

PASSION FOR IMPROVEMENT

Q3 2020

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.

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CEO Comment



The third quarter was challenging for Grieg Seafood on several fronts. Covid-19 has continued to cause a shift in demand from hotels and restaurants to retail, impacting price achievements negatively in all markets. Especially the US market was severely affected by the pandemic during the quarter, which impacted the profitability of our British Columbia fish. In addition, we experienced operational challenges out of the ordinary. Jellyfish in the water surrounding Skye in Scotland caused high mortalities, low harvest weights and poor quality, impacting both fish welfare and profitability. At the same time, these are extraordinary events, and measures have been taken to reduce future risk. Most importantly, we are ceasing operations of the five farms we have on Skye after this production cycle, as the area is too distant from Shetland to run as one production region. In addition, we are postponing construction of one of the post smolt buildings in Newfoundland, as we are able to achieve our harvesting target for the region under the existing set-up.

Apart from that, the Newfoundland project is according to schedule, with healthy fish growing in our new hatchery.

In our two Norwegian regions, the biology has generally been stable and good. Both Rogaland and Finnmark are delivering good results for the third quarter, and biology remains stable into the fourth quarter.

We do expect a strong market after Covid-19 is under control, and we continue our journey of sustainable growth, albeit at a slower pace than we planned before the pandemic. Medium to long-term, our focus will be in the areas with the best potential for sustainable growth during the post Covid-19 recovery period, which is our Norwegian and Canadian regions. As such, we have initiated an evaluation of strategic alternatives for our Shetland region. We aim for a sale when the timing is right. Through organic initiatives, we target 100 000 tonnes harvest (excluding Shetland) in 2022 with an average farming cost for the Norwegian operations below NOK 40/kg and CAD 7/kg in BC. For 2025, we target 130 000 tonnes of harvest and continued reduced cost per kg. A potential sale of Shetland will significantly lower our overall production costs per unit.

In the short-term, our main priorities will be to improve operational performance and profitability, improve fish health, welfare and survival, execute the development of our Newfoundland operations and secure financial capacity by postponing none-essential investments.

Grieg Seafood's value creation has been weak so far in 2020, but let there be no doubt; we are committed to achieve our goals and we are dedicated to do what it takes to improve operations, reach our sustainability targets of lower impact and better fish welfare, grow the company and create value for all our stakeholders – shareholders, local communities, customers and employees alike.

Andreas Kvame

CEO Grieg Seafood ASA

Highlights in the quarter

Group highlights

- Harvest volume of 21 201 tonnes (21 028)
- EBIT before fair value adjustment of NOK -192 million (143 million)
- EBIT/kg NOK -9.04 (6.78)
- Disrupted markets with low spot prices impacted earnings by NOK -92 million vs Q3 2019
- Good performance in Rogaland and Finnmark, total EBIT/kg NOK 9.85 (11.17)
- Shetland profitability impacted by NOK -150 million from Skye, where of NOK 90 million related to mortality write-down. Operations on the Isle of Skye will cease due to weak operational synergies
- Initiative to divest Shetland assets to focus operations on regions with the largest growth potential
- Pace of investments slowed down, including in Newfoundland, to secure financial capacity
- Six sites ASC certified during the quarter, with a group total of 26 sites certified at quarter end, 41% of net production
- Establishment of our fully integrated sales and marketing organization on track, to start operating late Q1 2021
- Expected harvest of 26 500 tonnes in Q4 2020, guidance of 90 000 tonnes (95 000) in 2020 to optimize harvest weight and time to market



Region highlights



Rogaland Europe

- Harvest volume of 5 039 tonnes (2 534)
- EBIT/kg NOK 9.89 (-0.30)
- Earnings positively impacted by fixed price contracts and a superior share of 90%
- Good production and lower cost compared to Q3 2019 due to improved biological conditions
- Acquired increased capacity of 527 tonnes
- Expect harvest of 6 490 tonnes in Q4 2020 with lower cost/kg due to higher harvest volume
- Harvest estimate reduced to 23 000 tonnes (25 000) in 2020 to optimize time to market



Finnmark Europe

- Harvest volume of 2 730 tonnes (10 470)
- EBIT/kg NOK 9.77 (13.94)
- Earnings positively impacted by good price achievement due to fixed price contracts
- Stable seawater production
- Three sites confirmed affected by ISA
- Total of 15 sites ASC certified (80% of net production)
- Expect harvest of 14 160 tonnes in Q4 2020 with stable cost/kg due to sanitary harvest despite higher volume
- Harvest estimate reduced to 30 000 tonnes (33 000) in 2020 to optimize time to market in addition to adjusted harvest due to ISA



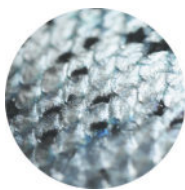
Shetland Europe

- Harvest volume of 6 785 tonnes (3 856)
- EBIT/kg NOK -27.44 (-3.53)
- Earnings impacted by low market prices and low price achievement on small fish from accelerated harvest due to high mortality incidents in Skye
- Operations at Isle of Skye will cease, remaining fish to be harvested in 2021
- Good production on mainland Shetland, indicating lower cost long term
- Expect harvest of 2 390 tonnes in Q4 2020, still high cost/kg due to Skye
- Harvest estimate of 15 000 tonnes in 2020 maintained



British Columbia North America

- Harvest volume of 6 648 tonnes (4 168)
- EBIT/kg NOK -7.76 (4.68)
- Earnings driven by increased harvest volume, partly offset by a challenging market with low prices
- Challenging biological conditions with HAB and high sea lice pressure
- Six sites ASC certified during the quarter, a total of 11 sites certified (59% of net production)
- Expect harvest of 3 480 tonnes in Q4 2020, still high cost/kg and gradual cost improvements longer term
- Harvest estimate maintained at 22 000 tonnes in 2020



Newfoundland North America

- Five new farming licenses granted, reaching eight licenses, corresponding to a total production capacity of 30 000 tonnes of annual harvest
- Due to market uncertainty and lower visibility following Covid-19, investment pace will be slowed down
- Very good biological results in hatchery and first feeding during the quarter
- First harvest expected in 2022
- Harvest estimate of 15 000 tonnes expected to be reached by 2025

Key figures (from continuing operations*)

NOK 1 000	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Sales revenues	1 262 769	1 327 501	3 990 690	3 931 920
EBITDA	-63 987	248 011	423 243	1 005 838
EBIT before fair value adjustment of biological assets	-191 627	142 628	47 296	709 934
EBIT after fair value adjustment of biological assets	-149 990	-322 363	-647 544	209 792
Profit before tax	-160 958	-332 586	-802 958	172 535
Harvest volume (tonnes GWT)	21 201	21 028	63 474	57 630
EBIT/kg (NOK)	-9.04	6.78	0.75	12.32
Total assets	10 586 785	8 066 316	10 586 785	8 066 316
Net interest-bearing liabilities ⁽¹⁾	3 468 980	2 034 993	3 468 980	2 034 993
Equity	4 431 605	3 858 073	4 431 605	3 858 073
Equity % ⁽²⁾	42%	48%	42%	48%
ROCE ⁽³⁾	(10%)	11%	2%	16%
Dividend per share (NOK)	—	—	—	2.00
Earnings per share, continued operations (NOK)	-1.06	-2.40	-5.50	1.14
Number of employees	933	793	933	793

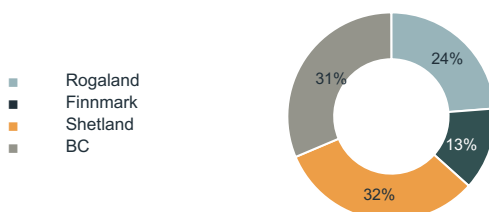
*As of Q3 2020 the Group classifies discontinued operations as held for sale, which was also the case as of Q2 2020. The figures for Q3 2019 and YTD 2019 have been re-presented to be comparable to the Q3 2020 and YTD 2020 figures. Figures presented above are for the Group's continuing operations. See also Note 4.

1) NIBD excluded factoring. Included in NIBD is the effect of IFRS 16 of NOK 529 million (compared to IFRS in force prior to 1 January 2019). Total net interest-bearing liabilities incl. factoring is NOK 3 541 million. See Note 6 for further information.

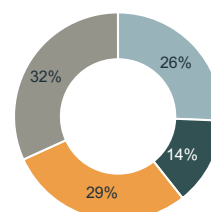
2) Equity ratio according to covenants definition is 45%. See Note 6 for further information.

3) ROCE: Return on capital employed.

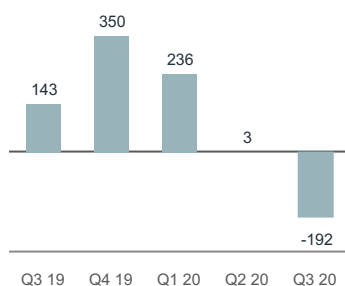
HARVEST VOLUME
Q3 2020



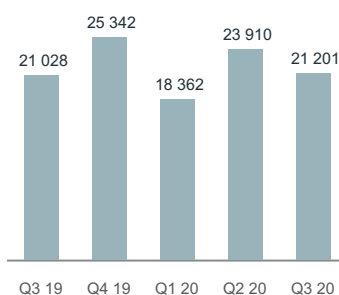
SALES REVENUES
Q3 2020



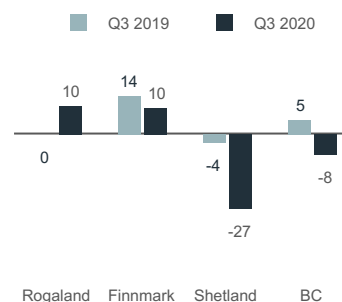
GROUP EBIT BEFORE FAIR VALUE*
(NOK MILLION)



GROUP HARVEST VOLUME
(TONNES GWT)



EBIT/KG PER REGION
(NOK)



*The Q4 19 figure is based on a preliminary IFRS 5 adjustment of the Group's disposal group. Finalized re-presented Q4 2019 will be disclosed in Q4 2020 reporting.

Our scoreboard

	ASPECT	TARGET	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	STATUS	PAGE
PROFIT & INNOVATION	Return on capital employed	12 p.a.	(10%)	0%	15%	25%	11%	●	6
	Harvest volume (tonnes GWT)	90 000 tonnes in 2020	21 201	23 910	18 362	25 342	21 028	●	6
HEALTHY OCEAN	ASC certifications*	100% by 2023	26	20	18	10	10	●	20, 22
	Survival rate sea (GSI standard)	93%							24
	Rogaland		88%	88%	90%	93%	93%	●	
	Finnmark		91%	93%	93%	96%	96%	●	
	Shetland		74%	87%	88%	89%	87%	●	
	British Columbia		86%	90%	89%	88%	86%	●	
	Antibiotics g/tonne**	No use of antibiotics							25
	Rogaland		0.0	0.0	0.0	0.0	0.0	●	
	Finnmark		0.0	0.0	0.0	0.0	0.0	●	
	Shetland		0.0	0.0	0.0	0.0	0.0	●	
	British Columbia		2.3	106.8	64.3	198.9	0.0	●	
	Sea lice treatment (excl. hydrogen peroxide) g/tonne**	Minimize use of pharmaceutical treatments							27
	Rogaland		0.0	0.0	0.0	0.0	0.0	●	
	Finnmark		0.0	0.0	0.0	0.7	0.2	●	
	Shetland		0.7	3.9	1.2	1.8	1.0	●	
	British Columbia		0.0	0.7	0.1	1.0	0.5	●	
	Escape incidents	Zero escape incidents							25
	Rogaland		0	0	0	0	0	●	
	Finnmark		0	0	0	0	0	●	
	Shetland		0	0	0	0	1	●	
	British Columbia		0	0	0	0	0	●	
SUSTAINABLE FOOD	High quality product	93% superior share							28
	Rogaland		90%	79%	86%	88%	77%	●	
	Finnmark		90%	65%	51%	89%	84%	●	
	Shetland		82%	72%	85%	90%	93%	●	
	British Columbia		85%	87%	90%	85%	86%	●	
PEOPLE	Absence rate	Below 4.5%							30
	Rogaland		2.7%	2.8%	4.4%	2.2%	3.0%	●	
	Finnmark		6.4%	4.2%	6.2%	5.3%	3.7%	●	
	Shetland		2.2%	3.2%	4.2%	3.8%	3.1%	●	
	British Columbia		7.3%	10.0%	5.4%	1.7%	1.3%	●	
LOCAL COMMUNITIES	Support our local communities	Collaborate and contribute to local community	Yes	Yes	Yes	Yes	Yes	●	32

*Number of sites certified. Target: 100% ASC compliant within 2023. **Amount of active pharmaceutical ingredients (APIs) used (g) per tonne of fish produced (LWE).

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

Our approach to sustainable business



THE UNITED NATIONS DEVELOPMENT GOALS

To promote sustainable development, Grieg Seafood strives to find the right balance between environmental, social and economic considerations in our operations. The 17 United Nations Sustainable Development Goals guide countries' and companies' efforts. Our production is in line with several of these goals, and we will focus particularly on the goals where we can have the greatest impact.

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. Our overall target goes beyond short-term profitability. With our five pillars, we are committed to sustainable and long-term value creation for all of our stakeholders.

FARMING THE OCEAN FOR A BETTER FUTURE

PROFIT & INNOVATION	HEALTHY OCEAN	SUSTAINABLE FOOD	PEOPLE	LOCAL COMMUNITIES
<ul style="list-style-type: none"> Seafood demand Economic productivity Profitable growth Precision Farming Research and innovation 	<ul style="list-style-type: none"> Fish health and welfare Sea lice control Escape control Limiting local emissions Interaction with wildlife 	<ul style="list-style-type: none"> Safe and healthy food Sustainable feed ingredients Reducing carbon emissions Climate risk Waste management 	<ul style="list-style-type: none"> Human rights and ethics Embracing diversity Creating attractive jobs Keeping our employees safe Anti-corruption 	<ul style="list-style-type: none"> Local value creation and ripple-effects Local procurement Respect for Indigenous rights Dialogue and engagement

Sustainability is core to the industry and strongly impacts our financial performance.

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%
- 90 000 tonnes in 2020
- NIBD/EBITDA < 4.5 (bank covenant)
- Dividend of 30-40% of net profit

ROOTED IN

PROFIT & INNOVATION

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

Achieving sustainable growth – our focus areas

Grieg Seafood's objective is to ensure sustainable growth by combining skilled and motivated people and new technology, and to increasingly farm salmon on nature's terms.

Grieg Seafood has had a stated ambition to reach an annual harvest volume of 100 000 tonnes in 2020 with cost at or below industry average, building a platform for sustainable growth beyond 2020. The foundation for the ambition were new sites, more than 25 million smolt transferred to sea in 2019, increasing survival rates and good average harvest weight. During Q2 2020, we revised our harvest target. Harvest in Finnmark was reduced by 5 000 tonnes as low seawater temperatures during the winter and spring of 2020 have impacted growth, and as challenges with winter ulcers led to early harvesting. We also reduced our harvest estimate in Shetland by 2 000 tonnes due to somewhat reduced growth due to sea lice treatments. However, in BC the harvest target was upgraded by 2 000 tonnes due to stable biology and increased survival. Combined with expectations of low market prices, our harvest was reduced to 95 000 tonnes. With the current expectations of continued low market prices, in addition to some harvest adjustment due to ISA in Finnmark, we have decided to postpone a further 5 000 tonnes to 2021, lowering estimated harvest volume for 2020 to 90 000 tonnes.

The focus areas for achieving our ambitions remain:

SUSTAINABILITY

Post-smolt strategy

Biosecurity and fish welfare

Digitalization in the salmon industry

Expansion opportunities

The post-smolt strategy has provided positive results. The average smolt transferred to sea in Rogaland in 2020 will be 380g, compared to 279g in 2019. As a result, the average time in the sea will be reduced to 14 months for the 2020 generation, compared to 16 months for the 2019 generation. Our largest batch of smolt so far this year had an average weight of 830g, and was transferred from the closed containment system in sea, the FishGLOBE, to our sea sites in Rogaland.

As a result of targeted measures, including a new vaccination strategy, to improve biosecurity and fish welfare, smolt health has improved significantly in Shetland. Biosecurity and fish welfare are also closely related to the digitalization projects across the different regions, including the introduction of GSF Precision Farming with a dedicated operations center in Rogaland, and technological and operational developments in BC to combat recurring algae blooms. Together, these measures have driven improvements to survival and growth rates, as well as harvest weights and cost.

GSF 2025 – Scaling globally through growth and value chain innovation

Grieg Seafood has an ambition to build a platform for long-term sustainable growth, through global scaling, cost leadership and value chain repositioning.

Our 2025 strategy comprises three key strategic objectives for the continued growth and business development. Increasingly sustainable farming practices is the very foundation of all areas of the strategy.

Production 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 increased market uncertainty and reduced visibility due to the Covid-19 pandemic, the Company has taken actions to address the situation, including strategic evaluations of current operations, and postponements and slow-down in pace of investment of some of our growth initiatives.

As the long-term ambitions remains, focus areas in the short to mid-term will be to improve profitability, streamline businesses and secure financial capacity.

Measures under these priorities include continued focus on cost improving initiatives, improved fish health and welfare and smolt infrastructure developments. We are evaluating disposal of the Shetland operations, and alternative models for funding of smolt infrastructure expansion are being considered.

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 the new greenfield project in Newfoundland. Excluding the Shetland assets, we target harvesting of 100 000 tonnes in 2022 and 130 000 tonnes in 2025, at an average harvest cost below NOK 40/kg in Norway and below CAD 7/kg in Canada.

Repositioning of the Company from being a pure salmon supplier to becoming an innovative partner for selected customers is an important part of our value creation plan going forward. As part of this strategy Grieg Seafood strengthens integration between sales and farming operations. We are currently establishing a fully integrated sale and marketing organization, aiming to optimize upstream activities with local customer demand.

Covid-19 impact and update

The Covid-19 pandemic has disrupted the salmon market with a significant shift in demand and lower prices in core markets. The priorities for Grieg Seafood are protecting our people, the local communities where we operate, our partners and business operations, and to secure liquidity and financial solidity. 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. Crisis management teams were quickly established at the 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 contamination to ensure business continuity, including strict routines at production sites and harvest facilities to limit physical contact and encourage social distancing. Remote work has been endorsed whenever possible, and business travel have been restricted.

PRODUCTION UPHELD

During the pandemic, the salmon farming industry has been recognized as an essential function in Norway, Canada and the UK, and despite the challenging circumstances, we have been able to maintain efficient operations. Grieg Seafood maintains a constructive dialogue with the authorities in the regions we operate in through industry organizations, 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, with a significant shift in demand, away from hotels, restaurants and catering (HoReCa) and to a greater extent towards the retail segment. Covid-19 continued to impact both consumption patterns and overall demand during the third quarter. Sales to HoReCa were already at a low level and experienced another drop as the second wave of restrictions was enforced in some European countries. Our sales have remained good, however, but with supply growth and volumes to the market at a higher level than the first lockdown, salmon prices have suffered, particularly in the USA, which has a higher HoReCa market share compared to Europe.

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

Supply lines remained for the most part open during the quarter, and airfreight remains expensive. Most of our salmon is shipped by truck from Norway or the UK to European markets, or from Canada to the North American markets. Our diversified geographical presence provides some flexibility and reduces logistical challenges.

ENSURING FINANCIAL STABILITY

Following the outbreak of Covid-19, market uncertainty increased, and prices have come down in all core markets, impacting the Group's earnings negatively. Grieg Seafood was in compliance with its financial covenants according to the loan agreements as of 30 September 2020, as the NIBD/EBITDA ratio was 4.2 and equity-ratio according to covenants was 45% (equity-ratio of the Group according to IFRS, was 42%). However, with the outlook for lower earnings short to mid-term, results of performed stress tests on key financial indicators indicated that we could breach the financial covenants outlined in the loan agreements. Following negotiations with the banks, Grieg Seafood has been granted an amendment to the covenants through the third quarter of 2021. See Note 6 for more information on loan agreements and the related financial covenants.

Due to higher market uncertainty, the risk of losses on customer receivables has increased. Grieg Seafood has good routines for collecting and managing 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 impacted significantly due to their high share of HoReCa. The increased risk of loss is reflected in our accruals at the end of the quarter, with accruals increasing by 6% compared to Q3 2019. 90% of outstanding receivables at the end of Q3 2020 are credit insured.

We have earlier communicated planned investments of NOK 1 664 million in 2020. In the current market climate with increased uncertainty, we continuously evaluate our investment projects. Low salmon prices and reduced market visibility, in addition to increased complexity of the project, has changed the basis for the development of Grieg Seafood Newfoundland, and the pace of investments will be slowed down. This will not affect our on-growth capacity or our harvest ambitions.

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

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: digitalization, post-smolt, biosecurity and fish welfare, and continuous evaluation of expansion opportunities.

CONTINUING OPERATIONS

Grieg Seafood is establishing a fully owned sales organization and will cease the sales partnership with Bremnes Fryseri by 31 December 2020. On 30 June 2020, Grieg Seafood has classified Ocean Quality as held for sale and consequently presented it as discontinued operations. Q3 2020 is also presented and classified with Ocean Quality as held for sale. The financial information disclosed in this chapter is for the Group's continuing operations if not otherwise explicitly mentioned. Figures for Q3 2019 and YTD 2019 of the income statement and cash flow statement have been re-presented to be comparable with Q3 2020 and YTD 2020. The comparable balance sheet figures are not re-presented, the Q3 2020 balance sheet assets- and liabilities attributable to the disposal group are presented separately from assets and liabilities of the Group's continuing operations. See Note 4 for further information.

PROFIT (Figures for Q3 2019 in brackets)

The Group harvested 21 201 tonnes in Q3 2020, up 1% compared to 21 028 tonnes in Q3 2019. The average spot salmon price (Nasdaq, weekly average less distributor margin) for Q3 2020 was NOK 47.08 per kg, down by NOK 2 per kg compared to Q3 2019, and down by NOK 10 per kg compared to Q2 2020. Grieg Seafood's sales revenues in Q3 2020 from continuing operations amounted to NOK 1 263 million, a decrease of 5% compared to Q3 2019. The decrease is mainly due to lower spot prices in markets operated by BC and Shetland. In addition, the share of volume harvested in BC and Shetland was 63% in the quarter, compared to 38% in Q3 2019, impacting earnings negatively. By comparing average realized prices per kg in Q3 2020 with Q3 2019, the impact on sales revenue from lower prices was negative by NOK 45 million for BC and NOK 96 million for Shetland. On top of a challenging salmon market in the UK, Shetland has been impacted by low realized prices due to accelerated harvest of small fish at the Isle of Skye. Our price achievement in BC was impacted by a challenging salmon market in North America, with significantly lower prices compared to our European regions. The price achievement in Rogaland and Finnmark contributed positively by NOK 32 million and NOK 1 million, respectively, in Q3 2020 compared to Q3 2019, impacted by a high share of fixed price contracts.

Farming cost during the period (total cost related to fish harvested this quarter) increased compared to the same quarter last year, primarily due to biological challenges in the Isle of Skye and British Columbia. Biological challenges with jellyfish caused high mortality at Skye, causing a write-down of biomass of NOK 90 million, with a total write down for Grieg Seafood Shetland of NOK 100 million in the quarter. In BC, impacts caused by harmful algae blooms (HAB) and very high sea lice pressure contributed to reduced survival and increased cost.

The Group's EBIT before fair value adjustment of biological assets was NOK -192 million (NOK 143 million) during the quarter, corresponding to an EBIT per kg of NOK -9.04 (6.78). EBIT from the four operative regions includes value creation from the respective sales activities of the Group's jointly owned sales company. Grieg Newfoundland is included in "Elimination/Others" as of Q3 2020, as the region is currently under development.

EBIT PER REGION (NOK MILLION)	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Rogaland	49.9	-0.8	261.6	376.3
Finnmark	26.7	146.0	118.5	399.7
Shetland	-186.2	-13.6	-218.9	-58.3
British Columbia	-51.6	19.5	-23.8	38.7
Elimination/Others	-30.3	-8.5	-90.2	-46.5
EBIT from continuing operations	-191.6	142.6	47.3	709.9

Fair value adjustments of biological assets amounted to NOK 42 million (NOK -465 million) at the end of the quarter. The EBIT after fair value adjustment of biological assets is NOK -150 million (NOK -322 million) from the Group's continuing operations.

Net financial items were NOK -11 million (NOK -10 million) for the quarter, resulting in a pre-tax loss of NOK 161 million (pre-tax loss of NOK 333 million) from continuing operations.

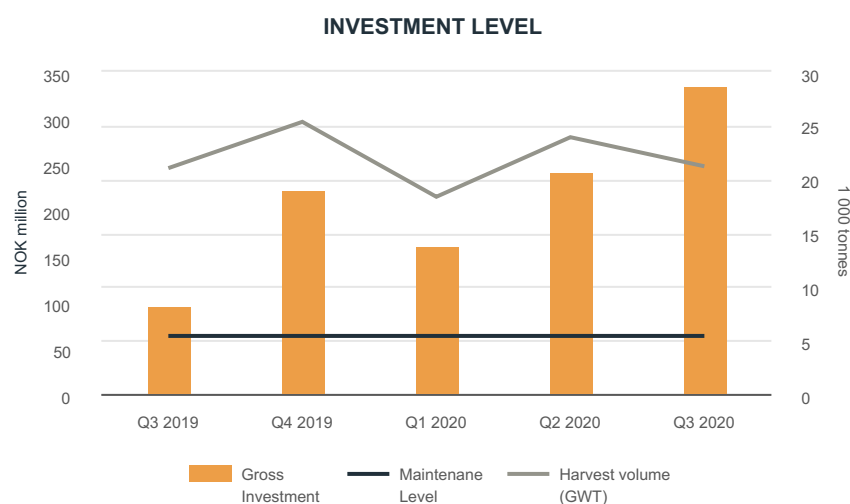
Tax for the period is estimated to a tax income of NOK 35 million (tax income of NOK 67 million), resulting in loss after tax of NOK 126 million (loss after tax of NOK 265 million) from continued operations.

The net profit for discontinued operations in Q3 2020 was NOK 7 million, compared to the re-presented figure of NOK 9 million in Q3 2019. The disposal group primarily relates to the non-controlling interest Bremnes Fryseri has in Ocean Quality. See more information in Note 4.

CASH FLOW (Figures for Q3 2019 in brackets)

Cash flow from operating activities during the quarter amounted to NOK 199 million (NOK 390 million). The negative result from operations for the period is offset by a decrease in working capital of NOK 301 million (NOK 153 million).

Net cash flow from investing activities was NOK -320 million (NOK -95 million) during the quarter. Investments excluding the effect of IFRS 16 (compared to IFRS in force prior to 1 January 2019) was NOK 335 million (NOK 95 million), whereas NOK 14 million (NOK 0 million) was financed with leases that would be classified as finance leases according to IFRS in force prior to 1 January 2019. The difference in net cash flow from investing activities from Q3 2019 to Q3 2020 is mainly driven by the cash outflow for the purchase of increased MAB capacity of 527 tonnes with a proceed of NOK 100 million in Rogaland as well as capital expenditures for Newfoundland-project of NOK 145 million. Other investments include the RAS facility under construction in Grieg Seafood BC, as well as general maintenance investments.



Net cash flow from financing activities in Q3 2020 was NOK -287 million (NOK -333 million). The Group's interest-bearing debt (including factoring and leasing) decreased by NOK 247 million (NOK -314 million) during the quarter. The difference in net cash flow from financing activities in Q3 2020 compared to Q3 2019 is mainly related to net repayment on the Group's revolving credit facility during the quarter of NOK 136 million (NOK -21 million), and the change in factoring liabilities of the Group of NOK -17 million (NOK -250 million). The change in factoring liability is mainly due to a new factoring agreement as of 1 September 2019 (see Note 2 and Note 6 for more information).

Net change in cash and cash equivalents was negative at NOK 408 million (negative NOK 38 million) for the third quarter of 2020, and at the end of the period, the Group had cash holdings of NOK 334 million, compared to NOK 138 million at end of Q3 2019.

FINANCIAL POSITION AND LIQUIDITY (Figures for Q3 2019 in brackets)

At 30 September 2020, book value of total assets was NOK 10 587 million (NOK 8 066 million) compared to NOK 8 935 million as of 31 December 2019, and down from NOK 10 760 million 30 June 2020. The reduced book value since 30 June 2020 is mainly driven by changes in net working capital, outweighed by acquired aquaculture licenses of NOK 100 million in Rogaland in August 2020, and growth and maintenance investments. The change from 31 December 2019 is mainly driven by the Green Bond issue of NOK 1 000 million and the acquisition of Grieg Newfoundland AS in Q2 2020. Total equity amounted to NOK 4 432 million (NOK 3 858 million) compared to NOK 4 141 million as of 31 December 2019, corresponding to an equity-ratio of 42% at Q3 2020 (48%) compared to 46% at 31 December 2019.

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. The principal outstanding as of 30 September 2020 is NOK 475 million and NOK 45 million. Both term-loans mature in 2023. We also have a senior unsecured Green Bond issue of NOK 1 000 million, maturing 25 June 2025. Our cash balance at the end of the quarter was NOK 334 million with an additional NOK 1 288 million available in undrawn credit facilities. In October 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 6.

At the end of Q3 2020, net interest-bearing debt (NIBD) amounted to NOK 3 541 million, up from NOK 2 376 million per 31 December 2019, and up from NOK 2 082 million at the same time last year. NIBD at 30 June 2020 was NOK 3 336 million. The change in NIBD from Q2 2020 is primarily driven by changes in cash reserves. Compared with Q3 2019, the change in NIBD is mainly driven by the Group's bond issue of NOK 1 000 million in June 2020, and increased drawdown on other interest-bearing debt including leases related to growth investments and increased operational capacity. The net interest-bearing debt at 30 September 2020 includes lease liabilities of NOK 529 million (NOK 388 million) that would be recognized as operational leases according to IFRS in force prior to 1 January 2019, up from NOK 380 million at 31 December 2019.

Factoring liabilities amounted to NOK 72 million compared to NOK 86 million as of 31 December 2019, and NOK 47 million at the same time last year. The Norwegian sales company, Ocean Quality AS, entered into a new factoring agreement in Q3 2019, with the factoring company purchasing all credit-insured trade receivables from Ocean Quality AS, effective from 1 September 2019. Please refer to Note 6 for more information.

The Group aims to provide shareholders with a competitive return on invested capital through payment of dividends and share price increases. The Company's long-term dividend strategy states that the average dividend should correspond to 30%-40% of profit after tax, before fair value adjustment of biological assets. Dividends are evaluated twice a year. Due to the increased volatility and uncertainty caused by the Covid-19 situation, combined with an extensive investment plan, the Board has decided to postpone the ordinary dividend during the second half of 2020.

Sales and market development

Grieg Seafood's farming operations sell their fish to Ocean Quality, which resells the salmon to third parties for further processing and to other customers for consumption as is.

OCEAN QUALITY GROUP

Ocean Quality is the sales organization of Grieg Seafood and Bremnes Fryseri, with an ownership of 60% and 40%, respectively. All fish produced by Grieg Seafood is sold by Ocean Quality with the purpose of generating a positive margin to the market price for salmon. Grieg Seafood is currently establishing its own sales organization to support growth and the downstream strategy. The new sales organization will partly be based on the Ocean Quality sales force, as all employees of Ocean Quality North America, Ocean Quality USA and Ocean Quality UK will be employed by Grieg Seafood by 31 December 2020. Bremnes Fryseri will take over ownership of the Norwegian organization Ocean Quality AS as well as Ocean Quality Shanghai. The sales partnership will continue as today until 31 December 2020, when the sale of shares in Ocean Quality AS from Grieg Seafood to Bremnes Fryseri will occur. To facilitate the transition, Grieg Seafood and Bremnes Fryseri will continue the sales partnership until the separation is completed, by June 2021.

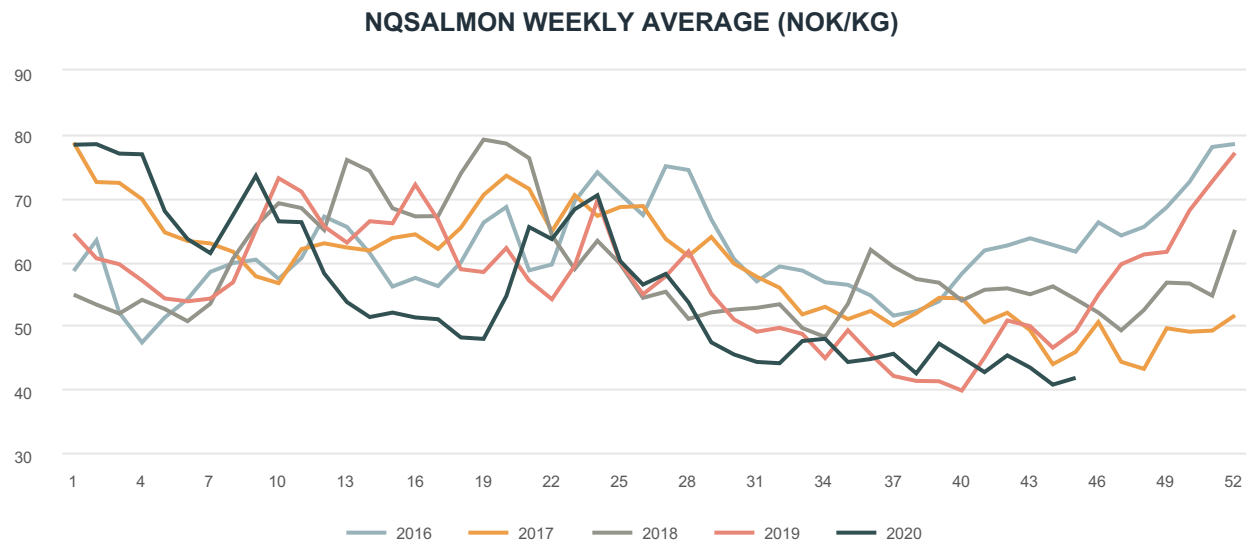
MARKET DEVELOPMENT

Covid-19 has continued to impacted both consumption patterns and overall demand of salmon during the third quarter. Supply lines remained for the most part open during the quarter, and airfreight has returned to closer to normal levels, but remains expensive. Sales to the HoReCa market was at a low level and experienced another drop due to the second wave of restrictions in some European countries. The retail segment and home consumption have been boosted. However, with a supply growth and volumes to the market at a higher level than during the first lockdown, salmon prices have suffered. The average spot salmon price (Nasdaq, weekly average less distributor margin) for Q3 2020 was NOK 47.08 per kg, down by NOK 2 per kg compared to Q3 2019, and down by NOK 10 compared to Q2 2020. Prices started in the high fifties coming into the quarter and fell to the mid forties, while the export volume from Norway gradually increased during the quarter.

The North American market has seen a continuous decrease with low market prices during the quarter, negatively impacted by supply growth and the Covid-19 situation affecting demand more than in the European market. The same trend had been observed in the UK market, but the trend seemed to be reversed during the quarter and we expect the normal Scottish price premium to return in Q4 2020.

The global supply of Atlantic salmon for the quarter increased by approximately 4% compared to Q3 2019, according to Kontali. The supply of Atlantic salmon to the EU, the USA, Japan, Brazil and Russia increased compared to Q3 2019, while sales to China decreased. Year to date, the increase in supply is approximately 0% compared to YTD Q3 2019.

Overall, the prices achieved from our Norwegian operations during Q3 2020 were good due to fixed price contracts, however prices in the North American market negatively impacted our sales revenue from British Columbia.



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

MARKET EXPECTATIONS AND GUIDING

The global supply of Atlantic salmon in 2020 is expected to increase by 2-4%, according to Kontali. With limited increase in the harvest volume, high prices would normally be expected, but the market situation has been significantly impacted by the Covid-19 pandemic. Strict measures have been introduced in some European markets, and some countries have imposed lock-down measures as the virus is still spreading rapidly. Increased supply combined with a market affected by Covid-19 measures continues to impact market prices in Q4 2020, with prices trending down towards the low forties. With the uncertainties of the ongoing pandemic and the reinforcement of restrictions, the short-term market outlook remains uncertain with forward prices on Fishpool around NOK 48 per kg for Q4 2020. The medium- and long-term view on the market is looking better than the short-term, with higher price expectations. During Q3 2020, Fishpool salmon prices have been traded between NOK 58.3-59.8 for the full year of 2021.

During earlier economic downturns with lower salmon prices, we have experienced an increase in the number of consumers buying salmon, expanding the market and driving demand in the longer run. We believe that the current market situation could lead to permanent positive changes in consumer behavior. In addition, this time, more people are turning to prepare healthy products like salmon at home, which could also drive demand. We see a potential for increasing our presence in the market through partnerships, in line with our 2025 strategy, in particular as e-commerce is increasing.

The Group targets a contract share of 20-50%. During the third quarter, the total share of fixed price contracts was 81% in Norway and 4% in the UK. Estimated contract shares for Q4 is 33% and 11% respectively for Norway and the UK, with full year estimates of 38% and 8%.

The outcome of the UK's departure from the European Union (Brexit) represents an uncertainty for the Scottish salmon farming industry and Norwegian exporters, due to possible tariffs on trade and logistical problems of getting fresh salmon from Norway to the UK and from UK to the rest of Europe. Currently, our sales have not been affected by Brexit. We are maintaining close collaboration with authorities in the UK and Norway about the developments. Please see Note 2 for more information.

In 2019, a total of 25.2 million smolt with an average weight of 190 grams was stocked to sea, with the aim of harvesting 100 000 tonnes in 2020. However, with expectations of low market prices in the short term and due to reduced growth and harvest adjustments in Finnmark, we have decided to postpone some harvesting until 2021, reducing our harvest volume to 90 000 tonnes in 2020.

HARVEST 2020 (TONNES GWT)	ROGALAND	FINNMARK	SHETLAND	BRITISH COLUMBIA	GROUP TOTAL
Q1 2020	6 940	6 830	2 050	2 540	18 400
Q2 2020	4 530	6 280	3 770	9 330	23 900
Q3 2020	5 040	2 730	6 790	6 650	21 200
Q4 2020	6 490	14 160	2 390	3 480	26 500
Total 2020	23 000	30 000	15 000	22 000	90 000
Total 2021	28 000	37 000	15 000	15 000	95 000

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.

Currently, there is no new information regarding these investigations.

NOK 3.7 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.

GRIEG SEAFOOD ROGALAND

5 039

TONNES GWT HARVESTED

9.89

EBIT/KG (NOK)

19 • 2

SEAWATER LICENSES •
FRESHWATER LICENSES

161

EMPLOYEES

RESULTS

Harvest volume in Rogaland was 5 039 tonnes in Q3 2020, up 99% compared to Q3 2019. This is a doubling from the corresponding period last year and in line with guided volume.

Revenues for the quarter amounted to NOK 278.8 million, an increase of 125% compared to Q3 2019, driven by the harvested volume and realized prices. Although average spot prices were lower than in Q3 2019, our Q3 2020 price achievement was positively impacted by a fixed price contracts share of 78% and a high superior share of 90% (77% in Q3 2019).

Production was good during the quarter. Rogaland had an average survival rate of 88% over the last 12 months, at the same level as last quarter but down from 93% as of Q3 2019. The decrease was caused by a combination of CMS (Cardiomyopathy Syndrome) and sea lice treatments at some sites. Cost per kg decreased compared to Q3 2019 and Q2 2020, due to higher harvest volume. Due to higher harvest volume in Q4, we expect cost per kg to decrease somewhat and to remain stable entering 2021.

EBIT per kg before fair value adjustment of biological assets was NOK 9.89 in the period, compared to NOK -0.30 in Q3 2019 and NOK 8.89 in Q2 2020.

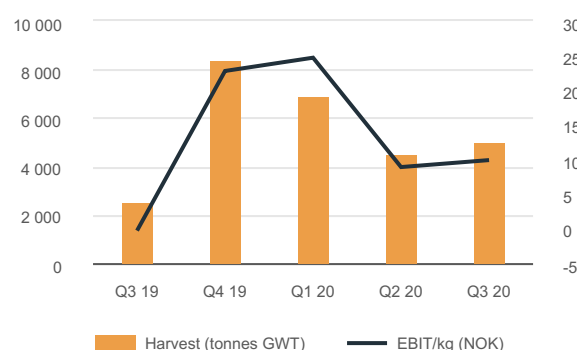
PRIORITIES

Grieg Seafood Rogaland aims to reduce production time in the sea. We have had promising results using large size smolt, reducing time in sea from historically 18 months to less than 12 months. Average size of smolt transferred to sea year to date in 2020 was 406 grams, while in Q3 2020, the average size was 310 grams, compared to 223 grams in Q3 2019.

Sea lice and Pancreas Disease (PD) have been challenges in Rogaland over recent years, impacting feeding and growth rates negatively, and increasing cost. At the end of the quarter, Rogaland had PD at one site. As part of our Precision Farming strategy, an integrated operations center pilot is monitoring all sites in Rogaland. Precision Farming will ensure more efficient feeding, leading to reduced cost and improved growth going forward.

During the quarter, we acquired increased seawater capacity of 527 tonnes maximum allowable biomass (MAB), which will allow improved production and flexibility. Expected harvest for Q4 2020 has been revised due to the current market situation, and total harvest guidance for 2020 has been lowered from 25 000 tonnes to 23 000 tonnes.

NOK MILLION	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Revenues	278.8	124.0	983.0	1 046.4
EBITDA	74.9	23.4	336.9	441.9
EBIT	49.9	-0.8	261.6	376.3
Harvest volume (tonnes GWT)	5 039	2 534	16 510	16 791
EBIT/kg (NOK)	9.89	-0.30	15.85	22.41



GRIEG SEAFOOD FINNMARK

2 730

TONNES GWT HARVESTED

9.77

EBIT/KG (NOK)

28 (8) • 1 • 15

SEAWATER LICENSES (GREEN) •
FRESH WATER LICENSE • ASC
CERTIFIED SITES

249

EMPLOYEES

RESULTS

Grieg Seafood Finnmark harvested 2 730 tonnes in Q3 2020, a decrease of 74% compared to Q3 2019. This is below guided volumes as early and accelerated harvesting of fish with winter ulcers caused by cold seawater temperatures last winter and spring has impacted growth.

Revenues for the quarter amounted to NOK 148.8 million, down 74% compared to Q3 2019 due to lower volume. Price achievement in Q3 2020 was in line with Q3 2019, positively impacted by a fixed price contract share of 87%.

Production during the quarter was stable. All fish with winter ulcers that negatively impacted the first half of the year, have been harvested. The superior share of 90% for the quarter was a significant improvement compared to the previous quarters. The 12-month survival rate was still impacted by the challenges with winter ulcers, decreasing from 96% at the end of Q3 2019 to 91% at end of Q3 2020. Three sites have been confirmed affected by ISA, and salmon from pens with confirmed ISA have been harvested to safeguard fish welfare. The quality of the salmon harvested in Q4 will be impacted by ISA.

Low harvest volumes and sanitary harvesting at external processing plants due to ISA negatively impacted the cost per kg during the quarter. Cost per kg increased compared to Q3 2019, while it remained at a similar level as Q2 2020. Cost per kg is expected to remain at the same level in Q4.

EBIT per kg before fair value adjustment of biological assets was NOK 9.77 for the quarter, down from NOK 13.94 in Q3 2019 and NOK 9.80 in Q2 2020.

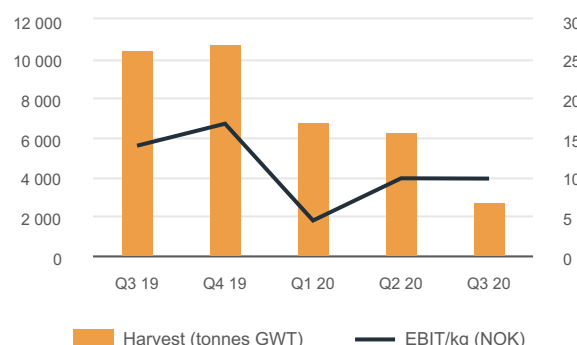
PRIORITIES

Grieg Seafood Finnmark is focused on improving fish welfare and survival rates, and works towards sustainable production. Currently, 15 of our sites in Finnmark are ASC certified, corresponding to 80% of net production. We aim for ASC certification of all sites within 2021.

Production at the smolt facilities at Adamselv and Nordnorsk Smolt AS (50% ownership) has been good, and smolt with an average weight of 208 grams (compared to 137 grams in Q3 2019) were transferred to sea during the quarter.

Grieg Seafood Finnmark has reduced the targeted harvest volume to 30 000 tonnes (33 000) in 2020 to optimize timing to market and adjustment harvest due to ISA.

NOK MILLION	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Revenues	148.8	567.4	847.3	1 233.4
EBITDA	61.1	183.6	228.7	499.0
EBIT	26.7	146.0	118.5	399.7
Harvest volume (tonnes GWT)	2 730	10 470	15 838	21 581
EBIT/kg (NOK)	9.77	13.94	7.48	18.52



GRIEG SEAFOOD SHETLAND

6 785

TONNES GWT HARVESTED

-27.44

EBIT/KG(NOK)

17 • 1

ACTIVE SEAWATER LICENSES •
FRESHWATER LICENSE

219

EMPLOYEES

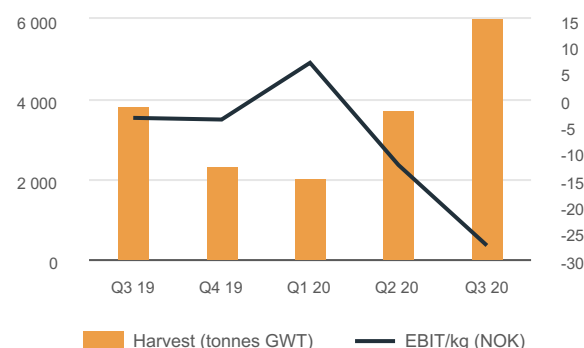
RESULTS

Harvest volume in Q3 2020 was 6 785 tonnes, an increase of 76% compared to Q3 2019. Volume is well above guidance due to the accelerated harvest from Isle of Skye.

Revenues amounted to NOK 313.5 million during the quarter, an increase of 35% compared to Q3 2019 due to higher harvest volume. The increased volume was offset by low market prices and low price achievement on small fish from our sites at Isle of Skye. Shetland has had a significantly lower price achievement compared to Norwegian salmon during the quarter. The price achievement was also somewhat impacted by a lower superior share of 82% in Q3 2020 compared to 93% in Q3 2019.

Biological challenges combined with issues with jellyfish have caused high mortality at Skye during the quarter, impacting both survival rates and superior share negatively. Cost per kg increased compared to Q3 2019, while it remained at a similar level as Q2 2020.

NOK MILLION	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Revenues	313.5	232.6	693.7	580.3
EBITDA	-146.4	9.5	-116.3	14.0
EBIT	-186.2	-13.6	-218.9	-58.3
Harvest volume (tonnes GWT)	6 785	3 856	12 602	8 942
EBIT/kg (NOK)	-27.44	-3.53	-17.37	-6.52



The cost was significantly impacted by extraordinary mortality write-downs (amounting to NOK 100 million) and high cost per kg on fish from our sites at Skye. Production on Shetland has developed positively during the quarter and cost per kg is expected to come down in 2021 when operations at Skye have ended.

The total impact from the mortality event in addition to low price achievement, high cost on harvested fish and shut down cost related to Skye, amounted to NOK 150 million for the quarter. The resulting EBIT per kg before fair value adjustment of biological assets was NOK -27.44 compared to NOK -3.53 in Q3 2019 and NOK -12.36 in Q2 2020.

PRIORITIES

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

As part of our growth strategy, with focus on operational areas with growth potential, we have decided to cease our operations at the Isle of Skye and are evaluating a divestment of Grieg Seafood Shetland.

Despite the high mortality event at Skye, we maintain our estimated harvest volume for 2020 at 15 000 tonnes.

GRIEG SEAFOOD BRITISH COLUMBIA

6 648

TONNES GWT HARVESTED

-7.76

EBIT/KG(NOK)

20 • 1 • 11

SEAWATER LICENSES •
FRESHWATER LICENSE • ASC
CERTIFIED SITES

176

EMPLOYEES

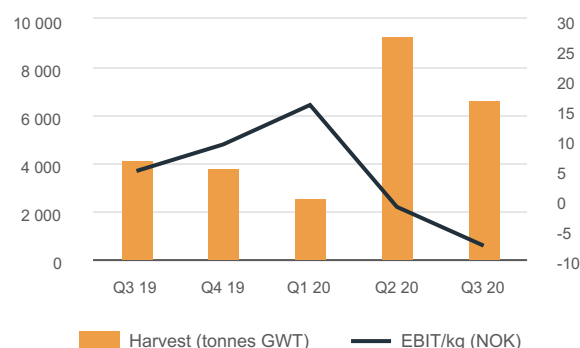
RESULTS

Harvest volume in Q3 2020 was 6 648 tonnes, 59% above Q3 2019. The increase is mainly due to normal cyclicity in site utilization and fallowing procedures in the region.

Revenues for the quarter was NOK 345.4 million, an increase of 41% compared to Q3 2019, driven by higher harvest volume but impacted by lower prices. The salmon market in North America was challenging during the quarter, resulting in significantly lower average sales price compared to our European regions. We had a higher average harvest weight in Q3, and the superior share was stable at 85%, compared to 86% in Q3 2019.

Generally, the third quarter is the most challenging biological quarter due to local ecological conditions. That has also been the case during Q3 2020, with harmful algae blooms (HAB) during the first part of the quarter, and very high sea lice pressure throughout the quarter. The 12-month survival rate decreased from 90% at the end of Q2 2020 to 86% at the end of Q3 2020.

NOK MILLION	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Revenues	345.4	245.0	1 014.7	624.6
EBITDA	-27.0	37.7	54.0	90.9
EBIT	-51.6	19.5	-23.8	38.7
Harvest volume (tonnes GWT)	6 648	4 168	18 524	10 317
EBIT/kg (NOK)	-7.76	4.68	-1.29	3.75



Cost per kg increased compared to Q3 2019 and Q2 2020 due to the biological challenges. Cost is expected to remain at the current level short term, but is expected to decrease going forward as volume and farm sizes increase. EBIT per kg before fair value adj. of biological assets was NOK -7.76, compared to NOK 4.68 in Q3 2019 and NOK -1.30 in Q2 2020.

PRIORITIES

Access to high-quality smolt is key to ensuring sustainable production growth. The expansion of the Gold River smolt facility has been somewhat delayed due to the Covid-19 situation. However, Grieg Seafood BC's ambition to increase smolt capacity from 500 tonnes to 900 tonnes remains, with the first smolt transfer to sea spring 2022.

During the quarter, Grieg Seafood BC became the second company in the world to receive the ASC multi-site certificate and holds the worlds largest ASC multi-site certificate with six sites. At the end of the quarter, a total of eleven sites are certified (59% of net production). The aim is to have all sites ASC certified by the end of 2021.

HAB and low oxygen events represent significant biological risks in BC. Algae movements and oxygen levels are continuously monitored and analyzed using high-grade sensor equipment and satellite imagery. In addition, aeration systems have been installed to enable feeding also during challenging situations. While we still see too high mortality rates, they are lower than similar incidents previous years. As such, we are starting to see effect from our mitigating efforts. We expect our efforts within algae mitigation and digital monitoring to increase survival and harvest volume, and reduce cost going forward. Our estimated harvest volume of 22 000 tonnes in 2020 remains.

GRIEG SEAFOOD NEWFOUNDLAND

0

TONNES GWT HARVESTED

0

EBIT/KG(NOK)

8 • 1

SEAWATER LICENSES •
FRESHWATER LICENSE

67

EMPLOYEES

STATUS

The greenfield project in Newfoundland currently comprises licenses for 11 sea sites across four areas in the Placentia Bay area in Newfoundland. During Q3 2020, we received final approval of five licenses, with a total of eight licenses approved at the end of Q3. The remaining licenses are in different stages of application.

The licenses require use of sterile salmon in order to eliminate the risk of genetic pollution of wild Atlantic salmon in case of escape. We see this as an opportunity to minimize our impact on the environment. The first batch of eggs was delivered in July 2020. The production at the hatchery and the first feeding unit during the quarter have been good. We expect our first harvest to be in 2022.

The project includes a high-end fresh and saltwater Recirculating Aquaculture System (RAS) facility in Marystown Marine Industrial Park, close to Placentia Bay. The facility currently under construction includes a hatchery, nursery and a smolt unit. In the current environment with increased market uncertainty due to the ongoing Covid-19 pandemic, the basis for the original development of Newfoundland has changed. Further, due to more need for on-site construction rather than the planned module deliveries, the complexity has increased. To lower risk in the initial phase of this large project, we have decided to slow down the pace of investments. The construction of an additional post-smolt unit is deferred. The RAS facility currently under construction is dimensioned to serve all future post-smolt modules, and has adequate capacity to ensure necessary add-on growth. Our ambition for the Newfoundland project remains, and we are committed to developing the project according to milestones outlined in the permits granted by the authorities. The annual harvest volume target of 15 000 tonnes by 2025 remains intact.

The marine sites have favorable biological conditions for salmon farming, with environmental conditions like northern Norway. The sites are exposed to high seas and will be equipped with state-of-the-art technology and systems for harsh environments. 40-meter-deep pens and underwater feeding will allow the fish to stay below layers of super-chilled or potentially warm water. We started installing equipment at the seawater sites during the quarter.

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 meter deep, have good currents and optimal oxygen levels. There are no known algae issues in the area.

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 marketing 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 40 000-45 000 tonnes. By using cutting-edge technologies at all stages of the production process, we are strengthening our position as a global leader in sustainable salmon farming.

ROOTED IN

HEALTHY OCEAN

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

General focus areas to keeping oceans healthy include fish health and welfare, sea lice control, escape control, limiting local emissions and impact on wildlife. All areas are reported on in the Grieg Seafood Annual Report 2019.

Fish health and welfare

Good fish health and welfare is both an ethical responsibility and the most important measure we can take to ensure good growth, higher harvesting quality and lower cost.

SURVIVAL RATE

Grieg Seafood targets a survival rate of 93% (calculated as number of mortalities in sea the last 12 months, according to the standards of the Global Salmon Initiative). The survival rate in Rogaland was impacted by a combination of mechanical delousing treatment and Cardiomyopathy Syndrome (CMS) during the quarter. CMS is caused by a virus that infects heart muscle cells and can lead to increased mortality. Finnmark has a stable survival rate due to good biological conditions, however the survival rate so far in 2020 has been impacted mainly by winter ulcers and Infectious Salmon Anemia (ISA). Winter ulcers are often caused by a bacterium, and occur at low water temperatures. They cause sores and can lead to increased mortality and reduced quality at harvest. ISA is caused by a virus and can cause high mortality. We are investigating the reason for the outbreak, and will implement necessary measures.

SURVIVAL RATE	Q3 2020	Q3 2019	FY 2019
Rogaland	88%	93%	93%
Finnmark	91%	96%	96%
Shetland	74%	87%	89%
British Columbia	86%	86%	88%

The survival rate in Shetland has gradually increased the last years, amongst others due to adjustments of the smolt and vaccination strategy. In earlier periods, the survival rate has been impacted by gill diseases, winter ulcers and mechanical delousing treatments. However, in Q3 2020, the survival rate was impacted mainly by gill challenges due to abnormal levels of jellyfish at our sites at Skye, and also to some extent by sea lice treatment.

In BC, the survival rate has been impacted by incidents of low oxygen levels and plankton blooms in earlier periods but is steadily increasing due to positive results of our algae mitigation system which stabilizes the survival rate in periods of challenging environmental conditions. The main cause of mortality in Q3 2020 was related to an upwelling event at the end of an algae bloom, causing low level of dissolved oxygen (DO, one of the most important indicators of water quality and essential for the survival of fish).

USE OF ANTIBIOTICS

Grieg Seafood aims to avoid using antibiotics in all forms, to preserve their effectiveness and to minimize resistance against antibiotics. They are only used after adequate risk assessment to treat bacterial diseases without vaccines or reduced effect of vaccines. The use of antibiotics is subject to strict internal regulations. All use requires top management approval, and prescriptions are signed by certified fish health personnel. We comply with limits and medicine withdrawal periods to ensure that harvestable salmon contain no residues.

USE OF ANTIBIOTICS*	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Rogaland	0.00	0.00	0.00	0.00
Finnmark	0.00	0.00	0.00	0.00
Shetland	0.00	0.00	0.01	40.55
British Columbia	2.30	0.00	67.05	36.61

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

There has been no use of antibiotics at our Norwegian operations in recent years due to good results from vaccines and efforts to ensure good fish health. During the first and second quarter of 2020, Shetland used antibiotics for the treatment of winter ulcers, however there was no need to use them this quarter. The introduction of a new vaccination program last fall to improve smolt health and robustness has eliminated incidents of winter ulcers for smolt transferred to sea since Q3 2019, and we expect limited use of antibiotics going forward.

BC used a small amount of antibiotics for treatment of Yellowmouth disease, to safeguard the welfare of the fish. We have started to construct semi closed technology that allows us to lower water temperatures and improving oxygen to aid in limiting the transmission of diseases.

Through our post-smolt strategy, we have better control of the environment of the fish for a longer period. It will also make the fish more robust before being 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.

CLEANER FISH

Cleaner fish represent an effective form of biological delousing and are used as a preventive measure to keep sea lice numbers low. We use wrasse in Rogaland and lump suckers in Finnmark, and we have also conducted test with lump suckers in Shetland. Although we have made great effort to provide good living conditions for our cleaner fish, we realize that the survival rate is too low. We are working more systematically to evaluate mortality causes and to have better control of the loss of fish at sea. Our evaluation will include a strategy for the use of cleaner fish.

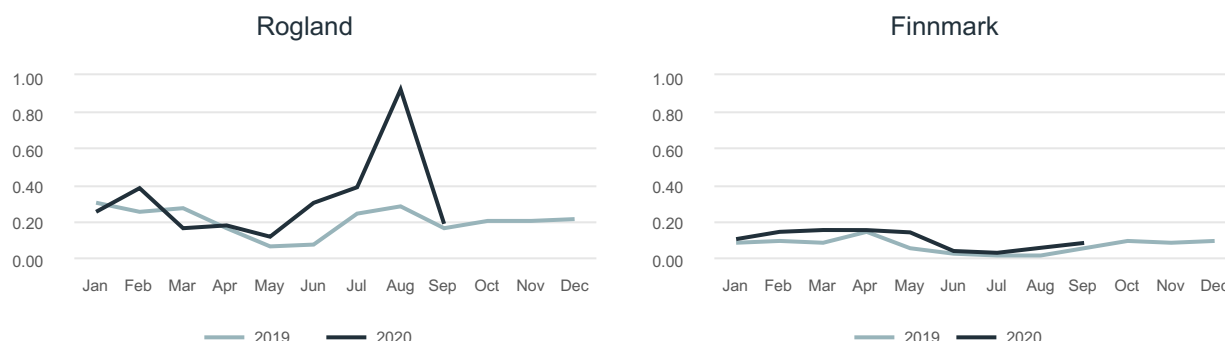
Escape control

Grieg Seafood has zero tolerance for escapes and we had no escapes in Q3 2020.

Escaped farmed salmon may mix genetically with wild salmon stocks and it is our responsibility to use farming methods that minimize the impact on the wild salmon population. Amongst the efforts to reduce the risk of escape incidents, we are implementing the NYTEK standard (Norwegian standard for technical requirements on the dimensioning, design, installation and operation of floating fish farming installations to prevent the escape of fish) on all facilities to avoid escapes during harsh weather. We have procedures to avoid escapes before, during and after operations, and employees attend escape-prevention courses regularly. We also perform regular inspections to control compliance by vessels, moorings and facilities and inspections before and after harsh weather.

Sea lice control

Controlling sea lice levels is one of the most important measures to protect wild salmon, as well as the health and welfare of farmed salmon. Sea lice treatments are expensive and resource intensive. Grieg Seafood's approach to sea lice control is preventative measures, such as cleaner fish, sea lice skirts and post-smolt development. If the sea lice level rises and approaches legal limits, our policy is to perform continuous assessments and apply additional measures. If we need to use sea lice treatments, we favor non-chemical delousing methods, and we always consider fish welfare and potential resistance to sea lice treatments.

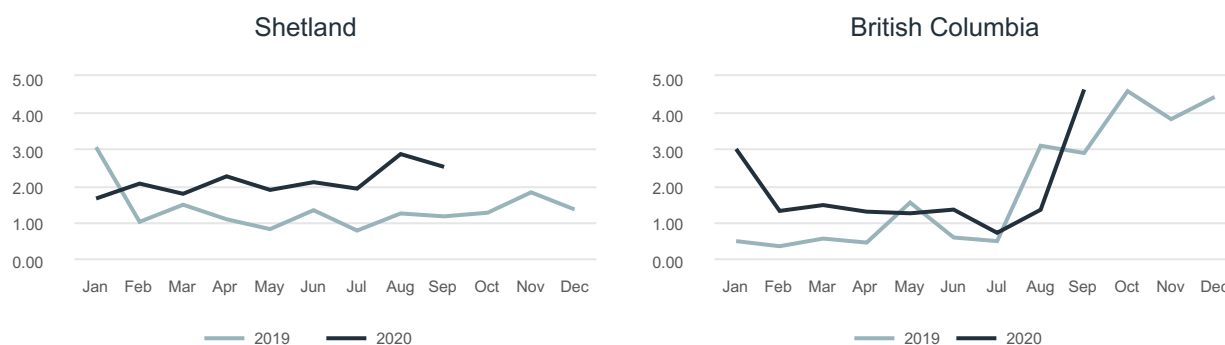


The sea lice counts are calculated as the average number of adult female sea lice per month.

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 for our Norwegian entities to the Directorate of Fisheries on a weekly basis. This is publicly available information, please visit <https://www.barentswatch.no/en/fishhealth/>.

Grieg Seafood Rogaland has had success with preventive methods, and by planning and using wrasse effectively, has managed to reduce the number of sea lice treatments. One of the main initiatives aimed at increasing sea lice control is our post-smolt strategy, which shortens the time spent at sea and thereby reduces sea lice pressure per fish. The sea lice pressure built up during the summer, and decreased towards the end of the quarter. Due to the effective use of wrasse, limited freshwater treatments were carried out.

Finnmark has low sea lice levels year round. Generally lower seawater temperatures in the region are an advantage, and the interconnectivity between the sites is low. We use targeted preventive methods such as sea lice skirts and cleaner fish to ensure that the sea lice level is low. The sea lice level was relatively stable during the quarter, with limited treatments carried out.



In general, sea lice levels in Shetland are higher than in Norway. In the past year, we have increased our non-pharmaceutical treatment capacity. Levels above two adult female sea lice per fish are reported to the regulating authority, Marine Scotland. Actions are required when the level increases to above six female sea lice per fish. The sea lice level during the quarter was high in Skye, while in Shetland it was better compared to previous years. A few mechanical delousing treatments were carried out, however most treatments in the quarter were bath treatments.

BC is heavily influenced by sea lice pressure from wild salmon each autumn. We are testing preventive methods such as sea lice skirts to keep the sea lice level stable. When sea lice level increases, we carry out the type of treatment we consider most appropriate. The threshold in BC is an average of three motile sea lice. To ensure comparability within our regions, we measure the levels as adult female sea lice. We aim to keep the level below 0.5 adult female sea lice. The sea lice pressure increased during the quarter and treatments were carried out.

SEA LICE TREATMENTS*	Q3 2020		Q3 2019		YTD 2020		YTD 2019	
	IN BATH	IN FEED	IN BATH	IN FEED	IN BATH	IN FEED	IN BATH	IN FEED
Rogaland	0.00	0.00	0.00	0.03	0.00	0.00	0.00	0.02
Finnmark	0.00	0.00	0.01	0.23	0.00	0.00	0.02	0.12
Shetland	0.30	0.41	0.86	0.17	1.67	0.22	1.74	0.18
British Columbia	0.00	0.00	0.00	0.53	0.00	0.30	0.00	0.34

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

HYDROGEN PEROXIDE*	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Rogaland	0.00	0.00	10.18	0.00
Finnmark	0.00	0.00	0.00	0.00
Shetland	15.93	3.13	17.40	3.84
British Columbia	51.85	0.00	51.11	8.46

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

ROOTED IN

SUSTAINABLE FOOD

A sustainable food chain is important both to ensure our license to operate, and to become preferred by our customers and consumers.

General focus areas to make the value chain more sustainable includes ensuring safe and healthy food, sustainable feed ingredients, reducing carbon emissions, climate risk, and waste management. All areas are reported on in the Grieg Seafood Annual Report 2019.

Safe and healthy food

Environmental contaminants in our feed and fish are kept far below the safe limits set by the food safety authorities. In our monitoring program we include dioxin, PCBs, dioxin-like PCBs and heavy metals. We have a fully integrated value chain from roe to harvest, and our production program and trading system provides documentation and full traceability. The certifications BAP and GLOBALG.A.P. cover our entire supply chain, and our sales organization, Ocean Quality, is chain of custody certified according to GLOBALG.A.P. and ASC. Grieg Seafood Shetland operates according to standards such as those from the British Retail Consortium (BRC), Protected Geographic Federation, and Kosher.

QUALITY AND CLAIMS

SUPERIOR SHARE	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Rogaland	90%	77%	85%	68%
Finnmark	90%	84%	63%	84%
Shetland	82%	93%	80%	95%
British Columbia	85%	86%	87%	86%

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

The share of superior quality fish both in Rogaland and Finnmark has improved. The share of claims in the quarter was low and mainly related to melanin. In Shetland, the share of superior quality fish has been impacted by the long transportation of fish (dead-hauling) from Skye to Shetland. The claims were mainly related to texture. The share of superior quality in BC was impacted by biological challenges and sea lice treatments. The claims during the quarter were mainly related to pigmentation and texture.

PRODUCT RECALLS

We have Hazard Analysis and Critical Control Point (HACCP) systems at our processing plants, approved by national food safety authorities. HACCP is a management system which maintains food safety through the analysis and control of biological, chemical and physical hazards – from raw materials, production, procurement and handling, to manufacturing, distribution and consumption of the finished products.

We did not have any product recalls during Q3 2020. We have not had any product recalls for the last ten years. We perform regular training on our procedures for managing product recalls.

Reducing carbon emissions

We are aiming for a climate-neutral production by 2050. Our submission to the Science Based Targets initiative (SBTi) was approved in July, with Greenhouse Gas (GHG) emission reduction targets classified as well-below 2°C (2030) and 1.5°C (2050), aligned with the Paris Agreement's aim to pursue efforts to limit the temperature increase. From a 2018 base year, we have committed to reduce absolute Scope 1, 2, and 3 GHG emissions by 35% by 2030 and aim to achieve zero net emissions by 2050. Our approved targets are listed on <https://sciencebasedtargets.org/>.

Sustainable feed

Fish feed is the most important and cost intensive input factor in salmon farming. Input factors in fish feed, both marine ingredients and plant-based ingredients, should come from sustainable sources. We have focused on the most material supply chain risks connected to feed ingredients for several years.

RISK OF OVERFISHING

Overfishing can be a risk connected to marine ingredients, with the potential of impacting ocean biodiversity and the livelihoods of local communities depending on these fisheries. To avoid overfishing, Grieg Seafood has the following criteria for marine ingredients:

- No marine ingredients come from illegal, unreported, or unregulated fisheries.
- By end of 2020, all marine ingredients are certified by MSC or MarinTrust (formerly IFFO RS including FIP).
- We comply with the ASC standard for how much fish meal and fish oil we have in our feed.

RISK OF DEFORESTATION

Deforestation is a material risk connected to feed ingredients like palm oil (comprises 0.21% of our feed, only used in GSF Shetland) and soy protein concentrate (comprises 16% of our feed globally). Deforestation has a severe negative impact on climate and biodiversity, and may further infringe on ecosystem services like water systems and impact Indigenous communities. We are committed to eliminate deforestation associated with our supply chain, and are working to achieve that both by direct and indirect impact.

Direct impact on deforestation

- 100% of our soy protein concentrate is certified according to ProTerra or Round Table on Responsible Soy (segregated).
- 100% of palm oil is certified according to Round Table on Sustainable Palm Oil.

Indirect impact on deforestation

We recognize that we may indirectly contribute to deforestation by increasing demand. We work to use our market power to push towards a deforestation free soy industry in the Brazilian Cerrado.

- Grieg Seafood is a founding member of the Cerrado Funding Coalition together with Tesco and Nutreco. The coalition aims to end all soy-driven deforestation in the Cerrado, by funding a Brazilian-led industry-wide solution which provides financial incentives to farmers that expand soy onto existing agricultural land. Learn more at www.cerradofundingcoalition.com
- We will give preferential treatment to Brazilian soy protein concentrate producers with a cut-off date at the latest in 2020 for all of their soy products.
- We have excluded Cargill Aqua Nutrition from our NOK 1 billion Green Bond use of proceeds, until their mother company Cargill Inc. has significantly reduced their soy related deforestation risk in Brazil.
- Grieg Seafood is a Steering Group member of the Cerrado Manifesto Statement of Support. Please see: <https://www.theconsumergoodsforum.com/environmental-sustainability/business-for-the-cerrado/>

During 2020, we will conduct a broader risk assessment of our feed ingredients, which will include assessment areas like carbon footprint, human rights and more. With a growing global population, the aquaculture industry and Grieg Seafood are poised for growth during the coming decades. We recognize the need to find alternatives and will take part in the commercialization of alternative feed ingredients.

ROOTED IN

PEOPLE

The passion and dedication of our people drive Grieg Seafood forward. Engaged employees are key to achieving our targets.

General focus areas are human rights and ethics, diversity, creating attractive jobs, keeping our employees safe, and anti-corruption. All areas are reported on in the Grieg Seafood Annual Report 2019.

Keeping our employees safe

Accidents can be prevented through the development of adequate operating procedures, a safety-focused corporate culture, and by improving equipment quality. We never compromise on health and safety and have a zero-tolerance philosophy for accidents. We target an absence rate of below 4.5% in reach region.

LTIR* & ABSENCE RATE	Q3 2020		Q3 2019		YTD 2020		YTD 2019	
	LTIR	ABSENCE	LTIR	ABSENCE	LTIR	ABSENCE	LTIR	ABSENCE
Rogaland	19	2.69%	0	3.01%	12	3.18%	14	4.02%
Finnmark	76	6.35%	33	3.68%	34	5.49%	19	4.76%
Shetland	38	2.24%	0	3.09%	40	3.15%	8	3.22%
British Columbia	53	7.30%	30	1.26%	61	7.07%	32	2.18%

*Lost Time Incident Rate (LTIR): number of lost-time injuries divided by the total number of hours worked, multiplied by 1 000 000.

Injuries are caused mainly by being struck by objects, handling equipment, squeezes, cuts, slips, and falls. According to risk assessment, the injuries posing high-risk consequences, are being struck by an object, squeezes and cuts. We had no major accidents in Q3 2020.

During the ongoing Covid-19 pandemic, employee well-being has been the number one priority. We follow the advice of the authorities in the regions where we operate. Measures to lower the risk of contamination have been implemented, such as strict routines at harvest and production sites to ensure limited physical contact and encourage social distancing. Remote work is endorsed whenever possible and personal and business travel have been restricted. We do not compromise on health and safety and encourage our employees to work from home whenever they can. In Q3 2020, Finnmark was impacted by high long-term absence as a result of planned absence in low activity periods. The increase in absence rate in BC is also impacted by higher long-term absence. We are monitoring the development closely according to our processes for employee follow-up.

Ethics and integrity

Ethical conduct and strong business integrity are essential to become a preferred provider of sustainably produced salmon. We conduct our activities without discrimination, we treat our employees fairly and compensate fairly. Grieg Seafood has zero tolerance for bullying, unwanted sexual attention and harassment.

Creating attractive jobs

To support our growth ambitions, we are building a new unit to ensure a more systematic approach to sustainability, R&D and fish health/welfare, as well as activities within feed and procurement. We are also building our own fully integrated global sales and marketing organization to execute our downstream efforts and global commercial strategy. Several members of the sales team have already been appointed, and we recently added capabilities within R&D and quality to our global team to strengthen our focus on environmental impact and fish welfare.

For the third time in Norway, and for the second time globally, we have conducted the Great Place to Work survey. The survey assesses and evaluates the organization and practices that underpin the workplace culture, based on the experience of the employees. The total score of 84% for the Group was very satisfactory, and an improvement from 79% last year, proving that Grieg Seafood is a great place to work and close to the best companies to work for. 85% of our employees also confirmed that they feel a sense of pride when they look at what we have accomplished in Grieg Seafood, which is better than the best companies in the survey. Our Norwegian regions achieved the Great Place to Work certification, which is an enormous credit to the employees and their hard work and loyalty during difficult times. Results from Canada and Shetland will be available next quarter.

Due to the current market uncertainty caused by Covid-19, we will reduce the pace of investments in our land based operations in Newfoundland. We deeply regret that this decision causes the loss of local construction jobs, especially as we know many families are already struggling due to the pandemic. We acknowledge the difficulty this situation imposes on impacted construction workers in the local community.



ROOTED IN

LOCAL COMMUNITIES

We are grateful to our local communities for giving us permission to farm salmon in their fjords. We need their license to operate to achieve sustainable growth. In return, we contribute to vibrant local communities.

Grieg Seafood's license to operate is two-fold. First, it is based on the public's trust that the Company, operating in the community, always works to reduce its environmental footprint and to improve fish welfare. Secondly, it is based on our ability to give sufficiently back to local communities. This is primarily done by creating full-time, well-paying jobs in rural areas, by paying local taxes, by using local suppliers of goods and services as often as possible, by hiring local apprentices and by supporting local sports and cultural activities.

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

In British Columbia and Finnmark, Grieg Seafood is farming in areas that belong to Indigenous Peoples. We recognize that they have special rights, as acknowledged to them by the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), and we take particular care to avoid infringing on such rights.



During the quarter, Grieg Seafood BC received its sixth and final Aquaculture Stewardship Council (ASC) nod for a multi-site certificate for its Sunshine Coast and Okisollo Channel farms. To achieve certification under the ASC Salmon Standard, farms are audited against 500 separate aspects of the site's performance. It is considered to be the gold standard in environmental and social certification. The latest milestone makes our ASC multi-site certificate the largest globally with a total of six farms. "This is a big achievement for us, considering the ongoing complications of working around Covid-19," said Kristin Storry, Certification & Regulatory Affairs Manager at Grieg Seafood BC. "Our team of farmers and staff worked hard to get this multi-site certificate, to make sure that we are becoming better stewards of the environment and better partners with the Nations in whose territories we operate."

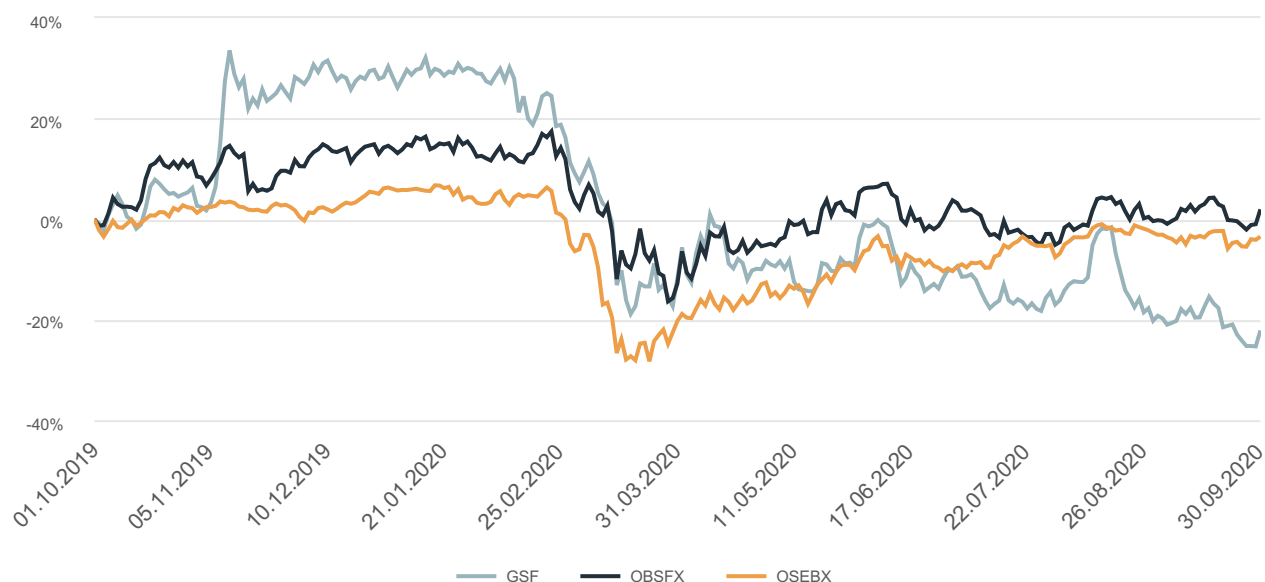
The Grieg Seafood share

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

At the end of Q3 2020, Grieg Seafood had a total of 113 447 042 shares, including treasury shares, divided between 11 803 shareholders. The Grieg family in total holds 52.76% of the Grieg Seafood shares. The 20 largest shareholders account for 73.88% of the shares.

KEY FIGURES	Q3 2020	Q3 2019	FY 2019
Number of shares at period-end (incl treasury shares)	113 447 042	111 662 000	111 662 000
Number of shares traded	27 682 327	15 231 366	72 001 397
Number of shareholders	11 803	5 482	4 968
Total value of shares traded per day (NOK million)	39.1	27.4	33.7
Share price at period-end (NOK)	85.4	111.2	140.3
Average share price (NOK)	92.3	121.3	118.0
Lowest closing price (NOK)	80.6	102.6	96.8
Highest closing price (NOK)	108.5	136.3	146.8

GSF share performance vs OSEBX and OBSFX



Applied index base for the GSF share price, OBSFX and OSEBX is 30.09.2019.

Related parties' transactions

There has not been any related parties' transactions during Q3 2020 outside ordinary course of business. See Note 9 for more information on related parties and related parties transactions.

Events after the balance sheet date


Grieg Seafood was in compliance with its covenants according to loan agreements as of 30 September 2020. However, results of performed stress tests of key financial indicators indicated that the Group could breach the covenants outlined in the loan agreements due to the outlook for lower earnings in the short- to mid-term. Following negotiations with the banks, Grieg Seafood has in October 2020 been granted an amendment to the financial covenants through the third quarter of 2021. See more information in Note 6.

On 27 October 2020, Grieg Seafood listed its Green Bond Issue of NOK 1 000 million on the Oslo Stock Exchange. The bond issue was completed in Q2 2020. The bond has a maximum issue amount of NOK 1 500 million, as NOK 500 million can be made available for the Group through an additional bond tap issue. See more information in Note 6.

As part of our growth strategy, with focus on operational areas with growth potential, we are evaluating a divestment of Grieg Seafood Shetland.

THE BOARD OF DIRECTORS AND CEO

BERGEN, 17 NOVEMBER 2020


TORE HOLAND
Vice Chair
PER GRIEG JR.
Chair
MARIANNE Ø. RIBE
Board Member
KATRINE TROVIK
Board Member
SIRINE FODSTAD
Board Member
ANDREAS KVAME
CEO

Financial statements

INCOME STATEMENT

NOK 1 000	Note	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Continuing operations					
Sales revenues	3	1 262 769	1 327 501	3 990 690	3 931 920
Other income	3	10 611	2 483	44 854	18 062
Share of profit from associates	8	1 732	2 776	1 297	891
Raw materials and consumables used		-655 333	-473 241	-1 693 570	-1 266 347
Salaries and personnel expenses		-168 731	-143 681	-452 082	-418 016
Other operating expenses		-515 035	-467 827	-1 467 947	-1 260 672
EBITDA before fair value adjustment of biological assets	3	-63 987	248 011	423 243	1 005 838
Depreciation property, plant and equipment		-126 178	-103 973	-371 338	-291 703
Amortization licenses and other intangible assets		-1 463	-1 411	-4 609	-4 201
EBIT before fair value adjustment of biological assets	3	-191 627	142 628	47 296	709 934
Fair value adjustment of biological assets		41 637	-464 991	-694 840	-500 142
EBIT after fair value adjustment of biological assets		-149 990	-322 363	-647 544	209 792
Net financial items	7	-10 968	-10 223	-155 415	-37 257
Profit before tax from continuing operations		-160 958	-332 586	-802 958	172 535
Estimated taxation		34 865	67 284	172 447	-46 112
Net profit for the period from continuing operations		-126 093	-265 302	-630 512	126 423
Discontinued operations					
Net profit for the period from discontinued operations	4	7 029	8 577	16 939	19 697
Net profit for the period		-119 063	-256 725	-613 572	146 119
Allocated to					
Controlling interests		-127 077	-265 453	-631 496	126 133
Non-controlling interests		8 014	8 727	17 924	19 986
Dividend declared and paid per share (NOK)		—	—	—	2.00
Earnings per share for continuing operations (NOK)		-1.06	-2.40	-5.50	1.14
Earnings per share for discontinued operations attributable to equity holders of parent / Grieg Seafood ASA (NOK)		-0.01	0.00	0.01	0.00

The Income Statement is prepared for the Group's continuing operations. Comparable figures are re-presented. See further information in Note 4.

COMPREHENSIVE INCOME STATEMENT

NOK 1 000	Note	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Net profit for the period		-119 063	-256 725	-613 572	146 119
Net other comprehensive income to be reclassified to profit/loss in subsequent periods					
Currency effect on investment in subsidiaries		-17 135	43 843	17 513	56 560
Currency effect on loans to subsidiaries		-9 352	24 594	15 899	17 252
Cash flow hedges		-3 406	-2 100	-2 791	-568
Tax effect		3 058	-4 949	-2 871	-3 670
Net other comprehensive income not to be reclassified to profit/loss in subsequent periods					
Change in fair value of equity instruments		—	—	-433	—
Other comprehensive income for the period, net of tax		-26 835	61 389	27 317	69 574
Total comprehensive income for the period		-145 899	-195 337	-586 256	215 693
Allocated to					
Controlling interests		-152 254	-203 341	-602 922	195 560
Non-controlling interests		6 355	8 004	16 667	20 132

STATEMENT OF FINANCIAL POSITION

NOK 1 000	Note	30.09.2020	30.09.2019	31.12.2019
ASSETS				
Goodwill		667 657	109 202	109 526
Licenses including warranty licenses		1 719 661	1 129 714	1 133 630
Other intangible assets including exclusivity agreement		51 118	21 563	16 205
Deferred tax assets		108 392	1 718	998
Property, plant and equipment including right-of-use assets	6	4 072 766	2 808 292	2 957 942
Investments in associates	8	82 368	39 263	81 071
Other non-current receivables		2 935	45 408	3 130
Total non-current assets		6 704 897	4 155 161	4 302 503
Inventories		155 690	131 771	177 847
Biological assets exclusive of fair value adjustment	5	2 635 725	2 495 428	2 669 785
Fair value adjustment on biological assets	5	97 580	438 501	768 163
Trade receivables		252 280	466 244	459 897
Other current receivables		235 763	197 685	334 625
Derivatives and other financial instruments		54	43 868	7 368
Cash and cash equivalents	6	334 181	137 658	214 497
Total current assets		3 711 273	3 911 155	4 632 181
Assets held for sale	4	170 614	—	—
Total assets		10 586 785	8 066 316	8 934 684
EQUITY AND LIABILITIES				
Share capital	10	453 788	446 648	446 648
Treasury shares	10	-4 855	-4 914	-4 855
Contingent consideration (acquisition of Grieg Newfoundland AS)	11	701 535	—	—
Retained earnings and other equity		3 225 497	3 367 012	3 642 417
Total controlling interests		4 375 965	3 808 746	4 084 211
Non-controlling interests		55 641	49 327	56 632
Total equity		4 431 605	3 858 073	4 140 843
Deferred tax liabilities		941 275	931 856	874 664
Cash-settled share options		—	5 346	8 379
Borrowings and lease liabilities	6	3 477 546	1 882 061	2 196 601
Subordinated loans		59 636	13 096	13 240
Total non-current liabilities		4 478 457	2 832 359	3 092 883
Overdraft facilities	6	23 020	39 111	—
Current portion of borrowings	6	105 832	107 149	98 212
Current portion of lease liabilities	6	247 434	177 912	199 327
Factoring liabilities	6	72 044	47 497	86 122
Trade payables		714 041	685 530	855 061
Tax payable		193 252	119 120	211 569
Derivatives and other financial instruments		38 164	4 311	9 321
Other current liabilities		171 408	195 253	241 346
Total current liabilities		1 565 196	1 375 883	1 700 958
Liabilities directly associated with the assets held for sale	4	111 527	—	—
Total liabilities		6 155 179	4 208 242	4 793 840
Total equity and liabilities		10 586 785	8 066 316	8 934 684

CHANGES IN EQUITY

NOK 1 000	Note	Q3 2020 CI*	Q3 2020 NCI**	YTD 2020 CI*	YTD 2020 NCI**
Equity at period start		4 528 218	49 286	4 084 211	56 632
Profit for the period		-127 077	8 014	-631 496	17 924
Other comprehensive income for the period		-25 176	-1 659	28 575	-1 257
Total recognized income for the period		-152 254	6 355	-602 922	16 667
Contribution in kind	10	—	—	193 142	—
Contingent consideration***		—	—	701 535	—
Dividend to non-controlling interests		—	—	—	-17 658
Total change in equity in the period		-152 254	6 355	291 755	-991
Equity at period end		4 375 965	55 641	4 375 965	55 641

* Controlling interest: Shareholders of GSF ASA

** Non-controlling interest

*** Acquisition of Grieg Newfoundland AS

CASH FLOW STATEMENT

NOK 1 000	Note	Q3 2020	Q3 2019	YTD 2020	YTD 2019
EBIT after fair value adjustment of biological assets		-149 990	-322 363	-647 544	209 792
Depreciation and amortization		127 641	105 383	375 947	295 904
Gain/loss on sale of property, plant and equipment		2 519	1 332	2 415	1 834
Share of profit from associates	8	-1 732	-2 776	-1 297	-891
Fair value adjustment of biological assets		-41 637	464 991	694 840	500 142
Change inventory ex. fair value, trade pay. and trade rec.		301 205	153 340	141 073	-122 918
Other adjustments		-37 451	-9 660	21 507	78 675
Taxes paid		-1 453	-234	-11 855	-15 114
Net cash flow from operating activities		199 101	390 013	575 086	947 424
Proceeds from sale of fixed assets		—	447	714	610
Payments on purchase of property, plant and equipment		-220 291	-92 116	-530 145	-246 401
Payments on purchase of intangible assets incl. licenses		-99 942	-3 189	-159 066	-6 719
Payments on business combinations		—	—	-620 464	—
Investment in associated companies and other invest.		—	—	20	-14 946
Net cash flow from investing activities		-320 233	-94 858	-1 308 941	-267 456
Revolving credit facility (net draw-down/repayment)	6	-135 865	21 411	254 135	110 216
Proceeds of long-term interest-bearing debt	6	—	—	1 000 000	—
Proceeds of short-term interest-bearing debt	6	23 020	—	23 020	—
Proceeds of other long-term debt		—	—	18 560	—
Repayment long-term interest-bearing debt	6	-51 175	-39 059	-102 147	-103 263
Repayment lease liabilities	6	-65 643	-46 526	-188 397	-136 109
Change in factoring liabilities	6	-17 306	-249 694	-16 489	-247 647
Paid dividend		—	—	—	-220 867
Paid dividend to non-controlling interests		—	—	—	-20 263
Paid interests and other financial items	7	-39 802	-18 963	-135 606	-47 224
Net cash flow from financing activities		-286 771	-332 831	853 076	-665 157
Net change in cash and cash equivalents		-407 903	-37 676	119 221	14 811
Cash and cash equivalents - opening balance		742 805	178 709	214 497	137 920
Currency translation of cash and cash equivalents		-721	-103	9 405	2 248
Accumulated cash acquired in business combinations		—	—	30 628	—
Discontinued operations	4	—	-3 272	-39 570	-17 321
Cash and cash equivalents - closing balance		334 181	137 658	334 181	137 658

The Cash Flow Statement is presented for the Group's continuing operations. Comparable figures are re-presented. 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 third quarter of 2020 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 (2019). The financial report for the third quarter of 2020 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 (2019).

Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale. A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations.
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or;
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statement.

Disclosures for the Group's discontinued operations are provided for in Note 4. All other notes to this financial report for the third quarter of 2020 refer to for the Group's continuing operations, unless the note explicitly states otherwise.

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, the risk of political trade barriers, etc. The current Covid-19 outbreak poses a material risk, affecting 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. A summary of our risk assessment as to operational, compliance and financial risk is provided below.

The outbreak of the COVID-19 may reduce demand for salmon and disrupt global supply chains

After the outbreak of the Covid-19 pandemic, authorities worldwide have implemented strict measures to reduce and slow its spread. These measures are likely to impact global economic activity, which might also affect global demand for salmon. Furthermore, Grieg Seafood might experience disruptions to its supply chain upstream or downstream. Air traffic restrictions with respect to jurisdictions heavily hit by the Covid-19 outbreak may impact the aquaculture industry's capacity to transport products to end-markets globally, which may have different impacts on salmon prices in different markets, and on Grieg Seafood's operations in Norway, Shetland, and British Columbia, e.g. by causing a reduction in the price and/or volume of salmon export due to e.g. severe delays on border areas because of passport and custom checks. There are great uncertainties regarding the consequences of the Covid-19 outbreak, and should the global demand for salmon and/or the Group's supply chain experience disruptions, it may adversely affect the Group's revenue, operations, financial condition and business.

Operational risk

Our operations are subject to several biological risks which could have a negative impact on profitability and cash flows. Biological risks include for instance oxygen depletion, diseases, viruses, bacteria, parasites, algae blooms, jelly fish and other contaminants, which may have adverse effects on fish survival, health, growth and welfare, and result in reduced harvest weight and volume, downgrading of products and claims from customers. We collaborate 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. We have initiated a digitalization process to facilitate operational improvements. Through the utilization of sensor technology, we aim to reduce the algae challenges in BC and Shetland. The introduction of sensor technology to monitor algal blooms enables us to determine 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 regards to sea lice, there is an ongoing development from pharmaceutical to mechanical treatment.

Salmon price developments are highly volatile, with major fluctuations within relatively short time spans. There has been a stable rise in demand for salmon over recent years, while the growth in supply has been limited. Supply is also impacted by other factors, such as government regulations, seawater temperatures, sea lice, outbreaks of disease, and other indirect and direct factors, which affect production and hence also supply. The outbreak of the Covid-19 pandemic and the measures implemented by authorities worldwide, are likely to impact global economic activity, which might also affect global demand for salmon and disrupt global supply chains in the short to medium term. The current low market prices caused by the Covid-19 pandemic have lowered our targeted harvest volume for the full year 2020 to 90 000 tonnes and could further affect our growth ambitions.

Feed accounts for a significant portion of our total production costs, and an increase in feed prices could have a major impact on our profitability. The feed industry is characterized by large global suppliers operating under cost plus contracts, and feed prices are accordingly directly linked to the global markets for fishmeal, vegetable meal, animal proteins and fish/vegetable/animal oils which are the main ingredients in fish feed. Increases in the prices of these raw materials will accordingly result in an increase in feed prices.

The outcome of the UK's departure from the European Union (Brexit) represents an uncertainty for the Scottish salmon farming industry and for Norwegian exporters. Once the Brexit transition period comes to an end, the salmon industry will experience operational and economic changes in trade between the UK and the rest of the world. Approximately 68% of farmed Scottish salmon was destined for markets outside the UK in 2019. For Grieg Seafood Shetland, 20% of the

volume in 2019 went to other markets. Approximately 20% of our employees in Scotland are EU citizens. We have assisted them and their families to apply for Settled Status, which gives them permission to continue to live and work in the UK.

We recognize that climate change is likely to present a range of challenges to the aquaculture industry. Without proactive adaptation, salmon farming may become more vulnerable to physical risks such as damages caused by extreme weather, disease due to higher seawater temperature, in addition to regulatory risk, technology risk, market risk and reputational risk. An increase in deviating weather conditions resulting from climate change may have a detrimental impact on our operations, business, financial conditions and prospects. We map our climate-related risks in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

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

Our business and future plans are capital intensive and, to the extent we do not generate sufficient cash from operations in the long term, we may need to raise additional funds through public or private debt or equity financing to execute our growth strategy and to fund capital expenditures. Adequate sources of capital funding might not be available when needed or may only be available on unfavorable terms. If funding is insufficient at any time in the future, the Group may be unable to fund maintenance requirements and acquisitions, take advantage of business opportunities or respond to competitive pressures, any of which could adversely impact the Group's results, financial condition, cash flow and prospects. Management monitors the Group's liquidity reserve, which comprises a bond, 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. Rolling short, medium and long term liquidity forecasts based on conservative assumptions for salmon prices are prepared regularly and form the basis for calculating liquidity requirements and financing needs. 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.

Ocean Quality in Norway and the UK each have factoring agreements with credit institutions that cover the financing of outstanding receivables. The agreement for Ocean Quality UK means that any significant risk and control of trade receivables remains with Ocean Quality UK. Ocean Quality AS's factoring agreement entails that the factoring company purchases all credit-insured trade receivables from Ocean Quality AS, transferring any significant risk and control of the receivable to the credit institution, thus the sold receivables from Ocean Quality AS are derecognized from the balance sheet.

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 our regions in their local currencies. All long-term loans to subsidiaries from Grieg Seafood ASA are in local currency and are regarded as net investments, as they are not repayable. 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. 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 consequence 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 wellboat charter hire. Lastly, the Group is also exposed to EUR, as part of the credit facility is in EUR.

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. Our policy is to have 20–50% of the 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 months NIBOR.

NOTE 3 SEGMENT INFORMATION

The segment information is provided for the Group's continuing operations. Information regarding the Group's discontinuing operations is disclosed in Note 4.

The operating segments are divided geographically by country or region, based on the reporting criteria applied by Group management when assessing performance and profitability at a strategic level.

Earnings from the sales companies in Ocean Quality Group (OQ) is reported per producer. Ocean Quality comprises the companies in Norway, UK, Canada (North America), USA and China. Ocean Quality UK Ltd, Ocean Quality USA Inc., Ocean Quality North America Inc and Ocean Quality Shanghai are wholly owned by Ocean Quality AS, while Ocean Quality Premium Brands Inc. is wholly owned by Ocean Quality North America Inc. Grieg Seafood owns 60% of Ocean Quality. Ocean Quality sells all fish produced by Grieg Seafood.

Segment results are based on EBIT before fair value adjustment of biological assets. The effect of one-off cost, such as restructuring cost and write-down of goodwill, share options, as well as unrealized gains and losses on financial instruments, are excluded from the segment, and reported as ownership cost.

In Q3 2020 and YTD 2020, ownership costs also include acquisition costs and current operating costs of Grieg Newfoundland AS. The ownership cost in the quarter also includes lawyer fees related to the EU commission investigation.

GEOGRAPHICAL SEGMENTS (NOK 1 000)	ROGALAND		FINNMARK		SHETLAND-UK		BC-CANADA		ELIM./ OTHERS (3)		GROUP	
	Q3 2020	Q3 2019	Q3 2020	Q3 2019	Q3 2020	Q3 2019	Q3 2020	Q3 2019	Q3 2020	Q3 2019	Q3 2020	Q3 2019
Sales revenues	278 787	123 998	148 794	567 370	313 490	232 588	345 388	244 958	176 310	158 587	1 262 769	1 327 501
Other income ¹⁾	5 316	17 861	5 440	297	6 960	-783	—	-375	-7 105	-14 517	10 611	2 483
EBITDA ²⁾	74 930	23 358	61 073	183 605	-146 418	9 517	-26 980	37 707	-26 591	-6 176	-63 987	248 011
EBIT ²⁾	49 854	-766	26 654	145 985	-186 198	-13 598	-51 605	19 508	-30 333	-8 502	-191 627	142 628
EBITDA %	26%	16%	40%	32%	-46%	4%	-8%	15%			-5%	19%
EBIT %	18%	-1%	17%	26%	-58%	-6%	-15%	8%			-15%	11%
Harvest volume tonnes GWT	5 039	2 534	2 730	10 470	6 785	3 856	6 648	4 168			21 201	21 028
EBIT/kg	9.89	-0.30	9.77	13.94	-27.44	-3.53	-7.76	4.68			-9.04	6.78

GEOGRAPHICAL SEGMENTS (NOK 1 000)	ROGALAND		FINNMARK		SHETLAND-UK		BC-CANADA		ELIM./ OTHERS (3)		GROUP	
	YTD 2020	YTD 2019	YTD 2020	YTD 2019	YTD 2020	YTD 2019	YTD 2020	YTD 2019	YTD 2020	YTD 2019	YTD 2020	YTD 2019
Sales revenues	983 037	1 046 362	847 325	1 233 433	693 736	580 288	1 014 665	624 630	451 928	447 207	3 990 690	3 931 920
Other income ¹⁾	25 205	33 422	9 110	325	18 925	2 170	-29	2 732	-8 358	-20 587	44 854	18 062
EBITDA ²⁾	336 913	441 850	228 745	498 960	-116 258	14 024	53 989	90 935	-80 147	-39 931	423 243	1 005 838
EBIT ²⁾	261 627	376 328	118 503	399 716	-218 866	-58 286	-23 812	38 692	-90 156	-46 516	47 296	709 934
EBITDA %	33%	41%	27%	40%	-16%	2%	5%	14%			10%	25%
EBIT %	26%	35%	14%	32%	-31%	-10%	-2%	6%			1%	18%
Harvest volume tonnes GWT	16 510	16 791	15 838	21 581	12 602	8 942	18 524	10 317			63 474	57 630
EBIT/kg	15.85	22.41	7.48	18.52	-17.37	-6.52	-1.29	3.75			0.75	12.32

1) Other income mainly relates to the settlement of insurance and other services not directly related to production. In addition, other gains/losses are included in "other income", such as foreign currency, and sale of fixed assets and other equipment.

2) EBITDA and EBIT before fair value adjustment of biological assets.

3) Elim. /other includes bonus and share of profit from Ocean Quality to Grieg Seafood farming entities/producers. Other items comprise the profit/loss from activities conducted by the parent company or other Group companies not geared for production. Internal transactions between group companies are eliminated and included in the "Elim./other" column. Net costs of Elim./other for Q3 2020 and YTD 2020 are higher than Q3 2019 and YTD 2019 primarily due to acquisition costs and current operating costs from the time of acquisition to the reporting date of Q3 2020 related to Grieg Newfoundland AS.

NOTE 4 DISCONTINUED OPERATIONS

In May 2020, Grieg Seafood announced that it will establish a fully owned sales organization to support growth and the downstream strategy. The new sales organization will partly be based on the Ocean Quality sales force, as all employees of Ocean Quality in North America, the UK and the USA will be employed by Grieg Seafood by 31 December 2020. A new sales organization will gradually be built in Norway, as Bremnes Fryseri will take over ownership of the Norwegian organization Ocean Quality and Ocean Quality Shanghai.

The parties have committed to complete the transaction by 31 December 2020, thus the operations defined as discontinued under this agreement are classified as held for sale in accordance with IFRS 5. The IFRS 5 classification was performed as of 30 June 2020, and has also been performed for the Income Statement and Cash Flow Statement of Q3 2020 and YTD 2020 with comparable figures, and the Statement of Financial Position as of 30 September 2020.

The discontinued operations are defined as the operations related to sale of fish produced by Bremnes Fryseri, as well as the trading activity within Ocean Quality AS, as we will continue to sell fish produced by Grieg Seafood within our new sales organization. The entity Ocean Quality USA will be retained by Grieg Seafood, however the part of Ocean Quality USA related to sale of fish with origin from Bremnes Fryseri will discontinue. The discontinued operations therefore primarily consist of the non-controlling interest Bremnes Fryseri has in Ocean Quality AS in Grieg Seafood Group.

At 30 September 2020, the assets and liabilities, and income and expenditures, of Ocean Quality have been allocated, for purpose of application of IFRS 5, between Grieg Seafood and Bremnes Fryseri, where the latter has been classified as a disposal group classified as held for sale.

The Group's Income Statement and Cash Flow Statement have been re-presented for the comparative figures for Q3 2019 and YTD 2019. The Statement of Financial Position is not re-presented for the comparative 30 September 2019 and 31 December 2019 figures. All note disclosures in this financial report for Q3 2020 have been prepared for the Group's continuing operations if not otherwise explicitly stated in the note disclosures.

PROFIT (LOSS) FROM DISCONTINUED OPERATIONS (NOK 1 000)	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Operating income	685 608	683 501	2 334 750	1 952 828
Operating expenses	-678 599	-672 207	-2 320 728	-1 932 502
EBITDA before fair value adjustment of biological assets	7 010	11 293	14 022	20 326
EBIT before fair value adjustment of biological assets	7 010	11 293	14 022	20 326
Fair value adjustment of biological assets	—	—	—	—
EBIT after fair value adjustment of biological assets	7 010	11 293	14 022	20 326
Net financial items	2 018	-397	7 630	4 826
Impairment loss recognized on the remeasurement to fair value less cost to sell	—	—	—	—
Profit before tax from discontinued operations	9 028	10 896	21 652	25 153
Estimated taxation	-1 999	-2 319	-4 713	-5 456
Net profit for the period from discontinued operations	7 029	8 577	16 939	19 697

CASH FLOWS FROM DISCONTINUED OPERATIONS (NOK 1 000)	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Net cash flow from operating activities	64 640	179 557	38 774	293 251
Net cash flow from investing activities	-657	-9	-657	-28
Net cash flow from financing activities	-304	-182 819	-2 494	-310 544
Net change in cash and cash equivalents	63 679	-3 272	35 623	-17 321
Cash and cash equivalents opening balance (pro forma)*	12 391	12 545	39 570	26 595
Cash and cash equivalents closing balance**	76 050	9 274	76 050	9 274

*Cash and cash equivalents at opening balance (pro forma) is presented as an adjusted amount of the Cash Flow Statement for Q3 2020 and YTD 2020, as the closing balance "cash and cash equivalents" of the disposal group is classified as held for sale, while the cash and cash equivalents of the comparable periods are included in the Group's "cash and cash equivalents" for the prior periods. The adjusted amount in the Cash Flow Statement for Q3 2019 and YTD 2019 corresponds to the period's net change in cash and cash equivalents from discontinued operations only, as the closing cash balance for the disposal group is classified as part of the Group's "cash and cash equivalents" for Q3 2019 and YTD 2019. For YTD 2020 the adjusted amount equals the pro forma opening balance. For Q3 2020 there is no adjustment, since the IFRS 5 classification of the Statement of Financial Position was also performed as of Q2 2020 (opening balance).

**Incl. currency translation of cash and cash equivalents.

CLASSES OF ASSETS AND LIABILITIES OF THE DISPOSAL GROUP (NOK 1 000)	30.09.2020
Property, plant and equipment including right-of-use assets	6 512
Inventories	17 690
Trade receivables and other current receivables	70 363
Cash and cash equivalents	76 050
Assets directly related with the disposal group	170 614
Deferred tax liabilities	4 572
Lease liabilities	5 943
Trade payables and other current liabilities	101 011
Liabilities directly associated with the disposal group	111 527
Net assets directly associated with the disposal group	59 087

AMOUNTS INCLUDED IN ACCUMULATED OCI ASSOCIATED WITH THE DISPOSAL GROUP (NOK 1 000)	30.09.2020
Cash flow hedges	-1 261
Tax effect cash flow hedges	-277
Cumulative translation adjustment	860
Reserve of disposal group classified as held for sale	-678

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 smolts 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 4.76 kg (live weight equivalent, LWE), which corresponds to 4 kg gutted weight. Fish with a live weight of 4.76 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 are based on forward prices and/or 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 Shetland and British Columbia per 30 September 2020. 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 2019.

DISCOUNT RATE PER REGION	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Rogaland	5.0 %	5.0 %	5.0 %	6.0 %	6.0 %
Finnmark	5.0 %	5.0 %	5.0 %	6.0 %	6.0 %
Shetland	3.5 %	5.0 %	5.0 %	6.0 %	6.0 %
British Columbia	3.5 %	5.0 %	5.0 %	6.0 %	6.0 %

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 and UK. 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, Scotland and Canada, showing that the price a buyer is willing to pay for farming licenses, is different in the different countries.

The effect of changes the discount rate from 5.0% to 3.5% for British Columbia and Shetland in Q3 2020 increases the estimated value by NOK 58 million. Compared to applying a discount rate of 6.0% across all regions, as in 31 December 2019 and Q3 2019, the aggregated increase of the fair value measurement would be NOK 183 million.

BIOLOGICAL ASSETS	TONNES				NOK 1 000			
	Q3 2020	YTD 2020	Q3 2019	YTD 2019	Q3 2020	YTD 2020	Q3 2019	YTD 2019
Biological assets beginning of period	57 416	67 614	55 559	56 398	2 698 200	3 437 947	3 223 859	3 195 143
Currency translation	n/a	n/a	n/a	n/a	-4 332	68 575	47 622	46 168
Increases due to production	27 353	67 480	33 414	76 150	1 157 645	3 151 932	1 033 148	2 606 373
Decreases due to sales/ harvesting/mortality	-25 240	-75 564	-25 033	-68 608	-1 208 249	-3 254 565	-896 793	-2 380 945
Fair value adjustment beginning of period	n/a	n/a	n/a	n/a	-7 538	-768 163	-912 407	-971 310
Fair value adjustment period end	n/a	n/a	n/a	n/a	97 580	97 580	438 501	438 501
Biological assets period end	59 530	59 530	63 940	63 940	2 733 305	2 733 305	2 933 929	2 933 929

BIOLOGICAL ASSETS AT 30.09.2020	NUMBER OF FISH (1 000)	BIOMASS (TONNES)	COST OF PRODUCTION (1 000 NOK)	FAIR VALUE ADJUSTMENT (1 000 NOK)	CARRYING AMOUNT (1 000 NOK)
Biomass onshore	23 850	1 052	188 578	—	188 578
Biological assets with round weight < 4.76 kg	25 359	45 930	2 049 102	94 589	2 143 690
Biological assets with round weight > 4.76 kg	3 122	12 548	398 045	2 991	401 037
Total	52 331	59 530	2 635 725	97 580	2 733 305

BIOLOGICAL ASSETS AT 30.09.2019	NUMBER OF FISH (1 000)	BIOMASS (TONNES)	COST OF PRODUCTION (1 000 NOK)	FAIR VALUE ADJUSTMENT (1 000 NOK)	CARRYING AMOUNT (1 000 NOK)
Biomass onshore	22 113	840	167 429	—	167 429
Biological assets with round weight < 4.76 kg	33 917	62 577	2 308 934	443 039	2 751 974
Biological assets with round weight > 4.76 kg	109	524	19 066	-4 539	14 527
Total	56 139	63 940	2 495 428	438 501	2 933 929

SPECIFICATION OF THE FAIR VALUE ADJUSTMENT, INCOME STATEMENT (NOK 1 000)	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Change in fair value adjustment of biological assets	90 606	-479 066	-699 946	-537 959
Change in physical delivery contracts related to fair value adjustments of biological assets	—	—	—	458
Change in fair value of financial derivatives from salmon (Fish Pool contracts)	-48 969	14 075	5 106	37 359
Total recognized fair value adjustment of biological assets	41 637	-464 991	-694 840	-500 142

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 NET INTEREST-BEARING LIABILITIES AND EQUITY ACCORDING TO COVENANTS

Specification of the Group's long-term interest-bearing debt and current lease liabilities

BORROWINGS AND LEASE LIABILITIES, IFRS (NOK 1 000)	30.09.2020	30.09.2019	31.12.2019
Bond loan	1 000 000	—	—
Non-current syndicated loan and other interest-bearing debt	896 273	945 553	944 638
Revolving credit facility	890 120	370 216	629 319
Lease liabilities (operating leases according to IFRS prior to 1 January 2019)	352 216	272 264	254 090
Lease liabilities (finance leases according to IFRS prior to 1 January 2019)	360 282	304 500	378 576
Amortized loan costs	-21 345	-10 471	-10 022
Total non-current borrowings and lease liabilities	3 477 546	1 882 061	2 196 601

CURRENT LEASE LIABILITIES, IFRS (NOK 1 000)	30.09.2020	30.09.2019	31.12.2019
Lease liabilities (operating leases according to IFRS prior to 1 January 2019)	171 086	116 077	125 752
Lease liabilities (finance leases according to IFRS prior to 1 January 2019)	76 348	61 835	73 576
Total current lease liabilities	247 434	177 912	199 327

Specification of the effect of IFRS 16 compared with IFRS in force prior to 1 January 2019

The following two tables summarize the effect of IFRS 16 compared with IFRS in force prior to 1 January 2019. The income statement figures of Q3 2019 and YTD 2019 and have been re-presented as it excludes the Group's discontinued operations in Ocean Quality. Accordingly, the Q3 2020 (including balance sheet) and YTD 2020 figures are presented for the Group's continuing operations.

EFFECT OF IFRS 16 (NOK 1 000)	30.09.2020	30.09.2019
Right of use assets included in Property, plant and equipment inclusive right-of-use assets	530 861	383 896
Lease liabilities included in non-current lease liabilities	352 216	272 264
Lease liabilities included in current lease liabilities	171 086	116 077

EFFECT OF IFRS 16 (NOK 1 000)	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Other operating expenses	50 729	31 213	143 119	88 668
EBITDA	50 729	31 213	143 119	88 668
Depreciation and amortization	-48 000	-29 929	-135 997	-84 606
EBIT before fair value adjustment of biological assets	2 729	1 284	7 122	4 062
Fair value adjustment of biological assets	—	—	—	—
EBIT after fair value adjustment of biological assets	2 729	1 284	7 122	4 062
Net financial items	-1 044	-2 785	6 921	-8 398
Profit before tax from continuing operations	1 685	-1 501	14 044	-4 337

Net interest-bearing liabilities and equity according to covenants

Net interest-bearing debt is calculated in accordance to covenant requirements in the financing agreement. According to the agreement, factoring liabilities, IFRS 16 effects and non-controlling ownership interests' share of bank assets, are not included. As from Q2 2020 part of Ocean Quality has been classified as a disposal group, which is also the case at Q3 2020. In line with IFRS 5, the comparable balance sheet figures for Q3 2020 have not been re-presented.

The share of bank assets that belongs to non-controlling ownership interests (Bremnes Fryseri AS), is excluded in the calculation of the bank's covenant requirements. The note disclosures are according to the Group's covenant clauses and include figures before adjusting for IFRS 5 discontinuing operations. As for the "cash and cash equivalents" in the Statement of Financial Position, Bremnes' share of cash of Ocean Quality AS is included in the assets belonging to the disposal group. See Note 4 for further disclosures.

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 was in compliance with its financial covenants according to the loan agreements as of 30 September 2020, as the NIBD/EBITDA ratio was 4.2 and the equity-ratio according to covenants was 45% (equity-ratio of the Group, according to IFRS, was 42%). However, with the outlook for lower earnings short to mid-term, results of performed stress tests on key financial indicators indicated that we could breach the financial covenants outlined in the loan agreements. Following negotiations with the banks, Grieg Seafood has been granted an amendment to the covenants through the third quarter of 2021. In the period up until Q3 2021, Grieg Seafood is required to have a minimum free liquidity of NOK 200 million and temporary requirements for 12 month rolling EBITDA have been set for the period.

In June 2020, Grieg Seafood ASA completed a senior unsecured green bond issue of NOK 1 000 million with maturity date 25 June 2025. The bond was listed on Oslo Stock Exchange 27 October 2020 (ticker "GSF01 G"). The bond carries a coupon rate of 3 months NIBOR + 3.4 % p.a., with quarterly interest payments, and its financial covenant is an equity-ratio requirement of minimum 30 %, measured consistent with the Group's equity-ratio financial covenants as defined in its syndicated loan agreement with secured lenders. The initial issue of the bond was NOK 1 000 million with a maximum of NOK 500 million in additional tap bond issue which could be made available for Grieg Seafood.

During Q3 2020, the Group has made a net repayment of the revolving credit facility and overdraft facility of NOK 113 million, with a total drawdown of NOK 912 million at 30 September 2020, compared to NOK 1 025 million at end of Q2 2020.

Total unutilized credit facilities of the Group amount to NOK 1 288 million as of 30 September 2020 compared to NOK 1 175 million at the end of Q2 2020.

NET INTEREST-BEARING LIABILITIES ACCORDING TO COVENANTS (NOK 1 000)	30.09.2020	30.09.2019	31.12.2019
Bond loan ⁽¹⁾	1 000 000	—	—
Non-current borrowings incl. syndicate term loan and revolving facility ⁽¹⁾	1 786 394	1 315 768	1 573 957
Non-current lease liabilities	717 576	576 763	632 666
Total non-current interest-bearing liabilities	3 503 970	1 892 532	2 206 623
Overdraft facility	23 020	39 111	—
Current portion of borrowings	105 832	107 149	98 212
Current portion of lease liabilities	248 299	177 912	199 328
Factoring liabilities	72 044	47 497	86 122
Total current interest-bearing liabilities	449 196	371 670	383 661
Gross interest-bearing liabilities	3 953 165	2 264 201	2 590 283
Cash and cash equivalents	-410 231	-137 658	-214 497
Loans to associates	-1 910	-44 053	—
Net interest-bearing liabilities	3 541 024	2 082 490	2 375 786
Factoring liabilities	-72 044	-47 497	-86 122
Quote of Bremnes' share of cash Ocean Quality AS (40%) ⁽²⁾	76 050	6 962	28 849
Lease liabilities ⁽³⁾	-529 245	-388 341	-379 841
Net interest-bearing liabilities according to covenants	3 015 785	1 653 615	1 938 672
NIBD/EBITDA ⁽⁴⁾	4.2	1.3	1.4

The Group's net interest-bearing liabilities are calculated on the Group's figures exclusive of the IFRS 5 adjustment of a disposal group held for sale, and as such the figures in the table above do not correspond 1:1 with the Statement of Financial Position. See Note 4 for information on the liabilities directly associated with the assets held for sale.

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) In the Statement of Financial Position, Bremnes' share of cash in Ocean Quality AS is classified as part of the financial statement line item "Assets held for sale", as it relates to the Group's disposal Group.

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.

The equity share requirement according to covenants is 35%, without consolidation of Ocean Quality Group and effects of IFRS 16. At 30 September 2020, the equity-ratio according to covenants was 45% (51% at 31 December 2019) compared to 52% at 30 September 2019.

The effect on net interest-bearing liabilities of adopting IFRS 16 (compared to IFRS in force prior to 1 January 2019) amounted to NOK 529 million at Q3 2020 compared to NOK 388 million in Q3 2019 (NOK 380 million at Q1 2020).

Ocean Quality in Norway and the UK each have a factoring agreement that comprises financing of outstanding receivables. The agreement for Ocean Quality UK entails that any significant risk and control of trade receivables remain with Ocean Quality UK. Prepayments/financing from factoring are included in net interest-bearing liabilities. Factoring is recognized as financing in the statement of financial position. Ocean Quality AS's factoring agreement entails that the factoring company purchases all credit-insured trade receivables from Ocean Quality AS, transferring any significant risk and control of the receivable to the credit institution. Thus the sold receivables from Ocean Quality AS are derecognized from the balance sheet. Factoring liabilities as of 30 September 2020 was NOK 72.0 million compared to NOK 86.1 million as of 31 December 2019 and NOK 47.5 million as of 30 September 2019.

NOTE 7 NET FINANCIAL ITEMS

NET FINANCIAL ITEMS (NOK 1 000)	Q3 2020	Q3 2019	YTD 2020	YTD 2019
Changes in fair value from hedging instruments	-919	-1 627	-31 198	149
Net financial interest	-32 744	-16 606	-80 060	-48 678
Net currency gain (losses)	22 912	8 419	-41 532	13 528
Dividend	—	—	20	—
Net other financial income (expenses)	-217	-409	-2 645	-2 256
Net financial items	-10 968	-10 223	-155 415	-37 257

Q3 2020 figures includes a positive effect of NOK 14 million related to currency translation of intercompany financing from Q2 2020 that in Q3 2020 has been assessed as part of the parent Grieg Seafood ASA' net investment in subsidiaries, thus reclassification from profit and loss to other comprehensive income.

NOTE 8 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. For 2019 and YTD 2020, no investments were classified on a separate line below the financial statement line of EBIT in the income statement.

The investment in Tytlandsvik Aqua AS and Nordnorsk Smolt 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.

ASSOCIATES CLASSIFIED AS OPERATIONS	EQUITY INTEREST 01.01.2020	EQUITY INTEREST 30.09.2020	BOOK VALUE 01.01.2020	SHARE OF PROFIT FROM ASSOCIATES YTD 2020	OTHER CHANGES IN THE PERIOD	BOOK VALUE 30.09.2020	SHARE OF PROFIT FROM ASSOCIATES Q3 2020
Nordnorsk Smolt AS	50.00%	50.00%	42 433	-879	—	41 554	-247
Tytlandsvik Aqua AS	33.33 %	33.33 %	38 638	2 176	—	40 813	1 979
Total associates classified as operations			81 071	1 297	—	82 368	1 732

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 30 September 2020, Grieg Seafood Finnmark has an outstanding long-term loan to Nordnorsk Smolt AS, amounting to NOK 1.9 million (NOK 1.9 million at 31 December 2019), which is included in the Group's other non-current receivables in the Statement of Financial Position.

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%. The production of post-smolt was in line with the production plan during the quarter and the smolt quality has been good.

NOTE 9 RELATED PARTIES**Acquisition of Grieg Newfoundland AS**

The acquisition of Grieg Newfoundland AS was completed on 15 April 2020. Grieg Newfoundland AS was 39% owned by Grieg Kapital AS/Grieg Aqua AS (the owner of the majority of the shares in Grieg Seafood ASA), and 39% by Kvasshøgdi AS (owned by Per Grieg Jr, Chairman of the Board of Grieg Seafood ASA). The remaining of the shares were owned by the local partner Ocean Choice International Ltd (19.5%) and Knut Skeidsvoll (2.5%). The acquisition was completed in Q2 2020. See more information in Note 11 to this Quarterly Report in addition to our Q2 2020 Quarterly Report.

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. Ocean Quality AS purchases fish from its shareholder Bremnes Fryseri AS, for resale to domestic and international customers. The fish from Bremnes Fryseri AS is supplied by its subsidiary Bremnes Seashore AS. Ocean Quality AS rents office premises and office equipment from Bremnes Fryseri AS.

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 30.09.2020	NO. OF SHARES	SHARE-HOLDING
Board of directors		
Per Grieg jr. *	59 857 552	52.76%
Tore Holand	3 000	0.00%
Sirine Fodstad	—	—
Marianne Ødegaard Ribe	—	—
Katrine Trovik	—	—
Group management		
Andreas Kvame (CEO)	39 165	0.03%
Atle-Harald Sandtorv (CFO)	24 208	0.02%
Alexander Knudsen (COO Farming Europe)	22 165	0.02%
Roy-Tore Rikardsen (COO Farming North America)	19 565	0.02%
Erik Holvik (Chief Commercial Director)	—	—
Knut Utheim (CTO)	23 507	0.02%
Kathleen Mathisen (CHRO)	11 736	0.01%
Kristina Furnes (Global Communications Manager)	—	—
Total shares controlled by Board members and Group management	60 000 898	52.89%

*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	2 928 197	2.58%
Per Grieg jr. private	15 000	0.01%
Total shares owned by Per Grieg jr. and closely related	59 857 552	52.76%

NOTE 10 SHARE CAPITAL AND SHAREHOLDERS

As at 30 September 2020, the Company had 113 447 042 shares with a nominal value of NOK 4 per share. All shares issued by the Company are fully paid-up. There is one class of shares and all shares confer the same rights.

SHARE CAPITAL AND NUMBER OF SHARES	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	4.00	86	21 576
Sale of treasury shares to employees 2019	4.00	59	14 737
Total excl. treasury shares	4.00	448 933	112 233 355

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. After the transactions the Company has 1 213 687 treasury shares.

CHANGES IN SHARE CAPITAL		NOMINAL VALUE PER SHARE (NOK)	TOTAL SHARE CAPITAL (NOK 1 000)	NO. OF ORDINARY SHARES
Share capital 01.01.2020	1 January 2020	4.00	446 648	111 662 000
Contribution in kind 20.04.2020	20 April 2020	4.00	7 140	1 785 042
Share capital per 30.09.2020	30 September 2020	4.00	453 788	113 447 042

Acquisition of Grieg Newfoundland

On 20 April 2020, Grieg Seafood ASA' share capital was increased by 1 785 042 shares (nominal value of NOK 4 per share), from 111 662 000 shares to 113 447 042 shares. The share capital was thus increased by NOK 7 140 168, from NOK 446 648 000 to NOK 453 788 168. The share issue in the Company to shareholders Grieg Aqua AS, Kvasshøgdi AS, Knut Skeidsvoll and Ocean Choice International Ltd was related to the Company's acquisition of Grieg Newfoundland AS, which was completed on 15 April 2020. For more information, see more information in Note 11 of this Quarterly Report, in addition to our Q2 2020 Quarterly Report.

THE 20 LARGEST SHAREHOLDERS IN GRIEG SEAFOOD ASA AT 30.09.2020	NO. OF SHARES	SHARE- HOLDING
Grieg Aqua AS	56 914 355	50.17%
Folketrygdfondet	4 989 840	4.40%
OM Holding AS	4 235 656	3.73%
Ystholmen Felles AS	2 928 197	2.58%
Clearstream Banking S.A.	1 882 810	1.66%
State Street Bank and Trust Comp	1 463 708	1.29%
State Street Bank and Trust Comp	1 290 443	1.14%
Grieg Seafood ASA	1 213 687	1.07%
Ronja Capital AS	950 000	0.84%
Verdipapirfondet Pareto Investment	947 000	0.83%
JPMorgan Chase Bank, N.A., London	915 596	0.81%
UBS Switzerland AG	858 706	0.76%
State Street Bank and Trust Comp	858 379	0.76%
Banque Degroof Petercam Lux. SA	761 490	0.67%
SIX SIS AG	667 072	0.59%
Ferd AS	618 453	0.55%
Arctic Funds Plc	605 424	0.53%
State Street Bank and Trust Comp	598 397	0.53%
Pictet & Cie (Europe) S.A.	587 683	0.52%
Svenska Handelsbanken AB	524 107	0.46%
Total 20 largest shareholders	83 811 003	73.88%
Total others	29 636 039	26.12%
Total number of shares	113 447 042	100.00%

NOTE 11 BUSINESS COMBINATIONS COMPLETED IN Q2 2020

On 15 April 2020, Grieg Seafood ASA completed the acquisition of Grieg Newfoundland AS. At the acquisition date, 99% of the shares were transferred, while the remaining 1% is subject to a put/call option accounted for as contingent consideration. Grieg Newfoundland holds ownership in a fish farming business under development in Newfoundland, Canada.

Information in this note provides a condensed summary of the information that has been disclosed in our Q2 2020 Quarterly Report as to the acquisition of Grieg Newfoundland.

Please see our Q2 2020 Quarterly Report for complete information as to the Q2 2020 business acquisition of Grieg Newfoundland.

Grieg Newfoundland was a project initiated by the Grieg Group and Per Grieg Jr. in collaboration with their Canadian partner. Per Grieg Jr. is Chairman of the Board of Grieg Seafood ASA and an owner of the Grieg Group. The transaction has been approved by the General Assembly in line with the section 3-8 of the Public Limited Liability Companies Act. The consideration is split into three parts - the net cash payment of NOK 67.6 million, the completion shares in Grieg Seafood ASA of NOK 193.1 million and contingent consideration of NOK 701.5 million. The negotiated subscription price for the completion shares was set at NOK 140.05, corresponding to a total contribution of NOK 250 million. As the market price per share was NOK 108.20 at closing, the value of the completion shares was NOK 193.1 million.

Contingent consideration

If certain production volumes are reached within the next ten years, additional payments are triggered. The additional amount becomes unconditional when Grieg Newfoundland has reached a planned annual harvest volume of 15 000 tonnes, and the amount increases with volume until an annual harvest volume of 33 000 tonnes. The amount due is NOK 43 per kg for volumes between 15 000-20 000 tonnes, and NOK 55 per kg for volumes between 20 000- 33 000 tonnes, with a 4% per annum inflation adjustment in the period 2023-2029.

Fair value estimate of the additional amount has been arrived at by using the DCF-model based on four different scenarios of volume development and the timing of this development. Volumes exceeding 15 000 tonnes require further investments in additional post-smolt modules, biomass, and seawater equipment. The high probability of such investments being made have been incorporated in the scenario analysis. The maximum nominal amount is estimated to NOK 930 million +4% annual increase in the period from 2023 to 2029. The additional amount is settled in shares in Grieg Seafood ASA and/or cash. The sellers may require a cash payment of maximum 33.34%. Further Grieg Seafood ASA has the discretion to increase the cash portion up to 100% cash. If settlement is made in shares, the number of settlement shares is calculated based on the last month's volume weighted average listed price from time the conditions are met.

APPENDIX ALTERNATIVE PERFORMANCE MEASURES (APM)

APM	DEFINITION AND CALCULATION	REASON FOR APPLYING APM
EBIT = EBIT before fair value adjustment of biological assets	<p>Operating profit incl. amortization and depreciation excl. fair value adjustment of biological assets.</p> <p>Unless otherwise specified, EBIT before fair value adjustment of biological assets is shortened to EBIT (earnings before interest and taxes). This also applies to all key figures where EBIT is a component, including: EBIT-margin (%), EBIT/ kg GWT and ROCE.</p>	EBIT before fair value adjustment provides a more informative result as it does not consider future gains or losses on fish not yet sold. The fair value adjustment has a non-operational nature and can affect the comparability of our performance from period to period. EBIT before fair value adjustment is generally considered the industry measure for profitability.
EBITDA = EBITDA before fair value adjustment of biological assets	<p>Operating profit before amortization and depreciation excl. fair value adjustment of biological assets.</p> <p>Unless otherwise specified, EBITDA before fair value adjustment of biological assets is shortened to EBITDA. This also applies to all key figures where EBITDA is a component, including: EBITDA-margin (%), and NIBD/EBITDA.</p>	EBITDA before fair value adjustment provides a more informative result as it does not consider future gains or losses on fish not yet sold. The fair value adjustment has a non-operational nature and can affect the comparability of our performance from period to period.
Equity ratio excluding Ocean Quality	The equity ratio is calculated both with and without consolidation of Ocean Quality Group. The bank syndicate equity covenant definition is exclusive of Ocean Quality. It covers only Grieg Seafood companies both with regards to equity and total liabilities, excluding effects of IFRS 16 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	<p>Net interest-bearing debt (NIBD) comprises non-current and current debt to financial institutions, after deducting cash and cash equivalents.</p> <p>NIBD is calculated in three ways: 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) Including all long-term and current debt to credit institutions incl. IFRS 16 effect, but excl. factoring liabilities. 3) For covenant calculation as required by the bank syndicate: as in method 2, but cash and cash equivalents are reduced with an amount corresponding to Bremnes Fryseri AS 40% share of Ocean Quality AS bank deposits, and lease liabilities (operational leases in line with IFRS prior to 1 January 2019 only) are excluded. This method is used for calculation of NIBD/EBITDA.</p>	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 fair value adjustment of biological assets and consolidation of Ocean Quality Group.
ROCE	<p>Return on capital employed (ROCE) is calculated using values before fair value adjustment of biological assets 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 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.</p> <p>The quarterly values for NIBD and equity are calculated as opening balance plus ending balance divided by 2. NIBD is calculated according to method 1, described in the NIBD section above.</p>	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.
EPS adjusted for fair value of biological assets	Adjusted earnings per share (adj. EPS) is calculated as net profit after taxes minus non-controlling interests plus/minus fair value adjustment of biological assets net of tax effects, divided by the number of shares.	The fair value adjustment of biological assets is extracted to avoid future gains or losses on fish not yet sold due to its non-operational nature. Adj. EPS is used to calculate the dividend payout ratio (dividend paid per share relative to adj. EPS).

About Grieg Seafood

Grieg Seafood ASA is one of the world's leading salmon farmers, targeting 90 000 tonnes of harvest (GWT) in 2020.

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 are employed by the Company globally. Sustainable farming practices are the foundation of Grieg Seafood's operations. The lowest possible environmental impact and the best possible fish welfare drive economic profitability.

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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
CFO

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

Q4 2020
11 February 2021

Annual Report 2020
26 March 2021

Q1 2021
12 May 2021

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.

