the Norwegian Code of Practice in respect of new proposals to facilitate that all shareholders can propose candidates to the Board and Nomination Committee.
2. The majority of Nomination Committee's members are not independent of the Board.

8. BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

NUMBER OF BOARD MEMBERS

Pursuant to Article 6 of its Articles of Association, the Company's Board of Directors comprises up to seven members elected by the General Meeting.

The Board's chair is elected by board members. In the event of a tied vote, the Board's chair has the casting vote. The Group CEO is appointed by the Board and has both a right and a duty to attend board meetings. The Group CEO is only entitled to vote on board decisions if he or she is an elected member of the Board.

ELECTION PERIOD

From 2020, all board members are elected by the AGM. At the 2020 AGM, the shareholders decided to change the board members' term of office from two years to one year. Board members may be re-elected.

INDEPENDENT BOARD MEMBERS

As at 31 December 2020, the Board of Directors consisted of the following members:

Name	Role	Considered independent	Served since	Term expires	2020 Meeting attendance	% of shares in GSF per 31.12.2020
Per Grieg Jr.	Chair	No	20.05.2009	AGM 2021	100%	53.2*
Tore Holand	Vice chair	Yes	12.06.2018	AGM 2021	100%	0.0%
Sirine Fodstad	Board member	No	13.06.2019	AGM 2021	100%	0.0%
Marianne Ødegaard Ribe	Board member	Yes	14.05.2020	AGM 2021	100%	0.0%
Katrine Trovik	Board member	Yes	14.05.2020	AGM 2021	100%	0.0%

*Per Grieg Jr. and indirectly via the Grieg Group.

The Company's annual report and the website provide information on board members' backgrounds and expertise. An overview of board members' shareholdings in the Company appears in Note 18 to the Group Accounts in this Annual Report.

Deviations from the Norwegian Code of Practice: None.

9. THE WORK OF THE BOARD OF DIRECTORS

DUTIES AND ANNUAL PLAN

The Norwegian Public Limited Liability Companies Act regulates the duties and workings of the Board of Directors. In addition, the Board of Directors has adopted supplementary rules of procedure covering the duties of the Board of Directors and the Group's chief executive officer (CEO), the division of labor between the Board and the Group CEO, the annual plan for the Board of Directors, notices of board proceedings, administrative procedures, minutes, board committees, transactions between the Company and shareholders, and confidentiality.

The Board has overall responsibility for the Group and for overseeing its day-to-day management and business activities. The Company shall be managed by an effective Board of Directors (the Board) which is jointly responsible for the success of the Company. The Board represents and is accountable to the Company's shareholders.

The Board's duties include drawing up the Group's strategy and ensuring that the adopted strategy is implemented, effective supervision of the Group CEO, control and supervision of the Group's financial situation, internal control, anti-corruption, and the Company's responsibility to and communication with the shareholders. The Board shall initiate any investigations it considers necessary to perform its duties. The Board shall also initiate such investigations requested by one or more board members.

To ensure all matters are given unbiased and satisfactory consideration, members of the Board and executive management cannot consider matters in which they have a special and prominent interest. The Board of Directors jointly assess each board member's impartiality with respect to matters under consideration.

INSTRUCTIONS

The Board has drawn up a set of instructions for its members and executive management, which contain a more detailed description of the Board's duties, meetings, the Group CEO's duties in relation to the Board, the meeting schedule for the Board, participation, separate entries in the minutes, and duty of confidentiality.

The Board and the Group CEO have separate roles, and there is a clear division of responsibility between the two. The Group CEO is responsible for the Company's group management team. The Board underlines that special care must be exercised in matters relating to financial reporting and the remuneration of the group management team.

In matters of importance where the Board's chair is or has been actively involved, the Board's discussions shall be chaired by the vice chair.

Board members and the group management team shall inform the Board if they have any significant interest in a transaction to which the Company is a party. For further information, please see Note 23 to the Group Accounts in this Annual Report.

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The instructions for the Board and executive management were last revised by the Board on 20 September 2017.

ANNUAL ASSESSMENT

Each year, the Board shall carry out an assessment of its work in the previous year. The assessment is based on the results of a questionnaire completed anonymously by each member of the Board and the group management team.

AUDIT COMMITTEE

The Board has set up a sub-committee (Audit Committee) comprising a minimum of two and a maximum of three members elected from among the Board's members, and has drawn up a mandate for its work.

The committee assists the Board to exercise its supervisory responsibility by monitoring and controlling the financial reporting process, systems for internal control and financial risk management, external audits, and procedures for ensuring that the Company complies with laws and statutory provisions as well as the Company's own guidelines. From 1 January 2021, a new Audit Act was implemented in Norway. The mandate for the Audit Committee will be updated in line with the principles and requirements of the new act.

As at 31 December 2020, the Audit Committee consisted of:

Board's Audit Committee	Role	Considered independent
Katrine Trovik	Chair	Yes
Tore Holand	Member	Yes

REMUNERATION COMMITTEE

The Remuneration Committee is governed by a separate set of instructions adopted by the Board of Directors. The members of the Remuneration Committee are appointed by and from among the members of the Board of Directors and shall be independent of the Company's executive management. As at 31 December 2020, the Remuneration Committee consisted of:

Board's Compensation Committee	Role	Considered independent
Per Grieg Jr	Chair	No
Marianne Ødegaard Ribe	Member	Yes
Sirine Fodstad	Member	No

The primary purpose of the Remuneration Committee is to assist and facilitate the Board's decision-making in matters related to the remuneration of the group management team, review recruitment policies, career planning and management development plans, and prepare matters relating to other material employment issues with respect to executive management.

The committee shall hold discussions with the Group CEO concerning his/her financial terms of employment. The committee shall submit a recommendation to the Board concerning all matters relating to the Group CEO's financial terms of employment.

The committee shall also keep itself updated on and propose guidelines for determining the remuneration of the group management team. The committee is also the advisory body for the Group CEO in relation to remuneration schemes which cover all employees to a significant extent, including the Group's bonus

system and pension scheme. Matters of an unusual nature relating to personnel policy, or matters considered to entail an especially great or additional risk, should be put before the committee.

The Remuneration Committee reports and makes recommendations to the Board of Directors, but the Board retains responsibility for implementing such recommendations.

The composition of the committee is subject to assessment each year.

Deviations from the Norwegian Code of Practice: None.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has a responsibility to ensure that the Group has proper risk management and such internal control as is required by statute. The Audit Committee has been given a particular responsibility to monitor critical business risks and address the quality and effectiveness of relevant risk-reducing measures. Management performs a risk assessment quarterly, which is reviewed by the Audit Committee in connection with quarterly reporting. The Audit Committee updates the Board after each meeting. Each year, the external auditor carries out a review of the internal control which is an element of financial reporting. The auditor's review is submitted to the Audit Committee.

Internal control means activities and procedures carried out by the Group to safeguard its resources and those of its customers, and to realize its goals through appropriate operations. The achievement of these goals also requires systematic strategy development and planning, identification of risk, choice of risk profile, as well as establishing and implementing control measures to verify that the goals are achieved.

The Group's core values, external guidelines, and corporate social responsibility constitute the external framework for internal control. The Group is decentralized, and considerable responsibility and authority are therefore delegated to the regional operating units. Day-to-day implementation and assessment are a line management responsibility. This means that corporate social responsibility is an integral component of all our operations, for all management teams, units, and departments. Risk management and internal control are designed to take account of this.

Internal control is an on-going process that is initiated, implemented, and monitored by the Group's Board of Directors, management and other employees. Internal control is designed to provide reasonable assurance that the Group's goals will be achieved in the following areas:

- Targeted, efficient, and appropriate operations.
- Reliable internal and external reporting.
- Compliance with laws and regulations, including internal guidelines

The Group has implemented the 2017 COSO Enterprise Risk Management (COSO ERM) scheme as the main framework for risk management, where risks and opportunities are positioned in the context of objectives and performance. The framework includes a description of the Group's risk management policy, as well as all financial control processes. There is an ongoing risk assessment of the main transaction processes. Descriptions of the transaction processes are currently being revised, with the aim of clarifying key controls and ensuring that these controls are in place. This means assessing all processes to determine the probability of non-conformity arising, and how serious the economic consequences would be of any such non-conformity. The establishment of controls in each region is intended to reduce the likelihood of non-conformities with major economic consequences from arising.

The Group categorizes its main risks as: strategic risk, operational risk, financial risk, compliance risk, and climate and nature risk. The Group's greatest risk relates to biological development during the production of smolt and sea farming. The Group therefore works continuously and systematically to develop processes that safeguard animal welfare and reduce disease and mortality, and ensure that "best practices" are implemented at all levels. Control routines have been prepared for employee working conditions, as well as for escape prevention, animal welfare, pollution, water resources, and food safety.

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The long-term effect of climate change on general economic conditions could also have a material impact on the Group. The Group's climate risk management has been mapped in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Management is also involved in a project to map risks related to the loss of nature, based on a similar framework as the TCFD.

Amongst the financial risks the Group is exposed to, are: market risk (including foreign exchange risk, interest rate risk, and price risk), credit risk, and liquidity risk. The Group's overall risk management plan focuses on the unpredictability of the capital markets and seeks to minimize any potentially negative effects on the Group's financial results. The Group uses financial derivatives to hedge against some risks. Risk management is drawn up at Group level and involves identifying, evaluating, and hedging financial risk in close cooperation with the Group's operational units. The Board has established written principles for risk management related to foreign exchange and interest rate risk, price risk, and the use of financial instruments.

The Board has established procedures for reporting within the Group. At the start of each year the Board adopts a budget for the year. Deviations from the budget are reported on a monthly basis. Forecasts are drawn up for the next five years and updated every month.

Every month, each region submits a report containing given Key Performance Indicators (KPIs). The main KPIs are: EBIT/kg, feed factor, number of smolt transferred to the sea, production, production cost, harvested volume, harvest cost, and level of sea lice. Analyses are made and measured against budget figures and KPIs. Generational accounts for harvested generations will be updated on a monthly basis. Each region's performance data is summarized in a report submitted to the Board.

Each quarter, group management holds meetings with the management of each region. The aim of the meeting is to follow up the results achieved in relation to the strategies and goals that have been set.

Deviations from the Norwegian Code of Practice: None.

11. REMUNERATION OF THE BOARD OF DIRECTORS

Proposals concerning the remuneration of the Board are submitted by the Nomination Committee. Remuneration of Board members is not linked to the Company's results. No board member has any special duties in relation to the Company over and above those they have as a board member.

No board members participate in any incentive or share programs.

Board remuneration is shown in the financial statements of both the parent company and the Group

Deviations from the Norwegian Code of Practice: None.

12. REMUNERATION OF THE GROUP MANAGEMENT TEAM

The objective of the guidelines for salary and other remuneration payable to senior employees within the Group is both to attract people with the required competence and retain key personnel. The guidelines should also motivate employees to work with a long-term perspective to achieve the Group's goals.

The determination of salary and other remuneration payable to the Group's senior employees is therefore based on the following guidelines:

- Salary and other remuneration shall be competitive and motivating for each manager and for everyone in the senior management group.
- Salary and other remuneration shall be linked to value creation generated by the Company for the shareholders.

The principles used to determine salary and other forms of remuneration shall be simple and understandable to employees, shareholders, and the public at large.

The principles used to determine salary and other forms of remuneration shall also be sufficiently flexible to allow adjustments to be made on an individual basis in the light of the results achieved and the contribution made by the individual to the development of the Group.

The salary paid to the group management team in 2020 consists of a fixed and a variable element. Under the current bonus scheme, the variable salary cannot exceed six times the monthly salary.

The Company's Board approved the allocation of cash options based on the AGM's resolution on the share and cash options program. The last approval granted by the AGM dates from 13 June 2019. Members of group management are included in the synthetic options program, see Note 17 to the Group Accounts in this Annual Report. The option agreements have been entered within the scope of the resolution adopted by the AGM. Minutes of this AGM can be accessed [here](#).

The remuneration payable to the Group CEO is determined at a meeting of the Board of Directors. The salary payable to the other members of the group management team is determined by the Group CEO. The Group CEO shall discuss the proposed group management remuneration with the Board's chair before the amount of remuneration is determined.

General schemes for the allocation of variable benefits, including bonus schemes and options programs, are determined by the Board. Schemes which entail an allotment of shares, subscription rights, options, and other forms of remuneration related to shares or the development of the Company's share price, are determined by the AGM. The Board's statement on management remuneration is a separate item on the AGM's agenda. The AGM votes separately on guidelines to the Board and remuneration comprising the synthetic options program.

As of 1 January 2021, new rules apply for reporting on remuneration to senior executives in listed companies. The Board has to prepare and submit proposals for guidelines to the AGM for approval. New guidelines must be adopted by 1 October 2021. As this is the first year the new rules apply, companies are free to choose whether the rules are to be adopted at the AGM or an EGM. Grieg Seafood will prepare new guidelines in line with the new requirements, to be approved at the AGM on 2 June 2021.

SEVERANCE PAY

The Group CEO is entitled to 12 months' severance pay after termination of the employment relationship by the Company. The Group CEO is further entitled to full salary during sick leave lasting up to 12 months' duration.

A severance pay agreement has also been established for the CFO, providing for 12 months' severance pay after termination of the employment relationship by the Company.

Deviations from the Norwegian Code of Practice: None.

13. INFORMATION AND COMMUNICATION

FINANCIAL INFORMATION

The guidelines for reporting financial and other information to the stock market are defined within the framework established by securities and accounting legislation and the rules and regulations of the stock exchange. The Company also complies with the Oslo Stock Exchange (Euronext) Code of Practice for IR, published on 1 July 2019.

The Board of Directors has adopted an investor relations policy to clarify roles and responsibilities related to financial reporting and regulate contact with shareholders and the investor market. This policy is based upon the key principles of transparency and equal treatment of market participants to ensure they receive correct, clear, relevant, and up-to-date information in a timely manner. The IR policy is available on the Company's website.

In addition, the Board has adopted a separate manual on the disclosure of information, which sets forth the Company's disclosure obligations and procedures.

The Company shall at all times provide its shareholders, the Oslo Stock Exchange (Euronext), and other stakeholders (through the Oslo Stock Exchange information system) with timely and accurate information. The Board shall ensure that the Company's quarterly reports give a correct and complete picture of the Group's financial and commercial position, and whether the Group's operational and strategic objectives are being met. Financial reporting shall also contain realistic forecasts for the Group's commercial and performance-related development.

The Company publishes all information on its own website and through stock exchange/press releases. Quarterly reports, annual reports, and stock exchange/press releases are published on the Company's website in accordance with the Company's financial calendar. The presentation of each quarter's results is available as a webcast.

The Company shall be open and active with respect to investor relations, and shall hold regular presentations in connection with the announcement of its annual and interim results.

SHAREHOLDER INFORMATION

The Board shall ensure that information is provided on matters of importance for shareholders and for the stock market's assessment of the Company, its activities, and results, and that such information is made publicly available without undue delay. Publication shall take place in a reliable and comprehensive manner, and by means of information channels which ensure that everyone has equal access to the information.

All information shall be provided in English. The Company has procedures to ensure that this is done. The Board of Directors' communication with shareholders and other stakeholders is delegated to the Board's chair, or other appointed persons in specific cases. The Board's chair shall ensure that the shareholders' views are communicated to the entire Board.

Deviations from the Norwegian Code of Practice: None.

14. TAKEOVERS

CHANGE OF CONTROL AND TAKEOVERS

The Company has no established mechanisms which can prevent or avert takeover bids. Any such decision must be made by a General Meeting of Shareholders and require a majority of two-thirds of the votes cast and of the share capital represented. After a takeover bid has become known, the Board will not use its authority to prevent it without the approval of the General Meeting. If a takeover bid is received, management and the Board will ensure that all shareholders are treated equally. The Board will obtain a valuation from a competent independent party and advise the shareholders whether to accept or reject the bid. Shareholders will be advised of any difference of views among board members in the Board's statements on the takeover bid.

At its meeting of 13 October 2015, the Board adopted some core principles for how it will act in the event of any takeover bid. These core principles accord with the Norwegian Code of Practice.

Deviations from the Norwegian Code of Practice: None.

15. AUDITOR

Through its Audit Committee, the Board seeks to collaborate fully and transparently with the Company's auditor. Each year, the Audit Committee obtains confirmation that the auditor meets the requirements of the Norwegian Auditing Act concerning the independence and objectivity of the external auditor.

The Board of Directors ensures that the auditor's auditing plan is submitted to the Audit Committee once a year. In particular, the Audit Committee considers whether the auditor is performing a satisfactory control function.

Both the Company's management and the auditor comply with guidelines issued by the Financial Supervisory Authority of Norway concerning the extent to which the auditor may provide advisory services.

The Board invites the auditor to meetings which address the annual financial statements. The Audit Committee has an additional meeting with the auditor at least once a year to review the auditor's report on the Group's accounting principles, risk areas, and internal control procedures. Moreover, each year the Board has a meeting with the auditor when neither the Group CEO nor anyone else from company management is present.

The auditor also attends meetings of the Audit Committee to consider quarterly reports and other relevant matters. The auditor's fee appears in the relevant note in this Annual Report, showing the breakdown of the fee between auditing and other services.

Deviations from the Norwegian Code of Practice: None.

Bergen, 25 March 2021
Grieg Seafood ASA

GRIEG SEAFOOD GROUP ACCOUNTS



GROUP ACCOUNTS

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INCOME STATEMENT

GRIEG SEAFOOD GROUP NOK 1 000	NOTE	2020	2019
CONTINUING OPERATIONS			
Sales revenues	8	4 384 357	4 755 705
Other income	8	28 688	23 397
Other gains/losses	8	-4 786	3 612
Share of profit from associates	7	3 350	211
Raw materials and consumables used	9	-1 717 279	-1 498 482
Salaries and personnel expenses	16/17	-499 546	-493 183
Other operating expenses	13/21/25	-1 592 852	-1 407 263
EBITDA before fair value adjustment of biological assets		601 932	1 383 996
Depreciation of property, plant and equipment and right-of-use assets	11/13	-360 178	-301 400
Amortization of licenses and other intangible assets	10	-8 696	-5 671
EBIT before fair value adjustment of biological assets		233 057	1 076 926
Fair value adjustment of biological assets	3/9	-289 705	-254 931
EBIT after fair value adjustment of biological assets		-56 648	821 995
Financial income	24	103	40 695
Financial expenses	24	-247 895	-66 374
Net financial items		-247 792	-25 679
Profit before tax from continuing operations		-304 440	796 315
Income tax expense	15	-11 557	-197 137
Net profit for the year from continuing operations		-315 997	599 179
DISCONTINUING OPERATIONS			
Net profit for the year from discontinued operations	5	-198 823	45 729
Net profit for the year		-514 820	644 908
Allocated to			
Controlling interests		-541 054	619 510
Non-controlling interests	5	26 234	25 398
PROFIT AVAILABLE TO SHAREHOLDERS IN PARENT COMPANY			
Earnings per share (NOK)	19	-4.8	5.6
Diluted earnings per share (NOK)	19	-4.8	5.6

COMPREHENSIVE INCOME STATEMENT

GRIEG SEAFOOD GROUP NOK 1 000	NOTE	2020	2019
Net profit for the year		-514 820	644 908
NET OTHER COMPREHENSIVE INCOME THAT MAY BE RECLASSIFIED TO PROFIT/LOSS IN SUBSEQUENT YEARS			
Currency effect on investment in subsidiaries		-50 298	52 826
Currency effect on loans to subsidiaries	3	-23 667	29 819
Cash flow hedges	3	-786	-4 529
Tax effect		5 380	-5 564
NET OTHER COMPREHENSIVE INCOME NOT TO BE RECLASSIFIED TO PROFIT/LOSS IN SUBSEQUENT YEARS			
Change in fair value of equity instruments		-433	-107
Other comprehensive income for the year, net of tax		-69 804	72 446
Total comprehensive income for the year		-584 624	717 354
ALLOCATED TO			
Controlling interests		-611 210	689 916
Non-controlling interests		26 586	27 438

See Note 5 for specification of the net other comprehensive income for the year attributable to the discontinued operations.

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STATEMENT OF FINANCIAL POSITION

GRIEG SEAFOOD GROUP NOK 1 000	NOTE	31.12.2020	31.12.2019
ASSETS			
Goodwill	6/10	638 019	109 526
Deferred tax assets	15	29 293	998
Licenses incl. warranty licenses	6/10/12	1 508 452	1 133 630
Other intangible assets incl. exclusivity agreement	6/10/12	38 015	16 205
Property, plant and equipment incl. right-of-use assets	11/13	3 033 154	2 957 942
Indemnification assets	6	40 000	—
Investments in associates	7	84 421	81 071
Other non-current receivables	7	9 476	3 130
Total non-current assets		5 380 830	4 302 503
Inventories	9/12	78 001	177 847
Biological assets	9/12	2 545 903	3 437 948
Trade receivables	3/12/21	179 384	459 897
Other current receivables	22	133 069	334 625
Derivatives and other financial instruments	3/14	84 189	7 368
Cash and cash equivalents	3/20	275 427	214 497
Total current assets		3 295 972	4 632 181
Assets held for sale	5	1 972 725	—
Total assets		10 649 527	8 934 684

GRIEG SEAFOOD GROUP NOK 1 000	NOTE	31.12.2020	31.12.2019
EQUITY AND LIABILITIES			
Share capital	18	453 788	446 648
Treasury shares	18	-4 686	-4 855
Contingent consideration (acquisition of Grieg Newfoundland AS)	6	701 535	—
Other equity		84 401	154 559
Retained earnings		3 135 880	3 487 859
Total controlling interests		4 370 918	4 084 211
Non-controlling interests		—	56 632
Total equity		4 370 918	4 140 843
Liabilities			
Deferred tax liabilities	15	908 958	874 664
Share based payments	17	491	8 379
Borrowings	12	3 376 178	1 563 935
Subordinated loans	12	—	13 240
Lease liabilities	12/13	531 644	632 666
Total non-current liabilities		4 817 272	3 092 883
Current portion of borrowings	12	104 435	98 212
Current portion of lease liabilities	12/13	153 195	199 327
Factoring liabilities	3/12	—	86 122
Share based payments	17	2 411	11 270
Trade payables	3	562 848	855 061
Tax payable	15	14 791	211 569
Public duties payable		21 867	50 570
Derivatives and other financial instruments	3/14	14 346	9 321
Other current liabilities	26	94 616	179 507
Total current liabilities		968 509	1 700 958
Liabilities directly associated with the assets held for sale	5	492 829	—
Total liabilities		6 278 609	4 793 840
Total equity and liabilities		10 649 527	8 934 684

BERGEN, 25 MARCH 2021
GRIEG SEAFOOD ASA

PER GRIEG JR.

Chair

TORE HOLAND

Vice Chair

SIRINE FODSTAD

Board Member

MARIANNE RIBE

Board Member

KATRINE TROVIK

Board Member

ANDREAS KVAME

CEO

OUR FINANCIAL RESULTS

STATEMENT OF CHANGES IN EQUITY

GRIEG SEAFOOD GROUP NOK 1 000	SHARE CAPITAL	TREASURY SHARES (1)	CONTINGENT CONS. (2)	OTHER EQUITY (3)	RETAINED EQUITY	NON-CONTROLLING INTERESTS	TOTAL
Equity at 01.01.2019	446 648	-4 914	—	84 152	3 308 166	49 458	3 883 510
Profit for 2019	—	—	—	—	619 510	25 398	644 908
Other comprehensive income	—	—	—	70 406	—	2 040	72 446
Total comprehensive income 2019	—	—	—	70 406	619 510	27 438	717 354
Sale of treasury shares to employees	—	59	—	—	1 946	—	2 005
Dividend	—	—	—	—	-441 764	-20 263	-462 027
Transactions with owners [in their capacity as owners] 2019	—	59	—	—	-439 818	-20 263	-460 022
Total change in equity 2019	—	59	—	70 406	179 692	7 175	257 332
Equity at 31.12.2019	446 648	-4 855	—	154 559	3 487 859	56 632	4 140 843
Profit for 2020	—	—	—	—	-541 054	26 234	-514 820
Other comprehensive income 2020	—	—	—	-70 156	—	352	-69 804
Total comprehensive income 2020	—	—	—	-70 156	-541 054	26 586	-584 624
Contribution in kind	7 140	—	—	—	186 002	—	193 142
Contingent consideration (2)	—	—	701 535	—	—	—	701 535
Sale of treasury shares to employees	—	169	—	—	3 086	—	3 255
Establishment costs Grieg Seafood Norway AS	—	—	—	—	-13	—	-13
Dividend	—	—	—	—	—	-17 658	-17 658
Sale of subsidiary - derecognition of non-controlling interests (4)	—	—	—	—	—	-65 560	-65 560
Transactions with owners [in their capacity as owners] 2020	7 140	169	701 535	—	189 075	-83 218	814 701
Total change in equity 2020	7 140	169	701 535	-70 156	-351 979	-56 632	230 076
Equity at 31.12.2020	453 788	-4 686	701 535	84 401	3 135 880	—	4 370 918

1) The recognized amount equals the nominal value of the parent company's holding of treasury shares

2) Contingent consideration related to the acquisition of Grieg Newfoundland AS, see Note 6.

3) Other equity, reclassified through OCI

4) Sale of Ocean Quality AS, see Note 5.

SPECIFICATION OF RETAINED EQUITY NOK 1 000	EFFECT OF SHARE-BASED REMUNERATION	PURCHASE/ SALES OF TREASURY SHARES *	ACCUMULATED INCOME LESS ACCUMULATED DIVIDEND	TOTAL
Book value at 01.01.2019	1 094	-10 508	3 317 580	3 308 167
Changes in 2019	—	1 946	177 746	179 692
Changes in 2020	—	3 086	-355 065	-351 979
Book value at 31.12.2020	1 094	-5 476	3 140 261	3 135 880

* The amount classified under "purchase of treasury shares" equals the cost price in excess of nominal value. See also Note 2.

SPECIFICATION OF ACCUMULATED OTHER COMPREHENSIVE INCOME NOK 1 000	CHANGES IN FAIR VALUE OF EQUITY INSTRUMENTS	CURRENCY EFFECT ON LOANS TO SUBSIDIARIES	CURRENCY EFFECT ON INVESTMENT IN SUBSIDIARIES	CASH FLOW HEDGES	TOTAL
Book value at 01.01.2019	503	61 102	23 703	-1 156	84 152
Changes in 2019	-107	23 259	52 826	-5 572	70 406
Changes in 2020	-433	-50 298	-18 461	-965	-70 157
Reclassification	—	-7 694	—	7 694	—
Book value at 31.12.2020	-37	26 370	58 068	—	84 401

See Note 5 for specification of the accumulated other comprehensive income attributable to the assets classified as held for sale.

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CASH FLOW STATEMENT

GRIEG SEAFOOD GROUP NOK 1000	NOTE	2020	2019
EBIT after fair value adjustment of biological assets		-56 648	821 995
Depreciation and amortization	10/11	368 874	307 070
Gain/loss on sale of property, plant and equipment		4 786	-7 571
Share of profit from associates	7	-3 350	-211
Fair value adjustment of biological assets	9	289 705	254 931
Change in inventories and biological assets excl. fair value		-83 434	-360 716
Change in trade and other receivables		166 467	-22 664
Change in trade payables		75 674	117 650
Change in other accruals		-136 869	210 911
Change in non-current, cash-settled share option liability		-7 888	-114
Taxes paid	15	-205 162	-128 215
Net cash flow from operating activities		412 156	1 193 067
Proceeds from sale of property, plant and equipment		781	2 095
Payments on purchase of property, plant and equipment	11	-760 089	-282 870
Payments on purchase of intangible assets incl. licenses	10	-159 066	-1 635
Payments on business combinations	6	-620 464	—
Accumulated cash acquired in business combinations	6	30 628	—
Sale of subsidiary, deconsolidation of cash and cash equivalents	5	-84 754	—
Investment in associates and other invest.		20	-14 163
Net cash flow from investing activities		-1 592 944	-296 573
Revolving credit facility (net draw-down/repayment)	12	364 135	368 930
Proceeds of long-term int. bearing debt	12	1 527 493	—
Repayment long-term int. bearing debt	12	-102 267	-99 345
Repayment short-term int. bearing debt	12	—	-46 597
Repayment lease liabilities	12/13	-177 931	-149 759
Change in factoring liabilities	12	—	-194 320
Interests received	24	—	1 699
Interests paid	24	-94 665	-60 792
Other financial items	24	-38 268	-3 087
Paid dividends		—	-441 764
Net cash flow from financing activities		1 478 498	-625 035
Net change in cash and cash equivalents		297 710	271 460
Cash and cash equivalents - 01.01.		214 497	137 920
Currency translation of cash and cash equivalents		1 982	1 323
Proceeds sale of subsidiary, discontinued operations	5	16 337	—
Discontinued operations, other cash flow items	5	-255 099	-196 206
Cash and cash equivalents - 31.12.	20	275 427	214 497

The Cash Flow Statement is presented for the Group's continuing operations. Comparable figures are re-presented. See further information in Note 5, including information on net cash flows from operating-, investing- and financing activities from discontinued operations.



NOTE 1 GENERAL INFORMATION

Grieg Seafood ASA is an integrated Norwegian seafood company engaged in salmon farming and processing. Grieg Seafood ASA is a public limited company registered in Norway. The head office is located at C. Sundtsgt. 17/19, Bergen. The Company was listed on the Oslo Stock Exchange (Euronext) on 21 June 2007 and has operations in Norway, the UK and Canada. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by EU, and were approved by the Board of Directors on 25 March 2021.

In the following, "Group" describes information relating to the Grieg Seafood Group, while "Company" refers to the parent company, Grieg Seafood ASA. Through 2020 Ocean Quality AS (Sjór AS, new name in December 2020) has wholly owned Ocean Quality UK Ltd, Ocean Quality USA Inc., Ocean Quality (Shanghai) and Ocean Quality North America Inc., while the latter wholly owns Ocean Quality Premium Brands, Inc. On the 23 May 2020, we entered into an agreement with Bremnes Fryseri to dissolve the Ocean Quality sales partnership. At the same time, we announced that we would establish a fully owned sales organization to support growth and the downstream strategy of Grieg Seafood. At the end of December 2020, we sold all our shares in Sjór AS. As part of the transaction with Bremnes Fryseri, Grieg Seafood has taken over the ownership of Ocean Quality North America Ltd., Ocean Quality USA Inc. and Ocean Quality UK Ltd. Through 2020 the operations and cooperation with Ocean Quality AS (Sjór AS) has been in line with the preceding years, as all activity up until the sale 31 December 2020 is reflected in the consolidated income statement of Grieg Seafood. The operations in Ocean Quality related to sale of fish produced by Bremnes Fryseri has however been defined as discontinued operations classified as held for sale. This impact the income statement and cash flow statement figures of 2020 and 2019 of the consolidated Grieg Seafood Group such that the part of Ocean Quality related to fish farmed by Bremnes Fryseri, is presented net, on a single line item, as profit from discontinued operations in the income statement and presented separately from the income statement from continued operations of the Group. See more information in Note 5. Grieg Seafood Group does not receive any of the profit from the sale of fish from Bremnes Fryseri, as earnings are based on a skewed distribution of profit based on the delivered volume from each shareholder. The share of profit from and share of equity in Ocean Quality AS attributable to Bremnes Fryseri are been presented as non-controlling interests until the sale of the shares was completed. As the sale transaction with Bremnes Fryseri was completed at the end of the year 2020, Ocean Quality (Sjór AS, incl. Ocean Quality Shanghai) is deconsolidated and thus the financial position of Sjór AS is not included in the consolidated financial position of Grieg Seafood Group at year-end.

In April 2020, Grieg Seafood acquired 99% of the Grieg Newfoundland Group. Grieg Newfoundland AS is the holding company of Grieg Seafood Newfoundland Ltd Group, which include the seafarm- and nursery-entities of the farming operations in Newfoundland, as well as an entity responsible for the development of the Newfoundland project. The financial position of Grieg Newfoundland Group has since the date of the acquisition, 15 April 2020, been 100% consolidated into Grieg Seafood Group.

GRIEG SEAFOOD GROUP COMPRISED THE FOLLOWING ENTITIES AT 31 DECEMBER 2020:

Grieg Seafood Hjaltdland UK Ltd, including all subsidiaries, and Ocean Quality UK Ltd (new name Grieg Seafood Sales UK Ltd), are domiciled in the UK. Grieg Seafood BC Ltd, Grieg Seafood Sales North America Inc (before Ocean Quality North America Inc.) and Grieg Seafood Newfoundland Ltd (including three all subsidiaries) are domiciled in Canada, respectively in British Columbia for the two former and Newfoundland as to the latter. Ocean Quality Premium Brands, Inc. (new name Grieg Seafood Premium Brands Inc.) and Ocean Quality USA Inc. (new name Grieg Seafood Sales USA Inc.) are both domiciled in the USA. Ocean Quality (Shanghai) International Trading Company is part of Ocean Quality AS (new name Sjór AS) and was part of the settlement with Bremnes Fryseri AS and is deconsolidated from the Grieg Seafood Group. The remaining companies are domiciled in Norway.

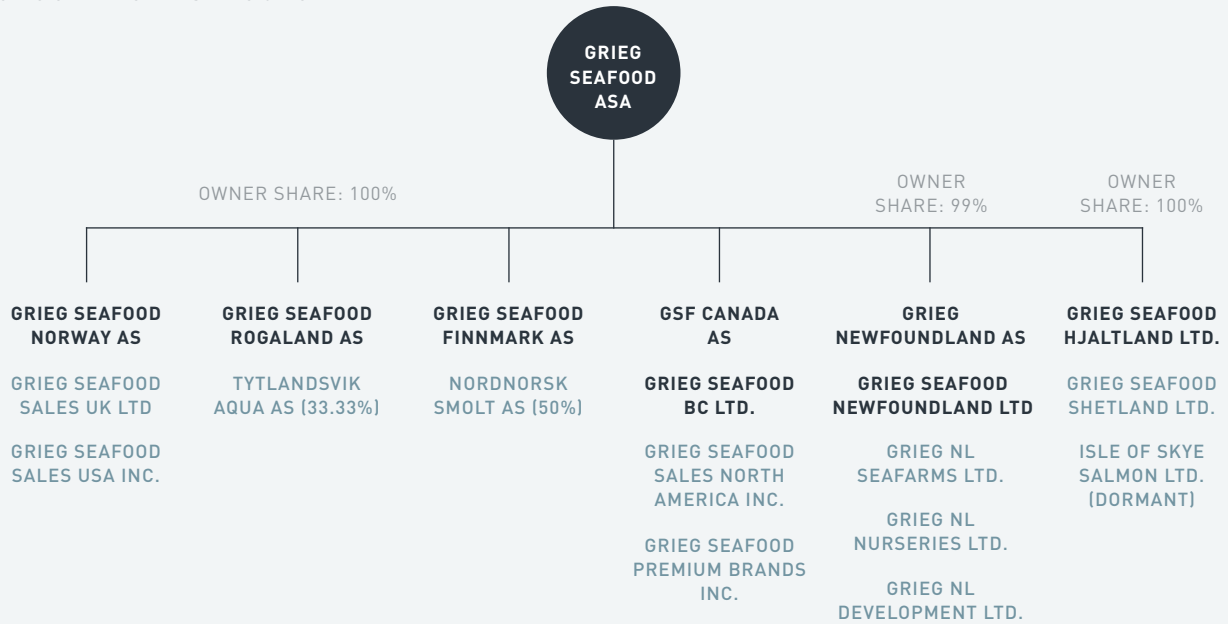
In November 2020, we announced that the Board of Grieg Seafood has decided to divest our investment and operations in Shetland, as we will focus on our operations in Norway and Canada going forward. The operations of the Grieg Seafood Hjaltdland UK Ltd Group is defined as discontinued operations and are presented and classified as held for sale in the consolidated financial position, and income statement and cash flow statement of Grieg Seafood. In these financial statements we refer to this disposal group as the "Shetland" disposal group. The Shetland disposal group includes the prior reporting segment of Shetland UK, in addition to the UK sales operations. See both Note 5 and Note 8.

Grieg Seafood Hjaltdland UK Ltd., Grieg Seafood Canada AS and Grieg Newfoundland AS are holding companies within the Group, which wholly own the production companies Grieg Seafood Shetland Ltd., Grieg Seafood BC Ltd. and Grieg Seafood Newfoundland Ltd (incl. it's subsidiaries), respectively.

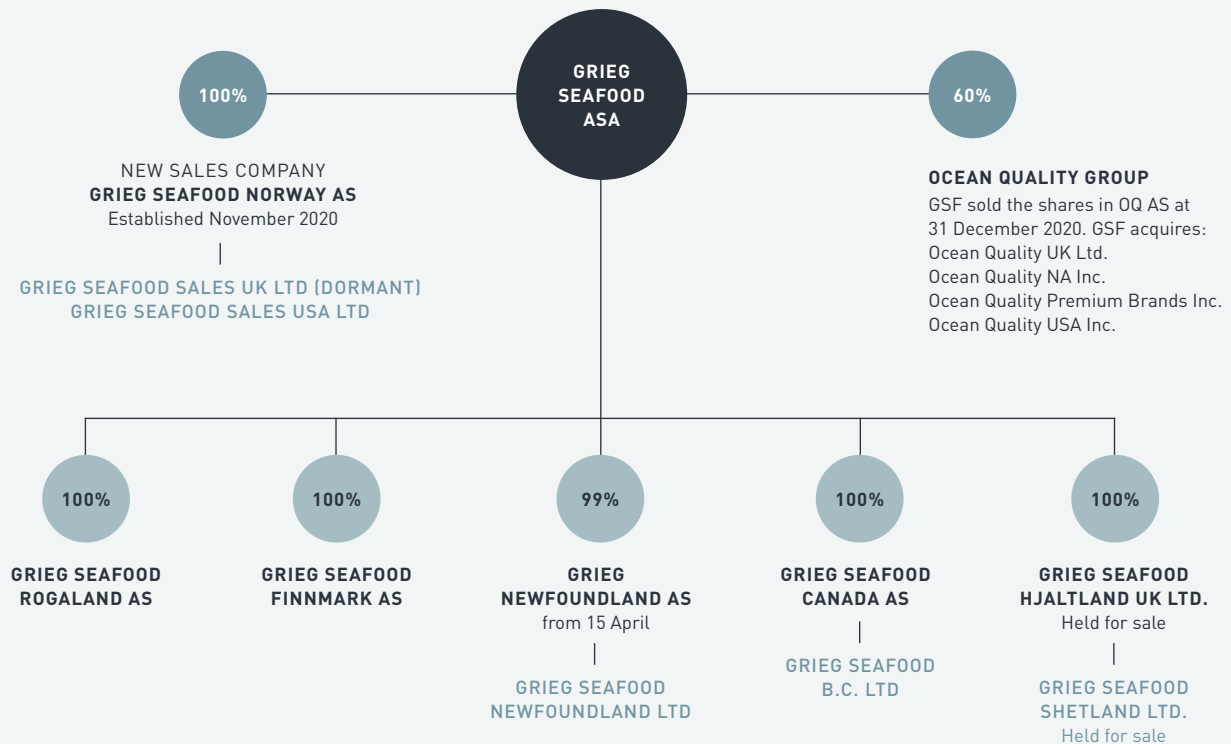
Grieg Seafood Shetland Ltd owns the following, dormant company at the end of 2020 (no activities in this company): Isle of Skye Salmon Ltd.

All amounts in these financial statements with note disclosures are stated in NOK thousand unless otherwise specified.

GROUP LEGAL STRUCTURE

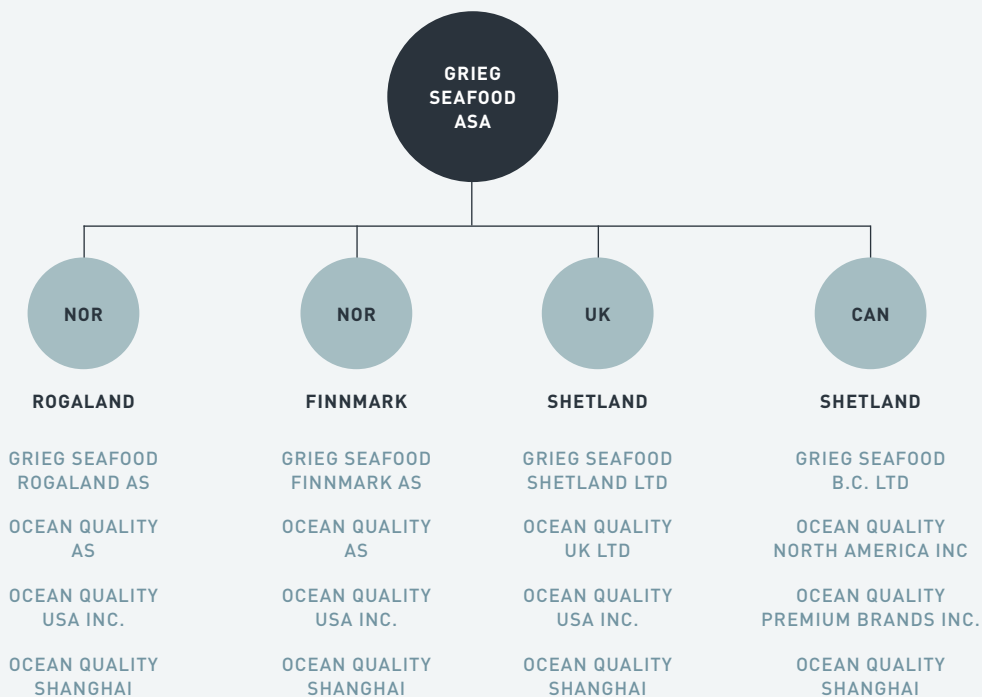


GROUP STRUCTURE THROUGH 2020



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SEGMENT STRUCTURE THROUGH 2020



NOTE 2 ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise indicated.

BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

The consolidated financial statements have been prepared under the historical cost convention, modified for biological assets, equity instruments, and financial assets/liabilities (including derivative instruments) at fair value through profit or loss. The preparation of financial statements in accordance with IFRSs requires the use of estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are material to the consolidated financial statements are described in Note 4.

NEW STANDARDS ADOPTED BY THE GROUP

No new IFRS accounting standards have been implemented in 2020. See Note 27 for more information.

CONSOLIDATION PRINCIPLES SUBSIDIARIES

Subsidiaries are all entities (including structured entities) over which the Group exercises control. Control over an entity arises when the Group is exposed to variability in the return from the entity and has the ability to impact this return by virtue of its influence over the entity. Subsidiaries are consolidated from the day control arises and deconsolidated when control ceases.

The acquisition method of accounting is applied for acquisitions. The consideration is measured as the fair value of any transferred assets, liabilities or issued equity instruments. The fair value of all the assets or liabilities resulting from contingent consideration agreements is included in the consideration. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date. Non-controlling interests in the acquired entity are measured from time to time either at fair value, or at their proportionate share of net assets of the acquired entity.

Costs relating to business combinations are expensed as they are incurred. In the case of multi-stage acquisitions, the proportion of ownership from any earlier purchases is restated at fair value at the date of control, with changes in value recognized in the income statement.

Contingent consideration classified as equity shall not be remeasured and its subsequent settlement shall be accounted for within equity. Other contingent considerations shall be measured at fair value at each reporting date and changes in fair value shall be recognized in the income statement.

Intragroup transactions, intercompany balances, and unrealized profits and losses between Group companies are eliminated. Reported figures from the subsidiaries are restated when this is necessary to achieve consistency with the Group's accounting policies.

CHANGES IN SHAREHOLDINGS IN SUBSIDIARIES WITHOUT LOSS OF CONTROL

Transactions with non-controlling owners of subsidiaries that do not involve loss of control are treated as equity transactions. When shares are purchased from non-controlling owners, the difference between the consideration and the proportionate percentage of net assets recognized in the subsidiary's statement of financial position relating to such shares is recognized in the parent company's owners' equity. Gains or losses on disposals of non-controlling owners are similarly recognized in equity.

DIVESTMENT OF SUBSIDIARIES

When the Group no longer has control, any residual ownership interest is measured at fair value with changes in value recognized in profit or loss. Using this fair value as deemed cost, the interest is subsequently classified either as an investment in associates or as a financial asset. Amounts previously recognized in other comprehensive income relating to this company are treated as if the Group had disposed of the underlying assets and liabilities. This could mean that amounts that were previously recognized in other comprehensive income are reclassified to profit or loss.

ASSOCIATES

Associates are entities over which the Group exercises significant influence, but not control. Significant influence will generally exist when the Group has a shareholding of between 20% and 50% of the voting rights. Investments are recognized at cost at the time of acquisition, and the Group's share of the results in subsequent periods is recognized through profit or loss. The amount recognized in the statement of financial position includes any implicit goodwill identified at the date of purchase.

Any share of profit or loss from associates that are closely linked to the Group's operations and thus part of the Group's value chain, are presented on a separate line and included in the Group's EBIT.

The Group's share of its associates' post-acquisition profits or losses is recognized in the income statement, the share of other

OUR FINANCIAL RESULTS

comprehensive income is recognized in the consolidated statement of comprehensive income and both are added to the investment in associates in the statement of financial position. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables towards the entity, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. If necessary, the associates' financial statements are restated to achieve consistency with the Group's accounting policies.

At the end of each accounting period, the Group determines whether there is any need to recognize an impairment of the investment in the associate. In such cases, the impairment amount is measured as the difference between the recoverable amount of the investment and its carrying value, and the difference is recognized in the income statement on a together with share of profit or loss in "Share of profit from associates".

In the event of any gains or losses on transactions between the Group and its associates, only the proportionate share relating to external shareholders is recognized. Unrealized losses are eliminated unless there is a need to recognize an impairment for the asset that was the subject of the transaction. Accounting policies of associates are changed when necessary to ensure consistency with the accounting policies adopted by the Group. Dilution gains and losses arising on investments in associates are recognized in the income statement.

In the event of a reduction in a shareholding in an associate where the Group continues to exercise significant influence, only a proportionate share of amounts previously recognized in other comprehensive income is reclassified to profit or loss.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale. A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations.
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or;
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statement.

Disclosures for the Group's discontinued operations are provided for in Note 5. All other notes to this consolidated financial statement refer to the Group's continuing operations, unless the note explicitly states otherwise.

SEGMENT REPORTING

Operating segments are reported in a manner consistent with internal reporting to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group management.

FOREIGN CURRENCY TRANSLATION

The financial statements of each of the Group's entities are generally measured using the currency of the economic area in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Norwegian Kroner (NOK), which is the parent company's functional and presentation currency.

TRANSACTIONS AND BALANCE SHEET ITEMS

Foreign currency transactions are translated into the functional currency using the exchange rates in force at the transaction date. Foreign exchange gains or losses resulting from the settlement of such transactions, are recognized in profit or loss. Translation differences on monetary items (assets and liabilities), that are not denominated in the entity's functional currency, are also recognized through profit or loss.

GROUP COMPANIES

The income statements and statements of financial positions of the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

The statement of financial position is translated using the closing rate at the end of the period.

- Income and expense items are translated at average exchange rates for the period (if the average is not a reasonable estimate of the cumulative effects of using the transaction rate, the transaction rate is used).
- Translation differences are recognized in other comprehensive income and specified separately.

When a foreign operation is sold, the exchange difference, which in previous periods was recognized in other comprehensive income, is not accrued. The accumulated exchange difference on the sale of the foreign operation is hence reversed in other comprehensive income. Gains or losses on the sale are recognized on a basis of zero exchange difference in the net profit on ordinary activities.

Goodwill and fair value adjustments of assets and liabilities on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated using the closing currency rate at the balance sheet date.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the asset. Cost may also include gains or losses transferred from equity as a result of hedging the cash flow in foreign currency on the purchase of property, plant and equipment.

Improvements are recognized in the asset's carrying amount or as a separate asset when it is probable that future economic benefits associated with the improvement will flow to the Group and the cost of the item can be reliably measured. All other repairs and maintenance are recognized in the income statement during the financial period in which they are incurred.

Land and buildings mainly comprise factories and offices. Land is not depreciated. Other operating assets are depreciated in accordance with the straight-line method so that the cost, or remeasured value, is written down to residual value over its expected useful economic life as follows:

- Buildings/real estate 10–50 years
- Plants, barges, onshore power supply 5–30 years
- Nets/cages/moorings 5–25 years
- Other equipment 3–35 years

The assets' useful lives and residual values are estimated at each balance sheet date and adjusted if necessary.

An asset's carrying value is written down to its recoverable amount if the carrying value is greater than its estimated recoverable amount. Gains and losses on disposals are recognized on a net basis and represent the difference between the sales price and the carrying value.

INTANGIBLE ASSETS

Intangible assets that arise internally within the Group are not recognized. Goodwill and licenses with an indefinite economic life are subject to annual impairment tests. Impairment tests are performed more frequently if indications of impairment exist. Amortized licenses are tested for impairment only if there are indications that future earnings do not justify the asset's carrying value.

GOODWILL

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired entity at the date of acquisition. Goodwill on acquisitions of subsidiaries is classified as an intangible asset. Goodwill on the purchase of a share in an associate is included in "investments in associates". Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

For the purpose of impairment testing, goodwill is allocated to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

LICENSES

Fish-farming licenses with an indefinite useful life are not amortized but reviewed for impairment annually, or more frequently if there are indications that the carrying value may have decreased.

The Group considers the following licenses to have indefinite useful lives:

Licenses granted with an indefinite useful life, where the company has no other contractual restrictions relating to the use of the license. Licenses granted with a finite useful life, but where the license holders can renew the licenses without incurring considerable expenses.

Licenses with a finite useful life are amortized over their useful lives. These relate to water licenses for hatcheries and some specific seawater licenses. The following sections provide a description of licenses relating to the Norway and Canada (BC) segments. In addition, information related to the licenses of UK (Shetland) is included below, of which is classified as held for sale at 31 December 2020. Please refer to Note 10 Intangible assets for an overview of the number and types of licenses, as well as impairment testing, and to Note 5 for information on the held for sale-classification of UK.

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NORWAY

The licensing regime for the production of salmon in Norway is enacted by the Norwegian Parliament through the Aquaculture Act. The Ministry of Trade, Industry and Fisheries grants permits for aquaculture (licenses). All aquaculture operations are subject to licensing and no one can produce salmon without permission from the authorities, see Aquaculture Act § 4.

The aquaculture permit allows the production of salmon in limited geographic areas within the current determined limitations of the permit scope. The Aquaculture Act is administered centrally by the Ministry of Trade, Industry and Fisheries, with the Directorate of Fisheries as the supervisory authority. Regionally, several industry authorities jointly manage full administrative and supervisory responsibility within the regulating range of the Aquaculture Act. The county is the regional administrative body, while the Directorate of Fisheries serves as appellate body in locality and licensing matters.

Seawater licenses

Each license for salmon in the sea is subject to a production limit in the form of "maximum allowed biomass" (MAB). MAB does not directly limit the tonnes of fish produced within a year, but rather limits the biomass that can be kept in the sea at any time. Normally, a license has a limit of 780 tonnes MAB, while in Troms and Finnmark counties, a standard license has a limit of 945 tonnes MAB (provided all associated locations are situated in Troms and Finnmark), but in conjunction with the new traffic light system, Finnmark acquire additional production capacity and have now 964 tonnes MAB. See the Salmon Allocation Regulation § 15 ("laksetildelingsforskriften"). Such licenses are limited in number and only subject to application, following politically determined licensing rounds.

Hatchery licenses

Young salmon are defined as eggs, juveniles, parr or smolt to be released in another location, see Salmon Allocation Regulation § 4 f. Such licenses are not limited and thus subject to continuous application for new licenses or changes to existing licenses. Per year, as per regulations the production is limited to a number of 15 million fish.

R&D and broodstock licenses

These licenses are not limited in number. Permits are means tested, meaning that the applicant must demonstrate a need for the production of eggs, specific research projects or for educational purposes. Broodstock licenses include both a land and sea phase, i.e. the broodfish and egg production are covered by the same licensing process.

Harvesting pen licenses

Licenses utilized for pen-setting of live fish for harvesting. These relate to specific locations.

Duration and renewal

The Ministry may in individual decisions or regulations specify further provisions on the content of aquaculture licenses, including relating to scope, time limitations, etc., see the Aquaculture Act § 5, second paragraph. Nonetheless, the preparatory work for the Aquaculture Act specifies that licenses are normally granted without a time limit.

Grieg Seafood's general food fish licenses and hatchery licenses are not time-limited under current regulations. After the reform in 2009, a number of licenses were time-limited, mainly for 15 years. As no government practices have been established relating to the renewal of broodstock licenses, the current understanding is that expiration of licenses allows for application for renewal based on demand. A license for harvesting cages is valid for ten years and must be renewed on expiration, provided that the license is still connected to an approved harvesting facility.

Disposal and withdrawal

All licenses can be transferred and mortgaged in accordance with the Aquaculture Act § 19. Transfers and mortgages must be recorded in a separate register (the Aquaculture Register). It is not permitted to rent out licenses or license capacity.

The Aquaculture Act § 9 reviews the basis for withdrawal of an aquaculture license. This states that there must be significant breaches of the terms of an aquaculture license before it can be revoked.

BC

Grieg Seafood BC Ltd (GSF BC) has farms on both the west and east coasts of Vancouver Island. In order to operate farms in British Columbia, Canada, the following three licenses must be in place:

1. Aquaculture license – issued by the Department of Fisheries and Oceans and the First Nation
2. License of Occupation (Tenures) – issued by the Ministry of Forest, Lands and Natural Resource Operations
3. Navigation Water Permit – issued by Transport Canada (Canadian public authorities)

For restrictions regarding production quantity, see table in Note 10.

Duration and renewal

1. Aquaculture license – duration of one year, renewal each year is a formality.
2. License of Occupation – duration of 2–20 years. Renewal is applied for on expiration.
3. Navigation Water Permit – duration of five years, but possible to apply for renewal.

New renewal process in Canada West

In June 2018, the Government of British Columbia announced a new policy regarding renewal of aquaculture licenses in the Broughton area. The new policy requires agreement with the local First Nations prior to applying for license renewal from Fisheries and Ocean Canada (DFO). The new policy will be effective from 2022. The authorities want to cooperate with companies that have licenses where the production might conflict with the wild salmon and find alternative solutions such as moving the licenses to new areas. Grieg Seafood BC has one site in this area, and the production will not be impacted by this change.

Licenses included in assets classified as held for sale in 2020: UK

Grieg Seafood Shetland Ltd (GSF UK) has farms on both the west and east coasts of Shetland, as well as the west coast of Scotland. In order to operate farms in Scotland, the following five licenses must be in place:

1. Water Environment (Controlled activities) "CAR" license – issued by the Scottish Environment Protection Agency (SEPA)
2. Planning permission – issued by the local authorities (Town and Country Planning Act)
3. Crown Estate Lease/Permission (The Crown Estate Act 1961)
4. Aquaculture Production Business License (APB) – issued by Aqua Animal Health
5. Marine License (Navigation) – issued by the Scottish government

Duration and renewal

1. CAR license – requires periodic inspection and monitoring. If a substantial negative impact on the environment can be proven as a consequence of the operation, the production volume can be reduced or, as in a worst-case scenario, revoked.
2. Planning Permission – indefinite duration; however, if the plant is left unused for three consecutive years, the license may be withdrawn.
3. Crown Estate Lease/Permission – 25 years' duration. The normal procedure is to renew the licenses on expiration.
4. APB – indefinite duration subject to compliance with the license's conditions.
5. Marine License – application for renewal required every six years.

Renewal is normally a formality.

OTHER INTANGIBLE ASSETS

Acquired customer portfolios and computer software licenses are recognized in the statement of financial position at cost and amortized over their estimated useful lives. Customer portfolios are recognized in the statement of financial position at cost at the date of purchase. Amortization is calculated using the straight-line method over the estimated useful life, as follows:

- Customer portfolios 6 years
- Computer software 3–10 years

IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets with an indefinite useful life are not amortized but are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever there are indications that future earnings do not justify the carrying value.

An impairment loss is recognized for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets, other than goodwill, that have suffered an impairment are reviewed for indicators of possible reversal of the impairment at each reporting date.

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. The classification is performed in accordance with the substance of the contractual arrangement, and in line with the definitions of a financial asset, a financial liability and an equity instrument.

Ordinary purchases and sales of investments are recognized on the trade-date – the date on which the Group commits to purchase or sell the asset. All financial assets that are not stated at fair value through profit or loss are initially recognized at fair value plus transaction costs.

FINANCIAL ASSETS

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. The Group has financial assets classified as follows:

- Financial assets at amortized cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets measured at amortized cost

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

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

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

The Group's financial assets at amortized cost includes trade receivables and other short-term deposit. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15 Revenue from contracts with customers.

Equity instruments designated at fair value through OCI

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32. The classification is determined on an instrument-by-instrument basis.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the income statement when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its equity investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the income statement.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognized as other income in the income statement when the right of payment has been established. Derivatives are initially recognized at fair value on the date a derivative contract is entered into, and are subsequently stated at fair value on an ongoing basis.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or

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

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

Impairment on financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

See the "Trade receivable"-section in this note for specific accounting principles on expected credit loss on trade receivables.

FINANCIAL LIABILITIES

Financial liabilities are classified, at initial recognition, as amortized cost (loans and borrowings), or as financial liabilities at fair value through profit or loss.

Financial liabilities at amortized cost (loans and borrowings)

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

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include

financial derivative contracts. Derivatives are initially recognized at fair value on the date a derivative contract is entered into, and are subsequently stated at fair value on an ongoing basis.

Derecognition of financial liabilities

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

HEDGING

Hedge accounting

The Group applies hedge accounting according to IFRS 9 for non-current foreign currency forward contracts entered into in connection with contracts of future physical delivery of fish to customers. Changes in value of foreign currency forward contracts which meet the hedging criteria are recognized in other comprehensive income. Changes in the fair value of derivatives entered into to hedge operating revenues are recognized in revenues.

Non-hedge accounting

The Group do not utilize hedge accounting for its short-term foreign currency forward contracts. Such contracts are recognized at fair value through profit or loss and presented as financial income/financial expenses.

NASDAQ FISH POOL SALE AND PURCHASE AGREEMENTS

With regard to financial contracts relating to sale and purchase agreements on Nasdaq Fish Pool, changes in unrealized gains and losses on the sale and purchase agreements are recognized net in the income statement as a value adjustment of biological assets, while the carrying value is reported as a derivative in the statement of financial position at the gross carrying amount of sales and contracts, respectively. Assets/liabilities in this category are classified as current assets/ current liabilities when they are intended to be disposed of within 12 months, otherwise as non-current assets/liabilities.

INVENTORIES

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. The net realizable value is the estimated sales price less the estimated costs of completion and sale.

BIOLOGICAL ASSETS

The accounting treatment of live fish by enterprises applying IFRS is regulated by IAS 41 Agriculture. IAS 41 comprises a hierarchy of

methods for accounting measurement of biological assets at level 3. The basic principle is that such assets shall be measured at fair value less costs to sell. Fair value is defined in IFRS 13 as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”. According to IFRS 13, the highest and best use of the biological asset establishes the valuation premises.

Considering the industry’s common goal to harmonize the model, Grieg Seafood made adaptations to the model during 2018. The previous calculation was based on a growth model which has been the standard model in the salmon industry, while the new calculation is cash-flow based (present value model). Changes to the model involve calculation techniques and do not represent a change in accounting policy.

Biological assets comprise of live fish, smolt and fish in sea. The fish are divided into two main groups, depending on the stage of the life cycle. At the earliest stage of the life cycle, the fish are classified in group 1) roe, fry and smolt. Group 1 biological assets is disclosed as “biological assets onshore” in Note 9, see the tables “Status of biological assets” and “abnormal mortality – write down”. Roe, fry and smolt are kept onshore.

When the fish is large enough to be released to sea, they are classified in group 2) biomass in sea. The group 2 biological assets classification is further decomposed in Note 9 as “immature fish in sea, round weight < 4.60 kg” and “mature fish in sea, round weight > 4.60 kg” – see the tables “Status of biological assets” and “abnormal mortality – write down”.

- Fish onshore (smolt) are recognized at accumulated cost. The best estimate of fair value is considered to be the accumulated cost because of very little biological transformation. This assessment must be seen in the light of the fact that smolt are currently released to sea at a stage when their weight is still relatively low.
- For fish in sea, the fair value is calculated by applying a cash-flow based present value model.

The fair value of fish in the sea is estimated for each location.

In accordance with the principle for highest and best use, the Industry Group considers that the fish have optimal harvest weight when they have a live weight of 4.60 kg, which corresponds to 4 kg gutted weight. Fish with a live weight of 4.60 kg or more are classified as ready for harvest (mature fish), while fish that have still not achieved this weight are classified as not ready for harvest (immature fish).

The cash-flow based present value model does not rely on historical and company specific factors. In a hypothetical market with perfect competition, a hypothetical buyer of live fish would maximum be

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willing to pay the present value of the estimated future profit from the sale of the fish when it is ready for harvest. The estimated future profit, considering all price adjustments and payable fees for completion, constitutes the cash flow. No deductions are made for sales expenses, as these are not observable on the market. Such expenses are also deemed immaterial.

Incoming cash flow is calculated as a function of estimated volume multiplied by estimated price. For fish not ready for harvest, a deduction is made to cover estimated residual costs to grow the fish to harvest weight. The cash flow is discounted monthly by a discount rate. The discount rate comprises three main components: 1) the risk of incidents that influence cash flow, 2) hypothetical license lease and 3) the time value of money. Please refer to the Note 4 on significant accounting estimates for more detailed information.

When estimating the actual accumulated cost at the respective seawater facility, direct costs (fish feed and similar) are allocated to each group of fish, set into sea at the same location. Financial costs are not included in the costs of production.

The sales price for fish in the sea are based on the forward price from Fish Pool. Fish Pool is a marketplace for financial purchase and sale agreements for superior Norwegian Salmon size 3-6 kg gutted weight. The volume on Fish Pool is limited, but Grieg Seafood's opinion is that the observable forward prices must be seen as the best approach to a price for the sale of salmon. With regard to foreign countries, the most relevant price information available for the expected harvesting period is applied. For fish in the sea, the forward price in Norway is adjusted for historical differences in achieved prices between Norway and Canada/the UK. The price/net sales value is adjusted for quality differences (superior, ordinary and prod.), and for logistics expenses and sales commissions. Estimated harvesting expenses are deducted.

The volume (biomass) is based on the actual number of individuals in the sea at the balance sheet date, adjusted to cover estimated mortality up to harvest date and multiplied by the estimated harvest weight per individual at the time of harvest. The fish in sea is adjusted for gutting waste, as the price is measured for gutted weight. Budgeted harvesting and freight costs are applied. Foreign currency forward contracts associated with the date of harvesting are applied when translating the price into CAD and GBP.

The change in the fair value of biological assets is recognized through profit or loss and presented as "fair value adjustment of biological assets".

Onerous contracts are contracts where the expenses of fulfilling the contracts are higher than the economic yield the company expects to gain by fulfilling the contracts. The Group enters into contracts related to future deliveries of salmon. As biological

assets are recognized at fair value, the fair value adjustments of the biological assets will be included into the estimated expenses required to fulfil the contract. This implies that the Group may experience loss-making (onerous) contracts according to IAS 37 even if the contract price for physical delivery contracts is higher than the actual production cost for the products. If that occurs, a provision is made for the estimated negative value.

Changes arising from physical delivery contracts are recognized as "fair value adjustment of biological assets". The liability in the statement of financial position is recognized as other current liabilities (see Note 9).

Fish farming naturally comes with a certain level of loss of fish along the production cycle, and our budgets are typically produced with an inherent assumption of a 0.5-1% monthly mortality. The losses associated with normal levels of survival are not directly recognized in the income statement. In periods where specific abnormal incidents lead to reduced survival, we immediately recognize write-downs of the biomass inventory, to better reflect the actual biomass in sea or on land. The write-down cost is recorded as they arise under raw materials and consumables used in the income statement.

TRADE RECEIVABLES

Trade receivables arise from the trading of goods or services within the ordinary operating cycle, and under normal terms of payment are initially recognized at nominal value. Trade receivables with longer terms of payment are discounted to present value, and represents the Group's unconditional right to consideration from the customer.

EXPECTED CREDIT LOSS ON TRADE RECEIVABLES

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. For receivables where the credit risk has increased substantially after the establishment, a write-down shall be made for the expected credit loss over the maturity of the receivables. The model for calculating loss allowance classifies the trade receivables into two groups: normal risk and high-risk, based on their country of origin. Furthermore, the trade receivables are classified as credit-insured receivable or not. According to internal policy, 85% of all trade receivables must be credit insured. The provision is the difference between nominal and recoverable amount, which is the present value of estimated future cash flows, discounted at the original effective interest rate. Loss allowance is recognized as "other operating expenses" in the income statement.

FACTORING AGREEMENTS

The Group is engaged in factoring agreements that comprises financing of outstanding receivables for the Ocean Quality entities

in Norway and in UK. In UK, the agreement is part of the Shetland disposal group, and since Ocean Quality AS is deconsolidated, the Group do not hold factoring liabilities other than the liabilities directly associated with the Shetland assets held for sale as of 31 December 2020. See the section “Derecognition of financial assets” in this note for accounting principle disclosure for derecognition of financial assets and Note 3 and 12 for further information on factoring agreements.

CONTRACT ASSETS

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. See “revenue recognition” in this Note for more information.

CONTRACT LIABILITIES

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Group fulfils the performance obligation(s) under the contract. See “revenue recognition” in this Note for more information.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, bank deposits, other short-term highly liquid investments with original maturities of three months or less. The overdraft facility is included in current borrowings in the statement of financial position.

SHARE CAPITAL

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

BORROWINGS

Borrowings are initially recognized at fair value when the funds are received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost applying the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

DEFERRED TAX

Deferred tax is provided for in full at nominal value, using the liability method, on temporary differences arising between the value of assets and liabilities for tax and accounting purposes. Deferred

tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and that are expected to apply when the related deferred tax asset is realized, or the deferred income liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available, from which the temporary differences can be deducted. Deferred tax is calculated on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future.

EMPLOYEE BENEFITS PENSION OBLIGATIONS

The company pays premiums to local, defined-contribution schemes for all employees. The company’s pension schemes meet the requirements in the Mandatory Occupational Pension Act. Pension premiums are recognized in the income statement through operations on an ongoing basis. Employer’s social security contributions are expensed based on paid pension premiums. The Group companies Grieg Seafood Rogaland AS and Grieg Seafood Finnmark AS have a contractual early retirement pension scheme (AFP). The financial commitments associated with this scheme are included in the Group’s pension expenses. The AFP early retirement scheme follows the rules for public sector AFP, and both companies are members of the Norwegian Confederation of Trade Unions (LO)/the Confederation of Norwegian Enterprise (NHO) scheme. The pension payment calculations are based on standard assumptions relating to the development of mortality and disability as well as other factors such as age, years of service and remuneration. Pension premiums are recognized in the income statement through operations as they arise.

SHARE-BASED REMUNERATION

The Group operates a share-based management remuneration scheme with settlement in cash, where individual employees are obliged to buy shares proportionate to their annual salary. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be charged over the vesting period is calculated on the basis of the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the company revises its estimates of the number of options that are expected to be vested and recognizes the impact of the revision relative to original estimates, if any, in the income statement. The Black and Scholes option pricing model is used for valuation. The company’s obligations are recognized under non-current liabilities if the latest possible redemption date is more than one year into the future.

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SHARE SAVINGS PROGRAM

Grieg Seafood established a share savings program for its employees in 2018 and it was continued in 2019 and 2020. It is the Board's intention that the plan shall be a continuing part of the company's employee incentive scheme. The Board shall, however, have the right to decide, in its sole discretion, whether the plan will be extended in the future, and the terms of the plan.

Employees may invest up to NOK 25 000 per year. There is a 3 years lock-up period. The saved amount is deducted from the monthly net salary and used to purchase Grieg Seafood shares on behalf of the employees. The purchase will be made from transfer of Grieg Seafood's treasury shares or bought in the market. The purchase price and the number of shares acquired by the company will be reported in accordance with the applicable regulations.

TERMINATION BENEFITS

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

PROFIT-SHARING AND BONUS SCHEMES

The Group recognizes a provision where it has a contractual obligation or where there is a past practice that has created a constructive obligation.

PROVISIONS

Provisions (e.g. environmental improvements, restructuring costs and legal claims) are recognized when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation;
- the amount of the obligation can be reliably estimated.

Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured as the present value of the expenditures expected to be required to settle the obligation, using a pre-tax discount rate that reflects the current market situation and the risks specific to the obligation. The increase in the provision due to

the change in value because of passage of time is recognized as a financial expense.

REVENUE RECOGNITION

Revenue from contracts with customers is recognized 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. The Group recognizes revenue from the sale of goods 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, and the ability to prevent others from directing the use of and receiving the benefits from the asset.

For the Group, this is when

- the Group has delivered its products to, and performed its services for, the customer
- the customer has accepted the products and collectability of the related receivables, and
- the risks and rewards have been transferred to the customer.

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 goods, the Group considers the effects of variable consideration, the existence of significant financing components and consideration payable to the customer (if any).

The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Revenue is shown net of value added tax, returns, rebates and discounts and after eliminating intragroup sales.

SALE OF FISH

The Group's revenue streams are primarily the sale of mainly comprise revenues from sale of whole and processed fish and some ensilage, and processed fish. Sales contracts are engaged as both spot sales and from fixed delivery contracts. Revenue from sale of salmon is generally recognized at the point in time of delivery, as the Group considers delivery as the point in time which control of the goods/service is transferred to the customer. Each sale contract – either being spot sale or a fixed delivery contract – is considered as one performance obligation. Each week, sale of fish is settled with customer. The fixed delivery contracts that are entered into with customers, specify per-week volume.

The sales price is determined upon contract settlement and is based on available market price (hereof Nasdaq prices including transport and margin, and the price is per kilogram). The price

varies according to the quality of the salmon and its size, and the fish is mainly sold Delivery Duty Paid (DDP) to customer. The payment is settled upon delivery, and the performance obligation related to the sale of fish is satisfied at point in time of delivery. That also applies to the fulfilment of physical delivery contracts. The Group's consideration becomes unconditional at the point of delivery, and as the contracts generally hold one performance obligation (fulfilled at the point of time of delivery), the Group thus do not hold material contract assets. As such, the Group do not disclose further information on contract assets other than receivables with unconditional right to consideration.

The normal credit term of the Group's sales transaction is 30 days and based on the nature of the business of sale of fresh and frozen fish, the Group generally do not have any material contract liabilities. The Group generally do not engage in customer contracts where fulfilment of the performance obligation lies more than one year in the future, and as such the Group do not disclose further information on contract liabilities and related performance obligations.

Cash refunds is given the customer if the sold product is delivered with discrepancies compared to the agreed sale contract with the customer, or if the product is damaged. Generally, refunds are not material.

OTHER REVENUE STREAMS

In addition to the sale of fresh and frozen salmon, the Group also sells roe, smolt and ensilage, together historically making up about 1 % of the total sales. The Group furthermore offers harvest services to other aquaculture companies in the case of surplus capacity (however these services generally constitute less than 1 % of total revenues). Revenue related to the before mentioned performance obligations are presented as other operating income in the Group's income statement.

INTEREST INCOME

Interest income is recognized in the income statement based on the effective interest rate (EIR) method.

DIVIDEND INCOME

Dividend income from investments or equity instruments, is recognized when the right to receive payment is established. Dividend income from entities recognized under the equity method are not recognized but recorded as a reduction in the carrying value of the investment.

LEASES

IDENTIFYING A LEASE

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

SEPARATING COMPONENTS IN THE LEASE CONTRACT

For contracts that constitute, or contain a lease, the Group separates lease components if it benefits from the use of each underlying asset either on its own or together with other resources that are readily available, and the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract. The Group then accounts for each lease component within the contract as a lease separately from non-lease components of the contract.

RECOGNITION OF LEASES AND EXEMPTIONS

At the lease commencement date, the Group recognizes a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for short term leases (defined as 12 months or less) and lease agreements where the leased asset is of low value. For leases that meet these two exceptions as elaborated on above, the Group recognizes the lease payments as other operating expenses in the income statement when they incur.

Lease liabilities

The lease liability is recognized at the commencement date of the lease. The Group measures the lease liability 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 either to extend or to terminate the lease when the Group is reasonably certain to exercise this option.

The lease payments included in the measurement comprise of:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,

Lease payments generally also include any exercise price of a purchase option/payments of penalties for terminating a lease, provided that the Group is reasonably certain to exercise such an option.

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

The Group does not include variable lease payments in the lease liability. Instead, the Group recognizes these variable lease expenses in the income statement.

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

Right-of-use assets

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

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

The Group presents its right-of-use asset included on the financial statement line item "Property, plant and equipment incl. right-of-use assets".

The Group applies the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right-of-use asset, except that 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. The Group applies IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

DIVIDENDS

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

BORROWING COSTS

Borrowing costs incurred during the construction of operating assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed in the income statement.

CONTINGENT ASSETS AND LIABILITIES

Contingent liabilities are defined as:

- possible obligations resulting from past events whose existence depends on future events,
- obligations that are not recognized because it is not probable that they will lead to an outflow of resources entailing financial benefits from the company,
- obligations that cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the annual financial statements apart from contingent liabilities resulting from the acquisition of an entity. Material contingent liabilities are disclosed, with the exception of contingent liabilities where the probability of the liability crystalizing is remote.

Contingent liabilities acquired through the purchase of operations (an acquisition) are recognized at fair value even if it is not probable that the liability will become unconditional. The assessment of probability and fair value is subject to constant review. Subsequent measurement is at the higher of the amount initially recognized (less any amount recognized as revenue) and the amount according to the general provision measurement rules.

Contingent assets are not recognized in the statement of financial position, but are disclosed if it is likely that a benefit will accrue to the Group.

CASH FLOW STATEMENT

The Group's cash flow statement shows the overall cash flow broken down into operating, investing and financing activities using the indirect method. The cash flow statement illustrates the effect of the various activities on cash and cash equivalents. Cash flows resulting from the divestment of operations are presented under investing activities.

The Group has prepared an overview of changes in the Group's liabilities in accordance with IAS 7, Statement of Cash Flows (see Note 12). This includes changes due to cash flow (e.g. utilization and repayments of loans) and changes without cash flow effect such as acquisitions, sales, calculated interest rates and unrealized currency translation differences.

Changes in financial assets are disclosed if cash flows have been, or will be, included in the cash flow from financing activities. This may be the case for instance for assets pledged as security for financial liabilities.

EARNINGS PER SHARE

Earnings per share are calculated by allocating the profit for the year to the company's shareholders based on a weighted average of the number of issued ordinary shares during the year. Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

EVENTS AFTER THE REPORTING PERIOD

New information on the Group's financial position on the end of the reporting period which becomes known after the reporting period is recorded in the annual accounts. Events after the reporting period that do not affect the Group's financial position on the end of the reporting period but which will affect the company's financial position in the future are disclosed if significant.

NOTE 3 FINANCIAL RISK MANAGEMENT

CAPITAL MANAGEMENT

The Group aims to ensure sufficient access to capital to enable the business to develop in accordance with adopted strategies and thus continue to be one of the leading players in the sector. Historically, the industry has always been vulnerable to price fluctuations in the market. For this reason, accounting results may fluctuate considerably from year to year. Consequently, the Group also strives to ensure that the business maintains an appropriate level of disposable liquidity.

The Group aims to provide a competitive return on invested capital to shareholders, by distributing dividends and increasing the share price. The Board aims to achieve an average long-term dividend corresponding to 30-40% of the Company's profit after tax, allowing for the effects of fair value adjustments of biomass on profits. However, all dividends must be assessed in the light of what is deemed to be a healthy and optimal level of equity. Dividends are evaluated twice a year. Due to the increased volatility and uncertainty caused by the Covid-19 situation, combined with an extensive investment plan and the fact that the Group has granted a temporary amendment to loan agreements with secured lenders through the third quarter of 2021, the Board has decided to postpone the ordinary dividend for 2020.

At 31 December 2020, the Group had net interest-bearing liabilities, including lease liabilities, of NOK 3 931 million, see Note 12. Funding mainly constitutes of bank loans, however in 2020 we successfully issued our first Green Bond issue of NOK 1 500 million. At year-end 2020, 38% of our net interest-bearing liabilities consist of green financing. The level of liabilities and alternative forms of funding are subject to constant evaluation.

FINANCIAL RISK FACTORS

The Group is exposed to a number of financial risks; market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the volatility of the financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses financial derivatives to reduce certain risks.

The Group identifies, evaluates and hedges financial risks in close cooperation with the Group's operational units. The Board has established written principles for the management of foreign exchange risk, interest rate risk and use of the Group's financial instruments.

I) MARKET RISKS

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk from various currency exposures, primarily CAD, USD, GBP and EUR. Foreign exchange risk arises from future commercial transactions, recognized assets, and liabilities and net investments in foreign operations. The Group enters into foreign currency forward contracts to manage this risk.

TRADE RECEIVABLES AND TRADE PAYABLES CURRENCY IN NOK 1 000	NOK	USD	EUR	GBP	CAD	JPY	OTHER CURRENCIES	TOTAL
2020								
Trade receivables	121 859	39 234	—	—	18 291	—	—	179 384
Trade payables	409 259	12 708	1 145	—	139 737	—	—	562 848
2019								
Trade receivables	28 521	147 185	134 953	116 987	25 744	5 615	892	459 897
Trade payables	649 551	-48	18 096	88 795	92 279	—	6 389	855 061

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NET INTEREST-BEARING LIABILITIES CURRENCY IN NOK 1 000	NOK	USD	EUR	GBP	CAD	JPY	OTHER CURRENCIES	TOTAL
2020								
Cash and cash equivalents*	309 278	33 717	603	-104 272	36 098	—	2	275 427
Loans to associated companies	1 910	—	—	—	—	—	—	1 910
Interest-bearing liabilities**	3 567 768	—	533 985	—	106 466	—	—	4 208 219
Net interest-bearing liabilities	3 256 580	-33 717	533 383	104 272	70 368	—	-2	3 930 882
2019								
Cash and cash equivalents*	384 665	21 300	-124 398	-92 791	20 897	4 205	618	214 497
Interest-bearing liabilities**	1 758 451	-474	568 114	228 186	36 007	—	—	2 590 283
Net interest-bearing liabilities	1 373 786	-21 774	692 512	320 976	15 110	-4 205	-618	2 375 786

*The Group has set up a group account scheme (cash pool agreement), in which Grieg Seafood ASA, the parent company, is the legal account holder. Those subsidiaries which take part in the agreement can make overdrafts on individual bank accounts as long as the Group's total bank deposit is positive. All subsidiaries participating in the group account scheme are jointly and severally liable for the entire amount of the commitment under the scheme. Cash and cash equivalents include the currency exposure in the group account scheme. At 31 December 2020, the net amount of bank deposits in the group account scheme amounted to NOK 181 million (2019: NOK 3 million).

**For an overview of interest-bearing liabilities, see Note 12

The Group has investments in foreign subsidiaries whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations was previously primarily managed through borrowings denominated in the relevant foreign currencies.

The base currency of the syndicated bank loan was previously solely in NOK, however after the renegotiation of the syndicate agreement in February 2018, the term loan was split into NOK 600 million and EUR 60 million. This was carried forward as a great proportion of the sales revenues are denominated in EUR, and hence the EUR loan would act as a hedge against currency fluctuation. Further, converting to EUR loan would reduce the interest cost.

In 2020, we issued our first Green bond, of a total of NOK 1 500 million through two tap issues. The bond matures in 2025, and is denominated in NOK.

The holding companies in the Group extends current and non-current loans to the subsidiaries denominated in these companies' functional currency. The non-current loans, with some exceptions, are considered to be equity in these companies, as there is not a planned repayment for the principal amount outstanding of the loans. The currency effect of loans is recognized under "currency effect on loans to subsidiaries" in consolidated comprehensive income. The numerical effects for 2020 and 2019 are presented below.

CURRENCY EFFECTS ON LOANS TO SUBSIDIARIES NOK 1 000	2020	2019
Currency effect	-23 667	29 819
Tax effect (22%)	5 207	-6 560
Net effect recognized in equity through OCI	-18 460	23 259

Sensitivity analysis

A 10% appreciation of NOK against USD, CAD, GBP and EUR at the balance sheet date would be expected to have the following effects on net interest-bearing liabilities (NOK 1 000).

10% APPRECIATION AGAINST NOK 1 000	USD	EUR	GBP	CAD
(Gain)/loss before tax in profit or loss on net interest-bearing liabilities, 31.12.2020	3 372	-53 338	-10 427	-7 037
(Gain)/loss before tax in profit or loss on net interest-bearing liabilities, 31.12.2019	2 177	-69 251	-32 098	-1 511

FORWARD CURRENCY CONTRACTS

Hedge accounting has been applied to foreign currency forward contracts relating to non-current physical delivery contracts. The effect on profit is recorded in other comprehensive income. Current forward currency contracts are not subject to hedge accounting. Value changes in current forward contracts affect profit or loss, as these contracts are recognized at fair value through profit or loss, see accounting policies (Note 2).

FORWARD CURRENCY CONTRACTS AT FAIR VALUE THROUGH PROFIT OR LOSS

SOLD	AMOUNT CURRENCY IN 1 000	BOUGHT	AMOUNT CURRENCY IN 1 000	WEIGHTED HEDGING RATE	MARKET RATE	MATURITY INTERVAL *	MARKET VALUE NOK 1 000 31.12.2020
EUR	3 710	GBP	3 351	0.9031	0.9047	10.03.2021-12.01.2022	69
USD	5 502	CAD	7 078	1.2865	1.2721	04.01.2021-05.02.2021	532
Total							601

*Maturity specified as an interval for multiple contracts

HEDGING CONTRACTS THROUGH COMPREHENSIVE INCOME AT FAIR VALUE

At 31 December 2020, no hedging contracts through comprehensive income at fair value is present for the Group, as the hedging arrangements have matured before the balance sheet date.

FORWARD CURRENCY CONTRACTS AT FAIR VALUE THROUGH PROFIT OR LOSS

SOLD	AMOUNT CURRENCY IN 1 000	BOUGHT	AMOUNT CURRENCY IN 1 000	WEIGHTED HEDGING RATE	MARKET RATE	MATURITY INTERVAL *	MARKET VALUE NOK 1 000 31.12.2019
CHF	16	NOK	149	9.1118	9.0877	07.01.2020	0
CAD	631	USD	475	0.7528	0.7696	09.01.2020	-90
EUR	113	GBP	96	0.8531	0.8508	05.05.2020	-1
EUR	7 784	NOK	77 191	9.9169	9.8638	02.01.2020-04.01.2021	348
GBP	445	NOK	5 184	11.6492	11.5936	06.01.2020-17.01.2020	18
JPY	83 400	NOK	6 773	0.0812	0.0809	06.01.2020-10.01.2020	23
USD	2 419	NOK	21 633	8.9446	8.7803	02.01.2020-07.02.2020	387
USD	9 995	CAD	13 173	1.3177	1.2994	03.01.2020-14.02.2020	1 204
Total							1 891

*Maturity specified as an interval for multiple contracts

HEDGING CONTRACTS THROUGH COMPREHENSIVE INCOME AT FAIR VALUE

SOLD	AMOUNT CURRENCY IN 1 000	BOUGHT	AMOUNT CURRENCY IN 1 000	WEIGHTED HEDGING RATE	MARKET RATE	MATURITY INTERVAL *	MARKET VALUE NOK 1 000 31.12.2019
EUR	1 260	NOK	12 574	9.9760	9.8638	02.01.2020-06.03.2020	160
GBP	2 211	EUR	2 588	1.1704	1.1754	17.01.2020-26.10.2020	-17
JPY	369 000	NOK	27 961	0.0758	0.0809	06.01.2020-08.01.2021	-2 144
NOK	92 522	EUR	9 010	10.2695	9.8638	06.01.2020-04.01.2021	2 627
USD	525	NOK	4 767	9.0747	8.7803	02.01.2020-10.01.2020	160
Total							786

*Maturity specified as an interval for multiple contracts

(ii) Interest rate risk

Since the Group has no significant interest-bearing assets apart from bank deposits, its income and operating cash flows are largely independent of changes in market interest rates. The Group's interest rate risk arises from borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk. Fixed-interest contracts are used to reduce this risk. The Group continuously monitors its interest rate exposure. The Group calculates the impact on profit or loss of a defined interest rate change. The same change in the interest rate is used for all currencies in each simulation. The scenarios are only run for liabilities that represent major interest-bearing positions.

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Sensitivity calculations show the following expected values: If the interest rate had been 1% higher (lower) throughout the year, all other factors remaining unchanged, the pre-tax profit would have decreased (increased) by NOK 26.6 million in 2020 and NOK 20.7 million in 2019 due to the floating rate of interest on loans and deposits. The sensitivity analysis is based on average net interest-bearing liabilities during 2020 and 2019, irrespective of concluded interest rate swap agreements.

SENSITIVITY NOK 1 000	CHANGE IN INTEREST RATE POINTS	2020	2019
Effect on profit before income tax	-/+ 1%	-/+26 577	-/+20 688

INTEREST RATE SWAP AGREEMENTS

The purpose of the Group's risk management activities is to establish an overview of the financial risk that exists at any given time and to provide more time to adapt to relevant developments. To this end, the Group has chosen to employ interest rate swap agreements to establish greater stability for the Group's variable-rate loan interest expenses. The Group has decided that at any given time, a certain percentage of its variable interest-bearing liabilities should be hedged using interest rate swap agreements. A given proportion will always be at a floating rate, while the remainder will be subject to potential hedging. This situation is constantly reviewed in light of the market situation. The interest rate swap agreements have a duration of four years. The Company constantly evaluates whether these periods should be rolled over.

INTEREST RATE SWAP	PRINCIPAL NOK 1 000	FIXED RATE (%)	BASIS OF FLOATING RATE	MATURITY	MARKET VALUE NOK 1 000 31.12.2020	MARKET VALUE NOK 1 000 31.12.2019
Fixed rate paid - floating rate received	NOK 260 million	1.28	Nibor 3 months	20.10.2021	-1 867	2 641
Fixed rate paid - floating rate received	NOK 200 million	1.64	Nibor 3 months	05.07.2022	—	1 016
Fixed rate paid - floating rate received	NOK 200 million	1.61	Nibor 3 months	28.08.2023	-5 465	1 820
Fixed rate paid - floating rate received	NOK 200 million	1.35	Nibor 3 months	04.03.2024	-4 402	—
Fixed rate paid - floating rate received	NOK 200 million	1.07	Nibor 3 months	05.07.2024	-2 612	—
Fixed rate paid - floating rate received	NOK 200 million	0.71	Nibor 3 months	18.12.2024	372	—
Total					-13 975	5 477

Interest rate swap contracts assessed at market value excl. accrued interest

The interest swap with maturity 05.07.2022 has been amended during 2020, new maturity date is 05.07.2024 and new rate is 1.07 % until maturity 05.07.2024.

INTEREST RATE DERIVATIVE CONTRACT	PRINCIPAL	RATE (%)	MATURITY	MARKET VALUE NOK 1 000 31.12.2020	MARKET VALUE NOK 1 000 31.12.2019
Interest rate derivative contract	NOK 200 million	0.38/0.72	18.12.2024	310	—
Total				310	—

CROSS CURRENCY INTEREST RATE SWAP	PRINCIPAL	MATURITY	MARKET VALUE NOK 1 000 31.12.2020	MARKET VALUE NOK 1 000 31.12.2019
Cross currency interest rate swap (NOK/EUR)	NOK 200 million / EUR 23 million	25.06.2025	6 693	—
Interest rate option, floor	NOK 250 million	25.06.2025	423	—
Total			7 115	—

(iii) Price risk

Financial salmon price contracts allow the buyer and seller to agree prices and volumes for future delivery. The Group targets a contract share of 20-50%. As of 31 December 2020, estimated contract share for the full-year 2021 is 28%. In UK, no financial salmon price contracts had been entered into for 2021 at year-end 2020. The total share of fixed price contracts in 2020 was 41% for Norway. The financial contracts are presented gross in the balance sheet with changes in value recognized through profit/loss as part of the fair value adjustment of biological assets. As biological assets are recognized at fair value, the expected costs to meet contract terms will be included in the fair value adjustment. As at 31 December 2020, the Group had financial salmon contracts for 2020 totalling NOK 76 million, of which all were sales contracts, and physical delivery contracts recognized as liability, was zero.

Fair value of financial derivatives

The carrying value of derivatives and other financial instruments as at 31 December is shown below. The carrying value equals fair value. Positive values are classified as an asset, while negative values are classified as a liability in the balance sheet.

FAIR VALUE OF FINANCIAL DERIVATIVES NOK 1 000	2020		2019	
	ASSETS	CURRENT LIABILITIES	ASSETS	CURRENT LIABILITIES
Forward currency contracts at fair value through profit or loss	601	—	1 891	—
Forward currency hedging contracts at fair value through comprehensive income	—	—	—	786
Cross currency interest rate swap w/ interest rate floor-option	7 115	—	—	—
Interest rate swap agreements	681	-14 346	5 477	—
Financial salmon contract - purchase contracts	—	—	—	—
Financial salmon contract - sales contracts*	75 792	—	—	-10 107
Total financial instruments at fair value	84 189	-14 346	7 368	-9 321

*At year-end 2020, we had NOK 27 million classified as current-receivable (Note 22) related to realized financial salmon contracts as of 31 December 2020. In 2019, the comparative figure was a current liability (Note 26) of NOK 11 million. These amounts represent settled price contracts, not part of the fair value-derivative amount, however the receivable/liability on the settled positions have not been settled between Grieg Seafood and our counterpart at year-end.

II) CREDIT RISK

Credit risk is managed at Group level. Credit risk arises from transactions involving derivatives and deposits in banks and financial institutions, transactions with customers, including trade receivables, and fixed contracts as well as loans to associates. The Group has procedures to ensure that products are only sold to customers with satisfactory creditworthiness. The Group normally sells to new customers solely against presentation of a letter of credit or against advance payment. Credit insurance is used when deemed necessary. For customers who have a reliable track record with the Group, sales up to certain previously agreed levels are permitted without any security. Factoring agreements have been concluded with Ocean Quality in the past - we're establishing our own fully owned sales organization, which is operational in Q1 2021. At 31 December 2020, besides factoring liabilities classified as liabilities directly associated with the Shetland assets held for sale, the Group is not exposed to factoring liabilities.

Up until year-end 2020, all fish produced in the Group was sold to Ocean Quality Group, which in turn sells to external customers. The sales companies secure the bulk of its sales through credit insurance and bank guarantees. At year-end 2020, Ocean Quality AS is deconsolidated and renamed Sjør AS. The Grieg Seafood Group had until year-end intercompany receivables on Sjør which at year-end is external, totalling NOK 79 million of the Grieg Seafood Group's trade receivables.

The book value of financial assets represents the maximum credit exposure. For further information about loss allowance, please refer to Note 21.

MAXIMUM CREDIT RISK EXPOSURE NOK 1 000	NOTE	2020	2019
Trade receivables	21	18 595	278 391
Other receivables	22	—	60 000
Cash and cash equivalents	20	275 427	214 497
Total		294 022	552 888

III) LIQUIDITY RISK

The Group adopts a prudent approach to liquidity risk management, which includes maintaining sufficient cash and marketable securities, securing funding through sufficient credit facilities and maintaining the ability to close market positions when considered appropriate.

Due to the dynamic underlying nature of the business, the Group aims to secure flexibility through available credit lines. The Group maintains a financing agreement through a 50/50 syndicate with DNB and Nordea. The agreement includes a non-current credit facility of NOK 1 500 million and a bank overdraft facility of NOK 100 million. In addition, we have a NOK 600 million RCF/bridge loan, undrawn at 31 December

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2020, which matures at 31. March 2022 (extended maturity from 31 December 2021 to 31 March 2022 after the balance sheet date of 31 December 2020). For further information about the agreement and other non-current liabilities, see Note 12.

Management monitors the Group's liquidity reserve, which comprises credit facilities (see Note 12) and cash and cash equivalents (Note 20), based on expected cash flows. This is generally carried out at Group level in cooperation with the operating companies. Grieg Seafood ASA has in Q4 2020 been granted a temporary amendment to the loan agreement with secured lenders through the third quarter of 2021, see more information in Note 12. At year-end 2020, the Group had undrawn credit facilities of NOK 1 203 million, in addition to cash reserves of NOK 275 million, and an equity-ratio of 41% (equity-ratio according to covenants of 43%). The Group is continuously monitoring the liquidity levels. Cash flow forecasts for all farming regions, sales and the Group are performed regularly, and simulation/stress tests of the liquidity risk is carried out.

The following table shows a breakdown of the Group's non-derivative financial liabilities, classified by maturity structure. The amounts in the table are undiscounted contractual cash flows. Note 12 shows the payment profile for the Group's non-current liabilities.

31.12.2020 NOK 1 000	< 3 M	3 M - 1 Y	Y2	Y3	Y4	Y5	> 5 YRS	TOTAL
Green bond loan instalments	—	—	—	—	—	1 500 000	—	1 500 000
Green bond loan interest - floating	14 625	44 688	59 313	59 313	59 475	29 575	—	266 988
Non-current term-loan instalments	51 176	51 176	102 352	767 636	—	—	—	972 339
Term-loan interest - floating	8 643	24 438	15 077	2 311	—	—	—	50 468
Non-current credit facility	—	—	—	996 646	—	—	—	996 646
Interest non-current credit facility	8 792	26 281	17 441	2 819	—	—	—	55 334
Other non-current liabilities	1 514	569	2 820	7 281	5 867	6 160	30 185	54 395
Interest on other non-current liabilities	630	1 833	2 625	2 503	2 214	1 916	4 537	16 259
Lease liabilities (prior IAS 17 finance leases)	16 755	61 014	71 771	64 930	55 337	43 932	119 448	433 186
Interest on lease liabilities (prior IAS 17 finance leases)	3 025	8 257	9 159	7 289	5 707	4 348	6 771	44 555
Lease liabilities (prior IAS 17 operational leases)	20 739	54 687	66 526	38 955	29 109	7 354	34 284	251 653
Interest on lease liabilities (prior IAS 17 operational leases)	1 993	5 293	4 457	3 459	2 606	946	5 429	24 182
Trade payables	562 848	—	—	—	—	—	—	562 848
Total liabilities	690 740	278 234	351 539	1 953 141	160 314	1 594 231	200 654	5 228 853

KEY FOR TABLE M = Months Y = Year YRS = Years

31.12.2019 NOK 1 000	< 3 M	3 M - 1 Y	Y2	Y3	Y4	Y5	> 5 YRS	TOTAL
Non-current loan instalments	49 106	49 106	98 212	98 212	748 215	—	—	1 042 850
Loan interest - floating	5 068	14 941	18 129	16 096	2 563	—	—	56 797
Non-current credit facility	—	—	—	—	629 319	—	—	629 319
Interest non-current credit facility	4 304	13 412	17 844	17 844	2 999	—	—	56 402
Lease liabilities (prior IAS 17 finance leases)	19 080	54 495	69 040	62 852	56 068	46 423	144 195	452 152
Interest on lease liabilities (prior IAS 17 finance leases)	3 670	9 985	11 229	9 009	7 046	5 471	10 446	56 855
Lease liabilities (prior IAS 17 operational leases)	34 595	91 157	90 347	72 193	34 918	22 192	34 440	379 841
Interest on lease liabilities (prior IAS 17 operational leases)	2 651	6 527	6 087	3 790	2 229	1 407	17 935	40 626
Trade payables	855 061	—	—	—	—	—	—	855 061
Factoring liabilities	86 122	—	—	—	—	—	—	86 122
Total liabilities	1 059 658	239 622	310 887	279 995	1 483 355	75 493	207 015	3 656 026

KEY FOR TABLE M = Months Y = Year YRS = Years

FAIR VALUE ESTIMATION

(I) FINANCIAL INSTRUMENTS

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques (see Note 14). The Group uses different methods and makes assumptions based on market conditions at each balance sheet date. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date. The fair value of financial salmon contracts is determined using forward prices from Fish Pool.

(II) TRADE RECEIVABLES AND TRADE PAYABLES

The nominal value less write-downs for realized losses on trade receivables and trade payables is assumed to correspond to the fair value of these items. The fair value of financial liabilities is assumed to approximate to the book value, as virtually all these items are exposed to floating interest rates.

(III) BIOLOGICAL INVENTORIES

Fish in sea is measured at estimated fair value. Consequently, the value of biological inventories is likely to vary more than the value of inventories based on cost. The estimated fair value varies for a number of reasons, including volatility in the price of Atlantic salmon, factors relating to production, changes in harvesting schedules, and changes in the composition of inventories. Grieg Seafood considers three components to be key parameters for valuation; price, estimated harvest biomass volume and the applied monthly discount rate. The monthly discount rate is applied to expected future cash flows, to account for risk, time value of money and the cost of contributory assets. In the following table is a sensitivity analysis, showing the change in the fair value of the biological assets, and hence the Group profit before tax, in the event of changes in these parameters.

SENSITIVITY ANALYSIS OF BIOMASS - EFFECT ON PRE-TAX PROFIT NOK 1 000	2020	2019
Change in discount rate +1%	-120 801	-127 246
Change in discount rate -1%	108 247	138 808
Changes in sales price +1 NOK/kg	81 184	59 411
Changes in sales price -1 NOK/kg	-54 322	-59 411
Changes in sales price +5 NOK/kg	304 472	297 055
Changes in sales price -5 NOK/kg	-223 100	-297 057
Changes in biomass volume +1% kg	23 458	35 207
Changes in biomass volume -1% kg	-23 458	-35 207

Note that change in harvest volume have a linear effect on the fair value of biological assets. Therefore any change in harvest volume as a multiple of the numbers in the above table, will have the similar multiple effect on the fair value of biological assets.

NOTE 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Management is required to make estimates and assumptions concerning the future, which affect which accounting policies are to be used and reported amounts for assets, liabilities and contingent liabilities in the balance sheet, as well as income and expenses for the accounting year in accordance with IFRS. Estimates and underlying assumptions are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be probable under the present circumstances. The final outcomes may deviate from these estimates. Changes in accounting estimates are recognized in the period in which the estimates are changed. The Group is involved in claims and complaints related to the sale of goods on a continuous basis. As of year-end there were no material ongoing issues.

ESTIMATED IMPAIRMENT OF GOODWILL, LICENSES AND PROPERTY, PLANT AND EQUIPMENT

The Group tests whether goodwill and licenses have suffered any impairment on an annual basis, in accordance with the accounting policy stated in Note 2. The recoverable amounts of cash-generating units are determined based on value-in-use calculations. These calculations require the use of estimates of future cash flows from the cash-generating unit, and the application of a discount rate in order to calculate the present value of future cash flows. Expectations of future cash flows will vary over time. Changes in market conditions and expected cash flows can result in losses due to future value decreases. The value of long-term growth in demand, changes in market competition, the strength of the production stage in the value chain and thus also expectations of the long-term profit margin are also of significance. The different parameters could variously affect the value of the licenses over time. Any change in these critical assumptions will result in related write-downs, or the reversal of write-downs of the value of licenses in accordance with the accounting policies described in Note 2. Please also refer to Note 10 for further comments on tests relating to value impairment.

CLASSIFICATION OF LICENSES

A significant judgment is whether a license should be amortized over its definite life, or whether it is deemed to have an indefinite life and tested for impairment only. All licenses where the Group has no other contractual restrictions relating to the use of the licenses have indefinite lives and, as such are not amortized. Also, licenses granted with a finite useful life, but where the license holders can renew the licenses without incurring considerable expenses are assessed as indefinite lives. However, the Group's licenses in each country are subject to certain requirements and the Group risks penalties, sanctions or even license revocation if the Group fails

to comply with license requirements or related regulations. Also, local government may change the way licenses are renewed. In June 2018, B.C government announced a new approach to salmon farm tenures in BC, Canada. The new regulation will be effective from June 2022, where the licenses must be approved by both Fisheries and Oceans Canada (DFO) and the local First Nations in the area where the company has its licenses. There are several indigenous nations with different opinions on how they want to develop the salmon farming industry. The DFO wants to cooperate with companies that have licenses where the production might conflict with the wild salmon and find alternative solutions such as moving the licenses to new areas. In December 2020, the Government in Canada has decided to phase out salmon farming licenses in Discovery Islands, British Columbia, Canada West, by 30 June 2022. Grieg Seafood has applied for a judicial review of the government's decision. Impacted harvest volumes represented 5% production capacity or approximately 2 600 GWT of our total annual harvest volume in BC. Harvest volume for 2021 will not be impacted by the new regulation. We have production capacity that has not been utilized in BC, which will cover the losses of the production capacity in Canada West. The decision from the federal government will not in the long term have significant negative effect of the total production. There will be some cost to clean up the site and move the equipment to another production area. The government and the First Nations in Canada have a focus on sustainable utilization of ocean resources, and are following up that the farming industry complies with the requirements. The agreements with First Nations are set to varying durations of 5 to 25 years, but there are continuous meetings where the parties review how the collaboration has worked and agree to extend the duration of the agreement beyond 25 years or longer. Such meetings are part of the agreements. Even though the agreements cannot be said to be everlasting, the Group has nevertheless classified the licenses as indefinite lives, as finding the right depreciation profiles is very difficult. Given that it is desirable for both First Nations and the Group to have a close and good working relationship and that they want the Group to operate in the area, the Group's best estimate is that the licenses will still be classified as indefinite lives. This will be continuously assessed. If the situation changes and the Group agrees not to use the option to extend the duration of the agreement, the estimate of the remaining depreciation period must be re-evaluated. For further information, please see Note 10.

In April 2020, Grieg Seafood acquired 99% of Grieg Newfoundland AS, the holding company of the Canadian Grieg Newfoundland Ltd Group. At the end of the year Grieg Newfoundland have 8 approved licenses. The licenses are classified as indefinite lives and, as such are not amortized. The completion process for approval

of licenses is similar to Norway, where approval it is subject to certain requirements and if the Group fails to comply with licenses requirements or related regulations company may lose the right to operate. Grieg Newfoundland has also the exclusive rights to be the sole salmon farmer in the Placentia Bay area long-term. The fair value of the right to operated alone will be amortized when the production in sea have started, in 2022, over the duration of the agreement.

BIOLOGICAL ASSETS

The Group's biological assets comprise smolt and fish in the sea. Biological assets are measured at fair values less costs to sell. The measurement unit is the individual fish, however, for practical reasons, cash flows and estimates are carried out per locality. The fair value model assessed by the Group calculates the net present value of expected cash flow. Valuation is based on a different premise, many of which are non-observable. The premises are divided into the four following categories:

1. Sales price
2. Production cost
3. Volume
4. Discount rate

For mature fish (ready for harvesting) at the balance sheet date, uncertainty mainly involves realized prices and volume. For immature fish (not ready for harvesting), level of uncertainty is higher. Price, volume, discount rate are the main uncertainty factors; however, uncertainty is also related to biological transformation and mortality prior to harvest date for the fish.

Sales price

Salmon sales prices are volatile. The sales price is based on forward prices and/or the most relevant pricing information available for the period in which the fish is expected to be mature (ready for harvesting). Changes in price assumptions have the greatest impact on the fair-value estimate. The market price constitutes the basis for calculating fair value for both mature and immature fish. The forward prices for superior Norwegian salmon weighing 3-6 kg gutted weight from Nasdaq Fish Pool are applied. For fish ready for harvest, the forward price for the following month is applied. For fish not ready for harvest the forward price for the month when the fish is expected to be harvested is applied. The price is adjusted for export margin and clearing costs. This accounts for both fish ready for harvest and not ready for harvest.

Volume

Estimated harvest volume is based on estimated number of fish at the balance sheet date less estimated future mortality multiplied by optimal harvest weight (4.60 kg). Actual harvest volume may differ from the estimated volume due to changes in biological conditions or due to special events, such as a mass mortality. Estimated number of fish is based on the number of smolt released to sea, and mortality is a given percentage of the fish in sea. The normal estimated harvest weight is assessed to be the live weight

of fish that results in gutted weight of 4.0 kg. If there are any specific conditions at the balance sheet date resulting in the fish being harvested before they reach optimal weight, the estimated harvest weight is adjusted. Mortality during the period from the balance sheet date to the date when the fish reach harvest weight is estimated to be 1% of the number of incoming fish per month.

Discount rate

The sales income and remaining expenses are allocated to the same period as the fish is harvested. The cash flows from all localities where the Group has fish in the sea will then be distributed over the entire period it takes to farm the fish in the sea. With the current size of the smolt released and the frequency of the smolt releases, this period may be up to 18 months. The estimated future cash flow is discounted by a monthly rate, which is 5.0 % for Rogaland and Finnmark, and 3.5% for British Columbia per December 2020. The discount rate considers both risk adjustment (risk related to volume, cost and price), compensation for the value of the licenses (hypothetical rent) and time value (tying up capital). The reason for differentiation the discount factor per regional level is the different prerequisites for biological production and thus also a differentiation of recognized synthetic license rent. The risk adjustment shall reflect the price discount a hypothetical buyer would demand as compensation for the risk assumed by investing in live fish rather than a different investment. The longer it takes to reach harvest date, the higher the risk that something may occur that will affect the cash flow. Three significant factors could have an impact on the cash flow: volume, costs and prices. The one thing all three factors have in common is that the sample space is asymmetrical.

Due to limited access to licenses for farming fish, the license value is currently considered to be very high. For a hypothetical buyer of live fish to take over and continue to farm the fish, the buyer needs a license, locality and other permits required for such production. However, in a hypothetical market for the purchase and sale of live fish, one must assume that this would be possible. In that scenario, a hypothetical buyer would claim a significant discount to allocate a sufficient share of the returns to the buyer's own licenses. It is difficult to create a model that would allow a hypothetical annual lease cost to be derived from prices for sold licenses as the curve in the model would be based on projections of future profit performance in the industry.

A discount must be made for the time value of the tied-up capital linked to the share of the present value of the cash flow allocated to the biomass. The buyer who is investing in live fish rather than some other type of investment, would claim compensation for the alternative cost. The production cycle for salmon in the sea currently takes up to 18 months. The cash flow will therefore extend over a similar period. Assuming a constant sales price throughout the period, the cash flow would decrease for each month, as costs are incurred to farm the fish to harvested weight.

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The cost increase for every month the fish are in the sea. As such, the effect of deferred cash flow is lower than what would be the case if the cash flow had been constant. This component is however deemed important due to the major values the stock of fish represents. Please refer to Note 2 and Note 9 for further information on estimation and calculation of fish values.

Estimating remaining cost

The planned point of harvesting is assumed to be when the fish reaches a live weight of 4.60 kg, however, there may be uncertainty regarding the estimated growth rate. For immature fish the fair value is adjusted by the estimated remaining cost necessary to grow the fish to optimal harvest weight. Forecasted production costs include provisions for estimated feed prices, costs of treatment of lice and other costs to prevent biological accidents. Here, estimations are affected by uncertainty regarding the number of lice treatments to be carried out, the sea temperature and other conditions affecting growth and costs.

Significant assumptions sensitivity

The estimate of fair value of biomass will always be based on uncertain assumptions, even though the Group has built expertise in assessing these factors. There are three components to be key parameters for valuation; average price, estimated biomass volume and monthly discount rate. Please refer to Note 3 for a sensitivity analysis of these factors.

Non-current assets held for sale and discontinued operations

In 2020, we defined two disposal groups within the Grieg Seafood Group, which both has been classified as assets held for sale and presented as discontinued operations during the year. The activity within the Grieg Seafood Group have thus been separated into our continuing operations and our discontinued operations. The two disposal groups are "Ocean Quality" and "Shetland", of which the assets in the former group has been divested within year-end 2020, while the assets associated with the latter is classified as assets held for sale at the balance sheet date year end 2020.

All note disclosures in these consolidated financial statements for 2020 of Grieg Seafood have been prepared for the Group's continuing operations if not otherwise explicitly stated in the specific note disclosure.

In May 2020 Grieg Seafood announcement that the collaboration with Bremnes Fryseri AS through Ocean Quality AS (Sjór AS) will be dissolved at the end of December 2020. Grieg Seafood will establish fully owned sales organization to support growth and downstream strategy. From the second quarter Ocean Quality AS has been classified as held for sale, and the operations reported as discontinued operations. At the end of December, we sold all our shares in Ocean Quality AS to Bremnes Fryseri AS. The

discontinued operations of Ocean Quality, reported in the Grieg Seafood consolidated financial statement, has been defined as the operations related to sale of fish produced by Bremnes Fryseri AS, as well as the trading activity within Ocean Quality AS, as we will continue to sell fish produced by Grieg Seafood within our new sales organization. The entity Ocean Quality USA will be retained by Grieg Seafood, however the part of Ocean Quality USA related to sale of fish with origin from Bremnes Fryseri AS will discontinue. The Ocean Quality North America Inc. and Ocean Quality UK Ltd has not been trading fish produced from Bremnes Fryseri AS and the companies has been retained by Grieg Seafood in December 2020, has not been defined as discontinued operations. See more information in Note 5.

In November 2020, Grieg Seafood announcement that the Board has decide to divest our investment and operations in Shetland. A conclusion of the process is expected within 2021. The discontinued operation of Shetland includes the prior reporting segment of Shetland UK, in addition to the UK sales operations. The Shetland disposal group are classified as held for sale 31 December 2020, and the operations reported as discontinued operations.

The net asset values booked in the consolidated financial statements of Grieg Seafood directly associated with the Shetland assets held for sale amounts to NOK 1 481 million. A disposal group's held for sale is measured at the lower of book value and fair value less cost of sale. Fair value estimates as of 31 December 2020 indicate that the Shetland assets is not impaired, and the assets are therefore measured at book value year-end 2020. To assess the value of the assets held for sale, numerous published analyst reports, as well as statements made by finance professionals in the media, have been used as input to establish a range of likely transaction values. In addition, previous comparable acquisitions have been used as input to guide our estimate. For more information on the Shetland disposal group, see Note 5.

NOTE 5 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

All note disclosures in these consolidated financial statements for 2020 of Grieg Seafood have been prepared for the Group's continuing operations if not otherwise explicitly stated in the specific note disclosure. This Note 5 of the consolidated Grieg Seafood financial statements has been prepared for the Group's assets classified as held for sale and discontinued operations only.

THE EFFECT OF NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS:

In 2020, we defined two disposal groups within the Grieg Seafood Group, which both has been classified as assets held for sale and presented as discontinued operations during the year. The activity within the Grieg Seafood Group have thus been separated into our continuing operations and our discontinued operations. The two disposal groups are "Ocean Quality" and "Shetland", of which the assets in Ocean Quality has been divested within year-end 2020, while the assets associated with the Shetland disposal group are classified as assets held for sale at the balance sheet date year-end 2020.

The Group's Income Statement and Cash Flow Statement have been re-presented for the comparative figures of 2019 for the effects of the disposal group's Shetland and Ocean Quality. The Statement of Financial Position has not been re-presented for the comparative 31 December 2019 figures. When preparing the financial information of the two disposal group's, intercompany balances and -transactions between the entities within the disposal group's, as well with other group companies, have been eliminated in the consolidated financial statement.

OCEAN QUALITY

On 23 May 2020, we entered into an agreement with Bremnes Fryseri to dissolve the Ocean Quality sales partnership. At the same time, we announced that we would establish a fully owned sales organization to support our growth and downstream strategy. Our new global sales organization is operational in Q1 2021, and before year-end we have completed the transaction with Bremnes Fryseri to sell our shares (60%) in Ocean Quality AS. As part of the sales agreement with Bremnes Fryseri, the use of the "Ocean Quality" name shall cease, as the sales partnership "Ocean Quality" has been discontinued at year-end 2020, and Ocean Quality AS changed its legal name to Sjør AS within year-end 2020. As part of the sale, Grieg Seafood has assumed the ownership of Ocean Quality North America, Ocean Quality USA and Ocean Quality UK. These subsidiaries therefore continue to be consolidated in Grieg Seafood. Furthermore, these three subsidiaries have been renamed Grieg Seafood Sales North America, Grieg Seafood Sales

USA and Grieg Seafood Sales UK, respectively, and Ocean Quality Premium Brands, the subsidiary of Grieg Seafood Sales North America, has been renamed Grieg Seafood Premium Brands. In the remainder of this Note, entity names referred to are kept consistent with the terminology of the "Ocean Quality" disposal group.

The discontinued operations were defined as the operations related to Ocean Quality's sale of fish produced by Bremnes Fryseri, as well as the trading activity within Ocean Quality (purchase and resale of fish not produced by Grieg Seafood nor Bremnes Fryseri). Grieg Seafood ASA has assumed ownership of Ocean Quality USA, however, the part of the Ocean Quality USA sale attributable to fish produced by Bremnes Fryseri has been defined as discontinued operations.

This means that the part of Ocean Quality that related to the sale of fish farmed by Grieg Seafood has not been defined as discontinued operations, as we will continue to farm and sell our Atlantic salmon through our new sales organization.

The operations defined as discontinued under the agreement with Bremnes Fryseri, were classified as held for sale in Q2 2020. As the transaction with Bremnes Fryseri for the sale of all Grieg Seafood's shares in Ocean Quality AS was completed at 31 December 2020, the financial position of Ocean Quality AS is not consolidated into the Grieg Seafood Group at year end. All activity up until the sale 31 December 2020 is, however, reflected in the income statement and cash flow statement of Grieg Seafood. As of 31 December 2020, the net assets directly associated with the Ocean Quality disposal group relates to receivables and liabilities to be settled with Ocean Quality USA for fish sold with origin from Bremnes Fryseri from the former disposal group are still recognized in the Grieg Seafood Group's statement of financial position.

Upon deconsolidation of Ocean Quality AS at year-end 2020, we have recognized a gain of NOK 5.0 million. The gain is classified as part of the net profit (loss) from discontinued operations in 2020. The consideration between Grieg Seafood ASA and Bremnes Fryseri for the sale of Grieg Seafood's 60 % equity interest in Ocean Quality AS is based terms and clauses agreed between the parties when establishing the sales partnership. Furthermore, as part of the transaction, the brand "Ocean Quality" is dissolved, as neither Grieg Seafood nor Bremnes Fryseri can use the Ocean Quality name in the future. Lastly, through the agreements laid forth when establishing the sales partnership, both parties have, on a consistent basis, been distributed dividends from Ocean Quality generated through the sales operation carried out by the entity.

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SHETLAND

In November 2020, we announced that the Board of Grieg Seafood ASA has decided to divest the investment and operations in Shetland, as we will focus on our operations in Norway and Canada going forward. We have appointed DNB Markets and Nordea Markets to advise on a potential divestment of the Shetland assets. A conclusion of the process is expected within 2021.

The net asset values booked in the consolidated financial statements of Grieg Seafood directly associated with the Shetland assets held for sale amounts to NOK 1 481 million. See more information in Note 4 as to the book value of the Shetland assets.

The operations defined as discontinued are presented as held for sale at 31 December 2020, and the discontinued operations of Shetland are defined as the farming and sales operations by Grieg Seafood in Shetland. Thus, the discontinued operation of Shetland includes the prior reporting segment of Shetland UK, in addition to the UK sales operations.

Grieg Seafood Shetland harvested 15 705 tonnes in 2020 (11 273 tonnes in 2019). Significant volumes were harvested from the Isle of Skye towards the end of the year, which has been affected by severe biological challenges. The increased volume was offset by low market prices throughout most of the year and low price achievement on small fish from sites at Isle of Skye. Operating income from the disposal group Shetland amounted to NOK 969 million in 2020, compared to NOK 816 million in 2019. EBIT was impacted by high cost, impacted by the biological challenges at Skye. At year end 2020, only one farm remained with fish on the Isle of Skye, which will be harvested in Q1 2021.

SHETLAND: BIOLOGICAL ASSETS AT 31.12.2020	NUMBER OF FISH (1 000)	BIOMASS (TONNES)	COST OF PRODUCTION (NOK 1 000)	FAIR VALUE ADJUSTMENT (NOK 1 000)	CARRYING AMOUNT (NOK 1 000)
Biomass onshore	2 665	191	34 349	—	34 349
Biological assets with round weight < 4.60 kg	4 329	8 951	433 471	-17 953	415 518
Biological assets with round weight > 4.60 kg	—	—	—	—	—
Total	6 994	9 142	467 820	-17 953	449 867

The fair value adjustment of biological assets in Grieg Seafood Shetland has been calculated using a discount factor of 3.5 %. See Note 9 for information on the fair value assessment considerations, which also applies for Grieg Seafood Shetland.

FINANCIAL INFORMATION FOR THE HELD FOR SALE DISPOSAL GROUPS

In the following, we have included financial information for profit (loss), cash flows and classes of assets and liabilities for the disposal group's as a whole. In addition, we have also provided disaggregated information disclosing each of the disposal group's financial information.

PROFIT (LOSS) FROM DISCONTINUED OPERATIONS TOTAL (NOK 1 000)	SHETLAND*		OCEAN QUALITY		TOTAL	
	2020	2019	2020	2019	2020	2019
Operating income	968 729	816 430	3 084 108	2 704 578	4 052 837	3 521 009
Operating expenses	-1 197 303	-831 826	-3 058 240	-2 678 534	-4 255 543	-3 510 361
EBIT before fair value adjustment of biological assets	-228 574	-15 396	25 868	26 044	-202 706	10 648
Fair value adjustment of biological assets	-97 039	34 217	—	—	-97 039	34 217
EBIT after fair value adjustment of biological assets	-325 613	18 821	25 868	26 044	-299 745	44 865
Net financial items	-6 744	-9 558	10 271	9 003	3 526	-555
Impairment loss recognized on the remeasurement to fair value less cost to sell	—	—	—	—	—	—
Profit before tax from discontinued operations	-332 357	9 263	36 139	35 047	-296 219	44 310
Estimated taxation	100 838	9 665	-8 476	-8 245	92 363	1 419
Profit for the period from discontinued operations	-231 519	18 928	27 663	26 802	-203 856	45 729
Gain on the sale of the subsidiary after income tax	—	—	5 033	—	5 033	—
Net profit for the period from discontinued operations	-231 519	18 928	32 696	26 802	-198 823	45 729

*Depreciation ceased from 1 October 2020, in accordance with IFRS 5.

CLASSES OF ASSETS AND LIABILITIES OF THE DISPOSAL GROUP (NOK 1 000)	SHETLAND	OCEAN QUALITY	TOTAL
	31.12.2020	31.12.2020	31.12.2020
Classes of assets and liabilities of the disposal group			
Deferred tax assets	81 681	—	81 681
Intangible assets	556 577	—	556 577
Property, plant and equipment	719 626	—	719 626
Biological assets incl fair value	449 867	—	449 867
Inventories	24 448	—	24 448
Trade receivables and other receivables	139 516	112	139 627
Cash and cash equivalents	855	43	899
Assets directly related with the disposal group	1 972 570	155	1 972 725
Non-current liabilities	212 838	-152	212 686
Current liabilities	279 173	970	280 143
Liabilities directly associated with the disposal group	492 011	818	492 829
Net assets directly associated with the disposal group	1 480 559	-663	1 479 897

CASH FLOWS FROM DISCONTINUED OPERATIONS (NOK 1 000)	SHETLAND		OCEAN QUALITY		TOTAL	
	2020	2019	2020	2019	2020	2019
Net cash flow from operating activities	-24 966	-31 446	28 471	317 817	3 505	286 371
Net cash flow from investing activities	-77 905	-85 862	-43 632	-173	-121 537	-86 035
Net cash flow from financing activities	-118 796	-86 005	-1 366	-311 332	-120 161	-397 337
Net change in cash and cash equivalents	-221 667	-203 314	-16 526	6 312	-238 193	-197 001
Reconciliation with "Discontinued operations" in Continued Operation Cash Flow Statement:						
Net change in cash and cash equivalents*	37 459	-20 261	32 907	-6 312	70 366	-26 573
Usage of Group Account, Shetland**	184 734	222 779	—	—	184 734	222 779
Discontinued operations, other cash flow items	222 192	202 518	32 907	-6 312	255 099	196 206

*2020: Calculated as the opening balance of cash attributable to discontinued operations, as the closing balance of cash and cash equivalents is not included in the financial statement line item "cash and cash equivalents" in the balance sheet. 2019: Calculated as the net change in cash and cash equivalents for the year, because the balance sheet is not re-presented for 2019.

**Grieg Seafood Shetland, included in the disposal group "Shetland", is part of Grieg Seafood ASA' group account (cash pool) arrangement with banks. Master account of the cash pool is booked in "Cash and cash equivalents" in the balance sheet, attributable to the Group's continued operations.

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AMOUNTS INCLUDED IN ACCUMULATED OCI ASSOCIATED WITH THE DISPOSAL GROUP(NOK 1 000)	SHETLAND		TOTAL	
	31.12.2020		31.12.2020	
Currency effect on investment in subsidiaries	7 377		7 377	
Currency effects on loans to subsidiaries	88 624		88 624	
Other gains and losses	-636		-636	
Cash flow hedges	—		—	
Tax effects	-19 497		-19 497	
Accumulated other comprehensive income 31.12.	75 868		75 868	

All accumulated OCI at year-end 2020 is related to Shetland. Both the cumulative translation adjustment and the currency effect on loans to subsidiaries (with tax effects) are related to Grieg Seafood ASA' net investment in the Shetland assets. The long term loan from Grieg Seafood ASA to Grieg Seafood UK is denominated in GBP. The intercompany balances is eliminated, thus the liability is not included in the Shetland disposal group.

There are no accumulated OCI items associated with the Ocean Quality disposal group at year-end 2020.

OTHER COMPREHENSIVE INCOME RELATED TO THE DISPOSAL GROUPS FOR THE YEAR (NOK 1 000)	SHETLAND		OCEAN QUALITY		TOTAL	
	2020	2019	2020	2019	2020	2019
	Currency effect on investment in subsidiaries	20 535	6 088	—	—	20 535
Currency effects on loans to subsidiaries	1 973	17 711	—	—	1 973	17 711
Cash flow hedges	—	—	451	2 615	451	2 615
Tax effects	-434	-3 896	-99	-575	-533	-4 472
Sum	22 074	19 903	352	2 040	22 426	21 943

NOTE 6 BUSINESS COMBINATIONS

On 15 April 2020, Grieg Seafood ASA (GSF) completed the acquisition of Grieg Newfoundland AS (GNL). At the acquisition date, 99% of the shares were transferred, while the remaining 1% is subject to a put/call option accounted for as contingent consideration. GNL holds ownership in a fish farming business under development in Newfoundland, Canada.

ABOUT GRIEG NEWFOUNDLAND

The Newfoundland-project comprises currently licenses for 11 sea sites across four areas in the Placentia Bay area in Newfoundland. At year end 2020, a total of eight licenses have been approved. The remaining licenses are in different stages of application. The licenses require use of female sterile salmon in order to eliminate the risk of genetic pollution of wild Atlantic salmon in case of escape. The project includes a high-end fresh and saltwater Recirculating Aquaculture System (RAS) facility in Marystown Marine Industrial Park, close to Placentia Bay. The facility currently under construction includes a hatchery, nursery and a smolt unit. The RAS facility is planned for a dimension that may serve all future post-smolt modules, with adequate capacity to ensure necessary add-on growth. We are committed and on track to developing the project according to milestones outlined in the permits granted by the authorities. Our targeted annual harvest volume for Newfoundland is 15 000 tonnes by 2025. The first batch of eggs was delivered in July 2020. We expect to transfer smolt to sea in summer 2021, with harvest starting in 2022.

The marine sites have favorable biological conditions for salmon farming, with environmental conditions like northern Norway. The sites are exposed to high seas and will be equipped with state-of-the-art technology and systems for harsh environments. 40-meter-deep pens and underwater feeding will allow the fish to stay below layers of super-chilled or potentially warm water. We have started installing equipment at the seawater sites, and expect to have the sites ready for operation late spring 2021.

TRANSACTION

Grieg Newfoundland was a project initiated by the Grieg Group and Per Grieg Jr. in collaboration with their Canadian partner. Per Grieg Jr. is Chairman of the Board of GSF and an owner of the Grieg Group. The transaction has been approved by the General Assembly in line with the section 3-8 of the Public Limited Liability Companies Act.

The consideration is split into three parts - the net cash payment, the completion shares and contingent consideration. The negotiated subscription price for completion shares was set at NOK 140.05, corresponding to a total contribution of NOK 250 million. As the market price per share was NOK 108.20 at closing, the value of the completion shares was NOK 193.1 million.

Cost of business combination (NOK 1 000)		15.04.2020
Cash payment for the shares adjusted for leakage cost		67 558
Completion shares in Grieg Seafood ASA	250 000	
Adjusted to fair value at the transaction day	-56 858	193 142
Consideration transferred at closing		260 700
Contingent consideration		701 535
Total consideration		962 235
Total consideration		962 235
Book value of equity, excluding goodwill		78 630
Excess value		883 605

CONTINGENT CONSIDERATION

If certain production volumes are reached within the next ten years, additional payments are triggered. The additional amount becomes unconditional when GNL has reached a planned annual harvest volume of 15 000 tonnes, and the amount increases with volume until an annual harvest volume of 33 000 tonnes. The amount due is NOK 43 per kg for volumes between 15 000-20 000 tonnes, and NOK 55 per kg for volumes between 20 000- 33 000 tonnes, with a 4% per annum inflation adjustment in the period 2023-2029.

Fair value estimate of the additional amount has been arrived at by using the DCF-model based on four different scenarios of volume development and the timing of this development. Volumes exceeding 15 000 tonnes require further investments in additional post-smolt

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modules, biomass, and seafarm equipment. The high probability of such investments being made have been incorporated in the scenario analysis. The maximum nominal amount is estimated to NOK 930 million +4% annual increase in the period from 2023 to 2029. The additional amount is settled in shares in GSF and/or cash. The sellers may require a cash payment of maximum 33.34%. Further GSF has the discretion to increase the cash portion up to 100% cash. If settlement is made in shares, the number of settlement shares is calculated based on the last month's volume weighted average listed price from time the conditions are met.

CLASSIFICATION OF THE CONTINGENT CONSIDERATION

Under IFRS 3.40, an obligation to pay contingent consideration that meets the definition of a financial instrument shall be classified as a liability or equity based on the definitions in IAS 32.11. It is in GSF's sole discretion to decide whether the expansion investments are to be carried out in line with the production plan. If stage two and three of the post-smolt facilities are not constructed within ten years, the additional milestone payments will not be triggered. Thus, the contingent consideration is classified as equity. Classification as equity reflects that the sellers continue to share the risk of the operations. Only if the first phase of the operation is successful, the seller will receive a payment when the next phase is entered into. Due to the materiality of the amount, the contingent consideration is presented as a separate component of equity.

Allocation of the excess value (NOK 1 000)*	15.04.2020
Licences (incl. warranty licences)	748 017
Goodwill	677 255
Property, plant and equipment	-493 230
Indemnification assets	40 000
Excess value assets	972 041
Deferred tax	-88 436
Net excess value allocated	883 605
Assets acquired and liabilities assumed (NOK 1 000)	
Licences (incl. warranty licences)	762 171
Other intangible assets (incl. exclusivity agreement)	44 044
Property, plant and equipment	130 702
Indemnification assets	40 000
Other receivables	12 779
Cash and cash equivalents	30 628
Total assets acquired	1 020 323
Deferred tax	88 436
Long-term debt	584 639
Current liabilities	62 269
Total obligations assumed	735 344
Identified net assets	284 979
Goodwill	677 255
Net assets at acquisition	962 235

*The preliminary purchase price allocation (PPA) published in the Group's report for the second quarter and first half of 2020 has been adjusted. See the subsection "Adjustment of previously allocated excess values" below.

VALUATION OF LICENSES

Aquaculture licenses are valued assuming an indefinite useful life. At the time of the transaction, GNL had been granted a long-term exclusive right to operate in Placentia Bay and received approval for 11 site holds in the area. An awarded site hold grants an exclusive right for the holder to the farming location in question, while the application process is in progress. When the application process is finalized and approved, the site hold is converted into a fish farming license. Without the granting of a farming license, the value of the site holds is deemed to be immaterial. At the time of the transaction, three of the site holds were approved and converted to fish farming licenses, in addition one freshwater license was approved. For site holds with a fish farming license granted at the transaction date, valuation is based on expected volumes using reasonable income and cost assumptions to the amount of NOK 213.5 million value added per license. For three

additional site holds, the seller has granted a warranty as to the value of the license. If a farming license is not obtained for three additional sites within 31 December 2021, the seller is obliged to compensate for loss incurred by the non-receipt of the licenses in the period 2020-2021. However, if the licenses are granted within 31 December 2024, the compensation will be based on the calculated loss in the intermediate period up until the licenses are granted. The compensation is capped at NOK 122.5 million. The approval of the license is valid for five years until it must be renewed, but this is merely a formality if conditions in the licenses are adhered to. The exclusivity agreement states that GNL has the exclusive right to the area Placentia Bay for a period up to 20 years. We expect to be the sole or leading operator in the area, creating high barriers of entry to other operators.

EXCLUSIVITY CONTRACT

GNL has received a grant to operate in the production area in Placentia Bay, and an exclusivity agreement for 12 years plus an option of eight years. This means no one else can operate in this geographical area in this period, which is similar to a non-compete advantage. The book value of the cost for the work with the documentation and meetings required in the application process to receive the exclusivity agreement is NOK 38.7 million. The book value is considered a reasonable proxy for the fair value of the exclusivity. This exclusivity will be depreciated over the duration of the agreement.

GOODWILL

Intangible assets that do not meet the conditions for separate recognition are subsumed into goodwill. The project GNL has been going on for some years, where the sellers have developed the area for salmon farming and started construction of a high-end RAS facility, providing a going-concern value. The exclusive rights to be the sole salmon farmer in the Placentia Bay area long-term, reduces biological risk, with long distances and low interconnectivity between sites, thus providing synergies between the various components of the facilities. The sites and production areas are minimum 100-meter-deep, have good currents and optimal oxygen levels. Goodwill also covers the licenses pending approval. At year-end 2020, eight licenses are finally approved, while three are in different stages of application. Newfoundland is also close to the US market, which may create synergies with existing operations in British Columbia. Lastly, a portion of the goodwill reflects the difference between the fair value and nominal value of deferred tax liabilities, in particular for the licenses that are deemed to have indefinite useful life.

TAX

For valuation purposes and calculation of deferred tax liabilities, the tax rate is set to 30% which is the current tax rate in Canada for private companies controlled by non-Canadians.

TRANSACTION COST

Total transaction cost related to the acquisition is NOK 14 million, included in other operating expenses.

ADJUSTMENT OF PREVIOUSLY ALLOCATED EXCESS VALUES

In accordance with IFRS 3.45, the measurement period for the Purchase Price Allocation (PPA) can be up to 12 months from the transaction date. Upon preparation of the Group's consolidated financial statements for 2020, we have conducted a reassessment of the preliminary PPA to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The preliminary amounts recognised in our published report for the second quarter and first half of 2020 have been adjusted retrospectively in accordance with IFRS 3.

To best reflect the actual underlying values as they were identified in the transaction, significant amount of the fair value has been shifted from the freshwater facility on land (property, plant and equipment) to licenses and goodwill (intangible assets). The adjustment has been made due to certain elements of the facility on land being designed or constructed in a manner that result in a too expensive construction of the assets. As such, we believe that the historic cost of the property, plant and equipment does not accurately reflect the fair value of the land facility.

This fact was known to Grieg Seafood at the time of negotiations and was as such reflected in the negotiated purchase price. However, due to the estimation uncertainty, the allocation to facilities on land were preliminary based on historical cost figures. During the year, Grieg Seafood has been able to prepare a more accurate measurement of the fair value for the property, plant and equipment which has resulted in significant changes to the preliminary measurement of identifiable assets and liabilities. Due to a special warranty regarding the expected cost overrun on the RAS facility, the Seller shall reimburse NOK 40 million to the purchaser. The amount has been recognised in the adjusted PPA as Indemnification Assets and presented on a separate line item in the Group's statement of financial position.

OUR FINANCIAL RESULTS

Allocation of the excess value (NOK 1 000)	15.04.2020		
	Preliminary PPA	Change	Adjusted PPA
Goodwill*	588 082	89 172	677 255
Licences	299 717	325 800	625 517
Warranty licences	122 500	—	122 500
Property, plant and equipment	—	-493 230	-493 230
Indemnification assets**	—	40 000	40 000
Total assets	1 010 299	-38 258	972 041
Equity, contingent consideration	701 535	—	701 535
Equity, other equity	182 071	—	182 071
Deferred tax liabilities	126 694	-38 258	88 436
Total equity and liabilities	1 010 299	-38 258	972 041

*Goodwill on excess values and technical goodwill due to deferred tax liabilities

**Special warranty claim against the sellers of Grieg Newfoundland AS.

FINANCIAL RESULTS

As of 31 December 2020, GNL is not yet operational, as we have worked on current construction activities as well as tested the production unit. The first batch of eggs was delivered in July 2020. We expect to transfer smolt to sea in summer 2021, with harvest starting in 2022.

The loss before tax from 15 April to 31 December for the Grieg Newfoundland sub-group, in Grieg Seafood consolidated, was NOK -82.8 million, of which NOK -51.9 million was due to disagio on financing. EBIT from the same period was NOK -35.9 million. It is our view that proforma financial results for the period 1 January 2020 to 31 December 2020 does not provide any relevant information.

NOTE 7 INVESTMENT IN ASSOCIATES

Associates that are closely related to the Group's operations and included in the Group's value chain are classified on a separate line in EBIT when the relevant associates operate in the same position in the value chain as the Group. For 2019 and 2020, no investments were classified on a separate line after EBIT.

In 2019, the Group, through Grieg Seafood Finnmark AS, has invested NOK 1.2 million in Nordnorsk Smolt AS to acquire 50% of the company's shares. The remaining shareholdings are held by Norway Royal Salmon ASA (50%). Nordnorsk Smolt AS is located in Troms and Finnmark county, Norway. The expansion of the smolt facility of Nordnorsk Smolt AS has been financed by loan from the shareholders during the development and expansion period. The loan has been converted to equity at the end of 2019, to strengthen the balance. Planned production is approximately 800 tonnes of smolt per year. At 31 December 2020, Grieg Seafood Finnmark has provided a long-term loan to Nordnorsk Smolt AS, amounting to 1.9 million, which is included in other non-current receivables. The interest is booked as current receivables.

In 2018, the Group, through Grieg Seafood Rogaland AS, invested NOK 30 million in Tytlandsvik Aqua AS to acquire 33.33% of the company's shares. The remaining shareholdings are held by Bremnes Seashore AS (33.33%) and Vest Havbruk AS (33.33%). Tytlandsvik Aqua AS is located in Ryfylke in Rogaland, Norway. Through Tytlandsvik Aqua AS, the partners will secure increased and improved access to post smolt and are planning for an annual production capacity of 3 000 tonnes, of which Grieg Seafood's share of the volume is 50%. A total of approximately NOK 300 million has been invested in the facility, which was completed according to plan at the end of 2018. The production started at the beginning of 2019.

The investment in Tytlandsvik Aqua AS and Nordnorsk Smolt AS are classified on a separate line in the balance sheet, and the share of profit is included in EBIT. Total recognized share of profit/loss from associates in 2020 was NOK 3.4 million and the total book value was NOK 84 million at 31 December 2020.

ASSOCIATES CLASSIFIED AS OPERATIONS	EQUITY INTEREST AT 31.12.2020	BOOK VALUE AT 01.01.2020 NOK 1 000	PROFIT/LOSS 2020 NOK 1 000	CHANGES IN THE PERIOD, INCL. REPAID CAPITAL NOK 1 000	BOOK VALUE AT 31.12.2020 NOK 1 000
Nordnorsk Smolt AS	50.00 %	42 433	-1 169	—	41 264
Tytlandsvik Aqua AS	33.33%	38 638	4 520	—	43 158
Total associates classified as operations		81 071	3 350	—	84 421

The share issue and shareholder agreement for Nordnorsk Smolt were signed on 30 June 2019. Value added relating to the investment has been allocated to hatcheries under construction, based on provisional accounting figures from Nordnorsk Smolt AS at the acquisition time.

AT 31.12.2020	TIME OF INVESTMENT	EQUITY INTEREST	FAIR VALUE ADJUSTMENT HATCHERY NOK 1 000	DEPRECIATION OF FAIR VALUE ADJUSTMENT NOK 1 000	BOOK VALUE OF FAIR VALUE ADJUSTMENT NOK 1 000
Nordnorsk Smolt AS	01.07.2019	50.00%	17 022	2 553	14 469
Tytlandsvik Aqua AS	01.06.2017	33.33%	14 600	1 754	12 847
Total ownership			31 623	4 307	27 316

The share issue and shareholder agreement for Nordnorsk Smolt were signed on 30 June 2019. Fair value adjustment relating to the investment has been allocated to hatcheries under construction, based on provisional accounting figures from Nordnorsk Smolt AS at the acquisition date. The value added is amortized from the date of acquisition.

Tytlandsvik Aqua AS the share issue and shareholder agreement were signed on 1 June 2017. Fair value relating to the investment has been allocated to hatcheries under construction, based on provisional accounting figures from Tytlandsvik Aqua as at 31 December 2018. The fair value adjustment is amortized from the time the facility was completed and commissioned.

OUR FINANCIAL RESULTS

Tytlandsvik Aqua AS and Nordnorsk Smolt has the same financial year as the Group. The following table displays provisional financial information at 31 December 2020 (100%).

AT 31.12.2020 NOK 1 000	TOTAL ASSETS	TOTAL LIABILITIES	TOTAL EQUITY	OPERATING INCOME	PRE-TAX PROFIT/LOSS
Nordnorsk Smolt AS	106 902	53 313	53 589	72 624	1 438
Tytlandsvik Aqua AS	442 539	351 596	90 943	171 548	19 464

ASSOCIATES CLASSIFIED AS OPERATIONS	EQUITY INTEREST AT 31.12.2019	BOOK VALUE AT 01.01.2019 NOK 1 000	PROFIT/LOSS 2019 NOK 1 000	CHANGES IN THE PERIOD, REPAID CAPITAL NOK 1 000	BOOK VALUE AT 31.12.2019 NOK 1 000
Nordnorsk Smolt AS	50.00%	—	-1 304	43 737	42 433
Tytlandsvik Aqua AS	33.33%	37 122	1 516	—	38 638
Total associates classified as operations		37 122	211	43 737	81 071

AT 31.12.2019	TIME OF INVESTMENT	EQUITY INTEREST	FAIR VALUE ADJUSTMENT HATCHERY NOK 1 000	DEPRECIATION OF FAIR VALUE ADJUSTMENT NOK 1 000	BOOK VALUE OF FAIR VALUE ADJUSTMENT NOK 1 000
Nordnorsk Smolt AS	01.07.2019	50.00%	17 022	851	16 171
Tytlandsvik Aqua AS	01.06.2017	33.33%	14 600	294	14 306
Total ownership			31 623	1 145	30 478

AT 31.12.2019 NOK 1 000	TOTAL ASSETS	TOTAL LIABILITIES	TOTAL EQUITY	OPERATING INCOME	PRE-TAX PROFIT/LOSS
Nordnorsk Smolt AS	113 495	60 973	52 523	32 925	-6 783
Tytlandsvik Aqua AS	322 747	249 746	73 001	10 107	6 711

NOTE 8 SEGMENT INFORMATION

The segment information is provided for the Group's continuing operations. Information regarding the Group's discontinuing operations is disclosed in Note 5.

The operating segments are identified on the basis of the reports which Group management (the chief decision-maker) uses to assess performance and profitability at a strategic level. Group management assesses business activities from a geographical perspective, based on the location of assets. The operating segments are divided geographically by country or region, based on the reporting applied by Group management when assessing performance and profitability at a strategic level. Earnings from the sales companies in the Group is reported per producer.

The Group has only one production segment: Production of farmed salmon. Geographically, management assesses the results of production in Rogaland – Norway, Finnmark – Norway and BC – Canada. In Q4 2020, Grieg Seafood defined the reporting segment "Shetland-UK" (included in the segment information up until and including 2019), as part of the disposal group held for sale "Shetland". The segment information has been re-presented to be comparable.

Group management evaluates the results from the segments based on EBIT before value adjustments of biological assets. The method of measurement excludes the effect of non-recurring costs, such as restructuring costs, legal costs on acquisition and amortisation of goodwill and intangible assets when amortisation is attributable to an isolated event which is not expected to recur. The measurement method also excludes the effect of cash-settled share options, as well as unrealised gains and losses on financial instruments, and ownership costs. These gains/losses and costs are reported in the "Elim/Other" column in the segment information of Grieg Seafood. In 2020, ownership costs also include acquisition costs and current operating costs of Grieg Newfoundland, as well as lawyer fees related to the EU commission investigation.

The Group's customers are divided into different geographical markets. Up until year-end 2020, Ocean Quality carried out the Group's sales activity. The Group divested all its shares in Ocean Quality AS year-end 2020 to Bremnes Fryseri AS, which up until the sale held a non-controlling interest in the sales company. In Q2 2020 Grieg Seafood announced the divestment of Ocean Quality, and the 2020 and comparing 2019 financial information has thus been prepared for the Group's continued operations. 2019 segment information is re-presented to be comparable. See more information in Note 5.

The Group's revenues mainly comprise revenues from sale of whole and processed fish and some ensilage. Furthermore, the Group also generates revenues from sale of roe and harvest services to external parties. Sales revenues are recognized at the point in time when control of the fish has been transferred to the customer. This will normally be upon delivery. In 2020, sale of whole fish (fresh and frozen) constituted 90 % (2019: 92%) of the Group's sales revenues (excluding other products), while processed fish constituted 10 % (2019:8%).

Specification of the Group's revenue from contract with customers per geographical market and per type of product are disclosed in this Note. The sales revenues are recognised at point in time.

OUR FINANCIAL RESULTS

SALES REVENUES FROM CONTRACTS WITH CUSTOMERS, BY GEOGRAPHICAL MARKET NOK 1 000	Norway		BC		Total			
	2020	2019	2020	2019	2020	2020 %	2019	2019
EU	1 964 336	2 481 456	—	—	1 964 336	45%	2 481 456	52%
UK	401 378	270 190	—	—	401 378	9%	270 190	6%
USA	23 227	967	871 033	644 354	894 260	20%	645 321	14%
Canada	4 193	105 916	376 388	251 319	380 581	9%	357 235	8%
Russia	—	—	—	—	—	—	—	—
Asia	605 842	852 670	85 459	66 403	691 301	16%	919 073	19%
Other markets	52 501	82 431	—	—	52 501	1%	82 431	2%
Total	3 051 476	3 793 629	1 332 881	962 076	4 384 357	100%	4 755 705	100%

SALES REVENUES FROM CONTRACTS WITH CUSTOMERS, BY DISTRIBUTED PRODUCTS NOK 1 000	NORWAY		BC		TOTAL	
	2020	2019	2020	2019	2020	2019
Fresh whole fish	2 740 344	3 487 049	1 107 890	790 431	3 848 234	4 277 480
Frozen whole fish	3 287	375	19	—	3 306	375
Fresh processed fish	173 250	194 558	220 947	171 277	394 197	365 836
Frozen processed fish	24 412	22 253	167	38	24 579	22 291
Other products	110 181	89 393	3 858	330	114 040	89 723
Total	3 051 475	3 793 629	1 332 881	962 076	4 384 357	4 755 705

Information reported to Group management from the reporting segments.

GEOGRAPHICAL SEGMENTS NOK 1 000	NORWAY ROGALAND		NORWAY FINNMARK		CANADA BC		OTHERS/ ELIMINATIONS, 4)		GRIEG SEAFOOD GROUP	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Sales revenues, 1)	1 309 554	1 538 871	1 389 011	1 815 257	1 194 672	861 361	491 119	540 215	4 384 357	4 755 705
Other income 2)	31 973	53 234	566	—	1 029	3 488	-4 880	-33 326	28 688	23 397
Other gain/losses 3)	136	185	-2 241	6 401	-2 636	-756	-45	-2 218	-4 786	3 612
Share of profit from associates	4 520	1 516	-1 169	-1 304	—	—	—	—	3 350	211
Operating costs before depreciation and amortisation	-952 879	-935 367	-1 113 980	-1 104 887	-1 094 740	-718 193	-648 079	-640 482	-3 809 678	-3 398 929
EBITDA before fair value adjustment of biological assets	393 304	658 439	272 187	715 467	98 324	145 900	-161 884	-135 809	601 932	1 383 996
Depreciation, amortization and reversals	-101 005	-90 210	-144 763	-135 310	-105 749	-72 585	-17 357	-8 966	-368 874	-307 071
EBIT before fair value adjustment of biological assets	292 299	568 229	127 424	580 157	-7 425	73 315	-179 242	-144 775	233 057	1 076 926
Harvesting volume (tonnes GWT)	23 043	25 217	26 919	32 362	21 181	14 120			71 142	71 700
EBIT/kg (NOK)	12.7	22.5	4.7	17.9	-0.4	5.2			3.3	15.0
Assets	2 023 442	1 997 262	2 996 414	2 917 782	1 455 341	1 614 711	2 201 605	2 404 929	8 676 801	8 934 684
Assets classified as held for sale	—	—	—	—	—	—	1 972 725	—	1 972 725	—
Total assets	2 023 442	1 997 262	2 996 414	2 917 782	1 455 341	1 614 711	4 174 330	2 404 929	10 649 527	8 934 684
Liabilities	995 977	602 446	1 555 995	1 148 940	698 702	742 417	2 535 106	2 300 038	5 785 781	4 793 840
Liabilities directly associated with the assets held for sale	—	—	—	—	—	—	492 829	—	492 829	—
Total liabilities	995 977	602 446	1 555 995	1 148 940	698 702	742 417	3 027 935	2 300 038	6 278 609	4 793 840

1) Sales revenues equals the Group's revenue from contracts with customers.

2) Other income mainly relates to the settlement of insurance and other services not directly related to production.

3) Other gains/losses include items such as foreign currency, and sale of fixed assets and other equipment.

4) Elim./other includes bonus and share of profit from sales entities to Grieg Seafood farming entities/producers. Other items comprise the profit/loss from activities conducted by the parent company or other Group companies not geared for production. Internal transactions between group companies are eliminated and included in the "Elim./other" column. Sales revenue generated from sale of fish not produced by the Group is also included in Elim./other. Net costs of Elim./other for 2020 are higher than 2019 and primarily due to acquisition costs and current operating costs from the time of acquisition to the reporting date related to Grieg Newfoundland.

GROUP EBIT NOK 1 000	2020	2019
EBIT before fair value adjustment of biological assets	233 057	1 076 926
Fair value adjustment of biological assets (Note 9)	-289 705	-254 931
EBIT after fair value adjustment of biological assets	-56 648	821 995
Net financial items (Note 24)	-247 792	-25 679
Profit before tax	-304 440	796 315
Income tax expense	-11 557	-197 137
Profit for the year	-315 997	599 179

NOTE 9 BIOLOGICAL ASSETS AND OTHER INVENTORIES

	TONNES		NOK 1 000	
	2020	2019	2020	2019
Biological assets at 01.01.	67 614	56 399	3 437 948	3 195 142
Biological assets classified as held for sale*	-11 480	-8 311	-641 389	-477 295
Currency translation differences	N/A	N/A	1 442	34 518
Increase due to production	80 748	93 403	3 407 539	2 912 299
Decrease due to abnormal mortality/loss	-4 844	-3 058	-177 225	-114 508
Decrease due to sales	-79 419	-82 299	-3 121 283	-2 515 133
Fair value adjustment at 01.01.	N/A	N/A	-708 355	-946 819
Fair value adjustment in connection with business acquisition	N/A	N/A	N/A	N/A
Fair value adjustment at 31.12.	N/A	N/A	347 227	708 355
Book value of biological assets at 31.12. ex. Shetland	52 619	56 134	2 545 903	2 796 559
Assets classified as held for sale in 2020- incl. in biological assets at 31.12.2019	N/A	11 480	N/A	641 389
Biological assets at 31.12.	52 619	67 614	2 545 903	3 437 948

*This Note is prepared for the Group's continued operation. In 2020, we have classified our Shetland assets as held for sale and treated the operations as discontinued operations. The movement table above is prepared for the Group's continued operations, and the comparable 2019 movement table is re-presented to be comparable, including the closing balance of the financials directly related to the assets classified as held for sale to be comparable with the balance sheet. See more information in Note 5.

RECOGNIZED FAIR VALUE ADJUSTMENT	2020	2019
Change in fair value adjustment of biological assets (1)	-361 128	-238 464
Currency adjustment of fair value adjustment of biological assets	-16 511	-2 897
Change in physical delivery contracts relating to fairvalue adjustment of biological assets (2) (Note 26)	—	-1 577
Change in fair value of financial derivatives from salmon (Fish Pool contracts) (3)	87 933	-11 993
Total recognition of fair value adjustment of biological assets	-289 705	-254 931

The biological assets are, in accordance with IAS 41, measured at fair value, unless the fair value cannot be measured reliably. Broodstock and smolt are measured at cost less impairment losses. Fair value of biological assets is calculated on a discounted cash flow based present value model, which does not rely on historical cost.

Recognized value adjustments of biological assets include:

1. Fair value adjustments of biological assets
2. Fair value (liability) change in loss contracts
3. Change in unrealized gains/losses from financial purchases/sales contracts (derivatives) from fish at Nasdaq Fish Pool

Provisions allocated to future physical delivery contracts that require fair value adjustments are recognized as other current liabilities in the balance sheet. The contracts are calculated based on the same forward prices used for fair value calculation of biological assets. Value adjustment of financial derivatives from salmon are recognized in the balance sheet as derivatives and other financial instruments. Financial derivatives are calculated at market value. Please refer to Note 3 for further information.

For further information on accounting policies for biological assets, please refer to Note 2 and Note 4.

BASIS FOR VALUES	BC	SHETLAND	NORWAY
Weighted price per kg GWT	CAD 9.03	GBP 5.31	NOK 54.16
Source	Nasdaq Fish Pool	Nasdaq Fish Pool	Nasdaq Fish Pool

Forward prices from Nasdaq Fish Pool as stated above are adjusted for expected quality reductions and stated before logistics expenses. The standard deduction for quality reduction is considered. Forward prices are weighted in relation to the intended harvesting period. The price for BC is based on the forward price in Norway adjusted for historical differences in price levels between Norway and Canada. The same principle applies to Shetland. Estimated harvesting and logistics expenses are deducted. Forward exchange rates are used to translate prices into CAD and GBP in relation to the harvesting period.

The estimated future cash flow is discounted by a monthly rate, which are assessed individually for each region. The discount factor reflects a combination of the cost of capital for the biomass, risk discounting and synthetic licenses rent. The reason for differentiating the discount factor per regional level is the different prerequisites for biological productions and thus also a differentiation of recognized synthetic license rent. From 2019 to 2020 there has been a changes in the discount rate for all our regions. See the table below and the Note 4 for more information.

BASIS FOR VALUES DISCOUNT RATE PER REGION	2020	2019
Rogaland	5.0%	6.0%
Finnmark	5.0%	6.0%
BC	3.5%	6.0%
Shetland	N/A	6.0%

SPECIFICATION OF OUR BIOLOGICAL ASSETS IN THE REGIONS OF ROGALAND, FINNMARK AND BRITISH COLUMBIA, INCL. ABNORMAL MORTALITY:

STATUS OF BIOLOGICAL ASSETS	NUMBER OF FISH 1 000	BIOLOGICAL ASSETS TONNES	ACCRUED COST OF PRODUCTION NOK 1 000	FAIR VALUE ADJUSTMENT NOK 1 000	BOOK VALUE NOK 1 000
2020					
Biological assets onshore *	19 617	699	139 360	—	139 360
Immature fish in sea, round weight < 4.60 kg	26 933	43 419	1 795 414	321 444	2 116 858
Mature fish in sea, round weight > 4.60 kg	1 498	8 500	263 902	25 782	289 684
Total	48 048	52 619	2 198 676	347 227	2 545 903
2019 ex. Shetland					
Biological assets onshore *	19 692	685	148 368	—	148 368
Immature fish in sea, round weight < 4.76 kg	28 378	55 247	1 931 734	706 909	2 638 642
Mature fish in sea, round weight > 4.76 kg	41	202	8 103	1 446	9 549
Total	48 111	56 134	2 088 205	708 355	2 796 559

* Smolt production

Abnormal mortality - write-down

Cost related to abnormal mortality will be immediately recognized in profit or loss and presented as "decrease due to abnormal mortality/loss" in the table above. Normal mortality is classified as part of the production cost. The classification of mortality only affects the note presentation, and hence not the fair-value calculation. The main causes of abnormal mortality during 2020, were lice treatment and PD in Rogaland, winter ulcers in Finnmark and low DO and algae blooms in BC.

OUR FINANCIAL RESULTS

ABNORMAL MORTALITY - WRITE-DOWN	NUMBER OF FISH 1 000	BIOLOGICAL ASSETS TONNES	AVERAGE SIZE KG	ACCRUED COST OF PRODUCTION NOK 1 000
2020				
Biological assets onshore *	1 714	1 184	0.69	40 066
Immature fish in sea, round weight < 4.60 kg	1 104	2 610	2.36	97 392
Mature fish in sea, round weight > 4.60 kg	227	1 050	4.63	39 766
Total	3 045	4 844	1.59	177 224
2019 ex. Shetland				
Biological assets onshore *	1 000	—	0.00	3 982
Immature fish in sea, round weight < 4.76 kg	783	1 726	2.20	68 399
Mature fish in sea, round weight > 4.76 kg	229	1 332	5.82	42 127
Total	2 012	3 058	1.52	114 508

* Smolt production

OTHER INVENTORIES NOK 1 000	2020	2019
Raw materials (feed) at cost price	65 857	92 135
Roe	4 176	19 760
Other (goods in transit, frozen fish, supplementary products)	7 968	65 952
Total inventories	78 001	177 847
Impairment of inventories recognized at year-end	5 518	—

COST OF RAW MATERIALS AND CONSUMABLES PURCHASED NOK 1 000	2020	2019
Inventories at 01.01. (inverted number)	-177 841	-126 092
Raw materials and consumables purchased	-1 617 439	-1 550 231
Inventories at 31.12.	78 001	177 841
Total	-1 717 279	-1 498 482

Raw materials and consumables used mainly comprises feed, roe, recognition of extraordinary mortality, and external purchase of fish in the sales company, Sjør AS (previously known as Ocean Quality AS).

NOTE 10 INTANGIBLE ASSETS

2020 NOK 1 000	GOODWILL	FISH FARMING LICENSES – INDEFINITE LIVES	FISH FARMING LICENSES – FINITE LIVES	OTHER INTANGIBLE ASSETS	TOTAL
Book value at 01.01.	109 526	1 112 136	21 495	16 205	1 259 360
Assets classified as held for sale*	-78 781	-477 867	—	-26	-556 675
Acquisition of business	677 255	762 171	—	38 720	1 478 146
Currency translation differences	-69 981	-79 511	-86	-5 116	-154 695
Additions	—	159 066	—	7 980	167 046
Disposals	—	—	—	—	—
Amortization	—	—	-1 491	-7 206	-8 696
Reclassifications	—	17 425	-4 885	-12 542	—
Book value at 31.12.	638 019	1 493 419	15 034	38 015	2 184 486
ACCUMULATED VALUES					
Acquisition cost	727 622	1 493 419	43 094	73 917	2 338 052
Accumulated amortization	—	—	-28 061	-35 902	-63 963
Accumulated impairments	-89 603	—	—	—	-89 603
Book value at 31.12.	638 019	1 493 419	15 034	38 015	2 184 486

See Note 2 for information on useful economic lifetime of assets, and Note 12 for information on assets pledged as security for financial liabilities.

*This Note is prepared for the Group's continued operations. In 2020, we have classified our Shetland assets as held for sale and treated as discontinued operations. In addition, we have sold all our shares in Ocean Quality AS in 2020, which also was treated as discontinued operations. The movement table above is prepared for the Group's continued operations, and the comparable 2019 movement table is re-presented to be comparable, including the closing balance of the financials directly related to the assets classified as held for sale to be comparable with the balance sheet. See more information in Note 5.

2019 NOK 1 000	GOODWILL	FISH FARMING LICENSES – INDEFINITE LIVES	FISH FARMING LICENSES – FINITE LIVES	OTHER INTANGIBLE ASSETS*	TOTAL
Book value at 01.01.	109 015	1 099 744	21 917	25 174	1 255 850
Assets classified as held for sale*	-78 383	-471 100	—	-42	-549 525
Currency translation differences	114	5 625	996	-1	6 733
Additions	—	—	—	1 636	1 636
Disposals	—	—	—	-6 337	-6 337
Amortization	—	—	-1 419	-4 252	-5 671
Reclassifications	—	—	—	—	—
Book value at 31.12 excl assets classified as held for sale	30 745	634 268	21 495	16 178	702 685
Assets classified as held for sale*	78 781	477 867	—	26	556 675
Book value at 31.12.	109 526	1 112 136	21 495	16 205	1 259 360
ACCUMULATED VALUES					
Acquisition cost	199 129	1 112 136	51 907	46 166	1 409 338
Accumulated amortization	—	—	-30 413	-29 961	-60 375
Accumulated impairments	-89 603	—	—	—	-89 603
Book value at 31.12.	109 526	1 112 136	21 495	16 205	1 259 360

See Note 2 for information on useful economic lifetime of assets, and Note 12 for information on assets pledged as security for financial liabilities.

*See the information below the 2020 table in this Note.

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LICENSES

The tables below provide an overview of the Group's licenses. See Note 2 for further information on licenses.

Canada - BC

All owners of industrial open net pens must be approved by the the Department of Fisheries and Oceans Canada (DFO), who has regulated the industry since 2009. From 2022, farming companies need to obtain support from local First Nations in the area where the company has its licenses, together with the DFO. 66 % of our production in BC is under First Nations agreements. Each local First Nations establishes its own protocol and procedures for engaging with companies operating in its territory. Grieg Seafood BC are working with all local First Nations in their area of its operations and have positively engaged with all of them. The new regulation will contribute to a more sustainable future for local communities and workers. We expect that the changes will not affect the definition of indefinite useful life of licenses in Canada. See Note 4 for further information.

CANADA - BC FARM/AREA**	CAPACITY PER LOCATION TONNES
Ahlstrom	1 100
Atrevida	3 300
Barnes bay	3 000
Noo-La	4 400
Conception	4 100
Culloden	1 500
Esperanza	3 600
Gore	4 100
Hecate	4 000
Muchalat N.	4 100
Muchalat S.	3 900
Salten	1 500
Site 13	900
Steamer Point	3 600
Tsa-ya	3 000
Vantage	1 500
Williamson	3 900
Wa-kwa	3 600
Lutes	3 900
Total	59 000

NORWAY LICENSE CATEGORY*	TOTAL NUMBER	CAPACITY TONNES
Seawater licences	34	30 853
Green licences	8	7 743
R&D permit	1	780
Broodstock	3	2 340
Smolt	3	4 045
Harvesting cage	2	1 106
Education	2	1 560
Total	53	48 427

* Finnmark and Rogaland are renting education licenses from Troms and Finnmark and Rogaland County respectively.

** The capacity in BC is merely theoretical capacity, as all locations cannot be utilized simultaneously.

CANADA - NEWFOUNDLAND

Newfoundland currently holds 8 licenses, with the aim to develop additional licenses as the project progresses. The regulations for salmon farming in Placentia Bay are based on the number of fish in the sea at any one site. Per license there is a maximum of 1 million fish in the sea in the first generation, and a maximum of 2 million fish in the second generation. In addition there are in place regulations related to following and adherence to certain environmental indicators.

IMPAIRMENT TESTING OF GOODWILL AND LICENSES

No impairments were recognized for goodwill or licenses in 2020 or 2019. Goodwill and licenses with indefinite economic lives are subject to an annual impairment test. Tests are performed more frequently where indications of impairment exist. Licenses with finite useful lives are tested for impairment only if there are indications of a decline in value. The estimated value in use (VIU) is used as a basis for calculating the recoverable amount, except for Grieg Newfoundland where the fair value less cost of disposal (FVLCD) has been used as basis for recoverable amount. An impairment is deemed to exist when the carrying value is higher than the recoverable amount. Grieg Newfoundland is a new segment from 2020. As at the date of control, 15 April, the RAS-facility was under completion, and the first batch of eggs was delivered to our freshwater facility in July 2020. The first smolt will be transferred to sea in 2021. The investments in sea-farming equipment has not yet started, but will be completed when the smolt is going to sea and the volume increases. See note 6 for information about the business combinations of Grieg Newfoundland. At the end of 2020 Grieg Seafood Shetland is held for sale and therefore not included in this impairment. See information in Note 5 for book value.

CASH-GENERATING UNIT NOK 1 000	LOCATION	BOOK VALUE OF RELATED GOODWILL	BOOK VALUE OF LICENSES	TOTAL
Rogaland	Norway	20 463	253 635	274 098
Finnmark	Norway	—	397 218	397 218
British Columbia (BC)	Canada	10 265	159 092	169 357
Newfoundland	Canada	607 291	698 508	1 305 799
Total value		638 019	1 508 453	2 146 472

Goodwill arises on the acquisition of the subsidiaries and the goodwill is measured based on a group of CGU's that are expected to benefit from the synergy effects in the overall segment. Annual impairment test is carried out for goodwill and licenses. The recoverable amount is determined based on value-in-use calculations except for Grieg Newfoundland which has been based on FVLCD. These calculations use after tax cash flow projections based on financial budgets from the respective cash-generating units over a three-year period. Cash flows beyond the three-year period are extrapolated using the estimated growth, rates stated below.

The estimated growth rate corresponds to expected inflation. For Newfoundland the period is 10 years based on the first harvest in 2022 and the production is first up and run in 2030. The first years the production volume is estimated to be fairly small to begin with, and the cash flow will be negative the first five years until the production has increased.

Assumptions used for estimating recoverable amount	Rogaland	Finnmark	BC	Newfoundland
Budget period	3 years	3 years	3 years	10 years
Increase in revenues in budget period	39 %	64 %	10 %	38 %
EBITDA margin 1)	19% - 36%	23% - 35%	11% - 28%	-20%--32%
EBITDA margin in terminal period	36 %	33 %	28 %	31 %
Harvest growth – tonnes 2)	37 %	44 %	-11 %	N/A
Required rate of return before tax 3)	8.3 %	8.3 %	8.9 %	13.6 %
Required rate of return after tax 3)	6.5 %	6.4 %	6.5 %	9.5 %
Growth rate 4)	1 %	1 %	1 %	1 %

As stated above, the budget period/explicit period is three years, for Rogaland, Finnmark and BC. Impairment tests are initially based on the Group's rolling four-year projections, which are also used in connection with the Group's liquidity planning. The estimated increase in future price level is calculated using Fish Pool projections for future prices, taking into account quality reductions and shipping. Newfoundland is a new region from 2020, the impairment test is based on a fair value less cost of disposal (FVLCD). In practice the valuation model used in the PPA may serve as a starting point with updating the various input factors. To estimate FVLCD we used a period of 10 years to reflect full utilisation for production as steady state in the terminal year. The first smolt to sea will be in summer 2021 with first harvesting in 2022. The production will slowly be increase as the facility is completed. Harvest volume will increase from approximately 3 750 tonnes in 2022 to 15 000 tonnes in 2025, and further grow to 37 500 tonnes in 2030.

Other comments/explanations on assumptions applied in impairment testing are presented below.

1. Budgeted EBITDA margin. The margin remains more stable for the Norwegian regions, and is assumed to increase for our overseas

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regions during the budget period. Increase in harvest volume is assumed in all regions towards 2024.

2. The growth rate in the harvested volume in the budget period (nominal growth rate) is measured against the 2020 volume. A corresponding increase in output is assumed over time. For Newfoundland the first harvest will be in 2022, and volume is expected to increase to 37 500 tonnes in 2030.

3. Weighted required return on capital employed before tax and after tax. Cash flow forecasts are thus estimated after tax.

In the calculation the return on capital employed is also after tax.

4. Weighted average growth rate used to extrapolate cash flows beyond the budget period. In the years after 2023, the annual reinvestment is assumed to be equal to annual depreciation. For Newfoundland we use a 10 years prognosis period.

EBITDA MARGIN IN THE BUDGET AND TERMINAL PERIOD

The budgeted EBITDA margin is based on past performance, expected cost of production and expected market developments. An increase in gutted weight output is assumed towards 2023, as for Grieg Newfoundland it is 2030. The increased harvest volume assumes an increase in utilization of existing production capacity and licenses, reflecting the Group's post-smolt strategy and operational improvement. Over the past few years, the Group has expanded its smolt capacity for more and larger smolt, and further expansions are underway. A higher number and larger average weight of smolt will contribute to both higher growth and harvesting volumes. Larger smolt will also reduce the production time in the sea, which in turn will reduce the biological risk level, including mortality. An increase in smolt numbers will also improve overall utilization of locations and licenses. Rogaland, Finnmark and BC have received new locations in recent years, helping better utilize their licenses and increasing production volumes. In BC, Canada, an increase in harvesting volumes is based on more efficient monitoring of algae, and recirculation of fresh water from the deeper sea. Measures to secure the intake water have been successful. Access to high-quality smolt is key to ensuring sustainable production growth. The new smolt facility in BC will be completed in spring 2022 and will ensure access to smolt and increase better quality. Measures being taken include delivering larger smolt with a lower number of days in the sea. In Newfoundland, the high-end fresh and saltwater Recirculating Aquaculture System (RAS) is currently under construction, includes a hatchery, nursery and a smolt unit. The RAS facility is dimensioned to serve all future post-smolt modules and has adequate capacity to ensure necessary add-on growth. The first batch of eggs was delivered in July 2020. We are committed and on track to developing the project according to milestones outlined in the permits granted by the authorities.

The assumptions in the terminal year are based on the budget for 2023 (for Newfoundland 2030), but with some adjustments to reflect EBIT/kg in the benchmark and the Group's own historical results. The applied discount rates are after tax and reflect specific risks relating to the relevant operating segments.

SENSITIVITY ANALYSIS

Value-in-use is sensitive to changes in the assumptions made, the most important of which are the discount rate and EBIT/kg.

A sensitivity analysis has been carried out based on these assumptions for all group of CGUs. An isolated increase of the discount rate by one percentage point would result in an estimated impairment for the Newfoundland of NOK 428 million, while a NOK 1 reduction in EBIT/kg would require an estimated impairment for Newfoundland of NOK 209 million. The other CGUs are not sensitive to equivalent changes in the same assumptions.

NOTE 11 PROPERTY, PLANT AND EQUIPMENT INCL. RIGHT-OF-USE-ASSETS

2020 NOK 1 000	BUILDINGS/ PROPERTY	PROD. PLANTS AND BARGES	NETS, CAGES AND MOORINGS	OTHER EQUIPMENT	TOTAL
Book value at 01.01.	663 171	1 069 051	586 218	639 502	2 957 942
Assets classified as held for sale (1)	-119 513	-173 687	-116 490	-212 615	-622 305
Acquisition of business (2)	127 009	1 849	695	1 148	130 702
Currency translation differences	-39 811	1 422	4 846	-2 234	-35 778
Reclassification asset under construction (3)	26 770	—	—	-26 770	—
Other reclassifications	—	-516	80	437	—
Additions (4)	566 316	91 004	135 355	227 188	1 019 864
Disposals	-8 234	-1 435	-3 381	-44 043	-57 093
Depreciation	-33 114	-94 649	-97 111	-135 304	-360 178
Book value at 31.12.	1 182 595	893 039	510 212	447 308	3 033 154
ACCUMULATED VALUES					
Acquisition cost	1 418 736	1 566 619	1 165 973	832 100	4 983 429
Accumulated depreciation	-236 141	-633 689	-655 761	-384 961	-1 910 552
Accumulated impairments	—	-39 891	—	168	-39 723
Book value at 31.12.	1 182 595	893 039	510 212	447 308	3 033 154
RIGHT-OF-USE ASSETS					
Book value at 31.12 of right-of-use assets (see separate specification in Note 13)	77 659	260 832	105 232	297 732	741 454
Of which book value of non-depreciable property	41 270				

See Note 2 for information on useful economic lifetime of assets, and Note 12 for information on assets pledged as security for financial liabilities.

1) This Note is prepared for the Group's continued operation. In 2020, we have classified our Shetland assets as held for sale and treated as discontinued operations. In addition, we have sold all our shares in Ocean Quality AS in 2020, which also was treated as discontinued operations. The movement table above is prepared for the Group's continued operations, and the comparable 2019 movement table is re-presented to be comparable, including the closing balance of the financials directly related to the assets classified as held for sale to be comparable with the balance sheet. See more information in Note 5.

2) Assets acquired in business combinations relate to the property, plant and equipment of Grieg Newfoundland. See more information in Note 6.

3) Reclassification assets under construction relates to the RAS plant in BC.

4) Investments in 2020 relates primarily to the Grieg Newfoundland Greenfield project and the RAS plant in BC, in addition to other growth- and maintenance-investments.

See Note 13 for specification of the Group's right-of-use assets and further information on its leases.

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2019 NOK 1 000	BUILDINGS/ PROPERTY	PROD. PLANTS AND BARGES	NETS, CAGES AND MOORINGS	OTHER EQUIPMENT	TOTAL
Book value at 01.01.	477 168	1 042 385	534 869	238 491	2 292 912
Initial application effect of IFRS 16 (1)	65 248	—	—	253 806	319 054
Assets classified as held for sale (2)	-120 351	-168 244	-97 132	-211 913	-597 641
Acquisition of business	—	—	—	—	—
Currency translation differences	4 550	9 164	10 279	2 525	26 518
Reclassification asset under construction (3)	106 968	-112 679	—	5 711	—
Other reclassifications	-373	—	—	—	-373
Additions (4)	41 747	212 910	111 489	233 455	599 601
Disposals	-365	-1 438	—	-1 233	-3 035
Reversals	—	—	—	—	—
Depreciation	-30 935	-86 733	-89 777	-93 956	-301 400
Book value at 31.12 excl assets classified as held for sale	543 659	895 364	469 729	426 887	2 335 637
Assets classified as held for sale (2)	119 513	173 687	116 490	212 615	622 305
Book value at 31.12	663 171	1 069 051	586 218	639 502	2 957 942
ACCUMULATED VALUES					
Acquisition cost	946 472	2 085 633	1 409 435	985 006	5 426 546
Accumulated depreciation	-283 301	-976 690	-823 217	-345 672	-2 428 881
Accumulated impairments	—	-39 891	—	168	-39 723
Book value at 31.12.	663 171	1 069 051	586 218	639 501	2 957 942
RIGHT-OF-USE ASSETS					
Book value at 31.12 of right-of-use assets (see separate specification in Note 13)	70 016	282 764	95 503	417 224	865 507
Of which book value of non-depreciable property	38 168				

See Note 2 for information on useful economic lifetime of assets, and Note 12 for information on assets pledged as security for financial liabilities.

1) As of 1 January 2019 the Group apply IFRS 16 on its leases. See Note 13 for more information. This line item is gross of assets which in 2020 have been classified as held for sale.

2) See footnote provided below the 2020 table in this Note.

3) Reclassification assets under construction relates to hatchery in Adamselv. The asset under construction has been recognised as "Prod. plants and barges" until commissioning of the completed facility. Acquisition cost of the constructed asset not related to "prod.plant and barges" has been reclassified to "Buildings/property" and "other equipment".

4) Investments in 2019 related to expansion of smolt plant in BC, new locations, operations center in Rogaland, digitalization, new equipment such as aeration systems, algal monitoring and general maintenance.

NOTE 12 BORROWINGS

Grieg Seafood ASA has a syndicated loan provided 50/50 by DNB and Nordea. The financing agreement includes two term loans of NOK 600 million and EUR 60 million, a revolving credit facility of NOK 1 500 million, alongside overdraft facilities of NOK 100 million. Repayments of NOK 50 million and EUR 5 million will be made for term loans of respectively NOK 600 million and EUR 60 million, split into half-yearly instalments. The drawdown rate of the EUR loan is 9.6691. The agreement has a term of five years and matures on 28 February 2023.

The financial covenant of the syndicated loan agreements is equity-ratio of minimum 35%, measured on the book value of the consolidated Grieg Seafood Group (exclusive of Ocean Quality). In addition, there is a rolling last-twelve months NIBD/EBITDA leverage-ratio requirement. The leverage-ratio metric of NIBD/EBITDA is linked to our equity-ratio requirement: if equity-ratio is more than 40%, maximum leverage-ratio is 5.0, and if equity-ratio is equal to or less than 40%, maximum leverage ratio is 4.5.

Net interest-bearing debt is calculated in accordance to covenant requirements in the financing agreement. According to the agreement, factoring liabilities, IFRS 16 effects and non-controlling ownership interests' share of bank assets, are not included. The transaction with Bremnes Fryseri for the sale of Ocean Quality AS (now Sjør AS) was completed 31 December 2020, and as such bank assets are not adjusted for the assets attributable to the non-controlling ownership interests when calculating the net-interest bearing liabilities according to covenants.

The equity share requirement according to covenants is 35%, without consolidation of Ocean Quality Group and effects of IFRS 16. The Group had 31 December 2020 an equity ratio (according to IFRS) of 41%, while the equity ratio of the Grieg Seafood Group according to financial covenants was 43%, compared to 51% at 31 December 2019. The Group's net interest-bearing liabilities, measured according to the financial statement line items of IFRS (exclusive of liabilities directly associated with assets held for sale), was NOK 3 931 million at 31 December 2020, compared to NOK 2 376 million at 31 December 2019. The statement of financial position of 31 December 2019 is not re-presented as for the held for sale classification. The net interest-bearing liabilities according to covenants was NOK 3 679 million at 31 December 2020 compared to NOK 1 939 million at 31 December 2019. The difference between the two metrics is the effect of IFRS 16 Leases, compared to IFRS in force prior to 1 January 2019. In the consolidated financial position of Grieg Seafood, we aren't exposed to factoring liabilities as of year-end 2020, which is a significant change since 2019. The change in factoring liabilities since 31 December 2019 is due to Ocean Quality AS being deconsolidated, and that the UK sales

entity is included in the Shetland disposal group classified as held for sale. See Note 5 for more information on the liabilities directly associated with the assets held for sale.

Grieg Seafood ASA has in Q4 2020 been granted an amendment to the covenants through the third quarter of 2021. In this period which the temporary amended terms to the syndicated loan agreement apply, Grieg Seafood is required to have a minimum free liquidity of NOK 200 million. In addition, there is a set requirement for the 12 month rolling EBITDA throughout the period. NIBD/EBITDA will thus not be measured, according to agreements with our creditors, through Q3 2021. At 31 December 2020, Grieg Seafood ASA was in compliance with these temporary amended terms.

Total unutilized credit facilities of the Group amount to NOK 1 203 million as of 31 December 2020. Of the available credit facilities, NOK 1 500 million of revolving credit facility and NOK 100 million of overdraft are part of the syndicated bank loan (NOK and EUR term loans) agreements with maturity in February 2023. In addition, we have a NOK 600 million revolving credit facility, which matures 31 March 2022 (extended from 31 December 2021 after the balance sheet date of 2020). This revolving credit facility was undrawn in its entirety at 31 December 2020.

In June 2020, we issued our first Green Bond issue, with proceeds of NOK 1 000 million. In November 2020, Grieg Seafood ASA issued the second tap of this senior unsecured green bond with an additional drawdown of NOK 500 mill, bringing the total principal of the green bond issue to NOK 1 500 million. The bond matures on 25 June 2025 and is listed on Euronext (Oslo Stock Exchange) with ticker "GSF01 G". The bond carries a coupon rate of 3 months NIBOR + 3.4% p.a., with quarterly interest payments, and its financial covenant is an equity-ratio requirement of minimum 30%, measured consistent with the Group's equity-ratio financial covenants as defined in its syndicated loan agreement with secured lenders. Grieg Seafood ASA was in compliance with the financial covenants of the bond agreement at 31 December 2020.

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NON-CURRENT LIABILITIES AND FINANCE LEASE OBLIGATIONS (INTEREST-BEARING) NOK 1 000	2020	2019
Green bond loan	1 500 000	—
Non-current syndicated loan	869 988	944 638
Non-current credit facility	996 646	629 319
Non-current lease liabilities (prior IAS 17 finance leases)	355 417	378 577
Non-current lease liabilities (prior IAS 17 operational leases)	176 226	254 090
Other non-current liabilities	52 312	—
Total	3 950 589	2 206 624
NON-CURRENT LIABILITIES (NON-INTEREST BEARING)		
Subordinate loans	—	13 240
Total	—	13 240
Amortization effect of loans	-42 768	-10 022
Total non-current liabilities	3 907 822	2 209 841

CURRENT LIABILITIES (INTEREST-BEARING) NOK 1 000	2020	2019
Current portion of borrowings	104 435	98 212
Current portion lease liabilities (prior IAS 17 finance leases)	77 769	73 575
Current portion lease liabilities (prior IAS 17 operational leases)	75 426	125 752
Overdraft facility	—	—
Factoring liabilities	—	86 122
Total current liabilities (interest-bearing)	257 630	383 660

NET INTEREST-BEARING LIABILITIES NOK 1 000	2020	2019
Total non-current interest-bearing liabilities (see above), 1)	3 950 589	2 206 624
Total current interest-bearing liabilities (see above)	257 630	383 660
Gross interest-bearing liabilities	4 208 219	2 590 283
Cash and cash equivalents	275 427	214 497
Loans to associates	1 910	—
Net interest-bearing liabilities	3 930 882	2 375 786
Factoring liabilities	—	-86 122
Quote of Bremnes' share of cash OQ AS (40%), 2)	—	28 849
Lease liabilities (prior IAS 17 operational leases), 3)	-251 653	-379 841
Net interest-bearing liabilities according to covenants	3 679 230	1 938 672

1) Green bond loan and non-current borrowings incl. syndicate term loan and revolving facility as presented above, are exclusive of amortized effect of loans.

2) The transaction with Bremnes Fryseri for the sale of Ocean Quality AS (Sjór AS) has been completed at 31 December 2020. In 2019, the net interest-bearing liabilities were adjusted for the non-controlling interest's (Bremnes Fryseri) share of cash in Ocean Quality AS.

3) Leasing liabilities that would, according to IFRS in force prior to 1 January 2019, be classified as operational leases, are excluded from the net interest-bearing liabilities according to the covenant calculation.

PAYMENT PROFILE NON-CURRENT LIABILITIES NOK 1 000	2021	2022	2023	2024	2025	LATER	TOTAL
Green bond loan	—	—	—	—	1 500 000	—	1 500 000
Non-current loan	102 352	102 352	767 636	—	—	—	972 339
Non-current revolver credit facility	—	—	996 646	—	—	—	996 646
Subordinated loan	—	—	—	—	—	—	—
Lease liabilities (prior IAS 17 finance leases)	77 769	71 587	64 930	55 337	43 932	119 632	433 186
Lease liabilities (prior IAS 17 operational leases)	75 426	66 526	38 955	29 109	7 354	34 284	251 653
Other non-current liabilities	2 083	2 820	7 281	5 867	6 160	30 186	54 396
Total	257 629	243 284	1 875 447	90 312	1 557 446	184 102	4 208 220

NOK 1 000	2020	2019
Liabilities secured by mortgages/charges on assets*	2 407 926	2 210 442

ASSETS PLEDGED AS SECURITY NOK 1 000	2020	2019
Licences	809 947	1 133 630
Property, plant and equipment *	2 240 700	2 583 781
Trade receivables	179 384	459 897
Inventories and biological assets excl. fair value of biological assets	2 267 501	2 847 632
Assets classified as held for sale **	1 107 076	—
Total assets pledged as security	6 604 607	7 024 939

*Book value for liabilities secured by mortgage/charges on assets, and the property, plant and equipment do not include the book value of the right-of-use and lease liability of the leases with IFRS 16-effect, that is leases that would be classified as operational leases according to IFRS in force prior to 1 January 2019.

**Part of the Shetland assets pledged as security. As for *, the book value of assets is exclusive of the effect of IFRS 16.

Pledges include shares in subsidiaries. The book value of these shares in the consolidated financial statements is NOK 0.

DESCRIPTION OF LIABILITIES*	CURRENCY	FIXED OR FLOATING INTEREST RATE	EFFECTIVE INTEREST RATE	FINAL MATURITY (MTH/YEAR)	2020		2019	
					CURRENT PORTION NOK 1 000	NON-CURRENT PORTION NOK 1 000	CURRENT PORTION NOK 1 000	NON-CURRENT PORTION NOK 1 000
Grieg Seafood ASA								
Bond loan	NOK	Floating	Price grid	06/2025	—	1 500 000	—	—
Non-current syndicated loan	NOK/EUR	Floating	Price grid	02/2023	102 352	869 988	98 212	944 638
Syndicated loan- credit facility	NOK/EUR	Floating	Price grid	02/2023	—	996 646	—	629 319
Grieg Seafood Group								
Lease liability (prior IAS 17 finance leases)	Multiple	Floating			77 769	355 417	73 575	378 577
Lease liability (prior IAS 17 operational leases)	Multiple	Floating			75 426	176 226	125 752	254 090
Subordinate loan	GBP				—	—	—	13 240
Other non-current and current liabilities	CAD				2 083	52 312	—	—
Ocean Quality **								
Factoring liabilities	Multiple	Floating			—	—	86 122	—
Total					257 630	3 950 589	383 660	2 219 863

* Exclusive of the amortization effect of loans

** See Note 5. Ocean Quality AS has been deconsolidated in 2020, and Ocean Quality UK is classified as part of the Shetland disposal group at 31 December 2020.

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BOOK VALUE OF GROUP BORROWINGS BY CURRENCY NOK 1 000	31.12.2020						
	NOK	GBP	EUR	USD	CAD	Other	
Green bond loan	1 500 000	—	—	—	—	—	
Non-current syndicated loan	972 339	—	497 339	—	—	—	
Syndicated loan- credit facility	996 646	—	36 646	—	—	—	
Factoring	—	—	—	—	—	—	
Lease liability (prior IAS 17 finance leases)	433 187	—	—	—	3 319	—	
Lease liability (prior IAS 17 operational leases)	251 653	—	—	—	48 753	—	
Subordinated loan	—	—	—	—	—	—	
Other non-current and current liabilities	54 394	—	—	—	54 394	—	
Amortization effect of loans	-42 768	—	—	—	—	—	
Total	4 165 452	3 525 000	—	533 985	—	106 466	

BOOK VALUE OF GROUP BORROWINGS BY CURRENCY NOK 1 000	31.12.2019						
	NOK	GBP	EUR	USD	CAD	Other	
Green bond loan	—	—	—	—	—	—	
Non-current syndicated loan	1 042 850	—	517 850	—	—	—	
Syndicated loan- credit facility	629 319	—	49 319	—	—	—	
Factoring	86 122	85 650	946	-474	—	—	
Lease liability (prior IAS 17 finance leases)	452 152	—	—	—	5 453	—	
Lease liability (prior IAS 17 operational leases)	379 841	142 535	—	—	30 554	—	
Subordinated loan	13 240	13 240	—	—	—	—	
Other non-current and current liabilities	—	—	—	—	—	—	
Amortization effect of loans	-10 022	—	—	—	—	—	
Total	2 593 501	1 748 429	241 425	568 114	-474	36 007	

Of which are liabilities at 31.12.2019 associated with assets classified as held for sale* in 2020:

Factoring	86 122	—	85 650	946	-474	—
Lease liability (prior IAS 17 operational leases)	184 618	42 083	142 535	—	—	—
Subordinated loan	13 240	—	13 240	—	—	—
Total	283 980	42 083	241 425	946	-474	—

*See Note 5.

	2020	2019
Average interest rate (NOK)	2.81%	2.57%
Average interest rate (EUR)	1.59%	1.10%

The effect of interest rate swaps is not taken into account in calculating the average interest rate on borrowings and credit facilities.

BOOK VALUE AND FAIR VALUE OF BORROWINGS NOK 1 000	BOOK VALUE		FAIR VALUE	
	2020	2019	2020	2019
Green bond loan	1 500 000	—	1 456 875	—
Borrowings (non-current syndicated loan and credit facility, incl. current part of the non-current liability)	1 968 985	1 672 169	1 968 985	1 672 169
Total	3 468 985	1 672 169	3 425 860	1 672 169

Book values in the table above are excl the amortization effect of loan cost.

The book value of borrowings (excl. green bond) closely approximates to the fair value.

Our green bond is listed on Oslo Børs (Euronext). Market price of the bond was 97% of par value at year-end 2020.

CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES NOK 1 000	LIABILITIES ARISING FROM FINANCING ACTIVITIES		
	LEASE LIABILITY	BORROWINGS	TOTAL
At 31.12.2018	360 441	2 039 842	2 400 283
Recognized lease liabilities on first-time adoption of IFRS 16	319 054	—	319 054
At 01.01.2019	679 495	2 039 842	2 719 337
Liabilities directly associated with the assets classified as held for sale	-219 865	-105 051	-324 917
Cash movements:			
Draw-down non-current syndicated NOK term loan incl. credit facility	—	369 319	369 319
Repayment non-current syndicated term loan (NOK and EUR)	—	-98 346	-98 346
Repayment overdraft facility	—	-46 597	-46 597
Repayment lease liability (prior IAS 17 finance leases)	-43 855	—	-43 855
Repayment lease liability (prior IAS 17 operational leases)	-105 904	—	-105 904
Loan costs	—	-1 169	-1 169
Sum cash movements	-149 759	223 207	73 449
Non-cash movements:			
Draw-down lease liability (prior IAS 17 finance leases)	161 798	—	161 798
Draw-down lease liability (prior IAS 17 operational leases)	165 807	—	165 807
Non-cash movement in factoring liabilities	—	-477 223	-477 223
Foreign currency adjustments	9 900	-6 639	3 261
Loan costs	—	1 250	1 250
Sum non-cash movements	337 505	-482 612	-145 108
Liabilities directly associated with the assets classified as held for sale	184 618	86 122	270 740
At 31.12.2019	831 993	1 761 508	2 593 501
At 01.01.2020	831 993	1 761 508	2 593 501
Cash movements:			
Draw-down Green bond loan	—	1 500 000	1 500 000
Draw-down non-current syndicated NOK term loan incl. credit facility	—	364 135	364 135
Draw-down other non-current loan	—	23 464	23 464
Repayment non-current syndicated term loan (NOK and EUR)	—	-102 267	-102 267
Repayment lease liability (prior IAS 17 finance leases)	-77 857	—	-77 857
Repayment lease liability (prior IAS 17 operational leases)	-100 074	—	-100 074
Loan cost	—	-36 743	-36 743
Sum cash movements	-177 931	1 748 589	1 570 658
Non-cash movements:			
Liabilities directly associated with the assets classified as held for sale	-184 618	-98 890	-283 508
Acquisition of business	4 734	32 758	37 492
Draw-down lease liability (prior IAS 17 finance leases)	58 850	—	58 850
Draw-down lease liability (prior IAS 17 operational leases)	196 124	—	196 124
Non-cash movements (ex. foreign currency adjustments)	-39 084	2 862	-36 222
Foreign currency adjustments	-5 228	29 788	24 561
Loan costs and net difference to nominal amount raised on green bond loan	—	3 998	3 998
Sum non-cash movements	30 777	-29 484	1 294
At 31.12.2020	684 839	3 480 613	4 165 453

This Note is prepared for the Group's continued operations. In 2020, we have classified our Shetland assets as held for sale and treated as discontinued operations. In addition, we have sold all our shares in Ocean Quality AS in 2020, which also was treated as discontinued operations. The movement table above is prepared for the Group's continued operations, and the comparable 2019 movement table is re-presented to be comparable, including the closing balance of the financials directly related to the assets classified as held for sale to be comparable with the balance sheet. See more information in Note 5.

NOTE 13 LEASES

THE GROUP AS A LESSEE

This note is prepared for the Group's continued operations. See more information in Note 5.

The Group has several lease arrangements. Prior to IFRS 16, the Group had both financial leases according to IAS 17 recognized on the statement of financial position, in addition to operating leases recognized in the "other operating expenses" in the income statement as the lease cost incurred. As of 1 January 2019, the Group applied IFRS 16 using the modified retrospective approach. Information concerning the implementation of IFRS 16 has been disclosed in our 2019 Annual Report. In this 2020 Annual Report, only some of the information relevant for the initial application and implementation of IFRS 16 has been repeated.

LEASES PREVIOUSLY CLASSIFIED AS FINANCE LEASES UNDER IAS 17

Prior to 1 January 2019, the Group classified finance leases according to IAS 17 as property, plant & equipment. The carrying amount of the right-of-use asset and the lease liability at 1 January 2019 was carried over from 31 December 2018 at the date of initial application of IFRS 16. The leases relate to barges, cage installations, plant, machinery and other equipment. The lease term for equipment of this kind is normally 7-8 years. The Group must give written notification if it wishes to terminate these agreements.

LEASES PREVIOUSLY CLASSIFIED AS OPERATING LEASES UNDER IAS 17

The Group leases offices, docks, berths, vessels, etc. with terms of 5-10 years. The Group also leases various well-boats, as well as contracts for delousing and cleaning of nets. The term of the contracts is 2-5 years, whereof some of the contracts have extension options. On transition to IFRS 16 at 1 January 2019, the Group recognized right-of-use assets (ROU assets) corresponding to the present value of lease liabilities at a total amount of NOK 319 million on leases previously classified as operating leases under IAS 17. Equity effect of the transitioning 1 January 2019 was NOK 0. The right-of-use asset is classified as property, plant and equipment.

INCREMENTAL BORROWING RATES

The incremental borrowing rates applied to the lease liabilities at the date of initial recognition 1 January 2019 was in the interval of 3.1% - 4.1% for buildings and properties and 2.8% - 4.1% for other assets.

The Group reassesses the incremental borrowing rates applicable for new lease agreements annually. The applied rates for 2020 ranged from 2.4 % - 3.5 % for buildings and properties, and 2.4 - 3.5 for other assets.

CURRENCY

The leases are recognized in the respective Group companies in local currencies, and translated to the Group's presentation currency at the balance sheet date.

PRACTICAL EXPEDIENTS APPLIED

The Group leases smaller office equipment, such as coffee machines with contract terms of 1-3 years. The Group has elected to apply the practical expedient of low-value assets for some of these leases. Leases that have a present value as new lower than USD 5 000, are considered low value leases. The Group has also applied the practical expedient for short-term leases. Short term is defined as a lease term of 12 month or less at the commencement date. For low-value leases and short-term leases, the Group does not recognize lease liabilities or right-of-use assets. These leases are recognized as operating expenses over the life of the life of the contract.

EXTENSION OPTIONS

Some of the Group's agreements have extension options which may be exercised during the last period of the lease term. The Group assesses at the commencement whether it is reasonably certain to exercise the renewal right. The Group's potential future lease payments not included in the lease liabilities related to extension options is NOK 137 million at 31 December 2020.

THE EFFECT OF IFRS 16

The effect of IFRS 16 is calculated as the amount capitalized as lease liabilities and right-of-use assets, with income statement effects, related to leases classified as operating leases according to IFRS in force prior to 1 January 2019. The following two tables illustrate the effect IFRS 16 has had on the Group in 2020, with comparable figures for 2019. The 2019 balance sheet figures are not re-presented for the effects of IFRS 5.

THE EFFECT OF IFRS 16 - STATEMENT OF FINANCIAL POSITION NOK 1 000	31.12.2020	31.12.2019
Right of use assets included in Property, plant and equipment inclusive right-of-use assets	244 692	374 161
Lease liabilities included in non-current lease liabilities	176 226	254 090
Lease liabilities included in current lease liabilities	75 426	125 752

THE EFFECT OF IFRS 16 - INCOME STATEMENT NOK 1 000	2020	2019
Other operating expenses	108 313	112 387
EBITDA before fair value adjustment	108 313	112 387
Depreciation and amortization	-103 343	-107 331
EBIT before fair value adjustment of biological assets	4 970	5 057
Fair value adjustment of biological assets	—	—
EBIT after fair value adjustment of biological assets	4 970	5 057
Net financial items	-8 882	-9 875
Profit before tax	-3 911	-4 818

SPECIFICATION OF RIGHT-OF-USE ASSETS

The Group's right-of-use assets are included in the financial statement line item "Property, plant and equipment incl. right-of-use-assets". These leased assets include both assets that would be treated as financial leases according to IFRS in force prior to 1 January 2019, as well as operational leases ("the effect of IFRS 16").

RIGHT-OF-USE ASSETS 2020 NOK 1 000	BUILDINGS/ PROPERTY	PROD. PLANTS AND BARGES	NETS, CAGES AND MOORINGS	OTHER EQUIPMENT	TOTAL
Book value at 01.01.	70 016	282 764	95 503	417 224	865 507
Assets classified as held for sale*	-27 966	—	—	-159 809	-187 775
Currency translation differences	-288	42	8	2 027	1 789
Additions	53 102	-1 854	31 595	186 286	269 128
Cancellation of lease and other changes	-8 234	-956	-6 064	-43 629	-58 883
Depreciation	-8 971	-19 164	-15 810	-104 367	-148 311
Book value at 31.12.	77 659	260 832	105 232	297 732	741 454

*This Note is prepared for the Group's continued operation. In 2020, we have classified our Shetland assets as held for sale and treated as discontinued operations. In addition, we have sold all our shares in Ocean Quality AS in 2020, which also was treated as discontinued operations. The movement table above (and the other movement tables in this Note, including comparative information, as well as the maturity tables) is prepared for the Group's continued operations, and the comparable 2019 movement table is re-presented to be comparable, including the closing balance of the financials directly related to the assets classified as held for sale to be comparable with the balance sheet. See more information in Note 5.

OUR FINANCIAL RESULTS

RIGHT-OF-USE ASSETS 2019 NOK 1 000	BUILDINGS/ PROPERTY	PROD. PLANTS AND BARGES	NETS, CAGES AND MOORINGS	OTHER EQUIPMENT	TOTAL
Book value at 01.01.*	—	193 463	105 648	113 201	412 312
Initial application effect of IFRS 16**	65 248	—	—	253 806	319 054
Assets classified as held for sale, opening balance***	-29 056	—	—	-181 913	-210 969
Acquisition of business	—	—	—	—	—
Currency translation differences	654	1 254	710	-522	2 095
Additions	12 528	130 330	18 145	155 730	316 733
Cancellation of lease and other changes	—	-24 827	-12 142	-10 059	-47 028
Depreciation	-7 324	-17 456	-16 858	-72 827	-114 465
Book value at 31.12 excl assets classified as held for sale	42 050	282 764	95 503	257 415	677 732
Assets classified as held for sale, closing balance***	27 966	—	—	159 809	187 775
Book value at 31.12.	70 016	282 764	95 503	417 224	865 507

*For leases that as of 31 December 2018 were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 was carried over at the date of initial application of IFRS 16. The Group applied IFRS 16 in line with the modified retrospective approach as of 1.1.2019.

**The initial application effect of IFRS 16 relates to the recognition of leases classified as operational leases under IAS 17.

***See footnote under the right-of-use assets for 2020 table in this Note.

LEASE LIABILITY

SUMMARY OF THE LEASE LIABILITIES NOK 1 000	2020	2019
Lease liabilities at 01.01.	831 993	360 442
At initial application of IFRS 16, 01.01.	—	319 054
Assets classified as held for sale*	-184 618	-213 179
Acquisition of business	4 734	—
New leases recognized during the year	254 973	328 354
Cash payments for the principal portion of the lease liability	-177 931	-149 759
Currency exchange differences	-5 227	2 463
Cancellation of lease and other changes	-39 085	—
Total lease liabilities at 31.12. excl assets classified as held for sale	684 839	647 376
Liabilities directly associated with the assets classified as held for sale*	—	184 618
Total lease liabilities at 31.12.	684 839	831 993

*Relates to the held for sale- and discontinued operations-classifications of the Group's Shetland assets, as well as the discontinued operations of Ocean Quality. See more information in the footnote under this Note's 2020 right-of-use assets movement table, in addition to Note 5.

MATURITY ANALYSIS - LEASE LIABILITIES NOK 1 000	2020		TOTAL LEASE LIABILITY
	FORMER IAS 17 FINANCIAL LEASE	FORMER IAS 17 OPERATIONAL LEASE	
Less than one year	88 866	82 712	171 578
One to two years	80 930	70 077	151 007
Two to three years	72 218	42 684	114 902
Three to four years	61 044	31 895	92 939
Four to five years	48 280	8 352	56 632
More than five years	126 404	40 115	166 519
Total undiscounted liabilities at 31.12	477 742	275 835	753 577
Lease liabilities included in the statement of financial position at 31.12	433 186	251 653	684 839
Current portion			153 195
Non-current portion			531 644

MATURITY ANALYSIS - LEASE LIABILITIES NOK 1 000	2019		TOTAL LEASE LIABILITY
	FORMER IAS 17 FINANCIAL LEASE	FORMER IAS 17 OPERATIONAL LEASE	
Less than one year	87 230	72 222	159 451
One to two years	80 269	53 135	133 404
Two to three years	71 861	45 774	117 635
Three to four years	63 113	13 853	76 966
Four to five years	51 894	6 163	58 057
More than five years	154 641	17 549	172 190
Total undiscounted liabilities at 31.12 continued operations	509 008	208 696	717 703
Total undiscounted liabilities at 31.12 directly associated with the assets classified as held for sale*	—	211 771	211 771
Total undiscounted liabilities at 31.12	509 008	420 467	929 475
Lease liabilities included in the statement of financial position at 31.12	452 152	379 841	831 993
Current portion			199 327
Non-current portion			632 666

*See the footnote inserted below the 2020 movement table for right-of-use assets in this Note.

AMOUNTS RECOGNIZED IN PROFIT OR LOSS NOK 1 000	2020	2019
Interest on lease liabilities	-22 717	-20 114
Foreign currency effect	1 035	—
Depreciation right-of-use assets	-148 311	-110 514
Expenses relating to short-term leases	-17 898	-49 416
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	-8	-8
Total	-187 901	-180 052

NOK 1 000	2020	2019
Total cash outflow for leases	-200 648	-169 872

NOTE 14 CLASSIFICATIONS OF FINANCIAL INSTRUMENTS

FINANCIAL INSTRUMENTS AT 31.12.2020 NOK 1 000	FVPL ¹⁾	AMORTIZED COST	FVOCI ²⁾	TOTAL
FINANCIAL ASSETS				
Other non-current receivables	—	2 484	295	2 778
Trade receivables	—	179 384	—	179 384
Other receivables	—	38 160	—	38 160
Derivatives	84 189	—	—	84 189
Cash and cash equivalents	—	275 427	—	275 427
Total financial assets	84 189	495 454	295	579 937
FINANCIAL LIABILITIES				
Borrowings	—	3 480 613	—	3 480 613
Lease liability (prior IAS 17 finance leases)	—	433 186	—	433 186
Lease liability (prior IAS 17 operational leases)	—	251 653	—	251 653
Factoring liabilities	—	—	—	—
Cash-settled options	2 842	—	—	2 842
Derivatives	14 346	—	—	14 346
Trade payables	—	562 848	—	562 848
Other current liabilities	—	—	—	—
Total financial liabilities	17 188	4 728 300	—	4 745 487

FINANCIAL INSTRUMENTS AT 31.12.2019 NOK 1 000	FVPL ¹⁾	AMORTIZED COST	FVOCI ²⁾	TOTAL
FINANCIAL ASSETS				
Other non-current receivables	—	2 077	1 053	3 130
Trade receivables	—	459 897	—	459 897
Other receivables	—	60 000	—	60 000
Derivatives	7 368	—	—	7 368
Cash and cash equivalents	—	214 497	—	214 497
Total financial assets	7 368	736 471	1 053	744 892
FINANCIAL LIABILITIES				
Borrowings	—	1 675 386	—	1 675 386
Lease liability (prior IAS 17 finance leases)	—	452 152	—	452 152
Lease liability (prior IAS 17 operational leases)	—	379 841	—	379 841
Factoring liabilities	—	86 122	—	86 122
Cash-settled options	19 649	—	—	19 649
Derivatives	10 107	—	-786	9 321
Trade payables	—	855 061	—	855 061
Other current liabilities	—	10 902	—	10 902
Total financial liabilities	29 756	3 459 464	-786	3 488 434

1) FVPL: Fair value through profit or loss.

2) FVOCI: Fair value through other comprehensive income.

The purpose of the derivatives is to reduce the Group's exposure to changes in floating interest rates and exchange rates. See Notes 2 and 3 for further details.

CREDITWORTHINESS OF FINANCIAL ASSETS

Credit risk attaching to financial instruments that have not matured or have not been written down is shown in accordance with the internal classification of historical information on breaches of credit covenants. Further information about credit risk is provided in Note 3.

TRADE RECEIVABLES NOK 1 000	2020	2019
COUNTERPARTIES WITH NO EXTERNAL CREDIT RATING		
Group 1	81 717	46 665
Group 2	64 319	354 736
Group 3	33 348	58 495
Total trade receivables	179 384	459 897

BANK DEPOSITS NOK 1 000	2020	2019
AAA	—	—
AA	275 427	214 497
A	—	—
Total bank deposits	275 427	214 497

Group 1 - new customers/related parties (less than 6 months).

Group 2 - existing customers/related parties (more than 6 months) with no history of credit covenant breaches.

Group 3 - existing customers/related parties (more than 6 months) with a history of one or more credit covenant breaches. All amounts due have been paid in full following the breaches.

OUR FINANCIAL RESULTS

NOTE 15 TAXES

BREAKDOWN OF TAX EXPENSE NOK 1 000	2020	2019
Tax payable Norway	279	209 797
Tax payable abroad	14 513	4 235
Changes in assessment of taxes for prior years	-7 599	11 225
Change in deferred tax Norway	-1 228	-15 624
Change in deferred tax abroad	5 593	-12 496
Taxes	11 557	197 137
TAX RECONCILIATION		
Profit before tax	-304 440	796 315
Taxes calculated at nominal tax rate	-39 945	192 634
Withholding tax	3 033	1 016
Change in deferred tax liabilities because of tax rate change	—	197
True up deferred tax position incl. recognition of deferred tax assets previously not recognized	56 962	—
Utilization of tax position not recognized in basis for deferred tax previously	-8 916	—
Other permanent differences	423	3 290
Taxes	11 557	197 137
CHANGE IN BOOK VALUE OF NET DEFERRED TAX		
Balance sheet value at 01.01.	874 664	877 639
Effect of discontinued operations*	-66 839	—
Currency conversion	-14 710	15 295
Effect of business combinations**	83 110	-955
Tax effect of OCI transactions (see Note 3)	-5 380	6 560
Other effects	4 455	3 248
Change in deferred tax recognized in income in period	4 365	-28 120
Net deferred tax liability at balance sheet date	879 665	873 666

*See Note 5.

**See Note 6.

The nominal tax rate in Norway is 22%. The nominal tax rate for 2020 in Canada was 27% in BC and 30 % in Newfoundland. The nominal tax rate on Shetland, of which relates to the Group's assets classified as held for sale (Note 5), was 19%.

The significant tax effect is attributable to a change in the tax rate and other permanent differences.

The following tables provide a breakdown of deferred tax. The tax effects of taxable and deductible temporary differences are shown separately. The Norwegian, Canadian and UK parts of the Group each have a net deferred tax position. Deferred tax liabilities and deferred

tax assets within Norway, BC, Canada, and UK can be offset.

DEFERRED TAX NOK 1 000	LICENSES	NON-CURRENT ASSETS	BIOLOGICAL ASSETS	RECEIVABLES / PENSIONS	INVENTORIES	DEFERRED CAPITAL GAIN	CURRENT LIABILITIES	TOTAL
2019								
Opening balance Opening balance 01.01.	164 935	63 142	637 028	29 062	9 007	272	—	903 447
Recognized in income in the period	-105	31 379	-51 772	-558	187	-55	—	-20 923
Currency translation differences	2 405	1 674	10 992	—	351	—	—	15 421
Other effects	-1 218	-360	-417	7 556	-3 193	—	—	2 369
Effect of business combinations	—	—	—	—	—	—	—	—
At 31.12.	166 017	95 835	595 832	36 061	6 352	217	—	900 313
2020								
Opening balance 01.01.	166 017	95 835	595 832	36 062	6 352	216	—	900 314
Assets classified as held for sale*	-76 188	-14 933	-11 364	—	—	—	—	-102 484
Recognized in income in the period	-105	7 457	23 819	23 381	-990	897	—	54 458
Currency translation differences	-23 697	14 725	-1 529	-1 240	-56	—	—	-11 797
Other effects	—	—	5 453	420	—	—	—	5 874
Effect of business combinations**	224 405	-147 969	—	12 000	—	—	—	88 436
At 31.12.	290 433	-44 886	612 211	70 624	5 305	1 113	—	934 800

*See Note 5.

**See Note 6.

DEFERRED TAX NOK 1 000	LOSS CARRY FORWARDS	NON-CURRENT ASSETS	RECEIVABLES /PENSIONS	LEASE OBLIGATION	TAX CREDITS	OTHER LIABILITIES	TOTAL
2019							
Opening balance Opening balance 01.01.	-18 669	—	-1 424	-1 811	-714	-4 909	-27 526
Recognized in income in the period	-19 869	—	5 898	1 396	-650	6 028	-7 197
Currency translation differences	149	—	105	-120	-55	-205	-127
Other effects	4 748	—	—	5 382	—	-1 943	8 187
Effect of business combinations	15	—	—	—	—	—	15
At 31.12.	-33 626	—	4 578	4 848	-1 419	-1 028	-26 648
2020							
Opening balance 01.01.	-33 626	—	4 578	4 848	-1 419	-1 028	-26 648
Assets classified as held for sale*	36 744	—	1 273	557	—	-2 929	35 646
Recognized in income in the period	-40 609	42	-1 925	5 919	8 025	-21 546	-50 094
Currency translation differences	—	—	-51	-155	-6	251	38
Other effects	-3 219	—	-5 800	269	—	-1	-8 751
Effect of business combinations**	-5 326	—	—	—	—	—	-5 326
At 31.12.	-46 035	42	-1 925	11 436	6 600	-25 253	-55 135

*See Note 5.

**See Note 6.

NOK 1 000	2020	2019
Net deferred tax	879 665	873 666
Deferred tax classified as non-current assets	29 293	998
Deferred tax classified as non-current liabilities	908 959	874 664
Tax payable classified as current liabilities	14 792	211 569

OUR FINANCIAL RESULTS

NET CHANGE IN DEFERRED TAX RECOGNIZED IN INCOME NOK 1 000	2020	2019
Change in deferred tax in Norway	-1 228	-15 624
Change in deferred tax abroad	5 593	-12 496
Change in book value of deferred tax	4 365	-28 120
Change in the period for positions with net deferred tax	54 458	-20 923
Change in the period for positions with net deferred tax asset	-50 094	-7 197
Change in book value of deferred tax	4 365	-28 120

LOSS CARRIED FORWARD

Deferred tax assets related to an allowable deficit are recognized in the balance sheet in so far as it is likely that these can be offset against future taxable profits.

DEFERRED TAX ASSETS RELATING TO A TAX LOSS CARRIED FORWARD ARE DIVIDED AMONG THE FOLLOWING JURISDICTIONS	2020	2019
Norway	-22 136	-478
Canada	-14 657	—
USA	-3 816	—
UK	—	-18 191
Total	-40 609	-18 669

NOTE 16 SALARIES AND PERSONNEL EXPENSES

SALARIES AND PERSONNEL EXPENSES NOK 1 000	2020	2019
Salaries	393 390	369 895
Social security costs	24 838	33 691
Share options granted to directors and key employees, incl. social security costs (Note 17)	-4 996	16 387
Pension costs	24 151	22 666
Other personnel costs	62 163	50 543
Total	499 546	493 183
Average number of employees		
Continued operations	697	608
Discontinued operations (Note 5)	258	229
Total	955	837

THE BOARD'S GUIDELINES AND PRINCIPLES FOR DETERMINATION OF REMUNERATION AND OTHER BENEFITS PAID TO KEY PERSONNEL:

In December 2019 the Norwegian Parliament adopted new rules on the wage policy of listed public companies. New rules came into force in January 2021 and replace the current rules on guidelines for wage policy as well as the requirements for reporting wages and remuneration. New provisions from 1 January 2021 mean that the public limited companies are not obliged to submit a management salary declaration for 2020.

SHARE SAVINGS PROGRAM

Grieg Seafood established a share savings program for its employees in 2018, which was continued in 2019 and 2020.

Employees may invest up to NOK 25 000 per year. There is a three years lock-up period. The saved amount is deducted from the monthly net salary and used to purchase Grieg Seafood shares on behalf of the employees. The purchase will be made from transfer of Grieg Seafood's treasury shares or bought in the market. The purchase price and the number of shares acquired by the company will be reported in accordance with the applicable regulations.

At 31 December 2020, loan to employees related to the share savings program constitutes NOK 2.6 million (2018: NOK 1.6 million). The total shares sold to employees was 42 193 in 2020 (14 737 in 2019).

REMUNERATION PAID TO GROUP MANAGEMENT IN 2020 NOK 1 000	SALARY	BONUS	RETAINED, NOT YET PAID	OPTIONS EXERCISED DURING THE YEAR	OTHER REMUNERATION	TOTAL
CEO	2 841	536	—	2 709	118	6 203
CFO	2 173	342	—	2 070	101	4 686
CTO	1 996	308	—	1 868	101	4 272
CHRO	1 574	236	—	1 431	106	3 347
COO Farming Europe	1 996	402	—	1 615	78	4 092
COO Farming North America	1 825	233	—	1 571	78	3 706
CCO	525	—	—	—	81	606
GCM	1 035	139	—	—	96	1 269
Total remuneration paid to group management	13 963	2 197	—	11 264	759	28 183

Recognized expenses arising from synthetic options not declared throughout the year are not included in the above statement. See Note 18.

In May 2020, Grieg Seafood announced changes to the Group management structure, with inclusion of COOs for farming in Europe and North America. In June, the Chief Commercial Officer was added to the Group management team of Grieg Seafood.

REMUNERATION PAID TO BOARD MEMBERS IN 2020 NOK 1 000	TOTAL
Per Grieg Jr.*	479
Tore Holand**	348
Sirine M. Fodstad*	308
Marianne Ribe (from 14 May 2020)*	178
Katrine Trovik (from 14 May 2020)**	195
Asbjørn Reinkind (until 14 May 2020)	140
Karin Bing Orgland (until 14 May 2020)**	143
Solveig M.R. Nygaard (until 14 May 2020)	119
Total remuneration including social security costs	1 909

* Payment for work performed on the Remuneration Committee of NOK 22 820 is included in the remuneration paid to Per Grieg Jr. and Sirine Fodstad, and NOK 11 410 for Marianne Ribe.

** Payment for work performed on the Audit Committee is included in the remuneration paid to Tore Holand, Katrine Trovik and Karin Bing Orgland, amounting to NOK 57 050, 28 525 and 23 770, respectively.

The amounts include social security costs.

OUR FINANCIAL RESULTS

REMUNERATION PAID TO GROUP MANAGEMENT IN 2019 NOK 1 000	SALARY	BONUS	RETAINED, NOT YET PAID	OPTIONS EXERCISED DURING THE YEAR	OTHER REMUNERATION	TOTAL
CEO	2 759	347	601	2 592	101	6 401
CFO	1 795	184	383	1 652	101	4 117
COO	1 919	133	345	1 787	101	4 286
CHRO	1 505	280	265	1 645	103	3 798
Total remuneration paid to group management	7 980	945	1 594	7 677	406	18 602

Recognized expenses arising from synthetic options not declared throughout the year are not included in the above statement. See Note 18.

REMUNERATION PAID TO BOARD MEMBERS IN 2019 NOK 1 000	TOTAL
Per Grieg Jr.*	456
Asbjørn Reinkind*	319
Wenche Kjølås (until 13.06.2019)**	140
Karin Bing Orgland **	311
Solveig M.R. Nygaard	257
Tore Holand**	285
Sirine M. Fodstad (from 13.06.2019)***	154
Total remuneration including social security costs	1 923

* Payment for work performed on the Remuneration Committee of NOK 19 968 is included in the remuneration paid to Per Grieg Jr. and Asbjørn Reinkind.

** Payment for work performed on the Audit Committee is included in the remuneration paid to Wenche Kjølås, Karin Bing Orgland and Tore Holand, amounting to NOK 25 673, 54 198 and 28 525, respectively.

*** Payment for work performed on the Remuneration Committee of NOK 11 410 is included in the remuneration paid to Sirine Fodstad.

The amounts include social security costs.

NOTE 17 SHARE BASED PAYMENTS

The Group has issued options to the management team and regional directors. The options' strike price is the stock market price on the date of issue, rising by 0.5% per month until the exercise date. Since 2009, an option scheme with settlement in cash has been established for the Group management and regional directors. The most recent allocation was in 2020, totalling 1 890 000 options. The final exercise date is 31 May 2024. The options have a term of two years, where 50% is vested each year.

Employees starting in the Group after the initial allocation of options, are allocated options on taking up employment.

The Black & Scholes option pricing model is used to calculate the market value. A brokerage firm is used to perform the calculations. The table below shows the movement in outstanding options in 2019 and 2020.

OVERVIEW 2020 (TOTAL OPTIONS)	OPTION CATEGORY	OUTSTANDING OPTIONS AT 31.12.2019	GRANTED OPTIONS	EXERCISED OPTIONS	EXPIRED OPTIONS	OUTSTANDING OPTIONS AT 31.12.2020	OF WHICH CASH- SETTLED
CEO	Cash settlement	400 000	340 000	48 271	151 729	540 000	540 000
CFO	Cash settlement	200 000	170 000	36 881	63 119	270 000	270 000
CTO	Cash settlement	200 000	170 000	33 287	66 713	270 000	270 000
CHRO	Cash settlement	132 712	100 000	25 509	7 203	200 000	200 000
GCM	Cash settlement	—	100 000	—	—	100 000	100 000
COO Farming Europa	Cash settlement	200 000	170 000	28 781	71 219	270 000	270 000
COO Farming North America	Cash settlement	200 000	170 000	27 992	72 008	270 000	270 000
CCO	Cash settlement	—	170 000	—	—	170 000	170 000
Others	Cash settlement	277 492	500 000	51 990	25 503	700 000	700 000
Total		1 610 205	1 890 000	252 711	457 494	2 790 000	2 790 000

OVERVIEW 2019 (TOTAL OPTIONS)	OPTION CATEGORY	OUTSTANDING OPTIONS AT 31.12.2018	EXERCISED OPTIONS	EXPIRED OPTIONS	OUTSTANDING OPTIONS AT 31.12.2019	OF WHICH CASH- SETTLED
CEO	Cash settlement	600 000	29 530	170 470	400 000	400 000
CFO	Cash settlement	276 044	18 826	57 218	200 000	200 000
COO	Cash settlement	300 000	20 364	79 636	200 000	200 000
CHRO	Cash settlement	200 000	67 288	—	132 712	132 712
Others	Cash settlement	999 999	157 238	165 269	677 492	677 492
Total		2 376 044	293 246	472 593	1 610 205	1 610 205

OUR FINANCIAL RESULTS

ALLOCATION: YEAR - MONTH	EXPIRY DATE: YEAR - MONTH	STRIKE PRICE NOK PER SHARE AT 31.12.2020	STRIKE PRICE NOK PER SHARE AT 31.12.2019	OPTIONS	
				2020	2019
2017 - 11	2020 - 05	100.07	94.29	—	710 205
2017 - 11	2021 - 05	100.07	94.29	900 000	900 000
2020 - 12	2023 - 05	78.96	—	945 000	—
2020 - 12	2024 - 05	78.96	—	945 000	—
Total				2 790 000	1 610 205

	2020	2019
Cash-based options available for settlement	2 790 000	1 610 205
Weighted average exercise price on outstanding options [NOK per option]	80.26	83.00

2020	NOK/OPTION				AMOUNTS IN NOK 1 000				
	OPTION CATEGORY	LISTED PRICE ON ALLOCATION	CALCULATED VALUE PER OPTION ON ALLOCATION	CALCULATED TOTAL VALUE ON ALLOCATION *	TOTAL VALUE OF ALL OPTIONS AT 1.1.2020	CHANGE IN PROVISION CB-OB*	EXERCISED OPTION 2020	ACC. COST RECOGNIZED IN EQUITY AT 31.12.2020	RECOGNIZED LIABILITY CASH SETTLEMENT AT 31.12.2020
Former employees with expired options	Equity option	—	—	—	—	—	—	6 887	—
CEO	Cash	78.96	4.35	1 480	—	56	—	—	56
CFO	Cash	78.96	6.34	1 078	—	41	—	—	41
CTO	Cash	78.96	5.82	989	—	37	—	—	37
CHRO	Cash	78.96	7.20	720	—	27	—	—	27
GCM	Cash	78.96	6.04	604	—	23	—	—	23
COO Farming Europe	Cash	78.96	5.87	999	—	38	—	—	38
COO Farming North America	Cash	78.96	5.87	999	—	38	—	—	38
CCO	Cash	78.96	6.13	1 042	—	39	—	—	39
Other options allocated in 2020	Cash	78.96	7.04	3 519	—	132	—	—	132
CEO	Cash	83.00	2.26	906	4 007	-3 540	2 709	—	467
CFO	Cash	83.00	2.79	557	2 505	-2 188	2 070	—	316
COO	Cash	83.00	2.79	557	2 688	-2 392	1 868	—	296
CHRO	Cash	83.00	2.38	475	1 891	-1 645	1 431	—	247
Other options allocated in 2017	Cash	83.00	2.35	1 880	8 557	-7 472	6 103	—	1 085
Total				15 802	19 649	-16 807	14 181	6 887	2 842

*) Amounts exclude social security costs

2019	NOK/OPTION				AMOUNTS IN NOK 1 000				
	OPTION CATEGORY	LISTED PRICE ON ALLOCATION	CALCULATED VALUE PER OPTION ON ALLOCATION	CALCULATED TOTAL VALUE ON ALLOCATION *	TOTAL VALUE OF ALL OPTIONS AT 01.01.2019	CHANGE IN PROVISION CB-OB*	EXERCISED OPTION 2019	ACC. COST RECOGNIZED IN EQUITY AT 31.12.2019	RECOGNIZED LIABILITY CASH SETTLEMENT AT 31.12.2019
Former employees with expired options	Equity option	—	—	—	—	—	—	6 887	—
CEO	Cash	25.50	3.36	1 342	2 575	-2 575	2 592	—	—
CFO	Cash	25.50	3.97	793	1 634	-1 634	1 652	—	—
COO	Cash	25.50	3.97	793	1 773	-1 773	1 787	—	—
CHRO	Cash	79.00	3.63	363	—	—	1 645	—	—
CEO	Cash	83.00	2.26	906	1 709	2 298	—	—	4 007
CFO	Cash	83.00	2.79	557	1 057	1 448	—	—	2 505
COO	Cash	83.00	2.79	557	1 130	1 558	—	—	2 688
CHRO	Cash	83.00	2.38	475	898	994	—	—	1 891
Other options allocated in 2015	Cash	25.50	3.60	2 876	3 027	-3 027	3 267	—	—
Other options allocated in 2017	Cash	83.00	2.35	1 880	3 699	4 858	2 995	—	8 557
Total				10 543	17 503	2 145	13 939	6 887	19 649

*) Amounts exclude social security costs

ACCRUED COSTS RELATED TO CASH OPTIONS NOK 1 000	2020	2019	CLASSIFICATION IN FINANCIAL STATEMENTS
Change in provisions	-16 807	2 145	Other provisions for liabilities
Exercised options during the year	14 181	13 939	Salaries and personnel expense / cash
Total costs excl. social security costs	-2 626	16 085	
Social security costs	-2 370	303	Public taxes payable
Total costs incl. social security costs	-4 996	16 387	Salaries and personnel expense

Cost relating to cash-based remuneration in 2020 totalled NOK -4 996 thousand. This is recognized in the income statement as a personnel cost. Social security contributions are provided for on an ongoing basis based on the fair value of the options.

As at 31 December 2020, outstanding options with the right to cash settlement were stated at NOK 2 842 thousand excl. social security costs, of which NOK 2 411 thousand were classified as current liabilities. Issued options are cancelled on termination of employment. Book value of long term liabilities incl. social security cost is NOK 491 thousand.

ESTIMATES USED TO CALCULATE ALLOCATION OF OPTIONS	31.12.2020	31.12.2019
Anticipated volatility (%)	37.90%	41.49%
Risk-free rate of interest (%)	1.39%	1.07%
Estimated qualification period (years)	0.98	1.56

The estimated qualification period for the options is based on historical data, and does not necessarily represent future developments. In order to estimate volatility, management has applied historical volatility for comparable listed companies.

OUR FINANCIAL RESULTS

NOTE 18 SHARE CAPITAL AND SHAREHOLDER INFORMATION

As at 31 December 2020, the Company had 113 447 042 shares with a nominal value of NOK 4 per share. All shares issued by the Company are fully paid-up. There is one class of shares and all shares confer the same rights.

SHARE CAPITAL AND NUMBER OF SHARES 31.12.2020	NOMINAL VALUE PER SHARE (NOK)	TOTAL SHARE CAPITAL NOK 1 000	NO. OF ORDINARY SHARES
Total	4.00	453 788	113 447 042
Holdings of treasury shares	4.00	-5 000	-1 250 000
Sale of treasury shares 2018-2019	4.00	145	36 313
Sale of treasury shares 2020	4.00	169	42 193
Total excl treasury shares		449 102	112 275 548

TREASURY SHARES

In June 2011, the Company purchased 1 250 000 treasury shares at NOK 14.40 per share. On 21 November 2018, the Company sold 21 576 shares to employees for use in the share savings program. The sales price was NOK 121.56 per share, which provided a gain of NOK 107.16 per share. Another 14 737 shares were sold to employees in November 2019 at a sales price of NOK 136.05 per share, providing a gain of NOK 121.65 per share. In 2020, Grieg Seafood ASA sold 42 193 at a sales price of NOK 77.16 a share, providing a gain of NOK 62.76 a share. After the transactions the Company has 1 171 494 treasury shares.

CHANGES IN SHARE CAPITAL		NOMINAL VALUE PER SHARE (NOK)	TOTAL SHARE CAPITAL NOK 1 000	NO. OF ORDINARY SHARES
Share capital	1 January 2020	4.00	446 648	111 662 000
Contribution in kind	20 April 2020	4.00	7 140	1 785 042
Share capital	31 December 2020	4.00	453 788	113 447 042

ACQUISITION OF GRIEG NEWFOUNDLAND

On 20 April 2020, Grieg Seafood ASA' share capital was increased by 1 785 042 shares (nominal value of NOK 4 per share), from 111 662 000 shares to 113 447 042 shares. The share capital was thus increased by NOK 7 140 168, from NOK 446 648 000 to NOK 453 788 168. The share issue in the Company to shareholders Grieg Aqua AS, Kvasshøgdi AS, Knut Skeidsvoll and Ocean Choice International Ltd was related to the Company's acquisition of Grieg Newfoundland AS, which was completed on 15 April 2020. For more information, see Note 6.

THE LARGEST SHAREHOLDERS IN GRIEG SEAFOOD ASA	NO. OF SHARES	SHAREHOLDING	NO. OF SHARES	SHAREHOLDING
	31.12.2020	31.12.2020	31.12.2019	31.12.2019
Grieg Aqua AS	56 914 355	50.17%	56 018 799	50.17%
Folketrygdfondet	4 281 530	3.77%	5 100 130	4.57%
OM Holding AS	4 235 656	3.73%	6 169 379	5.53%
Ystholmen Felles AS	2 928 197	2.58%	2 928 197	2.62%
Clearstream Banking S.A. (nominee)	1 937 653	1.71%	1 745 002	1.56%
State Street Bank and Trust Comp (nominee)	1 616 926	1.43%	2 166 080	1.94%
Ronja Capital II AS	1 200 000	1.06%	—	—%
Grieg Seafood ASA	1 171 494	1.03%	1 213 687	1.09%
Six Sis AG (nominee)	1 038 659	0.92%	—	—%
UBS Switzerland AG (nominee)	945 209	0.83%	780 949	0.70%
JPMorgan Chase Bank, N.A., London (nominee)	915 596	0.81%	915 596	0.82%
Banque Degroof Petercam Lux. SA (nominee)	822 051	0.72%	—	—%
Verdipapirfondet Pareto Investment	764 000	0.67%	1 701 000	1.52%
State Street Bank and Trust Comp (nominee)	737 722	0.65%	1 057 400	0.95%
State Street Bank and Trust Comp (nominee)	697 771	0.62%	597 876	0.54%
Ferd AS	688 453	0.61%	—	—%
Svenska Handelsbanken AB (nominee)	593 415	0.52%	—	—%
J.P. Morgan Bank Luxembourg S.A. (nominee)	592 624	0.52%	—	—%
State Street Bank and Trust Comp (nominee)	524 061	0.46%	—	—%
Danske Invest Norge Vekst	521 000	0.46%	—	—%
Total 20 largest shareholders	83 126 372	73.27%	80 394 095	72.00%
Total others	30 320 670	26.73%	31 267 905	28.00%
Total number of shares	113 447 042	100.00%	111 662 000	100.00%

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SHARES CONTROLLED BY BOARD MEMBERS AND GROUP MANAGEMENT	NO. OF SHARES	SHAREHOLDING	NO. OF SHARES	SHAREHOLDING
	31.12.2020	31.12.2020	31.12.2019	31.12.2019
BOARD OF DIRECTORS				
Per Grieg Jr. *	60 354 324	53.20%	58 961 996	52.80%
Tore Holand (Skippergata 24 AS, and privately)	2 000	0.00%	—	—%
Sirine Fodstad	—	—%	—	—%
Marianne Ribe (board member from 14 May 2020)	—	—%	—	—%
Katrine Trovik (board member from 14 May 2020)	—	—%	—	—%
Asbjørn Reinkind (Reinkind AS, board member until 14 May 2020)	120 000	0.11%	120 000	0.11%
Karin Bing Orgland (board member until 14 May 2020)	—	—%	—	—%
Solveig Nygaard (board member until 14 May 2020)	4 000	0.00%	—	—%
GROUP MANAGEMENT				
CEO	39 489	0.03%	39 165	0.04%
CFO	24 532	0.02%	24 208	0.02%
CTO	23 831	0.02%	23 507	0.02%
COO Farming Europe	22 489	0.02%	22 165	0.02%
COO Farming North America	19 889	0.02%	19 565	0.02%
CHRO	12 060	0.01%	7 536	0.01%
GCM	424	0.00%	—	—%
CCO	—	—%	—	—%
* THE SHARES OWNED BY THE FOLLOWING COMPANIES ARE CONTROLLED BY PER GRIEG JR. AND FAMILY				
Grieg Aqua AS	56 914 355	50.17%	56 018 799	50.17%
Ystholmen Felles AS	2 928 197	2.58%	2 928 197	2.62%
Kvasshøgdi AS	496 772	0.44%	—	—%
Per Grieg Jr. privately	15 000	0.01%	15 000	0.01%
Total shares	60 354 324	53.20%	58 961 996	52.80%

On 30 December 2020, the board of Ystholmen Felles AS submitted a proposal to the company's general meeting to demerge the company, where 500 000 shares in Grieg Seafood ASA will be transferred from Ystholmen Felles AS to Kvasshøgdi AS, org. no. 921 020 961. The demerger was effective from 4 March 2021. Subsequent to the demerger, Per Grieg Jr. is the sole shareholder in Kvasshøgdi AS, and Per Grieg Jr. and the other shareholder's, through their ownership of Ystholmen Felles AS, own 2 428 197 shares in Grieg Seafood ASA. In addition, Per Grieg Jr. own, through his ownership of Kvasshøgdi AS, 996 772 shares in Grieg Seafood ASA.

NOTE 19 EARNINGS PER SHARE AND DIVIDEND PER SHARE

CALCULATION OF EARNINGS PER SHARE	2020	2019
Profit / loss after tax continued operations (majority share)	-315 997	599 179
Profit / loss discontinued operations (majority share)	-225 057	20 331
Profit / loss after tax (majority share)	-541 054	619 510
Number of shares at 01.01	111 662 000	111 662 000
Effect of treasury shares (Note 18)	-1 213 687	-1 228 424
Increase of share capital through contribution in kind (acquisition of Grieg Newfoundland)	1 785 042	—
Sale of treasury shares to employees	42 193	14 737
Number of outstanding shares at 31.12.	112 275 548	110 448 313
Effect of the contribution in kind	537 958	—
Effect of share options to employees	37 569	14 855
Weighted average number of outstanding shares at 31.12.	111 700 021	110 433 458
Diluted number of outstanding shares at 31.12.	111 700 021	110 433 458
Earnings per share (NOK)		
Continued operations	-2.8	5.4
Discontinued operations	-2.0	0.2
Earnings per share - Total	-4.8	5.6
Diluted earnings per share (NOK)		
Continued operations	-2.8	5.4
Discontinued operations	-2.0	0.2
Earnings per share - Total	-4.8	5.6
Proposed dividend per share (NOK)	0.00	0.00

NOTE 20 CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS NOK 1 000	2020	2019
Restricted deposits relating to employee tax deductions	27 219	14 515
Other cash and bank deposits	248 208	199 981
Total	275 427	214 497

The Group's currency and interest rate exposure is described in Note 3.
See Note 3 and Note 12 for information on the Group's available credit facilities.

NOTE 21 TRADE RECEIVABLES

TRADE RECEIVABLES NOK 1 000	2020	2019
Gross amount of trade receivables*	192 921	1 233 786
Trade receivables deducted**	—	-764 034
Loss allowance	-13 538	-3 623
Loss allowance assets classified as held for sale***	—	-6 233
Trade receivables at 31.12.	179 384	459 897

*The change in trade receivables from 2019 to 2020 is primarily due to the fact that Grieg Seafood ASA within year-end 2020 sold all its shares in Sjør AS to Bremnes Fryseri and has deconsolidated the entity. Up until year-end 2020, Sjør performed the Group's marketing, sales and distribution activity for the Group and Bremnes Fryseri, as Sjør was jointly owned. Thus, the receivables in 2019 both for fish produced by Grieg Seafood and fish produced by Bremnes Fryseri. In 2020, the trade receivables reflect only receivables for sale of fish produced by Grieg Seafood. Furthermore, Sjør AS had a factoring agreement (see **) which also is deconsolidated at year-end 2020. See more information in Note 5.

**Trade receivables bought by the factoring company. At year-end 2020, the none of the NOK 193 million in gross trade receivables are financed through a factoring agreement.

***See Note 5 for more information.

RECOGNIZED LOSSES NOK 1 000	2020	2019
Change in loss allowance	9 915	-2 076
Confirmed losses in the year	508	2 725
Confirmed losses and change in loss allowance from operations classified as held for sale	4 063	—
Amounts received for previously written off trade receivables	—	-1 698
Total recognized losses on receivables	14 486	-1 049

Losses on receivables are classified as other operating expenses in the income statements.

In the Group's ECL (Expected credit loss) calculation model, customers are categorized as high or low risk, depending on their country of origin and as credit insured or unsecured. The group of unsecured receivables also consist of some receivables that have other type of securities and hence, the risk of loss is considered as low and no loss allowance is calculated for these receivables. The risk evaluation is based on own experience and input from Credit Insurance Companies. Loss allowance is further calculated on a %-basis of the aging distribution (days past due). The Group also makes manual accruals if significant information implies that there is a higher risk of losses. Some credit risk (10%) also remains for the factored trade receivables, thus the aging analysis given below is based on the total receivables rather than total receivables less the factored receivables. For more information about credit risk, refer to Note 3.

NOK 1 000		GROSS AMOUNT	EXPOSED AMOUNT	NOT YET DUE	OVERDUE 0-30 days	OVERDUE 31-60 days	OVERDUE 61-90 days	OVERDUE → 90 days	OVERDUE → 1 year	Total
AGING PROFILE OF TRADE RECEIVABLES (TR) 31.12.2020										
Regular/normal risk countries	TR Credit insured	68 657	18 310	29 623	23 558	1 145	337	12 222	1 770	68 657
	TR Unsecured	124 264	285	57 352	21 789	44 130	21	972	—	124 264
High risk countries	TR Credit insured	—	—	—	—	—	—	—	—	—
	TR Unsecured	—	—	—	—	—	—	—	—	—
Total		192 921	18 595	86 975	45 347	45 275	358	13 195	1 770	192 921
LOSS ALLOWANCE 31.12.2020										
Regular/normal risk countries	TR Credit insured	—	18 310	—	7	6	29	1 903	11 309	13 253
	TR Unsecured	—	285	—	—	—	—	285	—	285
High risk countries	TR Credit insured	—	—	—	—	—	—	—	—	—
	TR Unsecured	—	—	—	—	—	—	—	—	—
Total		—	18 595	—	7	6	29	2 188	11 309	13 538

Of the NOK 193 million in gross trade receivables at 31 December 2020, NOK 79 million are trade receivables with Sjør AS, carried over from internal to external trade receivables at the time of sale of shares in Sjør AS and deconsolidation of the entity from the Grieg Seafood Group (see Note 5). These trade receivables are not credit insured, and explain the main part of the relative increase in unsecured vs. credit insured trade receivables in 2020 compared to 2019.

NOK 1 000		GROSS AMOUNT	EXPOSED AMOUNT	NOT YET DUE	OVERDUE 0-30 days	OVERDUE 31-60 days	OVERDUE 61-90 days	OVERDUE → 90 days	OVERDUE → 1 year	Total
AGING PROFILE OF TRADE RECEIVABLES (TR) 31.12.2019										
Regular/normal risk countries	TR Credit insured	921 822	89 656	613 675	285 868	12 606	2 835	5 412	1 426	921 822
	TR Unsecured	211 395	149 887	177 279	19 780	2 906	2 603	8 513	314	211 395
High risk countries	TR Credit insured	68 741	7 250	46 130	19 973	1 037	1 085	519	—	68 741
	TR Unsecured	31 827	31 598	19 186	9 921	919	1 016	783	—	31 827
Total		1 233 786	278 391	856 270	335 542	17 468	7 539	15 226	1 740	1 233 786
LOSS ALLOWANCE 31.12.2019										
Regular/normal risk countries	TR Credit insured	—	89 656	90	230	85	30	368	2 213	3 016
	TR Unsecured	—	149 887	580	152	31	877	3 274	610	5 523
High risk countries	TR Credit insured	—	7 250	20	45	5	57	23	—	150
	TR Unsecured	—	31 598	87	135	50	460	435	—	1 166
Total		—	278 391	777	562	170	1 424	4 100	2 823	9 856

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NOTE 22 OTHER CURRENT RECEIVABLES

OTHER CURRENT RECEIVABLES NOK 1 000	2020	2019
Vat receivable	38 851	120 847
Prepaid expenses	37 259	77 421
Current loans extended to non-controlling interests	—	60 000
Realised gain on price contracts, receivable on counterpart*	27 411	—
Other current receivables	16 347	76 357
Total	133 069	334 625

*See Note 3.

In 2020, we classified our Shetland assets as held for sale. In addition, we have sold all our shares in Ocean Quality AS. The 2019 comparative figures are not re-presented as for the effect of IFRS 5. The 2019 balance sheet amount related to assets classified as held for sale / assets sold on 2020 is NOK 213 million (out of NOK 335 million) and primarily relates to the current loan-item of NOK 60 million and VAT receivables.

NOTE 23 RELATED PARTIES

TOTAL 2020 NOK 1 000	OPERATING INCOME	OPERATING EXPENSES	NON-CURRENT BALANCES	CURRENT BALANCES
Total related parties as shareholders	—	44 553	-7	-11 028
Total related parties as associates	11 556	145 877	1 910	—
Total	11 556	190 430	1 903	-11 028

CONTINUED OPERATIONS 2020 NOK 1 000	OPERATING INCOME	OPERATING EXPENSES
Total related parties as shareholders	—	44 553
Total related parties as associates	11 556	132 216
Total	11 556	176 769

*Of which is included in the profit and loss from continued operations. The change in operating expenses from 2019 is primarily due to the indirect effect of changes in composition of the board of directors during 2020.

TOTAL 2019 NOK 1 000	OPERATING INCOME	OPERATING EXPENSES	NON-CURRENT BALANCES	CURRENT BALANCES
Total related parties as shareholders	40 340	277 257	—	-35 584
Total related parties as associates	—	72 535	1 910	60 000
Total	40 340	349 792	1 910	24 416

CONTINUED OPERATIONS* 2019 NOK 1 000	OPERATING INCOME	OPERATING EXPENSES
Total related parties as shareholders	40 340	51 028
Total related parties as associates	—	72 535
Total	40 340	123 563

*Of which is included in the profit and loss from continued operations.

ACQUISITION OF GRIEG NEWFOUNDLAND AS

The acquisition of Grieg Newfoundland AS (99%) was completed on 15 April 2020. Grieg Newfoundland AS was 39% owned by Grieg Kapital AS/Grieg Aqua AS (the owner of the majority of the shares in Grieg Seafood ASA), and 39% by Kvasshøgdi AS (owned by Per Grieg Jr, Chairman of the Board of Grieg Seafood ASA). The remaining of the shares were owned by the local partner Ocean Choice International Ltd (19.5%) and Knut Skeidsvoll (2.5%).

The up-front payment was based on an enterprise value of Grieg Newfoundland AS of NOK 539.1 million. NOK 250 million of the up-front payment was settled through issuance of new shares in the Company to the sellers of Grieg Newfoundland AS.

On 20 April 2020, the directed private placement was completed by issuing 1 785 042 new shares to Grieg Aqua AS and Kvasshøgdi AS, in addition to the other owners as part of consideration for the shares in Grieg Newfoundland AS. The subscription price for each new share was set at NOK 140.05, corresponding to a total contribution in kind of NOK 250 million. For more information, see Note 6.

OTHER RELATED PARTIES' TRANSACTIONS

The Group carries out transactions with companies controlled by Grieg Maturitas II AS, who is the parent company of Grieg Aqua AS, majority owner of Grieg Seafood ASA.

THE SERVICES PROVIDED INCLUDE:

- ICT-related services and other functions such as catering, reception etc. are provided by Grieg Group Resources AS on an arm's length basis.
 - Grieg Seafood ASA rents its offices from Grieg Gaarden AS on an arm's length basis. The office rental agreement runs for a period of ten years.
 - The regions purchased cleansing fish from Rensefiskgruppen AS incl. subsidiaries, a company owned by Grieg Kapital AS.
- * Purchase of fuel from Eidsvaag AS, a company related to a board member of Grieg Seafood.

The parent company provides a range of services to the subsidiaries. The services include administrative services and services relating to the provision of parent company non-current loans and current credit facilities to the subsidiaries. Interest is charged on an arm's length basis.. In addition, Grieg Seafood ASA engage in hedge contracts on behalf of subsidiaries. The arrangement is intended to reduce these companies' exposure to salmon prices. The agreement with the subsidiaries are priced on the basis of a "back-to-back"-arrangement.

Grieg Seafood ASA sold all its shares in Sjør AS (previously known as Ocean Quality AS) at 31 December 2020. Transactions with Ocean Quality AS for the year 2020 was all related parties transactions, however the company is not part of the Grieg Seafood Group at year-end 2020 (see Note 5). Ocean Quality AS was classified as a subsidiary of Grieg Seafood ASA since 2015. As part of the sale of shares in Ocean Quality AS, Grieg Seafood ASA has assumed the liabilities of the rental agreement Ocean Quality AS had with Grieg Garden AS for office space in Bergen. Ocean Quality AS purchases fish from its shareholder Bremnes Fryseri AS, for resale to domestic and international customers. The fish from Bremnes Fryseri AS is supplied by its subsidiary Bremnes Seashore AS. Ocean Quality AS rents office premises and office equipment from Bremnes Fryseri AS. The sale activity of Ocean Quality related to sale of fish produced by Bremnes has been treated as discontinued operations in the Grieg Seafood consolidated financial statements for 2020.

The Group also purchases services relating to operations from other related parties and associates. The board and management are related parties.

See Note 17 on share-based options and Note 18 on shares controlled by board members and management.

All transactions, including both sale and purchase of goods and services, are made on an arm's length basis

NOTE 24 FINANCIAL INCOME AND FINANCIAL EXPENSES

FINANCIAL ITEMS NOK 1 000	2020	2019
FINANCIAL INCOME		
Other interest income	—	6 318
Dividend	20	—
Net currency gains	—	34 377
Other financial income	83	—
Total	103	40 695
FINANCIAL EXPENSE		
Interest expense on external borrowings and leases*	92 132	53 743
Amortized establishment cost	21 498	2 750
Other interest expenses	7 456	6 781
Net change in fair value of derivatives	24 518	2 690
Net currency losses	98 714	—
Other financial expenses	3 577	411
Total	247 895	66 374

Net financial items has changed with NOK -222 million compared with 2019, mainly due to currency losses on loans and receivables, increased debt service costs incl. bond issue, and increased amortized establishment cost for financial liabilities.

*Interest expenses on bank borrowings and leases includes recognized gains/losses from realized interest rate swaps of NOK 2 million in 2020 (2019: NOK 0.1 million).

NOTE 25 OTHER OPERATING EXPENSES

OTHER OPERATING EXPENSES NOK 1 000	2020	2019
Transportation costs	355 994	356 617
Maintenance costs	256 442	237 141
Electricity and fuel	92 157	104 214
Lease expenses 1)	14 938	67 212
Outsourced services and audit fees	101 686	97 950
Insurance	47 920	45 168
IT expenses	53 079	45 970
Marketing costs	5 517	7 913
Other operating expenses 2)	101 148	83 003
Other production-related costs 1, 3)	563 971	362 075
Total other operating expenses	1 592 852	1 407 263

1) Reduction in lease expenses (not classified as other production-related costs, incl. well-boats). See the profit (loss) specification of Note 13.

2) Includes equipment, telephony/postage, office supplies, fees, travel costs etc.

3) Production-related costs comprise harvesting costs including expenses for well-boat services, packaging material, diving services, vaccination, de-lousing, oxygen, and analyses etc.

BREAKDOWN OF TOTAL AUDITOR'S FEES NOK 1 000	2020	2019
AUDITOR'S FEES		
Group auditor	2 797	3 414
Other auditors	1 183	628
OTHER CERTIFICATION SERVICES		
Group auditor	362	574
Other auditors	—	—
TAX ADVICE		
Group auditor	669	578
Other auditors	473	460
OTHER SERVICES		
Group auditor	489	179
Other auditors	342	157
Total Group auditor	4 317	4 745
Total other auditors	1 998	1 245
Total auditor's fees	6 315	5 990

AUDIT FEES INCLUDED IN PROFIT (LOSS) FROM CONTINUED OPERATIONS NOK 1 000	2020	2019
Total Group auditor	3 971	4 606
Total other auditors	1 374	—
Total auditor's fees	5 345	4 606

The audit fee specification for 2020 include fees from Advokatfirmaet PricewaterhouseCoopers AS (tax-related assistance) of NOK 338 thousands.

Total audit fees in 2020 was NOK 6 926 thousands, of which NOK 969 thousands were related to discontinued operations. Thus, audit fees included in other operating expenses for the group's continued operations for 2020 was NOK 5 957 thousands, while NOK 969 thousands are included on net profit from discontinued operations. The 2019-audit fee specification is re-presented to be comparable.

NOTE 26 OTHER CURRENT LIABILITIES

OTHER CURRENT LIABILITIES NOK 1 000	2020	2019
Accrued expenses *	83 559	158 993
Realised gain on price contracts, liability on counterpart **	—	10 902
Other current liabilities ***	11 057	9 612
Other current liabilities	94 616	179 507

* Accrued expenses relate to other operating expenses, including accrued purchases, transportation costs, bonuses/discounts for buyers, accrued salaries, and insurance.

** See Note 3.

*** At year-end 2019, the Group had physical delivery contracts recognized as liability, totalling NOK 2 million. At year-end 2020 the Group was not exposed to physical delivery contracts.

In 2020, we classified our Shetland assets as held for sale. In addition, we have sold all our shares in Ocean Quality AS. The 2019 comparative figures are not re-presented as for the effect of IFRS 5. The 2019 balance sheet amount related to assets classified as held for sale / assets sold on 2020 is NOK 80 million (out of NOK 180 million) and primarily relates to accrued expenses.

NOTE 27 NEW ACCOUNTING STANDARDS

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURE OF NEW STANDARDS

A) NEW AND AMENDED STANDARDS, AND INTERPRETATIONS - ADOPTED IN 2020

AMENDED STANDARDS AND INTERPRETATIONS

Amendments to IFRS 3 - Definition of a Business

The amendments help determine whether an acquisition made is of a business or a group of assets.

The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. It also clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. This assessment must be based on what has been acquired in its current state and condition. The amendments also introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The amendments are applied to transactions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020.

In April 2020, Grieg Seafood ASA acquired 99 % of Grieg Newfoundland AS in 2020, parent of the Grieg Newfoundland subgroup, which is currently developing and establishing Atlantic salmon farming operations at Newfoundland, Canada. The amendments to IFRS 3 has had no effect on the Group in 2020 of whether we have acquired business, or a group of assets in Newfoundland. See Note 6.

Amendments to IAS 1 and IAS 8 - Definition of Material

The International Accounting Standards Board (IASB) has issued amendments to its definition of material to make it easier to make materiality judgements. The definition of material helps decide whether information should be included in the financial statements. The amendments set out a new definition of material: "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". Also, the amendments clarify that materiality depends on the nature or magnitude of information, or both. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards. The changes are effective for annual periods beginning on or after 1 January 2020.

Amendments to IFRS 9, IAS 39 and IFRS 7 - the IBOR reform

The amendments provide temporary reliefs to certain requirements related to hedge accounting in the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate. The effective date of the amendments is for annual periods beginning on or after 1 January 2020. The requirements are applied retrospectively. Grieg Seafood has had hedge accounting in 2020, however not related to IBOR-rates. Thus, the amendment has had no effect in 2020.

Amendment to IFRS 16 - Covid-19-Related Rent Concessions

In May 2020, the International Accounting Standards Board amended IFRS 16 Leases to provide relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic. The amendment does not affect lessors. The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to covid-19-related rent concessions that reduce lease payments due on or before 30 June 2021. Lessees must apply the practical amendment retrospectively, recognizing the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the amendment is first applied. The amendment is effective for annual periods beginning on or after 1 June 2020, but earlier application is permitted. The amendment has had no effect on the Group in 2020.

B) NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS - NOT YET ADOPTED

Standards, amendments and interpretations that are issued up to the date of issuance of the consolidated financial statement, but not yet effective, are disclosed below. The Group's intention is to adopt the relevant new and amended standards and interpretations when they become effective, subject to EU approval before the consolidated financial statement are issued.

OUR FINANCIAL RESULTS

Amendments to IAS 1 on classification of liabilities as current or non-current

IASB has issued amendments to IAS 1 to clarify the requirements for classifying liabilities as current or non-current. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

The amendment clarifies

- The interpretation of the right to defer settlement of a liability
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2023. The Group does not intend to early adopt the amendments.

ANNUAL IMPROVEMENTS 2018-2020 CYCLE

IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies that a borrower only includes fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The amendment is applied to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is required for annual reporting periods beginning on or after 1 January 2022, and earlier application is permitted.

IAS 41 Agriculture - Taxation in fair value measurements

The amendment removes the requirements in IAS 41.22 Agriculture for entities to exclude cash flows for taxation when measuring the fair value of assets applying IAS 41. An entity applies the amendment to fair value measurements on or after the beginning of the first annual reporting beginning on or after 1 January 2022. Earlier application is permitted. The new guidance is not expected to have an effect for the fair value estimates of the Grieg Seafood Group.

OTHER STANDARDS, AMENDMENTS AND INTERPRETATIONS

No other new standards, amendments and interpretations, not yet adopted at 31 December 2020, is expected to have material impact on the consolidated financial statement of the Group.

NOTE 28 CONTINGENT LIABILITIES

In February 2019, the European Commission launched an investigation to explore potential anti-competitive behavior in the Norwegian salmon industry. Grieg Seafood is one of the companies under investigation. Based on the EU investigation, US competition authorities launched their own investigation into the matter in November 2019, and American class-action lawsuits were filed in the USA by minor customers. Two lawsuits by two persons have also been filed in Canada.

Grieg Seafood is not aware of any anti-competitive behavior within the Group, not in Norway, the EU, the USA, or in Canada. We are fully collaborating with European and American authorities in this matter and will follow up the lawsuits in the USA and Canada accordingly. As of year-end 2020, there is no new information regarding these investigations.

Approximately NOK 25.5 million (NOK 20 million) was spent on lawyer fees related to the EU commission investigation during the year. There is no new information regarding the EU investigation, and Grieg Seafood considers it to be probable that the investigation will be in its favor, which also is supported by legal advice. Furthermore, the amount of the contingent liability related to a negative outcome of this matter cannot be reasonable estimated, due to the lack of information. Consequently, no provision has been recognized in relation to both the EU and the US investigation, nor to any of the civil lawsuits.

NOTE 29 POST-BALANCE SHEET EVENTS

On 18 January 2021, the Norwegian Directorate of Fisheries granted Grieg Seafood Rogaland three development licenses to build "Blue Farm". In 2016, Grieg Seafood applied for ten development licenses to build the innovative farm and place it in exposed seas in Rogaland. The concept is based on the technology from the Norwegian oil and gas industry, and the aim is to later move the farm to areas offshore. Grieg Seafood has appealed the decision to the Ministry of Industry and Fisheries as we believe there are grounds for additional licences.

On 20 January 2021, Grieg Seafood announced the investment in the joint venture Årdal Aqua AS, owned in equal parts by Grieg Seafood Rogaland AS, Vest Havbruk AS and Omfar AS. The project is currently in the design development phase, with the aim to start construction during the autumn of 2021. The facility has a production capacity of 5 000 tonnes annually according to current plans and aims to increase the production capacity further. Årdal Aqua will deliver at least 3 000 tonnes of post-smolt annually to Grieg Seafood's sea farms in Rogaland. In addition, the company aims to gradually produce fish to harvest size on land. The move makes Grieg Seafood the first global salmon producer to invest in land-based salmon farming.

GRIEG SEAFOOD ASA ACCOUNTS



ASA ACCOUNTS

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OUR FINANCIAL RESULTS

INCOME STATEMENT

GRIEG SEAFOOD ASA NOK 1 000	NOTE	2020	2019
Other operating income	2/16	75 456	79 264
Total operating income		75 456	79 264
Salaries and personnel expenses	3/4	-48 276	-61 186
Depreciation and amortization	11/12	-6 220	-5 840
Other operating expenses	3/16	-93 985	-99 620
Total operating expenses		-148 481	-166 646
Operating loss		-73 024	-87 382
Financial income	5/16	252 069	982 858
Financial expenses	5/16	-183 255	-42 171
Net financial items		68 814	940 687
Profit before tax		-4 210	853 305
Income tax expense	14	15 826	-186 345
Net profit for the year		11 615	666 960
APPROPRIATION OF PROFIT FOR THE YEAR			
Proposed dividend		—	—
Additional dividend paid-out, not accrued previous year		—	220 897
Transferred to other equity		11 615	446 064
Total appropriations		11 615	666 960



OUR FINANCIAL RESULTS

STATEMENT OF FINANCIAL POSITION

GRIEG SEAFOOD ASA NOK 1 000	NOTE	31.12.2020	31.12.2019
ASSETS			
Software	11	14 504	15 238
Property, plant and equipment	12/17	2 131	3 379
Investments in subsidiaries	9/17	2 362 159	1 385 840
Loan to Group companies	16/17	1 216 143	648 991
Other non-current receivables		—	167
Investment in shares	10	169	194
Total non-current assets		3 595 106	2 053 808
Trade receivables from Group companies	16/17	4 307	21 217
Other receivables from Group companies	16/17	2 361 526	1 806 443
Other current receivables	6/16	57 311	12 084
Short-term investments and financial instruments	8	7 328	6 360
Bank deposits	7	183 710	6 395
Total current assets		2 614 181	1 852 499
Total assets		6 209 287	3 906 306

GRIEG SEAFOOD ASA NOK 1 000	NOTE	31.12.2020	31.12.2019
EQUITY AND LIABILITIES			
Share capital	13	453 788	446 648
Treasury shares	13	-4 686	-4 855
Other paid-in equity		226 067	39 627
Contingent consideration (acquisition of Grieg Newfoundland AS)	9	701 535	—
Other retained earnings		1 293 215	1 279 034
Total equity		2 669 919	1 760 455
Deferred tax	14	11 862	23 083
Share based payments	4	491	8 379
Total provisions		12 353	31 461
Green bond loan	17	1 468 462	—
Non-current loan	17	1 855 404	1 563 935
Total non-current liabilities		3 323 866	1 563 935
Current portion of non-current loan	17	102 352	98 212
Share based payments	4	2 411	11 270
Trade payables	16	6 414	11 415
Trade payables to Group companies	16	45 750	1 625
Current liabilities to Group companies	16/17	2 993	216 868
Tax payable	14	279	180 394
Public duties payable		3 910	2 808
Financial instruments	8	15 616	—
Other current liabilities	6/8/16	23 423	27 865
Total current liabilities		203 148	550 455
Total liabilities		3 539 368	2 145 851
Total equity and liabilities		6 209 287	3 906 306

BERGEN, 25 March 2021
GRIEG SEAFOOD ASA

PER GRIEG JR.

Chair

TORE HOLAND

Vice Chair

SIRINE FODSTAD

Board Member

MARIANNE RIBE

Board Member

KATRINE TROVIK

Board Member

ANDREAS KVAME

CEO

OUR FINANCIAL RESULTS

STATEMENT OF CHANGES IN EQUITY

GRIEG SEAFOOD ASA NOK 1 000	SHARE CAPITAL	TREASURY SHARES	OTHER PAID-IN EQUITY	CONTINGENT CONS.*	OTHER EQUITY	TOTAL EQUITY
Equity at 01.01.2019	446 648	-4 914	13 877	—	856 775	1 312 386
PROFIT FOR THE YEAR 2019	—	—	—	—	666 960	666 960
Reclassification of equity	—	—	25 597	—	-25 597	—
Sale of treasury shares to employees	—	59	153	—	1 793	2 005
Dividend paid-out 2019, not accrued 2018	—	—	—	—	-220 897	-220 897
Equity at 31.12.2019	446 648	-4 855	39 627	—	1 279 034	1 760 455
PROFIT FOR THE YEAR 2020	—	—	—	—	11 615	11 615
Sale of treasury shares to employees	—	169	439	—	2 647	3 255
Contribution in kind	7 140	—	186 001	—	—	193 142
Contingent consideration*	—	—	—	701 535	—	701 535
Other gains and losses recognized in equity	—	—	—	—	-83	-83
Equity at 31.12.2020	453 788	-4 686	226 067	701 535	1 293 215	2 669 919

*Contingent consideration related to the acquisition of Grieg Newfoundland AS, see Note 9.

CASH FLOW STATEMENT

GRIEG SEAFOOD ASA NOK 1 000	NOTE	2020	2019
Profit before tax		-4 210	853 305
Recognized, not paid Group contributions		-99 710	-862 390
Taxes paid	14	-180 954	-115 816
Gain/loss sale of subsidiary	9	-59 978	—
Depreciation and amortization	11/12	6 220	5 840
Change in trade receivables		16 910	-20 752
Change in trade payables		39 124	-8 742
Change in other accruals		-81 038	9 186
Items classified as investing or financing activities		57 759	19 157
Currency translation differences		28 534	-36 919
Net cash flow from operating activities		-277 343	-157 131
Dividend income	5	17 362	14 737
Dividend income from Group companies - no cash effect		-17 342	—
Purchase of property, plant and equipment	12	-294	-534
Purchase of intangible assets	11	-3 944	-695
Purchase of shares (Grieg Newfoundland AS)	9	-620 464	—
Proceeds sale of subsidiary	9	16 337	—
Payments/proceeds, loans to/from Group companies		-1 485 134	-297 964
Paid-in capital establishment of new subsidiary	9	-1 000	—
Group contribution from subsidiaries		862 390	610 982
Payments/proceeds on loans to/from associates		—	22 940
Net cash flow from investing activities		-1 232 090	349 465
Change in overdraft facility (net draw-down/repayment)		—	-46 597
Revolving credit facility (net draw-down/repayment)		364 135	368 930
Proceeds of long-term interest bearing debt	17	1 500 000	—
Repayment of long-term interest-bearing debt	17	-102 267	-99 345
Change in loans to/from Group companies		—	60 939
Interest paid		-75 120	-33 893
Dividends paid		—	-441 764
Net cash flow from financing activities		1 686 748	-191 730
Net change in cash and cash equivalents		177 315	604
Cash and cash equivalents at 01.01.		6 395	5 790
Cash and cash equivalents at 31.12.	7	183 710	6 395

NOTE 1 ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

All amounts are stated in NOK thousand, unless otherwise indicated.

USE OF ESTIMATES

The management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses and information on potential liabilities in accordance with generally accepted accounting principles in Norway.

REVENUE RECOGNITION

Revenue from the sale of goods is recognized at the time of delivery. Revenue from the sale of services is recognized when the services are delivered. The share of sales revenue associated with future service is recognized in the balance sheet as accrued sales

revenues and is transferred to income at the time of execution.

CLASSIFICATION AND VALUATION OF BALANCE SHEET ITEMS

Assets intended for long-term ownership or use are classified as non-current assets. Assets related to the normal operating cycle are classified as current assets. Receivables are classified as current assets if they are expected to be repaid within 12 months of the transaction date. Similar criteria are applied to liabilities. Current assets are valued at the lower of cost and fair value. Current liabilities are recognized in the balance sheet at nominal value. Non-current assets are valued at historical cost. Property, plant and equipment whose value will deteriorate is depreciated on a straight-line basis over the asset's estimated useful life. Non-current assets are written down to fair value where this is required by accounting rules. Nominal amounts are discounted if the interest rate element is material.

INTANGIBLE ASSETS

Expenditure on intangible assets is recognized in the balance sheet to the extent that a future economic benefit can be identified as deriving from the development of an identifiable intangible asset and cost can be measured reliably. Otherwise, the cost is expensed as it arises. Capitalized development costs are amortized over their useful life.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recognized in the balance sheet and depreciated on a straight-line basis over its estimated useful

life, providing the asset has an expected useful life of more than 3 years and a cost price of more than NOK 15 thousand. Maintenance costs are recognized in income as operating expenses as they arise, while improvements and additions are added to the acquisition cost of the asset and depreciated at the same rate as the asset. The distinction between maintenance and improvements is made based on the asset's relative condition at the original purchase date.

SUBSIDIARIES

Subsidiaries are valued at cost in the single-entity financial statements. Investments are recognized as the cost of the shares adjusted for any minor impairments where necessary. Group contributions paid to subsidiaries, net of tax, are recognized as an increase in the cost of the shares. Dividends and Group contributions are recognized in the same year as they are proposed in the subsidiary's financial statements. If dividends/ Group contributions materially exceed retained earnings after acquisition, the excess amount is regarded as a reimbursement of invested capital and is deducted from the recorded cost in the balance sheet. Dividends and group contributions received are recognized as other financial income.

Contingent consideration is included in cost at the acquisition date of a subsidiary. The likelihood of payment and time value of money are considered when estimating the fair value of the contingent consideration at the acquisition date.

IMPAIRMENT OF NON-CURRENT ASSETS

Impairment tests are performed upon indication that the carrying amount of a non-current asset exceeds its estimated fair value. The test is performed at the lowest level of non-current assets at which independent cash flows can be identified. If the carrying amount is higher than both the fair value less costs to sell and the recoverable amount (net present value of future use/ownership), the asset is written down to the higher of fair value less costs to sell and the recoverable amount. Previous impairment charges are reversed in a later period if the prerequisites for impairment are no longer present (except for impairment of goodwill).

TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognized in the balance sheet at nominal value after a provision for bad debts. The provision for bad debts is estimated based on an individual assessment of each material receivable.

CURRENT INVESTMENTS

Current investments (shares and investments which are considered current assets) are carried at the lower of average acquisition cost and fair value at the balance sheet date. Dividends and other distributions received are recognized as other financial income.

PENSIONS

The company's pension schemes are according to the requirements of the Mandatory Occupational Pensions Act. The company operates a defined contribution pensions scheme for its employees. The premium is paid through operations and is expensed on an ongoing basis. Social security costs are charged based on the pension premium paid.

GROUP ACCOUNT SCHEME – DEPOSITS AND LOANS

Grieg Seafood ASA operates as an internal bank for its subsidiaries. Grieg Seafood ASA borrows funds from financial institutions and then lends these funds to its subsidiaries. The company has set up a group account (cash pool) scheme (multi-account scheme) in which Grieg Seafood ASA is the legal account holder. Deposits and loans are recognized as intercompany transactions. All subsidiaries are jointly and severally liable to the financial institutions for the entire amount of the commitment under the scheme.

FOREIGN CURRENCY

The company's functional and presentational currency is NOK. Monetary items in a foreign currency are translated into NOK using the exchange rate applicable on the balance sheet date. Non-monetary items that are measured at their historical price expressed in a foreign currency are translated into NOK using the exchange rate applicable on the transaction date. Non-monetary items that are measured at their fair value expressed in a foreign currency are translated at the exchange rate applicable on the balance sheet date. Changes to exchange rates are recognized in the income statement as they occur during the accounting period.

CASH-BASED REMUNERATION

The company operates a share-based remuneration scheme with settlement in cash. Each employee is obliged to purchase shares relative to their annual salary. The company's estimated liability is recognized as a current or non-current liability based on the estimated settlement date. The cost for the year is recognized in the income statement.

DERIVATIVES

FORWARD CURRENCY CONTRACTS

Realized gains (loss) on forward currency contracts are recognized in the income statement as a financial income (financial cost). The fair value of a forward currency contract is measured in its contracted currency and translated to NOK using the foreign exchange currency rate at the balance sheet date.

INTEREST RATE SWAPS

Interest rate swap contracts are measured according to the lowest of its acquisition cost and fair value at the balance sheet date.

TAXES

The tax expense in the income statement consists of both tax payable for the accounting period and changes in deferred tax. Deferred tax is calculated at the relevant rate on temporary differences between the value of assets and liabilities for tax purposes and any allowable loss to be carried forward at the year-end in the financial statements. Temporary differences, both positive and negative, are offset within the same period. Deferred tax assets are recognized in the balance sheet when it is more likely than not that the tax assets will be utilized. Deferred tax assets and deferred tax liabilities are presented net in the balance sheet. Tax on paid Group contributions recognized as an increase in the purchase price of shares in other companies. Taxes payable and deferred taxes are recognized directly in equity to the extent that they relate to equity transactions (offset against tax payable if the Group contribution affects tax payable and offset against deferred taxes if the Group contribution affects deferred taxes).

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 highly liquid investments which entail no appreciable exchange rate risk, and which mature within three months of the purchase date.

OUR FINANCIAL RESULTS

NOTE 2 OPERATING INCOME

OPERATING INCOME NOK 1 000	2020	2019
Administrative services – Group companies (Note 16)	75 413	79 394
Other operating income	43	-130
Total operating income	75 456	79 264

NOTE 3 SALARIES, PERSONNEL AND OTHER OPERATING EXPENSES

SALARIES AND PERSONNEL EXPENSES NOK 1 000	2020	2019
Wages and salaries	38 678	30 013
Social security costs	6 692	5 912
Share options for directors and key personnel (Note 4)	-4 996	16 387
Pension costs – defined contribution scheme	1 657	1 424
Other personnel costs	6 243	7 450
Total	48 276	61 186
Average number of employees	29	25

The Company has a pension scheme covering all employees at 31 December 2020. The pension scheme is funded and managed through an insurance company.

Grieg Seafood established a share savings program for its employees and has been continued in 2020. See the consolidated financial statements Note 16 for further information.

In December 2019 the Norwegian Parliament adopted new rules on the wage policy of listed public companies. New rules came into force in January 2021 and replace the current rules on guidelines for wage policy as well as the requirements for reporting wages and remuneration. New provisions from 1 January 2021 mean that the public limited companies are not obliged to submit a management salary declaration for 2020.

REMUNERATION PAID TO GROUP MANAGEMENT IN 2020 NOK 1 000	SALARY	BONUS	RETAINED, NOT YET PAID	OPTIONS EXERCISED DURING THE YEAR	OTHER BENEFITS	TOTAL
CEO	2 841	536	—	2 709	118	6 203
CFO	2 173	342	—	2 070	101	4 686
CTO	1 996	308	—	1 868	101	4 272
CHRO	1 574	236	—	1 431	106	3 347
COO Farming Europe	1 996	402	—	1 615	78	4 092
COO Farming North America	1 825	233	—	1 571	78	3 706
CCO	525	—	—	—	81	606
GCM	1 035	139	—	—	96	1 269
Total remuneration incl. social security costs	13 963	2 197	—	11 264	759	28 183

Recognized expenses arising from synthetic options not declared throughout the year are not included in the above statement. See Note 4.

In May 2020, Grieg Seafood announced changes to the Group management structure, with inclusion of COOs for farming in Europe and North America. In June, the Chief Commercial Officer was added to the Group management team of Grieg Seafood.

REMUNERATION PAID TO BOARD MEMBERS IN 2020 NOK 1 000	TOTAL
Per Grieg Jr.*	479
Tore Holand**	348
Sirine M. Fodstad*	308
Marianne Ribe (from 14 May 2020)*	178
Katrine Trovik (from 14 May 2020)**	195
Asbjørn Reinkind (until 14 May 2020)	140
Karin Bing Orgland (until 14 May 2020)**	143
Solveig M.R. Nygaard (until 14 May 2020)	119
Total remuneration including social security costs	1 909

*Payment for work performed on the Remuneration Committee of NOK 22 820 is included in the remuneration paid to Per Grieg Jr. and Sirine Fodstad, and NOK 11 410 for Marianne Ribe.

**Payment for work performed on the Audit Committee is included in the remuneration paid to Tore Holand, Katrine Trovik and Karin Bing Orgland, amounting to NOK 57 050, 28 525 and 23 770, respectively.

The amounts include social security costs.

REMUNERATION PAID TO GROUP MANAGEMENT IN 2019 NOK 1 000	SALARY	BONUS	RETAINED, NOT YET PAID	OPTIONS EXERCISED DURING THE YEAR	OTHER BENEFITS	TOTAL
CEO	2 759	347	601	2 592	101	6 401
CFO	1 795	184	383	1 652	101	4 117
COO	1 919	133	345	1 787	101	4 286
CHRO	1 505	280	265	1 645	103	3 798
Total remuneration incl. social security costs	7 980	945	1 594	7 677	406	18 602

Recognized expenses arising from synthetic options not declared throughout the year are not included in the above statement. See Note 4.

OUR FINANCIAL RESULTS

REMUNERATION PAID TO BOARD MEMBERS IN 2019 NOK 1 000	TOTAL
Per Grieg Jr.*	456
Asbjørn Reinkind*	319
Wenche Kjøllås (until 13.06.2019)**	140
Karin Bing Orgland**	311
Solveig M.R. Nygaard	257
Tore Holand**	285
Sirine M. Fodstad (from 13.06.2019)***	154
Total remuneration including social security costs	1 923

*Payment for work performed on the Remuneration Committee of NOK 19 968 is included in the remuneration paid to Per Grieg Jr. and Asbjørn Reinkind.

**Payment for work performed on the Audit Committee is included in the remuneration paid to Wenche Kjøllås, Karin Bing Orgland and Tore Holand, amounting to NOK 25 673, 54 198 and 28 525, respectively.

***Payment for work performed on the Remuneration Committee of NOK 11 410 is included in the remuneration paid to Sirine Fodstad.

The amounts include social security costs.

BREAKDOWN OF AUDITOR'S FEES NOK 1 000	2020	2019
Statutory audit	852	994
Other certification services	362	514
Tax advisory fee	347	302
Other services	101	173
Total	1 663	1 983

The audit fee specification for 2020 include fees from Advokatfirmaet PricewaterhouseCoopers AS (tax-related assistance) of NOK 338 thousands.

OTHER OPERATING EXPENSES

In February 2019, the European Commission launched an investigation to explore potential anti-competitive behavior in the Norwegian salmon industry. Grieg Seafood is one of the companies under investigation. Based on the EU investigation, US competition authorities launched their own investigation into the matter in November 2019, and American class-action lawsuits were filed in the USA by minor customers. Two lawsuits by two persons have also been filed in Canada.

Grieg Seafood is not aware of any anti-competitive behavior within the Group, not in Norway, the EU, the USA, or in Canada. We are fully collaborating with European and American authorities in this matter and will follow up the lawsuits in the USA and Canada accordingly.

There is no new information regarding the EU investigation, and Grieg Seafood considers it to be probable that the investigation will be in its favor, which also is supported by legal advice. Furthermore, the amount of the contingent liability related to a negative outcome of this matter cannot be reasonable estimated, due to the lack of information. Consequently, no provision has been recognized in relation to both the EU and the US investigation, nor to any of the civil lawsuits.

Approximately NOK 25.5 million (2019: NOK 20 million) was spent on lawyer fees related to the EU commission investigation in 2020.

NOTE 4 SHARE BASED PAYMENTS

The Company has issued options to the management group and regional directors. The options' strike price is the stock market price on the date of issue, rising by 0.5% per month until the exercise date. Since 2009, an option scheme with settlement in cash has been established for the Group management and regional directors. The most recent allocation was in 2020, totalling 1 890 000 options. The final exercise date is 31 May 2024. The options have a term of two years, where 50% is vested each year.

The Black & Scholes option pricing model is used to calculate the market value. A brokerage firm is used to perform the calculations. The table below shows the movement in outstanding options during 2019 and 2020.

OVERVIEW 2020 (TOTAL OPTIONS)	OPTION CATEGORY	OUTSTANDING OPTIONS AT 31.12.2019	GRANTED OPTIONS	EXERCISED OPTIONS	EXPIRED OPTIONS	OUTSTANDING OPTIONS AT 31.12.2020	OF WHICH CASH- SETTLED
CEO	Cash settlement	400 000	340 000	48 271	151 729	540 000	540 000
CFO	Cash settlement	200 000	170 000	36 881	63 119	270 000	270 000
CTO	Cash settlement	200 000	170 000	33 287	66 713	270 000	270 000
CHRO	Cash settlement	132 712	100 000	25 509	7 203	200 000	200 000
GCM	Cash settlement	—	100 000	—	—	100 000	100 000
COO Farming Europa	Cash settlement	200 000	170 000	28 781	71 219	270 000	270 000
COO Farming North America	Cash settlement	200 000	170 000	27 992	72 008	270 000	270 000
CCO	Cash settlement	0	170 000	—	—	170 000	170 000
Others	Cash settlement	277 492	500 000	51 990	25 503	700 000	700 000
Total		1 610 205	1 890 000	252 711	457 494	2 790 000	2 790 000

OVERVIEW 2019 (TOTAL OPTIONS)	OPTION CATEGORY	OUTSTANDING OPTIONS AT 31.12.2018	EXERCISED OPTIONS	EXPIRED OPTIONS	OUTSTANDING OPTIONS AT 31.12.2019	OF WHICH CASH- SETTLED
CEO	Cash settlement	600 000	29 530	170 470	400 000	400 000
CFO	Cash settlement	276 044	18 826	57 218	200 000	200 000
COO	Cash settlement	300 000	20 364	79 636	200 000	200 000
CHRO	Cash settlement	200 000	67 288	—	132 712	132 712
Others	Cash settlement	999 999	157 238	165 269	677 492	677 492
Total		2 376 044	293 246	472 593	1 610 205	1 610 205

ALLOCATION: YEAR - MONTH	EXPIRY DATE: YEAR - MONTH	STRIKE PRICE NOK PER SHARE AT 31.12.2020	STRIKE PRICE NOK PER SHARE AT 31.12.2019	OPTIONS	
				2020	2019
2017 - 11	2020 - 05	100.07	94.29	—	710 205
2017 - 11	2021 - 05	100.07	94.29	900 000	900 000
2020 - 12	2023 - 05	78.96	—	945 000	—
2020 - 12	2024 - 05	78.96	—	945 000	—
Total				2 790 000	1 610 205

OUR FINANCIAL RESULTS

	2020	2019
Cash-based options available for settlement	2 790 000	1 610 205
Weighted average exercise price on outstanding options (NOK per option)	80	83

NOK/OPTION		AMOUNTS IN NOK 1 000							
2020	OPTION CATEGORY	LISTED PRICE ON ALLOCATION	CALCULATED VALUE PER OPTION ON ALLOCATION	CALCULATED TOTAL VALUE ON ALLOCATION *	TOTAL VALUE OF ALL OPTIONS AT 01.01.2020	CHANGE IN PROVISION CB-OB*	EXERCISED OPTION 2020	ACC. COST RECOGNIZED IN EQUITY AT 31.12.2020	RECOGNIZED LIABILITY CASH SETTLEMENT AT 31.12.2020
Former employees with expired options	Equity option	—	—	—	—	—	—	6 887	—
CEO	Cash	78.96	4.35	1 480	—	56	—	—	56
CFO	Cash	78.96	6.34	1 078	—	41	—	—	41
CTO	Cash	78.96	5.82	989	—	37	—	—	37
CHRO	Cash	78.96	7.20	720	—	27	—	—	27
GCM	Cash	78.96	6.04	604	—	23	—	—	23
COO Farming Europe	Cash	78.96	5.87	999	—	38	—	—	38
COO Farming North America	Cash	78.96	5.87	999	—	38	—	—	38
CCO	Cash	78.96	6.13	1 042	—	39	—	—	39
Other options allocated in 2020	Cash	78.96	7.04	3 519	—	132	—	—	132
CEO	Cash	83.00	2.26	906	4 007	-3 540	2 709	—	467
CFO	Cash	83.00	2.79	557	2 505	-2 188	2 070	—	316
COO	Cash	83.00	2.79	557	2 688	-2 392	1 868	—	296
CHRO	Cash	83.00	2.38	475	1 891	-1 645	1 431	—	247
Other options allocated in 2017	Cash	83.00	2.35	1 880	8 557	-7 472	6 103	—	1 085
Total				15 802	19 649	-16 807	14 181	6 887	2 842

*Amounts exclude social security costs

NOK/OPTION		AMOUNTS IN NOK 1 000							
2019	OPTION CATEGORY	LISTED PRICE ON ALLOCATION	CALCULATED VALUE PER OPTION ON ALLOCATION	CALCULATED TOTAL VALUE ON ALLOCATION *	TOTAL VALUE OF ALL OPTIONS AT 01.01.2019	CHANGE IN PROVISION CB-OB*	EXERCISED OPTION 2019	ACC. COST RECOGNIZED IN EQUITY AT 31.3.2020	RECOGNIZED LIABILITY CASH SETTLEMENT AT 31.3.2020
Former employees with expired options	Equity option	—	—	—	—	—	—	6 887	—
CEO	Cash	25.50	3.36	1 342	2 575	-2 575	2 592	—	—
CFO	Cash	25.50	3.97	793	1 634	-1 634	1 652	—	—
COO	Cash	25.50	3.97	793	1 773	-1 773	1 787	—	—
CHRO	Cash	79.00	3.63	363	—	—	1 645	—	—
CEO	Cash	83.00	2.26	906	1 709	2 298	—	—	4 007
CFO	Cash	83.00	2.79	557	1 057	1 448	—	—	2 505
COO	Cash	83.00	2.79	557	1 130	1 558	—	—	2 688
CHRO	Cash	83.00	2.38	475	898	994	—	—	1 891
Other options allocated in 2015	Cash	25.50	3.60	2 876	3 027	-3 027	3 267	—	—
Other options allocated in 2017	Cash	83.00	2.35	1 880	3 699	4 858	2 995	—	8 557
Total				10 543	17 503	2 145	13 939	6 887	19 649

*Amounts exclude social security costs

	2020	2019	CLASSIFICATION IN FINANCIAL STATEMENTS
Change in provisions	-16 807	2 145	Other provisions for liabilities
Exercised options during the year	14 181	13 939	Salaries and personnel expense / cash
Total cost excl. social security costs	-2 626	16 085	
Social security costs	-2 370	303	Public taxes payable
Total cost incl. social security costs	-4 996	16 387	Salaries and personnel expense

Cost relating to cash-based remuneration in 2020 totalled NOK -4 996 thousand. This is recognized in the income statement as a personnel cost. Social security contributions are provided for on an ongoing basis based on the fair value of the options.

As at 31 December 2020, outstanding options with the right to cash settlement were stated at NOK 2 842 thousand, of which NOK 2 411 thousand were classified as current liabilities. Issued options are cancelled on termination of employment. Book value of long term liabilities incl. social security cost is NOK 491 thousand.

ESTIMATES USED TO CALCULATE ALLOCATION OF OPTIONS	31.12.2020	31.12.2019
Anticipated volatility (%)	37.90%	41.49%
Risk-free rate of interest (%)	1.39%	1.07%
Estimated qualification period (years)	0.98	1.56

The estimated qualification period for the options is based on historical data, and does not necessarily represent future developments. In order to estimate volatility, management has applied historical volatility for comparable listed companies.

OUR FINANCIAL RESULTS

NOTE 5 FINANCIAL INCOME AND FINANCIAL EXPENSES

FINANCIAL ITEMS NOK 1 000	2020	2019
FINANCIAL INCOME		
Interest income from Group companies	67 914	34 484
Gain/loss sale of subsidiary	59 978	—
Other interest income	254	615
Group contributions from subsidiaries	99 710	862 390
Dividend	17 362	14 737
Unrealized value changes, derivatives (note 8)	6 761	4 704
Unrealized currency change, non-current EUR term loan	—	7 100
Unrealized currency change, non-current loans from Group companies	89	29 819
Net realized currency gains	—	1
Net unrealized currency gains	—	29 008
Total	252 069	982 858
FINANCIAL EXPENSE		
Financial expense		
Loan interest expenses	94 247	35 494
Interest expense to Group companies	1 090	535
Other interest expenses	3 460	860
Unrealized value changes, derivatives, (note 8)	21 493	—
Realized value changes, derivatives	2 022	125
Unrealized currency change, non-current loans from Group companies	—	—
Unrealized currency change, non-current EUR term loan	28 623	—
Other financial expenses	3 601	2 381
Net realized currency losses	15 677	2 776
Net unrealized currency losses	13 042	—
Total	183 255	42 171
Net financial items	68 814	940 687

NOTE 6 OTHER CURRENT RECEIVABLES/OTHER CURRENT LIABILITIES

OTHER CURRENT RECEIVABLES NOK 1 000	2020	2019
Prepaid expenses	4 162	8 925
VAT	1 740	3 061
Other current receivables to Sjør AS (before Ocean Quality AS)	16 940	—
Realised gain on price contracts, receivable on counterpart	27 411	—
Other current receivables	458	97
Tax refund as a part of Corona tax measures	6 600	—
Total other current receivables	57 311	12 084

OTHER CURRENT LIABILITIES NOK 1 000	2020	2019
Accrued interest	10 451	4 984
Other accrued expenses	11 938	20 090
Unrealized loss on foreign currency contracts (Note 8)	—	—
Other current liabilities	1 034	2 791
Total other current liabilities	23 423	27 865

NOTE 7 BANK DEPOSITS

BANK DEPOSITS NOK 1 000	2020	2019
Restricted deposits relating to employees' tax deductions	2 163	1 591
Other bank deposits	181 547	4 803
Total	183 710	6 395

The company has an overdraft facility of NOK 100 million. Available credit on the overdraft facility was NOK 100 million at year-end 2020 (2019: NOK 100 million).

OUR FINANCIAL RESULTS

NOTE 8 SHORT-TERM INVESTMENTS AND FINANCIAL INSTRUMENTS

SHORT-TERM INVESTMENTS AND FINANCIAL INSTRUMENTS NOK 1 000	2020	2019
Financial instruments	6 761	5 877
DNB Global Allokering Norway (book value)*	566	483
Total	7 328	6 360

*Registered office: Oslo, Norway. Ownership percentage 0.00%. Numbers of shares: 3 038. Acquisition cost of NOK 630 thousands.

FINANCIAL INSTRUMENTS NOK 1 000	2020		2019	
	ASSETS	CURRENT LIABILITIES	ASSETS	CURRENT LIABILITIES
Interest rate swap contracts (five contracts for NOK 260 million, NOK 200 million, NOK 200 million, NOK 200 million and NOK 200 million maturing in 2021, 2023, 2024, 2024 and 2024, respectively)	—	15 616	5 877	—
Foreign currency contract GBP/NOK (Maturity interval 10.03.2021-12.01.2022)	69	—	—	—
Cross currency interest rate swap (NOK/EUR), maturity in 2025, NOK 250 million / EUR 23 million	6 692	—	—	—
Total financial instruments	6 761	15 616	5 877	—

CHANGES IN FINANCIAL INSTRUMENTS RECOGNIZED AS FINANCIAL ITEMS NOK 1 000	2020	2019
Unrealized gain/loss on interest rate swaps	-19 823	4 619
Unrealized gain/loss on foreign currency contracts	6 761	85
Net unrealized gain/(loss) on financial instruments	-13 062	4 704

The Company is exposed to a number of financial risks; market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the volatility of the financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company uses financial derivatives to reduce certain risks. The Board has established written principles for the management of foreign exchange risk, interest rate risk and use of the Company's financial instruments.

NOTE 9 INVESTMENTS IN SUBSIDIARIES

SUBSIDIARY	REGISTERED OFFICE COUNTRY	REGISTERED OFFICE LOCATION	OWNERSHIP/ VOTING SHARE	EQUITY AT 31.12.2020 NOK 1 000	PROFIT/ LOSS 2020 NOK 1 000	BOOK VALUE NOK 1 000
Grieg Seafood Rogaland AS	Norway	Bergen	100 %	829 445	208 674	223 497
Grieg Seafood Canada AS	Norway	Bergen	100 %	227 353	-9	297 112
Grieg Seafood Finnmark AS	Norway	Alta	100 %	1 056 238	68 020	400 481
Grieg Seafood Norway AS	Norway	Bergen	100 %	1 062	-2 324	1 000
Grieg Seafood Shetland Ltd	UK	Shetland	100 %	-119 929	-202 820	458 750
Grieg Newfoundland AS	Norway	Bergen	99 %	80 587	-12 544	981 319
Total				2 074 756	58 997	2 362 159

*Newly established in 2020.

Equity and profit/loss are taken from provisional financial statements, which have been prepared in accordance with local accounting standards.

GRIEG SEAFOOD SHETLAND LTD

In November 2020, we announced that the board of Grieg Seafood ASA has decided to divest the investment and operations in Shetland, as we will focus on our operations in Norway and Canada going forward. We have appointed DNB Markets and Nordea Markets to advice on a potential divestment of the Shetland assets. A conclusion of the process is expected within 2021. The net asset values booked in the consolidated financial statements of Grieg Seafood directly associated with the Shetland assets held for sale amounts to NOK 1 481 million. A disposal group's held for sale is measured at the lower of book value and fair value less cost of sale. See more information in Note 5 in the Group's consolidated financial statement for 2020.

ACQUISITION OF GRIEG NEWFOUNDLAND

Grieg Seafood ASA acquired 99 % of the shares in Grieg Newfoundland AS on the 20 April 2020. The transaction was a related party transaction, see more information in Note 16. See also Note 6 of the Grieg Seafood consolidated group financial statement.

The book value of the investment in Grieg Newfoundland AS in Grieg Seafood ASA equals the consideration in addition to capitalized transaction costs. The consideration is split into three parts - the net cash payment, the completion shares in Grieg Seafood ASA and contingent consideration. The negotiated subscription price for the completion shares was set at NOK 140.05, corresponding to a total contribution of NOK 250 million. As the market price per share was NOK 108.20 at closing, the value of the completion shares was NOK 193.1 million.

CONTINGENT CONSIDERATION

If certain production volumes are reached within the next ten years, additional payments are triggered. The additional amount becomes unconditional when Grieg Newfoundland has reached a planned annual harvest volume of 15 000 tonnes, and the amount increases with volume until an annual harvest volume of 33 000 tonnes. The amount due is NOK 43 per kg for volumes between 15 000-20 000 tonnes, and NOK 55 per kg for volumes between 20 000-33 000 tonnes, with a 4% per annum inflation adjustment in the period 2023-2029.

Fair value estimate of the additional amount has been arrived at by using the DCF-model based on four different scenarios of volume development and the timing of this development. Volumes exceeding 15 000 tonnes require further investments in additional post-smolt modules, biomass, and seafarm equipment. The high probability of such investments being made have been incorporated in the scenario analysis. The maximum nominal amount is estimated to NOK 930 million +4% annual increase in the period from 2023 to 2029. The additional amount is settled in shares in Grieg Seafood ASA and/or cash. The sellers may require a cash payment of maximum 33.34%. Further Grieg Seafood ASA has the discretion to increase the cash portion up to 100% cash. If settlement is made in shares, the number of settlement shares is calculated based on the last month's volume weighted average listed price from time the conditions are met.

OUR FINANCIAL RESULTS

It is in GSF's sole discretion to decide whether the expansion investments are to be carried out in line with the production plan. If stage two and three of the post-smolt facilities are not constructed within ten years, the additional milestone payments will not be triggered. Thus, the contingent consideration is classified as equity. Classification as equity reflects that the sellers continue to share the risk of the operations. Only if the first phase of the operation is successful, the seller will receive a payment when the next phase is entered into. Due to the materiality of the amount, the contingent consideration is presented as a separate component of equity.

See more information in Note 6 in the Group's consolidated financial statement for 2020.

SALE OF OCEAN QUALITY AS (SJÓR AS)

Grieg Seafood ASA sold its 60 % stake in Ocean Quality AS (now named Sjør AS) to Bremnes Fryseri AS (non-controlling interest up until the sale) at 31 December 2020. As part of the agreement, Grieg Seafood ASA's short term liability of NOK 43 million towards Ocean Quality AS was transferred to Bremnes Fryseri AS. The consideration comprises cash consideration and accruals, debtor changes on receivable and liabilities, in addition to Grieg Seafood ASA book value of the investment in Ocean Quality AS was NOK 6 million, resulting in a gain of NOK 60 million at 31 December 2020. The gain is booked as other financial income at the end of 2020. See more information in Note 1 and Note 5 in the Group's consolidated financial statement for 2020.

NOTE 10 INVESTMENTS IN SHARES

INVESTMENTS IN SHARES	REGISTERED OFFICE COUNTRY	REGISTERED OFFICE LOCATION	OWNERSHIP/ VOTING SHARE	NUMBER OF SHARES	ACQUISITION COST NOK 1 000	BOOK VALUE NOK 1 000
Finnøy Næringspark AS	Norway	Finnøy	7.14 %	100	103	103
Norsk Villaksforvaltning Foundation	Norway	Førde	15.15 %	5	50	57
The Seafood Innovation Cluster AS	Norway	Førde	12.50 %	25 000	8	8
Book value of shares at 31.12						169

NOTE 11 INTANGIBLE ASSETS

2020 NOK 1 000		SOFTWARE
Book value at 01.01		15 238
Additions		3 944
Amortization		-4 678
Book value at 31.12		14 504
ACCUMULATED VALUES		
Acquisition cost		50 381
Accumulated amortization		-35 877
Book value at 31.12		14 504
Economic life/amortization schedule		3 - 10 years
2019 NOK 1 000		SOFTWARE
Book value at 01.01		18 739
Additions		695
Amortization		-4 196
Book value at 31.12		15 238
ACCUMULATED VALUES		
Acquisition cost		46 492
Accumulated amortization		-31 254
Book value at 31.12		15 238
Economic life/amortization schedule		3 - 10 years

OUR FINANCIAL RESULTS

NOTE 12 PROPERTY, PLANT AND EQUIPMENT

2020 NOK 1 000	PLANT, EQUIPMENT AND OTHER FIXTURES ETC.
Book value at 01.01	3 379
Additions	294
Depreciation	-1 542
Book value at 31.12	2 131
ACCUMULATED VALUES	
Acquisition cost	17 959
Accumulated depreciation	-15 828
Book value at 31.12	2 131
Economic life/depreciation schedule	3–5 years

2019 NOK 1 000	PLANT, EQUIPMENT AND OTHER FIXTURES ETC.
Book value at 01.01	4 488
Additions	534
Depreciation	-1 643
Book value at 31.12	3 379
ACCUMULATED VALUES	
Acquisition cost	17 665
Accumulated depreciation	-14 286
Book value at 31.12	3 379
Economic life/depreciation schedule	3–5 years

The company has operating lease agreements, which are not recognized in the balance sheet:

2020	DURATION	OPERATING LEASE EXPENSE
ASSETS		
Buildings	Until 2028	3 520
Other equipment	3-5 years	755
Total lease amount charged		4 275

NOTE 13 SHARE CAPITAL AND SHAREHOLDER INFORMATION

As at 31 December 2020, the Company had 113 447 042 shares with a nominal value of NOK 4 per share. All shares issued by the Company are fully paid-up. There is one class of shares and all shares confer the same rights.

SHARE CAPITAL AND NUMBER OF SHARES 31.12.2020	NOMINAL VALUE PER SHARE (NOK)	TOTAL SHARE CAPITAL NOK 1 000	NO. OF ORDINARY SHARES
Total	4.00	453 788	113 447 042
Holdings of treasury shares	4.00	-5 000	-1 250 000
Sale of treasury shares 2018-2019	4.00	145	36 313
Sale of treasury shares 2020	4.00	169	42 193
Total excl treasury shares		449 102	112 275 548

TREASURY SHARES

In June 2011, the Company purchased 1 250 000 treasury shares at NOK 14.40 per share. On 21 November 2018, the Company sold 21 576 shares to employees for use in the share savings program. The sales price was NOK 121.56 per share, which provided a gain of NOK 107.16 per share. Another 14 737 shares were sold to employees in November 2019 at a sales price of NOK 136.05 per share, providing a gain of NOK 121.65 per share. In 2020, Grieg Seafood ASA sold 42 193 at a sales price of NOK 77.16 a share, providing a gain of NOK 62.76 a share. After the transactions the Company has 1 171 494 treasury shares.

CHANGES IN SHARE CAPITAL		NOMINAL VALUE PER SHARE (NOK)	TOTAL SHARE CAPITAL NOK 1 000	NO. OF ORDINARY SHARES
Share capital	1 January 2020	4.00	446 648	111 662 000
Contribution in kind	20 April 2020	4.00	7 140	1 785 042
Share capital	31 December 2020	4.00	453 788	113 447 042

ACQUISITION OF GRIEG NEWFOUNDLAND

On 20 April 2020, Grieg Seafood ASA' share capital was increased by 1 785 042 shares (nominal value of NOK 4 per share), from 111 662 000 shares to 113 447 042 shares. The share capital was thus increased by NOK 7 140 168, from NOK 446 648 000 to NOK 453 788 168. The share issue in the Company to shareholders Grieg Aqua AS, Kvasshøgdi AS, Knut Skeidsvoll and Ocean Choice International Ltd was related to the Company's acquisition of Grieg Newfoundland AS, which was completed on 15 April 2020. For more information, see more information in Note 6 of the Consolidated Financial Statement of 2020 for Grieg Seafood.

OUR FINANCIAL RESULTS

THE 20 LARGEST SHAREHOLDERS IN GRIEG SEAFOOD ASA	NO. OF SHARES	SHAREHOLDING	NO. OF SHARES	SHAREHOLDING
	31.12.2020	31.12.2020	31.12.2019	31.12.2019
Grieg Aqua AS	56 914 355	50.17%	56 018 799	50.17%
Folketrygdfondet	4 281 530	3.77%	5 100 130	4.57%
OM Holding AS	4 235 656	3.73%	6 169 379	5.53%
Ystholmen Felles AS	2 928 197	2.58%	2 928 197	2.62%
Clearstream Banking S.A. (nominee)	1 937 653	1.71%	1 745 002	1.56%
State Street Bank and Trust Comp (nominee)	1 616 926	1.43%	2 166 080	1.94%
Ronja Capital II AS	1 200 000	1.06%	—	—%
Grieg Seafood ASA	1 171 494	1.03%	1 213 687	1.09%
Six Sis AG (nominee)	1 038 659	0.92%	—	—%
UBS Switzerland AG (nominee)	945 209	0.83%	780 949	0.70%
JPMorgan Chase Bank, N.A., London (nominee)	915 596	0.81%	915 596	0.82%
Banque Degroof Petercam Lux. SA (nominee)	822 051	0.72%	—	—%
Verdipapirfondet Pareto Investment	764 000	0.67%	1 701 000	1.52%
State Street Bank and Trust Comp (nominee)	737 722	0.65%	1 057 400	0.95%
State Street Bank and Trust Comp (nominee)	697 771	0.62%	597 876	0.54%
Ferd AS	688 453	0.61%	—	—%
Svenska Handelsbanken AB (nominee)	593 415	0.52%	—	—%
J.P. Morgan Bank Luxembourg S.A. (nominee)	592 624	0.52%	—	—%
State Street Bank and Trust Comp (nominee)	524 061	0.46%	—	—%
Danske Invest Norge Vekst	521 000	0.46%	—	—%
Total 20 largest shareholders	83 126 372	73.27%	80 394 095	72.00%
Total others	30 320 670	26.73%	31 267 905	28.00%
Total number of shares	113 447 042	100.00%	111 662 000	100.00%

SHARES CONTROLLED BY BOARD MEMBERS AND GROUP MANAGEMENT	NO. OF SHARES		SHAREHOLDING	
	31.12.2020	31.12.2020	31.12.2019	31.12.2019
BOARD OF DIRECTORS				
Per Grieg Jr. *	60 354 324	53.20%	58 961 996	52.80%
Tore Holand (Skippergata 24 AS, and privately)	2 000	0.00%	—	—%
Sirine Fodstad	—	—%	—	—%
Marianne Ribe (board member from 14 May 2020)	—	—%	—	—%
Katrine Trovik (board member from 14 May 2020)	—	—%	—	—%
Asbjørn Reinkind (Reinkind AS, board member until 14 May 2020)	120 000	0.11%	120 000	0.11%
Karin Bing Orgland (board member until 14 May 2020)	—	—%	—	—%
Solveig Nygaard (board member until 14 May 2020)	4 000	0.00%	—	—%
GROUP MANAGEMENT				
CEO	39 489	0.03%	39 165	0.04%
CFO	24 532	0.02%	24 208	0.02%
CTO	23 831	0.02%	23 507	0.02%
COO Farming Europe	22 489	0.02%	22 165	0.02%
COO Farming North America	19 889	0.02%	19 565	0.02%
CHRO	12 060	0.01%	7 536	0.01%
GCM	424	0.00%	—	—%
CCO	—	—%	—	—%
* THE SHARES OWNED BY THE FOLLOWING COMPANIES ARE CONTROLLED BY PER GRIEG JR. AND FAMILY				
Grieg Aqua AS	56 914 355	50.17%	56 018 799	50.17%
Ystholmen Felles AS	2 928 197	2.58%	2 928 197	2.62%
Kvasshøgdi AS	496 772	0.44%	—	—%
Per Grieg jr. privately	15 000	0.01%	15 000	0.01%
Total shares	60 354 324	53.20%	58 961 996	52.80%

On 30 December 2020, the board of Ystholmen Felles AS submitted a proposal to the company's general meeting to demerge the company, where 500 000 shares in Grieg Seafood ASA will be transferred from Ystholmen Felles AS to Kvasshøgdi AS, org. no. 921 020 961. The demerger was effective from 4 March 2021. Subsequent to the demerger, Per Grieg Jr. is the sole shareholder in Kvasshøgdi AS, and Per Grieg Jr. and the other shareholder's, through their ownership of Ystholmen Felles AS, own 2 428 197 shares in Grieg Seafood ASA. In addition, Per Grieg Jr. own, through his ownership of Kvasshøgdi AS, 996 772 shares in Grieg Seafood ASA.

OUR FINANCIAL RESULTS

NOTE 14 TAXES

BASIS FOR TAX PAYABLE NOK 1 000	2020	2019
Profit before tax	-4 210	853 305
Dividends recognized in profit or loss	-17 362	-14 737
3% dividend tax	521	442
Net other permanent differences	1 459	2 665
Other permanent differences from gain of sales of share	-54 486	—
Unrealized value adjustments of share	-165	—
Change in financial derivatives	14 732	-5 104
Change in temporary differences	-3 163	-17 328
Change in temporary differences from 2019 and 2018	-1 267	-16 054
Group contribution received/provided	-99 710	-862 390
Taxable loss	-163 651	-59 200
Group contribution received	99 710	862 390
Basis for tax expense for the year	-63 941	803 190
22% (22%) tax payable	—	176 702
Underprovision for tax previous year	279	3 692
22% (22%) tax payable	279	180 394

BREAKDOWN OF DEFERRED TAX BASIS NO 1 000	CHANGE	2020	2019
TEMPORARY DIFFERENCES			
Non-current assets	-2 372	2 379	4 751
Profit and loss account	-159	635	794
Cash-based options	19 177	-3 242	-22 419
Non-current debt/amortized cost	32 746	42 768	10 022
Revaluation account non-current liabilities	-29 013	76 882	105 895
Discount bond loan	-17 216	-17 216	—
Net temporary differences	3 163	102 206	99 044
Financial instruments	-14 732	-8 855	5 877
Loss carryforward	-69 433	-69 433	—
Profit from 2019 carryforward to cover loss in 2020 (Corona refund)	30 000	30 000	—
Basis for deferred tax in balance sheet	-51 003	53 917	104 921
22% deferred tax	-11 221	11 862	23 083
Deferred tax assets/deferred tax liabilities in the balance sheet	-11 221	11 862	23 083
BREAKDOWN OF TAX CHARGE			
Tax payable		279	180 394
Change in deferred tax, 22% (22%)		-11 221	4 935
Tax refund as a part of Corina tax measures		-6 600	—
Tax effect of foreign tax not credited Norwegian tax		1 716	1 016
Tax expense in income statement		-15 826	186 345
RECONCILIATION OF TAX EXPENSE			
Profit before tax		-4 210	853 305
Estimated tax 22% (22%)		926	-187 727
Tax expense in income statement		-15 826	186 345
Difference		-14 899	-1 382
THE DIFFERENCE CONSISTS OF THE FOLLOWING:			
22% of permanent differences		-16 616	-2 558
Tax effect of foreign tax not credited Norwegian tax		1 716	1 016
Change in tax/deferred tax due to change of tax rate		—	161
Total reconciled difference		-14 899	-1 382

OUR FINANCIAL RESULTS

NOTE 15 GUARANTEES

Grieg Seafood ASA acted as a guarantor for Grieg Seafood Sales UK (formerly know as Ocean Quality UK Limited) and Grieg Seafood Sales North America Inc. (formerly known as Ocean Quality North America Inc.) in connection with sales contracts with customers. The total guaranteed amounts are EUR 250 000 and USD 3 000 000.

NOTE 16 RELATED PARTIES

2020 NOK 1 000	OPERATING INCOME	OPERATING EXPENSES	FINANCIAL INCOME	FINANCIAL EXPENSES	NON- CURRENT RECEIVABLES	TRADE RECEIVABLES	CURRENT RECEIVABLES	TRADE PAYABLES	OTHER CURRENT LIABILITIES
Total related parties – Group companies	75 413	-3 474	85 256	1 090	1 216 143	4 307	2 361 526	-45 750	-2 993
Total related parties – Shareholders	—	-13 452	—	—	—	—	—	-188	—
Total	75 413	-16 926	85 256	1 090	1 216 143	4 307	2 361 526	-45 939	-2 993

2019 NOK 1 000	OPERATING INCOME	OPERATING EXPENSES	FINANCIAL INCOME	FINANCIAL EXPENSES	NON CURRENT RECEIVABLES	TRADE RECEIVABLES	CURRENT RECEIVABLES	TRADE PAYABLES	OTHER CURRENT LIABILITIES
Total related parties – Group companies	79 394	—	941 516	-535	648 991	21 217	1 806 443	-1 625	-216 868
Total related parties – Shareholders	40	-10 060	—	—	—	—	—	-505	—
Total	79 434	-10 060	941 516	-535	648 991	21 217	1 806 443	-2 130	-216 868

The company carries out transactions with companies controlled by Grieg Maturitas II AS, who is the parent company of Grieg Aqua AS, majority owner of Grieg Seafood ASA.

The parent company, Grieg Maturitas II AS, is headquartered in C. Sundts gate 17/19, Bergen, Norway, where one can obtain consolidated financial statements, in which the Company is included.

The services provided include:

- ICT-related and other services such as catering, reception etc. are delivered by Grieg Group Resources AS. The services are provided on an arm's length basis.
- Grieg Seafood ASA rents its offices from Grieg Garden AS on an arm's length basis.

The parent company provides a range of services to the subsidiaries. The services include administrative services and services relating to the provision of parent company non-current loans and current credit facilities to the subsidiaries. Interest is charged on an arm's length basis.

Grieg Seafood ASA sold all its shares in Sjør AS (previously known as Ocean Quality AS) at 31 December 2020. Transactions with Ocean Quality AS for the year 2020 was all related parties transactions, however Sjør AS is not part of the Grieg Seafood Group at year-end 2020. Included in income the administrative services provided to Sjør AS for 2020 as long they was a subsidiaries with NOK 5 million. Dividend of NOK 17 million is included in financial income for 2020.

Grieg Seafood ASA enters into hedging contracts on behalf of Grieg Seafood Rogaland AS and Grieg Seafood Finnmark AS. The arrangement is intended to reduce these companies' exposure to salmon prices. The agreements with the subsidiaries are priced on the basis of a "back-to-back" arrangement.

The acquisition of Grieg Newfoundland AS (99%) was completed on 15 April 2020. Grieg Newfoundland AS was 39% owned by Grieg Kapital AS/Grieg Aqua AS (the owner of the majority of the shares in Grieg Seafood ASA), and 39% by Kvasshøgdi AS (owned by Per Grieg Jr, Chairman of the Board of Grieg Seafood ASA). The remaining of the shares were owned by the local partner Ocean Choice International Ltd (19.5%) and Knut Skeidsvoll (2.5%). The up-front payment was based on an enterprise value of Grieg Newfoundland AS of NOK 539.1 million. NOK 250 million of the up-front payment was settled through issuance of new shares in the Company to the sellers of Grieg Newfoundland AS.

On 20 April 2020, the directed private placement was completed by issuing 1 785 042 new shares to Grieg Aqua AS and Kvasshøgdi AS, in addition to the other owners as part of consideration for the shares in Grieg Newfoundland AS. The subscription price for each new share was set at NOK 140.05, corresponding to a total contribution in kind of NOK 250 million. For more information, see Note 6 and 23 to the Grieg Seafood consolidated financial statement for 2020.

NOTE 17 NET INTEREST-BEARING LIABILITIES AND PLEDGES

Grieg Seafood ASA has a syndicated loan provided 50/50 by DNB and Nordea. The financing agreement includes two term loans of NOK 600 million and EUR 60 million, a revolving credit facility of NOK 1 500 million, alongside overdraft facilities of NOK 100 million. Repayments of NOK 50 million and EUR 5 million will be made for term loans of respectively NOK 600 million and EUR 60 million, split into half-yearly instalments. The drawdown rate of the EUR loan is 9.6691. The agreement has a term of five years and matures on 28 February 2023.

The financial covenant of the syndicated loan agreements is equity-ratio of minimum 35 %, measured on the book value of the consolidated Grieg Seafood Group (exclusive of Ocean Quality). In addition, there is a rolling last-twelve months NIBD/EBITDA leverage-ratio requirement. The leverage-ratio metric of NIBD/EBITDA is linked to our equity-ratio requirement: if equity-ratio is 40% or more, maximum leverage-ratio is 5.0, and if equity-ratio is between 35%-40%, maximum leverage ratio is 4.5.

Grieg Seafood ASA has in Q4 2020 been granted an amendment to the covenants through the third quarter of 2021. In this period which the temporary amended terms to the syndicated loan agreement apply, Grieg Seafood is required to have a minimum free liquidity of NOK 200 million. In addition, there is a set requirement for the 12 month rolling EBITDA throughout the period. NIBD/EBITDA will thus not be measured, according to agreements with our creditors, until 31 December 2021. At 31 December 2020, Grieg Seafood ASA was in compliance with these temporary amended terms.

In June 2020, we issued our first Green Bond issue, with a proceed of NOK 1 000 million. In November 2020, Grieg Seafood ASA issued the second tap of the senior unsecured green bond with an additional drawdown of NOK 500 million, bringing the total principal of the green bond issue to NOK 1 500 million. The bond matures on 25 June 2025 and is listed on Euronext (Oslo Stock Exchange) with ticker "GSF01 G". The bond carries a coupon rate of 3 months NIBOR + 3.4% p.a., with quarterly interest payments, and its financial covenant is an equity-ratio requirement of minimum 30%, measured consistent with the Group's equity-ratio financial covenants as defined in its syndicated loan agreement with secured lenders. Grieg Seafood ASA was in compliance with the financial covenants of the bond agreement at 31 December 2020.

In addition to the NOK 1 500 million revolving credit facility and overdraft facility of NOK 100 million, Grieg Seafood ASA also has a revolving credit facility of NOK 600 million available at the reporting date, which expires 31 March 2022.

NON-CURRENT LIABILITIES (INTEREST-BEARING) NOK 1 000	2020	2019
Green bond loan	1 500 000	—
Non-current syndicated loan	869 988	944 638
Non-current revolver credit facility *	996 646	629 319
Amortized cost	-42 768	-10 022
Total	3 323 866	1 563 935

CURRENT LIABILITIES (INTEREST-BEARING) NOK 1 000	2020	2019
Current overdraft facility *	—	—
Current portion of non-current borrowing	102 352	98 212
Current liquidity loan from subsidiaries	—	60 000
Total	102 352	158 212

NET INTEREST-BEARING LIABILITIES NOK 1 000	2020	2019
Gross interest-bearing liabilities	3 426 218	1 722 146
Unrestricted bank deposits	181 547	4 803
Loans to subsidiaries	3 474 445	1 375 657
Net interest-bearing liabilities	-229 774	341 686

* At the end of 2020, the Company had a total revolver credit facility, overdraft facility and bridge financing of NOK 2 200 million, of which NOK 1 203 million was available for utilization at the reporting date.

MATURITY PROFILE - NON-CURRENT LIABILITIES NOK 1 000	2021	2022	2023	2024	2025	Later	Total
Green Bond loan	—	—	—	—	1 500 000	—	1 500 000
Non-current loan	102 352	102 352	767 636	—	—	—	972 339
Non-current revolver credit facility	—	—	996 646	—	—	—	996 646
Total	102 352	102 352	1 764 282	—	1 500 000	—	3 468 985

Figures include in the maturity profile table are nominal figures. Amortized cost is not included.

Liabilities secured by mortgage Nok 1 000	2020	2019
Liabilities to credit institutions	1 968 985	1 672 169
Total liabilities	1 968 985	1 672 169

BOOK VALUE OF ASSETS PLEDGED AS SECURITY	2020	2019
Shares in subsidiaries	1 379 840	1 385 840
Property, plant and equipment	2 131	3 379
Trade receivables	4 307	21 217
Loans to subsidiaries*	2 563 196	1 375 657
Total assets pledged as security	3 949 474	2 786 093

*The subsidiaries and the parent company have a joint and several liability against the credit institutions. See the consolidated financial statements Note 12 for further information about liabilities secured by mortgage.

TYPE OF LIABILITY NOK 1 000	CURRENCY	INTEREST RATE	MATURITY	CURRENT PART	NON-CURRENT PART	CURRENT PART	NON-CURRENT PART
Green bond loan	NOK	Floating	06/2025	—	1 500 000	—	—
Syndicated non-current loan	NOK	Floating	02/2023	50 000	425 000	50 000	475 000
Syndicated non-current loan	EUR	Floating	02/2023	52 352	444 988	48 212	469 638
Syndicated loan revolving credit	NOK	Floating	02/2023	—	960 000	—	580 000
Syndicated loan revolving credit	EUR	Floating	02/2023	—	36 646	—	49 319
Overdraft facility	Multiple	Floating		—	—	—	—
Total				102 352	3 366 634	98 212	1 573 957

OUR FINANCIAL RESULTS

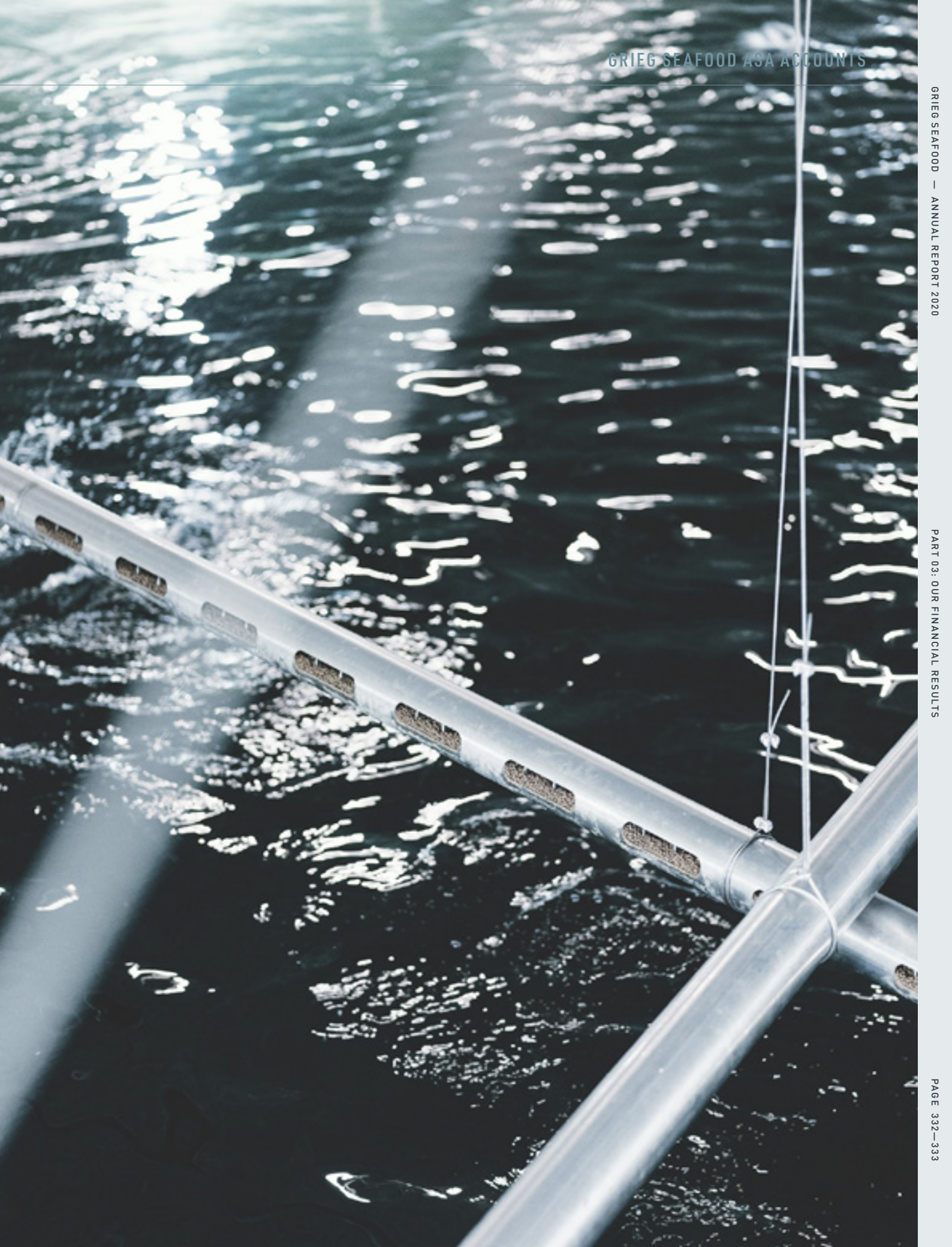
Currency exposure on loans to credit institutions Nok 1 000	31.12.2020	NOK	GBP	EUR	USD	Other
Green bond loan	1 500 000	1 500 000	—	—	—	—
Syndicated non-current loan (NOK)	475 000	475 000	—	—	—	—
Syndicated non-current loan (EUR)	497 339	—	—	497 339	—	—
Syndicated loan revolving credit (non-current) (NOK)	960 000	960 000	—	—	—	—
Syndicated loan revolving credit (non-current) (EUR)	36 646	—	—	36 646	—	—
Overdraft facility	—	—	—	—	—	—
Total	3 468 985	2 935 000	—	533 985	—	—

	2020	2019
Average interest rate (NOK)	2.81%	2.57%
Average interest rate (EUR)	1.59%	1.10%

The effect of interest rate swaps is not taken into account in calculating the average interest rate on borrowings and credit facilities.

NOTE 18 POST-BALANCE SHEET EVENTS

There has been no significant events after the reporting date that will materially affect the financial statement.
Please refer to the consolidated financial statements Note 29 for further information.





To the General Meeting of Grieg Seafood ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Grieg Seafood ASA, which comprise:

- The financial statements of the parent company Grieg Seafood ASA (the Company), which comprise the Statement of financial position as at 31 December 2020, the Income Statement, Statement of changes in equity 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 Grieg Seafood ASA and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2020, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, 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.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 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.

Independent Auditor's Report - Grieg Seafood ASA



Key Audit Matters

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

Grieg Seafood Group has during 2020 acquired Grieg Newfoundland AS. Due to the judgement involved, we consider the purchase price allocation a key audit matter in this year's audit. Measuring and valuation of biological assets continue to represent key audit matters due to consistent complexity and risk related to these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><i>Purchase price allocation from the acquisition of Grieg Newfoundland</i></p> <p>In April 2020 the Group acquired a controlling interest in Grieg Newfoundland AS. The consideration for the acquisition consisted of a combination of cash, shares in GSF, and a contingent consideration. The potential future contingent consideration may be settled in cash or shares.</p> <p>At the date of acquisition, the fair value of the total consideration was estimated to 962 MNOK. The acquisition led to a significant increase in assets and liabilities in the Group statement of financial position, including an increase in goodwill of 677 MNOK.</p> <p>Assessment of the Purchase Price Allocation ("PPA") was a key audit matter in the audit for several reasons. In addition to the substantial amounts involved, the assessment and valuation of the acquired assets and liabilities was complex and subject to judgement. Error in calculations or application of judgement could affect several financial statement line items, including equity, intangible assets, deferred tax and goodwill.</p> <p>We refer to note 6 (Business Combination) and note 2 (Accounting policies) in the financial statements where accounting of the acquisition is described.</p>	<p>We obtained and reviewed the PPA report prepared by the Group and discussed key elements with management and their advisors to understand the background and purpose of the transaction. We evaluated the key elements in the PPA and valuation of the separate assets and liabilities and compared them to the requirements in IFRS. To verify the elements in the PPA, we have among others, performed the following procedures:</p> <ul style="list-style-type: none"> - Obtained and reviewed the Sales Purchase Agreements (SPA), including amendments, as well as other relevant information from the Group, to check consistency with the PPA. - Obtained financial statements for the acquired business at the transaction date. The financial statements were then traced to the numbers applied in the PPA. - Considered the mathematical logic and accuracy of the PPA model and recalculated a sample of the key elements. - We involved our own internal specialists to assess the appropriateness of the accounting treatment of the business combination. <p>In meetings with management and their advisors, we discussed and challenged key areas such as identification of assets and liabilities, valuation methodology, key assumptions, as well as the accounting treatment. We challenged management specifically on the accounting treatment and valuation of the contingent consideration, including whether this additional payment should be recognised as a liability or an equity instrument. We concluded that managements conclusions were reasonable.</p> <p>Finally, we reviewed the note disclosures describing the acquisition and found them to be adequate and appropriate information about the accounting treatment and use of judgement.</p>

(2)

Independent Auditor's Report - Grieg Seafood ASA



Measuring of the amount of biological assets

Biological assets include inventories of broodstock, smolt and live fish held for harvesting purposes.

For audits of significant inventories, the international audit standards require that the auditor participates at inventory count, provided it is practicable. The biological assets are by nature difficult to count, observe and measure due to lack of sufficiently accurate measuring techniques that at the same time does not affect fish health. As a result, there is some uncertainty related to the number of fish and biomass in the sea.

Therefore, we focused on measuring the inventory of biological assets (biomass), emphasizing live fish held for harvesting purposes, which constitute the major part of the Group's biological assets. The amount of biomass in the sea has direct influence on the valuation; see more about this in the paragraph «Valuation of biological assets at fair value» below.

See note 2 (Accounting policies) and note 9 (Biological assets and other inventories) for further information about measuring of biological assets.

The Group's biomass system shows the number of fish, average weight and biomass per site. We directed our effort at the movement in biological inventory (in numbers) in the period. The movement is the total of smolt stocked, loss of fish and harvested fish for the period.

We reviewed the Group's processes for controlling the number of fish stocked. To assure accuracy of the number of fish registered in the biomass system, we tested a selection of smolt stocked, by tracing the number of fish stocked back to underlying documentation. Underlying documentation are e.g. vaccination documentation for internally produced smolt and invoices for purchase of external smolt.

The growth in the period is connected to the total feed consumption and is closely associated with purchase of feed. We reviewed the Group's internal controls of reconciliation of feed inventory and obtained external confirmation from feed suppliers in order to verify purchased volume. We also assessed recorded accumulated feed conversion rate for live fish held for harvesting purposes and obtained explanations from management and further documentation for sites with significantly either higher or lower feed conversion rate than expected. Our procedures substantiated that the growth for the year was reasonable.

In order to challenge the historical accuracy of management's biomass estimates we reviewed the harvest deviation for the period. By harvest deviation, we refer to the deviation between actual harvested biomass (in numbers and kilos) and the estimated biological inventory according to the group's biomass system. We found the accumulated deviations to be reasonable.

We satisfied ourselves that the disclosures in the notes about measuring of biological assets were reasonable and in accordance with the requirements in the accounting standards.

Valuation of biological assets at fair value

The Group measures biological assets at fair value using the requirements in IAS 41. As per 31.12.2020, the book value of biological assets is MNOK 2 546, of which MNOK 2 199 is historical cost and MNOK 347 is value adjustment. Biological assets comprise about 24 % of total assets.

We challenged management's model for calculation of fair value of biological assets by assessing the model against the criteria in IAS 41 and IFRS 13. We found that the model includes the elements that the accounting standards require.

We examined whether the biomass that formed the basis for the Group's model corresponded with the Group's biomass

Independent Auditor's Report - Grieg Seafood ASA



The fluctuations in the fair value estimate that occur due to, for instance, changes in the market price, may have significant impact on the period's operating result. The Group therefore shows the effect of fair value adjustments for biological assets as a separate line item before operating result (EBIT).

We focused on the valuation of biological assets at fair value due to the size of the amount, the complexity of the calculation, because the estimate involves judgement and due to its significance on the financial result for the year.

See note 2 (Accounting policies) and note 9 (Biological assets and other inventories) for further information about valuation of biological assets at fair value.

system and controlled that the model made the mathematical calculations as intended.

After having assured that these fundamental elements were in place, we assessed whether the assumptions that management used in the model were reasonable. We assessed the price assumptions against observable forward prices from FishPool. We challenged the assumption made with regards to when the fish is considered to be ready for harvest, the expected monthly mortality rate and the discount rate applied. We found the management's assumptions to be reasonable and consistent with industry norm.

Further, we assessed whether information about fish health and harvest deviation after the balance sheet date is reflected in the valuation. We found that the calculation model adequately reflects available information.

We satisfied ourselves that the disclosures in notes 2 and 9 to the financial statements referring to valuation of biological assets appropriately reflect the valuation method and that the disclosures are according to requirements in the accounting principles.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

(4)

Independent Auditor's Report - Grieg Seafood ASA



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 of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

Independent Auditor's Report - Grieg Seafood ASA



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

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

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

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Bergen, March 25 2021
PricewaterhouseCoopers AS

A handwritten signature in blue ink, appearing to read 'Sturle Døsen'.

Sturle Døsen
State Authorised Public Accountant

PART 04

SUSTAINABILITY REPORTING

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GLOBAL REPORTING INITIATIVE INDEX



This report has been prepared in accordance with the GRI Standards: Core option. We follow the GRI Standards to report our economic, environmental and social performance, allowing for greater transparency and accountability. For more information on our approach to corporate social responsibility and transparency, see [here](#).

REPORT QUALITY

The quantitative information provided in this report, is mainly data we have retrieved from our production, logistics and financial systems. Where data have been measured or estimated, this is indicated in footnotes. If we use external data, the source is specified. Our data is reported consistently, unless otherwise indicated. Any restatement of historical data is disclosed. All entities consolidated into the Grieg Seafood Group's financial statement are included in our sustainability data.

EXTERNAL VERIFICATION

To ensure the quality of our report and the information (both quantitative and qualitative) provided, it is reviewed and verified internally. To ensure high data quality and to enhance the credibility of our sustainability reporting, it has been verified by our independent auditor, PwC. The auditor's opinion on sustainability reporting concludes that our Annual Report 2020 is presented according to the GRI Standards Core Option. In addition to assessing the extent to which our report complies with the GRI Standards Core Option, PwC has also examined selected metrics. These metrics include data reported to the Global Salmon Initiative and our greenhouse gas emissions. Reference is made to the auditor's statement on sustainability reporting in the Annual Report 2020.

MANAGEMENT APPROACH

With our vision of farming the ocean for a better future, we demonstrate our commitment to corporate responsibility by operating profitably and sustainably in a manner that conforms with fundamental ethical norms and respect for the individual, the environment, and society as a whole. We apply the precautionary principle as our strategy for approaching issues of potential harm when scientific knowledge is lacking. We aim to collaborate and take part in research to develop and test new solutions. In pursuit of our vision, we will face risks and opportunities. Our risk management is clearly connected with a multitude of stakeholder expectations, and the topics we have identified as material.

The Board exercises oversight of strategic, operational and financial matters, including the nature and extent of major risks. The Board and the CEO have delegated responsibility to the various business areas and functions, ensuring that operational responsibility is an integral part for all management teams and units and departments. From 2021, we have implemented new policies and targets which are aligned with our pillars and 2025 strategy. Our monthly key performance indicator (KPI) report that is used both by operational management and the Board, is based on these policies and targets. Deviations from targets are followed up monthly, and action plans are implemented. We have a whistleblower channel, operated by EY, available for our employees and external parties to report any unwanted behavior and breaches to our Code of Conduct.

PILLAR	MATERIAL TOPIC	TOPIC DEFINITION AND BOUNDARIES	MANAGEMENT APPROACH	CHOSEN UN SDGS
FOUNDATION	Corporate governance & responsible business conduct	Strong corporate governance is essential in achieving our objectives and acting as a responsible organization. We need to ensure that all employees practice sound ethics, care for the environment, and social wellbeing. We expect nothing less from our suppliers through our Supplier Code of Conduct.	Our governance system consists of our culture, management principles, risk and internal control framework, policies, procedures etc. We adhere to our Corporate Governance Principles, and our Code of Conduct guides our behavior. Training in our Code is performed regularly. External assurance and certifications are performed in several areas of our operations.	16, 17
HEALTHY OCEAN	Fish health and welfare	Ensuring fish health and welfare is an ethical responsibility and important to ensure good growth, quality and lower cost. It includes the full lifecycle of the salmon as well as our use of cleaner fish.	We have policies and operational procedures to ensure good fish health and welfare. We adhere to regulations, and report to authorities. KPIs to measure fish health and welfare include survival rate and causes for reduced survival.	14
	Protecting wild salmon (escape and sea lice control)	Avoiding fish escape incidents is important to minimize impact on wild salmon, as well as to protect our values.	In all our regions, we have procedures in place, as well as high technical standards on equipment to avoid escapes. Any escape incident is an indicator that our measures are not effective, and require an investigation of our procedures.	14
		Sea lice control is important to ensure the health and welfare of our fish, as well as to protect wild salmon, in particular in Norway. In BC, the wild salmon carries sea lice, impacting our farms each autumn.	Main target is keeping the sea lice level below national limits. We have a policy for sea lice management and several approaches to keep the sea lice level below the national limits. We adhere to local regulations, and report sea lice levels regularly to authorities.	14
	Protecting biodiversity and marine ecosystems (local emissions, medicine use, wildlife interaction)	We aim to keep emissions of feed and feces from all our open-net pens in line with regulations to minimize local emissions and avoid eutrophication.	We assess our sites and apply operating procedures to ensure that local emissions are below legal limits. Environmental monitoring programs and tests is the main approach to evaluate the effectiveness of our measures.	12, 14
		We aim to avoid using medicines to combat sea lice or diseases affecting our salmon, as it can impact the local environment.	We have policies and procedures in place for the use of medicines and chemicals. We also adhere to regulations. We track the use of medicines and chemicals, and the result of our measures is the survival rate and the quality of our fish.	3, 12, 14
		We aim to avoid impact on wild mammals and birds at all our seawater facilities.	We have procedures and equipment in place to minimize the risk of injury to wildlife. Any lethal incident is an indicator that we need to reassess our measures.	12
	Low use of antibiotics	We aim to avoid use of antibiotics when possible throughout our operations, as resistance to antibiotics is a growing global challenge. The risk increases with extensive use of antibiotics in animal protein production.	We are committed to prevent bacterial diseases by using available vaccines and biosecurity measures. In Norway, effective vaccines have reduced our use of antibiotics to zero. We have a policy for the use of antibiotics. Use of antibiotics must be approved by headquarter, any use is registered and followed up regularly.	3

PILLAR	MATERIAL TOPIC	TOPIC DEFINITION AND BOUNDARIES	MANAGEMENT APPROACH	CHOSEN UN SDGS
SUSTAINABLE FOOD	Safe and healthy food	Grieg Seafood has full traceability in our value chain (from roe to customer), including records of feed given to the salmon and treatments applied. We need to ensure that our fish meet rigorous food safety standards, in some cases even above and beyond official regulations, to meet customer expectations.	We have a policy for food health and safety. We have procedures, including traceability and strict quality control, in place to ensure that our salmon is safe. We operate according to standards and certify our supply chain. Samples are taken by external laboratories to ensure our salmon is well below limits for environmental contaminants.	3
	GHG emissions	To ensure future competitiveness and do our part in reaching the Paris Agreement, we must reduce our greenhouse gas emissions, while also working with upstream suppliers and downstream transportation to reduce our own and our supply chain's footprint.	We have a policy for climate action. We have set a Science Based Target for reduction, and have improved our data collection for a more systematic assessment of our emissions, for Scope 1, 2 and 3.	3, 12, 13
	Plastics pollution	We aim not to pollute the environment where we farm our salmon, and to improve the circular economy.	We have a policy for plastic in the ocean. We work to reduce negative impacts of plastic waste, including using recycled materials and recycling our materials. We work with suppliers to assess alternative materials.	3, 12, 13, 14, 17
	Sustainable feed ingredients (zero deforestation, sustainable marine ingredients, novel ingredients)	We do not produce our own fish feed. Input factors in fish feed, both marine ingredients and plant-based ingredients, should come from sustainable sources. Ingredients with high-risk (fish meal and fish oil from fisheries, Brazilian soy and palm oil) are certified by recognized certifications. We are currently risk assessing ingredients used according to environmental, social and governmental parameters.	As we do not produce our own fish feed, we set requirements for our feed suppliers to develop more sustainable feed. We comply with standards, and support and/or participate to develop new and higher standards for sustainable sourcing of feed raw materials. We also have a deforestation statement.	12, 13, 17
	Climate and nature risk	Climate changes and loss of nature are likely to present a range of challenges to our business. We are committed to transitioning to a low-carbon economy and do our part to conserve and limit the impact on climate and nature. We are committed to transitioning to a low-carbon economy together with the rest of the world.	Risks related to climate change and loss of nature are part of our overall risk management strategy. We map our climate-related risks in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). We are participating in a project to develop a similar framework as TCFD for nature.	2, 13, 14, 17
	PROFIT & INNOVATION	Economic performance	We aim to create value for our stakeholders, in particular our shareholders, by focusing on sustainable production and improve our operations.	We have a 2025 strategy, with targets for growth and farming cost. We have a target for the return on capital employed, and strategies in place to ensure focus on particular areas. We communicate our results on a quarterly basis.

SUSTAINABILITY REPORTING

PILLAR	MATERIAL TOPIC	TOPIC DEFINITION AND BOUNDARIES	MANAGEMENT APPROACH	CHOSEN UN SDGS
PEOPLE	Employee health and safety	We aim to prevent accidents, and offer workplace conditions and other support to help ensure the health and safety of our employees. We expect the same from our value chain.	We work systematically to safeguard our employees, and have principles, systems, programs and risk assessment in place.	3, 4, 17
	Human rights, including labour rights	Respecting human rights is the basis for society, and also for our business and our value chain.	We have a Human Rights policy and Code of Conduct in place, and adhere to various global principles and practices. We also require our suppliers to follow our Supplier Code of Conduct.	8, 16
	Anti- corruption	Business integrity is essential for our business strategy. We have zero tolerance for all forms of fraud, corruption, facilitation payments, kickbacks, bribery, or other misconduct in our own operations and also in our supply chain.	Our Code of Conduct and the Supplier Code of Conduct state the principles for anti-corruption.	8, 16
LOCAL COMMUNITIES	Indigenous rights	Respecting Indigenous rights is essential as we need their permission to farm salmon on their land. This applies in particular to our farming operations in Finnmark and BC.	We aim for good relations and dialogue, and recognize the special rights of Indigenous peoples. We support the UNDRIP, which is under implementation in BC.	8, 16, 17
	Value creation in local communities	Respecting and supporting local communities are essential for our license to operate.	Our procurement policy states that we aim to use local suppliers. We engage in, and support local projects.	2, 5, 8, 17

GRI 102: GENERAL DISCLOSURES 2016

#	DISCLOSURE DESCRIPTION	RESPONSE	OMISSION	CHAPTER REFERENCE	PAGE
ORGANIZATIONAL PROFILE					
102-1	Name of the organization		No	Front page	
102-2	Activities, brands, products, and services		No	Part 1: Our value chain Part 2: Profit - The salmon market	34-35 124-125
102-3	Location of headquarters	Grieg Gaarden, C. Sundts gate 17/19, 5004 Bergen, Norway.	No		
102-4	Location of operations		No	Part 1: Our organization	10
102-5	Ownership and legal form		No	Part 3: Grieg Seafood Group accounts - Note 1	220
102-6	Markets served	Our main customer segment is HoReCa (hotels, restaurants and catering).	No	Part 2: Profit - The salmon market	124-127
102-7	Scale of the organization	The Grieg Seafood Group comprises 17 legal companies. We follow up our operations according to our farming regions, the headquarter and our sales operations. See also Note 1 for more information.	No	Part 1: Our organization; Key figures; Our value chain Part 3: Note 8	10; 14-15; 34-35 256
102-8	Information on employees and other workers		No	Part 2: People - Creating attractive jobs, Our results	106
102-9	Supply chain	Feed was our main supply category in 2020, comprising 42% of our cost. Our main feed suppliers are Skretting, Cargill and BioMar. Other main suppliers include Cermaq Norway AS (external harvesting services), Tytlandsvik Aqua AS (smolt), Sølvtrens Rederi AS (wellboat services).	No	Part 1: Our value chain	34-35
102-10	Significant changes to the organization and its supply chain	In 2020, we established a new farming region in Newfoundland, Canada. We dissolved our sales organization Ocean Quality and established our own fully integrated sales and market organization. We have ceased operations at the Isle of Skye and have initiated a divestment process for the Shetland assets. Therefore, Shetland has been scoped out in both this Annual Report and Global Reporting Initiative Index.	No	Part 1: Dear Shareholder	18-19
102-11	Precautionary Principle or approach	We respect and adhere to the precautionary principle.		Part 4: Global Reporting Initiative Index - Management approach	343
102-12	External initiatives		No	Part 1: Transparent reporting on our progress	42-43

GRI 102: GENERAL DISCLOSURES 2016

#	DISCLOSURE DESCRIPTION	RESPONSE	OMISSION	CHAPTER REFERENCE	PAGE
102-13	Membership of associations	Membership in political organizations: Norwegian Seafood Federation, The Federation of European Aquaculture Producers, Scottish Salmon Producers Organisation, BC Salmon Farmers Association, Newfoundland Aquaculture Industry Association, and Canadian Aquaculture Industry Alliance.	No		
STRATEGY					
102-14	Statement from senior decision-maker		No	Part 1: Dear Shareholder	18-19
ETHICS AND INTEGRITY					
102-16	Values, principles, and norms of behavior		No	Part 1: Our vision, Our values Part 2: People - Human rights & ethics; Anti-corruption	11 96-97; 112
102-17	Mechanisms for advice and concerns about ethics		No	Part 2: People - Human rights & ethics	96-97
GOVERNANCE					
102-18	Governance structure	Decision-making on economic, environmental, and social topics lies with the Group management team.	No	Part 3: Board of Directors' report; Corporate Governance	174-193; 194-195
STAKEHOLDER ENGAGEMENT					
102-40	List of stakeholder groups		No	Part 4: Stakeholder dialogue	360-361
102-41	Collective bargaining agreements	Unionized employees for Rogaland and Finnmark are disclosed. Labour unions in Shetland and BC are organized differently. Therefore, a group average is not disclosed.	No	Part 2: People - Human rights & ethics	98
102-42	Identifying and selecting stakeholders		No	Part 4: Stakeholder dialogue	360-361
102-43	Approach to stakeholder engagement		No	Part 4: Stakeholder dialogue	360-361
102-44	Key topics and concerns raised		No	Part 4: Stakeholder dialogue; Global Reporting Initiative Index - Management approach	360-361 343

GRI 102: GENERAL DISCLOSURES 2016

#	DISCLOSURE DESCRIPTION	RESPONSE	OMISSION	CHAPTER REFERENCE	PAGE
REPORTING PRACTICES					
102-45	Entities included in the consolidated financial statements		No	Part 3: Grieg Seafood Group accounts - Note 1	220
102-46	Defining report content and topic boundaries	Shetland has been scoped out in the majority of this report. A summarizing chapter containing the most essential information on our Shetland operations is added to the Appendix of the report.	No	Part 1: Materiality matrix Part 4: Global Reporting Initiative Index - Management approach	36 343
102-47	List of material topics		No	Part 1: Materiality matrix	36
102-48	Restatements of information	As of year-end 2020, the Group presents the farming and sales operations of Grieg Seafood Shetland as discontinued operations according to IFRS 5. Unless otherwise explicitly mentioned, qualitative and quantitative information disclosed in this report refer to the continued operations of Grieg Seafood. The figures in the the financial statements for 2019 have been re-presented to be comparable to 2020 figures. No restatement is made to other KPIs, however, reporting boundaries has been changed in 2020, ref. 102-46.	No	Part 4: Global Reporting Initiative Index - Report quality	343
102-49	Changes in reporting	The topics defined as material in our matrix have changed in relation to the Annual Report 2019, based on feedback from our stakeholders. More topics are categorized as material in 2020 than in 2019. New topics in 2020 include climate and nature risk, and circular economy. We have also renamed some topics, while others have been divided into subcategories.	No		
102-50	Reporting period	January 1 - December 31, 2020	No		
102-51	Date of most recent report	The Annual Report 2019 is the most recent previous report and was published April 8, 2020.	No		
102-52	Reporting cycle	We report annually according to the GRI Standards. Our quarterly reports include some of our sustainability metrics.	No		

GRI 102: GENERAL DISCLOSURES 2016

#	DISCLOSURE DESCRIPTION	RESPONSE	OMISSION	CHAPTER REFERENCE	PAGE
102-53	Contact point for questions regarding the report	Chief Sustainability Officer: Tor Eirik Homme, tor.eirik.homme@griegseafod.com. Group Communication Manager: Kristina Furnes, kristina.furnes@griegseafod.com Global Finance Officer: Renete Kaarvik, renete.kaarvik@griegseafod.com.	No		
102-54	Claims of reporting in accordance with the GRI standards	This report has been prepared in accordance with the GRI Standards: Core option.	No	Part 4: Global Reporting Initiative Index	343
102-55	GRI content index		No	Part 4: Global Reporting Initiative Index	346-359
102-56	External assurance	The Chief Sustainability Officer seeks external verification of sustainability reporting according to GRI Standards Core Option and selected sustainability KPIs. Our sustainability reporting has been verified by our independent auditor PwC. Reference is made to the auditor's statement according to ISAE 3000 at the end of the Annual Report 2020.	No	Part 4: Global Reporting Initiative Index - External verification	343

TOPIC-SPECIFIC DISCLOSURES					
#	DISCLOSURE DESCRIPTION	RESPONSE	OMISSION	CHAPTER REFERENCE	PAGE
CORPORATE GOVERNANCE AND RESPONSIBLE BUSINESS CONDUCT GRI 103 MANAGEMENT APPROACH 2016					
103-1	Explanation of the material topic and its Boundary		No	Part 4: Global Reporting Initiative Index - Management approach	342-346
103-2	The management approach and its components		No	Part 3: Corporate governance Part 4: Global Reporting Initiative Index - Management approach	192-346
103-3	Evaluation of the management approach		No	Part 2: People - Anti-corruption, Our results Part 4: Global Reporting Initiative Index - Management approach	112 342-346
GRI INDICATORS					
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		No	Part 2: People - Anti-corruption, Our results	112
307-1	Non-compliance with environmental laws and regulations		No	Part 2: People - Anti-corruption, Our results	112
419-1	Non-compliance with laws and regulations in the social and economic area		No	Part 2: People - Anti-corruption, Our results	112
HEALTHY OCEAN					
FISH HEALTH AND WELFARE GRI 103 MANAGEMENT APPROACH 2016					
103-1	Explanation of the material topic and its Boundary		No	Part 2: Healthy Ocean - Fish health and welfare Part 4: Global Reporting Initiative Index - Management approach	54-57 342-346
103-2	The management approach and its components		No	Part 2: Healthy Ocean - Fish health and welfare Part 4: Global Reporting Initiative Index - Management approach	54-57 342-346
103-3	Evaluation of the management approach		No	Part 2: Healthy Ocean - Fish health and welfare, Regional results Part 4: Global Reporting Initiative Index - Management approach	57 342-346
GRIEG SEAFOOD INDICATORS					
Grieg Seafood indicator	Survival rate at sea	This Grieg Seafood indicator corresponds to the GSI indicator "Fish Mortality" which is defined as "12 months rolling mortality = (total # of mortalities in sea last 12 months - total # of culled fish due to illness or similar and not in harvest figures) / (closing # of fish in sea + total # of mortalities in last 12 months + total # of harvested fish in last 12 months + total # of culled fish in sea) x 100".	No	Part 2: Healthy Ocean - Fish health and welfare, Regional results	57

TOPIC-SPECIFIC DISCLOSURES					
#	DISCLOSURE DESCRIPTION	RESPONSE	OMISSION	CHAPTER REFERENCE	PAGE
Grieg Seafood indicator	Main causes for reduced survival in seawater	List of the main cause of reduced survival, with loss stated in number and tonnes of fish.	No	Part 2: Healthy Ocean - Fish health and welfare, Regional results	57
PROTECTING WILD SALMON (ESCAPE AND SEA LICE CONTROL) GRI 103 MANAGEMENT APPROACH 2016					
103-1	Explanation of the material topic and its Boundary		No	Part 2: Healthy Ocean - Escape control; Sea lice control Part 4: Global Reporting Initiative Index - Management approach	60-61; 62 342-346
103-2	The management approach and its components		No	Part 2: Healthy Ocean - Escape control; Sea lice control Part 4: Global Reporting Initiative Index - Management approach	60-61; 62 342-346
103-3	Evaluation of the management approach		No	Part 2: Healthy Ocean - Escape control, Our results; Sea lice control, Regional results Part 4: Global Reporting Initiative Index - Management approach	61; 62 342-346
GRIEG SEAFOOD INDICATORS					
Grieg Seafood indicator	Number of escape incidents and fish escaped	This Grieg Seafood indicator corresponds to the GSI indicator "Fish escapes" which is defined as "number of fish escape incidents and number of fish escaped (after net recapturing)".	No	Part 2: Healthy Ocean - Escape control, Our results	62
Grieg Seafood indicator	Sea lice levels	This Grieg Seafood indicator corresponds to the GSI indicator "Sea lice counts" which is defined as "sea lice according to local action levels set by the authorities" for Rogaland, Finnmark and Shetland. For BC, the sea lice levels are adjusted from "motile" to "adult females".	No	Part 2: Healthy Ocean - Sea lice control, Regional results	61
PROTECTING BIODIVERSITY AND MARINE ECOSYSTEMS (LOCAL EMISSIONS, MEDICINE USE, WILDLIFE INTERACTION) GRI 103 MANAGEMENT APPROACH 2016					
103-1	Explanation of the material topic and its Boundary		No	Part 2: Healthy Ocean - Local emissions; Sea lice control; Interaction with wildlife Part 4: Global Reporting Initiative Index - Management approach	64-67; 60-61; 63 342-346
103-2	The management approach and its components		No	Part 2: Healthy Ocean - Local emissions; Sea lice control; Interaction with wildlife Part 4: Global Reporting Initiative Index - Management approach	64-67; 60-61; 63 342-346
103-3	Evaluation of the management approach		No	Part 2: Healthy Ocean - Local emissions, Our results; Sea lice control, Regional results; Interaction with wildlife, Regional results Part 4: Global Reporting Initiative Index - Management approach	66-67; 61; 63 342-346

TOPIC-SPECIFIC DISCLOSURES					
#	DISCLOSURE DESCRIPTION	RESPONSE	OMISSION	CHAPTER REFERENCE	PAGE
GRIEG SEAFOOD INDICATORS					
Grieg Seafood indicator	Environmental status of our sites	Result of benthic monitoring according to local regulations.	No	Part 2: Healthy Ocean - Local emissions, Our results	66-67
Grieg Seafood indicator	Hydrogen peroxide treatments	This Grieg Seafood indicator equals the GSI indicator "Use of hydrogen peroxide", which is defined as "the amount of active pharmaceutical ingredients (API) used (in gr) per tonne of fish produced (LWE)", however we have chosen to recalculate to use kg instead of gr.	No	Part 2: Healthy Ocean - Sea lice control, Regional results	61
Grieg Seafood indicator	Active substances used for treatments	This Grieg Seafood indicator corresponds to the GSI indicator "Sea lice treatments" which is defined as "the amount of active pharmaceutical ingredients (API) used (in kg) per tonne of fish produced (LWE)".	No	Part 2: Healthy Ocean - Sea lice control, Regional results	61
Grieg Seafood indicator	Number of dead birds and marine mammals	This Grieg Seafood indicator is based on the GSI indicator "Wildlife interactions" which is defined as "total number of lethal incidents by species divided by total number of sites" except that we report the total number of lethal incidents per region.	No	Part 2: Healthy Ocean - Interaction with wild life, Regional results	63
LOW USE OF ANTIBIOTICS GRI 103 MANAGEMENT APPROACH 2016					
103-1	Explanation of the material topic and its Boundary		No	Part 2: Healthy Ocean, Fish health and welfare Part 4: Global Reporting Initiative Index - Management approach	54-57 342-346
103-2	The management approach and its components		No	Part 2: Healthy Ocean, Fish health and welfare Part 4: Global Reporting Initiative Index - Management approach	54-57 342-346
103-3	Evaluation of the management approach		No	Part 2: Healthy Ocean, Fish health and welfare, Regional results Part 4: Global Reporting Initiative Index - Management approach	57 342-346
GRIEG SEAFOOD INDICATOR					
Grieg Seafood indicator	Use of antibiotics	This Grieg Seafood indicator corresponds to the GSI indicator "Antibiotic Use" which is defined as "the amount of active pharmaceutical ingredients (API) used (in g) per tonne of fish produced (LWE)".	No	Part 2: Healthy Ocean - Fish health and welfare, Regional results	57

TOPIC-SPECIFIC DISCLOSURES					
#	DISCLOSURE DESCRIPTION	RESPONSE	OMISSION	CHAPTER REFERENCE	PAGE
SUSTAINABLE FOOD					
SAFE AND HEALTHY FOOD GRI 103 MANAGEMENT APPROACH 2016					
103-1	Explanation of the material topic and its Boundary		No	Part 2: Sustainable food - Safe and healthy food Part 4: Global Reporting Initiative Index - Management approach	70-73 342-346
103-2	The management approach and its components		No	Part 2: Sustainable food - Safe and healthy food Part 4: Global Reporting Initiative Index - Management approach	70-73 342-346
103-3	Evaluation of the management approach		No	Part 2: Sustainable food - Safe and healthy food, Our results Part 4: Global Reporting Initiative Index - Management approach	72-73 342-346
GRI 416 CUSTOMER HEALTH AND SAFETY 2016 & GRIEG SEAFOOD INDICATOR					
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	There have been no incidents of non-compliance concerning the health and safety impact of our salmon in 2020.	No	Part 2: People - Anti-corruption, Our results	112
Grieg Seafood indicator	Level of environmental contaminants	The level of the environmental contaminants PCB, PCB-like dioxins and heavy metal, based on samples of our salmon.	No	Part 2: Sustainable food - Safe and healthy food, Our results	72-73
GHG EMISSIONS GRI 103 MANAGEMENT APPROACH 2016					
103-1	Explanation of the material topic and its Boundary		No	Part 2: Sustainable food - Reducing carbon emissions Part 4: Global Reporting Initiative Index - Management approach	80-85 342-346
103-2	The management approach and its components		No	Part 2: Sustainable food - Reducing carbon emissions Part 4: Global Reporting Initiative Index - Management approach	80-85 342-346
103-3	Evaluation of the management approach		No	Part 2: Sustainable food - Reducing carbon emissions, Our results Part 4: Global Reporting Initiative Index - Management approach	81-85 342-346
GRI 305 EMISSIONS 2016					
305-1	Direct (Scope 1) GHG emissions	Biogenic CO2 emissions (tCO2e) is not relevant for our operations.	No	Part 2: Sustainable food - Reducing carbon emissions, Our results	81-85
305-2	Energy indirect (Scope 2) GHG emissions		No	Part 2: Sustainable food - Reducing carbon emissions, Our results	81-85
305-4	GHG emissions intensity		No	Part 2: Sustainable food - Reducing carbon emissions, Our results	81-85
305-5	GHG emissions		No	Part 2: Sustainable food - Reducing carbon emissions, Our results	81-85

TOPIC-SPECIFIC DISCLOSURES					
#	DISCLOSURE DESCRIPTION	RESPONSE	OMISSION	CHAPTER REFERENCE	PAGE
PLASTICS POLLUTION GRI 103 MANAGEMENT APPROACH 2016					
103-1	Explanation of the material topic and its Boundary		No	Part 2: Sustainable food - Waste management Part 4: Global Reporting Initiative Index - Management approach	88-91 342-346
103-2	The management approach and its components		No	Part 2: Sustainable food - Waste management Part 4: Global Reporting Initiative Index - Management approach	88-91 342-346
103-3	Evaluation of the management approach		No	Part 2: Sustainable food - Waste management Part 4: Global Reporting Initiative Index - Management approach	88-91 342-346
GRIEG SEAFOOD INDICATOR					
Grieg Seafood indicator	Measure taken to reduce the use of plastic in the production	We will work to develop and measure relevant KPI(s) regarding waste management going forward.	Yes	Part 2: Sustainable food - Waste management	88-91
SUSTAINABLE FEED INGREDIENTS (ZERO DEFORESTATION, SUSTAINABLE MARINE INGREDIENTS, NOVEL INGREDIENTS) GRI 103 MANAGEMENT APPROACH 2016					
103-1	Explanation of the material topic and its Boundary		No	Part 2: Sustainable food - Sustainable feed ingredients Part 4: Global Reporting Initiative Index - Management approach	74-79 342-346
103-2	The management approach and its components		No	Part 2: Sustainable food - Sustainable feed ingredients Part 4: Global Reporting Initiative Index - Management approach	74-79 342-346
103-3	Evaluation of the management approach		No	Part 2: Sustainable food - Sustainable feed ingredients, Our results Part 4: Global Reporting Initiative Index - Management approach	76-79 342-346
GRIEG SEAFOOD INDICATOR					
Grieg Seafood indicator	Forage fish dependency ratio (FFDR)	This Grieg Seafood indicator corresponds to the GSI indicator "Use of marine ingredients in feed", which is defined as "forage fish dependency ratio, calculated per calendar year".	No	Part 2: Sustainable food - Sustainable feed ingredients, Our results	76-77
CLIMATE AND NATURE RISK GRI 103 MANAGEMENT APPROACH 2016					
103-1	Explanation of the material topic and its Boundary		No	Part 2: Sustainable food - Climate and nature risk Part 4: Global Reporting Initiative Index - Management approach	86-87 342-346
103-2	The management approach and its components		No	Part 2: Sustainable food - Climate and nature risk Part 4: Global Reporting Initiative Index - Management approach	86-87 342-346

TOPIC-SPECIFIC DISCLOSURES					
#	DISCLOSURE DESCRIPTION	RESPONSE	OMISSION	CHAPTER REFERENCE	PAGE
103-3	Evaluation of the management approach		No	Part 2: Sustainable food - Climate and nature risk, Our results Part 4: Global Reporting Initiative Index - Management approach	86-87 342-346
GRIEG SEAFOOD INDICATOR					
Grieg Seafood indicator	Mapping of climate and nature risk including scenario analyses	We have mapped our climate risk according to the TCFD framework and have conducted a scenario analysis . Further, we are participating in a project to develop nature risk mapping	No	Part 2: Sustainable food - Climate and nature risk, Our results Part 4: Global Reporting Initiative Index - Management approach	
PROFIT & INNOVATION					
ECONOMIC PERFORMANCE GRI 103 MANAGEMENT APPROACH 2016					
103-1	Explanation of the material topic and its Boundary		No	Part 2: Profit & Innovation - Economic productivity Part 4: Global Reporting Initiative Index - Management approach	128-133 342-346
103-2	The management approach and its components		No	Part 2: Profit & Innovation - Economic productivity Part 4: Global Reporting Initiative Index - Management approach	128-133 342-346
103-3	Evaluation of the management approach		No	Part 2: Profit & Innovation - Economic productivity Part 4: Global Reporting Initiative Index - Management approach	128-133 342-346
GRI 201 ECONOMIC PERFORMANCE 2016					
201-1	Direct economic value generated and distributed		No	Part 2: Profit & Innovation - Economic productivity	132
PEOPLE					
EMPLOYEE HEALTH AND SAFETY GRI 103 MANAGEMENT APPROACH 2016					
103-1	Explanation of the material topic and its Boundary		No	Part 2: People - Keeping our employees safe Part 4: Global Reporting Initiative Index - Management approach	108-111 342-346
103-2	The management approach and its components		No	Part 2: People - Keeping our employees safe Part 4: Global Reporting Initiative Index - Management approach	108-111 342-346
103-3	Evaluation of the management approach		No	Part 2: People - Keeping our employees safe, Our results Part 4: Global Reporting Initiative Index - Management approach	108-111 342-346

TOPIC-SPECIFIC DISCLOSURES					
#	DISCLOSURE DESCRIPTION	RESPONSE	OMISSION	CHAPTER REFERENCE	PAGE
GRI 403 OCCUPATIONAL HEALTH AND SAFETY 2018					
403-1	Occupational health and safety management system	Workers covered by this standard (workers who are not employees but whose work and/or workplace is controlled by the organization) are not a material part of Grieg Seafood's operations. Therefore, this part of the standard is not relevant.	No	Part 2: People - Keeping our employees safe	108-111
403-2	Hazard identification, risk assessment, and incident investigation		No	Part 2: People - Keeping our employees safe	108-111
403-3	Occupational health services		No	Part 2: People - Keeping our employees safe	108-111
403-4	Worker participation, consultation, and communication on occupational health and safety		No	Part 2: People - Keeping our employees safe	108-111
403-5	Worker training on occupational health and safety		No	Part 2: People - Keeping our employees safe	108-111
403-6	Promotion of worker health		No	Part 2: People - Keeping our employees safe	108-111
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		No	Part 2: People - Keeping our employees safe	108-111
403-9	Work-related injuries	Workers covered by this standard (workers who are not employees but whose work and/or workplace is controlled by the organization) are not a material part of Grieg Seafood's operations. Therefore, this part of the standard is not relevant.	No	Part 2: People - Keeping our employees safe, Our results	111
HUMAN RIGHTS, INCLUDING LABOUR RIGHTS					
GRI 103 MANAGEMENT APPROACH 2016					
103-1	Explanation of the material topic and its Boundary		No	Part 2: People - Human rights & ethics Part 4: Global Reporting Initiative Index - Management approach	96-99 342-346
103-2	The management approach and its components		No	Part 2: People - Human rights & ethics Part 4: Global Reporting Initiative Index - Management approach	96-99 342-346
103-3	Evaluation of the management approach		No	Part 2: People - Human rights & ethics, Our results Part 4: Global Reporting Initiative Index - Management approach	96-99 342-346

TOPIC-SPECIFIC DISCLOSURES					
#	DISCLOSURE DESCRIPTION	RESPONSE	OMISSION	CHAPTER REFERENCE	PAGE
GRI 412 HUMAN RIGHTS ASSESSMENT 2016					
412-1	Operations that have been subject to human rights reviews or impact assessments	In 2020, we did not perform any human rights reviews. During 2021, we will conduct a due diligence process for our supply chain, identify the risks to prioritize, assess grievance mechanisms and remediation.	No	Part 2: People - Human rights & ethics, Our results Part 4: Global Reporting Initiative Index - Management approach	97 342-346
412-2	Employee training on human rights policies or procedures		Yes	Part 2: People - Human rights & ethics, Our results Part 4: Global Reporting Initiative Index - Management approach	99 342-346
ANTI-CORRUPTION GRI 103 MANAGEMENT APPROACH 2016					
103-1	Explanation of the material topic and its Boundary		No	Part 2: People - Anti-corruption Part 4: Global Reporting Initiative Index - Management approach	112 342-346
103-2	The management approach and its components		No	Part 2: People - Anti-corruption Part 4: Global Reporting Initiative Index - Management approach	112 342-346
103-3	Evaluation of the management approach		No	Part 2: People - Anti-corruption, Our results Part 4: Global Reporting Initiative Index - Management approach	112 342-346
GRI 205 ANTI-CORRUPTION 2016					
205-1	Operations assessed for risks related to corruption		No	Part 3: Corporate governance	195
205-3	Confirmed incidents of corruption and actions taken		No	Part 2: People - Anti-corruption, Our results	112
LOCAL COMMUNITIES					
INDIGENOUS RIGHTS GRI 103 MANAGEMENT APPROACH 2016					
103-1	Explanation of the material topic and its Boundary		No	Part 2: Local communities - Relationships with local communities Part 4: Global Reporting Initiative Index - Management approach	116-121 342-346
103-2	The management approach and its components		No	Part 2: Local communities - Relationships with local communities Part 4: Global Reporting Initiative Index - Management approach	116-121 342-346
103-3	Evaluation of the management approach		No	Part 2: Local communities - Relationships with local communities Part 4: Global Reporting Initiative Index - Management approach	116-121 342-346

TOPIC-SPECIFIC DISCLOSURES					
#	DISCLOSURE DESCRIPTION	RESPONSE	OMISSION	CHAPTER REFERENCE	PAGE
GRI 411 RIGHTS OF INDIGENOUS PEOPLES 2016					
411-1	Incidents of violations involving rights of Indigenous peoples	In 2020, we did not have any incidents of violations involving rights of Indigenous peoples.	No		
VALUE CREATION IN LOCAL COMMUNITIES GRI 103 MANAGEMENT APPROACH 2016					
103-1	Explanation of the material topic and its Boundary		No	Part 2: Local communities - Relationships with local communities Part 4: Global Reporting Initiative Index - Management approach	116-121 342-346
103-2	The management approach and its components		No	Part 2: Local communities - Relationships with local communities Part 4: Global Reporting Initiative Index - Management approach	116-121 342-346
103-3	Evaluation of the management approach		No	Part 2: Local communities - Relationships with local communities, Regional results Part 4: Global Reporting Initiative Index - Management approach	116-121 342-346
GRI 203 INDIRECT ECONOMIC IMPACTS 2016 & GRI 204 PROCUREMENT PRACTICES 2016					
204-1	Proportion of spending on local suppliers		No	Part 2: Local communities - Relationships with local communities	118-121

STAKEHOLDER DIALOGUE

Our value ‘Open’ guides our stakeholder dialogue. We aim to be open and honest about our performance and challenges, make it easy for our stakeholders to hold us accountable, and share how we work to improve.

Engaging and collaborating with our stakeholders helps us understand and address our most material sustainability issues. Our stakeholders span our five pillars and gaining their trust is integral for our license to operate. Stakeholders are chosen according to the impact they have on our business, and the economic, environmental and social impact we have on the stakeholders. Stakeholder dialogue is also key to be able to grasp emerging opportunities for our business, and to understand and mitigate risk.

We engage actively and continuously with our stakeholders, and always maintain an open door for stakeholder feedback. Stakeholders frequently contact us to discuss issues. We also engage stakeholders proactively on matters where we believe we can have significant impact, such as with feed suppliers. The continuous dialogue with our stakeholders provides the basis for the materiality matrix. Ultimately, our stakeholders help us deliver healthy food and make positive impacts throughout our value chain.

STAKEHOLDER	KEY TOPIC	HOW WE ENGAGE	ACTIONS	EXAMPLE
NATIONAL AUTHORITIES / REGULATORS	<ul style="list-style-type: none"> • Sustainability challenges • Balanced regulation and long-term local value creation 	Meetings, site visits, and correspondence.	We have an open dialogue with all official authorities where we operate, and collaborate on all aspects. We welcome their efforts to enforce regulations and engage in constructive dialogue.	We engaged with national politicians, such as the Minister of Fisheries in Norway, on how we can mitigate impacts of Covid-19 in our production.
LOCAL AUTHORITIES / COMMUNITIES	<ul style="list-style-type: none"> • Local employment and purchasing • Contributions to public life • Sustainability challenges • Co-existence with other local interests 	Dialogue with special interest groups locally, open meetings, site visits, and dialogue through mainstream media and digital channels.	We recognize public concern for the oceans, invite visitors to our farms and participate in the public debate about salmon farming. We try to find solutions to accommodate other local interests. In areas with Indigenous populations, consent, dialogue and relations with Indigenous representatives are especially important.	During 2020, we launched a new website for each region, aiming to improve transparency and dialogue with our local communities.

STAKEHOLDER	KEY TOPIC	HOW WE ENGAGE	ACTIONS	EXAMPLE
STAKEHOLDER ORGANIZATIONS/ NON-GOVERNMENTAL ORGANIZATIONS	<ul style="list-style-type: none"> Sustainability challenges 	Correspondence, meetings, media and social media.	We collaborate with and seek advice from actors that constructively seek to improve the industry. That includes several environmental organizations and research institutions.	We have regularly received advice from the Rainforest Foundation Norway on deforestation risk in our supply chain.
SHAREHOLDERS, INVESTORS, ASSET MANAGERS AND ANALYSTS	<ul style="list-style-type: none"> Long-term performance and returns, both on financial and sustainability-related parameters How we utilize opportunities and mitigate risk 	Quarterly presentations, roadshows, meetings, frequent dialogue, capital market days, and engagement with relevant indexes.	We make every effort to maintain a continuous, open, and honest dialogue about our strategy and results. We have also started engaging with relevant indexes where we are rated, to make sure they give Grieg Seafood an accurate score.	Due to the Covid-19 pandemic, we have completed most of our presentations and investor meetings as video conferences.
CUSTOMERS	<ul style="list-style-type: none"> Food safety Health attributes Quality Certifications Sustainability challenges 	Customer surveys, frequent dialogue, audits, visits and trade fairs.	We have frequent dialogues with our customers. We supply them with material for dialogue with their own stakeholders, and participate in initiatives where our customers are present.	We have engaged in Cerrado Manifesto Signatories of Support, which aims to halt deforestation in the Brazilian Cerrado. Many of our customers are also signatories to the initiative.
EMPLOYEES	<ul style="list-style-type: none"> Health and safety A good working environment Personal development Fish welfare and sustainability challenges 	Continuous dialogue and meetings, intranet, and employee surveys.	Frequent dialogue on all levels and initiatives for training, education, and development. We also engage in dialogue with trade unions and employee representatives. Focus on developing a culture in line with our values.	We use Workplace on an almost daily basis to inform employees about developments, build culture, and cultivate engagement.
SUPPLIERS	<ul style="list-style-type: none"> Our integrity That we are a fair and predictable partner 	Dialogue, meetings, conferences and correspondence.	Ensuring that they comply with our Code of Conduct, and that we have a common understanding of ethics, sustainability and the delivery of goods and services. This particularly pertains to our suppliers of fish feed and staffing.	We have quarterly meetings with our feed suppliers, where we discuss issues and developments.



To the Board of Directors of Grieg Seafood ASA

Independent statement regarding Grieg Seafood ASA's sustainability reporting

We have been engaged by Grieg Seafood ASA (Grieg Seafood) to examine whether the Group's sustainability reporting is conducted in accordance with the Global Reporting Initiative (GRI) Standards Core Option, and to examine whether the sustainability KPIs is calculated, estimated and reported in accordance with the definitions and explanations provided in relation to each key performance indicator

- Grieg Seafood's GRI Index for 2020 is an overview of which principles, aspects and indicators from the GRI guidelines that Grieg Seafood use to measure and report on sustainability; together with a reference to where the material sustainability information is reported within the integrated annual report for 2020 (Annual Report 2020). We have examined whether Grieg Seafood has developed a GRI Index for 2020 and whether mandatory disclosures are presented in accordance with the Standards published by The Global Reporting Initiative (www.globalreporting.org/standards) (criteria).
- Key performance indicators for sustainability are reported in "Our Scoreboard" on pages 16-17 in the Annual Report 2020. This table contains sustainability indicators that Grieg Seafood measures and controls. Grieg Seafood has defined the key performance indicators in the Scoreboard and the referenced pages therein, where they also explain how they are measured (criteria). We have examined the basis for the KPIs reported in "Our Scoreboard" and examined whether these are calculated, estimated and reported in accordance with the criteria.

Tasks and responsibilities of management

Management is responsible for Grieg Seafood's Sustainability Reporting for 2020 and that the GRI Index for 2020 is developed in accordance with the Standards published by the GRI. Management is also responsible for key performance indicators for sustainability and that these are calculated, estimated and reported in accordance with the definitions given in the referenced pages in "Our Scoreboard". Their responsibility includes to implement such internal control as management determines is necessary to enable development and reporting of the GRI Index and to enable correct calculation, estimation and reporting of the sustainability KPIs in the Annual Report 2020.

Our independence and quality control

We are independent of the company in accordance with applicable laws and regulations and the Code of Ethics for Professional Accountants (IESBA Code) and with the ethical requirements that are relevant to our independent statement, and we have fulfilled our ethical obligations in accordance with these requirements and IESBA Code. We use ISQC 1 - Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and maintains a comprehensive quality control system including documented policies and procedures of the ethical standards, professional standards and applicable legal and regulatory requirements.

The Auditors responsibilities

Our responsibility is to express an opinion on Grieg Seafoods sustainability reporting based on our controls. We have performed our work in accordance with the Standard on Assurance Engagements ISAE 3000: "Assurance engagements other than audits or review of historical financial information".

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State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm



Our work involves performing procedures to obtain evidence that Grieg Seafood's GRI Index 2020 and key performance indicators for sustainability are developed in accordance with GRI Standards Core Option and the criteria for reporting and measurement that are given in relation to "Our Scoreboard" containing key performance indicators. The procedures selected depend on our judgement, including assessments of the risks that the sustainability reporting as a whole are free from material misstatement, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the GRI Index 2020 and sustainability KPIs. Therefore, we design procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Our control also includes an assessment of whether the applied criteria are appropriate and an assessment of the overall presentation of the GRI Index 2020 and sustainability KPIs.

Our controls include meetings and interviews with representatives from Grieg Seafood that are responsible for the key areas covered by the sustainability reporting, evaluating internal controls and procedures for reporting key performance indicators for sustainability, collecting and reviewing relevant information that supports the calculation and estimation of key performance indicators, evaluating the completeness of the key performance indicators and controlling whether the calculation and estimation of the key performance indicators are accurate.

We believe that the evidence we have obtained is sufficient and appropriate to provide basis for our conclusion.

Conclusion

In our opinion the GRI Index 2020 is, in all material respects, developed and presented in accordance with the requirements of the Global Reporting Initiative Standards Core Option.

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the calculation, estimation and reporting of the sustainability key performance indicators presented in "Our Scoreboard" in the Annual Report for 2020 are not prepared, in all material respects, in accordance with the definitions and explanations provided in relation to each key performance indicator presented in "Our Scoreboard".

Bergen, March 25 2020
PricewaterhouseCoopers AS

A handwritten signature in blue ink that reads "Hanne S. Johansen".

Hanne Sælemyr Johansen
State authorised public accountant

APPENDIX



SHETLAND

SUSTAINABILITY KPIs

PILLAR	KPI	TARGET	2016	2017	2018	2019	2020
PROFIT & INNOVATION	Harvest volume (tonnes GWT)	15 000 tonnes in 2021	13 541	12 056	11 924	11 273	15 705
	EBIT / kg (NOK)		13.0	5.7	2.8	-12.4	-19.2
HEALTHY OCEAN	ASC certification		n/a	n/a	n/a	n/a	n/a
	Survival rate in freshwater		85%	87%	93%	95%	89%
	Survival rate at sea	93% by 2022	83%	89%	83%	89%	81%
	Use of antibiotics (g per tonne LWE) *	No use of antibiotics	0.93	1.65	13.90	29.18	6.17
	Use of hydrogen peroxide (kg per tonne LWE) *	Minimize use of pharmaceutical treatments	75.96	82.72	32.58	12.23	21.45
	Sea lice treatments - in feed (g per tonne LWE) *	Minimize use of pharmaceutical treatments	0.47	0.22	0.21	0.17	0.18
	Sea lice treatments - in bath (g per tonne LWE) *	Minimize use of pharmaceutical treatments	1.99	5.70	2.98	1.79	2.95
	Escape incidents (# of fish)	Zero escape incidents	2 (1 446)	0	2 (22 212)	2 (4 500)	0
	Dead birds	Minimize impact on wildlife	n/a	0	0	2	0
	Dead marine mammals	Minimize impact on wildlife	n/a	1	0	0	0
SUSTAINABLE FOOD	Carbon emissions (kgCO ₂ e per tonne GWT)	35% reduction (from 2018) in total emissions by 2030					
	Scope 1 + 2 location based		n/a	857	1 053	1 065	689
	Scope 3		n/a	n/a	n/a	n/a	1 057
	High quality product	93% superior share	93%	93%	94%	94%	82%
	Biological feed conversion ratio (bFCR)		1.21	1.26	1.25	1.28	1.25
	Economic feed conversion ratio (eFCR)		1.46	1.50	1.44	1.47	1.63
PEOPLE	Employees		169	186	192	189	211
	Absence rate	Below 4.5%	2.7%	3.2%	2.3%	3.4%	3.1%
	LTIR		10	13	24	15	36
LOCAL COMMUNITIES	Local procurement		n/a	n/a	n/a	70%	76%

* Amount of active pharmaceutical ingredients (APIs) used (in gr or kg) per tonne of fish produced (LWE).
n/a: Data not available.

Grieg Seafood Shetland Ltd farms salmon in Shetland and the Isle of Skye in Scotland. We have 21 active seawater sites and one freshwater location. We process our salmon at our own facility in Lerwick.

OPERATIONAL PRIORITIES

The aquaculture industry in Shetland has experienced a variety of biological challenges over the years. Grieg Seafood Shetland has taken several measures the last years to ensure strong biosecurity and improved fish health and welfare, such as extended fallowing areas coordinated with neighboring farmers, use of aeration systems, sea lice skirts and freshwater treatments. However, the farming cost have remained high, especially in our Skye farms. In November 2020, as part of our growth strategy, we announced that we will divest our investment and operations in Shetland to focus on operations with growth potential in our other regions. Although Grieg Seafood Shetland is presented as discontinued operations in our financial statements, we continue the operational focus on fish health and welfare and takes measures to fight biological issues.

OPERATIONAL RESULTS

As per 31 December 2020, Grieg Seafood Shetland is classified as held for sale in the Group's consolidated financial statements, together with the sales operations of the UK, thus not included in the segment information of the Group (Group Accounts, Note 8). The financial figures in the following are disclosed for the operating segment Grieg Seafood Shetland, and thus not comparable with the financial figures for the "Shetland" disposal group disclosed in the Group Accounts Note 5, as the "Shetland" disposal group figures include the activity generated by the sales entity in the UK and intercompany balances and transactions have been eliminated. Furthermore, as per requirement in IFRS 5, amortization and depreciation on tangible and intangible assets cease when classifying the Shetland assets as held for sale, while for the figures presented herein, amortization and depreciation on such assets are included in EBIT before fair value of biological assets.

A total of 15 705 tonnes was harvested in 2020, compared to 11 273 tonnes in 2019, corresponding to an increase of 39%. This increase is mainly due to significant volumes harvested from the Isle of Skye, where harvest was accelerated due to biological challenges combined with jellyfish.

Revenues amounted to NOK 851 million, compared to NOK 732 million in 2019. The increase is due to higher harvest volume, however offset by lower market prices, lower superior share (82% in 2020 compared to 94% in 2019) and price achievement on small fish from our sites in Isle of Skye.

Biological conditions in Shetland have been challenging in the past year due to gill-related diseases, algae, and plankton, in combination with high sea lice pressure. As a result of healthier and more robust smolt, improved vaccine strategies and continuous improvement of the handling and treatment of fish at sea, the 12-month survival rate improved in 2019, but due to the biological issues in 2020, the survival rate ended at 81% in 2020. The cost on our sites in Isle of Skye was significantly impacted by extraordinary mortality write-downs and high cost on harvested fish, in addition to shut-down cost. Production on mainland Shetland developed positively during the year. Loss of production, combined with extensive efforts to mitigate biological challenges, impacted the cost per kg of salmon harvested in 2020.

LOCAL COMMUNITY SUPPORT

205

employees

114 000 NOK

donated to local cultural and sports activities

772 200 000 NOK

purchase from local suppliers in Scotland

5 220 000 NOK

£24.75/£27.50 per tonne harvested salmon from sites in Shetland and Isle of Skye, respectively, contributed in local tax to the Crown Estate

76%

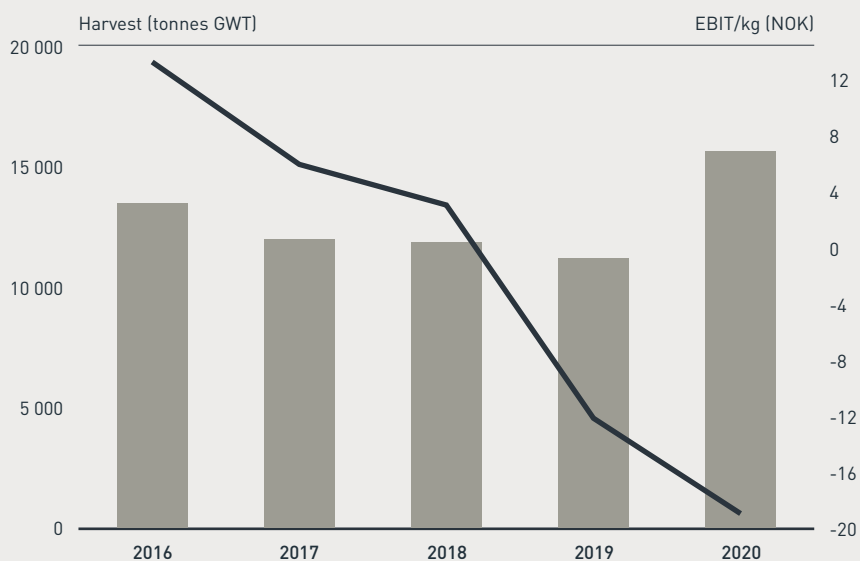
of total purchase was from local suppliers

FIGURE 4.1
RESULTS FOR SHETLAND

SHETLAND	2016	2017	2018	2019	2020
Harvest (tonnes GWT)	13 541	12 056	11 924	11 273	15 705
Revenue (NOK million)	859.8	745.9	799.9	731.6	851.5
EBIT (NOK million)	176.6	68.7	33.8	-67.2	-300.9
EBIT / kg (NOK)	13.0	5.7	2.8	-12.4	-19.2

FIGURE 4.2
EBIT AND HARVEST SHETLAND

■ Harvest (tonnes GWT)
— EBIT/kg (NOK)







ANNUAL REPORT 2020
RESHAPING OUR BUSINESS TO MEET THE FUTURE