



PASSION FOR IMPROVEMENT

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 first quarter of 2020 took a dramatic turn when the Covid-19 pandemic hit. Our top priority in this situation is the safety and wellbeing of our employees, their families and the local communities where we operate. When the pandemic emerged, we took immediate actions to manage the impact of the situation, implementing measures to limit

contamination, with crises management teams operating in the head office and in each region. Thanks to an excellent performance from our employees, we have managed to run operations close to normal, with harvesting according to plan, and we will work relentlessly to keep schedules going forward.

The market situation has been somewhat volatile, with demand from hotels, restaurants and catering (HoReCa) plummeting, though partly offset by increased demand from the retail segment. In addition, the industry experienced challenges related to logistics and distribution, particularly to overseas markets as airfreight capacity dwindled. However, Grieg Seafood has maneuvered well in these harsh waters, utilizing our geographical diversity to secure offtake of harvest volumes in all regions.

The salmon farming industry is recognized as a "critical public function", where upholding production is a priority. We appreciate the efforts from the local communities and authorities to facilitate continued production. Through industry organizations, Grieg Seafood maintains a good dialogue with the authorities in all regions where we operate, discussing possible arrangements to safeguard salmon farming operations in various scenarios.

Safeguarding people, operations and partnerships are key priorities going forward, as well as protecting the financial solidity and flexibility of the Group. With a solid financial position, and high operational and financial flexibility, we are confident that we possess the necessary tools to adjust operations and expenditures should the situation require us to do so.

Meanwhile, we will continue to execute on our bold ambitions. We hold on to our target of 100 000 tonnes harvest in 2020. By 2025, we aim to harvest at least 150 000 tonnes of Atlantic salmon, to achieve cost leadership and to reposition Grieg Seafood in the value chain from a supplier to a customer innovation partner. We have taken an exciting first step on this growth journey by acquiring Grieg Newfoundland AS, which is expected to contribute with 15 000 tonnes annual harvest by 2025.

Lastly, but most importantly, despite the extraordinary situation, we do not yield in our commitment to sustainable and responsible farming. During the quarter, we received ASC certification on eight new sites. Sustainability is our *license to operate* and remains at the heart of our strategy and all our activities.

Andreas Kvame

CEO Grieg Seafood ASA

Main achievements in the quarter

GROUP HIGHLIGHTS

- Harvest volume of 18 360, above guiding and up 24% from Q1 2019 (14 800)
- EBIT before fair value adjustment of NOK 240 million (NOK 267 million)
- EBIT/kg NOK 13.09 (NOK 18.07), with a positive EBIT in each region
- Price achievement impacted by harvesting towards the end of the quarter with low market price
- Good production and low cost in Rogaland, but margin impacted by environmental challenges
- Margin in Finnmark negatively impacted by winter ulcers and one site affected by ISA
- Positive cost developments in British Columbia and Shetland
- Received ASC certification of five sites in Finnmark and three sites in BC
- Acquisition of Grieg Newfoundland AS, with long-term annual harvest potential of 30–45 000 tonnes
- Expected harvest of 24 900 tonnes in Q2 2020, maintaining guidance for 100 000 tonnes in 2020

ROGALAND

- Harvest volume of 6 944 tonnes (5 731)
- EBIT/kg NOK 24.70 (25.31)
- Strong operational performance, driven by favorable biological conditions
- Loss of fish due to rough environmental conditions at one site reduced the 12-month survival rate to 90% (92%)
- Earnings driven by good market prices, partly offset by unfavorable volume distribution
- Expect harvest of 4 000 tonnes in Q2 2020 with higher cost/kg due to lower harvest volume
- Expect harvest of 25 000 tonnes in 2020

FINNMARK

- Harvest volume of 6 827 tonnes (5 720)
- EBIT/kg NOK 4.44 (25.01)
- Price achievement and cost affected by harvest of fish at an ISA site with low average weight and prevalence of winter ulcers at several sites affecting the superior quality
- 12-month survival rate of 93% (96%)
- Five sites ASC certified, bringing the total to 15 sites, 75% of active sites in Finnmark
- New location granted, supporting growth strategy
- Expect harvest of 7 000 tonnes in Q2 2020 with lower cost/kg. Average weight to improve but continued issues with winter ulcers will impact price achievement
- Expect harvest of 38 000 tonnes in 2020

SHETLAND

- Harvest volume of 2 047 tonnes (1 788)
- EBIT/kg NOK 6.80 (-13.93)
- Good price achievement, somewhat impacted by reduced superior quality but offset by currency effects
- Initiatives to improve biological performance, including more robust smolt, has increased the 12-month survival rate to 88% (85%)
- High sea lice pressure and treatments during the quarter, but underlying cost improvements y-o-y
- Expect harvest of 3 900 tonnes in Q2 2020, with gradual cost improvements longer term
- Expect harvest of 17 000 tonnes in 2020

BRITISH COLUMBIA

- Harvest volume of 2 544 tonnes (1 562)
- EBIT/kg NOK 15.68 (14.54)
- High average harvest weight and superior quality contributed to good price achievement
- 12-month survival rate increased to 89% (87%)
- Three sites ASC certified during the quarter
- Expansion of Gold River smolt facility delayed due to Covid-19. No impact on production plans
- Expect harvest of 10 000 tonnes in Q2 2020. Cost expected to gradually decrease going forward
- Expect harvest of 20 000 tonnes in 2020

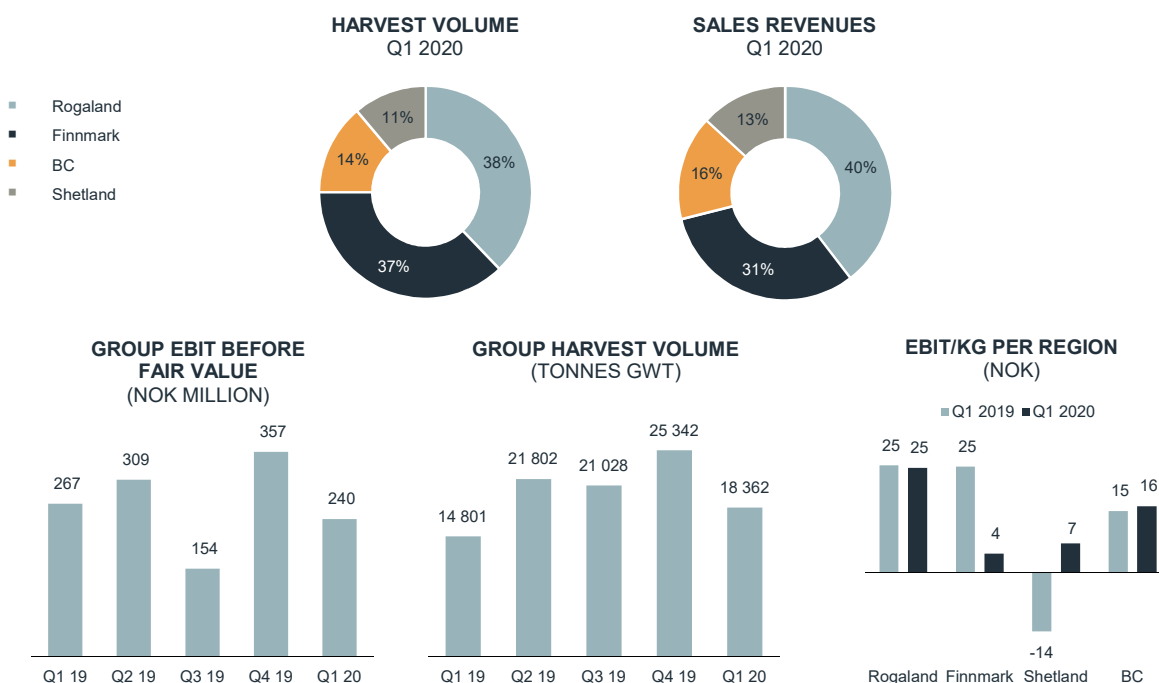
Key figures

NOK 1 000	Q1 2020	Q1 2019	FY 2019
Sales revenues	2 055 048	1 647 593	8 273 592
EBITDA	360 931	358 776	1 498 157
EBIT before fair value adjustment of biological assets	240 417	267 480	1 087 574
EBIT after fair value adjustment of biological assets	-538 345	318 839	866 860
Profit before tax	-575 960	331 338	840 626
Harvest volume (tonnes GWT)	18 362	14 801	82 973
EBIT/kg (NOK)	13.09	18.07	13.11
Total assets	9 409 101	8 962 785	8 934 684
Net interest-bearing liabilities (1)	2 720 322	2 083 250	2 375 876
Equity	3 799 804	4 156 386	4 140 843
Equity % (2)	40%	46%	46%
ROCE (3)	15%	19%	19%
Dividend per share (NOK)	-	-	4.00
Earnings per share (NOK)	-4.03	2.28	5.61
Number of employees incl. Ocean Quality	887	804	861

1) NIBD excluded factoring. Q1 2020 NIBD includes effect of adopting IFRS 16, amounting to NOK 473 million. Total net interest-bearing liabilities incl. factoring is NOK 2 778 million. See Note 6 for more information.

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

3) ROCE: Return on capital employed. Refer to APM in "Appendix Alternative Performance Measures" for further information.



Our scoreboard

	ASPECT	TARGET	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	STATUS	PAGE
PROFIT & INNOVATION	Return on capital employed	12% p.a.	15%	25%	11%	21%	19%	●	5
	Harvest volume (tonnes GWT)	100 000 tonnes in 2020	18 362	25 342	21 028	21 802	14 801	●	5
HEALTHY OCEAN	Survival rate sea (GSI standard)	93%							21
	Rogaland		90%	93%	93%	94%	92%	●	
	Finnmark		93%	96%	96%	96%	96%	●	
	Shetland		88%	89%	87%	87%	85%	●	
	British Columbia		89%	88%	86%	86%	87%	●	
	Antibiotics g/tonne*	No use of antibiotics							22
	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	43.8	119.7	●	
	British Columbia		64.3	198.9	0.0	41.5	63.6	●	
	Sea lice treatment (excl hydrogen peroxide) g/tonne*	Minimize use of pharmaceutical treatments							24
	Rogaland		0.0	0.0	0.0	0.0	0.0	●	
	Finnmark		0.0	0.6	0.2	0.1	0.0	●	
	Shetland		1.2	1.8	1.0	2.1	3.6	●	
	British Columbia		0.1	1.0	0.5	0.5	0.0	●	
	Escape incidents	Zero escape incidents							25
	Rogaland		0	0	0	0	0	●	
	Finnmark		0	0	0	0	0	●	
	Shetland		0	0	1	1	0	●	
	British Columbia		0	0	0	0	0	●	
SUSTAINABLE FOOD	High quality product	93% superior share							26
	Rogaland		86%	88%	77%	63%	73%	●	
	Finnmark		51%	89%	84%	84%	85%	●	
	Shetland		85%	90%	93%	96%	96%	●	
	British Columbia		90%	85%	86%	89%	78%	●	
PEOPLE	Absence rate	Below 4.5%							27
	Rogaland		4.4%	2.2%	3.0%	4.7%	4.3%	●	
	Finnmark		6.2%	5.3%	3.7%	4.5%	6.2%	●	
	Shetland		4.2%	3.8%	3.1%	2.2%	4.4%	●	
	British Columbia		5.4%	1.7%	1.3%	2.7%	2.7%	●	
LOCAL COMMUNITIES	Support our local communities	Collaborate and contribute to local communities	Yes	Yes	Yes	Yes	Yes	●	29

*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 Grieg Seafood 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 wild life 	<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.



ROOTED IN

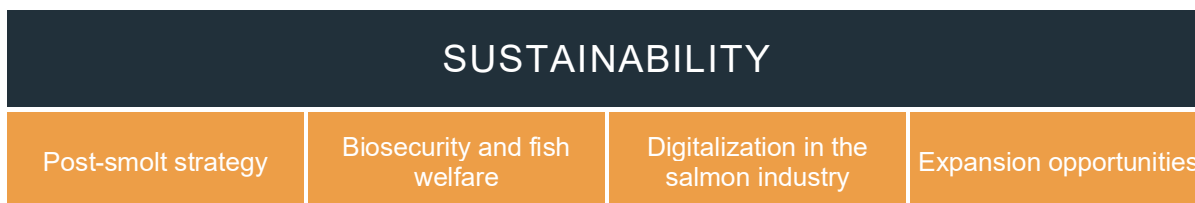
PROFIT & INNOVATION

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 a goal 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 focus areas are:



The post-smolt strategy has provided positive results. The average smolt transferred to sea in Rogaland in 2019 was 279g, with expectation to reach 410g in 2020. As a result, the average time in the sea will be reduced from 16 months for the 2019 generation, to an average of 14 months for the 2020 generation. Testing of post-smolt production in the closed containment system in sea, the FishGLOBE, started in Rogaland fall 2019, and results have been positive. In April, a batch of smolt with average weight of 830g was transferred from the FishGLOBE to our sea sites.

As a result of targeted measures to improve biosecurity and fish welfare, smolt health has improved 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 rates, growth rates, harvest weights and costs.

Operational development has varied between the regions, and although biological challenges can pose a risk, we believe that our ambition of reaching 100 000 tonnes harvested salmon this year is within reach.

GSF 2025 – Scaling globally through growth and value chain innovation

Going forward, Grieg Seafood will build on our existing platform for continued sustainable growth and cost improvements. With an ambition for global growth, we aim to strengthen our market position, while driving increased value creation as a global supplier of sustainably farmed salmon.

The strategy for 2020-2025 comprises three key strategic objectives for continued growth and business development. Increasingly sustainable farming practices is the very foundation of all areas of the strategy.



We are aiming for an annual harvest of at least 150 000 tonnes by 2025. We will focus on post-smolt investments, target new licenses and seize opportunities within new technology. In some regions, there is also potential for continued improvement of site utilization. We participate in new growth initiatives, M&As, joint ventures, and greenfield projects, and seek cooperation with farmers in existing areas.

Grieg Seafood targets cost leadership in each region. To improve operational performance, we will maintain a rigorous focus on fish health and welfare. We will also drive performance improvements through continuous research and development, and the utilization of new technologies. We have identified a potential to reduce cost by NOK 150 - 250 million by 2022.

We aim to increase the value of our products by becoming an innovation partner for our customers. This will be achieved through a stronger presence in the market, based on partnerships, category development and brand cultivation.

In February 2020, Grieg Seafood took an important step towards realization of the 2025 strategy when we announced the acquisition of Grieg Newfoundland AS, a project with long-term harvest potential of 30-45 000 tonnes Atlantic salmon. This step of our growth journey includes exclusivity for salmon farming in Placentia Bay, which has a farmable area larger than the Faroe Islands. With proximity to the East Coast of the US, the acquisition reinforces our US market exposure and underpins the 2025 strategy to strengthen our position as a global leader in sustainable salmon farming. First harvest in the region is expected in 2022/23, and the region is expected to contribute with 15 000 tonnes of annual harvest by 2025.

The acquisition of Grieg Newfoundland was completed on 15 April 2020. For more information on the acquisition, see "Events after the balance sheet date" on page 31 of this report.

COVID-19 impact and update

The market situation in Q1 2020 has been impacted by the COVID-19 pandemic. The escalation of the pandemic and measurements taken by governments around the world have caused uncertainties for producers, processors and end consumers. Nevertheless, despite the challenging circumstances, there is a high market demand for salmon and Grieg Seafood has been able to maintain efficient operations throughout the first quarter.

TAKING CARE OF EMPLOYEES

Employee wellbeing has been the number one priority, and no cases of Covid-19 have been registered. We follow the advice of the authorities in the regions where we operate. Measures to lower the risk of contamination to ensure business continuity have been implemented, such as strict routines at harvest- and production sites to ensure limited physical contact and encourage social distancing. Crisis management teams have been established at the head office and in each region. Remote work is endorsed whenever possible, and personal- and business travel have been restricted.

PRODUCTION UPHELD

The salmon farming industry is recognized as an essential function in Norway, Canada and the UK. Despite the challenging circumstances, we have been able to maintain efficient operations with productivity of all key functions. Harvesting has been somewhat accelerated to ensure sufficient flexibility for potential harvest delays while remaining in compliance with MAB (maximum allowed biomass). In BC, biomass in the sea is high, which allows for relatively lower harvest flexibility compared to the other regions. Grieg Seafood maintains a good dialogue with the authorities in Norway, Canada and the UK through industry organizations, continuously monitoring and discussing possible arrangements to safeguard salmon farming operations in various scenarios.

CHALLENGING AND VOLATILE MARKETS

Throughout the first quarter, there has been a significant shift in demand away from hotel, restaurants and catering (HoReCa) towards the retail segment. However, total demand has remained at good levels in all markets and sales have remained more or less at a normalized level. The current market situation could lead to permanent changes in consumer behavior in the future, particular in a market with lower prices, as more people making food at home turn to healthy products like salmon as salmon gets more affordable.

Most of Grieg Seafood's salmon is shipped by truck from Norway or the UK to European markets, or from Canada to the North American markets. Grieg Seafood's diversified geographical presence provides some flexibility and reduces logistical challenges. However, airfreight has been a challenge, particularly between Europe and the US, and we have been working closely with freight carriers and customer to find appropriate solutions. So far, sales to Asia, in particular from BC to China, have been upheld at good levels.

ROBUST FINANCIAL SITUATION

At the end of Q1 2020, Grieg Seafood had a robust financial position with an equity ratio of 40% and NIBD/EBITDA of 1.5. Long-term loan agreements include two term loans of NOK 600 million and EUR 60 million, both with maturation in 2023. Our cash balance at the end of the quarter was NOK 280 million with an additional NOK 583 million available in undrawn credit facilities. For more information on interest-bearing liabilities, please see Note 6.

The current situation has increased the risk of loss on account receivables. We have good routines around collecting and managing receivables and have an open dialogue with customers to get more certainty on their situation. The increased risk of loss is considered in our accruals as of end of Q1 2020.

In our Q4 2019 report, we communicated planned 2020 investments of NOK 1 664 million. Considering the increased uncertainty resulting from the Covid-19 pandemic, we continuously monitor cash flows and capital expenditures. Several measures have been identified and implemented to safeguard a flexible working capital and maintain financial solidity going forward. We are also continuously assessing operational cost-saving measures.

The Board maintains the long-term dividend strategy. The Company's dividend policy states that the average dividend should correspond to 30-40% of profit after tax, before fair value adjustment of biological assets. At the same time, the net-interest bearing debt per kg harvested salmon should be NOK 20, with possibilities to increase during periods of growth investments. Dividends will be evaluated twice a year and adjusted to satisfy the targeted debt level. 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. The Board has requested an authorization provided by the Annual General Meeting to pay dividend later in the year.

In the current market climate and with a satisfactory solidity and liquidity situation, we will continue with our 2020-2025 strategy, including the integration of Grieg Newfoundland. However, depending on how the market develops over the coming months, we have identified approximately NOK 200-300 million related to growth investments, including the Gold River smolt facility in BC, which may be delayed short-term without any material impact on short-term harvest plans or medium- to long-term growth ambitions.



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.

PROFIT (Figures for Q1 2019 in brackets)

The Grieg Seafood Group harvested 18 362 tonnes GWT in Q1 2020, up 24% compared to 14 801 tonnes in Q1 2019.

Average spot salmon price for Q1 2020 was up compared to both Q1 2019 and Q4 2019, but our price achievement was affected by harvesting towards the end of the quarter when prices were decreasing. Grieg Seafood's revenues in Q1 2020 amounted to NOK 2 055 million, an increase of 25% compared to Q1 2019. The revenue increase is driven by higher harvest volume as well as the currency effect of a weak Norwegian krone.

Farming cost during the period (total cost related to fish harvested this quarter) was somewhat up compared to the same quarter last year, partly driven by the currency effect.

The Group's EBIT before fair value adjustment of biological assets was NOK 240 million (NOK 267) during the quarter, corresponding to an EBIT per kg of NOK 13.09 (18.07). EBIT from the four regions includes value creation from the respective sales activities of the Group's jointly owned sales company, Ocean Quality.

EBIT PER REGION (NOK MILLION)	Q1 2020	Q1 2019	FY 2019
Rogaland	171.5	145.0	568.2
Finnmark	30.3	143.0	580.3
BC	39.9	22.7	73.3
Shetland	13.9	-24.9	-67.2
ASA/ eliminations	-21.9	-23.5	-99.7
GSF EBIT	233.7	262.4	1 054.8
NCI*	6.7	5.1	32.8
GSF Group	240.4	267.5	1 087.6

* Non-controlling interest, value creation related to the sale of fish from Bremnes Fryseri AS (40% ownership of Ocean Quality AS)

Fair value adjustments of biological assets amounted to NOK -779 million (NOK 51 million) at the end of the quarter, which is mainly explained by lower forward spot salmon prices compared to Q4 2019, for the remainder of the year. A weak Norwegian krone and low price have a negative effect on the fair value. In Finnmark the price is also impacted by downgrading due to winter ulcers. The EBIT after fair value adjustment of biological assets is NOK -538 million (NOK 319 million).

Net financial items were NOK -38 million (NOK 12 million) for the quarter, resulting in a pre-tax loss of NOK -576 million (pre-tax profit of NOK 331 million). For more information on the fair value adjustment, see Note 5.

Tax for the period is estimated to NOK 131 million (NOK -76 million), resulting in loss after tax of NOK -445 million (profit after tax of NOK 256 million).

CASH FLOW (Figures for Q1 2019 in brackets)

Cash flow from operating activities during the quarter amounted to NOK 17 million (NOK 203 million). Change in working capital during the quarter ended at NOK -457 million (NOK -176 million).

Net cash flow from investing activities was NOK -159 million (NOK -70 million) during the quarter. Total gross investment excluding the effect of IFRS 16 was NOK -161 million (NOK -105 million), whereas NOK 1 million (NOK 35 million) was financed with leases previously classified as finance leases according to IAS 17. The investments comprise a combination of maintenance and growth, including MAB (traffic light) growth in Rogaland and Finnmark.

Net cash flow from financing activities in Q1 2020 was NOK 208 million (NOK 41 million). The Group's interest-bearing debt (including factoring and leasing) increased by NOK 236 million (NOK 52 million) during the quarter.

Net change in cash and cash equivalents was positive at NOK 66 million (NOK 175 million) for the first quarter of 2020 and at the end of the period, the Group had cash holdings of NOK 280 million (NOK 313 million).

FINANCIAL POSITION AND LIQUIDITY (Figures for Q1 2019 in brackets)

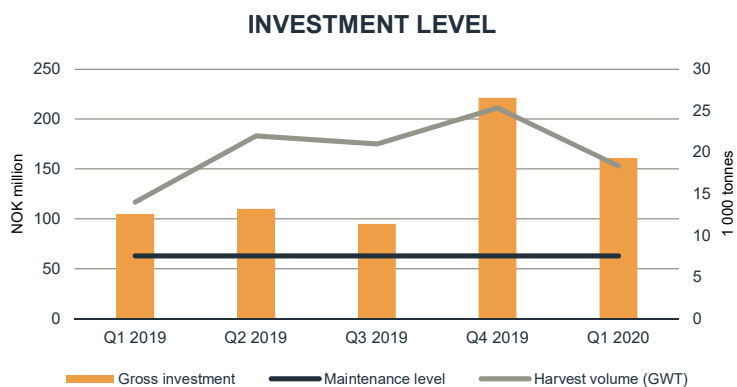
At 31 March 2020, book value of total assets was NOK 9 409 million (NOK 8 963 million) compared to NOK 8 935 million per 31. December 2019. The increase in book values of total assets is mainly driven by acquired licenses, property plant and equipment and right-of-use assets, increased cash deposits from drawdown on credit facilities and a reduction in biological assets during the quarter. Total equity amounted to NOK 3 800 million (NOK 4 156 million) compared to NOK 4 141 million per 31 December 2019, corresponding to an equity ratio of 40% at Q1 2020 (46%) compared with 46% at 31 December 2019.

The level of free liquidity at the end of the quarter is regarded as good, with available cash and credit facilities totaling NOK 863 million at the end of Q1 2020. During Q1 2020 the Group has made a drawdown of NOK 600 million of short-term financing for the acquisition of Grieg Newfoundland. The loan is classified as a current liability, while the deposit held at bank at 31 March 2020 is classified as a restricted deposit. See further information in the section describing events after balance sheet date. At end of Q1 2020, net interest-bearing debt (NIBD) amounted to NOK 2 778 million, up from NOK 2 376 million at the end of Q4 2019, and up from NOK 2 586 at the same time last year. The net interest-bearing debt at 31 March 2020 includes operational lease liabilities recognized in the balance sheet after adopting IFRS 16, of NOK 473 million (NOK 433 million), up from NOK 380 million at 31 December 2019.

Factoring liabilities amounted to NOK 57 million compared to NOK 86 million at the end of Q4 2019, and NOK 503 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 Board of Directors maintains that, as an average over time, dividends should correspond to 30-40% of the Group's profit after tax, adjusted for the effect of fair value of biological assets. The Board proposes a stable and good dividend policy, however, the Board will consider the financial situation with the ongoing Covid-19 pandemic and has requested an authorization provided by the Annual General Meeting to pay dividends later in the year.

Grieg Seafood's total investments in Q1 2020, excluding the effect of IFRS 16, amounted to NOK 161 million, where of NOK 60 million relates to MAB growth (traffic light system) in Rogaland and Finnmark. The investments are part of the Group's growth strategy, which entails increased smolt capacity and new farming sites.



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 aims to be a preferred and reliable global supplier.

OCEAN QUALITY GROUP

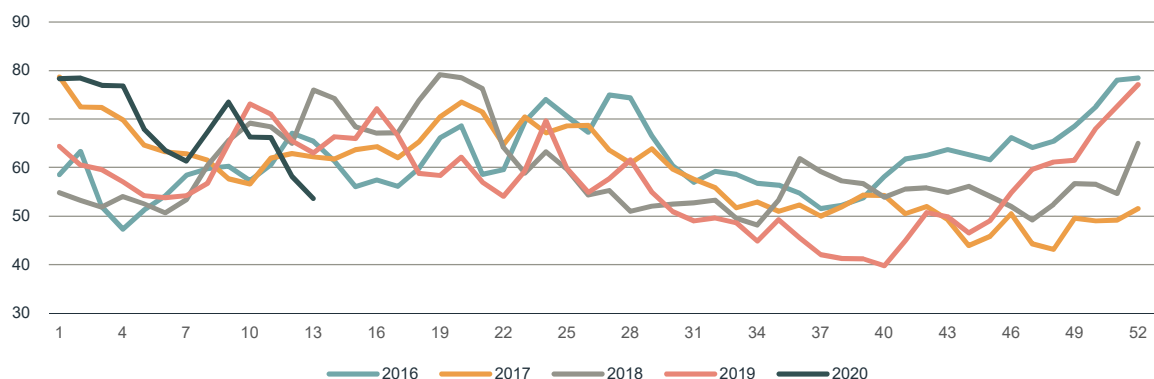
Ocean Quality is the sales organization of Grieg Seafood and Bremnes Fryseri, with an ownership of 60% and 40%, respectively. All fish produced by Grieg Seafood is sold by Ocean Quality with the purpose of generating a positive margin to the market price for salmon. Total volume sold during Q1 2020 was 27 834 tonnes, compared to 23 838 tonnes in Q1 2019.

MARKET DEVELOPMENT

Average spot salmon price (Nasdaq) for Q1 2020 was NOK 68.35, up by NOK 6.97 per kg compared to Q1 2019, and up by NOK 11.76 compared to Q4 2019. Spot salmon prices has fallen sharply through the quarter, from a high of almost NOK 80 per kg in week two, down to the low fifties at the end of the quarter. Undoubtedly the ongoing situation related to Covid-19 has had a significant effect on both consumption patterns and overall demand, in particular towards the end of the quarter. Our distribution of harvest towards the end of the quarter had a significant impact on achieved prices.

The overall supply of Atlantic salmon for the quarter decreased by approximately 0.5% compared to Q1 2019, according to Kontali. The supply of Atlantic salmon to the EU, the US and Russian markets increased for the quarter compared to Q1 2019, while sales to China, Hongkong and Vietnam were down.

WEEKLY NASDAQ SALMON INDEX 2016-2020 (NOK/KG)



MARKET EXPECTATIONS AND GUIDING

Kontali estimates that the supply of Atlantic salmon will increase by 3-4% worldwide in 2020. With limited possibilities for increasing the harvest volume, prices would normally be expected to remain high, but the market situation has been impacted by the Covid-19 pandemic. The spread of the disease and the measures taken to combat it is currently causing uncertainty for producers, processors and consumers. Sales to the HoReCa

segment is essentially closed, while the retail segment has boosted. In the beginning of the second quarter of 2020, both supply and prices were down compared to the same period last year. The short-term market outlook remains uncertain, but an uptake in home deliveries and a gradual softening of corona restrictions may contribute to a more positive development in the HoReCa segment. Current spot prices trend around the low to mid-fifties, and forward contracts indicate a suppression of prices throughout 2020. We expect a volatile market the next half year driven by an increase in supply.

During earlier economic downturns with lower prices, a wider group of consumers have changed behavior and started to buy salmon, driving up demand in the longer run. Also this time, we believe that the current change in the market situation could lead to permanent 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 in the longer run. We see a potential for increasing our presence in the market through partnerships, in particular as e-commerce is increasing, in line with our 2025 strategy.

The Group's total share of fixed price contracts in Q1 2020 was 22% both in Norway and the UK. This is in the lower range of the Group's target of 20-50% contract share. Currently, the estimated contract shares for Q2 is 26% for Norway and 10% for the UK, with full year estimates of 20% in Norway and 9% in the UK.

Brexit is a potential risk for Grieg Seafood. Currently, our sales have not been affected by Brexit. We are maintaining close collaboration with authorities in Norway and the UK about the developments. Please see Note 2 for more information.

In 2019, a total of 25.2 million smolt with an average weight of 190g, was stocked to sea. Our seawater production is good, and despite abnormal mortality during the quarter, we are on track to reach our harvest target of 100 000 tonnes in 2020. Expected harvest volume for Q2 2020 is 24 900 tonnes.

HARVEST (TONNES GWT)	ROGALAND	FINNMARK	SHETLAND	BRITISH COLUMBIA	GROUP TOTAL
Q1 2020	6 900	6 800	2 000	2 500	18 400
Q2 2020	4 000	7 000	3 900	10 000	24 900
Q3 – Q4 2020	14 100	24 200	11 100	7 500	56 700
Total 2020	25 000	38 000	17 000	20 000	100 000

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, not 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 6.8 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

6 944
TONNES GWT HARVESTED

24.7
EBIT/KG (NOK)

19 • 2
SEAWATER LICENSES •
FRESHWATER LICENCES

157
EMPLOYEES

RESULTS

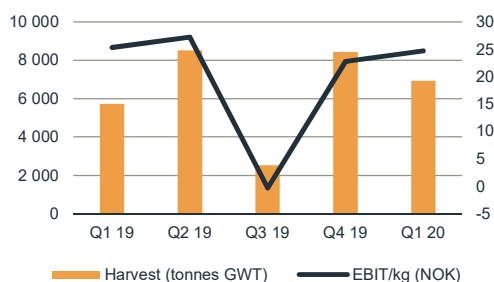
Harvest volume in Rogaland was 6 944 tonnes in Q1 2020, up 21% compared to Q1 2019, and 944 tonnes above guidance due to accelerated harvesting of some sites due to biological challenges.

Revenues for the quarter amounted to NOK 451.7 million, an increase of 22% compared to Q1 2019. Harvest volumes were skewed towards the end of the quarter when prices were lower, however, good average harvest weight and a superior share of 86% contributed positively to the price achievement.

Rogaland had an average survival rate of 90% over the last 12 months, down from 93% as of Q4 2019. The decreased survival rate was driven by increased mortality at one site, which suffered from rough weather conditions, and required sea lice treatment. The harvest of this site was conducted using a third-party vessel, which led to higher harvest costs. At the remaining sites, biological conditions were favorable throughout the quarter. Cost per kg increased compared to Q1 2019 and Q4 2019. We expect cost per kg to increase in Q2 2020 due to lower harvest volume.

EBIT per kg before fair value adjustment of biological assets was NOK 24.70 in the period, compared to NOK 25.31 in Q1 2019 and NOK 22.78 in Q4 2019.

NOK MILLION	Q1 2020	Q1 2019	FY 2019
Revenues	451.7	371.3	1 538.9
EBITDA	195.8	162.6	658.4
EBIT	171.5	145.0	568.3
Harvest volume (tonnes GWT)	6 944	5 731	25 217
EBIT/kg (NOK)	24.70	25.31	22.54



PRIORITIES

Grieg Seafood Rogaland aims to reduce production time in the sea from 18 to 12 months, primarily by increasing average smolt size to 500 grams by 2020. We have had promising results using large size smolt that spend less than 12 months in the sea. No smolt was transferred to sea during Q1 2020, but fresh water production is progressing according to plan.

Sea lice and Pancreas Disease (PD) have been challenges in Rogaland over recent years, negatively impacting feed- and growth rates, and increasing cost. One of our sites in Rogaland was affected by PD during the quarter. The site was harvested according to plan in April.

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.

By focusing on operational priorities, Grieg Seafood Rogaland has improved performance and maintains the guiding of harvesting 25 000 tonnes in 2020.

GRIEG SEAFOOD FINNMARK

6 827

TONNES GWT HARVESTED

4.44

EBIT/KG (NOK)

28 (8) • 1 • 15

SEAWATER LICENSES (GREEN) •
FRESHWATER LICENCE • ASC-
CERTIFIED SITES

254

EMPLOYEES

RESULTS

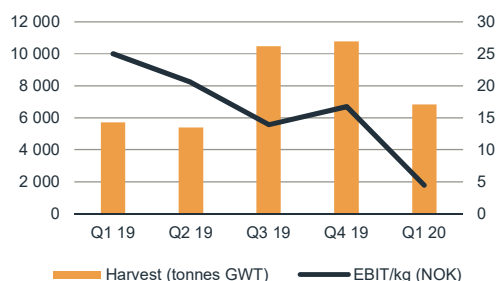
Grieg Seafood Finnmark harvested 6 827 tonnes in Q1 2020, an increase of 19% compared to Q1 2019.

Revenues for the quarter amounted to NOK 359.5 million, up 4% compared to NOK 346.4 million in Q1 2019. Price achievement in Q1 2020 was significantly impacted by winter ulcers, ISA (Infectious Salmon Anemia) and was harvested with low average harvest weight. Approximately half of the volume in Q1 was harvested in March, after prices had dropped significantly due to Covid-19. Due to challenges related to winter ulcers and ISA during the quarter, the 12-month survival rate decreased from 96% at the end of 2019 to 93% at end of Q1 2020. Cost per kg increased significantly compared to the previous quarter and Q1 2019, due to lower average harvest weight, as well as added well boat costs and external harvesting related to harvesting of the ISA-infected site. In Q2 2020, winter ulcers are expected to continue to impact harvest quality and price achievement, but to a lesser extent than in Q1. However, cost per kg is expected to decrease due to higher average harvest weights and as most of the fish affected by ISA was harvested in Q1.

Winter ulcers, caused by cold seawater temperatures, led to downgrades in one of our production areas, resulting in a low superior share of 51% in the quarter, compared to 85% in Q1 2019. In addition, one site was affected by ISA (Infectious Salmon Anemia) and was harvested with low average harvest weight. Approximately half of the volume in Q1 was harvested in March, after prices had dropped significantly due to Covid-19. Due to challenges related to winter ulcers and ISA during the quarter, the 12-month survival rate decreased from 96% at the end of 2019 to 93% at end of Q1 2020. Cost per kg increased significantly compared to the previous quarter and Q1 2019, due to lower average harvest weight, as well as added well boat costs and external harvesting related to harvesting of the ISA-infected site. In Q2 2020, winter ulcers are expected to continue to impact harvest quality and price achievement, but to a lesser extent than in Q1. However, cost per kg is expected to decrease due to higher average harvest weights and as most of the fish affected by ISA was harvested in Q1.

EBIT per kg before fair value adjustment of biological assets was NOK 4.44 for the quarter, down from NOK 25.01 in Q1 2019 and NOK 16.74 in Q4 2019.

NOK MILLION	Q1 2020	Q1 2019	FY 2019
Revenues	359.5	346.4	1 815.3
EBITDA	67.7	173.5	715.5
EBIT	30.3	143.0	580.2
Harvest volume (tonnes GWT)	6 827	5 720	32 362
EBIT/kg (NOK)	4.44	25.01	17.93



PRIORITIES

Grieg Seafood Finnmark is focused on improving fish welfare and survival rates and works towards sustainable production. While the situation with winter-ulcers is temporary, we are working systematically to find out why this incident has happened and will put in place measures to avoid future occurrences. During the quarter, five new sites received ASC-certification, and at the end of the quarter 15 sites are ASC certified, corresponding to 75% of our active sites.

Grieg Seafood Finnmark was allocated a new location in the Hammerfest area during Q1. Acquiring additional farming locations is a key component in improving the utilization of resources, assets and licenses in the region.

Production at the smolt facility in Adamselv and at Nordnorsk Smolt AS (50% ownership) is good, and during the quarter, we transferred smolt with an average weight of approximately 220g to sea. Grieg Seafood Finnmark is guiding harvest volumes of 38 000 tonnes in 2020.

GRIEG SEAFOOD SHETLAND

2 047
TONNES GWT HARVESTED

6.80
EBIT/KG (NOK)

17 • 1
ACTIVE SEAWATER LICENSES •
FRESHWATER LICENCE

209
EMPLOYEES

RESULTS

Harvest volume in Q1 2020 was 2 047 tonnes, an increase of 14% compared to Q1 2019.

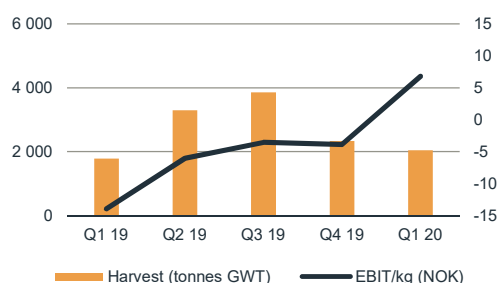
Revenues amounted to NOK 149.8 million in Q1 2020, an increase of 22% compared to Q1 2019 due to higher volume and currency effects. Harvest volumes were slightly skewed towards the end of the quarter with lower market price, with a slightly lower price achievement compared to Q1 2019 due to comparatively lower average harvest weight and superior share, the latter of which was 85% in Q1 2020, compared to 96% in Q1 2019.

During the quarter, high sea lice pressure resulted in mechanical sea lice treatments, which negatively impacted survival rates, superior share and the cost per kg. Nevertheless, due to healthier and more robust smolt, the 12-month survival rate as of the end of Q1 2020 increased to 88% from 85% as of the end of Q1 2019.

Overall, cost per kg decreased compared to Q1 2019, primarily as a result of lower write down and higher harvest volume. Compared to Q4 2019, cost was at a similar level. Going forward, Shetland aims to increase production and harvest volumes, driving down the cost per kg in the longer term.

The resulting EBIT per kg before fair value adjustment of biological assets was NOK 6.80 compared to NOK -13.93 in Q1 2019 and NOK -3.84 in Q4 2019.

NOK MILLION	Q1 2020	Q1 2019	FY 2019
Revenues	149.8	122.3	731.6
EBITDA	43.2	-0.7	35.6
EBIT	13.9	-24.9	-67.2
Harvest volume (tonnes GWT)	2 047	1 788	11 273
EBIT/kg (NOK)	6.80	-13.93	-5.96



PRIORITIES

Grieg Seafood Shetland cooperates with other sea farmers in the region to secure sustainable marine biology. Production is concentrated to the best sites with the strongest biological control, and routines and systems for monitoring and mitigating algae-related issues have been implemented. Other measures to ensure strong biosecurity, improved fish welfare and control of the sea lice situation include the use of aeration systems, cleaner fish, sea lice skirts and freshwater treatments. The sea lice level remained high during the quarter, and both mechanical and pharmaceutical sea lice treatments were carried out.

Grieg Seafood Shetland has taken several measures to improve smolt quality, which is essential for good growth and reduced cost, and survival rate on smolt transferred to sea has increased. By focusing on initiatives to improve biosecurity and fish welfare, Grieg Seafood Shetland is guiding a harvest volume of 17 000 tonnes in 2020.

GRIEG SEAFOOD BC

2 544
TONNES GWT HARVESTED

15.68
EBIT/KG (NOK)

20 • 1
SEAWATER LICENSES •
FRESHWATER LICENCE

172
EMPLOYEES

RESULTS

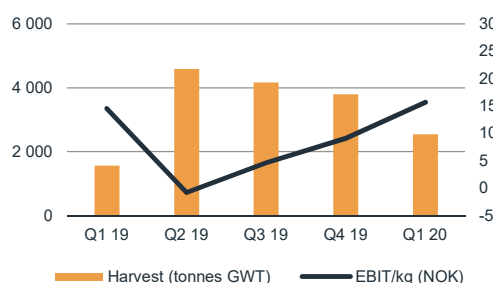
Harvest volume in Q1 2020 was 2 544 tonnes, up 63% compared to Q1 2019, mainly due to the cyclical nature of the site utilization and fallowing procedures in the region. Revenues for the quarter was NOK 180.3 million, an increase of 81% compared to Q1 2019, driven mainly by increased harvest volume and currency effects. In addition, a superior share of 90% (78% in Q1 2019) and high average harvest weight, although lower than in Q1 2019, contributed to good overall price achievement for the quarter.

Seawater production was good during the quarter, and the survival rate for the last 12 months increased to 89%, up from 88% in Q4 2019.

Cost per kg is stable compared to both Q1 2019 and Q4 2019 and is expected to decrease going forward as volume increases.

EBIT per kg before fair value adjustment of biological assets was NOK 15.68, compared to NOK 14.54 in Q1 2019 and NOK 9.11 in Q4 2019.

NOK MILLION	Q1 2020	Q1 2019	FY 2019
Revenues	180.3	99.4	861.4
EBITDA	66.6	39.5	145.9
EBIT	39.9	22.7	73.3
Harvest volume (tonnes GWT)	2 544	1 562	14 120
EBIT/kg (NOK)	15.68	14.54	5.19



PRIORITIES

Access to high-quality smolt is key to ensuring sustainable production growth. The expansion of the Gold River smolt facility is somewhat delayed due to the Covid-19 situation. However Grieg Seafood BC is expected to increase the smolt capacity from 500 tonnes to 900 tonnes, with the first smolt going to sea in fall 2021.

During the quarter, Grieg Seafood BC received ASC-certification on three sites, aiming to have all sites ASC certified by the end of 2021.

Harmful Algae Blooms (HAB) represents a high biological risk in BC. Algae movements and oxygen levels are therefore continuously monitored and analyzed using high-grade sensor equipment and satellite imagery. In addition, aeration systems have been installed to enable feeding during challenging situations. Investments in sea production equipment will play an important role in maintaining good production levels and increase survival during challenging environmental conditions.

Grieg Seafood BC will continue the efforts within algae mitigation and digital monitoring in order to increase harvest volume and reduce cost and is guiding a harvest volume of 20 000 tonnes in 2020. Focus on market development is a priority as our harvest volume increases.

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 keep 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 do 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 last 12 months, according to the standards of the Global Salmon Initiative). In the first quarter of 2020, only Finnmark reached this target. Finnmark has a stable survival rate due to good biological conditions, however the survival rate this quarter was impacted by winter ulcers. The survival rate in Rogaland was impacted by mechanical delousing treatment during the quarter.

SURVIVAL RATE	Q1 2020	Q1 2019	FY 2019
Rogaland	90%	92%	93%
Finnmark	93%	96%	96%
Shetland	88%	85%	89%
British Columbia	89%	87%	88%

The survival rate in Shetland has over the last year gradually increased, but it is still affected by gill diseases, winter ulcers and mechanical delousing treatments. Shetland has adjusted its smolt and vaccination strategies and are now Furunculosis free. While winter ulcers remain an issue in the older fish, following the changes in smolt and vaccination strategies, we have not seen winter ulcers in the smolt inputs in Q4 2019 nor Q1 2020.

The main cause of mortality this quarter was related to sea lice treatments. Our measures to improve smolt health and -robustness, including a change in our vaccination program, have improved smolt quality and increased survival at sea. We have increased our capacity to perform non-medicinal delousing treatments and aim to reduce the number of medical treatments.

In BC, the survival rate has been impacted by incidents of low oxygen levels and plankton blooms 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 this quarter was related to sea lice treatments.

Cleaner fish should have just as good health and welfare as our salmon. We are in the process of revising and approving our policies for cleaner fish. This includes working more systematically to report and reduce mortality. We will start sharing mortality numbers in 2020.

USE OF ANTIBIOTICS

Grieg Seafood aims to avoid using antibiotics in all forms, to preserve their effectiveness and to minimize resistance against antibiotics. It is 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.

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 quarter, Shetland used antibiotics for the treatment of winter ulcers. The introduction of a new vaccination program has reduced the incidents of winter ulcers this winter, and we expect a reduction of the use of antibiotics going forwards. BC used antibiotics for treatment of Yellowmouth disease. We are installing infrastructure that will allow us to lower water temperatures and salinities to aid in limiting the transmission of diseases.

USE OF ANTIBIOTICS*	Q1 2020	Q1 2019	FY 2019
Rogaland	0.00	0.00	0.00
Finnmark	0.00	0.00	0.00
Shetland	0.02	119.66	29.18
British Columbia	64.26	63.55	87.00

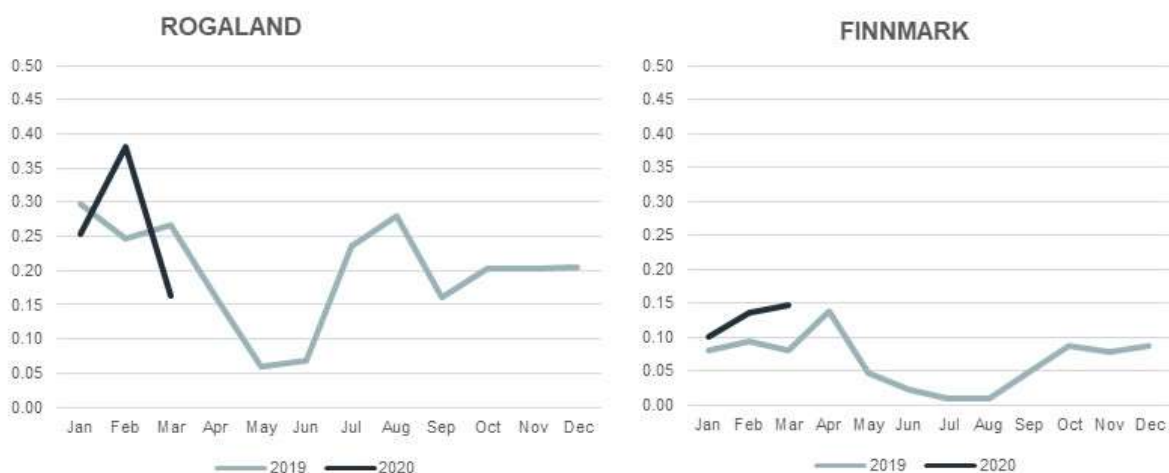
Through our post-smolt strategy we have better control of the environment of the fish for a longer period. It will also make the fish more robust before being transferred to sea, and a shorter period at sea will reduce exposure to biological risks. This in turn will reduce the risk of disease outbreaks and the need for antibiotics.

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



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 limit rises and approach legal limits, our policy is to perform continuous assessment 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 we are managing to reduce the number of 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 in the area was high during the quarter, and sea lice 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 higher in Q1 2020 compared to Q1 2019, but stable. Limited treatment was 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, and have been able to reduce the amount of pharmaceutical ingredients compared to previous years. Levels above two adult female sea lice per fish are reported to the regulating authority, Marine Scotland. Actions are required when the level increases above six female sea lice per fish. The sea lice level in the first quarter of 2020 was lower and more stable compared to the same period last year, and various treatments were carried out.

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 was high from the beginning of the quarter, and treatments were carried out to reduce the pressure.

SEA LICE TREATMENTS*	Q1 2020		Q1 2019		FY 2019	
	IN BATH	IN FEED	IN BATH	IN FEED	IN BATH	IN FEED
Rogaland	0.00	0.00	0.01	0.02	0.00	0.03
Finnmark	0.05	0.00	0.00	0.00	0.21	0.10
Shetland	1.12	0.03	3.41	0.18	1.79	0.17
British Columbia	0.00	0.13	0.00	0.00	0.00	0.52

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

HYDROGEN PEROXIDE*	Q1 2020		Q1 2019		FY 2019	
	IN BATH	IN FEED	IN BATH	IN FEED	IN BATH	IN FEED
Rogaland	34.88	54.31	11.94			
Finnmark	0.00	0.00	0.00			
Shetland	31.10	10.38	12.23			
British Columbia	32.14	18.90	6.01			

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

Escape control

Grieg Seafood has zero tolerance for escapes and we had no escapes in Q1 2020.

Escaped farmed salmon may mix genetically with wild salmon stocks and it is our responsibility to use farming methods that minimize impact on the wild salmon population. Amongst the efforts to reduce the risk of escape incidents, we are implementing the NYTEK standard 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.

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.

SUPERIOR SHARE	Q1 2020	Q1 2019	FY 2019
Rogaland	86%	73%	75%
Finnmark	51%	85%	86%
Shetland	85%	96%	94%
British Columbia	90%	78%	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 in Rogaland has been impacted by PD (Pancreas Disease) until the end of Q2 2019. The quality has improved. The share of claims in the quarter was low and mainly related to melanin. In Finnmark, colder sea water temperatures in general can cause winter-ulcers, and the superior share in Q1 2020 was severely affected by the occurrence of winter-ulcers. The share of claims for the quarter was low, with the main reason being texture. In Shetland, the share of superior quality fish has been consistently high, although in the first quarter it was significantly affected by mechanical sea lice treatments. The claims were mainly related to pigmentation, melanin and sea lice. The share of superior quality in BC has been rising in recent years. The claims during the quarter were mainly related to pigmentation and texture.

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 each region.

LTIR* & ABSENCE RATE	Q1 2020		Q1 2019		FY 2019	
	LTIR	ABSENCE	LTIR	ABSENCE	LTIR	ABSENCE
Rogaland	19	4.41%	41	4.32%	15	3.54%
Finnmark	11	6.22%	0	6.19%	22	4.86%
Shetland	47	4.21%	13	4.42%	15	3.38%
British Columbia	104	5.43%	36	2.70%	35	2.04%

*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. During Q1 2020, we had one accident in Rogaland where a person fell in a feed silo. The person had no major injuries. We are reviewing our safety procedures to ensure similar accidents from happening.

During the ongoing Covid-19 pandemic, employee wellbeing 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. None of our employees have tested positive for Covid-19. We do not compromise on health and safety, and have lowered the bar to stay at home. As a result, our short-term absence rate in March 2020 was significantly higher than normal. The increase in absence rate in BC is impacted by higher short-term absence, while the absence rate in Grieg Seafood Finnmark is caused by long-term sickness. We are monitoring the development.

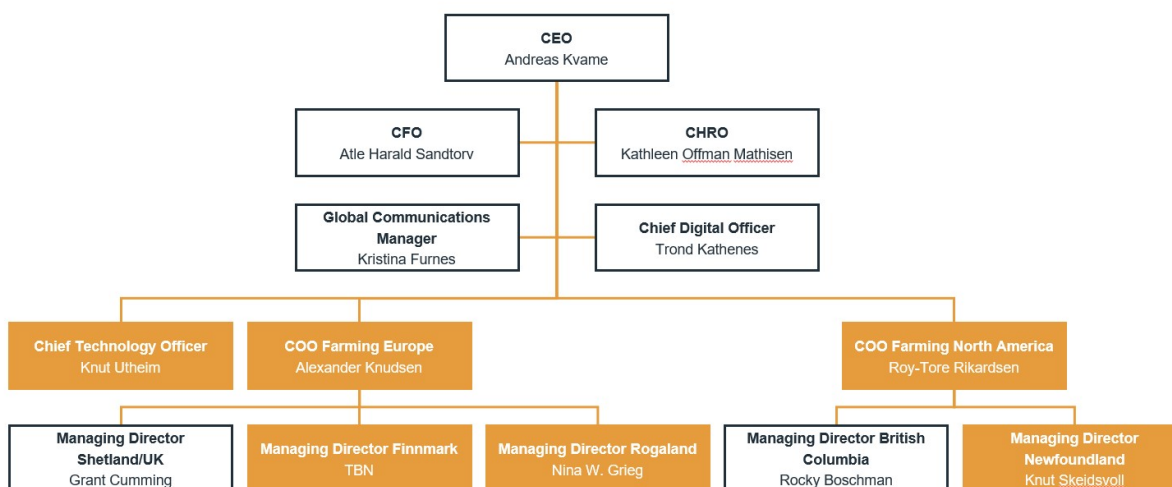
Ethics and integrity

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. No harassment cases were reported during the quarter.

Creating attractive jobs

In February, OD Hansen was added as the Director of Reconciliation in Grieg Seafood BC. Hansen will connect with coastal Indigenous communities and liaise with our employees to help the company move towards reconciliation. This is the first of its kind in the BC salmon farming industry, one that works to shift workplace culture internally by working with the Indigenous communities externally.

To underpin our growth journey, and with the transaction of Grieg Newfoundland completed in April 2020, Grieg Seafood is adding farming capabilities to our executive team to bolster focus on operations. Organizational capacity and competence are vital to achieve our 2025 strategy, and we have therefore made changes to the management structure. Our new farming division will be divided into three areas: Farming Europe covering Finnmark, Rogaland and Shetland, Farming North America covering BC and Newfoundland, as well as a technological department covering areas with increased company commitments, such as sustainability, R&D and fish health & welfare. Current Regional Director in Grieg Seafood Rogaland, Alexander Knudsen, will take up the position as Chief Operating Officer Farming Europe. The current Regional Director of Finnmark, Roy-Tore Rikardsen, will take up the position as Chief Operating Officer Farming North America. The current COO, Knut Utheim, will take up the position as Chief Technology Officer. The illustration below highlights the changes.



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 Commons, always work to reduce its environmental footprint and 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.

In March 2020, we had the great honor of hosting our Indigenous partners in British Columbia, the Mowachaht Muchalaht, Tlowitsis and Ehattesaht Chinehkint First Nations, in Norway. They taught us about their history and culture, and we received beautiful traditional artwork gifts at our head office in Bergen. We also took a tour at our



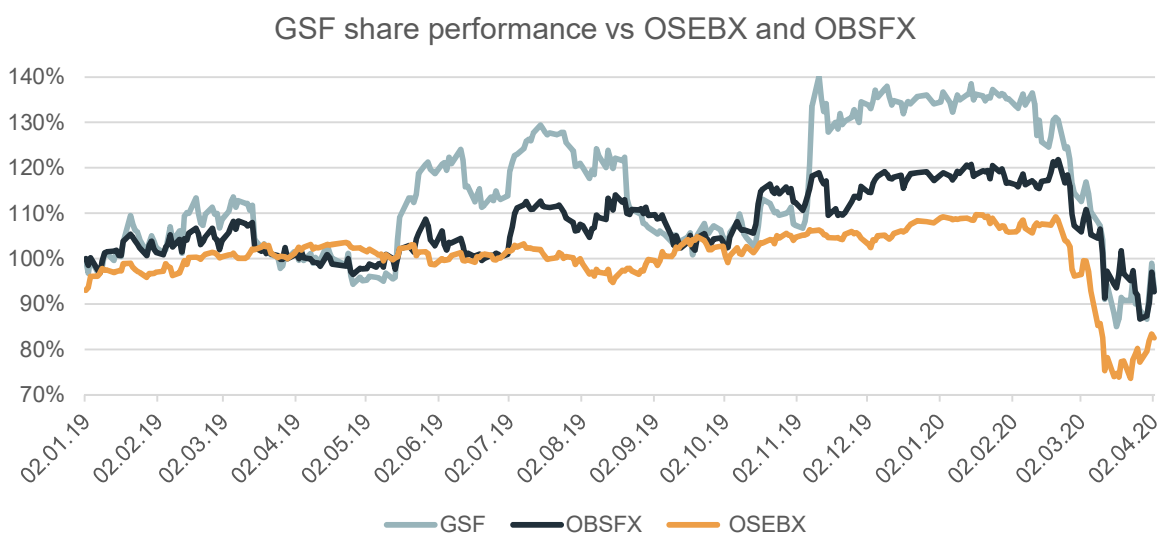
hatchery, the sea water site Rennaren and harvesting plant Stjernelaks in Rogaland. Grieg Seafood continue to learn from our First Nation partners and we are truly grateful for our friendship and partnership.

The Grieg Seafood share

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

At the end of Q1 2020, Grieg Seafood had a total of 111 662 000 shares, including treasury shares, divided between 5 542 shareholders. The Grieg family in total holds 52.80% of the Grieg Seafood shares. The 20 largest shareholders account for 72.23% of the shares. Please refer to Note 8 and 9 for more information about the shareholders.

KEY FIGURES	Q1 2020	Q1 2019	FY 2019
Number of shares at period-end (incl treasury shares)	111 662 000	111 662 000	111 662 000
Number of shares traded	19 791 351	19 806 577	72 001 397
Number of shareholders	5 542	6 195	4 968
Total value of shares traded per day (NOK million)	36.0	34.8	33.7
Share price at period-end (NOK)	96.7	104.6	140.3
Average share price (NOK)	125.9	109.9	118.0
Lowest closing price (NOK)	86.8	99.2	96.8
Highest closing price (NOK)	149.4	121.6	146.8



Related parties' transactions

On 7 February 2020, Grieg Seafood announced that it had signed Sales and Purchase Agreements (SPA) for the acquisition of Grieg Newfoundland AS. Grieg Newfoundland AS is 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 are owned by the local partner Ocean Choice International Ltd (19.5%) and Knut Skeidsvoll (2.5%).

On 25 March, the purchase agreement was approved by an Extraordinary General Meeting, as required by law since it is a material transaction with a related party. The Board has obtained a third-party evaluation on the agreement, and declared the agreement is in the Company's interest, the contribution to be received by the Company under the agreement is of fair value compared to the contribution to be performed by the Company, and the adequate equity and liquidity requirement will be met.

On 15 April, the Board resolved to complete a directed private placement by issuing 1 785 042 new shares to Grieg Aqua AS and Kvasshøgdi AS, in addition to the other owners as part of consideration for the shares in Grieg Newfoundland AS. The subscription price for each new share was set at NOK 140.05, corresponding to a total contribution in kind of NOK 250 million. Following the transaction, Kvasshøgdi AS holds 496 772 shares in Grieg Seafood ASA, corresponding to 0.44% of the issued share capital. Per Grieg Jr. personally owns 15 000 shares in Grieg Seafood ASA. Grieg Aqua AS holds 56 914 355 shares in Grieg Seafood ASA, corresponding to 50.17% of the issued share capital.

Please see Note 8 for further information.

Events after the balance sheet date

The acquisition of Grieg Newfoundland AS was completed on 15 April 2020, and the directed private placement was completed. The up-front payment is based on an enterprise value of Grieg Newfoundland AS of NOK 539.1 million. NOK 250 million of the up-front payment is settled through issuance of new shares in the Company to the sellers of Grieg Newfoundland AS. The remaining part of the up-front payment, NOK 620 million, is settled in cash.

The project comprises licenses for 11 sea sites across four areas in Placentia Bay, Newfoundland. Three licenses are approved, three are expected to be approved in 2020 and the rest are in different stages of application. The project also includes a high-end Recirculating Aquaculture System (RAS) facility currently under construction. The first harvest will be in 2022/23, and the region is expected to contribute with 15 000 tonnes harvest by 2025. The project has a long-term annual harvest potential of 30 000 - 45 000 tonnes Atlantic salmon.

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

THE BOARD OF DIRECTORS AND CEO BERGEN, 7 MAY 2020



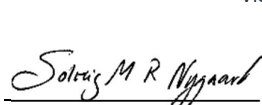
ASBJØRN REINKIND
Vice Chair



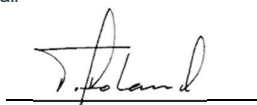
PER GRIEG JR.
Chair



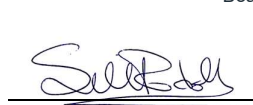
KARIN BING ORKLAND
Board Member



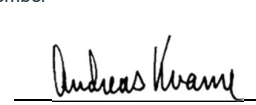
SOLVEIG M.R. NYGAARD
Board Member



TØRE HOLAND
Board Member



SIRINE FODSTAD
Board Member



ANDREAS KVAME
CEO

Financial statements

INCOME STATEMENT

NOK 1 000	Q1 2020	Q1 2019	FY 2019
Sales revenues	2 055 048	1 647 593	8 273 592
Other income	14 938	2 881	30 131
Share of profit from associates	602	422	211
Raw materials and consumables used	-1 018 108	-738 043	-4 181 971
Salaries and personnel expenses	-160 908	-146 814	-610 803
Other operating expenses	-530 641	-407 262	-2 013 002
EBITDA before fair value adjustment of biological assets	360 931	358 776	1 498 157
Depreciation property, plant and equipment	-118 868	-89 909	-404 895
Amortization licenses and other intangible assets	-1 646	-1 388	-5 688
EBIT before fair value adjustment of biological assets	240 417	267 480	1 087 574
Fair value adjustment of biological assets	-778 762	51 359	-220 714
EBIT after fair value adjustment of biological assets	-538 345	318 839	866 860
Net financial items	-37 615	12 499	-26 234
Profit before tax	-575 960	331 338	840 626
Estimated taxation	130 983	-75 764	-195 718
Net profit for the period	-444 977	255 573	644 908
Allocated to			
Controlling interests	-450 582	251 605	619 510
Non-controlling interests	5 606	3 968	25 398
Dividend declared and paid per share (NOK)	-	-	4.00
Earnings per share (NOK)	-4.03	2.28	5.61

COMPREHENSIVE INCOME STATEMENT

NOK 1 000	Q1 2020	Q1 2019	FY 2019
Profit for the period	-444 977	255 573	644 908
<i>Net other comprehensive income to be reclassified to profit/loss in subsequent periods</i>			
Currency effect on investment in subsidiaries	87 883	10 220	52 826
Currency effect on loans to subsidiaries	71 555	6 997	29 819
Cash flow hedges	-50 403	2 082	-4 529
Tax effect	-4 665	-1 997	-5 564
<i>Net other comprehensive income not to be reclassified to profit/loss in subsequent periods</i>			
Change in fair value of equity instruments	-433	-	-107
<i>Other comprehensive income for the period, net of tax</i>	103 937	17 301	72 446
Total comprehensive income for the period	-341 040	272 875	717 354
<i>Allocated to</i>			
Controlling interests	-330 216	268 256	689 916
Non-controlling interests	-10 824	4 618	27 438

STATEMENT OF FINANCIAL POSITION

NOK 1 000	Q1 2020	Q1 2019	FY 2019
ASSETS			
Goodwill	110 884	109 144	109 526
Licenses	1 222 831	1 124 331	1 133 630
Other intangible assets	14 300	19 750	16 205
Deferred tax assets	1 274	1 718	998
Property, plant and equipment incl. Right-of-use assets	3 193 935	2 776 523	2 957 942
Investments in associates	81 672	37 544	81 071
Other non-current receivables	2 855	1 350	3 130
Total non-current assets	4 627 751	4 070 360	4 302 503
Inventories	177 389	143 998	177 847
Biological assets	2 893 817	3 446 345	3 437 948
Trade receivables	462 797	768 329	459 897
Other current receivables	320 142	208 716	334 625
Derivatives and other financial instruments	47 028	12 483	7 368
Restricted cash acquisition financing	600 000	-	-
Cash and cash equivalents	280 177	312 553	214 497
Total current assets	4 781 350	4 892 425	4 632 181
Total assets	9 409 101	8 962 785	8 934 684
EQUITY AND LIABILITIES			
Share capital	446 648	446 648	446 648
Treasury shares	-4 855	-4 914	-4 855
Retained earnings and other equity	3 312 202	3 660 575	3 642 417
Total controlling interests	3 753 995	4 102 310	4 084 211
Non-controlling interests	45 809	54 076	56 632
Total equity	3 799 804	4 156 386	4 140 843
Deferred tax liabilities	782 099	955 572	874 664
Cash-settled share options	2 944	8 690	8 379
Borrowings	1 982 632	1 492 176	1 563 935
Other non-current borrowings	14 435	13 874	13 240
Lease liabilities	692 876	640 615	632 666
Total non-current liabilities	3 474 986	3 110 926	3 092 883
Overdraft facility	-	28	-
Current portion of borrowings	98 212	107 214	98 212
Acquisition financing	600 000	-	-
Current portion of lease liabilities	214 574	170 013	199 327
Factoring liabilities	57 371	503 012	86 122
Trade payables	666 588	582 948	855 061
Tax payable	186 568	108 320	211 569
Derivatives and other financial instruments	72 243	1 823	9 321
Other current liabilities	238 757	222 114	241 346
Total current liabilities	2 134 311	1 695 473	1 700 958
Total liabilities	5 609 298	4 806 399	4 793 840
Total equity and liabilities	9 409 101	8 962 785	8 934 684

CHANGES IN EQUITY

NOK 1 000	Q1 2020 CI*	Q1 2020 NCI**	YTD 2020 CI*	YTD 2020 NCI**
Equity at period start	4 084 211	56 632	4 084 211	56 632
Profit for the period	-450 582	5 606	-450 582	5 606
Other comprehensive income for the period	120 366	-16 429	120 366	-16 429
Total recognized income for the period	-330 216	-10 824	-330 216	-10 824
Total change in equity in the period	-330 216	-10 824	-330 216	-10 824
Equity at period end	3 753 995	45 809	3 753 995	45 809

* Controlling interest: Shareholders of GSF ASA

** Non-controlling interest

CASH FLOW STATEMENT

NOK 1 000	Q1 2020	Q1 2019	FY 2019
EBIT after fair value adjustment of biological assets	-538 345	318 839	866 860
Depreciation and amortization	120 514	91 297	410 583
(Gain)/loss on sale of property, plant and equipment	-152	-	-6 339
Share of profit from associates	-602	-422	-211
Fair value adjustment of biological assets	778 762	-51 359	220 714
Change in inventory excl. fair value, trade payables and trade receivables	-456 815	-176 073	5 146
Other adjustments	114 426	43 365	92 223
Taxes paid	-512	-22 190	-132 982
Net cash flow from operating activities	17 277	203 456	1 455 994
Proceeds from sale of fixed assets	234	-	2 121
Payments on purchase of property, plant and equipment	-101 649	-67 904	-367 828
Payments on purchase of intangible assets	-58 037	-1 845	-1 635
Investment in associates	-	-	-14 163
Net cash flow from investing activities	-159 451	-69 749	-381 505
Draw-down/ repayment of non-current revolving credit facility	381 491	280 000	369 319
Draw-down/ repayment of non-current syndicate loan	-49 173	-69 173	-98 346
Draw-down/ repayment other current loan and overdraft facility	600 000	-	-55 494
Restricted cash acquisition financing	-600 000	-	-
Repayment lease liabilities	-60 126	-41 181	-205 025
Change in factoring liabilities	-36 491	-117 845	-487 255
Dividend incl. allocation to non-controlling interests	-	-	-462 027
Net interest and other financial items	-27 671	-10 834	-61 204
Net cash flow from financing activities	208 030	40 967	-1 000 031
Net change in cash and cash equivalents	65 856	174 675	74 458
Cash and cash equivalents - opening balance	214 497	137 920	137 920
Currency translation of cash and cash equivalents	-176	-42	2 119
Cash and cash equivalents - closing balance	280 177	312 553	214 497

SELECTED NOTES

NOTE 1 ACCOUNTING PRINCIPLES

Grieg Seafood ASA (the Group) comprises Grieg Seafood ASA and its subsidiaries, including the Group's share of associated companies. The financial report for the first quarter of 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 quarterly report 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.

NOTE 2 RISKS AND UNCERTAINTIES

The Group is exposed to risks in several areas, such as biological production, changes in salmon prices, political risk related to trade barriers, climate risk as well as financial risk such as interest rate fluctuations, exchange rates and liquidity.

The Group's internal control mechanisms and risk exposure are subject to constant monitoring and improvement, and efforts to reduce different types of risk have high priority. The management has established a framework for managing and eliminating most of the risk that can prevent the Group from attaining its goals.

The Group operates in an industry with high volatility, which leads to financial risk. The financial risk is managed by a central unit at the Group's head office. The Group's financial position remains strong. The Group has renegotiated the syndicated bank loan agreement, which will secure the working capital that is needed for achieving the growth targets. Income and currency risk have been transferred to the sales company. The production companies sell in local currencies to the sales companies, which hedges its transactions against currency fluctuations related to CAD/USD, EUR/NOK, GBP/EUR and USD/NOK and, if required, other currencies.

The Group applies IFRS 16 Leases on its lease liabilities. Drawdown of lease liabilities in the first quarter of 2020 was approx. NOK 128 million. The Group has lease liabilities in mostly NOK, CAD and GBP. As some of the leases contracted in NOK are held by subsidiaries with functional currency in CAD and GBP, the Group (and the relevant entities within the Group) is exposed to changes in foreign exchange rates on the lease liabilities on certain leases contracted in NOK, CAD and GBP.

The greatest operational risk is related to biological developments with regards to the smolt- and aquaculture operations. To reduce risk, the Group focuses on production of Atlantic salmon as its main product. Training of employees and establishing good internal routines to reduce operational risk, is a priority.

The aquaculture industry has experienced major issues with sea lice and algae in recent years. The Group collaborates actively with authorities and other aquaculture players to implement activities to reduce biological risk. One of the initiatives is joint fallowing and zoning. A digitalization process has been initiated across the Group to facilitate operational improvements. Through utilization of sensor technology, the ambition is to reduce the algae challenges in BC and on Shetland. The introduction of sensor technology to monitor algal blooms enables the Group 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 various effect on the salmon.

With regards to sea lice, which are developing resistance to pharmaceuticals, there is an ongoing development from pharmaceutical to mechanical treatment. In fighting sea lice, the use of wrasse is also a proven remedy, which has provided good results in Rogaland.

The Group has a zero-tolerance policy with regards to escapes. We had no escape incidents in the quarter.

Salmon prices can be highly volatile, with great fluctuations within relatively short time spans. However, there has been a stable increase in the demand for salmon over recent years, while the growth in supply has been more limited, and this development is expected to continue going forward. Supply and demand are also affected by other factors, such as government regulations, sea temperatures, diseases, and other indirect and direct factors, which affect production and hence also supply. The outbreak of the Covid-19 pandemic in the first quarter of 2020 has had a severe global impact and has caused uncertainties for salmon producers and caused a significant marked shift.

Brexit is a potential risk as Grieg Seafood is producing salmon both in Norway and Scotland. Grieg Seafood has been working in close collaboration with authorities, industry organizations, customers and suppliers in Norway and the UK to ensure a smooth transition. Regarding our export of salmon from Scotland to the EU, we are in continuous dialog with our transport agents, and are looking into various options and scenarios. Currently, our sales have not been affected by Brexit. 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 follow the situation closely and will do our part to contribute to strong relationships between Norway, the UK and the EU also in the future.

NOTE 3 SEGMENT INFORMATION

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, North America (NA) and USA. Ocean Quality UK Ltd, Ocean Quality USA Inc. and Ocean Quality North America Inc 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. The ownership cost in the quarter includes fees to lawyers related to the EU commission investigation and share options.

ELIMINATIONS (NOK 1 000)	Q1 2020	Q1 2019
Ownership cost	-21 938	-23 480
Share of EBIT to minority interest	6 716	5 098
EBIT elim. /other items	-15 222	-18 382

GEOGRAPHICAL SEGMENTS (NOK 1 000)	ROGALAND		FINNMARK		BC-CANADA		SHETLAND-UK		ELIM./ OTHERS (2)		GROUP	
	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019
Sales revenues	451 702	371 296	359 472	346 419	180 293	99 443	149 756	122 319	913 825	708 115	2 055 048	1 647 593
Other income	14 644	32	3 639	24	-	-	649	513	-3 992	2 313	14 938	2 881
EBITDA 1)	195 843	162 633	67 709	173 466	66 604	39 481	43 238	-711	-12 463	-16 092	360 931	358 776
EBIT 1)	171 544	145 017	30 288	143 038	39 887	22 718	13 921	-24 911	-15 222	-18 382	240 417	267 480
EBITDA %	42%	44%	19%	50%	37%	40%	29%	-1%			17%	22%
EBIT %	37%	39%	8%	41%	22%	23%	9%	-20%			12%	16%
Harvest volume tonnes GWT	6 944	5 731	6 827	5 720	2 544	1 562	2 047	1 788			18 362	14 801
EBIT/kg	24.70	25.31	4.44	25.01	15.68	14.54	6.80	-13.93			13.09	18.07

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

2) Elim. /other includes bonus and share of profit from Ocean Quality to producers.

NET FINANCIAL ITEMS (NOK 1 000)	Q1 2020	Q1 2019	FY 2019
Changes in fair value from hedging instruments	-27 076	1 139	1 929
Net financial interest	-17 253	-12 954	-57 714
Net currency gain (losses)	7 703	25 461	32 590
Dividend	10	-	-
Net other financial income (expenses)	-999	-1 147	-3 038
Net financial items	-37 615	12 499	-26 234

NOTE 4 BIOLOGICAL ASSETS

The accounting treatment of live fish by enterprises applying IFRS is regulated by IAS 41 Agriculture. IAS 41 comprises a hierarchy of methods for accounting measurement of biological assets at level 3. The basic principle is that such assets shall be measured at fair value less 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), 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.

	TONNES		NOK 1 000	
	Q1 2020	Q1 2019	Q1 2020	Q1 2019
Biological assets beginning of period	67 614	56 399	3 437 947	3 195 142
Currency translation	-	-	149 860	10 859
Increases due to production	18 769	22 881	895 738	745 119
Decreases due to sales/harvesting/mortality	-21 860	-19 349	-760 971	-549 597
Fair value adjustment beginning of period	N/A	N/A	-768 165	-971 310
Fair value adjustment period end	N/A	N/A	-60 592	1 016 130
Biological assets period end	64 523	59 930	2 893 817	3 446 345

BIOLOGICAL ASSETS 31.03.2020	NUMBER OF FISH (1 000)	BIOMASS (TONNES)	COST OF PRODUCTION (NOK)	FAIR VALUE ADJUSTMENT (NOK)	CARRYING AMOUNT (NOK)
Biomass onshore	31 788	1 109	237 316	-	237 316
Biological assets with round weight < 4.76 kg	30 037	59 460	2 586 037	-71 246	2 514 791
Biological assets with round weight > 4.76 kg	730	3 953	131 055	10 654	141 709
Total	62 554	64 523	2 954 408	-60 592	2 893 817

BIOLOGICAL ASSETS 31.03.2019	NUMBER OF FISH (1 000)	BIOMASS (TONNES)	COST OF PRODUCTION (NOK)	FAIR VALUE ADJUSTMENT (NOK)	CARRYING AMOUNT (NOK)
Biomass onshore	38 291	1 274	188 525	-	188 525
Biological assets with round weight < 4.76 kg	30 540	45 805	1 853 598	787 567	2 641 165
Biological assets with round weight > 4.76 kg	2 334	12 852	388 092	228 563	616 655
Total	71 165	59 930	2 430 215	1 016 130	3 446 345

NOTE 5 FAIR VALUE ADJUSTMENTS

FAIR VALUE ADJUSTMENT (NOK 1 000)	Q1 2020	Q1 2019	FY 2019
Change in fair value adjustment of biological assets	-837 931	42 711	-207 145
Change in physical delivery contracts related to fair value adjustments of biological assets	2 035	204	-1 577
Change in fair value of financial derivatives from salmon (Fish Pool contracts)	57 134	8 444	-11 993
Total recognized fair value adjustment of biological assets	-778 762	51 359	-220 714

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.

Discount rate applied in fair value adjustment of biological assets

The estimated future cash flow is discounted by a monthly rate, which was 6% at 31 December 2019. 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.

One of the parameters the hypothetical license rental is based on is the margin. The current salmon market prices, both spot and forward prices, are lower as per Q1 2020 compared with Q4 2019. As such, the hypothetical license rental is lower as per Q1 2020 compared with Q4 2019, resulting in a reassessed and reduced discount rate.

As of Q1 2020 the Group has reassessed the discount rate applied in the fair value model for its biological assets. As of Q1 2020 the discount rate is set to 5%, compared with 6% applied as of Q4 2019. The sensitivity on the fair value estimate, changing the discount rate from 6% to 5%, equals a positive effect of NOK 126.6 million on the Group's balance sheet at Q1 2020.

Sensitivity analysis, discount rate (NOK 1 000)	Q1 2020
Fair value adjustment with 5% discounting rate	-60 592
Fair value adjustment with 6% discounting rate	-187 243
Effect of reducing the discount rate	126 651

NOTE 6 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.

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 balance sheet. Factoring liabilities at Q1 2020 was NOK 57.4 million compared to NOK 86.1 million in Q4 2019 and NOK 503.0 million in Q1 2019. The difference between Q1 2019 and later periods is due to that Ocean Quality AS entered into a new factoring agreement in Q3 2019. 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.

During Q1 2020 the Group has drawn further NOK 380 million on the revolving credit facility, with a total drawdown of NOK 1 018 million, while NOK 583 million of the credit facility is unutilized. In addition, the Group has made a drawdown of a bridge loan of NOK 600 million related to the acquisition of Grieg Newfoundland AS, which was finalized after the balance sheet date. The drawdown is held as restricted deposits at 31 March 2020 and is excluded in the NIBD-calculation until the acquisition of Grieg Newfoundland AS was completed 15 April 2020.

Net interest-bearing liabilities (NOK 1 000)	31.03.2020	31.03.2019	31.12.2019
Non-current borrowings incl. syndicate term loan and revolving facility*	1 994 839	1 503 033	1 573 957
Non-current lease liabilities	692 876	640 615	632 666
Total non-current interest-bearing liabilities	2 687 714	2 143 648	2 206 623
Overdraft facility	-	28	-
Current portion of borrowings	98 212	107 214	98 212
Current portion of lease liabilities	214 574	170 013	199 327
Factoring liabilities	57 371	503 012	86 122
Total current interest-bearing liabilities	370 156	780 267	383 661
Gross interest-bearing liabilities	3 057 870	2 923 916	2 590 283
Cash and cash equivalents	-280 177	-312 553	-214 497
Loans to associates	-	-25 100	-
Net interest-bearing liabilities	2 777 693	2 586 262	2 375 786
Factoring liabilities	-57 371	-503 012	-86 122
Quote of Bremnes' share of cash OQ AS (40%)	15 858	75 361	28 849
Lease liabilities (former IAS 17 operational leases)	-472 838	-433 256	-379 841
Net interest-bearing liabilities according to covenants	2 263 342	1 725 356	1 938 672
NIBD/EBITDA **	1.5	1.2	1.4

* Non-current borrowings incl. syndicate term loan and revolving facility as presented above is excluding amortized loan borrowing costs.

** NIBD/EBITDA is calculated in accordance with the covenants. 12 months rolling EBITDA before fair value adjustment.

The equity share requirement according to covenants is 40%, without consolidation of Ocean Quality Group and effects of IFRS 16. At 31 March 2020, the equity share exclusive of Ocean Quality and IFRS 16 effects was 45% (51% at 31 December 2019).

The effect on net interest-bearing liabilities of adopting IFRS 16 amounted to NOK 473 million at Q1 2020 compared with NOK 433 million in Q1 2019 (NOK 380 million at Q4 2019).

NOTE 7 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 after EBIT.

Associates classified as operations	Equity interest at 31.12.2019	Equity interest at 31.03.2020	Book value at 01.01.2020	Share of profit from associates YTD Q1 2020	Changes in the period, incl. repaid capital	Book value at 31.03.2020
Nordnorsk Smolt AS	50.00 %	50.00 %	42 433	-463	-	41 970
Tytlandsvik Aqua AS	33.33 %	33.33 %	38 638	1 065	-	39 703
Total associates classified as operations			81 071	602	-	81 672

The investment in Tytlandsvik Aqua AS and Nordnorsk Smolt AS are classified on the separate line "Investments in associates" in the balance sheet, and the share of profit is included in EBIT, presented on the line item "Share of profit from associates".

The Group owns, through Grieg Seafood Finnmark AS, a 50% ownership interest in Nordnorsk Smolt AS together with Norway Royal Salmon ASA (50%). Expansion of the smolt facility of Nordnorsk Smolt AS was financed with shareholder loan, which was converted to equity at the end of 2019. At 31 March 2020, Grieg Seafood Finnmark has provided a 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 balance sheet statement.

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%). Through Tytlandsvik Aqua AS, the partners will secure increased and improved access to post-smolt and are planning for an annual production capacity of 3 000 tonnes, of which Grieg Seafood's share of the volume is 50%. The facility started production in the beginning of 2019, and production during the quarter is in line with expectations.

NOTE 8 RELATED PARTIES

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 sea equipment from Mørenot Group, feed from Biomar Group, veterinary services from Fomas AS and SLab A, and fuel from Eidsvaag AS, who are related parties to Board members. 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 BOARD MEMBERS AND MANAGEMENT AT 31.03.2020	NO. OF SHARES	SHAREHOLDING
Board of directors		
Per Grieg jr. *	58 961 996	52.80%
Asbjørn Reinkind (Reinkind AS)	120 000	0.11%
Karin Bing Orgland	-	-
Solveig M. R .Nygaard	3 000	0.00%
Tore Holand	3 000	0.00%
Sirine Fodstad	-	-
Group management		
Andreas Kvame (CEO)	39 165	0.04%
Atle-Harald Sandtorv (CFO)	24 208	0.02%
Knut Utheim (COO)	23 507	0.02%
Kathleen Mathisen (CHRO)	11 736	0.01%
Grant Cumming (Regional Director, Grieg Seafood Shetland)	9 857	0.01%
Roy-Tore Rikardsen (Regional Director, Grieg Seafood Finnmark)	19 565	0.02%
Alexander Knudsen (Regional Director, Grieg Seafood Rogaland)	22 165	0.02%
Rocky Boschman (Regional Director, Grieg Seafood British Columbia)	10 864	0.01%
Total shares controlled by Board members and management	59 249 063	53.06%

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

SHARES OWNED BY PER GRIEG JR. AND CLOSELY RELATED	NO. OF SHARES	SHAREHOLDING
Grieg Aqua AS	56 018 799	50.17%
Ystholmen Felles AS	2 928 197	2.62%
Per Grieg jr. private	15 000	0.01%
Total shares owned by Per Grieg jr. and closely related	58 961 996	52.80%

NOTE 9 SHARE CAPITAL AND SHAREHOLDERS

As at 31 March 2020, the Company had 111 662 000 shares with a nominal value of NOK 4.00 per share. All shares issued by the Company are fully paid-up. There is one class of shares and all shares confer the same rights. 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.

SHARE CAPITAL AND NUMBER OF SHARES	NOMINAL VALUE PER SHARE (NOK)	TOTAL SHARE CAPITAL (NOK 1 000)	NO. OF ORDINARY SHARES
Total	4.00	446 648	111 662 000
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		441 793	110 448 313

THE 20 LARGEST SHAREHOLDERS IN GRIEG SEAFOOD ASA AT 31.03.2020	NO. OF SHARES	SHAREHOLDING
Grieg Aqua AS	56 018 799	50.17%
Folketrygdfondet	7 446 049	6.67%
OM Holding AS	4 569 379	4.09%
Ystholmen Felles AS	2 928 197	2.62%
State Street Bank and Trust Comp	2 862 890	2.56%
Verdipapirfondet Alfred Berg Gamba	1 527 933	1.37%
Verdipapirfondet Pareto Investment	1 479 081	1.32%
Clearstream Banking S.A.	1 384 876	1.24%
State Street Bank and Trust Comp	1 227 088	1.10%
Grieg Seafood ASA	1 213 687	1.09%
JPMorgan Chase Bank, N.A., London	915 596	0.82%
J.P. Morgan Bank Luxembourg S.A.	886 015	0.79%
Citibank, N.A.	809 195	0.72%
UBS Switzerland AG	786 687	0.70%
Arctic Funds PLC	777 424	0.70%
Morgan Stanley & Co. Int. Plc.	723 122	0.65%
Banque Degroof Petercam Lux. SA	721 404	0.65%
JPMorgan Chase Bank, N.A., London	661 880	0.59%
Pictet & Cie (Europe) S.A.	629 562	0.56%
State Street Bank and Trust Comp	610 487	0.55%
Total 20 largest shareholders	88 179 351	78.97%
Total others	23 482 649	21.03%
Total number of shares	111 662 000	100.00%

APPENDIX ALTERNATIVE PERFORMANCE MEASURES (APM)

APM	DEFINITION AND CALCULATION	REASON FOR APPLYING APM
EBIT = EBIT before fair value adjustment of biological assets	Operating profit incl. amortization and depreciation excl. fair value adjustment of biological assets. 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.	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	Operating profit before amortization and depreciation excl. fair value adjustment of biological assets. 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.	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.	The equity ratio is applied to measure financial solidity in accordance with the Group's covenant requirements.
NIBD	Net interest-bearing debt (NIBD) comprises non-current and current debt to financial institutions, after deducting cash and cash equivalents. NIBD is calculated in three ways: 1) For ROCE calculation: including all long-term and current debt to credit institutions, incl. IFRS 16 effect and factoring liabilities. 2) Including all long-term and current debt to credit institutions incl. IFRS 16 effect, but excl. factoring liabilities. 3) For covenant calculation as required by the bank syndicate: as in method 2, but cash and cash equivalents are reduced with an amount corresponding to Bremnes Fryseri AS 40% share of Ocean Quality AS bank deposits, and lease liabilities (former IAS 17 operational leases only) are excluded. This method is used for calculation of NIBD/EBITDA.	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	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 such to annualize the EBIT figure. Then, this annualized EBIT figure is divided by the sum of NIBD plus equity before fair value adjustment of biological assets. The quarterly values for NIBD and equity are calculated as opening balance plus ending balance divided by 2. NIBD is calculated according to method 1, described in the NIBD section above.	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 100 000 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 800 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. Towards 2025, we aim to harvest 150 000 tonnes, to achieve cost leadership in each region and to evolve from a pure salmon supplier to an innovation partner for selected customers.

HEAD QUARTER GRIEG SEAFOOD ASA

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038 MVA

GRIEG SEAFOOD ASA BOARD OF DIRECTORS

Per Grieg jr.
Chair

Asbjørn Reinkind
Vice chair

Karin Bing Orgland
Board member

Solveig Nygaard
Board member

Tore Holand
Board member

Sirine Fodstad
Board member

GROUP MANAGEMENT

Andreas Kvame
CEO

Atle Harald Sandtorv
CFO

Alexander Knudsen
COO Farming Europe

Roy-Tore Rikardsen
COO Farming North America

Knut Utheim
CTO

Kathleen O. Mathisen
CHRO

Kristina Furnes
Global Communications Manager

FINANCIAL CALENDAR

Annual General Meeting
14 May 2020

Q2 2020
18 August 2020

Q3 2020
4 November 2020

Q4 2020
11 February 2021

*The Company reserves the right to make
amendments to the calendar*

