Grieg Seafood

Q1 REPORT
2021

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ROOTED IN NATURE
Farming the ocean for a better future

Farming the ocean comes with a responsibility. We are dedicated to providing more food from the sea to people around the globe while reducing our footprint and improving fish welfare. People, partnerships, technologies and innovations will help us get there. Step by step.

PART 01

QUARTERLY HIGHLIGHTS

We are on a journey of sustainable growth. We are dedicated to improve our operational performance, fish welfare and survival, reduce our impact and increase profitability. Change will never stop, and we pursue improvement wherever we see it. It drives our commitment and lets us capture new opportunities. This is how we farm the ocean for a better future.

CEO Comment

The first quarter turned out largely as expected. Covid-19 continued to characterize our markets, impacting price achievement. Equally, our employees and supply chains continued to show resilience and flexibility, keeping the wheels turning on a steady pace.

Our operations also went as planned and in line with expectations. BC continued their strong biological performance, building on operational improvement efforts implemented over the last few years. Finnmark's performance was impacted by a challenging biology in the region, including low temperatures, ISA and winter ulcers. While mitigating efforts reduced the occurrence of winter ulcers in Grieg Seafood compared to last year, the challenge spread to large parts of the Norwegian industry this quarter, which increased the overall supply of downgraded fish and impacted prices negatively. The biological performance in Rogaland was relatively good, with increased survival and no outbreaks of PD. Our Newfoundland freshwater operations also went well and according to schedule, where the first fish will be transferred to sea during the coming summer.

Across all regions, a lot of work is underway to streamline our organization, utilize new competences and work more systematically with improvements to enhance performance and profitability.

During the first quarter, Grieg Seafood also reached a few milestones on our journey towards 2025. 50 percent of our production is now certified according to the ASC standard, and we see increased demand for ASC fish in our markets. We are in a process of adopting new Group Policies, raising our standard on Environmental, Social and Governance issues. Our own sales and market organization started operations in January, and we are increasing integration between farming, sales and market to boost value creation.

Our financial position remains stable. The process to divest our business in Shetland is ongoing, and is proceeding according to plan. Our biggest investments are about to be completed, with the finalization of new fresh-water facilities in Newfoundland and BC, as well as a new post-smolt facility in Rogaland. Going forward, we will be able to reap the benefits of these investments with increased access to both smolt and post-smolt in these regions, allowing us to improve fish health and welfare, reduce the time our salmon spend at sea and improve profitability on the farming side. With this backdrop, we remain optimistic as vaccine rates are increasing and restrictions gradually lifted in our markets, setting the stage for a strong post-pandemic recovery.

ANDREAS KVAME
CEO Grieg Seafood ASA

Highlights in the quarter

Group highlights

- Harvest volume of 13 583 tonnes (16 315)
- EBIT before production fee and fair value adjustment of NOK -16 million (216 million)
- EBIT/kg NOK -1.2 (13.3)
- Low market prices impacted earnings by NOK -141 million vs Q1 2020
- Oversupply of downgraded salmon in the market due to winter ulcers impacted margins in Norway
- Good biological performance in Rogaland and BC
- Satisfactory financial situation
- Process to divest Shetland assets ongoing. Shetland classified as held for sale and not included in EBIT
- Our integrated sales and market organization fully operational, handling 50% of our sold volume in the quarter
- One site ASC certified, total of 27 sites or 50% of net production ASC certified
- Expect harvest ex Shetland of 15 400 tonnes in Q2 2021, and 80 000 tonnes for the full year 2021

REGION HIGHLIGHTS

Rogaland Europe

- Harvest volume of 5 346 tonnes (6 944)
- EBIT/kg NOK 9.2 (24.7)
- Earnings impacted by downgrading due to winter ulcers, with 75% superior share
- Good biological production
- Smolt with an average weight above 900 gr transferred to sea
- Farming cost per kg of NOK 41.9 vs NOK 38.2 in Q1 2020 due to lower harvest volume
- Expect harvest of 6 000 tonnes in Q2 2021, with higher cost per kg due to site specific conditions
- Harvest target of 28 000 tonnes in 2021

Finnmark Europe

- Harvest volume of 7 385 tonnes (6 827)
- EBIT/kg NOK -4.1 (4.4)
- Earnings impacted by downgrading related to winter ulcers and ISA, with 65% superior share
- Stable seawater production, incident related to snow avalanche
- Farming cost per kg of NOK 46.5 vs NOK 46.4 in Q1 2020
- One site ASC certified - total of 16 sites ASC certified (78% of net production)
- Expect harvest of 4 000 tonnes in Q2 2021 with higher cost per kg due to lower harvest volume
- Harvest target of 37 000 tonnes in 2021

British Columbia North America

- Harvest volume of 853 tonnes (2 544)
- EBIT/kg NOK 1.1 (15.7)
- Strong biological production
- Earnings driven by good price achievement and a superior share of 90%
- Farming cost per kg of CAD 8.9 vs CAD 7.8 in Q1 2020 due to lower harvest volume
- Total of 11 sites ASC certified (57% of net production)
- Expect harvest of 5 400 tonnes in Q2 2021, stable cost per kg and gradual cost improvements longer term
- Harvest target of 15 000 tonnes in 2021

Newfoundland North America

- Eight farming licenses with a production capacity of 30 000 tonnes of annual harvest, additional licenses have been applied for
- Construction of RAS facility on track
- First batch of smolt expected to be transferred to sea summer 2021
- First harvest expected in 2022
- Operational cost target per kg at level with Norway
- Harvest estimate of 15 000 tonnes expected to be reached by 2025

Key figures (from continuing operations)

Continuing operations

As at 31 March 2021, the Group presents the farming and sales operations of Grieg Seafood Shetland as discontinued operations (classified as held for sale in Q4 2020). In addition, in 2020 the former sales organization Ocean Quality was also treated as discontinued operations. Unless otherwise explicitly mentioned, qualitative and quantitative information disclosed in this report refer to the continued operations of Grieg Seafood. The key figures presented on this page, including historical information in charts, are disclosed for the Group's continuing operations, unless stated otherwise. See also Note 4.

KEY FIGURES NOK MILLION	**Q1 2021**	**Q1 2020**	**FY 2020**
Operational			
Harvest volume (tonnes GWT)	13 583	16 315	71 142
Spot price of salmon, Nasdaq (NOK/kg)[1]	52.8	68.3	53.7
Group farming cost (NOK/kg)	45.5	44.3	47.2
EBIT/kg (NOK)	-1.2	13.3	3.3
Financial			
Sales revenues	660	1 159	4 384
EBITDA before production fee and fair value adjustment of biological assets	72	307	602
EBIT before production fee and fair value adjustment of biological assets	-16	216	233
Profit before tax	151	-353	-304
Cash flow from operations	-350	26	412
Capital structure			
Net interest-bearing liabilities according to covenant requirement	4 329	2 263	3 679
NIBD/EBITDA[2]	n/a	1.5	n/a
NIBD/harvest volume (NOK) [3]	34.2	9.0	31.5
Equity %	40%	40%	41%
Equity % according to covenant	42%	45%	43%
Gross investments incl. Shetland [4]	139	161	1 069
Profitability			
ROCE [5]	-1%	14%	3%
Dividend per share (NOK)	0.0	0.0	0.0
Earnings per share, continued operations (NOK)	0.9	-2.4	-2.8
Total market value (OSE)	9 603	10 798	9 643

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

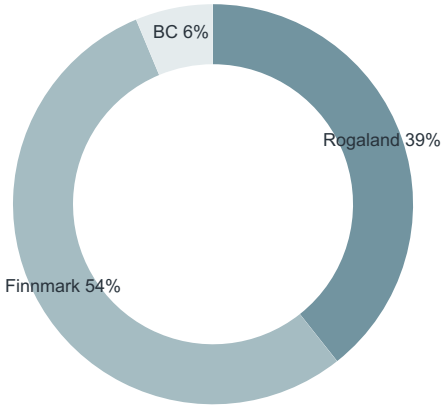
2) NIBD/EBITDA not measured through Q3 2021. See Note 7.

3) NIBD/harvest: NIBD according to covenant less net book value of the Shetland assets (ex. estimated transaction costs). Guiding for harvest volume full-year 2021/2020 used as at Q1.

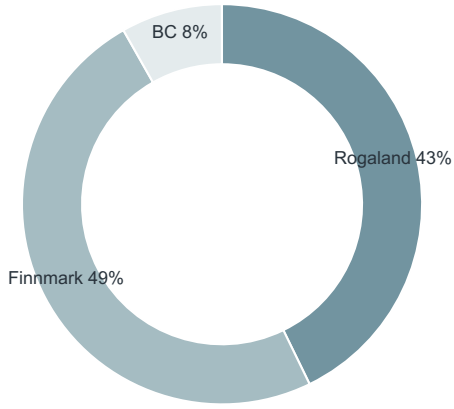
4) Incl. financial lease (according to IFRS in force prior to 1 January 2019) investments. For FY 2020, the figure is ex. cash consideration of NOK 620 million for Grieg Newfoundland, acquired in Q2 2020.

5) ROCE: Return on capital employed. See Alternative Performance Measures for definition.

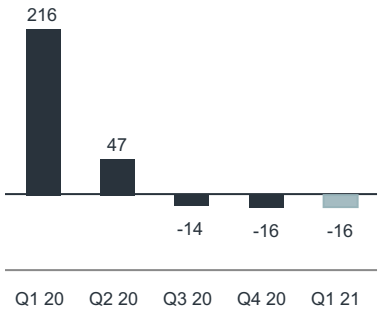
HARVEST VOLUME
Q1 2021



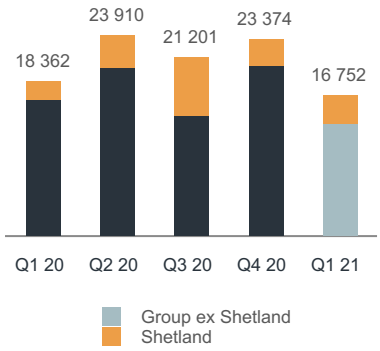
SALES REVENUES
Q1 2021



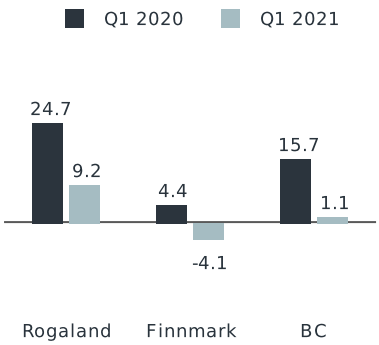
EBIT BEFORE PRODUCTION FEE AND FAIR VALUE
(NOK MILLION)



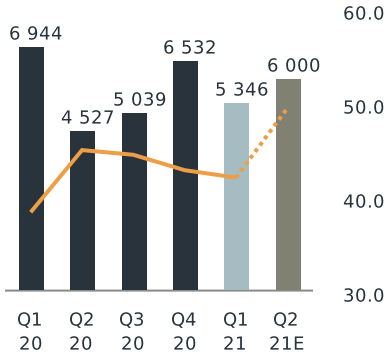
HARVEST VOLUME INCL. SHETLAND
(TONNES GWT)



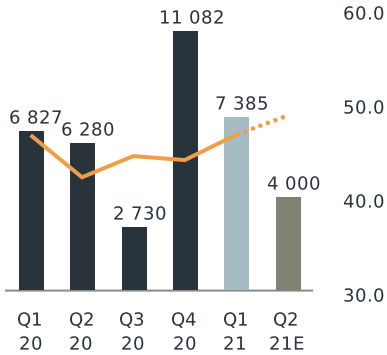
EBIT/KG PER REGION
(NOK)



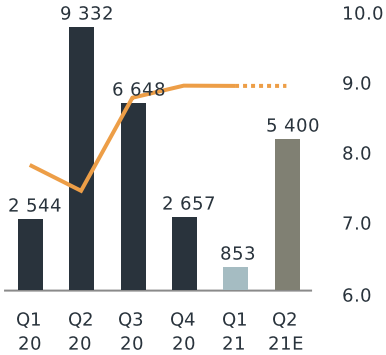
HARVEST VOLUME & FARMING COST/KG (NOK)
ROGALAND*
TARGET: NOK 40/kg



HARVEST VOLUME & FARMING COST/KG (NOK)
FINNMARK*
TARGET: NOK 40/kg



HARVEST VOLUME & FARMING COST/KG (CAD)
BRITISH COLUMBIA*
TARGET: CAD 7/kg



*Guided harvest volume for Q2 2021. Dotted cost line indicate direction of farming cost per kg.

Our scoreboard

● Within target ♦ On track to meet target ■ Unsatisfactory result

	ASPECT	TARGET	STATUS	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
PROFIT & INNOVATION	**Return on capital employed***	12% p.a.	■	-1%	-1%	-1%	3%	14%
	Harvest volume (tonnes GWT)	80 000 tonnes in 2021	♦	13 583	20 271	14 416	20 140	16 315
	Farming cost per kg							
	Rogaland	NOK 40/kg in 2022	♦	41.9	42.7	44.3	44.8	38.2
	Finnmark	NOK 40/kg in 2022	■	46.5	43.8	44.2	41.9	46.4
	British Columbia	CAD 7/kg in 2022	■	8.9	8.9	8.7	7.4	7.8
HEALTHY OCEAN	**ASC certifications****	All sites by 2023	♦	27	26	26	20	18
	Survival rate sea (GSI standard)	93% by 2022						
	Rogaland		♦	91%	90%	88%	88%	90%
	Finnmark		●	93%	92%	91%	93%	93%
	British Columbia		♦	90%	90%	86%	90%	89%
	Antibiotics g/tonne***	No use of antibiotics						
	Rogaland		●	0.0	0.0	0.0	0.0	0.0
	Finnmark		■	49.0	0.0	0.0	0.0	0.0
	British Columbia		■	92.7	47.6	2.3	106.8	64.3
	Sea lice treatment g/ tonne*/******	Minimize use of pharmaceutical treatments						
	Rogaland		♦	2.8	0.0	0.0	0.0	0.0
	Finnmark		♦	2.5	1.5	0.0	0.0	0.0
	British Columbia		●	0.4	0.0	0.0	0.7	0.1
	Escape incidents (# of fish)	Zero escape incidents	♦	1 (6)	0	0	0	0
SUSTAINABLE FOOD	**High quality product**	93% superior share						
	Rogaland		■	75%	83%	90%	79%	86%
	Finnmark		■	65%	77%	90%	65%	51%
	British Columbia		♦	90%	78%	85%	87%	90%
PEOPLE	**Absence rate**	Below 4.5%						
	Rogaland		●	1.8%	2.5%	2.7%	2.8%	4.4%
	Finnmark		■	8.1%	5.6%	6.4%	4.2%	6.2%
	British Columbia		♦	6.2%	5.9%	7.3%	10.0%	5.4%
LOCAL COMMUNITIES	**Support our local communities**	Collaborate and contribute to local community	●	Yes	Yes	Yes	Yes	Yes

*ROCE is calculated using EBIT before fair value (incl. production fee) in line with our income statement (which is exclusive of Shetland). ROCE for comparable periods have been re-presented as to the held for sale-classification of Shetland.

**Number of sites certified. Target: 100% ASC compliant within 2023.

***Amount of active pharmaceutical ingredients (APIs) used (g) per tonne of fish produced (LWE).

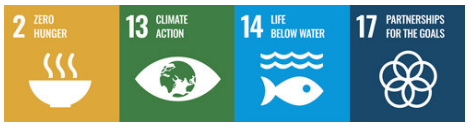
**** Excl. hydrogen peroxide. For data on hydrogen peroxide, see the regions' Sustainability KPIs.

Our approach to sustainable business

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. Our five pillars show our commitment to sustainable and long-term value creation for all of our stakeholders.

THE UNITED NATIONS 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.



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

Aquaculture and farmed salmon can play an important role in the future food system - if we do it responsibly and right. Read more here.

Material sustainability topics strongly impact the financial performance of salmon farming companies. We believe this relationship will accelerate during the coming years, as our stakeholders are increasingly aware of and concerned with sustainability.

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

→

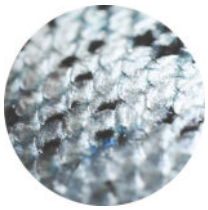
FINANCIAL TARGETS

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

*Not applicable through Q3 2021 due to temporary amended covenant

OUR BUSINESS PILLARS

Grieg Seafood's business is based on five pillars, covering environmental, social and governance (ESG) topics identified as important to our stakeholders. The pillars help us steer towards long-term value creation for investors, customers, employees and local communities.



Profit & Innovation

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

Healthy ocean

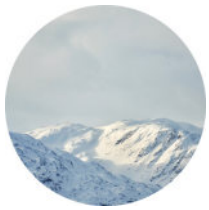
- Fish health and welfare
- Sea lice control
- Escape control
- Limiting local emissions
- Interaction with wildlife

Sustainable food

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

People

- Human rights and ethics
- Embracing diversity
- Creating attractive jobs
- Keeping our employees safe
- Responsible business conduct



Local communities

- Local value creation
- Indigenous relationships
- Dialogue and engagement

ESG Corporate Governance Framework

Our materiality assessment forms the foundation of our pillars. All material areas, as well as many significant ones, are covered by Group Policies, to ensure systematic improvement efforts across the Company.

PILLAR	MATERIAL AREA	COVERED BY GROUP POLICY	TARGET	REPORTING FREQUENCY
Profit & Innovation	Economic performance	Part of our Group strategy	12% Return on Capital Employed	Quarterly
Healthy Ocean	Fish health and welfare	Fish health of salmon and cleaner fish Fish welfare of salmon and cleaner fish	93% survival at sea by 2022	Quarterly
			99.25% freshwater survival from 0.5 gram to sea transfer by 2022	Annually
	Antibiotic use	Use of antibiotics	No use of antibiotics	Quarterly
	Protecting wild salmon	Sea lice control	Average adult female sea lice below 0.5 in Norway / Average motile sea lice below 3.0 in BC	Quarterly
		Updated policy for escape under development	Zero escape incidents	Quarterly
	Protecting biodiversity and marine ecosystems	Medicine use covered as part of policy for sea lice control	Minimize use of pharmaceutical treatments	Quarterly
		Updated policy for local emissions under development	All sites restored between each generation of fish farmed	Annually
			100% copper free nets	
		Updated policy for wildlife interaction under development	Minimize impact on wildlife	Annually
Sustainable Food	Safe and healthy food	Food safety	All operations 100% GFSI certified	Annually
			Zero medicine residue	
			Environmental contaminants and bacteria below set limits	
	Sustainable feed ingredients	Updated policy for feed ingredients and zero deforestation under development	100% of marine ingredients certified	Annually
			Level of marine ingredients below ASC standard	
			100% of Brazilian soy used certified	
			100% deforestation free Brazilian soy suppliers	
	Reducing carbon emissions	Climate action	35% reduction of Scope 1, 2 and 3 by 2030	Annually
			100% reduction of Scope 1, 2 and 3 by 2050	
	Climate and nature risk	Climate risk and scenario analyses	Assessment of financial impact and proper risk management strategy	Annually
	Plastic pollution	Ocean plastic	No plastics in the ocean	Annually
People	Human rights and ethics	Human rights	100% completion of Code of Conduct program	Annually
			Annual evaluation of compensation	
	Diversity and equality	Diversity Gender equity	Employ more candidates from other countries, and the best candidates regardless of origin and culture	Annually
			40% female representation in management positions and at level 2-4 by 2026	
	Attractive jobs	Updated policy for attractive jobs under development	Above average score in Great Place to Work survey	Annually
	Employee health and safety	Updated policy for HSE under development	Absence rate below 4.5%	Quarterly
	Responsible business conduct	Updated Code of Conduct under development Supplier Code of Conduct Principles of Corporate Governance	No incidents of non-compliance with Code of Conduct	Annually
Local communities	Indigenous relationships	Human rights	Good relationships with Indigenous Peoples in our areas	Annually

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.

Global growth	Cost improvement	Value chain repositioning
Harvest volume of 130 000 tonnes by 2025	Improve competitiveness in each region	Evolve from supplier to innovation partner

SUSTAINABILITY

Following a period of biological and operational challenges, combined with a challenging market strongly impacted by Covid-19, we took measures to secure our financial position in 2020. We postponed or slowed down the pace of investment of some of our growth initiatives. As allocation of capital to growth initiatives will be reduced short- to mid-term, growth will mainly be driven by improved utilization of current operations, in addition to establishing Newfoundland as our new farming region. We issued a Green Bond of NOK 1.5 billion in June 2020, with the aim of reducing our environmental footprint and improving fish welfare. 33% of the Group's financing was "Green" at the end of Q1 2021. 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. Our long-term ambitions remains, and our focus areas in the short to mid-term is to improve profitability, streamline our operations and secure financial capacity.

Global growth

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 established a new region in Newfoundland in Eastern Canada in 2020, 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. Construction is according to plan. We have fish in our freshwater facility, which will be transferred to sea in the summer. Our first harvest will be in 2022.

We consider alternative models for funding smolt infrastructure expansion. In January, we invested in Årdal Aqua in Rogaland together with Vest Havbruk and Omfar. Årdal Aqua will deliver at least 3 000 tonnes of post-smolt to Grieg Seafood Rogaland annually and grow fish to harvest size in a new land-based facility. The project is currently in the design development phase, and the company aims to start construction during the autumn of 2021. The production capacity is 5 000 tonnes annually according to current plans, but the aim is to increase the production capacity further and to gradually produce fish to harvest-size on land. With continuous improvements that reduce the impact from our sea farms, farming in the seas will still be the main component of the industry going forward. Land-based farming is, however, a great supplement, and we look forward to taking part in developing this technology.

We focus on better utilization of our seawater licenses by moving more growth to land through our post-smolt program. This quarter, we transferred smolt with an average weight of more than 900 grams to sea in Rogaland. The fish will spend less than 12 months at sea. From our post-smolt program, we expect to improve fish health, welfare and survival rates, and thereby securing harvest volumes.

In January, 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.

Cost

Farming cost per kg in Q1 2021 was NOK 41.9 in Rogaland and NOK 46.5 in Finnmark. The farming cost, in particularly in Finnmark, is impacted by extraordinary biological challenges, but we expect significant cost reductions as the biological conditions are normalizing, targeting NOK 40 per kg in 2022.

In BC, the farming cost per kg in Q1 2021 was CAD 8.9, which we expect to be stable throughout 2021. Harvest volume impacts farming cost per kg significantly, and the volumes in BC vary every other year due to local production region arrangements and less farms on the West Coast of Vancouver Island compared to the East Coast. Measures are being done to equalize harvest volumes. Digital monitoring and measures to mitigate the effects of harmful algae blooms, our main biological challenge in BC, has so far been promising. We expect increased survival rates and harvest volumes, and reduced costs going forward, targeting CAD 7 per kg.

While our post-smolt strategy increases investment expenditures, we also expect it to reduce operational expenditures and reduce overall costs, due to reduction of mortalities, 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 (PD), winter ulcers, and infectious salmon anemia (ISA). We will also drive performance improvements through continuous research and development, as well as through the utilization of new technologies.

Another main initiative is to focus on our Norwegian and Canadian regions, which we believe have the greatest potential for profitable and competitive farming operations. As a result, we aim to divest our Shetland operations during 2021.

Market

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. We will increase the value of our products through a stronger presence in the market, based on strategic partnerships in retail and food service, value added processing category development, and brand cultivation. The aim is to increase margins, reduce price volatility and risk, and optimize collaboration between farming and sales.

Towards the end of 2020, we started to build a fully integrated sales and market organization, aiming to optimize activities with local customer demand. Our new sales and market organization was operational in January 2021. In Q1 2021, 50% of our harvested volume was sold by our own sales and market organization, while the remaining volume was sold through Sjór (former Ocean Quality, the sales organization which we had a 60% ownership of until year end 2020). As of 1 April 2021, our own sales and market organization will sell 100% of our harvested volumes. We will continue to implement all functions of a modern sales and market organization going forward.

OPERATIONAL FOCUS AREAS

To achieve sustainable growth and improve competitiveness, we focus on reducing the time fish spend at sea (post-smolt), improving fish welfare and providing data-driven decision support (Precision Farming) to our operations. Together, the focus areas strengthen our ocean farming. Read more about our operational focus areas here.

Less time at sea (post-smolt)	Prevention and fish welfare	Precision Farming - data driven decision support

PART 02

QUARTERLY PROGRESS

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.

COVID-19 IMPACT AND UPDATE

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 quarter.

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.

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. We 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. This has had an impact on our absence rate.

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 and spot prices in most markets, particularly in the USA but also in Europe. Despite this, our sales have remained good.

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 pandemic. 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

In November 2020, we were granted a temporary amendment to the financial covenants in our loan agreements with secured lenders through Q3 2021. We were in compliance with the temporary amended financial covenants at the end of Q1 2021, and our equity-ratio measured according to covenant agreement was 42%. See Note 7 for more information on loan agreements and the related financial covenants.

Due to market uncertainty, the risk of bad debts has increased due to the Covid 19-situation. 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. Risk of loss has been reflected in our accruals at the end of the quarter.

Our investment target for 2021 has been reduced by approximately NOK 100 million, to NOK 700 million. Total investments for Q1 2021 was NOK 139 million including Shetland, which mainly relates to completion of the RAS facility in Newfoundland, the RAS facility in BC, extension of the broodstock facility in Rogaland, and upgrading of the processing facility and a new land base in Finnmark. In the current uncertain market climate, we continuously evaluate our investment projects. We will prioritize investments that 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. Due to the increased volatility and uncertainty caused by the Covid-19 situation, combined with an extensive investment plan, the Board decided to postpone the ordinary dividend for 2020. Dividends for 2021 will be evaluated later this year.

Group financial review

Improving sustainability is key to increasing our profits. By focusing on reducing our environmental impact and improving fish welfare, we aim to increase harvest rates and reduce production cost. We aim to provide our shareholders with a competitive return on capital invested and have set a ROCE target of 12%. Our investments reflect our growth strategy: reducing the time fish spend at sea, improving fish welfare and providing data-driven decision support to our operations, in addition to continuous evaluation of expansion opportunities.

Continuing operations

Grieg Seafood's financial figures are separated into our continuing operations and discontinued operations. Unless otherwise explicitly mentioned, all qualitative and quantitative information disclosed in this Quarterly Report refer to the continuing operations of Grieg Seafood. Our continued operations are the Group's operations exclusive of the Shetland disposal group's as described below. In addition, at 31 December 2020, we sold all our shares in Ocean Quality AS, which also was treated as a discontinued operation in 2020 subsequent to the announcement of divestment of Ocean Quality assets in May 2020. Please see Note 4 for more information on non-current assets classified as held for sale and discontinued operations.

DISCONTINUED OPERATIONS

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 Hjaltland UK Ltd group is defined as discontinued operations, and are presented and classified as held for sale in the statement of financial position, and as discontinued operations in the income statement and cash flow statement of Grieg Seafood. The Shetland disposal group includes the prior reporting segment of Shetland UK, in addition to the UK sales operations. For more information related to the accounting treatment of the Shetland disposal group, see Note 4.

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 growth and the downstream strategy of Grieg Seafood. At the end of December 2020, we sold all our shares in Ocean Quality AS. From Q2 2020 and throughout the second half of 2020, Ocean Quality was treated as a discontinued operation. For more information related to the accounting treatment of the Ocean Quality disposal group, see Note 4.

Profit

Figures for Q1 2020 in brackets

The Group harvested 13 583 tonnes ex. Shetland in Q1 2021, down 17% compared to 16 315 tonnes in Q1 2020. The average spot salmon price (NQSALMON weekly average less distributor margin) for Q1 2021 was NOK 52.8 per kg, down by NOK 15.6 per kg compared to Q1 2020, and up by NOK 9.5 per kg compared to Q4 2020. Grieg Seafood's sales revenues in Q1 2021 from continuing operations amounted to NOK 660 million, a decrease of 43% compared to Q1 2020. The decrease in sales revenue was mainly due to lower market prices in addition to lower harvest volume. Oversupply of downgraded salmon in the Norwegian market due to winter ulcers, impacted market prices significantly. The difference in price achievement, measured as sales revenue/kg compared with Q1 2020, had a negative contribution on our EBIT of NOK -141 million. Lower volume in Q1 2021 compared to Q1 2020 impacted EBIT before production fee and fair value by

NOK -40 million, while the price effect of operational cost impacted our EBIT before production fee and fair value by NOK -57 million compared to Q1 2020.

Group farming cost (total cost related to fish harvested this quarter) decreased compared to the same quarter last year, primarily due to lower harvest volume, currency effects and lower costs recognized as abnormal mortality of biological assets.

The Group's EBIT before production fee and fair value adjustment of biological assets was NOK -16 million (NOK 216 million) during the quarter, corresponding to an EBIT per kg of NOK -1.2 (13.3). EBIT from the operative regions Rogaland, Finnmark and BC includes value creation from the respective sales activities. Grieg Newfoundland (acquired in Q2 2020) is reported as a region in our segment information as from 2021, however included in "Elimination/Others" in 2020, as the region was under development.

EBIT PER REGION (NOK MILLION)	Q1 2021	Q1 2020	FY 2020
Rogaland	48.9	171.5	292.3
Finnmark	-30.4	30.3	127.4
British Columbia	1.0	39.9	-7.4
Newfoundland	-15.6	—	—
Elimination/Others	-20.0	-25.4	-179.2
EBIT from continuing operations	**-16.0**	**216.3**	**233.1**

Fair value adjustments of biological assets amounted to NOK 156 million (NOK -511 million) in the quarter. As from 1 January 2021, harvest in Norway is charged with a production fee of NOK 0.40/kg (gutted weight). In the quarter, the production fee totals NOK 5 million. See also Note 6. The EBIT after production fee and fair value adjustment of biological assets was NOK 135 million (NOK -295 million) from the Group's continuing operations.

Net financial items were NOK 15 million (NOK -58 million) for the quarter. The change of NOK 73 million compared to Q1 2020 is due to currency gains outweighing the debt service cost, which increased primarily due to our Green bond financing and temporarily amended loan agreements with secured lenders.

The pre-tax profit from continued operations for the quarter totaled NOK 151 million (NOK -353 million). Tax expense for the period was estimated to NOK 46 million (tax income of NOK 85 million), resulting in profit after tax of NOK 104 million (loss of NOK 268 million) from continued operations.

The profit after tax from discontinued operations in Q1 2021 was NOK 12 million, compared to the re-presented figure of NOK -177 million for Q1 2020. Net profit from discontinued operations in 2021 consists of the net profit (loss) from the disposal group Shetland, while the effect of the disposal group Ocean Quality is included in the 2020 figures, together with the Shetland assets (see Note 4 for more information). The positive net profit from discontinued operations in Q1 2021 was significantly impacted by depreciation and amortization of property, plant and equipment (including right-of-use assets) and intangible assets not being charged against the income statement subsequent to classification as asset held for sale made in Q4 2020. This effect impacted the net profit from discontinued operations in Q1 2021 by NOK 40 million.

Cash flow

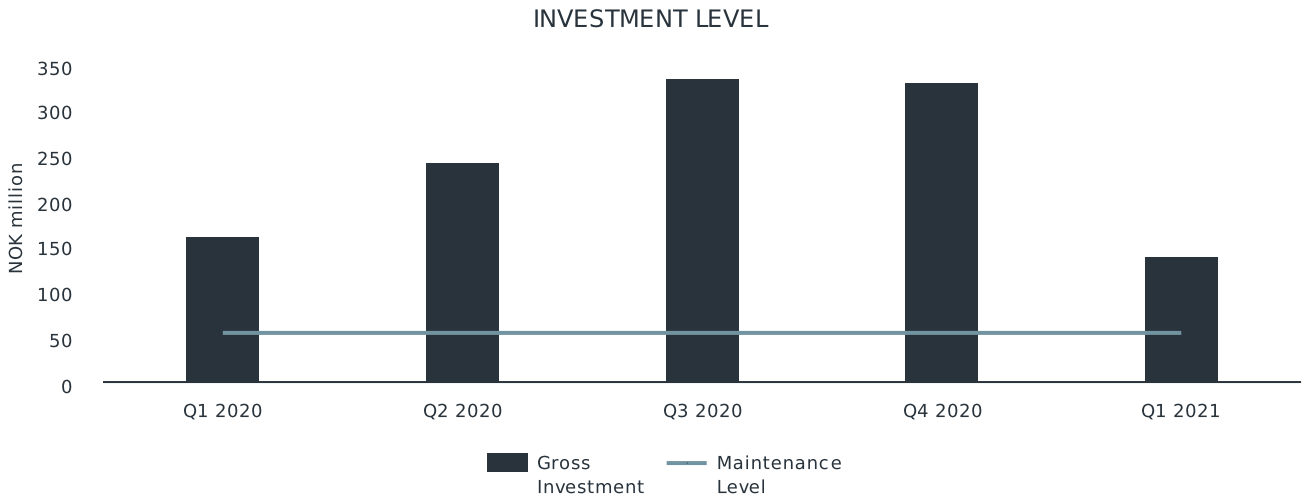
Figures for Q1 2020 in brackets

Cash flow from operating activities during the quarter amounted to NOK -350 million (NOK 26 million). The lower cash flow from operations compared to Q1 2020 is primarily due to a lower EBIT/kg realized from our operations, in addition to investments made in net working capital of NOK -452 million (NOK -318 million). During Q1 2021, trade receivables increased as they were previously financed through factoring arrangements (temporarily situation during the transition

from Ocean Quality to internal sales organization, will be in place in Q2 2021). Investments in our biological assets also impacted the net working capital.

Net cash flow from investing activities was NOK -127 million (NOK -138 million) during the quarter. Our gross investments (investments excluding the effect of IFRS 16 compared to IFRS in force prior to 1 January 2019), including Shetland, in Q1 2021 was NOK 139 million (NOK 161 million). No investments were financed through financial leasing during Q1 2021 (NOK 1 million).

The difference of NOK 192 million lower gross investments (incl. Shetland) in Q1 2021 compared to Q4 2020 is primarily due to the completion of Phase 1 of the RAS facility in Newfoundland. Other investments include the RAS facility under construction in Grieg Seafood BC, upgrade to brood stock facilities in Rogaland, as well as general maintenance investments. In both Rogaland and Shetland, we have centralized feeding and carried out site structure optimization through digitalization.



Investment level for Q1 2020 through Q1 2021 is inclusive of the assets classified has held for sale. In the graph above, the cash consideration of NOK 620 million in Q2 2020 for the acquisition of Grieg Newfoundland is not included.

Net cash flow from financing activities in Q1 2021 was NOK 547 million (NOK 270 million), that primarily relate to our interest-bearing liabilities and the associated debt service. The net positive cash inflow from financing was primarily due to a NOK 600 million term loan received during the quarter, which matures at the end of March 2022. During the quarter, and due to the transitioning from Ocean Quality to our fully owned sales organization, trade receivables were not financed through factoring agreements, thus causing a temporarily increased utilization of our credit facilities.

Net change in cash and cash equivalents from our continued operations was positive by NOK 69 million (positive by NOK 158 million) for the first quarter of 2021, and at the end of the period, the Group had cash holdings of NOK 208 million, compared to NOK 280 million at end of Q1 2020.

Financial position and liquidity

Figures for Q1 2020 in brackets

At 31 March 2021, book value of total assets was NOK 11 227 million (NOK 9 409 million) compared to NOK 10 650 million at 31 December 2020. NOK 2 033 million of the book value of assets relates to the Shetland assets held for sale. The composition of our balance sheet at 31 March 2021 compared to 31 March 2020, was significantly impacted by Shetland being classified as held for sale in Q4 2020, in addition to the acquisition of Grieg Newfoundland in Q2 2020. Please see Note 4 for specification of the net assets attributable to the Shetland disposal group.

The change in book value of total assets since 31 December 2020 is mainly driven by fair value on biological assets, as well as investments net working capital incl. biological assets. During the quarter, we were transitioning from the Ocean Quality sales organization to our internal sales organization, thus trade receivables have temporarily not been financed through factoring arrangements, causing a temporary reduction in our trade receivable turnover ratio. The Shetland assets increased by NOK 60 million, primarily due to a combination of settling the factoring liability from year-end 2020, trade receivables not financed through factoring and currency effects.

Total equity amounted to NOK 4 504 million (NOK 3 800 million) compared to NOK 4 371 million as of 31 December 2020, corresponding to an equity-ratio of 40% at Q1 2021 (40%) compared to 41% at 31 December 2020.

The Group has, in addition to a revolving credit facility, long-term loan agreements including two term loans of NOK 600 million and EUR 60 million, in addition to a NOK 600 million bridge loan with maturity in March 2022. The principal outstanding as at 31 March 2021 of the NOK and EUR term loan was NOK 450 million and EUR 45 million. Both term-loans mature in 2023, and the bridge loan matures in 2022. We also have a senior unsecured Green Bond issue of NOK 1 500 million, maturing 25 June 2025. Measured on our net interest-bearing debt (NIBD), 33% (0%) of our financing was green as at 31 March 2021, compared to 38% as at 31 December 2020.

Our cash balance at the end of the quarter was NOK 208 million. In addition, we have an additional NOK 540 million available in undrawn credit facilities, thus a total free liquidity of NOK 748 million as at 31 March 2021. In Q4 2020, we were granted an amendment on the financial covenants on our loans with secured lenders through Q3 2021. For more information on interest-bearing liabilities including amendments made on our loans, please see Note 7.

At the end of Q1 2021, NIBD amounted to NOK 4 594 million, up from NOK 3 931 million at 31 December 2020, and up from NOK 2 778 million at the same time last year. The change in NIBD from Q4 2020 is primarily driven by the bridge loan financing of NOK 600 million in Q1 2021. Compared to Q1 2020, the change in NIBD was mainly driven by the Group's Green Bond issue of NOK 1 500 million in 2020, Shetland being classified as held for sale (operational leases) and the bridge loan-financing as mentioned. NIBD as at 31 March 2021 includes lease liabilities of NOK 240 million (NOK 473 million) that would be recognized as operational leases according to IFRS in force prior to 1 January 2019. The corresponding amount for 31 December 2020 was NOK 252 million. Compared to 31 March 2020, the change in operational leases is primarily due to Shetland classified as held for sale.

SALES AND MARKET DEVELOPMENT

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.

Sales and market

Until year end 2020, our fish was sold through Ocean Quality, the sales organization of Grieg Seafood and Bremnes Fryseri. Since Q4 2020, Grieg Seafood has been building our own sales organization to support growth and the downstream strategy. To facilitate the transition, Grieg Seafood and Bremnes agreed to continue to collaborate on sales until June 2021. However, as of January 2021, our new sales and market organization was operational, and during the first quarter, approximately 50% of our harvested salmon was sold through our own organization. As from Q2 2021, 100% of our volume will be sold by our internal organization. From being purely a supplier of farmed salmon from our regions, we will reposition Grieg Seafood in the value chain and become a partner for selected customers in our main markets.

CERTIFICATIONS

Our operations are certified according to Global Food Safety Initiative (GFSI), 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 of our 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

Products originating from our processing plants have been handled under a competent HACCP- and sanitary program. We have not had any product recalls for the last ten years, nor did we have any in Q1 2021. We perform regular training on our procedures for managing product recalls. We are not banned from any markets.

Market development

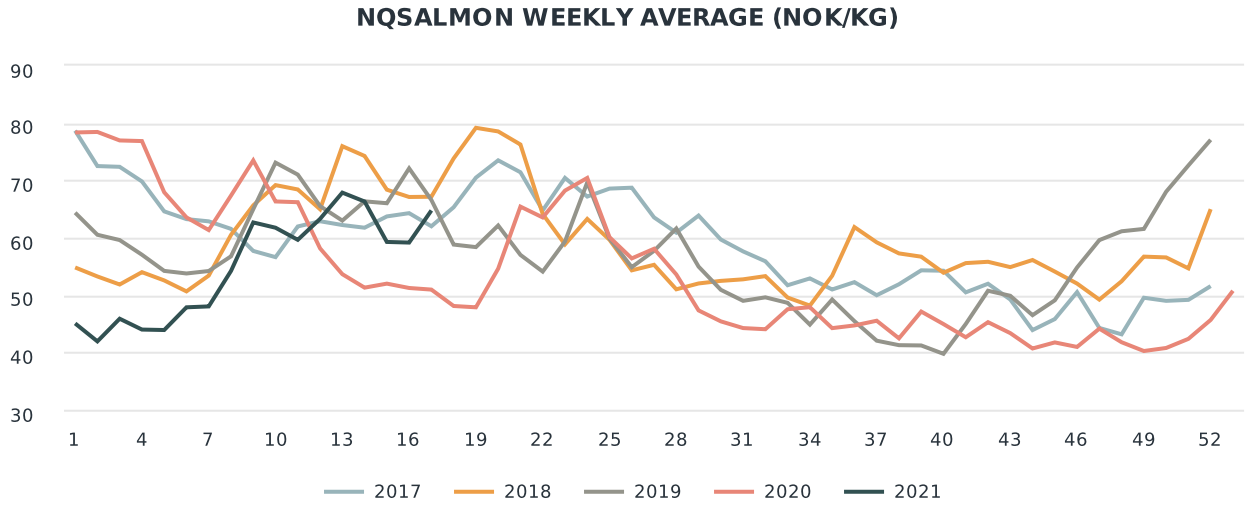
The global supply of Atlantic salmon for the quarter increased by approximately 16% compared to Q1 2020, according to Kontali. The supply of Atlantic salmon to the EU, the USA, Russia, Brazil and Japan increased compared to Q1 2020, while sales to China decreased. Sales to the HoReCa market continued at a low level due to Covid-related restrictions, curfew and lockdowns in most markets. On the other hand, sales to the retail segment and home consumption have increased.

The underlying market demand was high during the quarter, demonstrating a strong trend for fresh salmon. Our main export markets in the quarter were Europe (65%), Asia (21%) and North America (14%). The European market experienced supply growth with volumes to the market at a higher level than during the lockdown in the spring of 2020. Despite the higher than expected supply growth, the salmon spot prices in both Norway and the USA surprised on the upside towards the end of the quarter. This was driven by stronger than expected demand both from retail in Europe but also good demand from Asian countries. 21% of our export sales in the quarter were to the Asian market, which is strong considered that Norwegian export figures for Asia were approximately 15%.

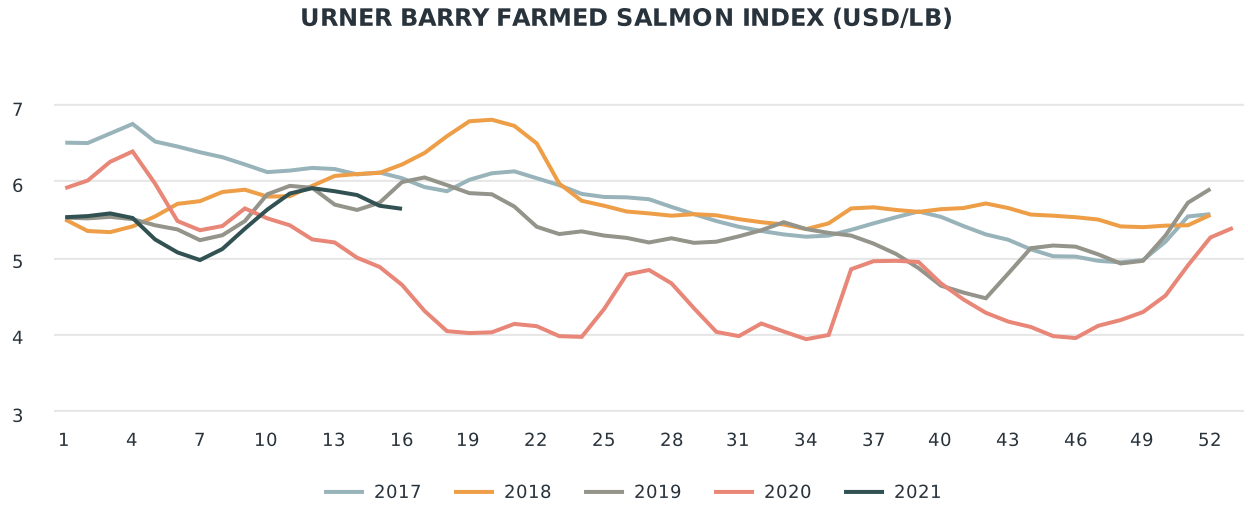
The average spot salmon price for Norwegian salmon (NQSALMON, weekly average less distributor margin) for Q1 2021 was NOK 52.8 per kg, down by NOK 15.6 per kg compared to Q1 2020, and up by NOK 9.5 per kg compared to Q4 2020. Prices started in the mid forties going into the quarter, with a sharp increase before Easter holiday, and ending the quarter around NOK 68 per kg. We experienced good demand for ASC certified salmon in the European market, which we expect to continue going forward.

Although prices in the European market negatively impacted our sales revenue, we had a good contribution from fixed price contracts in Norway, particularly for Finnmark. During the first quarter of 2021, the total share of fixed price contracts was 37% in Norway, in line with our targeted contract share of 20-50%.

The North American market has seen a strengthening in prices during the quarter, positively impacted by lower supply from Chile. The prices achieved from our Canadian operations during Q1 2021 were good, but still below Q1 2020 due to lower spot market prices.



NQSALMON weekly average less distributor margin of NOK/KG 0.75.



Market expectations and guiding

The global harvest of Atlantic salmon in 2021 is expected to increase by 1-2%. Due to the increase in maximum allowed biomass (MAB) in Norway, 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. By the end of Q1 2021, Norwegian export of fresh HOG salmon has increased by approximately 37 000 tonnes, or 18% compared to the same period in 2020. This means that almost 40% of the total expected harvest increase has already been realized in the market. Going forward, the harvest increase per week will be lower.

Despite the higher than expected supply growth in Q1 2021, the salmon spot prices in both Norway and the USA surprise on the upside. This is driven by stronger than expected demand both from retail in Europe but also good demand from Asian countries. We expect an even stronger demand response when the HoReCa market in Europe normalizes, which is expected to happen gradually from late Q2 2021 when an increasing number of countries will relax on the Covid-19 restrictions due to vaccination programs. The average price for the first month into Q2 2021 is around NOK 63 per kg. With global progress on vaccination against Covid-19, it seems like prices start to stabilize again at levels known from pre-pandemic periods and the short-term market outlook is cautiously optimistic with forward prices on Fishpool around NOK 65 per kg for Q2 2021 and NOK 56 per kg for the rest of the year 2021. For 2022, Fishpool salmon prices have been traded around NOK 59 per kg.

The Group targets a contract share of 20-50%. Estimated contract share for 2021 is 21%.

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. Please see Note 2 for more information.

HARVEST GUIDING

Our harvest target for 2021 is 80 000 tonnes (ex Shetland).

HARVEST (TONNES GWT)	ROGALAND	FINNMARK	BRITISH COLUMBIA	GROUP TOTAL
Q1 2021	5 350	7 380	850	13 600
Q2 2021	6 000	4 000	5 400	15 400
Q3 - Q4 2021	16 650	25 620	8 750	51 000
Total 2021	**28 000**	**37 000**	**15 000**	**80 000**

Inspection by the European Commission

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 minor customers in the USA and two in Canada.

Grieg Seafood is not aware of any anti-competitive behavior within the Group, neither in Norway, the EU, the USA, nor 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 the end of the quarter, there is no new information regarding these investigations. NOK 4.0 million was spent on lawyer fees related to the EU commission investigation during the quarter. The cost is included as ownership cost, see Note 3.

OUR PROGRESS
ROGALAND

● Within target ♦ On track to meet target ■ Unsatisfactory results

PILLAR	KPI & TARGET	STATUS	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
PROFIT & INNOVATION	**Harvest volume (tonnes GWT)**						
	28 000 tonnes in 2021	♦	5 346	6 532	5 039	4 527	6 944
	EBIT per kg (NOK)						
		n/a	9.2	4.7	9.9	8.9	24.7
	Farming cost per kg (NOK)						
	NOK 40/kg in 2022	♦	41.9	42.7	44.3	44.8	38.2
HEALTHY OCEAN	**ASC certification (# of sites)**						
	All sites by 2023	■	0	0	0	0	0
	Survival rate at sea						
	93% by 2022	♦	91%	90%	88%	88%	90%
	Cost of reduced survival (NOK million)						
		n/a	6.2	10.0	7.4	17.9	28.3
	Use of antibiotics (g per tonne LWE) *						
	No use of antibiotics	●	0.0	0.0	0.0	0.0	0.0
	Use of hydrogen peroxide (kg per tonne LWE) *						
	Minimize use of pharmaceutical treatments	♦	7.0	0.0	0.0	2.5	34.9
	Sea lice treatments - in feed (g per tonne LWE) *						
	Minimize use of pharmaceutical treatments	●	0.0	0.0	0.0	0.0	0.0
	Sea lice treatments - in bath (g per tonne LWE) *						
	Minimize use of pharmaceutical treatments	♦	2.8	0.0	0.0	0.0	0.0
	Escape incidents (# of fish)						
	Zero escape incidents	●	0	0	0	0	0
SUSTAINABLE FEED	**High quality product**						
	93% superior share	■	75 %	83 %	90 %	79 %	86 %
PEOPLE	**Employees**						
	Headcount (ex contractors)	n/a	164	165	161	167	157
	Absence rate						
	Below 4.5%	●	1.8 %	2.5 %	2.7 %	2.8 %	4.4 %
	Lost time incident rate						
		n/a	18	0	19	0	19

* Amount of active pharmaceutical ingredients (APIs) used (in gr and kg) per tonne of fish produced (LWE).
n/a: No set target

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.

5 346

TONNES GWT HARVESTED

9.2

EBIT/KG (NOK)

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 smolt transferred to sea in so far in 2021 was 960 grams, compared to 400 grams in 2020. 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 freshwater facility at Trosnavåg has a production capacity of 1 500 tonnes. We also have a 33% shareholding in Tytlandsvik Aqua, which will be expanded from its current production capacity of 3 000 tonnes to 4 500 tonnes in 2022, with an option for further capacity increases. We also use the closed-containment facility, FishGLOBE, to produce large size smolt. In January 2021, we invested in Årdal Aqua, which we expect to produce at least 3 000 tonnes of post-smolt annually. Larger smolt will significantly reduce seawater production time, making the fish less exposed to issues such as sea lice and Pancreas Disease (PD).

Our full-scale integrated operational center monitors and controls the production on our farms, including feeding operations. All Precision Farming initiatives, such as dashboards on feed, production, fish health and welfare, will be connected to the operational center. Initiative to utilize video analytics with machine learning algorithms to automize biomass control and sea lice counts is ongoing, and will be expanded to new areas such as behavioral based fish welfare monitoring. Our Precision Farming strategy will ensure more efficient feeding, leading to reduced cost and improved growth going forward.

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, with the first sites being certified in 2021.

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

We have set a cost target of NOK 40 per kg, which we expect to reach towards the end of 2021. We expect to harvest 6 000 tonnes tonnes in Q2 2021, with a harvest target of 28 000 tonnes for 2021, increasing to 35 000 tonnes in 2025.

Operational results

Harvest volume in Rogaland was 5 346 tonnes in Q1 2021, down 23% compared to Q1 2020. Sales revenues for the quarter amounted to NOK 273.0 million, a decrease of 36% compared to Q1 2020. The reduction is mainly related to market prices that were significantly lower during Q1 2021 than Q1 2020, lower harvest volume and lower quality share. Our share of superior quality fish was impacted by winter ulcers, and decreased from 86% in Q1 2020 to 75% in Q1 2021. Claims in the quarter were mainly related to melanin. The Nasdaq average spot price in Q1 2021 was NOK 52.8 per kg, compared to NOK 68.3 per kg in Q1 2020. The sale of 39% of our volume under fixed-price contracts, a high average harvest size, and harvest skewed towards the end of the quarter with higher prices, impacted the overall price achievement in Q1 2021 positively. Overall price achievement in Q1 2021 was NOK 51.1 per kg, compared to NOK 61.5 per kg in Q1 2020.

Freshwater production has been good during the quarter. We transferred our largest ever batch of post-smolt to sea, with an average weight of 960 grams. This is the first batch that will have a production time in sea of less than 12 months, and hence the first batch to run full-scale in accordance with our post-smolt strategy.

Our seawater production performed well during the quarter. At year end 2020, we had PD at one site, and at the end of Q1 2021 there were no sites with PD. The 12-month rolling survival rate increased from 90% as of both Q1 2020 and Q4 2020, to 91% in Q1 2021. The survival rate was impacted mainly by mechanical delousing treatment during the first half of 2020. Cost recognized as abnormal mortality in the income statement (cost of reduced survival) was NOK 6 million in Q1 2021 (NOK 1.2 per kg), compared to NOK 28 million in Q1 2020 (NOK 4.1 per kg). We are working to improve survival rates through general health and welfare measures, by shortening the time our salmon spend at sea, by utilizing new digital technologies, by increasing focus on the fresh water phase and through 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 effectively, have managed to reduce the number of sea lice treatments in the period where wrasse are available (mainly July to November). We aim to avoid using hydrogen peroxide whenever possible, but this quarter it was used to treat large numbers of fish at the same time, as a targeted and efficient measure to keep the sea lice level low.

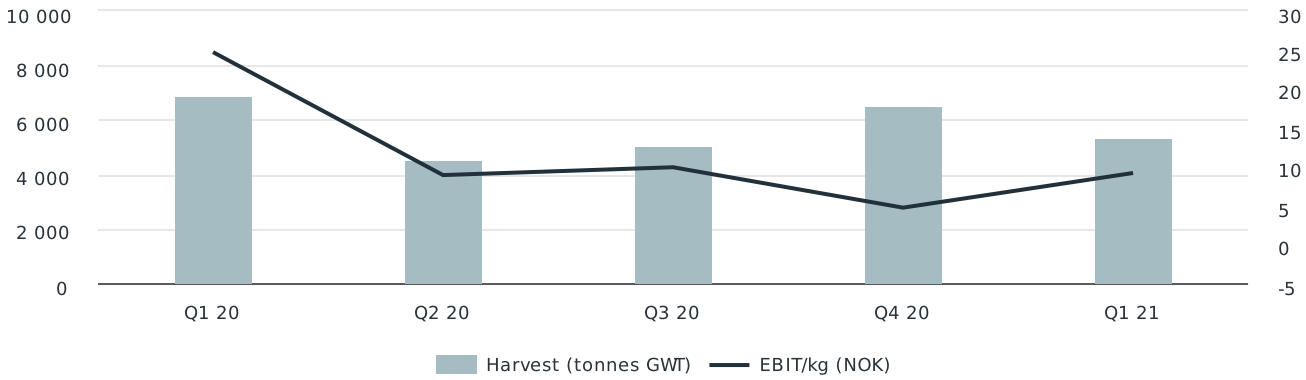
The farming cost ended at NOK 41.9 per kg in Q1 2021, up from NOK 38.2 per kg in Q1 2020 mainly due to lower harvest volume but decreased compared to NOK 42.7 per kg in Q4 2020. We expect cost per kg to increase in Q2 2021 due to site specific conditions, including harvest of broodstock.

EBIT per kg before production fee and fair value adjustment of biological assets was NOK 9.2 in the quarter, compared to NOK 24.7 in Q1 2020 and NOK 4.7 in Q4 2020.

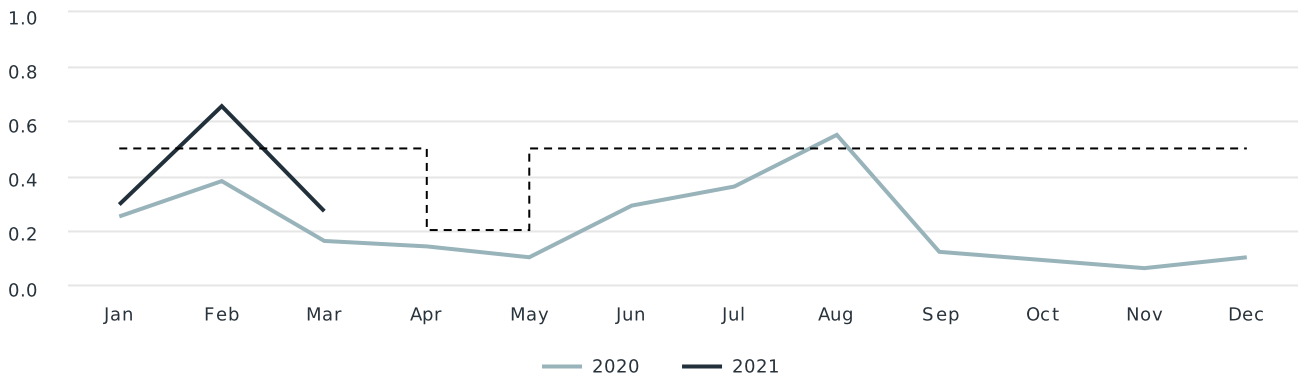
Employee well-being has been highly prioritized during the Covid-19 pandemic. We had no major incidents during the quarter, and the absence rate was low at 1.8% compared to 4.4% in Q1 2020.

NOK MILLION	Q1 2021	Q1 2020
Sales revenues from sale of Atlantic salmon	273.0	427.2
EBITDA before production fee and fair value adjustment of biological assets	73.4	195.8
EBIT before production fee and fair value adjustment of biological assets	48.9	171.5
Harvest volume (tonnes GWT)	5 346	6 944
EBIT/kg (NOK)	9.2	24.7
Farming cost/kg (NOK)	41.9	38.2

HARVEST AND EBIT/KG



SEA LICE LEVELS



The sea lice counts are calculated as the average number of adult female sea lice per month. Sea lice levels shall stay below the legal limit of 0.5 adult female per fish in Norway. Our sites in Rogaland are located in Norwegian production area 2 (PO2), which has a green light (low sea lice density) under Norway's "traffic light" system. 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.

OUR PROGRESS
FINNMARK

● Within target ♦ On track to meet target ■ Unsatisfactory results

PILLAR	KPI & TARGET	STATUS	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
PROFIT & INNOVATION	**Harvest volume (tonnes GWT)**						
	37 000 tonnes in 2021	♦	7 385	11 082	2 730	6 280	6 827
	EBIT per kg (NOK)						
		n/a	-4.1	0.8	9.8	9.8	4.4
	Farming cost per kg (NOK)						
	NOK 40/kg in 2022	■	46.5	43.8	44.2	41.9	46.4
HEALTHY OCEAN	**ASC certification (# of sites)**						
	All sites by 2021	♦	16	15	15	15	15
	Survival rate at sea						
	93% by 2022	●	93%	92%	91%	93%	93%
	Cost of reduced survival (NOK million)						
		n/a	20.5	12.6	3.1	1.6	20.1
	Use of antibiotics (g per tonne LWE) *						
	No use of antibiotics	■	49.0	0.0	0.0	0.0	0.0
	Use of hydrogen peroxide (kg per tonne LWE) *						
	Minimize use of pharmaceutical treatments	●	0.0	10.0	0.0	0.0	0.0
	Sea lice treatments - in feed (g per tonne LWE) *						
	Minimize use of pharmaceutical treatments	●	0.0	0.1	0.0	0.0	0.0
	Sea lice treatments - in bath (g per tonne LWE) *						
	Minimize use of pharmaceutical treatments	♦	2.5	1.4	0.0	0.0	0.0
	Escape incidents (# of fish)						
	Zero escape incidents	♦	1 (6)	0	0	0	0
SUSTAINABLE FEED	**High quality product**						
	93% superior share	■	65 %	77 %	90 %	65 %	51 %
PEOPLE	**Employees**						
	Headcount (ex contractors)	n/a	248	257	249	259	254
	Absence rate						
	Below 4.5%	■	8.1 %	5.6 %	6.4 %	4.2 %	6.2 %
	Lost time incident rate						
		n/a	49	10	76	52	11

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

n/a: No set target

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.

7 385

TONNES GWT HARVESTED

-4.1

EBIT/KG (NOK)

Operational priorities

Grieg Seafood Finnmark is focused on improving fish welfare and survival rates, and works towards sustainable production. One site received ASC certification in the quarter. 16 of our sites in Finnmark are ASC certified, corresponding to 78% 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% ownership) has been good during the quarter. We target a capacity increase of 4 000 tonnes of post-smolt by 2025. Increasing the smolt weight will make the fish more robust before being transferred to sea, and a shorter period in 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.

We have set a farming cost target of NOK 40 per kg, which we expect to reach towards 2022. Grieg Seafood Finnmark expects to harvest 4 000 tonnes in Q2 2021, targeting 37 000 tonnes for the full-year 2021, increasing to 45 000 tonnes in 2025.

*In addition to 28 licenses for seawater production, we have one long-term rental agreement with Troms and Finnmark County Council for one license.

Operational results

Grieg Seafood Finnmark harvested 7 385 tonnes in Q1 2021, an increase of 8% compared to Q1 2020. Sales revenues for the quarter amounted to NOK 312.7 million, down 5% compared to Q1 2020 despite higher harvest volume. Price achievement in Q1 2021 was significantly below Q1 2020 mainly due to the large supply of downgraded fish in Norway and also to some extent because of lower spot prices. The Nasdaq average spot price in Q1 2021 was NOK 52.8 per kg, compared to NOK 68.3 per kg in Q1 2020. The superior share was impacted by quality downgrades related to winter ulcers and Infectious Salmon Anemia (ISA, a virus that can cause high mortality), and ended at 65% in Q1 2021, compared to 51% in Q1 2020. Winter ulcers also impacted the claims in the quarter. A fixed price contract share of 36% in Q1 2021 impacted the price achievement positively, in particular in the beginning of the quarter when most of our volume was harvested. The price achievement came to NOK 42.3 per kg compared to NOK 48.0 per kg in Q1 2020.

Freshwater production at both our own facility at Adamselv and at the jointly-owned Nordnorsk Smolt has been good during the quarter. As a measure taken to improve fish welfare and survival rates and mitigate ISA, we started the vaccination against ISA of the smolt that is going to be transferred to sea in Q2 2021.

Seawater production during the quarter was stable, however affected by low seawater temperatures and challenges related to winter ulcers. Winter ulcers and the ISA outbreak at four sites in 2020, have affected the 12-month rolling survival rate, however Finnmark accomplished the survival rate target of 93% as of Q1 2021, a slight increase from 92% in Q4 2020. Cost recognized as abnormal mortality in the income statement was NOK 21 million in Q1 2021 (NOK 2.8 per kg), compared to NOK 20 million in Q1 2020 (NOK 2.9 per kg). We are working to improve survival rates through both general and targeted health and welfare measures. In Finnmark, colder sea temperatures in general increases risk of winter ulcers, and can lead to increased mortality and reduced quality at harvest. We have investigated the reason for both the winter ulcer outbreak and the ISA outbreak in 2020, though our analysis was inconclusive. However, data analyses conducted indicate that reducing the time our salmon spend at sea will reduce risk of both challenges, supporting our post-smolt strategy. Efforts to ensure a more robust fish, includes change of feed ingredients and changes in our vaccination process. Good results from vaccines and efforts to ensure robust fish health have eliminated the need of antibiotics for several years, however it was used this quarter to safeguard the welfare of the fish impacted by winter ulcers.

Unfortunately, one of our sites was hit by an avalanche during the quarter. Most importantly, none of our employees were hurt. The avalanche did not cause any holes in the nets, but one pen was damaged in the upper parts. Based on recapture, we estimate that six salmon escaped. An extensive avalanche monitoring system were put in place following the event, and the farm will be moved to a substantially less exposed location during the coming summer.

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.

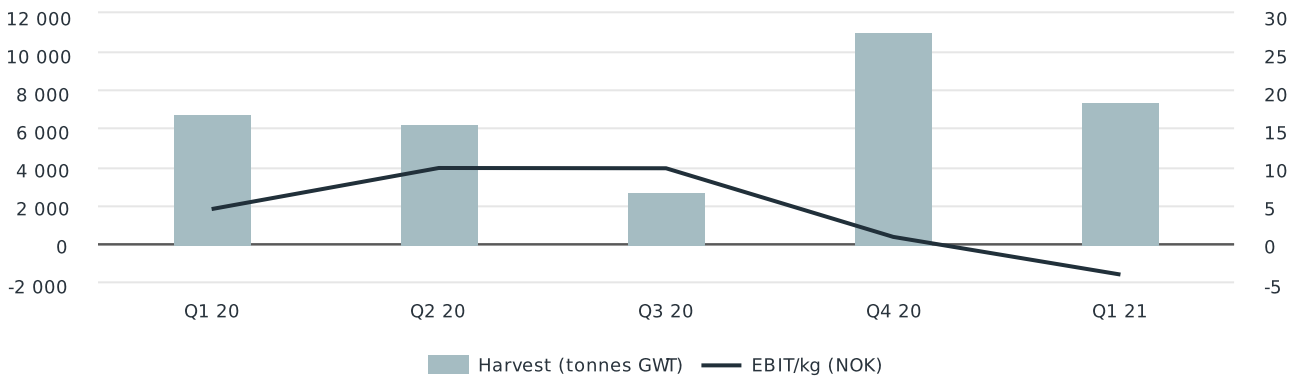
The farming cost was NOK 46.5 per kg in Q1 2021, at same level as Q1 2020 and up from NOK 43.8 per kg in Q4 2020, which is mainly related to lower harvest volume but also impacted by continued ISA harvest and accelerated harvest related to winter ulcers at low average harvest weight. Fish from ISA sites or nearby sites were completely harvested by the end of Q1 2021. We expect the farming cost per kg to increase in Q2 2021 due to lower harvest volume. The farming cost in the first half of 2021 will be impacted by use of external harvesting services, as we are upgrading our harvesting plant.

EBIT per kg before production fee and fair value adjustment of biological assets was NOK -4.1 for the quarter, down from NOK 4.4 in Q1 2020 and NOK 0.8 in Q4 2020.

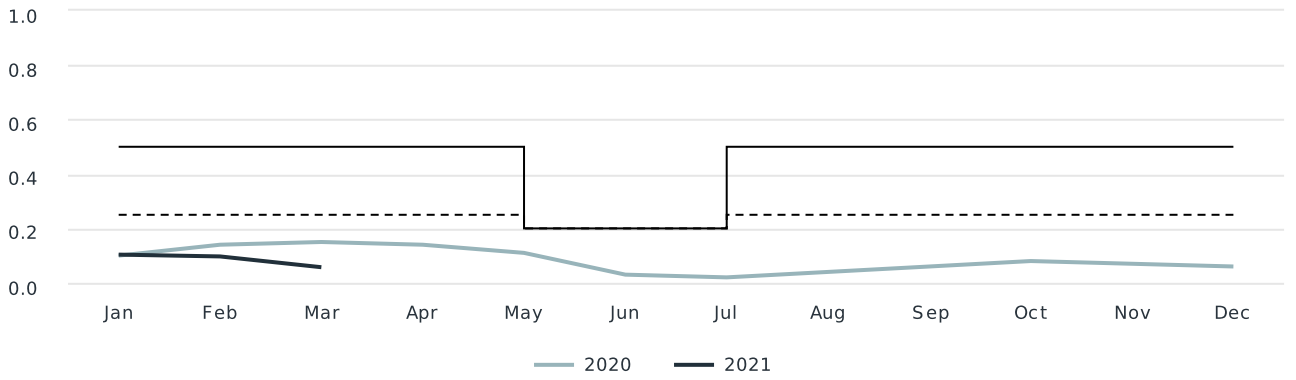
Employee well-being has been highly prioritized during the Covid-19 pandemic. The lost time incident rate was 49 and the absence rate was 8.1%, mainly due to long-term sickness but also impacted by reduced working hours at the processing facility which is being upgraded. We always monitor developments according to our guidelines for absence from work.

NOK MILLION	Q1 2021	Q1 2020
Sales revenues from sale of Atlantic salmon	312.7	327.9
EBITDA before production fee and fair value adjustment of biological assets	4.1	67.7
EBIT before production fee and fair value adjustment of biological assets	-30.4	30.3
Harvest volume (tonnes GWT)	7 385	6 827
EBIT/kg (NOK)	-4.1	4.4
Farming cost/kg (NOK)	46.5	46.4

HARVEST AND EBIT/KG



SEA LICE LEVELS



The sea lice counts are calculated as the average number of adult female sea lice per month. Sea lice levels shall stay below the legal limit of 0.5 adult female per fish in Norway. 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. 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.

OUR PROGRESS
BRITISH COLUMBIA

● Within target ♦ On track to meet target ■ Unsatisfactory results

PILLAR	KPI & TARGET	STATUS	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
PROFIT & INNOVATION	**Harvest volume (tonnes GWT)**						
	15 000 tonnes in 2021	♦	853	2 657	6 648	9 332	2 544
	EBIT per kg (NOK)						
		n/a	1.1	6.2	-7.8	-1.3	15.7
	Farming cost per kg (CAD)						
	CAD 7/kg in 2022	■	8.9	8.9	8.7	7.4	7.8
HEALTHY OCEAN	**ASC certification (# of sites)**						
	All sites by 2021	♦	11	11	11	5	3
	Survival rate at sea						
	93% by 2022	♦	90%	90%	86%	90%	89%
	Cost of reduced survival (NOK million)						
		n/a	3.0	6.6	31.3	15.8	12.4
	Use of antibiotics (g per tonne LWE) *						
	No use of antibiotics	■	92.7	47.6	2.3	106.8	64.3
	Use of hydrogen peroxide (kg per tonne LWE) * / **						
	Minimize use of pharmaceutical treatments	■	31.5	27.9	51.9	72.9	32.1
	Sea lice treatments - in feed (g per tonne LWE) *						
	Minimize use of pharmaceutical treatments	●	0.4	0.0	0.0	0.7	0.1
	Sea lice treatments - in bath (g per tonne LWE) *						
	Minimize use of pharmaceutical treatments	●	0.0	0.0	0.0	0.0	0.0
	Escape incidents (# of fish)						
	Zero escape incidents	●	0	0	0	0	0
SUSTAINABLE FEED	**High quality product**						
	93% superior share	♦	90 %	78 %	85 %	87 %	90 %
PEOPLE	**Employees**						
	Headcount (ex contractors)	n/a	167	174	176	174	172
	Absence rate						
	Below 4.5%	♦	6.2 %	5.9 %	7.3 %	10.0 %	5.4 %
	Lost time incident rate						
		n/a	12	0	53	26	104

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

** As of 01.01.2021, the Government of Canada - Department of Fisheries and Oceans Canada (DFO) changed the calculation formula for the API of hydrogen peroxide from Paramove 50 from 1 L (Paramove 50) * 1.15 (density) * 0.45 (concentration) = 1 kg H_2O_2 to 1 L (Paramove 50) * 1.19 (density) * 0.49 (concentration) = 1 kg H_2O_2, which is now also corresponding to the method used in the UK and in Norway. Previous figures have not been recalculated to comply with the correct calculation method at their time.

n/a: No set target

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.

853

TONNES GWT HARVESTED

1.1

EBIT/KG (NOK)

Operational priorities

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 Gold River smolt facility to sea in the spring of 2022.

Grieg Seafood BC aims to achieve 100% ASC certification by Q3 2021. At the end of the quarter, a total of 11 sites are certified (57% 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.

The United Nations Declarations on the Rights of Indigenous Peoples (UNDRIP) is under implementation in BC, giving Indigenous Peoples the right to decide over their own traditional territory. This is a process of reconciliation between the Government, businesses and First Nations. Our main farming areas in BC are operated under agreements with the First Nations. Our relations with the First Nations are very important to us. We work to get better at operating with respect for the culture of our First Nations partners in every way, to deepen our understanding 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. We have one farm in this area. We have the capacity to move this production to other farms. Our production plans will not be significantly impacted. Salmon farming companies in BC, including Grieg Seafood BC, has asked for a judicial review of the Government's decision process to allow us to better understand the implications. The ultimate outcome is not known.

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 related to algae blooms was reduced from 3.4% in 2019 to 0.9% in 2020. We expect our efforts within algae mitigation and digital monitoring to increase survival and harvest volume, and reduce cost going forward. This will enable us to reach our cost target of CAD 7 per kg. We estimate to harvest 5 400 tonnes in Q2 2021, targeting 15 000 tonnes for the year 2021, increasing to 35 000 tonnes in 2025.

Operational results

Harvest volume in Q1 2021 was 853 tonnes, 66% below Q1 2020 as harvesting volumes vary significantly every other year in BC due to local production region arrangements.

Sales revenues for the quarter was NOK 52.3 million, a decrease of 71% compared to Q1 2020 mainly due to lower harvest volume. The average spot price according to the Urner Barry Farmed Salmon Index was USD 5.5 per lb in Q1 2021 compared to USD 5.7 per lb in Q1 2020. Despite lower harvest volume and spot prices, the price achievement was good, positively impacted by a superior share of 90%. The main cause of downgrading in the quarter was related to winter ulcers and deformities, and claims were mainly related to pigmentation and texture. Price achievement for the quarter was NOK 61.4 per kg, compared to NOK 70.9 per kg in Q1 2020.

Our freshwater production suffered an outbreak of redmouth during the quarter which resulted in elevated mortality and lower growth rates. Redmouth is a bacteria that causes hemorrhages in skin and internal organs. These fish have been treated with antibiotics and have recovered. The incident will not impact our seawater production plan.

The seawater production has been strong this quarter, with good growth and with a continuous recovery from the challenges with HAB in 2020. The 12-month rolling survival rate remained stable from Q4 2020 at 90%, and increased from 89% in Q1 2020. Cost recognized as abnormal mortality in the income statement (cost of reduced survival) was NOK 3 million in Q1 2021 (NOK 3.5 per kg, or CAD 0.5 per kg), compared to NOK 12 million in Q1 2020 (CAD 0.7 per kg). We used antibiotics in the quarter for the treatment of Yellowmouth disease, to safeguard the welfare of the fish. Our use of antibiotics is too high, and we are installing infrastructure that will allow us to lower water temperatures and salinity 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 most appropriate to the biological situation. The sea lice level was increasing at the beginning of the quarter, and treatments were carried out to reduce the sea lice pressure.

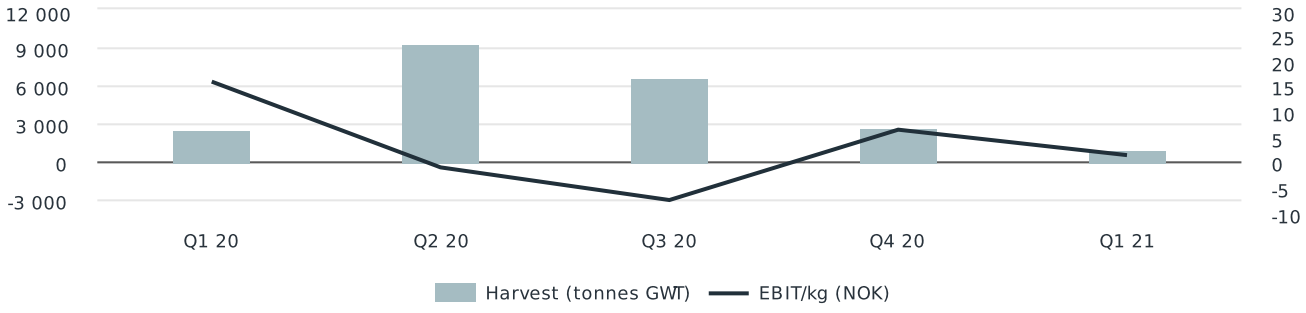
The farming cost increased from CAD 7.8 per kg (NOK 55.2) in Q1 2020 to CAD 8.9 per kg (NOK 60.2) in Q1 2021, mainly due to lower harvest volume. Compared to Q4 2020, the farming cost was stable. The cost per kg is expected to remain at the current level in 2021, and to decrease in the long term as volume and farm sizes increase.

EBIT per kg before production fee fair value adjustment of biological assets was NOK 1.1, compared to NOK 15.7 in Q1 2020 and NOK 6.2 in Q4 2020.

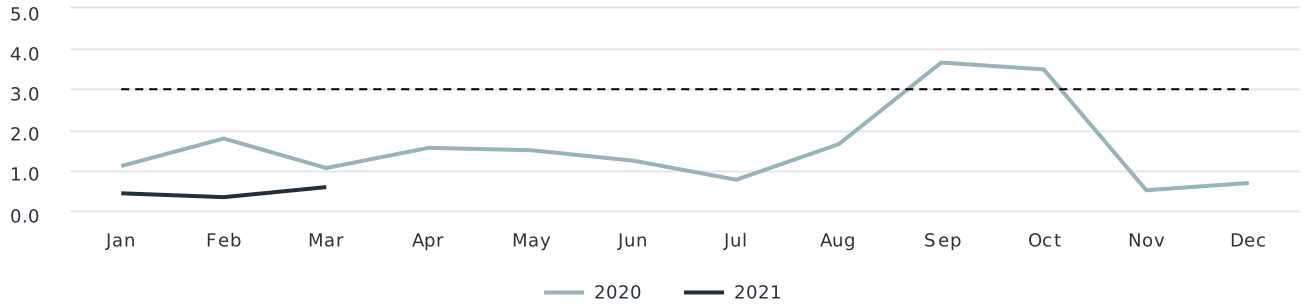
Employee well-being has been our priority during the Covid-19 pandemic. We had no major incidents, and the lost time incident rate was 12. The absence rate of at 6.2% was above our 4.5% target, , which is mainly due to long-term sickness and employees taking time off while waiting to be tested for Covid-19. We always monitor developments according to our guidelines for absence from work.

NOK MILLION	Q1 2021	Q1 2020
Sales revenues from sale of Atlantic salmon	52.3	180.3
EBITDA before production fee and fair value adjustment of biological assets	24.5	66.6
EBIT before production fee and fair value adjustment of biological assets	1.0	39.9
Harvest volume (tonnes GWT)	853	2 544
EBIT/kg (NOK)	1.1	15.7
Farming cost/kg (CAD)	8.9	7.8

HARVEST AND EBIT/KG



SEA LICE LEVELS



The sea lice counts are calculated as the average number of motile sea lice per salmon. The limit as defined by the authorities is three motile sea lice per salmon in the period from March to June, recognized as a vulnerable time for wild salmon migrating out to sea.

OUR PROGRESS
NEWFOUNDLAND

Grieg Seafood Newfoundland is a greenfield project located in Placentia Bay in Newfoundland. At the end of Q1 2021, 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 similar to 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 attained 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 Newfoundland project includes a high-end freshwater and saltwater Recirculating Aquaculture System (RAS) facility in Marystown Marine Industrial Park, close to Placentia Bay. The first production units of the RAS facility - the hatchery, nursery and the smolt unit, are almost completed. These three units have been dimensioned to serve the upcoming post-smolt modules. 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 all-female salmon in order to eliminate the risk of genetic pollution of wild Atlantic salmon in case of escape. We base our operations on developed knowledge and experience about farming triploid salmon in both Norway and the UK. Best practice we will utilize include optimal times of the year to transfer fish to the sea, the feed composition, conditions during the fresh water phase etc.

The first generation of eggs was delivered to our freshwater facility in July 2020. The freshwater production in the quarter has been stable, and the results so far are proving a very robust and well-performing first generation. We expect to transfer 1 million smolt to the sea in summer 2021, with harvest starting in 2022. The second generation of eggs was received in the facility in April 2021, with additional shipments to follow. Eggs are delivered from Iceland to our facility in less than 12 hours providing a very short transport duration, minimal handling and decreased vulnerability. We are confident this route will provide the eggs an excellent start in our facility. Staffing for the land based facilities has been on-going with several recent aquaculture graduates joining us this summer, as well as experienced assistant managers.

The construction of the pens to accommodate the first generation of smolt to sea has been completed, and marine staff are busy preparing the sea sites for the fish to be transferred to the seawater. Despite travel delays due to Covid-19, technical support for suppliers has been conducted in person or via video communication. We are well prepared with equipment, employees and knowledge of biological conditions, which enables us to provide a solid and safe production. By 2025, we expect to reach an annual harvest volume of 15 000 tonnes.

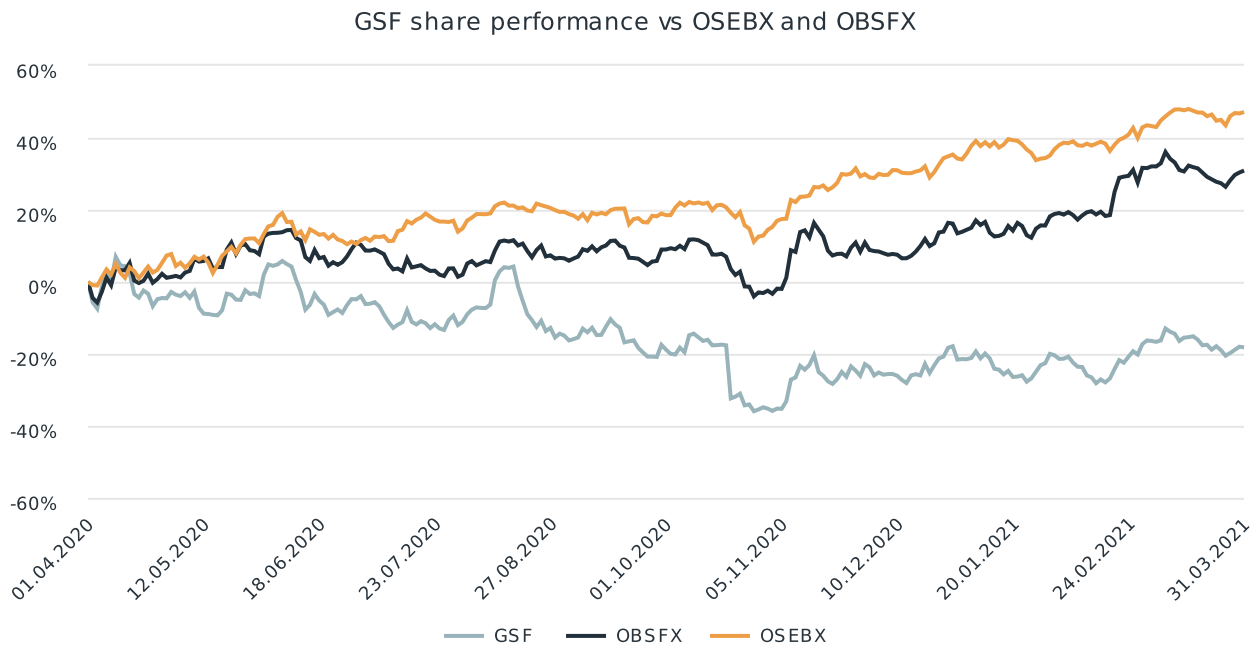
The Grieg Seafood share

Grieg Seafood's ambition is to create shareholder value and deliver competitive returns relative to comparable investment alternatives.

At the end of Q1 2021, Grieg Seafood had a total of 113 447 042 shares, including treasury shares, divided between 12 239 shareholders. The Grieg family in total holds 53.2% of the Grieg Seafood shares. The 20 largest shareholders account for 75.1% of the shares.

KEY FIGURES	Q1 2021	Q1 2020	FY 2020
Number of shares at period-end (incl treasury shares)	113 447 042	111 662 000	113 447 042
Number of shares traded	24 348 913	19 791 969	99 831 798
Number of shareholders	12 239	5 542	12 436
Average value of shares traded per day (NOK million)*	31.3	35.7	37.5
Share price at period-end (NOK)	84.7	96.7	85.0
Average closing price (NOK)	81.7	125.9	99.1
Lowest closing price (NOK)	74.4	89.0	66.3
Highest closing price (NOK)	90.1	144.9	144.9
Total market value, OSE (NOK million)	9 603	10 798	9 643

*Calculated using the daily closing price.



Applied index base for the GSF share price, OBSFX and OSEBX is 31.03.2020.

Board's approval

RELATED PARTIES' TRANSACTIONS

There has not been any related parties' transactions during Q1 2021 outside ordinary course of business. See Note 10 for more information on related parties and related parties transactions.

EVENTS AFTER THE BALANCE SHEET DATE

No significant events have been recorded after the balance sheet date.

THE BOARD OF DIRECTORS AND CEO
BERGEN, 12 MAY 2021

PER GRIEG JR.
CHAIR

TORE HOLAND
VICE CHAIR

SIRINE FODSTAD
BOARD MEMBER

MARIANNE RIBE
BOARD MEMBER

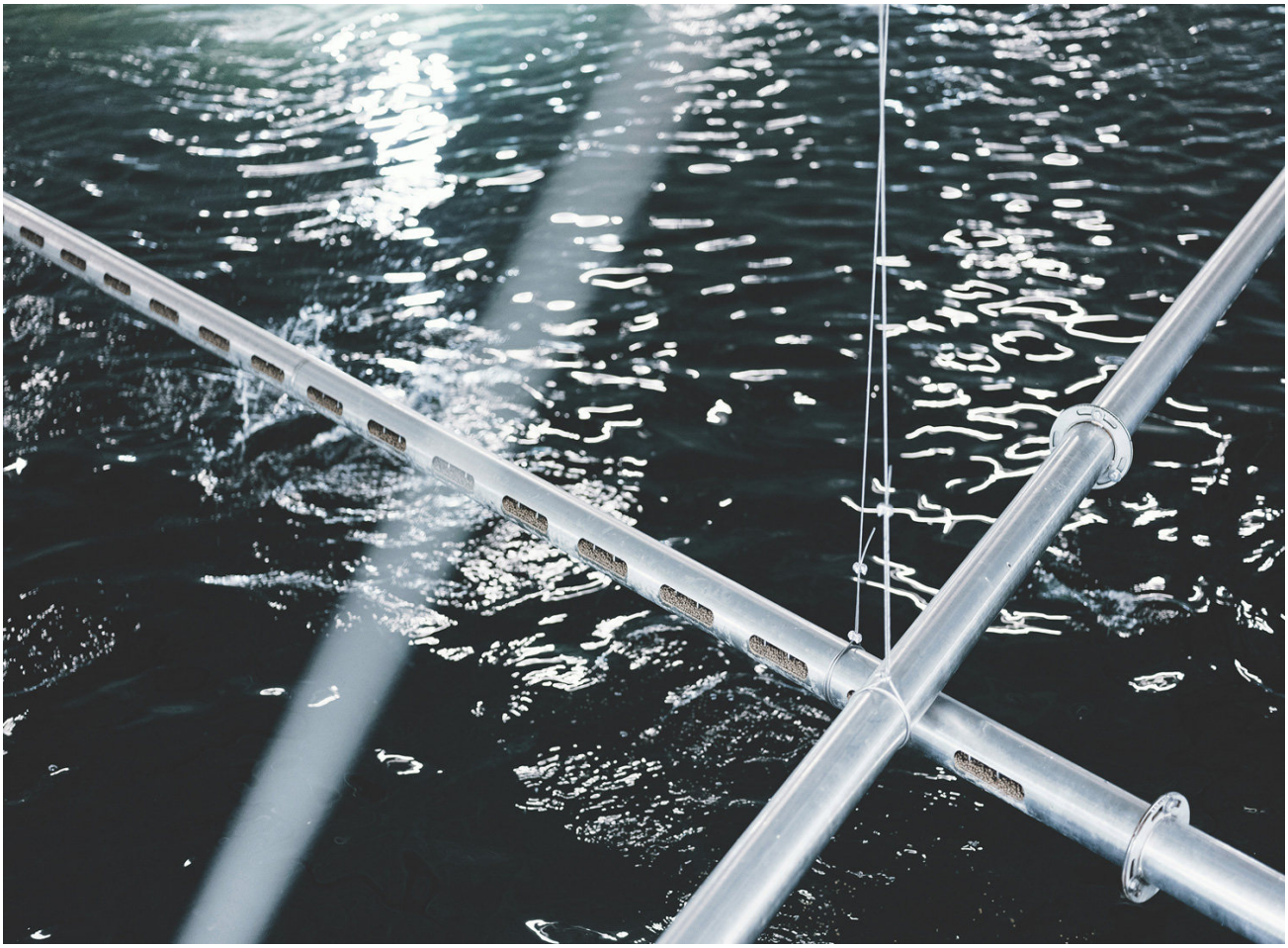
KATRINE TROVIK
BOARD MEMBER

ANDREAS KVAME
CEO

PART 03

QUARTERLY RESULTS

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



Financial statements

INCOME STATEMENT

GRIEG SEAFOOD NOK 1 000	NOTE	Q1 2021	Q1 2020	FY 2020
Continuing operations				
Sales revenues	3	659 831	1 158 642	4 384 357
Other income	3	19 337	13 123	23 902
Share of profit from associates	9	283	602	3 350
Raw materials and consumables used		-184 504	-366 255	-1 717 279
Salaries and personnel expenses		-128 361	-125 510	-499 546
Other operating expenses		-295 012	-373 222	-1 592 852
EBITDA before production fee and fair value adjustment of biological assets	**3**	**71 574**	**307 380**	**601 932**
Depreciation property, plant and equipment		-85 936	-89 402	-360 178
Amortization licenses and other intangible assets		-1 655	-1 642	-8 696
EBIT before production fee and fair value adjustment of biological assets	**3**	**-16 017**	**216 337**	**233 057**
Production fee	6	-5 094	—	—
Fair value adjustment of biological assets	5	156 462	-511 492	-289 705
EBIT after production fee and fair value adjustment of biological assets		**135 352**	**-295 156**	**-56 648**
Net financial items	**8**	**15 167**	**-57 942**	**-247 792**
Profit before tax from continuing operations		**150 519**	**-353 097**	**-304 440**
Estimated taxation		-46 112	85 079	-11 557
Net profit for the period from continuing operations		**104 407**	**-268 019**	**-315 997**
Discontinued operations				
Net profit for the period from discontinued operations	4	12 028	-176 958	-198 823
Net profit for the period		**116 435**	**-444 977**	**-514 820**
Allocated to				
Controlling interests		116 435	-450 582	-541 054
Non-controlling interests		—	5 606	26 234
Dividend declared and paid per share (NOK)		**0.0**	**0.0**	**0.0**
Earnings per share attributable to equity holders of Grieg Seafood ASA (NOK)				
Earnings per share from continuing operations		0.9	-2.4	-2.8
Earnings per share from discontinued operations		0.1	-1.7	-2.0
Earnings per share - total		**1.0**	**-4.1**	**-4.8**

The Income Statement is prepared for the Group's continuing operations. See further information in Note 4.

COMPREHENSIVE INCOME STATEMENT

GRIEG SEAFOOD NOK 1 000	NOTE	Q1 2021	Q1 2020	FY 2020
Net profit for the period		**116 435**	**-444 977**	**-514 820**
Net other comprehensive income to be reclassified to profit/loss in subsequent periods				
Currency effect on investment in subsidiaries		10 180	87 883	-50 298
Currency effect on loans to subsidiaries		7 840	71 555	-23 667
Cash flow hedges		—	-50 403	-786
Tax effect		-1 725	-4 665	5 380
Other gains or losses		—	—	—
Net other comprehensive income not to be reclassified to profit/loss in subsequent periods				
Change in fair value of equity instruments		—	-433	-433
Other comprehensive income for the period, net of tax		**16 295**	**103 937**	**-69 804**
Total comprehensive income for the period		**132 730**	**-341 040**	**-584 624**
Allocated to				
Controlling interests		132 730	-330 216	-611 210
Non-controlling interests		—	-10 824	26 586

STATEMENT OF FINANCIAL POSITION

NOK 1 000	Note	31.03.2021	31.03.2020	31.12.2020
ASSETS				
Deferred tax assets		29 621	1 274	29 293
Goodwill		643 868	110 884	638 019
Licenses incl. warranty licenses		1 515 867	1 222 831	1 508 452
Other intangible assets incl. exclusivity agreement		38 912	14 300	38 015
Property, plant and equipment incl. right-of-use assets	7	3 098 168	3 193 935	3 033 154
Indemnification assets		40 000	—	40 000
Investments in associates	9	87 204	81 672	84 421
Other non-current receivables		31 741	2 855	9 476
Total non-current assets		**5 485 381**	**4 627 751**	**5 380 830**
Inventories		85 215	177 389	78 001
Biological assets exclusive of fair value adjustment	5	2 343 662	2 954 410	2 198 676
Fair value adjustment on biological assets	5	569 932	-60 594	347 227
Trade receivables		301 147	462 797	179 384
Other current receivables, derivatives and financial instruments		200 837	367 170	217 258
Restricted cash acquisition financing		—	600 000	—
Cash and cash equivalents	7	208 016	280 177	275 427
Total current assets		**3 708 810**	**4 781 350**	**3 295 972**
Assets held for sale	4	2 032 790	—	1 972 725
Total assets		**11 226 981**	**9 409 101**	**10 649 527**
EQUITY AND LIABILITIES				
Share capital		453 788	446 648	453 788
Treasury shares		-4 686	-4 855	-4 686
Contingent consideration (acquisition of Grieg Newfoundland AS)		701 535	—	701 535
Retained earnings and other equity		3 353 011	3 312 202	3 220 281
Total controlling interests		**4 503 648**	**3 753 995**	**4 370 918**
Non-controlling interests		—	45 809	—
Total equity		**4 503 648**	**3 799 804**	**4 370 918**
Deferred tax liabilities		961 069	782 099	908 958
Share based payments		5 156	2 944	491
Borrowings and lease liabilities	7	3 910 155	2 675 508	3 907 822
Subordinated loans		8 366	14 435	—
Total non-current liabilities		**4 884 745**	**3 474 986**	**4 817 272**
Current portion of borrowings and leasing liabilities	7	853 377	912 785	257 630
Factoring liabilities	7	—	57 371	—
Trade payables		421 946	666 588	562 848
Tax payable		303	186 568	14 791
Other current liabilities, derivatives and financial instruments	6	164 985	310 999	133 240
Total current liabilities		**1 440 610**	**2 134 311**	**968 509**
Liabilities directly associated with the assets held for sale	4	397 978	—	492 829
Total liabilities		**6 723 333**	**5 609 298**	**6 278 609**
Total equity and liabilities		**11 226 981**	**9 409 101**	**10 649 527**

CHANGES IN EQUITY

NOK 1 000	Note	YTD 2021 Total equity
Equity at period start		**4 370 918**
Profit for the period		116 435
Other comprehensive income for the period		16 295
Total recognized income for the period		**132 730**
Total change in equity in the period		**132 730**
Equity at period end		**4 503 648**

CASH FLOW STATEMENT

NOK 1 000	Note	Q1 2021	Q1 2020	FY 2020
EBIT after production fee and fair value adjustment of biological assets		135 352	-295 156	-56 648
Depreciation and amortization		87 591	91 044	368 874
Gain/loss on sale of property, plant and equipment		—	-152	4 786
Share of profit from associates	9	-283	-602	-3 350
Fair value adjustment of biological assets	5	-156 462	511 492	289 705
Change inventory excl. fair value, trade payables and rec.		-451 636	-318 221	158 708
Other adjustments		51 520	39 121	-144 756
Taxes paid		-16 283	-1 454	-205 162
Net cash flow from operating activities		**-350 202**	**26 071**	**412 156**
Proceeds from sale of property, plant and equipment		15	234	781
Payments on purchase of property, plant and equipment		-132 813	-80 008	-760 089
Payments on purchase of intangible assets incl. licenses		—	-58 037	-159 066
Payments on business combinations		—	—	-620 464
Accumulated cash acquired in business combinations		—	—	30 628
Sale of subsidiary, deconsolidation of cash and cash equivalents		—	—	-84 754
Government grant	7	8 443	—	—
Investment in associates and other invest.	9	-2 500	—	20
Net cash flow from investing activities		**-126 856**	**-137 811**	**-1 592 944**
Revolving credit facility (net draw-down/repayment)	7	63 778	381 491	364 135
Proceeds of long-term int. bearing debt	7	625 648	—	1 527 493
Repayment long-term int. bearing debt	7	-51 003	-50 972	-102 267
Draw-down bridge loan financing for the acquisition of Grieg Newfoundland	7	—	600 000	—
Restricted cash classification of the bridge loan financing of Grieg Newfoundland	7	—	-600 000	—
Repayment lease liabilities	7	-40 613	-44 286	-177 931
Net interest and other financial items	8	-51 271	-16 672	-132 932
Net cash flow from financing activities		**546 538**	**269 561**	**1 478 498**
Net change in cash and cash equivalents		**69 481**	**157 821**	**297 710**
Cash and cash equivalents - opening balance		**275 427**	**214 497**	**214 497**
Currency translation of cash and cash equivalents		660	-176	1 982
Proceeds sale of subsidiary, discontinued operations	4	—	—	16 337
Discontinued operations, other cash flow items	4	-137 552	-91 965	-255 099
Cash and cash equivalents - closing balance		**208 016**	**280 177**	**275 427**

The Cash Flow Statement is presented for the Group's continuing operations. See further information in Note 4.

SELECTED NOTES

NOTE 1 ACCOUNTING PRINCIPLES

Grieg Seafood ASA (the Group) comprises Grieg Seafood ASA and its subsidiaries, including the Group's share of associated companies. The financial report for the first quarter of 2021 has been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations approved by the EU, including IAS 34. The report does not include all information required in a complete annual report and should therefore be read in conjunction with the Group's recent annual report (2020).

The financial report for the first quarter of 2021 is unaudited.

Management is required to make estimates and assumptions concerning the future that affect the accounting policies and recognized amounts of assets, liabilities, income and expenses. Significant estimates relate to valuation of biological assets and intangible assets. 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 estimates are reflected in the accounts as they occur.

Additional accounting principles

The following accounting principles supplement the Group's accounting principles disclosed in our recent annual report (2020).

Production fee

As of 1 January 2021, a fixed rate of NOK 0.40/kg (gutted weight) is charged on fish harvested in Norway. The Norwegian production fee is accrued throughout the current year, and payable in 2022. The production fee is presented on a separate line item ("Production fee") in the income statement, and included in EBIT after production fee and fair value adjustment on biological assets.

In UK, Crown Estate Scotland charges GBP 27.50/tonnes (gutted weight), with a 10 % reduction on Outer Isle farms (Outer Hebrides, Orkney and Shetland).

In 2021, and applied retrospectively, the Crown Estate Scotland production fee is reported in line with the Norwegian production fee. As at 31 March 2021, as in 2020, the Group classifies the Shetland assets at assets held for sale, as such the effect of the retrospective change in accounting policy for the Crown Estate Scotland charges is limited to the note disclosure of discontinued operations (Note 4).

Government grants

Government grants are recognized when it is reasonably certain that the company will meet the conditions stipulated for the grants and that the grants will be received. Operating grants are recognized systematically during the grant period. Grants are deducted from the cost which the grant is meant to cover. Investment grants are capitalized and recognized systematically over the asset's useful life. Investment grants are recognized either as deferred income or as a deduction of the asset's carrying amount.

The benefit of a government loan at a below-market rate of interest is treated as a government grant. The benefit of the below-market rate of interest shall be measured as the difference between the initial carrying value of the loan and the proceeds received.

NOTE 2 RISKS AND UNCERTAINTIES

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 at cost in the balance sheet at quarter-end was NOK 2 344 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 fallowing 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 Q1 2021, the global supply of Atlantic salmon increased by approximately 16% compared to Q1 2020, according to Kontali. The 12-month average NQSALMON (less distributor margin of NOK 0.75) was NOK 52.8 per kg in Q1 2021 compared to NOK 68.3 per kg in Q1 2020. Although market prices negatively impacted the Group's sales revenue in Q1 2021, the sale of 37% 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, spoiled 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.

COMPLIANCE RISK

In February 2019, the European Commission launched an investigation to explore potential anti-competitive behavior in the Norwegian salmon industry, whereby Grieg Seafood is one of the companies under investigation. Based on the EU investigation, US competition authorities have launched their own investigation. Two consolidated lawsuits have been filed in the USA and three separate class-action cases have been filed in Canada. Grieg Seafood is not aware of any anti-

competitive behavior within the Group and will use all reasonable endeavors to fully collaborate with European and American authorities in this matter and will follow up the lawsuits in the USA and Canada accordingly.

Our activities are subject to extensive regulations, in particular relating to environmental protection, food safety, hygiene and animal welfare. Salmon farming is strictly regulated by licenses and permits granted by the authorities. Future changes in the laws and regulations applicable to our operations, such as standards for production facilities, capacity requirements, fish density, site allocation conditions, including tax laws, are unpredictable and are beyond our control.

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 1 500 million, in 2020. 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.

At the end of Q1 2021, the Group had NOK 540 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 in addition to a climate-related scenario analysis.

NOTE 3 SEGMENT INFORMATION

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 Group has one production segment: Production of farmed salmon. Earnings from the sales companies in the Group is reported per producer. Geographically, management assesses the results of production in Rogaland – Norway, Finnmark – Norway and BC – Canada, and - as from Q1 2021 - Newfoundland - Canada. In Q4 2020, Grieg Seafood defined the reporting segment "Shetland-UK", as part of the disposal group "Shetland", currently held for sale (see Note 4).

Group management evaluates the results from the segments based on EBIT before production fee and fair 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 amortization of goodwill and intangible assets when amortization is attributable to an isolated event which is not expected to recur. The measurement method also excludes the effect of share based payments, as well as unrealized 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. 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.

In Q1 2021, the ownership cost includes lawyer fees related to the EU commission investigation of NOK 4.0 million.

	FARMING EUROPE				FARMING NORTH AMERICA				ELIM./OTHER (4)		GROUP	
	ROGALAND NORWAY		FINNMARK NORWAY		BC CANADA		NL CANADA					
GEOGRAPHICAL SEGMENTS (NOK 1 000)	**Q1 2021**	**Q1 2020**	**Q1 2021**	**Q1 2020**	**Q1 2021**	**Q1 2020**	**Q1 2021**	**Q1 2020**	**Q1 2021**	**Q1 2020**	**Q1 2021**	**Q1 2020**
Sales revenues (1)	273 000	427 159	312 714	327 877	52 308	180 293	—	—	21 808	223 313	659 831	1 158 642
Other income (2)	15 314	39 187	11 706	35 234	3 490	—	566	—	-11 738	-61 297	19 337	13 123
EBITDA (3)	73 406	195 843	4 064	67 709	24 550	66 604	-13 517	—	-16 928	-22 777	71 574	307 380
EBIT (3)	48 939	171 544	-30 373	30 288	961	39 887	-15 551	—	-19 992	-25 383	-16 017	216 337
EBITDA %	25%	42%	1%	19%	44%	37%	0%	n/a			11%	26%
EBIT %	17%	37%	-9%	8%	2%	22%	0%	n/a			-2%	18%
Harvest volume tonnes GWT	5 346	6 944	7 385	6 827	853	2 544	n/a	n/a			13 583	16 315
EBIT/kg	**9.2**	**24.7**	**-4.1**	**4.4**	**1.1**	**15.7**	**n/a**	**n/a**			**-1.2**	**13.3**
Farming cost/kg, NOK (4)	41.9	38.2	46.5	46.4	60.2	55.2	n/a	n/a			45.5	44.3
Farming cost/kg, CAD (4)	n/a	n/a	n/a	n/a	8.9	7.8	n/a	n/a			n/a	n/a

NL-CANADA: Newfoundland. Acquired in Q2 2020.

1) Sales revenues on regional level equals the sale of Atlantic salmon, in line with management reporting.

2) Other income on regional level include sale of bi-products (such as ensilage), in addition to sale of smolt, fry and roe, in addition to insurance settlements. Also, other income include rental income and other income from overcapacity of operational assets. Other gains/losses are included in "other income", such as foreign currency, and sale of fixed assets and other equipment.

3) EBITDA and EBIT before production fee and fair value adjustment of biological assets.

4) Elim./Other items comprise, in addition to intercompany eliminations, the profit/loss from activities conducted by the parent company or other Group companies not geared for production.

5) Farming cost per region is calculated by dividing the product of sales revenue less EBIT, with the region's harvest volume, thus other income is netted with cost in the calculation. Group farming cost is a farming cost figure calculated on the farming operation of the Group, ex. ownership costs and costs from Group companies not geared for production. See more information in Alternative Performance Measures.

NOTE 4 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

All note disclosures in this financial report for Q1 2021 have been prepared for the Group's continuing operations if not otherwise explicitly stated in the note disclosures. This Note 4 has been prepared for the Group's discontinued operations only.

The Group's Income Statement and Cash Flow Statement have been re-presented for the comparative figures for Q1 2020 for the effects of the disposal group's Shetland and Ocean Quality. The FY 2020 are according to the Annual Report of 2020. The Statement of Financial Position is not re-presented for the comparative 31 March 2020 figures. Intercompany balances and transactions between the entities within the disposal group's, as well with other Group Companies, have been eliminated.

SHETLAND

In November 2020, we announced that we will divest our investment and operations in Shetland, as we will focus on our operations in Norway and Canada going forward. A divestment process is currently ingoing, and a conclusion of the process is expected within 2021.

The net asset values booked in the quarterly report directly associated with the Shetland assets held for sale amounts to NOK 1 635 million. A disposal group held for sale is measured at the lower of book value and fair value less cost of sale. Fair value estimates as at 31 March 2021 indicate that the Shetland assets is not impaired, and the assets are therefore measured at book value as at 31 March 2021. 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. The operations defined as discontinued are presented as held for sale at 31 March 2021, 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 3 169 tonnes in Q1 2021, an increase of 55% compared to Q1 2020. Production on mainland Shetland was strong in the quarter. The superior share was 94% in Q1 2021, compared to 85% in Q1 2020. The last fish on the Isle of Skye, which have been affected by severe biological challenges in prior periods, will be harvested primo Q2 2021. Operating income from the disposal group Shetland amounted to NOK 185.0 million in Q1 2021. EBIT was impacted by high cost related to the biological challenges at Skye.

SHETLAND: BIOLOGICAL ASSETS AT 31.03.2021	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	2 999	110	31 673	—	31 673
Biological assets with round weight < 4.60 kg	5 265	8 832	453 268	62 167	515 435
Biological assets with round weight > 4.60 kg	—	—	—	—	—
Total	**8 264**	**8 941**	**484 941**	**62 167**	**547 109**

The fair value adjustment of biological assets in Grieg Seafood Shetland has been calculated using a discount factor of 3.5 %. See Note 5 for information on the fair value assessment considerations, which also applies for Grieg Seafood Shetland.

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. At 31 December 2020, we completed the transaction with Bremnes Fryseri to sell our shares (60%) in Ocean Quality AS (now known as Sjór AS). 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). For more information on the accounting treatment of

the Ocean Quality disposal group, see our Annual Report for 2020. In Q1 2021, information disclosed for the Ocean Quality disposal group are provided for the comparable period, Q1 2020 and FY 2020 of the income- and cash flow statements.

Financial information for the held for sale disposal groups

The following includes financial information for profit (loss), cash flows and classes of assets and liabilities for the disposal group's as a whole. Disaggregated information disclosing each of the disposal group's financial information is also provided below.

PROFIT (LOSS) FROM DISCONTINUED OPERATIONS TOTAL (NOK 1 000)	Q1 2021	Q1 2020	FY 2020
Operating income	185 002	898 222	4 052 837
Operating expenses	-186 656	-873 371	-4 250 175
EBIT before production fee and fair value adjustment of biological assets	**-1 655**	**24 851**	**-197 337**
Production fee	-1 670	-770	-5 368
Fair value adjustment of biological assets	80 838	-267 270	-97 039
EBIT after production fee and fair value adjustment of biological assets	**77 514**	**-243 189**	**-299 745**
Net financial items	-1 076	20 326	3 527
Profit before tax from discontinued operations	**76 437**	**-222 863**	**-296 218**
Estimated taxation	-64 409	45 905	92 362
Net profit for the period from discontinued operations	**12 028**	**-176 958**	**-203 856**
Gain on the sale of the subsidiary after income tax	—	—	5 033
Net profit for the period from discontinued operations	**12 028**	**-176 958**	**-198 823**

SPECIFICATION: PROFIT (LOSS) FROM DISCONTINUED OPERATIONS (NOK 1 000)

	SHETLAND*			OCEAN QUALITY**		
	Q1 2021	Q1 2020	FY 2020	Q1 2021	Q1 2020	FY 2020
Operating income	185 002	155 710	968 729	—	742 512	3 084 108
Operating expenses	-186 656	-135 130	-1 191 935	—	-738 242	-3 058 240
EBIT before production fee and fair value adjustment of biological assets	**-1 655**	**20 580**	**-223 206**	**—**	**4 270**	**25 868**
Production fee***	-1 670	-770	-5 368	—	—	—
Fair value adjustment of biological assets	80 838	-267 270	-97 039	—	—	—
EBIT after production fee and fair value adjustment of biological assets	**77 514**	**-247 461**	**-325 613**	**—**	**4 270**	**25 868**
Net financial items	-1 076	17 259	-6 744	—	3 066	10 271
Profit before tax from discontinued operations	**76 437**	**-230 202**	**-332 357**	**—**	**7 336**	**36 139**
Estimated taxation	-64 409	47 636	100 838	—	-1 731	-8 476
Net profit for the period from discontinued operations	**12 028**	**-182 566**	**-231 519**	**—**	**5 605**	**27 663**
Gain on the sale of the subsidiary after income tax	—	—	—	—	—	5 033
Net profit for the period from discontinued operations	**12 028**	**-182 566**	**-231 519**	**—**	**5 605**	**32 696**

*Depreciation ceased from 1 October 2020, in accordance with IFRS 5.

**Transaction with Bremnes Fryseri AS completed 31 December 2020. 2021 is thus n/a for the Ocean Quality disposal group.

***See Note 1

CLASSES OF ASSETS AND LIABILITIES OF THE DISPOSAL GROUP (NOK 1 000)	TOTAL 31.03.2021
Classes of assets and liabilities of the disposal group	
Deferred tax assets	29 182
Intangible assets	558 740
Property, plant and equipment and right-of-use assets	733 146
Biological assets incl fair value	547 109
Inventories	25 013
Trade receivables and other receivables	134 027
Cash and cash equivalents	5 574
Assets directly related with disposal group	**2 032 790**
Non-current liabilities	207 549
Current liabilities	190 429
Liabilities directly associated with disposal group	**397 978**
Net assets directly associated with disposal group	**1 634 812**

As at 31 March 2021 the net assets classified as held for sale attributes fully to the Shetland disposal group.

Amounts included in accumulated OCI associated with the disposal group (NOK 1 000)	31.03.2021
Currency effect on investment in subsidiaries	5 810
Currency effects on loans to subsidiaries	91 789
Other gains and losses	-636
Cash flow hedges	—
Tax effects	-20 193
Reserve of disposal group classified as held for sale	**76 770**

As at 31 March 2021 the reserve of disposal group classified as held for sale attributes fully to the Shetland disposal group.

CASH FLOWS FROM DISCONTINUED OPERATIONS (NOK 1 000)	Q1 2021	Q1 2020	FY 2020
Net cash flow from operating activities	-41 215	-18 420	3 505
Net cash flow from investing activities	-6 128	-21 640	-121 537
Net cash flow from financing activities	-85 524	-51 906	-120 161
Net change in cash and cash equivalents	**-132 867**	**-91 965**	**-238 193**
Reconciliation with "Discontinued operations" in Continued Operations Cash Flow Statement:			
Net change in cash and cash equivalents*	—	13 288	70 366
Usage of Group Account, Shetland**	137 552	78 677	184 734
Discontinued operations	**137 552**	**91 965**	**255 099**

*Q1 2021: Calculated as Shetland' usage of Group account, see **. Q1 2020: Calculated as the net change in cash and cash equivalents for the quarter, because the balance sheet is not re-presented for Q1 2020. FY 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.

**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.

SPECIFICATION: CASH FLOWS FROM DISCONTINUED OPERATIONS (NOK 1 000)

	SHETLAND			OCEAN QUALITY		
CASH FLOWS FROM DISCONTINUED OPERATIONS (NOK 1 000)	**Q1 2021**	**Q1 2020**	**FY 2020**	**Q1 2021**	**Q1 2020**	**FY 2020**
Net cash flow from operating activities	-41 215	333	-24 966	—	-18 752	28 471
Net cash flow from investing activities	-6 128	-21 640	-77 905	—	—	-43 632
Net cash flow from financing activities	-85 524	-53 713	-118 796	—	1 807	-1 366
Net change in cash and cash equivalents	**-132 867**	**-75 020**	**-221 667**	**—**	**-16 946**	**-16 526**
Reconciliation with "Discontinued operations" in Continued Operations Cash Flow Statement:						
Net change in cash and cash equivalents	—	-3 658	37 459	—	16 946	32 907
Usage of Group Account, Shetland	137 552	78 677	184 734	—	—	—
Discontinued operations	**137 552**	**75 020**	**222 192**	**—**	**16 946**	**32 907**

NOTE 5 BIOLOGICAL ASSETS AND FAIR VALUE ADJUSTMENT

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 cost 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.

Biological assets comprise 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. These fish are kept onshore. When the fish are large enough to be released to sea, they are classified in group 2) biomass in sea.

- Fish onshore (smolt) are recognized at accumulated cost. The best estimate of fair value is the accumulated cost due to low biological transformation. The smolt are currently released to sea at a stage when the weight is still relatively low.
- For fish in sea, the fair value is calculated by applying a cash-flow based present value model.

Biological assets are measured at fair values less cost to sell. The measurement unit is the individual fish, however, for practical reasons, cash flows and estimates are carried out per location. Valuation is based on several different premises, many of which are non-observable. The premises are divided into the four following categories: Sales price, production cost, volume and discount rate.

In accordance with the principle for highest and best use, Grieg Seafood considers that the optimal harvest weight is 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 not achieved this weight are classified as not harvestable (immature fish).

At the balance sheet date, uncertainty regarding the value of the mature fish mainly relates to realized prices and volume. For immature fish, the level of uncertainty is higher. Price, volume, discount rate and remaining production cost are the main uncertainty factors; however, uncertainty is also related to biological transformation and mortality prior to harvest date for the fish.

The change in the fair value of biological assets is recognized through profit or loss and presented as "fair value adjustment of biological assets".

Sales prices for the fish in the sea for Norway are based on forward prices from Fish Pool. With regard to Canada the most relevant price information available for the period in which the fish is expected to be harvested. The price/net sales value is adjusted for quality differences (superior, ordinary and production), logistics expenses and sales commissions. Estimated harvesting expenses are deducted.

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 31 March 2021. The discount rate takes into account 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 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. See further information on the accounting assumptions on biological asset accounting estimates in the Annual Report 2020.

DISCOUNT RATE PER REGION	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Rogaland	**5.0 %**	5.0 %	5.0 %	5.0 %	5.0 %
Finnmark	**5.0 %**	5.0 %	5.0 %	5.0 %	5.0 %
British Columbia	**3.5 %**	3.5 %	3.5 %	5.0 %	5.0 %

Newfoundland: No fish in sea at 31 March 2021.

The Group uses a different discount factor when calculating the fair value of biological assets for the activity in the different regions. 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 production and thus also a differentiation of recognized synthetic license rent. From the third quarter 2020 there has been a change in the applied discount rate for British Columbia. This is based on the fact that the synthetic rent is assumed to be lower in these areas compared to Rogaland and Finnmark. There has been transactions of farming operations and licenses in Norway and Canada, showing that the price a buyer is willing to pay for farming licenses, is different in the different countries.

	TONNES			NOK 1 000		
BIOLOGICAL ASSETS	**Q1 2021**	**Q1 2020**	**FY 2020**	**Q1 2021**	**Q1 2020**	**FY 2020**
Biological assets beginning of period	**52 619**	**67 614**	**67 614**	**2 545 903**	**3 437 947**	**3 437 947**
Biological assets classified as held for sale	—	-11 480	-11 480	—	-641 389	-641 389
Currency translation	n/a	n/a	n/a	6 369	71 057	1 443
Increases due to production	16 411	15 328	80 748	706 450	652 151	3 407 539
Decrease due to sales	-15 649	-19 423	-84 263	-567 832	-644 353	-3 298 508
Fair value adjustment beginning of period	n/a	n/a	n/a	-347 227	-708 357	-708 357
Fair value adjustment period end	n/a	n/a	n/a	569 933	147 453	347 227
Biological assets period end	**53 381**	**52 039**	**52 619**	**2 913 595**	**2 314 509**	**2 545 903**
Biological assets classified as held for sale*	n/a	12 484	n/a	n/a	579 308	n/a
Biological assets period end	**53 381**	**64 523**	**52 619**	**2 913 595**	**2 893 817**	**2 545 903**

As at 31 March 2021, the Shetland assets are classified as held for sale. The classification was made in Q4 2020, thus on the opening balance of 2021, biological assets related to Shetland are booked as assets held for sale in the statement of financial position. In the table above, the opening-to-closing balance specification are disclosed for the Group's continued operations. In Q1 2020, the Shetland-assets was included in the statement of financial position. See more information in Note 4.

Specification of biological assets in Rogaland, Finnmark, British Columbia and Newfoundland

BIOLOGICAL ASSETS AT 31.03.2021	NUMBER OF FISH (1 000)	BIOMASS (TONNES)	COST OF PRODUCTION (NOK 1 000)	FAIR VALUE ADJUSTMENT (NOK 1 000)	CARRYING AMOUNT (NOK1 000)
Biomass onshore	23 639	832	177 761	—	177 761
Biological assets with round weight < 4.60 kg	24 038	40 502	1 688 877	463 856	2 152 733
Biological assets with round weight > 4.60 kg	2 355	12 047	477 024	106 077	583 101
Total (ex. Shetland)	**50 032**	**53 381**	**2 343 662**	**569 933**	**2 913 595**

BIOLOGICAL ASSETS AT 31.03.2020	NUMBER OF FISH (1 000)	BIOMASS (TONNES)	COST OF PRODUCTION (NOK 1 000)	FAIR VALUE ADJUSTMENT (NOK 1 000)	CARRYING AMOUNT (NOK1 000)
Biomass onshore	27 121	987	202 705	—	202 705
Biological assets with round weight < 4.60 kg	23 272	47 099	1 833 295	136 798	1 970 094
Biological assets with round weight > 4.60 kg	730	3 953	131 055	10 654	141 709
Total (ex. Shetland)	**51 123**	**52 039**	**2 167 056**	**147 453**	**2 314 509**

SPECIFICATION OF THE FAIR VALUE ADJUSTMENT, INCOME STATEMENT (NOK 1 000)	Q1 2021	Q1 2020	FY 2020
Change in fair value adjustment of biological assets	222 327	-570 661	-377 639
Change in physical delivery contracts related to fair value adjustments of biological assets	—	—	—
Change in fair value of financial derivatives from salmon (Fish Pool contracts)	-65 865	59 169	87 934
Total recognized fair value adjustment of biological assets	**156 462**	**-511 492**	**-289 705**

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.

NOTE 6 PRODUCTION FEE

As of 1 January 2021, a fixed rate of NOK 0.40/kg (gutted weight) is charged on fish harvested in Norway. The Norwegian production fee is accrued throughout the current year, and payable in 2022. The liability is classified as other current liabilities in the Statement of Financial Position. The production fee is presented on a separate line item ("Production fee") in the income statement, and included in EBIT after production fee and fair value adjustment on biological assets.

PRODUCTION FEE, INCOME STATEMENT (NOK 1 000)	Q1 2021
Rogaland, Norway	-2 138
Finnmark, Norway	-2 955
Total production fee	**-5 094**

PRODUCTION FEE, STATEMENT OF FINANCIAL POSITION (NOK 1 000)	31.03.2021
Rogaland, Norway	2 138
Finnmark, Norway	2 955
Total production fee (incl. in other current liabilities)	**5 094**

NOTE 7 NET INTEREST-BEARING LIABILITIES AND EQUITY ACCORDING TO COVENANTS

Specification of the Group's non-current- and current borrowings and leasing liabilities

NON-CURRENT BORROWINGS AND LEASE LIABILITIES (NOK 1 000)	31.03.2021	31.03.2020	31.12.2020
Green bond loan	1 500 000	—	1 500 000
Non-current syndicated loan and other interest-bearing debt	862 445	977 289	922 300
Revolving credit facility	1 060 000	1 017 550	996 646
Non-current debt to the Province of Newfoundland and Labrador, Canada*	25 443	—	—
Lease liabilities (operating leases according to IFRS prior to 1 January 2019)	165 445	329 578	176 226
Lease liabilities (finance leases according to IFRS prior to 1 January 2019)	337 253	363 298	355 417
Amortized loan costs	-40 432	-12 206	-42 768
Total non-current borrowings and lease liabilities	**3 910 155**	**2 675 508**	**3 907 822**

*Non-current debt to Her Majesty in Right of of Newfoundland and Labrador, Canada

In Q1 2021, Her Majesty in Right of Newfoundland and Labrador in Canada has been issued preference shares in the Canadian holding company of Grieg Newfoundland. The arrangement are in line with the Newfoundland project plan. The preference shares are in substance deemed as debt financing. The consideration will be repaid as from 2026. Repayment schedule based on free cash flow and balloon payment if not repaid within 2039. The debt financing carries an interest of 3% to be calculated as from 2026. The estimated benefit of below market rate from 2026, and interest-free term of the loan from 2021-2026, has been recognized as a government grant, classified as subordinated loan in the statement of financial position. The government grant will be recognized in profit and loss systematically over the holding period of the preference shares.

CURRENT PORTION OF BORROWING AND LEASING LIABILITIES (NOK 1 000)	31.03.2021	31.03.2020	31.12.2020
Overdraft facility	—	—	—
Current portion of borrowings	702 779	98 212	104 435
Lease liabilities (operating leases according to IFRS prior to 1 January 2019)	74 417	143 260	75 426
Lease liabilities (finance leases according to IFRS prior to 1 January 2019)	76 180	71 314	77 769
Acquisition financing of Grieg Newfoundland AS*	—	600 000	—
Total current portion of borrowing and leasing liabilities	**853 377**	**912 785**	**257 630**

*Not included in NIBD. As at 31 March 2020 drawdown on acquisition financing on Grieg Newfoundland received, classified as restricted deposits.

Specification of the effect of IFRS 16

The following two tables summarize the effect of IFRS 16 compared with IFRS in force prior to 1 January 2019. The income statement figure of Q1 2020 has been re-presented as it excludes the Group's discontinued operations in Shetland and Ocean Quality. The Group's Statement of Financial Position is not re-presented when applying IFRS 5. See Note 4 for more information on the Group's disposal groups.

EFFECT OF IFRS 16 (NOK 1 000)	31.03.2021*	31.03.2020**	31.03.2020***
Right of use assets included in property, plant and equipment incl. right-of-use assets	233 538	497 738	296 847
Lease liabilities included in non-current lease liabilities	165 445	329 578	202 557
Lease liabilities included in current lease liabilities	74 417	143 260	87 370

*The IFRS 16 effect 31 March 2021 exclusive of discontinued operations.

**The IFRS 16 effect in line with the Statement of Financial Position at 31 March 2020.

***Proforma financial information: The IFRS 16 effect 31 March 2020 ex. discontinued operations.

EFFECT OF IFRS 16 (NOK 1 000)	Q1 2021	Q1 2020
Other operating expenses	23 209	28 473
EBITDA	**23 209**	**28 473**
Depreciation and amortization	-21 257	-27 771
EBIT before production fee and fair value adjustment of biological assets	**1 952**	**702**
Fair value adjustment of biological assets	—	—
EBIT after production fee and fair value adjustment of biological assets	**1 952**	**702**
Net financial items	-1 368	8 996
Profit before tax from continuing operations	**584**	**9 698**

The IFRS 16 effect in the table above is disclosed for the Group's continuing operations.

Net interest-bearing liabilities and equity according to covenants

Following the outbreak of Covid-19, market uncertainty increased and prices have come down in all core markets, impacting the Group's earnings negatively. A priority for Grieg Seafood is, in addition to protecting people, local communities, partners and business operations, to secure liquidity and financial solidity.

Grieg Seafood ASA was in Q4 2020 granted an amendment to the covenants through the third quarter of 2021, and the next measurement date of NIBD/EBITDA is 31 December 2021. In the period up until Q3 2021, Grieg Seafood is required to have a minimum free liquidity of NOK 200 million including undrawn and available commitments under overdraft and revolving facilities. Temporary requirements for 12 month rolling EBITDA have been set for the period. Grieg Seafood ASA was in compliance with these temporary amended terms at 31 March 2021.

The equity ratio requirement according to the financial covenants of the syndicated loan agreement is 35%, calculated exclusive of the effects of IFRS 16. At 31 March 2021, the Group had an equity ratio (according to IFRS) of 40%, while the equity ratio according to financial covenants was 42%, compared to 43% at 31 December 2020.

The Green bond (GSF01 G, listed at Euronext) matures on 25 June 2025. The bond carries a coupon rate of 3 months NIBOR + 3.4% p.a. The bond's 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. The syndicated debt matures in February 2023, and carries an interest rate of 3M NIBOR + 3.5 % p.a.

During Q1 2021, the Group has made a net drawdown of the revolving credit facility and overdraft facility of NOK 63 million, with a total drawdown of NOK 1 060 million at 31 March 2021, compared to NOK 997 million at end of Q4 2020.

Total unutilized credit facilities of the Group amount to NOK 540 million as of 31 March 2021 compared to NOK 1 203 million at the end of Q4 2020. The difference is primarily due to the undrawn bridge loan of NOK 600 million at end of Q4 2020 has been drawn as a separate loan facility in Q1 2021. The loan was included as current part of borrowings at 31 March 2021. 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.

NET INTEREST-BEARING LIABILITIES ACCORDING TO COVENANTS (NOK 1 000)	31.03.2021	31.03.2020	31.12.2020
Bond loan (1)	1 500 000	—	1 500 000
Non-current borrowings incl. syndicate term loan and revolving facility (1)	1 947 888	1 994 839	1 918 946
Non-current lease liabilities	502 698	692 876	531 644
Total non-current interest-bearing liabilities	**3 950 586**	**2 687 714**	**3 950 589**
Current portion of borrowings	702 779	98 212	104 435
Current portion of lease liabilities	150 597	214 574	153 195
Factoring liabilities	—	57 371	—
Total current interest-bearing liabilities	**853 377**	**370 156**	**257 630**
Gross interest-bearing liabilities	**4 803 963**	**3 057 870**	**4 208 219**
Cash and cash equivalents	-208 016	-280 177	-275 427
Loans to associates	-2 016	—	-1 910
Net interest-bearing liabilities	**4 593 931**	**2 777 693**	**3 930 882**
Factoring liabilities	—	-57 371	—
Quote of Bremnes' share of cash Ocean Quality AS (40%) (2)	—	15 858	—
Lease liabilities (3)	-239 862	-472 838	-251 653
Non-current debt to the Province of Newfoundland and Labrador, Canada	-25 443	—	—
Net interest-bearing liabilities according to covenants	**4 328 626**	**2 263 342**	**3 679 230**
NIBD/EBITDA (4)	**n/a**	**1.5**	**n/a**

1) Bond loan and non-current borrowings incl. syndicate term loan and revolving facility as presented above, are exclusive of amortized loan borrowing costs.
2) The transaction with Bremnes Fryseri for the sale of Ocean Quality AS (Sjór AS) was completed at 31 December 2020. Up until, but not including, 31 December 2020, the net interest-bearing liabilities where 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.
4) NIBD/EBITDA is calculated in accordance to the covenants. 12-month rolling EBITDA before fair value adjustment.

NOTE 8 NET FINANCIAL ITEMS

NET FINANCIAL ITEMS (NOK 1 000)	Q1 2021	Q1 2020	FY 2020
Changes in fair value from hedging instruments	14 311	-23 780	-24 518
Net financial interest	-46 404	-17 509	-99 588
Net currency gain (losses)	52 415	-14 617	-98 714
Dividend	—	10	20
Net other financial income (expenses)	-5 154	-2 045	-24 992
Net financial items	**15 167**	**-57 942**	**-247 792**

NOTE 9 INVESTMENT IN ASSOCIATED COMPANIES

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.

The investment in Tytlandsvik Aqua AS, Nordnorsk Smolt AS and Årdal Aqua AS are classified on the separate line "Investments in associates" in the statement of financial position, and the share of profit is included in EBIT, presented on the line item "Share of profit from associates" in the income statement. No investments were classified on a separate line below the financial statement line of EBIT in the income statement.

ASSOCIATES CLASSIFIED AS OPERATIONS	EQUITY INTEREST 01.01.2021	EQUITY INTEREST 31.03.2021	BOOK VALUE 01.01.2021	SHARE OF PROFIT FROM ASSOCIATES YTD 2021	OTHER CHANGES IN THE PERIOD YTD 2021	BOOK VALUE 31.03.2021
Nordnorsk Smolt AS	50.00%	50.00%	41 264	-980	—	40 283
Tytlandsvik Aqua AS	33.33 %	33.33 %	43 158	1 263	—	44 421
Årdal Aqua AS	0.00 %	37.04 %	—	—	2 500	2 500
Total associates classified as operations			**84 421**	**283**	**2 500**	**87 204**

The Group owns, through Grieg Seafood Finnmark AS, a 50.00% ownership interest in Nordnorsk Smolt AS together with Norway Royal Salmon ASA (50.00%). At 31 March 2021, Grieg Seafood Finnmark has an outstanding long-term loan to Nordnorsk Smolt AS, amounting to NOK 2.0 million (NOK 1.9 million at 31 December 2020), which is included in the Group's other non-current receivables in the Statement of Financial Position. Nordnorsk Smolt AS is located in Troms and Finnmark county in Northern Norway.

The Group owns, through Grieg Seafood Rogaland AS, a 33.33% ownership interest in Tytlandsvik Aqua AS, together with Bremnes Seashore AS (33.33%) and Vest Havbruk AS (33.33%). Tytlandsvik Aqua AS has an annual production capacity of 3 000 tonnes, of which Grieg Seafood's share of the volume is 50%. Tytlandsvik Aqua AS is located in Rogaland, Southern Norway.

The production of post-smolt in both Nordnorsk Smolt and Tytlandsvik Aqua was in line with the production plans during the quarter and the smolt quality has been good.

New investment in 2021

In 2021, the Group invested NOK 2.5 million for an ownership interest of 37.04% in Årdal Aqua AS. The other shareholders of Årdal Aqua AS are Vest Havbruk AS and Omfar AS. Årdal Aqua is currently in the design development phase of a land-based farming facility in Rogaland in Norway, with a production capacity of 5 000 tonnes annually according to current plans. The company aims to start construction of the facility in the autumn of 2021, and start delivery of post-smolt in the autumn of 2023.

NOTE 10 RELATED PARTIES

Related parties' transactions

The Group has transactions with companies controlled by Grieg Maturitas II AS, who is the parent company of Grieg Aqua AS, majority owner of Grieg Seafood ASA. Grieg Seafood ASA rents office premises from Grieg Gaarden AS and acquires other administrative services from Grieg Group Resources AS. The office rental agreement runs for a period of ten years. Grieg Kapital AS has share holdings in Ryfylke Rensefisk AS, from which Grieg Seafood acquires lumpfish. Grieg Seafood ASA buys fuel from Eidsvaag AS, which is a related party to a Board member.

All transactions, including both sale and purchase of goods and services, are made on an arm's length basis.

SHARES CONTROLLED BY THE BOARD MEMBERS AND MANAGEMENT AT 31.03.2021	NO. OF SHARES	SHARE-HOLDING
Board of directors		
Per Grieg Jr. *	60 354 324	53.20%
Tore Holand	2 000	0.00%
Sirine Fodstad	—	0.00 %
Marianne Ødegaard Ribe	—	0.00 %
Katrine Trovik	—	0.00 %
Group management		
CEO	39 489	0.03%
CFO	24 532	0.02%
COO Farming Europe	22 489	0.02%
COO Farming North America	23 889	0.02%
CCO	324	0.00 %
CTO	23 831	0.02%
CHRO	12 060	0.01%
GCM	324	0.00 %
Total shares controlled by Board members and Group management	**60 503 262**	**53.33%**

*Shares owned by the following companies are controlled by Per Grieg jr. and closely related people (Verdipapirhandelloven § 2-5):

SHARES OWNED BY PER GRIEG JR. AND CLOSELY RELATED	NO. OF SHARES	SHARE-HOLDING
Grieg Aqua AS	56 914 355	50.17%
Ystholmen Felles AS	2 428 197	2.14%
Kvasshøgdi AS	996 772	0.88%
Per Grieg jr. private	15 000	0.01%
Total shares owned by Per Grieg jr. and closely related	**60 354 324**	**53.20%**

NOTE 11 SHARE CAPITAL AND SHAREHOLDERS

As at 31 March 2021, the Company had 113 447 042 shares with a nominal value of NOK 4.00 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	NOMINAL VALUE PER SHARE (NOK)	TOTAL SHARE CAPITAL (NOK 1 000)	NUMBER OF ORDINARY SHARES
Total	**4.00**	**453 788**	**113 447 042**
Holding of treasury shares	4.00	-5 000	-1 250 000
Sale of treasury shares to employees 2018-2020	4.00	314	78 506
Total excl. treasury shares	**4.00**	**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 01.01.2021	**1 January 2021**	**4.0000**	**453 788**	**113 447 042**
Share capital per 31.03.2021	**31 March 2021**	**4.0000**	**453 788**	**113 447 042**

THE 20 LARGEST SHAREHOLDERS IN GRIEG SEAFOOD ASA AT 31.03.2021	NO. OF SHARES	SHARE-HOLDING
Grieg Aqua AS	56 914 355	50.17%
OM Holding AS	4 303 656	3.79%
Folketrygdfondet	4 185 924	3.69%
Ystholmen Felles AS	2 428 197	2.14%
Clearstream banking S.A. (nominee)	1 902 823	1.68%
State Street Bank and Trust Comp (nominee)	1 760 431	1.55%
Ferd AS	1 456 453	1.28%
Six Sis AS (nominee)	1 295 335	1.14%
Grieg Seafood ASA	1 171 494	1.03%
The Bank of New York Mellon SA/NV (nominee)	1 147 386	1.01%
UBS Switzerland AG (nominee)	1 077 728	0.95%
Banque Degroof Petercam Lux. SA (nominee)	1 011 751	0.89%
Kvasshøgdi AS	996 772	0.88%
Credit Suisse International	964 124	0.85%
JPMorgan Chase Bank, N.A., London (nominee)	914 591	0.81%
Ronja Capital II AS	895 004	0.79%
State Street Bank and Trust Comp (nominee)	747 076	0.66%
State Street Bank and Trust Comp (nominee)	742 951	0.65%
Verdipapirfondet Pareto Investment	679 000	0.60%
Credit Suisse AG, Dublin Branch	656 966	0.58%
Total 20 largest shareholders	**85 252 017**	**75.15%**
Total others	28 195 025	24.85%
Total number of shares	**113 447 042**	**100.00%**

ALTERNATIVE PERFORMANCE MEASURES (APM)

APM	DEFINITION AND CALCULATION	REASON FOR APPLYING APM
EBIT = EBIT before production fee and fair value adjustment of biological assets	Operating profit incl. amortization and depreciation ex. production fee and fair value adjustment of biological assets. Unless otherwise specified, EBIT before production fee and 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: EBIT-margin (%), EBIT/ kg GWT and ROCE.	EBIT before production fee and fair value adjustment provides a more informative result as it does not consider country-specific taxation charged on harvest volume and 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 production fee and fair value adjustment is generally considered the industry measure for profitability.
EBITDA = EBITDA before production fee and fair value adjustment of biological assets	Operating profit before amortization and depreciation ex. production fee and fair value adjustment of biological assets. Unless otherwise specified, EBITDA before production fee and fair value adjustment of biological assets is shortened to EBITDA. This also applies to all key figures where EBITDA is a component. including: EBITDA-margin (%), and NIBD/EBITDA.	EBITDA before production fee and 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.
Equity ratio	Equity ratio equals equity divided by total assets. Up until year-end 2020, the equity ratio was calculated both with and without consolidation of Ocean Quality entities. 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. As from 31.12.2020, the investment in Ocean Quality is divested, in the equity-ratio is calculated without the excl. of sales companies. The equity ratio according to covenants are calculated exclusive of the effect of IFRS 16 compared with IFRS in force prior to 1 January 2019.	The equity ratio is applied to measure financial solidity in accordance with the Group's covenant requirements.
NIBD	Net interest-bearing debt (NIBD) comprises non-current and current debt to financial institutions, after deducting cash and cash equivalents. Shetland assets and related liabilities are not included in the NIBD calculation of Grieg Seafood. As from 31.12.2020, the investment in Ocean Quality is divested, in the equity-ratio is calculated without the excl. of sales companies. NIBD is calculated in three ways: 1) For ROCE calculation: including all long-term and current debt to credit institutions, incl. IFRS 16 effect (compared with IFRS in force prior to 1 January 2019) and factoring liabilities. 2) For covenant calculation as required by the bank syndicate: NIBD as in 1) but excl. the effect of IFRS 16 compared with IFRS in force prior to 1 January 2019, and excl. factoring. This method is used for calculation of NIBD/EBITDA.	NIBD/EBITDA is a measure of solidity and one of the covenants in our bank agreement. When calculating NIBD/ EBITDA, NIBD is calculated according to method 2 and EBITDA is before production fee and fair value adjustment of biological assets.

APM	DEFINITION AND CALCULATION	REASON FOR APPLYING APM
ROCE	Return on capital employed (ROCE) is calculated using values before fair value adjustment of biological assets, but before production fee, and is calculated as follows: 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 production fee and fair value adjustment of biological assets multiplied by four to annualize the EBIT figure. Then, this annualized EBIT figure is divided by the sum of NIBD plus equity before fair value adjustment of biological assets. 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. EBIT before fair value adjustment included in the ROCE calculation is excl. Shetland, while equity is calculated before fair value adjustment of biological assets, incl. the biological assets at Shetland classified as held for sale.	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.
FARMING COST/ KG	Farming cost per kg is the farming cost directly related to production and harvest of salmon (head-on-gutted), 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. Farming cost on regional level is calculated by dividing the product of sales revenue from sale of Atlantic salmon, less EBIT, by the harvested volume in the period. Farming cost on Group level is calculated on the farming operation of the Group, e.g. excluding headquarter/ownership costs.	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 are highly dependent 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.

About Grieg Seafood

Grieg Seafood ASA is one of the world's leading salmon farmers, targeting 130 000 tonnes of harvest (GWT) in 2025.

Our farms are in Finnmark and Rogaland in Norway, British Columbia and Newfoundland in Canada, and Shetland in the UK. Our headquarter is located in Bergen, Norway. Grieg Seafood ASA was listed at the Oslo Stock Exchange in June 2007. More than 900 people work in the Company throughout our regions. Sustainable farming practices are the foundation of Grieg Seafood's operations. The lowest possible environmental impact and the best possible fish welfare is both an ethical responsibility and a drive for economic profitability. Towards 2025, we aim for global growth, cost improvements and to evolve from a pure salmon supplier to an innovation partner for selected customers.

GRIEG SEAFOOD ASA

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Board of Directors

Per Grieg jr.
Chair

Tore Holand
Vice chair

Katrine Trovik
Board member

Sirine Fodstad
Board member

Marianne Ødegaard Ribe
Board member

Group Management

Andreas Kvame
CEO

Atle Harald Sandtorv
CEO

Alexander Knudsen
COO Farming Europe

Roy-Tore Rikardsen
COO Farming North America

Erik Holvik
Chief Commercial Director

Knut Utheim
CTO

Kathleen O. Mathisen
CHRO

Kristina Furnes
Global Communications Manager

Financial calendar

Q2 2021
18 August 2021

Q3 2021
3 November 2021

Q4 2021
16 February 2022

The Company reserves the right to make amendments to the financial calendar.