



ANNUAL REPORT

2021

MAKING PROGRESS

THE OCEAN IS AN OPPORTUNITY AND A MYSTERY. IT HAS THE POTENTIAL TO PROVIDE LOW IMPACT FOOD FOR GENERATIONS TO COME - IF WE DO IT RIGHT. RESEARCH, INNOVATION AND CONTINUOUS IMPROVEMENT WILL HELP US GET THERE.

After two challenging years of pandemic, we are proud to present the continued progress we have made on our journey of sustainable growth in 2021. We have used the year as an opportunity to adapt, change and improve.

With the sales of our Shetland operations, we have narrowed our operational focus to the production regions with the best potential for profitable growth - Norway and Canada. With our new and integrated sales and market organization, we aim to increase the value of our salmon downstream. Through the dedication and hard work of our employees, we have improved our farming practices across our regions.

Reducing our footprint and improving fish health and welfare will always be the key to success. Combining decades of experience with new technologies, knowledge and data driven intelligence, we will create value for all stakeholders. That is how we farm the ocean for a better future.



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OUR FOUNDATION

Farming the ocean comes with a responsibility. We are dedicated to providing healthy seafood to people all over the world while reducing our footprint and improving fish welfare. People, partnerships, technologies and innovations will help us get there. This is our tiny way of making the world a better place.

PART 01

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HISTORY AND FUTURE

● The seafood industry ● Grieg Seafood ● The future

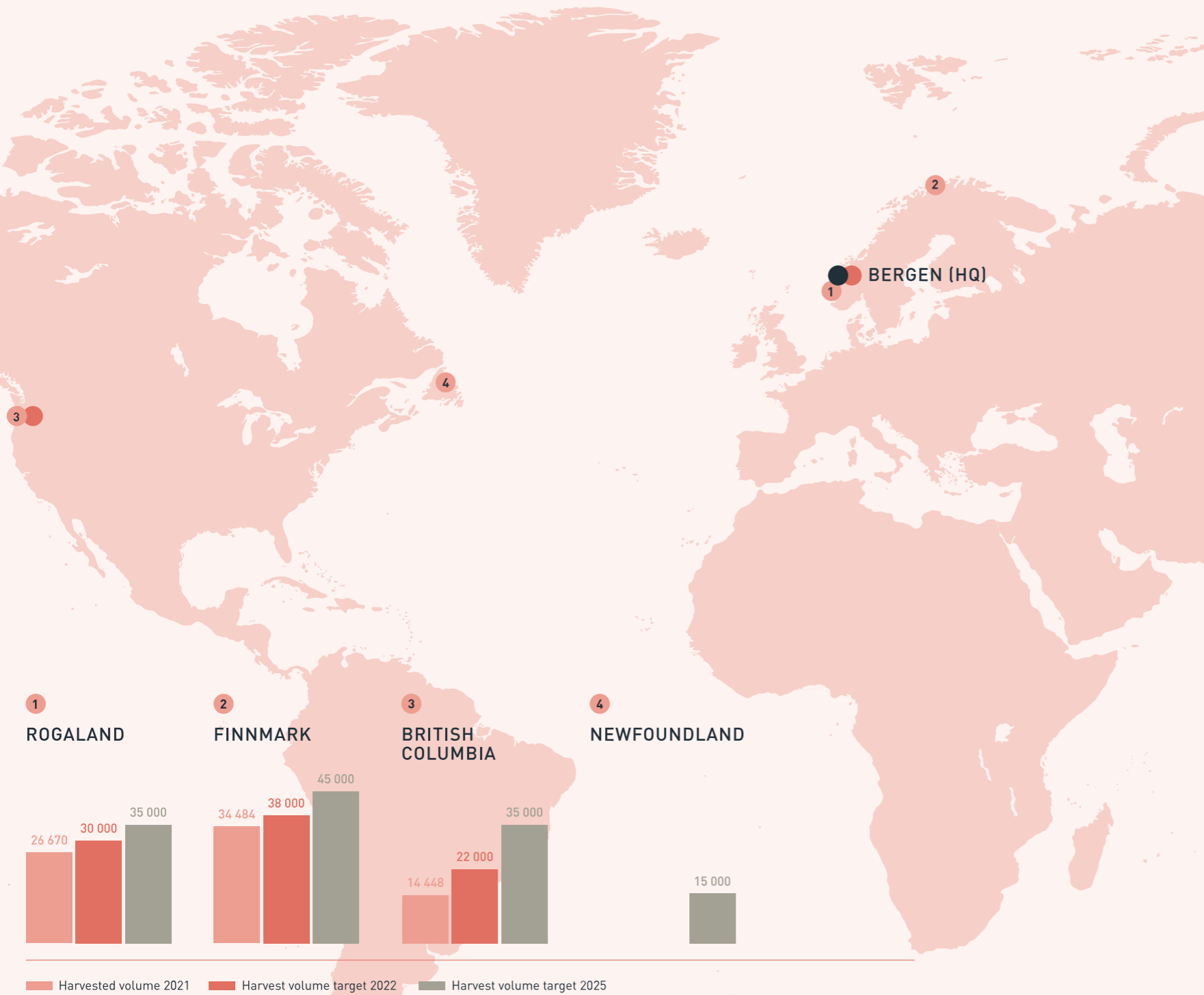
- **5000 B.C.E**
First fish farms reported in China.
- **1850**
The first wild salmon hatcheries established in Norwegian salmon rivers.
- **1969**
The brothers Ove and Sivert Grøntvedt transfer the first salmon smolt to sea pens at the island Hitra in Norway.
- **1970s**
Commercial salmon farming of chinook, coho and sockeye is established around Sechart in British Columbia.
- **1973**
The Norwegian parliament adopts a licensing system for the country's growing aquaculture industry, with the aim of strengthening local communities along the coast. Since then, salmon farms have contributed jobs and revenues to small, coastal communities.
- **1990s**
Fish vaccines are introduced. As a result, the salmon farming industry has significantly reduced its use of antibiotics.

- **1992**
Grieg Seafood Salmon (trading company) and Bioinvest (salmon farming investor) are established.
- **1998**
Grieg Seafood Rogaland is established.
- **2000s**
The Norwegian government launches the "green license" scheme, with stricter environmental standards. Grieg Seafood currently has eight green licenses.
- **2001**
Grieg Seafood acquires Scandic Marine Ltd. in British Columbia and establishes Grieg Seafood BC.
- **2006**
Grieg Seafood merges with the Volden Group and establishes Grieg Seafood Finnmark.
- **2007**
Grieg Seafood is listed on Oslo Stock Exchange. Grieg Seafood acquires Hjaltland Ltd in Shetland, the beginning of Grieg Seafood Shetland. Grieg Seafood starts implementing RAS technology in Rogaland.
- **2010**
Together with Bremnes Seashore, Grieg Seafood establishes the sales company Ocean Quality.

- **2013**
The Norwegian government and the industry develop the standard NS9415 to ensure fish farms are technically safe and prevent the escape of farmed salmon.
- **2020**
Grieg Seafood acquires Grieg Newfoundland in Eastern Canada, and establishes Grieg Seafood Newfoundland. Grieg Seafood establishes its own sales and market organization, and the Ocean Quality partnership is dissolved.
- **2021**
Grieg Seafood disposes Grieg Seafood Shetland to focus operations on the regions with most growth potential, Norway and Canada.
- **2025**
Grieg Seafood aims to have achieved global growth with a harvest of 130 000 tonnes, be cost competitive and have a stronger market position, confirming our position as a global protein producer.
- **2030**
Grieg Seafood aims to have reduced total carbon emissions by 35%.
- **2050**
Grieg Seafood aims to have reduced total carbon emissions by 100%.

OUR ORGANIZATION

- GRIEG SEAFOOD FARMING**
 We farm Atlantic Salmon in Rogaland and Finnmark in Norway, and in British Columbia and Newfoundland in Canada. We have hatcheries, sea farms and processing plants. Newfoundland is a greenfield project, where we expect to transfer fish to sea mid-year 2022.
- GRIEG SEAFOOD SALES**
 We have our own integrated sales and market organization, with sales offices in each country.



OUR VISION ROOTED IN NATURE FARMING THE OCEAN FOR A BETTER FUTURE

OUR VALUES OPEN

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

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

AMBITIOUS

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

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

CARING

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

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

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

For more information on the Group structure, refer to Note 1 in the Group Accounts. Shetland was sold as of 15 December 2021. As such, Shetland has been excluded from the majority of this report.

MAIN ACHIEVEMENTS

GROUP

- Highest ever harvest volume of 89 327 tonnes, or 75 601 tonnes ex Shetland
- EBIT before production fee and fair value adjustment of NOK 442 million, with EBIT/kg of NOK 5.9 driven by the harvested volume and good prices
- Strong operational performance, with increased seawater survival in all regions
- Restructured our business with the sale of Shetland operations to narrow focus to the regions with greatest potential for profitable growth: Eastern and Western Canada, and Northern and Southern Norway
- Fully operational sales and market organization, with value added processing as part of our downstream strategy
- Continued focus on certification for sustainable farming, 62% of net production ASC certified
- Ranked 2nd by the Collier FAIRR Protein Producer Index of the world's most-sustainable protein producers
- Received Leadership (A) score by the CDP for our transparency and actions related to climate change

ROGALAND

- Highest ever harvest volume of 26 670 tonnes
- EBIT/kg of NOK 9.1
- Good seawater production with a survival rate of 92%
- Average weight of smolt when transferred to sea increased to 460 grams, in line with our post-smolt strategy
- No use of antibiotics due to efforts to ensure robust fish health and good results from vaccines.
- Reduced use of sea lice treatments, where 40% of the pens of fish harvested in 2021 did not have any sea lice treatments due to successful use of preventive measures
- No escapes
- 66% of farms powered by renewable energy

BRITISH COLUMBIA

- Harvest volume of 14 448 tonnes
- EBIT/kg of NOK 10.4
- Good seawater production with a high survival rate of 92% due to positive results from our algae mitigation system. Mortality related to algae blooms reduced from 3.4% in 2019 to 0.4% in 2021
- 12 out of 15 eligible sites ASC certified
- Reduced use of sea lice treatments due to successful use of preventive measures
- Committed to the UN Declaration on the Rights of Indigenous Peoples (UNDRIP)

FINNMARK

- Highest ever harvest volume of 34 484 tonnes
- EBIT/kg of NOK 7.3
- Good seawater production with a high survival rate of 95% due to systematic improvement of fish health and welfare measures
- 100% ASC certified
- Reduced use of sea lice treatments due to successful use of preventive measures
- 65% of farms powered by renewable energy
- Zero escaped farmed salmon found in a river monitoring project in the Alta river

NEWFOUND- LAND

- RAS facility fully operational, smolt capacity of 600 tonnes
- Fish are healthy and growing well in freshwater facility
- Aim to transfer between 2-3 million fish to sea during the spring and summer of 2022, with harvesting commencing in 2023
- Main priority is gradual development of the region to ensure biosecurity, fish health and profitability

KEY FIGURES

FIGURE 1.1
HARVEST VOLUME 2021

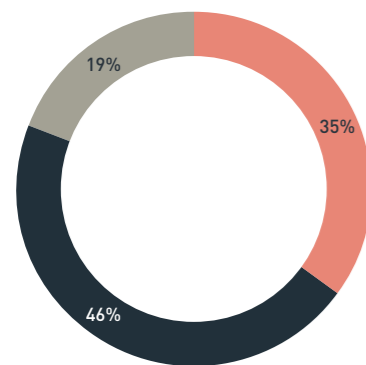


FIGURE 1.2
SALES REVENUE 2021

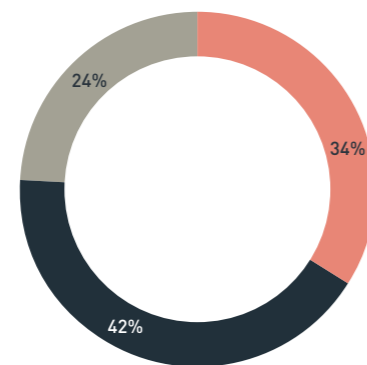
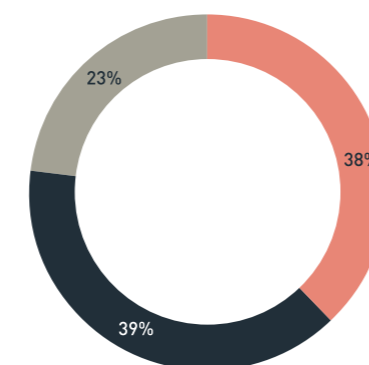


FIGURE 1.3
EBIT* 2021



■ Rogaland ■ Finnmark ■ British Columbia *EBIT before fair value adjustment of biological assets

FIGURE 1.4
SALES REVENUE 2021 BY MARKET

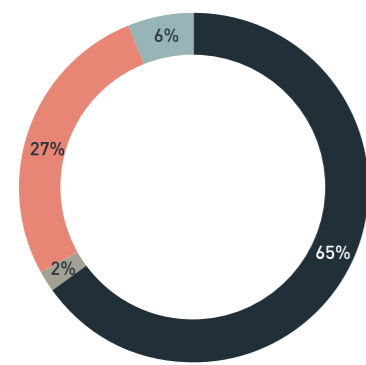
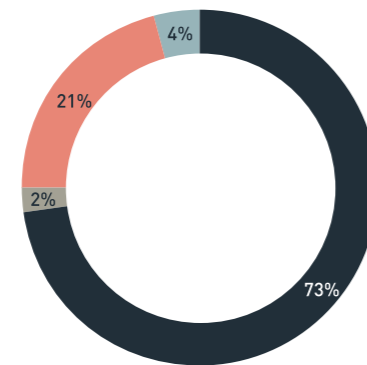


FIGURE 1.5
SALES VOLUME 2021 BY MARKET



■ Continental Europe ■ UK ■ North America ■ Asia

4 599
SALES
REVENUES
MNOK

5.9
EBIT/KG
NOK

753
NO. OF
EMPLOYEES

KEY FIGURES NOK MILLION	2021 *	2020 *	2019 *	2018	2017	2016	2015	2014	2013	2012
Operational										
Harvested volume (tonnes GWT)	75 601	71 142	71 700	74 623	62 598	64 727	65 398	64 736	58 061	70 000
Spot price of salmon (NOK/kg) ¹	57.3	53.7	57.2	59.2	59.2	61.9	40.7	39.8	38.9	25.5
Group farming cost (NOK/kg) ²	47.2	47.0	40.5	43.1	43.4	39.7	37.7	35.2	34.0	32.5
EBIT/kg ²	5.9	3.3	15.0	14.7	14.5	18.0	0.7	5.3	6.0	-2.7
Financial										
Sales revenues	4 599	4 384	4 756	7 500	7 017	6 545	4 609	4 100	2 404	2 050
EBITDA ²	818	602	1 384	1 334	1 106	1 342	261	484	484	-30
EBIT before fair value adj. ²	442	233	1 077	1 099	904	1 168	48	343	348	-191
Profit/loss for the year	604	-316	599	997	601	1 222	4	144	431	-147
Cash flow from operations	601	412	1 193	820	709	953	367	157	317	203
Capital structure										
NIBD according to covenants requirement ²	1 869	3 679	1 939	1 690	1 284	906	1 569	1 566	1 445	1 530
NIBD/EBITDA ²	2.6	n/a	1.4	1.3	1.2	0.7	6.3	3.3	3.0	-51.3
NIBD/Harvest (NOK) ^{2,3}	24.7	30.9	23.4	22.6	20.5	14.0	24.0	24.2	24.9	21.9
Equity %	52%	41%	46%	48%	47%	47%	38%	42%	43%	37%
Gross investments ^{2,4}	570	979	667	733	553	255	322	312	164	190
Profitability										
Return on Capital Employed (ROCE) ²	6%	3%	19%	22%	24%	33%	1%	10%	12%	-6%
Dividend per share (NOK)	0.0	0.0	4.0	4.0	4.0	1.5	0.5	0.0	0.0	0.0
Earnings per share (NOK)	10.7	-4.8	5.6	8.8	5.0	10.7	-0.1	1.3	3.9	-1.3
Total market value (Oslo Stock Exchange)	9 427	9 643	15 666	11 423	8 068	9 123	3 462	3 182	2 736	1 379
People										
Number of employees	753	950	822	769	707	654	681	686	626	640

*Ex. Shetland. The Shetland assets was sold 15 December 2021. Throughout 2020 and 2021 (up until the sale), the Shetland assets has been classified as assets held for sale and the income statement and cash flow of the Shetland assets has been presented as discontinued operations. The 2019 figures have been represented, while 2018 and earlier periods have not. In 2020, we sold all our shares in Ocean Quality, which throughout 2020 and up until the sale, for the part of Ocean Quality related to sale of fish from Bremnes Fryseri AS, was classified as assets held for sale and the income and cash flow presented as discontinued operations. The 2019 figures have been re-presented, while 2018 and earlier periods have not. See Note 5 for more information. Number of employees up to and including 2020 includes Shetland.

¹ Average of weekly NQSALMON prices less 0.75/kg.

² See more information in the Alternative Performance Measures of this report.

³ Net interest-bearing liabilities according to covenant divided by last 12 months harvest volume. 2021-2019 are excl. Shetland while prior periods include Shetland. The 2020 figure is calculated by subtracting NIBD by the book value of the Shetland assets as at 31 December 2021.

⁴ Incl. financial lease (according to IFRS in force prior to 1 January 2019) investments. 2021-2019 are excl. Shetland while prior periods include Shetland.

OUR SCOREBOARD

The sustainability scoreboard is a set of some of the key performance indicators for the Group’s five pillars, where we track our performance.

The colors indicate

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

PILLAR	KPI	TARGET	STATUS	2021	2020	2019	2018	2017	REFERENCE
PROFIT & INNOVATION	Return on capital employed ¹⁾	12% p.a.	●	6%	3%	19%	22%	24%	page 83
	Farming cost per kg	NOK 40/kg in Norway and CAD 7/kg in BC in 2022							page 83
		Rogaland (NOK)	●	44.6	42.1	35.9	40.3	38.4	
		Finnmark (NOK)	●	43.7	44.1	37.7	35.6	40.7	
		British Columbia (CAD)	●	8.8	8.0	8.3	7.4	7.4	
		Harvest volume (tonnes GWT)	77 000 tonnes in 2021	●	75 601 (89 327 incl Shetland)	71 142 (86 847 incl Shetland)	82 973	74 623	62 598
HEALTHY OCEAN	ASC certification ²⁾	All sites by 2023							page 17
		Rogaland	●	0	0	0	0	0	
		Finnmark	●	18 (100%)	15 (80%)	10	4	2	
		British Columbia	●	12 (69%)	11 (59%)	n/a	n/a	n/a	
	Survival rate at sea ³⁾	93% by 2022							page 23
		Rogaland	●	92%	90%	93%	92%	91%	
		Finnmark	●	95%	92%	96%	96%	95%	
		British Columbia	●	92%	90%	88%	88%	93%	
	Use of antibiotics (g per tonne LWE) ⁴⁾	No use of antibiotics							page 24
		Rogaland	●	0.0	0.0	0.0	0.0	0.0	
		Finnmark	●	6.0	0.0	0.0	0.0	0.0	
		British Columbia	●	41.7	62.3	87.0	151.3	18.3	
		Newfoundland	●	0.0	0.0	n/a	n/a	n/a	
	Sea lice treatments (g per tonne LWE) ⁴⁾	Minimize use of pharmaceutical treatments							page 26
		Rogaland	●	4.4	0.0	0.0	1.1	0.2	
		Finnmark	●	0.5	1.0	0.3	0.8	1.0	
		British Columbia	●	0.3	0.2	0.5	0.3	0.1	
	Use of hydrogen peroxide (kg per tonne LWE) ⁴⁾	Minimize use of pharmaceutical treatments							page 26
	Rogaland	●	1.6	7.2	11.9	3.5	10.8		
	Finnmark	●	2.4	3.6	0.0	14.5	13.4		
	British Columbia ⁵⁾	●	35.7	46.6	6.0	5.8	9.2		
Escape incidents	Zero escape incidents							page 27	
	Rogaland	●	0	0	0	0	0		
	Finnmark	●	1 (4352)	0	0	0	0		
	British Columbia	●	2 (4)	0	0	0	0		
SUSTAINABLE FOOD	Carbon emission (kgCO2e per tonne GWT) ⁴⁾	35% reduction (from 2018) in total emissions by 2030							page 39
		Scope 1 + 2 location based	●	430	456	428	345	317	
		Scope 3	●	4 900	5 737	n/a	n/a	n/a	
	High quality product	93% superior share							page 34
		Rogaland	●	81%	85%	75%	74%	81%	
	Finnmark	●	82%	69%	86%	86%	78%		
	British Columbia	●	87%	86%	86%	84%	81%		
PEOPLE	Absence rate	Below 4.5%							page 75
		Rogaland	●	3.0%	3.0%	3.5%	4.7%	3.2%	
		Finnmark	●	8.7%	5.5%	4.9%	5.4%	4.4%	
		British Columbia	●	5.6%	6.8%	2.0%	1.8%	0.9%	
		Newfoundland	●	1.3%	n/a	n/a	n/a	n/a	
	LTIR	⁷⁾							page 75
		Rogaland		42	9	15	24	11	
		Finnmark		22	28	22	18	24	
	British Columbia		6	36	35	38	16		
	Newfoundland		5	n/a	n/a	n/a	n/a		
	Workplace culture	Above average score in Great Place to Work survey	●	85% (global)	84% (global)	79% (global)	89% (Norway)	n/a	page 72
LOCAL COMMUNITIES	Support our local communities	Collaborate and contribute to local community	●	yes	yes	yes	yes	yes	page 78

Newfoundland has been excluded from most of these metrics as they are not yet relevant due to no seawater production.

1) ROCE in 2019, 2020 and 2021 ex Shetland.

2) Number of sites certified and % of net production [budget].

3) 12 months rolling survival rate calculated according to the GSI standards.

4) Amount of active pharmaceutical ingredients (APIs) used [gr/kg] per tonne of fish produced (LWE).

5) As of 01.01.2021, the Government of Canada - Department of Fisheries and Oceans Canada (DFO) changed the calculation formula for the API of hydrogen peroxide from Paramove 50 from 1 L (Paramove 50) * 1.15 (density) * 0.45 (concentration) = 1 kg H₂O₂ to 1 L (Paramove 50) * 1.19 (density) * 0.49 (concentration) = 1 kg H₂O₂, which corresponds to the method used in Norway. Previous years (2017 - 2020) have not been recalculated.

6) All previous years have been recalculated due to the divestment of our Shetland operations. See also GRI 102-48 and our chapter on carbon emissions.

7) LTIR figures are not scored since an LTIR target has not been defined in order to avoid under-reporting of incidents.

CEO LETTER

Dear Shareholder,

2021 was a year of contrasts. At the beginning, we were still in the middle of the Covid-19 pandemic, with health and safety measures in place throughout our operations and markets in lockdown. We also experienced a challenging biological situation in several regions. At the end of the year, the pandemic was in a new phase, with eased restrictions and increased demand for salmon. The biological condition of our fish had improved significantly, with increased survival in all regions and better sea lice and disease control. Altogether, we harvested more fish than we have ever done before in a single year. I want to sincerely thank all of my Grieg Seafood colleagues for pulling together and turning the company around.

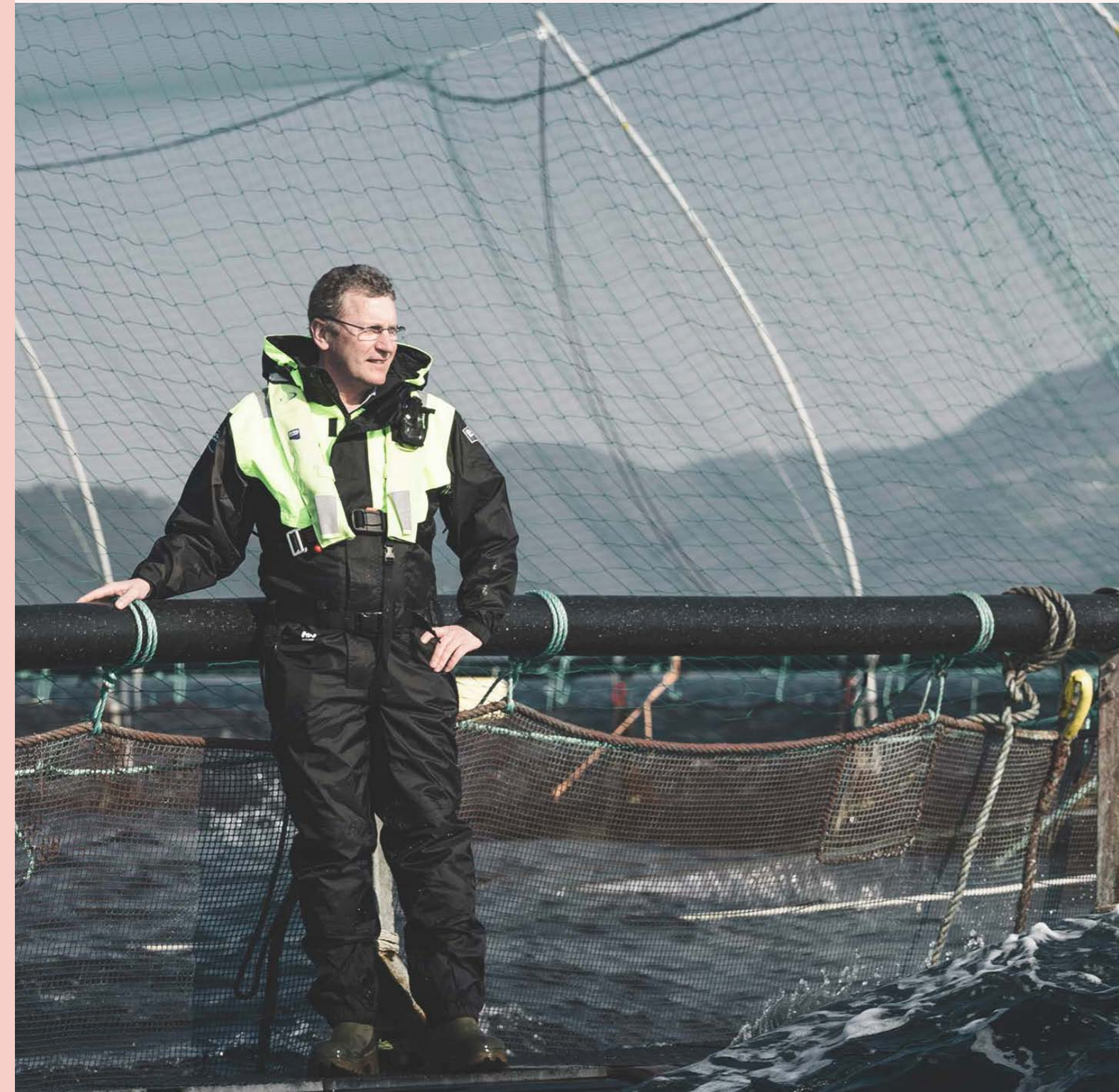
During the year, we reached several milestones in our 2025 business strategy. With the sale of our Shetland operations, we narrowed the company's focus to the production countries where we see the largest potential for profitable and sustainable growth: Norway and Canada. With a healthy balance sheet, we are well positioned to engage in growth opportunities in these regions. Last year, our internal global sales organization also became operational. We are now able to work fully integrated between farming and sales, allowing us to improve our performance in the market. We are also making progress on our downstream strategy, and we are currently delivering value added products from both our Norwegian and Canadian operations. This work will continue at full speed in 2022.

In 2021, each region made progress towards our goals. Rogaland delivered strong biological results and continued to advance our post-smolt strategy, which reduces the time our fish spend in the ocean. For the first time, we harvested fish after only 10 months in the sea. Moreover, 40 percent of the pens harvested in Rogaland never needed any sea lice treatments, due to preventative measures. Finnmark significantly improved control over winter ulcers and disease throughout the year, and delivered a solid performance in the second half of 2021, marked by improved survival rates. British Columbia made further progress in controlling the impact of harmful algae blooms and low oxygen levels. With our locally developed mitigation systems, we reduced mortality caused by harmful algae from 3.4 percent in 2019 to 0.4 percent in 2021. Newfoundland, despite the postponed transfer of fish, is on track to start sea operations in the coming spring.

Our ambitions on sustainability remain steadfast. While food from the ocean has a good starting point, we have several challenges to solve to be a true solution in a future sustainable food system. Grieg Seafood is committed to reducing our impact and improving fish welfare. During 2021, we made progress on certifying our farms according to the Aquaculture Stewardship Council (ASC) certification with 62 percent of our production now certified. We were pleased to achieve second place on the Collier FAIRR Protein Producer Index, which rates global protein producers according to sustainability, as well as an A list rating by CDP for climate action. Still, the majority of the work is ahead of us. We must continue to roll up our sleeves and improve.

It is when times are tough that the truth about who we really are emerges. Despite challenging times in 2020 and the beginning of 2021, we carried on all the way to the other side without compromising on our values. That makes me proud, and I know it has made us stronger. While we cannot predict the future, we know that new uncertainties will continue to appear in a globalized world. As I am writing this letter, a terrible and heartbreaking war is unfolding in Ukraine, and Europe suddenly find ourselves in a new geopolitical situation. What we least expected has sadly become a reality.

In 2022, Grieg Seafood is in a better shape than ever to adapt to the unknowns, respond to changes and grasp the opportunities that lie ahead.



OUR 2025 BUSINESS STRATEGY

Our 2025 strategy comprises three key strategic objectives for continued business development. Increasingly sustainable farming practices underpin all areas of the strategy.



Global growth, cost leadership and value chain repositioning are the key areas of business development towards 2025. Sustainability is the foundation of all areas of the strategy.

To increase our harvest volume, we will focus on post-smolt investments, utilize our current licenses better, target new licenses, and seize opportunities afforded by new technology. We participate in new growth initiatives, M&As, joint ventures, and greenfield projects, and seek cooperation with farmers in existing areas.

To be cost competitive in the regions where we farm, we continuously focus on operational performance. Biological control through preventative measures and fish health and welfare are essential in securing increased survival and reduce production costs. We will also drive performance improvements through

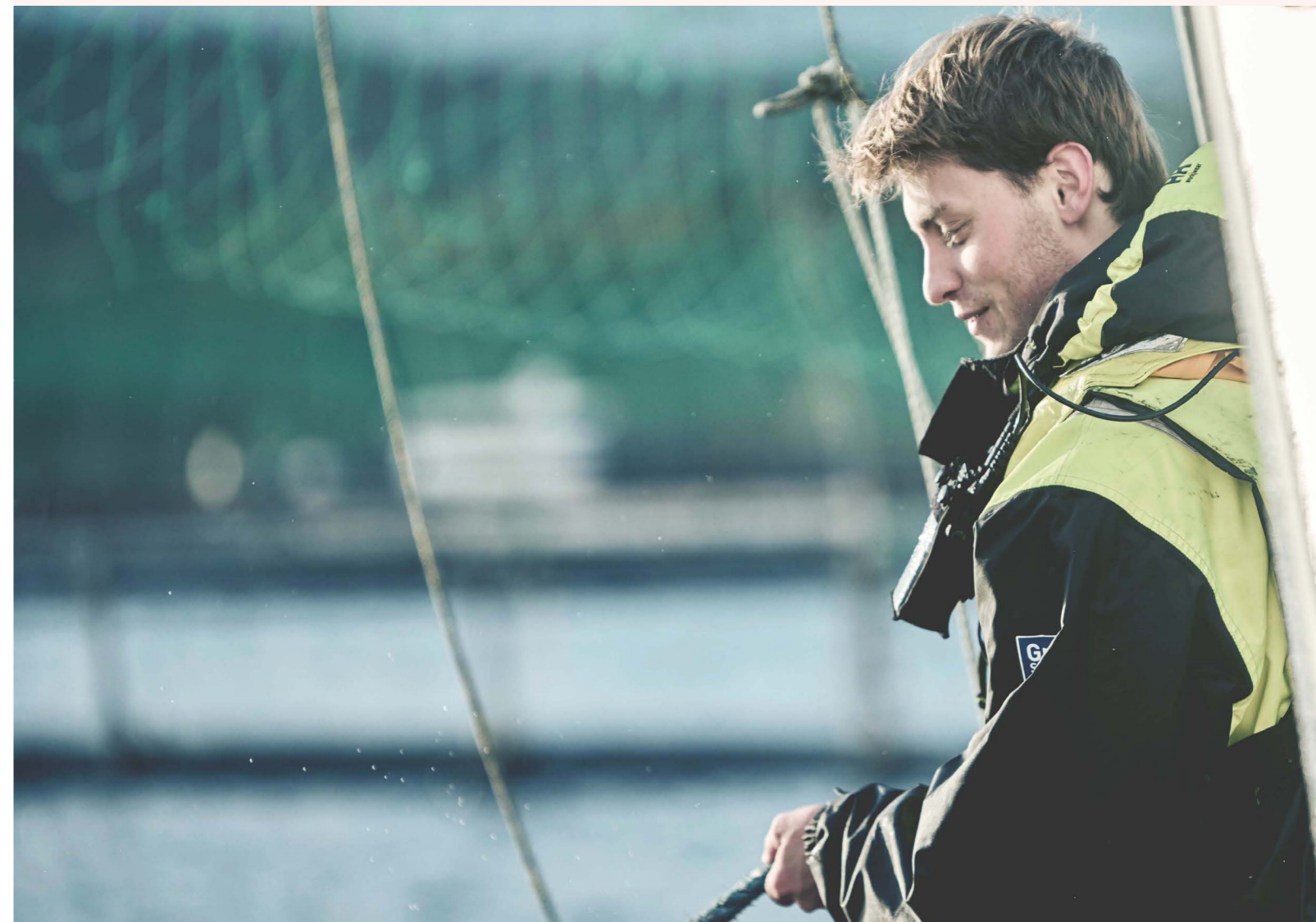
continuous research and development, as well as through the utilization of new technologies.

We will increase the value of our products through a stronger presence in the market, based on partnerships, category development and brand cultivation. Repositioning Grieg Seafood from a salmon supplier to an innovative partner for selected customers is an important part of our value creation plan.

FIGURE 1.6
SUSTAINABILITY DRIVES RESULTS



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



STATUS AND ACTIONS TAKEN IN 2021

1 GLOBAL GROWTH

STATUS

- We harvested 75 601 tonnes of salmon excluding Shetland (89 327 tonnes including Shetland) in 2021. Our Norwegian farming regions delivered the highest ever harvest volume of 61 154 tonnes, an increase of 22% compared to 2020. This increase is a result of improved utilization of the sites' maximum allowable biomass (MAB) and higher survival rate in seawater. In BC, the harvested volume decreased compared to 2020 due to the local production arrangements and larger farms on the West Coast of Vancouver Island compared to the East Coast, where we harvested from this year. As a consequence, the Group volumes also vary every other year, regardless of the underlying biology. Measures are being done to equalize harvest volumes, including securing new locations.
- With the sale of our Shetland operations, we have narrowed our operational focus to the regions with the greatest potential for profitable and competitive farming operations. Our Norwegian and Canadian regions have the greatest biological potential and are also in close proximity to our most important markets - Europe and the USA, respectively.
- We spent NOK 480 million in investments related to growth initiatives in 2021. Close to 60% of the investments were in Newfoundland, with completion of the smolt facility and preparations of the seawater locations. Another main investment was the expansion of our smolt facility in BC, which will be key to secure access to high quality smolt.

GOING FORWARD

- We expect further growth to come from better utilization of our seawater licenses by moving more growth to land through our post-smolt program. We are piloting post-smolt in Rogaland, and will increase post-smolt capacity also in Finnmark and BC. The expansion of the smolt facility in BC will be completed in 2022.
- Better utilization of our seawater licenses by improving biosecurity, fish health, welfare and survival rates, is also expected to secure on-growth and harvest volumes. Flexibility is a requirement to achieve better utilization of our capacity, and we are continuously looking for opportunities to secure access to new locations.
- Our new region in Newfoundland is expected to provide a harvest of 15 000 tonnes in 2025, and has a long-term harvest potential of at least 45 000 tonnes. The first smolt will be transferred to the sea spring/summer of 2022.
- We have received four and a half development licenses for the offshore concept "Blue Farm". The concept is based on technology from the Norwegian oil and gas industry, and the aim is to implement the concept in exposed areas. The decision on whether to build the farm has not yet been taken.

2 COST IMPROVEMENT

STATUS

- As part of our aim to be cost competitive, we set a target for our farming cost (directly related to production and harvest of salmon) of NOK 40/kg and CAD 7/kg in 2022, for our Norwegian and BC operations, respectively.
 - The farming cost in Rogaland was NOK 44.6 per kg in 2021, up from NOK 42.1 per kg in 2020. The farming cost was impacted by harvesting from sites affected by Pancreas Disease (PD), which increased fish handling and well-boat costs. We are working systematically to improve fish health and welfare through general health and welfare measures, and all sites with PD will be harvested at the beginning of 2022.
 - The farming cost in Finnmark was NOK 43.7 per kg in 2021, down from NOK 44.1 per kg in 2020. We have been less impacted by challenges related to winter ulcers this year due to improved management in this area.
 - In BC, the farming cost increased from CAD 8.0 per kg in 2020 to CAD 8.8 per kg in 2021, mainly due to a lower harvest volume.

GOING FORWARD

- Our cost improvement initiatives have developed according to plan. However, we have seen cost inflation particularly for feed ingredients and transport cost, with continued inflation in 2022. We will continue to benchmark our cost to our competitors' to ensure we have cost competitive targets.
- While our post-smolt strategy increases investment expenditures and smolt cost, we expect it to reduce operational expenditures and reduce costs related to mortality, disease outbreaks, sea lice treatments and fish handling. Our farming experience and our data analyses indicate that reduced time in the sea will reduce the risk of biological challenges such as sea lice, Pancreas Disease (PD), winter ulcers and ISA.
- Rigorous focus on fish health and welfare measures has increased our survival rates. In BC, we have had good results with digital monitoring and measures to mitigate the effects of harmful algae blooms, our main biological challenge in BC.

3 VALUE CHAIN REPOSITIONING

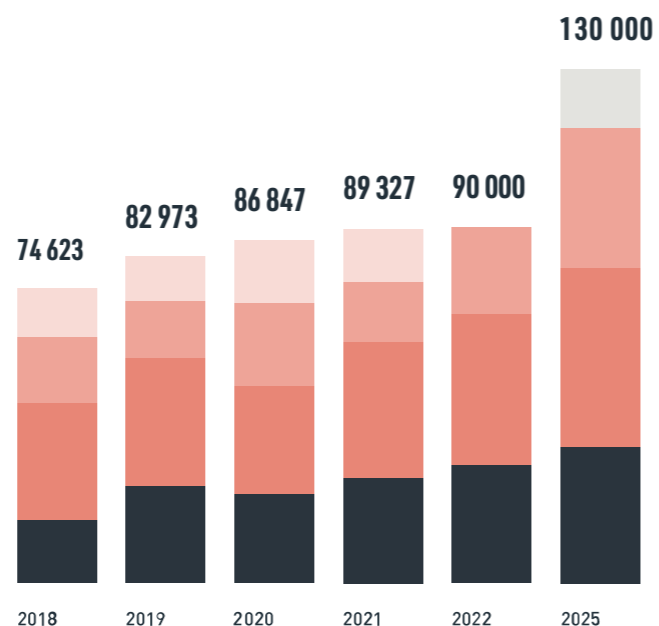
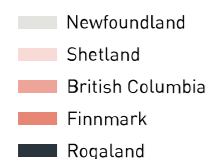
STATUS & ACTIONS

- We have established our own sales and market organization, and have built a customer portfolio.
- We have established a Value Added Product (VAP) sales department, and have started to process some salmon into fresh and frozen valued added products at external processing plants in both North America and Norway.
- We will continue to evaluate both external opportunities to strengthen our processing capacity, such as long-term partnerships with third parties in Norway, North America and Europe, as well as development of existing internal processing infrastructure.

4 SUSTAINABILITY

Grieg Seafood's business is based on five pillars, covering environmental, social and governance (ESG) topics identified as important to our stakeholders. Our main sustainability drivers and results are presented in Part 02 of this report.

FIGURE 1.7
OUR GROWTH JOURNEY: HARVESTED TONNES GWT



OPERATIONAL FOCUS AREAS

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

OPERATIONAL FOCUS AREAS		
Less time at sea (post-smolt)	Prevention and fish welfare	“Precision Farming” - data-driven decision support

LESS TIME AT SEA (POST-SMOLT)

During the first stages of their life, salmon are raised in onshore freshwater hatcheries. In traditional salmon farming, fish are transferred to the sea when they have undergone the smoltification process, making them physiologically ready for life in saltwater. With our post-smolt strategy, we keep the fish longer on land or in closed facilities in the sea, shortening the time that they spend growing in open sea-pens by several months. Less time at sea will improve biological control, fish welfare, survival and quality because each salmon is less exposed to biological risks like sea lice, seaborne diseases or other unfavorable ocean conditions such as harmful algae or sub-optimal oxygen levels. Less exposure to these risks will also allow us to better utilize preventative methods and avoid expensive treatments. This will reduce our environmental impact as well as our production cost. Post-smolt also increases flexibility with regard to the transfer of smolt, allowing us to fallow sites for longer periods if necessary. The fish will be larger and more robust when entering the sea-growing phase, which we believe will increase health and welfare in and of itself.

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

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

ACHIEVEMENTS 2021

- In Rogaland, where post-smolt is piloted on a regional level:
 - While our average smolt transferred to the sea in 2015 weighed 120 grams, the average smolt transferred to the sea in 2021 was 460 grams.
 - More than 50% of fish harvested were from post-smolt (fish weighing more than 200 grams when transferred to sea).
 - Reduction in sea lice treatments and reduced risk of PD for post-smolt fish that spend less than 12 months at sea.
 - Post-smolt with an average weight of approx 900 gr when transferred to the sea at the end of March had an average weight of 4.8 kg when harvested at the end of November.
 - By putting a second FishGlobe into operation, we increased our post-smolt capacity by 450 tonnes.

GOING FORWARD

- In Rogaland:
 - We have executed our post-smolt strategy gradually to utilize increased production capacity, and have tested batches of post-smolt together with batches of traditional smolt on farms. In 2021, we transferred post-smolt to one entire farm, which will be harvested at the beginning of 2022. Here, the seawater production time will be reduced by 100-150 days.
 - The expansion of Tytlandsvik Aqua, which will be completed in 2022, will add an additional capacity of 750 tonnes of post-smolt. Going forward, additional initiatives will be pursued, including Årdal Aqua, which is expected to provide at least 3 000 tonnes of post-smolt.
 - Grieg Seafood Rogaland aims to increase the average smolt transfer weight to approximately 800 grams in 2025.
- In Finnmark, we target an increase of 4 000 tonnes of post-smolt by 2025 through various initiatives.
- In BC, we will increase our smolt capacity from 500 tonnes to 900 tonnes in 2022 through our Gold River smolt facility.
- Our RAS facility in Newfoundland includes a smolt module with a capacity of 1 500 tonnes.



PREVENTION AND FISH WELFARE

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

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

ACHIEVEMENTS 2021

- In BC, we are fine-tuning our algae detection and mitigation system, which is becoming more effective every year as we learn how to use it. The system comprises long tarps around the pens and aeration/oxygen generation systems to keep harmful algae outside and push clean and oxygenated water up to the fish during periods of harmful algae blooms or sub-optimal oxygen levels. The effect is increased survival and continued feeding and on-growth during challenging conditions, as well as better sea lice control.
- In Rogaland, we have had success with using cleaner fish as a preventive method to control sea lice. As a result, 40% of the pens of fish harvested did not receive any sea lice treatments in 2021.
- In Finnmark, we have implemented measures to mitigate ISA and winter ulcers. We have vaccinated our smolt with an ISA vaccine, made changes to our smolt transfer strategy and shared experience with the Norwegian Veterinary Institute to increase the knowledge about the virus' outbreaks.

GOING FORWARD

- Some of our numerous ongoing initiatives to improve fish health and welfare throughout the production cycle include selection of roe with specific qualities related to sea lice and diseases, feed customized for the various stages of the salmon's life cycle, or vaccinations targeting specific diseases:
 - Tests with improved feed formulas in Finnmark, utilizing best available science, to strengthen health, welfare, robustness and quality. Examples of changes are increased levels of essential marine fat and a stronger vitamin mix.
 - Initiatives to optimize health, welfare and robustness of post-smolt. We are looking into how the vaccination program should be structured optimally for post-smolt, and what temperature profiles during the land-based phase is optimal for post-smolt production cycles.
 - Efforts to mitigate the negative impact mechanical sea lice treatments may have on fish health and welfare. Mortality caused by such treatments has been reduced, and we are working to reduce it further.
 - We have developed our own fish welfare indicators, based on the [Fishwell research project](#), to be able to more systematically assess and improve fish welfare throughout our operations.

"PRECISION FARMING" - DATA-DRIVEN DECISION SUPPORT

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

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

ACHIEVEMENTS 2021

- Our internal analysis team has conducted several new data and regression analyses to provide strategic and tactical decision-making support, aimed at mitigating biological challenges:
 - Developed prediction models for the optimized time to transfer smolt to the sea, based on historical data from Rogaland and Finnmark, to mitigate biological risk and to optimize production cycles.
 - Re-runs of the analysis of winter ulcers with new and updated data. Positive effects of the subsequent changes in the operational procedures have been identified.
 - By analyzing the development and historical trends of feed utilization, we have gained new insight about different feed types, including identifying which feed types are giving the best production results. We are also working with different appetite models to obtain improved feeding.
 - Lice treatment evaluation, by developing a tool for standard data acquisition and procedures for logging information when performing lice treatments. This will enable efficient data analysis and support the selection of the most efficient treatment method given current biological and environmental conditions.
- High-definition biomass camera with video algorithms for real-time biomass calculation of weight and weight distribution, automatic lice counting and fish-health monitoring, have been implemented in both Rogaland and BC.

- Further improvements and new capabilities have been introduced in a dashboard for environmental monitoring and prediction of exposure to negative impacts at the site level.
- The introduction of fully autonomous feeding by utilizing AI, supported by fish behavior monitoring, environmental sensors, pellet detection and real-time oxygen monitoring, has given improved biological performance in BC.

GOING FORWARD

- Through data analysis, we aim to gain increased insight and knowledge of various challenges, such as Yellow mouth, one of the challenges we have in BC.
- We are setting up a project to explore how to utilize our data from cameras, environmental sensors and other data sources to gain increased insight within biomass development, fish health, feed and feeding profiles. This includes implementing predictive methods focusing on providing data-driven decision support to the operators.
- Increased focus on automatic and standardized data acquisition in the freshwater facilities will enable us to do performance analyses in our hatcheries as well as build early warning capabilities for potential negative trends on water quality parameters.
- We are setting up an integrated operation center in our Newfoundland region as we are starting up seawater production. The center will be built to the same design and with similar capabilities as we are running in Rogaland.

OUR VALUE CHAIN



OUR BRANDS

SKUNA BAY

Skuna Bay is our high-end HoReCa brand for the US market. Skuna Bay fish is preferred by some of America's top chefs, and is regularly served at the James Beard Award. Read more [here](#).

OUR APPROACH TO SUSTAINABLE BUSINESS

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

OUR PILLARS					
	HEALTHY OCEAN	SUSTAINABLE FOOD	PROFIT & INNOVATION	PEOPLE	LOCAL COMMUNITIES
SDG ALIGNMENT					
TOPICS	<ul style="list-style-type: none"> Fish health & welfare Protecting wild salmon (escape and sea lice control) Protecting biodiversity & marine ecosystems (local emissions, medicine use, wildlife interaction) 	<ul style="list-style-type: none"> Safe and healthy food Sustainable feed ingredients Climate action Recycling and waste management Plastic pollution 	<ul style="list-style-type: none"> Profitable operations Our market Research, development and innovation Responsible business conduct Corporate governance 	<ul style="list-style-type: none"> Human rights Embracing diversity Creating attractive jobs Keeping our employees safe 	<ul style="list-style-type: none"> Local value creation Indigenous relationships Dialogue and engagement

Grieg Seafood's business is based on five pillars, covering environmental, social and governance (ESG) topics identified as important to our stakeholders. The pillars are based on our materiality assessment. They help us steer towards long-term value creation for investors, customers, employees and local communities. Find a combined overview of our pillars, targets and Group policies [here](#).

MATERIALITY MATRIX

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

INFLUENCE ON STAKEHOLDER ASSESSMENTS AND DECISIONS	MATERIAL	<ul style="list-style-type: none"> Employee health & safety Safe & healthy food Fish health & welfare Protecting wild salmon (escape & sea lice control) Protecting biodiversity & marine ecosystems (local emissions, medicine use, wildlife interaction) Low use of antibiotics Carbon emissions Plastics pollution Sustainable feed ingredients (zero deforestation, sustainable marine ingredients, ESG assessment, novel ingredients) Human rights, including labor rights Profitable operations Corporate governance Responsible business conduct Indigenous rights & partnerships Value creation in rural areas 	
SIGNIFICANT	<ul style="list-style-type: none"> Fresh water use Visual & noise pollution Transparency & stakeholder dialogue Community sponsorships 	<ul style="list-style-type: none"> Diversity Recycling & waste management Circular economy R&D/ innovation Lifelong learning for employees 	
MODERATE			
	MODERATE	SIGNIFICANT	MATERIAL
	SIGNIFICANCE OF ECONOMIC, ENVIRONMENTAL AND SOCIAL IMPACTS		

The identified sustainability topics are based on the positive and negative environmental, social, and economic impacts that our stakeholders think Grieg Seafood may have. The materiality analysis is based on stakeholder dialogues and evaluations by our global and regional management teams. The material topics identified define the content of this report and are aligned with how we report our pillars. The materiality matrix is reviewed and updated annually. The Board of Directors has oversight of the materiality assessment. During 2021, we have strengthened our corporate governance on sustainability. All material areas in the materiality assessments are or will be covered by group policies, and progress is reviewed by the Board. For more information, please see the [GRI index](#) in Part 04 of this Annual Report.

OUR CERTIFICATIONS

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

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

CERTIFICATE	DESCRIPTION	TARGET	STATUS
ASC	<p>Aquaculture Stewardship Council (ASC) was founded in 2010 by World Wide Fund for Nature (WWF) and IDH Sustainable Trade Initiative to establish global standards for sustainable seafood production.</p> <p>The ASC label only appears on food from farms that have been independently assessed and certified as being environmentally and socially responsible. A Chain of Custody certification ensures that companies selling certified seafood have identification, segregation and traceability processes and procedures in place.</p>	<p>100% ASC certification (or compliance with ASC) for active and eligible sites by 2023.</p> <p>Newfoundland aims to certify when the seawater sites get into production.</p>	<p>At year-end 2021, 18 sites (100% of net production) in Finnmark and 12 sites (69% of net production (budget)) in BC have received ASC certification. Grieg Seafood Rogaland will receive the first ASC certifications in 2022.</p> <p>Our sales and market organization in both Norway and Canada are ASC Chain of Custody certified.</p>
GLOBALG.A.P	<p>Global Good Agricultural Practices (GLOBALG.A.P.) is a standard for both agriculture and aquaculture. The standard covers food safety, animal welfare, sustainability, employment, and traceability.</p> <p>GlobalG.A.P. certification provides assurance that food has been grown using recognized levels of quality and safety. It also ensures that it has been produced sustainably in a way that respects the health, the environment and the welfare and safety of workers and animals. The GLOBALG.A.P. The Chain of Custody Standard ensures that the product is sourced from GLOBALG.A.P. certified farms.</p> <p>GlobalG.A.P is particularly important for customers in Europe.</p>	<p>100% of farms in Norway GlobalG.A.P. certified (certification not relevant for Canada)</p>	<p>All our farms in Norway are certified. Our farms in Rogaland have been certified since 2008, and farms in Finnmark since 2016.</p> <p>Our sales and market organization in Norway is GlobalG.A.P. Chain of Custody certified.</p>
BAP	<p>Best Aquaculture Practices (BAP) is an aquaculture standard that covers practices in all stages of the fish farming process.</p> <p>BAP certification helps to assure consumers that the seafood they buy is produced in a manner that is considerate of the animal's welfare, the environment, workforce and community, food safety, and traceability.</p> <p>BAP is particularly important for customers in the United States.</p>	<p>100% of farms in BC BAP certified (certification not relevant for Norway).</p>	<p>All our farms in BC have been certified since 2011. Our Newfoundland region is under establishment and is not yet delivering to market.</p>



OUR PROGRESS TOWARDS A SUSTAINABLE FOOD SYSTEM

Reducing our footprint and improving fish health and welfare will always be key to success and our focus across all our regions.

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AQUACULTURE IN A SUSTAINABLE GLOBAL FOOD SYSTEM

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

TOMORROW'S SUSTAINABLE GLOBAL FOOD SYSTEM

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

FARMED SALMON NUTRIENT PROFILE

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

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

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

FIGURE 2.1
FEED CONVERSION RATIO

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

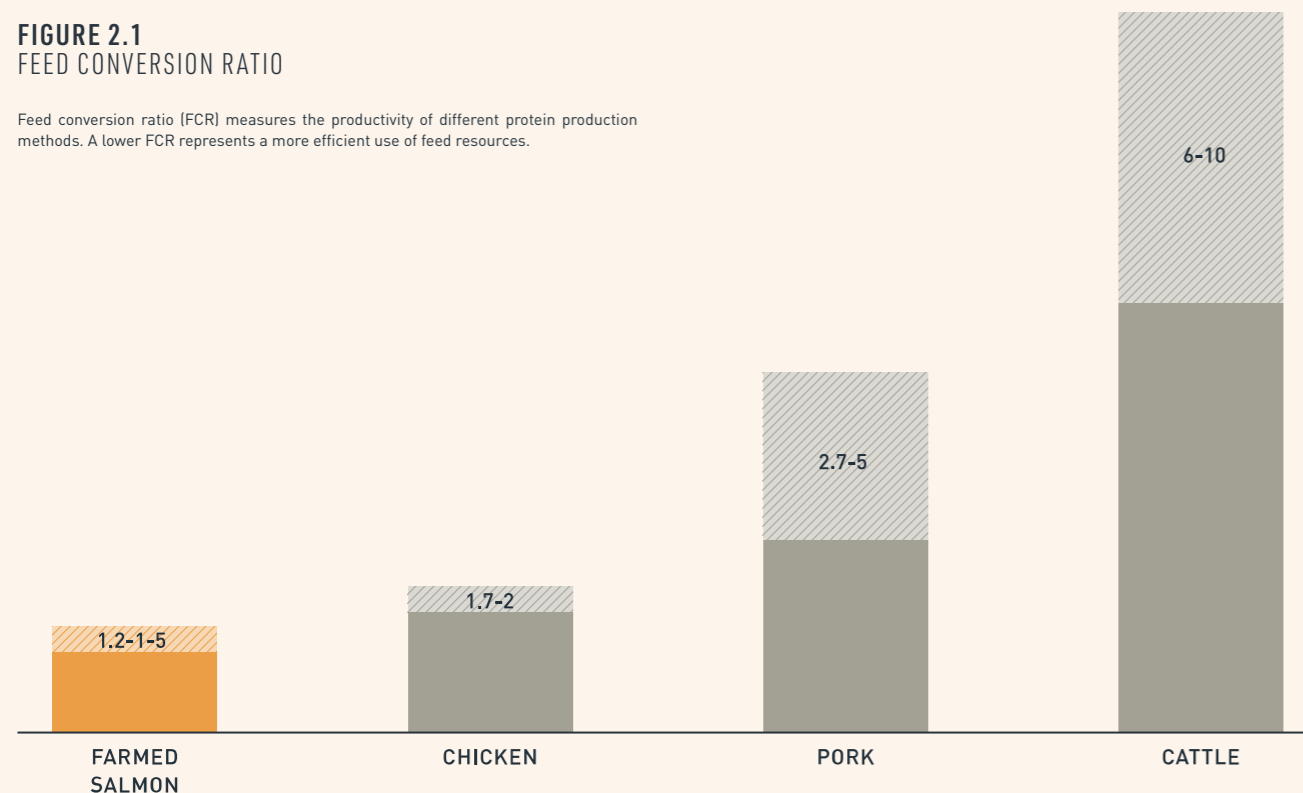


FIGURE 2.2
EDIBLE YIELD

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

68%
FARMED ATLANTIC SALMON

46%
CHICKEN

52%
PORK

38%
LAMB

FIGURE 2.3
CARBON FOOTPRINT

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

0.60
FARMED SALMON

0.88
CHICKEN

1.30
PORK

5.92
BEEF

THE CHALLENGES WE MUST SOLVE

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

1. ENSURING CO-EXISTENCE WITH NATURE AND OTHER SPECIES

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

2. IMPROVING FISH WELFARE

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

3. FINDING SUSTAINABLE FEED INGREDIENTS

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

4. CUTTING CARBON EMISSIONS

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

5. RECYCLE RESOURCES

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

6. PROMOTING HUMAN RIGHTS

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

THE SUSTAINABLE DEVELOPMENT GOALS

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

GLOBAL SUSTAINABILITY INITIATIVES

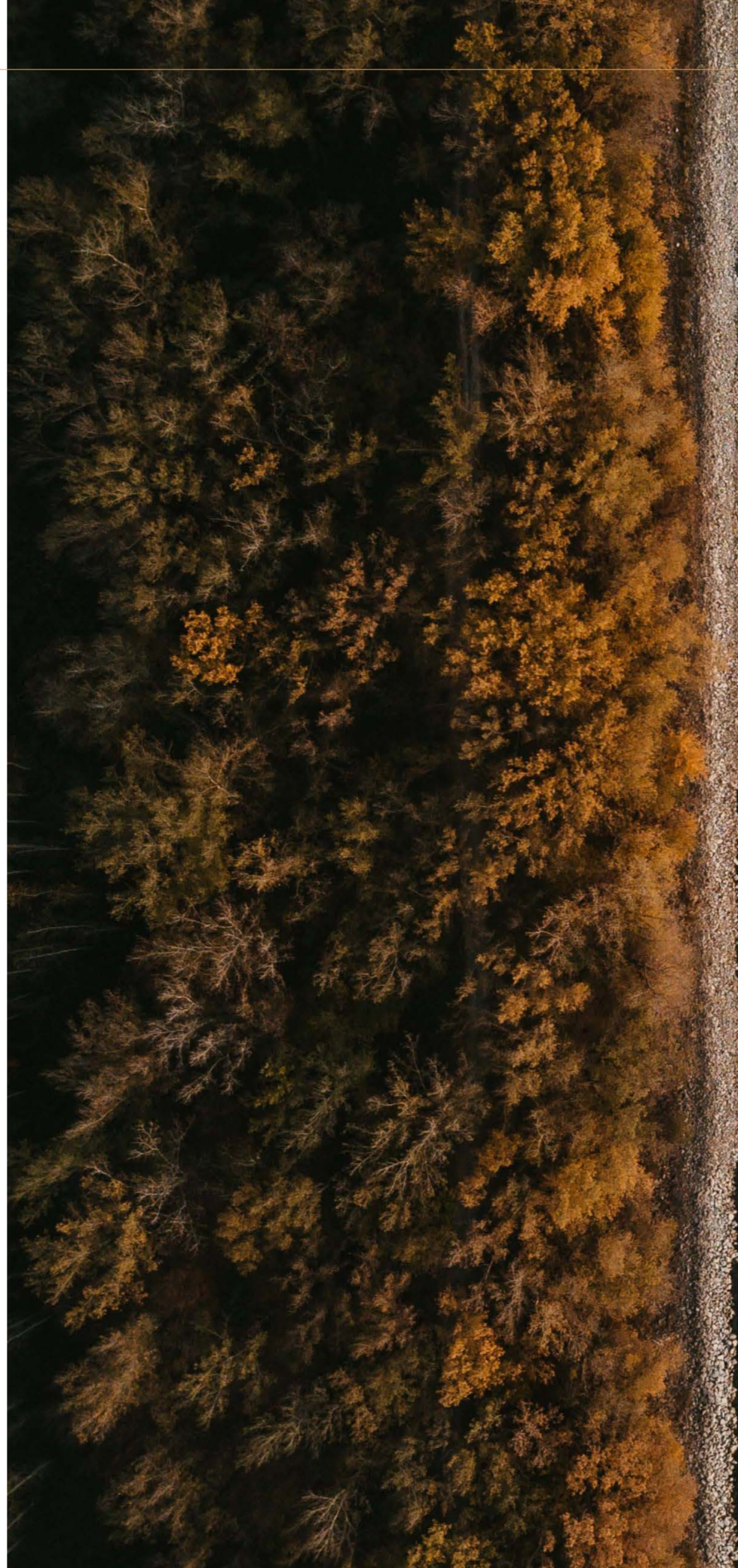
Grieg Seafood has committed to several initiatives that set high standards for our farming operations and value chain. Initiatives range from ocean stewardship to the climate, deforestation, and human rights. Read more about these initiatives [here](#).

R&D ACTIVITY

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

PARTNERSHIPS AND COLLABORATION

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



OUR PROGRESS TOWARDS A SUSTAINABLE FOOD SYSTEM

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

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.

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SUSTAINABLE FOOD

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

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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.

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PEOPLE

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

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EMBRACING DIVERSITY	70
CREATING ATTRACTIVE JOBS	72
KEEPING OUR EMPLOYEES SAFE	74

LOCAL COMMUNITIES

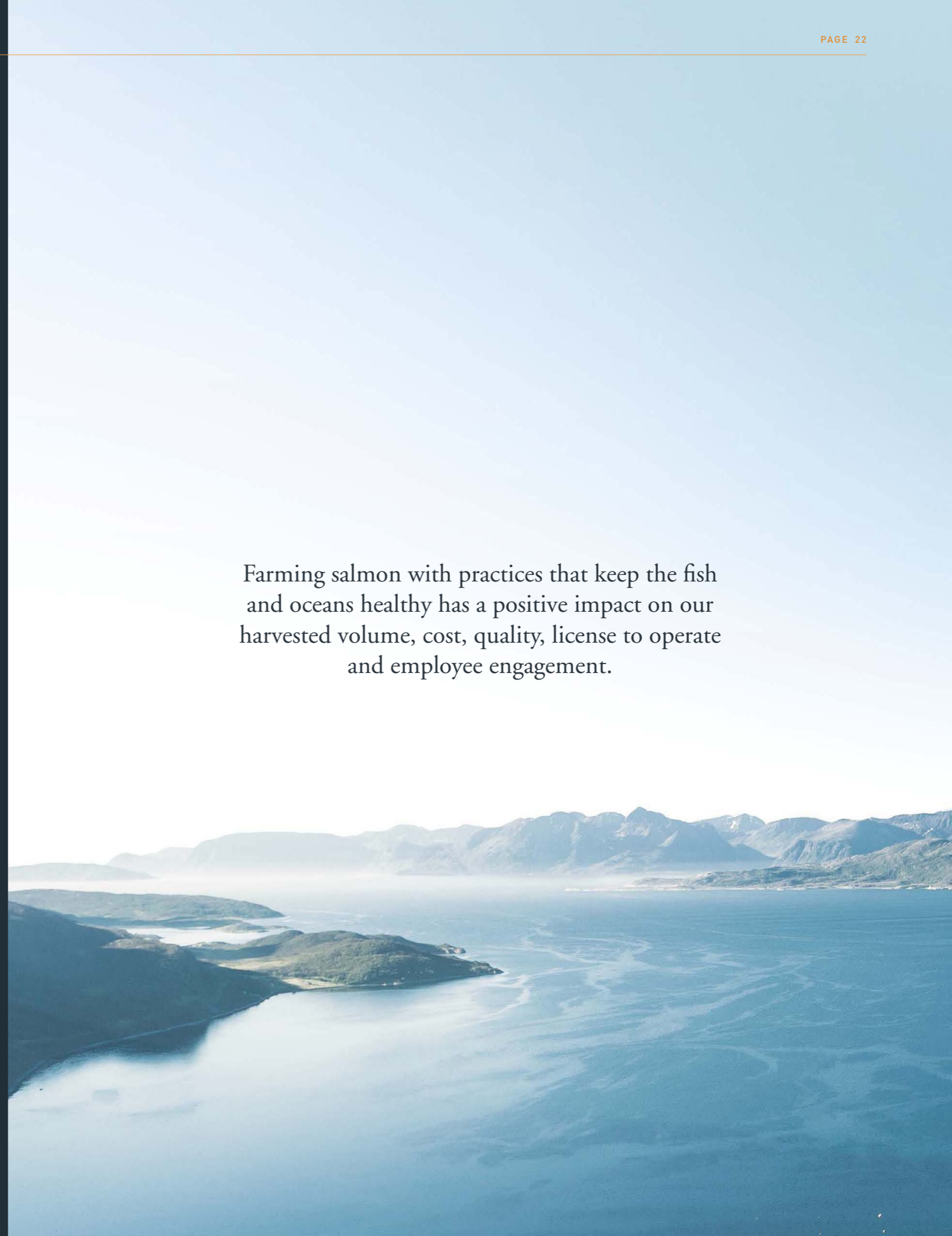
We are grateful to our local communities for giving us permission to farm salmon in their fjords and inlets. In return, we do not only do what we can to ensure local biodiversity and sustainable farming methods. We also contribute to vibrant local communities in the many rural areas where we operate.

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OUR PROGRESS TOWARDS A SUSTAINABLE FOOD SYSTEM **HEALTHY OCEAN**

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



FISH HEALTH AND WELFARE

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

OUR APPROACH TO FISH HEALTH AND WELFARE

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

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

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

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

OUR TARGETS

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

*Survival reported in accordance with the standards of the Global Salmon Initiative (GSI) is defined as: $(\text{total \# of mortalities in sea last 12 months} / (\text{closing \# of fish in sea} + \text{total \# of mortalities in last 12 months} + \text{total \# of harvested fish in last 12 months} + \text{total \# of culled fish in sea})) \times 100$.

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

LEARN MORE ON OUR WEBSITE

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

OUR PRINCIPLES FOR FISH HEALTH AND WELFARE

FISH HEALTH

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

FISH WELFARE

There is no universal definition of animal welfare, but we accept that every fish is an individual with a perception of life. We regard fish welfare as the quality of life as perceived by the animal itself. Our challenge is that we are not able to control each individual fish at any time, but treat all fish in one pen equally. Monitoring of fish behaviour and appetite in each pen is very important. We need to invest more resources to understand salmon farming in the light of population dynamic.

We seek to fulfill "the five freedoms for animals under human control":

1. Freedom from hunger, thirst, and malnutrition
2. Freedom from fear and distress
3. Freedom from discomfort
4. Freedom from pain, injury, and disease
5. Freedom to express normal patterns of behavior

- Minimizing any discomfort to the fish during its lifetime at our farms:
 - Regular risk-based water monitoring for early detection of risk factors and rapid implementation of measures.
 - Careful handling of any live fish during treatments, grading,

transport, etc.

- Monitoring welfare indicators during treatments in sea water for early detection of physical damage and rapid implementation of measures.
- Regular fish health checks for early detection of diseases and rapid implementation of measures.
- We do not use/allow growth-promoting hormones in fish feed or other additives.
- Ensuring that all live fish are anesthetized prior to killing. At harvest, the salmon is killed by electrical stunning or stunning, while cleaner fish and salmon not destined for consumption are killed by chemical anesthesia.

There is still a lot to learn about fish welfare, including finding good ways to measure it more precisely. Welfare indicators such as mortality, appetite or daily feeding and environmental conditions are measured systematically. We are currently testing if these and other parameters can be performed automatically and accurately by camera sensor technology.

CLEANER FISH

Cleaner fish eat sea lice off the salmon and are used as a preventive measure to keep sea lice numbers low. In this way, they successfully help to reduce the number of delousing treatments salmon undergo.

- Finnmark use farmed lump suckers as an addition to other sea lice control measures, to keep sea lice levels low without treatments. The aim is to reduce the number of cleaner fish used within some years and replace them with other sea lice control innovations if we find measures that are as effective.
- Rogaland use wild wrasse and farmed lump suckers. Today, this is a key measure to keep sea lice levels low without treatments. In this region, we aim to improve effectiveness of the measure and reduce the number of cleaner fish used. Fishing quotas for wild cleaner fish are regulated by Norwegian Authorities.

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

- Only use cleaner fish on farms where we know they are effective. Farms with harsh conditions are not suitable for use of cleaner fish.
- Use the type of cleaner fish that is best suited for the biological conditions, such as seasonal temperatures, on each farm. For instance, wild wrasse is only used during summer and autumn in Rogaland, as temperatures are too low in the winter.

- Optimized vaccination programs.
- Screening before release into the pens.
- Specific feed in the pens, tailor-made for cleaner fish.
- Tailor-made, artificial kelp forests in the pens where the cleaner fish can hide, avoid stress, rest, and sleep.
- Improve harvesting practices of cleaner fish.
- Register fish welfare and mortality on a daily basis.

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

We recognize the ethical dilemma in using cleaner fish. Today, though, cleaner fish is an important and effective measure to keep sea lice levels low without treatments on specific farms. We are working both to improve the health and welfare of cleaner fish, but also to continuously evaluate other preventative sea lice control measures that are emerging.

OUR APPROACH TO ANTIBIOTICS

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

We are committed to preventing bacterial diseases by using available vaccines and biosecurity measures. We aim to avoid use of antibiotics when possible. In Norway, effective vaccines have reduced the use of antibiotics, however it has been used in a limited amount to secure the welfare of the fish when there are no other alternative treatment.

RESULTS IN OUR REGIONS

- Rogaland
- Finnmark
- British Columbia
- Newfoundland

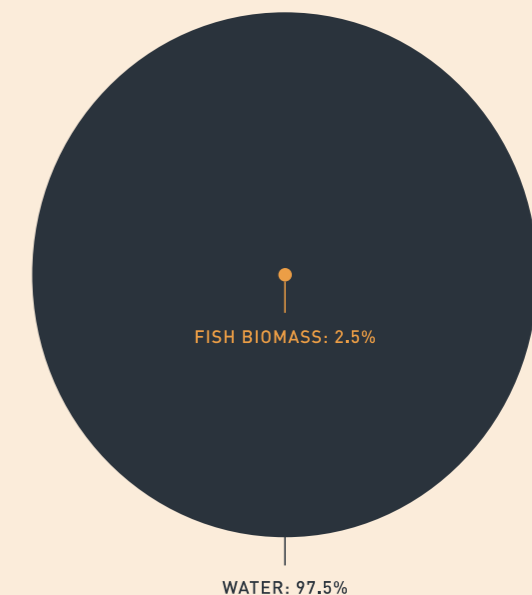
OUR PRINCIPLES FOR ANTIBIOTICS

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



FIGURE 2.4
DENSITY IN THE PENS

Our seawater pens are between 97.5% - 98.5% water and 2.5% - 1.5% fish biomass, providing space for the fish in our facilities to allow for comfort, natural behavior and a healthy growth cycle.



PROTECTING WILD SALMON

Salmon farming can potentially impact wild salmon if we do not use responsible farming practices. Keeping low levels of sea lice, avoiding escapes and avoiding diseases are key aspects to ensure co-existence. Grieg Seafood is working hard to avoid impacting wild salmon in all of our regions.



SEA LICE CONTROL

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

FIGURE 2.5
OUR APPROACH TO SEA LICE CONTROL



OUR APPROACH

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

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

OUR PRINCIPLES

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

- Sea lice measures are based on IPM (Integrated Pest Management) principles. A multifaceted approach will give improved results and reduce the risk of sea lice becoming resistant.
- Minimize use of pharmaceutical treatment methods that discharge treatment water into the sea. Pharmaceutical lice treatments are acceptable in clean treatment systems, which purify the treatment water before it is discharged back into the ocean.

- Non-medical treatments are preferred if they provide an acceptable level of fish welfare. A risk assessment must be performed prior to any treatment. The treatment's effectiveness and the risk of side effects on fish and the environment should be evaluated.
- Pharmaceuticals for sea lice treatments must be prescribed by authorized fish health personnel, and only medicines licensed for sea lice control should be used.
- Withdrawal periods for medicine use are rigorously controlled and documented.

LEARN MORE ON OUR WEBSITE

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

RESULTS IN OUR REGIONS

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

OUR TARGETS

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

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

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

ESCAPE CONTROL

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

OUR APPROACH

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

with our Atlantic salmon. In Newfoundland, we use sterile fish, which cannot interbreed with local wild fish.

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

OUR PRINCIPLES

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

OUR TARGET

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

RESULTS IN OUR REGIONS

- Rogaland
- Finnmark
- British Columbia



PROTECTING BIODIVERSITY & MARINE ECOSYSTEMS

Protecting biological diversity is important for ensuring the survival of animals and plants, genetic diversity, and natural ecosystems. Natural ecosystems provide clean water and air, and contribute to food security and human health. It is our responsibility to protect nature and biodiversity wherever we operate.



PROTECTING MARINE ECOSYSTEMS

We take special care to avoid impacting ecologically sensitive habitats.

OUR APPROACH

We are increasing our awareness of nature and biodiversity risk, and we strive to learn more about and avoid impacting ecologically sensitive marine habitats.

OUR PRINCIPLES

- Our farms are located in legally and permitted zones for aquaculture development.
- We perform environmental and social impact assessments of new land-based sites and seawater locations.
- We do not set up new farms within the following locations:
 - existing federal parks, regional district parks, marine protected areas, and conservancies.
 - within any area where there is identified critical habitat for endangered species.
- We comply with local and national legal requirements in regards to minimum distances where a farm can be located.
- We monitor changes to legislation and perform annual revisions to the impact assessments.
- All our farming operations are certified according to standards that take account of biodiversity. These standards, such as GlobalG.A.P., BAP and ASC, include criteria to minimize environmental impact and preserve biodiversity.

OUR TARGETS

Impact on marine ecosystems	Environmental and social impact assessment performed for 100% of farms
-----------------------------	--

OUR RESULTS

Grieg Seafood follows national regulations in each country with regards to operations in protected areas, and risk assessments are conducted as part of the standard application process. We follow regulations to avoid impact on biodiversity and the marine environment beyond what is considered acceptable by the authorities in the countries in which we operate. Certifications, like the Aquaculture Stewardship Council (ASC), where impact assessments are part of the certification program, help us raise the bar above regulatory limits.

We have performed environmental and social impact assessments of all (100%) of our sites. Two broodstock sites in Rogaland and the harvesting plant in Finnmark are located in "national salmon fjords", a protection category created by the Norwegian Parliament to protect wild salmon. Our two sites in Rogaland are located in Suldalsfjorden, using a total area of 0.054 km². Our harvesting plant in Finnmark is located in Altafjorden, and uses 0.003 km² of the seawater surface. These seawater farms and the harvesting plant were present prior to the establishment of the category, and became subject to certain restrictions as a result. We do have sites in the proximity of land nature reserves, but we do not have any other sites in or adjacent to protected areas or areas of high biodiversity value (areas defined as Special Areas of Conservation (SAC), Marine Protected Areas (MPA), High Conservation Value Areas (HCVA) or Federal Marine Protected Areas) except for those mentioned above. All site locations available on our web site with GPS coordinates, please see links below. The regional maps can be matched with other maps, such as HCVA.

Our impact assessments also include identification of IUCN red list and national conservation list species present in our operating areas. The International Union for Conservation of Nature (IUCN) 'Red List of Threatened Species' provides an inventory of the global conservation status of plant and animal species, and national conservation lists serve as authorities on the sensitivity of habitat in areas affected by our operations, and on the relative importance of these habitats from a management perspective. Our assessments have not identified that our activities pose a threat to any endangered plants or animal species. Please also read how we work to minimize impact on wildlife [here](#).

Each region performs continuous monitoring of legislation revisions as well as annual revisions to the impact assessments. Impact assessments are also part of the ASC certification program.

LEARN MORE ON OUR WEBSITE

- [Our site locations in Rogaland](#)
- [Our site locations in Finnmark](#)
- [Our site locations in BC](#)



INTERACTION WITH WILDLIFE

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

OUR APPROACH

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

OUR PRINCIPLES

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

LEARN MORE ON OUR WEBSITE

→ **Co-existence with wild life**

RESULTS IN OUR REGIONS

- **Rogaland**
- **Finnmark**
- **British Columbia**

OUR TARGET

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



ORGANIC EMISSIONS

Organic emissions from salmon farming may impact the marine ecosystem in the ocean under or around the pens. For this reason, we give the environment time to recover between each generation of fish farmed. Our impact should never be irreversible.

OUR APPROACH

As in all other types of food production, our farming operations leave a footprint through local emissions. Such emissions may be excess feed, feces from the fish or copper from fish nets. This impact should never be irreversible. Between each generation of fish, we allow the ecological system to rest and restore itself.

OUR PRINCIPLES

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

OUR TARGETS

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

LEARN MORE ON OUR WEBSITE

→ [Impact on nature](#)



OUR RESULTS

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

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

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

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

FIGURE 2.6
RESTORED ECOSYSTEMS UNDER FARMS

Region	Remediated ecosystems under farms before a new generation of fish was transferred in 2021
Rogaland	100% of farms*
Finnmark	100% of farms*
British Columbia	100% of farms**

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

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

ROGALAND

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

According to the Risk Report of Norwegian Fish Farming by the

Institute of Marine Research, the risk of impact from organic waste from fish farming is low and the environmental ecosystem condition is good in Rogaland (the salmon production area PO2).

100% of our sites received a very good or good score on seabed tests in 2021, compared to 92% in 2020. Sites that receive a poor score must subsequently fallow for longer. Through our integrated operation center, we can develop specialized feeding expertise. We are working to reduce excess feeding by using underwater cameras, so that we can stop feeding when the fish are replete.

FIGURE 2.7
ROGALAND RESULTS OF B-TEST

Year	Very good	Good	Poor	Very poor	Test not yet taken (new sites)
2021	83%	17%	0%	0%	0%
2020	83%	8%	8%	0%	0%

FINNMARK

According to the Risk Report on Norwegian Fish Farming by the Institute of Marine Research, the risk of impact from organic waste from fish farming in Finnmark (the salmon production area PO12) is low and the environmental ecosystem condition is good. Compared to Western Norway, there are far fewer fish farming operations in Finnmark, which reduces the overall risk. An environmental study of the organic impact of fish farming in the Alta fjord, published in 2017, showed low impact on the fjord system. Organic materials decompose more slowly in low seawater temperatures, and we may need longer fallowing periods compared to Rogaland.

53% of our sites received a very good or good score on seabed tests in 2021, slightly up from 52% in 2020. Longer fallowing periods are in place for sites with poor scores, and a new generation will not be stocked until the impact is reversed and the sites have met the regulated restoration thresholds. Access to new sites will also reduce the organic impact. In addition, we are conducting digital analyses of the marine conditions at sites to understand how the farms can hit the currents in the most optimal way, which reduces the organic impact. We are subsequently working with local authorities to adjust the farms accordingly.

FIGURE 2.8
FINNMARK RESULTS OF B-TEST

Year	Very good	Good	Poor	Very poor	Sites with hard seabed (do not get a score)	Test not yet taken (new sites)
2021	43%	10%	19%	5%	14%	10%
2020	26%	26%	26%	0%	16%	5%

Based on last B-test taken per site, either at peak biomass production/max load, or before restocking when the seabed has recovered.

BRITISH COLUMBIA

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

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

FIGURE 2.9
BC % OF SITES THAT ARE RESTORED

Substrate Type	Benthic exceedance thresholds at peak biomass or before re-stocking	Compliance 2021
Hard Bottom	Beggiaota species, similar bacteria or marine worms does not cover 10% or more of any four segments of substrate.	100%
Soft bottom	Sulphide does not exceed 1 300 µM at 30 m and 700 µM at 125 m away from the cage edge along two transects.	100%
	Sulphide does not exceed 1 500 µM outside the Allowable Zone of Effect*	100%

* ASC Salmon standard.


FIGURE 2.10
USE OF COPPER

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

Finnmark had one pen with copper antifouling solution as part of a research project.

OUR PROGRESS TOWARDS
A SUSTAINABLE FOOD SYSTEM
SUSTAINABLE FOOD

SAFE AND HEALTHY FOOD	34
SUSTAINABLE FEED INGREDIENTS	36
REDUCING CARBON EMISSIONS	39
WASTE MANAGEMENT	42



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

SAFE AND HEALTHY FOOD

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

OUR APPROACH

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

OUR PRINCIPLES

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

OUR TARGETS

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

LEARN MORE ON OUR WEBSITE

→ [Our policy for food safety](#)



OUR RESULTS

CERTIFICATIONS

Our farming operations (except Newfoundland, which has not yet started production in sea) are certified according to the Global Food Safety Initiative (GFSI) through our BAP and GLOBALG.A.P. certifications. Our sales and market organization is chain-of-custody certified according to ASC and GlobalG.A.P. While GFSI does not provide food safety certification, it recognizes a number of certification programs that meet the GFSI benchmarking requirements. GFSI recognized certification is a mark of the highest standards in food safety, allowing food businesses that hold these certificates to access all corners of the global market.

TRACEABILITY

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

PRODUCT RECALLS

We maintain strict quality control at every stage of our farming operations to ensure the highest levels of food safety. Products originating from our processing plants have been handled through a HACCP- and sanitary program. We did not have any product recalls in 2021, and we are not banned from any markets. We have not had any product recalls for at least last ten years. However, we perform regular training on our procedures for managing product recalls.

QUALITY SHARE OF OUR SALMON

Diseases, winter ulcers and other biological issues may affect the quality of our product. 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. Downgraded salmon has external and/or internal faults or damage, and obtains a lower price in the market. In Norway, downgraded salmon is priced according to standard discount rates of NOK 1.5-2 per kg GWT for ordinary grade and NOK 5-15 per kg GWT for production grade, depending on the extent of the impairment. As other companies in the salmon farming industry may use other quality categories and criteria for grading their harvested salmon, the quality share may not be comparable between the companies. The superior share is calculated as a percentage of net biomass, excluding discards. See each regions scoreboard for results.

ENVIRONMENTAL CONTAMINANTS

FIGURE 2.11
ENVIRONMENTAL CONTAMINANTS AND LIMITS IN 2021 FOR SAMPLES OF GRIEG SEAFOOD SALMON

Environmental contaminant	EU limit	Samples	Norway	British Columbia
Lead	0.3 mg/kg	Median	← 0.050 mg/kg	← 0.050 mg/kg
		Max	← 0.050 mg/kg	← 0.050 mg/kg
Mercury	0.5 mg/kg	Median	0.010 mg/kg	0.000 mg/kg
		Max	0.020 mg/kg	0.013 mg/kg
PCB 6	75 µg/kg	Median	3.245 µg/kg	0.000 mg/kg
		Max	6.290 µg/kg	0.000 mg/kg
Dioxins PSDD/F TEQ excl LOQ	3.5 pg/g	Median	0.301 pg/g	0.000 mg/kg
		Max	0.354 pg/g	0.241 mg/kg

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

FIGURE 2.12
FOODBORNE BACTERIA - LISTERIA CONTAMINATION

Region	Number of samples* 2020	Listeria detected (%) 2020	Number of samples* 2021	Listeria detected (%) 2021
Rogaland	1 184	0.0%	1 305	0.1%
Finnmark	429	0.0%	262	0.4%
British Columbia	138	0.7%	118	2.5%

*Number of samples of end product.

We test our salmon for Listeria on a regular basis. Samples are analyzed according to standard methods by external laboratories. If Listeria is detected, action plans are executed in the form of extra thorough cleaning or technical measures such as change of equipment set-up, or replacement of equipment. Relevant customers are informed. Most of them have measures in place to manage Listeria for the fish they buy, even when Listeria is not found on the fish or at the harvesting plant. The number of samples taken in Finnmark has been reduced in 2021 as there was no harvesting at our own plant during the first half year due to upgrading of the plant. We had one positive sample of Listeria in Rogaland and Finnmark in 2021, and in BC, three fish tested positive for Listeria. When we have a positive Listeria result, we ensure that the proper cleaning and disinfection procedures are followed and increase the level of disinfection if positive results continue. We also perform regular Listeria sampling at key points on the processing line to ensure food safety. Samples are taken regularly to show variations over time.

QUALITY SHARE OF SALMON

→ Rogaland → Finnmark → British Columbia



SUSTAINABLE FEED INGREDIENTS

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

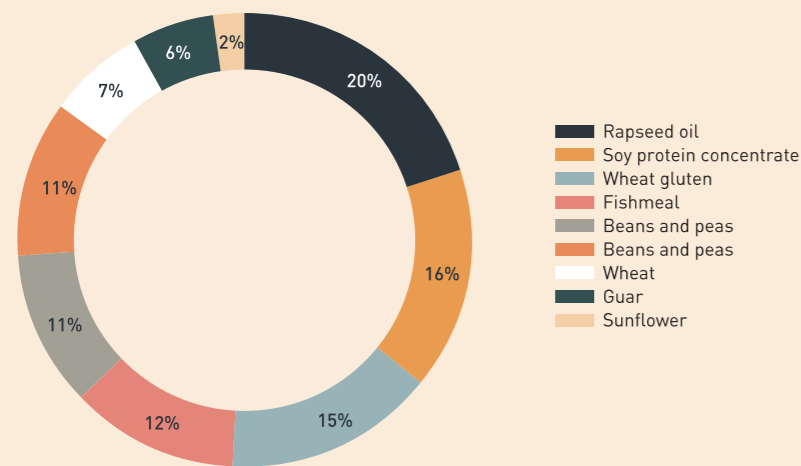


FIGURE 2.13
FEED INGREDIENTS IN 2021

This illustrates the average of raw material content in our feed used in Norway. In BC, the content is somewhat different as in general a larger part of protein from vegetable are replaced by poultry-bi product. We do not use palm oil in our feed.

OUR APPROACH

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

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

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

LEARN MORE ON OUR WEBSITE

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

OUR PRINCIPLES

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

OUR TARGETS AND ACHIEVEMENTS

Targets	Achievements 2021
All marine ingredients (excluding byproducts) used are based on fisheries certified according to MSC or MarineTrust (including FIPs)	Yes, for all regions for the full year
FFDRo below 2.52 (ASC requirement)	Yes, in all regions
FFDRm below 1.20 (ASC requirement)	Yes, in all regions. The level is below 1.0, making us a net producer of marine protein
All Brazilian soy protein concentrate certified according to ProTerra or segregated RTRS	Yes, in all regions using Brazilian soy protein concentrate
All Brazilian soy protein concentrate supplied by Brazilian vendors with a 2020 cut-off date + robust MRV system	Yes (in all regions using Brazilian soy protein concentrate). CJ Selecta, Caramuru and Imcopa are the Brazilian suppliers used
All palm oil used certified according to Round Table on Sustainable Palm Oil	Yes (in Newfoundland, the only region where we used a small amount, 0.3% of palm oil)



OUR RESULTS

ZERO DEFORESTATION

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

Grieg Seafood participated in the CDP Forest program for the second time in 2021. CDP Forest provides a framework of action to measure and manage forest-related risks and opportunities, transparent reporting on progress, and commitment to proactive action for the restoration of forest and ecosystem. We scored B on our work against deforestation. For more information, please visit CDP’s website [here](#).

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

In the animal feed industry, the sustainability focus has mainly been on high-risk ingredients such as soy, palm oil, fish meal and fish oil. In the past, efforts to mitigate the risk of overfishing lead to less use of marine ingredients in salmon feed. Unfortunately, some of the alternatives introduced, like Brazilian soy, were later linked to new issues of concern, such as deforestation and conversion. To avoid repeating the mistakes of the past, a more holistic approach

to the mitigation of sustainability linked risks in feed ingredients is needed. This is especially necessary as the seafood industry is looking at developing novel feed ingredients suitable for scale. We must ensure that a scale-up of these ingredients do not contribute to new or unforeseen ESG risks, and that they are a good fit for a future sustainable food system.

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

WWF US is our partner in the project. We work in close dialogue with our feed suppliers on this project and our aim is to release more information about the status of the project in 2022.

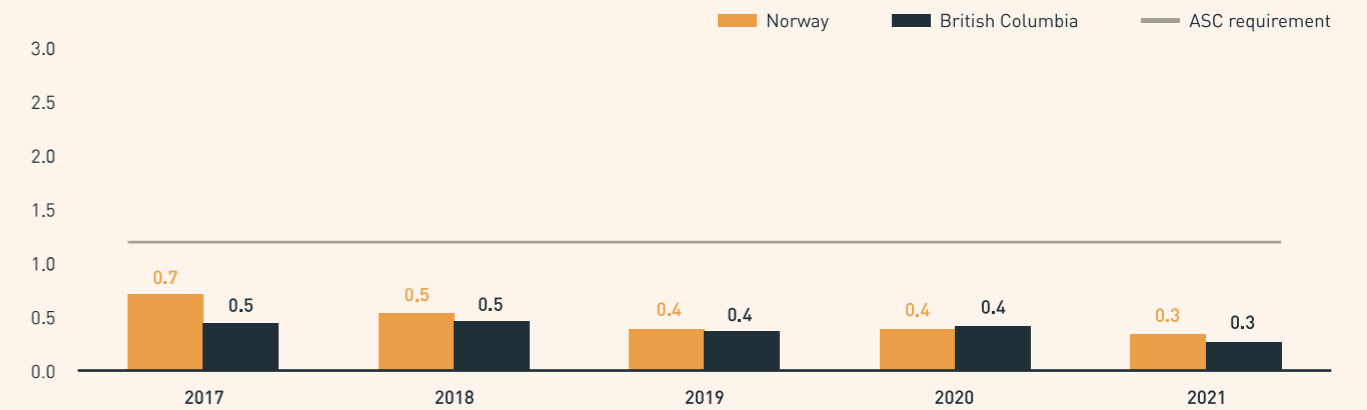
FIGURE 2.14
VOLUME OF MARINE INGREDIENTS

Volume of marine ingredients (tonnes)	Forage fish 2020	Forage fish 2021	Trimming 2020	Trimming 2021
Fish meal	7 062	6 726	2 244	3 154
Fish oil	8 697	7 123	2 689	5 999

Marine feed ingredients should come from sustainable sources. An overview of marine raw materials in our feed, including specie, country of origin and certification of each raw material, is available [here](#).

FIGURE 2.15
MARINE INGREDIENTS - FISH MEAL FFDRM

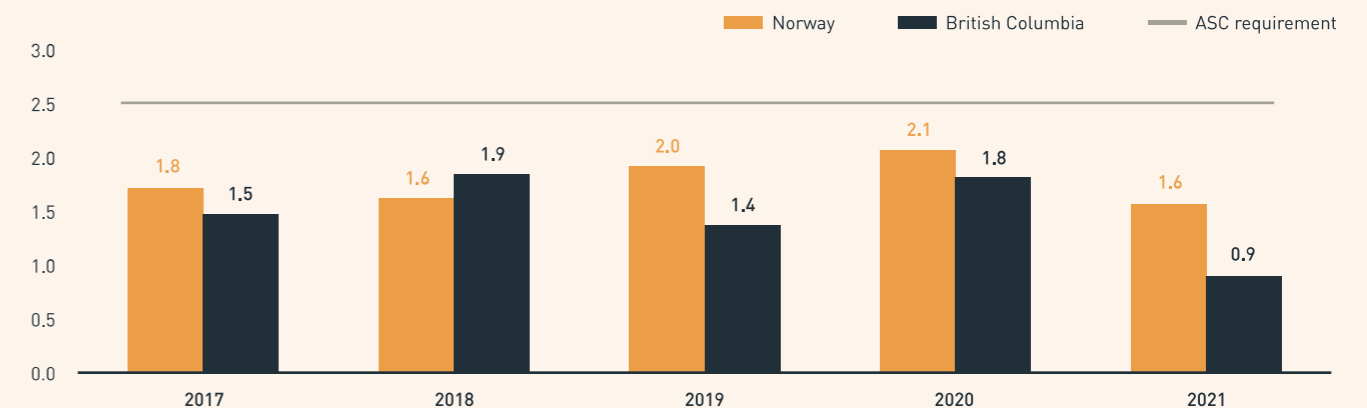
ASC REQUIREMENT: 1.2



The forage fish dependency ratio (FFDRm) represents the amount of wild fish needed to produce sufficient fishmeal for one kilo farmed salmon. We use little fish meal in our feed. Our FFDRm figures shows a continuous reduction and that we were a net producer of marine protein in 2021 in all regions. Our FFDRm is well below the ASC limit.

FIGURE 2.16
FISH OIL FFDRo

ASC REQUIREMENT: 2.5



The forage fish dependency ratio (FFDRo) represents the amount of wild fish needed to produce sufficient fish oil for one kilo farmed salmon. We use low levels of fish oil in our feed, and we reduced the use of fish oil further in 2021 compared to 2020, and are well below ASC requirements.

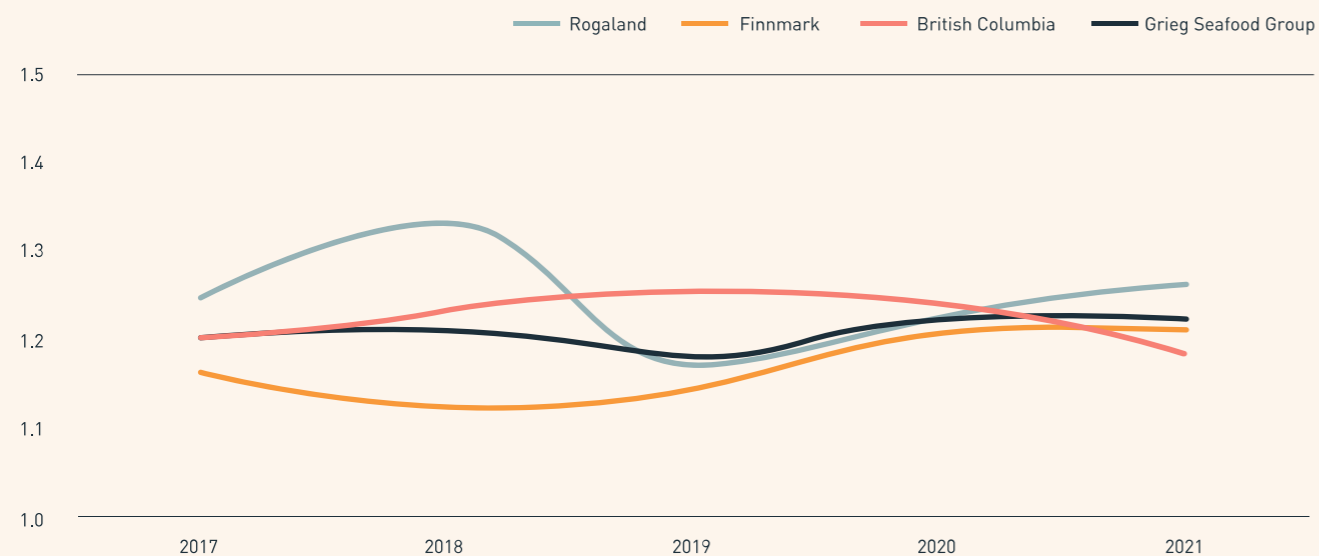
ADVOCACY TO PROMOTE MORE SUSTAINABLE FEED

- We have taken part in the development of the new ASC feed standard, which was launched in 2021.
- We are a member of the MarineTrust Governing Body Committee, to engage in the improvement of global fisheries.
 - We are member of a GRI task force for preparing a sector standard for agriculture, aquaculture and fisheries.
- We have excluded Cargill Aqua Nutrition from our Green Bond use of proceeds, until their mother company Cargill Inc. have reduced their soy related deforestation risk in Brazil.
- Through the Global Salmon Initiative, we take part in the development of a new industry standard for carbon emissions from feed, which will allow us to benchmark and work more systematically to reduce carbon emissions from feed.

NOVEL FEED INGREDIENTS

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

FIGURE 2.17
BIOLOGICAL FEED CONVERSION RATIO (BFCR)



The biological feed conversion ratio describes the amount of feed required to produce one kilo of farmed salmon. It is calculated as the total weight of feed divided by gross growth (incl. mortality). The ratio is an indicator of feed efficiency, reflecting how effective a feed strategy can be. The bFCR ratio is impacted by the ability of the fish to utilize the nutrients in the feed for growth. The ratio is also impacted by over- or underfeeding, causing feed spill or reduced growth, respectively. In 2021, we had a slight increase in the bFCR in Rogaland as biological challenges related to PD impacted fish appetite negatively, while BC had a positive development mainly due to mitigation of challenges related to algae and improved feeding control (less feed waste).



REDUCING CARBON EMISSIONS

While farmed salmon has a low carbon footprint compared to other animal proteins, our industry must do our part to achieve the Paris Agreement. New solutions must be developed to cut emissions in our operations and along our value chain.

OUR APPROACH

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

According to the High-Level Panel for a Sustainable Ocean Economy (Ocean Panel), food production from the sea may be advantageous from a climate perspective, because the carbon footprint from production is low compared to terrestrial animal protein production (see also Figure 2.3 and our [Aquaculture in a sustainable global food system](#) chapter). However, we recognize that we must do more to cut greenhouse gas (GHG) emissions from our farming operations and supply chains. Direct emissions from our production (Scope 1 & 2) account for less than 10% of our total emissions. More than 90% of our emissions originate from our value chain (Scope 3), particularly those aspects linked to fish feed and the transportation of salmon from our harvesting plants to the markets.

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

OUR PRINCIPLES

Our efforts to reduce our GHG emissions focus particularly on feed and transportation to market. We also work continuously to reduce GHG emissions from our production.

- Reduce the GHG emissions from our feed.
- Favor transportation methods with a low carbon footprint.
 - Grieg Seafood's set-up allows for shorter transportation routes and limits use of air freight to our two main markets:
 - Main supply to Europe from Northern and Southern Norway
 - Main supply to the USA from Eastern and Western Canada
 - Eliminate unnecessary weight from transportation.
 - Preferred methods of transportation are train, ship, and low emission trucks.
 - Take part in R&D projects and help commercialize climate-friendly transportation methods suited for our transport routes.
- Reduce the carbon footprint of our production, with the aim of eliminating our dependence on finite energy sources. Prefer renewable energy sources in regions where that is commercially available.

- Take part in R&D projects in regions where renewable energy sources are not available.
- Encourage suppliers to take climate action through:
 - Setting GHG emission reduction targets in line with the Paris Agreement.
 - Conducting annual climate accounting.
- Improve transparency and contribute to the development of robust GHG reporting standards that allow for comparison and benchmarking.
- Do not engage in lobbying activities that run contrary to the fulfillment of the Paris Agreement on climate change.
- Engage in carbon offset initiatives.

OUR TARGETS

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

OUR RESULTS

THE SCIENCE BASED TARGET INITIATIVE

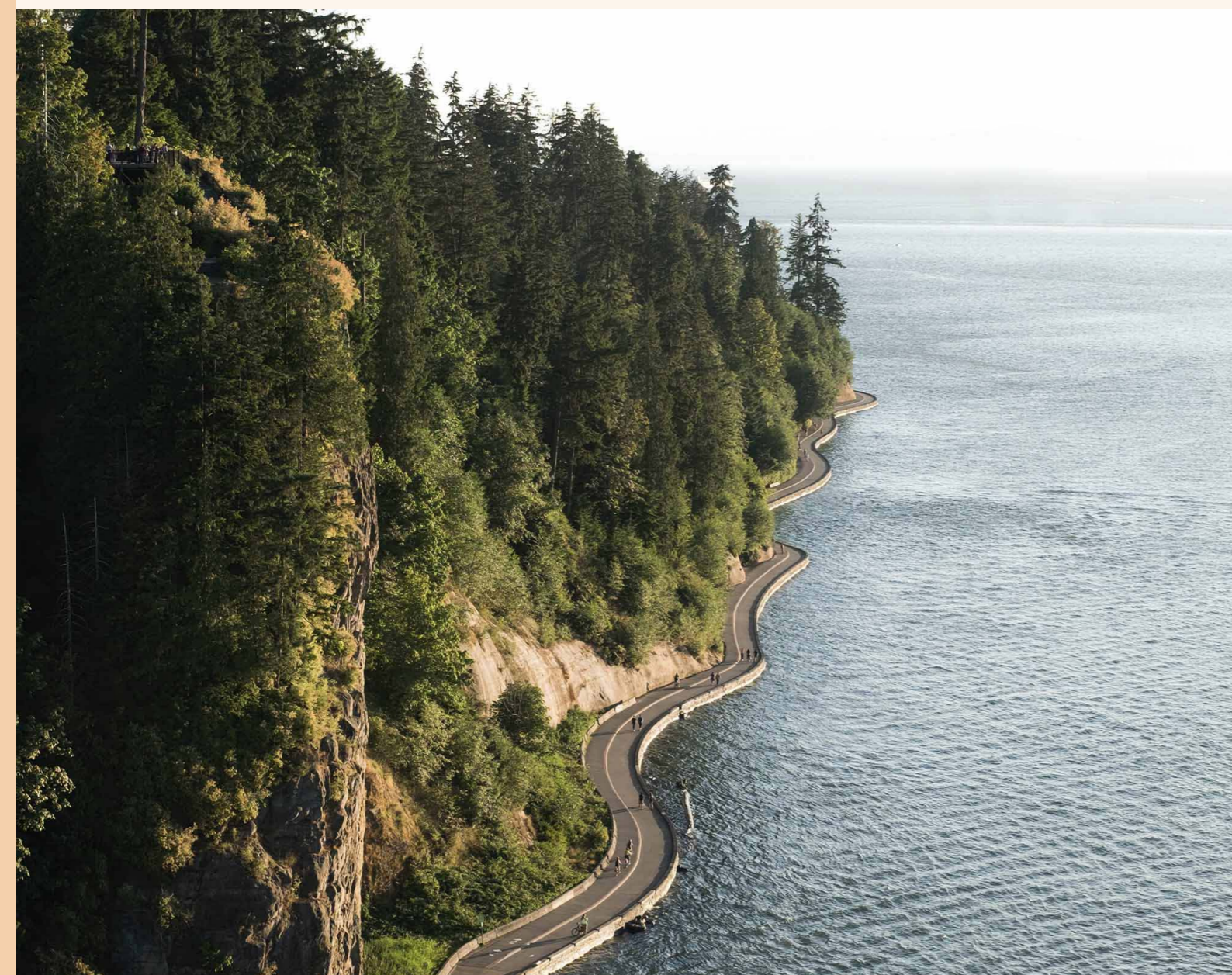
Our greenhouse gas (GHG) emission reduction targets are classified as well-below 2°C (2030) and 1.5°C (2050), aligned with the Paris Agreement. Our emission targets have been approved by the Science Based Targets initiative, and can be found [here](#).

CDP

For 2021, the CDP awarded Grieg Seafood an 'A' score for our climate disclosures and efforts to transition to a low-carbon future. Even though farmed fish already has a low carbon footprint compared to other animal proteins, our industry must still find ways to cut more emissions from our operations and supply chain. For more information, please visit CDP's website [here](#).

LEARN MORE ON OUR WEBSITE

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



GHG EMISSIONS EXPLANATIONS

SCOPE 1 & SCOPE 2 EMISSIONS

Our absolute Scope 1 and Scope 2 GHG emissions remained unchanged compared to last year, while production increased by 6%. As a consequence, the emissions decreased by 6% measured as kilograms of CO₂ equivalents per tonne harvested. In Rogaland, total emissions decreased by 5% from 2020 to 2021, despite a 16% increase in harvested volume. As a consequence, emissions per tonne decreased by 18% from 2020 to 2021. In Finnmark, the harvested volume increased by 28%. Total emissions were increased by 17%, mainly due to an emission factor correction*. As in Rogaland, this shows that there is not a linear correlation between production volume and emissions. Well-boat services make up a substantial proportion of our emissions, and whether we decide to provide these services ourselves or outsource them to external service providers has a considerable influence on our Scope 1 emissions. In Rogaland, well-boat emissions are included in Scope 1, while well-boat emissions in Finnmark are categorized as Scope 3 due to contractual considerations. Finnmark's Scope 3 emissions from well-boat activities in 2021 total almost 3 200 tCO₂e.

In BC, the 3% decrease in total emissions is attributable to a 32% decrease in harvested volume, which also caused relative emissions per tonne to rise by 43%. As described in our [Strategy chapter](#), harvest volumes in BC vary significantly every other year. While these fluctuations affect total emissions only marginally, their primary impact is on relative emissions.

Grieg Seafood Newfoundland was acquired in April 2020, and completed its first full-year greenhouse gas accounts in 2021. Newfoundland has not yet started up seawater production. However, the freshwater facility has been in operation throughout the year. Its emissions, mostly attributable to the use of heavy construction equipment and company vehicles, are still relatively low but expected to increase noticeably once the first smolt are transferred to the sea (expected mid-2022). Grieg Seafood Newfoundland's emissions 99% of our other emissions displayed in Figure 2.18.

SCOPE 3 EMISSIONS

The two most substantial contributors to both Scope 3 and overall emissions are downstream transportation and fish feed. Downstream transportation accounts for 15% and fish feed for 70% of our total emissions (16% and 76% of our Scope 3 emissions, respectively). As shown in Figure 2.18, our total emissions decreased by almost 40 000 tCO₂e in 2021. This substantial decrease is almost exclusively attributable to a shift in downstream transportation from air to road transport.

Downstream transportation

In Rogaland, the percentage of air transport was almost halved. In Finnmark, where air transport made up as little as 6% in 2020, this proportion was reduced to only 2% in 2021. There are various

reasons for this development. Most importantly, we established our own sales organization in 2021, which involved building up an entirely new client base. This process has significantly influenced the mode of transport used for distribution. In addition, air transport opportunities were reduced significantly by Covid-19 in 2021 and it is assumable that the air transport percentage will increase again in 2022. Lastly, the choice of transport mode is influenced by logistical restrictions, harvest schedules, availability and demand for certain sizes and qualities of fish, and prices.

In general, downstream transportation was calculated as transport from harvesting facility to airport of departure to destination country (capital) in tonne-kilometers (tkm). For all sales from our Canadian operations (mostly delivered to the North American market), transport was calculated to the state capital in order to achieve an acceptable degree of precision. Value-added processing and details of the exact transportation routes were not taken into consideration due to a lack of data. With our new sales organization and new technology, e.g. blockchain, we aim to increase the level of detail in regard to tracking the path our salmon takes from harvesting facility to the final consumer in the years to come. We are open to collaboration projects and participated, amongst others, in a sustainability reporting-related workshop led by our seafood logistics software provider in early 2022.

Fish feed

Our emissions from fish feed are highly dependent on the different feed materials used as well as the life cycle assessments and the methodology chosen by our feed suppliers. More information about the composition of our feed can be found in our [chapter on feed ingredients](#). The fish feed emission factors are calculated based on life cycle assessments (LCAs) and appear to be variable over time and different between our suppliers. The reason for this is that data quality and transparency vary and increase with the efforts made and resources allocated to those comprehensive analyses. In 2021, we have seen a substantial decrease in carbon emissions from our deforestation certified soy protein concentrate (SPC) from ProTerra. The reduction originates from better and more accurate data sources allowing us to use less general emission data. By requesting documented and auditable emission factors from our suppliers regularly, we actively contribute to the improvements and increase in accuracy that are necessary.

Scope 3 challenges

We work to continuously improve our Scope 3 emissions data collection. Some of the figures are only technical estimates of our actual emissions, calculated on the basis of science-based emission research. However, we deem the disclosure of our Scope 3 emissions an important step towards achieving awareness of those emissions and encouraging our suppliers to also conduct annual greenhouse gas accounting, even if data accuracy is an aspect we need to improve on. This will help us, our industry and all business sectors linked to our industry to improve in concert as we go forward.

OUR GREENHOUSE GAS ACCOUNTS

FIGURE 2.18
GREENHOUSE GAS EMISSIONS SCOPE 1 + 2 + 3

REGION	Scope	TOTAL EMISSIONS (tCO ₂ e)			EMISSIONS (kgCO ₂ e) / tonnes		
		2019	2020	2021	2019	2020	2021
ROGALAND	Scope 1	9 211	8 875	8 519			
	Scope 2 location based	424	420	331			
	Total (Scope 1 + 2)	9 635	9 295	8 850	382	403	332
	Scope 3						
	Downstream transportation	n/a	67 529	40 567			
	Fish feed	n/a	102 201	104 470			
	Other	n/a	7 593	10 264			
Total (Scope 3)	n/a	177 324	155 301	n/a	7 695	5 823	
Total GHG emissions Rogaland	9 635	186 619	164 151	382	8 099	6 155	
FINNMARK	Scope 1	4 779	4 123	5 122			
	Scope 2 location based	696	776	591			
	Total (Scope 1 + 2)	5 475	4 899	5 713	169	182	166
	Scope 3						
	Downstream transportation	n/a	19 488	13 963			
	Fish feed	n/a	132 864	131 286			
	Other	n/a	8 369	9 999			
Total (Scope 3)	n/a	160 721	155 248	n/a	5 970	4 502	
Total GHG emissions Finnmark	5 475	165 620	160 961	169	6 152	4 668	
BRITISH COLUMBIA	Scope 1	14 867	15 609	15 129			
	Scope 2 location based	685	673	726			
	Total (Scope 1 + 2)	15 552	16 282	15 855	1 101	769	1 097
	Scope 3						
	Downstream transportation	n/a	20 533	5 820			
	Fish feed	n/a	41 965	46 700			
	Other	n/a	6 883	5 626			
Total (Scope 3)	n/a	69 381	58 146	n/a	3 276	4 025	
Total GHG emissions British Columbia	15 552	85 663	74 001	1 101	4 044	5 122	
OTHER *	Scope 1	—	1 847	1 638			
	Scope 2 location based	5	106	443			
	Total (Scope 1 + 2)	5	1 953	2 081			
	Scope 3						
	Other	n/a	712	1 726			
	Total (Scope 3)	n/a	712	1 726			
	Total GHG emissions Other	5	2 665	3 807			
Scope 1 (tCO ₂ e)	28 857	30 454	30 408				
Scope 2 location based (tCO ₂ e)	1 810	1 975	2 091				
Total Scope 1 + Scope 2 location based	30 667	32 429	32 499	428	456	430	
Scope 3							
Downstream transportation	n/a	107 550	60 350				
Fish feed	n/a	277 030	282 456				
Other	n/a	23 557	27 615				
Total (Scope 3)	n/a	408 137	370 421	n/a	5 737	4 900	
Total GHG emissions Group	30 667	440 566	402 920	428	6 193	5 330	

* Newfoundland, Grieg Seafood ASA (HQ) and our Sales & Market organization

REDUCING CARBON EMISSIONS

The chief sustainable officer and our sustainability team which consists of members from each region work actively to develop emission reduction initiatives. Capturing the majority of emission data on an individual production site basis allows us to compare the energy intensity of each production site across all regions, and to develop strategic low-carbon transition plans for 2022 and beyond.

- In Rogaland and Finnmark, we are observing the benefits of using onshore electricity, battery packs or hybrid solutions instead of diesel generators to operate a growing number of production sites.
- Our preventative approach to sea lice control is expected to reduce our carbon footprint, as the use of large vessels in treatments also causes greenhouse gas emissions (GHG). Especially in BC, where sea lice challenges historically have been most significant, the new semi-closed containment systems not only contribute to solving biological challenges but also to reducing GHG emissions. See BC's 'Operational priorities' chapter for further details.
- We have tested out methods to chill the salmon after harvesting, which made it possible to avoid ice in packaging and reduced the carbon footprint per kilo of packed salmon. We will invest in this equipment in the years to come.
- Before making any investments, we evaluate their potential carbon emissions and environmental impact.

Our Shetland operations, sold in December 2021, were excluded from our greenhouse gas accounts both for 2021 and historically in accordance with the Corporate Accounting and Reporting Standard. This divestment has led to a decrease in our historical absolute Scope 1 and Scope 2 GHG emissions of more than 10 000 tCO₂e. It has also resulted in a base year recalculation, in which Scope 1 and Scope 2 GHG emissions for 2018 are reduced by approximately 12 500 tCO₂e.

Since we are growth-oriented, and are targeting higher production and harvest volumes, we cannot exclude an increase in our total emissions in the short run. Nevertheless, we will continue to work towards reducing both relative and total emissions, and to achieve the reduction targets we revised from relative to total in 2020. The divestment of our Shetland operations in 2021 and the acquisition of the Newfoundland operations in 2020, where we are using state-of-the-art technology and where we are located closer to the consumer market, are expected to contribute positively to those ambitions.

GHG REPORTING STANDARD

Our greenhouse gas emissions are reported in accordance with the Corporate Accounting and Reporting Standard, developed by the Greenhouse Gas Protocol Initiative (GHG Protocol), using the operational approach. We report on all seven greenhouse gases

covered by the Kyoto Protocol (CO₂, CH₄, N₂O, HFC, PCFs, SF₆, NF₃), which are converted to CO₂e. 2018 is defined as our baseline year in accordance with SBTi guidance that companies should "choose the most recent year for which data is available as the base year".

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

Scope 2 emissions are indirect emissions relating to third-party generation of the electricity we consume at our sites. Emissions are reported as location-based emissions in accordance with the GHG Protocol (market-based Scope 2 emissions can be found in the response field of GRI standard 305-2 in our GRI index). Location-based factors are from the International Energy Agency (IEA), using three-year rolling averages. For electricity consumed in Norway, Grieg Seafood applies the Nordic mix, since this is the most representative emission factor for Norway. This is because Norway is almost self-sufficient when it comes to electricity, while the bulk of the electricity imported to Norway comes from Sweden and Denmark (nve.no). The Nordic mix is calculated as a weighted average of the Swedish, Norwegian, Finnish and Danish factors. Underlying data is collected from financial cost and on-site meters.

Scope 3 emissions are all other indirect emissions (not included in Scope 2) that occur in our value chain, including both upstream and downstream emissions. In 2020, we were able to significantly increase the level of detail of our data collection, and completed our GHG accounting for Scope 3 for the first time. Thus, 2021 is the first year with comparable Scope 3-figures. We mapped the emissions in our supply chain in a comprehensive analysis and identified the categories most relevant to Grieg Seafood. Upstream, we included (1) Purchased goods and services, (3) Fuel- and energy-related activities (not included in Scope 1 or Scope 2), (5) Waste generated in operations, and (6) Business travel. Downstream, we included (9) Downstream transportation and distribution, (12) End-of-life treatment of sold products and (15) Investments. The categories correspond to the 15 Scope 3 categories defined by the GHG Protocol. An overview of this process is presented in Figure 2.19. Underlying data is collected from production data, financial cost, suppliers or estimated based on production data.

* Up until year-end 2020, we were using a Diesel emission factor containing the legally required amount of biodiesel for the diesel consumed in Finnmark and partly also Rogaland. However, this legal requirement applies only to diesel consumed by road traffic. Since, most of our diesel is consumed by our boats and on our seawater sites, we have used an emission factor not containing any biodiesel for our 2021 figures. For Rogaland, the emission factor containing biodiesel was not used that much and the difference was not significant. For Finnmark, however, this change in emission factor makes up a difference of about 1 100 tCO₂e in Scope 1. Without this change, Finnmark's Scope 1 and Scope 2 emissions would have decreased by 7%.

FIGURE 2.19 SCOPE 3 MAPPING PER COMPANY

Category	Subcategory	GSFR	GSFF	GSFBC	GSFNL	ASA	GSF Norway	GSF Sales NA
1	Fish feed							
	Well-boat services							
	EPS boxes							
2	Capital goods							
3	Fuel-and-energy-related activities							
4	Upstream transportation and distribution							
5	Waste generated in operations							
6	Air travel							
	Employee mileage							
7	Employee commuting							
8	Upstream leased assets							
9	Downstream transportation and distribution							
10	Processing of sold products							
11	Use of sold products							
12	End-of-life treatment of sold products							
13	Downstream leased assets							
14	Franchises							
15	Nordnorsk Smolt							
	Tytlandsvik Aqua							

FIGURE 2.20 DISTRIBUTION OF SCOPE 1 + 2 + 3

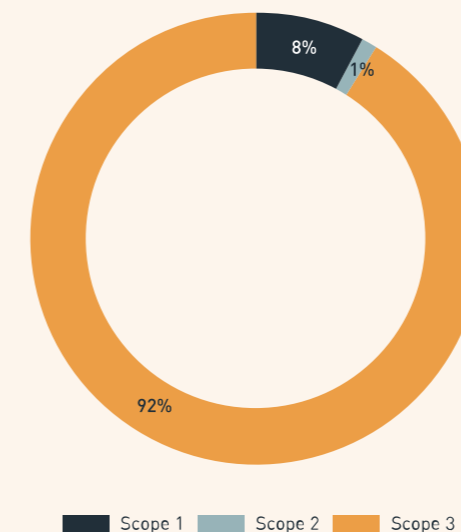
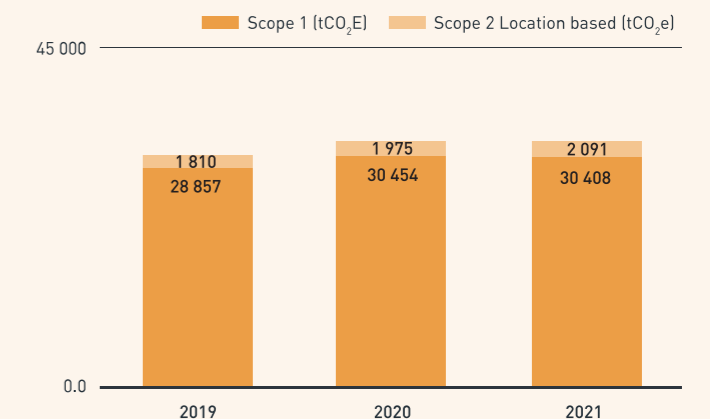


FIGURE 2.21 GREENHOUSE GAS EMISSIONS SCOPE 1 + 2



WASTE MANAGEMENT

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

OUR APPROACH

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

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

USE OF FRESH WATER

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

OUR PRINCIPLES

FRESH WATER USE

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

BIOLOGICAL WASTE

- Fish trimmings and dead fish from our farms are collected and used for animal feed, biofuel, or fertilizer, depending on quality.
- Organic waste from our freshwater facilities is recycled and used for biofuel or fertilizer production.

FARMING EQUIPMENT

- Old farming equipment is safely removed and handled through recycling and waste management.
- In Rogaland and Finnmark, we use traceable ropes that are marked "Grieg Seafood" or have a distinct color.

PLASTICS

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

OCEAN WASTE

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

[LEARN MORE ON OUR WEBSITE](#)

→ [Our policy for ocean plastics](#)



PROJECTS TO IMPROVE

PLASTIC PILOT PROJECT WITH BELLONA

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

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

Our pilot in Finnmark is now part of our daily routine. Rogaland are also collecting all their plastic waste and delivering it to a plastic waste handler that recycle all of our plastic waste. Rogaland has managed to improve the recycling rates and are working with Bellona to improve documentation and traceability. The project will be implemented in the Canadian regions as well.

INCREASING RECYCLING

We have established several agreements for closed-loop recycling of particular aquaculture products, like feed tubes, pens and worn hardened plastic (HDPE). The results show a high degree of recycled material quality and promising outcomes. We have also introduced plastic products produced of recycled materials, where the aim is to close the loop of our consumption of plastic. In Rogaland we decided to use recycled plastic in our walkways used around our pens. In Finnmark we have started using a new rope that is stronger and can be produced with used ropes.

MOOC ON PLASTIC WASTE

We have received funding from Norwegian Retailers' Environment Fund to establish a massive open online course (MOOC) on plastic waste management in aquaculture. Together with Bellona and NTNU (Norwegian University of Science and Technology), we aim to provide the industry with e-learning and instructional videos on the importance of proper plastic handling. The first MOOC will be available in 2022.

MATERIAL ACCOUNTING

We have engaged Asplan Viak to help us establish materials accounting processes. By estimating our consumption of plastic materials and comparing it to our waste management reports, we get an indication of how we are progressing with our materials handling. The estimation for Finnmark's plastic consumption was carried out in line with an established methodology (FHF project 901352). With this we aim to set key performance indicators for plastic management that will be published in the future.

Measuring our consumption of plastic is a key part of our plastic management. We are currently involved in several process to improve our data quality and monitor our plastic consumption. We perform annual, internal material accounting for each region and aim to establish digital accounting solutions in the future. The value of our waste increases with the data quality allowing the waste to be utilized in higher valued processes. We collaborate closely with manufacturers and the industry to end ocean plastic waste.

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

RESEARCH COLLABORATION

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

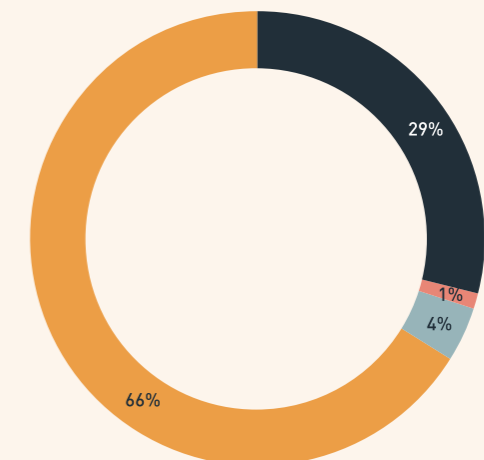
NATIONAL ENGAGEMENT

We are member of a task force run by the Norwegian Fishfarmers Association with mandate to make a proposal for a National Plastic policy for the total industry.



FIGURE 2.22
PLASTIC WEIGHT DISTRIBUTION
OF A PRODUCTION SITE IN GRIEG
SEAFOOD FINNMARK

■ Moorings
■ Sea lice skirts
■ Pens
■ Pen rings (top & bottom)



OUR PROGRESS TOWARDS A SUSTAINABLE FOOD SYSTEM

PROFIT & INNOVATION

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





GRIEG SEAFOOD PRECISION FARMING

When digitalizing salmon farming, we apply advanced sensors, data analytics, artificial intelligence, and automation, with the aim of supporting our farmers to take better decisions in everyday operations. The aim is to work more preventatively, improve fish welfare, reduce our impact and improve our farming.

We are at the very beginning of understanding how we can apply digital tools to improve our farming operations. Today, everyday salmon farming is largely based on the experience of our very talented employees, in addition to the increasing body of scientific research and knowledge. Going forward, we believe digital tools and analytics will add to this decision making, for instance by predicting biological events ahead of time, allowing the farmer to apply stronger preventative measures. We call it Grieg Seafood Precision Farming.

Read more about Precision Farming [here](#).

PROFITABLE OPERATIONS

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

OUR PRINCIPLES

- We aim to expand globally through growth and value chain innovation. Increasingly sustainable farming practices form the very foundation of all areas of our strategy.
- To achieve sustainable growth and improve competitiveness, we focus on reducing the time in sea, improving fish health and welfare, and increase our operational insight through digitalization.
- Our investments reflect our growth strategy and the evolution of our position in the value chain, as well as our operational focus on post smolt, fish health and welfare and digitalization.
- We aim to provide our shareholders with a competitive return on capital invested.

OUR TARGET

Return On Capital Employed (ROCE)	ROCE of 12%
-----------------------------------	-------------

OUR RESULTS

PROFIT AND LOSS

The Group harvested 75 601 tonnes GWT in 2021, up 4 459 tonnes GWT from 71 142 tonnes GWT in 2020. Both the 2021 and 2020 figures are exclusive of Shetland, which we sold to Scottish Sea Farms Ltd in 2021. Our Norwegian regions contributed 81% of the harvest volume in 2021, compared to 70% in 2020, while British Columbia accounted for 19% in 2021 compared to 30% in 2020. While both Rogaland and Finnmark increased their harvested volume, BC decreased due to local production region arrangements and larger farms with greater capacity on the West Coast of Vancouver Island compared to the East Coast. As a consequence, the region's volume varies every other year, regardless of the underlying biology.

Total sales revenue for the year totaled NOK 4 599 million, up NOK 214 million from NOK 4 384 million in 2020. The sales revenue from our farming regions totaled NOK 4 211 million in 2021, up NOK 455 million from NOK 3 756 million in 2020 (see Note 8 of the Group Accounts). The increase in sales revenue for the Group is mainly due to a higher volume harvested by Rogaland and Finnmark compared to the year before. The Group's price achievement for 2021 was NOK 55.7 per kg, up NOK 2.9 per kg from NOK 52.8 per kg in 2020. By comparison, the average NQSALMON NOK/kg price for 2021 was 57.3, up NOK 3.6 per kg from NOK 53.7 per kg in 2020. The main reason for the deviation in price achievement when comparing to NQSALMON was quality downgrades in Rogaland and Finnmark.

FIGURE 2.23
KEY FIGURES GRIEG SEAFOOD GROUP

NOK MILLION	2017	2018	2019	2020	2021
Sales revenues	7 017	7 500	4 756	4 384	4 599
EBITDA	1 106	1 334	1 384	602	818
EBIT	904	1 099	1 077	233	442
Harvest volume (tonnes GWT)	62 598	74 623	71 700	71 142	75 601
Farming cost/kg (NOK)	43.4	43.1	40.5	47.0	47.2
EBIT/ kg (NOK)	14.5	14.7	15.0	3.3	5.9
ROCE	24%	22%	19%	3%	6%

The 2019 - 2021 figures are impacted by the held for sale- and discontinued operations-classification of Shetland and Ocean Quality. The figures for 2017 to 2018 is not re-presented (includes farming operations of Shetland, and sales activities attributable to Bremnes Fryseri). For more information, see Note 5 of the Group Accounts.



The Group's farming cost for 2021 ended at NOK 47.2 per kg, up NOK 0.2 per kg from NOK 47.0 per kg in 2020. Our Norwegian farming regions contributed to 76% of the farming cost in 2021, compared to 65% in 2020, which materialized into an increase of NOK 0.9 per kg in cost, from NOK 43.2 per kg in 2020 to NOK 44.1 per kg in 2021. The positive year-on-year change in Finnmark was offset by higher costs in Rogaland compared to the year before. In addition, British Columbia has, on a 32% lower harvest volume year-on-year, realized a farming cost of CAD 8.8 per kg in 2021, up CAD 0.8 per kg from CAD 8.0 per kg in 2020.

EBIT before production fee and fair value adjustments of biological assets in 2021 ended at NOK 442 million, up NOK 209 million from NOK 233 million in 2020, bringing EBIT per kg to NOK 5.9 for 2021, up NOK 2.6 per kg from NOK 3.3 per kg in 2020. The higher EBIT in 2021 compared to 2020 is primarily attributable to a 28% higher volume harvested in Finnmark, which ended at 34 484 tonnes GWT, in addition to the price achievement realized in 2021 by British Columbia. Finnmark's EBIT/kg rose from NOK 4.7 in 2020 to NOK 7.3 in 2021, primarily due to higher price achievement. On margin, British Columbia performed well in 2021, with EBIT/kg increasing by NOK 10.7 per kg, from NOK -0.4 per kg in 2020 to NOK 10.4 per kg in 2021.

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

The ROCE for 2021 ended at 6%, below the target of 12% per year. The figure was primarily impacted by salmon market prices combined with higher operational cost, and an increased debt level to finance the Group's growth investments.

For a more detailed review of the Group's financial performance in 2021, see the Board of Directors' report.

DIRECT ECONOMIC VALUE GENERATED

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

The information on the creation and distribution of economic value shall provide a basic indication of how we create wealth for our stakeholders. In addition, the components of the economic value generated and distributed sharpen Grieg Seafood's economic profile, permit a different interpretation of the economic figures and outline the overall economic value retained from the Group's ordinary operations during the year. In 2021, the economic value retained came to NOK 306 million, corresponding to a decrease of about NOK 124 million compared to 2020.

FIGURE 2.24
DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

NOK MILLION	2017	2018	2019	2020	2021
Value generated					
Revenues	6 545	7 017	1 328	4 384	4 599
Value distributed					
Salaries and personnel expenses	483	483	-144	500	577
Operating cost					
Raw materials and consumables used	3 287	3 724	-473	1 717	1 738
Other operating expenses	1 457	1 725	-468	1 593	1 527
Payments to providers of capital					
Net interest and other financial items	62	64	64	133	200
Paid dividends	474	467	462	—	—
Payments to government					
Income tax expense	339	198	67	12	249
Value retained	443	356	1 819	430	306

All figures compiled from the audited Group accounts.

FIGURE 2.25
VALUE GENERATED IN 2021

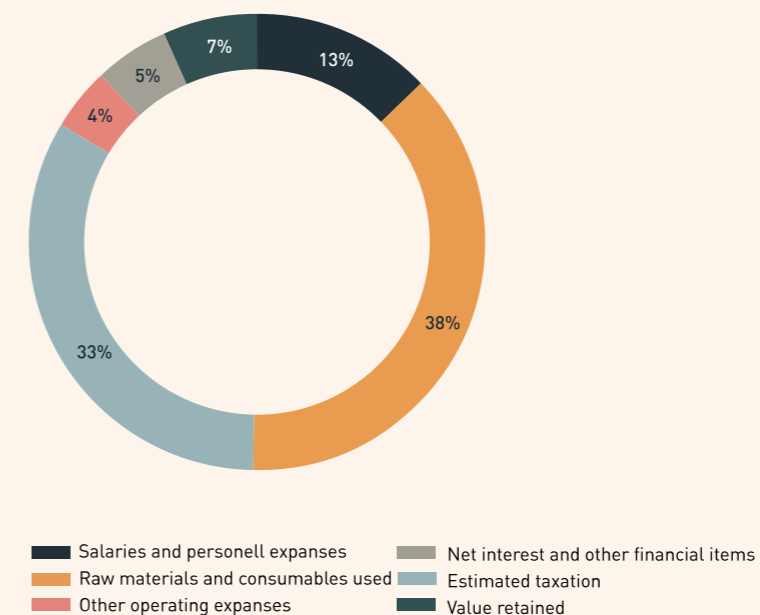


FIGURE 2.26
TOTAL TAXES (INCOME AND PROPERTY TAX) PAID IN 2021 (NOK 1 000)

Norway	10 842
Canada	3 988
Total taxes paid	14 830

GRIEG SEAFOOD ROGALAND

Grieg Seafood Rogaland AS farms salmon in the county of Rogaland on the west coast of Norway. The company has 16* seawater licenses and two licenses for land-based production of smolt. We also operate our own broodstock activity in Erfjord, with four broodstock licenses. All the salmon we harvest in this region is processed and packed at our own facilities.

* In addition, we operate one educational license with Rogaland County Council and two R&D licenses.

26 670

TONNES GWT HARVESTED

9.1

EBIT/KG (NOK)

OPERATIONAL RESULTS

A total of 26 670 tonnes was harvested in 2021, an increase of 16% compared to the 23 043 tonnes harvested in 2020. The increase is due to better utilization of our sites' maximum allowable biomass (MAB) and a higher survival rate in seawater.

Sales revenue amounted to NOK 1 431 million in 2021, an increase of 13% compared to 2020 (NOK 1 263 million). The increase is driven by a higher harvested volume compared to last year, though the figure was negatively impacted by quality cost. The Nasdaq average spot price in 2021 was NOK 57.3 per kg, compared to NOK 53.7 per kg in 2020. However, our price achievement in 2021 of NOK 53.7 per kg was negatively impacted by the sale of 33% of our volume under fixed-price contracts, in addition to quality downgrades. The share of superior quality fish decreased from 85% in 2020 to 81% in 2021, due to occurrences of winter ulcers in the first half of the year and outbreaks of Pancreas Disease (PD). The PD situation has improved compared to previous years, and at year-end two of our sites were affected by PD. Due to PD, we did not reach our target of a 93% superior share.

Our freshwater production has been good in 2021. We transferred 7.5 million smolt to the sea in 2021, with an average weight of 460 grams, compared to 395 grams in 2020. We also transferred our largest ever batch of post-smolt to the sea, with an average weight of 960 grams. Some fish from this batch were harvested after only ten months at sea, with an average weight of 4.8 kg. The remaining fish will be harvested at the start of 2022. This is the first batch that will have a production time at sea of less than 12 months, and hence the first batch to run full-scale in accordance with our post-smolt strategy. The freshwater survival rate from our own facility was 94% in 2021, somewhat down from 95% in 2020. Unfortunately, we had an outbreak of Infectious Salmon Anemia (ISA) at our land-based broodstock facility towards the end of the year. However, this will not impact our production as we have secured external deliveries of eggs. Our insurance covers most of the financial impact from the incident.

Overall, our seawater production performed well, though it has been somewhat affected by the PD outbreak. The two remaining PD-affected sites will be fully harvested at the beginning of 2022.

The farming cost ended at NOK 44.6 per kg in 2021, up from NOK 42.1 per kg in 2020. The farming cost was impacted by harvesting from PD-affected sites, which increased related fish handling and well boat costs, as well as the measures needed to handle the ISA outbreak at our broodstock facility. We are working systematically to improve fish health and welfare through general health and welfare measures. These include a greater focus on the freshwater phase, a preventive and targeted approach to diseases and sea lice, the utilization of new digital technologies and shortening the time our salmon spend at sea. Our efforts increased the 12-month rolling survival rate from 90% in 2020 to 92% in 2021. A shorter time at sea is also expected to reduce PD outbreaks going forward. Compared to several years ago, we have already seen a decline in the number of PD outbreaks. This can be attributed to vaccines as well as the past few years' gradual reduction in the time our salmon spend at sea, although some biological variations may occur. Shortening the time at sea is also a key part of our efforts to reduce the need for sea lice treatments. In 2021, 40% of the pens with fish harvested did not receive any sea lice treatment. This is a continuation of an ongoing trend, where the region has managed to minimize sea lice treatments (both medical and mechanical) in the season where wrasse is available (August–November). For our updated approach on the use of cleaner fish, please read [here](#). We aim to avoid using hydrogen peroxide whenever possible, but we did need to use it during the first half of 2021 as a targeted and efficient measure to reduce high sea lice levels. However, the total amount of hydrogen peroxide used during the year was substantially lower than in 2020. Due to efforts to ensure robust fish health and good results from vaccines, we have not used antibiotics in Rogaland for several years. Cost recognized as abnormal mortality in the income statement (cost of reduced survival) was NOK 30.8 million in 2021 (NOK 1.2 per kg), compared to NOK 63.7 million in 2020 (NOK 2.8 per kg).

Due to continued focus on escape prevention, we did not have any escape incidents in 2021. We also work on measures to minimize our impact on local wildlife. In 2021, 13 birds got caught in our nets, compared to 20 last year. We are not content with reporting any dead birds, and will continue our effort to reduce this number.



SUSTAINABILITY KPIs

PILLAR	KPI	APPROACH	TARGET	2021	2020	2019	2018	2017
PROFIT & INNOVATION	Harvest volume (tonnes GWT)	▶	30 000 tonnes in 2022	26 670	23 043	25 217	16 293	18 111
	EBIT per kg (NOK)			9.1	12.7	22.5	13.5	21.7
	Farming cost per kg (NOK)	▶	NOK 40/kg in 2022	44.6	42.1	35.9	40.3	38.4
HEALTHY OCEAN	ASC certification (# of sites)	▶	All sites (11 eligible) by 2023	0	0	0	0	0
	Survival rate in freshwater	▶		94%	95%	93%	90%	94%
	Survival rate in seawater	▶	93% by 2022	92%	90%	93%	92%	91%
	Cost of reduced survival (NOK 1 000)			30 804	63 664	26 127	48 609	35 988
	Use of antibiotics (g per tonne LWE) *	▶	No use of antibiotics	0.00	0.00	0.00	0.00	0.00
	Use of hydrogen peroxide (kg per tonne LWE) *	▶	Minimize use of pharmaceutical treatments	1.58	7.21	11.94	3.46	10.79
	Sea lice treatments - in feed (g per tonne LWE) *	▶	Minimize use of pharmaceutical treatments	3.74	0.00	0.03	1.09	0.15
	Sea lice treatments - in bath (g per tonne LWE) *	▶	Minimize use of pharmaceutical treatments	0.63	0.02	0.00	0.00	0.00
	Escape incidents (# of fish)	▶	Zero escape incidents	0	0	0	0	0
	Dead birds	▶	Minimize impact on wildlife	13	20	2	24	20
Dead marine mammals	▶	Minimize impact on wildlife	0	0	0	0	0	
SUSTAINABLE FOOD	Carbon emissions (kgCO ₂ e per tonne GWT)	▶	35% reduction (from 2018) in total emissions by 2030					
	Scope 1 + 2 location based			332	403	382	256	230
	Scope 3			5 823	7 695	n/a	n/a	n/a
	High quality product	▶	93% superior share	81%	85%	75%	74%	81%
	Biological feed conversion ratio (bFCR)	▶		1.26	1.22	1.17	1.33	1.24
	Economic feed conversion ratio (eFCR)	▶		1.43	1.44	1.28	1.52	1.44
PEOPLE	Employees	▶		162	165	157	145	148
	Absence rate	▶	Below 4.5%	3.0%	3.0%	3.5%	4.7%	3.2%
	Lost time incident rate	▶	**	42	9	15	24	11
	Turnover rate	▶		6%	n/a	n/a	n/a	n/a
LOCAL COMMUNITIES	Local procurement	▶		60%	64%	64%	n/a	n/a

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

** An LTIR target has not been defined in order to avoid under-reporting of incidents.

n/a: Data not available or applicable.

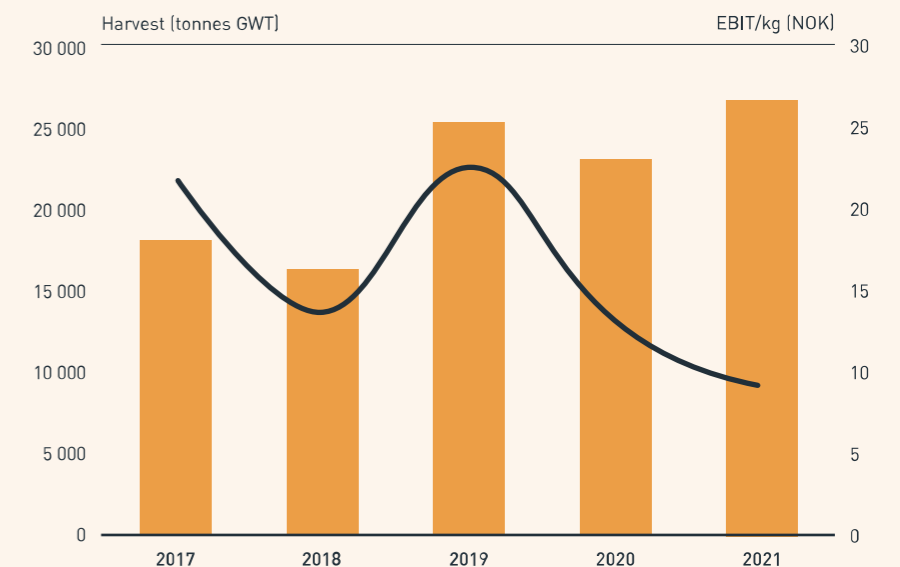
General information on how we work systematically with the individual KPIs can be found in the report's chapters linked in the 'Approach' column.



FIGURE 2.27 RESULTS FOR ROGALAND

NOK MILLION	2017	2018	2019	2020	2021
Harvest (tonnes GWT)	18 111	16 293	25 217	23 043	26 670
Sales revenues from sale of Atlantic salmon	1 150.2	959.6	1 538.9	1 263.1	1 430.9
EBIT	393.1	219.6	568.2	292.3	242.0
EBIT / kg (NOK)	21.7	13.5	22.5	12.7	9.1
Farming cost / kg (NOK)	38.4	40.3	35.9	42.1	44.6

FIGURE 2.28 EBIT AND HARVEST ROGALAND



OPERATIONAL PRIORITIES

Grieg Seafood Rogaland harvested 26 670 tonnes of salmon in 2021. Our goal is to harvest 30 000 tonnes in 2022, increasing to 35 000 tonnes in 2025 by using more of our seawater capacity and being cost competitive. The key to achieving this, is to reduce production time in the sea, which will result in improved biological performance and a higher utilization of each site's maximum allowable biomass (MAB). Larger smolt will significantly reduce seawater production time, making the fish less exposed to issues such as sea lice and Pancreas Disease (PD). The average size of the smolt transferred to the sea in 2021 was 460 grams, compared to 120 grams in 2015. The transfer of larger smolt has produced promising results, with the time the fish spend at sea reduced from the previous norm of 18 months to less than 12 months. In 2021, we harvested from pens with post-smolt that have spent less than ten months at sea. In 2021, more than 50% of fish harvested were from post-smolt. We aim to increase this share to above 90% by 2024.

Our freshwater facilities at Trosnavåg and Hognaland have a production capacity of 1 200 tonnes smolt. We also have a 33% shareholding in Tytlandsvik Aqua, which will be expanded from its current smolt production capacity of 3 400 tonnes to 4 500 tonnes in 2022, with a further expansion to 6 000 tonnes in 2024. Grieg Seafood Rogaland is entitled to 50% of the volume from Tytlandsvik. We also use the sea-going closed-containment facility, FishGLOBE, to produce large smolt. In 2021, we doubled our post-smolt production capacity from 450 to 900 tonnes when the second FishGLOBE was taken into use. We are planning to develop this technology further in a joint venture for grow-out salmon, with a globe ten times the current size. We have also invested in Årdal Aqua, with a view to constructing a land-based facility. The decision to start constructing will be taken in 2022. Årdal Aqua is expected to produce at least 3 000 tonnes of post-smolt annually. The aim is to increase production capacity further and to gradually raise fish to harvestable size on land.

Another important tool that will improve biology and drive growth, is our Precision Farming strategy. By using digitalization and analytics in our farming operations, for instance by predicting biological events ahead of time, allowing the farmer to apply stronger preventative measures, we will ensure more efficient feeding. This will lead to reduced cost and improved growth going forward. All Precision Farming initiatives, such as dashboards on feed, production, fish health and welfare, are connected to our integrated operational center, which monitors and controls production and feeding operations at all our farms in Rogaland. Initiative to utilize video analytics with machine learning algorithms to automatize biomass control and sea lice counts is ongoing, and will be expanded to new areas such as behavioural based fish welfare monitoring.

Aquaculture Stewardship Council (ASC) certification is an important objective, as we believe it provides our customers and consumers with assurance that we are operating in a responsible manner and producing high-quality seafood certified to the highest social and environmental standards. We aim to certify all sites in Rogaland according to ASC, with the first sites being certified in 2022.

Our capital expenditures reflects our growth initiatives. In 2021 we spent NOK 43 million in growth investments, mainly related to broodstock upgrades. While our post-smolt initiatives increases the production cost of smolt, we expect benefits such as reduced health cost and increased survival as the production time in sea is reduced. To secure high quality smolt, we need high quality eggs from our broodstock. We also spent NOK 40 million in maintenance investments.

FIGURE 2.29
SURVIVAL RATE AT SEA IN ROGALAND, ROLLING 12 MONTHS

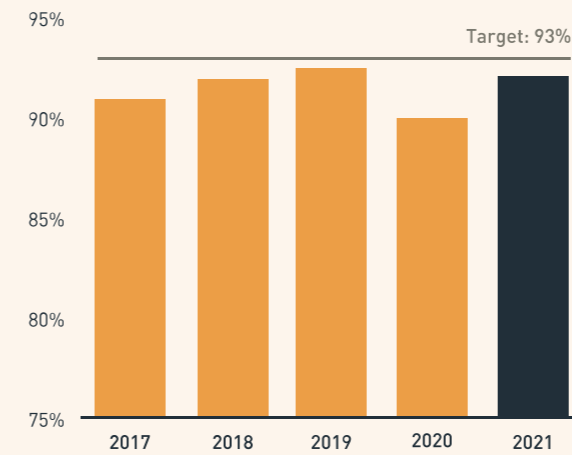
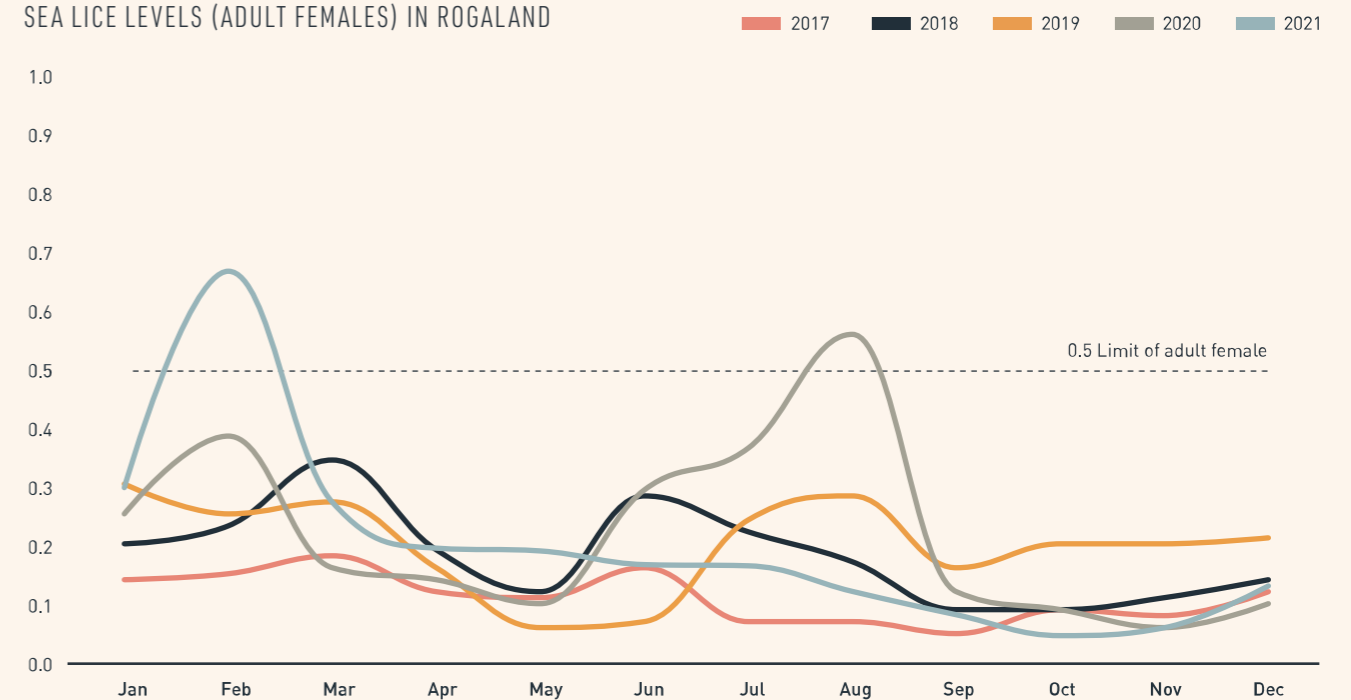


FIGURE 2.30
MAIN CAUSES FOR REDUCED SURVIVAL IN SEAWATER IN ROGALAND IN 2021

MAIN CAUSE	NUMBER OF FISH	TONNES OF FISH
Infectious		
Virus	281 506	1 022
Bacterial	350 049	998
Gill infections	91	1
Non-Infectious		
Life cycle	457 057	1 265
Treatments	33 422	123
Physical	37 075	109
Total	1 159 200	3 517
Abnormal seawater mortality write-down		
	967 416	3 426
%	83%	97%

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

FIGURE 2.31
SEA LICE LEVELS (ADULT FEMALES) IN ROGALAND



Our sites in Rogaland are located in Norwegian production area 2 (P02), which has received a green light under Norway's "traffic light" system ("green - low sea lice density"). 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, or 0.2 during April and May when the wild salmon smolt migrate from the rivers and pass the fjords. We report sea lice levels and sea lice treatments to the Directorate of Fisheries on a weekly basis. This is publicly available information, please see Barentswatch.

GRIEG SEAFOOD FINNMARK

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

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

34 484

TONNES GWT HARVESTED

7.3

EBIT/KG (NOK)

OPERATIONAL RESULTS

A total of 34 484 tonnes was harvested in 2021, an increase of 28% compared to the 26 919 tonnes harvested in 2020. This was due to better utilization of our sites' maximum allowable biomass (MAB) and a higher survival rate in seawater.

Sales revenue amounted to NOK 1 756 million, an increase of 34% compared to NOK 1 314 million in 2020. The increase is mainly related to a higher harvest volume and spot prices, in addition to a higher quality share compared to last year. The Nasdaq average spot price in 2021 was NOK 57.3 per kg, compared to NOK 53.7 per kg in 2020. Our price achievement in 2021 was NOK 50.9 per kg, positively impacted by the sale of 27% of our volume under fixed-price contracts, but suppressed by somewhat low average harvested weight and a superior quality share of 82% due to winter ulcers.

Freshwater production at our own facility at Adamselv was good during the year. At our jointly owned Nordnorsk Smolt, a batch of smolt was unfortunately culled in the fourth quarter, due to an acute incident when the level of hydrogen sulfide became unstable. The company is working on improvements, including technical changes at the facility, to reduce the risk of similar events. This incident will have no significant impact on our harvest target going forward: We transferred a total of 10.1 million smolt with an average weight of 190 grams to the sea in 2021. The freshwater survival rate from our own facility improved from 89% in 2020 to 95% in 2021.

Seawater production was impacted by issues related to winter ulcers during the first half of 2021, but improved significantly during the summer and autumn. The farming cost was NOK 43.7 per kg in 2021, down from NOK 44.1 per kg in 2020. We achieved a 12-month survival rate of 95% in 2021 compared to 92% in 2020, as we have seen reduced impact by winter ulcers. This is due to improved management of this challenge. We are working to improve survival rates through both general and targeted health and welfare measures. Good results from vaccines and efforts to

ensure robust fish health have eliminated the need of antibiotics for several years. However, we used the antibiotic Profenicol at the start of the year to safeguard the welfare of fish at one sea farm severely impacted by winter ulcers. Cost recognized as abnormal mortality in the income statement was NOK 53.1 million in 2021 (NOK 1.5 per kg), compared to NOK 37.5 million in 2020 (NOK 1.4 per kg). NOK 15 million (NOK 0.4 per kg) of the 2021 total related to a chlorine spill at our harvesting facility in Alta in August, where we lost 96 000 (430 tonnes) fish ready for harvest. This implies that cost related to abnormal mortality less the chlorine spill totaled NOK 35.9 million (NOK 1.0 per kg), which is an improvement compared to the previous year. An independent environmental assessment of the chlorine spill was performed by a third party, which concluded that the spill had a limited local impact and that rapid recovery and recolonization of the seabed could be expected. The majority of the financial loss was covered by our insurance.

Finnmark has low sea lice levels throughout the year. Generally, lower seawater temperatures in the region are an advantage, and the interconnectivity between the sites remains low. We use targeted preventive methods, such as sea lice skirts and cleaner fish, to ensure that the sea lice level is low. Nevertheless, sea lice treatments were carried out during the year to prevent any surge in numbers.

We have a continuous focus on escape prevention. Despite this, however, the upper part of one pen was damaged at the start of the year, due to an avalanche, which unfortunately led to one escape incident. Based on recapture, we initially estimated that six salmon had escaped. When the pen was harvested later in the year, we noted a deviation of 4 352 fish between the number transferred to the sea and the number of fish harvested. According to procedure, this number was reported to the authorities as escaped fish. An extensive avalanche monitoring system was put in place following the event, and the farm was moved to a substantially less exposed location. We are also working on measures to minimize our impact on local wildlife. In 2021, eight birds got caught in our nets.



SUSTAINABILITY KPIs

PILLAR	KPI	APPROACH	TARGET	2021	2020	2019	2018	2017
PROFIT & INNOVATION	Harvest volume (tonnes GWT)	▶	38 000 tonnes in 2022	34 484	26 919	32 362	29 774	22 831
	EBIT per kg (NOK)			7.3	4.7	17.9	20.0	15.4
	Farming cost per kg (NOK)	▶	NOK 40/kg in 2022	43.7	44.1	37.7	35.6	40.7
HEALTHY OCEAN	ASC certification (# of sites)	▶	All sites (18 eligible) by 2023	18	15	10	4	2
	Survival rate in freshwater	▶		95%	89%	87%	89%	86%
	Survival rate at sea	▶	93% by 2022	95%	92%	96%	96%	95%
	Cost of reduced survival (NOK 1 000)			53 133	37 495	15 055	624	16 965
	Use of antibiotics (g per tonne LWE) *	▶	No use of antibiotics	5.98	0.00	0.00	0.00	0.00
	Use of hydrogen peroxide (kg per tonne LWE) *	▶	Minimize use of pharmaceutical treatments	2.36	3.62	0.00	14.53	13.36
	Sea lice treatments - in feed (g per tonne LWE) *	▶	Minimize use of pharmaceutical treatments	0.14	0.14	0.10	0.08	0.06
	Sea lice treatments - in bath (g per tonne LWE) *	▶	Minimize use of pharmaceutical treatments	0.34	0.82	0.21	0.72	0.90
	Escape incidents (# of fish)	▶	Zero escape incidents	1 (4 352)	0	0	0	0
	Dead birds	▶	Minimize impact on wildlife	8	6	2	1	18
Dead marine mammals	▶	Minimize impact on wildlife	0	0	0	0	0	
SUSTAINABLE FOOD	Carbon emissions (kgCO ₂ e per tonne GWT)	▶	35% reduction (from 2018) in total emissions by 2030					
	Scope 1 + 2 location based			166	182	169	254	224
	Scope 3			4 502	5 970	n/a	n/a	n/a
	High quality product	▶	93% superior share	82%	69%	86%	86%	78%
	Biological feed conversion ratio (bFCR)	▶		1.21	1.20	1.14	1.12	1.16
	Economic feed conversion ratio (eFCR)	▶		1.34	1.35	1.21	1.17	1.29
PEOPLE	Employees	▶		262	257	256	247	250
	Absence rate	▶	Below 4.5%	8.7%	5.5%	4.9%	5.4%	4.4%
	Lost time incident rate	▶	**	22	28	22	18	24
	Turnover rate	▶		8%	n/a	n/a	n/a	n/a
LOCAL COMMUNITIES	Local procurement	▶		45%	60%	66%	n/a	n/a

* Amount of active pharmaceutical ingredients (APIs) used (in gr or kg) per tonne of fish produced (LWE).
 ** An LTIR target has not been defined in order to avoid under-reporting of incidents.
 n/a: Data not available.

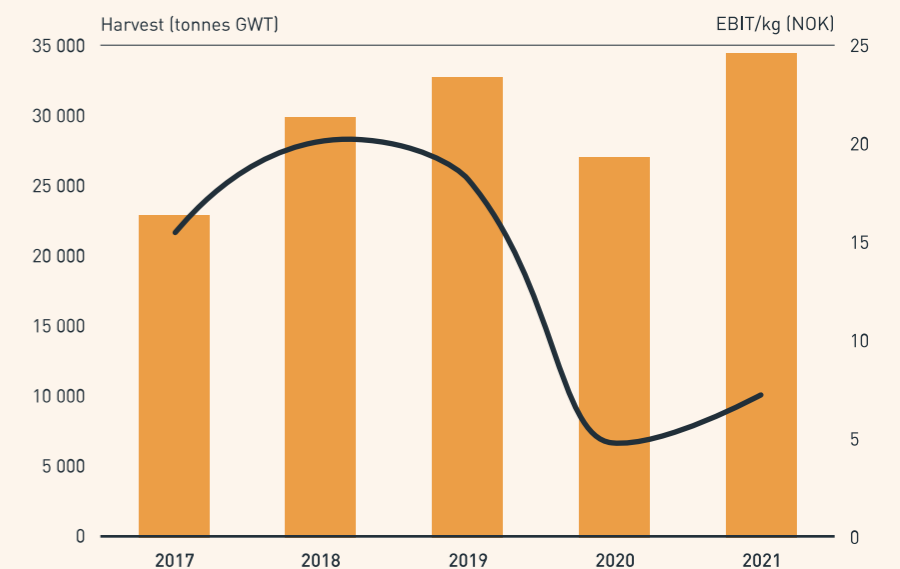
General information on how we work systematically with the individual KPIs can be found in the report's chapters linked in the 'Approach' column.



FIGURE 2.32 RESULTS FOR FINNMARK

FINNMARK	2017	2018	2019	2020	2021
Harvest (tonnes GWT)	22 831	29 774	32 362	26 919	34 484
Revenue (NOK million)	1 265.2	1 671.3	1 815.3	1 313.5	1 756.3
EBIT (NOK million)	351.9	594.9	580.2	127.4	250.5
EBIT / kg (NOK)	15.4	20.0	17.9	4.7	7.3
Farming cost / kg (NOK)	40.7	35.6	37.7	44.1	43.7

FIGURE 2.33 EBIT AND HARVEST FINNMARK



OPERATIONAL PRIORITIES

Grieg Seafood Finnmark harvested 34 484 tonnes of salmon in 2021. Our goal is to harvest 38 000 tonnes in 2022, increasing to 45 000 tonnes in 2025 by using more of our seawater capacity, while still being cost competitive. The key to achieving this, is to reduce production time in the sea, which will result in improved biological performance and a higher utilization of each site's maximum allowable biomass (MAB). We farm smolt at our own facility in Adamselv and at Nordnorsk Smolt, where we have 50% ownership. We target a capacity increase of 4 000 tonnes of post-smolt by 2025. Larger smolt will significantly reduce seawater production time, decreasing the fishes' exposure to issues such as winter ulcers and Infectious Salmon Anemia (ISA), which have been the most pressing challenges in this region in the last two years. These conditions negatively impact fish welfare, harvesting weight, quality and price achievement. During the year, we have implemented mitigating measures based on insights from the analyses we have performed. Such measures include changing the timing of when we transfer fish to the sea, altering the feed composition and vaccinating the fish against ISA before transfer to the sea. We have also improved the management and mitigation of winter ulcers. We have also entered into a partnership for value added processing capacity, to secure quality and sales margins as and when required, should such conditions appear.

As in all our regions, Grieg Seafood Finnmark focuses on improving fish welfare, achieving a high survival rate and working towards sustainable production. As a result of our efforts in the area, all of our sites (18 out of 18 eligible sites) were ASC certified by the end of the year. This is equivalent to 100% of net production (budget) for the year. New sites must reach peak biomass to be considered for certification.

In 2021, we spent NOK 45 million in growth investments related to upgrade of our processing facility and land sites, in addition to NOK 35 million in maintenance investments. Flexibility is a requirement to achieve better utilization of our capacity, and we are also continuously looking for opportunities to secure access to new locations.

FIGURE 2.34
SURVIVAL RATE AT SEA IN FINNMARK,
ROLLING 12 MONTHS

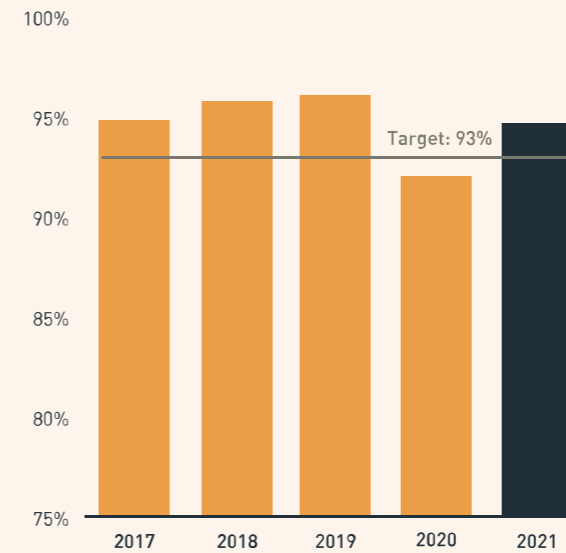
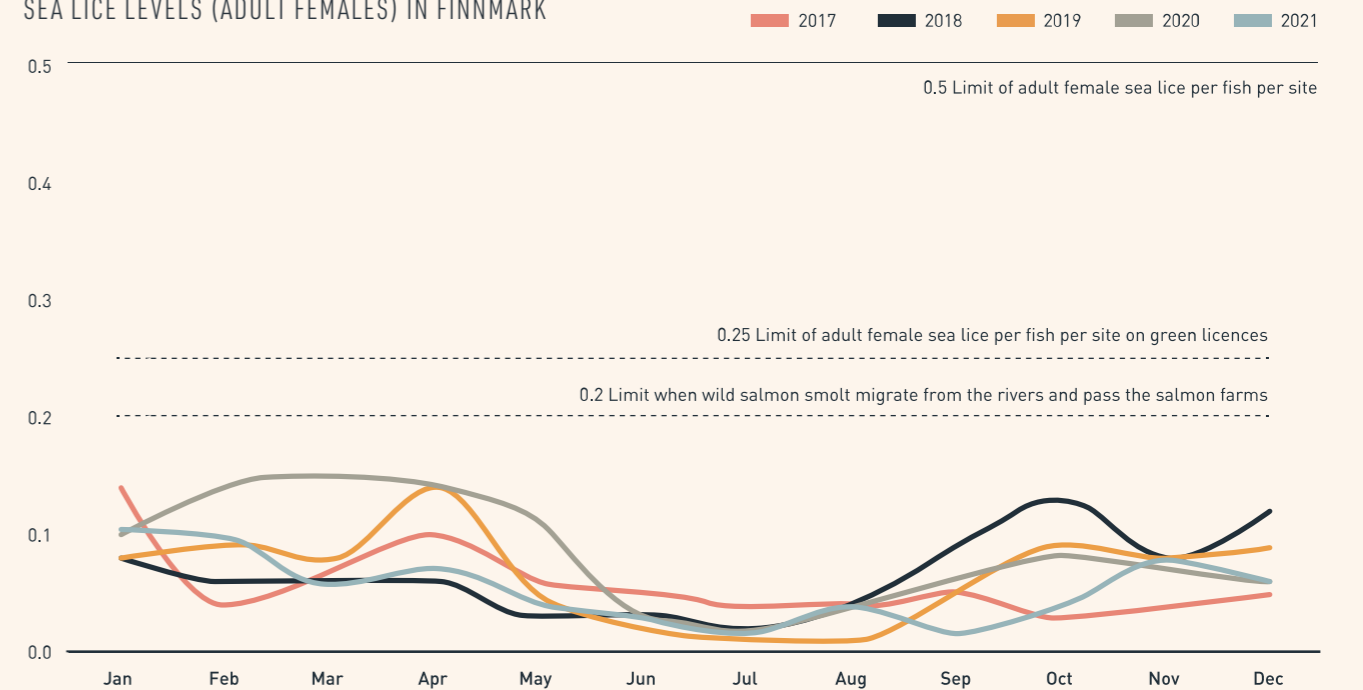


FIGURE 2.35
MAIN CAUSES FOR REDUCED SURVIVAL
IN SEAWATER IN FINNMARK IN 2021

MAIN CAUSE	NUMBER OF FISH	TONNES OF FISH
Infectious		
Bacterial	614 744	1 982
Virus	23 820	26
Non-Infectious		
Life cycle	520 724	895
Physical	53 807	114
Treatments	32 106	53
Total	1 245 201	3 072
Abnormal seawater mortality write-down	415 122	1 571
%	33%	51%

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

FIGURE 2.36
SEA LICE LEVELS (ADULT FEMALES) IN FINNMARK



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. At the green licenses in Finnmark, the limit is 0.25 adult female sea lice per fish, while during April and June, when wild salmon smolt migrate from the rivers and pass the salmon farms, the limit is 0.2 adult female sea lice per fish. We report sea lice levels and sea lice treatments to the Directorate of Fisheries on a weekly basis. This is publicly available information, please see Barentswatch.

GRIEG SEAFOOD BRITISH COLUMBIA

Grieg Seafood BC Ltd farms salmon on the east and west sides of Vancouver Island, and along the Sunshine Coast north of Vancouver. The company has 20 seawater licenses and one license for land-based production of smolt. We process our BC salmon externally.

14 448

TONNES GWT HARVESTED

10.4

EBIT/KG (NOK)

OPERATIONAL RESULTS

A total of 14 448 tonnes was harvested in 2021, 32% lower than in 2020 (21 181 tonnes). Harvesting volumes vary significantly every other year in BC due to local production region arrangements and larger farms with greater capacity on the West Coast of Vancouver Island compared to the East Coast. As a consequence, the region's volume varies every other year, regardless of the underlying biology. Measures are being implemented to stabilize yearly harvest volumes.

Sales revenues for the year amounted to NOK 1 023 million, a decrease of 13% compared to NOK 1 179 million in 2020. According to Urner Barry, the average spot price (farm raised salmon Seattle West Coast, fresh, whole fish) was NOK 68.5 per kg in 2021, compared to NOK 59.8 per kg in 2020. Our price achievement was NOK 70.8 per kg in 2021, compared to NOK 55.7 per kg in 2020. Higher spot prices and a somewhat increased quality share compared to last year contributed to the price achievement. The share of superior quality has been gradually rising recent years, and ended at 87% in 2021.

Freshwater production was stable during the year, and the freshwater survival rate improved from 78% in 2020 to 85% in 2021. We transferred a total of 5.4 million smolt with an average weight of 120 grams to the sea in 2021.

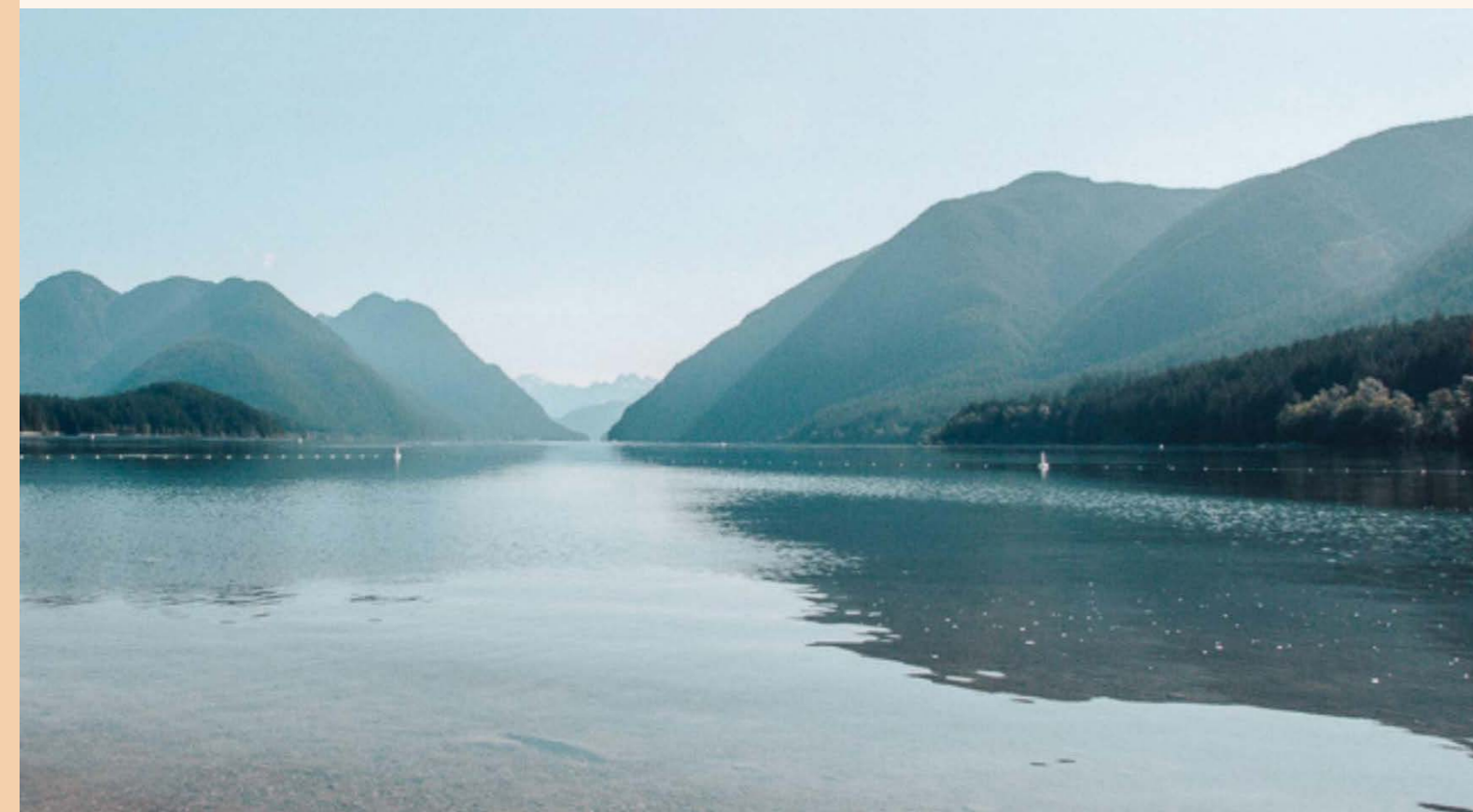
Seawater production was good in 2021, and the 12-month survival rate increased from 90% in 2020 to 92% in 2021. In previous years, the survival rate has been impacted by incidents of low oxygen levels and plankton blooms. However, it is steadily increasing due to positive results from our algae mitigation system, which stabilizes the survival rate in periods of challenging environmental conditions. Mortality related to algae blooms was reduced from 3.4% in 2019, to 0.9% in 2020 and down to 0.4% in 2021, due to our efforts within algae mitigation, digital monitoring and aeration systems. The farming cost increased from CAD 8.0 per kg (NOK 56.0) in 2020 to CAD 8.8 per kg (NOK 60.4) in 2021, mainly due to a lower harvest volume. Cost recognized as abnormal mortality in the income statement (cost of reduced survival) was NOK 17.6 million in 2021 (NOK 1.2 or CAD 0.2 per kg), compared to NOK 66.1 million in 2020 (NOK 3.1 or CAD 0.5 per kg).

In 2021, we reduced the use of antibiotics compared to the previous year. Nevertheless, the antibiotic Florfenicol was used to treat both Redmouth and Yellowmouth to safeguard the welfare of the fish. Our use of antibiotics is too high, and we are installing infrastructure that will allow us to lower water temperatures and salinity to help limit the transmission of diseases. We also pursue non-therapeutic means to manage disease, such as vaccines and an adapted diet. Our post-smolt strategy will enable us to have better control of the fish's environment for a longer period. It will also make the fish more robust when they are transferred to sea,

and a shorter period at sea will reduce exposure to biological risks. This in turn will reduce the risk of disease outbreaks and the need for antibiotics.

BC has low sea lice levels during the important outmigration period - when the juvenile and vulnerable wild salmon pass our farms on their way from the rivers to the ocean. However, the region is heavily influenced by sea lice pressure each autumn, during the immigration period when the adult wild salmon pass our farms on their way back to the rivers to spawn. In BC, unlike Norway, the wild salmon population greatly outnumbers the farmed salmon population. We are using preventative methods to keep the levels stable. When additional measures are needed, we carry out the type of treatment most appropriate to the biological situation. During 2021, treatment with hydrogen peroxide as well as in-feed treatments were carried out to reduce and maintain a stable sea lice level. We have been able to achieve a higher efficacy at a lower dose of both treatments. From 2022, we are introducing a locally developed barrier system between the farmed salmon and the environment, which has shown promising results to control sea lice and harmful algae without using medicines in trials. As from 2022, we are also adding the latest mechanical sea lice removal tool, which we expect to reduce our overall medication and chemical use.

Despite a continuous focus on escape prevention, we unfortunately had two escape incidents during the year. One incident happened at our hatchery, where three small fish (fry) had gone through the water effluent screen. The fish were collected in a containment area before they entered the ocean, and would have no chance of survival at sea. Nevertheless, the incident was reported as an escape according to regulation. Corrective actions have been put in place to prevent this from happening again. At one of our sea sites, we lost one fish outside the farm containment structure during harvest. Mitigating actions, such as the proper use of catch nets, have been put in place. We also continue our efforts to minimize our impact on local wildlife. We regret to report that in 2021, eight birds and one sea lion got caught in our nets. We are not content with reporting any dead animals, and will continue striving to reduce this number.



SUSTAINABILITY KPIs

PILLAR	KPI	APPROACH	TARGET	2021	2020	2019	2018	2017
PROFIT & INNOVATION	Harvest volume (tonnes GWT)	▶	22 000 tonnes in 2022	14 448	21 181	14 120	16 632	9 600
	EBIT / kg (NOK)			10.4	-0.4	5.2	17.5	12.5
	Farming cost per kg (CAD)	▶	CAD 7/kg in 2022	8.8	8.0	8.3	7.4	7.4
HEALTHY OCEAN	ASC certification (# of sites)	▶	All sites (15 eligible) by 2023	12	11	n/a	n/a	n/a
	Survival rate in freshwater	▶		85%	78%	63%	83%	81%
	Survival rate at sea	▶	93% by 2022	92%	90%	88%	88%	93%
	Cost of reduced survival (NOK 1 000)			17 617	66 082	73 327	88 454	17 395
	Use of antibiotics (g per tonne LWE) *	▶	No use of antibiotics	41.67	62.32	87.00	151.26	18.30
	Use of hydrogen peroxide (kg per tonne LWE) */ **	▶	Minimize use of pharmaceutical treatments	35.66	46.62	6.01	5.83	9.17
	Sea lice treatments - in feed (g per tonne LWE) *	▶	Minimize use of pharmaceutical treatments	0.30	0.22	0.52	0.32	0.14
	Sea lice treatments - in bath (g per tonne LWE) *	▶	Minimize use of pharmaceutical treatments	0.00	0.00	0.00	0.00	0.00
	Escape incidents (# of fish)	▶	Zero escape incidents	2 (4)	0	0	0	0
	Dead birds	▶	Minimize impact on wildlife	8	12	14	0	0
Dead marine mammals	▶	Minimize impact on wildlife	1	1	0	0	0	
SUSTAINABLE FOOD	Carbon emissions (kgCO ₂ e per tonne GWT)	▶	35% reduction (from 2018) in total emissions by 2030					
	Scope 1 + 2 location based			1 097	769	1 101	597	702
	Scope 3			4 025	3 276	n/a	n/a	n/a
	High quality product	▶	93% superior share	87%	86%	86%	84%	81%
	Biological feed conversion ratio (bFCR)	▶		1.18	1.23	1.25	1.23	1.20
	Economic feed conversion ratio (eFCR)	▶		1.27	1.43	1.41	1.54	1.29
PEOPLE	Employees	▶		176	174	171	148	150
	Absence rate	▶	Below 4.5%	5.6%	6.8%	2.0%	1.8%	0.9%
	Lost time incident rate	▶	***	6	36	35	38	16
	Turnover rate	▶		30%	n/a	n/a	n/a	n/a
LOCAL COMMUNITIES	Local procurement	▶		84%	83%	83%	n/a	n/a

* Amount of active pharmaceutical ingredients (APIs) used (in gr or kg) per tonne of fish produced (LWE).
 ** As of 01.01.2021, the Government of Canada - Department of Fisheries and Oceans Canada (DFO) changed the calculation formula for the API of hydrogen peroxide from Paramove 50 from 1 L (Paramove 50) * 1.15 (density) * 0.45 (concentration) = 1 kg H₂O₂ to 1 L (Paramove 50) * 1.19 (density) * 0.49 (concentration) = 1 kg H₂O₂, which corresponds to the method used in Norway. Previous years (2017 - 2020) have not been recalculated.
 *** An LTIR target has not been defined in order to avoid under-reporting of incidents.
 n/a: Data not available.

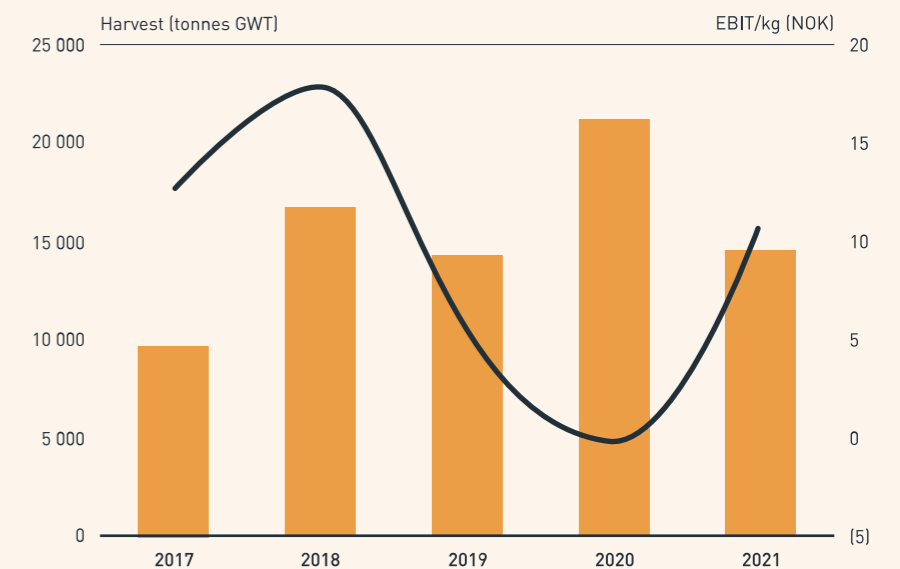
General information on how we work systematically with the individual KPIs can be found in the report's chapters linked in the 'Approach' column.



FIGURE 2.37 RESULTS FOR BRITISH COLUMBIA

BRITISH COLUMBIA	2017	2018	2019	2020	2021
Harvest (tonnes GWT)	9 600	16 632	14 120	21 181	14 448
Revenue (NOK million)	580.3	1 075.3	861.4	1 178.9	1 023.5
EBIT (NOK million)	120.2	290.9	73.3	-7.4	150.2
EBIT / kg (NOK)	12.5	17.5	5.2	-0.4	10.4
Farming cost / kg (NOK)	49.8	50.0	55.3	56.0	60.4
Farming cost / kg (CAD)	7.4	7.4	8.3	8.0	8.8

FIGURE 2.38 EBIT AND HARVEST BRITISH COLUMBIA



OPERATIONAL PRIORITIES

Grieg Seafood BC harvested 14 448 tonnes of salmon in 2021. Our goal is to harvest 22 000 tonnes in 2022, increasing to 35 000 tonnes in 2025 mainly by securing high-quality, larger smolt and increasing survival at sea, which will enable us to better utilize our seawater sites. Access to high-quality smolt is key to ensuring sustainable production growth. With the expansion of the Gold River smolt facility, Grieg Seafood BC will increase smolt capacity from 500 tonnes to 900 tonnes. The first smolt transfer from the facility to sea farms will take place in the spring of 2022.

Harmful Algae Blooms (HAB) and low oxygen events represent significant biological risks in BC, which may impact our survival rate. However, mortality related to algae blooms is reduced due to our successful efforts within algae mitigation, digital monitoring and aeration systems. Algae movements and oxygen levels are continuously monitored and analyzed using high-grade real-time in-pen sensors and machine learning with predictive environmental data software. In addition, aeration systems have been installed to enable feeding also during challenging situations. We expect our efforts in the areas of algae mitigation and digital monitoring to increase survival and harvest volume, and reduce cost going forward, thereby ensuring we are cost competitive.

Obtaining ASC certification is prioritized, as it is an important signal that our salmon is a responsible choice. ASC has strict requirements with respect to minimizing fish farms' impact on the natural environment and supporting local communities. At the end of 2021, a total of 12 out of 15 eligible sites were ASC certified (corresponding to 69% of net production (budget)).

We are committed to develop our operations in line with the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). In BC, there is an ongoing process of reconciliation between the government, businesses and First Nations, which we support. Our main farming areas in BC are operated under agreements with the Indigenous Peoples who are the Rightsholders of those territories, and we are pursuing agreements with others. The Truth & Reconciliation Commission: Call to Action #92 provides us with guidance on our role in the reconciliation process. We are working to operate in ways that fully respect the culture of our First Nations partners, to deepen our understanding and to provide shared opportunities. Read more about our journey of reconciliation in BC [here](#). In March 2022, the Coalition of First Nations for Finfish Stewardship launched the report: "The Reality Is: Salmon Farming is a path to self determination and reconciliation for many First Nations in coastal BC". Read more about the coalition and the report [here](#).

By 2025, the Canadian federal government aims to have created a responsible plan to transition from the traditional open net-pen salmon farming in British Columbia. Grieg Seafood supports this process. We embrace new strategies and technologies to align with the government's transition, such as keeping the fish longer on land and a shorter time in the ocean, or by introducing barriers around the farms to limit interactions between the fish and the environment. Such technologies not only reduce our impact on wild salmon and the environment, but also improve our biological control. Grieg Seafood is committed to be a constructive partner for the Government and Indigenous communities in the 2025 transition process, and to find a path forward that works for all stakeholders.

Our capital expenditures reflects our growth initiatives. In 2021, we spent NOK 105 million in growth investments mainly related to the expansion of Gold River, in addition to NOK 26 million in regular maintenance investments. The smolt facility will be completed in 2022, and secure BC access to high-quality smolt.

FIGURE 2.39
SURVIVAL RATE AT SEA IN BRITISH COLUMBIA, ROLLING 12 MONTHS

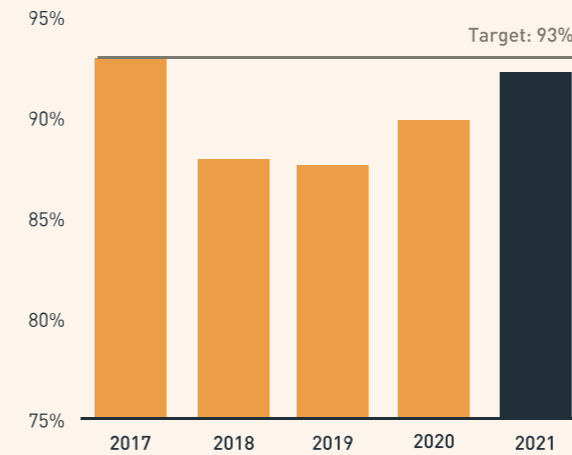
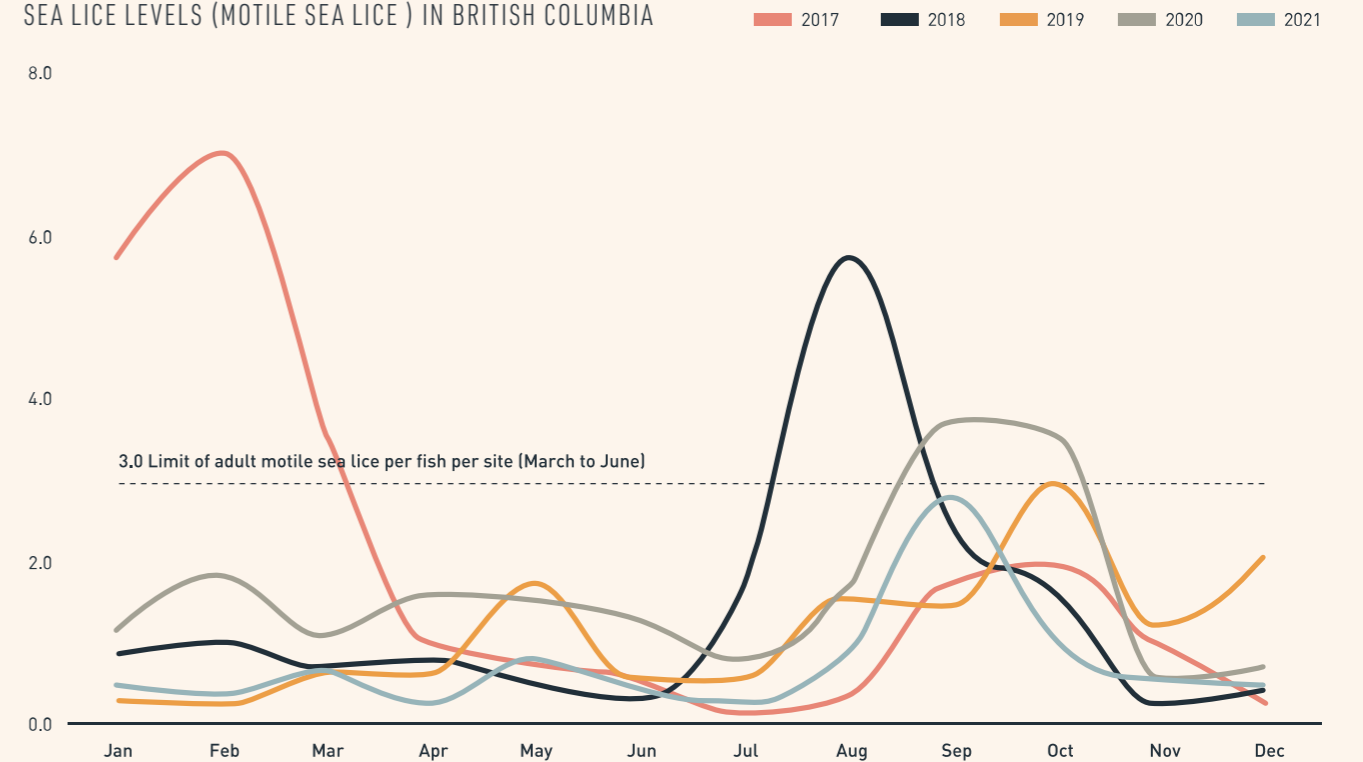


FIGURE 2.40
MAIN CAUSES FOR REDUCED SURVIVAL IN SEAWATER IN BRITISH COLUMBIA IN 2021

MAIN CAUSE	NUMBER OF FISH	TONNES OF FISH
Infectious		
Gill infections	52 907	169
Bacterial	172 248	120
Virus	7 676	7
Non-Infectious		
Life cycle	671 589	1 339
Treatments	36 376	44
Total	940 796	1 680
Abnormal seawater mortality write-down		
	89 274	351
%	9%	21%

FIGURE 2.41
SEA LICE LEVELS (MOTILE SEA LICE) IN BRITISH COLUMBIA



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

GRIEG SEAFOOD NEWFOUNDLAND

Grieg Seafood Newfoundland is a greenfield project located in Placentia Bay in Newfoundland. At year-end 2021, we had eight seawater licenses and one freshwater license. Additional seawater licenses have been applied for.

STATUS

Our Recirculating Aquaculture System (RAS) facility in Marystown Marine Industrial Park, close to Placentia Bay, is fully operational. We had expected to transfer the first smolt to sea summer of 2021, however this transfer was postponed to 2022 due to suspicion of ISA. The financial impact of the postponement was not significant as the first generation contained few individuals compared to regular operations. The second generation of eggs was received in the facility in April and July 2021. The production of this freshwater generation has been on track, with high survival rates. We plan to transfer between two to three million fish to the sea during the spring and summer of 2022, with harvesting commencing in 2023. Preparation is on schedule and our focus is on ensuring that all equipment and services needed for the seawater operations will be in place when the fish are transferred to the sea. We have also provided a group of employees destined for seawater operations with proper training at our other farms in Norway.

Our seawater licenses in Newfoundland require use of sterile all-female salmon in order to eliminate the risk of genetic pollution of wild Atlantic salmon in case of escape. We base our operations on developed knowledge and experience about farming triploid salmon in both Norway and the UK. In accordance with best practice, we optimize the times of the year to transfer fish to the sea, the feed composition, and conditions during the freshwater phase.

During the year, we were able to test the resilience of our seawater equipment when a Category 1 hurricane swept over eastern Newfoundland. The pen and equipment we have placed in one of our seawater sites sustained no damages. The RAS facility also withstood the hurricane winds with no damage. Power outages and other disturbances were handled by our backup system and caused no disruption to production.

EBIT for 2021 totaled NOK -116.9 million. We spent close to NOK 290 million in investments in the RAS facility and seawater locations in Newfoundland in 2021. We are committed to developing the project according to our long-term forecast and meeting all regulatory requirements from the authorities. We are well prepared with equipment, employees and knowledge of biological conditions, which enables us to provide a solid and safe production. We are confident that we will be able to build a strong farming region in Newfoundland over the coming years, realizing synergies with our BC operations and creating jobs and value for the local communities.



SUSTAINABILITY KPIs

PILLAR	KPI	APPROACH	TARGET	2021	2020
PROFIT & INNOVATION	EBIT (NOK million)			-116.9	n/a
HEALTHY OCEAN	Use of antibiotics (g per tonne LWE) *	▶	No use of antibiotics	0.00	0.00
SUSTAINABLE FOOD	Carbon emissions (tCO ₂ e)	▶	35% reduction (from 2018) in total emissions by 2030		
	Scope 1 + 2 location based			2 066	1 927
	Scope 3			735	642
PEOPLE	Employees	▶		69	73
	Absence rate	▶	Below 4.5%	1.3%	n/a
	Lost time incident rate	▶	**	5	n/a
	Turnover rate	▶		30%	n/a
LOCAL COMMUNITIES	Local procurement	▶		44%	46%

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

** An LTIR target has not been defined in order to avoid under-reporting of incidents.

n/a: Data not available. Our Newfoundland region is currently in development, with no seawater production in 2021. We will report on more indicators going forward. As from 1 January 2021, Newfoundland has been reported as a region of the Group. See Note 8 of the Group Accounts.

General information on how we work systematically with the individual KPIs can be found in the report's chapters linked in the 'Approach' column.

OPPORTUNITY

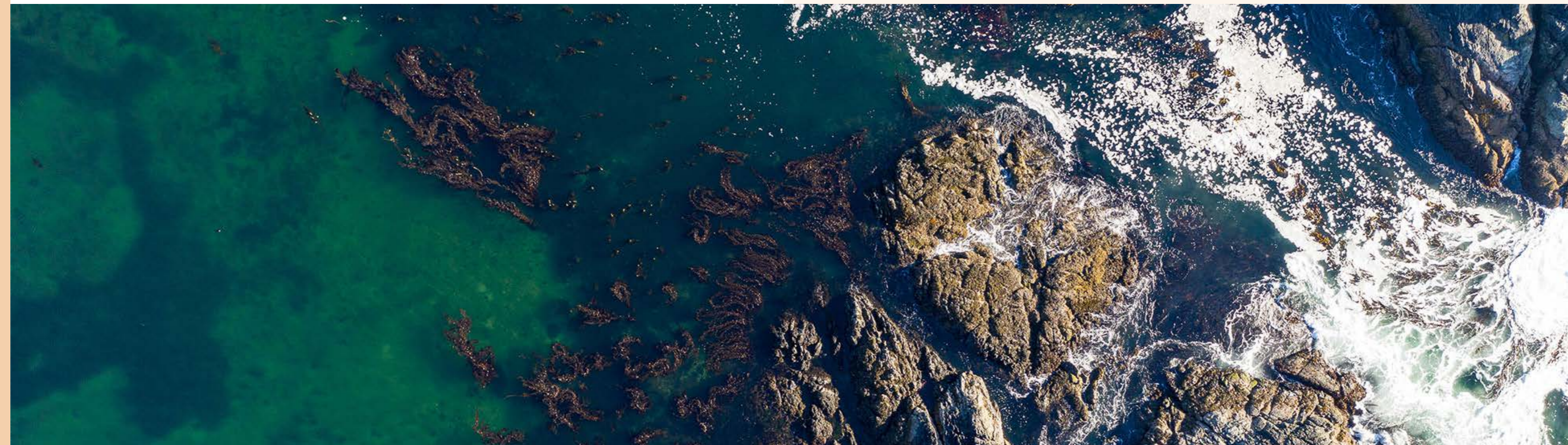
The US market is the world's largest and fastest growing market for Atlantic salmon, but only a third of US demand is currently met by North American production. We already have a position in this market through our operations in British Columbia, where we have attained significant sales and market experience.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

Our high-end RAS facility in Marystown has technology employing close to 100% recirculation of water with no impact on the surrounding environment. The facility currently consists of a hatchery, nursery and a smolt unit with a capacity of 600 tonnes. We will gradually develop our operations, to ensure biosecurity, fish health and profitability.

We have long-term exclusive farming rights to the Placentia Bay area, an area which is highly isolated from other salmon farmers in the region. Long distances and low interconnectivity between sites lower the risk of biological contamination. We currently have

eight seawater licenses, but additional licenses have been applied for. The sites and production areas chosen in Placentia Bay are at least 100 meters deep, have good currents and optimal oxygen levels. There are no known algae issues in the area. Our seawater sites have favorable biological conditions for salmon farming, with environmental conditions like northern Norway. The sites are exposed to high seas and will be equipped with state-of-the-art technology and systems for harsh environments. 40-meter-deep pens and underwater feeding will allow the fish to stay below layers of super-chilled or potentially warm water.

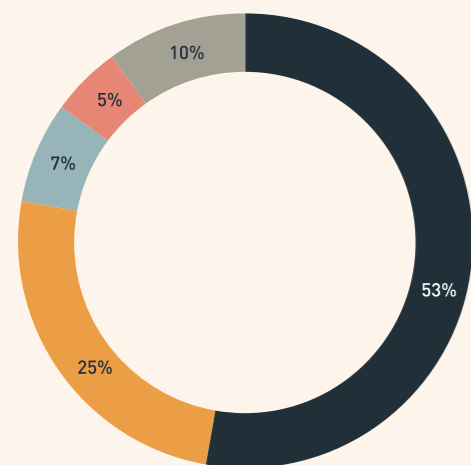
The project has a long-term annual harvest potential of 45 000 tonnes. By using cutting-edge technologies at all stages of the production process, our Newfoundland region will strengthen our position as a global leader in sustainable salmon farming.



SALES & MARKET

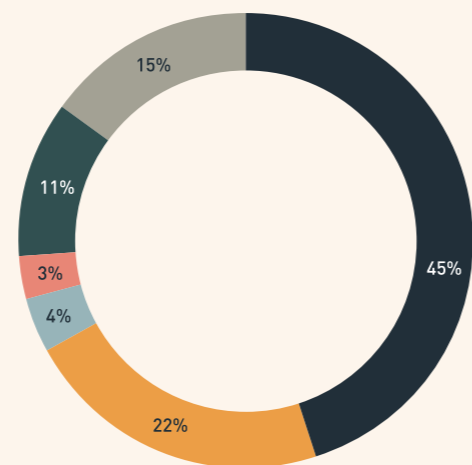
Grieg Seafood is part of a global salmon market, supplying 3.4% of the global volume of Atlantic salmon harvested in 2021. As part of our new strategy, we will reposition Grieg Seafood in the value chain and become an innovative partner for selected customers. By focusing on sustainable farming practices and good fish health and welfare, we can provide the healthy, tasty, and high-quality product that our customers and consumers demand.

FIGURE 2.42
GLOBAL ATLANTIC SALMON HARVEST IN 2021*



Norway
 Chile
 UK
 Canada
 Other

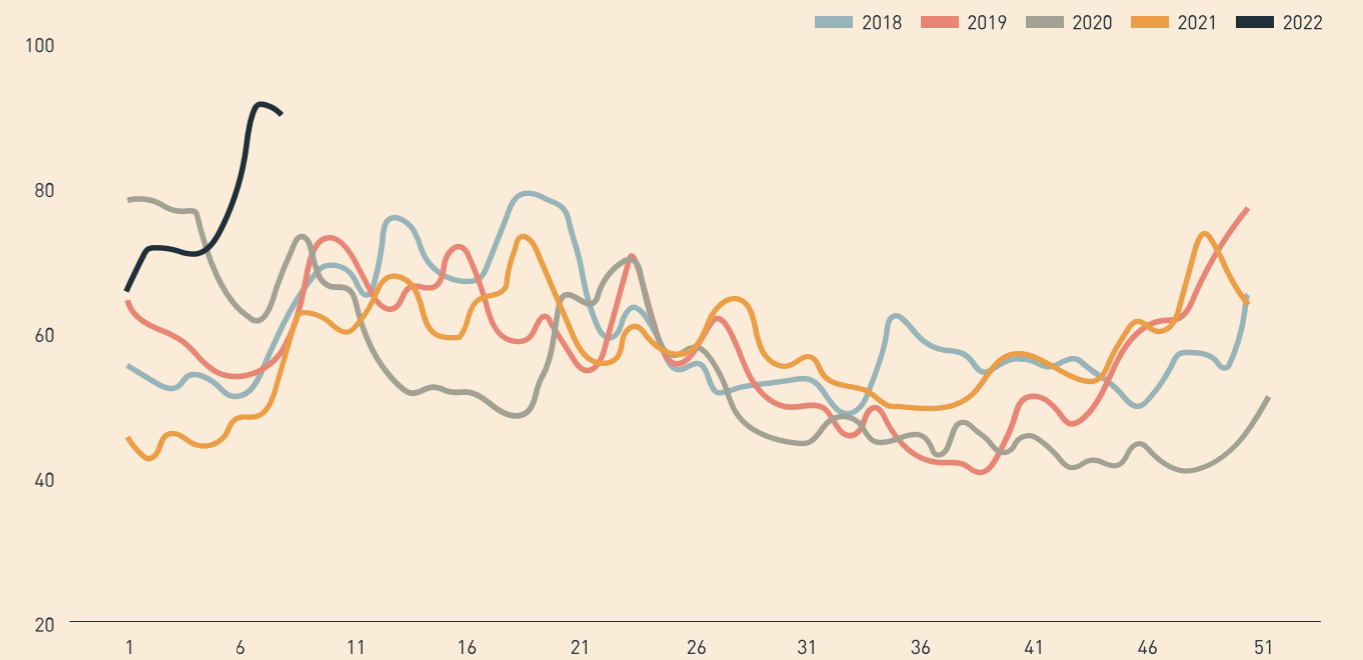
FIGURE 2.43
GLOBAL ATLANTIC SALMON CONSUMPTION IN 2021*



EU & UK
 USA
 Brazil
 Russia
 Asia
 Other

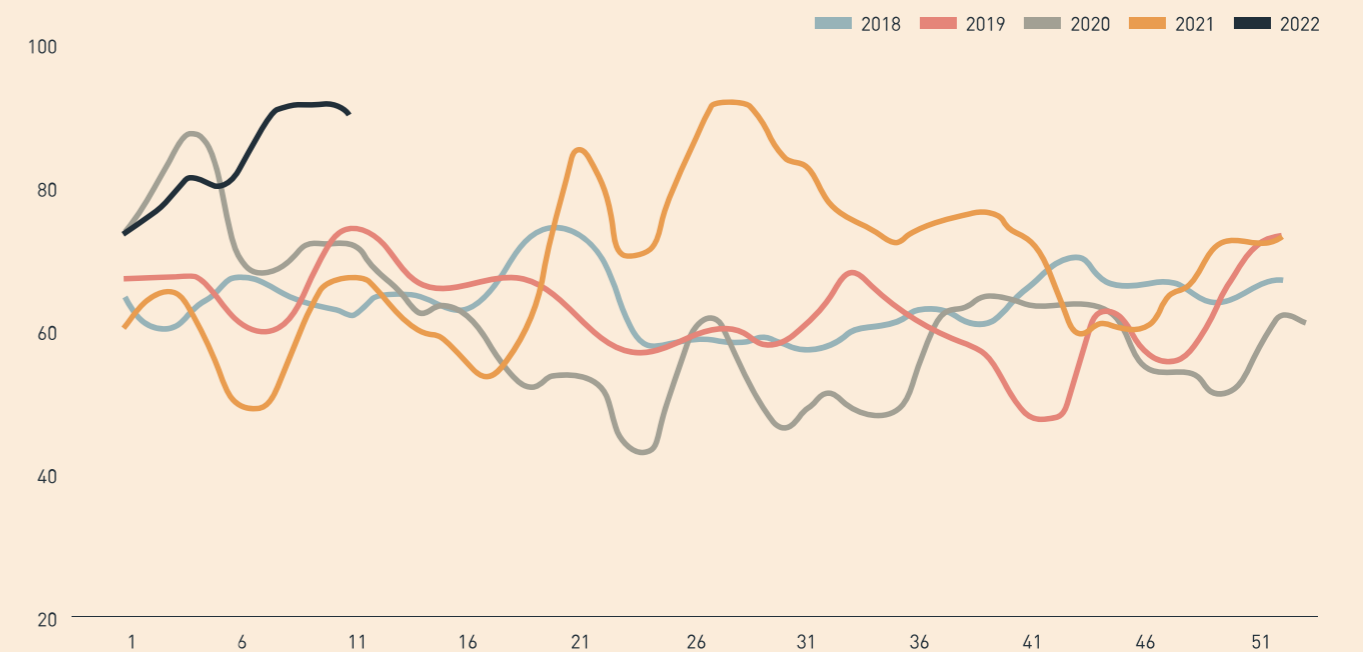
Source: Kontali Analyse AS

FIGURE 2.44
NQSALMON WEEKLY AVERAGE (NOK/KG)



Source: NASDAQ Salmon Index

FIGURE 2.45
URNER BARRY FARM RAISED SALMON SEATTLE WEST COAST, FRESH, WHOLEFISH (NOK/KG)



The UB Farm Raised Salmon Seattle West Coast, Fresh, Wholefish shown above is a weekly average of all weight classes (4-6 lb, 6-8 lb, 8-10 lb, 10-12 lb, 12-14 lb, 14-16 lb, 16-18 lb) in USD/lb, converted into NOK/kg using the weekly average of Norges Bank's daily exchange rate.

OUR SALES AND MARKET ORGANIZATION

In 2021, Grieg Seafood established its own sales and market organization. Until year-end 2020, our fish was sold through Ocean Quality, the sales organization of Grieg Seafood and Bremnes Fryseri. As part of our strategy, we have embarked on a journey to reposition Grieg Seafood in the value chain from being purely a supplier of farmed salmon from our regions to becoming a partner for selected customers in our main markets.

During the first months of 2021, our new sales organization handled approximately 50% of our harvested salmon. As of April 2021, the organization handled 100% of our harvested volume. Our new sales organization is built on a mix of experienced seniors from the seafood industry and juniors taking their first steps. We are developing our organization for the future and are committed to achieving this through a focus on nurturing young talent as well as continuous development of our experienced seniors.

During autumn, we established our Value Added Product (VAP) sales department, which will be a key factor in increasing our VAP product portfolio both from the Company's Norwegian and Canadian regions in the coming years. We have also entered into an agreement on VAP capacity in Norway and commenced processing some of our Norwegian salmon into fresh and frozen value-added products towards year-end. The finished products are sold through our VAP sales department to European and overseas markets. Based on this market introduction, our sales organization secured a pipeline of VAP products for delivery in 2022. We will continue to evaluate both external opportunities to strengthen our processing capacity, such as long-term partnerships with third parties in Norway, North America and Europe, as well as the development of existing internal processing infrastructure.

Read about our Chain of Custody certifications [here](#).

GLOBAL MARKET DEVELOPMENTS IN 2021

In 2021, the global volume of Atlantic salmon harvested increased by approximately 7% compared to 2020, according to Kontali, continuing on a similar level as seen the last years. A total of 2 603 520 tonnes GWT (gutted weight equivalent) was estimated to have been harvested globally in 2021, up from 2 440 620 tonnes in 2020. The largest contributors to the increase were Norway and the Faroe Islands, with an increase in output of 146 790 and 22 410 tonnes, respectively, while Chile experienced a reduction of 52 380 tonnes.

Market demand continued to be strong in 2021. It is estimated that consumption in all major markets increased in 2021. The largest relative increases in consumption were found in the EU and the UK, both up 8%, and the USA, up 13%. Total exports of salmon from Norway in 2021 rose by 12% compared to 2020. Exports of fresh salmon (GWT) from Norway rose by 11% in 2021 compared to 2020. The main export markets were Europe, at 77%; Asia, at 17%; and North America, at 3%. Exports of fresh filet from Norway in 2021 also increased significantly, up by 22% compared to 2020, with the main volume increase to the US market. Volume supplied by Canada increased by 3% in 2021 compared to 2020. The demand has been driven by supermarkets and grocery stores, in addition to a recovery in the HoReCa (hotels, restaurant, catering) segment towards the end of the year. Sales to the HoReCa market were low most of the year due to Covid-related restrictions, curfews and lockdowns in most markets. On the other hand, sales to the retail segment and home consumption have increased during the Covid-19 pandemic.

Salmon prices noted on NASDAQ Salmon Index (NQSALMON) varied significantly in the last year due to the waves of restrictions and lockdowns in Europe. The same trend was observed in the North American market. The spot market price stood at NOK 45.1 at the beginning of the year. It then fell to the low forties in the second week of 2021, before regaining strength. The spot market price according to NQSALMON closed the year at NOK 63.4 per kg. The 12-month average NQSALMON for 2021 came to NOK 57.3 per kg, compared to NOK 53.7 in 2020. Spot salmon prices in the US market started the year at NOK 59.6 per kg and ended the year at NOK 72.6 per kg, with an average price of NOK 68.5 per kg, up by NOK 12.1 per kg compared to 2020.



OUR MARKET DEVELOPMENT IN 2021

Grieg Seafood accounted for 3.4% of the global supply of Atlantic salmon in 2021 (2.9% of the global supply excluding the volume harvested in Shetland up to 15 December 2021, when the Shetland business was sold). Continental Europe is by far our most important market, taking 73% of our harvested volume and contributing 65% of our sales revenue in 2021. North America is our second largest market, accounting for 21% of our volume and 27% of our revenues. The market distribution of sales varies year on year, depending on the harvested volumes across our regions. The main change in our sales distribution was an increase to Continental Europe from 45% in 2020 to 65% in 2021, mainly due to the 22% increase in harvested volume from our Norwegian farming operations (the figures exclude sales from Shetland). In our BC region, we harvested 32% less volume in 2021 compared to 2020. However, due to exports from our Norwegian regions to the USA, the volume sold to the North American market only

decreased from 29% in 2020 to 27% in 2021. In 2021, 13% of sales done by our own sales organization was to airborne markets, and the remainder was sold to European markets, with a strong focus on key markets in southern Europe. We did not have any sales to Russia or Belarus in 2021.

Sales in 2021 consisted mainly of fresh, head-on gutted salmon, with a small share of fresh value-added products (representing approximately 4% of our volume). Processed products, including the Grieg Seafood brand Skuna Bay, sold to the North American market constituted approximately 9% of the volume from our BC operations. We experienced good demand for ASC certified salmon in the European market and sold ASC volumes with a stable market premium. See [here](#) for further details of sales revenues by markets and products.

Our sales revenues amounted to NOK 4 599 million, an increase of NOK 214 million or 4.9% from 2020. Our harvested volume in 2021 was up 6% compared to 2020, and while the 12-month average NQSALMON for 2021 came to NOK 57.3 per kg compared to NOK 53.7 in 2020, the Group's price achievement was NOK 55.7 per kg compared to NOK 52.8 per kg in 2020. In 2021, we had a fixed-price contract share of 30% in Norway, in line with our targeted contract rate of 20-50%. For more information on our harvest volume and sales performance, see the regional chapters in this report.

The Russian invasion of Ukraine in February 2022 has already had a global impact on food and food raw materials prices, though salmon demand has not yet been significantly affected. Further inflation in prices and distribution costs may impact demand going forward. However as of the time of publishing this report, with the outlook for continuing strong demand and no supply growth in 2022, we believe market prices will rise going forward. At year-end, the spot price for salmon, according to NQSALMON, was NOK 63.4 per kg, and the average price in the first months of 2022 was around NOK 78 per kg. Spot salmon prices in the US market ended the year at NOK 72.6 per kg, and the average spot price for the first months in 2022 was around NOK 83 per kg. The Fishpool forward price for Q2 2022 is close to NOK 78 per kg, and forward prices for the second half of 2022 are close to NOK 64 per kg. We aim to sell 20-50% of our Norwegian volume under fixed-price contracts, and our estimated contract share for 2022 is 17% as at year-end 2021.

MARKET EXPECTATIONS

The global harvest of Atlantic salmon in 2022 is expected to remain at a similar level to 2021, which came to 2 891 900 tonnes, according to Kontali. Due to the increase in maximum allowed biomass (MAB) in Norway and good seawater conditions in the second half of 2021, Norwegian salmon farmers are expected to harvest 8 500 tonnes more in 2022 than in 2021. Chile is expected to decrease its harvest in 2022 by approximately 3 500 tonnes, with the decrease concentrated in the first half of the year. Canada is expected to decrease its harvest by approximately 10 300 tonnes in 2022. The remaining salmon farming countries will increase their volume by approximately 4 400 tonnes.

The Covid-19 pandemic has impacted the salmon market in the last two years, with a significant shift in demand, away from hotels, restaurants and catering (HoReCa), while the retail segment and home consumption have been boosted. Going into 2022, salmon demand is still impacted by the pandemic and partly characterized by volumes channelled from the HoReCa market to the retail segment. However, with global progress on vaccination against Covid-19 and the lifting of restrictions in many countries, the shift from HoReCa to retail is expected to be reversed to some extent. Nevertheless, we believe retail consumption may increase as consumers have become used to cooking salmon at home. Dietary megatrends fueled by increased focus on health and sustainability are expected to increase demand going forward, contributing to a strong salmon market.

FIGURE 2.46
OUR MARKETS BY SALES REVENUES IN 2021

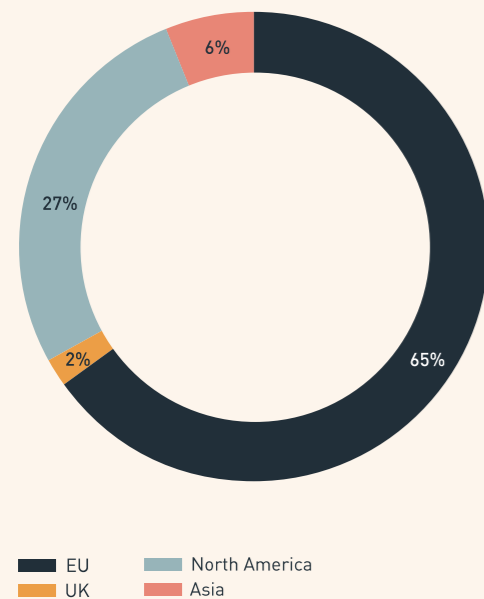
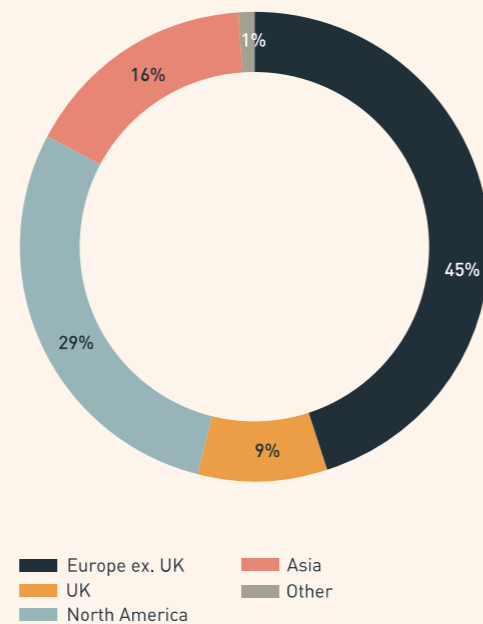


FIGURE 2.47
OUR MARKETS BY HARVESTED VOLUME IN 2021



GRIEG SEAFOOD'S SHARES

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

OUR PRINCIPLES

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

OUR TARGET

Dividend	30-40% of the Group's net profit after tax before fair value adjustments
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OUR SHARES AND SHAREHOLDERS

Our shares are listed on the Oslo Stock Exchange/Euronext. Grieg Seafood was listed on the Oslo Stock Exchange on 21 June 2007, under the ticker GSF. We have only one class of shares, and all shares carry the same rights. As of 31 December 2021, the Company had 112 314 061 shares outstanding, at a nominal value of NOK 4.00 per share (excluding treasury shares). Total ordinary shares as at 31 December 2021 was 113 447 042.

As of 31 December 2021, we had 9 938 shareholders, with our ten largest investors holding 69.5% of our shares, and the 20 largest investors holding 77.4%. The number of shareholders decreased during the year, from 12 436 at year-end 2020. Norwegian-based shareholders own the majority of the Company's shares, with Per Grieg Jr. and the Grieg family controlling 53.2% of the outstanding shares as of 31 December 2021. A further 4.7% was controlled by the Norwegian National Insurance Fund (Folketrygdfondet) and 4.3% by OM Holding AS at year-end 2021. Grieg Seafood ASA held a total of 1 132 981 treasury shares as of 31 December 2021. For a detailed breakdown of our 20 largest shareholders, please see Note 18 in the Group Accounts.

THE RETURN ON OUR SHARES

Grieg Seafood's share price decreased by 2.2% from NOK 85.0 as at 31 December 2020 to NOK 83.1 as at 31 December 2021. No dividend has been paid out in 2020 and 2021 due the Covid-19 pandemic and temporary amendments in the syndicated loan arrangements from Q4 2020 through Q3 2021, in addition to an extensive growth investment plan, including the freshwater facility and seawater sites in Newfoundland and the Gold River hatchery in British Columbia.

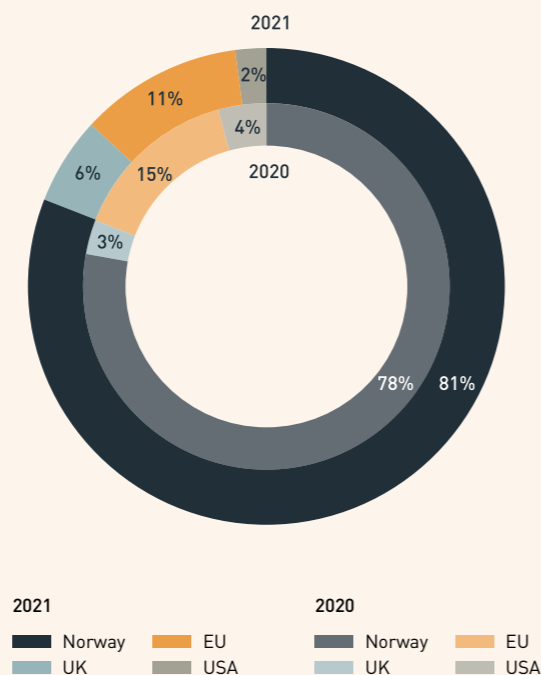
Grieg Seafood aims to provide shareholders with a competitive return on invested capital through payment of dividends and share price increases. The Board of Directors maintains that, as an average over time, dividends should correspond to 30-40% of the Group's profit after tax, adjusted for the effect of the changes in fair value of biological assets. As at 31 December 2021, Grieg Seafood was in a solid financial position to execute strategic priorities and deliver a shareholder return. The Board recommends that a dividend of NOK 3.0 per share be distributed to shareholders.

In the period 2015 to 2019, we have had a dividend yield in the range of 1.6-5.5%. Over the preceding years, we have had a consistent pay-out ratio, only temporarily suspended due to Covid-19 pandemic measures. The total accumulated dividend per share since our initial public offering in 2007 is NOK 15.6 as at 31 December 2021.

THE LIQUIDITY OF OUR SHARES

Since May 2016, the liquidity of our shares has increased significantly compared to previous years. This development was triggered by Mowi ASA realizing a set of old forward contracts, acquiring nearly 29 million shares in Grieg Seafood ASA, and immediately selling them in the market. Following this injection of shares into the open market, the Grieg Seafood share has been traded at a much higher volume. In 2021, a total of 86 million shares were traded, with a median of 265 456 shares per trading day, compared to a total of 100 million shares traded, with a median of 317 106 shares per trading day in 2020.

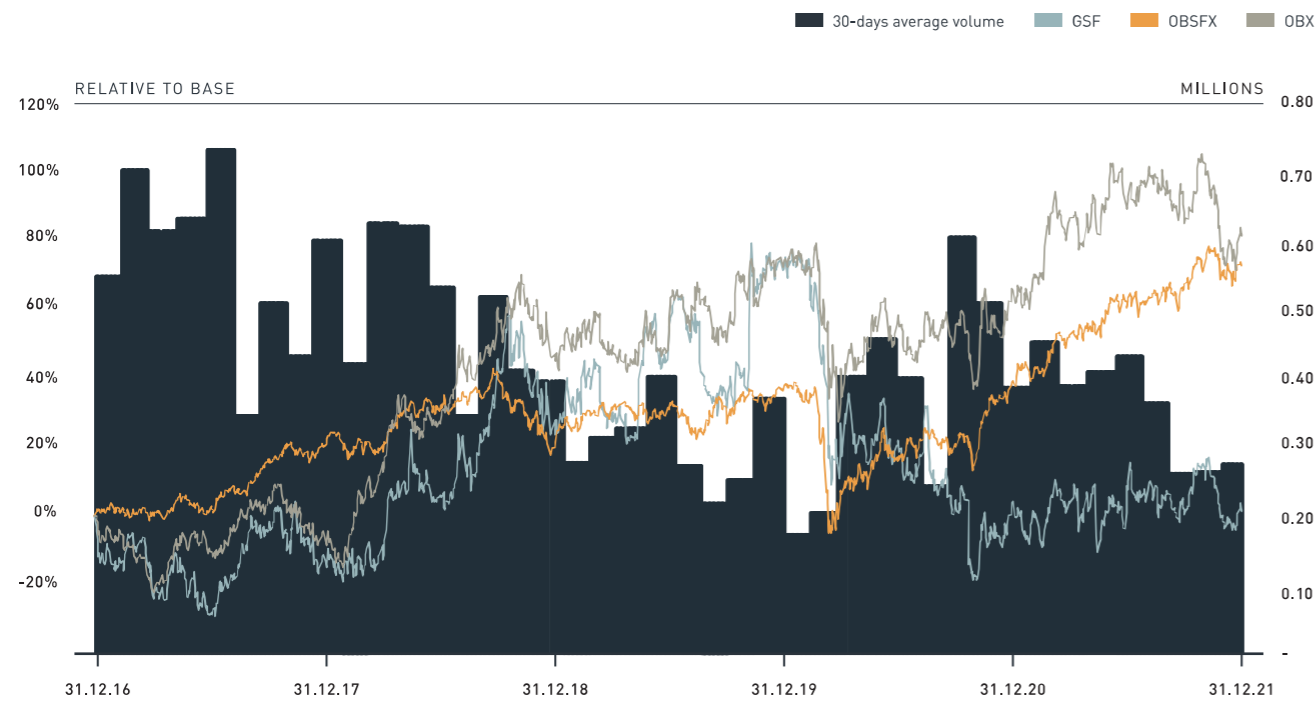
FIGURE 2.48
GEOGRAPHICAL OWNERSHIP IN 2020 & 2021 (NUMBER OF SHARES)



LEARN MORE ON OUR WEBSITE

→ [Our share, shareholders and dividends](#)

FIGURE 2.49
FIVE YEAR RELATIVE SHARE PERFORMANCE



Source data GSF
Source OBSFX
Source OBX

FIGURE 2.50
DIVIDEND PAID

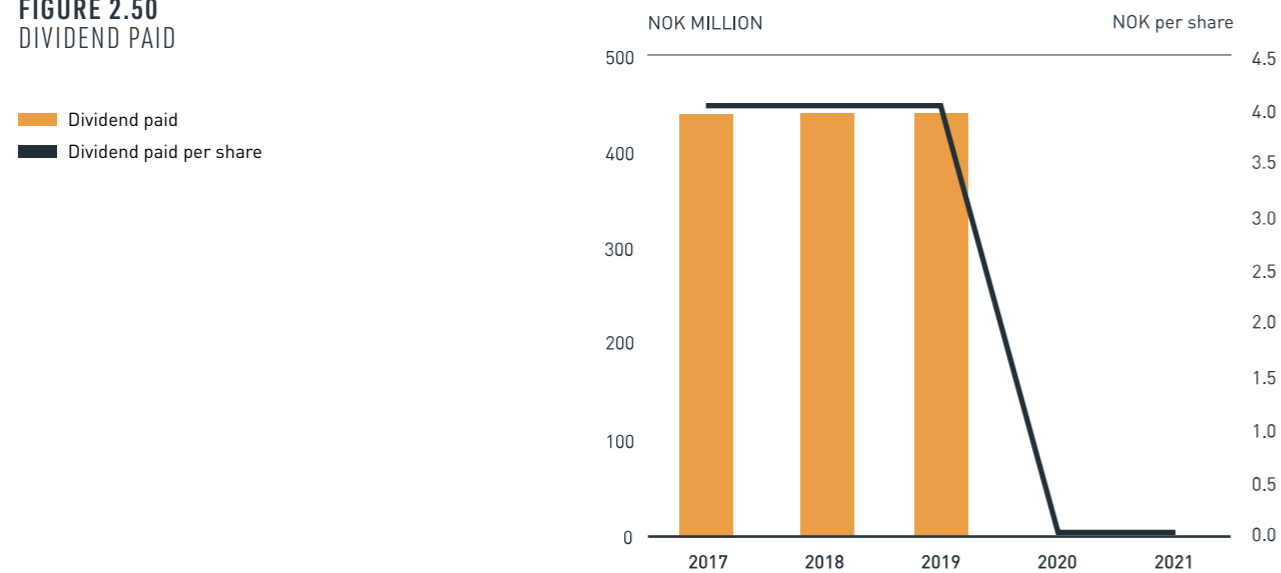


FIGURE 2.51
KEY FIGURES

KEY FIGURES GRIEG SEAFOOD SHARE	2017	2018	2019	2020	2021
Number of shares at year-end (incl. own shares)	111 662 000	111 662 000	111 662 000	113 447 042	113 447 042
Number of shares traded	143 109 533	116 144 510	72 001 397	99 831 798	85 769 401
Number of shareholders	4 433	5 124	4 968	12 436	9 938
Total value of shares traded per day (NOK million)	40.7	42.1	33.7	37.5	28.5
Average number of shares traded per day	570 158	466 444	289 162	396 158	340 355
Median number of shares traded per day	486 933	411 341	240 801	317 106	265 456
Total market value OSE (NOK 1 000)	8 067 580	11 423 023	15 666 178	9 642 999	9 427 449
Share price at year-end (NOK)	72.3	102.3	140.3	85.0	83.1
Average share price (NOK)	71.5	92.2	118.0	99.1	84.4
Lowest closing price (NOK)	58.0	66.2	96.8	66.3	73.2
Highest closing price (NOK)	85.1	131.9	146.8	144.9	95.6

RESPONSIBLE BUSINESS CONDUCT

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



OUR APPROACH

Grieg Seafood is committed to conducting its business ethically and with integrity throughout our operations and value chain. We promote and value transparency. We do not permit or tolerate engagement in any form of corruption or money laundering activities.

OUR PRINCIPLES

- We do not accept any form of corruption, or improper payments (bribes) given or received to influence business and gain advantage.
- We do not participate in any form of business conduct which involves money laundering.
- We perform risk assessments of our operations and our value chain, and implement mitigating measures or controls to prevent corruption and money laundering activities.
- We aim to know our trading partners, including our customers, by performing adequate integrity due diligence.
- Our Supplier Code of Conduct states our expectations related to ethical principles, anti-bribery laws, anti-corruption and business conduct for our suppliers, subcontractors, and other business relationships.
- We comply with applicable anti-corruption and anti-money laundering laws and regulations where we operate.
- We adhere to the relevant standards set out in the United Nations Convention against Corruption.
- We follow our principles anywhere in the world, regardless of local customs.

OUR TARGET

Responsible business conduct	No incidents of non-compliance with our anti-corruption and anti-money laundering policies
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OUR RESULTS

INVESTIGATIONS

In February 2019, the European Commission launched an investigation to explore potential anti-competitive behavior in the Norwegian salmon industry. Grieg Seafood is one of the companies under investigation. Based on the EU investigation, US competition authorities launched their own investigation into the matter in November 2019. Two class-actions have been filed by direct and indirect customers in the USA and three class actions have been filed in Canada (none has yet been certified as a class action). Grieg Seafood is not aware of any anti-competitive behavior within the Group, neither in Norway, nor the EU, the USA or Canada. We are fully collaborating with European and American authorities in this matter and follow up the lawsuits in the USA and Canada accordingly.

NON-COMPLIANCE

Our risk assessments in 2021 did not uncover any high-risk activities that required specific mitigation actions. None of the countries where we operate were considered high-risk countries according to the Transparency International Corruption Perception Index. We did not experience any incidents of corruption or money-laundering activities in 2021. We had no corruption incidents that resulted in the termination or non-renewal of contracts with a business partner.

LEARN MORE ON OUR WEBSITE

- Corporate Governance structure
- Anti-money laundering and anti-corruption policies

FIGURE 2.52
NON-COMPLIANCE WITH LAWS AND REGULATIONS IN 2021

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

KEY PERFORMANCE INDICATORS AND ALTERNATIVE PERFORMANCE MEASURES (APM)

We believe that our financial statements only partially reflect the underlying performance of our operations. We are therefore working continuously to develop key operational performance indicators and alternative performance measures (APM) that we believe provide additional information when analyzing our operational and financial performance.

The APMs used here have been defined by Grieg Seafood to supplement its financial statements. These non-IFRS financial measures could therefore deviate from similar APMs presented by other companies.

EBITDA

Definition and calculation

Operating profit before amortization and depreciation, excluding production fee and fair value adjustment of biological assets. Unless otherwise specified, EBITDA before production fee and fair value adjustment of biological assets is shortened to EBITDA. This also applies to all key figures where EBITDA is a component, including: EBITDA margin (%), and NIBD/EBITDA. The EBITDA is included as a subtotal in the Group's income statement.

Reason for applying APM

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.

EBIT (EBIT BEFORE PRODUCTION FEE AND FAIR VALUE ADJUSTMENT OF BIOLOGICAL ASSETS)

Definition and calculation

Operating profit before amortization and depreciation, production fee and fair value adjustment of biological assets. Unless otherwise specified, EBIT before production fee and fair value adjustment of biological assets is shortened to EBIT (earnings before interest and taxes). This also applies to all key figures where EBIT is a component, including EBIT/kg GWT, EBIT margin (%) and ROCE. The EBIT before production fee and fair value adjustment of biological assets is included as a subtotal in the Group's income statement.

REASON FOR APPLYING APM

EBIT before production fee and fair value adjustment provides a more informative result as it does not consider country-specific taxation on harvest volume and future gains or losses on fish not yet sold. The fair value adjustment has a non-operational nature and can affect the comparability of our performance from period to period. This EBIT metric is generally considered the industry measure for profitability.

SALES REVENUE/KG (GWT)

Definition and calculation

The sales revenue/kg (GWT) metric is calculated as sales revenue from farming operations divided by harvested volume in kg gutted weight equivalent. Sales revenue/kg is included in the Group's segment information (see Note 8 to the Group Accounts). See the segment information in addition to the reconciliation disclosed in this section. The per kg figure can be reconciled using the figures in the segment information of the Group. The metric is calculated by farming region, and for the Group as a whole. Sales revenue from farming operations equals the revenue directly attributable to the sale of Atlantic salmon, including the impact of fixed-price contracts. The sales revenue from farming operations also includes the margin generated by the sales department. For the Group, the sales revenue from farming operations equals the sum of the sales revenue from farming operations per farming region. It therefore excludes the sales revenue generated by the Elim/Other item in the Group's segment reporting (see Note 8 to the Group Accounts).

Reason for applying APM

Sales revenue/kg is a relative metric which ensures comparability between our farming regions and across time. The metric captures the price achievement generated by the Group and each farming region.

FARMING COST/KG (GWT)

Definition and calculation

The farming cost/kg (GWT) metric is the sum of all costs directly related to the production and harvest of salmon, divided by the related harvest volume in kg gutted weight equivalent (GWT). Thus, at the regional level, farming costs equal operational costs. Other income is included in the farming cost metric as cost-reduction activities. Therefore, farming cost can be calculated as sales revenue from farming operations less EBIT. The farming cost/

kg is included in the Group's segment information (see Note 8 to the Group Accounts). See the segment information in addition to the reconciliation disclosed in this section. The per kg figure can be reconciled using the figures in the segment information of the Group. The metric is calculated by farming region, and for the Group as a whole. Group farming cost equals the sum of the regions' farming costs, which excludes the net costs from the item Elim/Other in the Group's segment reporting.

Reason for applying APM

Farming cost/kg is a relative metric which ensures comparability between our farming regions and across time. The metric captures the cost level of the farming operations. As Atlantic salmon is traded largely as a commodity, and the prices achieved largely reflect a general market price, the farming cost/kg captures the underlying operational profitability for the Group and each farming region.

OTHER COSTS INCL. OWNERSHIP AND HEADQUARTERS COSTS/KG (GWT)

Definition and calculation

The Other costs incl. ownership and headquarters costs/kg (GWT) metric captures all costs and revenue not directly related to the production and harvesting of salmon. This includes costs deriving from activities conducted by the parent company and other Group companies not related to production, divided by the Group's harvest volume. In addition, until the first harvest in Newfoundland is carried out, costs attributable to the Newfoundland region are included as other costs/kg. The Other costs incl. headquarters costs/kg is included in the Group's segment information (see Note 8 to the Group Accounts), and is equal to the EBIT of elim/other and Newfoundland over the group harvest volume (GWT). The metric is calculated for the Group, and can be reconciled in the Group's segment information.

Reason for applying APM

Other costs incl. headquarters costs/kg is a relative metric which ensures comparability when assessing the Group's cost level over time. The metric captures the costs of the Group which are not deemed directly attributable to farming operations.

EBIT/KG (GWT)

Definition and calculation

The EBIT/kg (GWT), or EBIT/kg, metric is the EBIT before production fee and fair value adjustment of biological assets divided by harvested volume in kg gutted weight equivalent. The EBIT/kg is included in the Group's segment information (see Note 8 of the Group Accounts). The per kg figure can be reconciled using the figures in the segment information of the Group. The metric is calculated by farming region and for the Group as a whole.

Reason for applying APM

EBIT/kg is a relative metric which ensures comparability between our farming regions and across time. The metric captures realized

operational profitability for the Group and each farming region. EBIT/kg equals sales revenue/kg subtracted by farming cost/kg and other costs incl. headquarter costs/kg.

NET INTEREST-BEARING DEBT (NIBD)

Definition and calculation

Net interest-bearing debt (NIBD) comprises non-current and current debt to financial institutions and other interest-bearing liabilities, after deducting cash and cash equivalents. Amortized loan costs are not included in NIBD.

NIBD is calculated in three ways:

1. NIBD includes all long-term and current debt to credit institutions and other interest-bearing liabilities, incl. the effect of IFRS 16 compared to the IFRS in force prior to 1 January 2019. This NIBD metric is disclosed in Note 12 to the Group Accounts. This NIBD metric is included in the ROCE calculation.
2. NIBD includes all long-term and current debt to credit institutions and other interest-bearing liabilities, but is adjusted according to terms and conditions set out in the bank loan agreement. This NIBD metric is disclosed in Note 12 to the Group Accounts, and excludes the effect on NIBD of IFRS 16 compared to the IFRS in force prior to 1 January 2019, in addition to other adjustments made according to the loan agreement. This method of calculating NIBD is used in the calculation of NIBD/EBITDA.
3. NIBD includes all long-term and current debt to credit institutions and other interest-bearing liabilities but excludes the effect of IFRS 16 compared to the IFRS in force prior to 1 January 2019. This metric is calculated as NIBD according to bullet 1 above, subtracted by the effect of IFRS 16 as included in the adjustment to the covenant relating to NIBD in bullet 2 above.

A reconciliation of NIBD according to method 1 with the Financial Statements have been disclosed. The NIBD according to method 1 and 2 can be reconciled using the reconciliation for method 1 below, and the NIBD note disclosures in Note 12 in the Group Accounts.

Reason for applying APM

Net interest-bearing liabilities is a measure of the Group's net debt and borrowing commitments.

NIBD/EBITDA (NET INTEREST-BEARING LIABILITIES DIVIDED BY EBITDA ACCORDING TO LOAN AGREEMENT)

Definition and calculation

NIBD/EBITDA is calculated using the following inputs:

- NIBD according to bullet 2 in the NIBD section of this APM disclosure
- EBITDA excluding the effect of IFRS 16 compared to the IFRS in force prior to 1 January 2019

Reason for applying APM

NIBD/EBITDA captures the leverage ratio of the Group, by comparing the net borrowings of the Group, excluding the impact of lessee accounting, to the EBITDA before fair value adjustment of biological assets (excluding the impact of lessee accounting). The metric provides a measure of the Group's financial solidity, in addition to being one of the financial covenants of the syndicated loan agreement.

NIBD/HARVEST (NET INTEREST-BEARING LIABILITIES DIVIDED BY HARVEST VOLUME IN KG GUTTED WEIGHT)**Definition and calculation**

NIBD/harvest is calculated using NIBD according to methods 1-3 as described in the NIBD section of this APM disclosure. The applicable NIBD/harvest indicates which NIBD metric is used in the calculation. The NIBD/harvest is calculated in two ways:

1. NIBD divided by actual harvest volume in kg gutted weight in the last 12 months
2. NIBD divided by guided full-year harvest volume in kg gutted weight

Reason for applying APM

NIBD/Harvest captures the leverage of the Group measured by the harvest capacity and is utilized when optimizing the Group's leverage ratio. Actual harvest volume in the last 12 months indicates the leverage ratio according to proven harvest capacity, while guided harvest volume indicates the leverage ratio according to business plans as the Group are targeting volume growth in an annual basis.

RETURN ON CAPITAL EMPLOYED (ROCE)**Definition and calculation**

Return on capital employed (ROCE) is calculated by comparing EBIT before fair value adjustment of biological assets (but including production fee), to capital employed. Capital employed is calculated on annual and quarterly bases, both as a quarter-to-date figure and a year-to-date figure. The quarter-to-date figure is annualized. Capital employed is defined as total equity excluding the equity component of the fair value adjustment of biological assets, plus net interest-bearing liabilities according to the NIBD calculation method 1, as described in the NIBD section of this APM disclosure. Capital employed for the reporting period is calculated as the average of the opening and closing balances.

Reason for applying APM

As the salmon farming industry is a capital-intensive line of business, ROCE is an important metric to measure the Group's profitability relative to the investments made. The fair value adjustment of biological assets is excluded from the calculation, as this reflect estimated future gains or losses on fish not yet sold.

EQUITY RATIO**Definition and calculation**

Equity ratio is calculated in two ways:

1. Equity according to the Statement of Financial Position divided by total equity and liabilities according to the Statement of Financial Position
2. Equity ratio according to loan agreements (both the syndicated bank loan agreement and the bond loan agreement) is calculated by dividing equity by total equity and liabilities. The equity, and total equity and liabilities, are calculated as in bullet 1 above, but excludes the effect of IFRS 16 compared to the IFRS in force prior to 1 January 2019 and its impact on equity, and on lease liabilities (and thus total equity and liabilities).

Reason for applying APM

Equity ratio captures the financial solidity of the Group. Furthermore, the equity-ratio according to calculation method 2 above is a covenant requirement for the Group.

GROSS INVESTMENTS**Definition and calculation**

Gross investments equal the Group's capital expenditures (CAPEX) excluding the effect of IFRS 16 compared to the IFRS in force prior to 1 January 2019. Thus, the gross investment figure includes additions made on property, plant and equipment and intangible assets owned by the Group, together with long-term lease arrangements with credit institutions.

Reason for applying APM

The Group's CAPEX monitoring shows that gross investments are in line with the CAPEX monitoring of the Group. Historically, leases which were recognized as financial leases under the IFRS in force prior to 1 January 2019 have accounted for a significant portion of the investments made in seawater assets (typically cages and seawater production equipment). Such leases are therefore included in the Group's CAPEX monitoring procedures. The accounting impact of IFRS 16 (capitalized operational leases) is excluded from gross investments, as such leases are not treated as part of CAPEX. Operational leases, such as well-boat charters, are included in the Group's operational budgets as running cost.

A reconciliation of gross investments with the Financial Statements have been disclosed.

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

Below, the APMs derived in absolute figures are disclosed and reconciled to the Income Statement, Statement of Financial Position and Cash Flow Statement, respectively. The EBITDA and EBIT are disclosed on the Income Statement, and are thus indirectly reconciled on that statement.

FIGURE 2.53**SALES REVENUE FARMING OPERATIONS, FARMING COST AND EBIT (NOK MILLION)**

2021	Source	Rogaland	Finnmark	British Columbia	Group
Sales revenue farming operations	Note 8	1 431	1 756	1 023	4 211
Elim/Other	Note 8				388
Sales revenue	Income Statement				4 599
EBIT farming operations	Note 8	242	251	150	643
Farming cost	Note 8	1 189	1 506	873	3 568
Elim/Other & Newfoundland	Note 8				-200
EBIT	Income Statement				442

2020	Source	Rogaland	Finnmark	British Columbia	Group
Sales revenue farming operations	Note 8	1 263	1 314	1 179	3 756
Elim/Other	Note 8				629
Sales revenue	Income Statement				4 384
EBIT farming operations	Note 8	292	127	-7	412
Farming cost	Note 8	971	1 186	1 186	3 343
Elim/Other & Newfoundland	Note 8				-179
EBIT	Income Statement				233

FIGURE 2.54**NIBD ACCORDING TO METHOD 1 (NOK MILLION)**

	Source	2021	2020
Borrowings	Statement of Financial Position	2 381	3 376
Lease liabilities	Statement of Financial Position	578	532
Non-current liabilities		2 959	3 908
Current portion of borrowings	Statement of Financial Position	54	104
Current portion of lease liabilities	Statement of Financial Position	178	153
Current liabilities		233	258
Loans to associates	Note 7	2	2
Cash and cash equivalents	Statement of Financial Position	928	275
Amortized loan costs	Note 12	-30	-43
NIBD (method 1)		2 291	3 931

FIGURE 2.55**GROSS INVESTMENTS (NOK MILLION)**

	Source	2021	2020
Property, plant and equipment	Cash Flow Statement	561	760
Intangible assets	Cash Flow Statement	4	159
Additions according to the Cash Flow Statement		565	919
Finance leases according to IFRS in force prior to 1 January 2019		5	59
Gross investments		570	979

OUR PROGRESS TOWARDS A SUSTAINABLE FOOD SYSTEM

PEOPLE

HUMAN RIGHTS AND ETHICS	68
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Every single day, whether it is sunny, stormy or freezing cold, our fantastic employees are out there working hard in the hatcheries, on the farms or at the harvesting plants. Their passion and dedication drive Grieg Seafood forward.

HUMAN RIGHTS

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

OUR APPROACH

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

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

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

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

OUR PRINCIPLES

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

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

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

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

IN OUR SUPPLY CHAIN

- We have our own [Supplier Code of Conduct](#), which our suppliers are obligated to follow. Suppliers must abide by the same rules as those we have laid down for our own employees.
- Grieg Seafood has implemented the UN Guiding Principles of Business and Human Rights.
- Grievance mechanisms are available on our regional websites.
- Grieg Seafood is a member of the [Coalition for Responsible Business](#). The Coalition calls for a Norwegian human rights law for business, based on the United Nations Guiding Principles on Business and Human Rights. The Coalition is comprised of Norwegian civil society, trade unions and businesses, and Grieg Seafood is a signatory.

OUR TARGETS

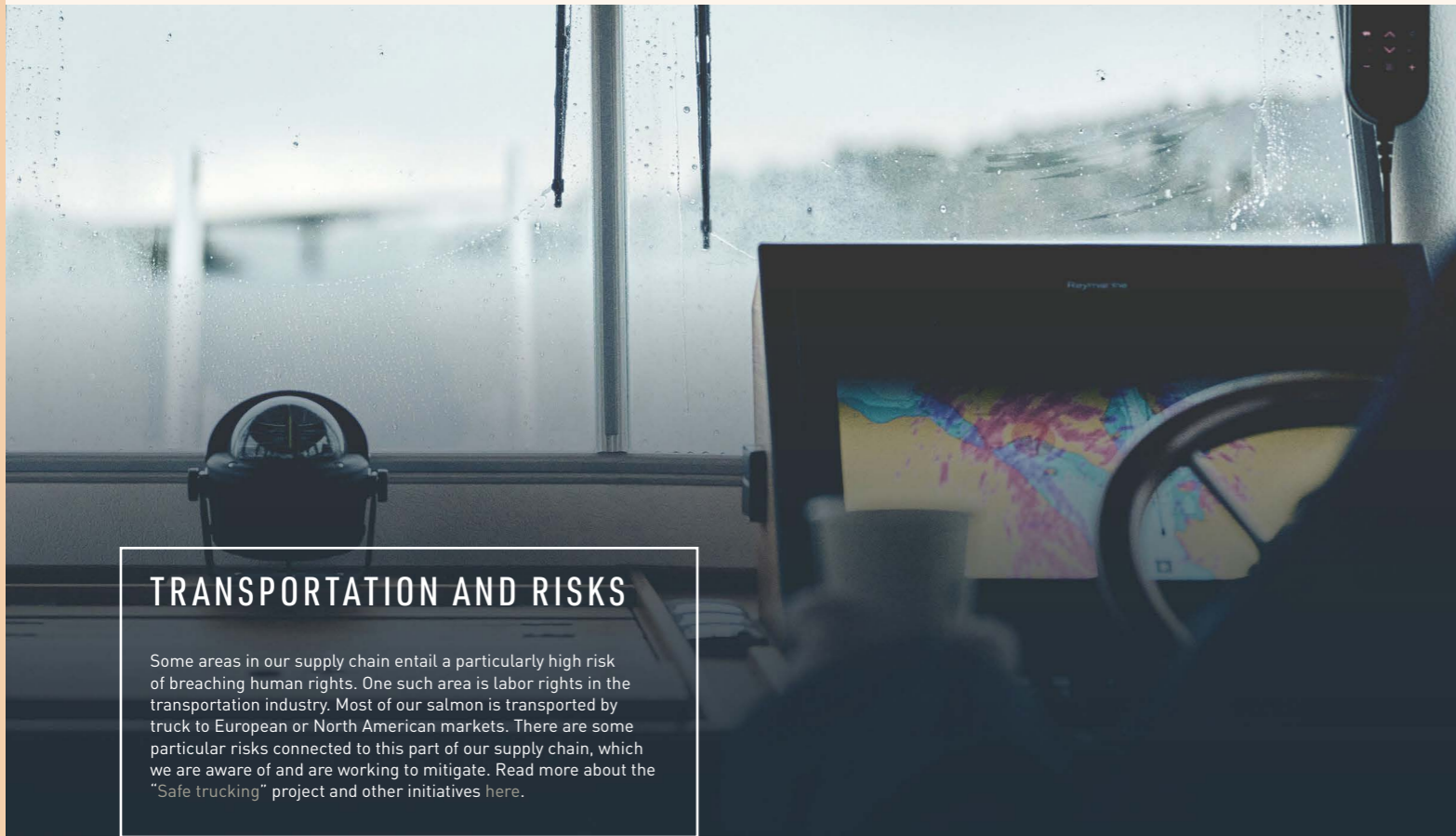
Whistleblowing	Professional handling of harassment and whistleblowing cases
Code of Conduct	100% of employees completed the Code of Conduct program
Compensation	Annual evaluation of salaries and benefits to ensure fairness

IN OUR OWN OPERATIONS

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

LEARN MORE ON OUR WEBSITE

- [Our policy and grievance mechanisms for human rights](#)
- [Human rights in our operations and value chain](#)



TRANSPORTATION AND RISKS

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

OUR RESULTS

In 2021, we performed our annual evaluation of the salaries and benefits of our employees, by using the Kornferry methodology to benchmark our salaries.

We have conducted a first version of a human rights due diligence covering our operations and supply chain, and identified the main risk areas. The assessment will be published on our web site.

FIGURE 2.56
UNIONIZED EMPLOYEES (%) AT YEAR END 2021

	Share
Rogaland	30%
Finnmark	39%
British Columbia	0%
Newfoundland	0%
ASA	0%
Sales & Market	0%

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

The numbers reflect memberships of the United Federation of Trade Unions (Fellesforbundet) and The Norwegian Food and Allied Workers Union (NNN), the largest labour unions in our industry. Due to privacy and security laws, we do not have access to data on all types of memberships, such as association for professionals and graduates. It is therefore assumable that the actual number of unionized is higher than depicted.

FIGURE 2.57
CODE OF CONDUCT PROGRAM

91%

95% of our 753 employees (ex contractors) have completed our Code of Conduct program. See also Figure 2.60 for more information on our Code of Conduct program.

FIGURE 2.58
HARASSMENT INCIDENTS

2

For the Group (excluding Shetland), two harassment incidents were reported in 2021. For reasons of privacy protection, those incidents are not commented further.

FIGURE 2.59
WHISTLEBLOWER CASES

1

For the Group (excluding Shetland), one case was reported through our whistle blower channel in 2021. For reasons of privacy protection, those incidents are not commented further.

FIGURE 2.60
HUMAN RIGHTS TRAINING

91%

In 2021, 719 employees (95%) were given human rights training. One completed Code of Conduct test corresponds to one hour of training.

FIGURE 2.61
NON-DISCRIMINATION TRAINING

57%

57% of our 753 employees (ex contractors) have completed a non-discrimination training course (54% of our employees completed the course in 2021). This does not include our Code of Conduct program which also includes a non-discrimination section.

OUR EMPLOYEES' RIGHT TO PRIVACY

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



EMBRACING DIVERSITY

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

OUR APPROACH

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

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

- Seeking opportunities to encourage gender diversity in traditionally gender-typical positions historically filled by gender stereotypes.
- Demonstrate gender equity social responsibility through the following community related activities:
 - Requiring our suppliers to support our principles through our Supplier Code of Conduct.
 - Ensuring senior representation on external networks that address gender equity issues.
- Support external organizations that demonstrate gender equity.

OUR TARGETS

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

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

OUR PRINCIPLES

DIVERSITY

We always:

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

GENDER EQUITY

We:

- Ensure our workplace provides equitable opportunities for our male and female employees, and foster an organizational culture which supports gender equity.
- Promote a family-friendly workplace for men and women through the following activities:
 - Parental leave options for both men and women.
 - Flexible working arrangements for staff.
 - Working from home options for staff.
- Create an equitable, respectful, and enabling environment for men and women within the organization through the following activities:
 - Ensuring that there is gender representation in all cross-functional teams, interview and assessment panels.
 - Ensuring that gender equity exists with regards to remuneration of employees. We perform annual benchmarking of all female salaries to ensure fairness and equality through a third-party provider.

LEARN MORE ON OUR WEBSITE

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



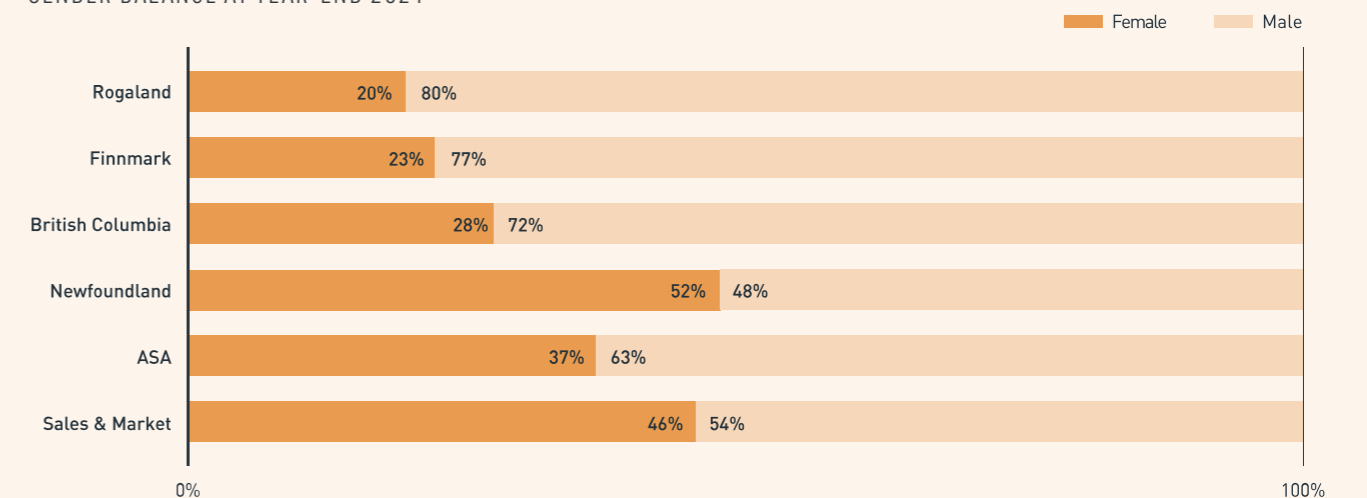


OUR RESULTS

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

In 2022, we received a score of 73 points (High score) in the SHE index. The average score across Norwegian companies was 71. We have reported on the SHE Index since 2019 in order to be transparent about the gender balance in our organization. The SHE Index is a voluntary measurement of how companies perform on gender balance, gender equality policies and diversity and inclusion. Our goal is to improve gender balance and diversity to become a preferred employer. Change takes time, and we should pay more attention to the work being done to create greater diversity and inclusion. During 2021, Grieg Seafood has taken several steps to improve our gender balance. This includes filling vacant management positions with women both with internal and external candidates, as well as having our first female regional director. In 2021, 40% of our new hires were women. We have also pledged to support the International Organization for Women in the Seafood Industry.

FIGURE 2.62
GENDER BALANCE AT YEAR-END 2021



At year end 2021, the Grieg Seafood Group had 753 employees (208 women and 545 men), including full-time and temporary workers but excluding contractors. Hence, women make up 28% of the workforce, while 72% are men. The ratio between male and female employees is similar across Rogaland, Finnmark, and BC. In Newfoundland, the share is higher due to focus on gender balance when the organization was set up. In addition to Newfoundland, the management and support functions at Grieg Seafood ASA and the Sales & Market teams have the highest proportion of female employees. For the group, 40% of our recruits were female in 2021.

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

CREATING ATTRACTIVE JOBS

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

OUR APPROACH

Our goal is to attract the best skills, and to be the preferred employer, regardless of industry. We have a fair and transparent recruitment process. We believe that a good working environment creates attractive jobs. We need to adapt to a fast-changing global environment, and we believe that a continuous development of our employees is the key to staying competitive and attractive.

OUR PRINCIPLES

COMPENSATION

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

EMPLOYEE DEVELOPMENT

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

DIALOGUE AND CULTURE

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

OUR TARGET

Job satisfaction	Above average in Great Place to Work survey
------------------	---



OUR RESULTS

FIGURE 2.63
GREAT PLACE TO WORK 2021

85%

Great Place to Work assesses and evaluates organizations and the practices that underpin workplace culture, based on the experience of employees. In 2021, we took part in the Great Place to Work survey for the fourth time in Norway, and for the third time globally. We are proud to announce that all our regions maintained the Great Place to Work certification in 2021. The Group achieved a total score of 85%, which was very satisfactory and an improvement from 84% in 2020. The high score shows that Grieg Seafood is among the best companies to work for. 83% of our employees also confirmed that they feel a sense of pride when they look at what we have accomplished at Grieg Seafood, which is better than the best companies in the survey. With a record high participation, this certification is an enormous credit to the employees and their hard work and loyalty, in particular during a time of global pandemic.

FIGURE 2.64
APPRENTICESHIP PARTICIPATION AT YEAR-END 2021

28

At year-end 2021, a total of 28 employees were participating in an apprenticeship, thereof nine in Rogaland, 12 in Finnmark, and seven in Newfoundland. British Columbia did not have any apprentices in 2021.

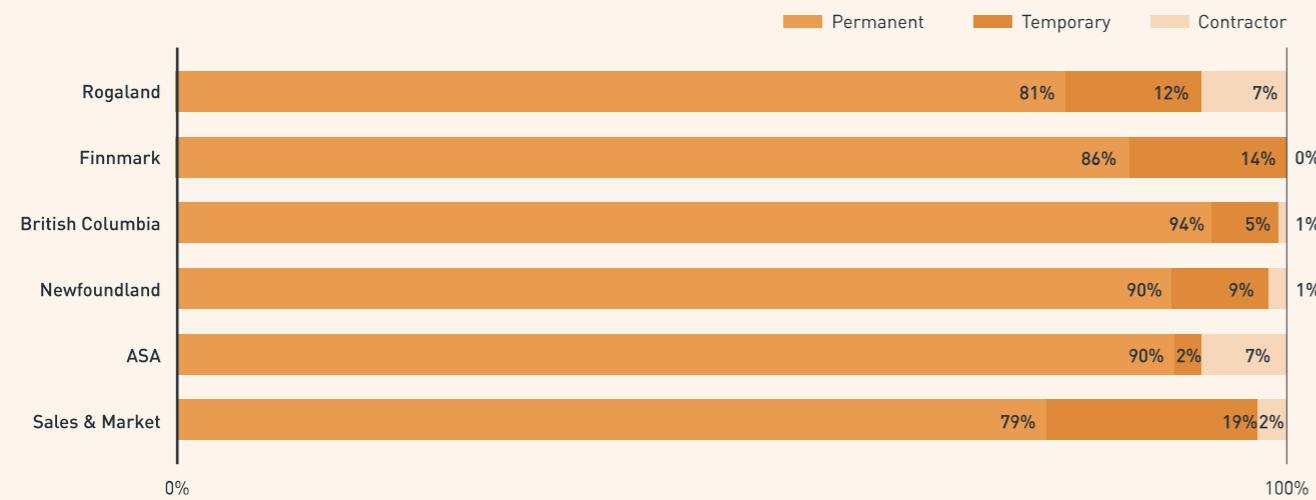
FIGURE 2.65
APPRENTICESHIP ACHIEVEMENTS IN 2021

19

In 2021, a total of 19 employees received their certificate of apprenticeship, thereof eight in Rogaland, ten in Finnmark, and one in Newfoundland.

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

FIGURE 2.66
THE WORKFORCE AT YEAR-END 2021



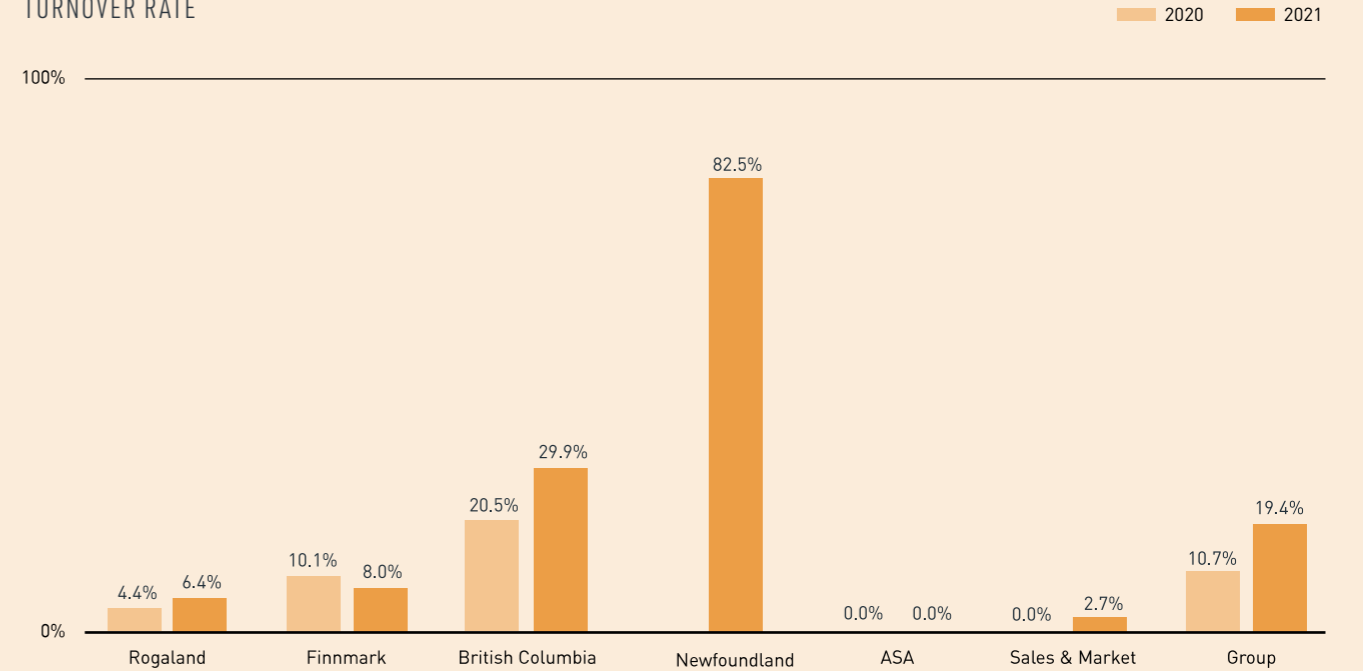
Overall, 87% (670 of 773) of our workers are permanent employees. We have some temporary employees, particularly seasonal workers in our processing facilities and apprentices at the farms. Most of our apprentices are offered a permanent position with us after their apprenticeship is over. Contractors are mainly used in Norway during peak periods of harvesting.

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

FIGURE 2.67
THE WORKFORCE AT YEAR-END 2021

Region		Permanent		Temporary		Contractor		Total
		Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	
Rogaland	Female	24	5	3	0	5	0	37
	Male	100	12	16	2	8	0	138
Finnmark	Female	41	5	8	5	0	0	59
	Male	178	1	19	5	0	0	203
British Columbia	Female	43	0	3	3	1	0	50
	Male	124	0	3	0	1	0	128
Newfoundland	Female	28	0	5	0	0	0	33
	Male	34	1	1	0	1	0	37
ASA	Female	13	0	0	1	0	0	14
	Male	24	0	0	0	0	3	27
Sales & Market	Female	19	0	1	1	1	0	22
	Male	18	0	3	4	0	0	25
Total		646	24	62	21	17	3	773

FIGURE 2.68
TURNOVER RATE



* Excluding Grieg NL Development. In 2021, Grieg NL Development was closed. The first half of the year saw the conclusion of construction and commissioning of the first feed and smoltification units. Grieg NL Development ceased operations and the remaining construction and support staff were laid off. Since Grieg NL Development was a stand-alone sole purpose construction company, those employees were not included in the 2021 turnover figures.

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

In Rogaland and Finnmark, turnover in 2021 was fairly constant compared to 2020, while ASA and our Sales & Market organizations have a low turnover.

Grieg Seafood BC has experienced high turnover this year, which has been common through all industries in this region, as it was challenging to attract candidates in a competitive market. We continue to support our good relationships with First Nations and local communities to help attract potential employees from the region. We also work closely with training institutions to offer employment to applicants that have chosen aquaculture as their desired career path. Through our commitment to supporting the Truth and Reconciliation process in Canada, employment priority goes to First Nations candidates who want to work in their traditional territories.

Grieg Seafood Newfoundland experienced a large turnover in 2021. The cull of the first generation resulted in the layoff of the marine team and supporting staff as well as downsizing of the land-based staff complement in early fall.

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.

SAFETY MANAGEMENT PRINCIPLES

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

OUR APPROACH

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

OUR PRINCIPLES

SYSTEMS, PROGRAMS, AND RISK ASSESSMENT

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

CREATING AN HSE CULTURE

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

HAZARD MANAGEMENT

- Our occupational health services provider helps to map and assess the risk of the work environment, including physical, organizational and psychosocial factors and include areas such as:
 - help working out guidelines for work processes.
 - suggestions for preventative safety measures.
 - training and information about occupational health, industrial hygiene, ergonomics, external environment, chemicals, and general health and safety.
 - work environment evaluation and adaptation.
 - measurement of physical, chemical and biological factors.
 - help with following up workplace absenteeism.
 - help with conflict resolution and harassment.

INCIDENT REVIEW

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

PROMOTING EMPLOYEE HEALTH

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

IN OUR SUPPLY CHAIN

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

OUR TARGET

Absence rate	Absence rate below 4.5%
--------------	-------------------------

LEARN MORE ON OUR WEBSITE

→ [Health and safety principles](#)

OUR RESULTS

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

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

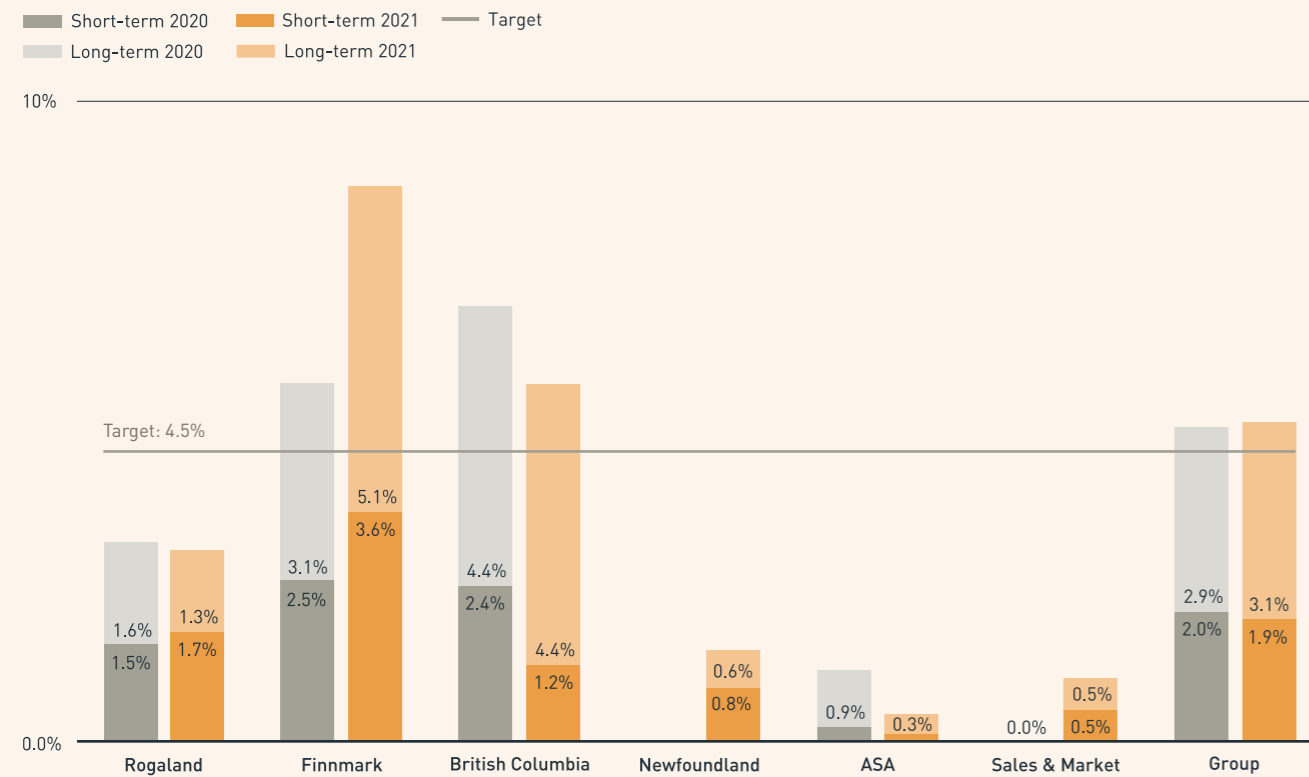
Grieg Seafood Newfoundland has implemented an EHS (Environment, Health & Safety) system throughout its operations based on standard industry best practices and legislative requirements.

FIGURE 2.69
FATALITIES IN 2021

0

We had zero fatalities in 2021.

FIGURE 2.70
ABSENCE RATE



In British Columbia, ASA and Rogaland, the absence rate has decreased compared to the year before, while in Finnmark and Sales & Market, the absence rate increased. The absence rate in Finnmark and British Columbia is above our target of 4.5%, mainly due to long-term sickness and Covid-19 implications. While the absence rate in British Columbia declined compared to 2020, we continue to monitor the situation and implement actions to reduce it further. In Finnmark, we have an ongoing process related to facilitating reduced work assignments and we are introducing training in absence follow-up for all employees. All in conjunction with employee representatives.

FIGURE 2.71
SAFETY INDICATORS IN 2021

	Hours worked *	Total work-related injuries	High-consequence work-related injuries
Rogaland	214 291	10	0
Finnmark	347 947	14	5
British Columbia	309 344	23	0
Newfoundland	207 050	1	1
ASA	66 663	0	0
Sales & Market **	38 464	0	0

* Excluding overtime.

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

Health and safety incidents are registered in our systems and reviewed as part of our monthly HSE meetings. In BC, quality control of incident data is achieved through support from a third party (WorkSafeBC). Injuries are caused mainly by being struck by objects, handling equipment, crushing, cuts, slips, and falls. Risk assessments show that high-consequence injuries derive from being struck by an object, crushing and cuts. High-consequence injuries incurred in 2021 related to being struck by an object, falls and crushing. The injuries were assessed and reported to other sites to prevent similar accidents from happening.

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

FIGURE 2.72
H1-FACTOR/LTIR

	H1-factor/LTIR *					Absence rate				
	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
Rogaland	11	24	15	9	42	3.2%	4.7%	3.5%	3.1%	3.0%
Finnmark	24	18	22	28	22	4.4%	5.4%	4.9%	5.6%	8.7%
British Columbia	16	38	35	36	6	0.9%	1.8%	2.0%	6.8%	5.6%
Newfoundland	n/a	n/a	n/a	n/a	5	n/a	n/a	n/a	n/a	1.3%
ASA	0	0	0	0	0	1.0%	0.1%	0.3%	1.1%	0.5%
Sales & Market	n/a	0	0	0	0	n/a	0.6%	0.5% **	0.0%	0.9%
Group	n/a	n/a	n/a	24	16	3.2% **	3.3% **	3.2% **	4.9%	5.0%

* H1-factor/LTIR: number of lost-time injuries divided by the total number of hours worked (incl. overtime from and including 2020), multiplied by 1 000 000. Permanent and temporary employees are included in our incident data. Information on contractors is not currently available.

** including Shetland

An LTIR target has not been defined in order to avoid under-reporting of incidents.

In BC, the number of LTI incidents from 2020 decreased substantially. Countermeasures taken and risk assessments conducted in 2020 helped us to achieve this substantial reduction of LTI incidents. The WorkSafeBC framework which we use to compare ourselves with the industry average has been one of the tools used to decrease the number of LTI incidents. The relatively high number of work-related injuries is also referable to the improved reporting schemes.

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

OUR PROGRESS TOWARDS
A SUSTAINABLE FOOD SYSTEM
LOCAL COMMUNITIES

RELATIONSHIPS WITH LOCAL COMMUNITIES 77

COMMUNITY SUPPORT 78

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



RELATIONSHIPS WITH LOCAL COMMUNITIES

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

OUR APPROACH

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

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

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

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

OUR PRINCIPLES

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

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

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

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



GRIEG SEAFOOD ROGALAND

ORGANIZATIONS

We support organizations that engage in beach cleaning and reduce greenhouse gas emissions, such as Klimapartnere-Stiftelsen Grønn by. Grønn by is a platform for cooperation between companies in the Stavanger region.

CULTURAL EVENTS

We support cultural events for children and young people, to make participation in cultural activities affordable for those with few financial resources. In Stavanger, for instance, we supported a boat called Svanå, where they teach the public about local coastal culture.

SPORTS CLUBS

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

162

employees

NOK 780 million

goods and services purchased from local suppliers in the county of Rogaland

60%

of total purchases were from local suppliers

NOK 0.5 million

donated to local cultural and sports activities

NOK 10.7 million

direct support from the Norwegian Aquaculture Fund to the municipalities where we operate, based on the production fee of NOK 0.40/kg (gutted weight)

GRIEG SEAFOOD FINNMARK

SHERPA HIKING TRAIL

We support the construction of a safe and robust Sherpa trail to Mount Tyven (the Thief), the mountain that "steals" the sun from Hammerfest in the winter.

LOCAL SPORTS CLUBS

Amongst other clubs, we support the local sports clubs Bossekopp and Øksfjord IL. Both clubs offer local sports activities for all ages. Bossekopp is located in Alta, where we have our local administration office and our harvesting plant. Øksfjord IL is located in a small village and means a lot for the local community.

FINNMARKSLØPET

We sponsored Finnmarksløpet – the longest dog sled race in Europe. The 1 200 km race starts in Alta, with the course going all the way to the Russian border and back again. Competitors must tackle challenging terrain and harsh winter conditions.

262

employees

NOK 643 million

goods and services purchased from local suppliers in the county of Troms and Finnmark

45%

of total purchases were from local suppliers

NOK 1.7 million

donated to local infrastructure projects and sports activities

NOK 13.8 million

direct support from the Norwegian Aquaculture Fund to the municipalities where we operate, based on the production fee of NOK 0.40/kg (gutted weight)

GRIEG SEAFOOD BRITISH COLUMBIA

EHATTESAHT FIRST NATION'S DOCK

We have upgraded the Ehattesaht First Nation's dock in Zeballos in BC, which is used for transferring farmed fish. This investment has also contributed to the local community economy, fishing, water sports and nature tours.

SPONSORSHIP AND DONATION PROGRAM

We continued to support wild salmon enhancement and beach restorations projects in 2021, both financially and in-kind through equipment donation and employee support. We also supported local food banks in six communities on Vancouver Island and in the lower mainland region of BC, through financial support and fish donations. Other donations include local First Nations organizations, supporting Elder programs in recognition of Orange Shirt Day, which in 2021, was also the first National Truth and Reconciliation Day. In December, we assisted two remote Indigenous communities with home deliveries of supplies for Christmas dinner. Residents in these communities normally have to travel hours to the closest grocery stores. Several other community initiatives were also supported, including sporting events and the continued clean-up efforts in Nootka Sound where a sunken commercial cargo vessel was leaking oil.

176

employees

NOK 890 million

goods and services purchased from local suppliers in BC

84%

of total purchases were from local suppliers

NOK 2.9 million

allocated to a local infrastructure project and our sponsorship and donation program

GRIEG SEAFOOD NEWFOUNDLAND

SPONSORSHIP OF LOCAL AQUARIUM

As a valued member of the Mini Aquarium family, we sponsored the Petty Harbour Mini Aquarium for the 2021 season. This sponsorship helped the Aquarium continue its mission of marine education through the winter.

DONATION TO HEALTH CARE

The Burin Peninsula Health Care Foundation held several events during the year which we have supported, including the Smile Cookie campaign and the Golf FORE Healthcare fundraisers. The donations went directly to the local health care centers to improve the quality of care for patients and long term care residents.

The Grace Sparks House provides safe, supportive accommodations to women and children who are fleeing family violence. We sponsored a family during the Christmas season and continue to support their initiatives by raising awareness against violence.

69

employees

NOK 160 million

goods and services purchased from local suppliers in Newfoundland

44%

of total purchases were from local suppliers

NOK 0.1 million

donated to local cultural activities and health care initiatives

OUR FINANCIAL RESULTS

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

PART 03

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BOARD OF DIRECTORS

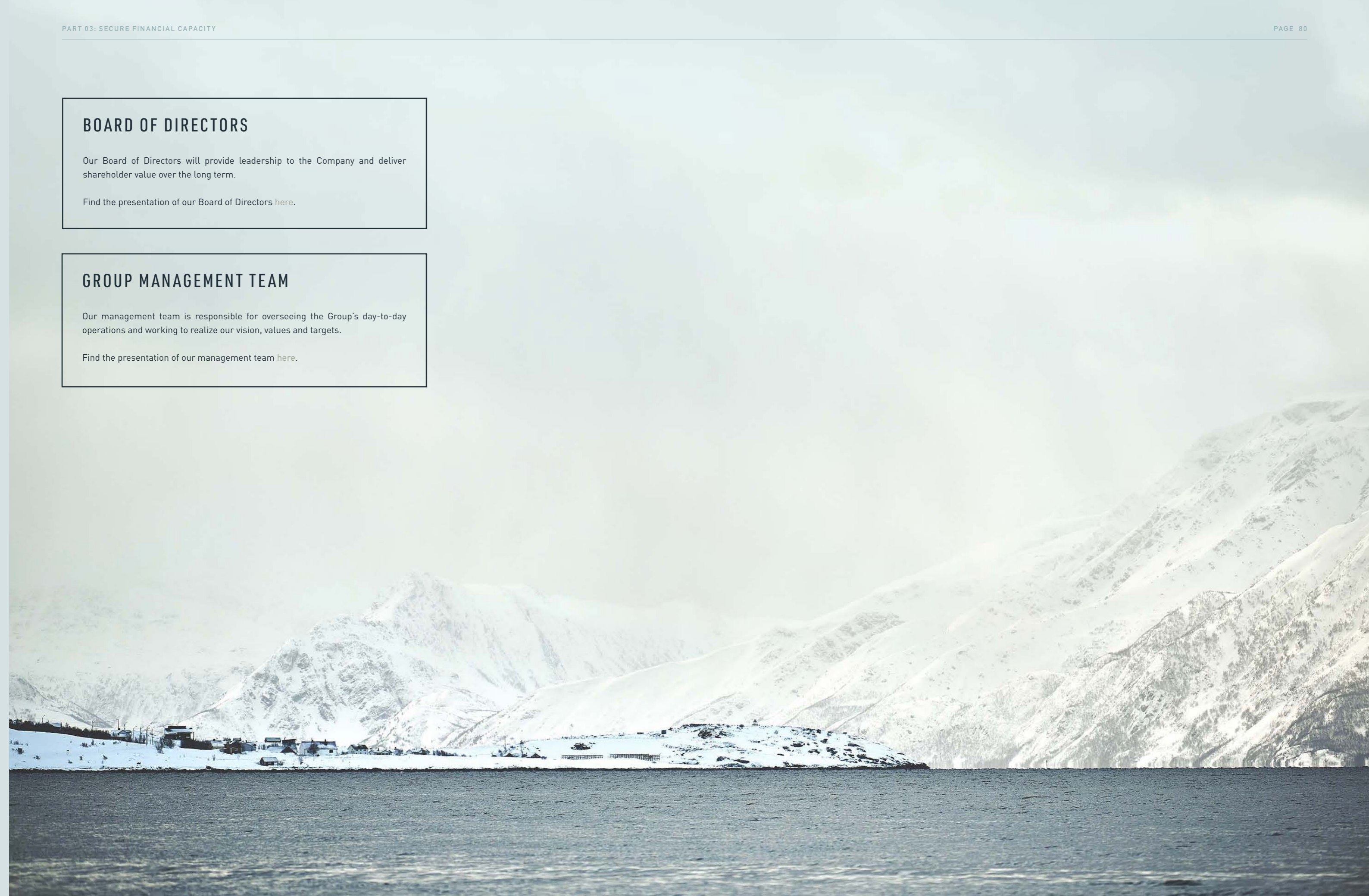
Our Board of Directors will provide leadership to the Company and deliver shareholder value over the long term.

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

GROUP MANAGEMENT TEAM

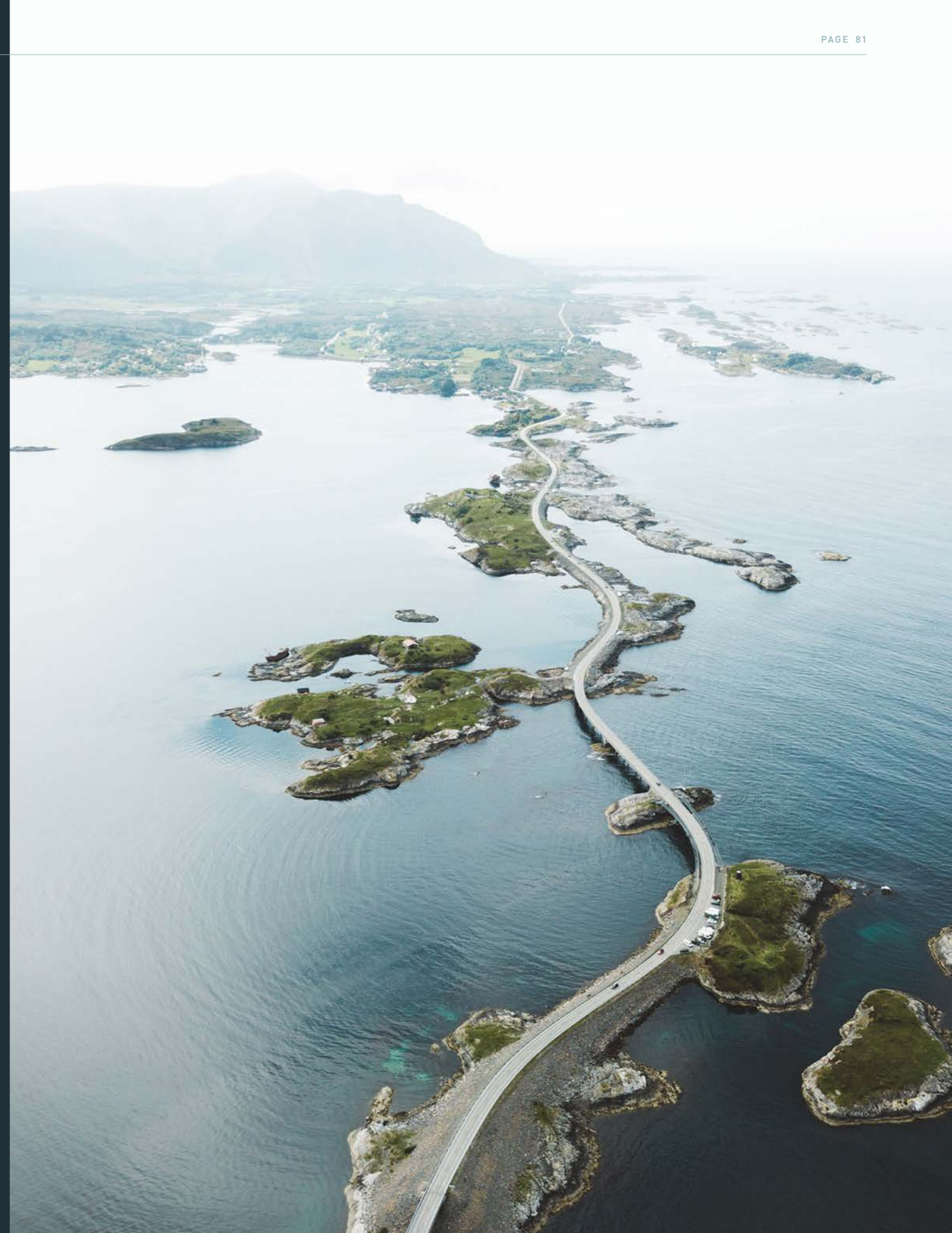
Our management team is responsible for overseeing the Group's day-to-day operations and working to realize our vision, values and targets.

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



BOARD OF DIRECTORS' REPORT

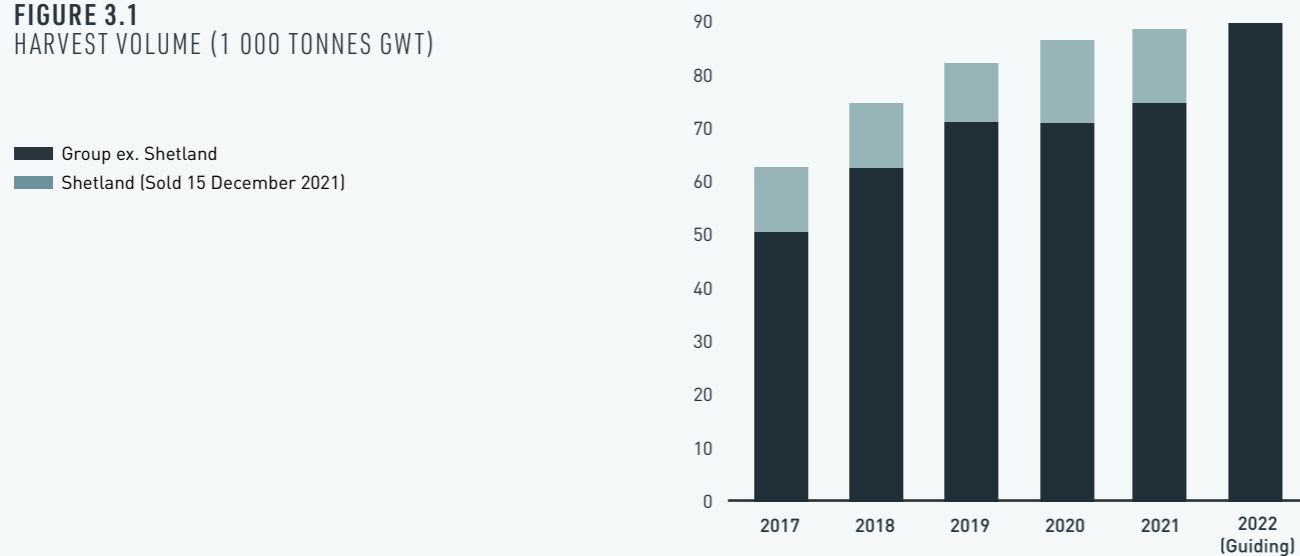
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MAIN ACHIEVEMENTS

- Highest ever harvest volume of 89 327 tonnes, or 75 601 tonnes ex Shetland
- EBIT before production fee and fair value adjustment of NOK 442 million, with EBIT/kg of NOK 5.9 driven by the harvested volume and good prices
- Strong operational performance, with increased seawater survival in all regions
- Restructured our business with the sale of Shetland operations to narrow focus to the regions with greatest potential for profitable growth: Eastern and Western Canada, and Northern and Southern Norway
- Fully operational sales and market organization, with value added processing as part of our downstream strategy
- Continued focus on certification for sustainable farming, 62% of net production ASC certified
- Ranked 2nd by the Collier FAIRR Protein Producer Index of the world’s most-sustainable protein producers
- Received Leadership (A) score by the CDP for our transparency and actions related to climate change

FIGURE 3.1
HARVEST VOLUME (1 000 TONNES GWT)



GRIEG SEAFOOD’S VISION AND AMBITIONS

The Grieg Seafood Group is one of the world’s leading salmon farmers. The Group has licenses for seawater farming and land-based smolt production in Finnmark and Rogaland in Norway, and British Columbia and Newfoundland in Canada. Up until December 2021, the Group also had farming and sales activities in Shetland. The operations in Shetland was sold 15 December 2021.

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

TARGETS AND ACHIEVEMENTS

Global growth, value chain repositioning and cost leadership are the key areas of the Group’s strategy to 2025.

As part of the strategy, the Shetland operations were sold to concentrate the Group’s focus on the regions with greatest potential for profitable growth - Norway and Canada. After several improvement initiatives, the Shetland region was turned around and delivered an overall profit for 2021. The sale strengthened the Group’s financial position substantially, and will allow it to further pursue its growth strategy. An important project is the development of Grieg Seafood Newfoundland. Fish are currently growing well in the freshwater facility. The first fish will be transferred to the sea in mid-2022. The Group harvested 75 601 tonnes GWT (or 89 327 tonnes including Shetland) in 2021. Despite being somewhat below the original expectation of 80 000 tonnes for the year, due to biological challenges, the Board is pleased with this performance, which is a result of the hard work, passion and dedication of the employees.

Another strategic milestone reached in 2021 was the establishment of an in-house sales and market organization as part of the downstream strategy. An impressive sales organization was in place within a short time, and a value added product (VAP) sales department was also established as an important first step towards repositioning the company in the market.

The Group aims to be cost competitive. The farming cost per kg decreased in Finnmark, while the cost increased in Rogaland and BC. Biological control is the main cost driver and the main operational focus area. The Group also has several cost improvement initiatives, in the area of research and development (R&D) and the utilization of new technologies, which, combined with a higher harvest volume, are expected to reduce the farming cost. However, rising global inflation is expected to increase the majority of the cost elements going forward.

Creating shareholder value is a prerequisite for company growth and survival, and Return on Capital Employed (ROCE) is the Group’s ultimate financial performance indicator. The ROCE for 2021 ended at 6%, below the target of 12% per year. This is mainly attributable to salmon market prices combined with higher cost, and an increase in debt to finance the Group’s growth investments.

The sustainability scoreboard includes some of the key performance indicators (KPIs) for the Group’s five pillars - Healthy ocean, Sustainable food, Profit & Innovation, People, and Local Communities. Sustainability and financial results go hand in hand. Good financial results are needed to develop the Group’s operations sustainably, and sustainable operations are needed to safeguard long-term financial results and performance, and create or maintain value for all stakeholders. That is why sustainable farming practices form the very foundation of all areas of Grieg Seafood’s strategy. The Board was pleased to see that Grieg Seafood was rated 2nd on the Collier FAIRR Protein Producer Index, as one of the world’s most-sustainable protein producers. Grieg Seafood also received the Leadership (A) score from the CDP for its transparent reporting and actions related to climate change. The Group has climate reduction targets approved by the Science Based Target initiative (SBTi), with the overall aim of reducing carbon emissions by 100% by 2050. In 2021, the Group reduced total emissions by 9% compared to last year, mainly due to reduction in transport emissions. The absolute Scope 1 (direct emissions from company-owned and controlled resources) and Scope 2 (indirect emissions from the generation of purchased energy) greenhouse gas emissions remained at the same level as last year, while production increased by 6%. Measured as kilograms of CO₂ equivalents per tonne harvested, emissions decreased by 6%. Scope 3 emissions (emissions that occur upstream and downstream in the value chain) accounted for 92% of total emissions. Even though farmed Atlantic salmon already has a low carbon footprint, more work needs to be done to reduce the impact from the global food system.

Aquaculture Stewardship Council (ASC) certification is an important objective for the Group, as it provides the market with assurance of responsible operations and production of high-quality seafood certified to the highest social and environmental standards. As at year-end, 62% of the Group's net production was ASC certified. Finnmark managed to become 100% certified, while only three sites remain to be certified in BC. The Group will continue its focus on certification for sustainable farming, and Rogaland will have its first sites certified in 2022.

Production and harvest volumes depend on the number of smolt transferred to the sea, and how well that fish performs in terms of growth and survival. By effectively preventing and combating sea lice and health issues, and by understanding the salmon's behavior, the Group's farming regions have worked continuously to improve survival and growth rates. The operational performance in 2021 was good in all regions. Although the Group targets no use of antibiotics, they were used in Finnmark and BC during the year as the last resort to treat bacterial diseases and thereby safeguard the welfare of the fish. Due to the successful use of preventive measures, the Group managed to reduce its use of pharmaceutical sea lice treatments compared to the previous year. Also, due to the systematic improvements of fish health and welfare measures, the survival of fish improved in all regions. Finnmark reached a strong 12-month survival rate of 95%, and Rogaland and BC reached 92%. It is expected that the Group's post-smolt program will further improve fish health and welfare, as it provides better control of the fish's environment for a longer period of time. Post-smolt makes the fish more robust before they are transferred to the sea farms, and reduces their exposure to seaborne biological risks. Other initiatives to improve fish health and welfare include the selection of roe with specific qualities related to sea lice and diseases, feed customized for the various stages of the salmon's lifecycle, and vaccinations to immunize against specific diseases.

Diseases, winter ulcers and other biological issues can affect the quality of salmon. A superior quality salmon gives a positive overall impression, with good meat quality and no external damage or faults, while downgraded salmon has external and/or internal faults or damage, and obtains a lower price in the market. The Group aims for 93% of its salmon to be graded as superior quality. As biological issues negatively impacted the quality of the fish harvested in 2021, none of the regions reached this target. The Group's post-smolt program, with reduced exposure in the sea, and other initiatives to improve fish health and welfare, are expected to contribute to an increased superior share going forward.

Unfortunately, the Group reported three escape incidents in 2021. Management has taken steps to prevent similar incidents from happening again. In addition to ensuring that farms have high technical standards and procedures are being followed, all employees regularly attend courses on escape prevention.

The Group does not compromise on occupational health and safety, and follows up accidents and absence rates. The Group had no major incidents in 2021. The Group targets an absence rate of below 4.5%, which was not reached in Finnmark and BC. Management has routines in place to monitor developments in this area. The Group conducted the global Great Place to Work survey also in 2021. The Board is proud to report that all regions received their Great Place to Work certification. The total score of 85% for the Group was very satisfactory, and an improvement from 84% last year, proving that Grieg Seafood is among the best companies to work for.

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

FIGURE 3.2
FARMING COST PER KG

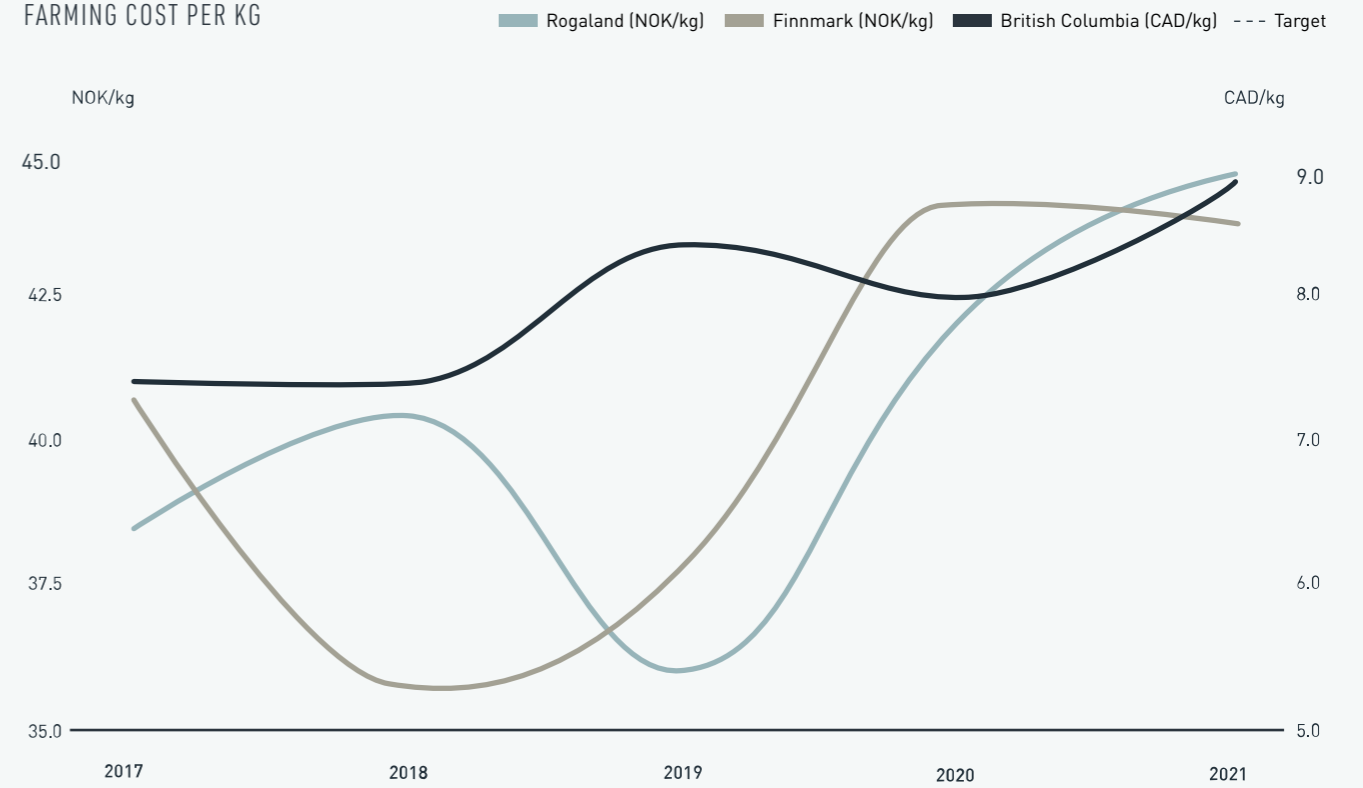


FIGURE 3.3
ROCE AND EBIT/KG

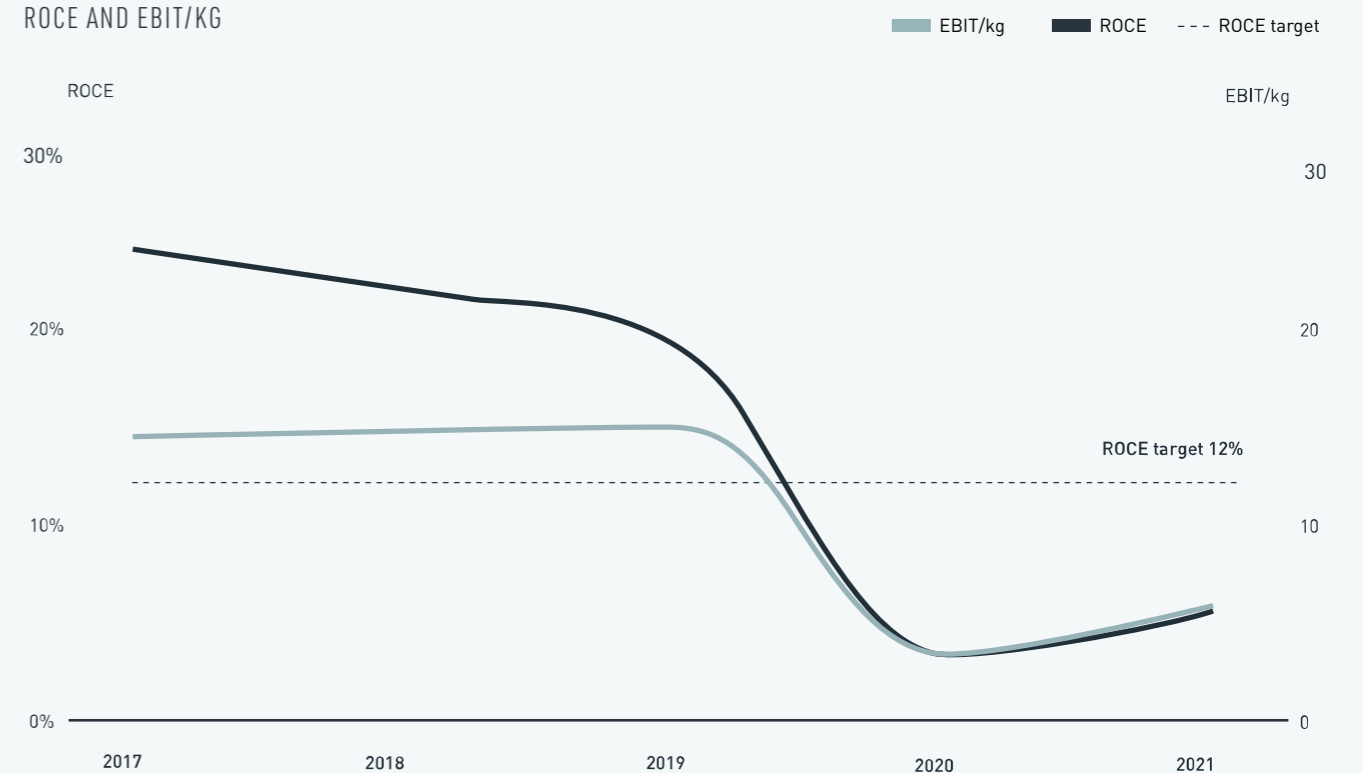




FIGURE 3.4
SURVIVAL RATE AT SEA

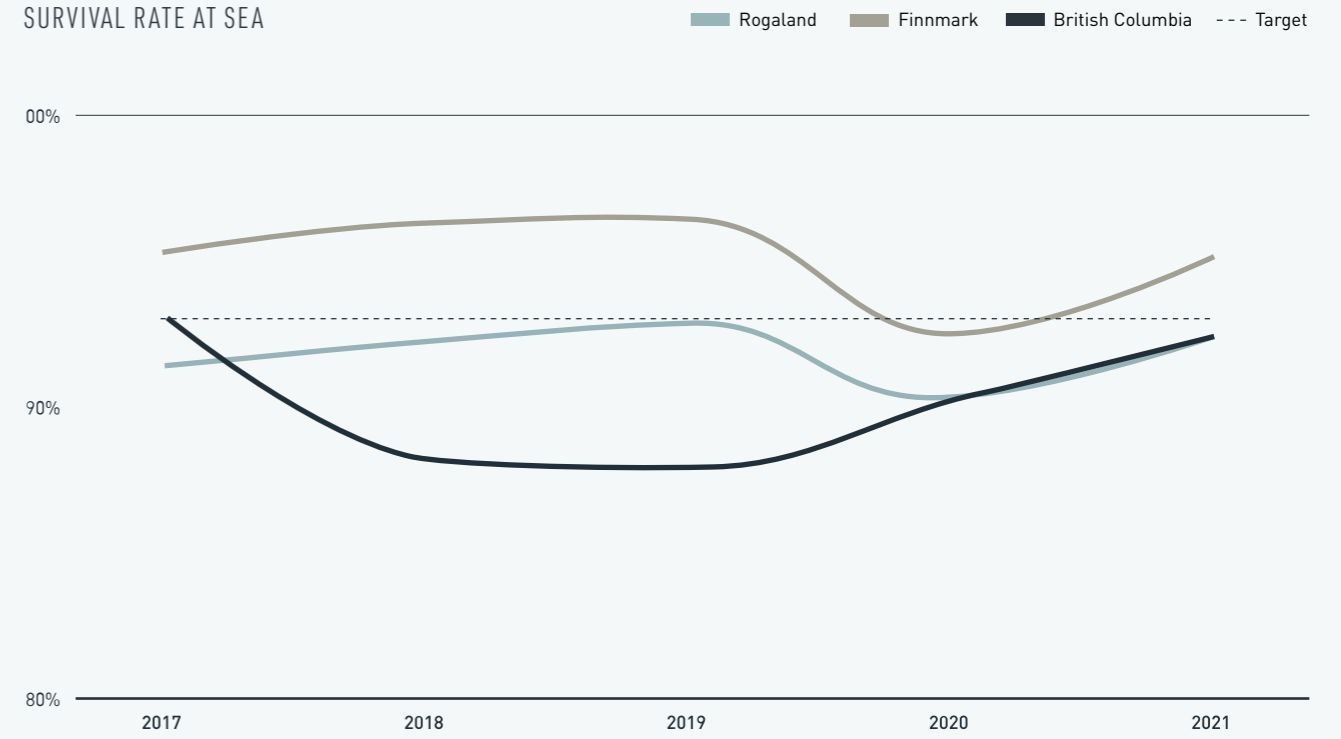
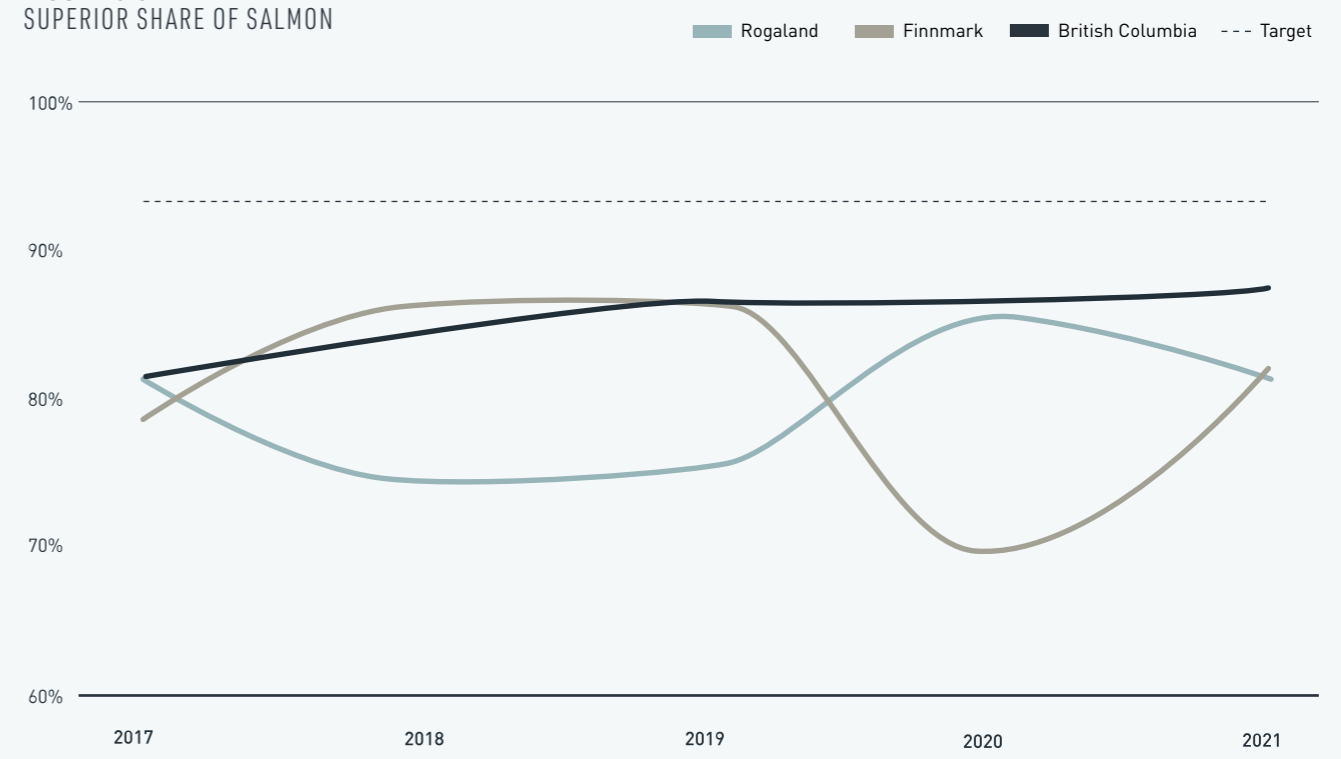


FIGURE 3.5
SUPERIOR SHARE OF SALMON



COVID-19

2021 was another year with the Covid-19 pandemic. Grieg Seafood's priorities have been to protect employees, local communities, partners and business operations, and to secure liquidity and financial strength.

Since the outbreak of Covid-19, employee well-being has been the number one priority for Grieg Seafood. Crisis management teams have been operational at head office and in each region. The Group has followed the advice of the local authorities. Measures to lower the risk of transmission and safeguard business continuity have been in place. These include strict rules at production sites and harvesting facilities to limit physical contact and encourage social distancing. Working from home has been encouraged whenever possible, and business travel has been restricted.

Despite the challenging circumstances, Grieg Seafood has been able to maintain efficient operations throughout the year. The pandemic has impacted the salmon market in the last two years, with a significant shift in demand away from hotels, restaurants and catering (HoReCa), while the retail segment and home consumption have been boosted. The overall demand for Atlantic salmon has remained strong. Supply lines have remained largely open, though somewhat limited availability has made airfreight expensive. The bulk of the salmon supplied by the Group has been shipped by truck from Norway to European markets, or from Canada to the USA. The Group's diversified geographical presence has provided flexibility and reduced logistical challenges.

Due to higher market uncertainty, the risk of bad debts increased during the pandemic. Grieg Seafood has good routines for collecting and managing trade receivables, and has had an open dialogue with customers. A significant portion of the sales volume has been credit insured. The Group has not recorded any significant loss on receivables in 2021.

Ensuring financial stability has been a priority for the Group. No dividend was distributed in 2021 due to risk related to the pandemic and commitments to growth investments. At the beginning of 2022, the Group refinanced its bank loans, and has a solid financial position.

The Group did not receive any government grants or support concerning Covid-19 in 2021.

OPERATIONAL REVIEW

Grieg Seafood harvested a total of 75 601 tonnes of Atlantic salmon in 2021, excluding Shetland, a 6% increase from 2020. As the volume harvested in Shetland (up until its sale on 15 December 2021) was 13 726 tonnes in 2021 and 15 705 tonnes in 2020, a record-high volume of 89 327 tonnes was achieved in 2021, compared to 86 847 in 2020.

Market demand remained strong in 2021. It is estimated that consumption in all major markets increased in 2021. The largest relative increases in consumption were found in the EU and the UK, both up 8%, and the USA, up 13%. Demand has been driven by supermarkets and grocery stores, in addition to recovery in the HoReCa (hotels, restaurant, catering) segment towards the end of the year.

Sales revenues (excluding Shetland) for 2021 totaled NOK 4 599 million, up NOK 214 million or 4.9% from NOK 4 384 million in 2020. The average salmon spot price (NQSALMON weekly average less distributor margin) for the year was NOK 3.6 per kg higher in 2021 than in 2020, up from NOK 53.7 per kg in 2020 to NOK 57.3 per kg in 2021. The NQSALMON price stood at NOK 63.4 per kg as at 31 December 2021. Spot salmon prices in the US market averaged NOK 68.5 per kg, up NOK 8.8 per kg from NOK 59.8 per kg in 2020. The Urner Barry spot price (farm-raised salmon Seattle West Coast) stood at NOK 72.6 per kg as at 31 December 2021. Fixed-price contracts accounted for 30% of the volume in Norway in 2021, in line with the Group's targeted contract share of 20-50%. Continental Europe is by far the Group's most important market, accounting for 65% of sales revenues in 2021, and 73% of the volume sold. The market distribution of sales varies year on year, depending on the volumes harvested across the Group's regions. The main change in the sales distribution was an increase to Continental Europe, from 45% in 2020 to 65% in 2021, mainly due to the 22% increase in harvested volume from the Group's Norwegian farming operations. BC harvested 32% less volume in 2021 compared to 2020. However, due to exports from the Norwegian regions to the USA, the volume sold to the North American market only decreased from 29% in 2020 to 27% in 2021.

In general, freshwater production through the year was good. For further details, see the separate regional chapters in [Part 2 Profit & Innovation](#). The Group continues to follow its growth strategy and transferred 22 944 709 smolt to the sea during 2021. Seawater production has been good, with increased survival rates in all regions. The group farming cost ended at NOK 47.2 per kg in 2021, compared to NOK 47.0 per kg in 2020. Abnormal mortality totaled NOK 2.2 per kg in 2021, compared to NOK 2.5 per kg in 2020. Feed comprised 37% of the Group's costs in 2021, similar to 2020. Feed prices are sensitive to changes in exchange rates, marine and vegetable raw material prices, seasonal variations, fish catches, and production. As at year-end 2021, it is expected that feed prices

will rise. However, estimates are uncertain, especially due to the current situation in Ukraine, as Ukraine is one of the world's largest producers of wheat (a fish feed ingredient).

As part of the Group's strategy, Grieg Seafood has restructured its business and narrowed its operational focus to the regions with the greatest potential for sustainable and profitable production through the sale of its Shetland operations to Scottish Sea Farms Ltd. The transaction was finalized on 15 December 2021. The closing settlement is expected to be finalized in Q2 2022. In 2021, the Group established its own sales organization. All shares in the previous sales organization Ocean Quality AS were sold in 2020. For more information, see Note 5 to the Group's consolidated financial statements.

CONTINUED OPERATIONS

ROGALAND

Grieg Seafood Rogaland harvested 26 670 tonnes in 2021, an increase of 16% compared to the 23 043 tonnes harvested in 2020. Sales revenues amounted to NOK 1 431 million, compared to NOK 1 263 million in 2020. The average spot price in 2021 was NOK 57.3 per kg, compared to NOK 53.7 per kg in 2020, while price achievement was NOK 53.7 per kg in 2021, down NOK 1.2 per kg from NOK 54.8 per kg in 2020. Price achievement in 2021 was negatively impacted by the sale of 33 % of the volume under fixed-price contracts, in addition to quality downgrades. The share of superior quality fish decreased from 85% in 2020 to 81% in 2021, due to occurrences of winter ulcers in the first half of the year and outbreaks of Pancreas Disease (PD).

Freshwater production in Rogaland performed well in 2021. 7.5 million smolt were transferred to the sea, with an average weight of 460 grams, compared to an average weight of 395 grams on the smolt transferred to the sea in 2020. Seawater production also performed well, though it has been somewhat affected by the PD outbreak. The efforts made in fish health and welfare have contributed to a 12-month rolling survival rate of 92% in 2021, up from 90% in 2020. Cost recognized as abnormal mortality in the income statement (cost of reduced survival) was NOK 30.8 million in 2021 (NOK 1.2 per kg), compared to NOK 63.7 million in 2020 (NOK 2.8 per kg). The farming cost ended at NOK 44.6 per kg in 2021, up NOK 2.4 per kg from NOK 42.1 per kg in 2020. The farming cost was impacted by harvesting from PD-affected sites, which increased related fish handling and well-boat costs.

EBIT before fair value adjustment of biological assets for the year was NOK 242 million compared to NOK 292 million in 2020, which corresponds to NOK 9.1 per kg in 2021, down NOK 3.6 per kg from NOK 12.7 per kg in 2020.

Please read more about Grieg Seafood Rogaland's operational priorities in the regional chapter in [Part 2 Profit & Innovation](#).

FIGURE 3.6
ROGALAND EBIT/KG YEAR-OVER-YEAR



Source: Group Accounts Note 8

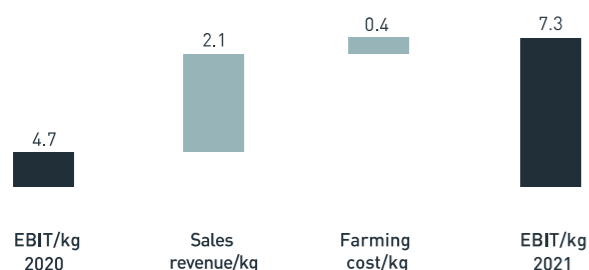
FINNMARK

Grieg Seafood Finnmark harvested 34 484 tonnes in 2021, an increase of 28% compared to the 26 919 tonnes harvested in 2020. Sales revenues amounted to NOK 1 756 million, an increase of 34% compared to NOK 1 314 million in 2020. The increase is mainly related to higher harvest volume and spot prices, in addition to a higher quality share compared to last year. The average spot price in 2021 was NOK 57.3 per kg, compared to NOK 53.7 per kg in 2020. Finnmark achieved an average price of NOK 50.9 per kg in 2021, up NOK 2.1 per kg from NOK 48.8 per kg in 2020. Price achievement was positively impacted by the sale of 27% of the volume under fixed-price contracts, but depressed by a somewhat low average harvested weight and a superior share of 82% due to winter ulcers.

Freshwater production at the company's facility in Adamselv was good during the year. A total of 10.1 million smolt with an average weight of 190 grams were transferred to the sea in 2021. Seawater production was impacted by issues related to winter ulcers during the first half of 2021, but improved significantly during the summer and fall. The farming cost was NOK 43.7 per kg in 2021, down NOK 0.4 per kg from NOK 44.1 per kg in 2020. A 12-month survival rate of 95% was accomplished, compared to 92% in 2020, due to a reduction in the impact of challenges related to winter ulcers. Cost recognized as abnormal mortality in the income statement was NOK 53.1 million in 2021 (NOK 1.5 per kg), compared to NOK 37.5 million in 2020 (NOK 1.4 per kg).

EBIT before fair value adjustments ended at NOK 251 million, compared to NOK 127 million in 2020, which correspond to NOK 7.3 per kg in 2021, up NOK 2.5 per kg from NOK 4.7 per kg in 2020.

Please read more about Grieg Seafood Finnmark's operational priorities in the regional chapter in [Part 2 Profit & Innovation](#).

FIGURE 3.7
FINNMARK EBIT/KG YEAR-OVER-YEAR

Source: Group Accounts Note 8

BRITISH COLUMBIA

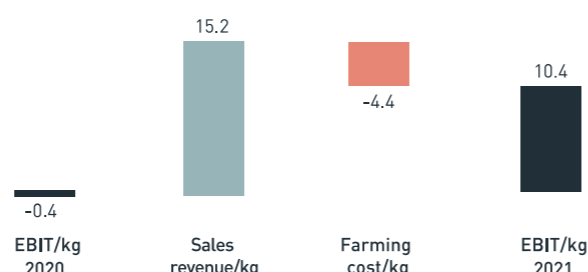
Grieg Seafood British Columbia (BC) harvested 14 448 tonnes in 2021, 32% lower than in 2020 (21 181 tonnes). Harvesting volumes vary significantly every other year in BC due to local production region arrangements and fewer farms on the West Coast of Vancouver Island compared to the East Coast. As a consequence, the region's volume varies every other year, regardless of the underlying biology. Measures are being implemented to stabilize yearly harvest volumes.

Sales revenues for the year amounted to NOK 1 023 million, a decrease of 13% compared to NOK 1 179 million in 2020. According to Urner Barry, the average spot price (farm-raised salmon Seattle West Coast) was NOK 68.5 per kg in 2021, compared to NOK 59.8 per kg in 2020. Price achievement in BC was NOK 70.8 per kg in 2021, compared to NOK 55.7 per kg in 2020. Higher spot prices and a somewhat increased quality share compared to last year contributed to the price achievement. The share of superior quality has been gradually rising in recent years, and ended at 87% in 2021.

Freshwater production was stable during the year, and a total of 5.4 million smolt with an average weight of 120 grams were transferred to the sea in 2021. Seawater production was good, and the 12-month survival rate increased from 90% in 2020 to 92% in 2021. In previous years, the survival rate has been impacted by incidents of low oxygen levels and plankton blooms. However, it is steadily increasing due to positive results from an algae mitigation system, which stabilizes the survival rate in periods of challenging environmental conditions. The farming cost increased from CAD 8.0 per kg (NOK 56.0) in 2020 to CAD 8.8 per kg (NOK 60.4) in 2021, mainly due to a lower harvest volume. Cost recognized as abnormal mortality in the income statement (cost of reduced survival) was NOK 17.6 million in 2021 (NOK 1.2 per kg, or CAD 0.2 per kg), compared to NOK 66.1 million in 2020 (NOK 3.1 per kg, or CAD 0.5 per kg).

In 2021, EBIT before production fee and fair value adjustment of the biological assets ended at NOK 150.2 million for BC, compared to NOK -7.4 million in 2020, which corresponds to NOK 10.4 per kg in 2021, up NOK 10.7 per kg from NOK -0.4 per kg in 2020.

Please read more about Grieg Seafood BC's operational priorities in the regional chapter in [Part 2 Profit & Innovation](#).

FIGURE 3.8
BRITISH COLUMBIA EBIT/KG YEAR-OVER-YEAR

Source: Group Accounts Note 8

NEWFOUNDLAND

Grieg Seafood acquired a greenfield project in Newfoundland in 2020. As of year-end 2021, the freshwater facility at Grieg Seafood Newfoundland is fully operational, with fish growing well. The first fish will be transferred to the sea in mid-2022. Read more about Grieg Seafood Newfoundland in the regional chapter in [Part 2 Profit & Innovation](#).

SALES & MARKET

In 2021, Grieg Seafood established its own sales and market organization as part of the downstream strategy. Until year-end 2020, the fish was sold through Ocean Quality, the sales organization of Grieg Seafood and Bremnes Fryseri. During the first months of 2021, the new sales organization handled approximately 50% of the Group's harvested salmon. As of April 2021, the organization handled 100% of the volume. During the fall, a Value Added Product (VAP) sales department was established, as a key contributor to increase the VAP product portfolio in the coming years. The Group has also entered into an agreement on VAP capacity in Norway and, towards year-end, commenced processing salmon into fresh and frozen valued added products.

For more information on the sales organization and the markets, see the [Sales & Market](#) chapter in [Part 2 Profit & Innovation](#).

DISCONTINUED OPERATIONS

In 2020, the assets relating to the operations in Shetland were classified as held for sale, and the activity presented under discontinued operations. On 15 December 2021, the Shetland assets were sold to Scottish Sea Farms Ltd. In addition, all shares in Ocean Quality AS had been sold by year-end 2020, and the activities of Ocean Quality not related to the sale of fish produced by Grieg Seafood were therefore presented under discontinued operations. See Note 5 in the Group Accounts for further details.

FINANCIAL PERFORMANCE**GROUP FINANCIAL STATEMENTS**

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

In 2021, Grieg Seafood sold Grieg Seafood Shetland Ltd, which comprises the UK farming and sales operations (the Shetland assets), to Scottish Sea Farms Ltd. The transaction was announced on 29 June 2021, and approval was received from the relevant competition authorities in the UK in December 2021. The transaction was finalized on 15 December 2021. However, the closing settlement is expected to be finalized in Q2 2022. Grieg Seafood classified the Shetland assets as assets held for sale in 2020 and throughout 2021 up until the sale. The operations in Shetland were presented as discontinued operations in 2020, and have been presented as such throughout 2021 up until the sale. For more information, see Note 5 to the Group Accounts.

PROFIT AND LOSS**Sales revenue and harvested volume**

The Group harvested 75 601 tonnes GWT in 2021, up 4 459 tonnes GWT from 71 142 tonnes GWT in 2020. Both the 2021 and 2020 figures are exclusive of our operations in Shetland, which we sold to Scottish Sea Farms Ltd in 2021. The Norwegian regions contributed 81% of the harvest volume in 2021, compared to 70% in 2020, while British Columbia accounted for 19% in 2021, compared to 30% in 2020. While both Rogaland and Finnmark increased their harvested volume, BC decreased due to local production region arrangements and larger farms with greater capacity on the West Coast of Vancouver Island compared to the East Coast. As a consequence, the region's volume varies every other year, regardless of the underlying biology.

The Group's main product, whole gutted Atlantic salmon, is traded largely as a commodity, and the prices achieved largely reflect a general market price. The prices achieved will, to some extent, deviate from the spot market price, based on quality, sales contracts, and the ability to place the salmon effectively in the

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

The Group's price achievement for 2021 was NOK 55.7 per kg, up NOK 2.9 per kg from NOK 52.8 per kg in 2020. By comparison, the average NQSALMON NOK/kg price for 2021 was 57.3, up NOK 3.6 per kg from NOK 53.7 per kg in 2020.

The sensitivity analysis below illustrates the impact changes in sales revenue/kg has on the EBIT/kg.

FIGURE 3.9
SENSITIVITY ANALYSIS SALES REVENUE/KG 2021

	Sales revenue/kg	EBIT/kg impact
Actual for 2021	55.7	n/a
+/- 2.5 %	57.1 / 54.3	1.4
+/- 5.0 %	58.5 / 52.9	2.8
+/- 7.5 %	59.9 / 51.5	4.2
+/- 10.0 %	61.3 / 50.1	5.6
+/- 12.5 %	62.7 / 48.7	7.0

The calculation is performed bottom-up, based on separate calculations for Rogaland, Finnmark and British Columbia, by analyzing incremental percentage changes in sales revenue, all other factors remaining unchanged.

Total sales revenue for the year totaled NOK 4 599 million, up NOK 214 million from NOK 4 384 million in 2020. The sale revenue from the Group's farming regions totaled NOK 4 211 million in 2021, up NOK 455 million from NOK 3 756 million in 2020 (see Note 8 to the Group Accounts). The increase in sales revenue is primarily due to a higher volume harvested by Rogaland and Finnmark compared to the year before.

The difference between the total sales revenue for the Group of NOK 4 599 million and sales revenue from farming regions of NOK 4 211 million is attributable to the item Elim/Other effect (see Note 8 to the Group Accounts), which includes the gross uplift on sales revenue for the Group generated by the sales organization. The change in revenue from Elim/Other (Note 8 to the Group Accounts) from NOK 629 million in 2020 to NOK 388 million in 2021, is primarily due to lower sales of processed fish (fresh and frozen), which decreased by NOK 252 million (see Note 8 to the Group Accounts). The Group is building VAP capacity through its wholly owned sales organization. However, as the previous sales organization (Ocean Quality) had some VAP capacity (purchase of processed fish for resale as VAP), there has been a reduction in sales revenue from VAP in 2021 compared to 2020.

The Group's primary market is Continental Europe. Sales to Continental Europe comprised 65% of sales revenue in 2021 (73% of volume sold), up from 45% of the sales revenue in 2020. The USA and Canada, or North America, is the second largest market, and totaled 27% of sales revenue in 2021 (21% of volume sold), down from 29% of the sales revenue in 2020. The year-on-year changes reflect the 22% increase in harvested volume from the Norwegian farming operations (excluding sales from Shetland), which is primarily sold in Europe, and the 32% lower harvest volume from British Columbia. The decreased volume from British Columbia to the USA and Canada was partly offset by sales of fish from the Norwegian farming regions into the North America market. Sales to Asia accounted for 6% of the sales revenue in 2021 (4% of the volume). Even though salmon is regarded as a commodity, prices vary across geographical markets, with the (relatively) highest price/kg generated in Asia and North America. In addition, VAP sales to Europe were low in 2021, while VAP sales in North America - relative to sales volume - remained stable. These factors explain why sales to Continental Europe comprise 65% of the sales revenue but 73% of the volume sold.

Grieg Seafood did not have sales to Russia in 2021 or 2020. Sales to Ukraine accounted for 1% of Grieg Seafood's total revenue in 2021, compared to 0% in 2020.

As with VAP sales, the sale of fresh salmon in 2021 was affected by the fact that sales from Norway were carried out by the newly established sales organization, while sales from Norway in 2020 were handled by Sjør AS through the Ocean Quality sales partnership, which ceased at year-end 2020. The new sales organization has not inherited customer lists from Sjør AS, and has therefore built new customer relationships under the Grieg Seafood brand. This inherently impacts sales revenue by geographical and product mix composition, and thus comparability with the 2020 figures.

Farming cost

Costs directly related to the production and harvesting of salmon constitute the farming cost. The inputs needed to raise a live salmon from roe to harvestable size account for the bulk of the farming cost. In addition, costs related to harvesting and processing are included. Performance is tracked through the farming cost per kg of harvested salmon. Tracking the underlying drivers that influence the cost of salmon to be harvested in the future, such as survival, feeding and growth, is therefore vital. The regional EBIT is calculated as sales revenue less the farming cost. See Note 8 to the Group Accounts and Alternative Performance Measures for more information.

Until harvest, the production cost of the salmon is capitalized to inventory and included in the line item 'biological assets' in the balance sheet. The production cycle for a salmon, from roe to harvest weight, is about three years, whereas the production cycle after smoltification is about 12-24 months. Working capital requirement is generally progressive throughout the production cycle. Due to the long production cycle for Atlantic salmon with a

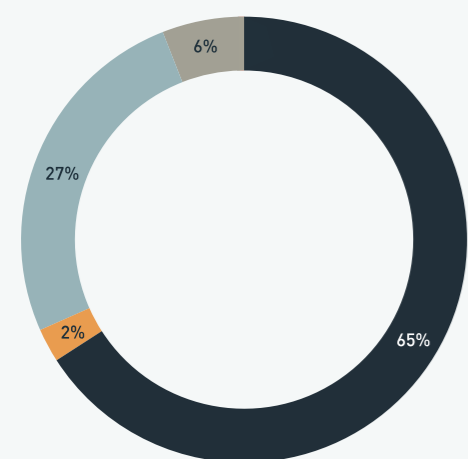
harvest weight of about 4-5 kg, the expensed farming cost through the income statement at the point of harvest reflects all costs for all past periods (if not previously expensed as abnormal mortality).

Production cost capitalized to inventory (biological assets excluding fair value adjustment) comprises feed as well as health, treatment and fish welfare-related expenses. In addition, the production cost capitalized to inventory includes salary, depreciation of fixed assets and administration costs that are allocated to production. Feed cost comprises the largest individual part of the production cost.

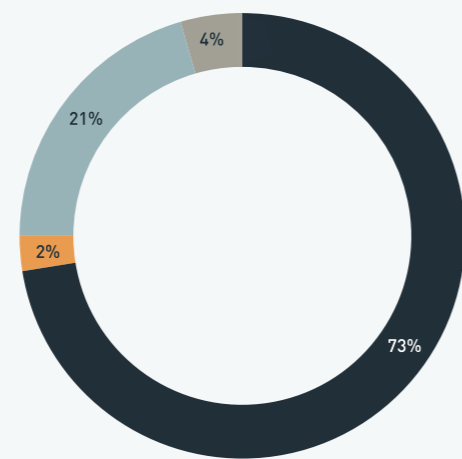
At year-end 2021, it is expected that global inflation will increase the salmon feed costs. Consensus estimates indicate an expected increase in the cost base (including feed) of NOK 2-5 per kg, which would, for the 2021 financials, imply a change of approx. 4-11% in farming cost per kg. The sensitivity analysis illustrates the impact changes in farming cost/kg has on the EBIT/kg, expressed as percentage changes in the 2021 financials.

FIGURE 3.10
GRIEG SEAFOOD SALES REVENUE AND VOLUME SOLD BY GEOGRAPHICAL MARKET

SALES REVENUE 2021

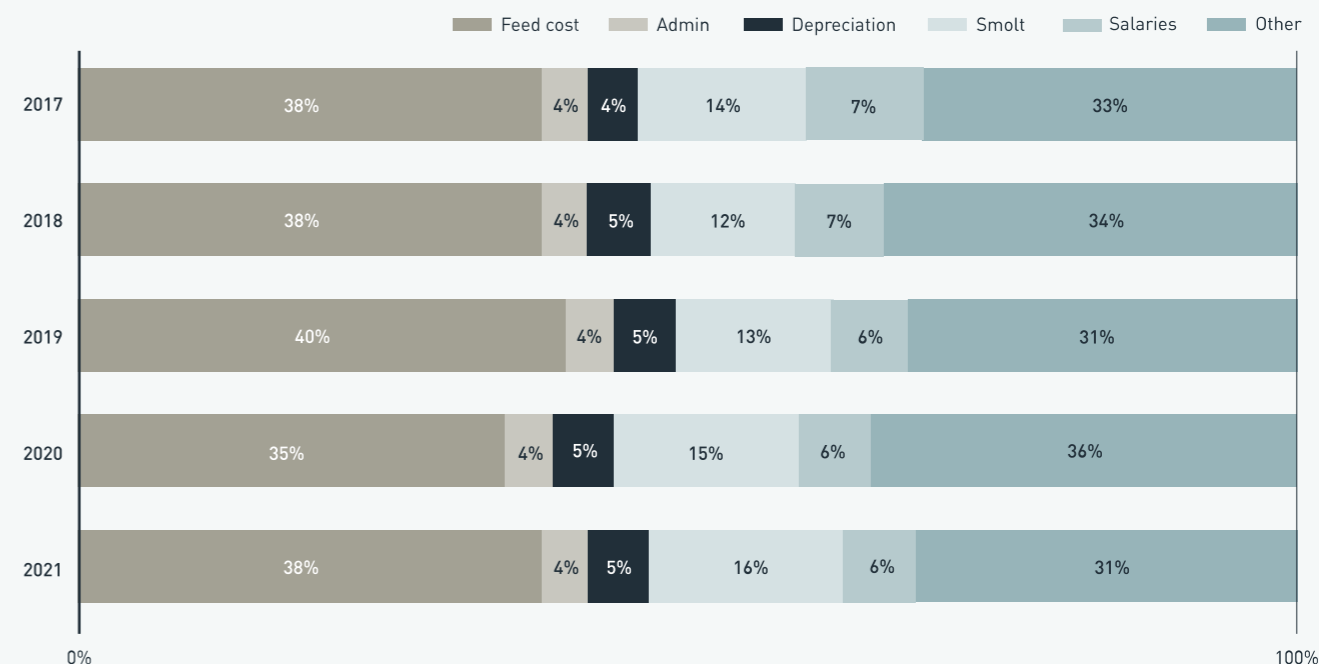


VOLUME SOLD 2021



Continental Europe UK North America Asia

FIGURE 3.11
FARMING COST



0%

100%

FIGURE 3.12
SENSITIVITY ANALYSIS FARMING COST/KG 2021

	Farming cost/kg	EBIT/kg impact
Actual for 2021	47.2	n/a
-/+ 2.5 %	46.0 / 48.4	1.2
-/+ 5.0 %	44.8 / 49.6	2.4
-/+ 7.5 %	43.7 / 50.7	3.5
-/+ 10.0 %	42.5 / 51.9	4.7
-/+ 12.5 %	41.3 / 53.1	5.9

The calculation is performed bottom-up, based on separate calculations for Rogaland, Finnmark and British Columbia, by analyzing incremental percentage changes in farming cost, all other factors remaining unchanged.

In the recent years, the industry has faced challenges with respect to sea lice. This has caused an increase in costs directly related to treatments and increased investments in equipment and technologies. This development has had a noticeable effect on the relative allocation of cost factors, as well as the total cost level in the industry. In terms of cost per kg, however, the loss of harvested volumes has had a significantly larger impact than the direct cost increases. As production cost per kg has risen in recent years, the directly variable cost of feed has become a smaller part of the total incurred cost per kg produced salmon. At the same time, other costs, such as salaries, health costs, and maintenance, have become a larger share of the total.

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

Efficient feed conversion is crucial to being cost competitive. Feed accounted for 37% of the total cost per kg harvested fish in 2021, the same as in 2020. Strong and healthy fish, combined with high feed quality and good feeding practices, are the key to achieving a low production cost. Farming performance is measured through the economic feed conversion rate, or eFCR, and relative growth indices (achieved growth compared to own and feed supplier expectations). The eFCR measures how much fish feed is used to produce one kilogram of live salmon (net of mortality). The main difference between eFCR and bFCR (biological feed conversion rate) is that bFCR does not adjust the production figure for mortality.

Salmon growth, survival rates and the economic feed conversion rate (eFCR), are strongly linked to fish health, disease and sea lice. Treatments, fasting and reduced appetite negatively impact growth, reduce our harvested volumes and increase the cost per kg of harvested fish.

The Group's farming cost for 2021 ended at NOK 47.2 per kg, up NOK 0.2 per kg from NOK 47.0 per kg in 2020. The Norwegian farming regions contributed to 76% of the farming cost in 2021, compared to 65% in 2020, which materialized into an increase of NOK 0.9 per kg in cost, from NOK 43.2 per kg in 2020 to NOK 44.1 per kg in 2021. The positive year-on-year change in Finnmark was thus offset by higher costs in Rogaland compared to last year. In addition, British Columbia has, on a 32% lower harvest volume year-on-year, realized farming cost of CAD 8.8 per kg in 2021, up CAD 0.8 per kg from CAD 8.0 per kg in 2020.

The salmon farming industry might be volatile, due to both biological and market conditions. The sensitivity analysis of 2021 illustrates the impact changes in eFCR has on the EBIT/kg, calculated as percentage changes on the 2021 financials.

FIGURE 3.13
SENSITIVITY ANALYSIS ECONOMIC FEED CONVERSION RATIO (EFCR) 2021

	eFCR	EBIT/kg impact
Actual for 2021	1.3	n/a
-/+ 2.5 %	1.3 / 1.4	0.4
-/+ 5.0 %	1.3 / 1.4	0.9
-/+ 7.5 %	1.2 / 1.5	1.3
-/+ 10.0 %	1.2 / 1.5	1.8
-/+ 12.5 %	1.2 / 1.5	2.2

The calculation is performed bottom-up based on separate calculations for Rogaland, Finnmark and British Columbia, by analyzing incremental percentage changes in eFCR, all other factors remaining unchanged.

Raw materials, salaries and other operating expenses

Raw materials and consumables, which consist mainly of the Group's freshwater and seawater fish stocks, in addition to feed, ended at NOK 1 738 million, up NOK 21 million compared to NOK 1 717 million in 2020. Salaries and personnel expenses ended the year at NOK 577 million, an increase of NOK 77 million from NOK 500 million in 2020. The increase was partly driven by Newfoundland, which is preparing to transfer fish to the sea in 2022. Other operating expenses ended at NOK 1 527 million, down NOK 66 million compared to NOK 1 593 million in 2020.

EBIT

EBIT before production fee and fair value adjustments of biological assets in 2021 ended at NOK 442 million, up NOK 209 million from NOK 233 million in 2020. This brought EBIT per kg to NOK 5.9 per kg for 2021, up NOK 2.6 per kg from NOK 3.3 per kg in 2020.

FIGURE 3.14
ECONOMIC FEED CONVERSION RATE

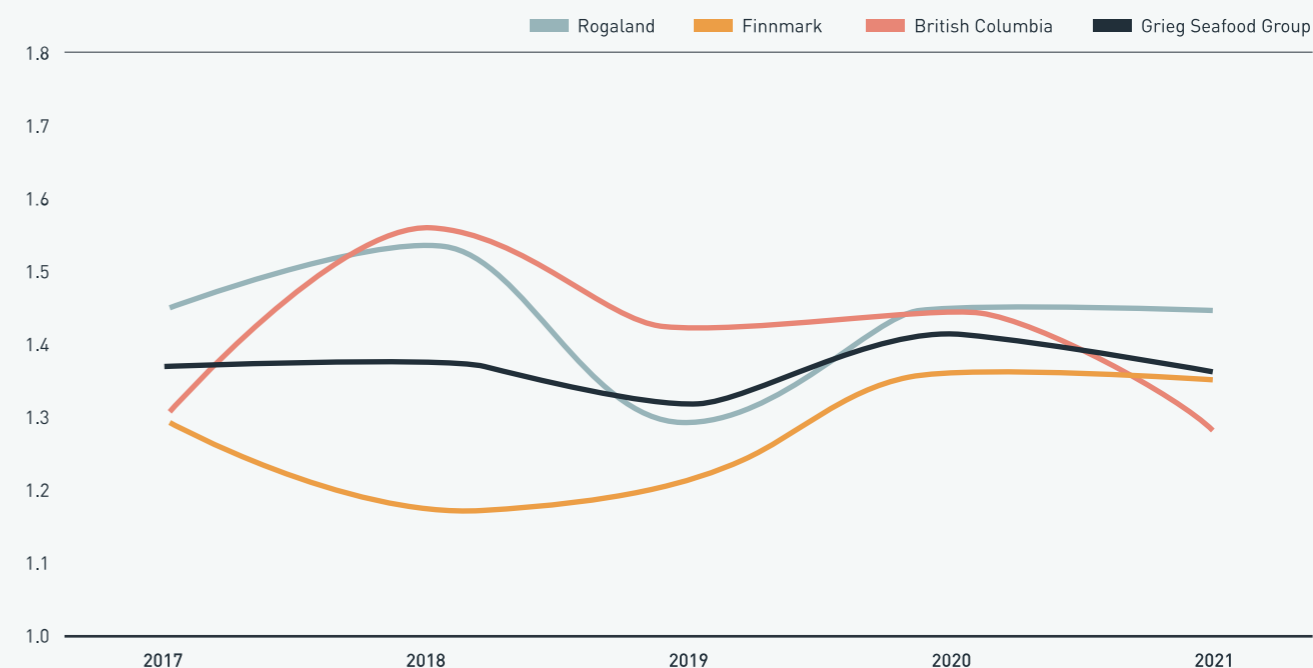
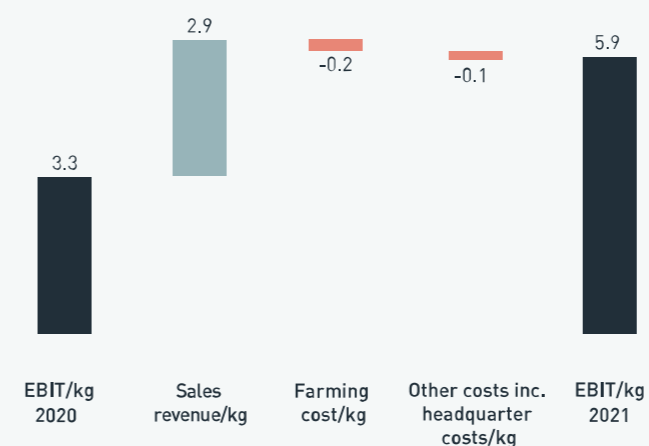


FIGURE 3.15
GRIEG SEAFOOD GROUP EBIT/KG YEAR-OVER-YEAR



Source: Group Accounts, Note 8

FIGURE 3.16
KEY FIGURES

	Harvest volume GWT tonnes		EBIT/kg (NOK)		EBIT (NOK million)	
	2021	2020	2021	2020	2021	2020
Rogaland	26 670	23 043	9.1	12.7	242	292
Finnmark	34 484	26 919	7.3	4.7	251	127
British Columbia	14 448	21 181	10.4	-0.4	150	-7
Newfoundland	—	—	—	—	-117	—
Elim/Other	—	—	—	—	-84	-179
Grieg Seafood Group	75 601	71 142	5.9	3.3	442	233

Newfoundland (acquired in Q2 2020) is reported as a region in the segment information as from 2021. However, it is included in "Elim/Other" in 2020, when the region was under development.

The higher EBIT in 2021 compared to 2020 is primarily attributable to the 28% increase in harvest volume from Finnmark, which ended at 34 484 tonnes GWT, as well as the price achievement in British Columbia. Combined with higher price achievement, the increase in harvest volume boosted Finnmark's EBIT/kg from NOK 4.7 in 2020 to NOK 7.3 in 2021. On margin, British Columbia performed well in 2021, as EBIT/kg rose by NOK 10.7 per kg, from NOK -0.4 per kg in 2020 to NOK 10.4 per kg in 2021.

Production fee and fair value adjustment of biological assets

The production fee on the harvested volume (gutted weight) in Norway came to NOK 24 million in 2021. The Fair value adjustment of biological assets impacted the Group positively by NOK 523 million in 2021, up NOK 813 million from NOK 290 million in 2020. EBIT after production fee and fair value adjustment of biological assets was NOK 941 million in 2021, up NOK 998 million from NOK -57 million in 2020.

Financial items

Net financial items came to NOK -87 million in 2021, up NOK 161 million from NOK -248 million in 2020. Compared to 2020, the debt service cost in 2021 was higher due to the NOK 1 500 million Green Bond issue in 2020. However, the higher debt service cost was offset by differences in net currency gains/losses compared to 2020.

Taxes and net profit

Profit before tax in 2021 was NOK 854 million, which is an increase of NOK 1 158 million from NOK -304 million in 2020. The tax expense for 2021 came to NOK 249 million, compared to a tax expense of NOK 12 million in 2020. This brings net profit from continuing operations in 2021 to NOK 604 million, up NOK 920 million from NOK -316 million in 2020. In 2021, Grieg Seafood sold its Shetland assets. Net profit from discontinued operations in 2021 came to NOK 600 million, up NOK 799 million from NOK -199 million in 2020. In 2021, NOK 424 million of the net profit from discontinued operations represents the gain (including recycling of accumulated OCI) from the sale of the Shetland assets. The closing settlement was expected to be finalized by the end of Q1 2022, as communicated in Grieg Seafood's report for Q4 2021. Due to minor disagreements of the closing balance, the final settlement is postponed to Q2 2022. For more information on discontinued operations and the sale of the Shetland assets, see Note 5 to the Group Accounts.

FINANCIAL POSITION

As at 31 December 2021, the book value of the Group's assets totaled NOK 10 714 million, up NOK 65 million from NOK 10 650 million as at 31 December 2020. On 15 December 2021, the Group completed the sale of its Shetland assets. In December 2021, the Group received, in cash, the preliminary purchase price of NOK 2 087 million. The settlement has been partly used to settle the bridge loan facility of NOK 600 million and the term loan facility of

NOK 425 million. The closing settlement is expected to be finalized in Q2 2022. See Note 5 to the Group Accounts for further details.

The Group's goodwill, licenses, other intangible assets, and property plant and equipment including right-of-use assets totaled NOK 5 636 million as at 31 December 2021, up NOK 418 million from 31 December 2020. Measured relative to total assets, these assets contributed to 53% of the balance sheet as at 31 December 2021, compared to 49% as at 31 December 2020.

Biological assets measured at cost totaled NOK 2 479 million as at 31 December 2021, up NOK 280 million from NOK 2 199 million (excluding Shetland) as at 31 December 2020. Measured relative to total assets, the accumulated capitalized cost of inventory contributed to 23% of the balance sheet as at 31 December 2021, compared to 21% as at 31 December 2020. The biological assets of Grieg Seafood are primarily fish at sea, which was 93% of the book value of biological assets, excluding fair value adjustment, as at 31 December 2021. The compared figure for 31 December 2020 was to 94%. In tonnes, the biological assets totaled 59 121 at year-end 2021, up 6 502 tonnes from 52 619 tonnes as at year-end 2020, of which the biological assets stocked at sea accounted for 99% at year-end 2021 (99% as at year-end 2020). The average live weight of the fish on land and at sea was 1.0 kg as at 31 December 2021, compared to 1.1 kg at year-end 2020. The increase in the volume of biological assets at year-end 2021 compared to 31 December 2020 is in line with the Group's overall strategy to increase Grieg Seafood's annual harvest capacity.

The cash balance at the end of the year was NOK 928 million, up NOK 653 million from NOK 275 million as at 31 December 2020. Current assets (excluding fair value adjustment of biological assets) over current liabilities measured 3.5 as at 31 December 2021, compared to 3.0 as at 31 December 2020. In addition, the Group had undrawn credit facilities of NOK 885 million as at 31 December 2021, compared to NOK 1 203 million as at 31 December 2020. The change in undrawn liquidity is due to NOK 600 million of undrawn bridge loan financing being included in the available credit as at year-end 2020, while the revolving credit facility limit was reduced from NOK 1 500 million as at 31 December 2020 to NOK 1 225 million as at 31 December 2021.

Total equity as at 31 December 2021 was NOK 5 563 million, up NOK 1 192 million from NOK 4 371 million as at 31 December 2020. The equity ratio as at 31 December 2021 was 52% compared to 41% as at 31 December 2020. The Group's increased equity and equity ratio are due to a combination of higher EBIT/kg compared to 2020 and differences in expected market prices after the reporting date, which result in fair value adjustment of biological assets as at 31 December 2021 of NOK 970 million, compared to NOK 347 million as at 31 December 2020. In addition, the sale of the Shetland assets impacting equity by NOK 341 million (gain/loss net of recycling of OCI). Furthermore, the Group used part of the preliminary settlement it received for the Shetland assets to pay off interest-bearing liabilities, which has affected the equity ratio.

As at 31 December 2021, net interest-bearing liabilities (NIBD) excluding the effect of IFRS 16 totaled NOK 1 895 million, down NOK 1 784 million from NOK 3 679 million as at 31 December 2020. NIBD including the effects of IFRS 16 was NOK 2 291 million, down NOK 1 640 million from NOK 3 931 million as at 31 December 2020. The change in NIBD was primarily due to the completion of the Shetland transaction, where the preliminary purchase price from Scottish Sea Farms was received in December 2021 in cash (see Note 5 to the Group Accounts). NIBD including the effect of IFRS 16 relative to total assets measured 21% as at 31 December 2021, compared to 37% as at 31 December 2020. NIBD excluding the effect of IFRS 16 divided by the last twelve months' actual harvest volume (tonnes GWT) equalled NOK 25.1 per kg, or NOK 21.1 per kg when measured over the Group's 2022 guided harvest volume.

The Group was in compliance with its financial covenants as at 31 December 2021. As at 31 December 2021, the leverage ratio NIBD/EBITDA was 2.6 and equity ratio according to covenant was 54%, compared to 43% as at 31 December 2020. As at 31 December 2021, 47% of the gross interest-bearing liabilities

(See Note 12 to the Group Accounts) was green (NOK 1 500 million Green Bond), compared to 36% as at 31 December 2020. The Green Bond matures in 2025, while the syndicated debt, as at 31 December 2021, matures in Q1 2023. The increase in the relative share of green financing since 31 December 2020 was primarily due to the impact that completion of the Shetland transaction had on the Group's financial position and liquidity as at 31 December 2021. Part of the cash consideration received from Scottish Sea Farms Ltd in December 2021 was utilized to settle syndicated debt, reducing the gross interest-bearing liabilities.

In Q1 2022, Grieg Seafood has finalized a refinancing of the Group's syndicated financial liabilities, with an aggregate of NOK 3 200 million in five-year senior secured sustainability-linked loans and credit facilities. This represents the completion of the funding process, since the bank loan as at 31 December 2021 matures in February 2023. The new debt structure comprises a NOK 750 million term loan, an EUR 75 million term loan, a NOK 1 500 million revolving credit facility and a NOK 200 million overdraft facility. See Note 12 to the Group Accounts for more information.

Grieg Seafood 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. As at 31 December 2021, Grieg Seafood was in a solid financial position to execute strategic priorities and deliver shareholder return. The Board recommends that a dividend of NOK 3.0 per share be distributed to shareholders in the first half of 2022.

CASH FLOW

Net cash flow from operating activities in 2021 totaled NOK 601 million, up NOK 189 million from NOK 412 million in 2020. The higher cash flow from operating activities derives largely from a higher EBIT in 2021 compared to 2020, as the sum of timing differences, including tax payments, in 2021 was fairly similar to 2020.

For the year, net cash flow from investing activities totaled NOK -560 million, up NOK 1 033 million from NOK -1 593 million in 2020. NOK

620 million of the negative cash flow from investment activities in 2020 derived from the acquisition of Grieg Newfoundland. Besides the NOK 620 million cash consideration for the shares in Grieg Newfoundland, differences in cash flow from investing activities are due to MAB capacity purchased in 2020 (NOK -159 million) under the government traffic light scheme, as well as the NOK -85 million impact on cash of the deconsolidation of Sjør (Ocean Quality). In 2021, in addition to investments made in property, plant and equipment, the Group invested NOK 2.5 million in Årdal Aqua AS and NOK 12.5 million in Nordnorsk Smolt AS (injection of new capital), a total of NOK 15 million for the year.

Net cash flow from financing activities for the year totaled NOK -1 430 million, down NOK 2 909 million from NOK 1 478 million in 2020. In 2020, the Group issued the green bond, raising total proceeds of NOK 1 500 million. Besides the green bond issue, repayments on NOK and EUR term-loans of approx. NOK 100 million were made, with NOK 178 million in lease payments and NOK -133 million from net interests and other financial items. In 2021, the debt service expenses increased, impacting cash flow by NOK -200 million. Following the refinancing of the syndicated

FIGURE 3.17
EQUITY-RATIO AND NIBD/HARVEST

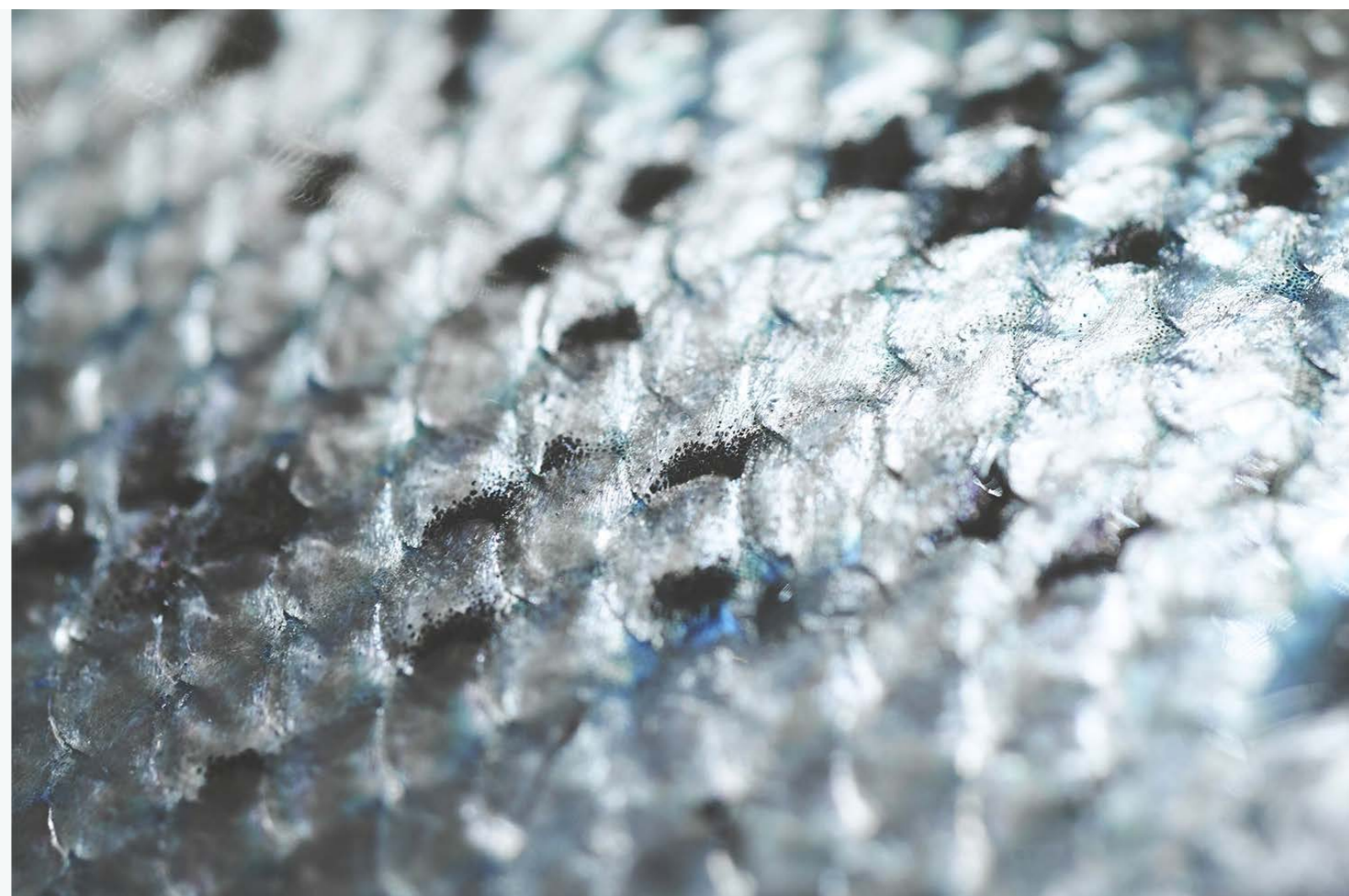
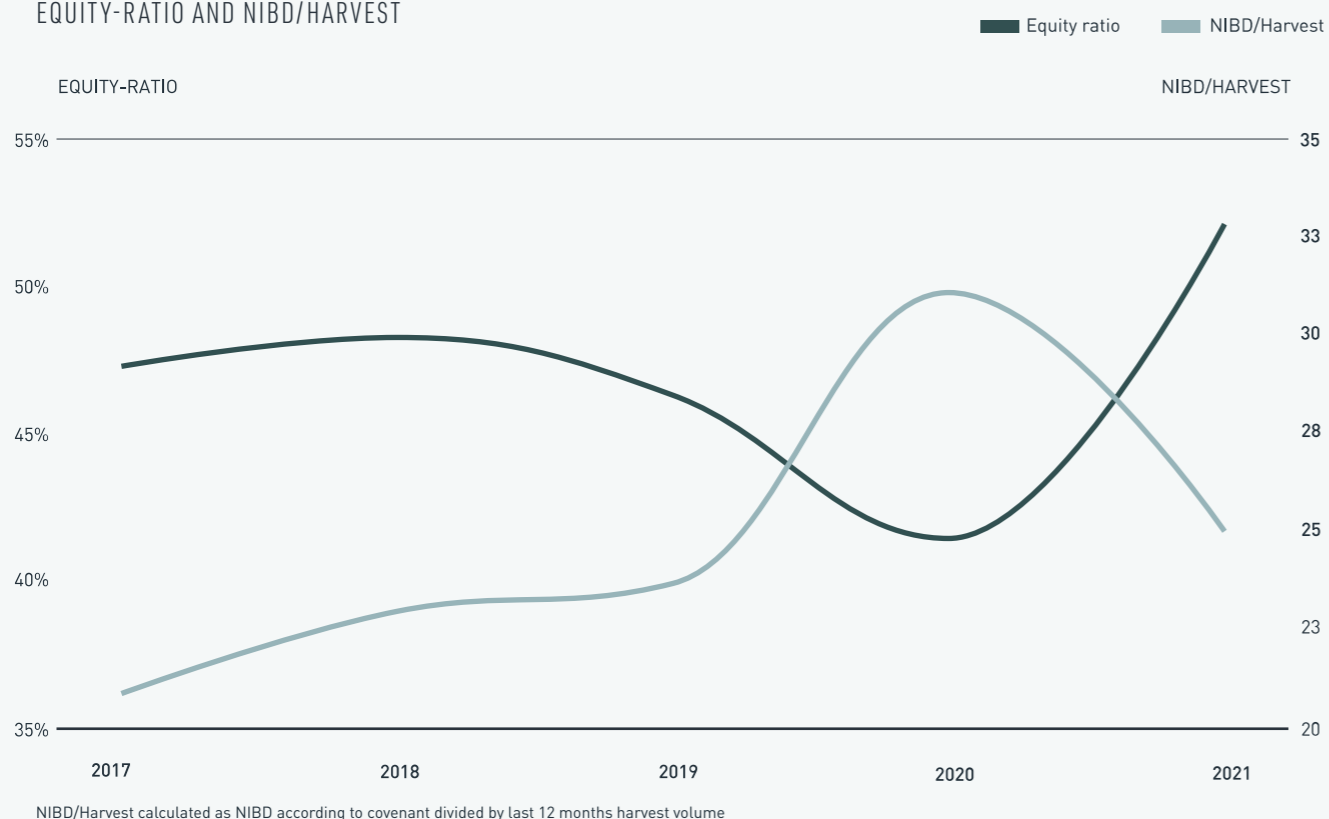


FIGURE 3.18
GROSS INVESTMENTS, HARVEST VOLUME TONNES GWT
AND GROSS INVESTMENTS/KG EXCL. SHETLAND



Cash payment made on the acquisition of Grieg Newfoundland of NOK 620 million is not included in the 2020 figure presented in the chart above. All figures in the chart above are exclusive of Shetland. The peak in 2020 (gross investments of NOK 13.8/kg) is largely attributable to capital investments in the freshwater facility in Newfoundland. The freshwater facility in Newfoundland was completed in 2021.

loans in Q1 2022, debt service costs is expected to be positively impacted by a lower margin. Lease payments totaled NOK 185 million in 2021, while installments of NOK 528 million on loans were paid. This includes settlement of the NOK term loan facility. The remaining differences are due to cash management by utilization of the revolving credit facility.

The net change in cash and cash equivalents from continued operation for the year was NOK -1 389 million, down NOK 1 686 million from NOK 298 million in 2020. In December 2021, a preliminary cash settlement for the sale of Shetland of NOK 2 087 million was received. This is included as a NOK 2 040 million net change in cash and cash equivalents from discontinued operations in the 2021 cash flow statement. The net change in cash and cash equivalents from discontinued operations therefore rose by NOK 2 279 million from NOK -239 million in 2020.

As at 31 December 2021, the Group had a cash balance of NOK 928 million, up NOK 653 million from NOK 275 million in 2020.

GRIEG SEAFOOD ASA

PROFIT FOR THE YEAR

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

The parent company recorded an operating loss of NOK 77 million in 2021, compared to a loss of NOK 73 million in 2020. Grieg Seafood ASA is the holding company of the farming and sales operations in the Grieg Seafood Group. Grieg Seafood ASA is the employer of Group management as well as centralized functions of the Group. In line with the Group's growth ambitions, these functions were enhanced during 2021, which materializes in a higher overhead, primarily through payroll.

The company has a syndicated loan provided 50/50 by DNB and Nordea. The financing agreement includes two term loans of NOK 600 million and EUR 60 million, respectively; a revolving credit facility of NOK 1 250 million (down from NOK 1 500 million in 2020), alongside an overdraft facility of NOK 100 million. This has been refinanced in February 2022. In addition to bank loans, Grieg Seafood ASA has a green bond of NOK 1 500 million issued in 2020, with maturity in 2025. At the end of the year, NOK 885 million of the revolving credit facility and the overdraft facility was available for utilization.

Group contributions from subsidiaries are included in net financial items in the amount of NOK 308 million in 2021 (NOK 100 million in 2020).

Interest expenses from external financing increased in 2021. This is primarily due to increased external funding compared to 2020,

in particular the green bond issue of NOK 1 500 million, which carries payable interest of approximately NOK 65 million per year (according to the interest rate as at 31 December 2021, see Note 3 to the Group Accounts).

At the end of the year, Grieg Seafood was in compliance with its financial covenants. The leverage ratio NIBD/EBITDA was measured at 2.6, well within the maximum allowable leverage according to the loan agreement. At year-end, Grieg Seafood ASA had an equity ratio of 48%, compared to 43% the year before. This corresponds to a book value of equity of NOK 2 744 million in 2021 compared to NOK 2 670 million in 2020.

During the year, no dividend payments were made, as the Board decided to postpone ordinary dividend for 2020 (as for 2019) due to the increased volatility and uncertainty caused by the Covid-19 situation, combined with an extensive investment plan for the Group. On 15 December 2021, Grieg Seafood Shetland was sold. A cash consideration of NOK 2 087 million was received in December 2021, which was used to settle the NOK 600 million bridge loan and the NOK 425 million outstanding principal of the NOK term loan. Grieg Seafood ASA recorded a gain of NOK 143 million from the Shetland transaction. In February 2022, Grieg Seafood finalized a refinancing of the Group's syndicated financial liabilities, with an aggregate of NOK 3 200 million in five-year senior secured sustainability-linked loans and credit facilities.

The parent company's net cash flow from operations in 2021 totaled NOK 147 million, compared to NOK -277 million in 2020. The difference in net cash flow from operations in 2021 from 2020 is primarily due to lower taxes paid in 2021, and differences in net working capital items.

Cash flow from investing activities came to NOK 1 611 million (NOK -1 232 million in 2020). The difference from 2020 to 2021 for the net cash flow from investing activities is primarily due to the Shetland transaction being finalized on 15 December 2021, in connection with the cash consideration of NOK 2 087 million in December 2021. In 2020, on the other hand, Newfoundland was acquired and green bond proceeds were distributed to applicable green projects in the group companies.

Net cash flow from financing activities came to NOK -1 149 million, compared to NOK 1 687 million in 2020. The change in net cash flow from financing activities from 2020 to 2021 is primarily due to the green bond issue of NOK 1 500 million received in 2020, while net repayments of approx. NOK 1 100 million on revolving credit facility and term-loans were made in 2021. In addition, debt service costs were higher in 2021 due to the green bond issue and the temporary amendment to the term loan agreement with banks.

As at 31 December 2021, available cash totaled NOK 793 million compared to NOK 184 million as at 31 December 2020.

FINANCIAL RESULTS AND ALLOCATIONS – GRIEG SEAFOOD ASA

The aim of the Group is to offer a competitive return on invested capital to its shareholders through a combination of dividends and share price appreciation. The Group's dividend policy is that the dividend should, over time, average 30-40% of the Group's net profit after tax before fair value adjustment of biological assets. At the same time, the Group's net interest-bearing debt per kg harvested salmon should remain below NOK 30, but can be exceeded in periods of growth investments. At year end, the financial position of Grieg Seafood ASA was solid, and the Board proposes that a dividend of NOK 3.0 per share be distributed to shareholders.

The parent company, Grieg Seafood ASA, recorded a profit after tax of NOK 407 million for 2021, which the Board proposes that the Annual General Meeting allocate as follows:

FIGURE 3.19
ALLOCATION OF PROFIT/LOSS FOR THE YEAR, GRIEG SEAFOOD ASA

	NOK million
Provision for dividends	336.9
Transfer to retained equity	182.7
Total allocated	519.7

RISK AND RISK MANAGEMENT

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

The members of the Board of Directors and the CEO are insured. The insurance provides liability cover for members of the Board of Directors and the CEO with respect to claims arising from decisions or actions they may take on behalf of Grieg Seafood ASA.

OPERATIONAL RISK

The greatest operational risk relates to biological developments within the Group's smolt and aquaculture operations. The book value of live fish in the balance sheet at year-end was NOK 3 449 million, of which the fair value adjustment was NOK 970

million. The book value of live fish at cost at year-end 2021 was NOK 2 479 million, or 23% of the balance sheet. Biological risks include oxygen depletion, diseases, viruses, bacteria, parasites, algae blooms, jelly fish and other contaminants. To reduce this risk, the Group focuses on improving fish health and welfare through several initiatives, including joint following and area-based management, switching from pharmaceutical to mechanical delousing treatment methods, and use of sensor technology to reduce algae challenges. The Group's post-smolt strategy, where fish are grown to a larger size on land, thereby shortening the time they spend in open sea pens, is an important part of the effort to reduce biological risk.

Throughout the year, production at the Group's freshwater and seawater locations has been good. Biological conditions have been stable, with increasing survival rates. As at year-end, Grieg Seafood Rogaland had two sites infected by Pancreas Disease (PD), the fish at these sites will be harvested during Q1 2022. In Finnmark, measures have been taken to reduce the risk of winter ulcers and ISA, and the region experienced significantly lower impact from winter ulcers this year compared to last year.

The aquaculture industry has experienced major issues with sea lice and algae in recent years. The Group collaborates actively with the authorities and other aquaculture players to implement measures and initiate activities to reduce biological risk. Some of the initiatives are joint following and area-based management. The Group has initiated a digitalization process to facilitate operational improvements. The aim is to use sensor technology to reduce the algae challenges in BC in particular. The introduction of sensor technology to monitor algal blooms enables the type of algae to be determined at an early stage and the appropriate feeding response selected. This is of vital importance as different types of algae have different effects on the salmon. In BC, mortality related to algae blooms was reduced from 3.4% in 2019, to 0.9% in 2020 and down to 0.4% in 2021, due to the efforts within algae mitigation, digital monitoring and aeration systems.

The feed industry is characterized by large global suppliers operating under cost-plus contracts, and feed prices are accordingly directly linked to the global markets for fishmeal, vegetable meal, animal proteins and fish/vegetable/animal oils, which are the main ingredients in fish feed. While access to marine feed ingredients has increased, access to terrestrial feed ingredients continues to be limited, and feed prices are expected to increase. At year-end 2021, the expectation was that the cost of feed would increase, and consensus estimates indicated an expected increase in the cost base (incl. feed) of NOK 2-5 per kg, which would, based on the 2021 financials, imply a change of approx. 4-11% in farming cost per kg. In addition, the Ukraine crisis is predicted to lead to higher costs, due to the likelihood of significantly lower volumes of wheat being supplied to the market in 2022.

The risk of cyber attacks are also relevant for the Group. Cyber attacks may cause disruption in the ordinary course of operations, both within the Group and at third parties, as well as damage and/or incapacitate critical infrastructure necessary to operate the Group's freshwater and seawater sites. The outcome of a cyberattack may adversely impact fish welfare at affected sites, the Group's reputation and financial performance. The cybersecurity risk is high on management's agenda, and is addressed through securing the digital systems and infrastructure, as well as awareness and training, and strengthening the focus on securing remote access for employees and vendors.

MARKET RISK

Salmon prices are highly volatile, with major fluctuations within relatively short time spans. However, there has been a stable rise in demand for salmon over recent years, while the growth in supply has been limited. The global harvest volume of Atlantic salmon in 2022 is not expected to increase compared to 2021. Combined with high demand, this is expected to drive prices. Supply is also impacted by other factors, such as government regulations, sea temperatures, sea lice, outbreaks of disease, and other indirect and direct factors which affect production and therefore also supply. Grieg Seafood did not have sales to Russia in 2021. Sales to Ukraine accounted for 1% of Grieg Seafood's total revenue in 2021.

The Covid-19 pandemic and the measures implemented by authorities worldwide to deal with it, impacted global demand for salmon and disrupted global supply chains in both 2020 and 2021. Sales to the HoReCa market have been low most of the year due to Covid-related restrictions, curfews and lockdowns in most markets. On the other hand, sales to the retail segment and home consumption have increased during the Covid-19 pandemic. Continental Europe is the Group's most important market, with North America being the second largest market. Salmon spot prices have varied significantly over the last year, due to the waves of restrictions and lockdowns both in Europe and North America. The spot market price (NQSALMON) was NOK 45.1 at the beginning of the year, and closed the year at NOK 63.4 per kg. The 12-month average NQSALMON for 2021 came to NOK 57.3 per kg compared to NOK 53.7 in 2020. Spot salmon prices in the US market started the year at NOK 59.6 per kg, and ended the year at NOK 72.6 per kg, with an average price of NOK 68.5 per kg, up by NOK 12.1 per kg compared to 2020. For Norway, on aggregate for the year, fixed-price contracts did not impact sales revenue/kg. The volume sold under fixed-price contracts was 30% of the harvested volume in Norway. The percentage was in line with the targeted contract share of 20-50%. The Group does not have fixed-price contracts in BC.

The internal sales and market organization sells all of the Group's fish. The Group also has a Value Added Product (VAP) sales department and has secured value-added processing capacity in Norway, as a step towards repositioning the company in the market.

COMPLIANCE RISK

Grieg Seafood is committed to conducting its business ethically and with integrity. The Group perform risk assessments of its operations and value chain, and has implemented mitigating measures and controls to prevent corruption and money laundering activities. The Group did not experience any incidents of corruption or money-laundering activities in 2021. The Group would adhere to any relevant sanctions related to Russia and Belarus.

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. Two class-actions have been filed by direct and indirect customers in the USA and three class actions have been filed in Canada (none has yet been certified as a class action). Grieg Seafood is not aware of any anti-competitive behavior within the Group, neither in Norway, nor the EU, the USA, or in Canada. The Group is fully collaborating with European and American authorities in this matter and follow up the lawsuits in the USA and Canada accordingly.

FINANCIAL RISK

Financing risk

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

The Group renegotiated its syndicated bank loan agreement in 2018, which will secure the working capital needed to achieve the Group's growth targets. The agreement matures in 2023. These facilities have been refinanced in Q1 2022, see Note 12 and 29 of the Group Accounts. The Group also has a senior unsecured green bond, with a drawdown of NOK 1 500 million. The bond matures on 25 June 2025. In December 2021, Grieg Seafood sold its Shetland assets. The transaction and the refinancing have significantly improved the Group's financial flexibility.

Financial and contractual hedging is a matter of constant consideration, in combination with operational measures. Management draws up rolling liquidity forecasts, extending over five years. These forecasts are based on conservative assumptions for salmon prices and form the basis for calculating liquidity requirements. This forecast also forms the basis for the Group's financing needs.

Liquidity risk

The Group has invested substantial amounts during the last year, such as the build-up of its biomass and the acquisition of Grieg Newfoundland. The Group utilizes factoring agreements to finance its trade receivables. The trade financier purchases 100% of the credit-insured trade receivables from the Norwegian sales organization, transferring significant risk and control to the credit insurer. The receivables purchased by the trade financier are derecognized from the Group's statement of financial position.

The Group's liquidity reserve is monitored at group level, in collaboration with the operating companies. Management and the Board seek to maintain a high equity ratio (52% at 31 December 2021), to be well positioned to meet financial and operational challenges.

Currency risk

The Group is primarily impacted by currency exposure to CAD, USD, GBP and EUR. The production companies sell in local currencies to the sales organization, which hedges its transactions against currency fluctuations related to CAD/USD, EUR/NOK, GBP/EUR and USD/NOK, and other currencies if required.

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

Part of the long-term loans to subsidiaries from Grieg Seafood ASA are in the local currency and are regarded as net investments, as there are no set plans for their repayment. The currency effect of these net investments is included in the Group's consolidated statement of other comprehensive income (OCI).

Interest rate risk

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

Credit risk

Credit risk is managed at Group level. Credit risk arises from transactions involving derivatives and deposits in banks and

financial institutions, transactions with customers, including trade receivables, fixed contracts and loans to associates. The Group has procedures to ensure that products are only sold to customers with satisfactory creditworthiness. The Group normally sells to new customers solely against presentation of a letter of credit or against advance payment, and credit insurance is used when deemed necessary.

CLIMATE AND NATURE RISK

The effects of climate change, such as extreme weather events, fluctuating temperatures in seawater and a decline in biodiversity, could have a significant financial impact in the coming decades. Knowledge of the possible financial consequences of global warming, biodiversity loss, or even ecosystem collapse, and the integration of climate risk and nature risk, are an essential part of Grieg Seafood's risk management strategy. Grieg Seafood aims to increase their understanding of climate and nature-related risks, in order to find solutions to reduce adverse impacts.

Climate change is likely to present a range of challenges to the aquaculture industry. Grieg Seafood has mapped its climate-related risks in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) for the third consecutive year. The risks identified include acute physical risks caused by extreme weather events, such as damage to production facilities and infrastructure, increased employee accident rates and increased downtime due to harsh weather, and higher risks of escapes due to structural impairment. The Group also faces chronic physical risks, such as increased water temperature or extreme variations in water temperature. Overall, the Group expect the impacts of climate-related risks to be moderate in the short term, with no quantifiable impact as per year end 2021, but these impacts could become more severe in the medium to long term. Any significant physical change is likely to interfere with the Group's current business model or damage the facility infrastructure, both of which could be costly. Similarly, the transitional risks related to increased climate-change regulation or significant changes in consumer preferences could likely affect the bottom line and access to capital. On the other hand, Grieg Seafood is uniquely placed to mitigate these risks and take advantage of climate-related opportunities. To get a full overview over how these climate-related risks and opportunities may evolve and affect the Group, likelihood and impacts analyses under different emission pathways and time horizons have been developed and will be regularly revised. The Group's TCFD report including the climate-related scenario analysis is available [here](#).

The Group also acknowledge that biodiversity, diversity within and between species, and diversity of ecosystems, is declining globally faster than at any other time in human history. Nature and ecosystems provide the basic building blocks of the global economy, and biodiversity loss and ecosystem collapse will also affect the Group's operations, supply chains and markets. In 2021, Grieg Seafood joined the Taskforce on Nature-related Financial

Disclosures (TNFD), as a Taskforce Member. TNFD aims to develop a risk management and financial disclosure framework on nature-related risks, and will support organizations to report and act on both their impacts and dependencies on nature. The finalized framework is earmarked for release in late 2023. For further information, visit the [TNFD's website](#).

Inspired by background work on nature risk launched by WWF Norway in 2019, and in order to support the adoption and implementation of TNFD recommendations, Grieg Seafood joined WWF Norway, Storebrand Asset Management and the Norwegian Institute for Nature Research (NINA) in a pilot project to test a framework for reporting on nature-related risks in the aquaculture sector. The aim is to demonstrate how a company can report on nature-related risks in a way that allows its investors to identify potential risk exposure and engage with its portfolio company in an active, structured and informed way. The pilot report will be launched in 2022.

The salmon farming industry is regulated to avoid impact on biodiversity and the marine environment. In addition, certifications like the Aquaculture Stewardship Council (ASC) help raise the bar above regulatory limits. As of year end, 62% of the Group's net production is ASC certified. Grieg Seafood acknowledges that there are still challenges to overcome, and believes that preventive farming is key to reducing impact on both climate and nature. Several of the Group's ongoing initiatives target climate and nature-related challenges, such as shortening the time the fish spend at sea and are exposed to risks; using real-time ocean data, data analytics, machine learning and artificial intelligence to better predict outcomes and implement mitigating actions early; and experimenting with new farming technologies that create barriers between the fish and the natural environment, such as semi-closed sea-based systems, land-based farming and offshore farming.

CORPORATE AND SOCIAL RESPONSIBILITY

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

Grieg Seafood's sustainability strategy is built on the five pillars: Healthy ocean, Sustainable food, Profit & innovation, People, and

Local Communities. These pillars define the Group's focus areas. They are founded on external expectations, based on dialogues with stakeholders, and the company's own goals and ambitions. The Group has published an overview of their pillars, targets and Group policies [here](#).

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

RESEARCH AND DEVELOPMENT – ACHIEVING SUSTAINABLE GROWTH

The main objectives of Grieg Seafood's R&D activities are to create value, ensure sustainability and promote innovation in the company. The activities and priorities are anchored in the strategy and annual priorities. A continuous process of identifying the most important issues to be addressed forms the basis for R&D activities. A vital part of this is to ensure that results from the R&D projects can be implemented in the Group's operations and thus create innovation and value.

The project portfolio covers all areas of Grieg Seafood work stream. The majority of projects are in fish health and welfare, environmental documentation and impact, feed and feeding, as well as novel and improved production methods both in the freshwater and the seawater phases of the production. An internal R&D strategy provides guidance in the process of project prioritization and qualification to secure the project's relevance and industry value. This comes in addition to the close contact with Grieg Seafood's production regions to ensure the relevance and possible applicability of the planned endeavors. Annual meetings with the regions to map out R&D needs as well as quarterly meetings with the global functional team for R&D are established communication channels that will be further developed. Short descriptions of the ongoing projects are available in an internal project archive, and finalized projects and results are shared. The global functional team for R&D are continually working together with the farming regions, facilitating the implementation of the R&D results into the operations.

EMPLOYEES

To reach goals and to solve challenges, Grieg Seafood needs the best people, regardless of their gender or background. A good working environment is key to attracting and retaining the best talent. For the fourth time in Norway, and the third time globally, the Group participated in the Great Place to Work survey. The Board is proud to announce that all regions maintained the Great Place to Work certification in 2021.

The majority of the Group's employees, including managers, are men. In total, 753 people were employed at the Group as at 31 December 2021, of whom 208 were women and 545 were men. The Group's employment policy facilitates the recruitment and retention of qualified employees independent of gender. A good working environment is key to attracting and retaining the best talent. Grieg Seafood annually monitors and reports on gender balance, pay gaps, women in management positions and key roles through the SHE Index. In the last SHE Index, published in March 2022, the Group received 73 points (High score), compared to an average score across Norwegian companies of 71.

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

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

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

Business integrity is essential for the Group, which has zero tolerance for fraud, corruption or other misconduct. In 2021, there were no reported incidents of corruption. One whistleblowing case was reported during the year, and the case was handled according to procedures. To strengthen the corporate culture and encourage employee loyalty, Grieg Seafood continues to give its employees the opportunity to become company shareholders through the annual share program.

The Norwegian Parliament has adopted new rules on the wage policy of listed public companies, which came into force in January 2021. New wage policy and reporting guidelines were approved by the Annual General Meeting of Grieg Seafood ASA on 2 June 2021. The guidelines for management remuneration are available [here](#).

The remuneration report for Grieg Seafood ASA will be published at the time notice of the 2022 Annual General Meeting is issued. The Annual General Meeting is scheduled for 9 June 2022.

The Board wishes to thank all employees for their dedication, efforts, and contributions in 2021.

CORPORATE GOVERNANCE

Grieg Seafood ASA seeks to comply, where applicable, with the Norwegian Code of Practice for Corporate Governance, last revised on 17 October 2018. The Grieg Seafood Group follows NUES's latest recommendations and has updated its existing rules and defined values in accordance with changes to the Norwegian Code of Practice published in 2021. The company's corporate governance policies and practices are disclosed in the "Corporate governance" section of this Annual Report, and on the Grieg Seafood [website](#).

POST-BALANCE SHEET EVENTS

In February 2022, Grieg Seafood finalized a refinancing of the Group's syndicated financial liabilities, with an aggregate of NOK 3 200 million in five-year senior secured sustainability-linked loans and credit facilities. This represents the completion of the funding process. The new debt structure comprises a NOK 750 million term loan, an EUR 75 million term loan, a NOK 1 500 million revolving credit facility and a NOK 200 million overdraft facility. The NOK and EUR term loans carry installments equal to a 12-year repayment profile until balloon payment at five years. The revolving credit facility matures at five years, while the overdraft facility is subject to annual renewal. The interest rate is three months NIBOR plus margin. The loan is linked to sustainability-linked KPIs, of which the scoring impact the interest rate margin paid on the facilities. The sole financial covenant for the new facilities is a minimum book value of equity ratio of 31%, excluding the effect of IFRS 16 compared to the IFRS in force prior to 1 January 2019.

OUTLOOK

MARKET EXPECTATIONS AND POSSIBILITIES

The global harvest of Atlantic salmon in 2022 is expected to remain at a similar level to 2021. The Covid-19 pandemic has impacted the salmon market in the last two years, with a significant shift in demand away from hotels, restaurants and catering (HoReCa), while the retail segment and home consumption have been boosted. Going into 2022, salmon demand is still impacted by the pandemic and partly characterized by volumes channelled from the HoReCa market to the retail segment. However, with global progress on vaccination against Covid-19 and the lifting of restrictions in many countries, the shift from HoReCa to retail is expected to be reversed to some extent. Nevertheless, retail consumption may increase as consumers have become used to

cooking salmon at home. Dietary megatrends fueled by increased focus on health and sustainability are expected to increase demand going forward, contributing to a strong salmon market.

The Russian invasion of Ukraine in February 2022 has already had a global impact on food and food raw materials prices, though salmon demand has not yet been significantly affected. Further inflation in prices and distribution costs may impact demand going forward. However as of the time of publishing this report, with the outlook for continuing strong demand and no supply growth in 2022, the expectation is that market prices will rise going forward.

For the past 25 years, literally all new fish volumes have come from aquaculture. Wild fishing has long had to cope with smaller catches, quotas and other regulatory restrictions. Since 1990, the volume of farmed fish has multiplied more than six-fold, with salmon making up less than 2.5% of the volume. In line with the ongoing global megatrends relating to health and sustainability, there has been growing interest in the health and potential environmental benefits of sustainable aquaculture. Currently, Europe is the largest and most mature market for Atlantic salmon, consuming more per capita than other continents. There are, however, countless ongoing initiatives to introduce salmon to a larger number of new consumers across the globe. An increase in consumption per capita in large markets and growing economies such as the USA, Brazil, China and India is expected to contribute to rising demand for Atlantic salmon over time.

There is a consensus in the market that the existing coastal, open-pen aquaculture industry will achieve modest organic growth. This will primarily be driven by the opening of new sites and areas for sea farms, new and improved technologies and farming practices, and better cooperation both between industry players and with the public authorities. In addition to this incremental growth, more experimental attempts to farm salmon, either offshore or on land, may supplement the traditional salmon farming industry with additional volumes in the longer term. Grieg Seafood has already invested in post-smolt, where we keep the fish longer on land before we transfer them to the sea, as an important step towards reducing the impact on nature. Grieg Seafood may also explore other technologies, such as offshore farming. In 2021, the Group received four and a half development licenses for the "Blue Farm" concept that it applied for in 2016. The concept is based on technology from the Norwegian oil and gas industry, and the aim is to eventually relocate these innovative farms offshore. Another technology Grieg Seafood will explore, is land-based salmon farming through the joint venture Årdal Aqua. Grieg Seafood believes that inshore farming will remain the backbone of the industry going forward. However, land-based and offshore farming are great supplements, and the Group looks forward to taking part in the development of these technologies.

PRODUCTION

At the time of issuing this report, the Group is experiencing good biological production in all regions. The farming operations are running as normal, and salmon is being harvested according to plan. The emphasis is on continued optimization of production, focusing on fish health and welfare. For 2022, Grieg Seafood expects a total harvest of 90 000 tonnes GWT. As at year-end 2021, Grieg Seafood expects cost inflation on raw materials and key input for production. However, it is uncertain how the Ukraine war will impact raw material supplies and the prices of inputs used in the salmon farming production. The potential impact of inflation on the Group's cost base is kept under continuous scrutiny.

FINANCIAL POSITION

As at 31 December 2021, Grieg Seafood was in a solid financial position. In February 2022, Grieg Seafood finalized a refinancing of the Group's syndicated financial liabilities, with an aggregate of NOK 3 200 million in five-year senior secured sustainability-linked loans and credit facilities. The sale of the Shetland assets in December and the refinancing of the Group's syndicated financial liabilities have significantly improved the Group's financial flexibility. In addition to deliver a shareholder return, with the Board's recommendation of a dividend of NOK 3.0 per share, the Group aims to continue execution of its growth strategy. The Group aims to invest NOK 750 million in 2022, where of growth investment amounts to NOK 385 million.

GOING CONCERN

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

STATEMENT FROM THE BOARD OF DIRECTORS AND CEO

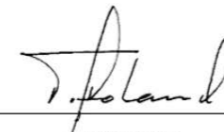
We hereby confirm that, to the best of our knowledge, the financial statements for the period from 1 January to 31 December 2021 have been prepared in accordance with applicable accounting standards and give a true and fair view of the Group and of the Group's assets, liabilities, financial position, and overall results. We also confirm that the Board of Directors' Report gives a true and fair view of the development and performance of the business and the position of the Company and the Group, as well as a description of the principal risks and uncertainties facing the Company and the Group.

Bergen, 30 March 2022

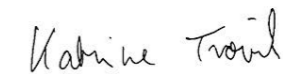
The Board of Directors of Grieg Seafood ASA



PER GRIEG JR.
CHAIR



TORE HOLAND
VICE CHAIR



KATRINE TROVIK
BOARD MEMBER



MARIANNE RIBE
BOARD MEMBER



NICOLA I HAFELD GRIEG
BOARD MEMBER



ANDREAS KVAME
CEO

CORPORATE GOVERNANCE

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

GOVERNANCE STRUCTURE

Grieg Seafood believes that strong corporate governance is an essential element in achieving our overall objectives and acting as a responsible organization. The Board of Directors is committed to sound corporate governance, and our governance structure helps enable the Board to fulfil its duties to our shareholders and ensure our long-term success. The Board exercises oversight and assesses relevant sustainability elements that have an impact on strategic, operational and financial matters, including the factors that constitute our major risks. The Audit Committee, which consists of two members of the Board of Directors, has been given a particular responsibility to monitor critical business risks and address the quality and effectiveness of relevant risk-reducing measures. The Audit Committee reviews the Group's governing policies annually and assesses our risk management quarterly. We have an internal Sustainability Steering Committee to review and update our group policies on the basis of a holistic assessment of economic, environmental, social and governance (ESG) issues. Our group management team, consisting of eight senior executives and representing all aspects of our operations, are the approval committee for these policies. The Board of Directors holds the group management team accountable for following its strategies and policies, maintaining a high standard of ethical and responsible business conduct, taking care of our employees and safeguarding human rights, and assessing risks related climate change and the environment. The group management team convenes weekly. We also have quarterly business review meetings with our farming and sales operations. In 2021, most of these meetings were held on digital platforms, which has worked well. We also have a dedicated, cross-functional Sustainability Team, led by the Chief Sustainability Officer, consisting of members of the group management team and employees with particular functional responsibilities. Day-to-day implementation and assessment are, however, a line management responsibility. This means that corporate social responsibility is an integral component of all our operations, for all management teams, units and departments.

RISKS RELATED TO CLIMATE AND NATURE

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

COMPLIANCE

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

CODE OF CONDUCT AND BUSINESS BEHAVIOR

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

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

CORPORATE GOVERNANCE PRINCIPLES

Adopted by the Company's Board of Directors on 20 April 2007, and updated on 30 March 2022.

FIGURE 3.20
GRIEG SEAFOOD'S COMPLIANCE WITH THE NORWEGIAN CODE OF PRACTICE FOR CORPORATE GOVERNANCE

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

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

PRESENTATION OF CORPORATE GOVERNANCE

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

The Company abides by the Norwegian Code of Practice for Corporate Governance as recommended by the Norwegian Corporate Governance Board (NUES) on 17 October 2018. The Grieg Seafood Group follows NUES's latest recommendations and has updated its existing rules and defined values in accordance with changes to the Norwegian Code of Practice published in 2021.

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

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

Deviations from the Norwegian Code of Practice: None

2. BUSINESS

GRIEG SEAFOOD ASA

The Company's business is defined in Article 3 of its Articles of Association: "The object of the Company is to engage in the production and sale of seafood and in naturally related activities, including investment in companies engaged in the production and sale of seafood and in other naturally related activities."

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

GRIEG SEAFOOD ASA'S VISION AND OVERALL OBJECTIVES

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

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

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

MANAGEMENT OF THE GROUP

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

Deviations from the Norwegian Code of Practice: None

3. EQUITY AND DIVIDENDS

EQUITY

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

As at 31 December 2021, the Company's consolidated equity totaled NOK 5 563 million, equivalent to 52% of total assets, and a debt-to-equity ratio of 0.9. The Board of Directors considers the current capital structure to be satisfactory in relation to the Company's objectives, strategy, and risk profile.

DIVIDEND

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

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

The Board has adopted a dividend policy whereby the average dividend, over a period of several years, should correspond to 30-40% of profit after tax before fair value adjustment of biological assets. Furthermore, although a net interest-bearing debt per harvested kg of up to NOK 30 is considered reasonable, it may be exceeded in periods of growth-related investments. Based on this, the size of the dividend could be adjusted within the margin set out above.

In 2020 and 2021, the Company did not pay out any dividend due to the increased volatility and uncertainly caused by the Covid-19 situation, combined with an extensive investment plan.

BOARD AUTHORIZATIONS

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

The Board has a general authorization to increase the Company's share capital through share subscription for a total amount not exceeding NOK 45 378 817, divided into not more than 11 344 704 shares at the nominal value of NOK 4.00 each. The authorization covers merger decisions as provided for in Section 13-5 of the Norwegian Public Limited Companies Act. The Board is entitled to increase the share capital on several occasions and may itself determine the amount of the share capital increase in each case.

The Board has a general authorization to acquire the Company's own (treasury) shares in accordance with the provisions of Chapter 9 of the Norwegian Public Limited Companies Act for an aggregate nominal amount not exceeding NOK 45 378 817. The Company shall pay not less than NOK 4.00 per share and not more than NOK 180.00 per share when acquiring treasury shares. As at 31 December 2021, no shares have been acquired pursuant to this authorization.

This authorization remains in effect until the next AGM, but not later than 30 June 2022. Going forward, the Company will observe the Norwegian Code of Practice in respect of new proposals to authorize the Board to implement capital increases and acquire treasury shares.

Deviations from the Norwegian Code of Practice: None

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH RELATED PARTIES

SHARE CLASS

The Company has one class of shares, and all shares carry the same rights. As at 31 December 2021, the Company had 113 447 042 outstanding shares, including treasury shares.

TREASURY SHARES

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

As at 31 December 2021, the Company held 1 132 981 treasury shares.

APPROVAL OF AGREEMENTS WITH SHAREHOLDERS AND OTHER RELATED PARTIES

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

There have been no transactions with related parties in 2021.

CAPITAL INCREASES

Should shareholders' preferential subscription right be waived, the Norwegian Code of Practice shall be observed. There have been no capital increases in 2021.

Deviations from the Norwegian Code of Practice: None

5. SHARES AND NEGOTIABILITY

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

Deviations from the Norwegian Code of Practice: None

6. GENERAL MEETINGS

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

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

The Company's Annual General Meeting (AGM) shall be held each year before the end of June. The Board will assess whether the meeting is to be conducted physically or via a digital meeting platform. The AGM shall consider and, if thought fit, adopt the annual financial statements, the annual report and the proposed dividend, as well as deciding on other matters which under current laws and regulations pertain to the AGM. From 2021, new guidelines are in accordance with the new Norwegian Public Limited Liability Companies Act, Section 6-16a and the regulations about guidelines and reporting for remuneration of executive personnel. The new guidelines for Grieg Seafood were adopted by the AGM in June 2021. Pursuant to Sections 6-16a and 6-16b of the Public Limited Liability Companies Act, the remuneration report must be approved by the AGM in 2022.

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

The Board must give at least 21 days' notice that a General Meeting is to be held. During this period, the notice and documents pertaining to matters to be considered at the General Meeting shall be accessible on the Company's website. The same applies to the Nomination Committee's recommendations. When documents are made available in this manner, the statutory requirements for distribution to shareholders do not apply. Nevertheless, a shareholder may ask to be sent physical documents concerning matters to be considered at the General Meeting.

The deadline to register for attendance at the General Meeting is set by the Board in the notice, normally five days prior to the meeting's scheduled date.

Shareholders can vote on each individual matter, including on each individual candidate nominated for election. Shareholders unable to attend may vote by proxy. An authorization form containing a vote option for each agenda item will be enclosed with the notice of meeting. Shareholders may also authorize the Board's chair or the CEO to vote on their behalf.

The Company will publish the minutes of General Meetings in accordance with the stock exchange regulations, in addition to making them available for inspection at the Company's registered offices.

The Board's chair, a member of the Nomination Committee and the CEO will attend the General Meeting. The Board's chair will normally chair the General Meeting. The Board of Directors will ensure that, if it so requests, the General Meeting is also able to appoint an independent chair.

The Board shall not contact the Company's shareholders outside the General Meeting in a manner which could be deemed to constitute preferential treatment or which could be in conflict with current laws or regulations.

The Nomination Committee proposes candidates for election to the Board by the AGM.

In 2021, Grieg Seafood Group held its AGM on 2 June as a digital meeting, as recommended due to Covid-19.

Deviations from the Norwegian Code of Practice:

GSF Group deviates from the Code of Practice in two ways.

1. The AGM is not led by an independent chair, but by the Board's chair. This is in accordance with its Articles of Association. Given the matters considered by the AGM, an independent chair has not been considered necessary. In cases that involve related parties, the AGM is chaired by an independent board member.
2. Not all members of the Board or the Nomination Committee attend the AGM. The Board of Directors considers it sufficient that the Board's chair and the chair of the Audit Committee are present. Other board members and members of the Nomination Committee attend as needed.

7. NOMINATION COMMITTEE

On 13 February 2009, the AGM approved a resolution to establish a Nomination Committee. This is described in Article 8 of the Articles of Association. At the same time, the AGM adopted instructions for the Nomination Committee. According to these instructions, the Nomination Committee should safeguard the interests currently set out in the Norwegian Code of Practice for Corporate Governance.

The present Nomination Committee was elected at the AGM on 2 June 2021.

Nomination Committee	Role	Considered independent	Served since	Term expires
Elisabeth Grieg	Chair	No	12.06.2018	AGM 2022
Yngve Myhre	Member	Yes	07.06.2017	AGM 2022
Marit Solberg	Member	Yes	02.06.2021	AGM 2022

The members of the Nomination Committee are elected for a term of one year. At least 2/3 of the Nomination Committee's members shall be independent of the Board, and may not be board members. The CEO cannot be a member of the Nomination Committee. The Nomination Committee shall have meetings with the directors, CEO and relevant shareholders.

The Nomination Committee's recommendations to the AGM must be submitted well ahead of time and accompany the notice of the AGM, no later than 21 days before the meeting. The Nomination Committee's recommendations must include information about each candidate's impartiality, competence, age, education and professional experience. Upon proposal for re-election, the recommendation should include additional information about how long the candidate has been a board member, as well as details of their attendance at board meetings.

All shareholders are entitled to submit proposals to the Nomination Committee for candidates to the Board of Directors and other appointments. Proposals must be submitted to the Nomination Committee no later than two months prior to the AGM. Information on how to propose candidates can be found on the Company's website.

Recommendations concerning candidates for the Nomination Committee itself should also include relevant information about the candidates.

Deviations from the Norwegian Code of Practice:

GSF Group deviates from the Norwegian Code of Practice in one way.

1. The Code of Practice recommends that all shareholders should be able to submit proposals to the Nomination Committee for candidates to the Board of Directors and other appointments in a simple and easy manner. Currently, shareholders must contact the Nomination Committee directly. The Company will observe the Norwegian Code of Practice in respect of new proposals to facilitate that all shareholders can propose candidates to the Board and Nomination Committee.

8. BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

NUMBER OF BOARD MEMBERS

Pursuant to Article 6 of its Articles of Association, the Company's Board of Directors comprises up to seven members elected by the General Meeting.

The Board's chair is elected by board members. In the event of a tied vote, the Board's chair has the casting vote. The CEO is appointed by the Board and has both a right and a duty to attend board meetings. The CEO is only entitled to vote on board decisions if he or she is an elected member of the Board.

ELECTION PERIOD

All board members are elected by the AGM. The board members' term of office is one year. Board members may be re-elected.

INDEPENDENT BOARD MEMBERS

As at 31 December 2021, the Board of Directors consisted of the following members:

Name	Role	Considered independent	Served since	Term expires	2021 Meeting attendance	% of shares in GSF per 31.12.2021
Per Grieg Jr.	Chair	No	20.05.2009	AGM 2022	100%	53.2*
Tore Holand	Vice chair	Yes	12.06.2018	AGM 2022	100%	0.0%
Nicolai Hafeld Grieg **	Board member	No	04.11.2021	AGM 2022	40%	1.87% ***
Marianne Ødegaard Ribe	Board member	Yes	14.05.2020	AGM 2022	100%	0.0%
Katrine Trovik	Board member	Yes	14.05.2020	AGM 2022	100%	0.0%

*Per Grieg Jr. and indirectly via the Grieg Group.

**Nicolai Hafeld Grieg was elected as a board member at an Extraordinary General Meeting, because Sirine Fodstad resigned as a member of the Board before her term of office expired. He will serve for the remainder of Sirine Fodstad's term of office.

***Nicolai Hafeld Grieg does not personally own shares in Grieg Seafood ASA. However, he does own shares indirectly through his private investment company Maneo Holding AS.

The Company's annual report and the website provide information on board members' backgrounds and expertise. An overview of board members' shareholdings in the Company appears in Note 18 to the Group Accounts in the Annual Report.

Deviations from the Norwegian Code of Practice: None.

9. THE WORK OF THE BOARD OF DIRECTORS

DUTIES AND ANNUAL PLAN

The Norwegian Public Limited Liability Companies Act regulates the duties and workings of the Board of Directors. In addition, the Board has adopted supplementary rules of procedure covering the duties of the Board and the Group's CEO, the division of labor between the Board and the CEO, the annual plan for the Board, notices of board proceedings, administrative procedures, minutes, board committees, transactions between the Company and shareholders, and confidentiality.

The Board has overall responsibility for the Group and for overseeing its day-to-day management and business activities. The Company shall be managed by an effective Board, which is collectively responsible for the success of the Company. The Board represents and is accountable to the Company's shareholders.

The Board's duties include drawing up the Group's strategy and ensuring that the adopted strategy is implemented, effective supervision of the CEO, control and supervision of the Group's financial situation, internal control, anti-corruption, and the Company's responsibility to and communication with the shareholders. The Board shall initiate any investigations it considers necessary to perform its duties. The Board shall also initiate any investigations requested by one or more board members.

To ensure all matters are given unbiased and satisfactory consideration, members of the Board and executive management cannot consider matters in which they have a special and prominent interest. The Board jointly assess each board member's impartiality with respect to matters under consideration.

INSTRUCTIONS

The Board has drawn up a set of instructions for its members and executive management, which contain a more detailed description of the Board's duties, meetings, the CEO's duties in relation to the Board, the meeting schedule for the Board, participation, separate entries in the minutes, and duty of confidentiality.

The Board and the CEO have separate roles, and there is a clear division of responsibility between the two. The CEO is responsible for the Company's group management team. The Board underlines that special care must be exercised in matters relating to financial reporting and the remuneration of the group management team.

In matters of importance where the Board's chair is or has been actively involved, the Board's discussions shall be chaired by the vice chair.

Board members and the group management team shall inform the Board if they have any significant interest in a transaction to which the Company is a party. For further information, please see Note 23 to the Group Accounts in the Annual Report.

The instructions for the Board and executive management were last revised by the Board on 20 September 2017.

ANNUAL ASSESSMENT

Each year, the Board shall carry out an assessment of its work in the previous year. The assessment is based on the results of a questionnaire completed anonymously by each member of the Board and the group management team.

AUDIT COMMITTEE

The Board has set up a sub-committee (Audit Committee) comprising a minimum of two and a maximum of three members elected from among the Board's members, and has drawn up a mandate for its work.

The committee assists the Board to exercise its supervisory responsibility by monitoring and controlling the financial reporting process, systems for internal control and financial risk management, external audits and procedures for ensuring that the Company complies with laws and statutory provisions as well as the Company's own guidelines. From 1 January 2021, a new Audit Act was implemented in Norway. The mandate for the Audit Committee was updated in 2021, in line with the principles and requirements of the new Act.

As at 31 December 2021, the Audit Committee consisted of:

Board's Audit Committee	Role	Considered independent
Katrine Trovik	Chair	Yes
Tore Holand	Member	Yes

REMUNERATION COMMITTEE

The Remuneration Committee is governed by a separate set of instructions adopted by the Board of Directors. The members of the Remuneration Committee are appointed by and from among the members of the Board of Directors and shall be independent of the Company's executive management. As at 31 December 2021, the Remuneration Committee consisted of:

Board's Remuneration Committee	Role	Considered independent
Per Grieg Jr	Chair	No
Marianne Ødegaard Ribe	Member	Yes

The primary purpose of the Remuneration Committee is to assist and facilitate the Board's decision-making in matters related to the remuneration of the group management team, review recruitment policies, career planning and management development plans, and prepare matters relating to other material employment issues with respect to executive management. At the AGM in 2021, new guidelines were approved. The Remuneration Committee monitors that remuneration is in line with the guidelines and will prepare a remuneration report which must be both audited by the Company's auditor and approved by AGM in June 2022. In compliance with Section 6-16a of the Norwegian Public Limited Liability Companies Act, the new guidelines include the remuneration payable to board members.

The committee shall hold discussions with the CEO concerning his/her financial terms of employment. The committee shall submit a recommendation to the Board concerning all matters relating to the CEO's financial terms of employment.

The committee shall also keep itself updated on and propose guidelines for determining the remuneration of the group management team in line with the new laws that come into force from 2021. The committee is also the advisory body for the CEO in relation to remuneration schemes which cover all employees to a significant extent, including the Group's bonus system and pension scheme. Matters of an unusual nature relating to personnel policy, or matters considered to entail an especially great or additional risk, should be put before the committee.

The Remuneration Committee reports and makes recommendations to the Board, but the Board retains responsibility for implementing such recommendations.

The composition of the committee is subject to assessment each year.

Deviations from the Norwegian Code of Practice: None.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has a responsibility to ensure that the Group has proper risk management and such internal control as is required by statute. The Audit Committee has been given a particular responsibility to monitor critical business risks and address the quality and effectiveness of relevant risk-reducing measures. Management performs a risk assessment quarterly, which is reviewed by the Audit Committee in connection with quarterly reporting. The Audit Committee updates the Board after each meeting.

Each year, the external auditor carries out a review of the internal control which is an element of financial reporting. The auditor's review is submitted to the Audit Committee. Internal control means activities and procedures carried out by the Group to safeguard its resources and those of its customers, and to realize its goals through appropriate operations. The achievement of these goals also requires systematic strategy development and planning, identification of risk, choice of risk profile, as well as establishing and implementing control measures to verify that the goals are achieved.

The Group's core values, external guidelines and corporate social responsibility constitute the external framework for internal control. The Group is decentralized, and considerable responsibility and authority are therefore delegated to the regional operating units. Day-to-day implementation and assessment are a line management responsibility. This means that corporate social responsibility is an integral component of all our operations, for all management teams, units, and departments. Risk management and internal control are designed to take account of this.

Internal control is an on-going process that is initiated, implemented, and monitored by the Group's Board of Directors, management and other employees. Internal control is designed to provide reasonable assurance that the Group's goals will be achieved in the following areas:

- Targeted, efficient, and appropriate operations
- Reliable internal and external reporting
- Compliance with laws and regulations, including internal guidelines

The Group has implemented the 2017 COSO Enterprise Risk Management (COSO ERM) scheme as the main framework for risk management, where risks and opportunities are positioned in the context of objectives and performance. The framework includes a description of the Group's risk management policy, as well as financial control processes. There is an ongoing risk assessment of the main transaction processes, describing key controls and ensuring that these controls are in place. This means assessing all processes to determine the probability of non-conformity arising, and how serious the economic consequences would be of any such non-conformity. The establishment of controls in each region is intended to reduce the likelihood of non-conformities with major economic consequences from arising.

The Group categorizes its main risks as: strategic risk, operational risk, financial risk, compliance risk, and climate and nature risk. Management conducts continuous assessments of acute risks and scenarios for possible outcomes, such as the situation we have had for the last two years with the Covid-19 pandemic, and are currently witnessing with the Russian invasion of Ukraine.

The Group's greatest risk relates to biological development during the production of smolt and sea farming. The Group therefore works continuously and systematically to develop processes that safeguard animal welfare and reduce disease and mortality, and ensure that "best practices" are implemented at all levels. Control routines have been prepared for employee working conditions, as well as for escape prevention, animal welfare, pollution, water resources and food safety.

The long-term effect of changes in the climate and natural environment on general economic conditions could also have a material impact on the Group. The Group's climate risk management has been mapped in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Management is also involved in a project to map risks related to the loss of nature, based on a similar framework as the TCFD.

The Group is exposed to the following financial risks: market risk (including foreign exchange risk, interest rate risk, and price risk), credit risk and liquidity risk. The Group's overall risk management plan focuses on the unpredictability of the capital markets and seeks to minimize any potentially negative effects on the Group's financial results. The Group uses financial derivatives to hedge against some risks. Risk management is undertaken at Group level and involves identifying, evaluating and hedging financial risk in close cooperation with the Group's operational units. The Group has written principles for risk management related to foreign exchange and interest rate risk, price risk, and the use of financial instruments.

The Board has established procedures for reporting financial risk within the Group. At the start of each year, the Board adopts a budget for the year. Deviations from the budget are reported on a monthly basis. Forecasts are drawn up for the next five years and updated every month.

Every month, group management reviews a set of Key Performance Indicators (KPIs) with each farming region and our sales and market organization. Some of the main KPIs are: number of smolt transferred to the sea, freshwater and seawater production, production cost, feed factor, harvested volume, harvest cost, farming cost and EBIT/kg. Analyses are made and measured against budget figures and forecasts. The performance data is summarized in a report submitted to the Board.

Each quarter, group management holds meetings with the managements of each region. The aim of the meeting is to follow up the results achieved in relation to the strategies and goals that have been set.

Deviations from the Norwegian Code of Practice: None.

11. REMUNERATION OF THE BOARD OF DIRECTORS

Proposals concerning the remuneration of the Board are submitted by the Nomination Committee. The new guidelines approved by the AGM in June 2021 provided that remuneration to Board members shall be a fixed remuneration and not performance-based remuneration. Remuneration shall reflect the position's complexity, responsibility and time spent, with remuneration reflecting the levels at comparable companies. No board member has any special duties in relation to the Company over and above those they have as a board member. No board members participate in any incentive or share programs.

Board remuneration is shown in the financial statements of both the parent company and the Group.

Deviations from the Norwegian Code of Practice: None.

12. REMUNERATION OF THE GROUP MANAGEMENT TEAM

The objective of the new guidelines approved by the AGM in June 2021 for salary and other remuneration payable to senior employees within the Group is both to attract people with the required competence and retain key personnel. The new guidelines shall create a wage culture which promotes Grieg Seafood ASA's long-term interests, business strategy and financial strength. The guidelines should also motivate employees to work with a long-term perspective to achieve the Group's goals.

The determination of salary and other remuneration payable to the Group's executive personnel is based on the following guidelines:

- Ensuring that salaries and other remuneration are competitive and motivating for each executive and for everyone in executive management.
- Linking salaries and other remuneration to, among other things, the Company's value creation, the Company's stakeholders and shareholders.
- Attracting, motivating and keeping an executive management team with qualifications that correspond to the Company's size and complexity.
- Developing competence and creating continuity in management.
- Ensuring transparency and publishing management's remuneration in the Company.

The principles used to determine salary and other forms of remuneration shall be simple and understandable to employees, shareholders and the public at large.

The salary paid to the group management team in 2021 consists of a fixed and a variable element. A fixed basic salary is the main component of executive compensation and should be competitive, taking into consideration the industry and the individual's qualifications, and ensuring effective operations to influence the Company's strategic direction. The variable element depends on the budget being met and good financial results being achieved. The fixed salaries for executive management are evaluated annually using Grieg Seafood's internal routines for salary adjustments. The Company's Board approved the allocation of cash options based on the AGM's resolution on the share and cash options program. The last approval granted by the AGM dates from 2 June 2021. Members of group management are included in the synthetic options program, see Note 17 to the Group Accounts in the Annual Report. The option agreements have been entered within the scope of the resolution adopted by the AGM. Minutes of this AGM can be accessed [here](#).

OPTION PROGRAM

A synthetic option scheme has been established for executive management and regional directors. The Board desires that executive management and regional directors are shareholders through the option program. The Board believes this is a decisive tool for realizing its ambitions and building the Company, by allowing executive management and regional directors to take part in the Company's dividends from growth and success.

INCENTIVE PLAN

Grieg Seafood ASA has also established an incentive plan that applies to all employees. Its aim is to stimulate goal achievement, while promoting good risk management, preventing excessive risk taking and contributing to the avoidance of conflicts of interest. Annual goal achievement and pay-outs from the incentive plan are regulated by the Remuneration Committee, which prepares the Board's decision

about a pay out if the incentive goals are achieved. Taking into consideration the Company's financial position and risks and costs for the Company in terms of capital requirements and liquidity, the committee will decide if the payment of variable compensation under the incentive plan is acceptable. If the Company cannot achieve the financial results associated with the incentive plan, no bonus pay-out will be awarded. The variable salary cannot exceed six times the monthly salary.

General schemes for the allocation of variable benefits, including bonus schemes and option programs, are determined by the Board according to the guidelines approved of the AGM. Schemes which entail an allotment of shares, subscription rights, options and other forms of remuneration related to shares or the development of the Company's share price, are determined by the AGM. The Board must each year report to AGM that remuneration to executive personnel complies with the guidelines. The Board's statement on management remuneration is a separate item on the AGM's agenda. The AGM votes separately on guidelines to the Board and on remuneration comprising the synthetic options program. The guidelines and the remuneration report will be published on the Company's website.

SEVERANCE PAY

Salary, other remuneration and key terms for the CEO are evaluated annually by the Remuneration Committee, which prepares the Board's decision about remuneration to the CEO. The committee shall hold discussions with the CEO about financial terms annually and, at the latest, by the end of June each year. The Remuneration Committee presents its evaluation to the Board which makes the final decision. Salaries, other remuneration and important terms for the executive management team are evaluated by the CEO annually. The CEO is entitled to 12 months' severance pay after termination of the employment relationship by the Company. The CEO is further entitled to full salary during sick leave lasting up to 12 months' duration.

A severance pay agreement has also been established for the CFO, providing for 12 months' severance pay after termination of the employment relationship by the Company.

Deviations from the Norwegian Code of Practice: None.

13. INFORMATION AND COMMUNICATION

FINANCIAL INFORMATION

The guidelines for reporting financial and other information to the stock market are defined within the framework established by securities and accounting legislation and the rules and regulations of the stock exchange. The Company also complies with the Oslo Stock Exchange (Euronext) Code of Practice for IR, published on 1 July 2019.

The Board of Directors has adopted an investor relations policy to clarify roles and responsibilities related to financial reporting and to regulate contact with shareholders and the investor market. This policy is based upon the key principles of transparency and equal treatment of market participants to ensure they receive correct, clear, relevant, and up-to-date information in a timely manner. The IR policy is available on the Company's [website](#).

In addition, the Board has adopted a separate manual on the disclosure of information, which sets forth the Company's disclosure obligations and procedures.

The Company shall at all times provide its shareholders, the Oslo Stock Exchange (Euronext), and other stakeholders (through the Oslo Stock Exchange information system) with timely and accurate information. The Board shall ensure that the Company's quarterly reports give a correct and complete picture of the Group's financial and commercial position, and whether the Group's operational and strategic objectives are being met. Financial reporting shall also contain realistic forecasts for the Group's commercial and performance-related development.

The Company publishes all information on its own website and through stock exchange/press releases. Quarterly reports, annual reports and stock exchange/press releases are published on the Company's website in accordance with the Company's financial calendar. The presentation of each quarter's results is available as a webcast.

The Company shall be open and active with respect to investor relations, and shall hold regular presentations in connection with the announcement of its annual and interim results.

SHAREHOLDER INFORMATION

The Board shall ensure that information is provided on matters of importance for shareholders and for the stock market's assessment of the Company, its activities and results, and that such information is made publicly available without undue delay. Publication shall take place in a reliable and comprehensive manner, and by means of information channels which ensure that everyone has equal access to the information.

All information shall be provided in English. The Company has procedures to ensure that this is done. The Board of Directors' communication with shareholders and other stakeholders is delegated to the Board's chair, or other appointed persons in specific cases. The Board's chair shall ensure that the shareholders' views are communicated to the entire Board.

Deviations from the Norwegian Code of Practice: None.

14. TAKEOVERS

CHANGE OF CONTROL AND TAKEOVERS

The Company has no established mechanisms which can prevent or avert takeover bids. Any such decision must be made by a General Meeting of shareholders and requires a majority of two-thirds of the votes cast and of the share capital represented. After a takeover bid has become known, the Board will not use its authority to prevent it without the approval of the General Meeting. If a takeover bid is received, management and the Board will ensure that all shareholders are treated equally. The Board will obtain a valuation from a competent independent party and advise the shareholders whether to accept or reject the bid. Shareholders will be advised of any difference of views among board members in the Board's statements on the takeover bid.

At its meeting of 13 October 2015, the Board adopted some core principles for how it will act in the event of any takeover bid. These core principles accord with the Norwegian Code of Practice.

Deviations from the Norwegian Code of Practice: None.

15. AUDITOR

Through its Audit Committee, the Board seeks to collaborate fully and transparently with the Company's auditor. Each year, the Audit Committee obtains confirmation that the auditor meets the requirements of the Norwegian Auditing Act concerning the independence and objectivity of the external auditor.

The Board of Directors ensures that the auditor's auditing plan is submitted to the Audit Committee once a year. In particular, the Audit Committee considers whether the auditor is performing a satisfactory control function.

Both the Company's management and the auditor comply with guidelines issued by the Financial Supervisory Authority of Norway concerning the extent to which the auditor may provide advisory services.

The Board invites the auditor to meetings which address the annual financial statements. The Audit Committee has an additional meeting with the auditor at least once a year to review the auditor's report on the Group's accounting principles, risk areas and internal control procedures. Moreover, each year the Board has a meeting with the auditor at which neither the CEO nor anyone else from company management is present.

The auditor also attends meetings of the Audit Committee to consider quarterly reports and other relevant matters. The auditor's fee appears in the relevant note in the Annual Report, showing the breakdown of the fee between auditing and other services.

Deviations from the Norwegian Code of Practice: None.

Bergen, 30 March 2022
Grieg Seafood ASA

GRIEG SEAFOOD GROUP ACCOUNTS

GROUP ACCOUNTS

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INCOME STATEMENT

GRIEG SEAFOOD GROUP NOK 1 000	NOTE	2021	2020
CONTINUING OPERATIONS			
Sales revenues	8	4 598 585	4 384 357
Other income	8	70 745	28 688
Other gains/losses	8	-6 752	-4 786
Share of profit from associates	7	-1 486	3 350
Raw materials and consumables used	9	-1 738 267	-1 717 279
Salaries and personnel expenses	16/17	-577 434	-499 546
Other operating expenses	13/21/25	-1 527 347	-1 592 852
EBITDA before fair value adjustment of biological assets		818 044	601 932
Depreciation of property, plant and equipment and right-of-use assets	11/13	-368 482	-360 178
Amortization of licenses and other intangible assets	10	-7 192	-8 696
EBIT before fair value adjustment of biological assets		442 370	233 057
Production fee		-24 463	—
Fair value adjustment of biological assets	3/9	523 036	-289 705
EBIT after fair value adjustment of biological assets		940 944	-56 648
Financial income	24	125 233	103
Financial expenses	24	-212 499	-247 895
Net financial items		-87 266	-247 792
Profit before tax from continuing operations		853 678	-304 440
Income tax expense	15	-249 301	-11 557
Net profit for the year from continuing operations		604 377	-315 997
DISCONTINUING OPERATIONS			
Net profit for the year from discontinued operations	5	600 291	-198 823
Net profit for the year		1 204 668	-514 820
ALLOCATED TO			
Controlling interests		1 204 668	-541 054
Non-controlling interests	5	—	26 234
PROFIT AVAILABLE TO SHAREHOLDERS IN PARENT COMPANY			
Earnings per share from continuing operations (NOK)	19	5.4	-2.8
Diluted earnings per share from continuing operations (NOK)	19	5.4	-2.8
Earnings per share - total (NOK)	19	10.7	-4.8
Diluted earnings per share - total (NOK)	19	10.7	-4.8

COMPREHENSIVE INCOME STATEMENT

GRIEG SEAFOOD GROUP NOK 1 000	NOTE	2021	2020
Net profit for the year		1 204 668	-514 820
NET OTHER COMPREHENSIVE INCOME THAT MAY BE RECLASSIFIED TO PROFIT/LOSS IN SUBSEQUENT YEARS			
Currency effect on investment in subsidiaries		42 112	-50 298
Currency effect on loans to subsidiaries	3	32 222	-23 667
Cash flow hedges		—	-786
Tax effect		-7 089	5 380
Recycle of accumulated OCI (sale of Shetland)	5	-105 848	—
Tax effect of recycle of accumulated OCI (sale of Shetland)	5	22 709	—
NET OTHER COMPREHENSIVE INCOME NOT TO BE RECLASSIFIED TO PROFIT/LOSS IN SUBSEQUENT YEARS			
Change in fair value of equity instruments		—	-433
Total other comprehensive income for the year, net of tax		-15 894	-69 804
Total comprehensive income for the year		1 188 774	-584 624
ALLOCATED TO			
Controlling interests		1 188 774	-611 210
Non-controlling interests		—	26 586

STATEMENT OF FINANCIAL POSITION

GRIEG SEAFOOD GROUP NOK 1 000	NOTE	31.12.2021	31.12.2020
ASSETS			
Deferred tax assets	15	59	29 293
Goodwill	6/10	660 071	638 019
Licenses incl. warranty licenses	6/10/12	1 536 319	1 508 452
Other intangible assets incl. exclusivity agreement	6/10/12	36 828	38 015
Property, plant and equipment incl. right-of-use assets	11/13	3 402 629	3 033 154
Indemnification assets	6	40 000	40 000
Investments in associates	7	104 675	84 421
Other non-current receivables	7/22	90 897	9 476
Total non-current assets		5 871 477	5 380 830
Inventories	9/12	128 299	78 001
Biological assets	9/12	3 449 412	2 545 903
Trade receivables	3/12/21	151 793	179 384
Other current receivables	22	147 332	133 069
Derivatives and other financial instruments	3/14	37 592	84 189
Cash and cash equivalents	3/20	928 342	275 427
Total current assets		4 842 771	3 295 972
Assets held for sale	5	—	1 972 725
Total assets		10 714 248	10 649 527

GRIEG SEAFOOD GROUP NOK 1 000	NOTE	31.12.2021	31.12.2020
EQUITY AND LIABILITIES			
Share capital	18	453 788	453 788
Treasury shares	18	-4 532	-4 686
Contingent consideration (acquisition of Grieg Newfoundland AS)	6	701 535	701 535
Other equity		68 205	84 401
Retained earnings		4 344 307	3 135 880
Total equity		5 563 302	4 370 918
Deferred tax liabilities	15	1 069 802	908 958
Share based payments	17	11 115	491
Borrowings	12	2 381 000	3 376 178
Lease liabilities	12/13	577 797	531 644
Total non-current liabilities		4 039 714	4 817 272
Current portion of borrowings	12	54 475	104 435
Current portion of lease liabilities	12/13	178 032	153 195
Share based payments	17	29	2 411
Trade payables	3	523 196	562 848
Tax payable	15	88 641	14 791
Public duties payable		32 088	21 867
Derivatives and other financial instruments	3/14	22 350	14 346
Other current liabilities	26	212 422	94 616
Total current liabilities		1 111 232	968 509
Liabilities directly associated with the assets held for sale	5	—	492 829
Total liabilities		5 150 946	6 278 609
Total equity and liabilities		10 714 248	10 649 527

BERGEN, 30 MARCH 2022
GRIEG SEAFOOD ASA

PER GRIEG JR.
CHAIR

TORE HOLAND
VICE CHAIR

KATRINE TROVIK
BOARD MEMBER

MARIANNE RIBE
BOARD MEMBER

NICOLA I HAFELD GRIEG
BOARD MEMBER

ANDREAS KVAME
CEO

STATEMENT OF CHANGES IN EQUITY

GRIEG SEAFOOD GROUP NOK 1 000	SHARE CAPITAL	TREASURY SHARES ¹	CONTINGENT CONS. ²	OTHER EQUITY ³	RETAINED EQUITY	NON-CONTROLLING INTERESTS	TOTAL
Equity at 01.01.2020	446 648	-4 855	—	154 559	3 487 859	56 632	4 140 843
Profit for 2020	—	—	—	—	-541 054	26 234	-514 820
Other comprehensive income 2020	—	—	—	-70 156	—	352	-69 804
Total comprehensive income 2020	—	—	—	-70 156	-541 054	26 586	-584 624
Contribution in kind	7 140	—	—	—	186 002	—	193 142
Contingent consideration ²	—	—	701 535	—	—	—	701 535
Sale of treasury shares to employees ¹	—	169	—	—	3 086	—	3 255
Establishment costs Grieg Seafood Norway AS	—	—	—	—	-13	—	-13
Dividend	—	—	—	—	—	-17 658	-17 658
Sale of subsidiary - derecognition of non-controlling interests ⁴	—	—	—	—	—	-65 560	-65 560
Transactions with owners [in their capacity as owners] 2020	7 140	169	701 535	—	189 075	-83 218	814 701
Total change in equity 2020	7 140	169	701 535	-70 156	-351 979	-56 632	230 076
Equity at 31.12.2020	453 788	-4 686	701 535	84 401	3 135 880	—	4 370 918
Equity at 01.01.2021	453 788	-4 686	701 535	84 401	3 135 880	—	4 370 918
Profit for 2021	—	—	—	—	1 204 668	—	1 204 668
Other comprehensive income 2021	—	—	—	-15 894	—	—	-15 894
Total comprehensive income 2021	—	—	—	-15 894	1 204 668	—	1 188 774
Sale of treasury shares to employees ¹	—	154	—	—	3 456	—	3 610
Transactions with owners [in their capacity as owners] 2021	—	154	—	—	3 456	—	3 610
Total change in equity 2021	—	154	—	-15 894	1 208 124	—	1 192 384
Equity at 31.12.2021	453 788	-4 532	701 535	68 506	4 344 004	—	5 563 302

¹ The recognized amount equals the nominal value of the parent company's holding of treasury shares

² Contingent consideration related to the acquisition of Grieg Newfoundland AS, see Note 6.

³ Other equity, reclassified through OCI

⁴ Sale of Ocean Quality AS (Sjór AS) in 2020, see Note 5.

SPECIFICATION OF RETAINED EQUITY NOK 1 000	EFFECT OF SHARE-BASED REMUNERATION	PURCHASE/ SALES OF TREASURY SHARES *	ACCUMULATED INCOME LESS ACCUMULATED DIVIDEND	TOTAL
Book value at 01.01.2020	1 094	-8 562	3 495 326	3 487 858
Changes in 2020	—	3 086	-355 065	-351 979
Changes in 2021	—	3 456	1 235 753	1 239 209
Book value at 31.12.2021	1 094	-2 020	4 376 013	4 375 088

* The amount classified under "purchase of treasury shares" equals the cost price in excess of nominal value. See also Note 2.

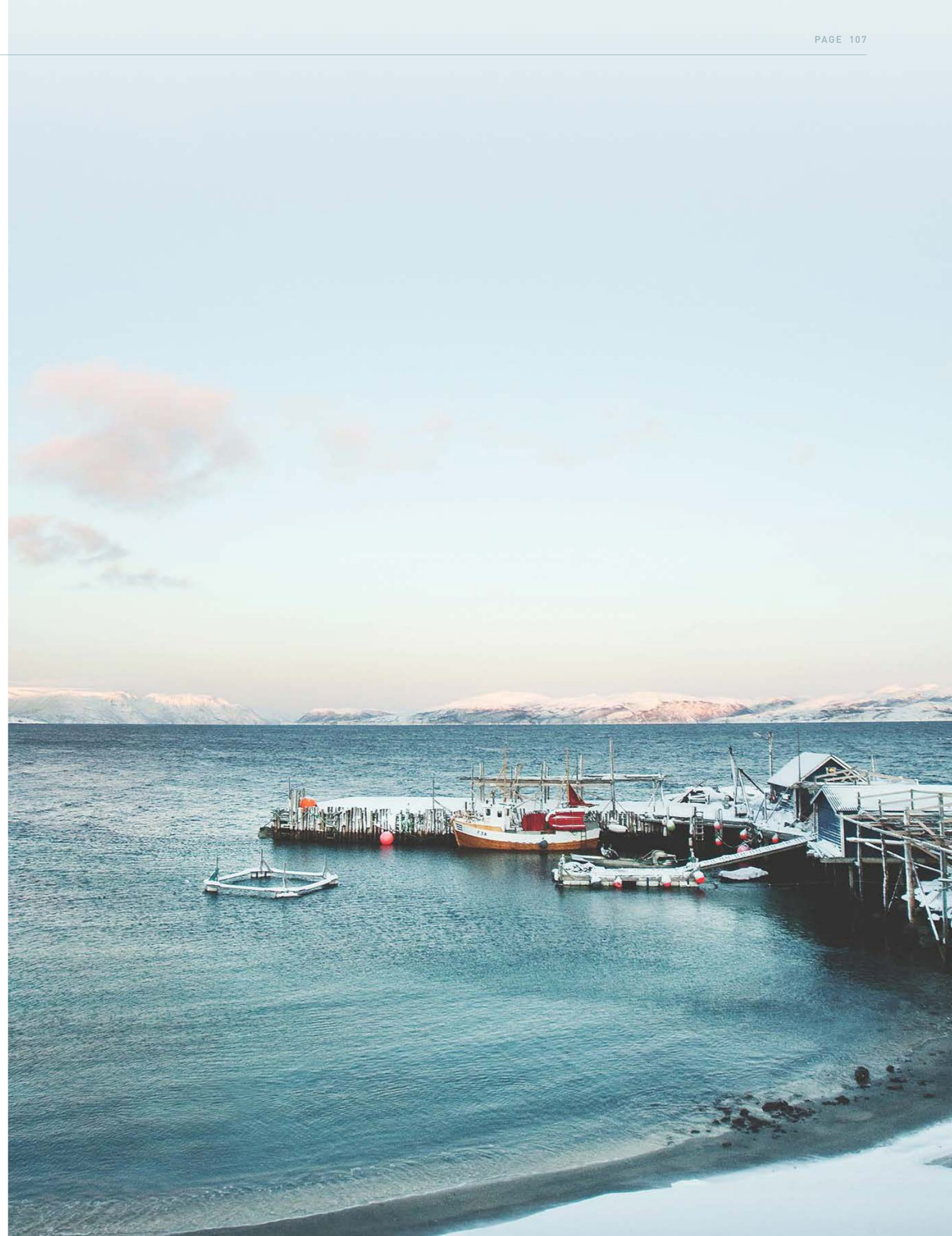
SPECIFICATION OF ACCUMULATED OTHER COMPREHENSIVE INCOME NOK 1 000	CHANGES IN FAIR VALUE OF EQUITY INSTRUMENTS	CURRENCY EFFECT ON LOANS TO SUBSIDIARIES	CURRENCY EFFECT ON INVESTMENT IN SUBSIDIARIES	CASH FLOW HEDGES	TOTAL
Book value at 01.01.2020	396	84 361	76 529	-6 728	154 558
Changes in 2020	-433	-50 298	-18 461	-965	-70 157
Reclassification in 2020	—	-7 694	—	7 694	—
Changes in 2021	—	25 134	42 111	—	67 244
Recycle of accumulated OCI (sale of Shetland)*	—	-80 513	-2 626	—	-83 139
Book value at 31.12.2021	-37	-29 010	97 553	—	68 506

*See Note 5 for more information.

CASH FLOW STATEMENT

GRIEG SEAFOOD GROUP NOK 1000	NOTE	2021	2020
EBIT after fair value adjustment of biological assets		940 944	-56 648
Depreciation and amortization	10/11	375 674	368 874
Gain/loss on sale of property, plant and equipment		-88	4 786
Share of profit from associates	7	1 486	-3 350
Fair value adjustment of biological assets	9	-523 036	289 705
Change in inventories and biological assets excl. fair value		-330 555	-83 434
Change in trade and other receivables		13 327	166 467
Change in trade payables		-39 652	75 674
Change in other accruals		159 654	-136 869
Change in non-current, cash-settled share option liability		10 624	-7 888
Taxes paid	15	-6 895	-205 162
Net cash flow from operating activities - continued operations		601 484	412 156
Proceeds from sale of property, plant and equipment		11 229	781
Payments on purchase of property, plant and equipment	11	-561 041	-760 089
Payments on purchase of intangible assets incl. licenses	10	-3 833	-159 066
Payments on business combinations	6	—	-620 464
Accumulated cash acquired in business combinations	6	—	30 628
Sale of subsidiary, deconsolidation of cash and cash equivalents	5	—	-84 754
Government grant		8 443	—
Investment in associates and other invest.		-15 000	20
Net cash flow from investing activities - continued operations		-560 202	-1 592 944
Revolving credit facility (net draw-down/repayment)	12	-556 222	364 135
Proceeds of long-term int. bearing debt	12	39 147	1 527 493
Repayment long-term int. bearing debt	12	-527 652	-102 267
Repayment lease liabilities	12/13	-184 925	-177 931
Interests paid	24	-189 381	-94 665
Other financial items	24	-11 021	-38 268
Net cash flow from financing activities - continued operations		-1 430 055	1 478 498
Net change in cash and cash equivalents - continued operations		-1 388 773	297 710
Net change in cash and cash equivalents - discontinued operations		2 040 350	-238 762
Net change in cash and cash equivalents - total		651 577	58 948
Cash and cash equivalents - 01.01.		275 427	214 497
Currency translation of cash and cash equivalents		1 339	1 982
Cash and cash equivalents - 31.12.	20	928 342	275 427

The Cash Flow Statement is presented for the Group's continuing operations. See further information in Note 5, including information on net cash flows from operating-, investing- and financing activities from discontinued operations.



NOTE 1 GENERAL INFORMATION

Grieg Seafood ASA is an integrated Norwegian seafood company engaged in salmon farming and processing. Grieg Seafood ASA is a public limited company registered in Norway. Its head office is located at C. Sundtsgt. 17/19, Bergen, Norway. The Company was listed on the Oslo Stock Exchange (Euronext) on 21 June 2007 and has operations in Norway and Canada. Until 15 December 2021, we also had operations in Shetland in the UK. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and were approved by the Board of Directors on 30 March 2022.

All amounts in these financial statements with note disclosures are stated in NOK thousand unless otherwise specified.

In the following, "Group" describes information relating to the Grieg Seafood Group, while "Company" refers to the parent company, Grieg Seafood ASA.

In November 2020, we announced that the Board of Grieg Seafood had decided to divest our investment and operations in Shetland, as we wished to focus on our operations in Norway and Canada going forward. Grieg Seafood ASA sold 100% of the shares in Grieg Seafood Hjaltdland Ltd on 15 December 2021 to Scottish Sea Farms Ltd. Grieg Seafood Hjaltdland Ltd owned in turn 100 % of Grieg Seafood Shetland Ltd, which operated the Group's salmon farming (and as from 2021 related sales) operations. Grieg Seafood Shetland Ltd owned 100% of the (up until 15 December 2021) dormant company Isle of Skye Salmon Ltd. Grieg Seafood Hjaltdland Ltd, together with Grieg Seafood Shetland Ltd and Isle of Skye Salmon Ltd, form the Shetland disposal group. The operations of the Grieg Seafood Hjaltdland UK Ltd Group were, from Q4 2020 until their sale on 15 December 2021, classified as held for sale in the consolidated statement of financial position, and presented as discontinued operations in the consolidated income statement and consolidated cash flow statement of Grieg Seafood. The Shetland disposal group includes the prior reporting segment of Shetland UK, in addition to the UK sales operations. The Shetland disposal group was deconsolidated from the Group as of 15 December 2021. The financial position of the Shetland disposal group is therefore not included in Grieg Seafood's consolidated statement of financial position at year-end 2021. For more information, see Note 5.

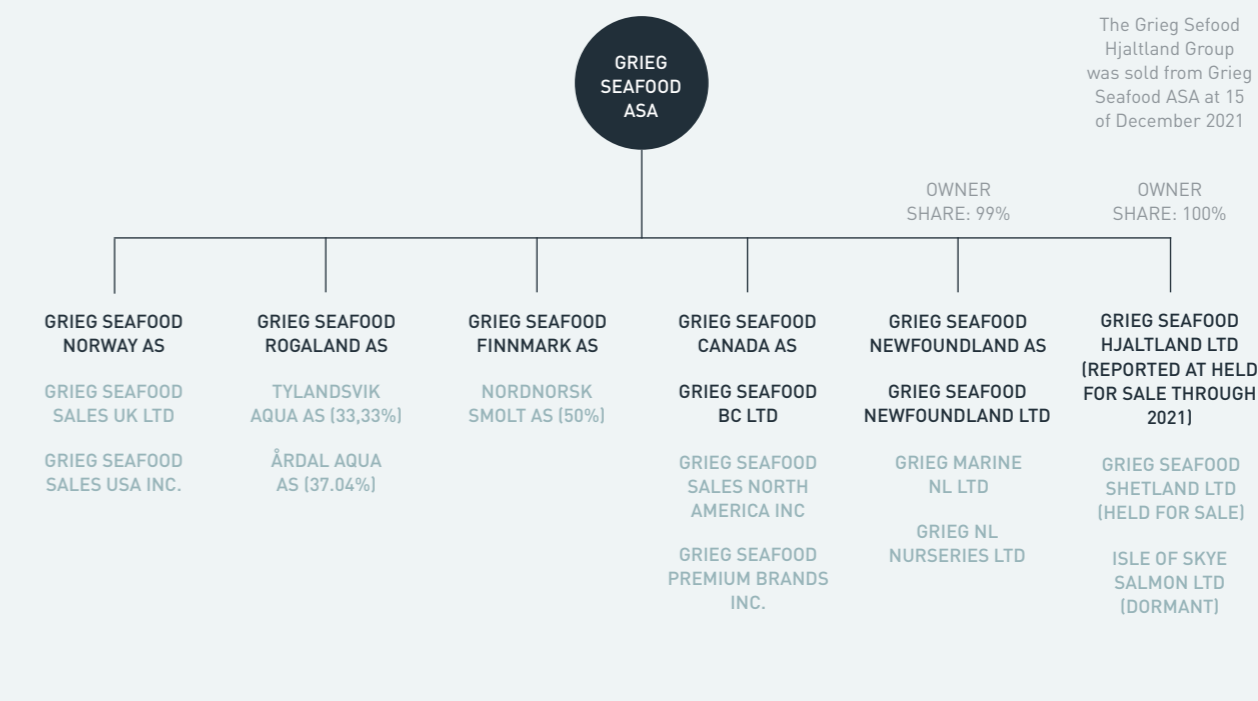
Grieg Seafood Group comprised the following entities at 31 December 2021:

Grieg Seafood Sales Ltd (owned 100% by Grieg Seafood Norway AS) is domiciled in the UK. Grieg Seafood Sales Ltd was not part of the Shetland disposal group, and the entity has been dormant throughout 2021. Grieg Seafood BC Ltd (and its 100% owned subsidiary Grieg Seafood Sales North America Inc) is domiciled in British Columbia, Canada, while Grieg Seafood Newfoundland Ltd (incl. the subsidiaries Grieg Marine NL Ltd and Grieg NL Nurseries Ltd) is domiciled in Newfoundland, Canada. Grieg Seafood Premium Brands Inc (domiciled in the USA) is owned 100% by Grieg Seafood Sales North America Inc. Grieg Seafood Sales USA Inc (domiciled in the USA) is owned 100% by Grieg Seafood Norway AS. The remaining subsidiaries are domiciled in Norway and owned by Grieg Seafood ASA.

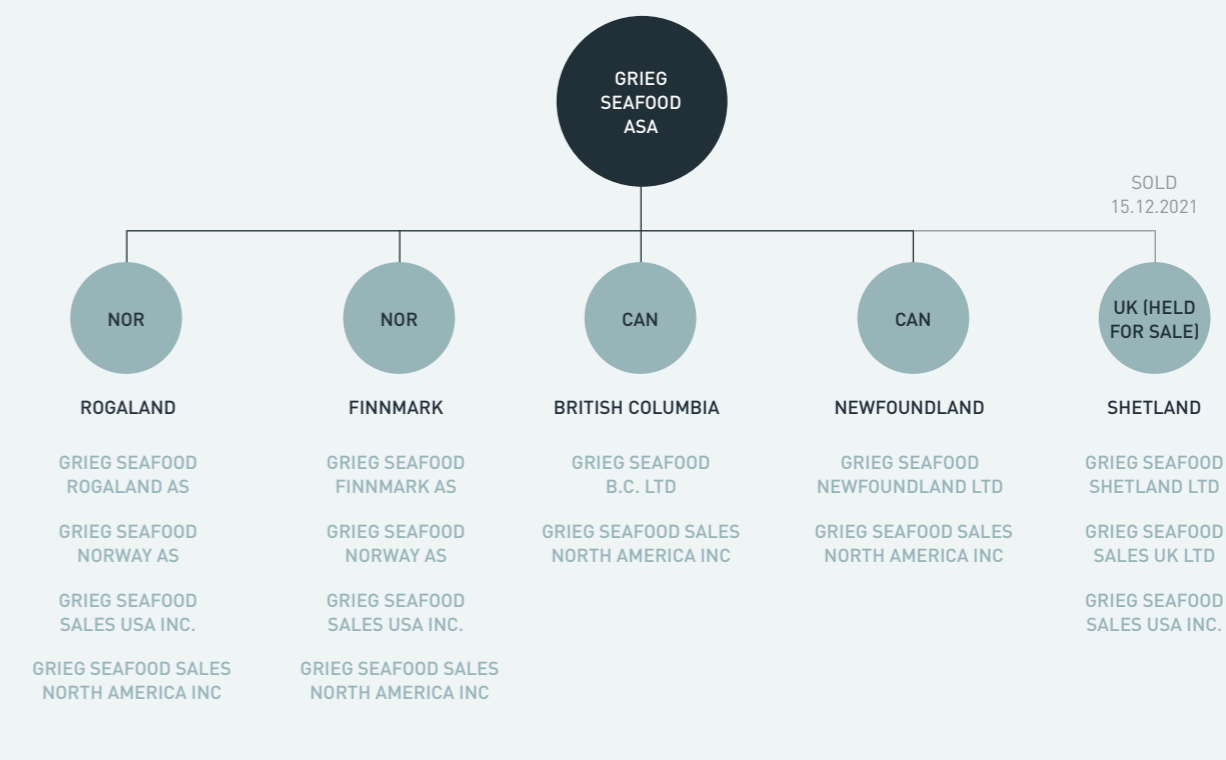
Grieg Seafood Canada AS and Grieg Seafood Newfoundland AS are holding companies within the Group, and wholly own the production companies Grieg Seafood BC Ltd. (incl. subsidiaries) and Grieg Seafood Newfoundland Ltd (incl. its subsidiaries), respectively.

Grieg Seafood Rogaland AS has investments in two associated companies; Tytlandsvik Aqua AS (33.33%) and Årdal Aqua (37.04%), while Grieg Seafood Finnmark owns 50% of Nordnorsk Smolt AS.

GROUP LEGAL STRUCTURE



SEGMENT STRUCTURE THROUGH 2021



NOTE 2 ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise indicated.

BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The consolidated financial statements have been prepared under the historical cost convention, modified for biological assets, equity instruments and financial assets/liabilities (including derivative instruments) at fair value through profit or loss. The preparation of financial statements in accordance with IFRS requires the use of estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are material to the consolidated financial statements are described in Note 4.

NEW STANDARDS ADOPTED BY THE GROUP

No new IFRS accounting standards have been implemented in 2021. See Note 27 for more information.

CONSOLIDATION PRINCIPLES SUBSIDIARIES

Subsidiaries are all entities (including structured entities) over which the Group exercises control. Control over an entity arises when the Group is exposed to variability in the return from the entity and has the ability to impact this return by virtue of its influence over the entity. Subsidiaries are consolidated from the day control arises and deconsolidated when control ceases.

The acquisition method of accounting is applied for acquisitions. The consideration is measured as the fair value of any transferred assets, liabilities or issued equity instruments. The fair value of all the assets or liabilities resulting from contingent consideration agreements is included in the consideration. Identifiable assets and liabilities and contingent liabilities assumed in a business combination are initially measured at fair value at the acquisition date. Non-controlling interests in the acquired entity are measured from time to time either at fair value, or at their proportionate share of net assets of the acquired entity.

Costs relating to business combinations are expensed as they are incurred. In the case of multi-stage acquisitions, the proportion of ownership from any earlier purchases is restated at fair value at the date of control, with changes in value recognized in the income statement.

Contingent consideration classified as equity shall not be remeasured and its subsequent settlement shall be accounted for within equity. Other contingent considerations shall be measured at fair value at each reporting date and changes in fair value shall be recognized in the income statement.

Intragroup transactions, intercompany balances, and unrealized profits and losses between Group companies are eliminated. Reported figures from the subsidiaries are restated when this is necessary to achieve consistency with the Group's accounting policies.

CHANGES IN SHAREHOLDINGS IN SUBSIDIARIES WITHOUT LOSS OF CONTROL

Transactions with non-controlling owners of subsidiaries that do not involve loss of control are treated as equity transactions. When shares are purchased from non-controlling owners, the difference between the consideration and the proportionate percentage of net assets recognized in the subsidiary's statement of financial position relating to such shares is recognized in the parent company's owners' equity. Gains or losses on disposals of non-controlling owners are similarly recognized in equity.

DIVESTMENT OF SUBSIDIARIES

When the Group no longer has control, any residual ownership interest is measured at fair value with changes in value recognized in profit or loss. Using this fair value as deemed cost, the interest is subsequently classified either as an investment in associates or as a financial asset. Amounts previously recognized in other comprehensive income relating to this company are treated as if the Group had disposed of the underlying assets and liabilities. This could mean that amounts that were previously recognized in other comprehensive income are reclassified to profit or loss.

ASSOCIATES

Associates are entities over which the Group exercises significant influence, but not control. Significant influence will generally exist when the Group has a shareholding of between 20% and 50% of the voting rights. Investments are recognized at cost at the time of acquisition, and the Group's share of the results in subsequent periods is recognized through profit or loss. The amount recognized in the statement of financial position includes any implicit goodwill identified at the date of purchase.

The Group's share of its associates' post-acquisition profits or losses is recognized in the income statement, the share of other comprehensive income is recognized in the consolidated statement of comprehensive income and both are added to the investment in associates in the statement of financial position. When the Group's share of losses in an associate equals or exceeds its interest in the

associate, including any other unsecured receivables towards the entity, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. If necessary, the associates' financial statements are restated to achieve consistency with the Group's accounting policies.

At the end of each accounting period, the Group determines whether there is any need to recognize an impairment of the investment in the associate. In such cases, the impairment amount is measured as the difference between the recoverable amount of the investment and its carrying value, and the difference is recognized in the income statement together with share of profit or loss in "Share of profit from associates".

In the event of any gains or losses on transactions between the Group and its associates, only the proportionate share relating to external shareholders is recognized. Unrealized losses are eliminated unless there is a need to recognize an impairment for the asset that was the subject of the transaction. Accounting policies of associates are changed when necessary to ensure consistency with the accounting policies adopted by the Group. Dilution gains and losses arising on investments in associates are recognized in the income statement.

In the event of a reduction in a shareholding in an associate where the Group continues to exercise significant influence, only a proportionate share of amounts previously recognized in other comprehensive income is reclassified to profit or loss.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

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

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

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

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

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

Disclosures for the Group's discontinued operations are provided in Note 5. All other notes to this consolidated financial statement refer to the Group's continuing operations, unless the note explicitly states otherwise.

SEGMENT REPORTING

Operating segments are reported in a manner consistent with internal reporting to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group management.

FOREIGN CURRENCY TRANSLATION

The financial statements of each of the Group's entities are generally measured using the currency of the economic area in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Norwegian Kroner (NOK), which is the parent company's functional and presentation currency.

Transactions and balance sheet items

Foreign currency transactions are translated into the functional currency using the exchange rates in force at the transaction date. Foreign exchange gains or losses resulting from the settlement of such transactions, are recognized in profit or loss. Translation differences on monetary items (assets and liabilities) that are not denominated in the entity's functional currency are also recognized through profit or loss.

Group companies

The income statements and statements of financial positions of the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- The statement of financial position is translated using the closing rate at the end of the period.
- Income and expense items are translated at average exchange rates for the period (if the average is not a reasonable estimate of the cumulative effects of using the transaction rate, the transaction rate is used).
- Translation differences are recognized in other comprehensive income and specified separately.

When a foreign operation is sold, the exchange difference, which in previous periods was recognized in other comprehensive income, is not accrued. The accumulated exchange difference on the sale of the foreign operation is hence reversed in other comprehensive income. Gains or losses on the sale are recognized on a basis of zero exchange difference in the net profit on ordinary activities.

Goodwill and fair value adjustments of assets and liabilities on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated using the closing currency rate at the balance sheet date.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the asset. Cost may also include gains or losses transferred from equity as a result of hedging the cash flow in foreign currency on the purchase of property, plant and equipment.

Improvements are recognized in the asset's carrying amount or as a separate asset when it is probable that future economic benefits associated with the improvement will flow to the Group and the cost of the item can be reliably measured. All other repairs and maintenance are recognized in the income statement during the financial period in which the costs are incurred.

Land and buildings mainly comprise freshwater facilities and offices. Land is not depreciated. Other operating assets are depreciated in accordance with the straight-line method so that the cost, or remeasured value, is written down to residual value over its expected useful economic life as follows:

- Buildings/real estate 10–50 years
- Plants, barges, onshore power supply 5–30 years
- Nets/cages/moorings 5–25 years
- Other equipment 3–35 years

The assets' useful lives and residual values are estimated at each balance sheet date and adjusted if necessary. In 2021 there has not been any changes of useful life relative to EU taxonomy or other climate regulations. This will be continuously considered and adjustments if necessary.

An asset's carrying value is written down to its recoverable amount if the carrying value is greater than its estimated recoverable amount. Gains and losses on disposals are recognized on a net basis and represent the difference between the sales price and the carrying value.

INTANGIBLE ASSETS

Intangible assets that arise internally within the Group are not recognized. Goodwill and licenses with an indefinite economic life are subject to annual impairment tests. Impairment tests are performed more frequently if indications of impairment exist.

Amortized licenses are tested for impairment only if there are indications that future earnings do not justify the asset's carrying value.

GOODWILL

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired entity at the date of acquisition. Goodwill on acquisitions of subsidiaries is classified as an intangible asset. Goodwill on the purchase of a share in an associate is included in "investments in associates". Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

For the purpose of impairment testing, goodwill is allocated to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

LICENSES

Fish-farming licenses with an indefinite useful life are not amortized but reviewed for impairment annually, or more frequently if there are indications that the carrying value may have decreased.

The Group considers the following licenses to have indefinite useful lives:

Licenses granted with an indefinite useful life, where the company has no other contractual restrictions relating to the use of the license. Licenses granted with a finite useful life, but where the license holders can renew the licenses without incurring considerable expenses.

Licenses with a finite useful life are amortized over their useful lives. These relate to water licenses for hatcheries and some specific seawater licenses. The following sections provide a description of licenses relating to the Norway and Canada (BC) segments. See Note 10 Intangible assets for an overview of the number and types of licenses, as well as impairment testing.

NORWAY

The licensing regime for the production of salmon in Norway is enacted by the Norwegian Parliament through the Aquaculture Act. The Ministry of Trade, Industry and Fisheries grants permits for aquaculture (licenses). All aquaculture operations are subject to licensing and no one can produce salmon without permission from the authorities, see Section 4 of the Aquaculture Act.

The aquaculture permit allows the production of salmon in limited geographic areas within the current determined limitations of the

permit scope. The Aquaculture Act is administered centrally by the Ministry of Trade, Industry and Fisheries, with the Directorate of Fisheries as the supervisory authority. Regionally, several industry authorities jointly manage full administrative and supervisory responsibility within the regulating range of the Aquaculture Act. The county council is the regional administrative body, while the Directorate of Fisheries serves as appellate body in locality and licensing matters.

Seawater licenses

Each license for the farming of salmon in the sea is subject to a production limit in the form of "maximum allowed biomass" (MAB) at two levels, company and location level. The system means the license holder can at no time have a standing biomass (number of kg of live fish in seawater) that exceeds the company level MAB. In connection with the approval of a locality, a maximum level of tonnes of fish is set, based on the location and environmental conditions on the site. The normal size of a permit is 780 tonnes at the license level, with the exception of the county of Troms and Finnmark where the permit is 945 tonnes. While the extent of biomass a company can possess primarily depends on the type and number of licenses, the limitation at site level is primarily dependent on the site's environmental sustainability. See Section 15 of the Salmon Allocation Regulation ("Laksetildelingsforskriften").

Norway also has green licenses, with stricter environmental criteria. The sea lice limit is half that of regular licenses, with stricter criteria for escape prevention technologies and limits on the amount of medical treatment permitted per generation.

Hatchery licenses

Young salmon are defined as eggs, juveniles, parr or smolt to be released at another location, see Section 4(f) of the Salmon Allocation Regulation. Such licenses are not limited and thus subject to continuous application for new licenses or changes to existing licenses. Pursuant to the regulations, annual production is limited to 15 million fish.

R&D and broodstock licenses

These licenses are not limited in number. The purpose of broodstock licenses is to produce roe and milt from salmon with improved and/or specific traits. The purpose of an R&D license is to encourage important research projects that can bring the Norwegian aquaculture industry forward. Permits are means tested, meaning that the applicant must demonstrate a need for the production of eggs, specific research projects or for educational purposes. Broodstock licenses include both a land and sea phase, i.e. broodfish and egg production are covered by the same licensing process.

Educational licenses

Educational licenses in Norway are given to universities, colleges or high schools offering aquaculture-related courses of study.

Salmon farming companies can lease educational licenses from the educational institution. Part of the students' training will then take place at these salmon farms.

Harvesting pen licenses

Licenses utilized for holding pens where live fish are kept prior to harvesting. These relate to specific locations.

Duration and renewal

The Ministry may in individual decisions or regulations specify further provisions on the content of aquaculture licenses, including matters relating to scope and time limitations, see Section 5(2) of the Aquaculture Act. Nonetheless, the preparatory work for the Aquaculture Act specifies that licenses are normally granted without a time limit.

Grieg Seafood's general fish farming and hatchery licenses are not time-limited under current regulations. After the reform in 2009, a number of licenses were time-limited, mainly for 15 years. As no government practices have been established relating to the renewal of broodstock licenses, the current understanding is that they will be renewed upon application. Expiration of licenses allows for application for renewal on demand. A license for harvesting pens is valid for ten years and must be renewed on expiration, provided that the license is still connected to an approved harvesting facility.

Disposal and withdrawal

All licenses can be transferred and mortgaged in accordance with Section 19 of the Aquaculture Act. Transfers and mortgages must be recorded in a separate register (the Aquaculture Register). It is not permitted to rent out licenses or license capacity.

Section 9 of the Aquaculture Act sets out the basis for withdrawal of an aquaculture license. This states that there must be significant breaches of the terms of an aquaculture license before it can be revoked.

BC

Grieg Seafood BC Ltd (GSF BC) has farms on both the west and east coasts of Vancouver Island. In order to operate farms in British Columbia, Canada, the following three licenses must be in place:

1. Aquaculture license – issued by the Department of Fisheries and Oceans and the First Nations.
2. License of Occupation (Tenures) – issued by the Ministry of Forest, Lands and Natural Resource Operations.
3. Navigation Water Permit – issued by Transport Canada (Canadian public authority).

For restrictions regarding production quantity, see table in Note 10.

Duration and renewal

1. Aquaculture license – duration of one year, renewal each year is a formality.
2. License of Occupation – duration of 2–20 years. Renewal is applied for on expiration.
3. Navigation Water Permit – duration of five years, but possible to apply for renewal.

New renewal process in Canada West

In June 2018, the Government of British Columbia announced a new policy regarding renewal of aquaculture licenses in the Broughton area. The new policy requires agreement with the local First Nations prior to applying for license renewal from Fisheries and Ocean Canada (DFO). The new policy will be effective from June 2022. The authorities want to cooperate with companies that have licenses where production might conflict with the wild salmon and find alternative solutions, such as moving the licenses to new areas. The process leading up to this decision is currently under judicial review. Grieg Seafood BC has one site in this area. The production at Grieg Seafood's farm in the Discovery Island area has been moved to other farms and harvest volumes for 2022 will not be impacted. The current agreements we have with First Nations last until 2037 - 2045. See note 4 for more information.

NEWFOUNDLAND

Grieg Seafood Newfoundland has exclusive farming rights to Placentia Bay. In order to operate aquaculture sites in Newfoundland, Canada, the following approvals and licenses must be in place:

- Aquaculture License – issued by the Department of Fisheries Forestry and Agriculture
- Lease License for Occupancy – issued by Crown Lands division of Department of Fisheries Forestry and Agriculture
- Canadian Navigable Waters Act - issued by Transport Canada
- Water Use Approval – issued by Department of Environment, Climate Change, and Municipalities

Duration and Renewal

Aquaculture licenses are granted for a six-year term. Each year, licensees must complete the validation process and abide by the legislative references: Aquaculture Act and the Policy cross references as Aquaculture License Renewal AP 6, Annual reporting AP 7 and site utilization. For renewal, licensees are required to follow and comply with the requirements set out in AP 6 License Renewal. Licensees must abide by license conditions, policies and regulations at all times. Licenses may be suspended or cancelled if a breach occurs, or they may not be renewed.

The timeline supports two production cycles and promotes longer-term investment and stability. Ensuring sites are being utilized and developed by license holders in accordance with approved plans on file with the department falls

under AP 8 Site Utilization. If sites are not being utilized based on approved plans on file, they may not be renewed.

OTHER INTANGIBLE ASSETS

Acquired customer portfolios and computer software licenses are recognized in the statement of financial position at cost and amortized over their estimated useful lives. Customer portfolios are recognized in the statement of financial position at cost on the date of purchase. Amortization is calculated using the straight-line method over the estimated useful life, as follows:

- Customer portfolios 6 years
- Computer software 3–10 years

IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets with an indefinite useful life are not amortized but are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever there are indications that future earnings do not justify the carrying value.

An impairment loss is recognized for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets, other than goodwill, that have suffered an impairment are reviewed for indicators of possible reversal of the impairment at each reporting date.

FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity. The classification is performed in accordance with the substance of the contractual arrangement, and in line with the definitions of a financial asset, a financial liability and an equity instrument.

Ordinary purchases and sales of investments are recognized on the trade-date, the date on which the Group commits to purchase or sell the asset. All financial assets that are not stated at fair value through profit or loss are initially recognized at fair value plus transaction costs.

FINANCIAL ASSETS

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing

component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. The Group has financial assets classified as follows:

- Financial assets at amortized cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets measured at amortized cost

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes trade receivables and other short-term deposit. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15 Revenue from Contracts with Customers.

Equity instruments designated at fair value through OCI

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32. The classification is determined on an instrument-by-instrument basis.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the income statement when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its equity investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value, with net changes in fair value recognized in the income statement.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognized as other income in the income statement when the right of payment has been established. Derivatives are initially recognized at fair value on the date a derivative contract is entered into, and are subsequently stated at fair value on an ongoing basis.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- a. The rights to receive cash flows from the asset have expired, or
- b. The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either
 - i. the Group has transferred substantially all the risks and rewards of the asset, or
 - ii. the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

See the "Trade receivable" section in this note for specific accounting principles on expected credit loss on trade receivables.

FINANCIAL LIABILITIES

Financial liabilities are classified, at initial recognition, as amortized cost (loans and borrowings), or as financial liabilities at fair value through profit or loss.

Financial liabilities at amortized cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the income statement.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial derivative contracts. Derivatives are initially recognized at fair value on the date a derivative contract is entered into, and are subsequently stated at fair value on an ongoing basis.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the income statement.

HEDGING

Hedge accounting

The Group do not utilize the hedge accounting principles of IFRS 9.

Non-hedge accounting

The Group engage in short-term derivative contracts to hedge currency- and interest risk. Such contracts are recognized at fair value through profit or loss and presented as financial income/ financial expenses.

NASDAQ FISH POOL SALE AND PURCHASE AGREEMENTS

For the financial contracts entered into with Nasdaq Fish Pool, changes in unrealized gains and losses on the sale and purchase agreements are recognized net in the income statement as a value adjustment of biological assets, while the carrying value is reported as a derivative in the statement of financial position at the gross carrying amount of sales and contracts, respectively. Assets/liabilities in this category are classified as current assets/ current liabilities when they are intended to be disposed of within 12 months, otherwise as non-current assets/liabilities.

INVENTORIES

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. The net realizable value is the estimated sales price less the estimated costs of completion and sale.

BIOLOGICAL ASSETS

The accounting treatment of live fish by enterprises applying IFRS is regulated by IAS 41 Agriculture. IAS 41 comprises a hierarchy of methods for the measurement of biological assets at level 3. The basic principle is that such assets shall be measured at fair value less costs to sell. Fair value is defined in IFRS 13 as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”. According to IFRS 13, the highest and best use of the biological asset establishes the valuation premise.

Biological assets comprise of smolt and fish in the sea. The fish are divided into two main groups, depending on the stage of the life cycle. At the earliest stage of the life cycle, the fish are classified in group 1) roe, fry and smolt. Group 1 biological assets is disclosed as “biological assets onshore” in Note 9, see the tables “Status of biological assets” and “abnormal mortality – write down”. Roe, fry and smolt are kept onshore.

When the fish are large enough to be transferred to the sea, they are classified in group 2) biomass in sea. The group 2 biological assets classification is further decomposed in Note 9 as “immature fish in sea, round weight < 4.60 kg” and “mature fish in sea, round weight > 4.60 kg” – see the tables “Status of biological assets” and “abnormal mortality – write down”.

- Fish onshore (smolt) are recognized at accumulated cost. The best estimate of fair value is considered to be the accumulated cost because of very little biological transformation. This assessment must be seen in the light of the fact that smolt are currently transferred to the sea at a stage when their weight is still relatively low.
- For fish in sea, the fair value is calculated by applying a cash-flow based present value model.

The fair value of fish in the sea is estimated for each location.

In accordance with the principle relating to highest and best use, the Industry Group considers that the fish have optimal harvest weight when they have a live weight of 4.60 kg, which corresponds to 4 kg gutted weight. Fish with a live weight of 4.60 kg or more are classified as ready for harvest (mature fish), while fish that have still not achieved this weight are classified as not ready for harvest (immature fish).

The cash-flow based present value model does not rely on historical and company specific factors. In a hypothetical market with perfect competition, a hypothetical buyer of live fish would maximum be willing to pay the present value of the estimated future profit from the sale of the fish when it is ready for harvest. The estimated future profit, considering all price adjustments and payable fees for completion, constitutes the cash flow. No deductions are made for sales expenses, as these are not observable in the market. Such expenses are also deemed immaterial.

Incoming cash flow is calculated as a function of estimated volume multiplied by estimated price. For fish not ready for harvest, a deduction is made to cover estimated residual costs to grow the fish to harvestable weight. The cash flow is discounted monthly by a discount rate. The discount rate comprises three main components: 1) the risk of incidents that influence cash flow, 2) hypothetical license lease and 3) the time value of money. Please refer to the Note 4 on significant accounting estimates for more detailed information.

When estimating the actual accumulated cost at the respective seawater facility, direct costs (fish feed and similar) are allocated to each group of fish transferred to the sea at the same location. Financial costs are not included in the costs of production.

The sales price for fish in the sea is based on the forward price from Fish Pool. Fish Pool is a marketplace for financial purchase and sale agreements for superior Norwegian Salmon size 3-6 kg gutted weight. The volume on Fish Pool is limited, but Grieg Seafood’s opinion is that the observable forward prices must be seen as the best approach to a price for the sale of salmon. With regard to foreign countries, the most relevant price information available for the expected harvesting period is applied. For fish in the sea, the forward price in Norway is adjusted for historical differences in achieved prices between Norway and Canada. The price/net sales value is adjusted for quality differences (superior, ordinary and prod.), and for logistics expenses and sales commissions. Estimated harvesting expenses are deducted.

The volume (biomass) is based on the actual number of individuals in the sea at the balance sheet date, adjusted to cover estimated mortality up to harvest date and multiplied by the estimated harvest weight per individual at the time of harvest. The fish in sea figure is adjusted for gutting waste, as the price is measured for gutted weight. Budgeted harvesting and freight costs are applied. Foreign currency forward contracts associated with the date of harvesting are applied when translating the price into CAD.

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

Onerous contracts are contracts where the expenses of fulfilling the contracts are higher than the economic yield the company expects to gain by fulfilling the contracts. The Group enters into contracts related to future deliveries of salmon. As biological assets are recognized at fair value, the fair value adjustments of the biological assets will be included in the estimated expenses required to fulfil the contract. This implies that the Group may experience loss-making (onerous) contracts according to IAS 37 even if the contract price for physical delivery contracts is higher than the actual production cost for the products. If that occurs, a provision is made for the estimated negative value.

Changes arising from physical delivery contracts are recognized as “fair value adjustment of biological assets”. The liability in the statement of financial position is recognized as other current liabilities.

Fish farming naturally comes with a certain level of loss of fish along the production cycle, and our budgets are typically produced with an inherent assumption of a 0.5-1% monthly mortality. The losses associated with normal levels of survival are not directly recognized in the income statement. In periods where specific abnormal incidents lead to reduced survival, we immediately recognize write-downs of the biomass inventory to better reflect the actual biomass in the sea or on land. The write-down costs are recorded in the income statement as they arise, under raw materials and consumables used.

TRADE RECEIVABLES

Trade receivables arising from the trading of goods or services within the ordinary operating cycle and under normal terms of payment are initially recognized at nominal value. Trade receivables with longer terms of payment are discounted to present value, and represents the Group’s unconditional right to consideration from the customer.

Expected credit loss (ECL) on trade receivables

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. For receivables where the credit risk has increased substantially after establishment, a write-down shall be made for the expected credit loss over the maturity of the receivables. The model for calculating loss allowance classifies the trade receivables into two groups: normal risk and high-risk, based on their country of origin. Furthermore, the trade receivables are classified as credit-insured receivable or not. The provision is the difference between nominal and recoverable amount, which is the present value of estimated future cash flows, discounted at the original effective interest rate. Loss allowance is recognized as “other operating expenses” in the income statement.

Factoring agreements

The Group is engaged in factoring agreements that cover financing of outstanding receivables for the sales organization in Norway. The factoring agreement for Grieg Seafood Norway was established in 2021, and as such factoring arrangements for the Group were re-established in 2021. The Group previously had factoring arrangements through Sjør AS, which was sold at year-end 2020. The accounting treatment of the factoring arrangement for Grieg Seafood Norway is similar to the prior factoring arrangement, as the receivables purchased by the factoring company are derecognized from the statement of financial position. See the section “Derecognition of financial assets” in this note for the related accounting principle.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, bank deposits and other short-term highly liquid investments with original maturities of three months or less. The overdraft facility is included in current borrowings in the statement of financial position.

SHARE CAPITAL

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options, net of tax, are shown in equity as a deduction, net of tax, from the proceeds.

BORROWINGS

Borrowings are initially recognized at fair value when the funds are received, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost applying the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

DEFERRED TAX

Deferred tax is provided for in full at nominal value, using the liability method, on temporary differences arising between the value of assets and liabilities for tax and accounting purposes. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply when the related deferred tax asset is realized, or the deferred income liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available, from which the temporary differences can be deducted. Deferred tax is calculated on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future.

EMPLOYEE BENEFITS PENSION OBLIGATIONS

The Company pays premiums to local, defined-contribution schemes for all employees. The Company's Norwegian pension schemes meet the requirements of the Norwegian Mandatory Occupational Pension Act. Pension premiums are recognized in the income statement through operations on an ongoing basis. Employer's social security contributions are expensed based on paid pension premiums. The Group companies Grieg Seafood Rogaland AS and Grieg Seafood Finnmark AS have a contractual early retirement pension scheme (AFP). The financial commitments associated with this scheme are included in the Group's pension expenses. The AFP early retirement scheme follows the rules for public sector AFP, and both companies are members of the Norwegian Confederation of Trade Unions (LO)/ the Confederation of Norwegian Enterprise (NHO) scheme. The

pension payment calculations are based on standard assumptions relating to the development of mortality and disability as well as other factors such as age, years of service and remuneration. Pension premiums are recognized in the income statement through operations as they arise.

SHARE-BASED REMUNERATION

The Group operates a share-based management remuneration scheme with settlement in cash. Under the scheme, individual employees may buy shares proportionate to their annual salary. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be charged over the vesting period is calculated on the basis of the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the company revises its estimates of the number of options that are expected to be vested and recognizes the impact of the revision relative to original estimates, if any, in the income statement. The Black and Scholes option pricing model is used for valuation. The company's obligations are recognized under non-current liabilities if the latest possible redemption date is more than one year into the future.

SHARE SAVINGS PROGRAM

Grieg Seafood established a share savings program for its employees in 2018 and it was continued throughout 2021. It is the Board's intention that the plan shall be a continuing part of the company's employee incentive scheme. The Board shall, however, have the right to decide, at its sole discretion, whether the plan will be extended in the future, and the terms of the plan.

TERMINATION BENEFITS

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

PROFIT-SHARING AND BONUS SCHEMES

The Group recognizes a provision where it has a contractual obligation or where there is a past practice that has created a constructive obligation.

PROVISIONS

Provisions (e.g. environmental improvements, restructuring costs and legal claims) are recognized when:

- the Group has a present legal or constructive obligation as a result of past events;

- it is more likely than not that an outflow of resources will be required to settle the obligation;
- the amount of the obligation can be reliably estimated.

Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured as the present value of the expenditures expected to be required to settle the obligation, using a pre-tax discount rate that reflects the current market situation and the risks specific to the obligation. The increase in the provision due to the change in value because of the passage of time is recognized as a financial expense.

REVENUE RECOGNITION

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group's revenue derives primarily from the sale of whole and processed fish and some roe, smolt and ensilage. Sales contracts cover both spot sales and fixed-price deliveries. Revenue from the sale of salmon is generally recognized upon delivery, as the Group considers delivery as the point in time when control of the goods/service is transferred to the customer. Each sales contract – either for a spot sale or a fixed delivery – is considered as one performance obligation. Each week, the sale of fish is settled with the customer. The fixed-price delivery contracts that are entered into with customers, specify a per-week volume.

The sales price is determined upon contract settlement and is based on available market price (for example Nasdaq prices including transport and margin, and the price is per kilogram). The price varies according to the quality of the salmon and its size, and the fish is mainly sold Delivery Duty Paid (DDP) to the customer. Payment is settled upon delivery, and the performance obligation related to the sale of fish is satisfied at delivery. That also applies to the fulfillment of physical delivery contracts.

The normal credit term of the Group's sales transactions is 30 days. Based on the nature of the sale of fresh and frozen fish, the Group generally has no material contract liabilities. The Group does not generally engage in customer contracts where fulfillment of the performance obligation lies more than one year in the future. Therefore, the Group does not disclose further information on contract liabilities and related performance obligations.

Cash refunds are given to the customer if the sold product is delivered with discrepancies compared to the agreed sales contract, or if the product is damaged. Generally, refunds are not material.

Revenue is shown net of value added tax, returns, rebates and discounts and after eliminating intragroup sales.

Other revenue streams

In addition to the sale of fresh and frozen salmon, the Group also sells roe, smolt and ensilage. Together, these have historically made up a non-significant part of the total sales of Grieg Seafood. Furthermore, the Group offers harvesting services to other aquaculture companies in the event of surplus capacity, also historically being non-significant compared to the total revenue of the Group.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group transfers goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. The Group's consideration becomes unconditional at the point of delivery, and as the contracts generally hold one performance obligation (fulfilled at the time of delivery), the Group does not hold material contract assets. As such, the Group does not disclose further information on contract assets other than receivables with an unconditional right to consideration.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Group fulfills the performance obligation(s) under the contract. See "revenue recognition" in this note for further details.

DIVIDEND INCOME

Dividend income from investments or equity instruments is recognized when the right to receive payment is established. Dividend income from entities recognized under the equity method are not recognized but recorded as a reduction in the carrying value of the investment.

GOVERNMENT GRANTS

Government grants are recognized when it is reasonably certain that the company will meet the conditions stipulated for the grants and that the grants will be received. Operating grants are recognized systematically during the grant period. Grants are deducted from

the cost which the grant is meant to cover. Investment grants are capitalized and recognized systematically over the asset's useful life. Investment grants are recognized either as deferred income or as a deduction of the asset's carrying amount.

LEASES IDENTIFYING A LEASE

At the inception of a contract, The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

RECOGNITION OF LEASES AND EXEMPTIONS

At the lease commencement date, the Group recognizes a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for short-term leases (defined as 12 months or less) and lease agreements where the leased asset is of low value.

Lease liabilities

The Group measures the lease liability at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The lease term represents the non-cancellable period of the lease, together with periods covered by an option either to extend or to terminate the lease when the Group is reasonably certain to exercise this option.

The lease payments included in the measurement comprise:

- Fixed lease payments (including in-kind fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate in effect on the commencement date

Lease payments generally also include any exercise price of a purchase option/payments of penalties for terminating a lease, provided that the Group is reasonably certain to exercise such an option.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate.

The Group presents its lease liability separately from other liabilities in the statement of financial position.

Right-of-use assets

The Group measures the right-of-use asset at cost, less any accumulated depreciation and impairment losses, adjusted for any remeasurement of lease liabilities. The cost of the right-of-use asset comprises:

- The amount of the initial measurement of the lease liability recognized,
- Any lease payments made at or before the commencement date, less any incentives received, and
- Any initial direct costs incurred by the Group.

The Group presents its right-of-use assets on the financial statement line item "Property, plant and equipment incl. right-of-use assets".

The Group applies the depreciation requirements in IAS 16 Property, Plant and Equipment when depreciating the right-of-use asset, except that the right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset. The Group applies IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

DIVIDENDS

Dividends payable to the company's shareholders are recognized as a liability in the Group's financial statements when the dividends are approved by the AGM.

BORROWING COSTS

Borrowing costs incurred during the construction of operating assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed in the income statement.

CONTINGENT ASSETS AND LIABILITIES

Contingent liabilities are defined as:

- possible obligations resulting from past events whose existence depends on future events,
- obligations that are not recognized because it is not probable that they will lead to an outflow of resources entailing financial benefits from the company,
- obligations that cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the annual financial statements apart from contingent liabilities resulting from the acquisition of an entity. Material contingent liabilities are disclosed, with the exception of contingent liabilities where the probability of the liability crystallizing is remote.

Contingent liabilities acquired through the purchase of operations (an acquisition) are recognized at fair value even if it is not probable that the liability will become unconditional. The assessment of probability and fair value is subject to constant review. Subsequent measurement is at the higher of the amount initially recognized (less any amount recognized as revenue) and the amount according to the general provision-measurement rules.

Contingent assets are not recognized in the statement of financial position, but are disclosed if it is likely that a benefit will accrue to the Group.

CASH FLOW STATEMENT

The Group's cash flow statement shows the overall cash flow broken down into operating, investing and financing activities using the indirect method. The cash flow statement illustrates the effect of the various activities on cash and cash equivalents. Cash flows resulting from the divestment of operations are presented under investing activities.

The Group has prepared an overview of cash and non-cash changes in the Group's liabilities, which is included in Note 12.

Changes in financial assets are disclosed if cash flows have been, or will be, included in the cash flow from financing activities. This may be the case, for instance, for assets pledged as security for financial liabilities.

EARNINGS PER SHARE

Earnings per share are calculated by allocating the profit for the year to the Company's shareholders based on a weighted average of the number of issued ordinary shares during the year. Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

EVENTS AFTER THE REPORTING PERIOD

New information on the Group's financial position at the close of the reporting period, which becomes known after the reporting period, is recognized in the annual accounts. Events after the reporting period which do not affect the Group's financial position on the close of the reporting period but which will affect the company's financial position in the future are disclosed if significant.

NOTE 3 FINANCIAL RISK MANAGEMENT

CAPITAL MANAGEMENT

The Group aims to ensure sufficient access to capital to enable the business to develop in accordance with adopted strategies and thus continue to be one of the leading players in the sector. Historically, the industry has always been vulnerable to price fluctuations in the market. For this reason, accounting results may fluctuate considerably from year to year. Consequently, the Group also strives to ensure that the business maintains an appropriate level of disposable liquidity.

Grieg Seafood 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. As at 31 December 2021, Grieg Seafood was in a solid financial position to execute strategic priorities and deliver shareholder return.

At 31 December 2021, the Group had net interest-bearing liabilities, including lease liabilities, of NOK 2 291 million, see Note 12. The Group's funding is primarily a green bond issue of NOK 1 500 million issued in 2020, bank loans and leasing liabilities. At year-end 2021, 47% (2020: 36%) of our gross interest-bearing liabilities derived from green financing. The level of liabilities and alternative forms of funding are subject to constant evaluation. In Q1 2022, the Group's bank loans were refinanced, see Note 12 for more information.

FINANCIAL RISK FACTORS

The Group is exposed to a number of financial risks; market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the volatility of the financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses financial derivatives to reduce certain risks. As at 31 December 2021, the Group did not apply hedge accounting. Nor did it as at 31 December 2020. The Group identifies, evaluates and hedges financial risks in close cooperation with the Group's operational units. The Board has established written principles for the management of foreign exchange risk, interest rate risk and use of the Group's financial instruments.

IBOR reform

The Group is exposed to the ongoing IBOR reform, as the Group has bank and bond loans, and engage in interest-rate swaps that are exposed to the NIBOR rate. The bank loans' interest rate is 3M NIBOR plus a margin set per interest period according to a margin ratchet. The 3M NIBOR and the margin is set per interest period. The bond loan's interest rate is 3M NIBOR plus a margin of 3.4 percentage points. 3M NIBOR is set per interest period.

The Group monitors the IBOR reform and its potential impacts on the Group. As at 31 December 2021, the IBOR reform is not expected to significantly impact the Group. The information concerning our interest rate swaps disclosed below, explicitly states the swaps exposed to NIBOR. At the very end of this Note, we have disclosed the maturity profile on the bank loans and bond loan. See also Note 12 for more information on our interest-bearing liabilities.

Our bank loan was refinanced in Q1 2022. The maturity profiles in this Note are forward looking as at 31 December 2021. The interest rate for the refinanced loan agreement is 3M NIBOR plus a margin set per interest period according to a margin ratchet.

I) MARKET RISKS

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk from various currency exposures, primarily CAD, USD, GBP and EUR. Foreign exchange risk arises from future commercial transactions, recognized assets, and liabilities and net investments in foreign operations. The Group enters into foreign currency forward contracts to manage this risk.

TRADE RECEIVABLES AND TRADE PAYABLES CURRENCY IN NOK 1 000	NOK	USD	EUR	GBP	CAD	JPY	OTHER CURRENCIES	TOTAL
2021								
Trade receivables	44 591	64 959	23 912	—	18 907	-576	—	151 793
Trade payables	391 599	2 298	9 608	15 494	101 844	—	2 353	523 196
2020								
Trade receivables	121 859	39 234	—	—	18 291	—	—	179 384
Trade payables	409 259	12 708	1 145	—	139 736	—	—	562 848

NET INTEREST-BEARING LIABILITIES CURRENCY IN NOK 1 000	NOK	USD	EUR	GBP	CAD	JPY	OTHER CURRENCIES	TOTAL
2021								
Cash and cash equivalents	-22 537	44 252	58 346	750 778	94 238	44	3 223	928 342
Loans to associated companies	2 111	—	—	—	—	—	—	2 111
Interest-bearing liabilities*	2 893 312	—	—	—	327 662	—	—	3 220 974
Net interest-bearing liabilities	2 913 737	-44 252	-58 346	-750 778	233 424	-44	-3 223	2 290 520
2020								
Cash and cash equivalents	309 278	33 717	603	-104 272	36 098	—	2	275 426
Loans to associated companies	1 910	—	—	—	—	—	—	1 910
Interest-bearing liabilities*	3 567 768	—	533 985	—	106 466	—	—	4 208 218
Net interest-bearing liabilities	3 256 580	-33 717	533 383	104 272	70 368	—	-2	3 930 882

*See Note 12 for more information on the Group's net interest-bearing liabilities.

The Group has set up a group account scheme (cash pool agreement), in which Grieg Seafood ASA, the parent company, is the legal account holder. Subsidiaries participating in the agreement can utilize the group cash pool arrangement by going into overdraft on individual bank accounts provided that Group's total bank deposit is positive. Not all subsidiaries are part in the cash pool arrangement. The subsidiaries participating in the group account scheme are jointly and severally liable for the entire amount of the commitment under the scheme. Cash and cash equivalents include the currency exposure in the group account scheme. At 31 December 2021, the net amount of bank deposits in the group account scheme amounted to NOK 787 million (2020: NOK 181 million).

The Group has investments in foreign subsidiaries whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations was previously primarily managed through borrowings denominated in the relevant foreign currencies.

The base currency of the syndicated bank loan was previously solely in NOK, however after the renegotiation of the syndicate agreement in February 2018, the term loan was split into NOK 600 million and EUR 60 million. This was carried forward as a great proportion of the sales revenues are denominated in EUR, and hence the EUR loan would act as a hedge against currency fluctuation. Further, converting to EUR loan would reduce the interest cost. The bank loans have been refinanced in Q1 2022. See Note 12 for more information.

In 2020, we issued a green bond totaling NOK 1 500 million through two tap issues. The bond matures in 2025, and is denominated in NOK.

The holding companies in the Group extend current and non-current loans to the subsidiaries denominated in these companies' functional currency. The non-current loans, with some exceptions, are considered to be equity in these companies, as no repayment of the principal amount outstanding is planned. The currency effect of loans is recognized under "currency effect on loans to subsidiaries" in the Other Comprehensive Income statement. The numerical effects for 2021 and 2020 are presented below.

CURRENCY EFFECTS ON LOANS TO SUBSIDIARIES NOK 1 000	2021	2020
Currency effect	32 222	-23 667
Tax effect (22%)	-7 089	5 207
Currency effect - recycle accumulated of OCI (Sale of Shetland)*	-103 223	—
Tax effect (22 %) - recycle accumulated of OCI (Sale of Shetland)*	22 709	—
Net effect recognized in equity through OCI	-55 380	-18 460

*See Note 5 for more information.

Sensitivity analysis

A sensitivity of +/- 10% change in NOK foreign exchange rates against USD, CAD, GBP and EUR at the reporting date (all other factors remaining unchanged) would be expected to have the following effects on net interest-bearing liabilities (NOK 1 000). The numerical effects on net interest-bearing liabilities for year-end 2021 and 2020 are presented below.

SENSITIVITY NOK 1 000	10 % change in FX-rate	USD	EUR	GBP	CAD
31.12.2021:					
Assets	-/+	-4 425	-5 835	-75 078	-9 424
Liabilities	-/+	—	-42 452	—	-32 766
Net interest-bearing liabilities	-/+	4 425	-36 618	75 078	-23 342
31.12.2020:					
Assets	-/+	-3 372	-60	10 427	-3 610
Liabilities	-/+	—	-53 399	—	-10 647
Net interest-bearing liabilities	-/+	3 372	-53 338	-10 427	-7 037

A depreciation of NOK versus USD/EUR/GBP/CAD will, in general, decrease the assets (which increases net interest-bearing liabilities), and decrease the liabilities, which reduces the net interest-bearing liabilities.

FORWARD CURRENCY CONTRACTS

Hedge accounting has been applied to foreign currency forward contracts relating to non-current physical delivery contracts in 2020. The effect on profit is recorded in other comprehensive income. As at 31 December 2020 and through the year to 31 December 2021, the Group did not apply hedge accounting. Value changes in current forward contracts affect profit and loss, as these contracts are recognized at fair value through profit and loss, see accounting policies (Note 2).

FORWARD CURRENCY CONTRACTS AT FAIR VALUE THROUGH PROFIT AND LOSS

SOLD	AMOUNT CURRENCY IN 1 000	BOUGHT	AMOUNT CURRENCY IN 1 000	WEIGHTED HEDGING RATE	MARKET RATE	MATURITY INTERVAL *	MARKET VALUE NOK 1 000 31.12.2021
EUR	6 408	NOK	63 597	9.9246	9.9888	01.02.2022 - 31.12.2022	-1 149
EUR	1 000	NOK	10 031	1.2651	9.9888	01.01.2022 - 31.01.2022	42
USD	7 771	CAD	9 921	1.2767	1.2692	01.01.2022 - 28.02.2022	404
Total							-704

*Maturity specified as an interval for multiple contracts

FORWARD CURRENCY CONTRACTS AT FAIR VALUE THROUGH PROFIT LOSS

SOLD	AMOUNT CURRENCY IN 1 000	BOUGHT	AMOUNT CURRENCY IN 1 000	WEIGHTED HEDGING RATE	MARKET RATE	MATURITY INTERVAL *	MARKET VALUE NOK 1 000 31.12.2020
EUR	3 710	GBP	3 351	0.9031	0.9047	10.03.2021..12.01.2022	69
USD	5 502	CAD	7 078	1.2865	1.2721	04.01.2021-05.02.2021	532
Total							601

*Maturity specified as an interval for multiple contracts

(ii) Interest rate risk

Since the Group has no significant interest-bearing assets apart from bank deposits, its income and operating cash flows are largely independent of changes in market interest rates. The Group's interest rate risk arises from borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk. Fixed-interest contracts are used to reduce this risk. The Group continuously monitors its interest rate exposure. The Group calculates the impact on profit and loss of a defined interest rate change. The same change in the interest rate is used for all currencies in each simulation. The scenarios are only run for liabilities that represent major interest-bearing positions.

Sensitivity calculations show the following expected values: If the interest rate had been 1% lower (higher) throughout the year, all other factors remaining unchanged, the pre-tax profit would have increased (decreased) by NOK 38.5 million in 2021 and NOK 26.6 million in 2020, due to the floating rate of interest on loans and deposits. The sensitivity analysis is based on average net interest-bearing liabilities from our bank loans (term loans in NOK and EUR, as well as revolving credit facility) and bond loan during 2021 and 2020, irrespective of concluded interest rate swap agreements.

SENSITIVITY NOK 1 000	CHANGE IN INTEREST RATE POINTS	2021	2020
Effect on profit before income tax	-/+1%	+/-38 545	+/-26 577

The sensitivity table is for our bank and bond loans. A reduction in interest rates will increase the profit before tax.

INTEREST RATE SWAP AGREEMENTS

The purpose of the Group's risk management activities is to establish an overview of the financial risk that exists at any given time and to provide more time to adapt to relevant developments. To this end, the Group has chosen to employ interest rate swap agreements to establish greater stability for the Group's variable-rate loan interest expenses. The Group has decided that at any given time, a certain percentage of its variable interest-bearing liabilities should be hedged using interest rate swap agreements. The Group does not apply hedge accounting. A given proportion will always be at a floating rate, while the remainder will be subject to potential hedging. This situation is constantly reviewed in light of the market situation. The interest rate swap agreements have a duration of four years. The Group constantly evaluates whether these periods should be rolled over.

INTEREST RATE SWAP	PRINCIPAL NOK 1 000	FIXED RATE (%)	BASIS OF FLOATING RATE	MATURITY	MARKET VALUE NOK 1 000 31.12.2021	MARKET VALUE NOK 1 000 31.12.2020
Fixed rate paid - floating rate received	NOK 260 million	1.28	Nibor 3 months	20.10.2021	—	-1 867
Fixed rate paid - floating rate received	NOK 200 million	1.61	Nibor 3 months	28.08.2023	-590	-5 465
Fixed rate paid - floating rate received	NOK 200 million	1.35	Nibor 3 months	04.03.2024	874	-4 402
Fixed rate paid - floating rate received	NOK 200 million	1.07	Nibor 3 months	05.07.2024	2 628	-2 612
Fixed rate paid - floating rate received	NOK 200 million	0.71	Nibor 3 months	18.12.2024	5 561	372
Fixed rate paid - floating rate received	NOK 200 million	0.72	Nibor 3 months	18.12.2024	5 524	—
Total					13 997	-13 975

Interest rate swap contracts assessed at market value excluding accrued interest

INTEREST RATE DERIVATIVE CONTRACT	PRINCIPAL	RATE (%)	MATURITY	MARKET VALUE NOK 1 000 31.12.2021	MARKET VALUE NOK 1 000 31.12.2020
Interest rate derivative contract	NOK 200 million	0.38/0.72	18.12.2024	—	310
Total				—	310

CROSS CURRENCY INTEREST RATE SWAP	PRINCIPAL	MATURITY	MARKET VALUE NOK 1 000 31.12.2021	MARKET VALUE NOK 1 000 31.12.2020
Cross-currency interest rate swap (NOK/EUR)	NOK 200 million / EUR 23 million	25.06.2025	22 327	6 692
Interest rate option, floor	NOK 250 million	25.06.2025	233	423
Total			22 560	7 115

(iii) Price risk

Financial salmon price contracts allow the buyer and seller to agree prices and volumes for future delivery. As at 31 December 2021, 17% of the estimated harvest volumes in 2022 in Norway will be sold under fixed-price contracts. The total share of fixed-price contracts in 2021 was 30% for Norway. The financial contracts are presented gross in the balance sheet with changes in value recognized through profit/loss

as part of the fair value adjustment of biological assets. As biological assets are recognized at fair value, the expected costs to meet contract terms will be included in the fair value adjustment. As at 31 December 2021, the Group had unrealized financial salmon contracts totaling NOK -20.6 million. As at year-end 2021, the Group did not have any physical delivery contracts recognized as a liability. This was also true at year-end 2020.

Fair value of financial derivatives

The carrying value of derivatives and other financial instruments as at 31 December 2021 and 31 December 2020 is shown below. The carrying value equals fair value. Positive values are classified as an asset, while negative values are classified as a liability in the balance sheet. All the financial derivative instruments included in the table below are measured according to level 2 of the fair value hierarchy. For more information, see Note 14.

FAIR VALUE OF FINANCIAL DERIVATIVES NOK 1 000	2021		2020	
	ASSETS	CURRENT LIABILITIES	ASSETS	CURRENT LIABILITIES
Forward currency contracts at fair value through profit or loss	446	-1 149	601	—
Forward currency hedging contracts at fair value through comprehensive income	—	—	—	—
Cross-currency interest rate swap w/ interest rate floor-	22 560	—	7 115	—
Interest rate swap agreements	14 587	-590	682	-14 346
Financial salmon contract - purchase contracts	—	—	—	—
Financial salmon contract - sales contracts*	—	-20 611	75 792	—
Total financial instruments at fair value**	37 592	-22 350	84 189	-14 346

*As at year-end 2021, Grieg Seafood had NOK 13 million classified as current liabilities (see note Note 26) related to realized financial salmon contracts. This amount represents settled price contracts, not part of the fair value-derivative amount. As at year-end 2020, the comparable figure was NOK 27 million classified as a current receivable (see Note 22).

**Measured according to level 2 of the fair value hierarchy.

II) CREDIT RISK

Credit risk is managed at Group level. Credit risk arises from transactions involving derivatives and deposits in banks and financial institutions, transactions with customers, including trade receivables, and fixed contracts as well as loans to associates. The Group has procedures to ensure that products are only sold to customers with satisfactory creditworthiness. The Group normally sells to new customers solely against presentation of a letter of credit or against advance payment. Credit insurance is used when deemed necessary. For customers who have a reliable track record with the Group, sales up to certain previously agreed levels are permitted without any security. A factoring arrangement was re-established in 2021. At 31 December 2020, other than factoring liabilities classified as liabilities directly associated with the Shetland assets held for sale, the Group was not exposed to factoring liabilities.

In 2021, the sale of fish was carried out by our wholly owned sales organization. Up until year-end 2020, all fish produced in the Group was sold to Ocean Quality Group, which in turn sold it to external customers. The sales company secures the bulk of its sales through credit insurance and bank guarantees. At year-end 2020, Ocean Quality AS had been deconsolidated and renamed Sjør AS. NOK 79 million of the Grieg Seafood Group's trade receivables at year-end 2020 comprised intercompany receivables from the newly external Sjør AS.

The book value of financial assets represents the maximum credit exposure. For further information about loss allowance, please refer to Note 21.

MAXIMUM CREDIT RISK EXPOSURE NOK 1 000	NOTE	2021	2020
Trade receivables	21	50 443	146 347
Cash and cash equivalents	20	928 342	275 427
Total		978 786	421 774

III) LIQUIDITY RISK

The Group adopts a prudent approach to liquidity risk management, which includes maintaining sufficient cash and marketable securities, securing funding through sufficient credit facilities and maintaining the ability to close market positions when considered appropriate.

Due to the dynamic underlying nature of the business, the Group aims to secure flexibility through available credit lines. The Group maintains a financing agreement through a 50/50 syndicate with DNB and Nordea. The agreement includes a non-current credit facility and a bank overdraft facility. The arrangement was refinanced in Q1 2022. For further information about the agreement and other non-current liabilities, see Note 12.

Management monitors the Group's liquidity reserve, which comprises credit facilities (see Note 12) and cash and cash equivalents (Note 20), based on expected cash flows. This is generally carried out at Group level in cooperation with the operating companies. At year-end 2021, the Group had undrawn credit facilities of NOK 885 million, in addition to cash reserves of NOK 928 million. The Group had an equity ratio of 52%, while equity ratio according to covenants was 54%. Bank loans have been refinanced in Q1 2022, significantly impacting available liquidity (see Note 12). The Group continuously monitors liquidity levels. Cash flow forecasts for all farming regions, sales and the Group are performed regularly, and simulation/stress tests of the liquidity risk carried out.

The following table shows a breakdown of the Group's non-derivative financial liabilities (including estimated interest payments), classified by maturity structure. The amounts in the table are undiscounted contractual cash flows. Note 12 shows the payment profile for the Group's non-current liabilities.

31.12.2021 NOK 1 000	< 3 M	3 M - 1 Y	Y2	Y3	Y4	Y5	> 5 YRS	TOTAL
Green bond loan installments	—	—	—	—	1 500 000	—	—	1 500 000
Green bond loan interest - floating	15 840	49 500	65 700	65 880	32 760	—	—	229 680
Non-current term-loan installments	24 972	24 972	374 580	—	—	—	—	424 524
Term-loan interest - floating	2 248	8 283	2 619	—	—	—	—	13 150
Non-current credit facility	—	—	440 000	—	—	—	—	440 000
Interest non-current credit facility	2 330	9 361	3 076	—	—	—	—	14 767
Other non-current liabilities	4 873	—	11 773	12 310	9 200	8 114	54 353	100 622
Interest on other non-current liabilities	912	2 396	3 037	2 541	2 049	2 816	15 288	29 040
Lease liabilities (prior IAS 17 finance leases)	18 502	54 415	67 410	57 199	43 909	39 525	79 535	360 496
Interest on lease liabilities (prior IAS 17 finance leases)	2 523	6 831	7 420	5 752	4 357	3 178	3 596	33 658
Lease liabilities (prior IAS 17 operational leases)	22 140	82 632	81 209	80 980	51 033	37 084	40 255	395 332
leases)	3 453	9 209	9 298	6 030	3 621	2 084	4 127	37 823
Trade payables	523 196	—	—	—	—	—	—	523 196
Other current liabilities	36 603	—	—	—	—	—	—	36 603
Total liabilities	657 593	247 600	1 066 123	230 692	1 646 928	92 801	197 153	4 138 891

KEY FOR TABLE M = Months Y = Year YRS = Years

31.12.2020 NOK 1 000	< 3 M	3 M - 1 Y	Y2	Y3	Y4	Y5	> 5 YRS	TOTAL
Green bond loan installments	—	—	—	—	—	1 500 000	—	1 500 000
Green bond loan interest - floating	14 625	44 688	59 313	59 313	59 475	29 575	—	266 988
Non-current term-loan installments	51 176	51 176	102 352	767 636	—	—	—	972 339
Term-loan interest - floating	8 643	24 438	15 077	2 311	—	—	—	50 468
Non-current credit facility	—	—	—	996 646	—	—	—	996 646
Interest non-current credit facility	8 792	26 281	17 441	2 819	—	—	—	55 334
Other non-current liabilities	1 514	569	2 820	7 281	5 867	6 160	30 185	54 395
Interest on other non-current liabilities	630	1 833	2 625	2 503	2 214	1 916	4 537	16 259
Lease liabilities (prior IAS 17 finance leases)	16 755	61 014	71 771	64 930	55 337	43 932	119 448	433 186
leases)	3 025	8 257	9 159	7 289	5 707	4 348	6 771	44 555
Lease liabilities (prior IAS 17 operational leases)	20 739	54 687	66 526	38 955	29 109	7 354	34 284	251 653
leases)	1 993	5 293	4 457	3 459	2 606	946	5 429	24 182
Trade payables	562 848	—	—	—	—	—	—	562 848
Total liabilities	690 740	278 234	351 539	1 953 141	160 314	1 594 231	200 654	5 228 853

KEY FOR TABLE M = Months Y = Year YRS = Years

FAIR VALUE ESTIMATION

See Note 14 for information on classes of financial instruments measured at fair value, in addition to information on the fair value hierarchy. The information below describes valuation techniques for fair value estimation used by Grieg Seafood, including leases and the fair value adjustment of biological assets.

(I) FINANCIAL DERIVATIVE INSTRUMENTS

The fair value of quoted financial assets classified as financial assets at fair value through OCI is determined by reference to published price quotations in an active market. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques (see Note 14). The Group uses different methods and makes assumptions based on market conditions at each reporting date. The fair value of forward currency contracts is determined using the forward exchange rate at the end of the reporting period. The fair value of interest rate swaps is determined by the present value of future cash flows. The fair value of options is determined using option pricing models. For all the above-mentioned derivatives, the fair value is confirmed by the financial institution with which the Group has entered into the contracts. The fair value of financial salmon price contracts is determined using forward prices from Fish Pool.

(II) TRADE RECEIVABLES, OTHER RECEIVABLES AND TRADE PAYABLES

The nominal value less write-downs for realized losses on trade receivables and trade payables is assumed to correspond to the fair value of these items, as they are short term and entered into on "normal" terms and conditions.

(III) CASH AND CASH EQUIVALENTS

The carrying amount of cash and cash equivalents is approximately equal to fair value since these instruments have a short term to maturity.

(IV) BANK- AND BOND LOAN

The carrying amount of bank loans is assessed to be approximately equal to fair value because the floating interest rate is adjusted to reflect current conditions. The fair value of the bond loan is disclosed in Note 12.

(V) LEASES

The fair value of financial assets and liabilities recognized at their carrying amount is calculated as the present value of estimated cash flows discounted by the interest rate that applies to corresponding liabilities and assets at the end of the reporting period. This applies to lease liabilities, see Note 13.

(VI) BIOLOGICAL INVENTORIES

Fish in the sea is measured at estimated fair value. Consequently, the value of biological inventories is likely to vary more than the value of inventories based on cost. The estimated fair value varies for a number of reasons, including volatility in the price of Atlantic salmon, factors relating to production, changes in harvesting schedules and changes in the composition of inventories. Grieg Seafood considers three components to be key parameters for valuation: price, estimated harvest biomass volume and the applied monthly discount rate. The monthly discount rate is applied to expected future cash flows to account for risk, the time value of money and the cost of contributory assets. The following table is a sensitivity analysis, showing the change in the fair value of the biological assets, and hence the Group profit before tax, in the event of changes in these parameters.

SENSITIVITY ANALYSIS OF BIOMASS - EFFECT ON PRE-TAX PROFIT NOK 1 000	2021	2020
Change in discount rate +1%	-130 357	-120 801
Change in discount rate -1%	158 916	108 247
Changes in sales price +1 NOK/kg	62 677	81 184
Changes in sales price -1 NOK/kg	-59 093	-54 322
Changes in sales price +5 NOK/kg	316 740	304 472
Changes in sales price -5 NOK/kg	-289 634	-223 100
Changes in biomass volume +1% kg	37 936	23 458
Changes in biomass volume -1% kg	-35 376	-23 458

Note that changes in harvest volume have a linear effect on the fair value of biological assets. Therefore, any change in harvest volume as a multiple of the numbers in the above table, will have the similar multiple effect on the fair value of biological assets.

NOTE 4 ACCOUNTING ESTIMATES AND JUDGEMENTS

ACCOUNTING ESTIMATES AND ASSUMPTIONS

Management is required to make estimates and assumptions concerning the future, which affect the reported amounts for assets and liabilities, as well as income and expenses for the accounting year in accordance with IFRS. Estimates and underlying assumptions are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be probable under the present circumstances. The final outcomes may deviate from these estimates. Changes in accounting estimates are recognized in the period in which the estimates are changed. The Group is involved in claims and complaints related to the sale of goods on a continuous basis. As of year-end there were no material ongoing issues.

ESTIMATED IMPAIRMENT OF GOODWILL, LICENSES AND PROPERTY, PLANT AND EQUIPMENT

The Group tests whether goodwill and licenses have suffered any impairment on an annual basis, in accordance with the accounting policy stated in Note 2. The recoverable amounts of cash-generating units are generally determined on the basis of value-in-use calculations. These calculations require the use of estimates of future cash flows from the cash-generating unit, and the application of a discount rate to calculate the present value of future cash flows. Expectations of future cash flows will vary over time. Changes in market conditions and expected cash flows can result in losses due to future value decreases. The value of long-term growth in demand, changes in market competition, the strength of the production stage in the value chain and thus also expectations of the long-term profit margin are also of significance. The different parameters could variously affect the value of the licenses over time. Any changes in these critical assumptions will result in related write-downs, or the reversal of write-downs of the value of licenses in accordance with the accounting policies described in Note 2. Please also refer to Note 10 for further comments on tests relating to value impairment.

CLASSIFICATION OF LICENSES

A significant judgement is whether a license should be amortized over its definite life, or whether it is deemed to have an indefinite life and tested for impairment only. All licenses where the Group has no other contractual restrictions relating to the use of the licenses have indefinite lives and, as such, are not amortized. Also, licenses granted with a finite useful life, but where the license holder can renew the licenses without incurring considerable expenses are assessed as having indefinite lives. However, the Group's licenses in each country are subject to certain requirements and the Group risks penalties, sanctions or even license revocation if the Group fails to comply with license requirements or related regulations. Also, local governments may change the way licenses are renewed.

In British Columbia, licenses are renewed by the federal Department of Fisheries and Oceans (DFO) on a regular basis, with the next renewal in June 2022. The current Canadian federal Government has in its mandate letter to the Minister of Fisheries, Ocean and Canadian Coast Guard stated that a responsible plan should be developed by 2025 in collaboration with Indigenous communities and the BC Province, outlining how the industry will transition from open-net pen in coastal BC. The mandate letter does not define what the industry should transition to. Grieg Seafood supports the 2025 transition and have started introducing new technologies that moves away from traditional open net-pen practices, such as post smolt which increases the production time on land as well as robust barriers between the farmed fish and the environment. Grieg Seafood is committed to work with the government and Indigenous communities to find a viable path forward.

In addition, farm tenures in BC are renewed by the province on a regular basis. From 2022, farm tenures that are not accepted by the First Nation, who is the Rightsholder of the territory where the farm is located, will not be renewed. Grieg Seafood supports the implementation of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) into BC regulations, and we are engaging in the ongoing process of reconciliation between the government, First Nations and industries. In 2022, the Coalition of First Nations for Finfish Stewardship was launched, highlighting the positive role that the salmon farming industry can play as a part of the reconciliation process. Grieg Seafood recognizes the First Nations as an additional level of government where we operate, and we are working to ensure that our production is under agreements with the Rightsholders of the territories where it takes place. Grieg Seafood's main farming areas are under long-term agreements with the First Nations of those areas, and we are pursuing agreements with more Nations. In 2020 an additional farm under agreement was approved. In 2021, the Tlowitsis First Nation applied for another farm in the Clio Channel in their name, which Grieg Seafood will operate. We have three existing farms in this area, operating under agreement with Tlowitsis First Nation. One farm in the Discovery Island was removed after former Minister of Fisheries, Oceans and the Canadian Coast Guard, Bernadette Jordan, in 2020 announced she would not renew licenses in this area, citing lack of social license. Grieg Seafood's farm, which represented 4% of our production capacity or approximately 2 600 GWT of our total annual harvest volume in BC, was not under agreement with the First Nations of the territory where it was placed. However, some of these Nations also stated that they were not sufficiently consulted before the Minister's decision was made. The process leading up to this decision is currently under judicial review. The production at Grieg Seafood's farm in the Discovery

Island area has been moved to other farms and harvest volumes for 2022 will not be impacted. All in all, Grieg Seafood envisions that we will uphold our production volume in BC. The current agreements we have with First Nations last until 2037 - 2045. Even though the agreements cannot be said to be everlasting, the Group has nevertheless classified the licenses as having indefinite lives, since finding the right depreciation profile is very difficult. Given that it is desirable for both First Nations and the Group to have close and good working relationships and that they want the Group to operate in the area, the Group's best estimate is that the licenses will still be classified as having indefinite lives. This will be continuously assessed. If the situation changes and the Group agrees not to use the option to extend the duration of the agreement, the estimate of the remaining depreciation period must be re-evaluated. For further information, please see Note 10.

In April 2020, Grieg Seafood acquired 99% of Grieg Newfoundland AS, the holding company of the Canadian Grieg Newfoundland Ltd Group. Grieg Newfoundland had eight approved farming licenses. The licenses are granted for terms of six years. To renew the licenses, licensees must follow the Provincial Aquaculture policy and procedures manual. As long as licenses follow and comply with the requirements, the license will be renewed. For this reason, the licenses are classified as having indefinite lives and, as such, are not amortized.

Grieg Seafood Newfoundland has the exclusive long-term right to farm salmon in the Placentia Bay area. The fair value of the right to operate exclusively will be amortized when production in the sea starts in the spring/summer of 2022 over the duration of the agreement.

BIOLOGICAL ASSETS

The Group's biological assets comprise smolt and fish in the sea. Biological assets are measured at fair values less costs to sell. The measurement unit is the individual fish. However, for practical reasons, cash flows and estimates are carried out per locality. The fair value model assessed by the Group calculates the net present value of expected cash flow. Valuation is based on a variety of premises, many of which are non-observable. The premises are divided into the four following categories:

1. Sales price
2. Production cost
3. Volume
4. Discount rate

For mature fish (ready for harvesting) at the balance sheet date, uncertainty mainly involves realized prices and volume. For immature fish (not ready for harvesting), the level of uncertainty is higher. Price, volume, discount rate are the main uncertainty factors. However, uncertainty is also related to biological transformation and mortality prior to the harvest date for the fish.

Sales price

Salmon sales prices are volatile. The sales price is based on forward prices and/or the most relevant pricing information available for the period in which the fish is expected to be mature (ready for harvesting). Changes in price assumptions have the greatest impact on the fair-value estimate. The market price constitutes the basis for calculating fair value for both mature and immature fish. The forward prices for superior Norwegian salmon weighing 3-6 kg gutted weight from Nasdaq Fish Pool are applied. For fish ready for harvest, the forward price for the following month is applied. For fish not ready for harvest the forward price for the month when the fish is expected to be harvested is applied. The price is adjusted for export margin and clearing costs. This accounts for both fish ready for harvest and not.

Volume

Estimated harvest volume is based on the estimated number of fish at the reporting date less estimated future mortality multiplied by optimal harvest weight (4.60 kg). Actual harvest volume may differ from the estimated volume due to changes in biological conditions or due to special events, such as a mass mortality. The estimated number of fish is based on the number of smolt transferred to the sea, and mortality is a given percentage of the fish in the sea. The normal estimated harvest weight is assessed to be the live weight of fish that results in a gutted weight of 4.0 kg. If there are any specific conditions at the reporting date resulting in the fish being harvested before they reach optimal weight, the estimated harvest weight is adjusted. Mortality during the period from the reporting date to the date when the fish reach harvest weight is estimated to be 1% of the number of incoming fish per month.

Discount rate

The sales income and remaining expenses are allocated to the same period in which the fish is harvested. The cash flows from all localities where the Group has fish in the sea will then be distributed over the entire period it takes to farm the fish in the sea. With the current size of the smolt released and the frequency of the smolt transfers, this period may be from 12 to 18 months. The estimated future cash flow is discounted by a monthly rate, which is 5.0% for Rogaland and Finnmark, and 3.5% for British Columbia as of December 2021. The discount rate considers both risk adjustment (risk related to volume, cost and price), compensation for the value of the licenses (hypothetical rent) and time value (tying up capital). The reason for differentiating the discount factor at the regional level is the different prerequisites for biological production, which also requires a differentiation of the recognized synthetic license rent. The risk adjustment shall reflect the price discount a hypothetical buyer would demand as compensation for the risk assumed by investing in live fish rather than a different object. 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 price. The one thing all three factors have in common is that the sample space is asymmetrical.

Due to limited access to licenses for the farming of fish, the license value is currently considered to be very high. For a hypothetical buyer of live fish to take over and continue to farm the fish, the buyer needs a license, locality and other permits required for such production. However, in a hypothetical market for the purchase and sale of live fish, one must assume that this would be possible. In that scenario, a hypothetical buyer would claim a significant discount to allocate a sufficient share of the returns to the buyer's own licenses. It is difficult to create a model that would allow a hypothetical annual lease cost to be derived from prices for sold licenses as the curve in the model would be based on projections of future profit performance in the industry.

A discount must be made for the time value of the tied-up capital linked to the share of the present value of the cash flow allocated to the biomass. The buyer who is investing in live fish rather than some other type of object, would claim compensation for the alternative cost. The production cycle for salmon in the sea currently takes up to 18 months. The cash flow will therefore extend over a similar period. Assuming a constant sales price throughout the period, the cash flow would decrease for each month, as costs are incurred to farm the fish to harvest weight. The cost increases for every month the fish are in the sea. As such, the effect of deferred cash flow is lower than would be the case if the cash flow had been constant. This component is, however, deemed important due to the substantial value the stock of fish represents. Please refer to Note 2 and Note 9 for further information on the estimation and calculation of fish values.

Estimating remaining cost

The planned point of harvesting is assumed to be when the fish reaches a live weight of 4.60 kg, however, there may be uncertainty regarding the estimated growth rate. For immature fish, the fair value is adjusted by the estimated remaining cost necessary to grow the fish to optimal harvest weight. Forecast production costs include provisions for estimated feed prices, the cost of lice treatments and other costs to prevent biological accidents. Here, estimations are affected by uncertainty regarding the number of lice treatments to be carried out, the sea temperature and other conditions affecting growth and costs.

Significant assumptions sensitivity

The estimate of fair value of the biomass will always be based on uncertain assumptions, even though the Group has built expertise in assessing these factors. There are three key parameters for valuation: average price, estimated biomass volume and monthly discount rate. Please refer to Note 3 for a sensitivity analysis of these factors.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

In 2021, we defined one disposal within the Grieg Seafood Group, which has been classified as assets held for sale and presented as a discontinued operation during the year. Grieg Seafood Group's activities have been divided into continuing operations and discontinued operations. The disposal is "Shetland", the assets of which had been divested by year-end 2021. In 2020, Grieg Seafood Group had two disposal groups which were presented as discontinued operations during the year. These were Shetland and "Ocean Quality AS" (Sjør AS). At year-end 2020, Ocean Quality was divested. All the note disclosures in the consolidated financial statements for 2020 and 2021 have been prepared for the Group's continuing operations, unless otherwise explicitly stated in the specific note disclosure.

On 29 June 2021, Grieg Seafood ASA entered into an agreement with Scottish Sea Farms Ltd for the disposal of all shares in Grieg Seafood Hjaltland UK Ltd, the holding company of Grieg Seafood ASA's Shetland business. On 8 December 2021, the Competition and Markets Authority in the UK approved the transaction. The transaction was closed on 15 December 2021. On the closing date of the transaction, Grieg Seafood received a preliminary purchase price for the Shetland assets of NOK 2 087 million. The preliminary purchase price has been calculated pursuant to a pre-closing statement which was prepared in good faith and which set out, among other things, the net debt and net working capital of the Shetland assets. Grieg Seafood does not expect a significant adjustment from the preliminary purchase price. The final purchase price is expected to be finalized in Q2 2022. For more information on the Shetland disposal group, see Note 5.

IMPACT FROM CHANGES IN CLIMATE

Climate plays an important role in our operations. The effects of climate change, such as extreme weather events, fluctuating temperatures in seawater and a decline in biodiversity, could have a significant financial impact in the coming decades. Knowledge of the possible financial consequences of global warming and the integration of climate risk, is an essential part of our risk management strategy. We aim to increase our understanding of how changes in climate may affect us, in order to find solutions to reduce adverse impacts. We have mapped our climate-related risks, which we report in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We have also prepared a climate-related scenario analysis, assessing the impact of transitional risks and physical risks. There is still much uncertainty relating to impact of climate changes, when such impacts will occur and where. These risks and opportunities are part of our risk assessment as part of our regular forecast process. Overall, the Group expect the impacts of climate-related risk to be moderate in the short term, with no quantifiable impact as per year ended 2021.

NOTE 5 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

All note disclosures in these consolidated financial statements for 2021 have been prepared with respect to the Grieg Seafood Group's continuing operations, unless explicitly stated in the specific note disclosure. This Note 5 of the consolidated Grieg Seafood financial statements has been prepared for the Group's assets classified as held for sale and discontinued operations only.

SHETLAND

In November 2020, we announced our intention to divest our investment and operations in Shetland, as we wish to focus on our operations in Norway and Canada going forward. On 29 June 2021, Grieg Seafood ASA entered into an agreement with Scottish Sea Farms Ltd for the disposal of all shares in Grieg Seafood Hjaltland UK Ltd, the holding company of Grieg Seafood ASA's Shetland business (the "SPA"). The transaction was subject to certain customary closing conditions, such as merger clearance. The UK Competition and Markets Authority (CMA) approved the transaction on 8 December 2021. Closing of the transaction occurred on 15 December 2021, at which time Grieg Seafood Hjaltland UK Ltd and Grieg Seafood Shetland Ltd (the Shetland assets/Shetland disposal group) were deconsolidated from the Grieg Seafood Group.

The discontinued operations have been defined by Grieg Seafood as the farming and sales operations in Shetland. Thus, the discontinued operation in Shetland includes the prior reporting segment of Shetland UK and the UK sales operations. Certain invoiced intercompany services from Grieg Seafood ASA to Grieg Seafood Shetland have not been eliminated, and are included in the discontinued operations' result. These costs are considered directly associated with the assets held for sale, and will cease following finalization of the sales transaction.

The enterprise value of the transaction was set to GBP 164 million, assuming a normalized net working capital and adjusted for net debt. On the closing date of the transaction, Grieg Seafood received a preliminary purchase price for the Shetland assets of NOK 2 087 million. In addition, Scottish Sea Farms Ltd settled a GBP intercompany long-term loan granted by Grieg Seafood ASA ("Seller's debt"). The preliminary purchase price has been calculated pursuant to a pre-closing statement, which was prepared in good faith and set out the net debt and net working capital of the Shetland assets. The actual net debt and net working capital will be calculated in accordance with prevailing accounting principles and set out in a closing statement.

According to the sales purchase agreement, the closing statement and the calculation of the final purchase price was expected to be finalized by the end of Q1 2022, as communicated in Grieg Seafood's report for Q4 2021. Due to minor disagreements of the closing balance, the final settlement is postponed to Q2 2022.

As at 31 December 2021, the calculation of the gain/loss from sale of the Shetland assets has been based on the preliminary purchase price. The preliminary gain after income tax resulting from the sale of the Shetland assets is NOK 424 million. The preliminary gain has been calculated by deducting Grieg Seafood Group's book value of the Shetland assets on the closing date and transaction costs from the sum of the preliminary purchase and the settlement of the Seller's debt. In addition, the gain/loss calculation includes recycling of accumulated OCI of NOK 106 million before tax and NOK 83 million after tax, whereas the tax expense of NOK 23 million relates to the tax position on the Seller's debt.

OCEAN QUALITY

On 23 May 2020, we entered into an agreement with Bremnes Fryseri to dissolve the Ocean Quality sales partnership. The transaction was finalized at year-end 2020. See Note 5 of the 2020 Annual Report for more information on the Ocean Quality disposal group.

PROFIT (LOSS) FROM DISCONTINUED OPERATIONS TOTAL (NOK 1 000)	SHETLAND*		OCEAN QUALITY		TOTAL	
	2021	2020	2021	2020	2021	2020
Operating income	951 334	968 729	—	3 084 108	951 334	4 052 837
Operating expenses	-775 822	-1 191 934	—	-3 058 240	-775 822	-4 250 174
EBIT before fair value adjustment of biological assets	175 512	-223 205	—	25 868	175 512	-197 337
Production fee	-5 219	-5 368	—	—	-5 219	-5 368
Fair value adjustment of biological assets	75 697	-97 039	—	—	75 697	-97 039
EBIT after fair value adjustment of biological assets	245 990	-325 613	—	25 868	245 990	-299 745
Net financial items	1 902	-6 744	—	10 271	1 902	3 527
Impairment loss recognized on the remeasurement to fair value less cost to sell	—	—	—	—	—	—
Profit before tax from discontinued operations	247 893	-332 357	—	36 139	247 893	-296 218
Income tax expense	-71 280	100 838	—	-8 476	-71 280	92 362
Profit for the period from discontinued operations	176 613	-231 519	—	27 663	176 613	-203 856
Gain on the sale of the subsidiary after income tax	423 678	—	—	5 033	423 678	5 033
Net profit for the period from discontinued operations	600 291	-231 519	—	32 696	600 291	-198 823

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

GAIN ON THE SALE OF THE SUBSIDIARY AFTER INCOME TAX (NOK 1 000)	TOTAL	
	2021	2020
Sale/purchase price	2 087 494	66 853
Transaction costs	-26 950	-875
Recycling of accumulated OCI	83 139	—
Total consideration	2 143 683	65 978
Book value	1 720 004	60 945
Gain on the sale of the subsidiary after income tax	423 678	5 033
The recycled accumulated OCI in the gain/loss calculation consists of:		
Currency effect on investment in subsidiaries	3 261	—
Currency effects on loans to subsidiaries	103 223	—
Other gains and losses	-636	—
Tax effects	-22 709	—
Reserve of disposal group classified as held for sale	83 139	—

CASH FLOWS FROM DISCONTINUED OPERATIONS (NOK 1 000)	SHETLAND		OCEAN QUALITY		TOTAL	
	2021	2020	2021	2020	2021	2020
Net cash flow from operating activities	145 228	-24 966	—	28 471	145 228	3 505
Net cash flow from investing activities	2 041 801	-77 905	—	-43 632	2 041 801	-121 537
Net cash flow from financing activities	-145 836	-118 796	—	-1 366	-145 836	-120 161
Sum	2 041 193	-221 667	—	-16 526	2 041 193	-238 193
Cash discontinued operations cash and cash equivalents - other changes	-842	-525	—	-43	-842	-568
Net change in cash and cash equivalents from discontinued operations	2 040 350	-222 193	—	-16 569	2 040 350	-238 762

CLASSES OF ASSETS AND LIABILITIES OF THE DISPOSAL GROUP (NOK 1 000)	TOTAL 31.12.2020
Classes of assets and liabilities of the disposal group	
Deferred tax assets	81 681
Intangible assets	556 577
Property, plant and equipment	719 626
Biological assets incl fair value	449 867
Inventories	24 448
Trade receivables and other receivables	139 627
Cash and cash equivalents	899
Assets directly related with the disposal group	1 972 725
Non-current liabilities	212 686
Current liabilities	280 143
Liabilities directly associated with the disposal group	492 829
Net assets directly associated with the disposal group	1 479 897

The classes of assets and liabilities as per 31 December 2020 attributed to the Shetland assets, as Ocean Quality was sold 31 December 2020.

AMOUNTS INCLUDED IN ACCUMULATED OCI ASSOCIATED WITH THE DISPOSAL GROUP (NOK 1 000)	31.12.2020
Currency effect on investment in subsidiaries	7 377
Currency effects on loans to subsidiaries	88 624
Other gains and losses	-636
Cash flow hedges	—
Tax effects	-19 497
Accumulated other comprehensive income	75 868

All accumulated OCI at year-end 2020 is related to Shetland.

OTHER COMPREHENSIVE INCOME RELATED TO THE SHETLAND DISPOSAL GROUP FOR THE YEAR (NOK 1 000)	2020
Currency effect on investment in subsidiaries	20 535
Currency effects on loans to subsidiaries	1 539
Cash flow hedges	—
Tax effects	—
Sum	22 074

NOTE 6 BUSINESS COMBINATIONS

BUSINESS COMBINATIONS IN 2021

There were no business combinations in 2021.

BUSINESS COMBINATIONS IN 2020

On 15 April 2020, Grieg Seafood ASA (GSF) completed the acquisition of Grieg Newfoundland AS (GNL). At the acquisition date, 99% of the shares were transferred, while the remaining 1% is subject to a put/call option accounted for as contingent consideration. GNL owns a fish farming business under development in Newfoundland, Canada. The text below summarizes the disclosures in the Newfoundland transaction provided in the 2020 Annual Report. Since the text below is a summary, please see the 2020 Annual Report for all information disclosed concerning the transaction and the purchase price allocation of the transaction consideration.

TRANSACTION

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

CONTINGENT CONSIDERATION

A contingent consideration of NOK 702 million has been recognized. If certain production volumes are reached within the next ten years, additional payments are triggered. The additional amount becomes unconditional when GNL has reached a planned annual harvest volume of 15 000 tonnes, and the amount increases with volume until an annual harvest volume of 33 000 tonnes. The amount due is NOK 43 per kg for volumes between 15 000 and 20 000 tonnes, and NOK 55 per kg for volumes between 20 000 and 33 000 tonnes, with a 4% per annum inflation adjustment in the period 2023-2029. The contingent consideration is classified as equity. It is in GSF's sole discretion to decide whether the expansion investments are carried out in line with the production plan. If further expansion of the post-smolt facilities are not constructed within ten years, the additional milestone payments will not be triggered.

VALUATION OF LICENSES AND EXCLUSIVITY CONTRACT

Aquaculture licenses are valued assuming an indefinite useful life. At the time of the transaction, GNL had been granted a long-term exclusive right to operate in Placentia Bay and received approval for 11 site holds in the area. For site holds with a fish farming license granted at the transaction date, valuation is based on expected volumes using reasonable income and cost assumptions to the amount of NOK 213.5 million value added per license. For three additional site holds, the seller has granted a warranty as to the value of the license. The compensation is capped at NOK 122.5 million. GNL has received a grant to operate in the production area in Placentia Bay, and an exclusivity agreement for 12 years plus an option of eight years. This means no one else can operate in this geographical area in this period, which is similar to a non-compete advantage.

GOODWILL

Intangible assets that do not meet the conditions for separate recognition are subsumed into goodwill. This includes the going concern-value of the performed construction activities up until the transaction, synergies between various components of the facilities as we have long-term exclusive rights to be the sole farmer in the Placentia Bay area. In addition, goodwill covers the licenses pending approval, as well as the expected synergies with current operations in British Columbia. Lastly, a portion of the goodwill reflects the difference between the fair value and nominal value of deferred tax liabilities, in particular for the licenses that are deemed to have indefinite useful life.

TAX

For valuation purposes and calculation of deferred tax liabilities, the tax rate is set to 30% which is the current tax rate in eastern Canada for private companies controlled by non-Canadians.

SUMMARY OF BOOK VALUE, IDENTIFIED EXCESS VALUES AND THE FAIR VALUE AT THE TRANSACTION DATE OF 15 APRIL 2020	15.04.2020			
	NOK 1 000	Book value	Excess value	Fair value
Goodwill		—	677 255	677 255
Licences (incl. warranty licenses)		14 154	748 017	762 171
Property, plant and equipment		623 933	-493 230	130 702
Indemnification assets		—	40 000	40 000
Other assets		382 236	—	382 236
Deferred tax liabilities		—	88 436	88 436
Other liabilities		735 344	—	735 344
Equity		284 979	883 605	1 168 584

NOTE 7 INVESTMENT IN ASSOCIATES

Associates that are closely related to the Group's operations and included in the Group's value chain are classified on a separate line in EBIT when the relevant associates operate in the same position in the value chain as the Group. For 2021 and 2020, no investments were classified on a separate line after EBIT.

In 2019, the Group, through Grieg Seafood Finnmark AS, invested NOK 1.2 million in Nordnorsk Smolt AS to acquire 50% of the company's shares. The remaining shareholdings are held by Norway Royal Salmon ASA (50%). Nordnorsk Smolt AS is located in Troms and Finnmark county, Norway. Production is approximately 900 tonnes of smolt per year. In December 2021, a capital increase was carried out, where both owners invested NOK 12.5 mill each. At 31 December 2021, Grieg Seafood Finnmark provided a long-term loan to Nordnorsk Smolt AS, amounting to NOK 2.1 million (NOK 1.9 million at December 2020), which is included in other non-current receivables. The interest is recognized under current receivables.

In 2018, the Group, through Grieg Seafood Rogaland AS, invested NOK 30 million in Tytlandsvik Aqua AS to acquire 33.33% of the company's shares. The remaining shareholdings are held by Bremnes Seashore AS (33.33%) and Vest Havbruk AS (33.33%). Tytlandsvik Aqua AS is located in Ryfylke in Rogaland, Norway. Through Tytlandsvik Aqua AS, the partners secure increased and improved access to post-smolt fish, with an annual production capacity of 3 400 tonnes, of which Grieg Seafood's share of the volume is 50%.

On 15 January 2021, Grieg Seafood Rogaland invested NOK 2.5 million for an ownership interest of 37.04% in Årdal Aqua AS. The other shareholders are Vest Havbruk AS and Omfar AS. A share issue was carried out when Omfar became a co-owner of the company, and the other two shareholders were diluted from 50% to 37.04% ownership. The diluted effect related to the capital issue from Omfar AS is not recognized as a gain, but set aside as a liability until certain milestones have been reached, at which point a potential gain will be booked as the project depends on milestones. Hence a potential gain of NOK 6.7 million is deferred until all milestones are approved. At the same time, Grieg Seafood Rogaland entered into a post-smolt agreement with Årdal Aqua. Årdal Aqua is currently in the design development phase of a land-based farming facility in Rogaland, and the decision to start constructing will be taken in 2022.

The investments in Tytlandsvik Aqua AS, Nordnorsk Smolt AS and Årdal Aqua AS are classified together on a separate line in the statement of financial position, and the share of profit is included in EBIT. Total recognized share of profit/loss from associates in 2021 was NOK -1.5 million and the total book value as at 31 December 2021 was NOK 105 million.

ASSOCIATES CLASSIFIED AS OPERATIONS	EQUITY INTEREST AT 31.12.2021	BOOK VALUE AT 01.01.2021 NOK 1 000	PROFIT/LOSS 2021 NOK 1 000	CHANGES IN THE PERIOD, INCL. REPAID CAPITAL NOK 1 000	BOOK VALUE AT 31.12.2021 NOK 1 000
Nordnorsk Smolt AS	50.00 %	41 264	-6 053	12 500	47 710
Tytlandsvik Aqua AS	33.33%	43 158	4 929	—	48 087
Årdal Aqua AS	37.04%	—	-363	9 241	8 878
Total associates classified as operations		84 421	-1 486	21 741	104 676

AT 31.12.2021	TIME OF INVESTMENT	EQUITY INTEREST	EXCESS VALUE HATCHERY NOK 1 000	DEPRECIATION OF EXCESS VALUE NOK 1 000	BOOK VALUE OF EXCESS VALUE NOK 1 000
Nordnorsk Smolt AS	01.07.2019	50.00%	17 022	4 256	12 767
Tytlandsvik Aqua AS	01.06.2017	33.33%	14 600	3 214	11 387
Årdal Aqua AS	15.01.2020	37.04%	2 188	—	2 188
Total ownership			33 811	7 470	26 342

The share issue and shareholder agreement for Nordnorsk Smolt were signed on 30 June 2019. Excess value relating to the investment has been allocated to hatcheries under construction, based on provisional accounting figures from Nordnorsk Smolt AS on the acquisition date. The value added is amortized from the date of acquisition.

The share issue and shareholder agreement with Tytlandsvik Aqua AS were signed on 1 June 2017. Excess value relating to the investment has been allocated to hatcheries under construction, based on provisional accounting figures from Tytlandsvik Aqua AS as at 31 December 2018. The fair value adjustment is amortized from the time the facility was completed and commissioned.

Tytlandsvik Aqua AS, Nordnorsk Smolt and Årdal Aqua AS have the same financial year as the Group. The following table displays provisional financial information as at 31 December 2021 (100%).

AT 31.12.2021 NOK 1 000	TOTAL ASSETS	TOTAL LIABILITIES	TOTAL EQUITY	OPERATING INCOME	PRE-TAX PROFIT/LOSS
Nordnorsk Smolt AS	106 902	53 313	53 589	72 624	1 438
Tytlandsvik Aqua AS	442 539	351 596	90 943	171 548	19 464
Årdal Aqua AS	25 972	7 624	18 348	50	-979

ASSOCIATES CLASSIFIED AS OPERATIONS	EQUITY INTEREST AT 31.12.2020	BOOK VALUE AT 01.01.2020 NOK 1 000	PROFIT/LOSS 2020 NOK 1 000	CHANGES IN THE PERIOD, REPAID CAPITAL NOK 1 000	BOOK VALUE AT 31.12.2020 NOK 1 000
Nordnorsk Smolt AS	50.00%	42 433	-1 169	—	41 264
Tytlandsvik Aqua AS	33.33%	38 638	4 520	—	43 158
Total associates classified as operations		81 071	3 350	—	84 421

AT 31.12.2020	TIME OF INVESTMENT	EQUITY INTEREST	EXCESS VALUE HATCHERY NOK 1 000	DEPRECIATION OF EXCESS VALUE NOK 1 000	BOOK VALUE OF EXCESS VALUE NOK 1 000
Nordnorsk Smolt AS	01.07.2019	50.00%	17 022	2 553	14 469
Tytlandsvik Aqua AS	01.06.2017	33.33%	14 600	1 754	12 847
Total ownership			31 623	4 307	27 316

AT 31.12.2020 NOK 1 000	TOTAL ASSETS	TOTAL LIABILITIES	TOTAL EQUITY	OPERATING INCOME	PRE-TAX PROFIT/LOSS
Nordnorsk Smolt AS	106 902	53 313	53 589	72 624	1 438
Tytlandsvik Aqua AS	442 539	351 596	90 943	171 548	19 464

NOTE 8 SEGMENT INFORMATION

Segment information is provided for the Group's continuing operations. Information regarding the Group's discontinued operations is disclosed in Note 5.

The operating segments are identified on the basis of the reports which Group Management uses to assess performance and profitability at a strategic level. Group Management assesses business activities from a geographical perspective, based on the location of assets. The Group has one production segment: production of farmed salmon. Earnings from the Group's sales companies is reported per producer. Geographically, management assesses the results of production in Rogaland – Norway, Finnmark – Norway and British Columbia – Canada. As from Q1 2021, production in Newfoundland - Canada is also included. In Q4 2020, Grieg Seafood defined the reporting segment Shetland – UK as part of the Shetland disposal group, which was classified as held for sale (see Note 5). The Shetland disposal group was sold to Scottish Sea Farms Ltd on 15 December 2021.

Group Management evaluates the results from the segments based on EBIT before production fee and fair value adjustment of biological assets. The operating segments are divided geographically by country or region, based on the reporting applied by Group Management when assessing performance and profitability at a strategic level.

The method of measurement excludes the effect of non-recurring costs, such as restructuring costs, legal costs on acquisition and amortization of goodwill and intangible assets when amortization is attributable to an isolated event which is not expected to recur. The measurement method also excludes the effect of share-based payments, as well as unrealized gains and losses on financial instruments, and ownership costs. These gains/losses and costs are reported in the "Elim/Other" column in Grieg Seafood's segment information.

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

In the segment reporting, sales revenue at the regional level includes revenue from the sale of Atlantic salmon. At the regional level, other income includes the sale of by-products (such as ensilage), as well as income from the sale of smolt, fry and roe, and income from overcapacity of operational assets. At the Group level, such income is reclassified to sales revenue in the Elim/Other column in the Group's segment information. Other gains/losses in the segment information are included in the line "other income". This includes gains/losses from the sale of fixed assets and other equipment.

Sales revenue/kg reported in the segment information is equal to the sum of the region's sales revenue divided by the related harvest volume.

Farming cost/kg reported in the segment information encompasses all costs directly related to the production and harvesting of salmon, divided by the related harvest volume. Thus, at the regional level, farming costs equal operational costs. Other income is included in the farming cost metric, where it is deemed to constitute cost reduction activities. Group farming cost is calculated on the basis of the Group's farming operations, excluding ownership costs and costs from Group companies not related to production.

Other costs, including ownership and headquarters costs/kg, reported in the segment information include all costs and revenue not directly related to the production and harvesting of salmon. This includes costs deriving from activities conducted by the parent company and other Group companies not related to production, divided by the Group's harvest volume. In addition, until the first harvest in Newfoundland is carried out, costs attributable to the Newfoundland region are included as other costs/kg.

EBIT/kg reported in the segment information is equal to the EBIT before production fee and fair value adjustment of biological assets divided by the related harvest volume.

The Group's revenues mainly comprise revenues from the sale of whole and processed fish and some ensilage. Sales revenues are recognized at the point in time when control of the fish has been transferred to the customer. This will normally be upon delivery. In 2021, the sale of whole fish (fresh and frozen) accounted for 95% (2020: 88%) of the Group's sales revenues (excluding other products), while processed fish accounted for 4% (2020: 10%).

SALES REVENUES FROM CONTRACTS WITH CUSTOMERS, BY GEOGRAPHICAL MARKET NOK 1 000	Europe		North America		Total			
	2021	2020	2021	2020	2021	2021%	2020	2020%
	Continental Europe	2 968 604	1 964 336	—	—	2 968 604	65%	1 964 336
UK	114 887	401 378	—	—	114 887	2%	401 378	9%
USA	85 953	23 227	831 003	871 033	916 957	20%	894 260	20%
Canada	22 778	4 193	284 238	376 388	307 016	7%	380 581	9%
Russia	—	—	—	—	—	—	—	—%
Asia	277 836	605 842	7 274	85 459	285 111	6%	691 301	16%
Other markets	6 011	52 501	—	—	6 011	—%	52 501	1%
Total	3 476 069	3 051 476	1 122 516	1 332 881	4 598 585	100%	4 384 357	100%

SALES REVENUES FROM CONTRACTS WITH CUSTOMERS, BY DISTRIBUTED PRODUCTS NOK 1 000	Europe		North America		Total		
	2021	2020	2021	2020	2021	2020	
	Fresh whole fish	3 429 432	2 740 344	955 179	1 107 890	4 384 611	3 848 234
Frozen whole fish	—	3 287	—	19	—	3 306	
Fresh processed fish	287	173 250	166 380	220 947	166 666	394 197	
Frozen processed fish	—	24 412	508	167	508	24 579	
Other products	46 351	110 182	449	3 858	46 800	114 040	
Total	3 476 069	3 051 476	1 122 516	1 332 881	4 598 585	4 384 357	

2021 GEOGRAPHICAL SEGMENTS NOK 1 000	FARMING EUROPE		FARMING NORTH AMERICA		ELIM/ OTHER4	GRIEG SEAFOOD GROUP
	ROGALAND NORWAY	FINNMARK NORWAY	BC CANADA	NL CANADA		
Sales revenues ¹	1 430 949	1 756 292	1 023 474	—	387 870	4 598 585
Other income ²	76 640	48 868	9 114	569	-64 445	70 745
Other gains/losses ³	140	-52	-6 839	—	—	-6 752
Share of profit from associates	4 567	-6 053	—	—	—	-1 486
Operating costs before depreciation and amortization	-1 167 414	-1 405 878	-781 973	-93 388	-394 395	-3 843 048
EBITDA before fair value adjustment of biological assets	344 882	393 176	243 776	-92 819	-70 970	818 044
Depreciation, amortization and reversals	-102 865	-142 640	-93 541	-24 039	-12 590	-375 674
EBIT before fair value adjustment of biological assets	242 017	250 537	150 235	-116 858	-83 561	442 370
Harvest volume (tonnes GWT)	26 670	34 484	14 448	—	—	75 601
Sales revenue/kg (NOK)	53.7	50.9	70.8	—	—	55.7
Farming cost/kg (NOK)	44.6	43.7	60.4	—	—	47.2
Other costs incl. ownership and headquarters costs/ kg (NOK)	—	—	—	—	—	2.7
EBIT/kg (NOK)	9.1	7.3	10.4	—	—	5.9
Assets	2 181 546	3 076 166	2 057 524	2 487 713	915 833	10 718 783
Total assets	2 181 546	3 076 166	2 057 524	2 487 713	915 833	10 718 783
Liabilities	1 088 328	1 502 171	1 018 999	1 948 082	-402 099	5 155 481
Total liabilities	1 088 328	1 502 171	1 018 999	1 948 082	-402 099	5 155 481

¹Sales revenues equal the Group's revenue from contracts with customers.

²Other income mainly relates to the settlement of insurance and other services not directly related to production.

³Other gains/losses includes items such as foreign currency and the sale of fixed assets and other equipment.

⁴Elim/Other includes bonus and share of profit from sales entities to Grieg Seafood farming entities/producers. Other items comprise the profit/loss from activities conducted by the parent company or other Group companies not related to production. Internal transactions between group companies are eliminated and included in the Elim/Other column. Sales revenue deriving from the sale of fish not produced by the Group is also included in Elim/Other.

2020 GEOGRAPHICAL SEGMENTS NOK 1 000	FARMING EUROPE		FARMING NORTH AMERICA	ELIM/ OTHER4	GRIEG SEAFOOD GROUP
	ROGALAND NORWAY	FINNMARK NORWAY	BC CANADA		
Sales revenues ¹	1 263 088	1 313 549	1 178 931	628 788	4 384 357
Other income ²	78 439	76 028	16 770	-142 549	28 688
Other gains/losses ³	136	-2 241	-2 636	-45	-4 786
Share of profit from associates	4 520	-1 169	—	—	3 350
Operating costs before depreciation and amortization	-952 879	-1 113 980	-1 094 740	-648 079	-3 809 678
EBITDA before fair value adjustment of biological assets	393 304	272 187	98 324	-161 884	601 932
Depreciation, amortization and reversals	-101 005	-144 763	-105 749	-17 357	-368 874
EBIT before fair value adjustment of biological assets	292 299	127 424	-7 425	-179 242	233 057
Harvest volume (tonnes GWT)	23 043	26 919	21 181	—	71 142
Sales revenue/kg (NOK)	54.8	48.8	55.7	—	52.8
Farming cost/kg (NOK)	42.1	44.1	56.0	—	47.0
Other costs incl. ownership and headquarters costs/ kg (NOK)	—	—	—	—	2.5
EBIT/kg (NOK)	12.7	4.7	-0.4	—	3.3
Assets	2 023 442	2 996 414	1 455 341	2 201 605	8 676 801
Assets classified as held for sale	—	—	—	1 972 725	1 972 725
Total assets	2 023 442	2 996 414	1 455 341	4 174 330	10 649 527
Liabilities	995 977	1 555 995	698 702	2 535 106	5 785 781
Liabilities directly associated with the assets held for sale	—	—	—	492 829	492 829
Total liabilities	995 977	1 555 995	698 702	3 027 935	6 278 609

^{1,2,3,4}See the footnotes under the 2021 table.

GROUP EBIT NOK 1 000	2021	2020
EBIT before fair value adjustment of biological assets	442 370	233 057
Production fee (Note 26)	-24 463	—
Fair value adjustment of biological assets (Note 9)	523 036	-289 705
EBIT after fair value adjustment of biological assets	940 944	-56 648
Net financial items (Note 24)	-87 266	-247 792
Profit before tax	853 678	-304 440
Income tax expense	-249 301	-11 557
Profit for the year	604 377	-315 997

NOTE 9 BIOLOGICAL ASSETS AND OTHER INVENTORIES

	TONNES		NOK 1 000	
	2021	2020	2021	2020
Biological assets at 01.01.	52 619	67 614	2 545 903	3 437 947
Biological assets classified as held for sale*	N/A	-11 480	N/A	-641 389
Currency translation differences	N/A	N/A	22 840	1 442
Increase due to production	99 590	80 748	3 428 102	3 407 539
Decrease due to abnormal mortality/loss	-5 534	-4 844	-117 450	-177 225
Decrease due to sales	-87 553	-79 419	-3 053 236	-3 121 283
Fair value adjustment at 01.01.	N/A	N/A	-347 227	-708 355
Fair value adjustment in connection with business acquisition	N/A	N/A	N/A	N/A
Fair value adjustment at 31.12.	N/A	N/A	970 480	347 227
Biological assets at 31.12.	59 121	52 619	3 449 412	2 545 903

*This note has been prepared for the Group's continued operation. In 2020, we classified our Shetland assets as held for sale and treated them as discontinued operations. The Shetland assets were sold on 15 December 2021. The impact of the held for sale classification is presented as a reconciliation item reconciling 1.1.2020 with 31.12.2020 in the table above. For more information, see Note 5.

RECOGNIZED FAIR VALUE ADJUSTMENT	2021	2020
Change in fair value adjustment of biological assets ¹	623 253	-361 130
Currency adjustment of fair value adjustment of biological assets	-3 814	-16 508
Change in physical delivery contracts relating to fair value adjustment of biological assets ² (Note 26)	—	—
Change in fair value of financial derivatives from salmon (Fish Pool contracts) ³	-96 403	87 933
Total recognition of fair value adjustment of biological assets	523 036	-289 705

Recognized value adjustments of biological assets include:

1 Fair value adjustments of biological assets

2 Fair value (liability) change in loss-making contracts

3 Change in unrealized gains/losses from financial purchases/sales contracts (derivatives) from fish at Nasdaq Fish Pool

The biological assets are, in accordance with IAS 41, measured at fair value, unless the fair value cannot be measured reliably. Broodstock and smolt are measured at cost less impairment losses. Fair value of biological assets is calculated on a discounted cash flow based present value model, which does not rely on historical cost.

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 on the basis of 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. See Note 3 for further information.

For further information on accounting policies for biological assets, please refer to Note 2 and Note 4.

BASIS FOR VALUES	NORWAY	BC
Weighted price per kg GWT	NOK 64.91	CAD 10.28
Source	Nasdaq Fish Pool	Nasdaq Fish Pool

Forward prices from Nasdaq Fish Pool as stated above are adjusted for expected quality reductions and stated before logistics expenses. The standard deduction for quality reduction is applied. Forward prices are weighted in relation to the intended harvesting period. The price for BC is based on the forward price in Norway adjusted for historical differences in price levels between Norway and Canada. Estimated harvesting and logistics expenses are deducted. Forward exchange rates are used to translate prices into CAD in relation to the harvesting period.

The estimated future cash flow is discounted by a monthly rate, which is assessed individually for each region. The discount factor reflects a combination of the cost of capital for the biomass, risk discounting and a synthetic license rent. The discount factor is differentiated at the regional level due to the different prerequisites for biological production. This is also the reason for differentiation of the recognized synthetic license rent. See the table below and the Note 4 for more information.

DISCOUNT RATE PER REGION	2021	2020
Rogaland	5.0%	5.0%
Finnmark	5.0%	5.0%
BC	3.5%	3.5%

STATUS OF BIOLOGICAL ASSETS	NUMBER OF FISH 1 000	BIOLOGICAL ASSETS TONNES	ACCRUED COST OF PRODUCTION NOK 1 000	FAIR VALUE ADJUSTMENT NOK 1 000	BOOK VALUE NOK 1 000
2021 ex. Shetland					
Biological assets on land *	28 522	539	164 959	—	164 959
Immature fish in sea, round weight < 4.60 kg	28 266	51 944	2 080 957	873 626	2 954 583
Mature fish in sea, round weight > 4.60 kg	1 292	6 638	233 018	96 854	329 872
Total	58 080	59 121	2 478 934	970 480	3 449 412
2020 ex. Shetland					
Biological assets on land *	19 617	699	139 360	—	139 360
Immature fish in sea, round weight < 4.60 kg	26 933	43 419	1 795 414	321 444	2 116 858
Mature fish in sea, round weight > 4.60 kg	1 498	8 500	263 902	25 782	289 684
Total	48 048	52 619	2 198 676	347 227	2 545 903

* Smolt production

Abnormal mortality - write-down

Cost related to abnormal mortality will be immediately recognized in profit and loss, and presented as a "decrease due to abnormal mortality/loss" in the table above. Normal mortality is classified as part of the production cost. The classification of mortality only affects the note presentation, and hence not the fair-value calculation. See the survival rate tables in the regional chapters for details of causes of mortality.

ABNORMAL MORTALITY - WRITE-DOWN	NUMBER OF FISH 1 000	BIOLOGICAL ASSETS TONNES	AVERAGE SIZE KG	ACCRUED COST OF PRODUCTION NOK 1 000
2021				
Biological assets on land	1 176	186	0.16	18 565
Immature fish in sea, round weight < 4.60 kg	957	2 678	2.80	44 098
Mature fish in sea, round weight > 4.60 kg	515	2 670	5.18	54 787
Total	2 648	5 534	2.09	117 450
2020 ex. Shetland				
Biological assets on land	1 714	1 184	0.69	40 066
Immature fish in sea, round weight < 4.60 kg	1 104	2 610	2.36	97 392
Mature fish in sea, round weight > 4.60 kg	227	1 050	4.63	39 766
Total	3 045	4 844	1.59	177 224

OTHER INVENTORIES NOK 1 000	2021	2020
Raw materials (feed) at cost price	67 355	65 857
Roe	3 000	4 176
Other (goods in transit, frozen fish, supplementary products)	57 944	7 968
Total inventories	128 299	78 001
Impairment of inventories recognized at year-end	20 020	5 518

COST OF RAW MATERIALS AND CONSUMABLES PURCHASED NOK 1 000	2021	2020
Inventories at 01.01. (inverted number)	-78 001	-177 841
Raw materials and consumables purchased	-1 788 565	-1 617 439
Inventories at 31.12.	128 299	78 001
Total	-1 738 267	-1 717 279

The item raw materials and consumables mainly comprises feed, roe, recognition of extraordinary mortality and external purchases of fish by our sales company.

NOTE 10 INTANGIBLE ASSETS

2021 NOK 1 000	GOODWILL	FISH FARMING LICENSES – INDEFINITE LIVES	FISH FARMING LICENSES – FINITE LIVES	OTHER INTANGIBLE ASSETS	TOTAL
Book value at 01.01.	638 019	1 493 419	15 034	38 015	2 184 486
Currency translation differences	22 053	28 767	524	747	52 090
Additions	—	41	—	3 792	3 833
Disposals	—	—	—	—	—
Amortization	—	—	-1 466	-5 726	-7 192
Reclassifications	—	—	—	—	—
Book value at 31.12.	660 071	1 522 227	14 092	36 828	2 233 218
ACCUMULATED VALUES					
Acquisition cost	749 674	1 522 227	44 397	78 506	2 394 804
Accumulated amortization	—	—	-30 305	-41 678	-71 983
Accumulated impairments	-89 603	—	—	—	-89 603
Book value at 31.12.	660 071	1 522 227	14 092	36 828	2 233 218

See Note 2 for information on the useful economic life of assets, and Note 12 for information on assets pledged as security for financial liabilities.

2020 NOK 1 000	GOODWILL	FISH FARMING LICENSES – INDEFINITE LIVES	FISH FARMING LICENSES – FINITE LIVES	OTHER INTANGIBLE ASSETS*	TOTAL
Book value at 01.01.	109 526	1 112 136	21 495	16 205	1 259 360
Assets classified as held for sale ¹	-78 781	-477 867	—	-26	-556 675
Acquisition of business	677 255	762 171	—	38 720	1 478 146
Currency translation differences	-69 981	-79 511	-86	-5 116	-154 694
Additions	—	159 066	—	7 980	167 046
Disposals	—	—	—	—	—
Amortization	—	—	-1 491	-7 206	-8 696
Reclassifications	—	17 425	-4 885	-12 542	—
Book value at 31.12.	638 019	1 493 419	15 034	38 015	2 184 486
ACCUMULATED VALUES					
Acquisition cost	727 622	1 493 419	43 094	73 917	2 338 052
Accumulated amortization	—	—	-28 061	-35 902	-63 963
Accumulated impairments	-89 603	—	—	—	-89 603
Book value at 31.12.	638 019	1 493 419	15 034	38 015	2 184 486

See Note 2 for information on the useful economic life of assets, and Note 12 for information on assets pledged as security for financial liabilities.

¹This Note has been prepared for the Group's continued operations. In 2020, we classified our Shetland assets as held for sale and treated them as discontinued operations. The Shetland assets were sold on 15 December 2021. In addition, we sold all our shares in Ocean Quality AS in 2020, which also was treated as a discontinued operation. The impact of the held for sale classification is presented as a reconciliation item reconciling 01.01.2020 with 31.12.2020 in the table above. For more information, see Note 5.

LICENSES

The tables below provide an overview of the Group's licenses. See Note 2 for further information on licenses.

Canada - BC

All owners of industrial open-net pens must be approved by the the Department of Fisheries and Oceans Canada (DFO), which has regulated the industry since 2009. From 2022, farming companies need to obtain support from local First Nations in the area where the company has its licenses, together with the DFO. Each local First Nation establishes its own protocol and procedures for engaging with companies operating in its territory. Grieg Seafood BC is working with all the local First Nations in their areas of operations and has engaged positively with all of them. The new regulation will contribute to a more sustainable future for local communities and workers. See Note 4 for further information.

NORWAY LICENSE CATEGORY*	TOTAL NUMBER	CAPACITY TONNES
Seawater licences	35	30 853
Green licences	8	7 743
R&D permit	3	2 340
Broodstock	3	2 340
Smolt	3	4 045
Harvesting pens	2	1 106
Education	2	1 560
Total	56	49 987

* Finnmark and Rogaland lease education licenses from the Troms and Finnmark and Rogaland County Councils, respectively.

CANADA - BC	West Coast	East Coast	Total capacity
Tonnes	38 500	20 500	59 000

The capacity in BC is merely theoretical capacity, as all locations cannot be utilized simultaneously. BC also has a license for broodstock and smolt

Newfoundland currently holds eight licenses, with the aim to develop additional licenses as the project progresses. The regulations for salmon farming in Placentia Bay are based on the number of fish in the sea at any one site. Per license, there is a maximum of one million fish in the sea in the first generation, and a maximum of two million fish in the second generation. In addition, there are regulations related to following and adherence to certain environmental indicators. See Note 4 for more information.

IMPAIRMENT TESTING OF GOODWILL AND LICENSES

No impairments of goodwill or licenses were recognized in 2021 or 2020. Goodwill and licenses with indefinite economic lives are subject to an annual impairment test. Tests are performed more frequently where indications of impairment exist. Licenses with finite useful lives are tested for impairment only if there are indications of a decline in value. The estimated value in use (VIU) is used as a basis for calculating the recoverable amount, except for Grieg Newfoundland where the fair value less cost of disposal (FVLCD) has been used as the basis for the recoverable amount. Grieg Newfoundland was a new segment in 2020. As of year-end 2021, we have fish at our freshwater facility, which will be transferred to the sea during the spring/summer of 2022.

CASH-GENERATING UNIT NOK 1 000	LOCATION	BOOK VALUE OF RELATED GOODWILL	BOOK VALUE OF LICENSES	TOTAL
Rogaland	Norway	20 463	253 636	274 099
Finnmark	Norway	—	397 218	397 218
British Columbia (BC)	Canada	10 337	161 635	171 972
Newfoundland	Canada	629 271	723 830	1 353 101
Total value		660 071	1 536 319	2 196 390

Goodwill arises on the acquisition of the subsidiaries and is measured on the basis of a group of cash-generating units that are expected to benefit from the synergy effects in the overall segment. Annual impairment tests are carried out on goodwill and licenses. The recoverable amount is calculated on the basis of value-in-use, except for Grieg Newfoundland where the calculation is based on fair value less cost of disposal (FVLCD). These calculations use after tax cash flow projections based on financial budgets from the respective cash-generating units over a three-year period. Cash flows beyond the three-year period are extrapolated using the estimated growth rates stated below. The estimated growth rate corresponds to expected inflation. For Newfoundland, the period is 14 years based on the first harvest expected in 2023. During the first few years, the cash flow will be negative due to both low production and harvest volume as well as the building of biomass and growth investments.

ASSUMPTIONS USED FOR ESTIMATING RECOVERABLE AMOUNT	Rogaland	Finnmark	BC	Newfoundland
Budget period	3 years	3 years	3 years	14 years
Increase in revenues in budget period	42%	45%	58%	NA
EBITDA margin 1)	27% -37%	30% - 39%	19% - 27%	0% - 38%
EBITDA margin in terminal period	35%	39%	34%	38%
Harvest growth – tonnes 2)	23%	17%	62%	NA
Required rate of return before tax 3)	9%	9%	10%	13.5%
Required rate of return after tax 3)	7.0%	7.0%	7.1%	9.5%
Growth rate 4)	1%	1%	1%	1%

As stated above, the budget period/explicit period is three years for Rogaland, Finnmark and BC. Impairment tests are initially based on the Group's rolling four-year projections, which are also used in connection with the Group's liquidity planning. Future price levels are estimated by using Fish Pool forward prices as a basis, adjusted for other considerations such as quality reductions and shipping costs. To test the Newfoundland operation for impairment, we estimated the FVLCD using a period of 14 years to reflect production at full capacity in the terminal year. Although production will increase at a slow pace in the first few years, it will pick up speed once the facilities are completed and more smolt are transferred to the sea. We target a harvest volume of 15 000 tonnes in 2025, which we aim to increase to 45 000 tonnes in 2035.

Other comments/explanations on assumptions applied in impairment testing are presented below.

1. Budgeted EBITDA margin. The margin remains more stable for the Norwegian regions, and is assumed to increase for our overseas regions during the budget period. Increase in harvest volume is assumed in all regions towards 2024.
2. The growth rate for the harvest volume in the budget period (nominal growth rate) is measured against the 2021 volume. A corresponding increase in output is assumed over time.
3. Weighted required return on capital employed before and after tax. Cash flow forecasts are thus estimated after tax. In the calculation, the return on capital employed is also after tax.
4. Weighted average growth rate used to extrapolate cash flows beyond the budget period. In the years after 2024, the annual reinvestment is assumed to be equal to annual depreciation.

EBITDA MARGIN IN THE BUDGET AND TERMINAL PERIOD

The budgeted EBITDA margin is based on past performance, expected cost of production and expected market developments. An increase in gutted weight output is assumed towards 2024 (2035 for Grieg Newfoundland). The increased harvest volume assumes an increase in utilization of existing production capacity and licenses, reflecting the Group's post-smolt strategy and operational improvements. We expect further growth to come from better utilization of our seawater licenses by moving more growth to land through our post-smolt program. We are piloting post-smolt in Rogaland, and will increase post-smolt capacity also in Finnmark and BC. The expansion of the smolt facility in BC will be completed in 2022. Better utilization of our seawater licenses by improving biosecurity, fish health, welfare and survival rates, is also expected to secure on-growth and harvest volumes. Flexibility is a requirement to achieve better utilization of our capacity, and we are continuously looking for opportunities to secure access to new locations.

The assumptions in the terminal year are based on the budget, adjusted for inflation. The applied discount rates are after tax and reflect specific risks relating to the relevant operating segments.

SENSITIVITY ANALYSIS

The assessment of fair value less cost of disposal and value-in-use is sensitive to changes in the assumptions made, the most important of which are the discount rate and EBIT/kg. A sensitivity analysis has been carried out based on these assumptions for all groups of cost-generating units. An isolated increase in the discount rate by two percentage points would result in an estimated impairment for the Newfoundland operation of NOK 253 million, while a reduction of NOK 5 in EBIT/kg would entail an estimated impairment for Newfoundland of NOK 108 million. The other cost-generating units are not sensitive to equivalent changes in the same assumptions.

NOTE 11 PROPERTY, PLANT AND EQUIPMENT INCL. RIGHT-OF-USE-ASSETS

2021 NOK 1 000	BUILDINGS/ PROPERTY	PROD. PLANTS AND BARGES	NETS, CAGES AND MOORINGS	OTHER EQUIPMENT	TOTAL
Book value at 01.01.	1 182 595	893 039	510 212	447 308	3 033 154
Currency translation differences	25 126	-16 908	34 232	4 830	47 280
Reclassification ¹	-132 195	112 098	2 798	17 299	—
Grants received and other deductions to historic cost ²	-88 910	—	—	—	-88 910
Additions ³	220 066	187 024	89 446	303 638	800 175
Disposals	40	-8 812	-6 613	-5 201	-20 587
Depreciation	-37 436	-101 422	-100 574	-129 050	-368 482
Book value at 31.12.	1 169 285	1 065 018	529 502	638 824	3 402 629
ACCUMULATED VALUES					
Acquisition cost	1 436 555	1 826 839	1 281 384	1 153 100	5 697 878
Accumulated depreciation	-267 270	-721 930	-751 882	-514 276	-2 255 358
Accumulated impairments	—	-39 891	—	—	-39 891
Book value at 31.12.	1 169 285	1 065 018	529 502	638 824	3 402 629
Of which book value of non-depreciable property	107 839				
RIGHT-OF-USE ASSETS					
Book value at 31.12 of right-of-use assets (see separate specification in Note 13)	67 927	242 934	87 743	437 294	835 898

See Note 2 for information on useful economic lifetime of assets, and Note 12 for information on assets pledged as security for financial liabilities. See Note 13 for specification of the Group's right-of-use assets and further information on its leases.

¹Reclassification primarily concern Newfoundland and asset categorization subsequent to the finalization of the first feed- and smolt facilities in Marystown, Newfoundland (Canada).

²Grants received and other deductions to historic cost. See Note 22 concerning investment tax credits.

³The Group leases vessels which are capitalized on the balance sheet as right-of-use assets. Some of these vessels are utilized in the development of the Newfoundland region. Some of the depreciation of right-of-use assets has been capitalized as pens, nets and moorings, and is not included in the income statement.

2020 NOK 1 000	BUILDINGS/ PROPERTY	PROD. PLANTS AND BARGES	NETS, CAGES AND MOORINGS	OTHER EQUIPMENT	TOTAL
Book value at 01.01.	663 171	1 069 051	586 218	639 502	2 957 943
Assets classified as held for sale ¹	-119 513	-173 687	-116 490	-212 615	-622 305
Acquisition of business ²	127 009	1 849	695	1 148	130 702
Currency translation differences	-39 811	1 422	4 846	-2 234	-35 778
Reclassification	26 770	-516	80	-26 333	—
Additions	566 316	91 004	135 355	227 188	1 019 864
Disposals	-8 234	-1 435	-3 381	-44 043	-57 093
Reversals					—
Depreciation	-33 114	-94 649	-97 111	-135 304	-360 178
Book value at 31.12	1 182 595	893 039	510 212	447 309	3 033 154
ACCUMULATED VALUES					
Acquisition cost	1 418 736	1 566 619	1 165 973	832 100	4 983 429
Accumulated depreciation	-236 141	-633 689	-655 761	-384 961	-1 910 552
Accumulated impairments	—	-39 891	—	168	-39 723
Book value at 31.12.	1 182 595	893 039	510 212	447 308	3 033 154
Of which book value of non-depreciable property	105 018				
RIGHT-OF-USE ASSETS					
Book value at 31.12 of right-of-use assets (see separate specification in Note 13)	77 659	260 832	105 232	297 732	741 454

See Note 2 for information on useful economic lifetime of assets, and Note 12 for information on assets pledged as security for financial liabilities. See Note 13 for specification of the Group's right-of-use assets and further information on its leases.

¹This Note is prepared for the Group's continued operation. In 2020, we have classified our Shetland assets as held for sale and treated as discontinued operations. The Shetland assets was sold 15 December 2021. In addition, we sold all our shares in Ocean Quality AS in 2020, which also was treated as discontinued operations. The impact of the held for sale classification is presented as a reconciliation item reconciling 1.1.2020 with 31.12.2020 in the table above. See more information in Note 5.

²Assets acquired in business combinations relate the the property, plant and equipment of Grieg Newfoundland. See more information in Note 6.

NOTE 12 BORROWINGS

Grieg Seafood ASA has a syndicated loan provided 50/50 by DNB and Nordea. The financing agreement includes two term loans of NOK 600 million and EUR 60 million, a revolving credit facility of NOK 1 225 million (2020: NOK 1 500 million), alongside overdraft facilities of NOK 100 million. Repayment profile of the NOK and EUR term-loans are semi-annual installments of NOK 25 million and EUR 2.5 million until balloon on maturity 28 February 2023. The drawdown rate of the EUR loan is 9.6691. In 2021, the NOK term loan of the financing agreement has been settled in full. In 2020, Grieg Seafood issued a green bond, through two tap issues, in the amount of NOK 1 500 million. The green bond (GSF01 G, listed at Euronext) matures on 25 June 2025.

After the reporting date of 31 December 2021, Grieg Seafood has refinanced its syndicated loans. For more information, see below.

Grieg Seafood was in compliance with its financial covenants as at 31 December 2021.

The financial covenant of the syndicated loan agreements (as at 31 December 2021) is a minimum equity ratio of 35%, measured on Grieg Seafood's consolidated book value. The equity ratio is calculated without the effect of IFRS 16. As at 31 December 2021, the Group had an equity ratio (according to IFRS) of 52% (2020: 41%), while the equity ratio of the Grieg Seafood Group according to financial covenants was 54% (2020: 43%). In addition, there is a rolling 12-month NIBD/EBITDA leverage ratio requirement. Net interest-bearing debt (NIBD) is calculated in accordance with covenant requirements in the financing agreement. According to the agreement, factoring liabilities and IFRS 16 effects are not included in NIBD. The leverage ratio metric of NIBD/EBITDA is linked to our equity ratio requirement: if equity ratio is more than 40%, the maximum leverage ratio is 5.0, and if the equity ratio is equal to or less than 40%, the maximum leverage ratio is 4.5. NIBD/EBITDA was not reported as a financial covenant from Q4 2020 through Q3 2021, pursuant to a temporary amendment to the syndicated loan agreement. NIBD/EBITDA was measured to 2.6 as at 31 December 2021, but will not be reported as a financial covenant in the refinanced agreement. See below for more information.

In June 2020, we issued our first green bond issue, with a proceed of NOK 1 000 million. In November 2020, Grieg Seafood ASA issued the second tap of the senior unsecured green bond with an additional drawdown of NOK 500 million, bringing the total principal of the green bond issue to NOK 1 500 million. The bond matures on 25 June 2025 and is listed on Euronext (Oslo Stock Exchange) with ticker "GSF01 G". The green bond's financial covenant is an equity ratio requirement of at least 30%, measured consistently with the equity ratio covenants as defined in the Group's syndicated loan agreement with secured lenders. The green bond framework is the basis for the use of proceeds, the evaluation and selection process for green projects, the management of green bond proceeds and for reporting connected to the green bond. The framework is aligned with the ICMA Green Bond Principles. Grieg Seafood will annually publish a green bond report, including an allocation and impact report, as long as there are green bond proceeds outstanding. The green bond report is to be verified with limited assurance by an external auditor.

In addition to bank and bond loans, the Group's financing consists of lease agreements with credit institutions, in addition to the effect of IFRS 16 by capitalizing leases in the balance sheet (operational leases according to the IFRS in force prior to 1 January 2019).

The Group had total unutilized credit facilities of NOK 885 million as at 31 December 2021 (2020: NOK 1 203 million).

EVENT AFTER THE BALANCE SHEET DATE:

In Q1 2022, Grieg Seafood finalized a refinancing of the Group's syndicated financial liabilities, with an aggregate of NOK 3 200 million in five-year senior secured sustainability-linked loans and credit facilities. This represents the completion of the funding process. The new debt structure comprises a NOK 750 million term loan, an EUR 75 million term loan, a NOK 1 500 million revolving credit facility and a NOK 200 million overdraft facility. The NOK and EUR term loans carry installments equal to a 12-year repayment profile until balloon payment at five years. The revolving credit facility matures at five years, while the overdraft facility is subject to annual renewal. The interest rate is three months NIBOR plus margin. The loan is linked to sustainability-linked KPIs, of which the scoring impact the interest rate margin paid on the facilities. The sole financial covenant for the new facilities is a minimum recognized equity ratio of 31%, excluding the effect of IFRS 16 compared to the IFRS in force prior to 1 January 2019.

NON-CURRENT LIABILITIES AND FINANCE LEASE OBLIGATIONS (INTEREST-BEARING) NOK 1 000	2021	2020
Green bond	1 500 000	1 500 000
Non-current syndicated loan	374 580	869 988
Non-current credit facility	440 000	996 646
Non-current lease liabilities (prior IAS 17 finance leases)	287 578	355 417
Non-current lease liabilities (prior IAS 17 operational leases)	290 219	176 226
Other non-current liabilities	96 091	52 312
Total	2 988 468	3 950 589
NON-CURRENT LIABILITIES (NON-INTEREST BEARING)		
Subordinate loans	—	—
Total	—	—
Amortization effect of loans	-29 671	-42 768
Total non-current liabilities	2 958 797	3 907 822

CURRENT LIABILITIES (INTEREST-BEARING) NOK 1 000	2021	2020
Current portion of borrowings	54 475	104 435
Current portion lease liabilities (prior IAS 17 finance leases)	72 918	77 769
Current portion lease liabilities (prior IAS 17 operational leases)	105 114	75 426
Total current liabilities (interest-bearing)	232 507	257 630

NET INTEREST-BEARING LIABILITIES NOK 1 000	2021	2020
Total non-current interest-bearing liabilities (see above)*	2 988 468	3 950 589
Total current interest-bearing liabilities (see above)	232 507	257 630
Gross interest-bearing liabilities	3 220 974	4 208 219
Cash and cash equivalents	928 342	275 427
Loans to associates	2 111	1 910
Net interest-bearing liabilities	2 290 520	3 930 882
Lease liabilities (prior IAS 17 operational leases)**	-395 332	-251 653
Non-current debt to the Province of Newfoundland and Labrador, Canada	-26 487	—
Net interest-bearing liabilities according to covenants	1 868 701	3 679 230

*Green bond and non-current borrowings including syndicated term loan and revolving facility as presented above, are presented excluding amortized effect of loans.

**Leasing liabilities that would, according to the IFRS in force prior to 1 January 2019, be classified as operational leases, are excluded from the net interest-bearing liabilities according to the covenant calculation.

PAYMENT PROFILE NON-CURRENT LIABILITIES 31.12.2021 NOK 1 000	2022	2023	2024	2025	2026	LATER	TOTAL
Green bond	—	—	—	1 500 000	—	—	1 500 000
Non-current loan	49 944	374 580	—	—	—	—	424 524
Non-current revolving credit facility	—	440 000	—	—	—	—	440 000
Lease liabilities (prior IAS 17 finance leases)	72 918	67 410	57 199	43 909	39 525	79 535	360 496
Lease liabilities (prior IAS 17 operational leases)	104 772	81 209	80 980	51 033	37 084	40 255	395 332
Other non-current liabilities	4 873	11 773	12 310	9 200	8 114	54 353	100 622
Total	232 507	974 972	150 489	1 604 141	84 723	174 142	3 220 974

PAYMENT PROFILE NON-CURRENT LIABILITIES 31.12.2020 NOK 1 000	2021	2022	2023	2024	2025	LATER	TOTAL
Green bond	—	—	—	—	1 500 000	—	1 500 000
Non-current loan	102 352	102 352	767 636	—	—	—	972 339
Non-current revolving credit facility	—	—	996 646	—	—	—	996 646
Lease liabilities (prior IAS 17 finance leases)	77 769	71 587	64 930	55 337	43 932	119 632	433 186
Lease liabilities (prior IAS 17 operational leases)	75 426	66 526	38 955	29 109	7 354	34 284	251 653
Other non-current liabilities	2 083	2 820	7 281	5 867	6 160	30 186	54 396
Total	257 630	243 283	1 875 447	90 312	1 557 446	184 102	4 208 219

NOK 1 000	2021	2020
Liabilities secured by mortgages/charges on assets*	1 248 889	2 407 926

ASSETS PLEDGED AS SECURITY NOK 1 000	2021	2020
Licenses	1 536 319	809 947
Property, plant and equipment *	3 017 023	2 240 700
Trade receivables	151 793	179 384
Inventories and biological assets excl. fair value of biological assets	2 607 231	2 267 501
Assets classified as held for sale **	—	1 107 076
Total assets pledged as security	7 312 366	6 604 607

*Book value of liabilities secured by mortgage/charges on assets, and the property, plant and equipment does not include the book value of the effect of IFRS 16 (compared to the IFRS in force prior to 1 January 2019) on right-of-use and lease liability.

**Part of the Shetland assets pledged as security. As for *, the book value of assets is exclusive of the effect of IFRS 16.

Pledges also include shares in subsidiaries. The book value of these shares in the consolidated financial statements is NOK 0.

DESCRIPTION OF LIABILITIES*	CURRENCY	FIXED OR FLOATING INTEREST RATE**	EFFECTIVE INTEREST RATE***	FINAL MATURITY (MTH/YEAR)	2021		2020	
					CURRENT PORTION NOK 1 000	NON-CURRENT PORTION NOK 1 000	CURRENT PORTION NOK 1 000	NON-CURRENT PORTION NOK 1 000
Grieg Seafood ASA								
Green bond	NOK	Floating	Price grid	06/2025	—	1 500 000	—	1 500 000
loan	NOK/EUR	Floating	Price grid	02/2023	49 944	374 580	102 352	869 988
facility	NOK/EUR	Floating	Price grid	02/2023	—	440 000	—	996 646
Grieg Seafood Group								
Lease liability (prior IAS 17 finance leases)	Multiple	Floating			72 918	287 578	77 769	355 417
Lease liability (prior IAS 17 operational leases)	Multiple	Floating			104 772	290 560	75 426	176 226
Other non-current and current liabilities****	CAD	Fixed			4 873	95 749	2 083	52 312
Total					232 507	2 988 467	257 630	3 950 589

* Excluding amortization effect of loans.

** See Note 3 concerning IBOR reform.

*** Bank loans have been refinanced in Q1 2022. Interest rates are, in both the loan agreements as per 31 December 2021 (disclosed in this table), and in the refinanced loan agreements, based on 3M NIBOR plus margin, according to a margin ratchet/price grid. The green bond is based on 3M NIBOR plus a fixed margin of 3.4 percentage points.

**** NOK 98.6 million of the NOK 100.6 million in other non-current and current liabilities is attributable to various loans provided by government agencies in Canada concerning the development of the Newfoundland region. These loans are recognized at present value, with a calculated interest charged to the income statement until maturity.

BOOK VALUE OF GROUP BORROWINGS BY CURRENCY NOK 1 000	31.12.2021	NOK	GBP	EUR	USD	CAD	Other
Green bond	1 500 000	1 500 000	—	—	—	—	—
Non-current syndicated loan	424 524	—	—	424 524	—	—	—
Syndicated loan - credit facility	440 000	440 000	—	—	—	—	—
Lease liability (prior IAS 17 finance leases)	360 496	357 942	—	—	—	2 554	—
Lease liability (prior IAS 17 operational leases)	395 332	170 846	—	—	—	224 487	—
Other non-current and current liabilities	100 622	—	—	—	—	100 622	—
Amortization effect of loans	-29 671	-29 671	—	—	—	—	—
Total	3 191 303	2 439 117	—	424 524	—	327 662	—

BOOK VALUE OF GROUP BORROWINGS BY CURRENCY NOK 1 000	31.12.2020	NOK	GBP	EUR	USD	CAD	Other
Green bond	1 500 000	1 500 000	—	—	—	—	—
Non-current syndicated loan	972 339	475 000	—	497 339	—	—	—
Syndicated loan - credit facility	996 646	960 000	—	36 646	—	—	—
Lease liability (prior IAS 17 finance leases)	433 187	429 868	—	—	—	3 319	—
Lease liability (prior IAS 17 operational leases)	251 653	202 899	—	—	—	48 753	—
Other non-current and current liabilities	54 394	—	—	—	—	54 394	—
Amortization effect of loans	-42 768	-42 768	—	—	—	—	—
Total	4 165 452	3 525 000	—	533 985	—	106 466	—

AVERAGE INTEREST RATE ON BANK- AND BOND LOAN	2021	2020
Average interest rate (NOK)	3.76%	2.81%
Average interest rate (EUR)	3.50%	1.59%

The effect of interest rate swaps is not taken into account in calculating the average interest rate on borrowings and credit facilities.

BOOK VALUE AND FAIR VALUE OF BORROWINGS NOK 1 000	BOOK VALUE		FAIR VALUE	
	2021	2020	2021	2020
Green bond	1 500 000	1 500 000	1 500 000	1 456 875
Borrowings (non-current syndicated loan and credit facility, incl. current part of the non-current liability)	864 524	1 968 985	864 524	1 968 985
Total	2 364 524	3 468 985	2 364 524	3 425 860

Book values in the table above are excluding the amortization effect of loan cost.

The book value of borrowings (excluding the green bond) closely approximates to the fair value.

Our green bond is listed on Oslo Børs (Euronext). Market price of the bond was 100% of par value at year-end 2021 (2020: 97.125%).

CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES NOK 1 000	LIABILITIES ARISING FROM FINANCING ACTIVITIES		
	LEASE LIABILITY	BORROWINGS	TOTAL
At 01.01.2020	831 993	1 761 508	2 593 501
Cash movements:			
Draw-down green bond	—	1 500 000	1 500 000
Draw-down non-current syndicated NOK term loan incl. credit facility	—	364 135	364 135
Draw-down other non-current loan	—	23 464	23 464
Repayment non-current syndicated term loan (NOK and EUR)	—	-102 267	-102 267
Repayment lease liability (prior IAS 17 finance leases)	-77 857	—	-77 857
Repayment lease liability (prior IAS 17 operational leases)	-100 074	—	-100 074
Loan cost	—	-36 743	-36 743
Total cash movements	-177 931	1 748 589	1 570 658
Non-cash movements:			
Liabilities directly associated with the assets classified as held for sale	-184 618	-98 890	-283 508
Acquisition of business	4 734	32 758	37 492
Draw-down lease liability (prior IAS 17 finance leases)	58 850	—	58 850
Draw-down lease liability (prior IAS 17 operational leases)	196 124	—	196 124
Non-cash movements (ex. foreign currency adjustments)	-39 084	2 862	-36 222
Foreign currency adjustments	-5 228	29 788	24 561
Loan costs and net difference to nominal amount raised on green bond loan	—	3 998	3 998
Total non-cash movements	30 777	-29 484	1 294
At 31.12.2020	684 839	3 480 613	4 165 453
At 01.01.2021	684 839	3 480 613	4 165 453
Cash movements:			
Revolving credit facility (net draw-down/repayment)	—	-556 222	-556 222
Draw-down other non-current loan	—	39 147	39 147
Repayment non-current syndicated term loan (NOK and EUR)	—	-526 602	-526 602
Repayment other non-current loan	—	-1 050	-1 050
Repayment lease liability (prior IAS 17 finance leases)	-77 662	—	-77 662
Repayment lease liability (prior IAS 17 operational leases)	-107 263	—	-107 263
Loan costs	—	-3 895	-3 895
Total cash movements	-184 925	-1 048 623	-1 233 548
Non-cash movements:			
Draw-down lease liability (prior IAS 17 finance leases)	4 804	—	4 804
Draw-down lease liability (prior IAS 17 operational leases)	249 437	—	249 437
Non-cash movements (ex. foreign currency adjustments)	-4 057	—	-4 058
Foreign currency adjustments	5 730	-13 508	-7 778
Loan costs	—	16 992	16 992
Total non-cash movements	255 916	3 484	259 398
At 31.12.2021	755 828	2 435 474	3 191 303

This note has been prepared for the Group's continued operations. In 2020, we classified our Shetland assets as held for sale and treated them as discontinued operations. The Shetland assets were sold on 15 December 2021. In addition, we sold all our shares in Ocean Quality AS in 2020, which was also treated as a discontinued operation. The impact of the held for sale classifications in 2020, reconciling 1.1.2020 with 31.12.2020, is included as a non-cash movement. For more information, see Note 5.

NOTE 13 LEASES

THE GROUP AS A LESSEE

This note has been prepared for the Group's continued operations. For more information, see Note 5.

The Group has several lease arrangements encompassing various offices, equipment and vehicles. Contracts are engaged with credit institutions for leases that would have been classified as finance leases according to the IFRS in force prior to 1 January 2019, as well as capitalized leases due to the effect of IFRS 16. Well-boats and workboats on time charters with a duration of more than one year contribute significantly to the effect of IFRS 16.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes. The leases are recognized in the respective Group companies in local currencies, and translated to the Group's presentation currency at the balance sheet date.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Group's leases, the lessee's incremental borrowing rate is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The Group reassesses the incremental borrowing rates applicable to new lease agreements on an annual basis. The applied rates for new leases as from 2021 ranged from 3.9% to 4.2% for buildings and properties, and 3.6% to 3.7% for other assets. The applied rates for new leases as from 2020 ranged from 2.4% to 3.5% for buildings and properties, and 2.4% to 3.5% for other assets.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Right-of-use assets are generally depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The Group leases smaller office equipment, such as coffee machines with contract terms of 1-3 years. The Group has elected to apply the practical expedient of low-value assets for some of these leases. Leases that have a present value as new of less than USD 5 000, are considered low-value leases. The Group has also applied the practical expedient of short-term leases. Short term is defined as a lease term of 12 months or less at the commencement date. For low-value leases and short-term leases, the Group does not recognize lease liabilities or right-of-use assets. These leases are recognized as operating expenses over the life of the contract.

Some of the Group's agreements have extension options which may be exercised during the last period of the lease term. The Group assesses at commencement whether it is reasonably certain to exercise the right of renewal. The Group's potential future lease payments not included in the lease liabilities related to extension options amounted to NOK 134 million (NOK 137 million at 31 December 2020).

THE EFFECT OF IFRS 16

The effect of IFRS 16 is attributable to the difference in accounting for the current IFRS compared to the IFRS in force prior to 1 January 2019. The following two tables illustrate the effect IFRS 16 has had on the Group in 2021, with comparable figures for 2020.

THE EFFECT OF IFRS 16 - STATEMENT OF FINANCIAL POSITION NOK 1 000	31.12.2021	31.12.2020
Right of use assets included in property, plant and equipment inclusive right-of-use assets	385 606	244 692
Lease liabilities included in non-current lease liabilities	290 219	176 226
Lease liabilities included in current lease liabilities	105 114	75 426

THE EFFECT OF IFRS 16 - INCOME STATEMENT NOK 1 000	2021	2020
Other operating expenses	104 824	108 313
EBITDA before fair value adjustment	104 824	108 313
Depreciation and amortization	-97 374	-103 343
EBIT before fair value adjustment of biological assets	7 450	4 970
Fair value adjustment of biological assets	—	—
EBIT after fair value adjustment of biological assets	7 450	4 970
Net financial items	-10 029	-8 881
Profit before tax	-2 579	-3 911

SPECIFICATION OF RIGHT-OF-USE ASSETS

The Group's right-of-use assets are included in the financial statement line item "Property, plant and equipment incl. right-of-use-assets" in the statement of financial position. These leased assets include both assets that would be treated as financial leases according to the IFRS in force prior to 1 January 2019, as well as operational leases ("the effect of IFRS 16"). The effect of applying IFRS 16 is disclosed above.

RIGHT-OF-USE ASSETS 2021 NOK 1 000	BUILDINGS/ PROPERTY	PROD. PLANTS AND BARGES	NETS, CAGES AND MOORINGS	OTHER EQUIPMENT	TOTAL
Book value at 01.01.	77 659	260 832	105 232	297 732	741 454
Currency translation differences	69	52	38	8 299	8 458
Additions	1 219	1 095	3 709	247 959	253 983
Cancellation of lease and other changes	-17	-2 014	-4 592	-20 308	-26 931
Depreciation	-11 003	-17 032	-16 644	-96 388	-141 067
Book value at 31.12.	67 927	242 934	87 743	437 294	835 898

RIGHT-OF-USE ASSETS 2020 NOK 1 000	BUILDINGS/ PROPERTY	PROD. PLANTS AND BARGES	NETS, CAGES AND MOORINGS	OTHER EQUIPMENT	TOTAL
Book value at 01.01.	70 016	282 764	95 503	417 224	865 507
Assets classified as held for sale, opening balance*	-27 966	—	—	-159 809	-187 775
Currency translation differences	-288	42	8	2 027	1 789
Additions	53 102	-1 854	31 595	186 286	269 128
Cancellation of lease and other changes	-8 234	-956	-6 064	-43 629	-58 883
Depreciation	-8 971	-19 164	-15 810	-104 367	-148 311
Book value at 31.12.	77 659	260 832	105 232	297 732	741 454

*This note has been prepared for the Group's continued operation. In 2020, we classified our Shetland assets as held for sale and treated them as discontinued operations. The Shetland assets were sold on 15 December 2021. The impact of the held for sale classification is presented as a reconciliation item, reconciling 1.1.2020 with 31.12.2020 in the table above. See more information in Note 5.

LEASE LIABILITY

SUMMARY OF THE LEASE LIABILITIES NOK 1 000	2021	2020
Lease liabilities at 01.01.	684 839	831 993
Assets classified as held for sale*	—	-184 618
Acquisition of business	—	4 734
New leases recognized during the year	254 242	254 973
Cash payments for the principal portion of the lease liability	-184 925	-177 931
Currency exchange differences	5 730	-5 228
Cancellation of lease and other changes	-4 057	-39 084
Total lease liabilities at 31.12.	755 828	684 839

*Relates to the classification of the Group's Shetland assets as held for sale and discontinued operations, as well as the discontinued operations of Ocean Quality. For more information, see the footnote under this note's 2020 right-of-use assets movement table, in addition to Note 5.

MATURITY ANALYSIS - LEASE LIABILITIES NOK 1 000	2021		TOTAL LEASE LIABILITY
	FORMER IAS 17 FINANCIAL LEASE	FORMER IAS 17 OPERATIONAL LEASE	
Less than one year	82 272	117 435	199 706
One to two years	74 830	90 507	165 337
Two to three years	62 951	87 010	149 961
Three to four years	48 266	54 654	102 920
Four to five years	42 703	39 168	81 871
More than five years	83 131	44 382	127 513
Total undiscounted liabilities at 31.12	394 153	433 155	827 309
Lease liabilities included in the statement of financial position at 31.12	360 496	395 332	755 828
Current portion	72 918	105 114	178 031
Non-current portion	287 578	290 219	577 796

MATURITY ANALYSIS - LEASE LIABILITIES NOK 1 000	2020		TOTAL LEASE LIABILITY
	FORMER IAS 17 FINANCIAL LEASE	FORMER IAS 17 OPERATIONAL LEASE	
Less than one year	88 866	82 712	171 578
One to two years	80 930	70 077	151 007
Two to three years	72 218	42 684	114 902
Three to four years	61 044	31 895	92 939
Four to five years	48 280	8 352	56 632
More than five years	126 404	40 115	166 519
Total undiscounted liabilities at 31.12	477 742	275 835	753 577
Lease liabilities included in the statement of financial position at 31.12	433 186	251 653	684 839
Current portion	77 769	75 426	153 195
Non-current portion	355 417	176 226	531 644

AMOUNTS RECOGNIZED IN PROFIT OR LOSS NOK 1 000	2021	2020
Interest on lease liabilities	-22 709	-22 717
Foreign currency effect	-5 112	1 035
Depreciation right-of-use assets	-141 067	-148 311
Expenses relating to short-term leases	-5 446	-17 898
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	-8	-8
Total	-174 343	-187 901

NOK 1 000	2021	2020
Total cash outflow for leases	-207 634	-200 648

NOTE 14 CLASSIFICATIONS OF FINANCIAL INSTRUMENTS

FINANCIAL INSTRUMENTS AT 31.12.2021 NOK 1 000	FVPL ¹⁾	AMORTIZED COST	FVOCI ²⁾	TOTAL
FINANCIAL ASSETS				
Other non-current receivables ³	—	2 111	271	2 382
Trade receivables	—	151 793	—	151 793
Other current receivables	—	12 592	—	12 592
Derivatives ⁴	37 592	—	—	37 592
Cash and cash equivalents	—	928 342	—	928 342
Total financial assets	37 592	1 094 837	271	1 132 700
FINANCIAL LIABILITIES				
Borrowings	—	2 435 475	—	2 435 475
Lease liability (prior IAS 17 finance leases)	—	360 496	—	360 496
Lease liability (prior IAS 17 operational leases)	—	395 332	—	395 332
Share based payments ⁵	9 792	—	—	9 792
Derivatives ⁴	22 350	—	—	22 350
Trade payables	—	523 196	—	523 196
Other current liabilities	—	36 603	—	36 603
Total financial liabilities	32 142	3 751 102	—	3 783 244

¹⁾ FVPL: Fair value through profit or loss.

²⁾ FVOCI: Fair value through other comprehensive income.

³⁾ Investments in non-listed shares (equity instruments). Measured at level 3.

⁴⁾ Forward currency contracts, interest rate swap and financial salmon price contracts. Measured at level 2. See Note 3 for specification.

⁵⁾ Synthetic option scheme. Measured at level 3. See Note 17 for more information.

The purpose of the derivatives is to reduce the Group's exposure to changes in floating interest rates and exchange rates. See Notes 2 and 3 for further details.

FINANCIAL INSTRUMENTS AT 31.12.2020 NOK 1 000	FVPL ¹⁾	AMORTIZED COST	FVOCI ²⁾	TOTAL
FINANCIAL ASSETS				
Other non-current receivables ³	—	2 484	295	2 778
Trade receivables	—	179 384	—	179 384
Other current receivables	—	38 160	—	38 160
Derivatives ⁴	84 189	—	—	84 189
Cash and cash equivalents	—	275 427	—	275 427
Total financial assets	84 189	495 454	295	579 937
FINANCIAL LIABILITIES				
Borrowings	—	3 480 613	—	3 480 613
Lease liability (prior IAS 17 finance leases)	—	433 186	—	433 186
Lease liability (prior IAS 17 operational leases)	—	251 653	—	251 653
Share based payments ⁵	2 842	—	—	2 842
Derivatives ⁴	14 346	—	—	14 346
Trade payables	—	562 848	—	562 848
Total financial liabilities	17 188	4 728 300	—	4 745 487

¹⁾ FVPL: Fair value through profit or loss.

²⁾ FVOCI: Fair value through other comprehensive income.

³⁾ Investments in non-listed shares (equity instruments). Measured at level 3.

⁴⁾ Forward currency contracts, interest rate swap and financial salmon price contracts. Measured at level 2. See Note 3 for specification.

⁵⁾ Synthetic option scheme. Measured at level 3. See Note 17 for more information.

The purpose of the derivatives is to reduce the Group's exposure to changes in floating interest rates and exchange rates. See Notes 2 and 3 for further details.

FAIR VALUE HIERARCHY

The following of the Group's financial instruments are not measured at fair value: cash and cash equivalents, accounts receivables, other current receivables and payables, bank loans, bond loans and leasing liabilities. See Note 3 for information on valuation techniques.

The Group uses the following hierarchy of valuation techniques to determine and disclose the fair value of financial instruments:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

For recurring level 3 measurements, transfers between the levels in the fair value hierarchy are evaluated when reassessing the categories of the financial instruments at the end of the period. During the 2021 reporting period, there were no changes in the fair value measurement which caused transfers between level 1 and level 2, and no transfers to or from level 3.

CREDITWORTHINESS OF FINANCIAL ASSETS

Credit risk attaching to financial instruments that have not matured or have not been written down is shown in accordance with the internal classification of historical information on breaches of credit covenants. Further information about credit risk is provided in Note 3.

TRADE RECEIVABLES NOK 1 000	2021	2020
COUNTERPARTIES WITH NO EXTERNAL CREDIT RATING		
Group 1	12 996	81 717
Group 2	100 854	64 319
Group 3	37 943	33 348
Total trade receivables	151 793	179 384

BANK DEPOSITS NOK 1 000	2021	2020
AAA	—	—
AA	928 342	275 427
A	—	—
Total bank deposits	928 342	275 427

Group 1 - new customers/related parties (less than 6 months).

Group 2 - existing customers/related parties (more than 6 months) with no history of credit covenant breaches.

Group 3 - existing customers/related parties (more than 6 months) with a history of one or more credit covenant breaches. All amounts due have been paid in full following the breaches.

NOTE 15 TAXES

INCOME TAXES FOR THE YEAR IN THE INCOME STATEMENT	2021	2020
Norway	99 682	-7 321
Aboard	-15 777	14 513
Tax on profits	83 905	7 192
Norway	57 973	-1 228
Aboard	107 424	5 593
Changes in deferred tax	165 397	4 365
Total income taxes related to profit for the year	249 301	11 557

Tax reconciliation between nominal and effective tax rates NOK 1 000	2021	2020
Profit before tax	853 678	-304 440
Taxes calculated at nominal tax rate	226 472	-39 945
Withholding tax	7 049	3 033
Non-taxable income/loss from associated companies	327	—
Effect of adjustment of income tax from previous years	-18 428	—
Effect of recognition of previously non-recognized tax assets	696	56 962
Effect of non-recognition of losses and tax assets	11 026	-8 916
Other permanent differences	4 741	423
Other effect not listed	17 418	—
Total income tax expense	249 301	11 557
Weighted average tax rate	29.2%	-3.8%

Tax payable book in financial statement current liabilities NOK 1 000	2021	2020
Tax payable in Norway	87 739	279
Tax payable aboard	903	14 513
Total tax payable in the statement of financial position	88 642	14 792

Change in book value of deferred tax NOK 1 000	2021	2020
Balance sheet value at 01.01.	879 665	874 664
Effect of discontinued operations*	—	-66 839
Currency conversion	17 592	-14 710
Effect of business combinations**	—	83 110
Tax effect of OCI transactions (see Note 3)	7 089	-5 380
Other effects	—	4 455
Change in deferred tax recognized in income in period	-17 043	—
Changes to income in the period	182 440	4 365
Net deferred tax liability at balance sheet date	1 069 743	879 665

*See Note 5.

**See Note 6.

The nominal tax rate in Norway is 22%. The nominal tax rate for 2021 in Canada was 27% in BC and 30 % in Newfoundland. The nominal tax rate in Shetland, which relates to the Group's assets classified as held for sale (Note 5), was 19%.

The significant tax effect is attributable to a change in the tax rate and other permanent differences.

TOTAL DEFERRED TAX ASSETS/LIABILITIES IN THE STATEMENT OF FINANCIAL POSITION NOK 1 000	2021	2020
Deferred tax assets	59	29 293
Deferred tax liabilities	-1 069 802	-908 958
Net deferred tax	-1 069 743	-879 665

The following tables provide a breakdown of deferred tax. The tax effects of taxable and deductible temporary differences are shown separately. The Norwegian, Canadian and UK parts of the Group each have a net deferred tax position. Deferred tax liabilities and deferred tax assets within Norway, BC, Canada, and the UK can be offset.

SPECIFICATION OF DEFERRED TAX AND BASIS FOR DEFERRED TAX/ TAX ASSETS NOK 1 000	2021	2020
Opening balance Non-current assets	539 668	245 590
Current assets	609 378	687 327
Debt (lease, other liabilities)	-15 790	-13 816
Other effect (government grant/ investment tax credit)	-4 350	6 600
Tax losses carried forward	-59 162	-46 035
Total temporary differences	1 069 743	879 666

*See Note 5.

**See Note 6.

Tax loss carried forward are divided among the following jurisdictions:	2021	2020
Tax losses carried forward in Norway	—	-22 136
Tax losses carried forward in Canada	-59 162	-14 657
Tax losses carried forward in USA	—	-3 816
Total	-59 162	-40 609

NOTE 16 SALARIES AND PERSONNEL EXPENSES

SALARIES AND PERSONNEL EXPENSES NOK 1 000	2021	2020
Salaries	451 530	393 390
Social security costs	25 616	24 838
Share options granted to directors and key employees, incl. social security costs (Note 17)	8 826	-4 996
Pension costs	26 146	24 151
Other personnel costs	65 316	62 163
Total	577 434	499 546
Average number of employees	747	697

Share savings program

Grieg Seafood established a share savings program for its employees in 2018, which was continued throughout 2021. Employees may invest up to NOK 25 000 per year. There is a three-year lock-up period. The saved amount is deducted from the monthly net salary and used to purchase Grieg Seafood shares on behalf of the employees. The purchase will be made via the transfer of Grieg Seafood's treasury shares or bought in the market. The purchase price and the number of shares acquired by the Company will be reported in accordance with the applicable regulations. As at 31 December 2021, loans to employees related to the share savings program total NOK 2.7 million (2020: NOK 2.6 million). The total number of shares sold to employees was 38 513 in 2021 (2020: 42 193).

Management remuneration

In December 2019, the Norwegian Parliament adopted new rules on the wage policy of listed public companies, which came into force in January 2021. New wage policy and reporting guidelines were approved by the Annual General Meeting of Grieg Seafood ASA on 2 June 2021. The guidelines for management remuneration are available on [Grieg Seafood ASA's website](#). The remuneration report for Grieg Seafood ASA will be published at the time notice of the 2022 Annual General Meeting is issued. The Annual General Meeting is scheduled for 9 June 2022.

REMUNERATION PAID TO GROUP MANAGEMENT IN 2021 NOK 1 000	SALARY	BONUS	RETAINED BONUS, NOT YET PAID	OPTIONS EXERCISED DURING THE YEAR	OTHER REMUNERATION	TOTAL
CEO	3 165	—	540	—	250	3 956
CFO	2 280	—	313	—	115	2 707
CTO	2 063	—	241	—	116	2 420
CHRO	1 604	—	216	—	117	1 937
COO Farming Europe	2 116	75	203	—	113	2 507
COO Farming North America	1 772	—	244	—	—	2 016
CCO	1 996	161	350	—	115	2 621
GCM	1 190	—	119	—	121	1 430
Total remuneration paid to Group Management	16 185	236	2 226	—	947	19 593

Recognized expenses arising from synthetic options not declared throughout the year are not included in the above statement. See Note 17.

REMUNERATION PAID TO BOARD MEMBERS IN 2021 NOK 1 000	TOTAL
Per Grieg Jr.*	479
Tore Holand**	371
Sirine M. Fodstad (until 13 of August 2021)	205
Marianne Ribe	308
Katrine Trovik	342
Nicolai Hafeld Grieg (from 4 of November 2021)	—
Total remuneration including social security costs	1 706

*Payment of NOK 22 820 for service on the Remuneration Committee is included in the remuneration paid to Per Grieg Jr. and Marianne Ribe, while Sirine Fodstad received NOK 15 213 for the same.

**Payment of NOK 57 050 for service on the Audit Committee is included in the remuneration paid to Tore Holand and Katrine Trovik. The amounts include social security costs.

REMUNERATION PAID TO GROUP MANAGEMENT IN 2020 NOK 1 000	SALARY	BONUS	RETAINED BONUS, NOT YET PAID	OPTIONS EXERCISED DURING THE YEAR	OTHER REMUNERATION	TOTAL
CEO	2 841	—	—	2 709	118	5 668
CFO	2 173	—	—	2 070	101	4 344
CTO	1 996	—	—	1 868	101	3 965
CHRO	1 574	—	—	1 431	106	3 111
COO Farming Europe	1 996	—	—	1 615	78	3 689
COO Farming North America	1 825	—	—	1 571	78	3 474
CCO	525	—	—	—	81	606
GCM	1 035	—	—	—	96	1 131
Total remuneration paid to Group Management	13 965	—	—	11 264	759	25 987

In May 2020, Grieg Seafood announced changes to the Group Management structure, with the inclusion of COOs for farming in Europe and North America. In June, the Chief Commercial Officer was added to Grieg Seafood's Group Management team.

Recognized expenses arising from synthetic options not declared throughout the year are not included in the above statement. See Note 17.

REMUNERATION PAID TO BOARD MEMBERS IN 2020 NOK 1 000	TOTAL
Per Grieg Jr.*	479
Tore Holand**	348
Sirine M. Fodstad*	308
Marianne Ribe (from 14 May 2020)*	178
Katrine Trovik (from 14 May 2020)**	195
Asbjørn Reinkind (until 14 May 2020)	140
Karin Bing Orgland (until 14 May 2020)**	143
Solveig M.R. Nygaard (until 14 May 2020)	119
Total remuneration including social security costs	1 909

* Payment of NOK 22 820 for service on the Remuneration Committee is included in the remuneration paid to Per Grieg Jr. and Sirine Fodstad, while Marianne Ribe received NOK 11 410 for the same.

**Payment for service on the Audit Committee is included in the remuneration paid to Tore Holand, Katrine Trovik and Karin Bing Orgland, in the amount of NOK 57 050, 28 525 and 23 770, respectively. The amounts include social security costs.

NOTE 17 SHARE BASED PAYMENTS

The Group has issued options to the Group Management team and regional directors. The options' strike price is the stock market price on the date of issue, rising by 0.5% per month until the exercise date. Since 2009, an option scheme with settlement in cash has been established for Group Management and regional directors. The most recent allocation was in 2020, totaling 1 890 000 options. The final exercise date is 31 May 2024. The options have a term of two years, where 50% is vested each year. Employees joining the Group after the initial allocation of options, are allocated options on taking up employment.

The Black & Scholes option pricing model is used to calculate the market value. A brokerage firm is used to perform the calculations and the measurement is according to level 3 of the fair value hierarchy (see Note 3 and Note 14). The table below shows the movement in outstanding options in 2020 and 2021.

OVERVIEW 2021 (TOTAL OPTIONS)	OPTION CATEGORY	OUTSTANDING OPTIONS AT 31.12.2020	GRANTED OPTIONS	EXERCISED OPTIONS	EXPIRED/ CANCELLED OPTIONS	OUTSTANDING OPTIONS AT 31.12.2021	OF WHICH CASH- SETTLED
CEO	Cash settlement	540 000	—	—	—	540 000	540 000
CFO	Cash settlement	270 000	—	—	—	270 000	270 000
CTO	Cash settlement	270 000	—	—	—	270 000	270 000
CHRO	Cash settlement	200 000	—	—	—	200 000	200 000
GCM	Cash settlement	100 000	—	—	—	100 000	100 000
COO Farming Europa	Cash settlement	270 000	—	—	—	270 000	270 000
COO Farming North America	Cash settlement	270 000	—	—	—	270 000	270 000
CCO	Cash settlement	170 000	—	—	—	170 000	170 000
Others	Cash settlement	700 000	—	—	100 000	600 000	600 000
Total		2 790 000	—	—	100 000	2 690 000	2 690 000

OVERVIEW 2020 (TOTAL OPTIONS)	OPTION CATEGORY	OUTSTANDING OPTIONS AT 31.12.2019	GRANTED OPTIONS	EXERCISED OPTIONS	EXPIRED OPTIONS	OUTSTANDING OPTIONS AT 31.12.2020	OF WHICH CASH- SETTLED
CEO	Cash settlement	400 000	340 000	48 271	151 729	540 000	540 000
CFO	Cash settlement	200 000	170 000	36 881	63 119	270 000	270 000
COO	Cash settlement	200 000	170 000	33 287	66 713	270 000	270 000
CHRO	Cash settlement	132 712	100 000	25 509	7 203	200 000	200 000
Others	Cash settlement	677 492	1 110 000	108 763	168 730	1 510 000	1 510 000
Total		1 610 204	1 890 000	252 711	457 494	2 790 000	2 790 000

ALLOCATION: YEAR - MONTH	EXPIRY DATE: YEAR - MONTH	STRIKE PRICE NOK PER SHARE AT 31.12.2021	STRIKE PRICE NOK PER SHARE AT 31.12.2020	OPTIONS	
				2021	2020
2017 - 11	2021 - 05	106.28	100.07	800 000	900 000
2020 - 12	2023 - 05	83.82	78.96	945 000	945 000
2020 - 12	2024 - 05	83.82	78.96	945 000	945 000
Total				2 690 000	2 790 000

	2021	2020
Cash-based options available for settlement	2 690 000	2 790 000
Weighted average exercise price on outstanding options (NOK per option)	80.16	80.26

2021	NOK/OPTION		AMOUNTS IN NOK 1 000						
	OPTION CATEGORY	LISTED PRICE ON ALLOCATION	CALCULATED VALUE PER OPTION ON ALLOCATION	CALCULATED TOTAL VALUE ON ALLOCATION *	TOTAL VALUE OF ALL OPTIONS AT 1.1.2021	CHANGE IN PROVISION CB-OB*	EXERCISED OPTION 2021	ACC. COST RECOGNIZED IN EQUITY AT 31.12.2021	RECOGNIZED LIABILITY CASH SETTLEMENT AT 31.12.2021
Former employees with expired options	Equity option	—	—	—	—	—	—	6 887	—
CEO	Cash	78.96	4.35	1 480	56	1 352	—	—	1 408
CFO	Cash	78.96	6.34	1 078	41	868	—	—	909
CTO	Cash	78.96	5.82	989	37	803	—	—	840
CHRO	Cash	78.96	7.20	720	27	573	—	—	600
GCM	Cash	78.96	6.04	604	23	488	—	—	511
COO Farming Europa	Cash	78.96	5.87	999	38	810	—	—	847
COO Farming North America	Cash	78.96	5.87	999	38	810	—	—	847
CCO	Cash	78.96	6.13	1 042	39	842	—	—	881
Other options allocated in 2020	Cash	78.96	7.04	3 519	132	2 788	—	—	2 921
CEO	Cash	83.00	2.26	906	467	-460	—	—	7
CFO	Cash	83.00	2.79	557	316	-313	—	—	4
COO	Cash	83.00	2.79	557	296	-293	—	—	4
CHRO	Cash	83.00	2.38	475	247	-243	—	—	4
Other options allocated in 2017	Cash	83.00	2.35	1 880	1 085	-1 074	—	—	11
Total				15 805	2 842	6 951	—	6 887	9 794

* Amounts exclude social security costs.

2020	NOK/OPTION		AMOUNTS IN NOK 1 000							RECOGNIZED LIABILITY CASH SETTLEMENT AT 31.12.2020
	OPTION CATEGORY	LISTED PRICE ON ALLOCATION	CALCULATED VALUE PER OPTION ON ALLOCATION	CALCULATED TOTAL VALUE ON ALLOCATION *	TOTAL VALUE OF ALL OPTIONS AT 01.01.2020	CHANGE IN PROVISION CB-OB*	EXERCISED OPTION 2020	ACC. COST RECOGNIZED IN EQUITY AT 31.12.2020		
Former employees with expired options	Equity option	—	—	—	—	—	—	6 887	—	
CEO	Cash	78.96	4.35	1 480	—	56	—	—	56	
CFO	Cash	78.96	6.34	1 078	—	41	—	—	41	
CTO	Cash	78.96	5.82	989	—	37	—	—	37	
CHRO	Cash	78.96	7.20	720	—	27	—	—	27	
GCM	Cash	78.96	6.04	604	—	23	—	—	23	
COO Farming Europe	Cash	78.96	5.87	999	—	38	—	—	38	
COO Farming North America	Cash	78.96	5.87	999	—	38	—	—	38	
CCO	Cash	78.96	6.13	1 042	—	39	—	—	39	
CEO	Cash	83.00	2.26	906	4 007	-3 540	2 709	—	467	
CFO	Cash	83.00	2.79	557	2 505	-2 188	2 070	—	316	
COO	Cash	83.00	2.79	557	2 688	-2 392	1 868	—	296	
CHRO	Cash	83.00	2.38	475	1 891	-1 645	1 431	—	247	
Other options allocated in 2020	Cash	78.96	7.04	3 519	—	132	—	—	132	
Other options allocated in 2017	Cash	83.00	2.35	1 880	8 557	-7 472	6 103	—	1 085	
Total				15 805	19 648	-16 806	14 181	6 887	2 842	

* Amounts exclude social security costs.

ACCRUED COSTS RELATED TO CASH OPTIONS NOK 1 000	2021	2020	CLASSIFICATION IN FINANCIAL STATEMENTS
Change in provisions	6 951	-16 807	Other provisions for liabilities
Exercised options during the year	—	14 181	Salaries and personnel expense / cash
Total costs excl. social security costs	6 951	-2 626	
Social security costs	973	-2 370	Public taxes payable
Total costs incl. social security costs	7 924	-4 996	Salaries and personnel expense

Cost relating to cash-based remuneration in 2021 totaled NOK 7 924 000. This is recognized in the income statement as a personnel cost. Social security contributions are provided for on an ongoing basis based on the fair value of the options.

As at 31 December 2021, outstanding options with the right to cash settlement were stated at NOK 9 794 000 excl. social security costs, of which NOK 29 000 were classified as current liabilities. The book value of long term liabilities including social security cost was NOK 11 115 000.

ESTIMATES USED TO CALCULATE ALLOCATION OF OPTIONS	31.12.2021	31.12.2020
Anticipated volatility (%)	36.44%	44.19%
Risk-free rate of interest (%)	1.13%	0.34%
Estimated qualification period (years)	1.39	2.11

The estimated qualification period for the options is based on historical data, and does not necessarily represent future developments. In order to estimate volatility, management has applied historical volatility for comparable listed companies.

NOTE 18 SHARE CAPITAL AND SHAREHOLDER INFORMATION

As at 31 December 2021, the Company had 113 447 042 shares with a nominal value of NOK 4 per share. All shares issued by the Company are fully paid-up. There is one class of shares and all shares confer the same rights.

SHARE CAPITAL AND NUMBER OF SHARES 31.12.2021	NOMINAL VALUE PER SHARE (NOK)	TOTAL SHARE CAPITAL NOK 1 000	NO. OF ORDINARY SHARES
Total	4.00	453 788	113 447 042
Holdings of treasury shares	4.00	-5 000	-1 250 000
Sale of treasury shares 2018-2020	4.00	314	78 506
Sale of treasury shares 2021	4.00	154	38 513
Total excl treasury shares		449 256	112 314 061

Treasury shares

In June 2011, the Company purchased 1 250 000 treasury shares at NOK 14.40 per share. On 21 November 2018, the Company sold 21 576 shares to employees for use in the share savings program. The sales price was NOK 121.56 per share, which provided a gain of NOK 107.16 per share. Another 14 737 shares were sold to employees in November 2019 at a sales price of NOK 136.05 per share, providing a gain of NOK 121.65 per share. In 2020, Grieg Seafood ASA sold 42 193 shares at a sales price of NOK 77.16 per share, providing a gain of NOK 62.76 per share. In 2021, Grieg Seafood ASA sold 38 513 shares at a sales price of NOK 93.73 per share, providing a gain of NOK 79.33 per share. After the transactions the Company has 1 132 981 treasury shares.

CHANGES IN SHARE CAPITAL		NOMINAL VALUE PER SHARE (NOK)	TOTAL SHARE CAPITAL NOK 1 000	NO. OF ORDINARY SHARES
Share capital 01.01.2020	1 January 2020	4.00	446 648	111 662 000
Contribution in kind 20.04.2020	20 April 2020	4.00	7 140	1 785 042
Share capital 31.12.2020	n/a	4.00	453 788	113 447 042
Share capital 01.01.2021	1 January 2021	4.00	453 788	113 447 042
No transaction in 2021	n/a	—	—	—
Share capital per 31.12.2021	31 December 2021	4.00	453 788	113 447 042

Acquisition of Grieg Newfoundland

On 20 April 2020, Grieg Seafood ASA's share capital was increased by 1 785 042 shares (nominal value of NOK 4 per share), from 111 662 000 shares to 113 447 042 shares. The share capital was thus increased by NOK 7 140 168, from NOK 446 648 000 to NOK 453 788 168. The share issue in the Company to shareholders Grieg Aqua AS, Kvasshøgdi AS, Knut Skeidsvoll and Ocean Choice International Ltd was related to the Company's acquisition of Grieg Newfoundland AS, which was completed on 15 April 2020. For more information, see Note 6.

THE LARGEST SHAREHOLDERS IN GRIEG SEAFOOD ASA	NO. OF SHARES	SHAREHOLDING
	31.12.2021	31.12.2021
Grieg Aqua AS	56 914 355	50.17%
Folketrygdfondet	5 312 207	4.68%
OM Holding AS	4 917 957	4.34%
Ystholmen Felles AS	2 428 197	2.14%
State Street Bank and Trust Comp (nominee)	1 867 464	1.65%
Clearstream Banking S.A. (nominee)	1 711 386	1.51%
BNP Paribas Securities Services (nominee)	1 634 500	1.44%
Ferd AS	1 456 453	1.28%
Six Sis AG (nominee)	1 380 743	1.22%
CACEIS Bank Spain SA (nominee)	1 212 652	1.07%
Banque Degroof Petercam Lux. SA (nominee)	1 164 795	1.03%
Grieg Seafood ASA	1 132 981	1.00%
JPMorgan Chase Bank, N.A., London (nominee)	1 035 915	0.91%
Kvasshøgdi AS	996 772	0.88%
Verdipapirfondet Pareto Investment	916 000	0.81%
State Street Bank and Trust Comp (nominee)	883 362	0.78%
State Street Bank and Trust Comp (nominee)	862 797	0.76%
Ronja Capital II AS	755 004	0.67%
Pictet & Cie (Europe) S.A. (nominee)	646 320	0.57%
Danske Invest Norge Vekst	561 000	0.49%
Total 20 largest shareholders	87 790 860	77.38%
Total others	25 656 182	22.62%
Total number of shares	113 447 042	100.00%

THE LARGEST SHAREHOLDERS IN GRIEG SEAFOOD ASA	NO. OF SHARES	SHAREHOLDING
	31.12.2020	31.12.2020
Grieg Aqua AS	56 914 355	50.17%
Folketrygdfondet	4 281 530	3.77%
OM Holding AS	4 235 656	3.73%
Ystholmen Felles AS	2 928 197	2.58%
Clearstream Banking S.A. (nominee)	1 937 653	1.71%
State Street Bank and Trust Comp (nominee)	1 616 926	1.43%
Ronja Capital II AS	1 200 000	1.06%
Grieg Seafood ASA	1 171 494	1.03%
Six Sis AG (nominee)	1 038 659	0.92%
UBS Switzerland AG (nominee)	945 209	0.83%
JPMorgan Chase Bank, N.A., London (nominee)	915 596	0.81%
Banque Degroof Petercam Lux. SA (nominee)	822 051	0.72%
Verdipapirfondet Pareto Investment	764 000	0.67%
State Street Bank and Trust Comp (nominee)	737 722	0.65%
State Street Bank and Trust Comp (nominee)	697 771	0.62%
Ferd AS	688 453	0.61%
Svenska Handelsbanken AB (nominee)	593 415	0.52%
J.P. Morgan Bank Luxembourg S.A. (nominee)	592 624	0.52%
State Street Bank and Trust Comp (nominee)	524 061	0.46%
Danske Invest Norge Vekst	521 000	0.46%
Total 20 largest shareholders	83 126 372	73.27%
Other shareholders	30 320 670	26.73%
Total shares	113 447 042	100.00%

SHARES CONTROLLED BY BOARD MEMBERS AND GROUP MANAGEMENT	NO. OF SHARES	SHAREHOLDING	NO. OF SHARES	SHAREHOLDING
	31.12.2021	31.12.2021	31.12.2020	31.12.2020
BOARD OF DIRECTORS				
Per Grieg Jr. *	60 356 985	53.20%	60 356 985	53.20%
Tore Holand (Skippergata 24 AS, and privately)	2 000	0.00%	2 000	0%
Sirine Fodstad (resigned 13 August 2021)	—	—%	—	—%
Marianne Ribe	—	—%	—	—%
Katrine Trovik	—	—%	—	—%
Nicolai Hafeld Grieg (board member from 4 November 2021)	—	—%	—	—%
GROUP MANAGEMENT				
CEO	39 809	0.04%	39 489	0.03%
CFO	24 852	0.02%	24 532	0.02%
CTO	24 151	0.02%	23 831	0.02%
COO Farming Europe	22 809	0.02%	22 489	0.02%
COO Farming North America	24 209	0.02%	19 889	0.02%
CHRO	12 380	0.01%	12 060	0.01%
GCM	644	0.00%	324	0%
CCO	644	0%	324	0%
* THE SHARES OWNED BY THE FOLLOWING COMPANIES ARE CONTROLLED BY PER GRIEG JR. AND FAMILY				
Grieg Aqua AS	56 914 355	50.17%	56 914 355	50.17%
Ystholmen Felles AS	2 428 197	2.14%	2 928 197	2.58%
Kvasshøgdi AS	996 772	0.88%	496 772	0%
Per Grieg jr. privately	15 000	0.01%	15 000	0.01%
Thomas Willumsen Grieg	2 661	0%	2 661	0%
Total shares	60 356 985	53.20%	60 356 985	53.20%

On 30 December 2020, the board of Ystholmen Felles AS submitted a proposal to the company's general meeting to demerge the company, whereby 500 000 shares in Grieg Seafood ASA would be transferred from Ystholmen Felles AS to Kvasshøgdi AS, org.no. 921 020 961. The general meeting of Ystholmen Felles AS accepted the board's proposal. Per Grieg Jr. is the sole shareholder in Kvasshøgdi AS.

Following the completion of the demerger, Per Grieg Jr. and the other shareholders own 2 428 197 shares in Grieg Seafood ASA through their ownership of Ystholmen Felles AS. In addition, Per Grieg Jr. owns 996 772 shares in Grieg Seafood ASA through his ownership of Kvasshøgdi AS. The demerger was effective from 4 March 2021.

Nicolai Hafeld Grieg owns, indirectly, 1.87% of Grieg Seafood ASA through his ownership in Grieg Maturitas AS, the parent company of Grieg Aqua AS.

NOTE 19 EARNINGS PER SHARE AND DIVIDEND PER SHARE

CALCULATION OF EARNINGS PER SHARE	2021	2020
Profit / loss after tax continued operations (majority share)	604 377	-315 997
Profit / loss discontinued operations (majority share)	600 291	-225 057
Profit / loss after tax (majority share)	1 204 668	-541 054
Number of shares at 01.01	113 447 042	111 662 000
Effect of treasury shares (Note 18)	-1 171 494	-1 213 687
Increase of share capital through contribution in kind (acquisition of Grieg Newfoundland)		1 785 042
Sale of treasury shares to employees	38 513	42 193
Number of outstanding shares at 31.12.	112 314 061	112 275 548
Effect of the contribution in kind		537 958
Effect of share options to employees	33 870	37 569
Weighted average number of outstanding shares at 31.12.	112 280 191	111 700 021
Diluted number of outstanding shares at 31.12.	112 280 191	111 700 021
Earnings per share (NOK)		
Continued operations	5.4	-2.8
Discontinued operations	5.3	-2.0
Earnings per share - Total	10.7	-4.8
Diluted earnings per share (NOK)		
Continued operations	5.4	-2.8
Discontinued operations	5.3	-2.0
Earnings per share - Total	10.7	-4.8
Proposed dividend per share (NOK)	3.00	0.00

NOTE 20 CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS NOK 1 000	2021	2020
Restricted deposits incl. employee tax deductions	25 067	27 219
Other cash and bank deposits	903 274	248 208
Total	928 342	275 427

The Group's currency and interest rate exposure is described in Note 3.
See Note 3 and Note 12 for information on the Group's available credit facilities.

NOTE 21 TRADE RECEIVABLES

TRADE RECEIVABLES NOK 1 000	2021	2020
Gross amount of trade receivables*	479 228	192 921
Trade receivables deducted**	-312 469	—
Loss allowance	-14 965	-13 538
Trade receivables at 31.12.	151 793	179 384

*At year-end 2020, none of the NOK 193 million in gross trade receivables were financed through a factoring agreement.

**Trade receivables bought by the factoring company. The Group re-established a factoring arrangement in 2021.

RECOGNIZED LOSSES NOK 1 000	2021	2020
Change in loss allowance	1 427	9 915
Confirmed losses in the year	—	508
Confirmed losses and change in loss allowance from operations classified as held for sale	—	4 063
Amounts received for previously written off trade receivables	—	—
Total recognized losses on receivables	1 427	14 486

Losses on receivables are classified as other operating expenses in the income statement.

In the Group's expected credit loss (ECL) calculation model, customers are categorized as high or low risk, depending on their country of origin, and as credit insured or unsecured. The group of unsecured receivables also consists of some receivables that have other types of security. The risk of loss is therefore considered low and no loss allowance is calculated for these receivables. The risk evaluation is based on our own experience and input from credit insurance companies. A loss allowance is calculated as a percentage of the aging distribution (days past due). The Group also makes manual accruals if significant information implies that there is a higher risk of losses. Around 5% credit risk also remains for the factored trade receivables. The aging analysis given below is therefore based on the total receivables rather than total receivables less the factored receivables. For more information about credit risk, refer to Note 3.

NOK 1 000		GROSS AMOUNT	EXPOSED AMOUNT	NOT YET DUE	OVERDUE 0-30 days	OVERDUE 31-60 days	OVERDUE 61-90 days	OVERDUE > 90 days	OVERDUE > 1 year	Total
AGING PROFILE OF TRADE RECEIVABLES (TR) 31.12.2021										
	TR Credit insured	425 546	52	289 555	126 792	4 344	5 238	(382)	—	425 546
Regular/normal risk countries	TR Unsecured	50 334	50 334	17 596	16 599	302	(1 131)	1 018	15 951	50 334
High risk countries	TR Credit insured	3 291	—	1 431	1 872	—	—	(12)	—	3 291
	TR Unsecured	56	56	—	—	4	—	52	—	56
Total		479 228	50 443	308 582	145 264	4 650	4 106	676	15 951	479 228
LOSS ALLOWANCE 31.12.2021										
	TR Credit insured	—	52	—	11	4	11	31	—	57
Regular/normal risk countries	TR Unsecured	—	50 334	—	304	93	1 029	1 100	12 333	14 859
High risk countries	TR Credit insured	—	—	—	—	—	—	48	—	49
	TR Unsecured	—	56	—	—	—	—	—	—	—
Total		—	50 443	—	316	98	1 040	1 179	12 333	14 965

NOK 1 000		GROSS AMOUNT	EXPOSED AMOUNT	NOT YET DUE	OVERDUE 0-30 days	OVERDUE 31-60 days	OVERDUE 61-90 days	OVERDUE > 90 days	OVERDUE > 1 year	Total
AGING PROFILE OF TRADE RECEIVABLES (TR) 31.12.2020										
	TR Credit insured	54 797	8 219	29 038	23 553	756	—	1 451	—	54 797
Regular/normal risk countries	TR Unsecured	138 124	138 128	57 937	21 794	44 520	358	11 744	1 770	138 124
High risk countries	TR Credit insured	—	—	—	—	—	—	—	—	—
	TR Unsecured	—	—	—	—	—	—	—	—	—
Total		192 921	146 347	86 975	45 347	45 275	358	13 195	1 770	192 921
LOSS ALLOWANCE 31.12.2020										
	TR Credit insured	—	8 219	—	7	—	—	1 574	—	1 581
Regular/normal risk countries	TR Unsecured	—	138 128	—	—	6	29	614	11 309	11 958
High risk countries	TR Credit insured	—	—	—	—	—	—	—	—	—
	TR Unsecured	—	—	—	—	—	—	—	—	—
Total		—	146 347	—	7	6	29	2 188	11 309	13 538

NOTE 22 OTHER NON-CURRENT RECEIVABLES AND OTHER CURRENT RECEIVABLES

OTHER NON-CURRENT RECEIVABLES NOK 1 000	Note	2021	2020
Investment tax credit*	11	81 575	—
Loan to associated company	7	2 111	1 910
Investments in shares	14	271	295
Other non-current receivables		6 940	7 271
Total		90 897	9 476

*Investment tax credit related to the freshwater facility in Newfoundland. The investment tax credit is recognized in line with a government grant. Investment tax credits are recognized when the qualifying property, plant and equipment are available for productive use, and are recorded as a direct decrease in property, plant and equipment. Investment tax credits are deferred and offset against future tax liability.

OTHER CURRENT RECEIVABLES NOK 1 000	Note	2021	2020
VAT receivable		57 594	38 851
Prepaid expenses		43 490	37 259
Realized gain on price contracts	3, 26	—	27 411
Other current receivables		46 247	29 547
Total		147 332	133 069

NOTE 23 RELATED PARTIES

2021 NOK 1 000	OPERATING INCOME	OPERATING EXPENSES	NON-CURRENT BALANCES	CURRENT BALANCES
Total related parties as shareholders	—	37 389	—	-15 915
Total related parties as associates	9 698	153 086	2 111	-23 615
Total	9 698	190 475	2 111	-39 530

2020 NOK 1 000	OPERATING INCOME	OPERATING EXPENSES	NON-CURRENT BALANCES	CURRENT BALANCES
Total related parties as shareholders	—	44 553	-7	-11 028
Total related parties as associates	11 556	132 216	1 910	—
Total	11 556	176 769	1 903	-11 028

This note contains information for the Group's continued operations.

ACQUISITION OF GRIEG NEWFOUNDLAND AS IN 2020

The acquisition of Grieg Newfoundland AS (99%) was completed on 15 April 2020. Grieg Newfoundland AS was 39% owned by Grieg Kapital AS/Grieg Aqua AS (the owner of the majority of the shares in Grieg Seafood ASA), and 39% by Kvasshøgdi AS (owned by Per Grieg Jr., Chair of Grieg Seafood ASA's Board of Directors). The remaining shares were owned by the local partner Ocean Choice International Ltd (19.5%) and Knut Skeidsvoll (2.5%). For more information, see Note 6.

OTHER TRANSACTIONS WITH RELATED PARTIES

The Group carries out transactions with companies controlled by Grieg Maturitas II AS, which is the parent company of Grieg Aqua AS, the majority owner of Grieg Seafood ASA. The ultimate parent company of Grieg Seafood ASA is Grieg Maturitas AS, the parent company of Grieg Maturitas II AS.

The services provided include:

- ICT-related services and other functions such as catering, reception, etc., are provided by Grieg Group Resources AS on an arm's length basis.
- Grieg Seafood ASA rents its offices from Grieg Gaarden AS on an arm's length basis. The office rental agreement runs for a period of ten years.
- The regions purchased cleaner fish from Rensefiskgruppen AS including subsidiaries, a company owned by Grieg Kapital AS.
- Fuel is purchased from Eidsvaag AS, a company related to a board member of Grieg Seafood.
- Algae monitoring services are purchased from Blue Planet AS, a company related to the regional director for Europe.

The parent company provides a range of services to its subsidiaries. The services include administrative services and services relating to the provision of parent company non-current loans and current credit facilities to subsidiaries. Interest is charged on an arm's length basis. In addition, Grieg Seafood ASA engages in hedge contracts on behalf of subsidiaries. The arrangement is intended to reduce these companies' exposure to salmon prices. Agreements with the subsidiaries are priced on the basis of a "back-to-back" arrangement.

The Group also purchases services relating to operations from other related parties and associates. The Board and Group Management are related parties. See Note 17 on share-based options and Note 18 on shares controlled by members of the Board and Group Management. All transactions, including both the sale and purchase of goods and services, are made on an arm's length basis.

NOTE 24 FINANCIAL INCOME AND FINANCIAL EXPENSES

FINANCIAL ITEMS NOK 1 000	2021	2020
FINANCIAL INCOME		
Net change in fair value of derivatives	28 370	—
Net currency gains	96 709	—
Other financial income	154	103
Total	125 233	103
FINANCIAL EXPENSE		
Interest expense on external borrowings and leases*	189 390	97 383
Amortized establishment cost	16 476	21 498
Other interest expenses	1 769	2 206
Net change in fair value of derivatives	—	24 518
Net currency losses	—	98 714
Other financial expenses	4 864	3 577
Total	212 499	247 895
Net financial items	-87 266	-247 792

*Interest expenses on bank borrowings and leases includes recognized gains/losses from realized interest rate swaps of NOK 7 million in 2021 (2020: NOK 2 million).

NOTE 25 OTHER OPERATING EXPENSES

OTHER OPERATING EXPENSES NOK 1 000	2021	2020
Transportation costs	265 639	355 994
Maintenance costs	295 270	256 442
Electricity and fuel	113 778	92 157
Lease expenses 1)	24 555	14 938
Outsourced services and audit fees	94 100	101 686
Insurance	54 223	47 920
IT expenses	59 437	53 079
Marketing costs	2 942	5 517
Other operating expenses 2)	64 397	101 148
Other production-related costs 1, 3)	553 005	563 971
Total other operating expenses	1 527 347	1 592 852

1) Includes lease expenses and lease-related expenses, including the effect of IFRS 16.

2) Includes equipment, telephony/postage, office supplies, fees, travel costs and the like.

3) Production-related costs comprise harvesting costs including expenses for well-boat services, packaging material, diving services, vaccination, delousing, oxygen, and analyses and the like.

BREAKDOWN OF TOTAL AUDITOR'S FEES NOK 1 000	2021	2020
AUDITOR'S FEES		
Group auditor	4 132	2 646
Other auditors	500	560
OTHER CERTIFICATION SERVICES		
Group auditor	752	362
Other auditors	—	—
TAX ADVICE		
Group auditor	883	668
Other auditors	—	473
OTHER SERVICES		
Group auditor	86	296
Other auditors	206	342
Total Group auditor	5 852	3 971
Total other auditors	706	1 374
Total auditor's fees	6 558	5 346

Total audit fees disclosed in the table above are for the Group's continued operations.

The audit fee specification for 2021 includes fees paid to Advokatfirmaet PricewaterhouseCoopers AS (tax-related assistance) of NOK 38 000 (2020: NOK 338 000).

NOTE 26 OTHER CURRENT LIABILITIES

OTHER CURRENT LIABILITIES NOK 1 000	2021	2020
Accrued expenses *	133 385	83 559
Production fee (Norway)**	24 463	—
Realized gain/loss on fixed-price contracts***	12 530	—
Other current liabilities	42 044	11 057
Other current liabilities	212 422	94 616

* Accrued expenses relate to other operating expenses, including accrued purchases, transportation costs, bonuses/discounts for buyers, accrued salaries, and insurance.

** As from 1 January 2021, a fixed rate of NOK 0.40/kg (gutted weight) is charged on fish harvested in Norway. The production fee is presented on a separate line item "Production fee" in the income statement, and included in "EBIT after production fee and fair value adjustment on biological assets". The production fee in 2021 totaled NOK 10.7 million for Rogaland and NOK 13.8 million for Finnmark, in total NOK 24.5 million. The Norwegian production fee is accrued throughout the current year, and payable in 2022.

*** See Note 3 and Note 22.

NOTE 27 NEW ACCOUNTING STANDARDS

CHANGES IN ACCOUNTING POLICIES AND DISCLOSURE OF NEW STANDARDS

A) NEW AND AMENDED STANDARDS, AND INTERPRETATIONS - ADOPTED IN 2021

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform - Phase 2

In August 2020, the IASB issued Phase 2 of its project which amends IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases. Phase 2 finalizes IFRS's response to the ongoing reform of interbank offer rates (IBOR) and other interest rate benchmarks.

The amendments complement Phase 1, issued in 2019, and focus on the effects on financial statements when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the reform.

The Phase 2 amendments mainly consist of the following:

- a. Practical expedient for particular changes to contractual cash flows
2. Relief from specific hedge accounting requirements
3. Disclosure requirements

Grieg Seafood does not apply hedge accounting, and our exposure to the IBOR reform is through the NIBOR rates on our bank loans, bond loan, and the interest-rate swaps made on NIBOR (sell floating/buy fixed interest rate). The amendments have had no impact on the Grieg Seafood consolidated financial statement for 2021 as NIBOR rates have not been replaced as at 31 December 2021.

Amendment to IFRS 16 - Covid-19-Related Rent Concessions

In March 2021, the IASB issued Covid-19-Related Rent Concessions beyond 30 June 2021 to extend the relief period by another year. IFRS 16 Leases was amended to provide relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the Covid-19 pandemic. The amendment does not affect lessors.

The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the Covid-19 pandemic are lease modifications, and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to Covid-19-related rent concessions that reduce lease payments due on or before 30 June 2022.

Lessees must apply the practical amendment retrospectively, recognizing the cumulative effect of initially applying the amendment as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of the annual reporting period in which the amendment is first applied.

The extension of the amendment is effective for annual periods beginning on or after 30 June 2021, but earlier application is permitted. The Group has chosen to adopt this amendment early.

The amendment has had no impact on the Grieg Seafood consolidated financial statement for 2021.

B) NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS - NOT YET ADOPTED

Standards, amendments and interpretations that are issued up to the date of issuance of the consolidated financial statement, but not yet effective, are disclosed below. This list is not complete, and merely indicate standards, amendments and interpretation that could be relevant for Grieg Seafood. The Group's intention is to adopt the relevant new and amended standards and interpretations when they become effective, subject to EU approval before the consolidated financial statements are issued.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-Current

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2023. The Group does not intend to adopt the amendments early. As at 31 December 2021, the Group does not expect significant impacts from applying the amendment with effect from 1 January 2023.

Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies

The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. The amendments are effective for annual periods beginning on or after 1 January 2023, but earlier application is permitted as long as this fact is disclosed. The Group does not intend to adopt the amendments early. It is not expected that the amendments will significantly impact the disclosure of accounting policies by Grieg Seafood.

Amendments to IAS 8 - Definition of Accounting Estimates

The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments to IAS 12 Income Taxes require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases (on the part of the lessee) and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognize deferred tax assets (to the extent that it is probable that they can be utilized) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- a. right-of-use assets and lease liabilities, and
2. decommissioning, restoration and similar liabilities, and the

corresponding amounts recognized as part of the cost of the related assets. The cumulative effect of recognizing these adjustments is recognized in retained earnings, or another component of equity, as appropriate.

The amendments are effective for annual periods beginning on or after 1 January 2023. Decommissioning, restoration and similar liabilities are not relevant for Grieg Seafood. The Group is, however, a lessee in many lease arrangements, both through leases capitalized in the balance sheet through the effect of IFRS 16, and leases which would be classified as finance leases, according to the IFRS in force prior to 1 January 2019. Grieg Seafood does not expect that the amendment will impact the Group significantly. An assessment of the impact, if any, will be finalized by year-end 2022.

OTHER STANDARDS, AMENDMENTS AND INTERPRETATIONS

No other new standards, amendments and interpretations, not yet adopted at 31 December 2021, are expected to have a material impact on the Group's consolidated financial statement.

NOTE 28 CONTINGENT LIABILITIES

In February 2019, the European Commission launched an investigation to explore potential anti-competitive behavior in the Norwegian salmon industry. Grieg Seafood is one of the companies under investigation. Based on the EU investigation, US competition authorities launched their own investigation into the matter in November 2019. Two class-actions have been filed by direct and indirect customers in the USA and three class actions have been filed in Canada (none has yet been certified as a class action). Grieg Seafood is not aware of any anti-competitive behavior within the Group, neither in Norway, nor the EU, the USA or Canada. We are fully collaborating with European and American authorities in this matter and follow up the lawsuits in the USA and Canada accordingly.

There is no new information regarding the EU investigation, and Grieg Seafood considers it to be probable that the investigation will find in its favor, which also is supported by legal advice. Furthermore, the amount of the contingent liability related to a negative outcome of this matter cannot be reasonably estimated, due to a lack of information. Consequently, no provision has been recognized in relation to either the EU and the US investigation, nor to any of the civil lawsuits.

Approximately NOK 22 million (2020: NOK 27 million) was spent on legal fees related to the European Commission's investigation in 2021.

NOTE 29 POST-BALANCE SHEET EVENTS

In Q1 2022, Grieg Seafood finalized a refinancing of the Group's syndicated financial liabilities, with an aggregate of NOK 3 200 million in five-year senior secured sustainability-linked loans and credit facilities. This represents the completion of the funding process. The new debt structure comprises a NOK 750 million term loan, an EUR 75 million term loan, a NOK 1 500 million revolving credit facility and a NOK 200 million overdraft facility. The NOK and EUR term loans carry installments equal to a 12-year repayment profile until balloon payment at five years. The revolving credit facility matures at five years, while the overdraft facility is subject to annual renewal. The interest rate is three months NIBOR plus margin. The loan is linked to sustainability-linked KPIs, of which the scoring impact the interest rate margin paid on the facilities. The sole financial covenant for the new facilities is a minimum recognized equity ratio of 31%, excluding the effect of IFRS 16 compared to the IFRS in force prior to 1 January 2019.

GRIEG SEAFOOD ASA ACCOUNTS

ASA ACCOUNTS

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INCOME STATEMENT

GRIEG SEAFOOD ASA NOK 1 000	NOTE	2021	2020
Other operating income	2/15	98 328	75 456
Total operating income		98 328	75 456
Salaries and personnel expenses	3/4	-71 533	-48 276
Depreciation and amortization	10/11	-6 773	-6 220
Other operating expenses	3/15	-97 123	-93 985
Total operating expenses		-175 429	-148 481
Operating profit (loss)		-77 101	-73 024
Financial income	5/15	752 632	252 069
Financial expenses	5/15	-186 932	-183 255
Net financial items		565 700	68 814
Profit before tax		488 599	-4 210
Income tax expense	13	-81 257	15 826
Net profit for the year		407 342	11 615
APPROPRIATION OF PROFIT FOR THE YEAR			
Proposed dividend		336 942	—
Additional dividend paid-out, not accrued previous year		—	—
Transferred to other equity		182 714	11 615
Total appropriations		519 656	11 615



STATEMENT OF FINANCIAL POSITION

GRIEG SEAFOOD ASA NOK 1 000	NOTE	31.12.2021	31.12.2020
ASSETS			
Software	10	10 737	14 504
Property, plant and equipment	11/16	2 571	2 131
Investments in subsidiaries	9/16	1 903 409	2 362 159
Loan to Group companies	15/16	787 096	1 216 143
Other non-current receivables		—	—
Investment in shares		169	169
Total non-current assets		2 703 982	3 595 106
Trade receivables from Group companies	15/16	178	4 307
Other receivables from Group companies	15/16	2 149 163	2 370 621
Other current receivables	6/15	9 134	48 216
Short-term investments and financial instruments	8	21 744	7 328
Bank deposits	7	792 875	183 710
Total current assets		2 973 094	2 614 181
Total assets		5 677 076	6 209 287

GRIEG SEAFOOD ASA NOK 1 000	NOTE	31.12.2021	31.12.2020
EQUITY AND LIABILITIES			
Share capital	12	453 788	453 788
Treasury shares	12	-4 532	-4 686
Other paid-in equity		226 468	226 067
Contingent consideration (acquisition of Grieg Newfoundland AS)	9	701 535	701 535
Other retained earnings		1 366 671	1 293 215
Total equity		2 743 930	2 669 919
Deferred tax	13	10 151	11 862
Share based payments	4	11 115	491
Total provisions		21 267	12 353
Green bond loan	16	1 476 376	1 468 462
Non-current loan	16	808 533	1 855 404
Total non-current liabilities		2 284 909	3 323 866
Current portion of non-current loan	16	49 944	102 352
Share based payments	4	51	2 411
Proposed dividend		336 942	—
Trade payables	15	24 709	6 226
Trade payables to Group companies	15	—	45 938
Current liabilities to Group companies	15/16	102 111	2 993
Tax payable	13	76 686	279
Public duties payable		4 628	3 910
Financial instruments	8	751	15 616
Other current liabilities	6/8/15	31 148	23 423
Total current liabilities		626 970	203 148
Total liabilities		2 933 146	3 539 368
Total equity and liabilities		5 677 076	6 209 287

BERGEN, 30 March 2022
GRIEG SEAFOOD ASA

PER GRIEG JR.
CHAIR

TORE HOLAND
VICE CHAIR

KATRINE TROVIK
BOARD MEMBER

MARIANNE RIBE
BOARD MEMBER

NICOLAI HAFELD GRIEG
BOARD MEMBER

ANDREAS KVAME
CEO

STATEMENT OF CHANGES IN EQUITY

GRIEG SEAFOOD ASA NOK 1 000	SHARE CAPITAL	TREASURY SHARES	OTHER PAID-IN EQUITY	CONTINGENT CONS.*	OTHER EQUITY	TOTAL EQUITY
Equity at 01.01.2020	446 648	-4 855	39 627	—	1 279 035	1 760 455
Profit for the year 2020	—	—	—	—	11 615	11 615
Contingent consideration [Acquisition of Grieg Newfoundland]**	—	—	—	701 535	—	701 535
Sale of treasury shares to employees	—	169	439	—	2 647	3 255
Contribution in kind	7 140	—	186 001	—	—	193 142
Other gains and losses recognized in equity	—	—	—	—	-83	-83
Equity at 31.12.2020	453 788	-4 686	226 067	701 535	1 293 215	2 669 919
Equity at Equity at 01.01.2021	453 788	-4 686	226 067	701 535	1 293 215	2 669 919
Profit for the year 2021	—	—	—	—	407 342	407 342
Proposed dividend 2021 *	—	—	—	—	-336 942	-336 942
Sale of treasury shares to employees	—	154	401	—	3 055	3 610
Equity at 31.12.2021	453 788	-4 532	226 468	701 535	1 366 671	2 743 930

*Proposed dividend for 2021 is estimated at NOK 3.0 per share.

**Contingent consideration related to the acquisition of Grieg Newfoundland AS. Grieg Seafood ASA acquired 99% of the shares in Grieg Newfoundland AS on the 20 April 2020. The book value of the investment in Grieg Seafood Newfoundland AS recognized by Grieg Seafood ASA equals the consideration in addition to capitalized transaction costs. The consideration is split into three parts - the net cash payment, the completion shares in Grieg Seafood ASA and contingent consideration. The negotiated subscription price for the completion shares was set at NOK 140.05, corresponding to a total contribution of NOK 250 million. As the market price per share was NOK 108.20 at closing, the value of the completion shares was NOK 193.1 million. See more information in Note 6 in the Group's financial statement for 2021.

CASH FLOW STATEMENT

GRIEG SEAFOOD ASA NOK 1 000	NOTE	2021	2020
Profit before tax		488 599	-4 210
Recognized, not paid Group contributions		-307 845	-99 710
Taxes paid	13	-6 560	-180 954
Gain/loss sale of subsidiary	5	-142 683	-59 978
Depreciation and amortization	10/11	6 773	6 220
Change in trade receivables		4 129	16 910
Change in trade payables		-27 455	39 124
Change in other accruals		65 451	-81 038
Items classified as investing or financing activities		142 168	57 759
Currency translation differences		-75 221	28 534
Net cash flow from operating activities		147 357	-277 343
Dividend income	5	10	17 362
Dividend income from Group companies - no cash effect		—	-17 342
Purchase of property, plant and equipment	11	-1 555	-294
Purchase of intangible assets	10	-1 892	-3 944
Purchase of shares (Grieg Newfoundland AS)	9	—	-620 464
Proceeds sale of subsidiary	5	601 433	16 337
Payments/proceeds, loans to/from Group companies		913 306	-1 485 134
Paid-in capital establishment of new subsidiary	9	—	-1 000
Group contribution from subsidiaries		99 710	862 390
Payments/proceeds on other loans		—	—
Net cash flow from investing activities		1 611 012	-1 232 090
Change in overdraft facility (net draw-down/repayment)		—	—
Revolving credit facility (net draw-down/repayment)	16	-557 126	364 135
Proceeds of long-term interest bearing debt	16	—	1 500 000
Repayment of long-term interest-bearing debt	16	-523 346	-102 267
Change in loans to/from Group companies		99 117	—
Interest paid		-171 459	-75 120
Sale of treasury shares to employees		3 610	—
Net cash flow from financing activities		-1 149 203	1 686 748
Net change in cash and cash equivalents		609 165	177 315
Cash and cash equivalents at 01.01.		183 710	6 395
Cash and cash equivalents at 31.12.	7	792 875	183 710
CASH AND CASH EQUIVALENTS AT 31.12. CONSISTS OF:			
Restricted deposits		2 564	2 163
Other bank deposits		790 312	181 546
UNUTILIZED CREDIT FACILITIES AT 31.12.:			
Unutilized credit facilities at the year-end		885 000	1 203 000

NOTE 1 ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

All amounts are stated in NOK thousand, unless otherwise indicated.

USE OF ESTIMATES

Management has used estimates and assumptions that have affected assets, liabilities, revenues, expenses and information on potential liabilities in accordance with generally accepted accounting principles in Norway.

REVENUE RECOGNITION

Revenue from the sale of goods is recognized at the time of delivery. Revenue from the sale of services is recognized when the services are performed. The share of sales revenue associated with future service is recognized in the statement of financial position as accrued sales revenues and is transferred to income at the time of execution.

CLASSIFICATION AND VALUATION OF BALANCE SHEET ITEMS

Assets intended for long-term ownership or use are classified as non-current assets. Assets related to the normal operating cycle are classified as current assets. Receivables are classified as current assets if they are expected to be repaid within 12 months of the transaction date. Similar criteria are applied to liabilities. Current assets are valued at the lower of cost and fair value. Current liabilities are recognized in the balance sheet at nominal value. Non-current assets are valued at historical cost. Property, plant and equipment whose value will deteriorate is depreciated on a straight-line basis over the asset's estimated useful life. Non-current assets are written down to fair value where this is required by accounting rules. Nominal amounts are discounted if the interest rate element is material.

INTANGIBLE ASSETS

Expenditure on intangible assets is recognized in the statement of financial position to the extent that a future economic benefit can be identified as deriving from the development of an identifiable intangible asset and cost can be measured reliably. Otherwise, the cost is expensed as it arises. Capitalized development costs are amortized over their useful life.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recognized in the statement of financial position and depreciated on a straight-line basis over its estimated useful life, providing the asset has an expected useful life of more than 3 years and a cost price of more than NOK 15

000. Maintenance costs are recognized in the income statement as operating expenses as they arise, while improvements and additions are added to the acquisition cost of the asset and depreciated at the same rate as the asset. The distinction between maintenance and improvements is made based on the asset's relative condition on the original purchase date.

SUBSIDIARIES

Subsidiaries are valued at cost in the financial statement of Grieg Seafood ASA (parent). Investments are recognized as the cost of the shares adjusted for any minor impairments where necessary. Group contributions paid to subsidiaries, net of tax, are recognized as an increase in the cost of the shares. Dividends and group contributions are recognized in the same year as they are proposed in the subsidiary's financial statements. If dividends/group contributions materially exceed retained earnings after acquisition, the excess amount is regarded as a reimbursement of invested capital and is deducted from the recognized cost in the balance sheet. Dividends and group contributions received are recognized as other financial income.

Contingent consideration is included in costs on the acquisition date of a subsidiary. The likelihood of payment and time value of money are considered when estimating the fair value of the contingent consideration on the acquisition date.

IMPAIRMENT OF NON-CURRENT ASSETS

Impairment tests are performed upon indication that the carrying amount of a non-current asset exceeds its estimated fair value. The test is performed at the lowest level of non-current assets at which independent cash flows can be identified. If the carrying amount is higher than both the fair value less costs to sell and the recoverable amount (net present value of future use/ownership), the asset is written down to the higher of fair value less costs to sell and the recoverable amount. Previous impairment charges are reversed in a later period if the prerequisites for impairment are no longer present (except for impairment of goodwill).

TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognized in the statement of financial position at nominal value after a provision for bad debts. The provision for bad debts is estimated based on an individual assessment of each material receivable.

CURRENT INVESTMENTS

Current investments (shares and investments which are considered current assets) are carried at the lower of average acquisition cost and fair value at the balance sheet date. Dividends and other distributions received are recognized as other financial income.

PENSIONS

The company's pension schemes meet the requirements of the Norwegian Mandatory Occupational Pensions Act. The Company operates a defined contribution pensions scheme for its employees. The premium is paid through operations and is expensed on an ongoing basis. Social security costs are charged based on the pension premium paid.

GROUP ACCOUNT SCHEME – DEPOSITS AND LOANS

Grieg Seafood ASA operates as an internal bank for its subsidiaries. Grieg Seafood ASA borrows funds from financial institutions and then lends these funds to its subsidiaries. The Company has set up a group account (cash pool) multi-currency account scheme in which Grieg Seafood ASA is the legal account holder. Deposits and loans are recognized as intercompany transactions. All subsidiaries that are part of the scheme (not all subsidiaries of the Group are part of the cash pool scheme) are jointly and severally liable to the financial institutions for the entire amount of the commitment under the scheme.

FOREIGN CURRENCY

The Company's functional and presentational currency is the Norwegian Krone (NOK). Monetary items in a foreign currency are translated into NOK using the exchange rate applicable on the balance sheet date. Non-monetary items that are measured at their historical price expressed in a foreign currency are translated into NOK using the exchange rate applicable on the transaction date. Non-monetary items that are measured at their fair value expressed in a foreign currency are translated at the exchange rate applicable on the balance sheet date. Changes to exchange rates are recognized in the income statement as they occur during the accounting period.

CASH-BASED REMUNERATION

The Company operates a share-based remuneration scheme with settlement in cash. Each employee is obliged to purchase shares relative to their annual salary. The company's estimated liability is recognized as a current or non-current liability based on the estimated settlement date. The cost for the year is recognized in the income statement.

DERIVATIVES

FORWARD CURRENCY CONTRACTS

Realized gains (losses) on forward currency contracts are recognized in the income statement as a financial income (financial cost). The fair value of a forward currency contract is measured in its contracted currency and translated to NOK using the foreign exchange currency rate at the balance sheet date.

INTEREST RATE SWAPS

Interest rate swap contracts are measured according to the lowest of its acquisition cost and fair value at the balance sheet date.

TAXES

The tax expense in the income statement consists of both tax payable for the accounting period and changes in deferred tax. Deferred tax is calculated at the relevant rate on temporary differences between the value of assets and liabilities for tax purposes and any allowable loss to be carried forward at year-end in the financial statements. Temporary differences, both positive and negative, are offset within the same period. Deferred tax assets are recognized in the statement of financial position when it is more likely than not that the tax assets will be utilized. Deferred tax assets and deferred tax liabilities are presented net in the statement of financial position. Tax on paid group contributions is recognized as an increase in the purchase price of shares in other companies. Taxes payable and deferred taxes are recognized directly in equity to the extent that they relate to equity transactions (offset against tax payable if the group contribution affects tax payable and offset against deferred taxes if the group contribution affects deferred taxes).

CASH FLOW STATEMENT

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term highly liquid investments which entail no appreciable exchange rate risk, and which mature within three months of the purchase date.

NOTE 2 OPERATING INCOME

OPERATING INCOME NOK 1 000	2021	2020
Administrative services – Group companies (Note 15)	82 430	75 413
Administrative services - external*	15 898	
Other operating income	—	43
Total operating income	98 328	75 456

* Administrative services to Grieg Seafood Shetland UK Ltd is presented as external income as the shares in the company was sold on 15 of December 2021.

NOTE 3 SALARIES, PERSONNEL AND OTHER OPERATING EXPENSES

SALARIES AND PERSONNEL EXPENSES NOK 1 000	2021	2020
Wages and salaries	51 087	38 678
Social security costs	6 779	6 692
Share options for directors and key personnel (Note 4)	7 924	-4 996
Pension costs – defined contribution scheme	2 221	1 657
Other personnel costs	3 523	6 243
Total	71 533	48 276
Average number of employees	36	29

Pension scheme

The Company has a pension scheme covering all employees at 31 December 2021. The pension scheme is funded and managed through an insurance company.

Share savings plan

Grieg Seafood established a share savings program for its employees in 2018, which was continued throughout 2021. See the consolidated financial statements Note 16 for further information.

Management remuneration

In December 2019, the Norwegian Parliament adopted new rules on the wage policy of listed public companies, which came into force in January 2021. New wage policy and reporting guidelines were approved by the Annual General Meeting of Grieg Seafood ASA on 2 June 2021. The guidelines for management remuneration are available on [Grieg Seafood ASA's website](#). The remuneration report for Grieg Seafood ASA will be published at the time notice of the 2022 Annual General Meeting is issued. The Annual General Meeting is scheduled for 9 June 2022.

REMUNERATION PAID TO GROUP MANAGEMENT IN 2021 NOK 1 000	SALARY	BONUS	RETAINED BONUS, NOT YET PAID	OPTIONS EXERCISED DURING THE YEAR	OTHER BENEFITS	TOTAL
CEO	3 165	—	540	—	250	3 956
CFO	2 280	—	313	—	115	2 707
CTO	2 063	—	241	—	116	2 420
CHRO	1 604	—	216	—	117	1 937
COO Farming Europe	2 116	75	203	—	113	2 507
COO Farming North America	1 772	—	244	—	—	2 016
CCO	1 996	161	350	—	115	2 621
GCM	1 190	—	119	—	121	1 430
Total remuneration incl. social security costs	16 185	236	2 226	—	947	19 593

Recognized expenses arising from synthetic options not declared throughout the year are not included in the above statement. See Note 4.

REMUNERATION PAID TO BOARD MEMBERS IN 2021 NOK 1 000	TOTAL
Per Grieg Jr.*	479
Tore Holand**	371
Sirine M. Fodstad (until 13 of August 2021)*	205
Marianne Ribe*	308
Katrine Trovik**	342
Nicolai Hafeld Grieg (from 4 of November 2021)	—
Total remuneration including social security costs	1 706

*Payment for work performed on the Remuneration Committee of NOK 22 820 is included in the remuneration paid to Per Grieg Jr. and Marianne Ribe, and NOK 15 213 for Sirine Fodstad.
**Payment for work performed on the Audit Committee is included in the remuneration paid to Tore Holand and Katrine Trovik amounting to NOK 57 050.
The amounts include social security costs.

REMUNERATION PAID TO GROUP MANAGEMENT IN 2020 NOK 1 000	SALARY	BONUS	RETAINED BONUS, NOT YET PAID	OPTIONS EXERCISED DURING THE YEAR	OTHER BENEFITS	TOTAL
CEO	2 841	—	—	2 709	118	5 668
CFO	2 173	—	—	2 070	101	4 344
COO	1 996	—	—	1 868	101	3 964
CHRO	1 574	—	—	1 431	106	3 111
COO Farming Europa	1 996	—	—	1 615	78	3 689
COO Farming North America	1 825	—	—	1 571	78	3 474
CCO	525	—	—	—	81	606
GCM	1 035	—	—	—	96	1 131
Total remuneration incl. social security costs	13 965	—	—	11 264	759	25 987

Recognized expenses arising from synthetic options not declared throughout the year are not included in the above statement. See Note 4.

In May 2020, Grieg Seafood announced changes to the Group management structure, with inclusion of COOs for farming in Europe and North America. In June 2020, the Chief Commercial Officer was added to the Group management team of Grieg Seafood.

REMUNERATION PAID TO BOARD MEMBERS IN 2020 NOK 1 000	TOTAL
Per Grieg jr. 1)	479
Tore Holand 2)	348
Sirine M. Fodstad 1)	308
Marianne Ribe (from 14 May 2020), 1)	178
Katrine Trovik (from 14 May 2020), 2)	195
Asbjørn Reinkind (until 14 May 2020)	140
Karin Bing Orgland (until 14 May 2020), 2)	143
Solveig M.R. Nygaard (until 14 May 2020)	119
Total remuneration including social security costs	1 909

*Payment for work performed on the Remuneration Committee of NOK 22 820 is included in the remuneration paid to Per Grieg Jr., Sirine M. Fodstad and NOK 11 410 for Marianne Ribe.
**Payment for work performed on the Audit Committee is included in the remuneration paid to Karin Bing Orgland and Tore Holand, amounting to NOK 25 673, 54 198 and 28 525, respectively.

BREAKDOWN OF AUDITOR'S FEES NOK 1 000	2021	2020
Statutory audit	1 991	852
Other certification services	730	362
Tax advisory fee	38	347
Other services	41	101
Total	2 800	1 663

The audit fee specification for 2021 include fees from Advokatfirmaet PricewaterhouseCoopers AS (tax-related assistance) of NOK 38 thousands.

Other operating expenses

In February 2019, the European Commission launched an investigation to explore potential anti-competitive behavior in the Norwegian salmon industry. Grieg Seafood is one of the companies under investigation. Based on the EU investigation, US competition authorities launched their own investigation into the matter in November 2019. Two class-actions have been filed by direct and indirect customers in the USA and three class actions have been filed in Canada (none has yet been certified as a class action). Grieg Seafood is not aware of any anti-competitive behavior within the Group, neither in Norway, nor the EU, the USA or Canada. We are fully collaborating with European and American authorities in this matter and follow up the lawsuits in the USA and Canada accordingly.

There is no new information regarding the EU investigation, and Grieg Seafood considers it to be probable that the investigation will be in its favor, which also is supported by legal advice. Furthermore, the amount of the contingent liability related to a negative outcome of this matter cannot be reasonable estimated, due to the lack of information. Consequently, no provision has been recognized in relation to both the EU and the US investigation, nor to any of the civil lawsuits.

Approximately NOK 22 million (2020: NOK 27 million) was spent on lawyer fees related to the EU commission investigation in 2021.

NOTE 4 SHARE BASED PAYMENTS

The Group has issued options to the Group Management team and regional directors. The options' strike price is the stock market price on the date of issue, rising by 0.5% per month until the exercise date. Since 2009, an option scheme with settlement in cash has been established for Group Management and regional directors. The most recent allocation was in 2020, totaling 1 890 000 options. The final exercise date is 31 May 2024. The options have a term of two years, where 50% is vested each year. Employees joining the Group after the initial allocation of options, are allocated options on taking up employment.

The Black & Scholes option pricing model is used to calculate the market value. A brokerage firm is used to perform the calculations. The table below shows the movement in outstanding options in 2020 and 2021.

OVERVIEW 2021 (TOTAL OPTIONS)	OPTION CATEGORY	OUTSTANDING OPTIONS AT 31.12.2020	GRANTED OPTIONS	EXERCISED OPTIONS	EXPIRED OPTIONS	OUTSTANDING OPTIONS AT 31.12.2021	OF WHICH CASH- SETTLED
CEO	Cash settlement	540 000	—	—	—	540 000	540 000
CFO	Cash settlement	270 000	—	—	—	270 000	270 000
CTO	Cash settlement	270 000	—	—	—	270 000	270 000
CHRO	Cash settlement	200 000	—	—	—	200 000	200 000
GCM	Cash settlement	100 000	—	—	—	100 000	100 000
COO Farming Europa	Cash settlement	270 000	—	—	—	270 000	270 000
COO Farming North America	Cash settlement	270 000	—	—	—	270 000	270 000
CCO	Cash settlement	170 000	—	—	—	170 000	170 000
Others	Cash settlement	700 000	—	—	100 000	600 000	600 000
Total		2 790 000	—	—	100 000	2 690 000	2 690 000

OVERVIEW 2020 (TOTAL OPTIONS)	OPTION CATEGORY	OUTSTANDING OPTIONS AT 31.12.2019	GRANTED OPTIONS	EXERCISED OPTIONS	EXPIRED OPTIONS	OUTSTANDING OPTIONS AT 31.12.2020	OF WHICH CASH- SETTLED
CEO	Cash settlement	400 000	340 000	48 271	151 729	540 000	540 000
CFO	Cash settlement	200 000	170 000	36 881	63 119	270 000	270 000
COO	Cash settlement	200 000	170 000	33 287	66 713	270 000	270 000
CHRO	Cash settlement	132 712	100 000	25 509	7 203	200 000	200 000
Others	Cash settlement	677 492	1 110 000	108 763	168 730	1 510 000	1 510 000
Total		1 610 204	1 890 000	252 711	457 494	2 790 000	2 790 000

ALLOCATION: YEAR - MONTH	EXPIRY DATE: YEAR - MONTH	STRIKE PRICE NOK PER SHARE AT 31.12.2021	STRIKE PRICE NOK PER SHARE AT 31.12.2020	OPTIONS	
				2021	2020
2017 - 11	2021 - 05	106.28	100.07	800 000	900 000
2020 - 12	2023 - 05	83.82	78.96	945 000	945 000
2020 - 12	2024 - 05	83.82	78.96	945 000	945 000
Total				2 690 000	2 790 000

	2021	2020
Cash-based options available for settlement	2 690 000	2 790 000
Weighted average exercise price on outstanding options (NOK per option)	80.16	80.26

2021	NOK/OPTION		AMOUNTS IN NOK 1 000						RECOGNIZED LIABILITY CASH SETTLEMENT AT 31.12.2021
	OPTION CATEGORY	LISTED PRICE ON ALLOCATION	CALCULATED VALUE PER OPTION ON ALLOCATION	CALCULATED TOTAL VALUE ON ALLOCATION *	TOTAL VALUE OF ALL OPTIONS AT 01.01.2021	CHANGE IN PROVISION CB-OB*	EXERCISED OPTION 2021	ACC. COST RECOGNIZED IN EQUITY AT 31.12.2021	
Former employees with expired options	Equity option	—	—	—	—	—	—	6 887	—
CEO	Cash	78.96	4.35	1 480	56	1 352	—	—	1 408
CFO	Cash	78.96	6.34	1 078	41	868	—	—	909
CTO	Cash	78.96	5.82	989	37	803	—	—	840
CHRO	Cash	78.96	7.20	720	27	573	—	—	600
GCM	Cash	78.96	6.04	604	23	488	—	—	511
COO Farming Europe	Cash	78.96	5.87	999	38	810	—	—	847
COO Farming North America	Cash	78.96	5.87	999	38	810	—	—	847
CCO	Cash	78.96	6.13	1 042	39	842	—	—	881
Other options allocated in 2020	Cash	78.96	7.04	3 519	132	2 788	—	—	2 921
CEO	Cash	83.00	2.26	906	467	-460	—	—	7
CFO	Cash	83.00	2.79	557	316	-313	—	—	4
COO	Cash	83.00	2.79	557	296	-293	—	—	4
CHRO	Cash	83.00	2.38	475	247	-243	—	—	4
Other options allocated in 2017	Cash	83.00	2.35	1 880	1 085	-1 074	—	—	11
Total				15 805	2 842	6 951	—	6 887	9 794

*Amounts exclude social security costs.

2020	NOK/OPTION		AMOUNTS IN NOK 1 000						RECOGNIZED LIABILITY CASH SETTLEMENT AT 31.3.2021
	OPTION CATEGORY	LISTED PRICE ON ALLOCATION	CALCULATED VALUE PER OPTION ON ALLOCATION	CALCULATED TOTAL VALUE ON ALLOCATION *	TOTAL VALUE OF ALL OPTIONS AT 01.01.2020	CHANGE IN PROVISION CB-OB*	EXERCISED OPTION 2020	ACC. COST RECOGNIZED IN EQUITY AT 31.3.2021	
Former employees with expired options	Equity option	—	—	—	—	—	—	6 887	—
CEO	Cash	79	4	1 480	—	56	—	—	56
CFO	Cash	79	6	1 078	—	41	—	—	41
CTO	Cash	79	6	989	—	37	—	—	37
CHRO	Cash	79	7	720	—	27	—	—	27
GCM	Cash	79	6	604	—	23	—	—	23
COO Farming Europe	Cash	79	6	999	—	38	—	—	38
COO Farming North America	Cash	79	6	999	—	38	—	—	38
CCO	Cash	79	6	1 042	—	39	—	—	39
Other options allocated in 2020	Cash	79	7	3 519	—	132	—	—	132
CEO	Cash	83	2	906	4 007	-3 540	2 709	—	467
CFO	Cash	83	3	557	2 505	-2 188	2 070	—	316
COO	Cash	83	3	557	2 688	-2 392	1 868	—	296
CHRO	Cash	83	2	475	1 891	-1 645	1 431	—	247
Other options allocated in 2017	Cash	83	2	1 880	8 557	-7 472	6 103	—	1 085
Total				15 805	19 648	-16 806	14 181	6 887	2 842

*Amounts exclude social security costs.

	2021	2020	CLASSIFICATION IN FINANCIAL STATEMENTS
Change in provisions	6 951	-16 807	Other provisions for liabilities
Exercised options during the year	—	14 181	Salaries and personnel expense / cash
Total cost excl. social security costs	6 951	-2 626	
Social security costs	973	-2 370	Public taxes payable
Total cost incl. social security costs	7 924	-4 996	Salaries and personnel expense

Cost relating to cash-based remuneration in 2021 totaled NOK 7 924 thousands. This is recognized in the income statement as a personnel cost. Social security contributions are provided for on an ongoing basis based on the fair value of the options.

As at 31 December 2021, outstanding options with the right to cash settlement were stated at NOK 9 794 thousands excl. social security costs, of which NOK 29 thousands were classified as current liabilities. Issued options are cancelled on termination of employment. The book value of long term liabilities incl. social security cost is NOK 11 115 thousands.

ESTIMATES USED TO CALCULATE ALLOCATION OF OPTIONS	31.12.2021	31.12.2020
Anticipated volatility (%)	36.44%	44.19%
Risk-free rate of interest (%)	1.13%	0.34%
Estimated qualification period (years)	1.39	2.11

The estimated qualification period for the options is based on historical data, and does not necessarily represent future developments. In order to estimate volatility, management has applied historical volatility for comparable listed companies.

NOTE 5 FINANCIAL INCOME AND FINANCIAL EXPENSES

FINANCIAL ITEMS NOK 1 000	2021	2020
FINANCIAL INCOME		
Interest income from Group companies	171 650	67 914
Gain/loss sale of subsidiary *	142 683	59 978
Other interest income	10 606	254
Group contributions from subsidiaries	307 845	99 710
Dividend	10	17 362
Unrealized value changes, derivatives (Note 8)	29 281	6 761
Unrealized currency change, non-current EUR term loan	23 990	—
Unrealized currency change, non-current loans from Group companies	22 284	89
Net realized currency gains	735	—
Net unrealized currency gains	43 548	—
Total	752 632	252 069
FINANCIAL EXPENSE		
Financial expense		
Loan interest expenses	172 015	94 247
Interest expense to Group companies	45	1 090
Other interest expenses	2 291	3 460
Unrealized value changes, derivatives, (Note 8)	—	21 493
Realized value changes, derivatives	7 494	2 022
Unrealized currency change, non-current loans from Group companies	—	—
Unrealized currency change, non-current EUR term loan	—	28 623
Other financial expenses	3 048	3 601
Net realized currency losses	2 039	15 677
Net unrealized currency losses	—	13 042
Total	186 932	183 255
Net financial items	565 700	68 814

*GAIN/ LOSS SALE OF SUBSIDIARY:

SALE OF GRIEG SEAFOOD SHETLAND LTD IN 2021

On 29 June 2021, Grieg Seafood ASA entered into an agreement with Scottish Sea Farms Ltd for the disposal of all shares in Grieg Seafood Hjaltland UK Ltd, the holding company of Grieg Seafood ASA's Shetland business. The transaction was subject to certain customary closing conditions, such as merger clearance. The Competition and Markets Authority (CMA) in the UK approved the transaction on 8 December 2021. The transaction was closed on 15 December 2021. The total gain for Grieg Seafood ASA is recognized at NOK 143 million. For more information, see also Note 5 to the Group's consolidated financial statement for 2021.

SALE OF OCEAN QUALITY AS (SJÓR AS) IN 2020

Grieg Seafood ASA sold its 60% stake in Ocean Quality AS (now named SjóR AS) to Bremnes Fryseri AS on 31 December 2020. Bremnes Fryseri AS held the non-controlling interest of 40% in Ocean Quality AS up until the transaction. The book value of Grieg Seafood ASA's investment in Ocean Quality AS was NOK 6 million at the transaction date. The sale/purchase price was settled in cash and through a change of debtor on a liability Grieg Seafood ASA had from Ocean Quality AS. The gain from the transaction was NOK 60 million.

NOTE 6 OTHER CURRENT RECEIVABLES/OTHER CURRENT LIABILITIES

OTHER CURRENT RECEIVABLES NOK 1 000	2021	2020
Prepaid expenses	7 489	4 162
VAT	1 616	1 740
Other current receivables to SjóR AS (before Ocean Quality AS)	—	16 940
Realised gain on price contracts, receivable on counterpart	—	18 316
Other current receivables	—	458
Tax refund as a part of Corona tax measures	28	6 600
Total other current receivables	9 134	48 216

OTHER CURRENT LIABILITIES NOK 1 000	2021	2020
Accrued interest	4 312	10 451
Other accrued expenses	26 813	11 938
Other current liabilities	23	1 034
Total other current liabilities	31 148	23 423

NOTE 7 BANK DEPOSITS

BANK DEPOSITS NOK 1 000	2021	2020
Restricted deposits relating to employees' tax deductions	2 564	2 163
Other bank deposits	790 312	181 547
Total	792 875	183 710

The Company has an overdraft facility of NOK 100 million. Available credit on the overdraft facility was NOK 100 million at year-end 2021 (2020: NOK 100 million). In addition, the Company has a revolving credit facility of which NOK 785 million was undrawn at year-end 2021 (2020: NOK 1 103 million).

NOTE 8 SHORT-TERM INVESTMENTS AND FINANCIAL INSTRUMENTS

SHORT-TERM INVESTMENTS AND FINANCIAL INSTRUMENTS NOK 1 000	2021	2020
Financial instruments current assets	21 178	6 761
DNB Global Allokering Norway (number of shares 3 038, ownership 0.00%)	566	566
Total	21 744	7 327

*Registered office: Oslo, Norway. Ownership percentage 0.00%. Numbers of shares: 3 038. Acquisition cost of NOK 630 000..

FINANCIAL INSTRUMENTS	2021		2020	
	Fair value	Book value	Fair value	Book value
Interest rate options bought floor NOK 250 000 3 NIBOR Maturity 25.06.2020 - 25.06.2025	233	—	423	—
Cross currency interest rate swap (NOK/EUR), maturity in 2025, NOK 250 million / EUR 23 million (2020: maturity 10.03 - 31.12.2021) *	21 178	21 178	6 761	6 761
Financial instruments classified as current assets		21 178		6 761
Interest rate swap contracts (five contracts for NOK 260 million, NOK 200 million, NOK 200 million, NOK 200 million and NOK 200 million maturing in 2021, 2023, 2024, 2024 and 2024, respectively **)	13 552	-751	-15 008	-15 616
Financial instruments classified as current liabilities		-751		-15 616

* Financial instruments booked at fair value in according to accounting act § 5-8. Other financial instrument are booked at the lowest of historic cost and fair value.

** Amounts exclude accrued interest totalling NOK -161,5 thousand (2020: NOK -1 270 thousand)

CHANGES IN FINANCIAL INSTRUMENTS RECOGNIZED AS FINANCIAL ITEMS NOK 1 000	2021	2020
Unrealized gain/loss on interest rate swaps	14 887	-19 823
Unrealized gain/loss on foreign currency contracts	14 394	6 761
Unrealized changes on interest rate swaps	—	-1 670
Net unrealized gain/(loss) on financial instruments	29 281	-14 732

The Company is exposed to a number of financial risks; market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the volatility of the financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company uses financial derivatives to reduce certain risks. The Board has established written principles for the management of foreign exchange risk, interest rate risk and use of the Company's financial instruments.

NOTE 9 INVESTMENTS IN SUBSIDIARIES

SUBSIDIARY	REGISTERED OFFICE COUNTRY	REGISTERED OFFICE LOCATION	OWNERSHIP/ VOTING SHARE	EQUITY AT 31.12.2021 NOK 1 000	PROFIT/ LOSS 2021 NOK 1 000	BOOK VALUE NOK 1 000
Grieg Seafood Rogaland AS	Norway	Bergen	100 %	852 945	147 413	223 497
Grieg Seafood Canada AS	Norway	Bergen	100 %	227 353	-13	297 112
Grieg Seafood Finnmark AS	Norway	Alta	100 %	1 082 217	142 979	400 481
Grieg Seafood Norway AS	Norway	Bergen	100 %	1 271	13 850	1 000
Grieg Seafood Shetland Ltd *	UK	Shetland	—%	—	—	—
Grieg Newfoundland AS	Norway	Bergen	99 %	104 858	-9 849	981 319
Total				2 268 644	294 380	1 903 409

Equity and profit/loss are based on provisional financial statements, which have been prepared in accordance with local accounting standards.

*GRIEG SEAFOOD SHETLAND LTD

On 29 June 2021, Grieg Seafood ASA entered into an agreement with Scottish Sea Farms Ltd for the disposal of all shares in Grieg Seafood Hjaltland UK Ltd, the holding company of Grieg Seafood ASA's Shetland business. The transaction was subject to certain customary closing conditions such as merger clearance. The Competition and Markets Authority (CMA) in UK approved the transaction on 8 December 2021, and the transaction was finalized at the 15 December 2021. See more information in Note 5 of the group accounts.

NOTE 10 INTANGIBLE ASSETS

2021 NOK 1 000	SOFTWARE
Book value at 01.01.	14 504
Additions	1 892
Amortization	-5 659
Book value at 31.12.	10 737
ACCUMULATED VALUES	
Acquisition cost	52 298
Accumulated amortization	-41 561
Book value at 31.12.	10 737
Economic life/amortization schedule	3 - 10 years

2020 NOK 1 000	SOFTWARE
Book value at 01.01.	15 238
Additions	3 944
Amortization	-4 678
Book value at 31.12.	14 504
ACCUMULATED VALUES	
Acquisition cost	50 381
Accumulated amortization	-35 877
Book value at 31.12.	14 504
Economic life/amortization schedule	3 - 10 years

NOTE 11 PROPERTY, PLANT AND EQUIPMENT

2021 NOK 1 000	PLANT, EQUIPMENT AND OTHER FIXTURES ETC.
Book value at 01.01.	2 131
Additions	1 555
Depreciation	-1 114
Book value at 31.12.	2 570
ACCUMULATED VALUES	
Acquisition cost	19 514
Accumulated depreciation	-16 942
Book value at 31.12.	2 571
Economic life/depreciation schedule	3-5 years

2020 NOK 1 000	PLANT, EQUIPMENT AND OTHER FIXTURES ETC.
Book value at 01.01.	3 379
Additions	294
Depreciation	-1 542
Book value at 31.12.	2 131
ACCUMULATED VALUES	
Acquisition cost	17 959
Accumulated depreciation	-15 828
Book value at 31.12.	2 131
Economic life/depreciation schedule	3-5 years

The company has operating lease agreements, which are not recognized in the balance sheet:

2021	DURATION	OPERATING LEASE EXPENSE
ASSETS		
Buildings	Until 2028	4 201
Other equipment	3-5 years	725
Total lease amount charged		4 926

There have been no changes in the lease agreements from 2020.

NOTE 12 SHARE CAPITAL AND SHAREHOLDER INFORMATION

As at 31 December 2021, the Company had 113 447 042 shares with a nominal value of NOK 4 per share. All shares issued by the Company are fully paid-up. There is one class of shares and all shares confer the same rights.

SHARE CAPITAL AND NUMBER OF SHARES 31.12.2021	NOMINAL VALUE PER SHARE (NOK)	TOTAL SHARE CAPITAL NOK 1 000	NO. OF ORDINARY SHARES
Total	4.00	453 788	113 447 042
Holdings of treasury shares	4.00	-5 000	-1 250 000
Sale of treasury shares 2018-2020	4.00	314	78 506
Sale of treasury shares 2021	4.00	154	38 513
Total excl treasury shares		449 256	112 314 061

Treasury shares

In June 2011, the Company purchased 1 250 000 treasury shares at NOK 14.40 per share. On 21 November 2018, the Company sold 21 576 shares to employees for use in the share savings program. The sales price was NOK 121.56 per share, which provided a gain of NOK 107.16 per share. Another 14 737 shares were sold to employees in November 2019 at a sales price of NOK 136.05 per share, providing a gain of NOK 121.65 per share. In 2020, Grieg Seafood ASA sold 42 193 at a sales price of NOK 77.16 a share, providing a gain of NOK 62.76 a share. In 2021, Grieg Seafood ASA sold 38 513 shares at a sales price of NOK 93.73, providing a gain of NOK 79.33 a share. After the transactions the Company has 1 132 981 treasury shares.

CHANGES IN SHARE CAPITAL		NOMINAL VALUE PER SHARE (NOK)	TOTAL SHARE CAPITAL	
			NOK 1 000	NO. OF ORDINARY SHARES
Share capital 01.01.2020	1 January 2020	4.00	446 648	111 662 000
Contribution in kind 20.04.2020	20 April 2020	4.00	7 140	1 785 042
Share capital 31.12.2020	n/a	4.00	453 788	113 447 042
Share capital 01.01.2021	1 January 2021	4.00	453 788	113 447 042
No transaction in 2021	n/a	—	—	—
Share capital per 31.12.2021	31 December 2021	4.00	453 788	113 447 042

Acquisition of Grieg Newfoundland

On 20 April 2020, Grieg Seafood ASA' share capital was increased by 1 785 042 shares (nominal value of NOK 4 per share), from 111 662 000 shares to 113 447 042 shares. The share capital was thus increased by NOK 7 140 168, from NOK 446 648 000 to NOK 453 788 168. The share issue in the Company to shareholders Grieg Aqua AS, Kvasshøgdi AS, Knut Skeidsvoll and Ocean Choice International Ltd was related to the Company's acquisition of Grieg Newfoundland AS, which was completed on 15 April 2020. For more information, see Note 6 of the Group Accounts.

THE LARGEST SHAREHOLDERS IN GRIEG SEAFOOD ASA	NO. OF SHARES	SHAREHOLDING
	31.12.2021	31.12.2021
Grieg Aqua AS	56 914 355	50.17%
Folketrygdfondet	5 312 207	4.68%
OM Holding AS	4 917 957	4.34%
Ystholmen Felles AS	2 428 197	2.14%
State Street Bank and Trust Comp (nominee)	1 867 464	1.65%
Clearstream Banking S.A. (nominee)	1 711 386	1.51%
BNP Paribas Securities Services (nominee)	1 634 500	1.44%
Ferd AS	1 456 453	1.28%
Six Sis AG (nominee)	1 380 743	1.22%
CACEIS Bank Spain SA (nominee)	1 212 652	1.07%
Banque Degroof Petercam Lux. SA (nominee)	1 164 795	1.03%
Grieg Seafood ASA	1 132 981	1.00%
JPMorgan Chase Bank, N.A., London (nominee)	1 035 915	0.91%
Kvasshøgdi AS	996 772	0.88%
Verdipapirfondet Pareto Investment	916 000	0.81%
State Street Bank and Trust Comp (nominee)	883 362	0.78%
State Street Bank and Trust Comp (nominee)	862 797	0.76%
Ronja Capital II AS	755 004	0.67%
Pictet & Cie (Europe) S.A. (nominee)	646 320	0.57%
Danske Invest Norge Vekst	561 000	0.49%
Total 20 largest shareholders	87 790 860	77.38%
Total others	25 656 182	22.62%
Total number of shares	113 447 042	100.00%

THE LARGEST SHAREHOLDERS IN GRIEG SEAFOOD ASA	NO. OF SHARES	SHAREHOLDING
	31.12.2020	31.12.2020
Grieg Aqua AS	56 914 355	50.17%
Folketrygdfondet	4 281 530	3.77%
OM Holding AS	4 235 656	3.73%
Ystholmen Felles AS	2 928 197	2.58%
Clearstream Banking S.A. (nominee)	1 937 653	1.71%
State Street Bank and Trust Comp (nominee)	1 616 926	1.43%
Ronja Capital II AS	1 200 000	1.06%
Grieg Seafood ASA	1 171 494	1.03%
Six Sis AG (nominee)	1 038 659	0.92%
UBS Switzerland AG (nominee)	945 209	0.83%
JPMorgan Chase Bank, N.A., London (nominee)	915 596	0.81%
Banque Degroof Petercam Lux. SA (nominee)	822 051	0.72%
Verdipapirfondet Pareto Investment	764 000	0.67%
State Street Bank and Trust Comp (nominee)	737 722	0.65%
State Street Bank and Trust Comp (nominee)	697 771	0.62%
Ferd AS	688 453	0.61%
Svenska Handelsbanken AB (nominee)	593 415	0.52%
J.P. Morgan Bank Luxembourg S.A. (nominee)	592 624	0.52%
State Street Bank and Trust Comp (nominee)	524 061	0.46%
Danske Invest Norge Vekst	521 000	0.46%
Total 20 largest shareholders	83 126 372	73.27%
Other shareholders	30 320 670	26.73%
Total shares	113 447 042	100.00%

SHARES CONTROLLED BY BOARD MEMBERS AND GROUP MANAGEMENT	NO. OF SHARES	SHAREHOLDING	NO. OF SHARES	SHAREHOLDING
	31.12.2021	31.12.2021	31.12.2020	31.12.2020
BOARD OF DIRECTORS				
Per Grieg Jr. *	60 356 985	53.20%	60 356 985	53.20%
Tore Holand (Skippergata 24 AS, and privately)	2 000	0.00%	2 000	—%
Sirine Fodstad (resigned 13 August 2021)	—	—%	—	—%
Marianne Ribe	—	—%	—	—%
Katrine Trovik	—	—%	—	—%
Nicolai Hafeld Grieg (board member from 4 November 2021)	—	—%	—	—%
GROUP MANAGEMENT				
CEO	39 809	0.04%	39 489	0.03%
CFO	24 852	0.02%	24 532	0.02%
CTO	24 151	0.02%	23 831	0.02%
COO Farming Europe	22 809	0.02%	22 489	0.02%
COO Farming North America	24 209	0.02%	19 889	0.02%
CHRO	12 380	0.01%	12 060	0.01%
GCM	644	0.00%	324	0.00%
CCO	644	0.00%	324	0.00%
* THE SHARES OWNED BY THE FOLLOWING COMPANIES ARE CONTROLLED BY PER GRIEG JR. AND FAMILY				
Grieg Aqua AS	56 914 355	50.17%	56 914 355	50.17%
Ystholmen Felles AS	2 428 197	2.14%	2 928 197	2.58%
Kvasshøgdi AS	996 772	0.88%	496 772	0.44%
Per Grieg jr. privately	15 000	0.01%	15 000	0.01%
Thomas Willumsen Grieg	2 661	0.00%	2 661	0.00%
Total shares	60 356 985	53.20%	60 356 985	53.20%

On 30 December 2020, the board of Ystholmen Felles AS submitted a proposal to the company's general meeting to demerge the company, whereby 500 000 shares in Grieg Seafood ASA would be transferred from Ystholmen Felles AS to Kvasshøgdi AS, org.no. 921 020 961. The general meeting of Ystholmen Felles AS accepted the board's proposal. Per Grieg Jr. is the sole shareholder in Kvasshøgdi AS.

Following the completion of the demerger, Per Grieg Jr. and the other shareholders own 2 428 197 shares in Grieg Seafood ASA through their ownership of Ystholmen Felles AS. In addition, Per Grieg Jr. owns 996 772 shares in Grieg Seafood ASA through his ownership of Kvasshøgdi AS. The demerger was effective from 4 March 2021.

Nicolai Hafeld Grieg owns, indirectly, 1.87% of Grieg Seafood ASA through his ownership in Grieg Maturitas AS, the parent company of Grieg Aqua AS.

NOTE 13 TAXES

BASIS FOR TAX PAYABLE NOK 1 000	2021	2020
Profit before tax	488 599	-4 210
Dividends recognized in profit or loss	-10	-17 362
3% dividend tax	—	521
Net other permanent differences	-5 109	1 459
Other permanent differences from gain of sales of share	-142 680	-54 486
Unrealized value adjustments of share	—	-165
Change in financial derivatives	-29 281	14 732
Change in temporary differences	76 489	-3 163
Change in temporary differences from 2019	—	-1 267
Group contribution received/provided	-307 845	-99 710
Taxable income/loss	80 163	-163 651
Group contribution received	307 845	99 710
Loss carry forward from 2020	-39 433	—
Basis for tax expense for the year	348 575	-63 941
22% (22%) tax payable	76 686	—
Underprovision for tax previous year	—	279
22% (22%) tax payable	76 686	279

BREAKDOWN OF DEFERRED TAX BASIS NO 1 000	CHANGE	2021	2020
TEMPORARY DIFFERENCES			
Non-current assets	-2 711	-332	2 379
Profit and loss account	-127	508	635
Cash-based options	-7 924	-11 166	-3 242
Non-current debt/amortized cost	-13 097	29 671	42 768
Revaluation account non-current liabilities	-56 469	20 413	76 882
Discount bond loan	3 839	-13 377	-17 216
Net temporary differences	-76 489	25 717	102 207
Financial instruments	29 281	20 426	-8 855
Loss carryforward	69 433	—	-69 433
Profit from 2019 carryforward to cover loss in 2020 (Covid-19 refund)	-30 000	—	30 000
Basis for deferred tax in balance sheet	-7 775	46 143	53 919
22% deferred tax	-1 711	10 151	11 862
Deferred tax assets/deferred tax liabilities in the balance sheet	-1 711	10 151	11 862
BREAKDOWN OF TAX CHARGE			
Tax payable		76 686	279
Change in deferred tax, 22% (22%)		-1 711	-11 221
Tax refund as a part of Covid-19 tax measures		39	-6 600
Tax effect of foreign tax not credited Norwegian tax		6 242	1 716
Tax expense in income statement		81 257	-15 826
RECONCILIATION OF TAX EXPENSE			
Profit before tax		488 599	-4 210
Estimated tax 22% (22%)		-107 492	926
Tax expense in income statement		81 257	-15 826
Difference		-26 235	-14 900
THE DIFFERENCE CONSISTS OF THE FOLLOWING:			
22% of permanent differences		-32 516	-16 616
Tax effect of foreign tax not credited Norwegian tax		6 242	1 716
Change in tax/deferred tax due to change of tax rate		39	—
Total reconciled difference		-26 235	-14 900

NOTE 14 GUARANTEES

Grieg Seafood ASA acted as a guarantor for Grieg Seafood Sales UK (formerly know as Ocean Quality UK Limited) and Grieg Seafood Sales North America Inc. (formerly known as Ocean Quality North America Inc.) in connection with sales contracts with customers. The total guaranteed amounts are EUR 250 000 and USD 3 000 000.

NOTE 15 RELATED PARTIES

2021 NOK 1 000	OPERATING INCOME	OPERATING EXPENSES	FINANCIAL INCOME	FINANCIAL EXPENSES	NON- CURRENT RECEIVABLES	TRADE RECEIVABLES	CURRENT RECEIVABLES	TRADE PAYABLES	OTHER CURRENT LIABILITIES
Total related parties – Group companies	98 328	-411	501 779	-45	787 096	178	2 149 163	—	-102 111
Total related parties – Shareholders	—	-13 247	—	—	—	—	—	-127	—
Total	98 328	-13 658	501 779	-45	787 096	178	2 149 163	-127	-102 111

2020 NOK 1 000	OPERATING INCOME	OPERATING EXPENSES	FINANCIAL INCOME	FINANCIAL EXPENSES	NON- CURRENT RECEIVABLES	TRADE RECEIVABLES	CURRENT RECEIVABLES	TRADE PAYABLES	OTHER CURRENT LIABILITIES
Total related parties – Group companies	75 413	-3 474	184 966	1 090	1 216 143	4 307	2 361 526	-45 750	-2 993
Total related parties – Shareholders	—	-13 452	—	—	—	—	—	-188	—
Total	75 413	-16 926	184 966	1 090	1 216 143	4 307	2 361 526	-45 938	-2 993

The Company carries out transactions with companies controlled by Grieg Maturitas II AS, which is the parent company of Grieg Aqua AS, majority owner of Grieg Seafood ASA. Grieg Maturitas II AS is headquartered in C. Sundts gate 17/19, Bergen, Norway. Consolidated financial statements, in which Grieg Seafood ASA is included may be obtained from the parent company.

The services provided by these companies include:

- ICT-related and other services, such as catering, reception, etc., are delivered by Grieg Group Resources AS. The services are provided on an arm's length basis.
- Grieg Seafood ASA rents its offices from Grieg Garden AS on an arm's length basis.

The parent company provides a range of services to the subsidiaries. The services include administrative services and services relating to the provision of parent company non-current loans and current credit facilities to subsidiaries. Interest is charged on an arm's length basis.

Grieg Seafood ASA sold all the shares in Grieg Seafood Hjaltdland Ltd Group (including the Grieg Seafood Shetland Ltd) at 15 of December 2021. Transactions with Grieg Seafood Hjaltdland Group for the year 2021 were all related-party transactions. At the year end Grieg Seafood Hjaltdland Group is not a part of Grieg Seafood Group.

Grieg Seafood ASA had sold all its shares in Sjør AS (previously known as Ocean Quality AS) as at 31 December 2020. Transactions with Ocean Quality AS for the year 2020 were all related-party transactions. However, Sjør AS was not part of the Grieg Seafood Group at year-end 2020. In 2020, Grieg Seafood recognized revenues of NOK 5 million in respect of administrative services provided to Sjør AS up until its exit from the Group. A dividend of NOK 17 million is included in financial income for 2020.

Grieg Seafood ASA enters into hedging contracts on behalf of Grieg Seafood Rogaland AS and Grieg Seafood Finnmark AS. The arrangement is intended to reduce these companies' exposure to salmon prices. The agreements with the subsidiaries are priced on the basis of a "back-to-back" arrangement.

The acquisition of Grieg Newfoundland AS (99%) was completed on 15 April 2020. Grieg Newfoundland AS was 39% owned by Grieg Kapital AS/Grieg Aqua AS (the owner of the majority of the shares in Grieg Seafood ASA), and 39% by Kvasshøgdi AS (owned by Per Grieg Jr, who chairs the Board of Grieg Seafood ASA). The remaining shares were owned by the local partner Ocean Choice International Ltd (19.5%) and Knut Skeidsvoll (2.5%). The up-front payment was based on an enterprise value of Grieg Newfoundland AS of NOK 539.1 million. NOK 250 million of the up-front payment was settled through issuance of new shares in the Company to the sellers of Grieg Newfoundland AS.

On 20 April 2020, a private placement was conducted, through which 1 785 042 new shares were issued to Grieg Aqua AS and Kvasshøgdi AS, in addition to the other owners, in part consideration for the shares in Grieg Newfoundland AS. The subscription price for each new share was set at NOK 140.05, corresponding to a total contribution-in-kind of NOK 250 million. For more information, see Note 6 and Note 23 to the Grieg Seafood consolidated financial statement for 2020.

NOTE 16 NET INTEREST-BEARING LIABILITIES AND PLEDGES

Grieg Seafood ASA has a syndicated loan provided 50/50 by DNB and Nordea. The financing agreement includes two term loans of NOK 600 million and EUR 60 million, a revolving credit facility of NOK 1 225 million (2020: NOK 1 500 million), alongside overdraft facilities of NOK 100 million. Repayment profile of the NOK and EUR term-loans are semi-annual installments of NOK 25 million and EUR 2.5 million until balloon on maturity 28 February 2023. The drawdown rate of the EUR loan is 9.6691. In 2021, the NOK term loan of the financing agreement has been settled in full. In 2020, Grieg Seafood issued a green bond, through two tap issues, in the amount of NOK 1 500 million. The green bond (GSF01 G, listed at Euronext) matures on 25 June 2025.

The financial covenants in the loan agreement are based on consolidated figures for the Grieg Seafood Group. The equity ratio is calculated without the effect of IFRS 16. As at 31 December 2021, the Group had an equity ratio (according to IFRS) of 52% (2020: 41%), while the equity ratio of the Grieg Seafood Group according to financial covenants was 54 % (2020: 43%). In addition, there is a rolling 12-month NIBD/EBITDA leverage ratio requirement. Net interest-bearing debt (NIBD) is calculated in accordance with covenant requirements in the financing agreement. According to the agreement, factoring liabilities and IFRS 16 effects are not included in NIBD. The leverage ratio metric of NIBD/EBITDA is linked to our equity ratio requirement: if equity ratio is more than 40%, the maximum leverage ratio is 5.0, and if the equity ratio is equal to or less than 40%, the maximum leverage ratio is 4.5. NIBD/EBITDA was not reported as a financial covenant from Q4 2020 through Q3 2021, pursuant to a temporary amendment to the syndicated loan agreement. NIBD/EBITDA was measured as at 31 December 2021.

In June 2020, we issued our first green bond issue, with a proceed of NOK 1 000 million. In November 2020, Grieg Seafood ASA issued the second tap of the senior unsecured green bond with an additional drawdown of NOK 500 million, bringing the total principal of the green bond issue to NOK 1 500 million. The bond matures on 25 June 2025 and is listed on Euronext (Oslo Stock Exchange) with ticker "GSF01 G". The green bond's financial covenant is an equity ratio requirement of at least 30%, measured consistently with the equity ratio covenants as defined in the Group's syndicated loan agreement with secured lenders. The green bond framework is the basis for the use of proceeds, the evaluation and selection process for green projects, the management of green bond proceeds and for reporting connected to the green bond. The framework is aligned with the ICMA Green Bond Principles. Grieg Seafood will annually publish a green bond report, including an allocation and impact report, as long as there are green bond proceeds outstanding. The green bond report is to be verified with limited assurance by an external auditor.

EVENT AFTER THE BALANCE SHEET DATE:

In Q1 2022, Grieg Seafood finalized a refinancing of the Group's syndicated financial liabilities, with an aggregate of NOK 3 200 million in five-year senior secured sustainability-linked loans and credit facilities. This represents the completion of the funding process. The new debt structure comprises a NOK 750 million term loan, an EUR 75 million term loan, a NOK 1 500 million revolving credit facility and a NOK 200 million overdraft facility. The NOK and EUR term loans carry installments equal to a 12-year repayment profile until balloon payment at five years. The revolving credit facility matures at five years, while the overdraft facility is subject to annual renewal. The interest rate is three months NIBOR plus margin. The loan is linked to sustainability-linked KPIs, of which the scoring impact the interest rate margin paid on the facilities. The sole financial covenant for the new facilities is a minimum recognized equity ratio of 31%, excluding the effect of IFRS 16 compared to the IFRS in force prior to 1 January 2019.

NON-CURRENT LIABILITIES (INTEREST-BEARING) NOK 1 000	2021	2020
Green bond	1 500 000	1 500 000
Non-current syndicated loan	374 580	869 988
Non-current revolving credit facility *	440 000	996 646
Amortized cost	-29 671	-42 768
Total	2 284 909	3 323 866

CURRENT LIABILITIES (INTEREST-BEARING) NOK 1 000	2021	2020
Current overdraft facility *	—	—
Current portion of non-current borrowing	49 944	102 352
Current liquidity loan from subsidiaries	—	—
Total	49 944	102 352

NET INTEREST-BEARING LIABILITIES NOK 1 000	2021	2020
Gross interest-bearing liabilities	2 334 853	3 426 218
Unrestricted bank deposits	790 312	181 547
Loans to subsidiaries	2 612 972	3 474 445
Net interest-bearing liabilities	-1 068 431	-229 774

* At the end of 2021, the Company had a total revolving credit facility NOK 1 225 million and an overdraft facility NOK 100 million, which gives a total overdraft of NOK 1 325 million. As at the reporting date, NOK 885 million (2020: NOK 1 203 million) was available for utilization.

MATURITY PROFILE - NON-CURRENT LIABILITIES NOK 1 000	2022	2023	2024	2025	2026	Later	Total
Green Bond	—	—	—	1 500 000	—	—	1 500 000
Non-current loan	49 944	374 580	—	—	—	—	424 524
Non-current revolving credit facility	—	440 000	—	—	—	—	440 000
Total	49 944	814 580	—	1 500 000	—	—	2 364 524

Figures included in the maturity profile table are nominal figures. Amortized cost is not included.

LIABILITIES SECURED BY MORTGAGE NOK 1 000	2021	2020
BOOK VALUE OF LIABILITIES SECURED BY MORTGAGE		
Liabilities to credit institutions	864 524	1 968 985
Total liabilities	864 524	1 968 985

BOOK VALUE OF ASSETS PLEDGED AS SECURITY	2021	2020
Shares in subsidiaries	922 090	1 379 840
Property, plant and equipment	2 571	2 131
Trade receivables	178	4 307
Loans to subsidiaries*	1 137 778	2 563 196
Total assets pledged as security	2 062 617	3 949 474

*The subsidiaries and the parent company have a joint and several liability against the credit institutions. See the consolidated financial statements Note 12 for further information about liabilities secured by mortgage.

TYPE OF LIABILITY NOK 1 000	CURRENCY	INTEREST RATE	MATURITY	CURRENT PART	NON-CURRENT PART	CURRENT PART	NON-CURRENT PART
Green bond	NOK	Floating	06/2025	—	1 500 000	—	1 500 000
Syndicated non-current loan	NOK	Floating	02/2023	—	—	50 000	425 000
Syndicated non-current loan	EUR	Floating	02/2023	49 944	374 580	52 352	444 988
Syndicated loan revolving credit	NOK	Floating	02/2023	—	440 000	—	960 000
Syndicated loan revolving credit	EUR	Floating	02/2023	—	—	—	36 646
Overdraft facility	Multiple	Floating		—	—	—	—
Total				49 944	2 314 580	102 352	3 366 634

CURRENCY EXPOSURE ON LOANS TO CREDIT INSTITUTIONS NOK 1 000	31.12.2021	NOK	GBP	EUR	USD	Other
Green bond	1 500 000	1 500 000	—	—	—	—
Syndicated non-current loan (NOK)	—	—	—	—	—	—
Syndicated non-current loan (EUR)	424 524	—	—	424 524	—	—
Syndicated loan revolving credit (non-current) (NOK)	440 000	440 000	—	—	—	—
Syndicated loan revolving credit (non-current) (EUR)	—	—	—	—	—	—
Overdraft facility	—	—	—	—	—	—
Total	2 364 524	1 940 000	—	424 524	—	—

AVERAGE INTEREST RATE ON BANK AND BOND LOAN	2021	2020
Average interest rate (NOK)	3.76%	2.81%
Average interest rate (EUR)	3.50%	1.59%

The effect of interest rate swaps is not taken into account in calculating the average interest rate on borrowings and credit facilities.

NOTE 17 POST-BALANCE SHEET EVENTS

In Q1 2022, Grieg Seafood finalized a refinancing of the Group's syndicated financial liabilities, with an aggregate of NOK 3 200 million in five-year senior secured sustainability-linked loans and credit facilities. This represents the completion of the funding process. The new debt structure comprises a NOK 750 million term loan, an EUR 75 million term loan, a NOK 1 500 million revolving credit facility and a NOK 200 million overdraft facility. The NOK and EUR term loans carry installments equal to a 12-year repayment profile until balloon payment at five years. The revolving credit facility matures at five years, while the overdraft facility is subject to annual renewal. The interest rate is three months NIBOR plus margin. The loan is linked to sustainability-linked KPIs, of which the scoring impact the interest rate margin paid on the facilities. The sole financial covenant for the new facilities is a minimum recognized equity ratio of 31%, excluding the effect of IFRS 16 compared to the IFRS in force prior to 1 January 2019.



To the General Meeting of Grieg Seafood ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Grieg Seafood ASA, which comprise:

- The financial statements of the parent company Grieg Seafood ASA (the Company), which comprise the statement of financial position as at 31 December 2021, the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Grieg Seafood ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2021, the income statement, comprehensive income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

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

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

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

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Independent Auditor's Report - Grieg Seafood ASA



accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 34 years from the election by the general meeting of the shareholders on 4 January 1988 for the accounting year 1988.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The company's business activities are largely unchanged compared to last year. We have not identified regulatory changes, transactions or events that qualified as new Key Audit Matters. Our areas of focus are therefore unchanged from 2020.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><i>Measuring of the amount of biological assets</i></p> <p>Biological assets include inventories of broodstock, smolt and live fish held for harvesting purposes.</p> <p>For audits of significant inventories, the international audit standards require that the auditor participates at inventory count, provided it is practicable. The biological assets are by nature difficult to count, observe and measure due to lack of sufficiently accurate measuring techniques that at the same time does not affect fish health. As a result, there is some uncertainty related to the number of fish and biomass in the sea. Consequently, we have performed alternative audit procedures to obtain sufficient appropriate audit evidence regarding the existence and condition of the inventory. The group has established control procedures for measurement of both number of fish and biomass. However, a certain inherent risk of deviations exists in the measurement.</p> <p>Therefore, we focused on measuring the inventory of biological assets (biomass), emphasizing live fish held for harvesting purposes, which constitute the major part of the Group's biological assets. The amount of biomass in the sea has direct influence on the</p>	<p>The Group's biomass system shows the number of fish, average weight and biomass per site. We directed our effort at the movement in biological inventory (in numbers) in the period. The movement is the total of smolt stocked, loss of fish and harvested fish for the period.</p> <p>We reviewed the Group's processes for controlling the number of fish stocked. To assure accuracy of the number of fish registered in the biomass system, we tested a selection of smolt stocked, by tracing the number of fish stocked back to underlying documentation. Underlying documentation are e.g. vaccination documentation for internally produced smolt and invoices for purchase of external smolt.</p> <p>The growth in the period is connected to the total feed consumption and is closely associated with purchase of feed. We reviewed the Group's internal controls of reconciliation of feed inventory and obtained external confirmation from feed suppliers in order to verify purchased volume. We also assessed recorded accumulated feed conversion rate for live fish held for harvesting purposes and obtained explanations from management and further documentation for sites with significantly either higher or lower feed conversion rate than expected. Our procedures substantiated that the growth for the year was reasonable.</p>

Independent Auditor's Report - Grieg Seafood ASA



valuation; see more about this in the paragraph «Valuation of biological assets at fair value» below.

See note 2 (Accounting policies) and note 9 (Biological assets and other inventories) for further information about measuring of biological assets.

Valuation of biological assets at fair value

The Group measures biological assets at fair value using the requirements in IAS 41. As per 31.12.2021, the book value of biological assets is MNOK 3 449, of which MNOK 2 479 is historical cost and MNOK 970 is value adjustment. Biological assets comprise about 32% of total assets.

The fluctuations in the fair value estimate that occur due to, for instance, changes in the market price, may have significant impact on the period's operating result. The Group therefore shows the effect of fair value adjustments for biological assets as a separate line item before operating result (EBIT).

We focused on the valuation of biological assets at fair value due to the size of the amount, the complexity of the calculation, because the estimate involves judgement and due to its significance on the financial result for the year.

See note 2 (Accounting policies) and note 9 (Biological assets and other inventories) for further information about valuation of biological assets at fair value.

In order to challenge the historical accuracy of management's biomass estimates we reviewed the harvest deviation for the period. By harvest deviation, we refer to the deviation between actual harvested biomass (in numbers and kilos) and the estimated biological inventory according to the group's biomass system. We found the accumulated deviations to be reasonable.

We satisfied ourselves that the disclosures in the notes about measuring of biological assets were reasonable and in accordance with the requirements in the accounting standards.

We challenged management's model for calculation of fair value of biological assets by assessing the model against the criteria in IAS 41 and IFRS 13. We found that the model includes the elements that the accounting standards require.

We examined whether the biomass that formed the basis for the Group's model corresponded with the Group's biomass system and controlled that the model made the mathematical calculations as intended.

After having assured that these fundamental elements were in place, we assessed whether the assumptions that management used in the model were reasonable. We assessed the price assumptions against observable forward prices from FishPool. We challenged the assumption made with regards to when the fish is considered to be ready for harvest, the expected monthly mortality rate and the discount rate applied. We found the management's assumptions to be reasonable and consistent with industry norm.

Further, we assessed whether information about fish health and harvest deviation after the balance sheet date is reflected in the valuation. We found that the calculation model adequately reflects available information.

We satisfied ourselves that the disclosures in notes 2 and 9 to the financial statements referring to valuation of biological assets appropriately reflect the valuation method and that the disclosures are according to requirements in the accounting principles.

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Independent Auditor's Report - Grieg Seafood ASA



Other Information

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

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

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

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

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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Independent Auditor's Report - Grieg Seafood ASA



Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Independent Auditor's Report - Grieg Seafood ASA



We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on compliance with Regulation on European Single Electronic Format (ESEF)

Opinion

We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name gsf-2021-12-31-en.zip have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

Management's Responsibilities


Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

Auditor's Responsibilities

For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: <https://revisorforeningen.no/revisjonsberetninger>

Bergen, 30 March 2022

PricewaterhouseCoopers AS


 Sturle Døsen
 State Authorised Public Accountant

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TRANSPARENT SUSTAINABILITY REPORTING

PART 04

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TRANSPARENT REPORTING ON OUR PROGRESS

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



INDEX /FRAMEWORK	DESCRIPTION	2021 RESULT	COMMENT
CDP CLIMATE CHANGE	CDP’s climate change program aims to reduce companies’ greenhouse gas emissions and mitigate climate change risk. CDP requests information on climate risks and low carbon opportunities via its online response system (ORS) once per year. Companies that disclose to CDP are scored using letter grades A to D-.	A	Grieg Seafood has engaged with CDP Climate change since 2018. Grieg Seafood has been on CDP’s A List (Leadership) in all four years of participation.
CDP FORESTS	CDP also collects information about the four agricultural commodities responsible for most deforestation, timber products, palm oil, cattle products and soy, where only palm oil and soy are relevant to Grieg Seafood. Data collection and rating work in the same way as for CDP Climate change.	B (Palm Oil) B (Soy)	Grieg Seafood has reported on CDP Forests since 2020.
FAIRR INDEX COLLER FAIRR PROTEIN PRODUCER INDEX	The Coller FAIRR Protein Producer Index constitutes the world’s only comprehensive assessment of the 60 largest animal protein producers on critical material ESG risks. The methodology is based on an annual consultative process. All data used in the company analyses are publicly available.	2nd	Grieg Seafood is engaging with the index to better understand the concerns of our stakeholders and issues we should address in our reporting. In 2021, Grieg Seafood managed to improve its position substantially.
SUSTAINALYTICS ESG RISK RATING	The ESG Risk Ratings by Sustainalytics measure a company’s exposure to industry-specific material ESG risks and how well a company is managing those risks. The ESG Risk Ratings are categorized across five risk levels: negligible (0-10), low (10-20), medium (20-30), high (30-40) and severe (40+).	29.0 - medium risk	We have been actively engaging with Sustainalytics during 2021 and managed to achieve a significant improvement in our overall rating, even though the industry’s general risk exposure has seen an increase. We will continue our dialogue with Sustainalytics to better understand the concerns and issues we should address in our reporting and to make sure our efforts are reflected in the ESG Risk Rating.
MSCI ESG RATINGS	MSCI ESG Ratings are designed to measure a company’s resilience to long-term industry material environmental, social and governance (ESG) risks. MSCI uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. The ESG Ratings range from leader (AAA, AA), average (A, BBB, BB) to laggard (B, CCC).	AA	Grieg Seafood started looking into the ESG Ratings’ methodology and criteria in 2020 and improved our score during 2021 from A (average) to AA (leader).
THE GOVERNANCE GROUP - ESG 100 - THE OSLO STOCK EXCHANGE	The Governance Group publishes the “ESG 100 - The Oslo Stock Exchange” report, assessing the 100 largest listed companies on the Oslo Stock Exchange based on commonly reported ESG topics and reporting practices from A (best) to E (no reporting or very incomplete reporting).	A-	Grieg Seafood has been engaging with The Governance Group since 2019. In 2021, Grieg Seafood maintained an A score for “excellent reporting in line with best practice”.
GRI GLOBAL REPORTING INITIATIVE	In 2016, GRI transitioned from providing guidelines to setting the first global standards for sustainability reporting – the GRI Standards. The GRI Standards have a modular structure and are the world’s most widely used sustainability reporting framework. The standards continue to be updated and added to.	Audited	This is our third annual report prepared in accordance with the GRI Standards. We will adopt the revised Universal Standards in 2022 and the Sector Standard for Agriculture, Aquaculture, and Fishing as soon as it is launched.

INDEX /FRAMEWORK	DESCRIPTION	2021 RESULT	COMMENT
GSI GLOBAL SALMON INITIATIVE	The Global Salmon Initiative (GSI) is a leadership effort established by global farmed salmon CEOs committed to helping feed the world in a healthier, more sustainable way through advancements in responsible salmon farming. Representing 40% of the global farmed salmon industry, GSI members recognize their ability – and responsibility – to drive positive change at scale.	Audited	We have reported to the GSI for several years. Please find more information in the annually issued GSI sustainability report.
NUES NORWEGIAN CODE OF PRACTICE FOR CORPORATE GOVERNANCE	The Norwegian Corporate Governance Board (“NCGB” or “NUES”) issues the recommendation on corporate governance for companies listed in Norway.	In compliance	We adopted the Norwegian Code of Practice for Corporate Governance in 2007.
OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES	The OECD Guidelines for Multinational Enterprises are recommendations addressed by governments to multinational enterprises operating in or from adhering countries. They provide non-binding principles and standards for responsible business conduct in a global context consistent with applicable laws and internationally recognized standards. The Guidelines are the only multilaterally agreed and comprehensive code of responsible business conduct that governments have committed to promoting.	–	We adhere to principles and standards for responsible business conduct.
OSE OSLO STOCK EXCHANGE (or Euronext)	The Euronext ESG Reporting Guidelines have been created to help listed companies in their interactions with investors and the wider ESG community, to help them understand how to address ESG issues as a key component of investor relations, as well as the main principles to consider when preparing an ESG report.	–	We follow the Euronext guidance on ESG reporting.
TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES	The Financial Stability Board created the Task Force on Climate-related Financial Disclosures (TCFD) to improve and increase reporting of climate-related financial information.	–	Our third TCFD report has been published in connection with this annual report. Climate-related scenario analysis is included in our TCFD report.
TNFD TASKFORCE ON NATURE-RELATED FINANCIAL DISCLOSURES	The TNFD consists of various groups, which together make up the TNFD Alliance. At the centre sits the Taskforce, a group of 34 Taskforce Members. TNFD’s mission is to develop and deliver a risk management and disclosure framework for organizations to report and act on evolving nature-related risks, with the ultimate aim of supporting a shift in global financial flows away from nature-negative outcomes and toward nature-positive outcomes.	–	Grieg Seafood has joined the TNFD as a Taskforce Member, alongside global financial institutions and businesses. As sea farmers, healthy oceans are at the heart of our operations, and understanding and addressing nature-related risks is important for us. The finalized framework is earmarked for release in late 2023.
EU SUSTAINABLE FINANCE TAXONOMY	From 2022, the EU taxonomy will provide a classification system for which economic activities can be considered environmentally sustainable. It is expected that the EU taxonomy will be implemented in Norwegian law during 2022.	–	Grieg Seafood will be required to report according to the EU taxonomy. Aquaculture has not yet been included in the list of industries covered by the taxonomy, and there are no screening criteria available for any of our activities. We are constantly monitoring developments in this area.

TRANSPARENT SUSTAINABILITY REPORTING

GLOBAL REPORTING INITIATIVE INDEX

This report has been prepared in accordance with the GRI Standards: Core option. We follow the GRI Standards to report our economic, environmental and social performance, allowing for greater transparency and accountability. For more information on our approach to corporate social responsibility and transparency, see our [website](#).

REPORT QUALITY

The quantitative information provided in this report, is mainly data we have retrieved from our production, logistics and financial systems. Where data has been measured or estimated, this is indicated in footnotes. If we use external data, the source is specified. Our data is reported consistently, unless otherwise indicated. Any restatement of historical data is disclosed. All entities consolidated into the Grieg Seafood Group’s financial statement are included in our sustainability data. As our Shetland operations was sold in December 2021, we have not had access to complete data for 2021, and have excluded Shetland from all of our sustainability reporting (in line with our financial reporting).

EXTERNAL VERIFICATION

To ensure the quality of our report and the information (both quantitative and qualitative) provided, it is reviewed and verified internally. To ensure high data quality and to enhance the credibility of our sustainability reporting, it has been verified by our independent auditor, PwC. The auditor’s opinion on sustainability reporting concludes that our Annual Report 2021 is presented according to the GRI Standards Core Option. In addition to assessing the extent to which our report complies with the GRI Standards Core Option, PwC has also examined selected metrics. These metrics include data reported to the Global Salmon Initiative and our greenhouse gas emissions. Reference is made to the auditor’s statement on sustainability reporting.

MANAGEMENT APPROACH

With our vision of farming the ocean for a better future, we demonstrate our commitment to corporate responsibility by operating profitably and sustainably in a manner that conforms with fundamental ethical norms and respect for the individual, the environment and society as a whole. We apply the precautionary principle as our strategy for approaching issues of potential harm when scientific knowledge is lacking. We aim to collaborate and take part in research to develop and test new solutions. In pursuit of our vision, we will face risks and opportunities. Our risk management is clearly connected with a multitude of stakeholder expectations, and the topics we have identified as material.

The Board exercises oversight of strategic, operational and financial matters, including the nature and extent of major risks. The Board and the CEO have delegated responsibility to the various business areas and functions, ensuring that operational responsibility is an integral part for all management teams and units and departments. We have implemented Group policies and targets aligned with our pillars and 2025 strategy. Our monthly key performance indicator (KPI) report, which is used both by operational management and the Board, is based on these policies and targets. Deviations from targets are followed up monthly, and action plans are implemented. We have a whistleblower channel, operated by EY, available for our employees and external parties to report any unwanted behavior and breaches of our Code of Conduct.

PILLAR	MATERIAL TOPIC	TOPIC DEFINITION AND BOUNDARIES	MANAGEMENT APPROACH	CHOSEN UN SDGS
FOUNDATION	Corporate governance	Strong corporate governance is essential in achieving our objectives and acting as a responsible organization. We need to ensure that all employees practice sound ethics and care for the environment and society as a whole. We expect nothing less from our suppliers through our Supplier Code of Conduct.	Our governance system consists of our culture, management principles, risk and internal control framework, policies, procedures, etc. We adhere to our Corporate Governance Principles, and our Code of Conduct guides our behavior. Training in our Code is performed regularly. External assurance and certifications are performed in several areas of our operations.	16, 17
HEALTHY OCEAN	Fish health & welfare	Ensuring fish health and welfare is an ethical responsibility and important to ensure good growth, quality and lower cost. It includes the full lifecycle of the salmon as well as our use of cleaner fish.	We have policies and operational procedures to ensure good fish health and welfare. We adhere to regulations, and report to authorities. KPIs to measure fish health and welfare include survival rate and causes for reduced survival.	14
	Protecting wild salmon (escape & sea lice control)	Avoiding fish escape incidents is important to minimize our impact on wild salmon, as well as to protect our assets.	In all our regions, we have procedures in place, as well as high technical standards on equipment to avoid escapes. Any escape incident is an indicator that our measures are not effective, and require an investigation of our procedures.	14
		Sea lice control is important to ensure the health and welfare of our fish, as well as to protect wild salmon, in particular in Norway. In BC, wild salmon carry sea lice, impacting our farms each autumn.	Our main goal is to keep the sea lice level below national limits. We have a policy for sea lice management and several approaches to keeping the sea lice level below the national limits. We adhere to local regulations, and report sea lice levels regularly to the appropriate authorities.	14
	Protecting biodiversity & marine ecosystems (local emissions, medicine use, wildlife interaction)	We aim to keep emissions of feed and feces from all our open-net pens in line with regulations to minimize local emissions and avoid eutrophication.	We assess our sites and apply operating procedures to ensure that local emissions are below legal limits. Environmental monitoring programs and testing is the main approach to evaluate the effectiveness of our measures.	12, 14
		We aim to avoid using medicines to combat sea lice or diseases affecting our salmon, as it can impact the local environment.	We have policies and procedures in place for the use of medicines and chemicals. We also adhere to regulations. We track the use of medicines and chemicals, and measure our results in terms of survival rates and fish quality.	3, 12, 14
		We aim to avoid impact on wild mammals and birds at all our seawater facilities.	We have procedures and equipment in place to minimize the risk of injury to wildlife. Any lethal incident is an indicator that we need to reassess our measures.	12
	Low use of antibiotics	We aim to avoid the use of antibiotics throughout our operations, as resistance to antibiotics is a growing global challenge. The risk increases with extensive use of antibiotics in animal protein production.	We are committed to preventing bacterial diseases by using available vaccines and biosecurity measures. In Norway, effective vaccines have reduced our use of antibiotics to zero. We have a policy for the use of antibiotics. Use of antibiotics must be approved by headquarters, any use is registered and followed up regularly.	3

PILLAR	MATERIAL TOPIC	TOPIC DEFINITION AND BOUNDARIES	MANAGEMENT APPROACH	CHOSEN UN SDGS
SUSTAINABLE FOOD	Safe & healthy food	Grieg Seafood has full traceability in our value chain (from roe to customer), including records of feed given to the salmon and treatments applied. We need to ensure that our fish meet rigorous food safety standards, in some cases even above and beyond official regulations, to meet customer expectations.	We have a policy for food health and safety. We have procedures, including traceability and strict quality control, in place to ensure that our salmon is safe. We operate according to standards and certify our supply chain. Samples are taken by external laboratories to ensure our salmon is well below limits for environmental contaminants.	3
	Carbon emissions	To ensure future competitiveness and do our part in reaching the Paris Agreement, we must reduce our greenhouse gas emissions, while also working with upstream suppliers and downstream transportation to reduce our own and our supply chain's footprint.	We have a policy for climate action. We have set a Science Based Target for reduction, and have improved our data collection for a more systematic assessment of our emissions, for Scope 1, 2 and 3.	3, 12, 13
	Plastics pollution	We aim not to pollute the environment where we farm our salmon, and to improve the circular economy.	We have a policy for plastic in the ocean. We work to reduce negative impacts of plastic waste, including using recycled materials and recycling our materials. We work with suppliers to assess alternative materials.	3, 12, 13, 14, 17
	Sustainable feed ingredients (zero deforestation, sustainable marine ingredients, ESG assessment, novel ingredients)	We do not produce our own fish feed. Input factors in fish feed, both marine ingredients and plant-based ingredients, should come from sustainable sources. Ingredients with high-risk (fish meal and fish oil from fisheries, Brazilian soy and palm oil) are certified by recognized certification schemes. We are currently risk assessing ingredients used according to environmental, social and governmental parameters.	As we do not produce our own fish feed, we set requirements for our feed suppliers to develop more sustainable feed. We comply with standards, and support and/or participate to develop new and higher standards for sustainable sourcing of feed raw materials. We also have a deforestation statement.	12, 13, 17
PROFIT & INNOVATION	Profitable operations	We aim to create value for our stakeholders, in particular our shareholders, by focusing on sustainable production and improve our operations.	We have a 2025 strategy, with targets for growth and farming cost. We have a target for the return on capital employed, and strategies in place to ensure focus on particular areas. We communicate our results on a quarterly basis.	5, 8
	Responsible business conduct	Business integrity is essential for our business strategy. We have zero tolerance for all forms of fraud, corruption, facilitation payments, kickbacks, bribery or other misconduct in our own operations and in our supply chain.	Our Code of Conduct, Supplier Code of Conduct, and anti-money laundering and anti-corruption policies set out our principles for responsible business conduct.	8, 16

PILLAR	MATERIAL TOPIC	TOPIC DEFINITION AND BOUNDARIES	MANAGEMENT APPROACH	CHOSEN UN SDGS
PEOPLE	Employee health & safety	We aim to prevent accidents, and offer workplace conditions and other support to help ensure the health and safety of our employees. We expect the same from our supply chain.	We work systematically to safeguard our employees, and have principles, systems, programs and risk assessments in place.	3, 4, 17
	Human rights, including labor rights	Respecting human rights is the basis for society, and also for our business and our supply chain.	We have a Human Rights policy and Code of Conduct in place, and adhere to various global principles and practices. We also require our suppliers to follow our Supplier Code of Conduct.	8, 16
LOCAL COMMUNITIES	Indigenous rights & partnerships	Respecting Indigenous people's rights is essential, as we need their permission to farm salmon on their land. This applies in particular to our farming operations in Finnmark and BC.	We aim for good relations and dialogue, and recognize the special rights of Indigenous peoples. We support the UNDRIP, which is under implementation in BC.	8, 16, 17
	Value creation in rural areas	Respecting and supporting local communities is essential for our license to operate.	Our procurement policy states that we aim to use local suppliers. We engage in, and support, local projects.	2, 5, 8, 17

GRI 102: GENERAL DISCLOSURES 2016					
#	DISCLOSURE DESCRIPTION	RESPONSE	OMISSION	CHAPTER REFERENCE	PAGE
ORGANIZATIONAL PROFILE					
102-1	Name of the organization		No	Front page	
102-2	Activities, brands, products, and services		No	Part 1: Our value chain Part 2: Profit & Innovation - Sales & Market	15 60-61
102-3	Location of the organization's headquarters	Grieg Gaarden, C. Sundts gate 17/19, 5004 Bergen, Norway.	No		
102-4	Location of operations		No	Part 1: Our organization	6
102-5	Ownership and legal form		No	Part 3: Grieg Seafood Group accounts - Note 1	108
102-6	Markets served	Our main customer segment is HoReCa (hotels, restaurants and catering).	No	Part 2: Profit & Innovation - Sales & Market	60-61
102-7	Scale of the organization	The Grieg Seafood Group comprises 17 legal companies. We follow up our operations according to our farming regions, the headquarter and our sales operations. See also Note 1 for more information.	No	Part 1: Our organization; Key figures; Our value chain	8; 15
102-8	Information on employees and other workers		No	Part 2: People - Creating attractive jobs, Our results	73
102-9	Supply chain	Feed was our main supply category in 2021, comprising 45% of our cost. Our main feed suppliers are Skretting and BioMar.	No	Part 1: Our value chain	15
102-10	Significant changes to the organization's size, structure, ownership, or supply chain	The divestment process for the Shetland assets initiated in 2020 was completed and the Shetland assets were sold as of December 15th, 2021. Therefore, Shetland has been scoped out in both this Annual Report and Global Reporting Initiative Index.	No	Part 1: CEO letter	10
102-11	Precautionary Principle or approach	We respect and adhere to the precautionary principle.	No	Part 4: Global Reporting Initiative Index - Management approach	166
102-12	External initiatives		No	Part 4: Transparent reporting on our progress	165-166
102-13	Membership of associations	Membership in political organizations: Norwegian Seafood Federation, Norwegian Seafood Council, The Federation of European Aquaculture Producers, BC Salmon Farmers Association, Newfoundland Aquaculture Industry Association, and Canadian Aquaculture Industry Alliance.	No		
STRATEGY					
102-14	Statement from senior decision-maker		No	Part 1: CEO letter	10

GRI 102: GENERAL DISCLOSURES 2016

#	DISCLOSURE DESCRIPTION	RESPONSE	OMISSION	CHAPTER REFERENCE	PAGE
ETHICS AND INTEGRITY					
102-16	Values, principles, standards, and norms of behavior		No	Part 1: Our organization Part 2: Profit & Innovation - Responsible business conduct; People - Human rights	6 68
102-17	Mechanisms for advice and concerns about ethics		No	Part 2: People - Human rights	68
GOVERNANCE					
102-18	Governance structure	Decision-making on economic, environmental, and social topics lies with the Group management team.	No	Part 3: Board of Directors' report; Corporate Governance	81-95; 97
STAKEHOLDER ENGAGEMENT					
102-40	List of stakeholder groups		No	Part 4: Stakeholder dialogue	174
102-41	Collective bargaining agreements	Unionized employees for Norway are disclosed. Labour unions in Canada are organized differently. Therefore, a group average is not disclosed.	No	Part 2: People - Human rights	69
102-42	Identifying and selecting stakeholders		No	Part 4: Stakeholder dialogue	174
102-43	Approach to stakeholder engagement		No	Part 4: Stakeholder dialogue	174
102-44	Key topics and concerns raised		No	Part 4: Global Reporting Initiative Index - Management approach; Stakeholder dialogue	166; 174
REPORTING PRACTICES					
102-45	Entities included in the consolidated financial statements		No	Part 3: Grieg Seafood Group accounts - Note 1	108
102-46	Defining report content and topic Boundaries		No	Part 1: Materiality matrix Part 4: Global Reporting Initiative Index - Management approach	16 166
102-47	List of material topics		No	Part 1: Materiality matrix	16
102-48	Restatements of information	In accordance with the GHG Protocol, our sold Shetland operations have been removed from our greenhouse gas accounts for 2021 and all previous years. Consequently, our base year emissions (2018) has been recalculated, as well.	No	Part 4: Global Reporting Initiative Index - Report quality	166
102-49	Changes in reporting	There have not been any significant changes to the material topics in relation to the Annual Report 2020. Some of our topics have been renamed or regrouped to correspond with the topics featured in our five pillars.	No		
102-50	Reporting period	January 1 - December 31, 2021	No		
102-51	Date of most recent report	The Annual Report 2020 is the previous most recent report and was published March 26, 2021.	No		
102-52	Reporting cycle	We report annually according the GRI Standards. Our quarterly reports include some of our sustainability metrics.	No		

GRI 102: GENERAL DISCLOSURES 2016

#	DISCLOSURE DESCRIPTION	RESPONSE	OMISSION	CHAPTER REFERENCE	PAGE
102-53	Contact point for questions regarding the report	Chief Sustainability Officer: Tor Eirik Homme, tor.eirik.homme@griegseafood.com. Group Communication Manager: Kristina Furnes, kristina.furnes@griegseafood.com. Global Finance Officer: Renete Kaarvik, renete.kaarvik@griegseafood.com.	No		
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.	No	Part 4: Global Reporting Initiative Index	166
102-55	GRI content index		No	Part 4: Global Reporting Initiative Index	168-173
102-56	External assurance	The Chief Sustainability Officer seeks external verification of sustainability reporting according to GRI Standards Core Option and selected sustainability KPIs. Our sustainability reporting has been verified by our independent auditor PwC. Reference is made to the auditor's statement according to ISAE 3000 at the end of the Annual Report 2021.	No	Part 4: Global Reporting Initiative Index - External verification	166

TOPIC-SPECIFIC DISCLOSURES					
#	DISCLOSURE DESCRIPTION	RESPONSE	OMISSION	CHAPTER REFERENCE	PAGE
CORPORATE GOVERNANCE					
GRI 103 MANAGEMENT APPROACH 2016					
103-1	Explanation of the material topic and its Boundary		No	Part 3: Corporate governance Part 4: Global Reporting Initiative Index - Management approach	96-102 166-168
103-2	The management approach and its components		No	Part 3: Corporate governance Part 4: Global Reporting Initiative Index - Management approach	96-102 166-168
103-3	Evaluation of the management approach		No	Part 2: Profit & Innovation - Responsible business conduct, Results Part 3: Corporate governance Part 4: Global Reporting Initiative Index - Management approach	64 96-102 166-168
GRI INDICATORS					
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		No	Part 2: Profit & Innovation - Responsible business conduct, Results	64
307-1	Non-compliance with environmental laws and regulations		No	Part 2: Profit & Innovation - Responsible business conduct, Results	64
419-1	Non-compliance with laws and regulations in the social and economic area		No	Part 2: Profit & Innovation - Responsible business conduct, Results	64
HEALTHY OCEAN					
FISH HEALTH & WELFARE					
GRI 103 MANAGEMENT APPROACH 2016					
103-1	Explanation of the material topic and its Boundary		No	Part 2: Healthy Ocean - Fish health and welfare Part 4: Global Reporting Initiative Index - Management approach	23-24 166-168
103-2	The management approach and its components		No	Part 2: Healthy Ocean - Fish health and welfare Part 4: Global Reporting Initiative Index - Management approach	23-24 166-168
103-3	Evaluation of the management approach		No	Part 2: Healthy Ocean - Fish health and welfare, Regional results Part 4: Global Reporting Initiative Index - Management approach	23 166-168
GRIEG SEAFOOD INDICATORS					
Grieg Seafood Indicator 001	Survival rate at sea	This Grieg Seafood indicator corresponds to the GSI indicator "Fish Mortality" which is defined as "12 months rolling mortality = (total # of mortalities in sea last 12 months / (closing # of fish in sea + total # of mortalities in last 12 months + total # of harvested fish in last 12 months + total # of culled fish in sea) x 100".	No	Part 2: Healthy Ocean - Fish health and welfare, Regional results	24

TOPIC-SPECIFIC DISCLOSURES					
#	DISCLOSURE DESCRIPTION	RESPONSE	OMISSION	CHAPTER REFERENCE	PAGE
Grieg Seafood Indicator 002	Main causes for reduced survival in seawater	List of the main causes of reduced survival, with loss stated in number and tonnes of fish.	No	Part 2: Healthy Ocean - Fish health and welfare, Regional results	24
PROTECTING WILD SALMON (ESCAPE & SEA LICE CONTROL)					
GRI 103 MANAGEMENT APPROACH 2016					
103-1	Explanation of the material topic and its Boundary		No	Part 2: Healthy Ocean - Protecting wild salmon - Sea lice control; Protecting wild salmon - Escape control Part 4: Global Reporting Initiative Index - Management approach	25-27 166-168
103-2	The management approach and its components		No	Part 2: Healthy Ocean - Protecting wild salmon - Sea lice control; Protecting wild salmon - Escape control Part 4: Global Reporting Initiative Index - Management approach	25-27 166-168
103-3	Evaluation of the management approach		No	Part 2: Healthy Ocean - Protecting wild salmon - Sea lice control, Regional results; Protecting wild salmon - Escape control, Regional results Part 4: Global Reporting Initiative Index - Management approach	26-27 166-168
GRIEG SEAFOOD INDICATOR					
Grieg Seafood Indicator 003	Number of escape incidents and fish escaped	This Grieg Seafood indicator corresponds to the GSI indicator "Fish escapes" which is defined as "number of fish escape incidents and number of fish escaped (after net recapturing)".	No	Part 2: Healthy Ocean - Protecting wild salmon - Escape control, Regional results	26
Grieg Seafood Indicator 004	Sea lice levels	This Grieg Seafood indicator corresponds to the GSI indicator "Sea lice counts" which is defined as "sea lice according to local action levels set by the authorities".	No	Part 2: Healthy Ocean - Protecting wild salmon - Sea lice control, Regional results	26
PROTECTING BIODIVERSITY & MARINE ECOSYSTEMS (LOCAL EMISSIONS, MEDICINE USE, WILDLIFE INTERACTION)					
GRI 103 MANAGEMENT APPROACH 2016					
103-1	Explanation of the material topic and its Boundary		No	Part 2: Healthy Ocean - Protecting biodiversity & marine ecosystems Part 4: Global Reporting Initiative Index - Management approach	28-32 166-168
103-2	The management approach and its components		No	Part 2: Healthy Ocean - Protecting biodiversity & marine ecosystems Part 4: Global Reporting Initiative Index - Management approach	28-32 166-168
103-3	Evaluation of the management approach		No	Part 2: Healthy Ocean - Protecting biodiversity & marine ecosystems - Protecting marine ecosystems, Our results Part 4: Global Reporting Initiative Index - Management approach	29 166-168
GRI 304 BIODIVERSITY 2016 & GRIEG SEAFOOD INDICATORS					
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		No	Part 2: Healthy Ocean - Protecting biodiversity & marine ecosystems - Protecting marine ecosystems, Our results Part 4: Global Reporting Initiative Index - Management approach	29 166-168

TOPIC-SPECIFIC DISCLOSURES					
#	DISCLOSURE DESCRIPTION	RESPONSE	OMISSION	CHAPTER REFERENCE	PAGE
Grieg Seafood Indicator 005	Environmental status of our sites	Result of benthic monitoring according to local regulations.	No	Part 2: Healthy Ocean - Protecting biodiversity & marine ecosystems - Organic emissions, Our results	32
Grieg Seafood Indicator 006	Hydrogen peroxide treatments	This Grieg Seafood indicator equals the GSI indicator "Use of hydrogen peroxide", which is defined as "the amount of active pharmaceutical ingredients (API) used (in kg) per tonne of fish produced (LWE)".	No	Part 2: Healthy Ocean - Protecting wild salmon - Sea lice control, Regional results	26
Grieg Seafood Indicator 007	Active substances used for treatments	This Grieg Seafood indicator corresponds to the GSI indicator "Sea lice treatments" which is defined as "the amount of active pharmaceutical ingredients (API) used (in gr) per tonne of fish produced (LWE)".	No	Part 2: Healthy Ocean - Protecting wild salmon - Sea lice control, Regional results	26
Grieg Seafood Indicator 008	Number of dead birds and marine mammals	This Grieg Seafood indicator is based on the GSI indicator "Wildlife interactions" which is defined as "total number of lethal incidents by species divided by total number of sites" except that we report the total number of lethal incidents per region.	No	Part 2: Healthy Ocean - Protecting biodiversity & marine ecosystems - Interaction with wild life, Regional results	30
LOW USE OF ANTIBIOTICS					
GRI 103 MANAGEMENT APPROACH 2016					
103-1	Explanation of the material topic and its Boundary		No	Part 2: Healthy Ocean, Fish health and welfare Part 4: Global Reporting Initiative Index - Management approach	24 166-168
103-2	The management approach and its components		No	Part 2: Healthy Ocean, Fish health and welfare Part 4: Global Reporting Initiative Index - Management approach	24 166-168
103-3	Evaluation of the management approach		No	Part 2: Healthy Ocean, Fish health and welfare, Regional results Part 4: Global Reporting Initiative Index - Management approach	24 166-168
GRIEG SEAFOOD INDICATOR					
Grieg Seafood Indicator 009	Use of antibiotics	This Grieg Seafood indicator corresponds to the GSI indicator "Antibiotic Use" which is defined as "the amount of active pharmaceutical ingredients (API) used (in g) per tonne of fish produced (LWE)".	No	Part 2: Healthy Ocean - Fish health and welfare, Regional results	24 166-168

TOPIC-SPECIFIC DISCLOSURES					
#	DISCLOSURE DESCRIPTION	RESPONSE	OMISSION	CHAPTER REFERENCE	PAGE
SUSTAINABLE FOOD					
SAFE & HEALTHY FOOD					
GRI 103 MANAGEMENT APPROACH 2016					
103-1	Explanation of the material topic and its Boundary		No	Part 2: Sustainable food - Safe and healthy food Part 4: Global Reporting Initiative Index - Management approach	34 166-168
103-2	The management approach and its components		No	Part 2: Sustainable food - Safe and healthy food Part 4: Global Reporting Initiative Index - Management approach	34 166-168
103-3	Evaluation of the management approach		No	Part 2: Sustainable food - Safe and healthy food, Our results Part 4: Global Reporting Initiative Index - Management approach	35 166-168
GRI 416 CUSTOMER HEALTH AND SAFETY 2016 & GRIEG SEAFOOD INDICATOR					
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	There have been no incidents of non-compliance concerning the health and safety impact of our salmon in 2021.	No	Part 2: Profit & Innovation - Responsible business conduct, Our results	64
Grieg Seafood Indicator 010	Level of environmental contaminants	The level of the environmental contaminants PCB, PCB-like dioxins and heavy metals, based on samples of our salmon.	No	Part 2: Sustainable food - Safe and healthy food, Our results	35
CARBON EMISSIONS					
GRI 103 MANAGEMENT APPROACH 2016					
103-1	Explanation of the material topic and its Boundary		No	Part 2: Sustainable food - Reducing carbon emissions Part 4: Global Reporting Initiative Index - Management approach	39 166-168
103-2	The management approach and its components		No	Part 2: Sustainable food - Reducing carbon emissions Part 4: Global Reporting Initiative Index - Management approach	39 166-168
103-3	Evaluation of the management approach		No	Part 2: Sustainable food - Reducing carbon emissions, Our results Part 4: Global Reporting Initiative Index - Management approach	39-41 166-168
GRI 305 EMISSIONS 2016					
305-1	Direct (Scope 1) GHG emissions	Biogenic CO ₂ emissions (tCO ₂ e) is not relevant for our operations.	No	Part 2: Sustainable food - Reducing carbon emissions, Our results	39-41
305-2	Energy indirect (Scope 2) GHG emissions	The group's market-based Scope 2 GHG emissions amount to 10 616 tCO ₂ e.	No	Part 2: Sustainable food - Reducing carbon emissions, Our results	39-41
305-4	GHG emissions intensity		No	Part 2: Sustainable food - Reducing carbon emissions, Our results	39-41

TOPIC-SPECIFIC DISCLOSURES					
#	DISCLOSURE DESCRIPTION	RESPONSE	OMISSION	CHAPTER REFERENCE	PAGE
305-5	Reduction of GHG emissions		No	Part 2: Sustainable food - Reducing carbon emissions, Our results	39-41
PLASTICS POLLUTION					
GRI 103 MANAGEMENT APPROACH 2016					
103-1	Explanation of the material topic and its Boundary		No	Part 2: Sustainable food - Waste management Part 4: Global Reporting Initiative Index - Management approach	42-43 166-168
103-2	The management approach and its components		No	Part 2: Sustainable food - Waste management Part 4: Global Reporting Initiative Index - Management approach	42-43 166-168
103-3	Evaluation of the management approach		No	Part 2: Sustainable food - Waste management Part 4: Global Reporting Initiative Index - Management approach	42-43 166-168
GRIEG SEAFOOD INDICATOR					
Grieg Seafood Indicator 011	Measures taken to reduce the use of plastic in the production	We will work to develop and measure relevant KPI(s) regarding waste management going forward.	Yes	Part 2: Sustainable food - Waste management	42-43
SUSTAINABLE FEED INGREDIENTS (ZERO DEFORESTATION, SUSTAINABLE MARINE INGREDIENTS, ESG ASSESSMENT, NOVEL INGREDIENTS)					
GRI 103 MANAGEMENT APPROACH 2016					
103-1	Explanation of the material topic and its Boundary		No	Part 2: Sustainable food - Sustainable feed ingredients Part 4: Global Reporting Initiative Index - Management approach	36 166-168
103-2	The management approach and its components		No	Part 2: Sustainable food - Sustainable feed ingredients Part 4: Global Reporting Initiative Index - Management approach	36 166-168
103-3	Evaluation of the management approach		No	Part 2: Sustainable food - Sustainable feed ingredients, Our results Part 4: Global Reporting Initiative Index - Management approach	36 166-168
GRIEG SEAFOOD INDICATOR					
Grieg Seafood Indicator 012	Forage fish dependency ratio (FFDR)	This Grieg Seafood indicator corresponds to the GSI indicator "Use of marine ingredients in feed", which is defined as "forage fish dependency ratio, calculated per calendar year".	No	Part 2: Sustainable food - Sustainable feed ingredients, Our results	37-38
PROFIT & INNOVATION					
PROFITABLE OPERATIONS					
GRI 103 MANAGEMENT APPROACH 2016					
103-1	Explanation of the material topic and its Boundary		No	Part 2: Profit & Innovation - Profitable operations Part 4: Global Reporting Initiative Index - Management approach	46 166-168
103-2	The management approach and its components		No	Part 2: Profit & Innovation - Profitable operations Part 4: Global Reporting Initiative Index - Management approach	46 166-168
103-3	Evaluation of the management approach		No	Part 2: Profit & Innovation - Profitable operations, Our results Part 4: Global Reporting Initiative Index - Management approach	46-47 166-168

TOPIC-SPECIFIC DISCLOSURES					
#	DISCLOSURE DESCRIPTION	RESPONSE	OMISSION	CHAPTER REFERENCE	PAGE
GRI 201 ECONOMIC PERFORMANCE 2016					
201-1	Direct economic value generated and distributed		No	Part 2: Profit & Innovation - Profitable operations, Our results	46-47
RESPONSIBLE BUSINESS CONDUCT					
GRI 103 MANAGEMENT APPROACH 2016					
103-1	Explanation of the material topic and its Boundary		No	Part 2: People - Responsible business conduct Part 4: Global Reporting Initiative Index - Management approach	64 166-168
103-2	The management approach and its components		No	Part 2: People - Responsible business conduct Part 4: Global Reporting Initiative Index - Management approach	64 166-168
103-3	Evaluation of the management approach		No	Part 2: People - Responsible business conduct, Our results Part 4: Global Reporting Initiative Index - Management approach	64 166-168
GRI 205 ANTI-CORRUPTION 2016					
205-1	Operations assessed for risks related to corruption		No	Part 3: Corporate governance	96-102
205-3	Confirmed incidents of corruption and actions taken		No	Part 2: People - Responsible business conduct, Our results	64
PEOPLE					
EMPLOYEE HEALTH & SAFETY					
GRI 103 MANAGEMENT APPROACH 2016					
103-1	Explanation of the material topic and its Boundary		No	Part 2: People - Keeping our employees safe Part 4: Global Reporting Initiative Index - Management approach	74 166-168
103-2	The management approach and its components		No	Part 2: People - Keeping our employees safe Part 4: Global Reporting Initiative Index - Management approach	74 166-168
103-3	Evaluation of the management approach		No	Part 2: People - Keeping our employees safe, Our results Part 4: Global Reporting Initiative Index - Management approach	75 166-168
GRI 403 OCCUPATIONAL HEALTH AND SAFETY 2018					
403-1	Occupational health and safety management system	Workers covered by this standard (workers who are not employees but whose work and/or workplace is controlled by the organization) are not a material part of Grieg Seafood's operations. Therefore, this part of the standard is not relevant.	No	Part 2: People - Keeping our employees safe	74
403-2	Hazard identification, risk assessment, and incident investigation		No	Part 2: People - Keeping our employees safe	74
403-3	Occupational health services		No	Part 2: People - Keeping our employees safe	74
403-4	Worker participation, consultation, and communication on occupational health and safety		No	Part 2: People - Keeping our employees safe	74

TOPIC-SPECIFIC DISCLOSURES					
#	DISCLOSURE DESCRIPTION	RESPONSE	OMISSION	CHAPTER REFERENCE	PAGE
403-5	Worker training on occupational health and safety		No	Part 2: People - Keeping our employees safe	74
403-6	Promotion of worker health		No	Part 2: People - Keeping our employees safe	74
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		No	Part 2: People - Keeping our employees safe	74
403-9	Work-related injuries	Workers covered by this standard (workers who are not employees but whose work and/or workplace is controlled by the organization) are not a material part of Grieg Seafood's operations. Therefore, this part of the standard is not relevant.	No	Part 2: People - Keeping our employees safe, Our results	75
HUMAN RIGHTS, INCLUDING LABOR RIGHTS					
GRI 103 MANAGEMENT APPROACH 2016					
103-1	Explanation of the material topic and its Boundary		No	Part 2: People - Human rights Part 4: Global Reporting Initiative Index - Management approach	68 166-168
103-2	The management approach and its components		No	Part 2: People - Human rights Part 4: Global Reporting Initiative Index - Management approach	68 166-168
103-3	Evaluation of the management approach		No	Part 2: People - Human rights, Our results Part 4: Global Reporting Initiative Index - Management approach	69 166-168
GRI 412 HUMAN RIGHTS ASSESSMENT 2016					
412-1	Operations that have been subject to human rights reviews or impact assessments	In 2021, we have performed human rights due diligence in all of our own operations and for parts of our supply chain.	No	Part 2: People - Human rights, Our results Part 4: Global Reporting Initiative Index - Management approach	69 166-168
412-2	Employee training on human rights policies or procedures		Yes	Part 2: People - Human rights, Our results Part 4: Global Reporting Initiative Index - Management approach	69 166-168
LOCAL COMMUNITIES					
INDIGENOUS RIGHTS & PARTNERSHIPS					
GRI 103 MANAGEMENT APPROACH 2016					
103-1	Explanation of the material topic and its Boundary		No	Part 2: Local communities - Relationships with local communities Part 4: Global Reporting Initiative Index - Management approach	77 166-168
103-2	The management approach and its components		No	Part 2: Local communities - Relationships with local communities Part 4: Global Reporting Initiative Index - Management approach	77 166-168
103-3	Evaluation of the management approach		No	Part 2: Local communities - Relationships with local communities Part 4: Global Reporting Initiative Index - Management approach	77 166-168

TOPIC-SPECIFIC DISCLOSURES					
#	DISCLOSURE DESCRIPTION	RESPONSE	OMISSION	CHAPTER REFERENCE	PAGE
GRI 411 RIGHTS OF INDIGENOUS PEOPLES 2016					
411-1	Incidents of violations involving rights of indigenous peoples	In 2021, we did not have any incidents of violations involving rights of indigenous peoples.	No		
VALUE CREATION IN RURAL AREAS					
GRI 103 MANAGEMENT APPROACH 2016					
103-1	Explanation of the material topic and its Boundary		No	Part 2: Local communities - Relationships with local communities Part 4: Global Reporting Initiative Index - Management approach	77 166-168
103-2	The management approach and its components		No	Part 2: Local communities - Relationships with local communities Part 4: Global Reporting Initiative Index - Management approach	77 166-168
103-3	Evaluation of the management approach		No	Part 2: Local communities - Community support Part 4: Global Reporting Initiative Index - Management approach	78 166-168
GRI 203 INDIRECT ECONOMIC IMPACTS 2016 & GRI 204 PROCUREMENT PRACTICES 2016					
203-1	Infrastructure investments and services supported	We supported infrastructure projects in Finnmark (pro bono) and British Columbia (commercial) in 2021.	No	Part 2: Local communities - Community support	78
204-1	Proportion of spending on local suppliers		No	Part 2: Local communities - Community support	78

STAKEHOLDER DIALOGUE

Our value ‘Open’ guides our stakeholder dialogue. We aim to be open and honest about our performance and challenges, make it easy for our stakeholders to hold us accountable, and share how we work to improve.

Engaging and collaborating with our stakeholders helps us understand and address our most material sustainability issues. Our stakeholders span our five pillars and gaining their trust is integral for our license to operate. Stakeholders are chosen according to the impact they have on our business, and the economic, environmental and social impact we have on the stakeholders. Stakeholder dialogue is also key to be able to grasp emerging opportunities for our business, and to understand and mitigate risk.

We engage actively and continuously with our stakeholders, and always maintain an open door for stakeholder feedback. Stakeholders frequently contact us to discuss issues. We also engage stakeholders proactively on matters where we believe we can have significant impact, such as with feed suppliers. The continuous dialogue with our stakeholders provides the basis for the materiality matrix. Ultimately, our stakeholders help us deliver healthy food and make positive impacts throughout our value chain.

STAKEHOLDER	KEY TOPIC	HOW WE ENGAGE	ACTIONS	EXAMPLE
NATIONAL AUTHORITIES / REGULATORS	<ul style="list-style-type: none"> Sustainability challenges Balanced regulation and long-term local value creation 	Meetings, site visits, and correspondence.	We have an open dialogue with all official authorities where we operate, and collaborate on all aspects. We welcome their efforts to enforce regulations and engage in constructive dialogue.	We are committed to be a constructive partner for the Government and Indigenous communities in the 2025 transition process in BC, and to find a path forward that works for all stakeholders.
LOCAL AUTHORITIES / COMMUNITIES	<ul style="list-style-type: none"> Local employment and purchasing Contributions to public life Sustainability challenges Co-existence with other local interests 	Dialogue with special interest groups locally, open meetings, site visits, and dialogue through mainstream media and digital channels.	We recognize public concern for the oceans, invite visitors to our farms and participate in the public debate about salmon farming. We try to find solutions to accommodate other local interests. In areas with Indigenous populations, consent, dialogue and relations with Indigenous representatives are especially important.	Through our website, and in particular the regional websites, we aim to improve transparency and dialogue with our local communities.

STAKEHOLDER	KEY TOPIC	HOW WE ENGAGE	ACTIONS	EXAMPLE
STAKEHOLDER ORGANIZATIONS/ NON-GOVERNMENTAL ORGANIZATIONS	<ul style="list-style-type: none"> Sustainability challenges 	Correspondence, meetings, media and social media.	We collaborate with and seek advice from actors that constructively seek to improve the industry. That includes several environmental organizations and research institutions.	Together with WWF US, we have initiated a project to evaluate environmental, social and governance risks in salmon feed ingredients in a holistic manner.
SHAREHOLDERS, INVESTORS, ASSET MANAGERS AND ANALYSTS	<ul style="list-style-type: none"> Long-term performance and returns, both on financial and sustainability-related parameters How we utilize opportunities and mitigate risk 	Quarterly presentations, roadshows, meetings, frequent dialogue, capital market days, and engagement with relevant indexes.	We make every effort to maintain a continuous, open, and honest dialogue about our strategy and results. We have also started engaging with relevant indexes where we are rated, to make sure they give Grieg Seafood an accurate score.	In 2021, we have completed most of our presentations and investor meetings as video conferences due to the Covid-19 pandemic. We have actively engaged with ESG raters, such as Sustainalytics and Collier FAIRR, to understand their assessments and also to provide feedback on how we work with various topics.
CUSTOMERS	<ul style="list-style-type: none"> Food safety Health attributes Quality Certifications Sustainability challenges 	Customer surveys, frequent dialogue, audits, visits and trade fairs.	We have frequent dialogues with our customers. We supply them with material for dialogue with their own stakeholders, and participate in initiatives where our customers are present.	We have engaged in Cerrado Manifesto Signatories of Support, which aims to halt deforestation in the Brazilian Cerrado. Many of our customers are also signatories to the initiative.
EMPLOYEES	<ul style="list-style-type: none"> Health and safety A good working environment Personal development Fish welfare and sustainability challenges 	Continuous dialogue and meetings, intranet, and employee surveys.	Frequent dialogue on all levels and initiatives for training, education, and development. We also engage in dialogue with trade unions and employee representatives. Focus on developing a culture in line with our values.	We use Workplace on a daily basis to inform employees about developments, build culture, and cultivate engagement.
SUPPLIERS	<ul style="list-style-type: none"> Our integrity That we are a fair and predictable partner 	Dialogue, meetings, conferences and correspondence.	Ensuring that they comply with our Code of Conduct, and that we have a common understanding of ethics, sustainability and the delivery of goods and services. This particularly pertains to our suppliers of fish feed and staffing.	We have quarterly meetings with our feed suppliers, where we discuss issues and developments.



To the Board of Directors of Grieg Seafood ASA

Report on Grieg Seafood's sustainability reporting

We have undertaken a limited assurance engagement to examine whether the Group's sustainability reporting is conducted in accordance with the Global Reporting Initiative (GRI) Standards Core Option, and to examine whether the sustainability KPIs is calculated, estimated and reported in accordance with the definitions and explanations provided in relation to each key performance indicator

- Grieg Seafood's GRI Index for 2021 is an overview of which principles, aspects and indicators from the GRI guidelines that Grieg Seafood use to measure and report on sustainability; together with a reference to where the material sustainability information is reported within the integrated annual report for 2021. We have examined whether Grieg Seafood has developed a GRI Index for 2021 and whether mandatory disclosures are presented in accordance with the Standards published by The Global Reporting Initiative (www.globalreporting.org/standards) (criteria).
- Key performance indicators for sustainability are reported in "Our Scoreboard" on page 9 in the Annual Report for 2021. This table contains sustainability indicators that Grieg Seafood measures and controls. Grieg Seafood has defined the key performance indicators in the Scoreboard and the referenced pages therein, where they also explain how they are measured (criteria). We have examined the basis for the KPIs reported in "Our Scoreboard" and examined whether these are calculated, estimated and reported in accordance with the criteria.

Management's Responsibility

Management is responsible for Grieg Seafood's Sustainability Reporting for 2021 and that the GRI Index for 2021 is developed in accordance with the Standards published by the GRI. Management is also responsible for key performance indicators for sustainability and that these are calculated, estimated and reported in accordance with the definitions given in the referenced pages in "Our Scoreboard". Their responsibility includes to implement such internal control as management determines is necessary to enable development and reporting of the GRI Index and to enable correct calculation, estimation and reporting of the sustainability KPIs in the Annual Report for 2021.

Our independence and quality control

We have complied with the independence and ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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Independent Limited Assurance Report – Grieg Seafood ASA

Our Responsibility

Our responsibility is to express a limited assurance conclusion on Grieg Seafood's sustainability reporting based on our procedures. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000, *Assurance engagements other than audits or review of historical financial information* ("ISAE 3000"), issued by the International Auditing and Assurance Standards Board.

Our work involves performing procedures to obtain evidence that Grieg Seafood's GRI Index for 2021 and key performance indicators for sustainability are developed in accordance with GRI Standards Core Option and the criteria for reporting and measurement that are given in relation to "Our Scoreboard" containing key performance indicators. The procedures selected depend on our judgment, including assessments of the risks that the sustainability reporting as a whole are free from material misstatement, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the GRI Index for 2021 and sustainability KPIs. Therefore, we design procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Our control also includes an assessment of whether the applied criteria are appropriate and an assessment of the overall presentation of the GRI Index for 2021 and sustainability KPIs.

Our procedures included meetings and interviews with representatives from Grieg Seafood that are responsible for the key areas covered by the sustainability reporting, evaluating internal controls and procedures for reporting key performance indicators for sustainability, collecting and reviewing relevant information that supports the calculation and estimation of key performance indicators, evaluating the completeness of the reported key performance indicators and controlling whether the calculation and estimation of the key performance indicators are accurate.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether Grieg Seafood's sustainability reporting is conducted, in all material respects, in accordance with the specified criteria.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Grieg Seafood's GRI Index for 2021 and sustainability key performance indicators presented in "Our Scoreboard" in the Annual Report for 2021 is not prepared, in all material respects, in accordance with the Global Reporting Initiative Standards Core Option and the definitions and explanations provided in relation to each KPI presented in "Our Scoreboard".

Bergen, March 30 2022

PricewaterhouseCoopers AS

Hanne S. Johansen

Hanne Sælemyr Johansen

State authorised public accountant



ANNUAL REPORT

2021